The Dominican Republic

US$1,000,000,000 5.500% Bonds due 2025

US$1,500,000,000 6.850% Bonds due 2045

We made an offer of US$1,000,000,000 aggregate principal amount of our 5.500% bonds due 2025, which we refer to as the "2025 bonds." We also made an offer of US$1,500,000,000 aggregate principal amount of our 6.850% bonds due 2045, which we refer to as the "2045 bonds," and together with the 2025 bonds, the "bonds." The bonds were offered as debt securities under an indenture dated January 27, 2015.

Interest on the bonds will accrue from January 27, 2015 and will be payable semiannually on January 27 and July 27 of each year. The first interest payment on the bonds will be made on July 27, 2015. The 2025 bonds will mature on January 27, 2025; and the 2045 bonds will mature on January 27, 2045. The bonds are not redeemable prior to maturity.

The bonds are direct, general, unconditional, unsubordinated and unsecured Public External Debt of the Republic, ranking without any preference, among themselves and equally with all other unsubordinated Public External Debt of the Republic for which the full faith and credit of the Republic is pledged.

The bonds contain "collective action clauses." Under these provisions, which differ from the terms of the Republic's Public External Debt issued prior to January 20, 2015, the Republic may amend the payment provisions of any series of debt securities issued under the indenture (including the bonds) and other reserve matters listed in the indenture with the consent of the holders of: (1) with respect to a single series of debt securities, more than 75% of the aggregate principal amount of the outstanding debt securities of such series; (2) with respect to two or more series of debt securities, if certain "uniformly applicable" requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, more than 66 $^{2}/_{3}$% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding debt securities of each series affected by the proposed modification, taken individually.

There is currently no public market for the bonds. The Republic has applied to list the bonds on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange. This listing memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005, as amended, on prospectuses for securities.

Investing in the bonds involves risks. See "Risk Factors" beginning on page 13.

The bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the "Securities Act", or the securities laws of any other jurisdiction. The bonds will be offered only to qualified institutional buyers in the United States under Rule 144A of the Securities Act and to non-U.S. persons outside the United States under Regulation S of the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the bonds may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act.

Any offer or sale of bonds in any member state of the European Economic Area (the "EEA") that has implemented Directive 2003/71/EC (the "Prospectus Directive") must be addressed to qualified investors (as defined in the Prospectus Directive).

Price for 2025 bonds: 100.000% plus accrued interest, if any, from January 27, 2015.

Price for 2045 bonds: 100.000% plus accrued interest, if any, from January 27, 2015.

The initial purchasers delivered the bonds to purchasers on or about January 27, 2015, only in book-entry form through the facilities of The Depository Trust Company, Euroclear and Clearstream, Luxembourg.

BofA Merrill Lynch **J.P. Morgan**

Co-Manager

BanReservas

February 5, 2015

The Republic is responsible for the information contained in this listing memorandum. The Republic has not authorized anyone to give you any other information, and the Republic takes no responsibility for any other information that others may give you. You should not assume that the information contained in this listing memorandum is accurate as of any date other than the date on the front of this listing memorandum.

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This listing memorandum has been prepared by the Republic solely for use in connection with the proposed offering of the securities described in this listing memorandum. This listing memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this listing memorandum solely for the purpose of considering the purchase of the Republic's bonds. Each prospective investor, by accepting delivery of this listing memorandum, agrees to the foregoing. This listing memorandum may only be used for the purpose for which it has been published

After having made all reasonable inquiries, the Republic confirms that:

- the information contained in this listing memorandum is true and correct in all material respects and is not misleading as of the date of this listing memorandum;
- changes may occur in the Republic's affairs after the date of this listing memorandum;
- certain statistical, economic, financial and other information included in this listing memorandum reflects the most recent reliable data readily available to the Republic as of the date hereof;
- the Republic holds the opinions and intentions expressed in this listing memorandum;
- the Republic has not omitted other facts the omission of which makes this listing memorandum, as a whole, misleading in any material respect; and
- the Republic accepts responsibility for the information it has provided in this listing memorandum and assumes responsibility for the correct reproduction of the information contained herein.

In making an investment decision, prospective investors must rely on their own examination of the Republic and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this listing memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

The Republic has furnished the information in this listing memorandum. You acknowledge and agree that the initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this listing memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers. This listing memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

The distribution of this listing memorandum and the offering and sale of the bonds in certain jurisdictions may be restricted by law. The Republic and the initial purchasers require persons into whose possession this listing memorandum comes to inform themselves about and to observe any such restrictions. This listing memorandum does not constitute an offer of, or an invitation to purchase, any of the bonds in any jurisdiction in which such offer or sale would be unlawful.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

Neither the U.S. Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or determined if this listing memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this listing memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In any EEA Member State that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that member state within the meaning of the Prospectus Directive.

This listing memorandum has been prepared on the basis that any offer of bonds in any Member State of the European Economic Area (each a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of bonds. Accordingly any person making or intending to make any offer within the EEA of bonds which are the subject of the offering contemplated in this listing memorandum may only do so in circumstances in which no obligation arises for the Republic or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Republic nor the initial purchasers have authorized, nor do they authorize, the making of any offer (other than Permitted Public Offers) of bonds in circumstances in which an obligation arises for the Republic or the initial purchasers to publish a prospectus for such offer.

For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

<u>Buyer's Representation</u>

Each person in a Member State of the European Economic Area which has implemented the Prospectus Directive (each a Relevant Member State) who receives any communication in respect of, or who acquires any bonds under the offer contemplated in this listing memorandum will be deemed to have represented, warranted and agreed to and with the issuer and each initial purchaser that:

- it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive.

- In the case of any bonds acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the bonds acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the initial purchasers has been given to the offer or resale; or (ii) where bonds have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those bonds to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer to the public" in relation to any bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any bonds to be offered so as to enable an investor to decide to purchase or subscribe for the bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means 2010/73/EU.

NOTICE TO PROSPECTIVE INVESTORS IN CHILE

The notes will not be registered under the *Ley de Mercado de Valores* No. 18,045 (the "Securities Market Law"), as amended, of Chile with the *Superintendencia de Valores y Seguros* (the "Chilean Securities and Insurance Commission" or "SVS"), and, accordingly, may not be offered or sold to persons in Chile except in circumstances that do not constitute a public offering under Chilean law.

Los valores que se emitan no serán registrados en la Superintendencia de Valores y Seguros de conformidad a la ley de Mercado de Valores No.18,045, por lo que de acuerdo a ello, no podrán ser ofrecidos a personas en Chile excepto en circunstancias que no constituyan una oferta pública de valores de acuerdo a ley Chilena.

ENFORCEABILITY OF CIVIL LIABILITIES

The Republic is a sovereign state. Consequently, it may be difficult for investors to obtain or realize in the United States or elsewhere upon judgments against the Republic. To the fullest extent permitted by applicable law, including the limitation mandated by the Constitution of the Dominican Republic which submits to the courts and law of the Dominican Republic all agreements executed between the Government and foreign entities or individuals domiciled in the Republic, the Republic will irrevocably submit to the non-exclusive jurisdiction of any New York state or U.S. federal court sitting in The City of New York, Borough of Manhattan, and any appellate court thereof, in any suit, action or proceeding arising out of or relating to the bonds or the Republic's failure or alleged failure to perform any obligations under the bonds, and the Republic will irrevocably agree that all claims in respect of any such suit, action or proceeding may be heard and determined in such New York state or U.S. federal court. The Republic will irrevocably waive, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any suit, action or proceeding and any objection to any proceeding whether on the grounds of venue, residence or domicile. To the extent the Republic has or hereafter may acquire any sovereign or other immunity from jurisdiction of such courts with respect to any suit, action or proceeding arising out of or relating to the bonds or the Republic's failure or alleged failure to perform any obligations under the bonds (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise), the Republic has, to the fullest extent permitted under applicable law, including the U.S. Foreign Sovereign Immunities Act of 1976, irrevocably waived such immunity in respect of any such suit, action or proceeding; *provided*, *however*, that under the U.S. Foreign Sovereign Immunities Act of 1976, it may not be possible to enforce in the Republic a judgment based on such a U.S. judgment, and that under the laws of the Republic, the property and revenues of the Republic are exempt from attachment or other form of execution before or after judgment. See "Description of the Bonds —Governing Law" and "—Submission to Jurisdiction."

Notwithstanding the preceding paragraph, the Republic has not consented to service or waived sovereign immunity with respect to actions brought against it under the U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Republic with respect to such actions, it would not be possible to obtain a judgment in such an action brought in a U.S. court against the Republic unless such court were to determine that the Republic is not entitled under the U.S. Foreign Sovereign Immunities Act of 1976 to sovereign immunity with respect to such action. Further, even if a U.S. judgment could be obtained in any such action under the U.S. Foreign Sovereign Immunities Act of 1976, it may not be possible to enforce in the Republic a judgment based on such a U.S. judgment.

Execution upon property of the Republic located in the United States to enforce a U.S. judgment may not be possible except under the limited circumstances specified in the U.S. Foreign Sovereign Immunities Act of 1976.

DEFINED TERMS AND CONVENTIONS

Certain Defined Terms

All references in this listing memorandum to the "Republic" are to the issuer, and all references to the "Government" or the "Central Government" are to the central government of the Dominican Republic and its authorized representatives.

The terms set forth below have the following meanings for the purposes of this listing memorandum:

GDP

Gross domestic product, or "GDP", is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production in current prices. Real GDP measures the total value of final production in constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effects of inflation. Historically, real GDP figures were based on constant values referenced to their nominal level in 1991, the year used by the *Banco Central de la República Dominicana*, the Dominican Central Bank or the "Central Bank", for purposes of maintaining real GDP statistics. In this listing memorandum, however, real GDP figures are based on constant values referenced to their nominal level in 2007. On August 21, 2014, the Central Bank officially released new series of national accounts for the period 2007-2014, which resulted in the following three major changes: (1) the "reference year" was updated from 1991 to 2007, (2) the incorporation of the latest recommendations of the United Nation's System of National Accounts ("SNA") (2008) that applied to the Dominican context and for which statistical information was available, and (3) quarterly accounts are now estimated using chained indexes and a more comprehensive set of indicators that were not collected in a timely manner, such as revenues for selected activities and a more detailed production that were not previously accounted, and other short term indicators. GDP growth rates and growth rates included in this listing memorandum for the various sectors of the Dominican economy are based on real figures.

As a result of the aforementioned changes implemented by the Central Bank, GDP composition by sectors was updated showing variations in the relative importance of each economic activity. In addition, the components of GDP by the expenditure approach exhibit significant redistributions in their relative weights. These revisions are due to changes in relative prices, improvements in data sources and methodology, integration of new products into the economy, among other factors, which have had an impact in the composition of GDP between 1991 and 2007, the reference years.

Balance of Payments

For balance of payments purposes, imports and exports are calculated based upon statistics reported to the Republic's customs agency upon entry and departure of goods into the Dominican Republic on a free-on-board basis, or "FOB basis", at a given point of departure.

Inflation

The inflation rate provides an aggregate measure of the rate of change in the prices of goods and services in the economy. The Republic measures the inflation rate by the percentage change between two periods in the consumer price index, or "CPI", unless otherwise specified. The CPI is based on a basket of goods and services identified by the Central Bank that reflects the pattern of consumption of Dominican households. The price for each good and service that makes up the basket is weighted according to its relative importance in order to calculate the CPI. The annual percentage change in the CPI is calculated by comparing the index as of a specific December against the index for the immediately preceding December. The annual average percentage change in the CPI is calculated by comparing the average index for a twelve-month period against the average index for the immediately preceding twelve-month period. The Republic does not compile statistics to calculate a producer price index or a wholesale price index, which are other indices often used to measure inflation.

Currency of Presentation and Exchange Rate

Unless we specify otherwise, references to "U.S. dollars," "dollars" and "US$" are to United States dollars, and references to "pesos" and "DOP" are to Dominican pesos. Unless otherwise indicated, we have calculated the exchange rate for each year in two ways: the end of period is the exchange rate reported by the Central Bank on the last day of such year, while the yearly average corresponds to the daily average exchange rate reported by the Central Bank for all working days during that year. This is consistent with the way that the International Monetary Fund or the "IMF" publishes the exchange rates. In all cases, exchange rate information derives from transactions in the spot market.

We have done all currency conversions, including conversions of pesos to U.S. dollars, for the convenience of the reader only and you should not interpret these conversions as a representation that the amounts in question have been, could have been or could be converted into any particular denomination, at any particular rate or at all.

The DOP/U.S. dollar purchase exchange rate on the spot market, as reported by the Central Bank, was DOP42.67 per US$1.00 and DOP43.71 per US$1.00 at the close of business on December 31, 2013 and September 30, 2014, respectively. The spot market exchange rate reported by the Central Bank is used by the accounting departments of private companies and public entities in the Dominican Republic, including the Central Bank, for revaluation of assets and liabilities denominated in U.S. dollars.

Presentation of Financial and Economic Information

The Republic has presented all annual information in this listing memorandum based upon January 1 to December 31 periods, unless otherwise indicated. Totals in certain tables in this listing memorandum may differ from the sum of the individual items in such tables due to rounding.

The Central Bank conducts a review process of the Republic's official financial and economic statistics. Accordingly, certain financial and economic information presented in this listing memorandum may be subsequently adjusted or revised. The Government believes that this review process is substantially similar to the practices of industrialized nations. The Government does not expect revisions of the data contained in this listing memorandum to be material, although we cannot assure you that material changes will not be made.

FORWARD-LOOKING STATEMENTS

This listing memorandum contains forward-looking statements. Forward-looking statements are statements that are not historical facts, and include statements about the Republic's beliefs and expectations. These statements are based on current plans, estimates and projections, and, accordingly, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made. The Republic undertakes no obligation to update any of these statements in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. The Republic cannot assure you that actual events or results will not differ materially from any forward-looking statements contained in this listing memorandum. In particular, a number of important factors could cause actual results to differ materially from the Republic's expectations. Such factors include, but are not limited to:

- adverse external factors, such as:
  - changes in the international prices of commodities and/or international interest rates, which could increase the Republic's current account deficit and budgetary expenditures;
  - changes in import tariffs and exchange rates, recession or low economic growth affecting the Republic's trading partners, all of which could lower the growth or the level of exports of the Dominican Republic, reduce the growth or the level of income from tourism of the Dominican Republic, reduce the growth rate or induce a contraction of the Dominican economy and, indirectly, reduce tax revenues and other public sector revenues, adversely affecting the Republic's fiscal accounts;
  - decreases in remittances from Dominicans living abroad;
  - increased costs of crude oil resulting from increased international demand or from political or social instability or armed conflict in oil-producing states, including The Bolivarian Republic of Venezuela ("Venezuela") and countries in the Middle East;
  - international financial uncertainty that reduces the Republic's ability to obtain loans to finance planned infrastructure projects; and
  - a decline in foreign direct investment, which could adversely affect the Republic's balance of payments, the stability of the exchange rate and the level of the Central Bank's international reserves, and a decrease in remittances from Dominicans residing and working abroad.
- adverse domestic factors, such as lower than expected fiscal revenues, which could result in higher domestic interest rates and an appreciation of the real exchange rate. These factors could lead to lower economic growth, a decline in exports and income from tourism and a decrease in the Central Bank's international reserves;
- the continuing adverse economic effects of the crisis in the Dominican electricity sector; and
- other adverse factors, such as climatic, geological or political events and the factors discussed in the "Risk Factors" section beginning on page 13 of this listing memorandum.

SUMMARY

This summary highlights information contained elsewhere in this listing memorandum. It is not complete and may not contain all of the information you should consider before purchasing the bonds. You should carefully read the entire listing memorandum, including "Risk Factors" before purchasing the bonds.

Selected Economic Information

(in millions of US$, except as otherwise indicated)

	As of and for the year ended December 31,				
	2009	**2010[(1)]**	**2011[(1)]**	**2012[(1)]**	**2013[(1)]**
Domestic economy					
GDP (at current prices)	48,130	53,774	58,410	60,397	61,223
GDP (in millions of DOP, at current prices)	1,729,468	1,978,852	2,222,989	2,372,271	2,557,064
Real GDP (in chained indexes referenced to 2007) [(14)]	104.1	112.8	116.1	119.1	124.6
Real GDP growth rate[(2)]	0.9%	8.3%	2.9%	2.7%	4.6%
Consumer price index (annual rate of change)	5.8%	6.2%	7.8%	3.9%	3.9%
Unemployment rate[(3)]	14.9%	14.3%	14.6%	14.7%	15.0%
Open unemployment rate[(4)]	5.3%	5.0%	5.8%	6.5%	7.0%
Exchange rate (weighted end of period, in DOP)	36.09	37.31	38.55	40.17	42.60
Balance of payments[(5)]					
Total current account[(5)]	(2,331)	(4,006)	(4,359)	(3,971)	(2,467)
Of which:					
Trade balance (deficit)	(6,813)	(8,395)	(8,940)	(8,738)	(7,306)
Income from tourism	4,049	4,163	4,391	4,687	5,065
Personal transfers (workers' remittances)	3,042	3,683	4,008	4,045	4,262
Net borrowing/lending	(2,224)	(3,968)	(4,329)	(3,930)	(2,426)
Financial account balance[(5)]	(2,759)	(5,147)	(3,916)	(3,596)	(4,016)
Of which:					
Foreign direct investment	2,165	2,024	2,277	3,142	1,991
Errors and omissions[(6)]	(129)	(1,107)	575	(106)	(250)
Overall balance of payments, excluding impact of gold valuation adjustment[(7)]	(406)	(71)	(163)	(440)	(1,341)
Change in Central Bank gross international reserves (period end)	645	458	333	(548)	1,142
Central Bank net international reserves (period end)	2,852	3,343	3,638	3,210	4,387
Public sector balance					
Central government revenue[(8)]	6,419	7,104	7,494	8,237	8,920
As a % of GDP	13.3%	13.2%	12.8%	13.6%	14.6%
Central government expenditure[(9)]	8,051	8,424	8,953	12,164	10,672
As a % of GDP	16.7%	15.7%	15.3%	20.1%	17.4%
Of which, Current transfers to CDEEE	666	650	689	904	828
As a % of GDP	1.4%	1.2%	1.2%	1.5%	1.4%
Central government balance	(1,632)	(1,319)	(1,458)	(3,927)	(1,722)
As a % of GDP	(3.4)%	(2.5)%	(2.5)%	(6.5)%	(2.8)%
Overall non-financial public sector balance[(10)]	(1,485)	(1,514)	(1,768)	(4,130)	(2,161)
As a % of GDP	(3.1)%	(2.8)%	(3.0)%	(6.8)%	(3.5)%
Public sector debt[(11)]					
Public sector external debt[(12)]	9,376	11,058	12,767	13,894	15,897
As a % of GDP	19.5%	20.6%	21.9%	23.0%	26.0%
Public sector domestic debt[(13)]	8,061	8,466	8,887	10,765	11,978
As a % of GDP	16.7%	15.7%	15.2%	17.8%	19.6%
Total public sector debt	17,437	19,524	21,654	24,660	27,875
As a % of GDP	36.2%	36.3%	37.1%	40.8%	45.6%
Public sector external debt service:					
Amortizations	908	940	1,004	859	1,267
Interest payments	323	333	399	451	492
Total external debt service	1,231	1,273	1,403	1,310	1,759
As a % of total exports	22.5%	18.7%	16.8%	14.7%	18,5%

(1) Preliminary data.
(2) Percentage change from previous year.
(3) Refers to population at or above the legal working age that is not employed and is willing to work (even if not actively seeking work), as a percentage of the total labor force.
(4) Revised data for 2000-2013. Refers to population at or above the legal working age that is not employed and is actively seeking work, as a percentage of the total labor force.
(5) 2009-2011 revised data; 2012-2013 preliminary data. Data for 2009 conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to IMF's 6th Edition. For further details of these methodologies and terminologies please refer to the document labeled "*Implementación del Sexto Manual de Balanza de Pagos y Posición de Inversión Internacional del FMI en la República Dominicana*" on the webpage of the Central Bank of the Dominican Republic.
(6) Represents errors and omissions in compiling balance of payment accounts based on double-entry accounting resulting from incomplete or overlapping coverage, different prices and incomplete times of recording and conversion practices.
(7) As presented in the above table, gold reserves have been valued at their corresponding market prices as of December 31 of each year.
(8) Includes total revenue and foreign grants.
(9) Includes "Statistical Discrepancy" (difference between the overall balance and overall financing).
(10) The non-financial public sector includes the Central Government and non-financial public sector institutions (such as state-owned enterprises and other decentralized government-owned institutions).
(11) Consolidated public sector debt. Excludes debt owed by *Banco de Reservas* to foreign creditors.
(12) External debt is defined as all public sector debt issued in foreign countries and under the jurisdiction of a foreign court, independent of the holder's nationality.
(13) Net of Central Government liabilities held by the Central Bank.
(14) For additional information on this methodology please see "Defined Terms and Conventions—Certain Defined Terms—GDP."

Sources: Central Bank, Ministry of Finance and IMF.

Recent Developments

The Economy

Economic Growth

Based on preliminary data, real GDP grew 7.7% in the first quarter of 2014 as compared to the first quarter of 2013, 7.3% in the second quarter of 2014 as compared to the second quarter of 2013 and 6.0% in the third quarter of 2014 as compared to the third quarter of 2013, yielding a cumulative GDP growth rate of 7.0% for the nine-month period ended September 30, 2014 as compared to the same period in 2013. Based on preliminary figures, the Dominican economy grew 7.1% during the year ended December 31, 2014 as compared to 2013.

The main economic activities that supported the positive performance during the nine-month period ended September 30, 2014 were: construction (10.7% growth year-over-year) due to an increase in private infrastructure projects; mining (24.1% growth year-over-year), as a result of the expansion in the operations of extraction of gold and silver; and hotels, bars and restaurants (8.2% growth year-over-year), as the country continues to benefit from an improving international outlook, particularly from the US, which resulted in an increase in the number of tourist arrivals and increased tourism revenues. Other drivers of the GDP growth registered in the nine-month period ended September 30, 2014 were health services (8.2% growth year-over-year), financial services (7.8% growth year-over-year), education (6.7% growth year-over-year), manufacturing (5.7% growth year-over-year) and transportation and communications (5.6% growth year-over-year).

The Electricity Sector

As of September 30, 2014, technical and non-technical losses in the electricity distribution network are estimated at 32.71% (mobile year analysis), as compared to 33.15% for the full year ended December 31, 2013. In order to reduce these losses, the Republic has been conducting network rehabilitation projects which have been funded by debt and equity investments from the World Bank, the Inter-American Development Bank (the “IDB”) and the Organization of the Petroleum Exporting Countries (“OPEC”) Fund for International Development (“OFID”). As of September 30, 2014, total investments in these projects amounted to US$20.0 million. It is expected that during 2014, these organizations will have invested approximately US$22.4 million in the ongoing projects and an additional US$10.0 million in new projects.

During the nine-month period ended September 30, 2014, total expenditures on electricity increased 4.6% to US$1,552.4 million as compared to the same period in 2013, mainly as a result of a 4.4% increase in the energy purchased by the distribution companies (“EDEs”). Results for the nine-month period ended September 30, 2014 show a slight growth in the average purchase price of electricity of approximately 0.2% compared to the same period in 2013, which resulted in an increase of the total expenditures on electricity of US$68.2 million.

The ratio of distributable energy to energy purchased increased in the nine-month period ended September 30, 2014 by 1.8 percentage points (2.9%) as compared to the same period in 2013, reaching 65.6%. During the nine-month period ended September 30, 2014, the EDEs collected 72.1% of the monetary value of the total expenditure on electricity, representing a decrease of 1.6 percentage points (2.1%) compared to the same period in 2013.

During the nine-month period ended September 30, 2014, the central government transferred US$672.0 million to the electricity sector as a tariff subsidy and to partially finance the current deficit of the EDEs, representing a decrease in subsidies of 13.7% compared to the same period in 2013, mainly due to the reduction in the total amount of subsidies to be transferred during 2014 that was approved by the 2014 Budget Law of US$970.0 million, from US$1,328.6 million transferred during 2013.

Balance of Payments and Foreign Trade

Balance of Payments

Based on preliminary results, the current account deficit decreased to US$1,534.6 million for the nine-month period ended September 30, 2014, as compared to a deficit of US$1,756.5 million for the comparable period in 2013, mainly due to increased exports of goods and services. According to the Central Bank's preliminary data, the current account deficit decreased by 1.0 percentage points, from 4.1% to 3.1% of GDP, as of the year ended December 31, 2014 as compared to 2013.

As of September 30, 2014, the financial account resulted in a deficit of US$1,903.0 million as compared to a deficit of US$2,712.0 million as of September 30, 2013. For further discussion on the Republic's balance of payments, see "Balance of Payments and Foreign Trade—Balance of Payments."

For the nine-month period ended September 30, 2014, the foreign portfolio investment resulted in a net inflow of US$1,807.4 million as compared to an inflow of US$1,508.8 million for the same period in 2013.The Republic's net international reserves increased 20.3% from US$3,343.8 million as of September 30, 2013 to US$4,023.3 million as of September 30, 2014. The Republic's net international reserves increased 6.0% from US$4,386.5 million as of December 31, 2013 to US$4,650.4 million as of December 31, 2014. For more information on the Republic's net international reserves, see "The Monetary System—Foreign Exchange and International Reserves—International Reserves."

As of September 30, 2014, the nominal DOP/US$ exchange rate reached DOP43.71 per dollar, a depreciation of 2.4% since the last business day of December 2013. According to the Central Bank's data, as of December 31, 2014, the nominal DOP/US$ exchange rate reached DOP44.20 per dollar, a depreciation of 3.6% since the last business day of December 2013.

Monetary System

Monetary Policy

During 2014, the Central Bank maintained a neutral monetary policy stance, leaving the monetary policy rate ("MPR") unchanged at 6.25% per annum, effective since August 2013. Similarly, the interest rate corridor continued to be defined as the MPR plus or minus 150 basis points. Under this framework, the MPR serves as a reference rate for one business day's operations of liquidity expansion and contraction. This liquidity management scheme incorporates a daily auction mechanism to manage short-term liquidity of the financial system.

Decisions involving the MPR were based on the behavior, forecasts and analysis of risks related to inflation and other key macroeconomic variables on the monetary policy horizon. Also, the interbank interest rate oscillated around the level of the MPR, recording a 20 basis points average difference from the MPR during 2014.

In the Dominican financial system, the weighted average lending rate of commercial banks increased to 13.76% per annum for 2014, showing a marginal increase of 0.18 percentage points from the rate recorded for 2013. The interest rates paid on deposits increased by 0.92 percentage points during the same period, ending at 6.47% for 2014.

Inflation and Credit Growth

For 2014, the Central Bank has established an inflation target of 4.5%, plus or minus 1%. As a result of the absence of significant inflationary pressures, both domestically and internationally, the annual rate of inflation remained below the lower limit of the target, and as of September 30, 2014, the inflation rate was 2.83%. Based on preliminary data, the inflation rate closed at 1.58% as of December 31, 2014. For more information on inflation in the Republic, see "The Monetary System—Inflation."

Based on preliminary results, given the expansion in economic activity, loans to the private sector continued to grow during 2014. During the first nine months of 2014, private lending activity in local currency increased to DOP536,419.2 million (US$12,240.8 million), expanding over DOP70,988.1 million (US$1,619.9 million) and representing an increase of 15.3% as compared to the same period of 2013. For the year ended December 31, 2014, private lending activity in local currency increased to DOP553,506.2 million (US$12,478.6 million), expanding over DOP481,695.0 million (US$10,859.7 million) and representing an increase of 14.9% as compared to 2013. This expansion provided resources to economic sectors showing promising investment opportunities and financing private consumption. For more information on inflation in the Republic, see "The Monetary System—Liquidity and Credit Aggregates."

Financial System Reforms

On February 21, 2014, the Banking Superintendency issued an instruction to implement the banking subagent regulation (*Instructivo de Subagentes Bancarios*), establishing the guidelines that financial intermediaries must follow when engaging entities to provide services as banking subagents. Additionally, the instruction establishes the information requirements regarding the operations of banking subagents.

On April 7, 2014, the Banking Superintendency issued Circular No. 003/14, or the "Circular", regarding the treatment applicable to the "large and small commercial debtors", which states that those debtors who are granted new credit facilities that equal or exceed DOP25.0 million within any entity or in the overall financial system will be considered as "large debtors" and, therefore, will be assessed by their payment capacity. In addition, the Circular provides that debtors who as result of amortizations or cancelations maintain debts below DOP25.0 million during six (6) months will be considered "small commercial debtors." If after such six (6) month period, they are granted new credit facilities that equal or exceed DOP25.0 million, they will be considered immediately as of such date as "large commercial debtors."

On April 10, 2014, the Monetary Board issued its Fifth Resolution adjusting for inflation the minimum paid-in capital requirements to incorporate new financial intermediaries, as established by the Monetary and Financial Law No. 183-02. As a result, the minimum paid-in capital was increased as follows: from DOP163.0 million to DOP275.0 million for commercial banks; from DOP33.0 million to DOP55.0 million for credit and loan banks; from DOP9.0 million to DOP15.0 million for credit corporations; and from DOP10.0 million to DOP17.0 million for savings and loans associations.

On June 5, 2014, the Monetary Board issued its First Resolution approving the draft Law on mutual guarantee companies (*Sociedades de Garantía Recíprocas*) and authorized its submission to the Executive Branch for its deliberation and approval and subsequent delivery to the Congress. The fundamental purpose of mutual guarantee companies is to provide guarantees in favor of micro, small and medium enterprises (MSMEs) to assist these entities in gaining access to formal credit at lower costs and longer terms with financial intermediaries.

On August 14, 2014, the Monetary Board issued its Second Resolution, approving the Micro Lending Regulation (*Reglamento de Microcréditos*). This regulation establishes the rules for granting microcredit, the guidelines for its administration and the methodologies applicable to financial institutions for risk assessment and measurement associated with micro lending activities.

On August 14, 2014, the Monetary Board issued its Third Resolution making available for public consultation a draft amendment to the Regulation on the Protection of Users of Financial Products and Services (*Reglamento de Protección al Usuario de los Productos y Servicios Financieros*). The purpose of this draft amendment is to establish the principles and criteria to improve the effective protection of the rights of users of financial products and services, and implement appropriate mechanisms and rules regarding transparency, terms and conditions of products and presentation of financial services, as well as procedures for the timely response to complaints and financial information inquiries, based on the provisions of Articles 30, 52 and 53 of the Monetary and Financial Law No. 183-02.

For a discussion of other reforms of the Financial System, see "The Monetary System—Supervision of the Financial System—Reforms of the Financial System."

Public Sector Finances

Preliminary fiscal data for 2014 shows that, as a result of the fiscal consolidation program which started in August 2012, the overall deficit of the Central Government is expected to be 2.8% of GDP for 2014, as had been budgeted in the 2014 National Budget Law.

In particular, at the end of the third quarter of 2014, the Central Government's overall deficit was US$798.5 million or 1.3% of GDP, representing only 45.6% of the overall deficit approved in the 2014 National Budget Law.

During the nine-month period ended September 30, 2014, total revenues (including grants) amounted to US$7,267.9 million (11.6% of GDP), representing 76.1% of the revenues projected under the 2014 National Budget Law.

The commitment to reduce government expenditures and enhance fiscal discipline continued to be the general policy in 2014. Therefore, during the first nine months of 2014, total expenditures by the Central Government were US$8,066.5 million (or 12.8% of GDP), representing 71.4% of total expenditures projected under the 2014 National Budget Law. This was mainly due to reductions in capital expenditures as compared to the initial projections, representing 2.0% of GDP during the first nine months of 2014. In addition, significant reductions in purchases of goods and services have been made following the austerity measures imposed by Presidential Decree No.499-12.

Notwithstanding the reduction in expenditures explained above, there was an increase in the expenditures for the development of social programs, especially on education. As a result, there was an increase registered in wages for teachers, pensions to retired teachers and social transfers such as food, clothes and school materials for students in public educational centers. Additionally, greater resources were used for other social programs, such as "*Comer es Primero*" or Eating is First, aimed to support low income households.

The rest of the non-financial public sector registered a deficit of 0.4% of GDP in the first nine months of 2014, mainly due to the deficit of the public electricity sector originated by certain investments relating to the construction of two thermal coal units. However, the projected overall deficit is budgeted to be 4.2% of GDP for the consolidated public sector in 2014, resulting in a reduction of 0.8% of GDP from the 5% overall deficit registered in 2013.

The 2015 National Budget Law includes further commitments to decrease the fiscal deficit. In particular, it contemplates additional reductions on primary expenditures that is expected to allow a primary surplus for the Central Government of 0.5% of GDP, an overall deficit for the Central Government of 2.4% of GDP and an overall deficit of 3.8% of GDP for the consolidated public sector in 2015.

The following table sets forth certain information regarding the Republic's fiscal accounts for the periods presented.

Central Government	Fiscal Accounts					
	2014 Budget		For the nine-months ended September 30, 2014[(1)(7)]		2015 Budget[(9)]	
	US$	% of GDP	US$	% of GDP	US$	% of GDP
	(in millions of US$ and as a % of GDP, at current prices)					
Total revenues and grants	9,546.7	15.5	7,267.9	11.6	9,900.7	15.1
Total revenues:	9,432.8	15.3	7,255.1	11.5	9,781.4	14.9
Tax revenues	9,047.4	14.7	6,758.0	10.7	9,270.9	14.1
Non-tax revenues[(8)]	382.5	0.6	497.1	0.8	510.5	0.8
Grants	114.0	0.2	12.9	—	119.4	0.2
Total expenditures:	11,297.0	18.3	8,066.5	12.8	11,506.9	17.5
Primary expenditures[(2)]	9,696.5	15.7	6,944.1	11.0	9,611.7	14.6
Wages and salaries	2,555.0	4.1	2,013.6	3.2	3,017.4	4.6
Goods and services	1,041.1	1.7	694.6	1.1	1,257.3	1.9
Current transfers	3,807.5	6.2	2,901.4	4.6	3,621.4	5.5
Of which, to Public sector	2,723.5	4.4	2,087.1	3.3	2,428.9	3.7
Of which, Current transfers to CDEEE	970.3	1.6	757.3	1.2	889.2	1.4
Of which, to Private sector	1,084.0	1.8	808.3	1.3	1,186.2	1.8
Of which, Social Security Payments	545.3	0.9	405.2	0.6	610.5	0.9
Of which, to External sector	—	—	6.0	—	6.2	0.0
Capital expenditures	2,293.0	3.7	1,262.3	2.0	1,715.7	2.6
Statistical discrepancy[(3)]	—	—	72.2	0.1	—	—
Primary balance	(149.8)	(0.2)	323.9	0.5	289.0	0.5
Interest	1,600.4	2.6	1,122.4	1.8	1,895.1	2.9
Foreign	602.1	1.0	365.1	0.6	1,166.5	1.8
Domestic[(4)]	998.3	1.6	757.3	1.2	728.6	1.1
Of which, for Central Bank recap.	431.4	0.7	287.0	0.5	459.8	0.7
Overall balance	(1,750.2)	(2.8)	(798.5)	(1.3)	(1,606.1)	(2.4)
Overall balance rest of NFPS [(5)]	—	—	(230.9)	(0.4)	—	—
Overall balance NFPS	(1,750.2)	(2.8)	(1,029.4)	(1.6)	(1,606.1)	(2.4)
Quasi-fiscal balance [(6)]	(862.8)	(1.4)	(731.8)	(1.2)	(919.7)	(1.4)
Consolidated Public Sector balance	(2,613.0)	(4.2)	(1,761.3)	(2.8)	(2,525.8)	(3.8)

(1) Preliminary data.
(2) Including the "Statistical Discrepancy".
(3) Difference between the financing below the line and the overall balance registered above the line.
(4) Includes interest payments on Central Bank recapitalization bonds.
(5) Including electricity companies (CDEEE, Egehid, ETED, Edenorte, Edesur and Edeeste).
(6) Not included in the National Budget Laws for 2014 and 2015. Estimated Data by Central Bank.
(7) Includes data for the nine-month period ended September 30, 2014.
(8) Includes contributions to social security and capital revenues.
(9) *Source*: National Budget 2015 and its complementary documents. Includes assumptions subject to modification.

Principal Budgetary Assumptions for 2015

Projected real GDP growth	5.0%
Projected inflation	4.0%
Projected external financing sources	US$2,902 million

Source: National Budget 2015 and its complementary documents

Public Sector Debt

As of September 30, 2014, the Republic's public external debt totaled US$16,600.8 million, compared to US$14,855.2 million as of September 30, 2013. As of September 30, 2014, the Republic's public external debt was composed of the following:

- debt owed to official creditors, multilateral and bilateral creditors in the amount of US$10,845.4 million (as compared to US$10,899.5 million as of September 30, 2013), which represented 65.3% of the Republic's total public external debt;

- outstanding bonds in an aggregate principal amount of US$5,576.5 million, which represented 33.6% of the Republic's total public external debt (excluding the initial bonds); and

- debt to other private creditors of US$178.9 million, which represented 1.1% of the Republic's total public external debt.

In addition, on April 30 and on July 17, 2014, the Republic issued US$1,250 million and US$250 million, respectively, aggregate principal amount of 7.450% bonds due 2044, the proceeds of which were used to finance infrastructure projects, as well as to provide economic support to other sectors of the economy.

As of September 30, 2014, the Republic's domestic debt primarily consisted of:

- US$1,666.1 million outstanding principal amount of loans from commercial banks to the Central Government;

- US$3,585.6 million outstanding of bonds issued by the Central Government in the local market;

- US$100.0 million outstanding principal amount of commercial bank loans to other public sector institutions;

- US$7,922.1 million outstanding principal amount in certificates issued by the Central Bank; and

- US$3,080.5 million in bonds issued by the Central Government for the capitalization and recapitalization of the Central Bank, each of which are considered intra-governmental debt.

On March 8, 2012, the IMF Stand-by Arrangement for the Republic, initially executed on November 9, 2009 expired. In June 2013, an IMF mission visited the Dominican Republic in order to conduct discussions in the context of the Post-Program Monitoring, following the expiration of the Stand-by Arrangement. The mission reviewed recent economic developments and discussed the near-term outlook for the Dominican Republic. In March 2014, another IMF mission visited the Dominican Republic to review economic developments and lay the foundation for the annual "Article IV Consultation" and second Post-Program Monitoring between Dominican authorities and the IMF. On May 28, 2014, the Executive Board of the IMF concluded the Article IV consultation and the Second Post-Program Monitoring discussions with the Dominican Republic. In November 2014, an IMF staff mission visited the country to discuss with the Dominican authorities the recent economic developments and lay the foundation for the next Article IV Consultation mission, which is scheduled to take place in mid-2015. For more information, see "Public Sector Debt—External Debt—IMF."

Loans from IDB

In June 2014, the IDB approved a US$100 million loan to support the strengthening of the health sector management, as well as a US$78 million loan to support the distribution network improvement and electricity losses reduction. On November 12, 2014, the IDB approved a US$250.0 million loan to finance a productivity and employment formality improvement program. These loans are pending for congressional approval.

Other Developments

In September 2014, Héctor Valdez Albizu was confirmed as the *Gobernador* of the Central Bank for a two year period, Mr. Luís Armando Asunción was appointed as *Superintendente de Bancos*, Andrés Navarro as *Canciller* and Ramón E. Contreras as *Superintendente de Pensiones*.

Based on preliminary figures, as of October 31, 2014, the Republic's unemployment rate was 14.1%, a decrease of 0.9% as compared to December 31, 2013. Based on preliminary figures, as of October 31, 2014, the Republic's open unemployment rate was 6%, a decrease of 1% as compared to December 31, 2014.

THE OFFERING

The following summary contains basic information about the bonds and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of the bonds, see "Description of the bonds."

Issuer	The Dominican Republic.
Securities Offered..	US$1,000,000,000 principal amount of 5.500% bonds due 2025. US$1,500,000,000 principal amount of 6.850% bonds due 2045.
Issue Date	January 27, 2015.
Issue Price of the Bonds	100.000%, plus accrued interest, if any, from January 27, 2015 with respect to the 2025 bonds. 100.000%, plus accrued interest, if any, from January 27, 2015 with respect to the 2045 bonds.
Final Maturity Date	January 27, 2025 with respect to the 2025 bonds, and January 27, 2045 with respect of the 2045 bonds.
Principal	The Republic will make payment of principal on the bonds on the relevant final maturity date, at a redemption price equal to 100% of the then outstanding principal amount of the bonds.
Interest Rate...	Interest on the 2025 bonds will accrue from January 27, 2015, on the outstanding principal amount of the bonds, at a rate of 5.500% per year. Interest on the 2045 bonds will accrue from January 27, 2015, on the outstanding principal amount of the bonds, at a rate of 6.850% per year.
Interest Payment Dates.....................................	Each January 27 and July 27, commencing on July 27, 2015.
Form and Denominations	The Republic issued the bonds in the form of global bonds, without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its participants (including Clearstream Banking and Euroclear). Bonds in definitive certificated form will not be issued in exchange for the global bonds except under limited circumstances. See "Book-Entry Settlement and Clearance." Any bonds sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act were in fully registered form, without interest coupons attached, only in minimum denominations of US$100,000 and in integral multiples of US$1,000 in excess thereof. Any bonds sold pursuant to Rule 144A of the Securities Act were issued in fully registered form in denominations of US$100,000 and integral multiples of US$1,000 in excess thereof.
Redemption or Sinking Fund...........................	The Republic may not redeem the bonds prior to their scheduled

	maturity. The bonds do not have the benefit of any sinking fund.
Status	The bonds are direct, general, unconditional, unsubordinated and unsecured Public External Debt of the Republic for which the full faith and credit of the Republic is pledged. The bonds rank and will rank without any preference, among themselves and equally with all other unsubordinated Public External Debt of the Republic. It is understood that this provision shall not be construed so as to require the Republic to make payments under the bonds ratably with payments being made under any Public External Debt of the Republic. See "Description of the Bonds—Status."
Covenants	The Republic will not allow any Lien (other than Permitted Liens) on its assets or revenues as security for any of its Public External Debt, unless the Republic's obligations under the bonds are secured equally and ratably with that Public External Debt. See "Description of the Bonds—Negative Pledge Covenant" and "—Defined Terms." The Republic has agreed to comply with several other covenants as described under "Description of the Bonds."
Listing	Application has been made to list the bonds on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF market of the Luxembourg Stock Exchange.
Transfer Restrictions; Absence of a Public Market for the Bonds	The bonds have not been and will not be registered under the Securities Act and will be subject to restrictions on transferability and resale. The bonds are new securities, and there is currently no established market for the bonds. The Republic and the initial purchasers cannot assure you that a liquid market for the bonds will develop. The initial purchasers have advised the Republic that they currently intend to make a market in the bonds. However, the initial purchasers are not obligated to do so, and any market making with respect to the bonds may be discontinued without notice.
Risk Factors	An investment in the bonds involves a high degree of risk. Before deciding to purchase the bonds, you should read carefully all the information contained in this listing memorandum, including, in particular, the "Risk Factors" section beginning on page 13 of this listing memorandum.
Taxation	The Republic will make all interest payments on the bonds without withholding or deducting any Dominican taxes, unless required by law. If Dominican law requires the Republic to withhold or deduct taxes, the Republic will pay bondholders, subject to certain exceptions, additional amounts to provide the equivalent of full payment of interest to bondholders. See "Description of the Bonds—Additional Amounts" and "Taxation" for important information regarding possible tax consequences to holders of the bonds.
Trustee, Principal Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon.
Luxembourg Listing Agent, Paying Agent	

and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Governing Law	State of New York.

RISK FACTORS

An investment in the bonds involves a high degree of risk. Before deciding to purchase the bonds, you should read carefully all of the information contained in this listing memorandum, including in particular, the following risk factors.

Risks Relating to the Republic

The effects of the global economic crisis may adversely affect the Republic's ability to make payments on its outstanding external and domestic debt, including the bonds.

Starting in September 2008, the global economy experienced a steep downturn, sparked by uncertainty in credit markets and deteriorating consumer confidence. This downturn resulted in lower levels of economic growth in the Dominican Republic, which in turn resulted in lower tax revenues. In addition, the downturn affected many of the countries that have traditionally imported goods from the Dominican Republic, such as the United States and the European Union, which resulted in, among other things, a decline in the percentage of GDP represented by exports and decreased remittances from Dominicans living abroad since 2009 to 2012. Although the global economy has since shown some signs of improvement, the Republic is not able to assure you that the global economy will recover in the near future, or that the Dominican economy will benefit from this recovery.

The Dominican economy may contract in the future, which could have a material adverse effect on public finances and on the market price of the bonds.

Economic growth depends on a variety of factors, including, among others, international demand for Dominican exports, the stability and competitiveness of the peso against foreign currencies, confidence among Dominican consumers and foreign and domestic investors and their rates of investment in the Republic, the willingness and ability of businesses to engage in new capital spending and the rate of inflation. Some of these factors are outside the Republic's control. An economic contraction could result in a material decrease in the Republic's revenues, which in turn would materially and adversely affect the ability of the Republic to service its public debt, including the bonds.

From 2009 to 2013 the Dominican economy experienced an annual average growth rate of approximately 5%, registering the lowest rate in 2009 (3.5%) primarily due to the global economic downturn that reflected in a slowdown of domestic economic activity. However, the Republic cannot offer any assurance that the Dominican economy will continue to grow in the future.

The Republic may be unable to obtain financing on satisfactory terms in the future, which could adversely affect its ability to service its public debt, including the bonds.

The Republic's future fiscal results (*i.e.*, tax receipts excluding interest payments on the Republic's public debt) may be insufficient to meet its debt service obligations and it may have to rely in part on additional financing from domestic and international capital markets in order to meet future debt service obligations. In the future, the Republic may not be able or willing to access international or domestic capital markets, and the Republic's ability to service the Republic's public debt, including the bonds, may be adversely affected.

The Republic relies on multilateral lenders for financing certain projects and for budget support, including the IDB and the World Bank. The IDB was the Republic's second largest lender as of December 31, 2013. In certain cases, disbursements under these financing arrangements are subject to compliance by the Republic with specific fiscal, performance and other targets. Under the previous Stand-by Arrangement with the IMF, for example, the Republic was prohibited from accumulating any public arrears to electricity generators and public external debt-holders. Failure to comply with these undertakings may result in the suspension of disbursements under any future similar arrangements. The Republic's previous Stand-by Arrangement with the IMF expired in March 2012. See "Public Sector Debt—External Debt—Debt Owed to Official Institutions."

A significant decrease in remittances from Dominicans living abroad may adversely affect the ability of the Republic to service its external debt, including the bonds.

Remittances from Dominicans living abroad are a significant source of foreign exchange to the Republic, providing a portion of the foreign currency required to purchase imports and service external debt, and are a source of net transfers to the Republic's current account. Since 2014, Central Bank remittance data is published using a new reporting system which increased coverage for data from 2010 onwards. With this new data, remittances totaled US$3.7 billion in 2010, US$4.0 billion in 2011and 2012, US$4.3 billion in 2013 and US$3.5 billion in the first nine months of 2014 compared to US$3.1 billion in the first nine months of 2013. The majority of remittances to the Republic originate from the United States. According to the Central Bank's preliminary internal estimates, for the year ended December 31, 2013, Spain and the rest of Europe represented 16.8% and 6.6% of the total remittances to the Republic, respectively. There can be no assurance that the level of remittances to the Republic will not decrease significantly in the future as a result of an economic contraction in the source market, or for any other reason. A significant decrease in remittances may lead to depreciation of the peso and negatively affect the ability of the Republic to meet its external debt obligations, including the bonds.

Volatility in the exchange rate between Dominican pesos and the U.S. dollar may adversely affect the Dominican Republic's economy and its inflation levels, which could adversely affect the country's ability to service its public debt.

Exchange rate volatility is a matter of concern for economic agents, mainly because of its pass-through effects on domestic prices. The peso has depreciated in the past and may depreciate significantly in the future. As a result, exchange rate depreciation may increase the level of inflation and consequently preclude the Dominican Republic from servicing its debt obligations denominated in foreign currency. Alternatively, exchange rate appreciation may have direct effects on Dominican exports, which could reduce the country's ability to receive foreign currency, thus adversely affecting the ability of the Dominican Republic to service its public debt.

In order to mitigate the unfavorable effects of exchange rate volatility, the Central Bank intervenes from time to time in the foreign exchange market. Currently, the Central Bank is working on an exchange market intervention framework in accordance with its inflation targeting scheme adopted in 2012. There can be no assurance, however, that these measures will be sufficient to prevent exchange rate volatility.

The Dominican economy remains vulnerable to external shocks, which could have a material adverse effect on economic growth and the Republic's ability to make payments on its debt, including the bonds.

A further decline in the economic growth of any of the Republic's major trading partners, especially the United States, could have a material adverse effect on the Republic's balance of trade and adversely affect the Republic's economic growth. The United States is the Republic's largest export market. The recent decline in demand for Dominican imports in the United States may have a material adverse effect on exports and the Republic's economic growth. In addition, because international investors' reactions to the events occurring in one emerging market economy sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, the Republic could be adversely affected by negative economic or financial developments in other emerging market countries. In addition, the recession in the United States between 2007 and 2009 resulted in declines in tourism and foreign direct investment, which are important factors in the Republic's economy. The Republic cannot assure you that events affecting other markets will not have a material adverse effect on the Republic's growth and its ability to service its public debt, including the bonds.

The Dominican economy is also vulnerable to increases in oil prices. The budget for 2014 was prepared assuming an estimated price of US$101.3 per barrel. The average price for imports of oil into the Dominican Republic was US$98.3 per barrel during 2013. Increases in the cost of crude oil resulting from political or social instability or armed conflict in oil-producing states, such as Venezuela and countries in the Middle East, may adversely affect the feasibility of the budget.

A significant rise in interest rates in developed economies such as the United States could have a material adverse effect on the economies of the Dominican Republic's trading partners and adversely affect Dominican economic growth and the ability of the Republic to service its public debt, including the bonds.

If interest rates increase significantly in developed economies, including the United States, the Republic's trading partners could find it more difficult and expensive to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Decreased growth on the part of the Republic's trading partners could have a material adverse effect on the markets for Dominican exports and, in turn, adversely affect the Dominican economy. An increase in interest rates in developed economies would also increase the Republic's debt service requirements with respect to its debt obligations that accrue interest at floating rates, which could adversely affect the ability of the Republic to service its public debt generally, including the bonds.

The on-going crisis in the electricity sector could have a material adverse impact on the Republic's economic growth and, ultimately, on the Republic's ability to service its public debt, including the bonds.

Electricity generators and distributors have been beset by financial problems that have resulted in frequent blackouts, widespread public protests and several temporary and permanent shutdowns of generating plants. Distributors, which have experienced financial difficulties because of late payments and collection problems, have been unable to meet all of their payment obligations to generators, which have consequently incurred significant debt to finance operations. In September 2003, the Government was forced to renationalize two of the Republic's three distribution companies (Ede Norte and Ede Sur) for a purchase price of US$699.6 million (including interest) and reassume their management due to severe financial and operating difficulties. In 2009, the Government repurchased the third distribution company (Ede Este). The repurchase followed a settlement of claims brought against the CDEEE and the Republic by Société Générale and its affiliates based on a bilateral investment treaty with France. In recent years, the Government has provided an annual subsidy to the CDEEE to cover operating deficits resulting from increases in fuel costs and continued inefficiencies in collections and operations. The central government transferred US$903.3 million in 2012 to the electricity sector as a tariff subsidy and to partially finance the current deficit of the electricity distributors, representing an increase of 7.5% compared to transfers consummated in 2011. During 2013, the central government transferred US$1,328.6 million to the electricity sector as a tariff subsidy and to partially finance the current deficit of the EDEs in 2013, representing an increase in subsidies of 46.4% compared to 2012. During the nine-month period ended September 30, 2014, the Central Government transferred US$672.0 million to the electricity sector as a tariff subsidy and to partially finance the current deficit of the electricity distributors, representing a decrease in subsidies of 13.7% compared to the US$778.6 million transferred in the same period of 2013.

The deficit for the electricity sector was US$652.3 million in 2010, primarily due to increased fuel costs not recovered in the prevailing tariffs and inefficiencies in collections and operations. This deficit increased to US$848.2 million in 2011, US$951.6 million in 2012, and US$965.5 million in 2013, primarily due to high technical and non-technical losses in the electricity distribution network, increased fuel costs, inefficiencies in collections and operations and an increased demand for energy. As of September 30, 2014, the deficit for the electricity sector was US$732.2 million, representing a decrease of 0.1% compared to the deficit recorded as of September 30, 2013.

Decreases in the market price for gold could have a material adverse effect on the Dominican Republic's economy and adversely affect the ability of the Republic to service its public debt, including the bonds.

The Dominican Republic's economy is exposed to commodity price volatility, especially with regard to gold, which accounted for 2.2% and 13.2% of total exports in 2012 and 2013, respectively. The increase in exports is principally due to the beginning of operations of the Pueblo Viejo gold mine. A significant drop in the price of commodities, such as gold, could have a material adverse effect on the Dominican Republic's economy and adversely affect the ability of the Republic to service its public debt, including the bonds.

Stability and growth in the Dominican Republic may be adversely affected if the level of unemployment does not decline.

The Government estimates that 15.0% of the population of legal working age was not employed in 2013. This percentage has been increasing moderately as compared to previous years (14.7% in 2012, 14.6% in 2011 and 14.3%

in 2010). Further increases in the rate of unemployment or any failure to reduce unemployment may have negative effects on the Republic's economy and, as a result, a material adverse effect on the Republic's ability to service its public debt, including the bonds.

Any revision to the Republic's official financial or economic data resulting from any subsequent review of such data by the Central Bank or other government entities could have a material adverse effect on the Republic's ability to service its public debt, including the bonds.

Certain financial and other information presented in this listing memorandum may subsequently be materially adjusted or revised to reflect new or more accurate data as a result of the periodic review of the Republic's official financial and economic statistics. Such revisions could reveal that the Republic's economic and financial conditions as of any particular date are materially different from those described in this listing memorandum. The Republic can offer no assurance that such adjustments or revisions will not have a material adverse effect on the interests of the Republic's creditors, including any purchasers of the bonds pursuant to this offer.

Future political support for the Government's economic reform program, including servicing of the external debt, is not assured.

The Medina administration's party, the Partido de la Liberación Dominicana, currently controls a majority in both houses of the Dominican Congress. However, future changes in the political environment and commodities prices may lead to a shift in economic policy and a resulting reduction in the proportion of the Government's budget devoted to debt service or have other adverse effects on the Republic's ability to meet its debt obligations in the future.

The Republic relies heavily on foreign oil supplies, which may be disrupted or experience an increase in cost in the future.

The Republic is dependent on oil imports to satisfy domestic energy consumption. In June 2005, the Republic entered into the Acuerdo para la Cooperación Energética de Petrocaribe (the "PetroCaribe Agreement") under which the government of Venezuela has agreed to supply oil to the Republic on financing terms that currently are more favorable than those generally available in the market. See "The Economy—Principal Sectors of the Economy—Secondary Production—Manufacturing—Free Trade Zones" and "Public Sector Debt—External Debt—Paris Club and Other Bilateral Lenders." The Republic cannot guarantee that this agreement, or any future agreement with Venezuela or any other country, will not be terminated. Furthermore, any disruption in oil supply or a significant increase in international oil prices may have a material adverse effect on the Dominican economy and could adversely affect the ability of the Republic to service its public debt generally, including the bonds.

