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Listing Particulars dated January 27, 2021

The Dominican Republic

US$1,000,000,000 4.500% Bonds due 2030
US$1,500,000,000 5.300% Bonds due 2041

The Dominican Republic (Legal Entity Identifier: 254900EHU7Q8FGVPI369) (the "Republic") has issued US$1,000,000,000 in principal amount of its 4.500% notes due 2030 (the "2030 Notes") and US$1,500,000,000 in principal amount of its 5.300% notes due 2041 (the "2041 Notes" and, together with the 2030 Notes, the "Notes"). The 2030 Notes are a further issuance of, and have been consolidated, form a single series, and are fully fungible with the Republic's outstanding 4.500% notes due 2030 issued in an aggregate principal amount of US$1,000,000,000 on January 30, 2020.

The Notes have been accepted for clearance and settlement through The Depository Trust Company ("DTC"), Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"). The Notes were issued on January 21, 2021.

Application has been made to have the Notes admitted to trading on the Official List of the Luxembourg Stock Exchange and to be listed on the Euro MTF Market operated by the Luxembourg Stock Exchange, which is a multilateral trading facility for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended, ("MiFID II"), and, therefore, not an EU-regulated market.

The Listing Particulars constitute a prospectus for the purpose of Part IV of the Luxembourg Law of 16 July 2019 on Prospectuses for Securities.

The Listing Particulars do not constitute a prospectus within the meaning of Regulation (EU) No 1129/2017 of the European Parliament and of the Council of 14 June 2017 (as amended, the "Prospectus Regulation"). Neither the Luxembourg Financial Supervisory Authority (Commission de Surveillance du Secteur Financier, or "CSSF"), nor any other "competent authority" (as defined in the Prospectus Regulation) has approved the Listing Particulars or reviewed information contained in the Listing Particulars.

You should read the Listing Particulars along with the document appended hereto. The document contains information you should consider when making your investment decision. The Republic has not authorized anyone else to provide you with different information. We are responsible for the information contained in the Listing Particulars. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you.

The offering memorandum dated January 13, 2021 (the "Offering Memorandum"), appended hereto as Annex A, is considered part of the Listing Particulars.

Information in the Listing Particulars and the document appended hereto is accurate as of the date on the front of the Listing Particulars.

The Listing Particulars and the document appended hereto will be published on the internet website of the Luxembourg Stock Exchange www.bourse.lu and will be available for download free of charge.

Annex A

http://www.oblible.com

OFFERING MEMORANDUM

The Dominican Republic

US$1,000,000,000 4.500% Bonds due 2030

US$1,500,000,000 5.300% Bonds due 2041

We are offering US$1,000,000,000 aggregate principal amount of our 4.500% bonds due 2030 (the "2030 bonds") and US$1,500,000,000 aggregate principal amount of our 5.300% bonds due 2041 (the "2041 bonds" and, together with the 2030 bonds, the "bonds"). The bonds are being offered as debt securities under an indenture dated as of January 27, 2015 (the "indenture"). The 2030 bonds are being offered as additional debt securities under the indenture, and will constitute a further issuance of, be consolidated, form a single series, and be fully fungible with, the Republic's outstanding 4.500% Bonds due 2030 originally issued on January 30, 2020 in the aggregate principal amount of US$1,000,000,000. After giving effect to the issuance of the 2030 bonds offered hereby, the total principal amount of 4.500% Bonds due 2030 outstanding will be US$2,000,000,000.

Interest on the 2030 bonds will accrue from July 30, 2020 and will be payable semi-annually in arrears on January 30 and July 30 of each year. The first interest payment on the 2030 bonds will be made on January 30, 2021. The 2030 bonds will mature on January 30, 2030. Interest on the 2041 bonds will accrue from January 21, 2021 and will be payable semi-annually in arrears on January 21 and July 21 of each year. The first interest payment on the 2041 bonds will be made on July 21, 2021. The 2041 bonds will mature on January 21, 2041. We may redeem the bonds, in whole or in part, at any time by paying the greater of the outstanding principal amount of the bonds and a "make-whole" amount calculated by the Republic, in each case, plus accrued and unpaid interest to the redemption date. See "Description of the Bonds—Optional Redemption."

The bonds will be direct, general, unconditional and unsubordinated 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 will contain "collective action clauses." Under these provisions, which differ from the terms of the Republic's Public External Debt issued prior to January 27, 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.