Natural disasters and extreme weather conditions could adversely affect the Republic and its financial **condition.**

The Republic is located on an island in the Caribbean region, which may be affected by meteorological events and extreme weather conditions from time to time. The location of the Republic often puts it in the path of hurricanes and tropical storms that sweep the region typically between the months of June and November, which have the potential to cause extensive physical and economic damage. The Republic is also located in a geographical area that has experienced earthquakes, such as the 2010 earthquake in Haiti. A meteorological catastrophe, other extreme weather event or other natural disaster could, among other things, limit access to, damage or destroy one or more of the Republic's properties or parts of its infrastructure, including roads and bridges. A catastrophe or other extreme weather event may also result in disruption to the local economy, and may cause labor, fuel and other resource shortages.

Risks Relating to Owning the Bonds

There is no established trading market for the bonds, and the price at which the bonds will trade in the secondary market is uncertain.

The bonds are a new issue of securities with no established trading market. The Republic does not know the extent to which investor interest will lead to the development of an active trading market for the bonds or how liquid that market may become. If the bonds are traded after their initial issuance, they may trade at a price lower than their principal amount, depending upon prevailing interest rates, the market for similar securities and general economic conditions in the United States, the Dominican Republic and elsewhere.

The Republic has submitted an application to list the bonds on the Euro MTF market of the Luxembourg Stock Exchange. The Republic cannot assure you that a trading market for the bonds will develop or that the price at which the bonds will trade in the secondary market will be sustainable. If an active market for the bonds fails to develop or continue, this failure could harm the trading price of the bonds.

The ability of holders to transfer bonds in the United States and certain other jurisdictions will be limited.

The bonds issued pursuant to this offer have not been and will not be registered under the Securities Act and, therefore, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws. Offers and sales of the bonds may also be subject to transfer restrictions in other jurisdictions. You should consult your financial or legal advisors for advice concerning applicable transfer restrictions with respect to the bonds.

Any investment in securities of a sovereign issuer in an emerging market involves significant risks.

The Dominican Republic is an emerging market economy and investing in securities of emerging market issuers generally involves risks, including, among others, political, social and economic instability that may affect economic and fiscal results. Instability in the Dominican Republic and in other Latin American and emerging market countries has been caused by many different factors, including, among others, the following:

- high interest rates;
- devaluation or depreciation of the currency;
- inflation;
- changes in governmental economic, tax or other policies;
- the imposition of trade barriers;
- fluctuations in international fuel prices; and
- dependence on remittances and tourism.

Any of these factors, as well as volatility in the markets for securities similar to the bonds, may adversely affect the liquidity of, and trading market for, the bonds.

The Republic is a sovereign state and it may be difficult to obtain or enforce judgments against it.

The Republic is a sovereign state. Consequently, while the Republic has irrevocably submitted to the jurisdiction of U.S. state or federal courts sitting in the Borough of Manhattan, The City of New York, with respect to the bonds, which are governed by New York law, it may be difficult for holders of the bonds or the trustee to obtain or enforce judgments with respect to the bonds from courts in the United States or elsewhere against the Republic. No treaty currently exists between the United States and the Dominican Republic providing for reciprocal enforcement of foreign judgments.

Additionally, while the Republic has, to the fullest extent permitted under applicable law, including the U.S. Foreign Sovereign Immunities Act of 1976 and including the limitation mandated by the Constitution of the Dominican Republic which submits to Dominican law and Dominican courts all agreements executed between the Dominican Government and foreign entities or individuals domiciled in the Dominican Republic, irrevocably waived sovereign or other immunity from jurisdiction with respect to any suit, action or proceeding arising from or relating to the bonds or the Republic's failure or alleged failure to perform any obligations under the bonds (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise), there are important exceptions to this waiver. It may not be possible to enforce in the Republic a judgment based on such a U.S. judgment. In addition, under the laws of the Republic, the property and revenues of the Republic are exempt from attachment or other form of execution before or after judgment. See "Description of the Bonds—Governing Law" and "—Submission to Jurisdiction."

Moreover, the Republic has not consented to service or waived sovereign immunity with respect to actions brought against it under the U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Republic with respect to such actions, it would not be possible to obtain a judgment in such an action brought in a U.S. court against the Republic unless such court were to determine that the Republic is not entitled under the U.S. Foreign Sovereign Immunities Act of 1976 to sovereign immunity with respect to such action. Further, even if a U.S. judgment could be obtained in any such action under the U.S. Foreign Sovereign Immunities Act of 1976, it may not be possible to enforce in the Republic a judgment based on such a U.S. judgment. Execution upon property of the Republic located in the United States to enforce a U.S. judgment may not be possible except under the limited circumstances specified in the U.S. Foreign Sovereign Immunities Act of 1976. See "Enforceability of Civil Liabilities."

The bonds will contain provisions that permit the Republic to amend the payment terms of the bonds without the consent of all holders.

The bonds will contain provisions regarding voting on amendments, modifications and waivers which are commonly referred to as "collective action clauses." Under these provisions, certain key terms of the bonds may be amended, including the maturity date, interest rate and other payment terms, without your consent.

USE OF PROCEEDS

The Republic estimates the net proceeds from the sale of the bonds, after deducting fees, commissions and estimated expenses payable by the Republic, will be approximately US$2,493,000,000.

The Republic intends to use the net proceeds from the sale of the bonds for general purposes of the Government of the Republic, including the partial financing of the 2015 budget and the refinancing, repurchase or retirement of domestic and external indebtedness of the Republic.

THE DOMINICAN REPUBLIC

Territory and Population

The Dominican Republic is located on the eastern two-thirds of the Caribbean island of Hispaniola, which lies between the islands of Cuba to the west and Puerto Rico to the east, and is situated approximately 670 miles southeast of Florida. Its territory covers an area of approximately 48,442 square kilometers, including a 1,288-kilometer coastline and a 360-kilometer land frontier that it shares with Haiti, which occupies the western portion of the island. The Dominican Republic's major cities are Santo Domingo de Guzmán (the nation's capital), Santiago de los Caballeros, La Vega, San Pedro de Macorís, La Romana and Puerto Plata.

The Dominican Republic has a tropical maritime climate, with average annual temperatures of about 78 degrees Fahrenheit (equivalent to approximately 26 degrees Celsius) and only slight seasonal temperature variations throughout the year. The location of the Dominican Republic often puts it in the path of hurricanes that sweep the Caribbean region between the months of June and November. The occurrence of a major hurricane, and the threat of future hurricanes in the region, could adversely affect the Dominican economy.

The Dominican Republic's population of approximately 10.1 million is multi-racial and multi-cultural, with a predominant Spanish cultural influence. Slightly more than one quarter of the population resides in rural areas. According to the national census conducted in 2010, the population grew at an estimated average annual rate of 1.5% in the period from 2000 to 2010. The Dominican Republic's adult literacy rate is approximately 89.5%. The education system consists of public and private schools that offer pre-school (ages 3-5), primary (ages 6-13), and secondary (ages 14-17) education. There is one public university in the country – the Autonomous University of Santo Domingo, founded in 1538 and the oldest university in the Western Hemisphere – and 33 private universities, which offer undergraduate programs lasting three to five years. The Autonomous University of Santo Domingo and several private universities also offer graduate programs that typically last one to two years. In addition, various private and public institutions offer vocational programs for students who have not completed their secondary education.

The World Bank classifies the Dominican Republic as an upper middle-income developing country. The following table sets forth comparative GDP figures and selected other comparative statistics of the countries listed.

	Dominican Republic	Jamaica	Guatemala	El Salvador	Panama	Colombia	Costa Rica	Mexico	United States
Per capita GDP (PPP)	US$11,696	US$8,890	US$7,295	US$7,762	US$19,412	US$12,371	US$13,873	US$16,463	US$53,143
United Nations index of human development (world ranking)	96	85	133	107	59	91	62	61	3
Life expectancy at birth (in years)	73.2	73.3	71.7	72.1	77.4	73.8	79.7	77.1	78.7
Adult literacy rate....................	90.86%	87.48%	78.26%	85.49%	94.09%	93.58%	97.41%	94.23%	N/A
% of population below the poverty line(1).....................................	9.88%	N/A	26.33%	16.94%	13.80%	15.82%	5.97%	4.54%	N/A

(1) Poverty is defined as an income of US$2 a day per capita per household, adjusted by differences in purchasing power.
N/A = Not Available.
Source: World Bank Development Indicators (updated as of October 15, 2014) and 2013 United Nations Human Development Report. Includes data as of the most recent year available.

History, Government and Political Parties

History

Founded as a colony of Spain in 1492, the Dominican Republic was under Spanish rule until 1821, when it declared its independence from Spain. Following a month-long period of independence, the Dominican Republic was invaded by Haiti, which occupied the country until 1844. After successfully waging a battle for independence against Haiti, political factions within the Dominican Republic battled for control, and the country underwent various changes of government, including voluntary annexation to Spain in the 1860s. Factional infighting continued until the United States occupied the country from 1916 to 1924. A democratic government established in 1924 was followed by the military dictatorship of Rafael Leonidas Trujillo, who ruled the Dominican Republic from 1930 until he was assassinated in 1961. A brief period of political instability followed during which the Dominican Republic was governed by a series of different factions and was subject to foreign military intervention under the auspices of the Organization of American States.

Juan Bosch, then leader of the *Partido Revolucionario Dominicano* (the Dominican Revolutionary Party, or the "PRD"), and a reformist social-democratic politician, was elected President in 1962. In September 1963, the military, backed by the business elite and factions of the Dominican Catholic Church unhappy with Bosch's reform agenda, deposed Bosch's government in favor of a civilian junta led by Donald Reid Cabral, a member of the country's business elite. The ruling junta soon became unpopular, and in April 1965, a civil-military coup attempted to return Bosch to power. The United States, propelled by fears of the spread of communism in the region, invaded the Dominican Republic four days after the attempted coup. Shortly thereafter, conservatives and PRD members signed an agreement that established a provisional government and called for new elections.

Conservative Joaquín Balaguer of the center-right *Partido Reformista*, later transformed into the *Partido Reformista Social Cristiano* (the Christian Social Reform Party, or the "PRSC"), was elected President in 1966. Balaguer governed for 12 years (1966-78) and went on to become a dominant political figure in the Dominican Republic for the following two decades. Balaguer's administration was based on a compromise among the traditional agrarian and industrial elites, the rising urban middle class and the military. The United States supported Balaguer's administration, guaranteeing its stability. In 1978, Antonio Guzmán of the PRD was elected President. Guzmán was followed in 1982 by Salvador Jorge Blanco, also of the PRD.

In 1986, Balaguer regained the presidency and was reelected in 1990 and again in 1994 after defeating José Francisco Peña Gómez, of the PRD, in a highly-contested election. Controversy surrounding the legitimacy of the reelection of Balaguer in 1994 and charges of election fraud led to a political compromise by which Balaguer agreed to shorten the term for which he was elected from four to two years. This compromise also led to major constitutional reforms that, among other things, instituted pivotal changes in the electoral and judicial systems. These changes secured the autonomy of the judiciary and enhanced the Dominican electoral process. For a description of the 1994 amendments to the Constitution, see "—Government."

In the 1996 presidential election, Leonel Fernández of the *Partido de la Liberación Dominicana* (the Dominican Liberation Party), or the "PLD", a party founded by Juan Bosch following his split from the PRD, defeated Peña Gomez as the result of an alliance with Balaguer and the PRSC. Fernández was succeeded as President in 2000 by Hipólito Mejía, of the PRD. In 2004, Fernández was again elected President after obtaining 57% of the votes cast (followed by Mejía with 33.6% and the PRSC candidate, Eduardo Estrella, with 8.7%). On August 16, 2004, Leonel Fernández was inaugurated as President for his second non-consecutive four-year term. President Fernández was re-elected in 2008 after obtaining 53.8% of the votes cast (followed by Miguel Vargas with 40.5% and Amable Aristy with 4.6%). In August 2012, President Leonel Fernández's term ended and President Danilo Medina, also a member of the PLD, was inaugurated as President of the Republic for a single four-year term, without the possibility of running for reelection in 2016. President Medina was elected after obtaining 51.21% of the votes cast during the first ballot, against former President Hipólito Mejía's 46.95% of the Dominican Revolutionary Party (PRD).

Government

The Dominican Republic is politically organized as a representative democratic government, and is geographically and administratively divided into 31 provinces and one national district, each with its own civil government. The 1966 Constitution, last amended on January 26, 2010, provides for a presidential system of government in which national powers are divided among independent executive, legislative and judicial branches.

Executive power is exercised by the President, who appoints the cabinet, enacts laws passed by the legislative branch, and is the commander-in-chief of the armed forces. The President and Vice President run for office on the same ticket and are elected by direct majority vote to one four-year term. The 1994 constitutional amendments require that a second electoral round be held if the first round does not result in a majority vote for any one presidential candidate (a majority in the first round constitutes at least 50% plus one vote of the total votes cast).

Pursuant to the 2010 amendments to the Constitution, a President is elected for a period of four years and may not be reelected for a consecutive term. Since the aforementioned constitutional amendments, presidential elections will be held during the same year as legislative and municipal elections.

The legislative branch is composed of a 32-member Senate and a 183-member Chamber of Deputies, which together constitute the Congress. Each province and the *Distrito Nacional* (the National District of the capital city, Santo Domingo) is represented by one senator and two or more deputies depending on the size of its population. Members of Congress are elected by popular vote to four-year terms, except members elected in May 2010 were elected for a six-year term, allowing for the next congressional elections to be carried out during the same year as the presidential election as determined by the 2010 amendment.

Many Dominican nationals living abroad maintain personal and business ties with the Republic, including by sending remittances into the Republic, which is a significant source of the Republic's foreign exchange. The 2010 constitutional reform allows these Dominicans to maintain active political involvement as well. In accordance with the 2010 constitutional reform and for the first time in Dominican history, in the elections held on May 20, 2012, seven overseas deputies (lower chamber of the Legislative Branch) were elected in representation of the Dominican diaspora. The PRD won four out of these seven newly-created legislative seats.

Most legislative initiatives originate with the executive branch. In matters of monetary policy and banking law, legislative initiatives that do not originate in the Central Bank must be approved by a qualified majority of senators and deputies.

As a result of the 2010 constitutional reforms, the 16 members of the Supreme Court are appointed for life, with a mandatory retirement age of 75 years, by the *Consejo Nacional de la Magistratura* (the National Council of the Judiciary), a body that was created solely for this purpose in the 1994 constitutional reforms. Pursuant to the 2010 constitutional reforms, the National Council of the Judiciary has the authority to appoint the President of the Supreme Court and the two substitute justices, all of whom hold office for a 7-year term and may be re-elected for one consecutive 7-year term. The National Council of the Judiciary is composed of the President of the Republic, the president of the Senate, a senator from a political party different from that of the president of the Senate, the president of the Chamber of Deputies, a deputy from a party different from that of the president of the Chamber of Deputies, the president of the Supreme Court, another Supreme Court judge appointed by the Supreme Court and the Attorney General (*Procurador General de la República*). The Supreme Court has exclusive jurisdiction over actions against the President, designated members of the cabinet and members of Congress as well as over cassation remedies (*recursos de casación*). The Supreme Court may also hear appeals from lower courts in certain cases.

The Dominican judicial system is also composed of the following courts:

- Courts of First Instance, which have jurisdiction over all cases that do not have jurisdiction expressly granted to other courts;

- Courts of Appeals, which review judgments rendered by the Courts of First Instance; and

- Peace Courts, which handle a broad variety of minor cases.

In addition, specialized courts handle administrative, labor, traffic and land registration disputes. Under the 1994 constitutional amendments, lower court judges are appointed by the Supreme Court. Under the 2010 constitutional amendments, the *Tribunal Constitucional* (Constitutional Court) was created. It is composed of 13 judges elected by the National Council of the Judiciary who serve for a 9-year term. All decisions of this Court are final.

Like many countries in Latin America, cases of corruption continue to happen in the Republic. The Republic has implemented legislative and administrative measures to combat corruption, including the ratification of the Inter-American Convention Against Corruption and the creation of the *Procuraduría Especializada de Corrupción Administrativa* (Special Corruption Public Prosecutor's Office), a specialized branch of the *Ministerio Público* (Public Prosecutor's Office).

Political Parties

The principal political parties in the Dominican Republic are the *Partido de la Liberación Dominicana* or PLD (democratic left) and the *Partido Revolucionario Dominicano* or PRD (social democratic). The following is a brief explanation of the history and orientation of each principal party.

Partido de la Liberación Dominicana. The PLD has a democratic left social orientation and supports socially-oriented market policies. The PLD was founded by late former President Juan Bosch, who died in November 2001, after his split with the PRD. Its principal leader is former President Leonel Fernández. The PLD derives its political support primarily from the middle class and certain professional and intellectual circles. The PLD and its allies (known as the *Bloque Progresista* or "Progressive Bloc") have an absolute majority in the Senate and in the Chamber of Deputies.

Partido Revolucionario Dominicano. The PRD is a social democratic party. Its principal leader, José Francisco Peña Gómez, died in 1998. The party's current leaders are former Presidential candidate Mr. Miguel Vargas and former President Hipólito Mejía. The PRD derives its political support primarily from the lower and lower-middle classes. The PRD has no members in the Senate and is the minority bloc in the Chamber of Deputies.

Partido Reformista Social Cristiano. The PRSC is a conservative Christian democratic party that advocates free-market principles. Its principal leader, the late former President Joaquín Balaguer, died in July 2002. Other important leaders include Federico Antún Batlle, Carlos Morales Troncoso and Amable Aristy Castro. During the rule of President Balaguer, the PRSC established close ties with certain business sectors, particularly in the fields of industry and construction. Since President Balaguer's death, the PRSC has undergone a process of reorganization.

The first Fernández administration (1996-2000) emphasized macroeconomic stability, modernization of the Dominican economy and of governmental institutions, economic and political integration with the Caribbean region and the global economy, strengthening of the judiciary, and modernization of the education system. The 2004-2008 Fernández administration faced considerable challenges when it took office, including stressed public finances and economic instability following a banking crisis and a downturn in GDP growth in 2003. In its first two years in office, the Fernández administration focused on restoring order to public finances, fostering an economic recovery and tackling the structural problems that contributed to the 2003 crisis by adopting measures to strengthen state institutions, improve banking supervision and regulation and combat corruption. Several of the Fernández administration reforms have successfully been carried out. See "The Economy—Economic Policies of the Republic" and "The Monetary System—Supervision of the Financial System—Reforms of the Financial System."

The priorities of the third Fernández administration (2008-2012) included the following:

- a reform of the Constitution to consolidate democracy, fortify state institutions, include social, environmental and cultural rights and transfer more power to citizens, which was approved by the Congress in January 2010; and

- execution of an ambitious infrastructure plan, including the first Santo Domingo subway line, which started commercial operations in January 2009.

Congressional representation of each of the political parties since the most recent elections in May 2010 and 2012 is as follows:

	Senate		Chamber of Deputies[1]	
	Seats	%	Seats	%
Partido de la Liberación Dominicana and allied parties	31	96.9	99	52.5
Partido Revolucionario Dominicano and allied parties	0	0	80	41.5
Partido Reformista Social Cristiano (PRSC)[2]	1	3.1	11	6.0
Total	32	100.0%	190	100.0%

(1) Includes 7 Deputies of the Diaspora elected in May 2012.
(2) The PRSC is a small conservative Christian democratic party that advocates free-market principles.
Source: *Junta Central Electoral*

Significant Litigation

The Central Government and the *Ministerio de Obras Públicas y Comunicaciones* (Ministry of Public Works) were party to an arbitration proceeding resulting from a suit filed by *Concesionaria Dominicana de Autopistas y Carreteras S.A.* (Dominican Road and Highway Concession), or CODACSA, before the International Chamber of Commerce of Paris on June 23, 2008. On May 25, 2012, the arbitral panel rendered a final award in favor of CODACSA in the amount of approximately US$42.8 million plus interest until payment in full. The Republic has provisioned for the payment of the award in its 2013 budget and has paid four of the eight scheduled payments in accordance with the payment plan.

On June 10, 2013, a final default judgment for approximately US$50.1 million was entered against the Republic and the *Instituto Nacional de Recursos Hidráulicos* (National Hydraulics Resource Institute or "INDRHI") in relation to a claim filed by Sun Land & RGITC LLC and Arquitectural Ingenieria Siglo XXI LLC in which the plaintiffs allege that the Republic and INDRHI breached the agreement between the plaintiffs and the Republic and INDRHI for the construction of an irrigation system in province of Azua. On June 28, 2013, the Republic and INDRHI filed a motion to vacate the order, which was denied on August 20, 2013. On August 27, 2013, the Republic formally filed the notice of appeal, which is currently pending. On September 17, 2013, the Republic also filed a second motion to vacate the default judgment based on its sovereign immunity, which was denied on December 10, 2013. The Republic subsequently filed a second notice of appeal with the Eleventh Circuit Court of Appeals. On August 20, 2014, the Republic and INDHRI filed the relevant appellate brief and on December 22, 2014, the parties received notice that the case has been scheduled for oral arguments during the week of March 23, 2015.

Foreign Policy and Membership in International and Regional Organizations

The Dominican Republic maintains diplomatic relations with 129 countries and is a member of several regional and international organizations, including:

- the United Nations (founding member), including many of its specialized agencies;
- the Caribbean Forum of African, Caribbean and Pacific States;
- the Economic Commission for Latin America and the Caribbean;
- the IDB;
- the Inter-American Investment Corporation;
- the Caribbean Development Bank;
- the IMF;
- the World Bank;

- the International Centre for Settlement of Investment Disputes;
- the International Finance Corporation;
- the International Labour Organization;
- the Multilateral Investment Guaranty Agency;
- the Organization of American States;
- the World Trade Organization (the "WTO");
- the Central American Integration System (the "SICA");
- the Central American Monetary Council (the "CMCA"); and
- the Central American Bank for Economic Integration (the "CABEI").

In addition, the Dominican Republic participates in several regional initiatives designed to promote trade and foreign investment. The most significant of these initiatives are the following:

- The Dominican Republic – Central America Free Trade Agreement, or "DR-CAFTA", with the United States and several Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua). DR-CAFTA, which replaced the prior U.S.-Caribbean Textile Parity Agreement, increases the percentage of Dominican exports to the United States that will be free of tariffs. DR-CAFTA became effective in 2007.
- Free trade agreements with the members of the Central American Common Market, Panama and the Caribbean Community ("Caricom"), each of which lowered tariffs and established trade rules in areas such as foreign investment, public procurement, rules of origin, customs procedures, safeguard measures, sanitary requirements, technical barriers to trade, unfair trade practices, promotion of competition, intellectual property and dispute resolution.
- The LOME IV Convention, which in 2000 became the Cotonou Agreement, pursuant to which the European Union offers economic cooperation and assistance to former colonies in Africa, the Caribbean and the Pacific. Under this agreement, the Republic benefits from donations, development loans and technical cooperation provided by the European Union.
- The Economic Partnership Agreement (the "EPA"), in effect since 2007, among the Caricom Countries and the European Union, pursuant to which all goods exported to the European Union (except for firearms) from Caricom Countries enter European markets free from import duties. In addition, the EPA provides a framework for liberalization in the services trade between the Dominican Republic and members of the European Union, liberalizes investment regulations, and strengthens protection of intellectual property rights.
- The Free Trade Agreement of the Americas, which seeks to create a free trade zone in the Western Hemisphere. Negotiations continue as to the implementation of this agreement, and the Republic has continued to participate in the periodic Summits of the Americas since 1998.
- The Association of Caribbean States, whose purpose is to promote regional economic integration and cooperation. Through its involvement in this association, the Republic has been able to establish dialogues and working relationships with its neighbors on a series of important issues, such as trade liberalization, tourism, disaster relief, transportation and foreign investment.

The Republic has also worked closely with the World Bank and the IDB to promote economic development and financial stability. Currently, these multilateral organizations are financing several projects in the Republic in areas such as education, agriculture, public sector reform, transportation, telecommunications, disaster relief, public health, environmental reform and financial sector reform. The aggregate amount of loans extended by the International Bank for Reconstruction and Development ("IBRD") under the World Bank and the IDB from 2008 until 2013 is approximately US$3,405.9 million. In 2009 the IDB granted a loan of US$300 million for a liquidity and growth sustainability program, and a US$500.0 million loan to support measures designed to strengthen the Republic's fiscal program, and both the IDB and the IBRD under the World Bank approved loans in 2009 for the electricity sector in an aggregate amount of US$82 million for the rehabilitation of the electricity distribution network. Also in 2009, the World Bank granted a loan of US$80 million intended for disaster prevention and emergency recovery. In 2010, the World Bank granted an aggregate amount of US$160 million in loans dedicated primarily to political and social protection, and the IDB granted loans in an aggregate amount of US$370 million for social protection, education and competitiveness programs. In 2011, the IDB approved a US$200 million loan for the electricity sector to improve the efficiency of the sector. In 2012, both the IDB and the IBRD under the World Bank approved loans for prevention and management of natural disasters in an aggregate amount of US$44.0 million. Also in 2012, the IDB and World Bank approved loans for social programs for an aggregate amount of US$80.0 million and US$70.0 million, respectively. In 2012, the IDB also approved a loan to support the consolidation of the social protection system for an amount of US$130.0 million, which was approved by the Dominican National Congress in January 2013. In December 2013, the IDB and the Dominican National Congress approved a US$100.0 million loan to support the social program known as "Progressing with Solidarity," as well as a US$146.0 million loan to strengthen the management of the health sector, and a US$350.0 million loan to strengthen the fiscal support program. In June 2014, the IDB approved a US$100 million loan to support the strengthening of the health sector management, a US$78 million loan to support the distribution network improvement and electricity losses reduction, as well as a US$250.0 million loan to finance a productivity and employment formality improvement program, which are pending for congressional approval. The IDB's competitiveness program supports improved macroeconomic stability in combination with institutional and legal reforms that improve the productive efficiency of the real sectors of the economy.

Relations with Haiti

The Dominican Republic generally maintains friendly relations and close ties with Haiti. The two countries have entered into several bilateral agreements in areas of mutual interest such as immigration, reforestation of the border region, agriculture and livestock and education. In addition, Haiti and the Dominican Republic are seeking to develop free trade zones on the Dominican Republic-Haiti border. On April 8, 2002, the Presidents of these two countries inaugurated a binational free trade zone on that border.

According to the national census conducted in 2010, an estimated 312,000 Haitians currently live in the Dominican Republic. This population is generally comprised of three distinct subgroups: seasonal agricultural workers, undocumented immigrants and political refugees. Most Haitians living in the Dominican Republic are undocumented, and illegal immigration occasionally becomes a source of tension between the two countries.

Although the Government has not made any explicit commitment towards Haitian immigrants in terms of healthcare, education or social security, the Haitian population in the Dominican Republic generally benefits from the Government's social services, particularly with respect to healthcare. Additionally, the Government seeks to improve living conditions in the *bateyes*, which are communities within the sugar cane areas that are inhabited principally by Haitian immigrants.

Haitians in the Dominican Republic work mainly in the construction and agricultural sectors. The Haitian labor force is generally comprised of unskilled workers earning low wages. The increased availability of low-wage Haitian workers may have an adverse effect on the living conditions of low-wage Dominican workers with whom they compete.

On January 12, 2010, a devastating earthquake occurred approximately 16 miles west of Port-au-Prince, Haiti's capital, causing widespread destruction and an estimated 222,517 deaths and leaving an estimated 1.2 million people homeless. In addition, the earthquake severely damaged or destroyed numerous government buildings, provoking an institutional and security crisis in Haiti. The international community reacted quickly following the earthquake and mobilized to provide humanitarian relief and assistance in the reconstruction of the affected areas in Haiti. According to the United Nations Office for Coordination of Humanitarian Affairs ("OCHA"), as of February 2010 the main priorities for assistance continue to include the supply of shelter and sanitation, and the removal of rubble and clean-up of the affected areas. The Republic has actively participated in these relief efforts, playing an important role in particular in coordination and logistics of the relief efforts. The measures adopted by the Republic include opening the border to allow free flow of aid to Haiti from the Dominican side, making Dominican hospitals located near the Haitian border available to assist victims of the earthquake as well as the donation of kitchen sets (*cocinas móviles*) to enable the continuance of feeding programs, among other humanitarian measures.

Before this earthquake, Haiti was the second most important destination for Dominican exports, which reached US$699.2 million in 2009. The political stabilization of Haiti in the period 2005-2009 had been creating more favorable conditions for productive economic activities. Damages caused by the earthquake have been estimated at US$7,754.2 million, representing 121% of Haiti's GDP. Financing needs are estimated to require a contribution of US$7,590.3 million in the next three years for the reconstruction of infrastructure, the environment, risk management and supporting the recovery of productive and institutional improvements, among other aspects.

The Dominican Republic's statistical agency has reported that exports to Haiti were US$869.2 million in 2010, approximately US$221.8 million more than in 2009. In 2011, the Dominican Republic's exports to Haiti continued to increase compared to 2010 (16.6%) but to a lesser extent when compared 2010 to 2009 (34.3%). In 2012, exports to Haiti decreased by 2.7% compared to 2011, although it still represented the second most important destination for Dominican exports. Exports to Haiti represented approximately 15% of all Dominican exports in 2010-2012. The growth in exports to Haiti decreased in 2012 and 2011 as compared to 2010 primarily as a result of the impact the January 2010 earthquake had on basic needs of the Haitian population during 2010. In 2013, exports to Haiti were US$1,042.9 million, an increase of US$56.0 million as compared to 2012, which was mainly driven by an increase in exports of cardboard products, eggs and soybean oil.

The on-going reconstruction of Haiti could have a favorable impact on Dominican exports in the immediate future, if certain conditions, such as the following, are met:

- Haiti manages to develop an institutional infrastructure that ensures at minimum security, legal certainty and transparency in the processes of allocation of resources for reconstruction. Dominican companies may be able to benefit from the Republic's geographic proximity that enables them to serve the Haitian market efficiently and promptly.

- Donations and resources from the international community for reconstruction efforts in Haiti and budget support are freely available for a quick recovery and strengthening of productive activities, employment and the financial system so that private consumption returns to pre-crisis levels.

- Non-tariff measures such as restrictions on the control of imports of eggs and chickens from the Dominican Republic to Haiti are eliminated.

- Haiti's government is capable of successfully managing the reconstruction efforts in the medium- and long-term so that recovery of production and poverty reduction measures are possible.

THE ECONOMY

History and Background

In the 1930s and after the end of World War II, many countries in Latin America pursued policies of industrialization through import substitution. These policies were based on the following tenets:

- state intervention in the economy through the creation of barriers to trade in order to protect domestic production from foreign competition and through the expansion of state-owned enterprises that provided large numbers of jobs;
- protection of certain local industries; and
- an expansion of domestic markets.

The policies of import substitution took place in the Dominican Republic approximately between 1945 and 1985. During this period, the Government promoted industrialization primarily through fiscal incentives and investments in infrastructure. The Dominican economy expanded due to growth in several industry sectors, improvements in education and increased government spending. This economic expansion, in turn, led to opportunities for upward social mobility and the rise of an urban middle class. At the same time, the urban working class expanded due to rural-urban migration.

In the late 1970s and 1980s, import substitution policies based on fiscal incentives to local industries generated significant structural economic weaknesses. These policies limited fiscal revenues and reduced productivity growth. The results were the following:

- fiscal deficits;
- current account deficits; and
- low economic growth as a result of limited domestic markets and lower productivity.

The oil crisis in 1979 exacerbated these fiscal and current account imbalances. The situation deteriorated further with the decline in prices of Dominican export commodities and a worldwide recession. The Dominican Republic, along with most other Latin American economies, plunged into a debt crisis that led to a shift in development policies.

In the mid-1980s, the Government adopted policies to increase exports and improve the fiscal balance. Liberalization of the exchange rate, combined with the imposition of new taxes, contributed to the improvement of the external accounts and the fiscal balance. The dynamism in tourism and export manufacturing in industrial parks called *zonas francas*, or "free trade zones," stimulated economic growth, employment and income. For a description of the free trade zones, see "—Secondary Production—Free Trade Zones." Workers' remittances also increased dramatically during the 1980s, becoming one of the Republic's main sources of foreign currency. By the late 1980s, however, high public spending on infrastructure projects (principally roads, highways, dams and tourism facilities) resulted in a public sector deficit that was domestically financed, and, in turn, resulted in an increase in inflation.

In 1990, the Government successfully implemented stabilization and economic reforms that resulted in a fiscal balance, and created the internal conditions for rapid and sustainable economic growth and price stability. The central elements of the Government's economic policy consisted of a series of structural reforms, including tariff, tax, financial and labor reforms, gradual adjustments in the price of oil and oil derivatives, interest rate liberalization and improved banking supervision. On the basis of these policies, the IMF and the Republic agreed on two stand-by loan arrangements.

The Government implemented further reforms in 1995, when the Dominican Congress passed a foreign investment law that dismantled various restrictions on foreign direct investment. Those restrictions had included:

- a ban on foreign investments in certain sectors of the economy; and
- a limit on the profits that foreign investors could repatriate.

The 1995 foreign investment law also ensured the equal treatment of investors regardless of nationality by eliminating requirements such as the need to obtain Central Bank approval before profits could be repatriated.

The various reforms that the Government adopted during the 1990s succeeded in curbing inflation and restoring growth, in part by controlling the expansion of public sector expenditures, reducing state intervention in the economy, increasing the competitiveness of the Dominican economy and rationalizing the Government's fiscal and monetary policies. Additionally, economic growth, higher employment, stable prices and rising real wages led to modest improvements in income distribution and a decline in poverty. Between 1992 and 1999, the Republic's real GDP grew at an average annual rate of 6.8%, which placed it among the fastest growing economies in Latin America.

The Republic continued to experience robust economic growth through 2000. However, from 2001 economic growth began to decline as a result of several external shocks, including the aftermath of the terrorist attacks of September 11, 2001 and the economic slowdown in the United States and the European Union. These shocks led to weakened demand for the export of Dominican goods and services, the depreciation of the euro and a further steady increase in oil prices which had started in the last quarter of 2000.

In 2003, the Dominican economy experienced severe setbacks that led to an acute crisis. The economic crisis was precipitated by the collapse of Baninter, the country's second largest commercial bank in terms of deposits, in May 2003. The Banking Superintendency intervened in Baninter in response to accusations of fraud and losses of approximately US$2.5 billion. Public confidence in the banking system severely eroded, leading many depositors to withdraw their deposits from banks, causing two other private domestic banks, Bancrédito and Banco Mercantil, to experience liquidity crises and near collapse. The Central Bank provided liquidity assistance to Bancrédito and Banco Mercantil of approximately DOP9.7 billion (US$278.0 million at the DOP/US$ exchange rate of DOP35.06 per US$1.00 as of December 31, 2003) and the Government financed the costs of the banking crisis, guaranteeing deposits and honoring interbank liabilities domestically and abroad. In order to cover the costs of this bailout, the Central Bank relaxed its monetary policy, increasing the money supply as it financed lost deposits. This led to an increase in inflation, a depreciation of the peso and an increase in domestic real interest rates.

The banking crisis provoked a broader deterioration of the economy, which included a decrease in real GDP (which declined 0.3% in 2003 compared to 2002), a substantial increase in the non-financial public sector deficit, a sharp depreciation of the peso, a substantial reduction in the levels of the Central Bank's net international reserves (from US$376 million at December 31, 2002 to US$123 million at December 31, 2003), an increase in domestic real interest rates as a result of the Central Bank's open-market operations to curb inflation, and an increase in unemployment. The economic crisis gave rise to social unrest as economic conditions deteriorated and labor strikes and street demonstrations became prevalent.

As a result of significant pressure on the peso and concerns over further economic deterioration, the Republic requested the assistance of the IMF and agreed to a US$600 million financing program in August 2003. As part of the program, the Government agreed to a package of economic reforms and political measures designed to strengthen the country's financial system, public finances and the Central Bank's monetary policy. The IMF suspended the facility in September 2003, after the Government deviated from the agreed economic program set forth in the IMF stand-by arrangement in effect at the time by re-purchasing two electrical distribution companies from Spanish company Unión Fenosa, which had previously been privatized by the Mejía administration. See "—Privatization and Role of the State in the Economy—Privatization" and "Public Sector Debt—External Debt—Debt Owed to Official Institutions—IMF."

The economic crisis negatively affected the Government's fiscal receipts and liquidity, resulting in arrears and the eventual restructuring of public sector external debt owed to multilateral institutions, bilateral lenders (both Paris Club and non-Paris Club members), private banks and suppliers. Nevertheless, although the economy as a whole contracted by 0.3% in 2003 compared to 2002, trade from the free trade zones grew by 2.1% and receipts from the tourism sector grew 13.6%, primarily due to the depreciation of the peso that led to cheaper exports and tourism costs, which increased external demand for these goods and services.

During the first half of 2004, economic performance and the Government's public sector finances were adversely affected by the ongoing economic crisis and by the uncertainty surrounding the presidential election held in May 2004. In the second half of 2004, however, the Dominican economy started to show signs of improvement, particularly during the fourth quarter, with the peso appreciating against the dollar by 35.1% during the second half (compared to a depreciation of 2.2% in the first half), a decreased rate of inflation and an improved fiscal balance during this period. In 2004, real GDP increased by 1.3%, as compared with 2003, the Central Bank's net international reserves increased to US$602.2 million at December 31, 2004, from US$123.6 million at December 31, 2003 and the rate of inflation decreased to 28.7%, as compared to 42.7% in 2003.

The Republic's economic recovery from its 2003-2004 domestic financial crisis continued in 2005, reflecting continuing increases in economic activity and liquidity. In 2005, real GDP increased by 9.3%, the peso appreciated by 27.5% against the dollar, and the average private-market DOP/US$ exchange rate for the purchase of dollars in 2005 was DOP30.07 per US$1.00, compared to DOP41.45 per US$1.00 for 2004. The Central Bank's net international reserves increased by US$917.5 million in 2005 and inflation was 7.4%, as compared to 28.7% in 2004. The nominal domestic interest rate on deposits of the banking sector was 11.6% at December 31, 2005, compared to 21.2% at December 31, 2004.

On January 31, 2005, the IMF approved a new two-year Stand-by Arrangement (the "2005 Stand-by Arrangement") of approximately US$665.2 million, conditioned on the Republic's commitment to implementing measures designed to promote macroeconomic stabilization and structural reforms in the fiscal, monetary, financial and electricity sectors specified in the Stand-by Arrangement. On August 29, 2005, the IMF announced that the Republic's performance under the 2005 Stand-by Arrangement for the first and second quarters of 2005 had been met and that progress had been made in the area of structural reforms, including the drafting of legislation to enhance fiscal management and strengthen monetary and financial institutions. On September 29, 2005, the Republic submitted a letter of intent and technical memorandum of understanding to the IMF, requesting completion of the first and second reviews under the 2005 Stand-by Arrangement and waivers of certain structural reform requirements pending approval of these reforms by the Dominican Congress. The IMF announced the completion of the first and second reviews on October 18, 2005, which entitled the Republic to borrow up to approximately US$139.0 million under the 2005 Stand-by Arrangement.

The IMF and the Republic agreed on various quantitative measures of economic performance for 2006, including criteria regarding the performance of the electricity sector. The criteria established in the Stand-by Arrangement for 2005 were successfully met despite the accumulated financial deficit in the electricity sector. Dominican authorities intended to search for equilibrium in the finances of the non-financial public sector in order to lower the national debt as a percentage of GDP. Similarly, the government successfully implemented its monetary policies, achieving single-digit inflation and significantly increasing the international reserves of the Central Bank.

In December 2005, the Government approved a tax reform that sought to expand the goods that incurred value added tax ("VAT") and increased income and excise taxes. See "Public Sector Finances – Tax Regime." As part of an institutional reform, Congress further approved new initiatives, including the creation of the Public Debt Office in January 2006. The Government created a single account administered by the Department of Treasury in order to promote efficiency and transparency regarding public assets. Finally, the gradual increase in international oil prices adversely impacted the electricity sector causing an increase in government subsidies.

In 2005, the Government successfully implemented its comprehensive strategy for the restructuring of its outstanding debt, including the exchange of approximately US$1.07 billion, or 97% of the aggregate outstanding principal amount of its 9.50% bonds due 2006 and 9.04% bonds due 2013, for new 9.50% amortizing bonds due 2011 and new 9.04% amortizing bonds due 2018; the rescheduling of past due supplier financing and debt service payments due in 2005 and 2006 to several international commercial banks and to members of the Paris Club; and the refinancing of the Republic's payment obligations in connection with the repurchase from Unión Fenosa of two electricity distribution companies in 2003. See "—Privatization and Role of the State in the Economy—Privatization."

2009-2013 Developments

The Republic's economy continued to grow during the period from 2009 through 2013. In 2009, real GDP grew by 0.9%, due primarily to growth in the final consumption category (5.1%) as a result of expansionary measures applied by the monetary authorities at the beginning of 2009 in order to lessen the negative effects of the global economic crisis. At December 31, 2009, cumulative inflation was 5.8% compared to 4.5% at December 31, 2008. Despite the global economic crisis, the balance of payments at December 31, 2009 reached an overall positive balance of US$406.0 million, compared to negative balance of US$325.8 million recorded at December 31, 2008. The current account deficit was US$2.3 billion at December 31, 2009, primarily due to the decline in export revenue, tourism and remittances as a result of the deteriorating world economy, which was more than offset by a greater reduction in the international market price of oil and other imports. The global economic crisis affected adversely the competitiveness of Dominican companies, which had a strong impact on tax revenues, contributing significantly to the deficit in the government accounts in 2009.

The Dominican economy grew by 8.3% in 2010 driven by the substantial recovery in most of the economic activities: agriculture, livestock, fishing and forestry (7.1% growth); traditional manufacturing (7.3% growth); free trade zones (10.7% growth); construction (10.4% growth), wholesale (13.8% growth); transportation (9.9% growth); financial services (14.4% growth), in each case compared to 2009. Real GDP growth resulted from the implementation of certain macroeconomic policies in connection with the Stand-by Arrangement with the IMF entered into in November 2009. The success of these policies and the achievement of certain goals established under the Stand-by Arrangement, along with a general worldwide recovery from the global economic crisis, resulted in sustained improvement in the Republic's economy during 2010. In 2010, the rate of inflation was 6.2% compared to 5.8% in 2009. The Central Bank's net international reserves increased by US$490.8 million in 2010. The average DOP/US$ exchange rate for the purchase of dollars in 2010 was DOP36.75 per US$1.00, compared to DOP35.90 per US$1.00 for 2009, which represents a 2.3% nominal average depreciation.

In 2011, the Republic's real GDP grew by 2.9%, mainly due to the reorientation of monetary policy, in order to avoid inflationary pressures, given prevailing high international prices for oil and other raw materials. Between March and May 2011, the Central Bank increased the monetary policy rate on short-term deposits from 5.0% to 6.75%, while maintaining the annual Lombard interest rate at 9.5%. These targeted measures were intended, in part, to slow the pace of growth in lending and, thus, prevent an economic overheating as the Republic's economy experienced a marked recovery from the global economic crisis that began in 2008. In 2011, the rate of inflation rose to 7.8% compared to 6.2% in 2010, as a result of internal and external shocks suffered in the first semester, although there was an appreciable slowdown in price increases through the end of the year. The Central Bank's net international reserves increased US$295.2 million in 2011. The average DOP/US$ exchange rate for the purchase of dollars in 2011 was DOP38.02 per US$1.00, compared to DOP36.75 per US$1.00 for 2010, which represents a 3.3% nominal average depreciation.

During 2012, the Republic's real GDP grew by 2.7%, as compared to 2.9% increase during 2011. The slight slowdown in the growth rate was primarily the result of a reduction in external demand and domestic private investment. The period was characterized by a significant increase in government spending mainly oriented towards public investments and conditional cash transfers to social programs, along with fiscal revenues below budgeted amounts. Due to the deterioration of the fiscal accounts, a fiscal reform was approved by the Congress in November 2012. For more information on the fiscal reform see "Public Sector Finances—Tax Regime". On the monetary policy side, a more flexible monetary policy stance was adopted in the second half of 2012, with a reduction in the monetary policy rate.

In addition, during 2012 the Central Bank's net international reserves decreased by US$428.1 million. The average DOP/US$ exchange rate for the purchase of dollars in 2012 was DOP39.24 per US$1.00, compared to DOP38.02 per US$1.00 for 2011, which represents a 3.1% nominal average depreciation.

In January 2012, the Dominican Congress enacted Law No. 1-12, which established the "National Development Strategy 2030" (*Estrategia Nacional de Desarrollo - END - 2030*). This long-term vision of the nation requires the need for political, economic and social forces to arrive at a fiscal pact designed to finance sustainable development and ensure fiscal sustainability through a comprehensive tax restructuring. Thus, in November 2012, a new tax reform was introduced by Law No. 253-12, which focuses on improving efficiency, transparency and fairness of the tax structure, as well as raising tax revenue as a percent of GDP. See "Public Sector Finances—Tax Regime." For more information on the Republic's fiscal policies, see "Public Sector Finances."

In 2013, the Republic's real GDP grew by 4.6%, as compared to 2.7% growth during 2012. Despite experiencing a growth rate of barely 0.8% in the first quarter of 2013, real GDP grew 3.8% in the second quarter, 6.4% in the third quarter and 7.3% in the fourth quarter of 2013, yielding a cumulative GDP growth rate of 4.6% for 2013. The acceleration in GDP growth, particularly in the last two quarters, was mainly due to the monetary policy decision taken in May 2013 to release DOP20.2 billion from the reserve deposits held by financial institutions at the Central Bank in order to boost financing to the productive sectors of the economy. This was implemented by lowering the regulatory reserve requirements by 3.3 percentage points. For more information on the Republic's monetary policy, see "Balance of Payments and Foreign Trade—Monetary Policy." In addition, during 2013 the Central Bank's net international reserves increased 36.7% from US$3,209.8 million as of December 31, 2012 to US$4,386.5 million as of December 31, 2013. The nominal DOP/US$ exchange rate increased gradually during 2013, reaching DOP42.67 per dollar in the last business day of December, which represented an annualized peso depreciation rate of 5.7% since the beginning of 2013.

The Economic Policies of the Republic

Former administration of Leonel Fernández established several goals for its economic policy, such as promoting macroeconomic and structural policies aimed at stabilizing prices and recovering a path of sustained growth, strengthening the financial system to improve the operating sufficiency, transparency and efficiency of domestic banks, and increasing the independence and accountability of the Central Bank and other governmental agencies.

In order to achieve these goals, the Fernández administration implemented several economic reforms from 2004 to 2012, focused on developing social programs and public infrastructure, and strengthening the economy, which included:

- the US$1.7 billion multiyear Stand-by Arrangement entered by the Republic with the IMF in November 2009 (see "Public Sector Debt—External Debt—Debt Owed to Official Institutions—IMF");

- the restructuring of substantially all of the Republic's portfolio of external debt (see "Public Sector Debt—Debt Restructuring");

- tax reforms designed to increase tax revenues and improve the fiscal balance, including an increase in the VAT, higher tax rates on luxury goods and a new 10% tax on telecommunications services (see "Public Sector Finances—Tax Regime");

- the implementation of the DR-CAFTA (see "The Dominican Republic—Foreign Policy and Membership in International and Regional Organizations" and "Balance of Payments and Foreign Trade—Foreign Trade"); and

- construction and operation of the Santo Domingo subway.

Additionally, consistent with its economic stabilization and reform agenda, the Fernández administration took important measures to improve the Government's fiscal situation, such as measures to limit public subsidies to the gas and the electricity sectors, and measures to reduce tax evasion and simplify tax administrative proceedings for small businesses.

The administration of President Danilo Medina has announced a significant structural reform agenda aimed in particular at reducing public spending and reforming the tax code (see "Public Sector Finances—Tax Regime"). The principal goals of this structural reform are to gradually develop long-term fiscal sustainability and to reduce the percentage of GDP represented by public debt. The administration's reform program also seeks to improve the financial situation of the electricity sector by reducing transfers from the Central Government to the CDEEE, and developing a broad array of social programs aiming to reduce poverty and create jobs, in particular by prioritizing public expenditures in relevant sectors such as education.

In late 2012, the administration began to carry out this reform agenda through the implementation of the 2013 Budget Law and the 2012 Tax Reform (as defined in " Public Sector Finances—Tax Regime"), which incorporate policies designed to promote income growth, reducing public expenditures, and strengthening public institutions. As such, the Medina administration has begun to implement fiscal policies aimed at achieving macroeconomic stability, which will allow the administration to meet the objectives set forth in the National Development Strategy 2030 and to comply with deficit and debt targets, such as the suspension of contributions from public funds to plans and complementary pension funds, and measures to reduce public expenditures to 18.3% of GDP for fiscal year 2014.

Gross Domestic Product and Structure of the Economy

The Dominican economy is driven primarily by private consumption, investment and exports. GDP by the expenditure approach shows that as of December 31, 2013, private consumption accounted for 73.3% of GDP, government consumption for 10.1% of GDP and gross investment for 22.3% of GDP.

The following tables set forth the Republic's GDP by expenditure for the periods indicated.

Gross Domestic Product by Expenditure
(in millions of US$ and as a % of total GDP at current prices)[1]

	As of December 31,									
	2009		2010[2]		2011[2]		2012[2]		2013[2]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Government consumption	5,098.0	10.6	5,242.6	9.7	5,444.9	9.3	6,345.1	10.5	6,162.7	10.1
Private consumption	35,520.2	73.8	40,098.0	74.6	43,665.3	74.8	44,978.4	74.5	44,898.2	73.3
Total consumption	40,618.2	84.4	45,340.6	84.3	49,110.2	84.1	51,323.5	85.0	51,060.9	83.4
Total gross investment	11,526.8	23.9	14,334.5	26.7	15,187.3	26.0	14,413.6	23.9	13,672.3	22.3
Exports of goods and services	10,168.4	21.1	11,790.0	21.9	13,814.4	23.7	14,683.1	24.3	15,621.4	25.5
Imports of goods and services	(14,183.3)	(29.5)	(17,691.5)	(32.9)	(19,701.4)	(33.7)	(20,023.5)	(33.2)	(19,131.4)	(31.2)
Net imports	(4,014.9)	(8.3)	(5,901.5)	(11.0)	(5,887.0)	(10.1)	(5,340.4)	(8.8)	(3,510.0)	(5.7)
GDP	48,130.2	100.0	53,773.6	100.0	58,410.5	100.0	60,396.7	100.0	61,223.2	100.0

(1) Based on the weighted average exchange rate for each year.
(2) Preliminary data.
Source: Central Bank

Gross Domestic Product by Expenditure
(in millions of DOP and as % change from prior year, at current prices)

	As of December 31,									
	2009		2010(1)		2011(1)		2012(1)		2013(1)	
	DOP	**%**	**DOP**	**%**	**DOP**	**%**	**DOP**	**%**	**DOP**	**%**
Government consumption	183,186.7	10.4	192,926.2	5.3	207,221.4	7.4	249,222.9	20.3	257,390.9	3.3
Private consumption	1,276,354.3	5.0	1,475,592.1	15.6	1,661,816.9	12.6	1,766,668.5	6.3	1,875,229.4	6.1
Total consumption	1,459,540.9	5.7	1,668,518.4	14.3	1,869,038.3	12.0	2,015,891.4	7.9	2,132,620.3	5.8
Total gross investment	414,195.6	(16.9)	527,505.4	27.4	577,997.8	9.6	566,140.8	(2.1)	571,041.0	0.9
Exports of goods and services	365,382.0	(8.1)	433,869.1	18.7	525,750.7	21.2	576,727.1	9.7	652,449.1	13.1
Imports of goods and services	(509,650.1)	(17.9)	(651,041.0)	27.7	(749,797.7)	15.2	(786,487.9)	4.9	(799,046.6)	1.6
Net exports (imports)	(144,268.1)	(35.3)	(217,171.9)	50.5	(224,047.1)	3.2	(209,760.7)	(6.4)	(146,597.5)	(30.1)
GDP	1,729,468.4	4.4	1,978,851.9	14.4	2,222,989.0	12.3	2,372,271.4	6.7	2,557,063.7	7.8

(1) Preliminary data.
Source: Central Bank

Gross Domestic Product by Expenditure
(in chained volume indexes (or "Index") referenced to 2007 and as % change from prior year)(3)

	As of December 31,									
	2009		2010(1)		2011(1)		2012(1)		2013(1)	
	Index	**%**	**Index**	**%**	**Index**	**%**	**Index**	**%**	**Index**	**%**
Government consumption	106.1	4.0	111.5	5.1	111.5	0.1	124.1	11.3	116.2	(6.4)
Private consumption	111.0	5.2	119.9	8.1	123.3	2.8	127.7	3.5	130.9	2.6
Total consumption	110.4	5.1	118.8	7.6	122.0	2.6	127.2	4.3	129.1	1.5
Total gross investment(2)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Gross fixed investment(2)	90.7	(14.6)	107.4	18.3	104.2	(3.0)	100.9	(3.1)	100.8	(0.1)
Exports of goods and services	87.3	(8.4)	97.3	11.4	109.9	13.0	118.0	7.3	129.4	9.7
Imports of goods and services	94.2	(10.7)	110.7	17.5	112.0	1.2	116.6	4.1	112.8	(3.2)
Net exports (imports)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Real GDP	104.1	0.9	112.8	8.3	116.1	2.9	119.1	2.7	124.6	4.6

(1) Preliminary data.
(2) Changes in inventories are a volatile component of the total gross investment; therefore their chained indexes and y-o-y changes may lack economic consistency. Thus, total gross investment indexes and changes are not estimated. A gross fixed investment index is estimated, which accounts for most of the gross investment component of GDP.
(3) For additional information on this methodology please see "Defined Terms and Conventions—Certain Defined Terms—GDP."
Source: Central Bank

In 2009, real GDP grew by 0.9% as compared to 2008, mainly due to the negative effects of the global economic crisis, which severely influenced the contraction of net exports, where exports and imports declined 8.4% and 10.7%, respectively. Also, gross fixed investment was reduced by 14.6% as compared to 2008 due to reduced investment and a reduction in foreign direct investment. However, the 5.1% year over year increase in final consumption partly mitigated the negative effects of the global crisis, which was influenced by the expansionary stance of monetary policy, aimed to stimulate consumption and domestic production.

In 2010, the Dominican economy grew 8.3% in real terms as compared to 2009. The effects of the monetary measures implemented in 2009, in conjunction with the IMF Stand-by Arrangement signed in November 2009, influenced domestic demand, where the final consumption increased 7.6% and gross fixed investment increased 18.3%, in each case as compared to 2009. Gross fixed investment benefited from the momentum recorded in public investment and an increase in financial lending for private construction projects. Similarly, the improvement in the flow of international trade resulting from the positive global economic outlook, resulted in a significant recovery in the components of external demand, where exports and imports increased by 11.4% and 17.5%, respectively, as compared to 2009.

The pace of economic growth was moderated in 2011, and real GDP registered a 2.9% increase as compared to 2010, partly as a result of monetary policy tightening, which had been implemented earlier in 2011 and drove interest rates back to a more neutral stance in order to avoid overheating the economy due to internal and external pressures. This trend also resulted in a decrease of 3.0% in gross fixed investment, as evidenced by lower government capital expenditures. Despite the foregoing, foreign demand for domestic goods continued to expand, with exports increasing 13.0%, mainly due to exports of minor products and the resumption of exports of nickel-iron, which had been suspended for three years.