The Republic will apply to list the bonds on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.

Investing in the bonds involves risks. See "Risk Factors" beginning on page 22.

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 reliance on Rule 144A under the Securities Act, and outside the United States to persons who are not U.S. persons in reliance on 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.

Price for the 2030 bonds: 104.721% plus accrued interest from (and including) July 30, 2020 to (but excluding) January 21, 2021, the date on which the Republic expects to deliver the bonds, in the aggregate amount of US$21,375,000, and any additional interest from January 21, 2021, if settlement occurs after that date.

Price for the 2041 bonds: 100.000% plus accrued interest, if any, from January 21, 2021.

The initial purchasers expect to deliver the bonds to purchasers on or about January 21, 2021, only in book-entry form through the facilities of The Depository Trust Company ("DTC"), Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream").

Joint Book-Running Managers

Citigroup J.P. Morgan

January 13, 2021

The Republic is responsible for the information contained in this offering 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 offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

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This offering memorandum is confidential. This offering memorandum has been prepared by the Republic solely for use in connection with the proposed offering of the securities described in this offering memorandum. This offering 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 offering memorandum solely for the purpose of considering the purchase of the bonds. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without the Republic's prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

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

- the information contained in this offering memorandum is true and correct in all material respects and is not misleading as of the date of this offering memorandum;
- changes may occur in the Republic's affairs after the date of this offering memorandum;
- certain statistical, economic, financial and other information included in this offering 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 offering memorandum;
- the Republic has not omitted other facts the omission of which would make this offering memorandum, as a whole, misleading in any material respect; and
- the Republic accepts responsibility for the information it has provided in this offering 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 offering 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 bonds under applicable legal investment or similar laws or regulations.

The Republic has furnished the information in this offering 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 offering memorandum is, or shall be relied upon as, a promise or representation to you by the initial purchasers. This offering 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 offering 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 offering memorandum comes to inform themselves about and to observe any such restrictions. See "Plan of Distribution." This offering 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 the bonds or determined if this offering 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 an investment in the bonds for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

The bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of (EU) Directive 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

The bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation) for offering or selling the bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such bonds will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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 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 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 offering memorandum to the "Republic" are to the issuer, and all references to the "Government" or the "Budgetary Government" are all entities within the central government of the Dominican Republic, which consists of the legislative, judicial and executive branches, and its authorized representatives.

The terms set forth below have the following meanings for the purposes of this offering 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 terms of volume of a particular year, thus allowing historical GDP comparisons that exclude the effects of inflation. In this offering memorandum, real GDP figures are based in terms of volume referenced to their nominal level in 2007 (reference year) and compiled in accordance with the latest recommendations of the System of National Accounts 2008 that applied to the Dominican context and for which statistical information was available. GDP growth rates and growth rates included in this offering memorandum for the various sectors of the Dominican economy are based on real figures, except as otherwise indicated.

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 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 in the consumer price index, or "CPI." 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 CPI is based on a basket of goods and services identified by the Dominican Central Bank or 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 Republic does not compile statistics to calculate a producer price index or a wholesale price index, which are other indices often used to measure the rate of inflation.

Currency of Presentation and Exchange Rate

Unless we specify otherwise, references to "U.S. 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 period in two ways: the end of period is the exchange rate reported by the Central Bank on the last day of such period, while the average exchange rate corresponds to the daily average exchange rate reported by the Central Bank for all working days during that period. This is consistent with the methodology the International Monetary Fund or the "IMF" uses to calculate currency exchange rates. In all cases, exchange rate information derives from transactions in the spot market.

We presented herein certain currency conversions, including conversions of peso amounts to U.S. dollars, solely for the convenience of the reader 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 currency, at any particular rate or at all.

The DOP/U.S. dollar "reference" exchange rate on the spot market, as reported by the Central Bank, was DOP45.47 per US$1.00, DOP46.62 per US$1.00, DOP48.19 per US$1.00, DOP50.20 per US$1.00, DOP52.90 per US$1.00 and DOP58.11 per US$1.00, respectively, at the close of business on the last business day of 2015, 2016, 2017, 2018, 2019 and 2020. 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.