In 2012, the real GDP growth pace remained moderate, which resulted in an increase of 2.7% year over year. Final consumption increased by 4.3% as compared to 2011, mainly as a result of lower interest rates induced by a reduction in the monetary policy rate that helped to boost credit in domestic currency during the second half of 2012. Nevertheless, gross fixed investment contracted for the second straight year, showing a decrease of 3.1% as compared to 2011. This decrease in gross fixed investment was mainly due to the fact that the significant growth in public investment did not offset the contraction in private investment, as investors deferred their investments in anticipation of approval of the 2012 Tax Reform that took effect in January 2013. However, the positive trend in exports was maintained, reflecting an increase of 7.3% as compared to 2011, mainly as a result of gold exports, which favored from high international prices for this metal.

Finally, in 2013 the Republic's real GDP grew by 4.6% as compared to 2012, mainly due to the timely implementation of fiscal and monetary stimulus, aimed at increasing bank lending and enhancing economic activity. Final consumption decreased by 0.2% during the first half of 2013 as compared to the same period in 2012, but it showed increases of 1.9% in the second quarter, 4.3% in each of the third and fourth quarters, yielding a cumulative growth rate of 1.5% for 2013. Similarly, gross fixed investment decreased by 3.6% during the first nine months of 2013, although it showed a positive performance during the fourth quarter, increasing by 11.0% as compared to the same period in 2012, mainly influenced by the recovery in private investment. As a consequence, gross fixed investment showed a slight contraction of 0.1% in 2013 as compared to 2012. In addition, there was an improvement in net exports, where total exports increased by 9.7% year over year, primarily a result of higher exports of gold and silver, and imports decreased by 3.2% year over year, as a consequence of the reduction in the international prices of the main commodities used in domestic production.

The following table sets forth investment and savings in U.S. dollars and as a percentage of total GDP at current prices for the periods indicated.

Investment and Savings
(in millions of US$ and as a % of total GDP at current prices)

	As of December 31,									
	2009		2010(1)		2011(1)		2012(1)		2013(1)	
	US$	%	US$	%	US$	%	US$	%	US$	%
Domestic investment	11,526.8	23.9	14,334.5	26.7	15,187.3	26.0	14,413.6	23.9	13,672.3	22.3
Domestic savings:										
Public savings	150.1	0.3	469.3	0.9	304.7	0.5	(217.0)	(0.4)	168.8	0.3
Private savings	9,045.8	18.8	9,858.9	18.3	10,523.9	18.0	10,660.0	17.7	11,036.8	18.0
Total domestic savings	9,195.9	19.1	10,328.3	19.2	10,828.6	18.5	10,443.1	17.3	11,205.6	18.3
External savings (2)	2,330.9	4.8	4,006.3	7.5	4,358.7	7.5	3,970.6	6.6	2,466.7	4.0
Total savings	11,526.8	23.9	14,334.5	26.7	15,187.3	26.0	14,413.6	23.9	13,672.3	22.3

(1) Preliminary data.
(2) Calculated as the inverse negative of the current account balance.
Source: Central Bank

In 2009, domestic savings accounted for 19.1% of GDP. In 2010, total domestic savings increased 12.3% due to an increase in private savings as a result of higher GDP growth from the coordinated monetary and fiscal policy measures implemented under the IMF Stand-by Agreement. In 2011, total domestic savings increased by 4.8%, in the context of a monetary policy tightening that drove interest rates back to a neutral stance. In 2012, total domestic savings decreased by 3.6% due to a substantial expansion of public investment that reduced public savings. In 2013, total domestic savings increased by 7.3%, as a result of an increase in public savings and higher GDP growth.

The following table sets forth annual per capita GDP and per capita income in U.S. dollars for the periods indicated.

Per Capita GDP(1) and Per Capita Income(2)
(in US$ at current prices)(3)

	As of December 31,									
	2009		2010(4)		2011(4)		2012(4)		2013(4)	
	US$	%	US$	%	US$	%	US$	%	US$	%
Per capita GDP	4,961.9	(1.6)	5,446.0	9.8	5,811.4	6.7	5,903.1	1.6	5,878.4	(0.4)
Per capita income	5,116.0	(2.2)	5,663.2	10.7	5,976.2	5.5	6,056.1	1.3	5,997.3	(1.0)

(1) Without adjustment to reflect changes in purchasing power.
(2) Per capita national disposable income, which is equal to GDP plus net investment and financial income from abroad plus foreign remittances, divided by the country's population for each year.
(3) Based on the weighted average exchange rate for each year.
(4) Preliminary data.
Source: Central Bank

During the 2009 to 2013 period, economic growth and the improved employment levels resulted in an expansion of per capita GDP and per capita income.

Principal Sectors of the Economy

The main economic activities in the Dominican Republic are:

- agriculture and livestock;
- manufacturing;
- construction;
- wholesale and retail trade;
- tourism (which has secondary effects on various sectors of the economy); and
- transportation.

The contribution of these sectors to GDP, coupled with the value they added to other sectors of the economy, contributed to the overall growth of the Dominican economy during the period from 2009 to 2013. The annual average growth rate of GDP for 2009-2013 was 4.6%.

The following table sets forth the principal sectors of the economy in 2013.

Sectors of the Dominican Economy
(as a % of GDP for 2013, at current prices)

	2013
Primary production(1)	7.4
Manufacturing(2)	14.8
Other Secondary Production(3)	10.5
Services(4)	60.5
Taxes (less subsidies)	6.7

(1) Includes agriculture, livestock, fishing and forestry, and mining.
(2) Includes traditional manufacturing and free trade zones.
(3) Includes electricity, gas and water, and construction.
(4) Includes wholesale and retail trade; communications; hotels, bars and restaurants; and other service industries.
Source: Central Bank

The following tables set forth the distribution of GDP in the Dominican economy, indicating for each sector its percentage contribution to GDP and its annual growth rate for the periods indicated, in each case as compared to the comparable period in the prior year.

Gross Domestic Product by Sector
(in millions of DOP and as a % of GDP, at current prices)

	As of December 31,									
	2009		2010[(1)]		2011[(1)]		2012[(1)]		2013	
	DOP	%	DOP	%	DOP	%	DOP	%	DOP	%
Primary production:										
Agriculture, livestock, fishing and forestry	106,538.1	6.2	119,215.8	6.0	127,843.8	5.8	139,036.7	5.9	150,644.2	5.9
Mining	8,345.0	0.5	8,910.7	0.5	14,479.2	0.7	17,266.4	0.7	37,742.2	1.5
Total primary production	114,883.1	6.6	128,126.4	6.5	142,323.0	6.4	156,303.2	6.6	188,386.5	7.4
Secondary production:										
Manufacturing:										
Traditional	210,723.4	12.2	240,466.5	12.2	266,002.7	12.0	280,372.6	11.8	297,618.3	11.6
Free trade zones	55,845.5	3.2	60,480.5	3.1	72,916.2	3.3	76,318.0	3.2	82,033.2	3.2
Total manufacturing	266,568.9	15.4	300,947.0	15.2	338,918.8	15.2	356,690.7	15.0	379,651.5	14.8
Electricity, gas and water	32,473.3	1.9	35,324.1	1.8	39,756.3	1.8	42,838.6	1.8	44,383.3	1.7
Construction	177,021.7	10.2	206,182.0	10.4	220,340.2	9.9	225,640.3	9.5	224,842.4	8.8
Total secondary production	476,064.0	27.5	542,453.1	27.4	599,015.3	26.9	625,169.6	26.4	648,877.2	25.4
Services:										
Wholesale and retail trade	158,353.5	9.2	197,969.6	10.0	222,104.1	10.0	239,888.0	10.1	248,236.6	9.7
Hotels, bars and restaurants	132,458.1	7.7	143,787.8	7.3	160,140.3	7.2	173,031.5	7.3	187,111.1	7.3
Transportation	141,072.1	8.2	167,048.1	8.4	208,990.5	9.4	223,887.1	9.4	233,250.2	9.1
Communications	35,732.1	2.1	38,526.3	1.9	39,314.3	1.8	40,929.3	1.7	43,803.8	1.7
Financial services	70,673.6	4.1	73,649.0	3.7	82,490.7	3.7	92,793.9	3.9	98,230.4	3.8
Real estate	149,140.2	8.6	174,027.7	8.8	205,343.9	9.2	216,637.2	9.1	230,300.1	9.0
Public administration	80,947.3	4.7	81,488.3	4.1	84,932.4	3.8	103,909.2	4.4	117,528.2	4.6
Private education	34,602.0	2.0	40,308.9	2.0	43,380.7	2.0	47,489.9	2.0	54,759.3	2.1
Public education	30,315.0	1.8	33,274.9	1.7	36,926.4	1.7	38,744.7	1.6	52,534.3	2.1
Private health	27,767.3	1.6	35,348.6	1.8	39,398.9	1.8	45,114.0	1.9	49,548.2	1.9
Public health	16,166.8	0.9	17,833.9	0.9	22,582.6	1.0	19,806.3	0.8	20,321.5	0.8
Other services	141,153.7	8.2	159,925.4	8.1	180,621.3	8.1	192,865.9	8.1	211,610.8	8.3
Total services	1,018,381.6	58.9	1,163,188.5	58.8	1,326,226.1	59.7	1,435,097.0	60.5	1,547,234.5	60.5
Total GDP	1,729,468.4	100.0	1,978,851.9	100.0	2,222,989.0	100.0	2,372,271.4	100.0	2,557,063.7	100.0

(1) Preliminary data.
Source: Central Bank

Gross Domestic Product by Sector
(in millions of US$ and as a % of GDP, at current prices)

	As of December 31,									
	2009		2010(1)		2011(1)		2012(1)		2013(1)	
	US$	%	US$	%	US$	%	US$	%	US$	%
Primary production:										
Agriculture, livestock, fishing and forestry	2,964.9	6.2	3,239.6	6.0	3,359.2	5.8	3,539.8	5.9	3,606.8	5.9
Mining	232.2	0.5	242.1	0.5	380.5	0.7	439.6	0.7	903.7	1.5
Total primary production	3,197.1	6.6	3,481.7	6.5	3,739.6	6.4	3,979.4	6.6	4,510.5	7.4
Secondary production:										
Manufacturing:										
Traditional	5,864.3	12.2	6,534.5	12.2	6,989.4	12.0	7,138.1	11.8	7,125.8	11.6
Free trade zones	1,554.2	3.2	1,643.5	3.1	1,915.9	3.3	1,943.0	3.2	1,964.1	3.2
Total manufacturing	7,418.5	15.4	8,178.0	15.2	8,905.3	15.2	9,081.1	15.0	9,089.9	14.8
Electricity, gas and water	903.7	1.9	959.9	1.8	1,044.6	1.8	1,090.6	1.8	1,062.7	1.7
Construction	4,926.4	10.2	5,602.8	10.4	5,789.6	9.9	5,744.7	9.5	5,383.4	8.8
Total secondary production	13,248.6	27.5	14,740.7	27.4	15,739.5	26.9	15,916.5	26.4	15,535.9	25.4
Services:										
Wholesale and retail trade	4,406.9	9.2	5,379.7	10.0	5,835.9	10.0	6,107.4	10.1	5,943.5	9.7
Hotels, bars and restaurants	3,686.2	7.7	3,907.3	7.3	4,207.8	7.2	4,405.3	7.3	4,480.0	7.3
Transportation	3,926.0	8.2	4,539.4	8.4	5,491.4	9.4	5,700.0	9.4	5,584.7	9.1
Communications	994.4	2.1	1,046.9	1.9	1,033.0	1.8	1,042.0	1.7	1,048.8	1.7
Financial services	1,966.8	4.1	2,001.3	3.7	2,167.5	3.7	2,362.5	3.9	2,351.9	3.8
Real estate	4,150.5	8.6	4,729.1	8.8	5,395.5	9.2	5,515.5	9.1	5,514.0	9.0
Public administration	2,252.7	4.7	2,214.4	4.1	2,231.7	3.8	2,645.5	4.4	2,814.0	4.6
Private education	963.0	2.0	1,095.4	2.0	1,139.9	2.0	1,209.1	2.0	1,311.1	2.1
Public education	843.6	1.8	904.2	1.7	970.3	1.7	986.4	1.6	1,257.8	2.1
Private health	772.7	1.6	960.6	1.8	1,035.2	1.8	1,148.6	1.9	1,186.3	1.9
Public health	449.9	0.9	484.6	0.9	593.4	1.0	504.3	0.8	486.6	0.8
Other services	3,928.2	8.2	4,345.8	8.1	4,745.9	8.1	4,910.3	8.1	5,066.6	8.3
Total services	28,341.0	58.9	31,608.7	58.8	34,847.5	59.7	36,536.8	60.5	37,045.1	60.5
Total GDP	48,130.2	100.0	53,773.6	100.0	58,410.5	100.0	60,396.7	100.0	61,223.2	100.0

(1) Preliminary data.
Source: Central Bank

Gross Domestic Product by Sector

(in chained volume indexes referenced to 2007)[2]

	2009	2010[1]	2011[1]	2012[1]	2013[1]
Primary production:					
Agriculture, livestock, fishing and forestry	107.1	114.6	122.1	125.6	130.5
Mining	44.1	45.5	71.3	88.4	215.9
Secondary production:					
Manufacturing:					
Traditional	103.2	110.7	110.1	111.3	117.6
Free trade zones	87.7	97.0	107.2	108.3	110.2
Total manufacturing	N.A.	N.A.	N.A.	N.A.	N.A.
Electricity, gas and water	111.0	125.4	122.7	131.4	134.9
Construction	100.2	110.7	108.7	100.8	106.9
Services:					
Wholesale and retail trade	97.4	110.9	112.0	118.8	119.0
Hotels, bars and restaurants	100.7	105.0	107.9	110.2	114.4
Transportation	112.1	123.2	128.6	132.8	136.4
Communications	113.7	121.8	131.1	144.4	151.6
Financial services	111.6	127.6	129.9	137.9	145.3
Real estate	110.4	114.8	119.0	123.2	127.4
Public administration	107.5	109.9	110.8	113.1	115.2
Private education	109.0	109.0	113.4	115.9	117.1
Public education	110.5	126.9	132.7	137.8	146.5
Private health	119.0	132.4	138.2	151.8	158.2
Public health	107.0	113.9	120.8	127.8	135.9
Other services	111.2	120.2	126.5	129.8	136.2
Total GDP	104.1	112.8	116.1	119.1	124.6

(1) Preliminary data.
(2) For additional information on this methodology please see "Defined Terms and Conventions—Certain Defined Terms—GDP."
Source: Central Bank

Gross Domestic Product by Sector
(% change from prior year, chained volume indexes referenced to 2007)(3)

	As of December 31,				
	2009	2010(1)	2011(1)	2012(1)	2013(1)
Primary production:					
Agriculture, livestock, fishing and forestry	10.1	7.1	6.5	2.9	3.8
Mining	(37.8)	3.1	56.8	24.0	144.1
Total primary production	N.A.	N.A.	N.A.	N.A.	N.A.
Secondary production:					
Manufacturing:					
Traditional	(3.5)	7.3	(0.6)	1.2	5.6
Free trade zones	(11.5)	10.7	10.5	1.0	1.7
Total manufacturing	N.A.	N.A.	N.A.	N.A.	N.A.
Electricity, gas and water	4.1	13.0	(2.2)	7.1	2.7
Construction	(1.5)	10.4	(1.8)	(7.3)	6.1
Total secondary production	N.A.	N.A.	N.A.	N.A.	N.A.
Services:					
Wholesale and retail trade	(6.2)	13.8	1.0	6.0	0.2
Hotels, bars and restaurants	(0.9)	4.3	2.8	2.2	3.8
Transportation	4.9	9.9	4.3	3.3	2.7
Communications	9.9	7.1	7.7	10.1	5.0
Financial services	1.3	14.4	1.8	6.1	5.4
Real estate	5.6	4.0	3.7	3.5	3.4
Public administration	2.2	2.3	0.8	2.1	1.8
Private education	3.0	0.0	4.0	2.3	1.0
Public education	8.7	14.8	4.6	3.8	6.3
Private health	9.3	11.3	4.4	9.8	4.2
Public health	8.2	6.5	6.1	5.8	6.3
Other services	3.8	8.1	5.3	2.6	4.9
Total services	N.A.	N.A.	N.A.	N.A.	N.A.
Real GDP growth(2)	0.9	8.3	2.9	2.7	4.6

(1) Preliminary data.
(2) Includes taxes less subsidies.
(3) For additional information on this methodology please see "Defined Terms and Conventions—Certain Defined Terms—GDP."
Source: Central Bank

Primary Production

Agriculture, Livestock, Fishing and Forestry

The Dominican agriculture, livestock, fishing and forestry sector is dominated by small-scale producers of sugarcane, grains (such as rice and beans), coffee, cocoa, fruits, vegetables, root crops, milk, beef, eggs, pork and poultry. The sector exhibited a 5.1% average annual growth between 2009 and 2013. In 2009, this sector exhibited a growth of 10.1%, a strong recovery from the previous year in which the sector was still affected by the effects of the tropical storms that hit the Dominican Republic in late 2007. As a result of such adverse weather conditions, the Government implemented a series of programs to support local producers, which resulted in increases in the average annual growth of 7.1% and 6.5% for 2010 and 2011, respectively.

For the period between 2012 and 2013, this sector grew on average by 3.4%, a moderate increase with respect to previous years, due to the appearance of pests and drought seasons, hence the sector received assistance through the Ministry of Agriculture and the *Banco Agrícola de la República Dominicana* (Agricultural Bank of the Dominican Republic), such as:

- the incorporation of new areas and varieties of agricultural crops;
- the adoption of new technologies, technical assistance, preparation and clearing of land through the Program of Agricultural Machinery Services (PROSEMA);
- financial support and price stabilization policies;

- the distribution of certain inputs, including agricultural seeds, fertilizers and chemicals; and
- logistics support and training for farmers regarding cultivation and pest management practices in different areas of production.

The following table sets forth the production of selected primary goods for the years indicated.

Selected Primary Goods Production[1]
(in millions of US$, at current prices)

	As of December 31,				
	2009	**2010[2]**	**2011[2]**	**2012[2]**	**2013[2]**
Crops:					
Fruits	330.3	538.5	524.9	630.8	643.7
Rice	459.8	387.5	354.3	289.1	330.9
Root crops	154.3	194.3	219.5	207.7	194.9
Vegetables	215.3	235.0	191.2	180.3	184.9
Sugar cane	165.7	180.2	177.2	209.9	205.9
Coffee	94.3	74.1	107.0	107.7	71.3
Legumes	52.0	58.6	64.0	56.0	74.1
Corn	13.0	14.0	14.3	16.9	17.7
Tobacco	20.8	14.8	16.2	15.6	15.3
Oleaginous crops	3.5	2.9	3.6	4.3	5.4
Other agricultural (Plantains)	157.9	188.3	210.5	234.7	239.3
Total crops	1,666.9	1,888.2	1,882.8	1,952.9	1,983.4
Livestock:					
Poultry	341.0	401.6	398.5	388.6	400.5
Milk	369.2	326.9	321.4	354.3	349.5
Beef	466.4	464.5	471.9	479.3	490.7
Eggs	144.9	149.9	148.3	165.2	158.1
Pork	135.6	147.4	161.0	239.2	204.0
Lamb	N/A	N/A	N/A	N/A	N/A
Total livestock	1,457.1	1,490.4	1,501.1	1,626.6	1,602.8
Honey and bees' wax	N/A	N/A	N/A	N/A	N/A
Fishing and forestry	46.2	44.9	44.3	48.1	48.6

(1) Value of total production based on producer prices. Conversion to U.S. dollars based on the weighted average exchange rate for each year.
(2) Preliminary data.
N/A= Not Available.
Sources: Ministerio de Agricultura (Ministry of Agriculture) and Central Bank

The following table sets forth the annual percentage change in production of selected primary goods for the periods indicated:

Selected Primary Goods Production
(% change in volume for the period indicated)

	As of December 31,				
	2009	**2010(2)**	**2011(2)**	**2012(2)**	**2013(2)**
Crops:					
Fruits	32.6	54.2	2.8	13.1	17.7
Rice	9.0	8.1	(7.5)	(10.8)	8.9
Root crops	14.5	14.7	10.4	(5.8)	(5.0)
Vegetables	14.9	0.5	16.9	2.4	(10.8)
Sugar cane	(0.5)	1.4	(5.0)	10.1	(6.2)
Coffee	(16.2)	(20.8)	11.7	(18.5)	(28.4)
Legumes	44.0	7.8	4.2	(5.8)	24.7
Corn	27.2	4.6	(3.3)	17.4	9.2
Tobacco	(2.9)	(20.1)	13.4	(1.0)	4.8
Oleaginous crops	59.6	(2.2)	11.0	(8.3)	35.4
Other agricultural (Plantains)	47.0	(5.0)	2.4	7.9	9.5
Livestock:					
Poultry	3.9	2.7	(2.2)	(7.3)	7.6
Milk	(32.3)	(11.1)	(2.4)	10.9	4.6
Beef	2.7	2.5	1.8	1.8	1.8
Eggs	5.5	15.0	0.8	(7.9)	(5.7)
Pork	4.2	3.8	16.3	(0.3)	0.6
Lamb	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A
Honey and bees' wax	N/A	N/A	N/A	N/A	N/A
Fishing and forestry	(2.0)	1.2	0.9	2.6	3.0

(1) Preliminary data.
N/A= Not Available.
Sources: Ministerio de Agricultura (Ministry of Agriculture) and Central Bank

Mining

The mining sector had been historically concentrated in the production of nickel-iron, marble and quarry products, such as sand, coarse sand and lime sulfate, but in the fourth quarter of 2012, gold and silver became the most important mining products. Even though the mining sector represents a relatively small component of the Dominican economy, it has increased its importance over time, from a share of only 0.5% of GDP in 2009, to account for 1.5% of GDP in 2013. Between 2009 and 2010, the mining sector decreased at an average rate of 17.4% per year, mainly due to the closure of the Falconbridge Dominicana nickel-iron mine located in Bonao, which occurred in response to the decrease in the international price of nickel-iron. However, between 2011 and 2013 the mining sector experienced a noticeable recovery, growing by 56.8%, 24.0% and 144.1%, respectively, due to the reopening of the Falconbridge Dominicana nickel-iron mine and the beginning of operations of the Pueblo Viejo gold mine operated by Barrick Gold Corporation, responsible for the exploitation of gold and silver deposits.

Pueblo Viejo Gold Mine Operating Lease Amendment

On September 5, 2013, representatives of the Republic signed an amendment to the operating lease agreement ("Special Lease Contract of Mining Rights" or *Contrato Especial de Arrendamiento de Derechos Mineros*) with Pueblo Viejo Dominicana Corporation ("PVDC"), a subsidiary of Barrick Gold Corporation, for the development of the Pueblo Viejo gold mine, which was approved by the National Congress on October 1, 2013.

Among the key terms renegotiated by the Republic and PVDC are:

- the elimination of an internal rate of return requirement for PVDC's investment as a pre-requisite for its obligation to begin paying income taxes (the *Impuesto de Participación de las Utilidades Netas* or "PUN");
- a reduction in the applicable rate of depreciation;
- a reduction in the agreed amount invested by PVDC;
- a reduction in the maximum allowable interest rates for loans granted by affiliates of Barrick Gold Corporation to PVDC; and
- the establishment of an annual minimum tax (the *Impuesto Mínimo Anual* or "IMA") on the gross income of any exports of metals made by PVDC from the mine, which will be in addition to the payment of royalties on net income from exports of gold and silver.

Based on these amendments and assuming an average international market price for gold of US$1,600 per troy ounce during the period 2013-2016, the Republic would be expected to receive payments from PDVC equal to approximately US$2.2 billion and of approximately US$11.6 billion during the useful life of the mine.

Secondary Production

Manufacturing

The manufacturing sector includes traditional manufacturing and free trade zones, where the latter are regulated under a scheme of tax exemption to promote exports. Each category comprises the following activities:

- Traditional manufacturing industries: food industry, beverage and tobacco, petroleum refining and chemicals and other manufacturing products,
- Free trade zones: textiles manufacturing and other activities such as electronics, tobacco and its derivatives, footwear and other manufacturing.

During the period 2009 to 2013 the manufacturing sector accounted, on average, for 15.1% of the GDP at current prices, performing as follows:

- in 2009 traditional manufacturing industries contracted by 3.5% as a consequence of a decrease of 11.5% in the production of beverage and tobacco products, a decrease of 11.3% in petroleum refining and chemicals and a decrease of 4.9% in other manufacturing industries. Manufacturing in the free trade zones declined by 11.5% compared to 2008, reflecting the lower demand for textile goods from the United States mainly as a result of the global financial crisis. See "—Secondary Production—Manufacturing—Free Trade Zones" and "Balance of Payments and Foreign Trade—Foreign Trade;"
- in 2010, the traditional manufacturing industries grew by 7.3%, mainly driven by a 6.8% increase in food products, a 7.7% increase in the manufacture of beverages and tobacco, a 9.3% increase in the manufacturing of petroleum refining and chemicals, and a 6.6% increase in other manufacturing industries. Manufacturing in free trade zones showed signs of recovery at the beginning of the second quarter of 2010 which led to a cumulative growth of 10.7% for 2010 as compared to 2009, as a result of the diversification measures implemented by the industries in response to a lower demand for the textile products, which had the highest weight within the sector;
- in 2011, traditional manufacturing industries contracted by 0.6% compared to 2010, mainly due to a decrease of 0.2% in beverage and tobacco manufacturing, a decrease of 5.3% in petroleum refining and chemicals, and a decrease of 1.8% in other manufacturing industries, in each case, as compared to 2010. Nevertheless, growth in the food industry mitigated the negative performance of the sector, as it

increased by 1.9% year over year. Manufacturing in free trade zones grew by 10.5%, driven by the positive performance of textile manufacturing and other manufacturing industries;

- in 2012, traditional manufacturing sector grew 1.2% compared to 2011, driven primarily by growth of 4.3% in the food industry. However, the rest of the manufacturing activities showed a decline in their levels of production as follows: 0.5% in beverages and tobacco, 1.2% in petroleum and chemicals and 2.3% in other manufacturing industries. Manufacturing in free trade zones grew 1.0% compared to 2011, as a result of the positive performance in the production of derivatives of tobacco and medical and surgical equipment manufacturing.

- in 2013, the traditional manufacturing industries grew 5.6% compared to 2012, driven primarily by a growth of 8.2% in the food industry products, 1.9% in the manufacture of beverages and tobacco, and 10.4% in the manufacturing of petroleum refining and chemicals. Manufacturing in free trade zones grew by 1.7%, driven by the positive performance of other manufacturing industries.

The following tables set forth information regarding traditional manufacturing production for the periods indicated:

Production of Selected Manufacturing Goods
(in volumes as specified)

	As of December 31,				
	2009	2010(1)	2011(1)	2012(1)	2013(1)
Raw sugar (in metric tons)	522,439.6	525,042.0	538,683.6	561,105.9	544,029.7
Refined sugar (in metric tons)	151,914.0	147,672.0	157,817.4	165,840.2	157,675.7
Beer (in thousands of liters)(2)	414,209.4	483,802.2	488,571.7	470,337.6	416,263.7
Cigarettes (in thousands of packs of 20 units)	107,947.9	107,705.4	111,098.6	102,926.1	96,346.0
Rum (in thousands of liters)	51,228.8	56,528.3	56,505.4	55,638.9	56,813.5
Milk (in thousands of liters)	81,470.9	87,860.5	91,926.6	103,397.3	105,602.9
Flour(3)	2,409,071.0	3,714,405.0	4,747,812.0	3,538,435.0	3,511,931.5
Cement (in metric tons)	3,852,176.1	4,105,657.4	3,996,502.5	4,129,677.5	4,245,720.4
Paint (in metric tons)	48,330.1	60,031.4	48,257.0	42,057.6	57,488.9

(1) Preliminary data.
(2) Includes light and dark beer.
(3) In *quintales* (unit of mass, equivalent to 45 kg.).
Sources: Muestra de Empresas Productoras de Bienes Manufacturados and Central Bank

Production of Selected Manufacturing Goods
(% change from prior year, in volume)

	As of December 31,				
	2009	2010(1)	2011(1)	2012(1)	2013(1)
Raw sugar (in metric tons)	5.0	0.5	2.6	4.2	(3.0)
Refined sugar (in metric tons)	5.8	(2.8)	6.9	5.1	(4.9)
Beer (in thousands of liters)(2)	(8.4)	16.8	1.0	(3.7)	(11.5)
Cigarettes (in thousands of packs of 20 units)	(16.0)	(0.2)	3.2	(7.4)	(6.4)
Rum (in thousands of liters)	(11.9)	10.3	-	(1.5)	2.1
Milk (in thousands of liters)	8.2	7.8	4.6	12.5	2.1
Flour(3)	(20.0)	54.2	27.8	(25.5)	(0.7)
Cement (in metric tons)	(8.4)	6.6	(2.7)	3.3	2.8
Paint (in metric tons)	(15.3)	24.2	(19.6)	(12.8)	36.7

(1) Preliminary data.
(2) Includes light and dark beer.
(3) In *quintales* (unit of mass, equivalent to 45 kg.).
Sources: Muestra de Empresas Productoras de Bienes Manufacturados and Central Bank

Raw sugar production increased at an average annual rate of 1.0% from 2009 to 2013. In 2009, the production of raw sugar grew 5.0% compared to 2008 due to the 5.5% increase in yields, resulting from improvements in the production process. In 2010, raw sugar production grew 0.5% compared to 2009 primarily due to a 45.8% increase in production volume in the fourth quarter of 2010 compared to the fourth quarter of 2009, given the earlier start of the sugarcane harvest in November 2010. In 2011, production of raw sugar increased by 2.6% because of higher yields attributed to greater efficiency in the production process, which were the result of investment in machinery and equipment and the introduction of a new production company. In 2012, production of raw sugar grew 4.2%, mainly driven by the investments in new technologies for mechanization and improvements in the milling process and the early start of the 2012-2013 sugar harvest. In 2013, raw sugar production declined by 3.0%, due to less availability of cane for milling.

Refined sugar production grew at an average annual rate of 2.0% in the period from 2009 to 2013. In 2009, refined sugar production grew 5.8%, due to the increase of raw sugar used for refining, in order to supply the domestic market. Raw sugar exports in volume increased by 5.9% in 2009, meeting the sugar quota and entering the European Union market. In 2010, refined sugar production decreased by 2.8% as a result of the limited availability of raw sugar for refining, although during December, production increased by 14.5% as compared to December 2009 due to the increased production of raw sugar, which partially compensated for diminished production during the rest of the year. In 2011, refined sugar production grew 6.9% due to an increased supply of raw sugar to refine. In 2012, the production of refined sugar grew by 5.1%, driven by the investment in technologies for the mechanization and improvements of the sugar mills with more weight in the sugar industry. Also, the sugar harvest for that year started several days in advanced of the programed time for 2012-2013. In 2013, the production of refined sugar registered a decline of 4.9% because of the smaller amount of raw sugar for refining.

During the period 2009-2013, the performance observed in manufactured goods was directly supported by the behavior in the domestic and international demand for such products. During this period, the goods have shown an average growth rate as follows: raw sugar (1.0%), refined sugar (0.9%), beer (0.1%), rum (2.6%), dairy products (6.7%), flour (9.9%), cement (2.5%) and paint (4.4%). Production of cigarettes decreased by 2.8%.

Free Trade Zones

Free trade zones are industrial parks that are set aside for manufacturing of a variety of products almost exclusively for export. These industrial parks operate in a nearly free trade environment. Some of the manufacturing in the free trade zones consists of *maquiladoras* (assembly manufacturing), with the raw materials imported into the Republic free of import duties and then assembled to produce finished goods. Intermediate and capital goods entering the free trade zones are likewise not subject to import tariffs, and goods manufactured in the free trade zones enter the United States free of import duties or with preferential duties under the Caribbean Basin Initiative. As of December 31, 2013, there were 55 free trade zone parks located throughout the Republic, compared to 53 at December 31, 2012, and total employment in the free trade zones increased to 144,383 as of December 31, 2013, compared to 134,226 as of December 31, 2012.

Manufacturing in the free trade zones only grew at an average of 2.5% during the period from 2009 to 2013, attributable primarily to the expiration of the WTO Agreement on Textiles and Clothing in 2005, elimination of export quotas and an international environment in which Asian countries have comparative advantages with respect to textile manufacturing. Exports from free trade zones as a percentage of GDP decreased from 9.5% in 2009 to 8.4% in 2013.

In 2009, free trade zone exports decreased by 12.9% as a result of a decrease in demand for products due to the effects of the global economic crisis. Exports from free trade zones totaled US$3.8 billion in 2009. According to U.S. Census Bureau statistics, the Republic's textile exports to the United States have declined gradually between 2005 and 2009, principally due to increased competition from China and other Asian countries, as well as Central America. During the period from 2010 through 2013, this trend was reversed and free trade zone exports grew at an average annual rate of 9.3%. See "Balance of Payments and Foreign Trade—Foreign Trade." Total textile exports from free trade zones decreased at a rate of 19.9% from 2009 to 2013. By 2013, textiles only accounted for 25.9% of total exports from free trade zones and 14.1% of total exports.

During 2013 free trade zone exports increased by 2.6% compared to 2012. The increase during recent years is a result of greater export diversification, which now includes medical and surgical equipment, jewelry and related products, footwear and tobacco products, and the expansion of call centers, which was partially offset by a reduction in the production of textiles since 2009.

The following table sets forth the principal economic indicators for the free trade zones for the periods indicated.

Principal Economic Indicators of the Free Trade Zones

	As of December 31,				
	2009(1)	**2010**(1)	**2011**(1)	**2012**(1)	**2013**(1)
Existing parks	47	48	51	53	55
Employees	112,618	121,001	125,117	134,226	144,383
Exports (in millions of US$)	3,793.5	4,103.4	4,683.7	4,806.4	4,919.6
Of which:					
Textile exports (in millions of US$)	933.5	946.4	1,207.0	1,222.8	1,219.2
As a percentage of GDP	7.9	7.6	8.0	7.9	8.0
Net foreign exchange earnings (in millions of US$)	1,443.8	1,666.4	N/A	N/A	N/A
Average weekly salary (in US$)(2):					
Technicians	102.7	104.4	102.3	107.0	110.2
Workers	50.6	49.7	51.7	55.4	57.8

(1) 2009-2010 revised data; 2011-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.
(2) Calculated based on the weighted average exchange rate for each year.
Sources: *Consejo Nacional de Zonas Francas de Exportación* (National Council of Free Trade Zones) and Central Bank

Electricity, Gas and Water

From 2009 to 2013, the electricity, gas and water sectors collectively grew at an average annual rate of 4.9%, and contributed approximately 1.8% to GDP at current prices each year.

Electricity. In 2009, electricity production declined by 1.0%, while electricity consumption increased by 0.2%. In 2010, electricity production increased by 6.4%, while consumption increased by 8.3%. In 2011, electricity production increased by 5.6% and consumption increased by 0.3%. In 2012, electricity production increased by 6.9% and consumption declined by 3.8%. In 2013, electricity production increased by 3.56% and consumption increased by 4.57%.

At December 31, 2013, total installed generation capacity was 3,513.1 megawatts, an increase from 3,298.1 megawatts at December 31, 2012, which exceeded peak estimated demand by approximately 1,333 megawatts in 2013, compared to 1,088.5 megawatts in 2012. Electricity generated during 2013, prior to the effects of losses and electricity consumed by generators, reached 13,464 gigawatt hours while restricted estimated demand was 13,488 gigawatt hours. Net electricity generation during 2013, which accounts for losses and electricity consumed by generators, was 13,835 gigawatt hours, resulting in an electricity generation deficit during 2013 of 3.78%.

The electricity sector is divided into three sub-sectors: generation, transmission and distribution. The Government coordinates all three sub-sectors, primarily through the state-controlled electricity company CDEEE. The SIE (as defined below) is responsible for regulating the electricity sector.

There are six types of electricity generators in the Dominican Republic:

- independent private producers (IPP);
- thermoelectric plants operated by private companies holding a 50% ownership stake in the plants, with the remaining 50% owned by CDEEE;

- thermoelectric plants owned and operated by private companies;

- one wind plant owned and operated as a public-private partnership;

- hydroelectric plants operated and owned by *Empresa de Generación Hidroeléctrica Dominicana* (Hydroelectric Generation Company, known as EGEHID), a subsidiary of CDEEE; and

- back-up generators owned by private businesses and homeowners.

Of total electricity production during 2013, 85.1% was generated by thermoelectric plants that use gas, coal, heavy fuel oil or diesel oil, while the remaining 14.9% was generated by hydroelectric plants and wind generators, which are owned by the public company EGEHID. The high voltage transmission company (known as ETED), which is a subsidiary of CDEEE, owns approximately 95% of the country's power grid and is the only company that offers transmission services; the remainder of the remaining power grid is privately owned. At December 31, 2013, ETED charged US$0.00826 per kilowatt/hour to transmit electricity produced by generation companies at high voltage through the country's power grid. Distribution is provided by companies that purchase electricity from electricity generators to sell in regulated and unregulated markets to end users. At present, 100% of distribution is controlled by CDEEE through three distribution companies: *Empresa Distribuidora de Electricidad del Norte*, *S.A.* or "Ede Norte", *Empresa Distribuidora de Electricidad del Sur*, *S.A.*, or "Ede Sur" and *Empresa Distribuidora de Electricidad del Este*, *S.A.,* or "Ede Este".

Prior to 2000, the electricity sector suffered for many years from a severe lack of generation capacity due to poorly maintained plants and inadequate capital investment. To address this problem, many industries, retail businesses, hotel chains and private residences acquired back-up generators. CDEEE was solely responsible for distribution and provided approximately half of the Dominican Republic's generation, with the remainder provided by independent power producers, which began selling energy to CDEEE in 1993. These conditions led to frequent blackouts, which adversely impacted economic activity.

In 2000 and 2001, robust economic growth and the privatization of the electricity sector attracted considerable private investment that increased generation capacity and expansion of the distribution infrastructure. However, during this period, public institutions continued to accumulate arrears with the three partially-privatized distribution companies, which limited the cash flow available to distributors for payment to generation companies and transmission services. In addition, the financial condition of the electricity sector was adversely affected by the inability of distribution companies to improve collections from consumers.

During 2002, the electricity sector experienced further financial difficulties due to:

- losses incurred by CDEEE as a result of its agreements with independent power producers to purchase energy at prices higher than CDEEE's selling prices to distribution companies;

- a government subsidy regime which prohibited distribution companies from increasing prices to consumers to properly reflect their increased costs. This subsidy regime, in turn, led the distribution companies to deduct these cost increases from payments due by them to CDEEE. In addition, the inability to pass on increased costs to consumers caused distribution companies to accumulate arrears with generation companies; and

- the failure of public institutions to fully pay for their electricity consumption, which also caused distribution companies to withhold payments to CDEEE.

In order to resolve the financial crisis in the electricity sector, in May 2002 the Government established an electricity commission, which since then has taken the following key actions:

- with the exception of its power purchase agreements with *Compañía de Electricidad de San Pedro de Macorís* (the Electricity Company of San Pedro de Macorís), "CESPM" formerly "Cogentrix", and *Generadora San Felipe*, formerly Smith-Enron, CDEEE terminated substantially all of its remaining agreements with independent power producers and began paying its accrued debt to these producers.

The re-negotiated contracts between distributors and generators (known collectively as the *Acuerdo de Madrid*) expire in 2016. The *Acuerdo de Madrid* was re-negotiated to extend its term and to change the indexation necessary to reflect the cost of fuel used by each generation plant instead of having one sole fuel index for all plants;

- the Government and the distribution companies reached an agreement to adjust the indexation formula used to set electricity prices charged to consumers, which allowed price adjustments for changes in fuel costs, inflation and exchange rates; and

- CDEEE's role as the financial intermediary between public entities and distribution companies was eliminated. As a result, distribution companies began charging these public entities directly for their electricity consumption.

In 2003, the electricity sector suffered from the collective impact of rising oil prices and the depreciation of the peso, which significantly increased generation costs. In addition, severe economic problems, which affected the ability of privatized electricity distribution companies to reliably deliver energy to the country's power grid, forced the Government to renationalize Ede Norte and Ede Sur, two of the three distribution companies that had been privatized in 1999, for aggregate compensation of US$699.6 million (including accrued interest) and reassume their operational control in September 2003. See "—Privatization and Role of the State in the Economy—Privatization." However, both generators and distributors continued to face financial difficulties that have resulted in frequent blackouts, public protests and demonstrations, and several temporary and permanent shutdowns of generating plants. The financial strain on the Government caused by the 2003 economic crisis resulted in late and missed payments of subsidies by the Government to distributors. Distributors, already experiencing financial difficulties because of late payments and collection problems with customers, were unable to meet all of their payment obligations to generators.

In 2005, in an effort to alleviate these pressures, the Republic entered into the PetroCaribe Agreement, which replaced certain important provisions of the Caracas Energy Cooperation Agreement. Under the PetroCaribe Agreement, Venezuela has agreed to continue providing the Republic up to 50,000 barrels of oil per day at market prices and on favorable financing terms. See "Public Sector Debt—External Debt—Paris Club and Other Bilateral Lenders."

Since 2005, the Republic has made progress in improving circumstances in the electricity sector, including the following key measures:

- In 2009, the *Programa Nacional de Reducción de Apagones* (the National Blackout Reduction Program, or "PRA"), consisting of a general subsidy to all consumers in selected areas, was replaced by the *Programa de Subsidio Eléctrico* (Electricity Subsidy Program), whereby the Government grants electricity subsidies targeted at low-income households. This program, also known as "Bonoluz", is designed to subsidize those people with the greatest economic need, focusing initially on people located in PRA areas, and secondarily, on people throughout the concession area of the distribution companies.

- The reduction of technical and non-technical energy losses in the distribution network, from 44.9% in 2005 (92.8% in PRA areas and 38.8% in non-PRA areas) to 33.1% in 2013.

- Improvements in the collections performance indicator (which measures electricity invoiced over distribution charges), which increased from 88.0% in 2005 to 95.4% in 2013.

- An increase in the cash recovery index (which is the collections performance indicator adjusted for different tariffs charged to end-users) from 48.5% in 2005 (7.2% in PRA areas and 53.8% in non-PRA areas) to 63.8% in 2013.

- The execution of various loan agreements with the World Bank, IDB, OPEC and OFID for projects in the electricity sector were approved between 2009 and 2013, for an aggregate total amount of US$112 million. These projects are designed to reduce the distribution companies' technical and non-technical losses and to make better use of metering systems.

- The completion of projects to increase the generation capacity of the hydroelectric system, including the Pinalito (total capacity of 50 MW) and Palomino (total capacity of 80 MW) generation plants, which began operations in August 2009 and August 2012, respectively.

- The completion of projects to improve the transmission network, including the connection backbone and substations related to the Santo Domingo – Santiago Project, which is expected to eliminate the current inability of the transmission system to carry electricity in the amounts demanded between the southern and the northern regions of the country. The Santo Domingo – Santiago Project is currently operating at 345kV.

- The adoption of the Renewable Energy Incentives Law, which has stimulated the development of several new fuel and power production projects (although it is expected that these projects will play a marginal role in meeting growing demand for power over the short to medium term).

- The diversification of sources of electricity generation to mitigate the reliance on any principal source of generation capacity. In 2013, approximately 39.9% of generating plants in the Republic are thermoelectric plants that use fuel oil #6 and #2, which exposes the sector to fluctuations in the international price of oil. By 2016, the Republic expects to have expanded generation resources that use diverse sources of fuel.

Historically the Government has been forced to continue the subsidies provided to the electricity sector to cover costs arising from increases in fuel prices that are not transferred to end users due to tariff structure and operational deficiencies of the sector. However, as a result of a lower average purchase price of electricity during the 2009, the Government decreased the subsidies to the electricity sector to US$569.2 million, which represented a decrease of 51.6% from 2008. In 2010, subsidies provided to the electricity sector amounted to US$663.8 million, an increase of 16.6% compared to subsidies of US$569.2 million in 2009. In 2011, subsidies increased by 30.8% to US$867.9 million. In 2012, subsidies were US$907.3 million, representing a 4.5% increase when compared to 2011. In 2013, subsidies were US$1,328.6 million, representing a 46.4% increase compared to 2012.

The Dominican Republic continues to make progress in reforming the electricity sector. The country's power generation continues to improve as it transitions to alternatives to fuel oil. In 2013, fuel oil consumption by the electricity sector decreased 0.8 percentage points (from 40.7% to 39.9% of the generating matrix) compared to 2012, and decreased by 11.79 percentage points during the five-year period beginning in 2009 (from 51.7% to 39.9% of the generating matrix), primarily as a result of increased use of gas and coal as well as the increase during 2012 and 2013 in the availability of hydro-electric power and the first wind-powered generation facility.

At the end of 2012, the distribution companies performed a depuration of their database, in which nearly 500,000 registered customers had no commercial activity while they were being billed in the system. In order to regularize this situation, these customers were properly excluded from the database, thus, impacting on the indicators such as level of technical and non-technical losses, collection on billed amounts and cash recovery index. Consequently, total losses in the electricity system reached 35.5% as of December 31, 2012, as compared to 32.9% for 2011.

As of December 31, 2013, technical and non-technical losses in the electricity distribution network were estimated at 33.1%, as compared to 35.5% for 2012. In order to further reduce these losses, the Dominican Republic has been conducting network rehabilitation projects, which have been funded by debt and equity investments from the World Bank, the IDB and the OFID. In 2012 and 2013, total investments in these projects amounted to US$38.7 million and US$31.0 million, respectively.

During 2013, total expenditures on electricity decreased 3.5% to US$1,971.4 million as compared to 2012. The decreased cost of electricity was mainly driven by a 6.4% decrease in the international prices of fuel oil (the predominant fuel used in thermo-electric power generation in the Republic) and a 14.2% decrease in the price of coal, which are the principal fuels used in electricity generation in the Dominican Republic, and partially offset by an increase of 30.2% in the international price of natural gas. Results for 2013 show a slight reduction in the average purchase price of electricity of approximately 6.8% compared to 2012, which resulted in savings, as compared to 2012 prices, of approximately US$143.4 million.

For the period from 2009 to 2013, the ratio of distributable energy to energy purchased increased at an average of 0.98 percentage points per year, and in 2013, increased by 3.2 percentage points as compared to 2012, reaching 64.1%. During 2013, the EDEs collected 74.8% of the monetary value of the total expenditure on electricity, representing an increase of 3.0 percentage points compared to 2012.

During 2013, the Central Government transferred US$1,328.6 million to the electricity sector as a tariff subsidy and to partially finance the current deficit of the EDEs in 2013, representing an increase in subsidies of 46.4% compared to 2012.

As part of the strategy of the electricity sector to amend and extend the current generation matrix, on May 13, 2013 the *Corporación Dominicana de Empresas Eléctricas Estatales* (Dominican Corporation of State-Owned Electric Entities or "CDEEE") launched a public tender process for the engineering, procurement and construction of two thermal coal units with a nominal net power of 300 MW (± 20%) each, including any associated facilities, which will be installed in the town of Punta Catalina, Baní, province of Peravia, and will be owned by the Dominican Republic.

A total of 56 companies participated in the bidding process and presented their credentials in July 2013. Following the evaluation process of the technical proposals of each pre-qualified participant, the tender committee declared on November 22, 2013, that the consortium formed by Constructora Norberto Odebrecht, S.A., Tecnimont S.p.A. and Ingeniería Estrella S.R.L. was declared the winner of the bidding process and was awarded the project. The engineering, procurement and construction ("EPC") contract with the aforementioned consortium was executed in February 2014, and it is expected that the first and second units will be in place 42 months and 44 months, respectively, from that date. As of September 30, 2014, 10.91% of the projected global EPC contract schedule has been executed.

The *Superintendencia de Electricidad* (Electricity Superintendence, or "SIE") is considering measures to increase the participation of customers in the payment for energy consumed. In March 2011, the consulting firm INECON, S.A., presented the report "Study for the Determination and Adjustment of the Electric Tariffs Applicable to Regulated Customers (Technical Tariff) – and Design of a Progressive Implementation Scheme." The study was publicly tendered by SIE and sponsored by the World Bank. This study examined the use of a "technical tariff" in the electricity sector, and tied implementation to a transition period "glide path" which would make possible the objectives of the proposed tariff application. In 2012, a bill was presented to Congress to implement the technical tariff and the transition period definition. As of the date of this listing memorandum, the bill is awaiting ratification by Congress.

The chart below shows the evolution of transfers made by the Central Government to the CDEEE from 2009 to 2013 to cover the current deficit, as a percentage of GDP.

Current Transfers by the Central Government to CDEEE
(as a % of GDP)

As of December 31,	
2009	1.4
2010(1)	1.2
2011(1)	1.2
2012(1)	1.5
2013(1)	1.4

(1) Preliminary data.
Source: Ministry of Finance

In an effort to reduce subsidies to the electricity sector, the SIE agreed to an 11.5% increase in electricity tariffs (which had been frozen since January 2006) in June 2009, a 5.7% increase in July 2009, an 11% increase in December 2010, and an additional 8% increase in June 2011.

In 2009, the Republic acquired the 50% of Ede Este owned by TCW, an affiliate of Société Générale. The repurchase followed a settlement on May 26, 2009, of arbitration proceedings brought by TCW and Société Générale against various state entities of the Republic in 2007 and 2008 under bilateral investment treaties and private agreements among the parties. By settling the claims brought by TCW and Société Générale, the Republic sought to improve the quality of services (which the Republic believes had deteriorated under private ownership due to mismanagement and a lack of investment) and reduce uncertainty in the electricity sector created by the pending proceedings.

The most pressing problems currently facing the electricity sector include the following:

- higher international oil prices, partially offset by the PetroCaribe Agreement;
- the high prices of electricity resulting from the fact that the distribution companies purchase 49% of their electricity under contracts using the price of fuel oil #6 as an index to calculate tariffs. Under these contracts, the purchase price is determined by a formula that takes into account different cost factors in a way that generally results in high levels of electricity prices. In addition, distribution companies buy an additional 12% of electricity in the spot market, where prices are even higher because of the impact of inefficient generators that drive costs up;
- the high financial losses caused by the energy purchase contract signed with CESPM (Cogentrix) which is one of the largest power producers in the Republic. Under the terms of its current contract with Cogentrix, CDEEE purchases electricity from Cogentrix at higher prices than those applied to consumers. CDEEE and Cogentrix are currently negotiating an agreement for the conversion of a power station to natural gas from the more costly diesel fuel that it currently uses and an amendment to the existing energy purchase contract in order to reduce losses;
- generation plants that principally use fossil fuels; and
- the need to further improve the management of distribution companies to reduce losses and increase collection levels to optimal levels.

The current and future measures to be taken by the Republic to address the problems of this sector, include, among others, the following:

- investing in distribution assets to reduce theft and implementing strong enforcement of the anti-theft provisions set forth in the Electricity Law, approved in 2007, to significantly improve the reasonable cash recovery index;
- to reduce transfers to CDEEE from the Government;
- complete regularization of supplies to unbilled and billed customers in all areas with subsidies targeted at low-income families pursuant to the Bonoluz scheme;
- reduction of generation costs by:
    - implementing new generation projects based mainly on coal and natural gas in order to diversify the mix of generation plants which has been dominated by petroleum- based fuels;
    - increasing utilization of natural gas through the conversion of existing generation plants purchasing natural gas at low prices in the market;
    - entering into contracts at more favorable terms to the Republic with new electricity generation companies that are expected to enter the market prior to the end of the Acuerdo de Madrid contract periods;
    - completing construction of several hydro-electric plants currently in development; and
    - improving the operation of the wholesale (spot) market to eliminate inefficiencies;

- continued investments in the distribution network to reduce technical and non-technical losses, which investments are supported by the loan agreements with the World Bank, IDB and OPEC to finance:
    - the Electricity Distribution Network Rehabilitation Project;
    - the implementation of a robust technological platform for telemetry in industrial circuits, and commercial and large urban centers with appropriate networks;
- improvement of the transmission system to support the required demand and connect the new power plants; and
- improvement of the management of the Dominican electricity companies pursuant to the following strategies:
    - **commercial:** increasing revenues through non-traditional collection mechanisms, higher quality customer service and technical management through standardization and supply shielding;
    - **financial:** developing innovative mechanisms to maximize the sector's ability to obtain efficient financing with more flexible terms and conditions;
    - **technological:** based on the optimization and merger of technological structures for all companies within the sector, and the implementation of systems and management tools for distribution, loss control and administrative processes; and
    - **legal:** create an operational manual containing adequate and effective mechanisms to penalize electricity theft.

Principal Economic Indicators of the Electricity Sector[1]

	As of December 31,				
	2009[2]	2010[2]	2011[2]	2012[2]	2013[2]
Production of electricity sector (in millions of US$)[3] ...	780.1	867.6	957.1	1,011.0	980.2
Energy Production:					
Generators and CDEEE (in MW/hr):					
Wind	—	—	—	67,859.0	238,570.0
Coal	1,927,337.8	1,854,480.8	1,989,413.0	2,111,707.2	2,005,460.0
Hydroelectric	1,465,941.3	1,434,452.8	1,527,928.6	1,784,417.3	1,859,880.0
Gas	2,229,086.8	3,343,332.3	3,444,919.9	4,250,050.2	4,345,790.0
Fuel oil (#6 and #2)	6,022,749.4	5,639,370.0	5,998,085.6	5,634,271.2	5,615,480.0
Total generators and CDEEE	11,645,115.3	12,271,635.9	12,960,347.1	13,848,304.9	14,065,180.0
Consumption by economic sector (in MW/hr):					
Residential	2,993,224.8	3,237,393.7	3,300,473.9	3,077,300.4	3,299,095.2
Commercial	607,507.1	679,771.5	758,305.5	546,531.6	523,911.5
Industrial	2,074,565.1	2,390,793.1	2,486,426.9	2,876,852.9	3,161,164.0
Government	690,758.6	727,322.3	758,519.9	760,806.9	816,050.8
Municipalities	154,775.5	152,064.2	160,312.2	182,499.9	192,361.7
Total consumption	6,520,831.0	7,187,344.7	7,464,038.5	7,443,991.75	7,992,583.22
Energy sale income (in millions of US$)	1,114.3	1,216.2	1,365.1	1,466.1	1,474.0
Distribution Efficiency Indicators:					
Energy delivered (GWh)					
PRA (GWh)	1,158.0	N/A	N/A	N/A	N/A
Non-PRA (GWh)	9,067.8	N/A	N/A	N/A	N/A
Total energy delivered (GWh)	10,225.8	11,091.7	11,122.6	11,548.1	11,548,1
Collection on billed amounts	91.8%	90.6%	89.3%	95.0%	95.4%
Cash Recovery Index (CRI)	59.7%	58.7%	59.9%	61.2%	63.8%
PRA	11.7%	N/A	N/A	N/A	N/A
Non-PRA	65.9%	N/A	N/A	N/A	N/A
Clients	1,378,508	1,881,019	2,117,410	1,782,869	1,891,975
PRA[4]	—	—	—	—	—
Non-PRA	1,378,508	1,881,019	2,117,410	1,782,869	1,891,975

(1) Based on the weighted average exchange rate for each year.
(2) Preliminary data.
(3) Calculated using electricity sector percentage share of current GDP, multiplied by nominal GDP in U.S. dollars.
(4) Electricity users in PRA areas are not considered "clients" because of the substantial difficulty of collecting payments from such users.
(5) The IPP's are Generadora San Felipe and Consorcio Energético San Pedro de Macorís (CESPM).
N/A = Not Available.
Sources: Central Bank and CDEEE

Losses in the Electricity Sector

	As of December 31,				
	2009[1]	2010[1]	2011[1]	2012[1]	2013[1]
Energy distribution losses	34.9%	35.2%	32.89%	35.54%	33.15%
PRA	88.3%	N/A	N/A	N/A	N/A
Non-PRA	28.1%	N/A	N/A	N/A	N/A

(1) Preliminary data.
N/A = Not available.
Source: CDEEE

Gas. Propane gas is a widely used energy source in the Republic. Propane gas is imported primarily through three terminals: *Refinería Dominicana de Petróleo*, *Operadora Puerto Viejo, S.A*. and *Coastal Petroleum Dominicana*. A large number of private companies distribute propane gas. In 2004, the Government eliminated propane gas subsidies for commercial and industrial use, but maintained propane gas subsidies for personal use and the transportation sector. The Government eliminated natural gas subsidies in 2001.