The following table sets forth the annual high, low, average and period-end "reference" exchange rates for the periods indicated, expressed in pesos per U.S. dollar and not adjusted for inflation. There can be no assurance that the peso will not depreciate or appreciate against the U.S. dollar in the future.

	Reference exchange rates[(1)]			
	High	**Low**	**Average[(2)]**	**Period end**
Year ended December 31,				
2015	45.49	44.24	44.94	45.47
2016	46.65	45.46	45.99	46.62
2017	48.19	46.63	47.44	48.19
2018	50.20	48.20	49.43	50.20
2019	52.90	50.21	51.20	52.90
2020	58.43	52.91	56.47	58.11

(1) Central Bank "reference" exchange rates.
(2) Average of daily closing quotes as reported by the Central Bank for all working days during the year or period.
Source: Central Bank.

As of January 12, 2021, the DOP/U.S. dollar "reference" exchange rate was DOP58.18 per US$1.00, as reported by the Central Bank.

Presentation of Financial and Economic Information

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

Data are generally classified as "preliminary" following the end of the relevant period until all the basic statistics and analytical procedures have been completed. The Central Bank conducts a regular review process of the Republic's official financial and economic statistics. Accordingly, certain financial and economic information presented in this offering 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 offering memorandum to be material, although we cannot assure you that material changes will not be made.

The Central Bank also periodically conducts a rebasing of GDP data it publishes. The most recent rebasing was completed in 2014 to update the "reference year" to 2007, and all data in this offering memorandum are presented on this basis unless otherwise indicated. See "—Certain Defined Terms—GDP." On January 1, 2018, the Central Bank implemented the 2018 National Household Expenditure and Income Survey, in order to gather statistical information throughout the country on the distribution of spending by Dominican families, as well as the amount and origin of the population's income. In March 2020, the Central Bank published the *Encuesta National de Gastos e Ingresos de los Hogares ENGIH 2018* (the Survey of National Household Expenses and Income 2018), which provides the main results of the survey and its methodological notes.

This constitutes part of the research underway prior to the next GDP data rebasing exercise to update the "reference year" from 2007 to 2018. The rebasing exercise was expected to be completed in 2021, although the COVID-19 outbreak has delayed its completion.

Presentation of Fiscal Information

In 2018, as a means to improve transparency and accountability in the administration of public resources, the Ministry of Finance began publishing fiscal data through the statement of operations, integrating the publication of the Government's income, expenditures and financing transactions. The fiscal data presented in the statement of operations, and in this offering memorandum, has been developed using the International Monetary Fund's Government Finance Statistics Manual 2014 (the "GFSM 2014"), which provides the principles and guidelines to be used in compiling fiscal statistics.

Information on the performance of the Budgetary Government has been published since November 2018, on a monthly basis with a lag of up to 45 days.

The use of the GFSM 2014 has implied certain changes in the presentation and classification of government revenues, as the methodology differs from the Public Sector's Budget Classifier Manual updated in 2014 and is of mandatory use by all public sector institutions in all stages of the budget cycle (*i.e.*, formulation, execution, monitoring and evaluation). Some of the material differences are as follows:

- the definition of "income" under the Public Sector's Budget Classifier Manual specifies that income is the set of non-reimbursable entries, other than grants, which are included as total revenues;
- the GFSM 2014 simplifies the classification of government revenue in taxes (or tax revenues), social security contributions, grants and other revenues. As such, there is no clear distinction between tax and non-tax revenues;
- the revenue from property tax under the GFSM 2014 only includes real estate property (*Impuesto a la Propiedad Inmobiliaria - IPI*), tax on assets and tax on inheritance and grant, with all other taxes that had been previously included as property tax (such as taxes on checks, real estate operations, transfer of personal property and motor vehicle transactions) being registered as "taxes on financial and capital transactions" under "general taxes on goods and services";
- all fines, indemnity surcharges and interests, which are registered with their respective taxes as per the Budget Classifier Manual, under the GFSM 2014, must be recorded under "other revenues";
- all gains on placement of premium bonds or accrued interests, which were previously recorded as revenues, under the GFSM 2014, are to be registered as a reduction in interest expenses;
- the capital revenue classification no longer exists as the sales of non-financial assets are not considered revenue, while capital transfers are registered under "other revenues"; and
- debt cancellations that were previously part of financing, as a reduction of such debt, under the GSFM 2014, are reclassified as income, as they affect net worth, under "other revenues."

The principal impact of the GFSM 2014 on the Republic's fiscal accounts are the following:

1) Greater detail in revenue and expense accounts, specifically in transfer accounts. Previously, transfers were classified by institutional sector while under the GFSM 2014 methodology they are classified by type of expenditure, be they subsidies, social benefits, donations (to government entities) or transfers;

2) Detailed financing operations by type of financial instrument; and

3) Expansion of institutional and transactional coverage.

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FORWARD-LOOKING STATEMENTS

This offering 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 offering 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;
  - a decline in foreign direct investment ("FDI"), 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;
  - changes in the sovereign credit rating of the Dominican Republic;
  - deterioration in relations between the Dominican Republic and its regional partners as well as main trading partners, such as the United States and the European Union; and
  - impact in the economy of the ongoing coronavirus ("COVID-19") pandemic;
- 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 result of local and national elections and any changes to economic and social policies that may be implemented by a new administration;
- 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 22 of this offering memorandum.

SUMMARY

This summary highlights information contained elsewhere in this offering 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 offering memorandum, including "Risk Factors" before investing in the bonds.

Selected Economic Information

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

	As of and for the year ended December 31,				
	2015	**2016**	**2017**	**2018[1]**	**2019[1]**
Domestic economy					
GDP (at current prices)	71,243	75,759	80,025	85,537	88,906
GDP (in millions of DOP, at current prices)	3,205,655	3,487,293	3,802,656	4,235,847	4,562,235
Real GDP (in chained indexes referenced to 2007)[2]	144	153	160	171	180
Real GDP growth rate[3]	6.9%	6.7%	4.7%	7.0%	5.1%
Consumer price index (annual rate of change)	2.3%	1.7%	4.2%	1.2%	3.7%
Open unemployment rate[4]	7.3%	7.1%	5.5%	5.7%	6.2%
Exchange rate (end of period, in DOP)	45.47	46.62	48.19	50.20	52.90
Balance of payments[6]					
Total current account[6]	(1,280)	(815)	(133)	(1,160)	(1,205)
of which:					
Trade balance (deficit)	(7,465)	(7,559)	(7,600)	(9,301)	(9,069)
Income from tourism	6,116	6,720	7,184	7,561	7,468
Personal transfers (workers' remittances)	4,961	5,261	5,912	6,494	7,087
Net (borrowing)/lending	(1,280)	(815)	(133)	(1,160)	(1,205)
Financial account balance (deficit)[6]	(1,513)	(2,455)	(2,121)	(2,712)	(2,514)
of which:					
Foreign direct investment	2,205	2,407	3,571	2,535	3013
Errors and omissions[7]	(1,550)	(748)	(1260)	(718)	(170)
Overall balance of payments, excluding impact of gold valuation adjustment[8]	770	892	728	835	1139
Change in Central Bank gross international reserves (period end)	407	780	731	849	1150
Central Bank net international reserves (period end)	5,195	6,047	6,781	7,628	8,782
Public sector balance[1] [9]					
Budgetary Government revenues[10]	11,842	10,495	11,173	12,133	12,793
As a % of GDP	16.6%	13.9%	14.0%	14.2%	14.4%
Budgetary Government expenditure[11]	11,818	12,779	13,882	14,119	14,865
As a % of GDP	16.6%	16.9%	17.3%	16.5%	16.7%
of which:					
Subsidies to CDEEE	546	451	370	344	423
As a % of GDP	0.8%	0.6%	0.5%	0.4%	0.5%
Budgetary Government balance[12]	(23)	(2,348)	(2,468)	(1,847)	(1,951)
As a % of GDP	—	(3.1)%	(3.1)%	(2.2)%	(2.2)%
Non-financial public sector balance[13]	(254)	(2,123)	(2,335)	(2,051)	(2,080)
As a % of GDP	(0.4)%	(2.8)%	(2.9)%	(2.4)%	(2.3)%
Public sector debt [14]					
Public sector external debt [15]	16,928	18,170	19,124	21,860	23,677
As a % of GDP	23.8%	24.0%	23.9%	25.6%	26.6%
Public sector domestic debt [16]	13,715	15,933	18,091	19,115	21,251
As a % of GDP	19.2%	21.0%	22.6%	22.3%	23.9%
Total public sector debt	30,643	34,103	37,215	40,975	44,928
As a % of GDP	43.0%	45.0%	46.5%	47.9%	50.5%
Public sector external debt service					
Amortizations	3,450	1,206	1,330	984	1,304
Interest payments	767	918	1,000	1,093	1,307
Total external debt service	4,217	2,124	2,330	2,077	2,611
As a % of total exports	24.8%	11.7%	12.3%	10.3%	12.7%

(1) Preliminary data.
(2) For additional information on this methodology see "Defined Terms and Conventions—Certain Defined Terms—GDP."
(3) Percentage change from previous year.