Water. The water sector is in need of significant investment. According to the most recent household survey (ENIGH 2007) 44.8% of all Dominican households had access to potable water in their homes. The Government has considered privatizing water distribution and has privatized the fee collection business for the water sector. However, the fact that the Government supplies water at subsidized prices poses a challenge to private sector participation, as customers are likely to object to the increase in rates that would necessarily accompany privatization of this sector. In 2001, *Corporación de Acueductos y Alcantarillados de Santo Domingo*, a state-owned company, began installing water meters in selected areas of Santo Domingo in order to increase collections.

Construction

During the period 2009 – 2013, construction activity increased at an average annual rate of 1.6%, exhibiting variations throughout the period. In 2009, construction decreased 1.5% principally as a result of the global economic crisis, which adversely affected buyers' confidence in the real estate market. However, in 2010 the sector grew by 10.4% due to an acceleration in the construction of public and private infrastructure. During 2011, construction activity contracted by 1.8%, mainly because of a reduction in public investment. In 2012, construction activity declined by 7.3% as a consequence of a considerable decrease in private investment, due to the fact that construction firms postponed their investment decisions in anticipation of the impact of the 2012 Tax Reform. The significant increase in Government expenditure in infrastructure during 2012 could not offset the reduction in private investment. During 2013, the construction sector registered a growth rate of 6.1% compared to 2012, demonstrating a significant recovery starting in the second half of the year. Notwithstanding a 1.9% contraction in construction activity during the first semester, in the third and fourth quarters construction grew by 12.3% and 16.8%, respectively, compared to the comparable periods of 2012, primarily as a result of an increase in private investment in infrastructure projects that was driven by greater access to construction and mortgage loans.

Services

Wholesale and Retail Trade

Between 2009 and 2013, wholesale and retail trade grew at an average annual rate of 5.1% due to an increase in per capita income, among other factors. In the same period, wholesale and retail trade accounted for an average of 9.8% of GDP at current prices, making it the third largest component of the economy.

The composition of the Dominican retail market has changed in recent years, with the entrance of a number of multinational corporations, some through the use of franchises, and with a focus primarily on mega-store supermarkets and the fast food and clothing businesses, which has in turn spurred domestic investment in retail trade.

Hotels, Bars and Restaurants

Driven primarily by tourism, the hotel, bar and restaurant sector was an important contributor to the Dominican economy between 2009 and 2013, accounting on average for 7.3% of GDP at current prices, while the sector grew at an average annual rate of 3.3% during the period. This performance was due to an increase in the number of foreign tourists as well as in the number of hotel rooms in the country. As of December 31, 2013, the number of foreign tourists increased by 19.0% when compared to 2009 and the number of hotel rooms in the country were approximately 68,542, an increase of 1.4% as compared to the total number of rooms as of December 31, 2009.

In October 2001, the Government enacted the *Ley de Fomento al Desarrollo Turístico* (Tourism Development Incentive Law). The law grants tax exemptions to entities that develop tourism-oriented projects in the less-developed regions of the country with the objective of promoting investment and economic growth in the tourism sector.

Since 1985, tourism has been the primary source of foreign currency for the Dominican economy. In 2013, 4.1 million foreign tourists visited the Dominican Republic. See "Balance of Payments and Foreign Trade—Foreign Trade—Services Trade" for additional information regarding the tourism sector.

Transportation

The transportation sector, which consists of passenger and merchandise transportation by air, land and sea, grew at an average of 5.0% per year in the period from 2009 to 2013.

Communications

The Dominican Republic was one of the first countries in Latin America to have privatized telephone service. Privatization of the telecommunications sector took place in 1930. From 1930 to 1992, *Compañía Dominicana de Teléfonos* (the Dominican Telephone Company), currently a subsidiary of Mexican telecommunications company América Móvil, had a virtual monopoly in this sector. In 1992, the creation of Tricom introduced competition into the telephony market, and competition continued to increase in the 1990s with the entry of Turitel in 1993 and Economitel in 1997, both of which specialize in domestic and international long distance calling card services. In 2000, France Telecom (Orange) and Centennial Dominicana (a subsidiary of Centennial Communication Corporation) entered the domestic market for international long distance telephone and wireless services. Increased competition has expanded the variety of communication services offered and resulted in an appreciable reduction in rates.

Summary of Communications Sector Information

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
Lines (per 100 residents)					
Fixed wire	9.6	9.7	9.6	9.4	9.3
Cellular	87.0	87.4	85.2	86.4	87.7
Total lines	96.6	97.1	94.7	95.8	97.0
Internet accounts (number of accounts)	428,961	622,931	1,211,343	2,054,905	3,557,343

Source: Central Bank and Instituto Dominicano de las Telecomunicaciones (Dominican Telecommunications Institute)

In 2009, the communications sector registered a growth rate of 9.9% as compared to 2008. During 2010 and 2011, the sector grew by 7.1% and 7.7%, respectively. In 2012, this sector grew at a rate of 10.1%, mainly due to an increase in the traffic of outgoing calls to fixed wire and mobiles lines. In 2013, the communications sector grew at a rate of 5.0%, driven by the positive performance of mobile services, which had the highest weight in the production of the sector. The relative share of this sector in GDP at current prices was stable during the period 2009 – 2013, averaging 1.8% of GDP.

Cellular phone service grew from 8.6 lines per 100 residents in 2000 to 87.7 lines per 100 residents in 2013, accounting for almost the entire increase in the total number of phone lines over this period. As of December 31, 2013, the total number of fixed and mobile telephone lines in the Republic was approximately 10.2 million. Among a variety of factors, telephone service has grown due to prominent advertising campaigns, the proliferation of prepaid cellular plans and handsets and significant growth of foreign direct investment in this sector. Internet access has also increased significantly in recent years, as computers and internet use have proliferated.

The Government has launched initiatives to enhance the communications sector, including:

- allocation of 60% of the 2% excise tax imposed on communication services to improve access to telephone and other communication services;
- development of programs to provide internet access in public schools; and
- development of programs to increase access to telecommunications in rural areas.

Financial Services

Between 2009 and 2013, the financial services sector grew at an average annual rate of 6.8%, which was higher than the average annual growth rate for the entire Dominican economy, due to growth in the granting of credit resulting from adequate levels of liquidity and an increased focus on consumer credit. This sector has consolidated over time as a result of the reforms in the regulatory framework and banking supervision. In addition, the diversification in the portfolio of products and services offered by financial institutions has allowed greater access to the financial services for the general populace.

Public Administration

Between 2009 and 2013, the public administration sector exhibited an average growth rate of 1.7% due to an increase in the Government's payroll. In 2013, the public administration sector grew by 1.8% as compared to 2012.

Real Estate and Other Services

Real estate expanded at a modest rate in the period from 2009 to 2013. The annual growth rate for this sector was 3.6% during this period. During 2013, the real estate sector grew by 3.4% as compared to 2012.

Other services supplied in the Dominican economy include personal services, cleaning services, services rendered to private companies and computer services.

Privatization and Role of the State in the Economy

Privatization

During the first Fernández administration from 1996 to 2000, the Government began a process of privatization in a number of sectors.

Pursuant to the *Ley General de Reforma de la Empresa Pública* (the Public Enterprise Reform Law), the privatization of state-owned companies in the Dominican Republic must be effected primarily through a process of share purchases (which is referred to under Dominican law as "capitalization"). Under the capitalization process, private sector companies contribute a sum equal to or greater than the value of the state-owned company subject to privatization to create a new company, 50% of which continues to be owned by the Government as required by law. This law also gives discretion to the *Comisión de la Reforma a la Empresa Pública* (the Commission for the Reform of Public Enterprises) to implement the Government's privatization initiatives through franchising, concessions, transfers of shares or assets, or the sale of assets. Under this law, funds obtained through the privatization process, including concession fees, are placed in the *Fondo Patrimonial* (the Privatization Fund).

The state-owned companies and assets that have been subject to privatization since the enactment of the Public Enterprise Reform Law include the following:

- Corporación Dominicana de Electricidad ("CDE"), CDEEE's legal predecessor;
- the sugar mills owned by the *Consejo Estatal del Azúcar* (National Sugar Board, or "CEA");
- companies owned by the *Corporación Dominicana de Empresas Estatales* (the Dominican State Enterprises Corporation, or "CORDE"), a holding company with interests in companies operating in a wide range of economic activities;
- hotels owned by the *Corporación de Fomento de la Industria Hotelera* (the Hotel Industry Promotion Corporation, or "CORPHOTELES");
- airports managed by the Government; and
- Refinería Dominicana de Petróleo ("REFIDOMSA").

The following summarizes the steps taken to privatize these companies:

- The privatization of CDEEE, in 1999, divided the company into three separate parts, each dealing with a different segment of the electricity market – generation, transmission and distribution. As a result of these measures, three new mixed (private and state-owned) companies – *Distribuidora de Electricidad del Norte* (“Ede Norte”), *Distribuidora de Electricidad del Sur* (“Ede Sur”) and *Distribuidora de Electricidad del Este* (“Ede Este”) – were established to assume the power distribution business. The Government sold 50% ownership interests and management control in Ede Norte and Ede Sur to Spanish company Unión Fenosa and in Ede Este to U.S.-based AES in separate transactions. In addition, two new mixed (private and state-owned) companies – *Empresa Generadora de Electricidad Itabo, S.A.* “EGE ITABO” and *Empresa Generadora de Electricidad Haina, S.A.*”EGE HAINA”– were established to assume the power generation business conducted through thermoelectric plants. In September 2003, however, the Republic repurchased Unión Fenosa’s interest in Ede Norte and Ede Sur for US$699.6 million (including interest) and re-assumed operational control of the two distributors. The purchase price was payable in 144 monthly installments through September 2015. The Republic’s payment obligations were secured by the assignment of customer receivables of Ede Norte and Ede Sur selected by Unión Fenosa representing 115% of each price installment. In August 2005, the Republic signed a memorandum of understanding with Unión Fenosa that granted the Republic the option, exercisable through March 31, 2006, to pre-pay all of the remaining purchase price installments for approximately US$294.1 million and release Ede Norte and Ede Sur from their obligations under the receivables assignment agreement. The Republic exercised this option in March 2006. In May 2009, the Republic repurchased the 50% of Ede Este owned by TCW, an affiliate of Société Générale, following a settlement of TCW and Société Générale’s arbitration claims against the Republic. See “—Secondary Production—Electricity, Gas and Water—Electricity.”

- In June 1999, the Government decided to lease the sugar mills owned by the National Sugar Board to private sector operators in an effort to improve their performance. To date, the National Sugar Board’s ten sugar mills have been leased to four private consortia, which have invested resources to optimize the mills’ production capabilities, and to improve the quality of the mills’ facilities.

- The privatization of CORDE was launched in 1999 with the privatization of two of its subsidiaries, *Molinos Dominicanos* and *Molinos del Norte*. These two companies merged into *Molinos del Ozama*, which was capitalized by *Malla y Cía* (a privately-owned company). In December 1999, the Government authorized the lease of two CORDE subsidiaries, *Minas de Sal y Yeso* and *Marmolería Nacional*, to two privately-owned companies, *Cementos Nacionales* (a subsidiary of *CEMEX S.A.B. de C.V.*) and *Marmotech, S.A.* The privatization of CORDE continued in January 2000, when its three tobacco subsidiaries were merged into a single entity that was capitalized by *CITA Caribe* (a subsidiary of *CITA Tabacos de Canarias*). All but three of the CORDE companies have been liquidated. The three that remain in existence are currently not in operation.

- Sixteen of the CORPHOTELES’s 24 hotels have been leased to private operators. The remainders are either not in operation or have been donated to non-profit organizations.

- In 1999, the Government also privatized the management of four of the country’s international airports. *Aeropuertos Dominicanos Siglo XXI, S.A.* (a private consortium known as “Aerodom”) was selected though a competitive bidding process to operate the airports for a period of 25 years. In addition, Aerodom built an airport in La Isabela, near Santo Domingo, which began flight operations in February 2006 and an airport in El Catey, near the Samaná resort area, which began flight operations in November 2006.

- The Government is also promoting private sector investment in other public endeavors, such as the development of sulfide deposits and the construction and management of highways. During 2001 and 2002, the Government granted concessions for the construction or widening of highways. In February 2006, concessionaire *Autopistas del Nordeste*, issued US$163 million of bonds due 2026 to finance construction of a new toll road connecting Santo Domingo to Samaná. The bonds are secured by the concessionaire’s rights under the concession agreement, including the right to receive from the Republic payment of (i) a US$29 million contribution to construction costs (of which US$15 million has already been contributed), (ii) a guaranteed minimum revenue amount in the event toll revenues fall below set targets in any operating quarter (which amounts range from approximately US$5.3 million to approximately US$13.6 million in constant U.S. dollars per quarter from June 2008 through February 2026) and (iii) a termination fee in the event the concession is terminated, which will be at least sufficient to cover the concessionaire's then outstanding liabilities. The highway, named the "Coral Highway" commenced operations in 2009 and is still under construction.

- In February 2005, the Government announced that it plans to auction concessions of cruise ship sea ports in four cities to improve tourism infrastructure. In that same year, a concession was granted for the Sans Souci port, the terms of which require the rehabilitation of the existing Sans Souci and Don Diego cruise ship terminals, which are located on the shores of the Ozama River in Santo Domingo. This project is expected to contribute to the clean-up of pollution and improvements to the navigation channel in that river.

- In May 2010, the Republic and Venezuela signed an agreement for the purchase by Venezuela's state oil company, PDVSA, of a 49% stake in REFIDOMSA, the national oil refinery, which is wholly owned by the Republic, following the Republic's acquisition of the 50% stake held by its former partner, royal Dutch Shell Plc. The purchase agreement, which reflected a purchase price of approximately US$133.4 million, was approved by the Dominican Congress on August 18, 2010 by Resolution No. 112-10.

The privatization process has encountered significant difficulties in the electricity sector due to the persistent cash flow problems arising from theft and non-payment of invoices by consumers. Both generators and distributors of electricity have been beset by financial losses that have resulted in frequent blackouts, widespread public protests, a persistent deficit in electricity output, and several temporary and permanent shutdowns of generating plants. See "—Secondary Production—Electricity, Gas and Water—Electricity." In November 2004, AES sold its ownership interest in Ede Este to U.S.-based TCW Energy Advisors, which sold the company back to the Government in 2009.

Role of the State in the Economy

Following enactment of the Public Enterprise Reform Law on June 24, 1997, the Government reduced its direct involvement in the Dominican economy. While in the early 1990s the Government maintained a 100% equity ownership in public enterprises, the Government has reduced its ownership stakes in many of those enterprises.

As of the date of this listing memorandum, the Government holds equity ownership interests in the following companies:

Company	Government Equity Ownership	Description
Empresa de Generación Hidroeléctrica Dominicana (EGEHID), which is a public institution under CDEEE's leadership and coordination, according to article 138 of the General Electricity Law and Decree No. 923-09, dated December 30, 2009	100%	Operates the Republic's generation plants
Empresa de Transmisión Eléctrica Dominicana (ETED), which is a public institution under CDEEE's leadership and coordination, according to article 138 of the General Electricity Law and Decree No. 923-09, dated December 30, 2009	100%	Operates the Republic's transmission lines
Ede Sur, Ede Norte and Ede Este, which are owned by the Republic, through FONPER and CDEEE	Approx. 99%	Owns distribution facilities
EGE ITABO and EGE HAINA, partially owned by the Republic, through FONPER	Approx. 50%	Operates power generation business through thermoelectric plants
Consejo Estatal del Azúcar (CEA, National Sugar Board)	100%	Owns the Dominican Republic's sugar mills and land. All sugar mills are leased to the private sector
Corporación de Acueducto y Alcantarillado de Santo Domingo (CAASD, Aqueduct and Sewer Corporation of Santo Domingo)	100%	Owns and operates the aqueducts and sewers of Santo Domingo
Corporación de Acueducto y Alcantarillado de Santiago (CORAASAN, Aqueduct and Sewer Corporation of Santiago)	100%	Owns and operates the aqueducts and sewers of Santiago
Banco de Reservas de la República Dominicana (BanReservas)	100%	Commercial bank
Banco Agrícola (Agricultural Bank)	100%	Development bank that provides financing for small farmers
Compañia de Seguros San Rafael (San Rafael Insurance Company)	100%	Offers insurance services to the public
CORDE	100%	Holding company of the Government's interest in several companies
CORPHOTELES	100%	Owns 16 hotels throughout the Dominican Republic
Refinería Dominicana de Petróleo (REFIDOMSA, Dominican Petroleum Refinery)	51%	Imports oil and oil derivatives, operates the Dominican Republic's refinery, and sells gasoline and other fuel products to oil derivative distributors
Falconbridge Dominicana	10%	Operates the Dominican Republic's nickel-iron mines and exports nickel-iron to foreign markets

Employment and Labor

Employment

The following table sets forth labor force statistics as of the periods indicated.

Employment and Labor
(%)

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
Participation rate(1)	53.8	55.0	56.2	56.5	56.1
Employment rate(2)	45.8	47.1	48.0	48.2	47.7
Unemployment rate(3)	14.9	14.3	14.6	14.7	15.0
Open unemployment rate(4)	5.3	5.0	5.8	6.5	7.0

(1) Labor force as a percentage of the total population at or above the minimum working age (including both active and inactive segments of the population).
(2) Employment as a percentage of the total population at or above the minimum working age.
(3) Refers to population at or above the minimum working age that is not employed and is willing to work (even if not actively seeking work), as a percentage of the total labor force.
(4) Refers to population at or above the minimum working age that is not employed and is actively seeking work, as a percentage of the total labor force.
Source: Central Bank

The following table sets forth information on employment by sector (as a percentage of total employment) for the periods indicated.

Employment
(% by sector)

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
Agriculture, livestock, fishing and forestry	14.9	14.6	14.7	14.2	14.2
Mining	0.2	0.3	0.5	0.4	0.3
Manufacturing	10.6	10.5	10.2	10.4	9.8
Construction	6.2	6.3	6.2	6.3	5.6
Electricity, gas and water	0.8	1.0	0.8	1.1	0.9
Transportation and communications	7.6	7.6	7.4	7.5	7.9
Wholesale and retail trade	21.8	21.5	21.9	21.6	21.3
Financial services	2.3	2.5	2.5	2.5	2.6
Public administration and defense	4.6	4.9	4.8	4.9	4.8
Hotels, bars and restaurants	6.1	6.1	5.9	6.0	6.1
Other services	24.8	24.8	25.1	25.2	26.3
Total	100.0	100.0	100.0	100.0	100.0

Sources: Encuesta Nacional de Fuerza de Trabajo (National Work Force Census) and Central Bank

Employment in the Dominican economy is mainly concentrated in the following economic activities: agriculture, livestock, fishing and forestry; manufacturing; transportation; wholesale and retail trade and other services.

The Dominican economy has a significant "informal sector" that provides employment to many people, including a significant number of women. The term "informal sector" refers to economic activities that take place outside of the formal norms for economic transactions established by the state or developed through formal business practices. The informal sector includes small businesses that are the result of individual or family initiatives. It generally involves the production and exchange of goods and services without the appropriate business permits, without reporting of tax liability, without complying with labor regulations and without legal guarantees for suppliers and end users. The informal sector provides economic opportunities, albeit limited, for the urban poor. In 2013, the Central Bank estimated that more than half of the total labor force was employed in the informal sector.

Wages and Labor Productivity

The *Comité Nacional de Salarios* (the National Committee on Salaries) sets minimum wages by industry every two years in a process in which representatives from labor, management and the public sector participate. Effective January 2005, the National Committee on Salaries approved a 30% increase in the minimum wage for most sectors of the economy.

In 2013, the real minimum wage recorded in the private sector for large companies increased by 9.9%, while the real minimum wage for medium and small-sized companies increased by 9.8%, respectively, from the levels registered in 2012. The real minimum wage recorded in the free trade zone in 2013 decreased by 3.7% from the level registered in 2012. In the public sector, the real minimum wage registered in 2013 decreased by 3.7% from the wage registered in 2012.

The following table sets forth information on real minimum wages by sector and labor productivity for the years indicated.

Index of Real Minimum Wages
(2010 = 100)

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
Private sector wages:					
Large size companies[1]	106.2	100.0	108.6	104.5	114.8
Medium size companies[2]	106.2	100.0	108.6	104.5	114.7
Small size companies[3]	106.2	100.0	108.6	104.5	114.7
Free trade zone wages	106.2	100.0	102.1	104.5	100.6
Public sector wages	106.2	100.0	92.8	89.3	86.0

(1) Capitalization greater than DOP4.0 million.
(2) Capitalization greater than DOP2.0 million and lower than DOP4.0 million.
(3) Capitalization lower than DOP2.0 million.
Sources: *Ministerio de Trabajo* (Ministry of Labor) and Central Bank

Poverty and Income Distribution

The incidence of poverty in the Republic declined during the 1990s, primarily as a result of rapid economic growth during the period. Another factor that has helped to ameliorate poverty has been the considerable rise in remittances from workers living and working abroad, which has grown even during the global economic crisis. See "Balance of Payments and Foreign Trade—Remittances." Poverty in the Republic results primarily from unemployment and underemployment, marked class disparities in access to education, health care and jobs, and the significant differences in income between skilled and unskilled workers.

Nevertheless, since 2000 poverty in the Republic has increased significantly as a result of high inflation, the slowing economy and an increase in the unemployment rate. According to data from the *Ministerio de Economía, Planificación y Desarrollo* (Ministry of Economy, Planning and Development), approximately 41.2% of the population lived below the national poverty line in 2013, as compared to 32.0% in 2000. Approximately 10.0% of Dominicans lived below the national extreme poverty line in 2013, as compared to 8.1% in 2000.

The Republic's most important initiative to reduce poverty is the *Programa Solidaridad* (Solidarity Program). The Solidarity Program aims improve the income of families so as to enable them to invest in the education and health of their children. In this program, poor families receive cash transfers in exchange for meeting a series of requirements. The Solidarity Program has three basic components:

- *Comer es Primero* (Eating is First): In this component, each beneficiary family receives monthly financial assistance to purchase food, the amount of which is determined based on a basic basket of consumer and retail prices.

- *Incentivo a la Asistencia Escolar* (School Attendance Initiative): Through this component, each family with children and adolescents aged between 6 and 16 years (between the first and eighth grades of basic education) receives a monthly financial stipend which is conditioned on school attendance.

- *Dominicanos y Dominicanas con Nombre y Apellido* (Dominicans with First and Last Names): This component offers a free and preferential procedure to issue identity documents to families receiving conditional cash transfers.

In addition, in 2001 a social security law that overhauled the Republic's pension system went into effect. For a discussion of the Republic's social security reform, see "Public Sector Finances—Social Security."

The Government has also adopted a plan to improve the Dominican educational system, particularly as substandard education is considered to be one of the principal causes of poverty. The Dominican educational system has suffered from a lack of resources, out-of-date curricula and inadequate teacher training. The Government has taken steps to improve Dominican schools, including the following:

- continuing the *Plan Decenal de Educación* (the Decennial Plan for Education), a program started in 1992 with support from the IDB, the World Bank and private donors, which is aimed at increasing the efficiency of the school system and improving the coverage of public education for children;

- strengthening the student-breakfast program for children attending public schools;

- adopting a program to provide internet access in public schools;

- encouraging private companies to sponsor public schools;

- implementing the School Attendance Initiative program; and

- implementing a program aimed at reducing illiteracy.

Other measures the Government has implemented to combat poverty include:

- subsidizing selected households living in poverty (e.g., single-mother households and households where the wage earner is disabled or retired);

- investing in poor neighborhoods to improve sanitation, pave roads and repair sub-standard housing;

- subsidizing public transportation;

- providing credits for small businesses;

- reforming the public healthcare and workers' compensation systems;

- implementing the Eating is First program; and

- establishing the Unified Beneficiary System, which monitors the Government's poverty programs.

Environment

The most serious environmental problems currently confronting the Republic are water contamination and deforestation. The Government expects to address these environmental problems through greater supervision and regulation, as well as through community and private-sector awareness and involvement. In 2000, the Government created the *Ministerio de Medio Ambiente y Recursos Naturales* (the Ministry of the Environment and Natural

Resources) to centralize the various functions relating to the environment previously carried out by multiple governmental entities.

The Government requires environmental impact studies before authorizing any public or private construction project. The Government undertook reforestation projects, beginning in the late 1990s, which involved community groups and private and public organizations. The drive for reforestation yielded favorable results. While in the 1980s the annual rate of deforestation, as measured by the World Bank, reached 400 square kilometers per annum, that rate was reduced to 264 square kilometers per annum in the period from 1990 to 1995. In addition, a study has suggested that the total area covered by forest grew by 550 kilometers between 1980 and 1998, increasing the covered area from 19.6% to 27.5%. According to studies conducted by the Economic Commission for Latin America and the Caribbean in 2007, the Dominican Republic had 10,529.4 km^2 of protected areas.

BALANCE OF PAYMENTS AND FOREIGN TRADE

Balance of Payments

The balance of payments is used to record the value of the transactions carried out between a country's residents and the rest of the world. The balance of payments is composed of:

- the current account, which comprises:
    - net exports of goods and services (the difference in value of exports minus imports);
    - net financial and investment income; and
    - net transfers; and
- the capital and financial accounts, which comprise the difference between financial capital inflows and financial capital outflows.

Current Account

One of the most important components of the current account is the trade balance. The four primary factors that drive the trade balance are:

- the relative rate of economic growth of a country as compared to that of its trading partners – generally, if a country's economy grows faster than that of its trading partners, its relative level of consumption of goods and services will tend to rise, and its level of imports will tend to increase more rapidly than its level of exports;
- the relative level of domestic prices against foreign prices, as reflected by the real exchange rate – generally, if a country's domestic prices rise relative to those of its trading partners, there is a tendency for the country's level of exports to decline, and for its level of imports to increase;
- changes in production costs, technology, and worker skills – more efficient production will tend to lower production cost, which in turn will tend to lower prices. As prices fall, there will be a tendency for the country's level of exports to increase; and
- changes in consumer tastes, which may affect the demand for a country's goods and services abroad, and the demand for foreign products in the domestic market.

Between 2009 and 2013, the Republic's current account registered annual deficits, which were offset by net borrowing from the financial account. During this period, the current account deficit fluctuated between 4.8% (2009) and 4.0% (2013) of GDP.

In 2009, the current account registered a deficit of US$2.3 billion, compared to a current account deficit of US$4.5 billion in 2008. The reduction in the current account deficit in 2009 is the result of lower demand for oil and reduced oil prices in the international markets and continued uncertainty as to the length and depth of the global economic crisis, which resulted in slower growth in demand for goods and services.

In 2010, the current account registered a deficit of US$4.0 billion, a US$1.7 billion increase when compared to the current account deficit of US$2.3 billion recorded in 2009. This increase in the current account deficit resulted from higher domestic demand in response to monetary and fiscal policy driving the economy. As expected, this growth resulted in greater demand for imported goods in an environment in which external demand of the Republic's major trading partners was sluggish.

In 2011, the current account deficit reached US$4,358.7 million, larger than the deficit recorded in 2010, but similar as a percentage of GDP, remaining at 7.5% GDP in 2010 and in 2011. This improvement resulted primarily from a decrease in energy costs during 2011 due to lower oil import prices.

In 2012, the current account deficit reached US$3,970.6 million or 6.6% of GDP, a decrease of US$388.1 million or 0.6% as a percentage of GDP when compared to a deficit of US$4,358.7 million for 2011. This improvement was due primarily to a 12.3% increase in national exports that resulted from the beginning of operations of the Pueblo Viejo mine operated by Barrick Gold Corporation, and the reduction in the rate of growth of imports to just 2.1% in 2012 compared to 13.8% in 2011, mainly due to lower growth rate of international price of oil, among other factors.

In 2013, the current account deficit reached US$2,466.7 million, a decrease of US$1,503.9 million compared to the current account deficit of US$3,970.6 million recorded in 2012. This reduction was mainly attributable to a 16.4% decrease in the deficit in the trade balance of goods, due to a 6.4% increase in total exports and a 4.9% decrease in imports compared to 2012. The increase in total exports is explained mainly by the US$1,016.1 million growth in the exports of gold.

In addition, the nominal DOP/US$ exchange rate increased gradually during 2013, reaching DOP42.67 per dollar in the last business day of December, which represented an annualized depreciation rate of 5.7% since the beginning of 2013. During 2013, the average nominal DOP/US$ exchange rate reached DOP41.71 per dollar, which results in an average depreciation of 5.9% when compared to the average exchange rate for 2012.

Financial Account

The financial account quantifies foreign direct investment and monetary flows into and out of a nation's financial markets.

In 2009, the current account registered a deficit of US$2.3 billion, compared to a current account deficit of US$4.5 billion in 2008. The reduction in the current account deficit in 2009 resulted from lower demand for oil and lower oil prices in the international markets and continued uncertainty as to the length and depth of the global economic crisis, which resulted in slower growth in demand for goods and services.

During 2010, the financial account registered a net borrowing balance of US$5.1 billion, a US$2.4 billion increase compared to the net borrowing balance registered in 2009. The higher financial account result reflects a greater inflow of foreign capital, mainly in the form of portfolio investment through the issuance of a sovereign bond in the international markets as well as higher private loan disbursements from multilateral lenders under the World Bank and IDB and amounts from the IMF under the Stand-by Arrangement.

In 2011, the net borrowing balance of the financial account of the balance of payments reached US$3.9 billion, compared to US$5.1 billion in 2010. Although foreign direct investments increased by US$253.0 million during 2011, capital from the issuance of international bonds and the disbursements of loans from multilateral lenders was lower during 2011 as compared to 2010.

The financial account of the balance of payments ended with a net borrowing balance of US$3.6 billion as of December 31, 2012, mainly due to a higher foreign direct investment inflows, which increased by US$865.7 million, an increase of 38.0% over 2011. This performance demonstrated the confidence of external agents in the Republic's macroeconomic stability.

The financial account net borrowing balance reached a result of US$4,016.4 million as of December 31, 2013, as compared to a net borrowing balance of US$3,595.9 million as of December 31, 2012. The increase resulted largely from a significant increase in foreign portfolio investment inflows.

The following table sets forth information regarding the Republic's balance of payments for the periods indicated.

Balance of Payments
(in millions of US$)

	As of December 31,				
	2009[1]	2010[1]	2011[1]	2012[1]	2013[1]
Current account					
Trade balance:					
Exports:					
National	1,689.3	2,711.3	3,678.0	4,129.0	4,584.2
Free trade zones	3,793.6	4,103.4	4,683.6	4,806.5	4,919.5
Total exports	5,482.9	6,814.7	8,361.6	8,935.5	9,503.7
Imports:					
National	9,946.1	12,600.9	14,362.9	14,774.6	13,699.6
Free trade zones	2,349.8	2,609.0	2,938.7	2,898.7	3,110.0
Total imports	12,295.9	15,209.9	17,301.6	17,673.3	16,809.6
Trade balance	(6,813.0)	(8,395.2)	(8,940.0)	(8,737.8)	(7,305.9)
Services balance:					
Credits	4,835.9	5,530.5	5,822.7	6,140.0	6,547.3
Debits	1,848.6	3,286.8	2,899.0	2,938.5	2,946.4
Service balance	2,987.3	2,243.7	2,923.7	3,201.5	3,600.9
Primary income balance:					
Credits	461.1	1,180.0	704.7	678.5	798.6
Debits	2,181.9	2,485.8	2,880.5	3,022.1	3,705.6
Primary income balance	(1,720.8)	(1,305.9)	(2,175.8)	(2,343.6)	(2,907.0)
Secondary income					
Income received	3,499.4	4,257.3	4,644.8	4,711.5	4,949.3
Of which:					
Personal transfers	3,041.5	3,682.9	4,008.3	4,045.4	4,262.3
Income paid	283.8	806.2	811.4	802.2	804.0
Secondary income balance	3,215.6	3,451.1	3,833.4	3,909.3	4,145.3
Current account balance	(2,330.9)	(4,006.3)	(4,358.7)	(3,970.6)	(2,466.7)
Capital account[2]	106.5	38.0	30.1	40.9	40.5
Net lending(borrowing)	(2,224.4)	(3,968.3)	(4,328.6)	(3,929.7)	(2,426.2)
Financial account:					
Foreign direct investment	(2,165.4)	(2,023.7)	(2,276.7)	(3,142.4)	(1,990.5)
Portfolio investment	449.5	(759.5)	(746.0)	446.2	(1,765.2)
Public and private debt, med. and LT (net)	(758.6)	(1,094.2)	(1,124.7)	(1,132.3)	(663.0)
Public and private debt, short term (net)	178.4	(390.8)	280.4	(96.9)	0.7
Currency and deposits	(2.0)	6.7	53.0	43.0	52.2
Other[3]	(461.3)	(885.3)	(102.2)	286.4	349.3
Financial account	(2,759.4)	(5,146.8)	(3,916.2)	(3,595.9)	(4,016.4)
Errors and omissions	(129.0)	(1,107.5)	575.0	(106.5)	(249.6)
Overall balance[4]	(406.0)	(71.1)	(162.6)	440.2	(1,340.6)
Financing:					
Foreign assets	637.8	466.4	339.4	(547.9)	1,145.7
Use of fund credit and loans	274.7	390.8	172.8	(110.8)	(196.9)
Transfers (debt relief)	300.7	4.8	4.0	3.1	2.3
Portfolio investment (liabilities)	—	—	—	—	—
Other investment-liabilities[5]	(343.6)	(401.8)	—	—	(0.3)
Financing	**406.0**	**71.1**	**162.6**	**(440.2)**	**1,340.6**

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.
(2) Excludes components classified under Financing in accordance with the Fifth Version of the IMF Balance of Payments Manual.
(3) Includes commercial credits and other.
(4) Represents the sum of current account balance, plus capital and financial account and errors and omissions.
(5) Includes disbursements on new loans and advanced reimbursements on loans.
Sources: International Department, Balance of Payments Sub-direction, Balance of Payments Division

Foreign Trade

In 2013, the combined value of the Republic's imports and exports of goods equaled 43.0% of the country's GDP, reflecting the high degree of openness of the Dominican economy to foreign trade.

In 2013:

- the trade deficit totaled US$7.3 billion, reflecting a decrease of 16.4% as compared to US$8.7 billion in 2012;

- total exports were US$9.5 billion, as compared to US$8.9 billion for 2012, principally due to the production at full capacity of the Pueblo Viejo mine operated by a subsidiary of Canadian mining company Barrick Gold Corporation;

- imports totaled approximately US$16.8 billion, as compared to US$17.7 billion during 2012, which reflected a reduction in domestic demand for imported consumer goods during 2013; and

- imports of durable goods decreased by 3.4% as compared to 2012, reflecting a deceleration of the real growth rate as compared to 2012.

The value of imports of petroleum products decreased by 12.3% as compared to 2012, reflecting a slowdown in the growth rate for imports when compared to the 16.2% growth in 2012 from 2010, explained primarily by a decrease in the growth rate of international oil prices and a reduction on the prices of natural gas. The Republic maintains close commercial ties with the United States, its principal trading partner. During 2013, 47.1% of the Republic's total exports were bound for the United States and Puerto Rico, while 39.0% of total imports came from U.S. and Puerto Rico ports, compared to 50.2% and 39.0%, respectively, in 2012.

In August 2004, the Republic and the United States signed DR-CAFTA, which was subsequently ratified by the U.S. Congress in the summer of 2005 and by the Dominican Congress in March 2007. DR-CAFTA initially eliminated 80% of tariffs on goods imported into the Republic from the United States, with the remaining 20% to be phased out over a 5- to 20-year period (as of the date of this listing memorandum, 82.2% of all goods imported into the Republic from the United States are tariff-free). Furthermore, upon full implementation of DR-CAFTA, all Dominican exports to the United States are expected to enter the United States tariff-free (as of 2007, 99.2% of Dominican exports to the United States were tariff-free).

DR-CAFTA has helped mitigate the negative effects of the expiration of the WTO Textiles Agreement for the Republic because it grants Dominican textiles preferential access to the U.S. market. Prior to 2005, the Republic had benefited from preferential access to the U.S. market through the Textile Parity Agreement. See "The Economy—Principal Sectors of the Economy—Secondary Production—Manufacturing—Free Trade Zones." However, import quotas on textiles were eliminated in all WTO member countries on January 1, 2005, with the expiration of the WTO Agreement on Textiles and Clothing. As a result, the Republic's textiles exports to the United States and other markets have decreased significantly primarily as a result of greater competition from China and India.

In addition, since 2007, Haiti has become an increasingly important destination for Dominican exports of intermediate goods from free trade zones. These goods are typically finished in Haiti and re-exported.

In 2013, exports from the Republic consisted primarily of:

- exports from free trade zones (such as textiles, electronics and jewelry) valued at US$4,919.5 million, accounting for 51.8% of total exports;

- traditional exports (consisting of products, such as sugar, tobacco, coffee and nickel-iron and gold) valued at US$1,700.4 million accounting for 17.9% of total exports; and

- non-traditional exports (consisting of other products that the Republic currently exports, such as beer and fruits) valued at US$2,331.7 million, accounting for 24.5% of total exports.

Despite the continued adverse impact of the global economic crisis, data for 2013 demonstrates that total exports increased by US$568.2 million over the amount of exports recorded in 2012, due to greater foreign demand for organic products as well as the advancement of the operations of the mining company Barrick Gold during 2013, increasing exports of gold by 524.6 %.

The following tables set forth further information regarding exports for the periods indicated.

Exports
(in millions of US$ and as a % of total exports)

	As of December 31,									
	2009		2010(1)		2011(1)		2012(1)		2013(1)	
	US$	%	US$	%	US$	%	US$	%	US$	%
Free trade zones:										
Textiles	933.5	17.0	946.4	13.9	1,207.0	14.4	1,222.8	13.7	1,219.2	12.8
Footwear	201.1	3.7	312.8	4.6	375.4	4.5	406.5	4.5	420.8	4.4
Electronics	565.6	10.3	581.6	8.5	603.9	7.2	638.8	7.1	650.8	6.8
Tobacco Manufacturing	403.1	7.4	381.6	5.6	396.6	4.7	475.8	5.3	539.3	5.7
Jewelry	435.7	7.9	434.6	6.4	488.1	5.8	405.3	4.5	312.0	3.3
Medical products	305.7	5.6	208.3	3.1	228.4	2.7	247.7	2.8	212.8	2.2
Other	948.9	17.3	1,238.2	18.2	1,384.2	16.6	1,409.6	15.8	1,564.7	16.5
Total free trade zones	3,793.6	69.2	4,103.4	60.2	4,683.6	56.0	4,806.5	53.8	4,919.5	51.8
Traditional:										
Sugar and related products	121.1	2.2	195.7	2.9	205.0	2.5	200.6	2.2	138.8	1.5
Coffee	19.6	0.4	10.2	0.1	26.3	0.3	34.5	0.4	15.0	0.2
Cocoa	164.0	3.0	187.4	2.7	183.9	2.2	168.6	1.9	131.0	1.4
Tobacco	11.8	0.2	11.2	0.2	15.6	0.2	11.6	0.1	7.3	0.1
Nickel-iron	4.1	0.1	-	-	290.2	3.5	267.3	3.0	157.3	1.7
Gold-silver ore	-	-	32.8	0.5	42.3	0.5	200.3	2.2	1,251.0	13.2
Total traditional	320.6	5.8	437.3	6.4	763.3	9.1	882.9	9.9	1,700.4	17.9
Total non-traditional	1,032.9	18.8	1,852.4	27.2	2,346.2	28.1	2,666.9	29.8	2,331.7	24.5
Total other(2)	335.8	6.1	421.6	6.2	568.5	6.8	579.2	6.5	552.1	5.8
Total exports	5,482.9	100.0	6,814.7	100.0	8,361.6	100.0	8,935.5	100.0	9,503.7	100.0

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.
(2) Includes goods sold at port.
Source: Central Bank

Geographic Distribution of Exports
(% of total exports)

	As of December 31,				
	2009	2010	2011(1)	2012(1)	2013(1)
United States(1)	59.4	52.6	48.9	50.2	47.1
Canada	0.5	0.5	0.6	0.8	10.7
Mexico	0.6	0.6	0.4	0.4	0.3
Total North America	60.5	53.7	49.9	51.3	58.1
Argentina	0.0	0.0	0.1	0.3	0.3
Brazil	0.2	0.1	0.1	0.1	0.1
Colombia	0.1	0.1	0.2	0.3	0.5
Costa Rica	0.4	0.3	0.3	0.3	0.3
El Salvador	0.2	0.1	0.1	0.1	0.1
Guatemala	0.2	0.4	0.6	1.5	0.7
Haiti	12.8	17.2	18.0	17.5	15.5
Honduras	0.6	0.8	0.8	1.3	0.5
Jamaica	0.8	0.8	0.6	0.5	0.5
Venezuela	0.4	0.4	1.1	0.5	0.8
Other	3.8	3.6	3.4	4.4	3.1
Total Latin America and Caribbean	19.6	23.9	25.1	26.7	22.4
Belgium	1.8	2.5	1.4	1.1	1.2
France	0.3	0.2	0.4	0.4	0.2
Germany	1.1	1.0	0.9	1.1	1.4
Italy	0.4	0.6	0.7	0.4	0.6
The Netherlands	2.1	2.6	2.4	0.6	0.5
Spain	1.7	1.5	1.4	1.3	1.3
Other	2.5	3.5	3.0	2.9	3.3
Total Europe	9.8	12.0	10.2	7.7	8.5
Japan	0.4	0.2	0.4	0.3	0.3
Other	3.3	3.6	6.3	6.5	4.5
Total Asia	3.6	3.9	6.7	6.9	4.8
Africa	0.2	0.2	1.2	0.9	0.4
Unidentified	6.2	6.4	6.9	6.5	5.9
Total exports	100.0	100.0	100.0	100.0	100.0

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.
Source: Central Bank

In 2013, imports into the Republic consisted of:

- consumer goods valued at US$7,238.2 million, representing 43.1% of total imports;
- intermediate goods valued at US$4,571.9 million, representing 27.2% of total imports;
- capital goods valued at US$1,889.5 million, representing 11.2% of total imports; and
- imports into the free trade zones valued at US$3,110.0 million, representing 18.5% of total imports.

In 2013, imports fell by 4.9%, generally reflecting moderation in the rate of growth of the economy when compared to the 2.1% growth observed in 2012. Lower prices for fuel and petroleum products decreased the aggregate amount paid for fuel by US$454.9 million, or 9.5%, compared to 2012.

The following table sets forth further information regarding imports for the periods indicated.

Imports
(in millions of US$ and as a % of total imports)

	As of December 31,									
	2009		2010[(1)]		2011[(1)]		2012[(1)]		2013[(1)]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Consumer goods:										
Durable goods	641.9	5.2	876.5	5.8	811.2	4.7	837.6	4.7	809.2	4.8
Refined petroleum products	2,048.3	16.7	2,664.1	17.5	3,637.9	21.0	3,787.3	21.4	3,320.4	19.8
Other	2,637.0	21.4	2,883.5	19.0	3,101.3	17.9	3,081.1	17.4	3,108.6	18.5
Total consumer goods	5,327.2	43.3	6,424.1	42.2	7,550.4	43.6	7,706.0	43.6	7,238.2	43.1
Intermediate goods:										
Crude oil and reconstituted fuel	592.7	4.8	777.7	5.1	1,036.5	6.0	1,023.1	5.8	1,035.1	6.2
Other	2,433.6	19.8	3,214.6	21.1	3,753.9	21.7	3,661.3	20.7	3,536.8	21.0
Total intermediate goods	3,026.3	24.6	3,992.3	26.2	4,790.4	27.7	4,684.4	26.5	4,571.9	27.2
Capital goods	1,592.6	13.0	2,184.5	14.4	2,022.0	11.7	2,384.2	13.5	1,889.5	11.2
Imports into the free trade zones	2,349.8	19.1	2,609.0	17.2	2,938.7	17.0	2,898.7	16.4	3,110.0	18.5
Total imports	12,295.9	100.0	15,209.9	100.0	17,301.6	100.0	17,673.3	100.0	16,809.6	100.0

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.

Source: Central Bank

Geographic Distribution of Imports[1]
(% of total imports)

	As of December 31,				
	2009[2]	2010[2]	2011[2]	2012[2]	2013[2]
United States[3]	41.0	39.5	40.3	39.0	39.0
Canada	1.1	1.2	1.0	0.9	0.9
Mexico	4.7	5.8	6.4	5.8	5.8
Total North America	46.7	46.6	47.6	45.7	45.7
Argentina	1.5	1.0	1.3	1.5	1.5
Brazil	2.4	2.3	2.2	2.8	2.6
Chile	0.4	0.4	0.4	0.3	0.3
Colombia	4.5	3.7	4.2	2.5	2.1
Guatemala	0.9	0.9	0.7	0.6	0.7
Panama	1.0	0.7	0.4	0.3	0.4
Trinidad and Tobago	1.5	1.9	3.3	3.6	4.1
Venezuela	6.5	6.2	7.0	7.0	6.3
Other	7.1	7.6	7.4	8.4	8.8
Total Latin America and the Caribbean	25.9	24.8	26.9	27.2	26.9
Spain	2.1	1.7	2.2	3.0	2.1
Denmark	0.6	0.5	0.4	0.4	0.5
Germany	2.0	1.7	1.6	1.6	1.8
Italy	1.4	1.3	1.1	1.5	1.2
France	0.7	0.8	0.9	0.8	0.8
Belgium	0.3	0.4	0.4	0.4	0.3
Norway	0.3	0.3	0.2	0.2	0.3
Other	3.1	2.9	2.7	3.3	3.1
Total Europe	10.5	9.6	9.7	11.1	10.1
Japan	1.4	2.0	1.4	1.8	1.8
China and Taiwan	10.1	10.6	9.8	10.1	11.3
South Korea	0.2	0.2	0.1	0.9	1.4
Other	2.5	3.3	2.8	2.4	2.2
Total Asia	14.1	16.1	14.2	15.2	16.6
Africa	0.1	0.2	0.1	0.2	0.2
Others	2.6	2.8	1.5	0.7	0.6
Total imports	100.0	100.0	100.0	100.0	100.0

(1) Based on the country of origin specified by the importer upon entry of goods into the Republic. The origin specified usually refers to the last port the merchandise came from prior to arrival in the Republic.
(2) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.
(3) Includes Puerto Rico.
Source: Central Bank

For members of the DR-CAFTA, approximately 80% of imported consumer and industrial goods from DR-CAFTA members will be entitled to duty-free treatment, and the remaining tariffs on such goods will be phased out over a ten-year period. Over 50% of agricultural imports are duty-free for members of the DR-CAFTA and the remaining tariffs on such goods will be eliminated within 20 years from the date the treaty was ratified.

Before 2006, the Republic imposed a 13% foreign exchange commission on imported goods, which was calculated based on the CIF value of an imported good at the selling rate of foreign exchange. This commission was eliminated on June 30, 2006, in order for the Republic to fully implement the DR-CAFTA. In addition, the Republic had imposed a transitory tariff of 13% on certain imported products that expired on July 1, 2006. The transitory tariff was intended to help compensate for the projected tax revenue losses in the second half of 2006 resulting from the elimination of the foreign exchange commission.

Services Trade

The Republic's services trade consists primarily of tourism. Tourism is a principal source of foreign currency in the Dominican economy, and has contributed to annual surpluses in the Republic's services trade. Various sectors of the economy benefit from tourism, including agriculture, wholesale and retail trade, restaurants, bars and hotels, construction, real estate and transportation. Income from tourism increased from US$4.0 billion in 2009 (8.4% of GDP) to US$5.1 billion (8.3% of GDP) in 2013. This growth resulted primarily from greater investment in the tourism sector, which led to a 19.0% increase in foreign non-resident arrivals in 2013 as compared to 2009.

In 2009, income from tourism was US$4.1 billion, representing a decrease of 2.8% compared to 2008, mainly reflecting a 1.0% decrease in foreign non-resident arrivals. The lower number of foreign non-resident arrivals was primarily the result of a decrease in tourism resulting from the global economic crisis, and is consistent with the 4.0% reduction in international tourism as reported by the World Tourism Organization.

In 2010, income from tourism reached US$4.2 billion, an increase of US$114.6 million, or 2.8%, compared to 2009, due principally to a 3.1% increase in arrivals of non-resident visitors in 2010.

In 2011, income from tourism was US$4.4 billion, an increase of US$227.6 million, or 5.5%, compared with 2010. Arrivals of non-resident visitors increased by 181,887 visitors, representing a 5.2% increase over 2010.

In 2012, income from tourism was US$4.7 billion, an increase of US$295.6 million, or 6.7%, compared with 2011. Arrivals of non-resident visitors increased by 220,696 visitors, representing a 6.0% increase over 2011.

In 2013, income from tourism was US$5.1 billion, an increase of US$378.2 million, or 8.1%, compared with 2012. Arrivals of non-resident visitors increased by 141,061 visitors, representing a 3.6% increase over 2012.

As of December 31, 2013, according to the Caribbean Tourism Organization, the Republic ranks first among Caribbean tourist destinations in terms of arrivals. The Republic attracts visitors primarily from Europe, the United States, Canada and to a lesser extent, from Central and South America, as well as Dominicans visiting from abroad. New markets such as Brazil, Eastern Europe and Russia have also been increasing their share in the number of total arrivals. The following table sets forth certain additional information on tourism in the Republic for the periods indicated.

Tourism Statistics

	As of December 31,				
	2009(1)	**2010**	**2011(1)**	**2012(1)**	**2013(1)**
Arrivals by airplane (number of passengers):					
Total arrivals	4,414,756	4,586,264	4,776,473	5,047,021	5,163,682
Foreign non-resident arrivals	3,415,616	3,521,110	3,702,997	3,923,693	4,064,754
Average length of stay (number of nights):					
Non-resident foreigners	9.1	9.1	8.7	8.5	8.5
Non-resident Dominicans	17.8	17.4	17.7	16.7	17.3
Hotel activity:					
Number of rooms	67,575	67,095	66,069	66,044	68,542
Occupancy rate (in %)	66.0%	66.6%	69.3%	70.3%	71.7%
Aggregate value of hotels, bars and restaurants (in millions of US$)	4,423.7	3,912.3	4,211.7	4,410.0	4,486.5
Income from tourism (in millions of US$)	4,048.8	4,163.4	4,391.0	4,686.6	5,064.8
Expenses from tourism (in millions of US$)	(340.6)	(395.2)	(395.8)	(399.2)	(377.9)
Balance (income less expenses)	3,708.2	3,768.2	3,995.2	4,287.4	4,686.9

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition. *Source*: Central Bank

Remittances

Remittances consist of funds sent to people and institutions in the Republic by Dominicans residing and working abroad. Remittances have grown in recent years, particularly from Dominicans living in the United States. According to the 2010 U.S. Census, over 1,400,000 people of Dominican origin live in the United States. Remittances are one of the most important sources of foreign exchange in the Republic's private currency exchange market and provide the foreign currency required to pay for imports that are not paid through the official currency exchange market (i.e., all imports with the exception of crude oil). In addition, remittances have been one of the most stable variables in the Republic's balance of payments.

Total remittances have averaged between 6.3% and 7.0% of GDP for the last five years. Remittances decreased by 5.6%, from US$3.2 billion in 2008 to US$3.0 billion in 2009. In 2010, the Republic received US$3.7 billion in remittances. Since 2010, remittance data is collected from a better source, such as the banking transactions reported by the banks, which augmented the coverage. For 2011, remittance inflows grew by 8.8% compared to 2010, reaching US$4.0 billion. In 2012, remittances showed an increase of 0.9% compared to 2011 primarily as a result of the continued effects of the European crisis and its effects on Dominican residents in Europe. In 2013, remittance inflows grew by 5.4% compared to 2012 mainly due to improved economic conditions in the U.S. economy. This behavior of the remittances is consistent with the U.S. and Spanish labor markets, the two main countries of destination of Dominican migrants, whose unemployment rates for December 2013 were 7.4% and 26.1%, respectively.

The following chart shows the evolution of workers' remittances for the period 2009-2013.

Workers' Remittances
(in millions of US$ and as a % of GDP)

	As of December 31,				
	2009[(1)]	**2010**[(1)]	**2011**[(1)]	**2012**[(1)]	**2013**[(1)]
Total remittances	3,041.5	3,682.9	4,008.3	4,045.4	4,262.3
% of GDP	6.3	6.8	6.9	6.7	7.0

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.
Source: Central Bank

Foreign Investment

Foreign Direct Investment

Foreign direct investment in the Republic grew considerably after enactment of the foreign investment law in 1995, which dismantled barriers to foreign direct investment that had existed previously. For a discussion of this law, see "The Economy—History and Background." Between 2010 and 2013, annual foreign direct investment growth was on average 1.8%.

In 2009, foreign direct investment inflows decreased by US$704.6 million primarily as a result of the cessation of inflows to the transport sector. Foreign direct investment decreased by US$141.7 million in 2010, primarily due to declines in investment in the mining and real estate sectors, and increased in 2011 by US$379 million, mainly because of significant investments in the mining and electricity sectors. The increase in foreign direct investment inflows during 2012 was largely directed towards the mining, commerce and manufacturing sectors, including the purchase by the Ambev Group of the Dominican Republic-based brewery, *Cervecería Nacional Dominicana,* for over US$1.2 billion. In 2013, foreign direct investment decreased by US$1.2 billion, mainly explained by the reduction in new inflows in the commercial and mining sectors. In the case of mining sector, Pueblo Viejo Dominicana Corporation had started production and was not receiving additional investment. Regarding the commercial sector, the high value of the sale of *Cervecería Nacional Dominicana* the previous year was not surpassed by new incoming flows, resulting in a decrease in foreign direct investment.

The following table sets forth information on foreign direct investment by sector for the years indicated.