(4) 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) Open unemployment information for 2014 corresponds to the average of the last two quarters of the year. See "The Economy—Employment and Labor—Employment."
(6) 2015-2018 revised data; 2019 preliminary data as indicated. All data conforms to IMF's 6th Edition of the Balance of Payments Manual. For further details of these methodologies and terminologies see "*Implementación del Sexto Manual de Balanza de Pagos y Posición de Inversión Internacional del FMI en la República Dominicana*" accessible on the website of the Central Bank (www.bancentral.gov.do). The information on the Central Bank's website is not incorporated by reference herein and does not form a part of this offering memorandum.
(7) 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.
(8) As presented, gold reserves have been valued at their corresponding market prices as of December 31 of each year.
(9) Budgetary Government corresponds to all entities within the central government, which consists of the legislative, judicial and executive branches.
(10) Includes social security contributions and grants.
(11) Excludes "Statistical Discrepancy" (difference between financing below the line and the overall fiscal balance registered above the line).
(12) Includes "Statistical Discrepancy."
(13) The non-financial public sector includes the Budgetary Government and non-financial public sector institutions (such as extra-budgetary, social security funds, local governments, and state-owned enterprises).
(14) Consolidated public sector debt. Excludes debt owed by *Banco de Reservas* ("BanReservas") to foreign creditors.
(15) External debt is defined as all public sector debt issued in foreign countries and under the jurisdiction of a foreign court, independent of the creditor's nationality.
(16) Net of Budgetary Government liabilities owned by the Central Bank.

Sources: Central Bank, Ministry of Finance and IMF.

Recent Developments

The information contained in this section supplements the information about the Dominican Republic corresponding to the headings that are contained in this offering memorandum. This information is not necessarily indicative of the Dominican Republic's economy or fiscal results for the full fiscal year ending December 31, 2019 or any other period. You should read the following discussion of recent developments together with the more detailed information appearing elsewhere in this offering memorandum.

The Dominican Republic

2020 Elections

In August 2020, Mr. Luis Abinader, of the *Partido Revolucionario Moderno* ("PRM"), was inaugurated as President of the Republic for a four-year term ending in August 2024. Mr. Abinader was elected after obtaining 52.5% of the votes cast in the first round of the general elections held on July 5, 2020 (originally scheduled for May 17, 2020, but postponed due to concerns regarding the COVID-19 pandemic). The PRM also won a majority of the seats in both the Senate and in the Chamber of Deputies.

Since assuming office in August 2020, the Abinader administration has announced several initiatives and policy objectives, including:

- *Reactivation of the economy and other measures to address the impact of COVID-19*: The Abinader administration has extended through April 2021 social and employment support programs adopted by the previous administration to address the impact of COVID-19, such as *Quedate en Casa, FASE* and *Pa' ti*. The increase in fiscal expenditures for COVID-19-related social programs is expected to be funded via a reorganization of internal uses of funds and will not impact sources approved under the 2021 budget. See "—Measures to Mitigate the Impact of the COVID-19 Outbreak on the Economy." In addition, the new administration has announced measures to provide support to various sectors of the economy, including tourism, health, construction and agriculture, among others. These measures include various forms of tax relief, investments and incentives in housing and other construction, and the creation of a state guarantee fund to facilitate credit to small and mid-sized businesses, through April 2021. See "—Measures to Mitigate the Impact of the COVID-19 Outbreak on the Economy" and "—The Monetary System—Financial System and Reforms." On December 31, 2020, the Ministry of Public Health's Medicine, Food and Medical Products Department (*Dirección General de Medicamentos, Alimentos y Productos Sanitarios*) approved the emergency use of the AstraZeneca COVID-19 vaccine. The Republic contracted to purchase 10 million doses of such vaccine, which are expected to be obtained in February 2021, and expects to begin administering the vaccine in March 2021.
- *Further diversification of the economy and measures to support economic growth post-COVID-19*: The Abinader administration has announced a plan for construction and upgrade of infrastructure in several key sectors, including dams, waterworks, and ports and roads, among others. This plan contemplates the use of public-private partnerships (PPPs) to combine the managerial experience and financing capabilities of the public and private sectors in large-scale infrastructure projects. In addition, the administration has announced measures to promote significant growth in exports in several productive sectors of the economy, as well as a plan to modernize the regulatory framework and increase the number and productivity of industrial free zones in the country.
- *Fiscal responsibility and public sector reform*: The administration plans to streamline the public sector to better control costs, reduce corruption and improve public services, which include the elimination or combination of a number of public sector institutions considered redundant or superfluous. In the electricity sector in particular, the Abinader administration has and is taking steps to dissolve the *Corporación Dominicana de Empresas Eléctricas Estatales* (Dominican Corporation of State-Owned Electric Entities or "CDEEE") and concentrate regulatory oversight of the energy sector in the Ministry of Energy and Mines, and to reorganize management of state-owned electricity distribution companies and state-owned generation companies under a single council for each activity. The administration has also announced plans to open state-owned electricity assets to private sector investment and/or operation, as well as plans to promote investment in renewable energy.

- *Reinforce state institutions*: The Abinader administration has also announced plans to carry out a comprehensive reform of state institutions with the goal of enhancing transparency and reduce corruption. These plans include reforms to further strengthen the independence of the judiciary, as well as other autonomous institutions, and enhance controls in public bidding and contracting procedures.
- *Fiscal stability*: The Abinader administration has announced that it will carry out a comprehensive plan to achieve greater fiscal stability and fiscal responsibility, with a goal to eventually eliminate fiscal deficits. This plan includes an overall review of fiscal policy to improve the control and quality of public expenditures, the active management of public sector debt to achieve a sustainable debt structure, and the reform and simplification of the Dominican tax system to increase efficiency and tax collections. The plan also contemplates the recapitalization of the Central Bank.

Significant Litigation

On July 17, 2020, Webuild, S.p.A. (f/k/a Salini Imregilo, S.p.A.) filed a notice of arbitration with the Arbitration Institute of the Stockholm Chamber of Commerce under the Agreement on Reciprocal Promotion and Protection of Investments ("APPRI Italy"), entered into by the Republic and Italy, alleging a violation of the Republic's obligations under the APPRI Italy. The plaintiff has informally notified the Republic that it is seeking an award of up to US$25.8 million and DOP179.6 million. As of the date of this offering memorandum, this proceeding is still pending.

On September 14, 2020, Entreprise Générale de Tous Travaux S.A.R.L. Empresa (EGTT Guadeloupe) and Mr. Yves Martine Garnier filed a notice for arbitration with the Permanent Court of Arbitration under the Agreement on the Reciprocal Protection and Promotion of Investments (the "APPRI"), entered into by the Republic and France, alleging a violation of the Republic's obligations under the APPRI. Plaintiffs are seeking an award of US$224 million for damages. As of the date of this offering memorandum, this proceeding is still pending.

The Economy

2020 Economic Performance and COVID-19

Based on preliminary GDP figures, during the nine-month period ended September 30, 2020, GDP contracted by 8.1%, as compared to the same period in 2019. Annualized GDP growth rate for the months of January and February 2020 was 4.7% and 5.3%, respectively, while GDP contracted by 9.4%, 29.8%, 13.6%, 7.1%, 8.8%, 7.2% and 5.6% in March, April, May, June, July, August and September 2020, respectively. The results of the first two months of 2020 demonstrate that the Dominican economy started the year growing at a favorable rate, consistent with the spillover effects of the expansionary measures implemented during the second half of 2019. Nevertheless, the economic performance since March 2020 has contracted due to the impact of the preventative public safety measures taken to contain the spread of COVID-19 in the Dominican Republic. Such measures included, among others, mandatory quarantines and curfews, closure of the country's borders by air, land and sea, suspension of non-essential economic activities and limited public transportation.