Foreign Direct Investment by Sector
(in millions of US$ and as a % of total foreign direct investment)

	As of December 31,									
	2009		2010		2011(1)		2012(1)		2013(1)	
	US$	%	US$	%	US$	%	US$	%	US$	%
Electricity..............	121.2	5.6	108.1	5.3	258.8	11.4	304.5	9.7	449.6	22.6
Communications....	180.5	8.3	500.2	24.7	53.6	2.4	(21.2)	(0.7)	187.8	9.4
Wholesale and retail trade...........	280.3	12.9	566.1	28.0	355.2	15.6	1,257.3	40.0	403.7	20.3
Tourism.................	186.0	8.6	180.0	8.9	107.8	4.7	162.0	5.2	256.5	12.9
Financial services...	136.9	6.3	93.5	4.6	134.3	5.9	159.4	5.1	152.0	7.6
Free trade zones.....	66.7	3.1	71.8	3.5	147.8	6.5	163.0	5.2	149.7	7.5
Mining...................	757.6	35.0	239.9	11.9	1,059.7	46.5	1,169.4	37.2	92.6	4.7
Real estate.............	436.2	20.1	264.1	13.1	159.5	7.0	203.0	6.5	273.6	13.7
Transport...............	-	-	-	-	-	-	(255.0)	(8.1)	25.0	1.3
Other	-	-	-	-	-	-	-	-	-	-
Total……………	2,165.4	100.0	2,023.7	100.0	2,276.7	100.0	3,142.4	100.0	1,990.5	100.0

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.

Source: Central Bank

The following table sets forth information on foreign direct investment by country of origin (and as a percentage of total foreign direct investment) for the years indicated.

Foreign Direct Investment by Country of Origin
(in millions of US$ and as a % of total foreign direct investment)

	As of December 31,									
	2009		2010		2011(1)		2012(1)		2013(1)	
	US$	%	US$	%	US$	%	US$	%	US$	%
Mexico.................	273.2	12.6	432.7	21.4	73.3	3.2	(31.5)	(1.0)	5.9	0.3
Canada.................	773.3	35.7	695.9	34.4	1,125.5	49.4	851.2	27.1	143.2	7.2
United States	455.3	21.0	1,054.5	52.1	498.9	21.9	251.6	8.0	373.5	18.8
Spain....................	150.8	7.0	202.7	10.0	136.6	6.0	128.2	4.1	32.8	1.6
Venezuela	31.1	1.4	208.4	10.3	70.3	3.1	55.0	1.8	47.1	2.4
The Netherlands ..	96.0	4.4	50.0	2.5	28.3	1.2	9.9	0.3	83.2	4.2
Panama	162.4	7.5	41.5	2.1	42.4	1.9	19.5	0.6	4.6	0.2
Cayman Islands ...	(44.4)	(2.1)	4.5	0.2	65.6	2.9	83.9	2.7	9.3	0.5
Virgin Islands......	23.1	1.1	30.8	1.5	87.0	3.8	33.6	1.1	76.1	3.8
France	69.6	3.2	35.3	1.7	24.9	1.1	(1.2)	-	48.1	2.4
Denmark	8.3	0.4	8.7	0.4	(1.5)	(0.1)	3.6	0.1	0.5	-
Italy......................	15.8	0.7	7.8	0.4	16.3	0.7	1.4	-	(0.3)	-
Germany	3.5	0.2	6.8	0.3	4.0	0.2	6.2	0.2	4.9	0.2
Switzerland..........	3.1	0.1	(0.2)	-	6.6	0.3	0.5	-	1.5	0.1
United Kingdom..	(2.9)	(0.1)	(0.8)	-	26.4	1.2	26.6	0.8	25.3	1.3
Brazil	85.2	3.9	15.9	0.8	6.1	0.3	1,031.0	32.8	31.1	1.6
Other....................	62.0	2.9	(770.8)	(38.1)	66.0	2.9	672.9	21.4	1,103.7	55.4
Total	2,165.4	100.0	2,023.7	100.0	2,276.7	100.0	3,142.4	100.0	1,990.5	100.0

(1) 2009-2011 revised data; 2012-2013 preliminary data. 2009: data conforms to IMF's 5th Edition of the Balance of Payments Manual, 2010-2013 conforms to 6th Edition.

Source: Central Bank

Foreign direct investment in the Republic has mainly originated from the United States, Spain and Canada, although in 2009, Mexico accounted for 12.6% of total foreign direct investment in the Republic, reflecting significant investments in the communications and other sectors. In 2011, while the four main investor markets remained unchanged, Canada represented a significant 49.4% of total foreign direct investment principally as a result of investments in the mining industry, particularly Barrick Gold Corporation's investment in the Pueblo Viejo gold mine. In 2012, foreign direct investment mainly originated from Canada, Brazil and the United States. In the case of Brazil, investments in the commercial sector were observed, mainly with the purchase by the Ambev Group of the Dominican Republic-based brewery, Cervecería Nacional Dominicana. In 2013, foreign direct investment was mainly originated from the United States and was concentrated primarily in investments in the commercial and electricity sector.

Foreign Portfolio Investment

With respect to portfolio investment, the Republic has not been a significant recipient of short-term speculative capital, mainly as a result of its relatively new stock market. To discourage speculative capital from entering the country, the Central Bank has established a minimum reserve requirement with respect to foreign capital deposited in Dominican banks.

During 2013, the Republic observed an inflow of US$1,765.2 million of portfolio investment compared to an outflow of US$446.2 million registered in 2012 mainly originated by capital inflows from the placement of the US$1,500.0 million sovereign bonds and US$300.0 million of bonds issued by the *Banco de Reservas* in the international market.

THE MONETARY SYSTEM

The Monetary and Financial Administration

The *Ley Monetaria y Financiera* (Monetary and Financial Law) was enacted in November 2002 and sets forth the rules and policies governing the Republic's monetary and financial systems. The primary goal of the Monetary and Financial Law is to maintain a stable currency and a sound financial system. The Monetary and Financial Law also created the Monetary and Financial Administration, which regulates the monetary and financial system. The Monetary and Financial Administration is composed of the *Junta Monetaria* (Monetary Board), the Central Bank and the *Superintendencia de Bancos* (Banking Superintendency).

As a result of the banking crisis in 2003 and to facilitate future economic growth and stability, the Fernández administration developed a number of policy changes and institutional reforms to strengthen the monetary system and the regulatory framework of the financial sector.

The Monetary Board

The role of the Monetary Board is to establish the monetary, exchange rate and financial policies that are implemented by the Central Bank. The Monetary Board oversees the Central Bank and the Banking Superintendency and consists of nine members, specifically:

- three *ex-officio* members (the Governor of the Central Bank, the Minister of Finance and the Banking Superintendent); and

- six members selected by the President on the basis of their experience and knowledge of the monetary and banking system.

Central Bank

The Central Bank was established in 1947 pursuant to the *Ley Orgánica del Banco Central* (Organic Law of the Central Bank), as restated in 1962 and subsequently amended. The Central Bank is the only entity that can print and issue Dominican currency and is responsible for implementing monetary policy, managing the country's international reserves and supervising foreign exchange. The Fernández administration made reform of the Central Bank a key policy issue, specifically targeting new measures to ensure the Central Bank's independence and accountability.

Under the Monetary and Financial Law, Central Bank loans to the Government or any other public institution are prohibited, except in the case of national emergencies.

Reform of the Monetary System and Banking Sector

Following the collapse of Baninter and its subsequent takeover by the Banking Superintendency in 2003, the financial system experienced severe instability provoked by a run on banks by depositors. In the aftermath of the collapse of Baninter and the near insolvency of other financial institutions, the Government moved to rescue depositors, which in turn strained public finances and monetary policy. The broad impact of the financial crisis underscored the necessity of imposing discipline on monetary policy and strengthening the regulatory framework of the financial sector as part of a comprehensive economic reform program. Reform of the monetary and financial systems was a key policy objective of the Fernández administration.

The following sections provide information about the various inter-related facets of the Dominican monetary and financial system, including detailed information regarding the changes and institutional reforms.

The Banking Superintendency currently complies with the recommendations of the IMF and the World Bank under the Financial Sector Assessment Program, or FSAP. After introducing those recommendations in its strategic plan for the period 2009-2011, the Banking Superintendency augmented the level of compliance with FSAP guidelines.

Additionally, during the first quarter of 2013, the Banking Superintendency conducted a self-assessment of compliance with Basel's 29 core principles for effective banking supervision and the results showed significant progress in the adoption of technical standards and supervision of financial system, consistent with international best practices and represent a significant improvement when compared to FSAP's evaluation carried out in 2009. The main objective of this self-assessment was to identify areas of improvement and strengthen the regulatory framework of the financial system, as well as enhance the quality of supervisory practices within the risk based supervision model (the "Risk Based Supervision Model"), following the recommendations of the Basel Committee in 2012. The self-assessment results showed two (2) principles as compliant, 21 as largely compliant, five (5) as materially non-compliant, and one (1) principle as non-compliant.

Currently, the Banking Superintendency has initiated a process of strengthening the regulatory framework of the financial system, which includes the revision and updating of existing regulations consistent with the Risk Based Supervision Model and international best practices.

Monetary Policy

The Central Bank's monetary policy is intended to control inflation and foster a stable macroeconomic environment. Although the Central Bank does not have direct control over the pace of economic growth or over other economic factors (such as the value of the currency or price levels) it uses various policy tools to accomplish its goals. The Central Bank's policies with respect to the exchange rate are also an important part of the implementation of monetary policy. See "—Foreign Exchange and International Reserves."

From 2009 to 2013, the Central Bank's policy was focused on price stability, while facing several challenges, including the following:

- fostering economic growth;
- maintaining currency values that permitted the Republic's exports and services to be priced competitively against those of Mexico and other countries in Central America and the Caribbean;
- setting banking reserves at levels that safeguarded the health and strength of the financial system while ensuring enough liquidity to foster economic growth;
- increasing net international reserves to support the Peso and expanding the money supply; and
- maintaining the interest rate corridor at levels that can increase credit and foster economic growth.

In 2009, the global economic crisis changed the economic landscape, creating liquidity constraints and reducing international trade. These changes in international conditions and the deterioration of domestic demand resulted in the relaxation of monetary policy. The policy rate was reduced by 5.5% from 9.5% to 4.0%, the reserve requirement ratio for financial intermediaries was lowered by 2.5 percentage points, from 20.0% to 17% of aggregate deposits and the Central Bank was less active in the weekly auction of bills and reduced significantly the interest rates of COPs issued through the direct window, and later temporarily closed it. These measures led to a reduction of market lending interest rates of 10.1 percentage points and recovery of credit to the private sector, which increased by 9.23% at the end of 2009 as compared to 2008.

In the first nine months of 2010, the Central Bank continued its policies introduced in 2009 in response to the ongoing uncertainty surrounding economic recovery and the global economic crisis. Consequently, the Central Bank did not change the policy rate and the reserve requirements ratio, which remained at 4.0% and 17%, respectively. During this period, market lending rates continued to decline while credit to the private sector surged to an annual rate approaching 19% at the end of September. However, in the fourth quarter of 2010, the Central Bank began to reverse monetary stimulus measures it had enacted, increasing the policy rate by 1% in an effort to reduce the estimated inflationary pressures in 2011 and to keep it within the target range.

In 2011, monetary policy was focused on neutralizing both internal and external inflationary pressures and creating conditions to aid the performance of the Dominican economy. The Central Bank continued with the process of withdrawing monetary stimulus by adjusting the monetary policy rate during the January-May period, from 5.00% in January to 6.75% in June, where it remained until December, seeking to moderate increases in the rate of inflation towards the end of the year. Nonetheless, the increase in international prices of basic goods (mainly food and oil), and adjustments to regulated goods and services, caused the inflation rate to end 2011 above the target range of 5.0% to 6.0%. On an annualized basis, inflation peaked at 10.2% in August and slowed to end the year at 7.8%. During 2011, the Central Bank managed liquidity through higher placements of securities that increased 7.9% compared to December 2010, and increased the outstanding principal balance of certificates to US$6,119.8 million at the end of 2011. Overnight deposits increased 14.2% during the period, reaching a total of US$480.5 million in December 2011. These monetary policy measures made it possible to achieve the consolidated net international reserves and net domestic assets targets set forth in the Stand-By Arrangement with the IMF for 2011.

In 2012, the Central Bank adopted inflation targeting as its monetary policy framework. Under this framework, monetary policy decisions are designed to minimize deviations from the inflation target established by monetary authorities. The main instrument used by the Central Bank to implement its monetary policy goals is the monetary policy rate, which directly affects the interbank rate and, in turn, has an indirect effect on market interest rates, and therefore on the demand for goods and services in the economy that stimulate employment. The resulting stronger demand for goods and services tends to result in increased wages and higher costs, and monetary authorities closely monitor the monetary policy rate to control inflation. The Central Bank uses the monetary policy rate to influence consumption and investment decisions made by economic agents. Under inflation targeting, monetary aggregates are indicative variables, as opposed to being control variables as was the case under the previous policy of monetary targeting.

Given the internal and external economic outlook, and as a result of low inflationary pressure and moderate economic growth, beginning in June 2012, the Central Bank gradually reduced the monetary policy rate, signaling an easing of monetary policy. In the period between June and December 2012, the monetary policy rate decreased by 1.75%, reaching a level of 5.0%.

Interest rates in the Dominican financial system began to fall in response to the reductions in the monetary policy rate during the second half of 2012. As a result, private sector lending (in local and foreign currency) increased; reaching DOP512,938.4 million for the year ended December 31, 2012, as compared to DOP486,779.4 million for the year ended December 31, 2011, representing a year-over-year increase of 5.4%.

During the first quarter of 2013, the Central Bank introduced changes in the operation of existing monetary policy by modifying the interest rate standing facilities. Under this framework, the monetary policy rate will serve as a reference rate for one business day's operations of expansion and contraction; the new interest rate corridor is defined as the monetary policy rate plus or minus 2.0%. This liquidity management scheme utilizes a daily auction mechanism to manage short-term liquidity of the financial system. The mechanism encourages the strengthening of the interbank market, and permits the Central Bank to reflect more appropriately the monetary conditions of the economy. At the same time, the new mechanism reinforces the monetary policy implementation and improves efficiency.

Despite changes in the operation of monetary policy, the monetary policy stance remained unchanged and the reference rate was kept at 5.00% per annum during the first four months of 2013. In May 2013, the monetary policy rate was reduced by 0.75%, from 5.00% to 4.25%, and the reserve requirement ratio for financial intermediaries was lowered by 3.3 percentage points, from 15.60% to 12.30%, implying an expansionary change in monetary policy as a result of weaker-than-expected economic growth and low inflation forecast. Economic growth for the first quarter of 2013 was lower than expected, as real GDP grew by 0.3%, reflecting a slowdown in economic activity, while inflation remained within the target rate of 5.0%, plus or minus 1.0%, for 2013. The monetary policy changes sought to boost domestic demand in order to expand economic activity towards its potential level.

As a result of the above-mentioned monetary policy measures, private lending in local currency expanded by 14.2% during 2013 as compared to 2012, mainly supported by higher demand for credit from the principal productive sectors that resulted from the liberalization of the Central Bank's reserve requirement. Thus, loans to the private sector in local currency recorded a balance of DOP483,202 as of December 31, 2013, representing an increase of

DOP60,052.6 million or 14.19% as compared to December 31, 2012. However, international financial conditions tightened during the second half of 2013 as capital flows expected to be invested in emerging markets started to return to developed economies, mainly driven by the possible reduction of the quantitative easing program implemented by the U.S. Federal Reserve. The combination of a more complex international environment and a lower interest rate differential resulted in increased volatility of the DOP/US$ exchange rate during July and August of 2013. As a result and taking into consideration the adverse impact on prices for goods and services of the exchange rate as well as the possible effects on the inflation targets, Dominican monetary authorities increased the monetary policy rate by 200 basis points in August 2013, from 4.25% to 6.25%. In addition, the interest rate corridor was reduced by 50 basis points, so that the liquidity mechanism is now defined as the monetary policy rate plus or minus 150 basis points. The change in the monetary policy rate helped moderate the exchange rate volatility as of September 30, 2013, decreasing the inflationary risks. As a result, the Central Bank maintained the monetary policy rate unchanged during the period from September to December 2013.

In terms of price stability, throughout the 2013 inflation remained stable, recording an annual average rate of 4.83%, within the target range established by Central Bank of 5.0% plus or minus 1.0% for 2013.

Supervision of the Financial System

The Banking Superintendency was created in 1947 and forms part of the Monetary and Financial Administration. The Banking Superintendency supervises financial institutions in order to verify their compliance with regulations promulgated under the Monetary and Financial Law.

Rules Governing the Financial System

In 1992, the Banking Superintendency initiated a program with assistance from the IDB to reform its regulatory framework for banking supervision. As part of this program, the Banking Superintendency implemented measures that included the following:

- a capital adequacy ratio that requires capital and reserves as a percentage of risk-weighted assets to equal 10%;
- programs for regulatory on-site audits and periodic reporting requirements that are published in national newspapers, which are intended to ensure that banks comply with regulatory standards;
- uniform accounting rules for the financial system;
- evaluation of market risk based on:
    - liquidity risk, which derives from the incapacity of a financial institution to cover the requested resources generated by its liabilities and other obligations, in both local and foreign currency;
    - interest rate risk, which refers to the potential losses of net income or in the capital base due to the incapacity of the institution to adjust the return on its productive assets (loan portfolio and financial investment) with the fluctuation in the cost of its resources, produced by fluctuations in interest rates; and
    - exchange rate risk, which refers to potential losses that could occur due to short positions or term unbalance of assets and liabilities denominated in foreign currency, in the event of exchange rate movements;
- solvency indicators similar to those proposed under the Basel Accord; and
- a more rigorous method for classifying financial assets in terms of risk.

This method of risk-based classification reduced the number of risk categories and increased the amounts financial institutions are required to reserve in order to mitigate potential losses arising from certain loans ("loan-loss reserves”). With respect to loan-loss reserves, current regulations impose reserve requirements based on risk categories of financial assets. The Banking Superintendency revises its regulations in accordance with international standards and with the goal of increasing the average quality of the financial system’s loan portfolio. The current legal reserve requirement mandates that all commercial banks deposit 12.3% of their aggregate deposits with the Central Bank.

The following tables set forth information regarding loans of the Republic’s financial system by risk category and past-due loans by type of institution as of December 31, 2013:

The Dominican Financial System — Past-Due Loans
(as a % of total loans)

	As of December 31, 2013		
	Loans 31-90 days past due(1)	Loans >90 days past due(1)	Total past-due loans(1)
Commercial banks	0.1%	1.8%	1.9%
Savings and loans associations	0.1%	1.9%	2.1%
Saving and credit banks	0.5%	4.6%	5.0%
Credit corporations	1.0%	5.4%	6.4%
Government-owned financial institution	0.2%	19.5%	19.7%
Total past-due loans	0.1%	2.1%	2.2%

(1) Includes outstanding principal and interest.
Source: Central Bank

The Dominican Financial System — Loan-Loss Reserve by Type of Financial Institutions

	As of December 31, 2013	
	Loan-Loss reserve by type of financial institution	
	As a % of past-due loans(1)	As a % of total loans(1)
Commercial banks	169.8%	3.5%
Savings and loans associations	120.5%	2.6%
Saving and credit banks	86.2%	4.8%
Credit corporations	84.0%	6.0%
Government-owned financial institution	40.3%	9.4%
Total loan-loss reserves	149.1%	3.5%

(1) Includes only outstanding principal.
Source: Central Bank

The Monetary and Financial Law establishes minimum capital requirements for financial institutions. These amounts where indexed in June 2014 in accordance with the variation of the consumer price index, as follows:

- DOP275.0 million (US$6.6 million) for banks that offer multiple financial services;
- DOP55.0 million (US$1.3 million) for savings and credit banks
- DOP17 million (US$0.4 million) for savings and loans; and
- DOP15.0 million (US$0.4 million) for credit corporations.
- In addition, the Monetary and Financial Law establishes a contingency fund to be financed with mandatory contributions from financial institutions and managed by the Central Bank. On an annual basis, the contributions must amount to a minimum of 0.1% of each financial institution’s total deposits. The fund will serve as insurance for deposits and will insure up to DOP500,000 per depositor.

- Moreover, the Monetary Board has set limits on the aggregate amount that financial institutions may lend to a single person (or group of related persons or institutions) or business, which for unsecured credits may not exceed 10% of the financial institution's total capital and reserves. This percentage increases to 20% for secured credits (e.g., where tangible goods serve as collateral).

Reforms of the Financial System

In response to the banking crisis of 2003, the Government instituted numerous reforms of the financial system. The purposes of these reforms are to strengthen the regulation of domestic banks and to ensure the solvency of the financial system. The reform program included the following measures:

- *Related-Party Lending*. The Monetary Board approved a resolution that regulates lending by financial institutions to related parties to prevent financial institutions from extending credit to related parties on more favorable terms (as measured in installment periods, interest rates and adequacy of collateral) than to non-related parties. "Related parties" are defined as shareholders, members of the board of directors, officers, managers, legal counsel, employees and any other entities that directly or indirectly control a financial institution. Under the resolution:
    - unsecured credit to related parties may not exceed 10% of a financial institution's total assets;
    - credit secured with a first mortgage or equivalent collateral may not exceed 20% of a financial institution's total assets; and
    - loans to managers and employees may not exceed 10% of a financial institution's total assets.
- *Off-Shore Entities*. The Monetary Board imposed requirements on banks that maintain or establish off-shore entities or foreign branches, agencies and offices. To establish a foreign operation, a domestic bank must obtain the authorization of the Monetary Board through the Banking Superintendency. In determining whether to grant such authorization, the Monetary Board considers the financial and operational sufficiency of the financial institution. In addition, domestic banks must provide financial and operating information for their off-shore entities, on an individual and collective basis.
- *Auditor Independence*. The Monetary Board established rules that govern external auditors and their independence with respect to financial institutions and exchange agents. Principal provisions include:
    - an external auditor may not maintain an economic interest in any financial institution that it audits nor provide consulting services to a financial institution that it has been engaged to audit;
    - a member of the audit team may not have served as a consultant or advisor for three years prior to auditing a financial institution;
    - external auditors must be registered with the Banking Superintendency, and a financial institution must notify the Banking Superintendency within 15 days of contracting the services of an external auditor;
    - external auditors must rotate the partners responsible for auditing a financial institution or exchange agency every three years; and
    - external auditors must conform with the International Standards on Auditing.
- *Internal Controls*. External auditors are required to evaluate the internal controls of financial institutions that they audit. Aspects and operations of a financial institution subject to review include:
    - corporate governance;
    - liquidity risk;

    - asset and credit risk assessment;
    - financial and market risk controls;
    - related party, inter-branch and inter-office activities;
    - derivative activities;
    - investment policy;
    - foreign currency transactions;
    - credit and debit cards;
    - registration of deposit instruments; and
    - asset valuation.

- *Capital Adequacy*. The Banking Superintendency established procedures for determining the net worth of domestic banks and re-capitalization. Banks are required to submit audited financial statements to prove compliance with a 10% capital adequacy ratio of risk-weighted assets. Credit market and liquidity risks, considered on a consolidated basis, are subject to this requirement. Any bank that is undercapitalized is required to submit and adhere to a remediation plan.

- *Liquidity Assistance*. The Banking Superintendency has implemented stricter regulation of liquidity assistance to banks. Under this plan, if a bank requests liquidity support exceeding:
    - 20% of its capital, the bank must suspend lending activities;
    - 50% of its capital, the bank must submit a plan to liquidate associated loans within two weeks; or
    - 100% of its capital, the bank's shareholders must pledge their shares as collateral.

- *Non-Bank Financial Institutions*. The Banking Superintendency implemented a plan to strengthen savings and loan associations, government-owned financial institutions and other non-bank financial institutions. As a result, five savings and loans institutions were acquired by other institutions and one institution was closed.

- *Consolidated Financial Statements*. Financial institutions that are part of an economic or financial group and financial intermediaries that directly or indirectly control other entities that provide related services are required to publish consolidated financial statements.

- *Consolidated Supervision*. The Monetary Board enacted measures regarding consolidated supervision with the purpose of assessing the risk of financial conglomerates to determine its capital needs at aggregate levels.

- *Systemic Risk Prevention*. The Monetary Board implemented an exceptional risk prevention program for financial institutions through the creation of a fund with the purpose of protecting depositors and minimizing systemic risk.

- *Financial Services Consumer Protection*. The Monetary Board has established a set of rules to protect consumers' rights in connection with services provided by financial institutions.

- *Banking Superintendency Risk Department*. The Banking Superintendency strengthened its Risk Department in order to provide updated information to financial institutions with respect to debtors' credit history and to reinforce the Banking Superintendency's supervisory authority.

- *Hiring and Training Initiatives*. The Banking Superintendency has implemented a program to train technical personnel and hire highly qualified professionals.

- *Sanctions*. A set of guidelines has been implemented that establishes a legal framework to be used by the Central Bank and the Banking Superintendency for applying and enforcing sanctions set forth in the Monetary and Financial Law. Both the Banking Superintendency and Central Bank enforce the legal framework on sanctions.

- *Operational Risks*. On April 2, 2009, the Monetary Board approved a resolution establishing the policies and minimum procedures that entities engaged in financial intermediation must perform to identify, measure, evaluate, monitor and control operational risk.

- *Interest and Charges for Credit Cards*. On December 27, 2011, the Banking Superintendency approved the "Instruction for Calculating Interest and Charges for Credit Cards", in order to establish a uniform methodology to be applied by the financial institutions in the calculation of the interest and fees that are generated by the use of credit cards to ensure equal treatment and protection for users of the payment instrument.

- *Regularization Plans*. On November 24, 2011, the Banking Superintendency approved the "Instruction for Regularization Plans", which provides the basis for the preparation and presentation of the regularization plans required, in compliance to the provisions of Articles 60 and 61 of the Monetary and Financial Law.

- *Risk Based Supervision*. The Banking Superintendency adopted a model of "Risk Based Supervision", establishing an effective system for evaluating the safety and soundness of financial institutions and preserving their financial health through a systematic analysis of their financial situation, the risks assumed, and the internal controls applied by management, in addition to monitoring regulatory compliance. The implementation process of the "Risk Based Supervision" began in 2009 with the adoption of the base model of the Office of the Superintendent of Financial Institutions of Canada (OSFI), and the effective application began in April 2010 through the calibration of the model in four financial institutions. Currently, the model is applied uniformly to all financial intermediaries, taking into consideration their relevant characteristics, nature, range, complexity and risk profile.

- *Information requirements:* The Banking Superintendency, through Circular SB No.002/12 dated March 16, 2012, approved and implemented the new "Information Requirements Manual Oriented to Risk Based Supervision" establishing a true risk information system that provides higher quality, accuracy, consistency and timeliness of information, in order to align the needs of the model of risk Based Supervision.

- *Business Plans.* On May 31, 2012, the Monetary Board approved a resolution establishing that, for fiscal years ending after December 31, 2012, commercial banks and financial intermediaries with assets over DOP500.0 million must submit to the Banking Superintendency a business plan including audited financial information and financial projections for a minimum of two years. These business plans must be updated annually based on the audited financial statements at the end of each year. This resolution repeals the First and Second Resolution of the Monetary Board dated April 15 and December 29, 2004, respectively, which required commercial banks to submit twice a year audited financial statements.

- *Development of the Mortgage Market.* Law No. 189-11 for the Development of Mortgage Market and Trust Funds in the Dominican Republic enacted on July 16, 2011, creates a unified legal framework to promote the development of the mortgage market and securities in the Dominican Republic and incorporates the legal figure of Trust in order to complement the Dominican financial legislation. Following the enactment of Law No. 189-11, the Monetary Board, Tax Authorities and the Executive Branch have approved a number of regulations necessary for its appropriate enforcement, such as:

    - Unified Regulation of Securities and Mortgage Instruments dated September 20, 2011.

- Regulations for Scheduled Savings Accounts aimed at the Acquisition of Affordable Housings dated September 20, 2011.
- Regulations for Trust Funds dated October 6, 2011.
- Regulation of Collateral Agents dated November 24, 2011.
- Mortgage Insurance Regulations and Certification of Guarantees dated December 15, 2011.
- Regulation No. 02-12 regarding taxes applicable to trusts dated August 24, 2012.
- Resolution No. 664-12 dated December 7, 2012 approved the Regulation for the application of the Securities Market Law, Trust and Securitization Law in the Dominican Republic.

In January and February 2009, a joint mission of the IMF and the World Bank visited the Republic in order to update the Financial Sector Assessment for the Republic, which had been previously been conducted in 2001. The 2009 Financial Sector Assessment concluded that financial sector indicators show healthy capitalization, provisioning, liquidity and profitability ratios for commercial banks and that Dominican banks were resilient at that time to a moderate economic slowdown, but that some banks would require additional capital to meet regulatory requirements under a more severe economic scenario. In addition, the Financial Sector Assessment noted that substantial progress had been made on many regulatory issues.

The Monetary Board, the Tax Authorities and the Executive Branch have approved a number of regulations to strengthen the regulatory framework of the financial sector, such as Decree No. 664-12 dated December 7, 2012, which establishes new regulations for the application of the *Ley de Mercado de Valores* No. 19-00 (the "Securities Market Law"). The new regulations have replaced the previous regulations under the Securities Market Law, which were approved in 2004, and are designed to improve regulation of the Dominican securities market by aligning the Dominican securities regulatory regime with international standards.

During 2013, the Monetary Board approved a number of regulations to promote access to financial services and strengthen the regulatory framework of the financial sector and the Banking Superintendency has issued relevant instructions implementing those regulations. On February 14, 2013, the Monetary Board approved regulations for banking subagents, which establishes the regulatory framework applicable to commercial banks, savings and credit banks and savings and loans associations serviced through banking subagents. The aforementioned regulation allows banking subagents to provide certain banking operations and services, such as receiving payments on loans and credits cards, sending or receiving transfers within the Dominican Republic and processing certain requests for products and services, including loans and credit cards. Through the use of banking subagents, financial services can be made available to Dominicans living in regions of the Dominican Republic that lack adequate access to financial institutions, thus, improving financial inclusion in the country.

In addition, on February 7, 2013, the Monetary Board approved the credit card regulation (*Reglamento de Tarjetas de Crédito*), which establishes the criteria, standards and rights applicable to financial intermediaries offering credit card products, as a mechanism to guarantee an equitable treatment and protection for users of this payment instrument. The Banking Superintendency, issued certain instructions to implement the credit card regulation, including Circular No. 005/13 dated June 12, 2013 and Circular No. 002/14 dated February 25, 2014. These instructions contain the minimum standards that financial institutions must comply with regarding the policies and procedures applicable to credit card operations. They establish a uniform methodology for computing and collecting interest and commission charges, and other related service fees that arise from credit card operations. Additionally, these instructions specify the information that financial institutions must make available to current and potential credit card users, such as the documentation required to apply for credit cards, applicable interest rates, related costs, as well the responsibilities of credit card holders. Moreover, the instructions indicate the frequency, method, and detail of the information that financial institutions must send to the Banking Superintendency and the Central Bank regarding credit card operations.

Furthermore, the Monetary Board issued its second resolution dated March 21, 2013, approving amendments to Articles 26, 33 and 75 of the Asset Assessment Regulation (*Reglamento de Evaluación de Activos*), approved by the Monetary Board through its first resolution dated December 29, 2004 and subsequent amendments. This resolution increases the amount of consolidated debt allowed in order to be considered as a "small commercial debtor" from DOP15.0 million to DOP25.0 million. Debtors are assessed based on their payment history. With these modifications, the Monetary Board seeks to expand and facilitate access to credit to smaller borrowers, including small and medium enterprises, and allow other sectors of the economy access to financing on more favorable terms.

Financial Sector

As of December 31, 2013, the Dominican financial sector comprised 66 financial institutions, including:

- 18 commercial banks;
- 19 savings and credit banks;
- 10 savings and loan associations;
- 18 credit corporations; and
- one government-owned financial institution.

As of December 31, 2013, other participants in the financial sector include 33 insurance companies, including the state-owned insurance company *Seguros Banreservas*, five pension funds, including the state-owned pension fund *AFP Reservas*, and the Dominican Republic Stock Exchange.

Banco de Reservas is the state-owned commercial bank and, as of December 31, 2013, ranked first among Dominican commercial banks in terms of total assets. The Government acquired *Banco de Reservas* in 1941. *Banco de Reservas* is subject to the same regulations that govern other commercial banks and provides retail services similar to those provided by private commercial banks. In addition, *Banco de Reservas* receives all deposits of public sector entities and pays all checks issued by the Government. On July 2, 2013, President Medina appointed Mr. Enrique Ramirez Paniagua as the General Administrator of *Banco de Reservas* replacing Mr. Vicente Bengoa.

The following table identifies the number of financial institutions and percentage of loans and deposits corresponding to each category as of the dates indicated.

Number of Financial Institutions and Percentage of Loans and Deposits(1)

	As of December 31,						
	2009	**2010**	**2011**	**2012**	**2013**	**Loans**	**Deposits**
Commercial banks	12	14	15	15	18	86.2%	86.7%
Development banks	—	—	—	—	—	—	—
Mortgage banks	—	—	—	—	—	—	—
Savings and loan associations	13	11	10	10	10	10.2%	10.8%
Financieras	—	—	—	—	—	—	—
Small lending institutions	—	—	—	—	—	—	—
Government-owned financial institutions	1	1	1	1	1	0.9%	0.9%
Savings and credit banks	27	25	25	23	19	2.3%	1.4%
Credit corporations	22	22	21	18	18	0.4%	0.3%
Credit card issuing entities	—	—	—	—	—	—	—
Total	75	73	72	67	66	100.0%	100.0%

(1) Excludes insurance companies and reinsurance companies, private pension funds and the Dominican Republic Stock Exchange.
Source: Banking Superintendency

The following table shows the percentage interest in total assets of the financial system held by various categories of financial institutions as of the dates indicated.

Number of Financial Institutions in Operation and Share of Total Assets of the Financial System(1)

	Number of Institutions					Share of Total Assets
	As of December 31,					As of December 31, 2013
	2009	**2010**	**2011**	**2012**	**2013**	
Commercial banks	11	14	15	15	18	85.5%
Of which:						
Banco de Reservas	1	1	1	1	1	27.9%
Savings and loan associations	13	11	10	10	10	11.2%
Development banks	—	—	—	—	—	—
Mortgage banks	—	—	—	—	—	—
Financieras	—	—	—			—
Small lending institutions	—	—	—	—	—	—
Government-owned financial	1	1	1	1	1	1.3%
Savings and credit banks	27	25	25	23	19	1.7%
Corporate credit	22	22	21	18	18	0.3%
Total	75	74	72	67	66	100.0%

(1) Excludes insurance and reinsurance companies, private pension funds and the Dominican Republic Stock Exchange.
(2) Includes banks authorized to offer multiple banking services, including the *Banco de Reservas*.
Source: Banking Superintendency

Since 2000, the banking system has experienced significant consolidation, driven principally by the need to increase the range of product offerings and benefits through economies of scale. The most significant acquisitions have included the following (dates refer to the approval of the acquisition by the Monetary Board):

- Banco del Exterior Dominicano by Banco Intercontinental (June 2000);
- Banco Gerencial y Fiduciario by Banco BHD (November 2000);
- Banco Metropolitano by Banco Dominicano del Progreso (December 2000);
- Banco Osaka by Banco Intercontinental (November 2001);
- Banco Global by Banco Mercantil (June 2002); and
- Banco BHD acquired significant assets and liabilities from Republic Bank Limited (October 2006).
- On June 26, 2014, the Monetary Board issued its Second Resolution authorizing the merger of Banco BHD and Banco León. As a result, Banco BHD and Banco León officially became one bank, named Banco BHD León, with total assets representing 15.9% of the total assets of the Dominican financial system as of June 30, 2014.

After the collapse of Baninter in 2003, two other domestic commercial banks, Bancrédito and Banco Mercantil, experienced severe liquidity problems and were later acquired by other banks. Bancrédito was acquired by Banco Profesional and Banco Mercantil by Trinidad and Tobago-based Republic Bank Limited, which was itself later acquired by Banco BHD in October 2006.

Foreign banks have no additional legal restrictions in connection with opening new branches or subsidiaries in the Dominican Republic. Currently, Citibank and Bank of Nova Scotia are the only foreign banks with branches in the Dominican Republic. Additionally, several foreign banks have subsidiaries in the Dominican Republic such as

Banesco Banco Multiple S.A., Banco Multiple Lafise, S.A., Banco Múltiple de las Américas (Bancamérica), Banco Múltiple Bellbank, Banco Múltiple Promérica and Banco de Ahorro y Crédito Empire.

The following tables set forth the total net assets of the Dominican financial system for the periods indicated:

Total Net Assets of Dominican Financial System(1)
(in millions of current DOP and % change from prior year)

As of December 31,	Financial System DOP	Financial System Growth rate (%)	Commercial Banks DOP	Commercial Banks Growth rate (%)
2009	675,416.8	13.0	548,015.0	12.6
2010	777,016.7	15.0	637,652.2	16.4
2011	890,222.7	14.6	739,081.9	15.9
2012	970,913.5	9.1	804,723.8	8.9
2013	1,102,638.3	13.6	942,831.5	17.2

(1) Excludes insurance companies and reinsurance companies, private pension funds and the Dominican Republic Stock Exchange.
Source: Banking Superintendency

Total Net Assets of Dominican Financial System(1)
(in millions of US$ and % change from prior year)

As of December 31,	Financial System US$	Financial System Growth rate (%)	Commercial Banks US$	Commercial Banks Growth rate (%)
2009	18,696.3	10.3	15,169.6	9.9
2010	20,804.9	11.3	17,073.4	12.5
2011	22,998.7	10.5	19,085.7	11.8
2012	24,080.9	4.8	19,959.0	4.6
2013	25,837.4	7.3	22,092.8	10.7

(1) Based on the closing exchange rate at period end. Excludes insurance companies, private pension funds and the Dominican Republic Stock Exchange.
Source: Banking Superintendency

In the period from 2009 to 2013, the private sector received on average 89.4% of the total loans issued by the financial system, while the public sector received the remaining 10.6%. Major private sector borrowers included companies engaged in wholesale and retail trade (20.8% of total loans from 2009 to 2013), construction (6.9% of total loans from 2009 to 2013) and manufacturing (5.5% of total loans from 2009 to 2013). The following tables set forth information regarding the allocation of loans to each sector of the economy.

Loans of the Financial System by Sector
(in millions of US$)

	As of December 31,				
	2009	**2010**	**2011**	**2012(3)**	**2013(3)**
Private Sector:(1)(2)					
Manufacturing	632.5	679.0	784.8	795.9	817.6
Mining	25.1	27.2	40.5	30.3	167.0
Agriculture	557.3	681.2	751.8	658.1	772.4
Construction	661.8	1,028.4	1,008.3	938.0	1,046.6
Electricity, gas and water	90.7	119.9	103.2	160.4	162.0
Wholesale and retail trade	2,079.1	2,515.5	2,981.6	3,021.3	3,583.9
Loans to individuals	5,068.3	5,641.7	6,194.3	6,496.6	6,640.1
Transportation, warehousing and communications	168.7	207.0	207.4	202.5	221.9
Other	572.5	584.2	498.5	437.2	439.9
Total private sector loans	9,856.0	11,484.2	12,570.4	12,740.3	13,851.4
Total public sector loans	1,562.6	1,048.8	865.8	1,650.4	2,054.0
Total loans	11,418.7	12,533.1	13,436.2	14,390.7	15,905.4

(1) Includes information from credit unions.
(2) Changes in the historical series are the result of loans reclassifications.
(3) Preliminary data.
Source: Central Bank

Loans of the Financial System by Sector
(as a % of total loans)

	As of December 31,				
	2009	**2010**	**2011**	**2012(3)**	**2013(3)**
Private Sector:(1)(2)					
Manufacturing	5.5	5.4	5.8	5.5	5.1
Mining	0.2	0.2	0.3	0.2	1.0
Agriculture	4.9	5.4	5.6	4.6	4.9
Construction	5.8	8.2	7.5	6.5	6.6
Electricity, gas and water	0.8	1.0	0.8	1.1	1.0
Wholesale and retail trade	18.2	20.1	22.2	21.0	22.5
Loans to individuals	44.4	45.0	46.1	45.1	41.7
Transportation, warehousing and communications	1.5	1.7	1.5	1.4	1.4
Other	5.0	4.7	3.7	3.0	2.8
Total private sector loans	86.3	91.6	93.6	88.5	87.1
Total public sector loans	13.7	8.4	6.4	11.5	12.9
Total loans	100.0	100.0	100.0	100.0	100.0

(1) Includes information from credit unions.
(2) Changes in the historical series are the result of loans reclassifications.
(3) Preliminary data.
Source: Central Bank

The following table sets forth bank credit by currency for the years shown.

Bank Credit by Currency
(as a % of total credit)

	Private Commercial Banks		*Banco de Reservas*	
As of December 31,	**DOP**	**Foreign Currency**	**DOP**	**Foreign Currency**
2009	51.3	13.1	36.7	8.9
2010	55.6	12.6	21.5	10.3
2011	55.9	14.9	22.1	7.1
2012	53.7	15.8	20.5	10.0
2013	49.8	15.4	20.6	14.3

Source: Banking Superintendency

Foreign currency lending is extended mainly to sectors that generate foreign currency revenues, such as tourism, free-trade zones and export-oriented activities. As of December 31, 2013, foreign currency lending was 23.6% of total credit extended by private commercial banks.

Even though commercial lending usually is in the form of medium-term loans and short-term lines of credit in the Dominican Republic, private commercial banks also make available long-term financing to the private sector, primarily in foreign currency.

The following tables set forth information regarding loans of the banking system by risk category and past-due loans by type of institution, as of as of December 31, 2013.

Classification of Aggregate Loans of the Dominican Financial System
(as a % of total loans)

	As of December 31, 2013			
Category	**Commercial loans**	**Consumer loans**	**Mortgage loans**	**Total**
A	50.9	91.9	92.2	66.5
B	19.2	3.1	3.5	13.2
C	12.2	2.0	2.3	8.4
D	11.9	1.8	1.0	7.9
E	5.7	1.2	1.0	4.0
Total	100.0	100.0	100.0	100.0

Source: Banking Superintendency

Solvency Index in the Banking System
(values in %)

As of December 31,	
2009	17.4
2010	16.1
2011	17.3
2012	18.2
2013	16.7

Source: Banking Superintendency

Since 1991, interest rates in the Republic have floated freely based on supply and demand, although the Central Bank engages in open market operations to influence interest rates in accordance with its monetary policy. For a discussion of the Central Bank's activities in this regard, see "—Monetary Policy."

During 2013, liquidity in the financial sector remained high, despite the rise in interest rates observed after August 2013 (see "The Monetary System—Monetary Policy") . Nevertheless, the annual rate of private credit growth in local currency increased from approximately 3.5% at the end of 2012 to approximately 14.2% at the end of 2013.

The following table sets forth information on interest rates charged by commercial banks on loans for the periods indicated.

Interest Rates on Commercial Bank Loans[(1)]
(in annual %, nominal unless otherwise indicated)

	As of December 31				
	2009	**2010**	**2011**	**2012**	**2013**
Loans of:					
0-90 days	16.5	9.4	12.7	13.4	11.1
91-180 days	16.1	9.8	13.1	13.8	11.9
181-360 days	16.6	11.0	15.0	14.2	12.7
Weighted average	17.7	12.2	15.7	15.3	13.6
Real	11.9	5.9	9.4	9.7	8.7
Prime rate	12.1	8.2	12.0	11.8	10.7

(1) Includes banks authorized to offer multiple banking services. Refers to annual average.
Source: Central Bank

The following table sets forth information on interest rates applicable to deposits for the periods indicated.

Interest Rates on Deposits Paid by Commercial Banks[(1)]
(in annual %, nominal unless otherwise indicated)

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
Deposits for:					
30 days	7.0	3.6	6.5	6.2	4.3
60 days	7.8	4.9	7.2	6.4	5.7
90 days	7.5	4.8	8.0	7.2	6.2
180 days	7.9	5.2	8.2	8.1	6.4
360 days	6.9	5.6	8.2	7.6	5.7
Weighted average	7.5	4.8	7.6	7.1	5.6
Real	1.7	(1.4)	1.3	1.5	0.7
Savings	2.9	2.7	2.7	2.6	2.2

(1) Includes banks authorized to offer multiple banking services. Refers to annual average.
Source: Central Bank

Liquidity and Credit Aggregates

There are several money-supply measures currently in place in the Republic. The most significant are Ml, M2 and M3, which generally are composed of the following:

- Ml: currency held by the public plus demand deposits in domestic currency;
- M2: M1 plus savings and time deposits in domestic currency (including financial certificates); and
- M3: M2 plus savings and time deposits in foreign currency.

The sources for the monetary base are net international reserves plus net internal credit of the Central Bank and its uses are all reserves held by the Central Bank and all currency in circulation. Bank reserves are included in measure of the money supply published by the Central Bank.

The following table sets forth growth in M1, M2 and M3 according to new data released by the Central Bank in 2010 within the framework of an IMF data harmonization project for Central America and the Republic.

Selected Monetary Indicators
(% change from prior year)(1)

	As of December 31,				
	2009	**2010**	**2011(2)**	**2012(2)**	**2013(2)**
M1	18.6	9.4	5.0	9.9	15.7
M2	14.3	10.0	10.2	9.3	10.7
M3	13.5	12.3	12.6	10.0	11.9

(1) Changes based on figures in DOP.
(2) Preliminary data.
Source: Central Bank

From 2009 to 2013, the Republic's monetary base grew at an annual average rate of 4.6%. This increase was driven by the growth in net international reserves of the Central Bank, which increased from US$2,851.9 million in 2009 to US$4,386.5 million in 2013. M1, M2 and M3 increased sharply at an average annual rate of 11.7%, 10.9% and 12.1%, respectively, during this period. In 2009, these monetary aggregates fully recovered from the slowdown experienced in 2008, growing at rates of 18.6%, 14.3% and 13.5% respectively, due to the effects of expansive monetary measures taken by the Central Bank during the year. In 2010, these monetary aggregates grew at rates similar to those recorded in 2009. However, in 2011, they decelerated in connection with the change in the Central Bank's monetary policy targeting, growing at 5.0%, 10.2% and 12.6%, respectively. In 2012, after the reduction of the Central Bank's monetary policy rate by 175 basis points, from 6.75% to 5.0%, there was a further acceleration in the growth of monetary aggregates, growing at rates of 9.9%, 9.3% and 10.0%, respectively. In May 2013, the Central Bank reduced the monetary policy rate by 75 basis points, from 5.00% to 4.25%, due to the volatile international economic environment and increased volatility in the DOP/US$ exchange rate during July and August of 2013, Dominican authorities increased the monetary policy rate by 200 basis points in August 2013, from 4.25% to 6.25%. As a result, in 2013, the monetary aggregates grew at rates of 15.7%, 10.7% and 11.9%, respectively.

The following table sets forth the composition of the Republic's monetary base (expressed in terms of the Central Bank's monetary liabilities) and international reserves as of the dates indicated.

Monetary Base and Central Bank's International Reserves

	As of December 31,				
	2009	**2010**	**2011**	**2012(1)**	**2013(1)**
Monetary base (millions of DOP)	138,393.11	145,233.87	155,124.67	167,849.93	168,108.89
Currency in circulation and cash in vaults at banks (millions of DOP)	70,162.31	74,032.26	78,220.54	86,506.75	93,747.17
Commercial banks deposits at Central Bank (millions of DOP)	68,230.80	71,201.61	76,904.13	81,343.19	74,361.72
Broad monetary base (millions of DOP)	187,280.05	209,752.98	225,928.49	229,706.82	254,900.74
Gross international reserves (millions of US$) (2)	3,307.07	3,765.36	4,098.45	3,558.52	4,700.64
Net international reserves (millions of US$) (2)	2,851.89	3,342.70	3,637.95	3,209.81	4,386.51
Exchange rate (DOP/US$)	36.06	37.42	38.72	40.26	42.67

(1) Preliminary data.
(2) Based on the period-end exchange rate.
Source: Central Bank

The following table sets forth liquidity and credit aggregates as of the dates indicated.

Liquidity and Credit
(in millions of US$)[1]

	As of December 31,				
	2009	**2010**	**2011**	**2012(3)**	**2013(3)**
Monetary aggregates(1)(2)					
Currency in circulation	1,531.13	1,586.40	1,581.13	1,654.51	1,722.39
Ml	4,233.26	4,462.40	4,529.60	4,787.63	5,224.93
M2	12,933.80	13,706.23	14,602.73	15,348.93	16,031.78
M3	15,874.49	17,182.56	18,692.37	19,772.08	20,883.28
Credit by sector(1)(2)					
Public sector	1,562.60	1,048.80	865.80	1,650.40	2,054.00
Private sector	9,856.04	11,484.24	12,570.39	12,740.27	13,851.35
Total credit aggregates	11,418.64	12,533.04	13,436.19	14,390.67	15,905.35
Deposits(1)(2)					
Local currency	12,742.53	13,390.16	14,740.83	15,069.97	15,762.86
Foreign currency	3,047.23	3,924.79	4,282.04	4,671.03	5,106.44
Total deposits	15,789.76	17,314.95	19,022.87	19,741.00	20,869.29

(1) Based on the official period-end exchange rate.
(2) Includes information from credit unions.
(3) Preliminary data.
Source: Central Bank

Inflation

At December 31, 2009, the rate of inflation was 5.8%, at December 31, 2010, it increased to 6.2% and at December 31, 2011, it grew to 7.8%. The inflation rate for 2012 was 3.9%, which was below the Central Bank's target for 2012 of 5.5%, plus or minus 1.0% and the lower limit of the Central Bank's target, as established in the *Programa Monetario del Banco Central 2011* (Central Bank Monetary Program of 2011). The rate of inflation in 2012 is mainly explained by the economic growth and a moderation of international oil prices.

Starting in January 2013, the 2012 Tax Reform became effective and, despite the increased taxes over the price level, annualized inflation at the end of 2013 reached 3.9%, in line with the lower limit of the Central Bank's inflation target of 5.0%, plus or minus 1%. This result was due to the monetary policy measures implemented throughout the year aimed at keeping inflation within its target range.

The following table shows changes in the CPI for the periods indicated.

	Consumer Price Index(1)	
	End of period	Average
	(% change)	
As of December 31,		
2009	5.8	1.4
2010	6.2	6.3
2011	7.8	8.5
2012	3.9	3.7
2013	3.9	4.8

(1) For a description of how the CPI and its rates of change are calculated, see "Defined Terms and Conventions—Certain Defined Terms."
Source: Central Bank

Foreign Exchange and International Reserves

Foreign Exchange

In 1991, the Republic adopted a flexible foreign exchange rate regime that remains in effect. Prior to 1991, the Republic fixed the official exchange rate but devalued the currency periodically. At present, pursuant to resolutions issued by the Monetary Board, the exchange rate system operates with a unified and flexible exchange rate and a foreign exchange market operated by the Central Bank, financial institutions and exchange agents.

When the Dominican peso came into existence in 1947, the Republic had a fixed exchange rate system with an exchange rate of DOP1.00/US$l.00. The refusal to devalue the currency in the 1960s stimulated the creation of a parallel foreign exchange market and the gradual transfer of current account transactions from the official market to the parallel market. In 1985, the exchange rates of both markets were aligned and the process of transferring the current account transactions from the official market to the parallel market continued. This transfer process was completed in 2003.

Since February 2003, the private foreign exchange market has performed all foreign exchange transactions.

The free market exchange rate reflects the supply and demand of foreign currency. The Central Bank does not impose limits on the extent to which the free market exchange rate can fluctuate.

Sources of foreign exchange for the private foreign exchange market include:

- tourism;
- free trade zones;
- remittances;
- exports of goods;
- foreign direct investment; and
- private-sector foreign-currency denominated loans.

The following table shows the peso/U.S. dollar exchange rates for the dates and periods indicated.

Exchange Rates
(DOP per US$)

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013**
End of period (spot market)[(1)]	36.06	37.42	38.72	40.26	42.67
End of period (financial intermediaries)[(2)]	36.13	37.35	38.71	40.32	42.68
Exchange rate differential (in % of the financial intermediaries rate)	(0.19%)	0.19%	0.03%	(0.15%)	(0.02%)
Year average (spot market) [(3)]	35.90	36.75	38.02	39.24	41.71
Year average (financial intermediaries) [(4)]	35.89	36.75	38.01	39.23	41.70
Exchange rate differential (in % of the financial intermediaries rate)	0.03%	—	0.03%	0.03%	0.02%

(1) Exchange rate in the spot market (financial intermediaries, exchange agents and exchange and remittances agents) for the last business day of the year. Includes all the transactions of the economy, except financial derivatives.
(2) Average of the daily purchase exchange rate by the financial intermediaries for the last business day of the year.
(3) Average of the daily purchase exchange rate in the spot market (financial intermediaries, exchange agents and exchange and remittances agents) for the year. Includes all the transactions of the economy, except financial derivatives.
(4) Average of the daily purchase exchange rate by financial intermediaries for the year.
Source: Central Bank

The spot market exchange rate reported by the Central Bank corresponds to the weighted average of the daily transactions made by authorized financial institutions, exchange agents and remittances agents. As a result, there is only a minor difference between the Central Bank exchange rate and the rate reported by financial intermediaries. The Central Bank expects to maintain a flexible floating exchange rate system and only intervenes in the foreign exchange market as necessary to achieve the Government's monetary policy and to avoid excessive volatility in the prevailing exchange rate.

Between 2009 and 2013, the peso depreciated in a gradual and controlled manner, all of this in a context of an increase in the Central Bank's reserves and changes in monetary policy.

International Reserves

The Central Bank's net international reserves increased to US$4,386.5 million as of December 31, 2013 from US$2,851.9 million as of December 31, 2009.

The following table shows the composition of the international reserves of the Republic's banking system as of the dates indicated.

Net International Reserves of the Banking System
(in millions of US$ at period end)

	As of December 31,				
	2009	**2010**	**2011(1)**	**2012(1)**	**2013(1)**
Central Bank					
Assets (Gross international reserves)	3,307.1	3,765.4	4,098.4	3,558.5	4,700.6
Liabilities	455.2	422.7	460.5	348.7	314.1
Total (assets less liabilities)	2,851.9	3,342.7	3,637.9	3,209.8	4,386.5
Banco de Reservas					
Assets	195.6	210.2	120.4	118.5	379.2
Liabilities	187.7	342.3	363.5	405.3	856.7
Total (assets less liabilities)	8.0	(132.0)	(243.1)	(286.8)	(477.5)
Other deposit institutions					
Assets	849.7	616.5	586.5	744.7	888.4
Liabilities	191.1	303.5	450.2	505.7	576.7
Total (assets less liabilities)	658.6	313.0	136.3	239.0	311.7
Net international reserves of the banking system	3,518.5	3,523.7	3,531.1	3,162.0	5,175.7
Memorandum items:					
Gross assets of the Central Bank	3,927.7	4,376.1	4,703.2	4,172.4	5,326.1
Gross reserves of commercial banks	1,045.4	826.7	706.9	863.1	1,267.6
Gross reserves of the banking system	4,973.1	5,202.8	5,410.1	5,035.6	6,593.7
Gross reserves of the Central Bank (in months of total imports).	3.8	3.5	3.3	2.8	3.8
Gross reserves of the banking system (in months of total imports)(2)	4.9	4.1	3.8	3.4	4.7

(1) Preliminary data.
(2) As a ratio of total gross reserves of the banking system (*i.e.*, Central Bank, *Banco de Reservas* and other commercial banks) to total monthly imports.
Sources: Central Bank

The assets and liabilities of both the Central Bank and deposit institutions are defined using residence criteria, following the methodology established in the Financial and Monetary Statistics Manual. Therefore, they do not include all assets and liabilities denominated in foreign currency, but instead all assets and liabilities in which the counterparty is a non-resident of the Dominican Republic (regardless of the currency).

In the period from 2010 to 2013, the Central Bank's gross international reserves, measured in terms of total monthly imports (*i.e.*, the ratio of the Central Bank's gross reserves to total monthly imports of goods and non factor services) grew from 3.5 months at December 31, 2010 to 3.8 months at December 31, 2013. Since all balance of payment transactions are covered by financial institutions and exchange agents, a more relevant figure for the Dominican economy is the ratio of total gross reserves of the banking system (*i.e.*, Central Bank, *Banco de Reservas* and other commercial banks) to monthly imports. This ratio was 4.7 to 1 times as of December 31, 2013.

Gold Reserves

At December 31, 2013, the total amount of gold reserves of the Central Bank was approximately US$22.0 million, as compared to US$19.9 million at December 31, 2009.

Securities Markets

The Securities Market Law, approved in 2000, created a regulatory framework for the Dominican securities market. In 2003, the *Superintendencia de Valores de la República Dominicana* (the "Dominican Securities Superintendency"), established by the Securities Market Law, began operating. It is responsible for promoting, regulating and supervising the Dominican securities market.

The Republic has one securities exchange, the *Bolsa de Valores de la República Dominicana* ("Dominican Republic Stock Exchange"), which has been in operation since 1991. The Dominican Republic Stock Exchange is a private institution that has been subject to regulation by the Dominican Securities Superintendency since October 2003.

The primary activity of the Dominican Republic Stock Exchange, which became a national exchange in 1997, has been the public trading of commercial paper and bond instruments. The trading volume in the Dominican Republic Stock Exchange has increased steadily since 2009, from approximately US$0.8 billion at December 31, 2009 to US$2.7 billion at December 31, 2013.

PUBLIC SECTOR FINANCES

Central Government

The Central Government encompasses the executive branch, the ministries, and various agencies created by mandate of the Constitution. During the period from 2009 through 2013, the Central Government has recorded deficits in its fiscal balance, which have been covered with internal and external financing.

The Government derives its revenues primarily from tax collection and import tariffs. Although they are not recurring revenue sources, the Government has also received dividend payments from companies in which the Government has an ownership interest. Government expenditures consist of wages and salaries paid to public sector employees; purchases of goods and services; interest payments on debt; public investment; and transfers to public sector entities and to the private sector (primarily by social security payments and social programs to support low income households).

In 2009, the Central Government's fiscal deficit reached 3.4% of GDP mainly due to the fiscal stimulus adopted in the second half of 2009 to offset the effects of the global economic crisis, which led to significant economic slowdown. Total Central Government revenues including grants, were US$ 6.4 billion or 13.3% of GDP, while spending reached US$8.0 billion, or 16.7% of GDP.

In 2010 and 2011, there was a decrease in the overall deficit to 2.5% of GDP, mainly because of the policies adopted under the Stand-By Arrangement with the IMF. In 2010, total revenue, including grants, was US$7.1 billion. As share of GDP it reflected a minimal decrease of 0.1%. In contrast, spending was US$8.4 billion, or 15.7% of GDP, which represented a decrease of one percentage point of GDP as compared to 2009, mainly driven by a reduction in wages and other current expenditures. In 2011, total fiscal revenue, including grants, was US$7.5 billion, representing a decrease of 0.4% in terms of GDP. Overall spending totaled US$8.9 billion, or 15.3% of GDP.

The fiscal consolidation process was interrupted during 2012. Fiscal revenues (including grants) were US$8.2 billion or 13.6% of GDP, a 0.8% increase as a share of GDP. This improvement was due mainly to additional revenue collected pursuant to the 2011 Tax Reform; extraordinary income from the capital gains taxes collected on the sale of shares of a local beer company and a fuel company; implementation of the transfer pricing rules in the tourism sector; and the partial implementation of the 2012 Tax Reform. See "—Tax Regime". However, revenues were 1 percentage point of GDP lower than the level expected. On the other hand, there was a significant increase in capital expenditures explained by large infrastructure projects carried out during the first half of 2012. In that year, capital expenditures increased by 91.0% compared to 2011, leading to an increase in total spending to US$12.2 billion, or 20.1% of GDP, resulting in an overall deficit of the Central Government of 6.5% of GDP.

The Medina administration, which took office in August 2012, implemented a structural fiscal reform agenda aimed to restructure government spending and the tax code. The main objective of the reform is to return to fiscal consolidation in order to reduce the proportion of public debt to GDP and achieve fiscal sustainability. The reform agenda also seeks to develop a broad array of social development programs aiming to diminish poverty and create jobs by prioritizing social expenditures in relevant sectors such as education. These policies would allow to achieve the goals set forth in the National Development Strategy 2030 (as defined below).

The Government's long-term objectives to improve fiscal management include the following measures:

- continuing the Reform of Public Financial Administration laws;
- subjecting public purchases, contracts and other public procurement to strict public tender rules based on international standards, and introducing an electronic procurement system;
- establishing a single treasury account to improve cash-flow management and budgetary projections and execution; and
- implementing the reforms of the Government's financial management system to improve the accuracy of budgetary information.

The first measure of the Medina administration was Decree 499-12, adopted in August 2012, which imposed austerity and called for rationalization, reduction and control on non-essential spending. In late 2012, the 2012 Tax Reform was implemented in order to increase tax revenues, restructure the tax system, rationalize tax incentives and strengthen tax administration agencies. Also, a tax amnesty was put in place in December 2012. For more information on the 2012 Tax Reform and 2012 Tax Amnesty, see "—Tax Regime". Finally, the National Budget for fiscal year 2013 included a strong reduction in capital expenditures, among other changes in the structure of expenditures. In particular, non-social spending was cut and replaced by larger social spending, especially focused on education.

In 2013, total fiscal revenues, including grants, were US$8.9 billion or 14.6% of GDP, which is one percentage point above 2012 collections. This additional revenue was mainly due to the implementation of the 2012 Tax Reform, the amendment of the operating lease agreement with a subsidiary of Barrick Gold Corporation, the private operator of the Pueblo Viejo gold mine, the Tax Amnesty, and higher than expected dividends provided by the state-owned commercial bank *Banco de Reservas de la República Dominicana*. The fiscal consolidation program also implied a strong reduction in Central Government expenditures during 2013. At the end of the year, these expenditures were US$10.7 billion or 17.4% of GDP, a strong reduction compared to 20.1% of GDP in 2012. The main adjustment was in capital expenditures which fell from US$3.9 billion (6.4% of GDP) in 2012 to US$2.2 billion (3.7% of GDP) in 2013. The reduction in expenditures and the increase in revenues resulted in a reduction in the overall deficit of the Central Government from US$3.9 billion (6.5% of GDP) in 2012 to US$1.7 billion (2.8% of GDP) in 2013. The consolidated public sector overall deficit was 5.0% of GDP in 2013 (lower than the 7.9% of GDP recorded in 2012).

During 2013 the primary sources of tax revenues were:

- income and property taxes, which accounted for 35.8% of total revenue;
- the VAT, which accounted for 30.7% of total revenue; and
- excise taxes, which accounted for 23.2% of total revenue.

Government expenditures during 2013 consisted of:

- wages and salaries paid to public sector employees (23.6% of total spending);
- purchases of goods and services (8.9%);
- transfers to public sector entities (in particular CDEEE) and to the private sector (primarily social programs) (34.4%).
- public investment (20.9%); and
- interest payments on debt (13.3%).

Consolidated Public Sector

The Dominican public sector consists of the Central Government, the local governments, non-financial public sector institutions, which include non-financial state-owned enterprises and government agencies such as the INDRHI or CDEEE, and financial public sector institutions, such as the Central Bank and *Banco de Reservas*.

In general, these agencies receive financing from the Central Government to cover their spending. The main exception is the electricity sector, which requires additional sources to finance its deficit (mainly arrears with private power generators). That explains the deficit observed in the rest of the non-financial public sector during 2010-2013. In particular, that deficit was 0.4% in 2010, 0.5% in 2011, 0.3% in 2012 and 0.7% in 2013.

The following table sets forth information regarding fiscal accounts for the periods indicated.

Fiscal Accounts
(in millions of US$ and as a % of GDP, at current prices)

	As of December 31,									
	2009		2010		2011[1]		2012[1]		2013[1]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Central Government										
Total revenues and grants:										
Tax revenues	6,129.2	12.7	6,627.6	12.3	7,147.5	12.2	7,915.6	13.1	8,471.5	13.8
Income[2]	1,513.9	3.1	1,470.9	2.7	1,715.1	2.9	2,351.8	4.0	2,590.8	4.2
Property	303.7	0.6	362.5	0.7	411.1	0.7	489.0	0.8	543.0	0.9
VAT	1,952.0	4.0	2,240.6	4.2	2,356.7	4.0	2,363.0	3.9	2,714.0	4.4
Excises, *of which*:	1,746.5	3.6	1,913.3	3.6	2,059.6	3.5	2,114.9	3.5	2,054.1	3.4
Fuel tax	848.7	1.8	947.1	1.8	1,059.0	1.8	1,081.0	1.8	1,011.2	1.7
International trade, of which:	613.0	1.3	640.8	1.2	604.9	1.0	596.7	1.0	569.7	0.9
Import duties	510.3	1.1	532.6	1.0	494.0	0.8	478.0	0.8	453.0	0.7
Other taxes	0.1	–	–	–	–	–	–	–	-	-
Social Security Contributions[3]	28.2	0.1	50.4	0.1	34.9	0.1	31.8	0.1	37.2	0.1
Other Revenues (including Capital Rev.)	162.9	0.3	303.0	0.6	192.0	0.3	165.0	0.3	338.5	0.6
Total revenues	6,320.3	13.1	6,981.0	13.0	7,374.5	12.6	8,112.4	13.4	8,847.2	14.5
Grants	98.3	0.2	123.5	0.2	119.9	0.2	125.0	0.2	72.7	0.1
Total Revenues and Grants	6,418.6	13.3	7,104.4	13.2	7,494.3	12.8	8,237.4	13.6	8,919.9	14.6
Primary expenditures:										
Wages and salaries	1,912.8	4.0	1,975.7	3.7	2,078.6	3.6	2,233.9	3.7	2.517.0	4.1
Goods and services	826.0	1.7	943.3	1.8	890.8	1.5	1,141.4	1.9	946.0	1.5
Current transfers, *of which*:	2,597.4	5.4	2,688.8	5.0	2,801.2	4.8	3,435.5	5.7	3,670.4	6.0
To Public sector, of which	1,770.6	3.7	1,852.9	3.4	1,943.0	3.3	2,430.6	4.0	2,630.0	4.3
Electricity transfers	666.2	1.4	650.1	1.2	688.5	1.2	903.8	1.5	827.5	1.4
to Private sector, of which	822.6	1.7	830.2	1.5	854.0	1.5	1,001.1	1.7	1,033.1	1.7
Social Security Transfers	407.7	0.8	429.9	0.8	450.2	0.8	494.7	0.8	518.1	0.8
to External Sector	4.2	—	5.6	—	4.3	—	3.7	—	7.3	—
Capital expenditure, *of which*:	1,672.8	3.5	1,992.9	3.7	2,016.6	3.5	3,859.0	6.4	2,234.7	3.7
Domestically-financed	1,267.0	2.6	1,019.3	1.9	982.9	1.7	2,183.1	3.6	1,486.5	2.4
Externally-financed	405.8	0.8	973.5	1.8	1,033.7	1.8	1,676.0	2.8	748.1	1.2
Statistical discrepancy [4]	149.5	0.3	(152.1)	(0.3)	(14.5)	—	(63.5)	(0.1)	(111.2)	(0.2)
Primary expenditures[5]	7,158.3	14.9	7,448.5	13.9	7,772.7	13.3	10,733.4	17.8	9,257.0	15.1
Primary balance	(739.7)	(1.5)	(344.3)	(0.6)	(278.4)	(0.5)	(2,496.0)	(4.1)	(307.0)	(0.5)
Interest										
Foreign	316.2	0.7	332.4	0.6	393.9	0.7	450.2	0.7	491.7	0.8
Domestic[6]	576.0	1.2	642.5	1.2	786.1	1.3	980.6	1.6	923.5	1.5
Interest	892.2	1.9	974.9	1.8	1,179.9	2.0	1,430.8	2.4	1,415.2	2.3
Total expenditure[7]	8,050.5	16.7	8,423.5	15.7	8,952.6	15.3	12,164.2	20.1	10,672.2	17.4
Overall balance	(1,631.9)	(3.4)	(1,319.2)	(2.5)	(1,458.3)	(2.5)	(3,926.8)	(6.5)	(1,722.3)	(2.8)
Rest of the non-financial public sector										
Overall balance rest of NFPS[8]	147.4	0.3	(194.4)	(0.4)	(309.7)	(0.5)	(203.2)	(0.3)	(438.5)	(0.7)
Non-financial public sector										
Overall balance NFPS:										
Primary balance	(592.3)	(1.2)	(539.1)	(1.0)	(588.1)	(1.0)	(2,699.2)	(4.5)	(745.5)	(1.2)
Interest	892.2	1.9	974.9	1.8	1,179.9	2.0	1,430.8	2.4	1,415.2	2.3
Overall balance NFPS	(1,484.6)	(3.1)	(1,514.0)	(2.8)	(1,768.0)	(3.0)	(4,130.0)	(6.8)	(2,160.8)	(3.5)
Financing NFPS:										
External financing	977.4	2.0	1,816.3	3.4	1,718.5	2.9	1,243.7	2.1	2,0.40.1)	3.3
Domestic financing	507.2	1.1	(302.3)	(0.6)	49.6	0.1	2,886.3	4.8	120.7	0.2
Total Financing NFPS	1,484.6	3.1	1,514.0	2.8	1,768.0	3.0	4,130.0	6.8	2,160.8	3.5
Quasi-fiscal deficit of the Central Bank										
Quasi-fiscal balance of the central bank	(627.3)	(1.3)	(637.9)	(1.2)	(712.8)	(1.2)	(643.4)	(1.1)	(870.4)	(1.4)
of which non-interest	323.0	0.7	318.8	0.6	341.4	0.6	330.5	0.5	294.6	0.5
Combined public sector										
Primary balance	(269.3)	(0.6)	(220.2)	(0.4)	(246.7)	(0.4)	(2,368.6)	(3.9)	(451.0)	(0.7)
Interest	1,842.6	3.8	1,931.6	3.6	2,234.1	3.8	2,404.8	4.0	2,580.2	4.2
Combined public sector balance	(2,111.9)	(4.4)	(2,151.9)	(4.0)	(2,480.8)	(4.2)	(4,922.5)	(7.9)	(3,031.2)	(5.0)
Interest for central bank recapitalization	360.3	0.7	393.4	0.7	496.1	0.8	607.0	1.0	413.7	0.7
Primary spending excl. Current Transfers to Electricity Sector	6,492.2	13.8	6,798.4	13.0	7,048.2	12.7	9,829.6	16.3	8,429.9	13.8
GDP	48,130.2	—	53,773.6	—	58,410.5	—	60,396.7	—	61,223.2	—

(footnotes on next page)

(1) Preliminary data.
(2) Amount for 2012 includes capital gains from the sales of Cervecería Nacional Dominicana (0.5% of GDP) and Texaco Chevron (0.1% of GDP).
(3) Only includes revenue received from the previous social security system, according to Law No. 87-01 that constitutes the Dominican social security system, whereby contributions are based on individual capitalization managed by private institutions.
(4) Difference between the financing below the line and the overall balance registered above the line ("Statistical Discrepancy").
(5) Including the "Statistical Discrepancy".
(6) Including interest payments on Central Bank recapitalization bonds.
(7) Including the "Statistical Discrepancy".
(8) Including electricity distribution companies (Edenorte, Edesur and Edeeste).

Tax Regime

All taxes in the Republic are collected through three agencies: *Dirección General de Impuestos Internos* ("Internal Revenue Agency"), *Dirección General de Aduanas* ("Customs Agency"), and *Tesorería Nacional* ("National Treasury"). The following table sets forth the composition of the Republic's tax revenues for the periods indicated.

Current Revenue of the Republic
(excludes financing and grants)
(as a % of total revenue)

	As of December 31,				
	2009	**2010**	**2011**	**2012**	**2013(1)**
Tax revenue	97.4	95.6	97.4	98.0	96.2
Income tax	23.9	21.0	23.2	29.0	29.3
Property tax	4.8	5.2	5.6	6.0	6.1
VAT	30.9	32.1	32.0	29.1	30.7
Excises	27.6	27.4	27.9	26.1	23.2
Taxes on international trade	9.7	9.2	8.2	7.4	6.4
Non-tax revenue	2.6	4.4	2.6	2.0	3.8

(1) Preliminary data.
Sources: Ministry of Finance

In December 2005, Law No. 557-05 (the "2005 Tax Law") was enacted. The 2005 Tax Law implemented fiscal reforms contemplated by the IMF Stand-by Arrangement and measures intended to compensate for the foreign exchange commission and other sources of fiscal revenue that required to be eliminated pursuant to by the DR-CAFTA. In February 2006, the Central Bank eliminated the foreign exchange commission levied by the Central Bank and substituted it with a transitory 13% charge on the value of imported goods, which expired on July 1, 2006. In addition, the 2005 Tax Law provided for, among other things, the following:

- an increase from 2% to 5% in the withholding tax on payments from the Government;
- a decrease from 15% to 10% of the withholding tax on interest paid or credited in foreign institutions;
- establishment of a 1% assets tax (*Impuesto sobre los Activos*);
- amendment of the luxury property tax (Impuesto sobre Viviendas Suntuarias y Solares);
- introduction of a 17% tax on the CIF value (cost, insurance and freight) for the issuance of the first registration of motor vehicles;
- establishment of a 13% excise tax on the consumption of fossil fuels and oil products, except for electricity generation;
- an increase of the income tax rate from 25% to 30%, which would later be reduced gradually by year: 2007 (29%), 2008 (27%) and 2009 (25%);

- creation of a requirement that corporations and businesses make tax advance payments equal to 1.5% of their gross income;

- an increase of the excise tax rates imposed on the sale of certain appliances (such as microwaves, vacuum cleaners, toasters, radios and CD players);

- gradual removal of the tax on financial transfers and checks over a period of three years: 0.1% for 2007 (0.1%), 2008 (0.05%) and 2009 (zero);

- reduction of customs tariffs to zero on 2,903 tariff subheadings for raw materials, inputs, machinery and equipment once DR-CAFTA came into effect; and

- an increase to 10% of the tax on professional fees paid to individuals.

In December 2006, another fiscal reform was enacted by Law No. 495-06 (the "2006 Tax Law"), which was intended to counteract the fiscal imbalance which had resulted from lower-than-expected tax revenues and a lack of progress in reforming the electricity sector, which continued to require government subsidies to cover operating losses. Moreover, the 2006 Tax Law was intended to correct some of the shortcomings of the previous reform. The 2005 Tax Law did not compensate for the loss of revenue due to the elimination of the foreign exchange commission on imports and therefore, the fiscal target established in the IMF Stand-by Arrangement could not be achieved, leading to a deficit of GDP in 2006. The measures implemented in the 2006 Tax Law included:

- the substitution of the VAT on insurance services with a 16% excise tax;

- the indefinite postponement of the removal of the tax on checks and financial transfers;

- the establishment of an upper limit of US$30,000 on the FOB value of the exemptions on vehicles, except for those granted by special laws;

- the implementation of several administrative measures, including tax vouchers and advance pricing agreements between related companies (targeting the tourism sector);

- the inclusion of the excise tax in the tax base of the VAT on alcoholic beverages and cigarettes;

- the creation of a new excise tax on cigarettes and alcoholic beverages equal to 100% and 15%, respectively of the retail price of these products;

- an increase of DOP3.00 in the excise tax per gallon on diesel and DOP5.00 for regular gasoline;

- an increase in the tax on imported fuel from 13% to 16%;

- the introduction of a tax on vehicles based on the value of the automobile, replacing the tax on license plates;

- an increase of taxes on betting parlors, slot machines and casino gaming tables; and

- the establishment of a tax on lottery shops of DOP31,000 per year.

During 2009, the Republic's leading economic indicators weakened as a result of the global economic crisis. The Government implemented a program to stimulate recovery through short-term counter-cyclical policies of increased public spending and a reduction of the tax burden on consumers. Furthermore, the Government maintained the level of budgetary expenditures in those institutions that carry out infrastructure works, without neglecting social spending.

- Some of the measures implemented since late 2008, were:

- elimination of the tariff per cargo paid by commercial airlines;

- granting of subsidies to the electricity sector, to the consumption of liquid petroleum gas (LPG), on fuel prices and to exporting companies established in free zones;

- exemptions from the payment of income tax advances, tax on assets and income tax withholding on payments made by the Government to the agricultural sector;

- tax incentives to bookstores and libraries;

- debt forgiveness to all employers with delays or omissions in the payment of the contributions to the Dominican Social Security System (SDSS);

- tax breaks for individuals on education expenses;

- 0.5% reduction in tax withholding on payments made by the Government for the procurement of goods and services and an exemption from the payment of the 2.0% ad-valorem tax for re-registration of a second mortgage and from excise taxes on insurance services to companies in the agricultural sector;

- creation of a DOP200.0 million fund for 2009 to meet requests for the compensation of the VAT on affordable housing bought by low income families; and

- changes to the incentives provided under the affordable housing project.

- During 2010, fiscal policy measures were taken to maintain macroeconomic stability and strengthen tax revenues, in line with the IMF Stand-by Arrangement. Some of the measures implemented include the following:

- the establishment of General Standard No. 06-2010 by which taxpayers who make any payments in excess of DOP50,000 must make them through the financial system so they may be recognized as costs (tax deductible expenses) or credits in the VAT and income tax;

- the establishment of a monthly payment of DOP25,000 by casinos and DOP3,000 by lottery and sports betting locations as payment for the expected withholding of 15% of the income tax to be applied to all prizes won at these locations as required under General Standard No. 07-2010 of the Republic's Tax Code;

- the specification of certain costs, such as gaming and betting, beverages, entertainment, jewelry, etc., that do not constitute credits for value added tax payments and that, when determining taxable income, are considered non-deductible costs according to General Standard No. 05-2010 of the Republic's Tax Code; and

- the ongoing installation of fiscal printers, which are cash registers that transfer invoice data to a server in the headquarters of the Internal Revenue Agency of the Republic to assist in the prevention of tax evasion.

In 2011, the Government continued to implement measures to help achieve the tax revenue target of 15% of GDP, as set forth in the Stand-By Arrangement with the IMF. Among these measures were the following:

- centralization of the review and processing of all applications for tax exemptions covered in any law or concession with the Ministry of Finance, pursuant to Decree No.162-11;

- continuation of the inflation adjustments applicable to the excise tax per gallon of gasoline;

- payment of taxes by financial and non-financial public sector institutions for their purchases of goods and services, as per Decree No. 184-11;

- establishment of General Standard No. 04-2011 issued by the Tax Administration which sets the transfer pricing rules for transactions between related parties or affiliates; and

- approval of the tax reform known as *Ley No. 139-11* (Law No.139-11, or the "2011 Tax Reform"), which was designed to assist the Republic in meeting the fiscal targets set forth under the Stand-by Arrangement with the IMF. Although the 2011 Tax Reform was not an explicit requirement under the Stand-by Arrangement, it was the result of certain more general requirements set forth in the Stand-by Arrangement requiring the Republic to rationalize and limit tax exemptions, strengthen tax administration and modernize customs duties. The 2011 Tax Reform focused in particular on increasing tax revenues from the gambling industry, through the imposition of several new taxes on casinos and gambling-related activities, and the banking sector, through the imposition of a new 1% tax on the net assets of banks. Additionally, the 2011 Tax Reform modified the income tax rate on corporations from 25% to 29%, to be applicable for a two-year period, and introduced a 2.5% tax on the gross local sales of export free trade zones, among other reforms.

The 2011 Tax Reform allowed the Government to collect an additional US$122.5 million in revenue in 2011, equivalent to 0.2% of GDP. In 2012, revenue from the implementation of the 2011 Tax Reform reached US$429.3 million, equal to 0.7% of GDP.

On November 9, 2012, the Congress approved a tax reform known as *Ley No. 253-12* (Law No. 253-12, or the "2012 Tax Reform") for the strengthening of revenue collection as a means to attain fiscal sustainability and sustainable development, in line with the goals articulated in the National Development Strategy 2030. The 2012 Tax Reform focuses on reducing tax expenditures, broadening the tax base, reducing tax avoidance and evasion by strengthening the tax administration, incorporating environmental considerations into the tax system, promoting business formalization, and augmenting tax progressivity. During 2013, following implementation of the 2012 Tax Reform, the Republic generated additional revenues of US$694.9 million (1.2% of GDP), and the implementation of the 2012 Tax Amnesty (as defined below) generated additional revenues of US$116.1 million during 2013 (0.2% of GDP).

The 2012 Tax Reform is designed to accomplish its objectives through the implementation of the following measures, among others:

- *Income Tax:* maintain the current personal income tax brackets for the 2013 – 2015 period; establish limitations on deductible expenses; include unjustified increases in income or assets as taxable income; postpone the gradual reduction of the corporate income tax rate so that, by 2015, it is 27%; and establish an annual tax of DOP12,000.0 on small retailers when their sales exceed DOP50,000.0 per month;

- *Value Added Tax* (*Impuesto sobre la Transferencia de Bienes Industrializados y Servicios –ITBIS–*)*:* raise the VAT rate to 18% for the 2013 – 2015 period subject to accomplishing the target of tax burden of 16% for 2015; and apply a reduced VAT rate of 8%, which will be gradually increased to 16% for the 2013 – 2016 period, on goods such as yogurt, butter, coffee, oil, margarine, sugar, among others;

- *Excise Tax:* increase the specific tax applied on cigarettes; increase the ad-valorem tax on alcoholic beverages to 10.0% and gradually increase the specific tax so that, by 2017, the applied rates are unified; establish a 10% tax on cable television services; reduce the ad-valorem tax on jet fuel to 6.5% and establish an additional charge of DOP2.0 per gallon on gasoline and diesel fuel;

- *Other measures*:

  - increase withholding taxes on suppliers of the Republic, gambling and slot machines prizes to 5.0%, 25.0% and 10.0%, respectively;

  - apply transfer pricing rules and thin capitalization rule, along with General Anti-Avoidance Rule (GAAR);

  - apply a 3.5% tax on the gross local sales of companies under the Free Trade Zones regime;

  - modify Laws Nos. 57-07 and 108-10, eliminating certain deductions and credits thereunder;

- change the specific tax for vehicle circulation to an ad-valorem tax of 1.0% on the value of the vehicle;
- establish an emission tax payable upon registration of a vehicle;
- replace the annual luxury property tax (*Impuesto sobre Viviendas Suntuarias y Solares*) with an annual real estate property tax (*Impuesto a la Propiedad Inmobiliaria*) of 1.0% over all real estate owned by an individual, applying a maximum exemption of DOP6.5 million;
- establish a unified tax rate of 10.0% on interest payments and dividend distributions made locally or abroad; and
- maintain the 1.0% tax on the net assets of banks until December 2013.

In December 2012, Law No. 309-12 (the "2012 Tax Amnesty") was approved, which included a tax amnesty program designed to expand the tax base by (i) encouraging future compliance with tax regulations by individuals and entities with unpaid taxes, and (ii) increasing collections from taxpayers that have assets which are disproportionately large compared to their reported income. This amnesty program pertains to taxes on income, inheritance, properties, transfer of properties, real estate, interest, penalties and surcharges relating to the importation of goods, as well as excise taxes and Value Added Tax.

Additionally, the Government also:

- maintained waivers granted to the agricultural sector since 2009 relating to advance payment of income tax, tax on assets, and income tax withholding on payments made by the Central Government, as per the Internal Revenue Agency's General Standard No. 01-12, No. 01-13 and No. 03-14;
- established General Standard No. 02-12, which ascertains the requirements and procedures that Trusts and involved parties must meet before the Tax Administration;
- approved General Standard No. 03-12, which stipulates the guidelines for the production and marketing of alcohol products by liquor companies classified as Free Trade Zones; and for the aging time or duration of the alcohol in aging warehouses which determines the loss of alcohol by evaporation that is admitted for the calculation of the excise tax on alcoholic beverages;
- enacted Decrees Nos. 04-12, 121-12, 319-12 and 368-12, which establish a compensation mechanism for carriers: urban, intercity, touristic, for passengers or cargo, and for the Metropolitan Office of Bus Services (*Oficina Metropolitana de Servicios de Autobuses*), giving them an exemption from the excise tax on fuel in order to avoid increases in the prices of the services offered; and
- modified the regulation of VAT and excise tax withholdings applied to special taxation regimes.

Furthermore, in September 2013, the Dominican Government and PVDC reached an agreement to amend the Special Lease Contract of Mining Rights for the development of the Pueblo Viejo gold mine, taking into consideration the prevailing market condition. For a detailed description of the key terms renegotiated, please refer to Section "The Economy—Primary Production—Pueblo Viejo Gold Mine Operating Lease Amendment."

Therefore, after the amendment, PVDC is subject the tax regime as follows:

- Royalties, 3.2% applied on gross income:
- Income tax: 25% applied on net income;
- NPI: 25% applied on net free cash flow; and

- IMA: equivalent to 90% of the sum of the income tax and the NPI projected.

The following is a brief description of the main provisions of the Republic's Tax Code, as amended by recent laws, followed by a brief description of the Republic's tax enforcement record.

Income Taxes

The Republic's tax laws provide for the following progressive personal income tax brackets, which are adjusted annually to reflect inflation:

Annual Income(1) (in DOP)	**Rate (%)**(1)
0 – 399,923.00	Exempt
399,923.01 – 599,884.00	15.0% of the amount in excess of DOP399,923.01
599,884.01 – 833,171.00	DOP 29,994.00 plus 20.0% of the amount in excess of DOP599,884.01
> 833,171.001	DOP 76,652.00 plus 25.0% of the amount in excess of DOP833,171.01

(1) 2012 adjusted values by Internal Revenue Agency. As per the 2012 Tax Reform the value for the income brackets for 2012 will not be adjusted for inflation from 2013 until 2015.
Source: Law No. 172-07

Under the 2005 Tax Law, the highest marginal personal income tax rate had been 30% (and was scheduled to be reduced gradually to 25% in 2009) and was applied to annual income over DOP900,000. However, on June 21, 2007, Law No. 172-07 (the "2007 Tax Law") modified the annual income brackets and eliminated the gradual reduction of the highest marginal income tax rate, leaving it at 25% for annual income in excess of DOP604,672.01.

In addition, the 2005 Tax Law had set the corporate income tax rate at 30% (which was scheduled to be reduced gradually to 25% in 2009). However, the 2007 Tax Law eliminated the gradual reduction and set a 25% corporate income tax rate. The corporate income tax rate was increased again to 29% pursuant to the 2011 Tax Reform, which increase was applicable for a two-year period. Pursuant to the 2012 Tax Reform, the corporate income tax rate will be reduced to 28% by 2014 and 27% by 2015.

All businesses and corporations must make advance tax payments in twelve equal monthly installments. In the case of taxpayers whose effective tax rate is less than or equal to 1.5%, the amount of the advance tax payment is calculated by applying the 1.5% rate to the gross income declared in the previous fiscal year. For taxpayers whose effective tax rate is greater than 1.5%, the amount of the tax payment is equal to the tax paid on their previous tax statement. However, taxpayers that are considered small- and medium-sized enterprises are not required to make advance tax payments, but can make use of the special payment regime. In all cases, adjustments are made at year-end to reflect the changes in annual gross income for the current year.

The tax payment regime for businesses and legal entities was restructured on November 24, 2008, by Decree No. 758-08, which approved the *Procedimiento Simplificado de Tributación* (Simplified Taxation Procedure). This procedure allows certain taxpayers to pay income tax based on their purchases or gross income, and to pay VAT based on the difference between their income and purchases. Starting in 2013, business suppliers that sell in bulk or retail with purchases reaching a maximum of DOP39,208,265.00 annually, as well as those without organized accounting whose income does not exceed DOP8,437,887.00 annually may use the special payment regime. Both the amount of purchases and the income are adjusted annually for inflation.

During 2009, income tax revenues decreased by US$188.6 million to US$1.5 billion, as compared to revenues recorded in 2008. Similarly, in 2010 revenue from income tax decreased by US$27.0 million compared to 2009. In 2011 income tax revenues increased US$240.5 million compared to 2010, reaching US$1.7 billion. This improvement was due to the acceleration in economic growth in 2010, which corresponds to the amount of corporate income tax due in 2011, i.e. as companies whose fiscal year ended in December 2010 accumulated greater benefits their tax payments would be higher. In addition, there was an increase in tax on employees, prizes, fringe benefits, renting, and the tax paid by the self-employed.

In 2012, income tax amounted to US$2.3 billion, representing a 37.1% increase when compared to 2011. This increase was mainly due to:

- implementation of the 2011 Tax Reform, specifically, the increase in the income tax rate (from 25% to 29%), of withholding taxes from state providers (from 0.5% to 3.0%), of withholding taxes on dividends and foreign payments (from 25% to 29%), and taxes on gambling;
- capital gains taxes collected from the sale of shares of a local beer company and a fuel company;
- implementation of the transfer of pricing rules in the tourism sector;
- increase of tax on employees and income derived from taxable services; and
- increase in the number of salaried employees subject to withholding income tax.

In 2013, income tax amounted to US$2.5 billion, representing a 10.2% increase when compared to 2012. This increase was mainly due to:

- implementation of the 2012 Tax Reform;
- implementation of the 2012 Tax Amnesty; and
- revenues from mining contracts.

Value-Added Tax

The Government imposed a VAT of 18% on all goods except for certain exempt consumer food products and services. The 2005 Tax Law eliminated exemptions for over 200 goods. VAT paid in respect of capital goods may be deducted from the total VAT owed on the goods produced with such capital goods.

In line with the 2012 Tax Reform, the VAT rate of 16% was raised to 18% from 2013 until 2015, when it will be again reduced to 16%. The VAT rate will remain at 18% for 2015 as the 16% of tax burden set forth in Law 1-12 National Development Strategy was not met. Moreover, goods such as yogurt, butter, coffee, oil, margarine, sugar, among others, which were once exempt of VAT, will have a reduced VAT rate of 8% which will be gradually increased according to the following schedule: 8% for 2013, 11% for 2014, 13% by 2015 and 16% from 2016 onward. In addition, producers of goods that are exempt from VAT will not receive compensation for the VAT paid during the production process. However, VAT exemptions for basic goods, capital goods, agricultural inputs, materials and educational services, medicines and medical services, will remain.

During 2009, VAT receipts generated US$1.9 billion in revenue, reflecting a decrease of 9.8% as compared to 2008. In 2010, VAT receipts reached US$2.2 billion in revenue, representing a 14.4% increase compared to 2009. This increase in 2010 reflects the recovery in economic activity driven by consumption, local commercial activities and imports. In 2011, VAT receipts continued to grow reaching a total of US$2.4 billion in revenue, mainly due to an increase in imports and withholding tax collected by the Customs Agency on imports from companies under the regime created to develop the local manufacturing sector, as per Law No. 392-07 (the “Proindustria regime”). In 2012, VAT receipts also amounted to US$2.4 billion, representing a minimal increase of US$8.2 million when compared to 2011. In 2013, VAT receipts amounted to US$2.7 billion, representing an increase of US$350.2 million when compared to 2012, driven by the 2012 Tax Reform measures.

Excise Taxes

The Government applies excise taxes on a variety of selected goods such as cigarettes, alcoholic beverages, fuels and certain luxury goods (*e.g*., electronic appliances, caviar, rugs and yachts). The following table presents a sampling of the applicable excise tax rates for the fiscal years 2009 to 2013.

	For the fiscal year, (1)				
	2009	**2010**	**2011**	**2012**	**2013**
Product					
Whiskey(2)	317.6	335.9	356.8	384.5	418.0
Rum(2)	317.6	335.9	356.8	384.5	418.0
Wine(2)	389.4	411.9	437.6	471.5	489.6
Beer(2)	389.4	411.9	437.6	471.5	489.6
Cigarettes (in DOP per 10 unit box)	14.8	15.6	16.6	17.9	20.0
Cigarettes (in DOP per 20 unit box)	29.6	31.3	33.2	35.8	40.0

(1) Values adjusted for inflation recorded during the previous year.
(2) In DOP per absolute alcohol liter.
Source: Internal Revenue Agency and 2005 Tax Law

Cigarettes and alcoholic beverages pay a unit tax per liter of alcohol or per unit box, as per the table above; and an additional value-added tax on the retail price of each good.

On July 17, 2007, by Law No. 175-07, the Government decreased the excise tax applied to cigarettes and alcoholic beverages. The 100% excise tax on cigarettes was reduced to 20% and the 15% tax on alcoholic beverages to 7.5%. In addition, Law No. 288-04 of August 26, 2004 applied excise taxes on certain services, such as a 10.0% tax on telecommunication services, a 0.15% tax on the value of each transaction on checks and financial transfers, and a 16.0% tax on insurance services.

In accordance with the 2012 Tax Reform, there is an increase in the tax applied on cigarettes so that by 2015 an effective tax rate of 70% is reached. Also, there is an increase in the *ad valorem* excise tax on alcoholic beverages from 7.5% to 10.0%, as well as a gradual increase on specific excise taxes so that by 2017 the applied rates are unified. Furthermore, an excise tax of 10% was applied on cable television services since December, generating revenue of US$2.1 million for 2012.

The fuel tax is the most important excise tax imposed by the Republic in terms of contribution to revenues, and as of January 2010, it is collected solely by the Internal Revenue Agency. It is an excise tax denominated in constant pesos per gallon and a 16.0% tax rate on the import parity price of fuel, each payable at the time of sale and which are required to be adjusted quarterly to reflect inflation. The following table sets forth the peso-denominated excise tax rates for gasoline products.

	Tax(1) (December 2009)	**Tax(1) (December 2010)**	**Tax(1) (December 2011)**	**Tax(1) (December 2012)**	**Tax(1) (December 2013)**
			(in DOP per gallon)		
Product					
Premium gasoline	59.2	63.4	80.3	84.3	86.4
Regular gasoline	53.5	57.3	72.3	76.0	78.3
Premium diesel	34.5	38.2	48.8	52.3	53.2
Regular diesel	30.1	33.5	42.9	46.4	46.9

(1) Tax on fuel includes both the 16.0% excise tax on the import parity price of fuel and the excise tax per gallon of gasoline.
Source: Fuel Tax Law, as amended by the 2005 Tax Law.

Gasoline prices are adjusted by the Ministry of Industry and Trade on a weekly basis, based on import prices for oil and the U.S. dollar/Dominican peso exchange rate.

In 2009, the fuel tax generated US$845.1 million, recording a decrease of 14.1% as compared to 2008, and representing 1.8% of GDP. In 2010, fuel tax revenues registered an increase of 11.2% compared to 2009, amounting to US$939.7 million, or 1.8% of GDP. This increase in fuel tax revenue is due to the increase in fuel consumption, as well as the growth in oil prices in the international market. Additionally, this increase reflects the gradual adjustment for inflation of the excise tax per gallon of gasoline, which had not been adjusted since April 2007. In 2011, despite a reduction in fuel consumption, revenue from the fuel tax increased 12.7% compared to 2010, equivalent to 1.9% of GDP, reaching a total of US$1.1 billion, mainly due to an increase in international oil prices. In 2012, fuel tax revenue also amounted to US$1.1 billion, reflecting a slight increase of US$21.9 million when compared to 2011. In 2013, fuel tax revenue amounted to US$1.0 billion, reflecting a slight decrease of US$70.2 million when compared to 2012.

Currently, by law, certain percentages of fuel tax revenues must be directed towards the payment of the Republic's public sector external debt, transferred to the Republic's provinces and municipalities, invested in projects to promote or develop alternative energy and divided among the Republic's political parties.

The 2012 Tax Reform contemplates modifications to the taxes on fuels which include a reduction in the value-added tax on jet fuel from 16% to 6.5%, and the establishment of an additional DOP2.0 per gallon of gasoline and diesel. The implementation of the reduction of the tax on jet fuel since December 2012 has meant revenue losses of US$3.0 million for 2012.

Tax Amnesty

In July 2007, with Law No. 183-07, the Government offered amnesty with respect to unpaid taxes that had accrued until 2006 to self-employed individuals and corporations with the objective of promoting transparency in income tax, VAT and real estate tax statements. Corporations and individuals that opted to take advantage of the tax amnesty and that prior to participating in the amnesty had not been audited were required to pay taxes based on the difference between the income tax paid in 2006 and the income tax generated in 2007 based on effective tax rates calculated by the Internal Revenue Agency. Similarly, taxpayers that had not declared their properties for purposes of real estate taxes could make use of the tax amnesty and pay unpaid taxes without surcharges.

The 2012 Tax Amnesty was passed in December 2012, as per Law No. 309-12.

Additionally, in November 2009, the Government and the IMF entered into a Stand-by Arrangement, for a period of 28 months, which outlined an economic program to strengthen the Government's capacity to respond to the global economic crisis. On March 8, 2012, the IMF Stand-by Arrangement for the Republic, initially executed on November 9, 2009 in the amount of SDR 1,094.5 million (approximately US$1,754.1 million at the exchange rate of such date) expired. See "Public Sector Debt—External Debt—IMF."

The main objective of the program entered into with the IMF in 2009 was to enhance economic recovery in an environment of macroeconomic stability and strengthen growth prospects by conducting a countercyclical policy in the short-term while achieving sustainability in the medium-term. This Stand-by Arrangement set forth improvements in tax administration and compliance:

- In regards to the fuel tax, the Stand-by Arrangement envisioned:
  - improvement of the collection of the excise tax on fuels by shifting its management to the Internal Revenue Agency, as per Decree No. 924-09;
  - transparency in the calculation of fuel parity price used to determine the final market price;
  - charge and collection by the Customs Agency of the VAT on imports from companies under the Proindustria regime, as per Law No. 392-07; and
  - rationalization of fuel exemptions.
- Other measures included in the Stand-by Arrangement were the following:

- the review of all legislation regarding tax breaks and exemptions with a view to improve the supervision and control of the incentives granted, eliminating those that do not conform with the objective of the legislation; and

- strengthening of tax and customs administration through the increase in the level of integration between the two tax collection institutions (DGII and DGA) for the exchange of information and exploitation of synergies.

In 2011, some measures implemented by the Government to improve tax enforcement included the centralization of the review and processing of all applications for tax exemptions covered in any law or concession with the Ministry of Finance, pursuant to Decree No.162-11; and the promulgation, by the DGII, of norms for the taxes created by Law No. 139-11.

The 2012 Tax Reform reinforces the role of the Ministry of Finance in tax enforcement by designating this ministry to approve licenses to operate gaming and betting parlors, coordinating service charges implemented by government institutions, and establishing by law the role given to the Ministry in Decree No.162-11.

Tax Enforcement

The Government has been seeking to improve its tax-enforcement record. Although the Internal Revenue Agency withholds taxes and imposes penalties for tax evasion, its limited resources have prevented it from significantly reducing tax evasion. The Internal Revenue Agency has experienced particular difficulties in monitoring the earnings of self-employed workers. Evasion of property taxes has also been a significant problem due to the widespread use of misleading property values that have proved difficult for the Internal Revenue Agency to verify.

The Government has traditionally been more effective in enforcing VAT and, in particular, excises taxes. These taxes must be paid on a monthly basis based on readily verifiable values such as sales volume, in the case of excise taxes, and invoiced amounts, in the case of VAT. However, a growing number of establishments are suspected of charging VAT to their customers but not reporting the collections to the Internal Revenue Agency.

Recent efforts to combat tax evasion include:

- Adoption of mandatory advance tax payments based on a company's estimated gross annual income. This tax requires businesses to make a minimum tax contribution based on values that the Internal Revenue Agency may easily verify.

- Changes in the Internal Revenue Agency, which include:

    - internal restructuring in order to rationalize the responsibilities of its various departments and employees to ensure that tax auditors have adequate training and to improve the supervision of local offices throughout the country;

    - optimization of collection and monitoring methods through the use of improved information technologies;

    - simplification of tax-payment methods through reductions in paperwork and increased use of computerized systems;

    - creation of a consumer hotline and internet sites through which tax evasion may be easily reported;

    - establishment of adequate channels of communication with other government agencies in order to improve the sharing of information and facilitate monitoring;

    - implementation of tax vouchers (*número de comprobante fiscal*), which are required to be used in all sales;

- development of a computerized mechanism by which to monitor VAT withholdings on credit and debit card purchases;
- development of a computerized mechanism *(impresoras fiscales*) by which to monitor VAT withholdings on cash purchases; and
- implementation of new systems to monitor tax collection and track tax evasion and delinquent tax payments.

- Improvements in the national taxpayer identification system through the implementation of new database systems, and the adoption of fees and penalties for failure to register.
- Improvements in tax administration, including:
  - Decree No. 369-09 which established an inter-institutional committee of public sector agencies to oversee the importation, distribution and consumption, of the hydrocarbon sector;
  - Laws Nos. 226-06 and 227-06, which converted general directorates of taxes and customs into semi-autonomous entities with separate budgets;
  - Law No. 173-07, which improved tax collection efficiency by eliminating taxes whose collection costs were higher than actual collected income and by clarifying and modifying tax payment procedures;
  - Law No. 227-06, which made the Internal Revenue Agency an autonomous agency within the Central Government;
  - Act No.10-04, which required employers to provide salary data to the Internal Revenue Agency to allow it to determine the amounts of social security and income taxes due by employees; and
  - improvements in the mechanisms for VAT refunds, which are now either directly reimbursed (from a separate account which is funded with 0.5% of VAT revenues collected each month) or are used to offset other taxes owed.
- Implementation of administrative actions to reduce the cost of taxpayer compliance.
- Adopting the Global Forum for Tax Transparency and exchange of information for tax purpose standards.

Budget

Under the Budget Law for the Public Sector, which was enacted on November 17, 2006 (the "Budget Law") and the Constitution of the Dominican Republic, modified on January 26, 2010, the Ministry of Finance, acting through the Public Budget Office ("DIGEPRES"), is responsible for preparing the Republic's annual budget, which must be approved by Congress. The Government's annual budget, based on projected revenue streams and macroeconomic conditions and the administration's plans, sets forth the expected income and the spending limits for the various public entities of the Central Government and the municipalities. The Council of Ministries, upon recommendations of the Ministry of Finance, reviews and approves a proposal that will be submitted to the Congress.

The annual budget is prepared on the basis of:

- the medium-term budgetary financial framework's projections of macroeconomic variables and revenue estimates;
- budget requests submitted by the various public entities;

- tax expenditure; and
- assessment of the impact of required funding in medium and long term public debt sustainability.

The proposed budget for the next fiscal year, as established by the Constitution, must be submitted by the Executive Branch to Congress no later than October 1 of each year. For additional information on the principal budgetary assumptions for 2015, see "Summary—Recent Developments—Public Sector Finances."

Social Security

In May 2001, the *Ley de Seguridad Social* (the "Social Security Law") was enacted by the executive branch. This law implements significant changes to the health insurance and pension systems in the Republic. Under the prior social security system, current social security contributions were used to pay for the benefits that were currently being provided by the Government. This "pay-as-you-go" system had one of the lowest levels of coverage in Latin America and the Caribbean. The small size of this system facilitated its reform, since its liabilities or implicit pension debt were relatively low, amounting to 9.3% of the Republic's GDP at the time of its enactment.

The Social Security Law requires participation in the new individual capitalization system. Under this system, workers may select the pension fund administrator of their choice and may switch to another pension fund administrator only once a year.

The social security system is based on three regimes:

- a contributory regime, that covers public and private workers, and consists of individual retirement savings accounts, 30% of which will be funded by the worker and 70% by the employer. The yearly combined contribution of the worker and the employer to each account must equal 10% of the worker's annual salary;
- a subsidized regime, which has been gradually implemented since November 2002, that covers disabled individuals, indigent individuals over 60 years of age and female heads of indigent households who can prove they receive a monthly income of less than 50% of the private sector minimum wage. Eligible beneficiaries receive a publicly-funded pension equal to 60% of the public sector minimum wage; and
- a subsidized contributory regime, which has not yet gone into effect, will cover all self-employed workers earning an average wage equal to or higher than the minimum wage. The minimum pension under this regime is equal to 70% of the private sector minimum wage. Each eligible worker whose pension contribution under this regime does not reach the minimum pension contribution established by law will receive a supplemental pension equal to the difference between the worker's actual pension under the contributory regime and the minimum guaranteed pension. The subsidized contributory regime will be funded with contributions from the state and beneficiaries.

PUBLIC SECTOR DEBT

The Republic's total public debt consists of foreign-currency denominated and peso-denominated debt. The Republic's total public external debt consists of loans from foreign creditors to the Central Bank, the Government and public sector entities, as well as bonds issued by the Government and public sector entities outside of the Republic. The Ministry of Finance is responsible for the management of the Republic's debt with respect to the non-financial public sector, and the Central Bank manages the Republic's Brady Bonds and other external debt of the financial sector.

External Debt

The Republic's external indebtedness consists of all debt with foreign creditors. As of December 31, 2013, the Republic's public external debt totaled approximately US$15.9 billion, compared to US$13.9 billion as of December 31, 2012.

As of December 31, 2013, the Republic's public external debt was composed of the following:

- debt owed to official creditors, and multilateral and bilateral creditors in the amount of US$11.5 billion (as compared to US$10.8 billion as of December 31, 2012), which represented 72.2% of the Republic's total public external debt at that date;
- outstanding bonds of approximately US$4.2 billion, which represented 26.4% of the Republic's total public external debt at that date; and
- debt to other private creditors of US$0.2 billion, which represented 1.4% of the Republic's total public external debt at that date.

As of December 31, 2013, approximately 86.1% of the Republic's external debt was denominated in U.S. dollars.

The following tables set forth information concerning the Republic's public external debt as of the dates indicated.

Public Sector External Debt by Creditor
(in millions of US$ and as a % of total public sector external debt)

	As of December 31,									
	2009		2010[(1)]		2011[(1)]		2012[(1)]		2013[(1)]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Official creditors:										
Multilateral debt:										
IDB	1,690.4	18.0	2,025.5	18.3	2,237.7	17.5	2,251.0	16.2	2,552.3	16.1
World Bank	748.6	8.0	864.8	7.8	851.4	6.7	909.7	6.5	895.7	5.6
IMF	1,093.8	11.7	1,461.0	13.2	1,622.5	12.7	1,513.2	10.9	1,317.0	8.3
CAF	75.0	0.8	91.0	0.8	116.8	0.9	135.4	1.0	138.3	0.9
Other	92.6	1.0	89.9	0.8	137.9	1.1	237.0	1.7	312.9	2.0
Total multilateral debt	3,700.4	39.5	4,532.2	41.0	4,966.2	38.9	5,046.4	36.3	5,216.2	32.9
Bilateral debt:										
Brazil	593.9	6.3	624.1	5.6	619.1	4.9	769.1	5.5	734.7	4.6
United States	375.4	4.0	315.5	2.9	246.1	1.9	186.9	1.3	169.7	1.1
Spain	361.3	3.9	392.3	3.5	464.4	3.6	612.9	4.4	588.1	3.7
Japan	145.8	1.6	148.2	1.3	133.8	1.0	103.4	0.7	73.4	0.5
Venezuela	1,480.3	15.8	1,858.3	16.8	2,450.4	19.2	3,086.9	22.2	3,734.5	23.5
Of which Petrocaribe	1,466.8	15.6	1,849.5	16.7	2,444.5	19.2	3,029.9	21.8	3,686.4	23.2
Other countries	892.7	9.5	739.7	6.7	743.7	5.8	992.4	7.1	939.2	5.9
Total bilateral debt	3,849.4	41.1	4,078.0	36.9	4,657.4	36.5	5,751.6	41.4	6,239.6	39.3
Total official debt	7,549.8	80.6	8,610.2	77.9	9,623.6	75.4	10,798.0	77.7	11,455.8	72.2
Private creditors:										
Banks	324.5	3.5	303.5	2.7	354.8	2.7	308.0	2.2	230.3	1.4
Bonds[(3)]	1,493.2	15.9	2,137.8	19.3	2,782.2	21.8	2,782.3	20.0	4,204.7	26.4
Suppliers	8.3	0.1	7.0	0.1	6.0	—	6.0	—	6.0	—
Total private sector debt	1,825.9	19.5	2,448.2	22.1	3,143.0	24.6	3,096.3	22.3	4,441.0	27.8
Total public sector debt	9,375.7	100.0	11,058.4	100.0	12,766.6	100.0	13,894.3	100.0	15,896.8	100.0
Total public sector external debt as a percentage of:										
GDP[(4)]		19.5		20.6		21.9		23.0		26.0
Total exports		171.0		163.7		148.2		153.0		167.3

(1) Preliminary data.
(2) Excludes private guaranteed sector debt.
(3) Includes Global and Brady Bonds.
(4) GDP 1991 base.
Sources: Ministry of Finance and Central Bank

Public Sector External Debt Structure, by Maturity Date
(in millions of US$ and as a % of total public sector external debt)

	As of December 31, 2013
Medium- and long-term	US$14,286.3
Short-term[(1)]	US$1,610.5
Short-term debt (as a % of total public sector external debt)	10.1%

(1) Debt due within a year, on a residual maturity basis.
Sources: Ministry of Finance and Central Bank

Summary of Public Sector External Debt by Currency
(in millions of U.S. dollars, except percentages)

Currency	Amount as of December 31, 2013[(1)]	%
U.S. dollar	13,694.3	86.1
Special drawing rights (SDRs)[(2)]	1,334.0	8.4
Euro	741.6	4.7
Japanese yen	83.8	0.5
Korean won	20.0	0.1
Canadian dollar	8.9	0.1
Danish crown	5.6	—
Swiss franc	3.1	—
Norwegian crown	2.8	—
Pound sterling	1.7	—
Swedish crown	1.0	—
Total	**15,896.8**	**100.0%**

(1) In currencies converted as of December 31, 2013.
(2) Unit of account used by the IMF. As of December 31, 2013, each SDR was equal to US$1,5400.
Sources: Ministry of Finance and Central Bank

Public Sector External Debt, Net of Reserves
(in millions of US$)

	As of December 31,				
	2009	2010[(1)]	2011[(1)]	2012[(1)]	2013[(1)]
Public sector external debt	9,375.7	11,058.4	12,766.6	13,894.3	15,896.8
Gross international reserves of the Central Bank	3,307.1	3,765.4	4,098.4	3,558.5	4700.6
Public sector external debt, net of reserves	6,068.6	7,293.0	8,668.2	10,335.8	11,196.2

(1) Preliminary data.
Sources: Ministry of Finance and Central Bank

Debt Owed to Official Institutions

Historically, the IMF, the IDB and the World Bank have provided the Republic with financial support subject to the Government's compliance with stabilization and reform policies. As conditions to its lending under the 2009 Stand-by Arrangement, the IMF required the Republic to meet certain performance criteria, including:

- *quantitative performance criteria*, designed to assess the Government's fiscal and monetary management and debt administration, including fiscal targets, limits on the expansion of domestic credit and the accumulation of arrears, and targets for maintaining or increasing the Government's net international reserves; and

- *qualitative performance criteria*, designed to assess structural reforms of the financial system and the public sector.

These criteria, which evolved through a dialogue between the Government and the IMF, had a significant impact on Government policies. For further discussion of compliance with the criteria established by the IMF, see "—IMF."