As of the date of this offering memorandum, April 2020 had registered the steepest monthly decline in economic performance during the COVID-19 pandemic, consistent with the economic performance of other countries during that month. Economic performance in the Republic has been improving in recent months, mainly due to the gradual reopening of non-essential economic activity, easing monetary policy measures to provide liquidity to the economy, the adoption of certain tax incentives and benefits, and targeted government spending on social programs. The 5.6% contraction observed in September 2020 represented a 24.2 percentage point improvement compared to the 29.8% contraction observed in April 2020. Excluding hotels, bars and restaurants, the economic activity most affected by the COVID-19 pandemic, the rest of the economic activities in the Dominican Republic show on average a recovery in recent months, from a 12.5% average contraction in the second quarter of 2020 to a 3.1% average contraction in the third quarter of 2020.

The following table sets forth the distribution of GDP in the Dominican economy, indicating for each sector the annual growth rate (contraction) for the nine-month period ended September 30, 2020, as compared to the same period in 2019.

Gross Domestic Product (GDP)
(% change period-over-period, chained volume indexes referenced to 2007)

	For the nine-month period ended September 30, 2020[(1)]
Primary production:	
Agriculture, livestock, fishing and forestry	3.8
Mining	(13.6)
Secondary production:	
Traditional manufacturing	(3.7)
Free trade zones	(6.6)
Electricity, gas and water	1.2
Construction	(16.7)
Services:	
Wholesale and retail trade	(4.2)
Hotels, bars and restaurants	(47.7)
Transportation	(9.5)
Communications	2.3
Financial services	9.4
Real estate	4.2
Public administration	1.9
Education	(3.0)
Health	13.0
Other services	(11.9)
GDP	**(8.1)**

(1) Preliminary data. September 30, 2020 compared to September 30, 2019.
Source: Central Bank.

During the nine-month period ended September 30, 2020, based on preliminary GDP figures, the economic activities that were most affected in terms of real value-added, as compared to the same period in 2019, were:

(i) hotels, bars and restaurants (47.7% contraction),

(ii) construction (16.7% contraction),

(iii) mining (13.6% contraction),

(iv) other services (11.9% contraction),

(v) transportation (9.5% contraction),

(vi) free trade zones manufacturing (6.6% contraction) and

(vii) traditional manufacturing (3.7% contraction).

Notwithstanding the restrictions implemented to combat the public health impact of the COVID-19 pandemic, certain economic sectors recorded growth compared to the same period in 2019, such as:

(i) health services (13.0% growth),

(ii) financial services (9.4% growth),

(iii) agriculture, livestock, fishing and forestry (3.8% growth),

(iv) real estate (4.2% growth),

(v) communications (2.3% growth) and

(vi) electricity, gas and water (1.2% growth).

Measures to Mitigate the Impact of the COVID-19 Outbreak on the Economy

Education Measures

In order to safeguard the health and safety of students and staff, the National Council of Education indicated that the 2020-2021 school year would begin through distance learning on November 2, 2020 for primary and secondary school students. In order to guarantee the effectiveness of distance learning, the Government has implemented the following measures:

(i) provision of tablets and notebooks to approximately 2.7 million students;

(ii) provision of technological equipment to approximately half of the Dominican Republic's teachers;

(iii) assumption of student's cost of internet connectivity by the Government;

(iv) the use of radio, television and cable channels for the transmission of educational material in places where internet connectivity is not available;

(v) establishment of institutional mechanisms to integrate civil entities linked to education and educational management; and

(vi) simplification of the curriculum.

Investment in educational equipment and internet access for students and teachers is expected to exceed DOP27.0 billion. Further, the cost of updating schools and other institutions for in person learning is expected to exceed DOP3.0 billion. On November 12, 2020, the Ministry of Education announced that online classes would be available on YouTube.

Social Measures

School meal program. In order to safeguard the food security of vulnerable households, the Government decided to maintain the *Programa de Alimentación Escolar* (School Meal Program), despite the suspension of in-person classes. Pursuant to this measure, families of the more than 1.6 million enrolled students will be able have access to food rations based on the number of students of each family enrolled in schools.

Protection of vulnerable households and informal workers. Through the *Quédate en Casa* (Stay at Home) program implemented in April 2020, the Government committed to subsidizing 1.5 million households identified as poor or vulnerable, which are expected to be mostly supported by the preventive measures taken to contain the spread of COVID-19 in the Dominican Republic.