The financial support of the World Bank and the IDB includes sector-specific and structural loans intended to finance social programs, public works and structural adjustments at the national and local levels.

From 2009 through 2013, the total amount of debt owed by the Republic to multilateral creditors increased by 41.0%, from US$3.7 billion in 2009 to US$5.2 billion in 2013, representing 32.9% of the Republic's total public external debt. In 2013, the Republic made payments to multilateral lenders (including the IMF, the IDB, the World Bank and other institutions) in an aggregate amount of US$676.0 million (including payments of principal, interest and commissions).

IDB

The IDB is the Republic's largest multilateral creditor. As of December 31, 2013, the Republic owed US$2.6 billion to IDB, representing 48.9% of the Republic's total multilateral debt and 16.1% of its total public external debt. Loans from the IDB have been destined primarily for projects relating to agriculture, the environment, rural development, education, social investment and financial sector reform, as well as for budgetary support. In 2013, net financing of principal payments to the IDB (equal to disbursements minus principal amortizations) totaled US$301.5 million, while disbursements minus principal and interest amortizations resulted in net financing from the IDB of US$233.6 million.

The Republic expects the IDB's lending policies to continue to focus on supporting development projects, partially financing future budget deficits and providing technical assistance to the Government.

World Bank

As of December 31, 2013, the Republic owed a total of US$895.7 million to the World Bank, representing 17.2% of the Republic's total multilateral debt and 5.6% of its total public external debt. World Bank loans have funded projects relating to agriculture and irrigation, education, health, energy and transportation, and have financed budgetary support programs.

In 2013, net principal payments made by the Republic to the World Bank was equal to US$13.9 million. Taking into account interest payments, the Republic received net total financing from the World Bank totaling US$48.7 million.

IMF

As of December 31, 2013, the Republic owed the IMF a total of US$1.0 billion, which equaled approximately 295.3% of its IMF borrowing quota at that date. Additionally, in August 2009, all members of the IMF agreed to record their respective allocation of special drawing rights ("SDRs") as an incurrence of debt; however, the amount of such liability would only become due and payable if the Republic terminated its membership in the IMF. On December 31, 2013, the allocation of SDRs owed by the Republic to the IMF was SDR 208.8million (equivalent to US$321.6 million). Therefore, as of December 31, 2013, total debt owed by the Republic to the IMF (including SDRs) equaled US$1.3 billion, representing 25.2% of the Republic's total multilateral debt and 8.3% of its total public external debt.

The IMF has signed three Stand-by Arrangements with the Republic, each of which has expired in accordance with its terms. See "The Economy—History and Background." The IMF approved on January 31, 2005 a Stand-by Arrangement for SDR 437.8 million (approximately US$665.2 million). This facility was designed to support the Republic's economic program with the IMF through May 2007, but was extended in February 2007 for an additional eight months, and concluded in January 2008. The Republic drew SDR 437.8 million (US$661.1 million) under this facility.

On November 9, 2009, the IMF approved a 28-month Stand-by Arrangement for the Republic in the amount of SDR 1,094.5 million (approximately US$1,754.1 million at the exchange rate of such date), to support economic measures designed to address the adverse effects of the global economic crisis, which we refer to as the "2009 Stand-by Arrangement."

During 2010, the Executive Board of the IMF completed four reviews of the Republic's economic performance under a program supported by the 2009 Stand-by Arrangement, one of which was conducted in April, followed by two in October and one in December. The completion of the reviews and confirmation in each case that the Republic had successfully achieved the goals specified in the 2009 Stand-by Arrangement as of each referenced period resulted in total disbursements to the Republic under the 2009 Stand-by Arrangement in an amount equivalent to SDR 547.3 million (approximately US$858.0 million) at the end of 2010.

In February 2011, the IMF visited the Dominican Republic to conduct discussions under the fifth review of the 2009 Stand-by Arrangement. In May 2011, the IMF and the Republic held discussions pursuant to the fifth and sixth review of the 2009 Stand-by Arrangement and prepared a draft of a new letter of intent relating to ongoing commitments between the two parties. In a press release issued by the IMF on June 7, 2011, the IMF indicated that the parties had agreed on certain key measures relating to the 2009 Stand-by Arrangement for the remainder of 2011. On July 15, 2011, the IMF Executive Board approved the Republic's letter of intent for the fifth and sixth reviews under the 2009 Stand-by Arrangement. In September 2011 and through the year-end 2011 the authorities held discussions with the IMF under the seventh and eighth reviews on the 2009 Stand-By Agreement, which were delayed because certain program requirements were not met before expiration of the 2009 Stand-by Arrangement.

On March 8, 2012, the IMF Stand-by Arrangement for the Republic, initially executed on November 9, 2009 expired. During the term of the Stand-by Arrangement, the Republic drew a total of US$1,206.4 million, of which US$995.3 million remain outstanding as of the December 31, 2013. For additional information see "Risk Factors—Risks Relating to the Republic—The Republic may be unable to obtain financing on satisfactory terms in the future, which could adversely affect its ability to service its public debt, including the bonds."

In September 2012, an IMF mission reviewed economic developments and lay the foundation for the annual "Article IV Consultation" and Post-Program Monitoring between Dominican authorities and the IMF. The Article IV consultation was completed in November 2012. On September 13, 2013, the Executive Board of the IMF concluded the First Post-Program Monitoring discussions with the Dominican Republic.

Paris Club and Other Bilateral Lenders

As of December 31, 2013, the Republic owed a total of US$1.7 billion to members of the Paris Club and an additional US$4.5 billion to other bilateral lenders. As of December 31, 2013, the Republic had no arrears with Paris Club lenders or bilateral lenders. The Republic renegotiated the payment terms on US$137.0 million of indebtedness owed to Paris Club member countries in October 2005. For further information on the Republic's restructuring, see "—Debt Restructuring—2005 Debt Restructuring."

On June 29, 2005, the Republic entered into the PetroCaribe Agreement, which replaced certain important provisions of the Caracas Energy Cooperation Agreement. *Petróleos de Venezuela S.A.*, or PDVSA, is the Republic's single largest private creditor with an outstanding balance as of December 31, 2013 of US$3.7 billion owed under the PetroCaribe Agreement. Under this agreement, Venezuela agreed to provide the Republic up to 50,000 barrels of oil per day at market prices and on favorable financing terms. The agreement establishes a new graduated financing scheme under which the amount of available financing increases as the price per barrel increases, with a maximum of 70% financing available at prices of US$150 per barrel or above. If the price of oil falls below US$40 per barrel, the amounts financed are repayable over a period of 17 years at an interest rate of 2% per year. If the price of oil rises above US$40 per barrel, the amounts financed are repayable over 25 years and bear interest at a rate of 1% per year. A two-year grace period is also available on principal amortization payments and the Republic may pay in goods and services under certain conditions. In addition, short-term financing of up to 90 days is available for cash amounts due. Transportation charges are billed at cost to the Republic. See "The Economy—Principal Sectors of the Economy—Secondary Production—Electricity, Gas and Water—Electricity."

Public External Bonds

As of December 31, 2013, the Republic's outstanding public external bonds totaled approximately US$4.2 billion, and were composed of:

- US$576.9 million outstanding principal amount of global bonds due 2018 issued by the Republic pursuant to the exchange offers conducted in 2005, the remaining bonds due in 2013 that were not tendered in the Republic's exchange offers were fully paid in 2013;

- US$327.7 million outstanding principal amount of Brady bonds which are discount bonds due 2024, collateralized by zero-coupon U.S. Treasury bonds, which are mainly obligations of the Central Bank issued in 1994 in connection with a renegotiation of the Republic's external commercial bank debt (the "Brady Restructuring");

- US$1,500.0 million outstanding principal amount 7.5% amortizing bonds due 2021;

- US$1,000.0 million outstanding principal amount 5.875% amortizing bonds due 2024;

- US$500.0 million outstanding principal amount 6.6% amortizing bonds due 2024; and

- US$300.0 million outstanding principal amount 8.625% amortizing bonds due 2027.

For more information on the Brady Restructuring, see "—Debt Restructuring—History of Debt Restructuring."

The Government has made late payments in the past with respect to its public external bonds. In April 2004, the Republic incurred penalty interest in connection with a late payment made on its PDI bonds. In addition, the Republic has occasionally made payments during the 30-day grace period provided under the payment terms instead of on the due date. In February 2005, the Republic made a US$27.1 million interest payment on its global bonds due 2013 that was due in January 2005 and in April 2005, the Republic made a US$23.8 million interest payment on the global bonds due 2006 that was due in March 2005.

External Debt Owed to Commercial Lenders and Suppliers

The Government owed US$230.3 million to commercial bank creditors and US$6.0 million to suppliers of goods and services to the Republic as of December 31, 2013. As of the same date, the Republic's total arrears with its suppliers was US$6.0 million.

Under its commitment with the Paris Club to restructure its indebtedness with private creditors on terms comparable to those granted by its Paris Club creditors, the Government renegotiated the terms of its external commercial debt in 2005. Discussions between the Republic and its commercial bank creditors also addressed the treatment of approximately US$30 million of principal arrears outstanding as of December 31, 2004. For a discussion of the Republic's renegotiation of its indebtedness owed to commercial creditors, see "—Debt Restructuring—2005 Debt Restructuring."

Public External Debt Service

Total public sector external debt service increased from 2.2% of GDP in 2012 to 2.9% in 2013. Public sector external debt service measured as a percentage of total exports increased from 14.7% in 2012 to 18.5% in 2013.

The following tables set forth information regarding the Republic's public sector external debt service for the periods indicated.

Public Sector External Debt Service
(in millions of US$)

	As of December 31,				
	2009[1]	**2010[1]**	**2011[1]**	**2012[1]**	**20123[1)]**
Interest payments	323.2	333.0	398.8	451.0	492.0
Amortization	908.3	939.9	1,004.4	858.9	1,267.1
Total public sector external debt service [2]	1,231.5	1,272.9	1,403.2	1,309.9	1,759.1

(1) Preliminary data.
(2) Excludes Banco de Reservas debt service.
Sources: Ministry of Finance and Central Bank

Public Sector External Debt Service Ratios[1]

	As of December 31,				
	2009[1]	**2010[1]**	**2011[1]**	**2012[1]**	**2013[1]**
As a percentage of total exports	22.5%	18.7%	16.8%	14.7%	18.5%
As a percentage of GDP	2.6%	2.4%	2.4%	2.2%	2.9%
As a percentage of total revenue	19.5%	18.2%	19.0%	16.1%	19.9%
As a percentage of Central Bank's gross international reserves	37.2%	33.8%	34.2%	36.8%	37.4%

(1) GDP 2007 base.
(2) Preliminary data.
Sources: Ministry of Finance and Central Bank

The following table sets forth the Republic's estimated public external debt service through 2017.

Estimated Public Sector Debt Service by Debtor[(1)]
2014-2018
(in millions of US$)

	2014			2015			2016			2017			2018		
	Principal	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Central Bank:															
Reserve liabilities due to IMF	129.4	11.3	140.7	84.8	0.0	0.0	0.0	11.7	96.5	0.0	9.0	9.0	0.0	0.0	0.0
Non-reserve liabilities	8.5	8.4	17.0	0.6	0.4	12.9	13.3	11.0	11.6	0.4	12.1	12.5	0.4	12.9	13.3
Total Central Bank	137.9	19.7	157.7	85.4	0.4	12.9	13.3	22.7	108.1	0.4	21.1	21.5	0.4	12.9	13.3
Public Sector															
Non-financial public sector															
Central Government	1,101.9	486.8	1,588.8	924.5	695.6	386.0	1,081.6	451.5	1,375.9	810.8	417.1	1,227.9	695.6	386.0	1,081.6
Other governmental agencies: CDEEE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Privately publicly guaranteed	1.0	0.2	1.2	1.0	0.9	0.2	1.1	0.2	1.2	0.9	0.2	1.1	0.9	0.2	1.1
Total non-financial public sector	1,102.9	487.1	1,590.0	925.4	696.5	386.2	1,082.6	451.7	1,377.1	811.7	417.3	1,229.0	696.5	386.2	1,082.6
Total public sector debt[(2)]	1,240.8	506.8	1,747.6	1,010.9	696.9	399.0	1,095.9	474.3	1,485.2	812.2	438.4	1,250.5	696.9	399.0	1,095.9

(1) Preliminary estimates conducted in February 2014, based on disbursed debt as of December 31, 2013.
(2) Includes total Central Bank medium term debt service and total debt service of other financial public sector.
Sources: Ministry of Finance and Central Bank

Domestic Debt

As of December 31, 2013, the Republic's domestic debt primarily consisted of:

- DOP109.3 billion (US$2.6 billion) outstanding principal amount of peso-denominated bonds and US$500.0 million of dollar-denominated bonds issued by the Government in the local market;
- peso-denominated loans totaling DOP24.7 billion (US$578.9 million) and dollar-denominated loans totaling US$1.4 billion from *Banco de Reservas* to the Government;
- peso-denominated loans totaling DOP4.5 billion (US$104.5 million) and dollar-denominated loans totaling US$2.0 million from *Banco de Reservas* to other public sector institutions;
- peso-denominated certificates totaling DOP292.3 billion (US$6.8 billion) issued by the Central Bank; and
- peso-denominated bonds totaling DOP132.4 billion (US$3.1 billion) issued by the Central Government for the Central Bank Recapitalization Plan.

As of December 31, 2013, approximately 83.8% of the Republic's domestic debt was denominated in Dominican pesos, while the balance was denominated in U.S. dollars.

The following table sets forth the Republic's total public sector domestic debt:

Total Public Sector Domestic Debt
(in millions of US$)(1)

	As of December 31,				
	2009	**2010(2)**	**2011(2)**	**2012(2)**	**2013(2)**
Treasury Bonds (Law 172-03)	130.0	—	—	—	—
Treasury Bonds (Law 120-05)	45.1	—	—	—	—
Treasury Bonds (Law 121-05)	106.1	102.2	98.9	95.0	89.6
Treasury Bonds (Law 359-07)	92.4	49.1	—	—	—
BC Recap Bonds (Law 167-07)	2,294.7	2,211.0	2,140.2	2,055.1	3,101.8
Treasury Bonds (Law 490-08)	250.0	166.6	83.3	—	—
Treasury Bonds (Public Auctions)	527.3	1,307.3	1,774.7	1,853.1	2,221.5
Treasury Bonds (Administrative Debt	—	—	33.1	232.0	249.3
Treasury Bonds (Law 175-12)	—	—	—	500.0	500.0
Central Bank Certificates	5,381.5	5,867.6	6,119.8	6,286.3	6,849.8
Central Government other liabilities(3)	1,338.5	850.3	694.8	1,521.0	2,017.6
Other public sector institutions liabilities(3)	255.2	184.6	142.4	107.8	104.5
Other public sector liabilities(3)	—	—	—	227.7	—
Gross domestic debt total	10,420.9	10,738.7	11,087.3	12,878.0	15,134.1
Consolidated domestic debt total(4)	8,061.7	8,465.6	8,887.0	10,765.1	11,977.8
Total public sector domestic debt as % of GDP	16.7%	15.7%	15.2%	17.8%	19.6%

(1) Converted to U.S. dollars using the exchange rate at the end of each period presented.
(2) Preliminary data.
(3) Includes indebtedness of the non-financial public sector with domestic commercial banks.
(4) Gross domestic debt minus Central Government liabilities of the Central Bank's hands (Laws No. 121-05 and 167-07).
Sources: Ministry of Finance and Central Bank

In 2012, the Republic issued US$500.0 million in domestic bonds, the proceeds of which were transferred to the CDEEE to cover the deficit of the electricity sector. The bonds accrued interest at 7.0% per year and are due July 2023.

Central Bank Recapitalization Plan

In 2008, Congress approved Law No.167-07, which contained the Central Bank Recapitalization Plan, intended to establish the legal and financial mechanisms through which the accumulated losses of the Central Bank are to be covered completely and continuously in order to achieve the total recapitalization and to define the treatment applicable going forward in relation to the operational results of the Central Bank.

The Recapitalization Plan is designed to cover the Central Bank's total losses through the issuance by the Government of treasury bills and bonds over a ten-year period, which will be held by the Central Bank. Pursuant to Articles 8 and 11 of Law No.167-07, these instruments are not redeemable in cash. They will be replaced at their maturity by new instruments with terms and conditions consistent with the then-prevailing market conditions in respect of interest rates and maturity. After the Central Bank is fully recapitalized, the capital repayment will be done with the surplus generated by the Central Bank in each year.

The issuance of these treasury bills and bonds started on January 1, 2008. These issuances generate interest at a rate that is linked to the coupon rates of instruments issued by the Central Bank with the same maturity. Payment of interest by the Republic to the Central Bank will allow the Central Bank to reduce its operational losses, also known as the quasi-fiscal deficit. The interest payments generated by the treasury bills and bonds will be stipulated in the national budget for each year according to the following scale:

Year	Payments as a % of GDP	Year	Payments as a % of GDP
2007	0.5	2012	1.0
2008	0.6	2013	1.1
2009	0.7	2014	1.2
2010	0.8	2015	1.3
2011	0.9	2016	1.4

On January 1, 2009, the Ministry of Finance issued bonds to the Central Bank with maturities of three, five and seven years in an aggregate principal amount of DOP13.8 billion. Of that amount, DOP10.0 billion corresponded to bonds maturing in three and five years, with coupon rates of 16.0% and 17.0% respectively. The remaining DOP3.8 billion were allocated in bonds maturing in seven years with a coupon rate of 18.0%. As of December 31, 2009, the aggregate principal outstanding amount of the instruments for the Recapitalization Plan was DOP82.7 billion, consisting of bonds maturing in three, five and seven years.

The total amount of interest payments allowed in the Public Income and Expenditure Budget Law were approved under the assumption that the Recapitalization Law (No. 167-07) would be amended. Considering that the Recapitalization Law was never amended and to complete the total amount of interest payments for 2010, the Ministry of Finance presented to the National Congress a modification of the Public Income and Expenditure Budget Law for 2010, which was approved on December 24, 2010.

During 2010, the Ministry of Finance made interest payments to the Central Bank for a total of DOP13.0 billion plus a current transfer of DOP1.5 billion to complete the total payment of DOP14.5 billion as stipulated in Law No. 167-07. In addition, the three-year bond maturing on December 31, 2010 was replaced with a bond maturing on December 31, 2013.

In 2011, the Ministry of Finance made interest payments to the Central Bank for a total of DOP12.6 billion plus current transfers of DOP6.3 billion to complete the total payment of DOP18.9 billion as stipulated in Law No. 167-07. In addition, two three-year bonds maturing on September 30, 2011 and October 31, 2011, were replaced with bonds maturing on September 30, 2014 and October 31, 2014.

In 2012, payments to the Central Bank for a total of DOP23.8 billion were stipulated by the National Budget, of which DOP12.6 billion were interest payments made to the Central Bank and DOP11.2 billion were current transfers from the Government. In addition, the five-year bond maturing on December 31, 2012 was replaced with a bond maturing on December 31, 2019.

In 2013, payments to the Central Bank for a total of DOP17.44 billion were stipulated by the National Budget, of which DOP17.4 billion were interest payments made to the Central Bank and DOP36.0 million were current transfers from the Government. In addition, the five-year bond maturing on October 31, 2013 was replaced with a bond maturing on October 31, 2018; and the three and five-year bonds maturing on December 31, 2013 were replaced with bonds maturing on December 31, 2018.

Pursuant to Articles 8 and 11 of Law No. 167-07, these instruments are not redeemable in cash. They will be replaced at their maturity by new instruments with terms and conditions consistent with the market existing conditions (interest rates and maturity). After the Central Bank is fully recapitalized, the capital repayment will be done with the surplus generated by the Central Bank in each year.

Auction Program

In March 2009, the Ministry of Finance initiated a public auction program for the sale of bonds. The program contemplates monthly auctions published in the annual calendar of the Public Debt Office. Financial intermediaries such as commercial banks, savings and loans associations and brokerage firms authorized by the Securities Superintendency are invited to participate in the auctions.

The public auction serves as a reliable source of local financing for the Ministry of Finance and marks an important step for the diversification of the Central Government's debt portfolio into local currency instruments. The first approved series of bonds to be auctioned consisted of three series with maturities of two, three and five years in amounts of DOP5.5 billion, DOP12.0 billion and DOP1.5 million, respectively. The structure of the debt issuances is designed to increase liquidity in the secondary market for these maturities, which are to serve as the "benchmark" or the basis for establishing interest rates in the domestic market.

In the first half of 2010, three series of bonds each in the principal amount of DOP4.0 billion with maturities of three, five and seven years, were approved for auction. Due to the high demand for these bonds, in the second half of the year, a second issuance of bonds, each in the principal amount of DOP3.0 billion with maturities of three, five and seven years, was made. In addition, in response to the demand for longer maturity instruments, a ten-year bond was issued in an amount of DOP11.0 billion. During 2010, a total DOP29.9 billion was allocated through the public auction program. In 2011, a total of DOP25.2 billion was allocated through the program, including a new 10-year bond for DOP13.0 billion, and new series of bonds with tenors of three and five years. In 2012, the Central Government allocated a total of DOP18.0 billion through its public auction program, of which DOP12.0 billion were in 10-year bonds and DOP6.0 billion in 7-year bonds. In 2013, the Central Government allocated a total of DOP27.1 billion through its public auction program, of which DOP7.5 billion were in five-year bonds, DOP9.6 billion were in ten-year bonds and DOP10.0 billion in fifteen-year bonds.

In order to promote the standardization of fixed income instruments in the region, the Ministry of Finance adopted the standards for the harmonization of national debt markets agreed upon in the Central American Monetary Council. To meet the Public Debt Office's goal of a fully automated auction process through an electronic auction platform to allow participants to directly enter their bids electronically, the auctions after 2010 were conducted through Bloomberg.

All bonds issued through the Ministry of Finance's monthly public auction that are coordinated through the Public Debt Office receive the favorable tax treatment of debt issued by the Government, making debt instruments issued by the Dominican Republic more attractive to investors. Investors may use bonds issued through these auctions to pay any type of obligation contracted with the Government, including the payment of taxes, debts, or other types of obligations.

Administrative Domestic Debt Service

In 2013, the Government made payments of arrears due to domestic suppliers of goods and services in an amount of DOP572.2 million, of which DOP542.1 million were made through the issuance of Domestic Bonds and DOP30.1 million were made in cash.

The Government has also taken steps to improve the administration of the Republic's domestic debt obligations, including:

- placing the *Comisión Evaluadora de Deuda* (Commission on Debt Evaluation) under the supervision of the Republic's general auditors;
- consolidating the function of the administration of the Republic's debt to the Ministry of Finance, with the exception of the Republic's Brady Bonds, which are administered by the Central Bank;
- modernizing debt-related systems and information technology; and

- adopting programs to train personnel, and streamline and modernize procedures related to debt, with assistance from the IDB.

Debt Related to the Private Electricity Sector

Fiscal deficits and disputes between the Government and private operators over the management and tariff regulation of the electricity sector have led to disputes between parties and missed payments by the Government. In August 2004, the Government cleared arrears it owed to distributors of electricity. See "The Economy— Principal Sectors of the Economy—Secondary Production—Electricity, Gas and Water—Electricity."

In May 2009, the Republic announced the re-nationalization of distribution company EdeEste after reaching an agreement to pay US$26.5 million to shareholder TCW for 51% of the company. In exchange, TCW agreed to give up all of its claims under international arbitration.

Under the 2009 Stand-by Arrangement with the IMF, the Government was required to regularize all outstanding domestic arrears with electricity generators before the end of 2011. Arrears to private energy generating companies were defined as the balance of current invoices for energy sales to electricity distribution companies for which no payment has been made within 45 days following the contractual due date.

By the end of 2013, the outstanding debt owed by distribution companies and CDEEE to private generators was US$710.7 million, which was 40.0% more than the US$507.8 million due at the end of 2012. The increased debt stock was a result of a syndicated loan of US$300 million at the beginning of 2013 to repay the factoring made in December 2012, which had a direct impact to the cash flow of distribution companies and CDEEE, resulting in a lower rate payment to private generators during 2013.

The Government has made progress towards reform of the electricity sector, with transmission and distribution losses declining, and an increase in the cash recovery index from 58.4% from 2009 to 63.8% in 2013. However, challenges remain to ensure that the electricity sector has sufficient cash to purchase fuel and avoid curtailments in generation, and to address structural problems that have led to recurring financial shortfalls.

Debt Restructuring

History of Debt Restructuring

In November 1991, the Republic restructured US$771 million of indebtedness owed to the Paris Club. As a result of this restructuring, the Republic obtained the following extensions with respect to indebtedness maturing in the period from September 1991 to March 1993:

- a 20-year extension for concessionary credits and credits issued in connection with development projects, with a 10-year grace period;
- a 15-year extension for non-concessionary credits, with an 8-year grace period; and
- a 10-year extension on interest on arrears, with a 5-year grace period.

The Republic returned to the Paris Club in April 2004 and rescheduled US$155 million of maturities falling due in 2004 (amounts due fell from US$479 million to US$293 million) and US$38 million of arrears owed to Paris Club creditors. The rescheduling included:

- a 12-year repayment term, with a 5-year grace period;
- no increase in interest rates for borrowed amounts targeted at development projects and market rates for the Republic's other credits; and

- a requirement that the Government seek comparable treatment from non-Paris Club bilateral and private creditors, which the Paris Club normally assesses in terms of the effect of private treatment, compared to the effects of Paris Club treatment, on:
  - maturity extensions;
  - effect of the agreement on net present value of the repayment profile; and
  - cash flow relief.

In February 1994, the Republic carried out a refinancing agreement of its medium- and long-term debt owed to commercial banks through the issuance by the Central Bank of two series of public sector external bonds. The Brady Restructuring reduced the Republic's international commercial debt from US$1.3 billion to US$328.6 million in 30-year discount bonds and US$191.3 million in 15-year past-due interest bonds. The discount bonds are collateralized by zero-coupon U.S. Treasury bonds and the payments of principal and interest under both series of bonds are guaranteed by the Republic.

2005 Debt Restructuring

As an integral component of the IMF Stand-by Arrangement and the Republic's agreement with the Paris Club in April 2004, the Government developed a comprehensive debt restructuring plan for 2005. This plan, which was successfully consummated during the course of 2005 and was completed in 2006, consists of the following measures:

- On May 11, 2005, the Republic concluded the successful restructuring of two outstanding global bond issues, totaling US$1.1 billion, by means of an exchange offer. The exchange offer was open to holders of the 9.50% bonds due 2006 and the 9.04% bonds due 2013, who were invited to exchange their bonds for new amortizing bonds due 2011 and 2018, respectively. Approximately US$1.03 billion was tendered, amounting to approximately 94% of the aggregate principal amount outstanding of both series of bonds. A reopening of the exchange offer, which closed on July 20, 2005, resulted in the tender of an additional US$37.0 million, thereby raising total participation in the global bond restructuring to approximately 97% of the aggregate principal amount outstanding. This restructuring adjusted the Republic's scheduled debt service to improve the Government's fiscal balance in line with IMF-approved macroeconomic forecasts.

- On October 17, 2005, the Republic announced it had successfully concluded an agreement with respect to the rescheduling of certain maturities falling due to commercial bank creditors in 2005 and 2006. The agreement permits the Republic to defer payment of outstanding debt in 2005 and 2006 in the amount of US$147 million. Repayment of the rescheduled amounts will be made in six equal and semi-annual installments through January 1, 2010. As part of the rescheduling of this debt, the Republic agreed to pay US$30 million in principal arrears outstanding through 2004. This agreement was approved by the Dominican Congress on February 9, 2006. In addition, in January 2006, the Republic entered into an agreement with a creditor to reschedule commercial debt totaling approximately US$33 million, which was submitted to the Dominican Congress and was approved in August 2006. The Republic also negotiated with two other private creditors the rescheduling of past due supplier financing amounting to approximately US$8 million.

- On October 21, 2005, the Republic concluded an agreement with the Paris Club to reschedule approximately US$137 million of maturities falling due in 2005, which reduced the debt service due to Paris Club creditors from US$357 million to US$220 million. The rescheduling was conducted on the same terms as the Republic's preceding agreement with the Paris Club in 2004.

- In August 2005, the Republic signed a memorandum of understanding with Unión Fenosa, a Spanish company, to restructure the Republic's obligations relating to a purchase agreement with Unión Fenosa entered into in September 2003, under which the Government repurchased Ede Norte and Ede Sur. The

Republic exercised an option to satisfy all of the remaining installments of the purchase price due to Unión Fenosa for approximately US$294.1 million using the proceeds of its 2006 bond offering.

DESCRIPTION OF THE BONDS

The bonds were issued under an indenture, dated as of January 27, 2015, between the Republic and The Bank of New York Mellon (formerly The Bank of New York), as trustee, which is in its entirety incorporated by reference in this listing memorandum.

This section of this listing memorandum is intended to be an overview of the material provisions of the bonds and the indenture. Because this section is only a summary, you should refer to the indenture for a complete description of the Republic's obligations and your rights as a holder of the bonds. The Republic has filed copies of the indenture at the offices of the trustee and the Luxembourg listing agent, where they will be made available to you free of charge.

The definitions of certain capitalized terms used in this section are set forth under "—Defined Terms."

General Terms of the Bonds

The bonds will be issued in two series:

- US$1,000,000,000 principal amount of 5.500% bonds due 2025; and
- US$1,500,000,000 principal amount of 6.850% bonds due 2045.

Terms of the 2025 bonds:

The 2025 bonds:

- are direct, general, unconditional, unsubordinated and unsecured Public External Debt of the Republic for which the full faith and credit of the Republic is pledged;
- were initially issued in an aggregate principal amount of US$1,000,000,000;
- were issued at 100.000%, plus accrued interest, if any, from January 27, 2015;
- are not be subject to optional redemption prior to their scheduled maturity;
- have a final maturity date of January 27, 2025;
- were issued in denominations of US$100,000 and in integral multiples of US$1,000 in excess thereof; and
- are represented by one or more registered bonds in global form, but in certain limited circumstances may be represented by bonds in certificated form. See "Book-Entry Settlement and Clearance."

Interest on the 2025 bonds will:

- accrue at the rate of 5.500% per annum;
- accrue from the Issue Date or the most recent interest payment date;
- be payable semi-annually in arrears on January 27 and July 27 of each year, commencing on July 27, 2015 to the holders of record on the January 22 and July 22 (whether or not a Business Day) immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Terms of the 2045 bonds

The 2045 bonds:

- are direct, general, unconditional, unsubordinated and unsecured Public External Debt of the Republic for which the full faith and credit of the Republic is pledged;
- were initially issued in an aggregate principal amount of US$1,500,000,000;
- were issued at 100.000%, plus accrued interest, if any, from January 27, 2015;
- are not subject to optional redemption prior to their scheduled maturity;
- have a final maturity date of January 27, 2045;
- were issued in denominations of US$100,000 and in integral multiples of US$1,000 in excess thereof; and
- are represented by one or more registered bonds in global form, but in certain limited circumstances may be represented by bonds in certificated form. See "Book-Entry Settlement and Clearance."

Interest on the 2045 bonds will:

- accrue at the rate of 6.850% per annum;
- accrue from the Issue Date or the most recent interest payment date;
- be payable semi-annually in arrears on January 27 and July 27 of each year, commencing on July 27, 2015 to the holders of record on the January 22 and July 22 (whether or not a Business Day) immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Status

The bonds are direct, general, unconditional, unsubordinated and unsecured Public External Debt of the Republic for which the full faith and credit of the Republic is pledged. The bonds rank and will rank without any preference, among themselves and equally with all other unsubordinated Public External Debt of the Republic. It is understood that this provision shall not be construed so as to require the Republic to make payments under the bonds ratably with payments being made under any other Public External Debt of the Republic.

Payment of Principal and Interest

Principal of, and interest on, the bonds will be payable at the offices or agencies maintained by the Republic for such purpose (which initially will be the offices of the paying agents specified on the inside back cover page of this listing memorandum).

The Republic will arrange for payments to be made on global bonds by wire transfer to the applicable clearing system, or to its nominee or common depositary, as the registered owner of the bonds, which will receive the funds for distribution to the holders.

If any money that the Republic pays to the trustee or any paying agent to make payments on any bonds is not claimed at the end of two years after the applicable payment was due and payable, then the money will be repaid to the Republic on the Republic's written request. The Republic will hold such unclaimed money in trust for the relevant holders of those bonds. After any such repayment, neither the trustee nor any paying agent will be liable for the payment. However, the Republic's obligations to make payments on the bonds as they become due will not be affected until the expiration of the prescription period, if any, specified in the bonds.

For purposes of all payments of interest, principal or other amounts contemplated herein, "business day" means any day that is not a Saturday or Sunday, and that is not a day on which banking or trust institutions are authorized generally or obligated by law, regulation, or executive order to close in New York City.

If any date for an interest or principal payment on a note is not a business day, the Republic will make the payment on the next business day. No interest on the bonds will accrue as a result of any such delay in payment.

Additional Amounts

All payments by the Republic in respect of the bonds will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic, or any political subdivision or taxing authority or agency therein or thereof having the power to tax (for purposes of this paragraph, a "relevant tax"), unless the withholding or deduction of any such relevant tax is required by law. In that event, the Republic will pay such additional amounts ("additional amounts"), as may be necessary to ensure that the amounts received by the holders after such withholding or deduction will equal the respective amounts of principal and interest that would have been receivable in respect of the bonds in the absence of such withholding or deduction; *provided*, *however*, that no additional amounts will be payable in respect of any relevant tax:

- imposed by reason of a holder or beneficial owner of a debt security having some present or former connection with the Republic other than merely being a holder or beneficial owner of the debt security or receiving payments of any nature on the debt security or enforcing its rights in respect of the debt security;

- imposed by reason of the failure of a holder or beneficial owner of a debt security, or any other person through which the holder or beneficial owner holds a debt security, to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Republic of such holder or beneficial owner or other person, if compliance with the requirement is a precondition to exemption from all or any portion of such withholding or deduction; *provided that* (x) the Republic or the Republic's agent has provided the holders with at least 60 days' prior written notice of an opportunity to satisfy such a requirement, and (y) in no event shall such holder or beneficial owner or other person's obligation to satisfy such a requirement require such holder or beneficial owner or other person to provide any materially more onerous information, documents or other evidence than would be required to be provided had such holder or beneficial owner or other person been required to file Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8ECI, W-8EXP and/or W-8IMY; or

- imposed by reason of a holder or beneficial owner of a debt security, or any other person through which the holder or beneficial owner holds a debt security, having presented the debt security for payment (where such presentation is required) more than 30 days after the relevant date, except to the extent that the holder or beneficial owner or such other person would have been entitled to additional amounts on presenting the debt security for payment on any date during such 30-day period.

As used in the preceding paragraph, "relevant date" in respect of any debt security means the date on which payment in respect thereof first becomes due or, if the full amount of the money payable has not been received by the trustee on or prior to such due date, the date on which notice is duly given under the indenture to the holders that such monies have been so received and are available for payment. Any reference to "principal" and/or "interest" under the indenture also refers to any additional amounts which may be payable under the indenture.

No additional amounts will be payable in respect of any bond to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment, to the extent the beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to receive payment of the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such bond.

All references in this listing memorandum to principal of or interest on the bonds will include any additional amounts payable by the Republic in respect of such principal or interest.

Negative Pledge

So long as any bond remains outstanding, the Republic may not allow any Lien on its assets or revenues as security for any of its Public External Debt, unless the Republic's obligations under the bonds are secured equally and ratably with such Public External Debt. The Republic may, however, grant or agree to any Permitted Lien (as defined under "—Defined Terms") on its assets or revenues.

Default and Acceleration of Maturity

Each of the following is an event of default with respect to the bonds:

1. *Non-Payment:*

   - failure to pay for 20 days principal of the bonds when due; or

   - failure to pay for 30 days interest on the bonds when due; or

2. *Breach of Other Obligations*: failure to observe or perform any of the covenants or agreements provided in the bonds or the indenture (other than those referred to in paragraph 1 above) for a period of 60 days following written notice to the Republic by the trustee or holders representing at least 25% in principal amount of the then outstanding bonds to remedy such failure; or

3. *Cross Default*:

   - failure by the Republic, beyond any applicable grace period, to make any payment when due on Public External Debt in an aggregate principal amount greater than or equal to US$25,000,000 (or its equivalent in other currencies); or

   - acceleration of any Public External Debt in an aggregate principal amount greater than or equal to US$25,000,000 (or its equivalent in other currencies) due to an event of default, unless such acceleration is rescinded or annulled; or

4. *Moratorium*: declaration by the Republic of a general suspension of, or a moratorium on, payments of Public External Debt; or

5. *Validity*:

   - the Republic contests any of its obligations under the bonds or the indenture in a formal administrative, legislative or judicial proceeding; or

   - the Republic denies any of its obligations under the bonds or the indenture; or

   - any constitutional provision, treaty, law, regulation, decree, or other official pronouncement of the Republic, or any final decision by any court in the Republic having jurisdiction, renders it unlawful for the Republic to pay any amount due on the bonds or to perform any of its obligations under the bonds or the indenture; or

6. *Judgments*: any writ, execution, attachment or similar process is levied against all or any substantial part of the assets of the Republic in connection with any judgment for the payment of money exceeding US$25,000,000 (or its equivalent in other currencies) and failure by the Republic either

to satisfy or discharge such judgment, or adequately bond, contest in good faith or receive a stay of execution or continuance in respect of such judgment, within a period of 120 days; or

7. *Membership in International Monetary Fund*: failure by the Republic to maintain its membership in, and its eligibility to use the general resources of, the IMF, and such failure continues for a period of 60 days.

If any of the events of default described above occurs and is continuing, holders of at least 25% of the aggregate principal amount of the applicable series of debt securities then outstanding may declare all the debt securities of that series to be due and payable immediately by giving written notice to the Republic, with a copy to the trustee.

Holders holding debt securities that represent in aggregate more than 50% of the principal amount of the then-outstanding debt securities of that series may waive any existing defaults and their consequences on behalf of the holders of all of the debt securities of that series if:

- following the declaration that the principal of the debt securities of that series has become due and payable immediately, the Republic deposits with the trustee a sum sufficient to pay all outstanding amounts then due on those debt securities (other than principal due by virtue of the acceleration upon the event of default) together with interest on such amounts through the date of the deposit as well as the reasonable fees and compensation of the holders that declared those debt securities due and payable to the trustee and their respective agents, attorneys and counsel; and

- all events of default (other than non-payment of principal that became due by virtue of the acceleration upon the event of default) have been remedied.

Suits for Enforcement and Limitations on Suits by Holders

If an event of default for a series of debt securities has occurred and is continuing, the trustee may, in its discretion, institute judicial action to enforce the rights of the holders of that series. With the exception of a suit brought by a holder on or after the stated maturity date to enforce its absolute right to receive payment of the principal of and interest on the debt securities on the stated maturity date therefor (as that date may be amended or modified pursuant to the terms of such series of debt securities, but without giving effect to any acceleration), a holder has no right to bring a suit, action or proceeding with respect to the debt securities of a series unless: (1) such holder has given written notice to the trustee that a default with respect to that series has occurred and is continuing; (2) holders of at least 25% of the aggregate principal amount outstanding of that series have instructed the trustee by specific written request to institute an action or proceeding and provided an indemnity satisfactory to the trustee; and (3) 60 days have passed since the trustee received the instruction, the trustee has failed to institute an action or proceeding as directed, and no direction inconsistent with such written request shall have been given to the trustee by a majority of holders of that series. Moreover, any such action commenced by a holder must be for the equal, ratable and common benefit of all holders of bonds of that series.

Meetings, Amendments and Waivers

The Republic may call a meeting of the holders of the bonds at any time regarding the bonds or the indenture. The Republic will determine the time and place of the meeting and will notify the holders of the time, place and purpose of the meeting not less than 30 and not more than 60 days before the meeting.

In addition, the Republic or the trustee will call a meeting of the holders of the bonds if holders of at least 10% in principal amount of all the bonds then outstanding have delivered a written request to the Republic or the trustee (with a copy to the Republic) setting out the purpose of the meeting. Within 10 days of receipt of such written request or copy thereof, the Republic will notify the trustee and the trustee will notify the holders of the time, place and purpose of the meeting called by the holders, to take place not less than 30 and not more than 60 days after the date on which such notification is given.

Only holders of debt securities and their proxies are entitled to vote at a meeting of holders. The Republic will set the procedures governing the conduct of the meeting and if additional procedures are required, the Republic will consult with the trustee to establish such procedures as are customary in the market.

If a modification only affects the bonds, it may also be approved by the holders of bonds pursuant to written action with the consent of the requisite percentage of bonds. The Republic will solicit the consent of the relevant holders to the modification not less than 10 and not more than 30 days before the expiration date for the receipt of such consents as specified by the Republic.

The holders of the bonds may generally approve any proposal by the Republic to modify the indenture or the terms of the bonds with the affirmative vote (if approved at a meeting of the holders) or consent (if approved by written action) of holders of more than 50% of the outstanding principal amount of the bonds.

However, holders of any series of debt securities (including the bonds) may approve, by vote or consent through one of three modification methods, any modification, amendment, supplement or waiver proposed by the Republic that would do any of the following (such subjects referred to as “reserve matters”):

- change the date on which any amount is payable on the debt securities;
- reduce the principal amount (other than in accordance with the express terms of a series of debt securities and the indenture) of the debt securities;
- reduce the interest rate on the debt securities;
- change the method used to calculate any amount payable on the debt securities (other than in accordance with the express terms of a series of debt securities and the indenture);
- change the currency or place of payment of any amount payable on the debt securities;
- modify the Republic’s obligation to make any payments on the debt securities (including any redemption price therefor);
- change the identity of the obligor under the bonds;
- change the definition of “outstanding debt securities” or the percentage of affirmative votes or written consents, as the case may be, required to make a “reserve matter modification”;
- change the definition of “uniformly applicable” or “reserve matter modification”;
- authorize the trustee, on behalf of all holders of the debt securities, to exchange or substitute all the debt securities for, or convert all the debt securities into, other obligations or securities of the Republic or any other person; or
- change the legal ranking, governing law, submission to jurisdiction or waiver of immunities provisions of the terms of the debt securities.

A change to a reserve matter, including the payment terms of any series of debt securities (including the bonds), can be made without your consent, as long as the change is approved, pursuant to one of the three following modification methods, by vote or consent by:

- the holders of more than 75% of the aggregate principal amount of the outstanding bonds insofar as the change affects the bonds (but does not modify the terms of any other debt securities issued under the indenture);
- where such proposed modification would affect the outstanding bonds and at least one other series of debt securities issued under the indenture, the holders of more than 75% of the aggregate principal

amount of the then outstanding debt securities of all of the series affected by the proposed modification, taken in the aggregate, if certain “uniformly applicable” requirements are met (defined in the indenture as “cross-series modification with single aggregated voting”); or

- where such proposed modification would affect the outstanding bonds and at least one other series of debt securities issued under the indenture, the holders of more than 66 $^{2}/_{3}$% of the aggregate principal amount of the then outstanding debt securities of all of the series affected by the proposed modification, taken in the aggregate, *and* the holders of more than 50% of the aggregate principal amount of the then outstanding debt securities of each series affected by the modification, taken individually.

“Uniformly applicable,” as referred to above, means a modification by which holders of debt securities of any series affected by that modification (including the bonds, if so affected) are invited to exchange, convert or substitute their debt securities for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration.

The Republic may select, in its discretion, any modification method for a reserve matter modification in accordance with the indenture and to designate which series of debt securities will be included for approval in the aggregate of modifications affecting two or more series of debt securities. Any selection of a modification method or designation of series to be included will be final for the purpose of that vote or consent solicitation.

For so long as any series of debt securities issued under the indenture dated as of May 11, 2005 between the Republic and the trustee (“2005 indenture”) (“2005 debt securities”) are outstanding, if the Republic certifies to the trustee and to the trustee under the 2005 indenture that a cross series modification under the indenture is being sought simultaneously with a “2005 indenture reserve matter modification”, the 2005 debt securities affected by such 2005 indenture reserve matter modification shall be treated as “series affected by that proposed modification” as that phrase is used in the indenture (as described in the preceding paragraphs); *provided, however*, that if the Republic seeks a cross-series modification with single aggregated voting, the holders of any series of 2005 debt securities affected by the 2005 indenture reserve matter modification shall have been invited to exchange, convert or substitute such 2005 debt securities for (x) the same new instruments or other consideration as the holders of debt securities of each affected series of debt securities for which consent to the cross series modification is sought or (y) new instruments or other consideration from an identical menu of instruments or other consideration as the holders of debt securities of each affected series of debt securities for which consent to the cross series modification is sought. It is the intention that in such circumstances, the votes of the holders of the affected 2005 debt securities be counted for purposes of the voting thresholds specified in the indenture for the applicable cross series modification as though those 2005 debt securities had been affected by that cross series modification although the holders of any bonds will be deemed to have acknowledged and agreed that the effectiveness of any modification, as it relates to the 2005 debt securities, shall be governed exclusively by the terms and conditions of those 2005 debt securities and by the 2005 indenture.

“2005 indenture reserve matter modification,” as referred to above, means any modification to the terms and conditions of one or more series of the 2005 debt securities, pursuant to the 2005 indenture.

Before soliciting any consent or vote of any holder of the debt securities (including the bonds) for any change to a reserve matter, the Republic will provide the following information to the trustee for distribution to the holders of debt securities of any series that would be affected by the proposed modification:

- a description of the Republic’s economic and financial circumstances that are in the Republic’s opinion relevant to the request for the proposed modification, a description of the Republic’s existing debts and description of its broad policy reform program and provisional macroeconomic outlook;

- if the Republic shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of the multilateral or other creditors, as applicable, a copy of the arrangement or agreement;

- a description of the Republic’s proposed treatment of external debt instruments that are not affected by the proposed modification and its intentions with respect to any other major creditor groups; and

- if the Republic is then seeking any reserved matter modification affecting any other series of debt securities, a description of that proposed modification.

For purposes of determining whether the required percentage of holders of the bonds or any series of debt securities has approved any amendment, modification or change to, or waiver of, the bonds, such other series of debt securities or the indenture, or whether the required percentage of holders has delivered a notice of acceleration of the debt securities of that series, debt securities will be disregarded and deemed not to be outstanding and may not be counted in a vote or consent solicitation for or against a proposed modification if on the record date for the proposed modification or other action or instruction hereunder, the debt security is held by the Republic or by a public sector instrumentality, or by a corporation, trust or other legal entity that is controlled by the Republic or a public sector instrumentality, except that (x) debt securities held by the Republic or any public sector instrumentality of the Republic or by a corporation, trust or other legal entity that is controlled by the Republic or a public sector instrumentality which have been pledged in good faith may be regarded as outstanding if the pledgee establishes, to the satisfaction of the trustee, the pledgee's right so to act with respect to such debt securities and that the pledgee is not the Republic or a public sector instrumentality, and in case of a dispute concerning such right, the advice of counsel shall be full protection in respect of any decision made by the trustee in accordance with such advice and any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information which is in the possession of the trustee, upon the certificate, statement or opinion of or representations by the trustee; and (y) in determining whether the trustee will be protected in relying upon any such action or instructions hereunder, or any notice from holders, only debt securities that a responsible officer of the trustee knows to be so owned or controlled will be so disregarded.

As used in the preceding paragraph, "public sector instrumentality" means any department, secretary, ministry or agency of the Republic, and "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity.

Other Amendments

The Republic and the trustee may, without the vote or consent of any holder of debt securities of a series, amend the indenture or the debt securities of that series for the purpose of:

- adding to the Republic's covenants for the benefit of the holders;
- surrendering any of the Republic's rights or powers with respect to the debt securities of that series;
- securing the debt securities of that series;
- curing any ambiguity or curing, correcting or supplementing any defective provision in the debt securities of that series or the indenture;
- amending the debt securities of that series or the indenture in any manner that the Republic and the trustee may determine and that does not materially adversely affect the interests of any holders of the debt securities of that series; or
- correcting a manifest error of a formal, minor or technical nature.

Further Issues

The Republic may from time to time, without the consent of the holders, create and issue additional bonds having the same terms and conditions as the bonds in all respects, except for the issue date, issue price and first payment on the bonds; *provided*, *however*, that any additional bonds subsequently issued that are not fungible with the previously outstanding bonds for U.S. federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from the previously outstanding bonds. Additional bonds issued in this manner will be consolidated with and will form a single series with the previously outstanding bonds.

Notices

The Republic will mail notices to the holders of bonds at their registered addresses, as reflected in the books and records of the trustee. The Republic will consider any mailed notice to have been given five business days after it has been sent.

The Republic will also publish notices to the holders of bonds in leading newspapers having general circulation in New York City and London. The Republic anticipates that it will make such publications in *The Wall Street Journal* and the *Financial Times*. In addition, so long as the bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange and the rules of that Exchange so require, the Republic will publish notices to the holders in a leading newspaper having general circulation in Luxembourg and on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Republic anticipates that it will initially make its newspaper publication in the *Luxemburger Wort*. If publication in a leading newspaper in Luxembourg is not practical, the Republic will publish such notices in one other leading English language daily newspaper with general circulation in Europe. The Republic will consider any published notice to be given on the date of its first publication.

Trustee

The indenture contains provisions relating to the obligations and duties of the trustee, to the indemnification of the trustee and the liability and responsibility, including limitations, for actions that the trustee takes. The trustee is entitled to enter into business transactions with the Republic or any of its affiliates without accounting for any profit resulting from such transactions.

Paying Agents; Transfer Agents; Registrar

The Republic will maintain a principal paying agent, a transfer agent and a registrar in New York City and a paying agent and a transfer agent in Western Europe (which, so long as the bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange and the rules of the Exchange so require, will be in Luxembourg). The Republic will give prompt notice to all holders of bonds of any future appointment or any resignation or removal of any paying agent, transfer agent or registrar or of any change by any paying agent, transfer agent or registrar in any of its specified offices.

Governing Law

The indenture and the bonds will be governed by, and construed in accordance with, the law of the State of New York.

Submission to Jurisdiction

The Republic is a foreign sovereign state. Consequently, it may be difficult for bondholders to obtain judgments from courts in the United States or elsewhere against the Republic. Furthermore, it may be difficult for investors to enforce, in the United States or elsewhere, the judgments of U.S. or foreign courts against the Republic.

In connection with any legal action or proceeding arising out of or relating to the bonds (subject to the exceptions described below), the Republic has agreed, subject to the limitation mandated by the Constitution of the Dominican Republic which submits to Dominican Law and Dominican Courts all agreements executed between the Dominican Government and foreign entities or individuals domiciled in the Dominican Republic,

- to submit to the jurisdiction of any New York State or U.S. federal court sitting in New York City in the Borough of Manhattan and any appellate court of either thereof;

- that all claims in respect of such legal action or proceeding may be heard and determined in such New York state or U.S. federal court and will waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding; and

- to appoint as its process agent the person from time to time discharging the function of Consul General of the Republic in New York City, with offices at 1501 Broadway, Suite 410, New York, New York 10036, United States.

The process agent will receive on behalf of the Republic and its property service of copies of any summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York State or U.S. federal court sitting in New York City in the Borough of Manhattan. Service may be made by mailing or delivering a copy of such process to the Republic at the address specified above for the process agent.

A final non-appealable judgment in any of the above legal actions or proceedings will be conclusive and may be enforced by a suit upon such judgment in any other courts that may have jurisdiction over the Republic.

In addition to the foregoing, the holders may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any bondholder to bring any action or proceeding against the Republic or its property in other courts where jurisdiction is independently established.

To the extent that the Republic has or hereafter may acquire or have attributed to it any sovereign or other immunity under any law, the Republic has agreed to waive, to the fullest extent permitted by law, such immunity in respect of any claims or actions regarding its obligations under the bonds, except that the Republic will not waive immunity from attachment prior to judgment and attachment in aid of execution under Dominican law.

The bondholders may be required to post a bond or other security with the Dominican courts as a condition to the institution, prosecution or completion of any action or proceeding (including appeals) arising out of or relating to the bonds in those courts.

The Republic reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it under U.S. federal securities laws or any state securities laws, and the Republic's appointment of the process agent will not extend to such actions. Without a waiver of immunity by the Republic with respect to such actions, it would be impossible to obtain a U.S. judgment in such an action against the Republic unless a court were to determine that the Republic is not entitled under the U.S. Foreign Sovereign Immunities Act of 1976 to sovereign immunity with respect to such action. However, even if a U.S. judgment could be obtained in any such action under the U.S. Foreign Sovereign Immunities Act of 1976, it may not be possible to enforce in the Republic a judgment based on such a U.S. judgment.

A judgment obtained against the Republic in a foreign court can be enforced in the courts of the Republic, if such judgment is ratified by the Dominican courts. Based on existing law, Dominican courts will ratify such a judgment:

- if there exists a treaty with the country where such judgment was issued providing for reciprocal enforcement of foreign judgments (no such treaty exists at the present time between the Republic and the United States); or

- if such judgment:

  - complies with all formalities required for the enforceability thereof under the laws of the country where the same was issued;

  - has been translated into Spanish, together with related documents, and satisfies the authentication requirements of Dominican law;

  - was issued by a competent court after valid service of process upon the parties to the action;

  - was issued after an opportunity was given to the defendant to present its defense;

  - is not subject to further appeal; and

- is not against Dominican public policy.

The Republic agrees to cause an appearance to be filed on its behalf and to defend itself in connection with any legal action or proceeding instituted against it. However, a default judgment obtained in the United States against the Republic, resulting from the Republic's failure to appear and defend itself in any suit filed against the Republic, or from the Republic's deemed absence at the proceedings, may not be enforceable in the Dominican courts.

Currency Indemnity

The obligation of the Republic to any holder under the bonds that has obtained a court judgment affecting those bonds will be discharged only to the extent that the holder may purchase U.S. dollars, referred to as the "agreement currency," with any other currency paid to that holder in accordance with the judgment currency. If the holder cannot purchase the agreement currency in the amount originally to be paid, the Republic agrees to pay the difference. The holder, however, agrees that, if the amount of the agreement currency purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to the Republic. The holder, however, will not be obligated to make this reimbursement if the Republic is in default of its obligations under the bonds.

Defined Terms

The following are certain definitions used in the bonds:

"External Debt" means obligations (other than the bonds) of, or guaranteed (whether by contract, statute or otherwise) by, the Republic for borrowed money or evidenced by bonds, debentures, notes or similar instruments denominated or payable, or which, at the option of the holder thereof, may be payable, in a currency other than Dominican pesos or by reference to a currency other than Dominican pesos, regardless of whether that obligation is incurred or entered into within or outside the Republic.

"Lien" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or preferential arrangement which has the practical effect of constituting a security interest with respect to the payment of any obligations with or from the proceeds of any assets or revenues of any kind.

"Permitted Liens" means:

- any Lien on property to secure Public External Debt arising in the ordinary course to finance export, import or other trade transactions, which Public External Debt matures (after giving effect to all renewals and refinancing thereof) not more than one year after the date on which such Public External Debt was originally incurred;

- any Lien on property to secure Public External Debt existing on such property at the time of its acquisition or incurred solely for the purpose of financing any acquisition by the Republic of such property, and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original financing without any increase in the amount thereof;

- any Lien securing Public External Debt incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project, provided that:

  - the holders of such Public External Debt agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such Public External Debt; and

  - the property over which such Lien is granted consists solely of such assets and revenues;

- any Lien in existence as of the original issuance date of the bonds; and

- any Lien securing Public External Debt which, together with all other Public External Debt secured by Liens (excluding Public External Debt secured by other Permitted Liens), does not exceed US$25,000,000 principal amount (or its equivalent in other currencies) in the aggregate.

"Public External Debt" means any External Debt that is in the form of, or represented by, bonds, notes or other securities that are or may be quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system or over-the-counter or other securities market.

BOOK-ENTRY SETTLEMENT AND CLEARANCE

Global Bonds

The bonds have initially been issued in the form of registered bonds in global form, without interest coupons, as follows:

- bonds sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") are represented by a global bond (the "Rule 144A Global Bond"); and

- bonds sold in offshore transactions to non-U.S. persons in reliance on Regulation S are represented by a global bond (the "Regulation S Global Bond").

Upon issuance, each of the global bonds will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global bond were limited to persons who have accounts with DTC (the "DTC participants") or persons who hold interests through DTC participants. The Republic expects that under procedures established by DTC:

- upon deposit of each global bond with DTC's custodian, DTC will credit portions of the principal amount of the global bond to the accounts of the DTC participants designated by the initial purchasers; and

- ownership of beneficial interests in each global bond will be shown on, and transfers of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in each global bond).

Beneficial interests in the Regulation S Global Bond were initially credited within DTC to Euroclear and Clearstream Banking on behalf of the owners of such interests. During the 40 day period commencing on the closing date of the offering of the bonds (the "40 day restricted period"), beneficial interests in the Regulation S Global Bond may be transferred only to non U.S. persons under Regulation S or qualified institutional buyers under Rule 144A.

Investors may hold their interests in the Global Bonds directly through Euroclear or Clearstream Banking, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Investors may also hold their interests in the Global Bonds through organizations other than Euroclear or Clearstream Banking that are DTC participants. Each of Euroclear and Clearstream Banking will appoint a DTC participant to act as its depositary for the interests in the Global Bonds that are held within DTC for the account of each of these settlement systems on behalf of its respective participants.

Beneficial interests in the global bonds may not be exchanged for bonds in physical certificated form except in the limited circumstances described below.

Each global bond and beneficial interests in each global bond will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges between the Global Bonds

Beneficial interests in one global bond may generally be exchanged for interests in another global bond. Depending on whether the transfer is being made during or after the 40 day restricted period and to which global bond the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture.

A beneficial interest in a global bond that is transferred to a person who takes delivery through another global bond will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global bond.

Book-Entry Procedures for the Global Bonds

All interests in the global bonds will be subject to the operations and procedures of DTC, Euroclear and Clearstream Banking. The Republic provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Republic nor the initial purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the U.S. Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations; and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a global bond, that nominee will be considered the sole owner or holder of the bonds represented by that global bond for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global bond:

- will not be entitled to have bonds represented by the global bond registered in their names;
- will not receive or be entitled to receive physical, certificated bonds; and
- will not be considered the owners or holders of the bonds under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global bond must rely on the procedures of DTC to exercise any rights of a holder of bonds under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest in the bonds).

Payments of principal and interest with respect to the bonds represented by a global bond will be made by the trustee to DTC's nominee as the registered holder of the global bond. Neither the Republic nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global bond, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global bond will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream Banking will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and participants in Euroclear or Clearstream Banking, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream Banking. To deliver or receive an interest in a global bond held in a Euroclear or Clearstream Banking account, an investor must send transfer instructions to Euroclear or Clearstream Banking, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream Banking, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global bonds in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream Banking participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream Banking.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant that purchases an interest in a global bond from a DTC participant will be credited on the business day for Euroclear or Clearstream Banking immediately following the DTC settlement date. Cash received in Euroclear or Clearstream Banking from the sale of an interest in a global bond to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream Banking cash account as of the business day for Euroclear or Clearstream Banking following the DTC settlement date.

DTC, Euroclear and Clearstream Banking have agreed to the above procedures to facilitate transfers of interests in the global bonds among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither the Republic nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Bonds

Bonds in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related bonds only if:

- DTC notifies the Republic at any time that it is unwilling or unable to continue as depositary for the global bonds and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the U.S. Securities Exchange Act of 1934 and a successor depositary is not appointed within 90 days;
- the Republic, at its option, notifies the trustee that it elects to cause the issuance of certificated bonds; or
- certain other events provided in the indenture occur.

TRANSFER RESTRICTIONS

The bonds are subject to the following restrictions on transfer. By purchasing bonds, you will be deemed to have made the following acknowledgements, representations to and agreements with the Republic and the initial purchasers:

(1) You acknowledge that:

- the bonds have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the bonds may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of the Republic, that you are not acting on the Republic's behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A) and are purchasing bonds for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the bonds to you in reliance on Rule 144A; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing bonds in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither the Republic nor the initial purchasers nor any person representing the Republic or the initial purchasers has made any representation to you with respect to the Republic or the offering of the bonds, other than the information contained in this listing memorandum. You represent that you are relying only on this listing memorandum in making your investment decision with respect to the bonds. You agree that you have had access to such information concerning the Republic and the bonds as you have deemed necessary in connection with your decision to purchase bonds, including an opportunity to ask questions of and request information from the Republic.

(4) You represent that you are purchasing bonds for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the bonds in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the bonds pursuant to Rule 144A or any other available exemption from the registration requirements of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing bonds, and each subsequent holder of the bonds by its acceptance of the bonds will agree, that until the end of the resale restriction period (as defined below), the bonds may be offered, sold or otherwise transferred only:

(a) to the Republic;

(b) pursuant to a registration statement that has been declared effective under the Securities Act;

(c) for so long as the bonds are eligible for resale under Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom it has given notice that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales that occur outside the United States within the meaning of Regulation S; or

(e) under any other available exemption from the registration requirements of the Securities Act;

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or such account's control.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date of the offering of the bonds until the date that is one year after the later of the closing date and the last date that the Republic or any of its affiliates was the owner of the bonds or any predecessor of the bonds (the "resale restriction period"), and will not apply after the resale restriction period ends;

- the Republic and the trustee reserve the right to require, in connection with any offer, sale or other transfer of bonds before the resale restriction period ends under clauses (d) and (e) above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Republic and the trustee; and

- each Rule 144A Global Bond and each Regulation S Global Bond (during the 40 day restricted period) will contain a legend substantially to the following effect:

  THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE REPUBLIC'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND CAN ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

You acknowledge that the Republic, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have been made by your purchase of bonds is no longer accurate, you will promptly notify the Republic and the initial purchasers. If you are purchasing any bonds as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

TAXATION

The following discussion provides a general summary of the principal Dominican and U.S. federal income tax considerations that may be relevant to you if you purchase, own or sell the bonds. This summary is based on tax laws, regulations, rulings and decisions in effect on the date of this listing memorandum. All of these laws and authorities are subject to change, and any change could be effective retroactively. No assurances can be given that any change in these laws or authorities will not affect the accuracy of the discussion set forth herein. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. This summary only addresses initial purchasers of the bonds that purchase the bonds at their initial offering price and hold the bonds as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, financial institution, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects to use the mark-to-market method of accounting, investor that will hold the bonds as a hedge against currency risk or as a position in a "straddle" or conversion transaction or as part of a "synthetic security" or other financial integrated transaction, partnership or other pass-through entity for U.S. federal income tax purposes, person subject to the U.S. federal alternative minimum tax, tax-exempt organization or a United States person (as defined below) whose "functional currency" is not the U.S. dollar.

This discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor's decision to invest in the bonds. You should consult your tax adviser about the tax consequences of holding the bonds, including the relevance to your particular situation of the considerations discussed below, as well as of state, local or other tax laws.

Dominican Taxation

The following summary of the principal Dominican tax matters is based on a review of the *Código Tributario* ("Tax Code") Law No. 11-92 enacted in 1992, as amended and its rules for application; and Law No. 548-14 dated December 12, 2014. This summary contains a description of the principal tax consequences in the Dominican Republic of the purchase, ownership and disposition of the bonds, but it does not purport to be a comprehensive description of all tax consequences that may be relevant to a decision to purchase the bonds.

This summary is based upon the tax laws of the Dominican Republic as in effect on the date of this listing memorandum, which are subject to change. Prospective purchasers of the bonds (including residents of the Dominican Republic, if any) should consult their own tax advisers as to the consequences of the purchase, ownership and disposition of the bonds.

Pursuant to Article 7 of Law No. 548-14, principal and interest paid on the bonds issued under this law are exempt from any type of taxes, rights, fees, charges or public contributions, governmental or municipal. Capital gains realized on the disposition by a foreign non-resident holder of the bonds will not be subject to Dominican taxes, provided that such disposition occurs outside the Dominican Republic.

The foregoing tax treatment assumes that the bonds will remain in the form of global bonds registered in the name of a nominee of DTC and will not be issued in definitive, certificated form.

A foreign non-resident holder of the bonds generally will not be liable for estate, gift, inheritance or similar taxes with respect to such bonds.

The extent of the tax exemptions for any Dominican source income is defined in and limited by Article 7 of Law No. 548-14.

United States Taxation

The following summary of the principal U.S. federal income tax matters is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury Regulations, rulings and judicial decisions in effect on the date of this listing memorandum. This summary does not address any tax consequences under U.S. federal estate, gift or other tax laws, and does not discuss the Medicare tax on net investment income. For purposes of this summary, the term “United States person” means an individual who is a citizen or resident of the United States, a domestic corporation or any other holder that is subject to U.S. federal income taxation on a net income basis in respect of the bonds.

Payments of Interest and Sale, Exchange or other Disposition of the Bonds

If you are a United States person, the interest you receive on the bonds will generally be subject to U.S. taxation and will be considered ordinary interest income on which you will be taxed at the time that such interest is accrued or received, in accordance with the method of accounting that you use for tax purposes. Such income will generally constitute foreign source passive category income for purposes of the U.S. foreign tax credit rules.

If you are a United States person, when you sell, exchange or otherwise dispose of the bonds, you generally will recognize capital gain or loss equal to the difference between the amount you realize on the transaction and your tax basis in the bonds (except that any amount attributable to accrued and unpaid interest will be treated as a payment of interest for U.S. federal income tax purposes, which will be taxable as such). Your tax basis in a bond generally will equal the cost of the bond to you. If you are an individual and the bond being sold, exchanged or otherwise disposed of is a capital asset held for more than one year, you may be eligible for reduced rates of taxation on any capital gain realized. Your ability to deduct capital losses is subject to limitations.

Backup Withholding and Information Reporting

The paying agents will be required to file information returns with the U.S. Internal Revenue Service with respect to payments made to certain United States persons on the bonds. In addition, certain United States persons may be subject to U.S. backup withholding tax in respect of such payments, unless such United States person (i) comes within certain exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number on a U.S. Internal Revenue Service Form W-9, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Persons holding bonds who are not United States persons may be required to comply with applicable certification procedures to establish that they are not United States persons in order to avoid the application of such information reporting requirements and backup withholding tax. Any amounts withheld under the backup withholding rules will be allowed as a refund, or as a credit against your U.S. federal income tax liability, provided that you furnish the required information to the U.S. Internal Revenue Service.

European Union Tax Reporting and Withholding

Under European Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), Member States of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Luxembourg and Austria will instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to information exchange procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and territories have agreed to adopt similar measures (some of which involve a withholding system).

On March 24, 2014 the Council of the European Union adopted a Directive amending the Savings Directive which, when implemented, will broaden the scope of the rules described above. The EU Member States will have until January 1, 2016 to adopt national legislation necessary to comply with the amending Directive. Investors who are in any doubt as to their position should consult their professional advisors.

As indicated above under “Description of the Bonds—Additional Amounts”, no additional amounts will be payable in respect of any taxes other than those imposed by the Republic (or any of its political subdivisions or taxing authorities). You should consult your own tax advisers regarding the application of the Savings Directive or any similar laws or regulations.

The proposed financial transactions tax (“FTT”)

The European Commission has published a proposal for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the bonds (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States of the European Union may decide to participate. You should consult your own professional advisers in relation to the FTT.

PLAN OF DISTRIBUTION

J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated have acted as joint book-running managers of the offering and as representatives of the initial purchasers named below. Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, has acted as co-manager with respect to the bonds. Subject to the terms and conditions stated in the purchase agreement dated January 20, 2015, each initial purchaser named below severally agreed to purchase, and the Republic agreed to sell to that initial purchaser, the principal amount of the bonds set forth opposite the initial purchaser's name.

Initial Purchaser	2025 Bonds	2045 Bonds
J.P. Morgan Securities LLC	US$ 500,000,000	US$ 750,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	500,000,000	750,000,000
Total	US$ 1,000,000,000	US$ 1,500,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the bonds are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the bonds if they purchase any of the bonds. The initial purchasers may offer and sell the bonds through certain of their affiliates.

The Republic has been advised that the initial purchasers propose to resell the bonds at the offering price set forth on the cover page of this listing memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the bonds are offered may be changed at any time without notice.

The bonds have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Republic has agreed that, for a period of 60 days following the date of the offering memorandum it will not, without the prior written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated offer, sell, contract to sell, pledge or otherwise dispose of or enter into any transaction designed to, or that may reasonably be expected to result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Republic or any other person acting on its behalf, directly or indirectly, or announce the offering, of any debt securities issued or guaranteed by the Republic (other than the bonds offered hereby); provided, however, the Republic or any of its affiliates may, commencing on the 31st day after the settlement date of the bonds, offer, sell, contract to sell, pledge, otherwise dispose of or enter into any transaction designed to, or that may reasonably be expected to result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Republic or any other person acting on its behalf, directly or indirectly, or announce the offering, of any debt securities issued or guaranteed by the Republic (other than the bonds) for the purpose of refinancing, repurchasing or retiring any debt outstanding under the PetroCaribe Agreement.

The bonds constitute a new class of securities with no established trading market. Application has been made to list the bonds on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF market of the Luxembourg Stock Exchange. However, the Republic cannot assure you that the prices at which the bonds will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the bonds will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the bonds. However, the initial purchasers are not obligated to do so and any market-making activities with respect to the bonds may be discontinued at any time without notice. In addition, market-making activity may be subject to the limits imposed by applicable securities laws. Accordingly, the Republic cannot assure you as to the liquidity of, or the trading market for, the bonds.

In connection with the offering, the initial purchaser may purchase and sell bonds in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater number of bonds than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the bonds while the offering is in progress.

These activities by the initial purchasers, as well as other purchases by the initial purchasers for its own account, may stabilize, maintain or otherwise affect the market price of the bonds. As a result, the price of the bonds may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the initial purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Republic estimates that delivery of the bonds was made to investors on January 27, 2015, which was the fifth business day following the date of the pricing of the bonds (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade bonds prior to the delivery of the bonds hereunder will be required, by virtue of the fact that the bonds initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the bonds who wish to trade the bonds prior to their date of delivery hereunder should consult their advisors.

The initial purchasers have performed commercial banking, investment banking and advisory services for the Republic from time to time for which they have received customary fees and reimbursement of expenses. The initial purchasers may, from time to time, engage in transactions with and perform services for the Republic in the ordinary course of their business for which the initial purchasers may receive customary fees and reimbursement of expenses.

In the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates have a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the bonds offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the bonds offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Investors who purchase the bonds from the initial purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page of this listing memorandum.

The Republic has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer to the public of bonds which are the subject of the offering contemplated by this listing memorandum may not be made in that relevant member state except that an offer to the public in that relevant member state may be made at any time with effect from and including the relevant implementation date under the following exemptions under the Prospectus Directive:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of securities shall require the issuer or initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public" in relation to any securities in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state), and includes any relevant implementing measure in the relevant member State and the expression "2010 PD Amending Directive**"** means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this listing memorandum.

Notice to Prospective Investors in the United Kingdom

In the purchase agreement, each initial purchaser has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the bonds in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Chile

The offer of the bonds began on January 20, 2015 and is subject to General Rule No. 336 of the SVS. The bonds being offered are not registered in the Securities Registry (Registro de Valores) or in the Foreign Securities Registry (Registro de Valores Extranjeros) of the SVS and, therefore, the bonds are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the bonds in Chile. The bonds may not be publicly offered in Chile unless they are registered in the corresponding securities registry.

La oferta de los bonos empezó el 20 de enero de 2015 y se acoge a la Norma de Carácter General N°336 de la Superintendencia de Valores y Seguros. Los bonos que se ofrecen no están inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Superintendencia de Valores y Seguros, por lo que tales valores no están sujetos a la fiscalización de dicha Superintendencia. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de estos valores. Los bonos no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Notice to Prospective Investors in Switzerland

This listing memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the bonds will not be listed on the SIX Swiss Exchange. Therefore, this listing memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the bonds may not be offered for exchange to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the bonds with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in the Republic of Panama

The bonds have not been, and will not be, registered for public offering in Panama with the Superintendency of Capital Markets of Panama under Decree-Law 1 of July 8, 1999, as amended (the "Panamanian Securities Act"). Accordingly, the bonds may not be offered or sold in Panama, except in certain limited transactions exempted from the registration requirements of the Panamanian Securities Act. The bonds do not benefit from tax incentives accorded by the Panamanian Securities Act and are not subject to regulation or supervision by the Superintendency of Capital Markets of Panama

Notice to Prospective Investors in Hong Kong

This listing memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The bonds will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the bonds which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This listing memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offering may not be circulated or distributed, nor may the bonds be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the bonds are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the bonds under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Notice to Prospective Investors in Japan

The bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

OFFICIAL STATEMENTS

Information in this listing memorandum whose source is identified as a publication of the Republic or one of its agencies or instrumentalities relies on the authority of such publication as a public official document of the Republic. All other information and statements set forth herein relating to the Republic are included as public official statements made on the authority of the Republic.

VALIDITY OF THE BONDS

The validity of the bonds will be passed upon for the Republic by Cleary Gottlieb Steen & Hamilton LLP, United States counsel to the Republic, and by the Consultor Jurídico del Poder Ejecutivo (Legal Counsel to the Executive Branch) of the Republic, and for the initial purchasers by Simpson Thacher & Bartlett LLP, United States counsel to the initial purchasers, and Pellerano & Herrera, Dominican counsel to the initial purchasers.

As to all matters of Dominican law, Cleary Gottlieb Steen & Hamilton LLP may rely on the opinion of the Consultor Jurídico del Poder Ejecutivo (Legal Counsel to the Executive Branch) of the Republic, and Simpson Thacher & Bartlett LLP may rely upon the opinion of Pellerano & Herrera. As to all matters of United States law, the Consultor Jurídico del Poder Ejecutivo (Legal Counsel to the Executive Branch) of the Republic may rely on the opinion of Cleary Gottlieb Steen & Hamilton LLP, and Pellerano & Herrera may rely on the opinion of Simpson Thacher & Bartlett LLP.

GENERAL INFORMATION

Clearing

The bonds have been accepted into DTC's book-entry settlement system. The bonds also have been accepted for clearance through the Euroclear and Clearstream clearance systems. The CUSIP number, ISIN number and Common Code for the bonds are as follows:

2025 Bonds	CUSIP Number	ISIN Number	Common Code
Rule 144A	25714P CV8	US25714PCV85	117670821
Regulation S	P3579E BD8	USP3579EBD87	117672310

2045 Bonds	CUSIP Number	ISIN Number	Common Code
Rule 144A	25714P CW6	US25714PCW68	117673090
Regulation S	P3579E BE6	USP3579EBE60	117673111

Where You Can Find More Information

As long as the bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange, you may inspect or receive copies, free of charge, of the following documents on any business day at the offices of the paying agent in Luxembourg:

- the indenture incorporating the forms of the bonds;
- an English translation of *Ley de Bonos* (Bond Law) No. 548-14;
- the most recent annual economic report of the Republic (of which English translations are available); and
- this listing memorandum.

The Republic

The creation and issuance of the bonds were authorized pursuant to Law No. 548-14, dated December 12, 2014.

Except as disclosed in this listing memorandum, since December 31, 2013, there has been no material adverse change in the revenues or expenditures, or financial position, of the Republic.

APPENDIX

Dominican Republic: Global Public Sector External Debt as of December 31, 2013

(in millions of US$)(1)

Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
MULTILATERAL INSTITUTIONS					
INTERNATIONAL DEVELOPMENT ASSOCIATION					
International Development Association	Government	21-Apr-1973	0.75 as commission	15-Nov-2022	3.51
International Development Association	Government	12-May-1971	0.00	1-Oct-2020	0.84
International Development Association	Central Bank	11-Sep-1971	0.75	15-Nov-2020	1.14
Total International Development Association					5.49
INTER-AMERICAN DEVELOPMENT BANK					
Inter-American Development Bank	Government	14-Jun-1982	2.00	24-Sep-2021	0.27
Inter-American Development Bank	CDEEE	17-Jul-1972	0.00	6-Mar-2022	1.46
Inter-American Development Bank	Government	15-Jul-1978	0.50	18-Apr-2028	0.72
Inter-American Development Bank	Government	05-Oct-1974	2.00	9-Aug-2014	0.55
Inter-American Development Bank	Government	25-Nov-1974	2.00	24-Oct-2014	1.22
Inter-American Development Bank	Government	03-Apr-1976	2.00	20-May-2015	1.73
Inter-American Development Bank	Government	16-Nov-1977	2.00	24-May-2017	2.52
Inter-American Development Bank	Government	15-May-1979	2.00	6-Apr-2019	0.65
Inter-American Development Bank	Government	15-May-1979	2.00	6-Apr-2019	10.96
Inter-American Development Bank	Government	29-Dec-1979	2.00	15-Oct-2019	5.43
Inter-American Development Bank	Government	31-Dec-1979	2.00	15-Oct-2019	4.77
Inter-American Development Bank	Government	20-Jan-1980	2.00	24-Nov-2019	7.42
Inter-American Development Bank	Government	20-Jan-1980	2.00	24-Nov-2019	7.82
Inter-American Development Bank	Government	15-Jan-1982	2.00	24-Jan-2021	3.17
Inter-American Development Bank	Government	15-Sep-1981	2.00	16-Mar-2021	6.94
Inter-American Development Bank	Government	13-Jun-1982	2.00	13-May-2021	1.95
Inter-American Development Bank	Government	14-Jun-1982	2.00	24-Sep-2021	1.58
Inter-American Development Bank	Government	16-Nov-1982	2.00	23-Sep-2022	14.53
Inter-American Development Bank	Government	18-Jun-1982	2.00	6-Mar-2022	6.26
Inter-American Development Bank	Government	31-May-1984	2.00	14-Feb-2024	0.69
Inter-American Development Bank	Government	25-Jan-1995	Variable (IDB)	20-Nov-2019	6.40
Inter-American Development Bank	Government	30-Apr-1990	2.00	13-Feb-2030	23.47
Inter-American Development Bank	Government	20-Feb-1992	2.00	12-Jun-2031	17.83
Inter-American Development Bank	Government	15-Jul-1993	2.00	8-Jul-2032	23.69
Inter-American Development Bank	Government	25-Jul-1997	Variable (IDB)	13-Oct-2026	29.38
Inter-American Development Bank	Government	15-Nov-1994	2.00	1-Jun-2034	37.35
Inter-American Development Bank	Government	15-Jul-1997	Variable (IDB)	30-Sep-2021	24.69
Inter-American Development Bank	Government	25-Jan-1995	2.00	20-Nov-2034	9.91
Inter-American Development Bank	Government	29-Aug-1998	Variable (IDB)	20-Feb-2023	32.32
Inter-American Development Bank	Government	31-Aug-1998	Variable (IDB)	20-Feb-2023	10.78
Inter-American Development Bank	Government	31-Aug-1998	Variable (IDB)	20-Feb-2023	6.19
Inter-American Development Bank	Government	26-Sep-2000	Variable (IDB)	18-Jul-2023	5.43
Inter-American Development Bank	Government	11-Aug-1999	Variable (IDB)	3-Oct-2023	26.31
Inter-American Development Bank	Government	22-May-1999	Variable (IDB)	3-Oct-2023	4.29
Inter-American Development Bank	Government	24-Jun-1999	Variable (IDB)	2-Dec-2023	39.54
Inter-American Development Bank	Government	24-Jun-1999	Variable (IDB)	2-Dec-2023	11.66
Inter-American Development Bank	Government	28-Mar-2001	Variable (IDB)	27-Apr-2019	9.73
Inter-American Development Bank	Government	13-Oct-2000	Variable (IDB)	5-Sep-2024	10.08
Inter-American Development Bank	Government	26-Sep-2000	Variable (IDB)	22-Sep-2019	13.21
Inter-American Development Bank	Government	26-Sep-2000	Variable (IDB)	22-Sep-2019	6.12
Inter-American Development Bank	Government	28-Mar-2001	Variable (IDB)	10-Nov-2025	11.81
Inter-American Development Bank	Government	27-Nov-2001	Variable (IDB)	14-Feb-2026	27.56
Inter-American Development Bank	Government	21-Nov-2001	Variable (IDB)	2-Aug-2021	89.28

APPENDIX

Dominican Republic: Global Public Sector External Debt as of December 31, 2013

(in millions of US$)(1)

Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
Inter-American Development Bank	Government	27-Nov-2001	Variable (IDB)	14-Feb-2026	5.34
Inter-American Development Bank	Government	21-Nov-2001	Variable (IDB)	2-Aug-2021	17.39
Inter-American Development Bank	Government	26-Feb-2003	Variable (IDB)	29-Apr-2027	38.51
Inter-American Development Bank	Government	30-Jan-2004	Variable (IDB)	30-Jul-2027	60.93
Inter-American Development Bank	Government	23-Mar-2004	Variable (IDB)	24-Mar-2028	3.72
Inter-American Development Bank	Government	06-Aug-2004	4.82	8-Aug-2023	6.00
Inter-American Development Bank	Government	02-Nov-2005	Variable (IDB)	4-Nov-2028	3.77
Inter-American Development Bank	Government	23-Mar-2004	4.82	23-Sep-2023	60.61
Inter-American Development Bank	Government	24-Aug-2005	Variable (IDB)	24-Aug-2023	4.06
Inter-American Development Bank	Government	13-Jan-2007	Variable (IDB)	15-Jul-2030	8.55
Inter-American Development Bank	Government	03-Aug-2007	Variable (IDB)	5-Aug-2026	139.29
Inter-American Development Bank	Government	14-Aug-2007	Variable (IDB)	16-Feb-2032	8.64
Inter-American Development Bank	Government	04-Jul-2008	LIBOR 6m + 0.09	6-Jul-2030	9.52
Inter-American Development Bank	Government	04-Jul-2008	Variable (IDB)	6-Jul-2032	31.99
Inter-American Development Bank	Government	04-Jul-2008	Variable (IDB)	6-Jul-2032	20.00
Inter-American Development Bank	Government	07-Jul-2008	Variable (IDB)	9-Jul-2030	4.63
Inter-American Development Bank	Government	31-Dec-2008	Variable (IDB)	9-Jul-2030	10.15
Inter-American Development Bank	Government	04-Jun-2009	Variable (IDB)	6-Dec-2028	60.00
Inter-American Development Bank	Government	09-Jun-2009	Variable (IDB)	11-Dec-2032	15.48
Inter-American Development Bank	Government	04-Jun-2009	Variable (IDB)	6-Dec-2033	35.77
Inter-American Development Bank	Government	12-Nov-2009	Variable (IDB)	15-Aug-2014	333.33
Inter-American Development Bank	Government	18-Dec-2009	Variable (IDB)	30-Sep-2034	62.27
Inter-American Development Bank	Government	18-Aug-2010	Variable (IDB)	22-Mar-2035	50.00
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	18-Nov-2030	110.00
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	15-Jun-2025	2.23
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	1-Nov-2030	88.64
Inter-American Development Bank	Government	06-May-2011	Variable (IDB)	8-Nov-2035	3.72
Inter-American Development Bank	Government	06-May-2011	Variable (IDB)	8-Nov-2035	5.98
Inter-American Development Bank	Government	16-Dec-2011	Variable (IDB)	15-Jun-2031	200.00
Inter-American Development Bank	Government	22-dec-2011	Variable (IDB)	12-Oct-2036	6.75
Inter-American Development Bank	Government	27-Jan-2012	Variable (IDB)	12-Oct-2036	1.00
Inter-American Development Bank	Government	23-Jul-2012	Variable (IDB)	25-Jul-2036	1.10
Inter-American Development Bank	Government	27-Jul-2012	Variable (IDB)	29-Jul-2036	47.75
Inter-American Development Bank	Government	16-Jan-2013	Variable (IDB)	15-May-2037	75.00
Inter-American Development Bank	Government	23-Dec-2013	Variable (IDB)	15-Nov-2031	50.00
Inter-American Development Bank	Government	23-Dec-2013	Variable (IDB)	15-Nov-2031	40.00
Inter-American Development Bank	Government	23-Dec-2013	Variable (IDB)	15-Jun-2027	350.00
Inter-American Development Bank	Central Bank	25-Mar-1976	2.00	6-Apr-2016	0.93
Inter-American Development Bank	Central Bank	31-Dec-1980	2.00	6-Jan-2021	1.83
Inter-American Development Bank	Central Bank	15-Nov-1995	Variable (IDB)	21-Nov-2015	15.44
Inter-American Development Bank	Central Bank	N/A	0.00	19-Dec-1978	4.43
Total Inter-American Development Bank					2552.38
WORLD BANK					
World Bank	Government	29-Aug-1998	LIBOR 6m	15-Oct-2014	3.22
World Bank	Government	23-Aug-1998	LIBOR 6m	15-Apr-2015	0.35
World Bank	Government	31-Jan-1997	LIBOR 6m	15-May-2015	3.10
World Bank	Government	31-Jan-1997	Variable (World	1-May-2015	0.05
World Bank	Government	25-Jun-1997	LIBOR 6m	15-Oct-2015	7.06
World Bank	Government	25-Jun-1997	Variable (World	15-Oct-2015	0.12
World Bank	Government	8-Jun-1999	7.18	15-Apr-2014	4.88
World Bank	Government	10-Dec-2000	4.90	15-Sep-2015	1.32

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Dominican Republic: Global Public Sector External Debt as of December 31, 2013
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Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
World Bank	Government	15-Oct-2000	LIBOR 6m	15-Apr-2017	1.79
World Bank	Government	20-May-2001	LIBOR 6m	15-Oct-2017	1.03
World Bank	Government	31-Dec-2001	5.73	15-Apr-2018	9.68
World Bank	Government	14-Nov-2003	5.88	15-Oct-2019	24.11
World Bank	Government	31-Dec-2004	4.88	15-Apr-2020	16.64
World Bank	Government	3-Mar-2004	5.49	15-Oct-2020	58.30
World Bank	Government	10-Aug-2005	4.88	15-Oct-2020	8.07
World Bank	Government	4-Mar-2004	Variable (World	15-Oct-2020	4.38
World Bank	Government	10-Dec-2005	Variable (World	15-Apr-2022	70.81
World Bank	Government	14-Sep-2007	LIBOR 6m	15-Oct-2022	18.08
World Bank	Government	15-Nov-2008	LIBOR 6m + 0.25	15-May-2024	12.23
World Bank	Government	7-Apr-2009	LIBOR 6m	15-Nov-2037	56.93
World Bank	Government	7-Apr-2009	LIBOR 6m	15-Nov-2037	37.37
World Bank	Government	23-Nov-2009	5.29	15-Nov-2032	150.00
World Bank	Government	18-Nov-2009	5.29	15-Nov-2032	150.00
World Bank	Government	18-Dec-2009	LIBOR 6m	15-May-2027	14.47
World Bank	Government	30-Dec-2009	LIBOR 6m	15-Nov-2035	5.14
World Bank	Government	21-Jun-2010	LIBOR 6m	15-Nov-2029	7.79
World Bank	Government	30-Nov-2010	LIBOR 6m	15-Jan-2028	3.10
World Bank	Government	22-Dec-2010	5.26	15-Sep-2032	150.00
World Bank	Government	27-jan-2012	3.65	15-Sep-2041	70.00
World Bank	Government	20-Jul-2012	3.89	15-Sep-2041	5.70
Total World Bank					895.72
EUROPEAN INVESTMENT BANK					
European Investment Bank	Government	15-Jul-1997	2.00	30-Jun-2014	1.44
European Investment Bank	Government	28-Feb-2001	1.00	20-Apr-2020	5.67
Total European Development Bank					7.11
CENTRAL AMERICAN BANK FOR ECONOMIC					
Central American Bank for Economic Integration	Government	2-Jun-2009	Variable (CABEI)	6-Jun-2024	113.75
Central American Bank for Economic Integration	Government	22-dec-2011	Variable (CABEI)	22-dec-2026	70.00
Central American Bank for Economic Integration	Government	3-Sep-2013	5.90	3-Sep-2028	80.20
Total Central American Bank for Economic Integration					263.95
INTERNATIONAL AGRICULTURAL DEVELOPMENT					
International Agricultural Development Fund	Government	30-Nov-1996	4.00	15-Jan-2014	0.22
International Agricultural Development Fund	Government	30-Sep-1999	Variable (IADF)	15-Jan-2019	4.94
International Agricultural Development Fund	Government	23-Mar-2010	Variable (IADF)	15-Nov-2027	2.03
International Agricultural Development Fund	Government	23-Jul-2012	Variable (IADF)	15-May-2031	0.05
Total International Agricultural Development Fund					7.23
NORDIC DEVELOPMENT FUND					
Nordic Development Fund	Government	23-Aug-1998	0.00	15-Jun-2033	6.11
Nordic Development Fund	Government	23-Aug-1998	0.75	15-Jun-2038	3.70
Total Nordic Development Fund					9.81
ANDEAN DEVELOPMENT CORPORATION					
Andean Development Corporation	Government	30-Dec-2008	LIBOR 6m + 1.80	29-Dec-2020	58.33
Andean Development Corporation	Government	18-Aug-2010	LIBOR 6m + 1.40	18-Aug-2025	80.00
Total Andean Development Corporation					138.33

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(in millions of US$)[(1)]

Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
OPEC FUND FOR INTERNATIONAL DEVELOPMENT					
OPEC Fund for International Development	Government	16-dec-2010	3.30	15-jan-2029	12.55
OPEC Fund for International Development	Government	9-Jun-2009	3.75	15-Jan-2021	6.82
Total OPEC Fund for International Development					19.37
INTERNATIONAL MONETARY FUND					
International Monetary Fund	Government	12-Nov-2009	Variable FMI	1-Nov-2014	683.39
International Monetary Fund	Central Bank	N/A	Variable FMI	28-Feb-2017	311.90
International Monetary Fund (Cumulative Allocations)	Central Bank	N/A	Variable FMI	N/A	321.60
Total International Monetary Fund					1316.89
TOTAL MULTILATERAL INSTITUTIONS					**5216.27**
FOREIGN GOVERNMENTS					
ABN AMRO BANK, Copenhagen	Government	7-Jul-2003	LIBOR 6m + 0.50	1-Jul-2015	7.22
ABN AMRO BANK, Copenhagen	Government	24-Jun-2003	LIBOR 6m + 0.60	1-Dec-2015	8.33
French Development Agency	Government	15-Mar-1999	3.00	30-Apr-2017	0.64
French Development Agency	Government	15-Dec-2000	2.25	30-Apr-2025	2.83
French Development Agency	Government	31-Mar-2000	2.50	31-Oct-2019	0.30
French Development Agency	Government	30-Jun-2002	2.50	31-Oct-2018	11.72
French Development Agency	Government	15-Jun-2009	0.25	31-Jul-2026	5.01
French Development Agency	Government	5-Oct-2011	LIBOR 6m + 1.05	31-May-2031	230.00
International Development Agency	Government	23-Feb-2006	3.00	5-Feb-2015	0.87
International Development Agency	Government	23-Feb-2006	2.00	11-Mar-2017	2.47
International Development Agency	Government	26-May-1988	4.28	7-Dec-2014	0.49
International Development Agency	Government	23-Feb-2006	2.00	15-Apr-2016	0.58
International Development Agency	Government	2-Nov-1986	3.00	20-Jan-2014	0.09
International Development Agency	Government	23-Feb-2006	4.75	1-Oct-2016	0.63
International Development Agency	Government	23-Feb-2006	2.82	1-Oct-2016	18.63
International Development Agency	Government	5-Dec-2006	4.88	1-Oct-2017	0.61
International Development Agency	Government	5-Dec-2006	2.82	1-Oct-2017	15.56
AKA Ausfunhrkredit -Gesellschaft	Government	20-Feb-2004	4.99	1-Jan-2022	37.96
AKA Ausfunhrkredit -Gesellschaft	Government	10-Jan-2007	0.28	1-Apr-2020	23.43
Bank of France	Government	23-Feb-2006	2.46	1-Oct-2016	0.23
Bank of France	Government	23-Feb-2006	2.46	1-Oct-2016	0.24
Bank of France	Government	23-Feb-2006	4.45	1-Oct-2016	0.23
Bank of France	Government	5-Dec-2006	2.52	1-Oct-2017	0.19
Bank of France	Government	5-Dec-2006	2.52	1-Oct-2017	0.27
Bank of France	Government	5-Dec-2006	4.45	1-Oct-2017	0.25
Banco Nacional de Comercio Exterior de Mexico	Government	28-Nov-2001	8.50	4-Oct-2014	0.54
Banco Bilbao Vizcaya, Milán	Government	28-Jan-2004	4.83	30-Sep-2014	0.14
Banco Nacional de Desenvolvimento Econômico y Social	Government	16-Jan-2004	4.75	3-Mar-2016	28.18
Banco Nacional de Desenvolvimento Econômico y Social	Government	22-Apr-2002	7.91	18-Dec-2014	14.34
Banco Nacional de Desenvolvimento Econômico y Social	Government	30-Sep-2005	6.09	18-Oct-2017	24.73
Banco Nacional de Desenvolvimento Econômico y Social	Government	5-Jul-2007	6.48	18-Jul-2019	45.01
Banco Nacional de Desenvolvimento Econômico y Social	Government	18-Jul-2007	7.12	18-Jul-2019	57.31
Banco Nacional de Desenvolvimento Econômico y Social	Government	25-Aug-2008	6.33	25-Feb-2021	8.37
Banco Nacional de Desenvolvimento Econômico y Social	Government	25-Aug-2008	5.89	25-Feb-2021	39.07
Banco Nacional de Desenvolvimento Econômico y Social	Government	31-Oct-2008	6.63	19-May-2021	45.27
Banco Nacional de Desenvolvimento Econômico y Social	Government	15-Nov-2008	6.53	4-Dec-2020	69.10
Banco Nacional de Desenvolvimento Econômico y Social	Government	5-Jul-2007	8.61	18-Jul-2017	8.89

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Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
Banco Nacional de Desenvolvimento Econômico y Social	Government	14-Jul-2009	3.42	14-Jul-2019	35.48
Banco Nacional de Desenvolvimento Econômico y Social	Government	14-Jul-2009	3.56	14-Jul-2019	37.68
Banco Nacional de Desenvolvimento Econômico y Social	Government	24-Oct-2009	5.164	24-Nov-2021	37.14
Banco Nacional de Desenvolvimento Econômico y Social	Government	10-Aug-2010	4.695	29-Sep-2022	39.24
Banco Nacional de Desenvolvimento Econômico y Social	Government	5-Oct-2011	4.043	23-Feb-2024	47.67
Banco Nacional de Desenvolvimento Econômico y Social	Government	5-Oct-2011	4.023	23-Feb-2022	47.22
Banco Nacional de Desenvolvimento Econômico y Social	Government	10-Oct-2011	4.043	23-Feb-2024	150.01
BANESTO	Government	27-Aug-2010	3.920	24-Dec-2025	37.61
BNP PARIBAS, Belgium	Government	12-Aug-2007	EURIBOR 6m + 0.20	22-Sep-2019	84.44
BNP PARIBAS, Paris	Government	26-Jun-2011	3.45	19-Jul-2024	90.14
BNP FORTIS, BELGICA	Government	29-Jun-2011	3.45	28-Sep-2023	139.25
BNP FORTIS, ESPAÑA	Government	17-Jun-2010	LIBOR 6m + 2.5	15-May-2020	26.60
Brazil Central Bank	Central Bank	N/A	LIBOR	N/A	0.01
Mexico Central Bank	Central Bank	N/A	LIBOR	N/A	0.01
Commerzbank Belgium	Government	16-Mar-2004	LIBOR 6m + 0.20	10-May-2019	3.05
Commodity Credit Corporation	Government	23-Feb-2006	4.88	1-Oct-2016	18.32
Commodity Credit Corporation	Government	23-Feb-2006	3.64	1-Oct-2016	6.88
Commodity Credit Corporation	Government	5-Dec-2006	5.75	1-Oct-2017	17.41
Commodity Credit Corporation	Government	5-Dec-2006	3.50	1-Oct-2017	5.47
Compañia Española de Seguros y Crédito a la Exportación	Government	23-Feb-2006	LIBOR 6m + 0.40	1-Oct-2016	17.69
Compañia Española de Seguros y Crédito a la Exportación	Government	23-Feb-2006	EURIBOR 6m + 0.40	1-Oct-2016	0.57
Compañia Española de Seguros y Crédito a la Exportación	Government	5-Dec-2006	LIBOR 6m + 0.40	1-Oct-2017	18.90
Compañia Española de Seguros y Crédito a la Exportación	Government	5-Dec-2006	EURIBOR 6m + 0.40	1-Oct-2017	0.59
French Foreign Trade Insurance Company	Government	23-Feb-2006	4.45	1-Oct-2016	2.30
French Foreign Trade Insurance Company	Government	23-Feb-2006	LIBOR 3m + 0.5	1-Oct-2016	0.06
French Foreign Trade Insurance Company	Government	5-Dec-2006	4.45	1-Oct-2017	1.98
French Foreign Trade Insurance Company	Government	5-Dec-2006	LIBOR 3m + 0.5	1-Oct-2017	0.07
Deutsche Bank, S.A.E	Government	20-Feb-2004	EURIBOR 6m +	30-Sep-2020	21.37
Deutsche Bank, S.A.E	Government	14-Aug-2001	5.50	16-Sep-2018	19.88
Deutsche Bank, S.A.E	Government	14-Aug-2001	5.12	17-Mar-2014	0.46
Deutsche Bank, S.A.E	Government	18-Jul-2006	4.52	18-Aug-2014	0.33
Deutsche Bank, S.A.E	Government	10-Jan-2007	EURIBOR 6m +	29-Mar-2019	21.82
Deutsche Bank, S.A.E	Government	20-Feb-2004	5.23	8-Jun-2021	23.88
Deutsche Bank, S.A.E	Government	26-Nov-2009	4.51	22-Aug-2022	116.02
Deutsche Bank, S.A.E	Government	26-Nov-2009	4.51	23-Aug-2022	83.03
Deutsche Bank, S.A.E	Government	29-Dec-2009	4.73	16-Aug-2017	7.17
Deutsche Bank, S.A.E	Government	29-Jun-2011	4.05	15-Jun-2031	64.84
Deutsche, London	Government	10-Jan-2007	EURIBOR 6m +	30-Nov-2018	17.72
Deutsche, London	Government	21-Jun-2010	LIBOR 6m	8-Aug-2024	11.99
Deutsche, Milan	Government	17-Aug-2009	LIBOR 6m + 1.725	15-Sep-2020	23.48
Department of Defense	Government	23-Feb-2006	4.88	1-Oct-2016	0.74
Department of Defense	Government	5-Dec-2006	5.00	1-Oct-2017	0.70
Export Development Corporation	Government	1-Nov-2002	LIBOR 6m + 1.00	23-Jun-2016	11.52
Export Development Corporation	Government	1-Nov-2002	LIBOR 6m + 1.00	15-May-2015	8.79
Euler Hermes	Government	23-Feb-2006	4.20	1-Oct-2016	2.38
Euler Hermes	Government	5-Dec-2006	4.20	1-Oct-2017	2.53
Export-Import Bank of the United States	Government	23-Feb-2006	UST + 0.5	1-Oct-2016	9.86
Export-Import Bank of the United States	Government	5-Dec-2006	UST + 0.5	1-Oct-2017	11.29
Export-Import Bank of the United States	Government	27-Jul-2012	CIRR USD ≥ 8.5	20-Jan-2022	32.88
Fortis Bank, S.A. Spain	Government	12-Jan-2007	EURIBOR 6m +	30-Nov-2018	7.79
Fortis Bank, N.V.	Government	13-Dec-2001	LIBOR 6m + 1.00	28-May-2014	2.34
Fortis Bank, N.V.	Government	27-Mar-2004	EURIBOR 6m + 1.00	8-Nov-2014	1.29

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Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
Belgium Government	Government	31-Dec-1993	LIBOR 6m + 0.20	31-Dec-2020	0.51
HSBC Bank	Government	2-May-2003	LIBOR 6m + 0.50	15-Nov-2014	7.24
HSBC Bank	Government	3-May-2003	LIBOR 6m + 0.50	15-Nov-2014	8.79
HSBC Bank	Government	13-Jan-2004	LIBOR 6m + 0.75	15-Jun-2015	10.60
International Cooperation and Development Fund-CHINA	Government	15-Jun-2001	3.50	15-May-2026	2.53
Official Credit Institute	Government	21-Oct-2003	2.00	6-Nov-2019	6.70
Official Credit Institute	Government	10-Jul-1995	1.50	8-Aug-2025	3.33
Official Credit Institute	Government	22-Feb-1996	1.50	11-Mar-2026	3.81
Official Credit Institute	Government	2-Feb-1998	1.00	4-Feb-2028	3.59
Official Credit Institute	Government	2-Feb-1998	1.00	4-Feb-2028	3.89
Official Credit Institute	Government	17-Aug-1998	1.00	31-Aug-2028	2.35
Official Credit Institute	Government	10-Dec-1998	1.00	14-Dec-2028	2.85
Official Credit Institute	Government	10-Dec-1998	4.75	14-Dec-2028	2.05
Official Credit Institute	Government	10-Dec-1998	1.00	14-Dec-2028	1.73
Official Credit Institute	Government	28-Feb-2001	1.00	4-Jul-2030	22.20
Official Credit Institute	Government	1-Mar-1999	1.00	20-May-2029	8.16
Official Credit Institute	Government	29-Mar-1999	3.00	24-May-2014	0.06
Official Credit Institute	Government	10-Dec-2000	3.70	24-Feb-2030	1.74
Official Credit Institute	Government	11-Jan-2002	1.00	15-Jul-2031	3.33
Official Credit Institute	Government	2-Jan-2002	2.60	10-Jul-2017	4.27
Official Credit Institute	Government	23-Feb-2006	2.50	1-Oct-2016	0.74
Official Credit Institute	Government	9-Feb-2006	2.50	1-Oct-2016	1.06
Official Credit Institute	Government	5-Dec-2006	2.50	1-Oct-2017	0.82
Official Credit Institute	Government	5-Dec-2006	2.50	1-Oct-2017	1.18
Official Credit Institute	Government	28-Aug-2010	0.01	25-May-2040	39.25
Official Credit Institute	Government	12-Jul-2012	0.01	8-Jun-2051	6.42
Japan International Cooperation Agency (a JBIC-OECF)	Government	12-Oct-1994	3.00	20-Mar-2024	42.61
Japan International Cooperation Agency (a JBIC-OECF)	Government	23-Feb-2006	1.50	1-Oct-2016	9.32
Japan International Cooperation Agency (a JBIC-OECF)	Government	5-Dec-2006	1.50	1-Oct-2017	8.19
Export-Import Bank of Korea	Government	9-May-2007	1.70	20-Aug-2027	19.74
Export-Import Bank of Korea	Government	30-Sep-2013	0.25	20-Feb-2042	0.24
Kredit Für Wiederaufbau	Government	25-Jun-1997	2.00	30-Dec-2026	6.60
Kredit Für Wiederaufbau	Government	20-Jun-1998	2.00	30-Dec-2026	6.78
Kredit Für Wiederaufbau	Government	26-Feb-2005	4.50	30-Dec-2020	11.14
Kredit Für Wiederaufbau	Government	14-Oct-2003	3.43	30-Jun-2032	2.77
Kredit Für Wiederaufbau	Government	5-Dec-2006	3.06	1-Oct-2017	2.02
Kredit Für Wiederaufbau	Government	29-Jun-2011	4.08	7-Oct-2023	34.09
Land Bank of Taiwan	Government	24-Aug-2005	LIBOR 6m + 1.00	4-Aug-2021	8.73
Ministry of Economy, Commerce and Industry, Government of	Government	23-Feb-2006	YLD JYP + 0.5	1-Oct-2016	6.43
Ministry of Economy, Commerce and Industry, Government of	Government	23-Feb-2006	YLD JYP + 0.5	1-Oct-2017	6.83
NATIXIS	Government	14-May-1986	2.00	30-Jun-2016	0.62
NATIXIS	Government	13-May-1996	3.60	31-Dec-2018	1.63
NATIXIS	Government	22-Dec-2011	1.00	30-Jun-2033	14.88
Petróleos de Venezuela, S.A.	Government	6-Sep-2005	1.00	20-Mar-2034	3686.40
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	2.00	23-Sep-2021	48.10
Private Export Funding Corporation	Government	22-Nov-2002	LIBOR 6m + 1.75	15-Dec-2014	4.40
SCPB (A. AMEX)	Government	29-Apr-2006	LIBOR 6m + 1.75	15-Aug-2015	10.40
Société Generale - Canada	Government	6-Mar-2004	LIBOR 6m + 1.00	7-Dec-2015	12.18
Société Generale - Canada	Government	6-Mar-2004	LIBOR 6m + 0.75	22-Dec-2018	33.84
Société Generale - Paris	Government	12-Jan-2007	4.75	18-Dec-2018	21.42
Suntrust Bank	Government	6-Feb-2003	LIBOR 6m	15-Feb-2015	8.58
Suntrust Bank	Government	3-Mar-2006	LIBOR 6m + 0.50	15-Jun-2015	2.90

APPENDIX

Dominican Republic: Global Public Sector External Debt as of December 31, 2013
(in millions of US$)[1]

Lender	Borrower	Approval Date (dd/mm/yyyy)	Interest Rate (as a %)	Maturity Date (dd/mm/yyyy)	Outstanding Amount as of December 31, 2013
TOTAL FOREIGN GOVERNMENTS					**6239.63**
COMMERCIAL BANKS					
ARGO FUND	Government	10-Aug-2006	7.63	30-Jan-2016	33.70
DEUTSCHE	Government	11-Aug-1999	7.50	2-Aug-2016	3.00
DEUTSCHE	Government	20-Feb-2004	EURIBOR 6M + 3.75	12-Feb-2014	1.09
DEUTSCHE	Government	22-Jun-2001	LIBOR 6m + 1.00	22-Nov-2017	25.96
ABN, HOLANDA	Government	9-Aug-2007	LIBOR 6m + 3.00	29-Aug-2016	10.57
BNP PARIBAS PARIS	Government	12-Jan-2007	EURIBOR 6M + 2.85	9-Mar-2014	1.42
BNP PARIBAS PARIS	Government	5-Jul-2007	LIBOR 6m + 3.30	17-Jul-2014	5.00
BNP FORTIS, ESPAÑA	Government	17-Jun-2010	LIBOR 6m + 5.5	15-Nov-2016	5.30
BNP FORTIS, BELGICA	Government	5-Jul-2010	LIBOR 6m + 5.6	15-Nov-2017	15.20
BNP PARIBAS NYC	Government	19-Nov-2010	LIBOR 6m + 4.75	20-Jul-2017	43.20
BANESTO	Government	28-Aug-2010	LIBOR 6m + 2.25	23-Feb-2016	6.91
DEUTSCHE	Government	31-Oct-2008	LIBOR 6m + 2.85	22-Nov-2015	8.00
DEUTSCHE	Government	10-Jan-2007	EURIBOR 6M + 0.35	27-Mar-2014	3.65
Deutsche Bank, S.A.E	Government	17-Aug-2009	LIBOR 6m + 4.00	08-Apr-2017	24.00
Deutsche Bank, S.A.E	Government	28-Oct-2009	LIBOR 6m + 7.75	29-Dec-2015	4.00
Deutsche Bank, S.A.E	Government	26-Nov-2009	LIBOR 6m + 4.00	8-Feb-2017	11.50
Deutsche Bank, S.A.E	Government	26-Nov-2009	LIBOR 6m + 5.75	29-Jul-2017	8.23
Deutsche Bank, S.A.E	Government	26-Nov-2009	LIBOR 6m + 5.75	24-Jun-2015	15.02
Deutsche Bank, S.A.E	BNV	N/A	N/A	N/A	4.50
CITIUK	ROSARIO	30-Aug-1994	LIBOR 6m + 0.8125	30-Aug-2024	12.08
BANK NY	Government	25-Jan-2006	8.63	20-Apr-2027	300.00
BANK NY	Government	13-Apr-2005	9.04	23-Jan-2018	576.89
BANK NY MELLON	Government	11-Mar-2010	7.50	5-May-2021	1500.00
BANK NY MELLON	Government	5-Feb-2013	5.88	18-Apr-2024	1000.00
BANK NY MELLON	Government	3-Oct-2013	6.60	28-Jan-2024	500.00
CITIBANK Bonds w/ discount	Central Bank	28-Jun-1994	Libor	30-Aug-2024	309.26
CITIBANK Bonds w/ discount	Central Bank	28-Jun-1994	Libor	30-Aug-2024	6.39
TOTAL COMMERCIAL BANKS					**4434.90**
SUPPLIERS					
ATMOSPHERICS	CDEEE	27-Jan-1984	3.50	31-Dec-1989	0.07
BURNS & ROE	CDEEE	14-Feb-1984	3.50	31-Dec-1989	0.54
SYSTEMS C.	CDEEE	27-Nov-1980	8.55	31-Dec-1989	0.30
ASEA B.B.	CDEEE	30-Nov-1980	EURIBOR 6m +	31-Dec-1989	0.64
FIAT TTG	CDEEE	18-Aug-1983	10.00	31-Dec-1989	3.52
FIAT MARELLI	CDEEE	30-Jul-1980	7.75	31-Dec-1989	0.12
GEOLIDRO	CDEEE	29-Mar-1984	14.50	31-Dec-1989	0.38
HARZA	CDEEE	23-Sep-1985	LIBOR 6m + 3.00	31-Dec-1989	0.47
TOTAL SUPPLIERS					**6.03**
TOTAL					**15896.38**

APPENDIX

Dominican Republic: Global Public Sector External Debt as of December 31, 2013

(in millions of US$)(1)

(1) Currencies other than U.S. dollars are calculated at a rate published by the IMF on December 31, 2012.
(2) Entity acts as trustee.
* Represents less than US$0.01 million.

BNV	=	*Banco Nacional de la Vivienda* (National Housing Bank)
CDEEE	=	*Corporación Dominicana de Electricidad* (Dominican Electricity Corporation)
EURIBOR	=	Euro Inter-Bank Offered Rate
INDRHI	=	*Instituto Nacional de Recursos Hidráulicos* (National Hydraulics Resource Institute)
LIBOR	=	London Inter-Bank Offered Rate
N/A	=	Not Available
PROMIPYME	=	*Promoción y Apoyo a la Micro, Pequeña y Mediana Empresa*
ROSARIO DOM.	=	*Rosario Dominicana*

Source: Ministry of Finance and Central Bank.

ISSUER

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LUXEMBOURG LISTING AGENT, PAYING AGENT AND TRANSFER AGENT

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DIOS PATRIA LIBERTAD

REPUBLICA DOMINICANA