In particular, the Stay at Home program pays DOP8,500 per month to over 811,000 families who also benefit from the *Comer es Primero* (Eating Comes First) program. In addition, coverage was increased to benefit approximately 689,000 additional households. Simultaneously, an additional DOP2,000 per month complementary transfer was made to those households with at least one member in the family with special needs or pre-existing health conditions that make them more vulnerable to the pandemic, which is expected to benefit approximately 453,000 Dominican families. On January 4, 2021, the Republic announced that the *Comer es Primero* program will transition into the *Supérate* program beginning in May 2021. The *Supérate* program is expected to double the amount of assistance to DOP1,650 and provide comprehensive support to facilitate access to education and employment. The program aims to reach an additional 200,000 households, benefitting over one million households in total.

The Stay at Home program was extended until April 2021 and it is estimated to have benefited 46.9% of all households in the Republic and involve resources of approximately DOP17.0 billion.

Support for Formal Employees Suspended by their Employers

In April 2020, the Government launched the Employee Solidarity Assistance Fund (*Fondo de Asistencia Solidaria al Empleado*, known as "FASE") program to support those formal employees of certain companies who have been suspended from their employment. In particular, through the FASE program, in April and May 2020, the Government transferred to these employees a portion of their salaries in an amount not to exceed DOP8,500 per month.

The FASE program was extended until April 2021. As of the date of this offering memorandum, the FASE Program is estimated to have benefited more than 754,000 families, representing an injection of liquidity into the

economy of approximately DOP15.0 billion. Together, the Stay at Home and FASE programs have benefited approximately 2.3 million families, impacting the income of more than eight million Dominicans as of the date of this offering memorandum.

*Pa' Ti (*For You*) Program*

In May 2020, the Government launched the *Pa' Ti* (For You) program to provide temporary support to certain independent workers through a DOP8,500 unconditional monthly cash distribution paid by the Government, which is intended to assist workers in counteracting the economic effects of the public health measures taken to prevent the spread of COVID-19. The For You program was extended until April 2021.

Monetary and Financial Measures to Support the Economy

Since the outbreak of the COVID-19 pandemic, the Central Bank and the Monetary Board have adopted a set of expansive monetary and financial measures to mitigate the effects of the COVID-19 pandemic by easing reserve requirements and increased financing for households and small and medium enterprises at lower interest rates. Between March and August 2020, the Central Bank decreased the monetary policy rate ("MPR") by 100 basis points to 3.00% per annum, due to the increase in uncertainty associated with the economic impact of the COVID-19 pandemic. The Central Bank also narrowed the interest rate corridor, from MPR plus or minus 150 basis points to MPR plus or minus 50 basis points. See "—The Monetary System—Monetary Policy."

In addition, to increase liquidity in the financial system, since April 2020, the Government has implemented the following measures:

- Provision of liquidity in pesos in an aggregate amount of approximately DOP190.0 billion, to be provided through financial institutions by:
    - the release of approximately DOP30.1 billion from the legal reserve held by financial institutions, equivalent to 2.7 percentage points of the legal reserve coefficient, to be used as loans to households and productive sectors, at annual interest rates not to exceed 8.0%;
    - in the case of savings and loan institutions and credit corporations, the legal reserve was reduced by 0.5%, equivalent to approximately DOP136.4 million, which was required to be made available as credit to micro and small businesses and households;
    - the provision of liquidity through repos of up to 360 days to channel DOP60.0 billion, using securities issued by the Central Bank and guaranteed by the Ministry of Finance. This facility is available with interest rates of 4.50% for repos up to 90 days, 5.00% for repos between 91 and 180 days, and 5.50% for repos between 181 and 360 days. In October 2020, as most of these repos had matured, the Central Bank set at DOP20.0 billion this facility's available funds, adding the remaining DOP40.0 billion to the RLF (as defined below);
    - the provision of up to DOP20.7 billion in liquidity for micro-, small- and medium-sized enterprises ("MSMEs") and households through repos and the release of legal reserve requirements held by financial institutions;
    - the provision of up to DOP20.0 billion in liquidity for productive sectors such as tourism, exports, construction, and manufacturing; and
    - the provision of funds through a Rapid Liquidity Facility ("RLF") aimed at households, productive sectors and micro- and small- enterprises for DOP60.0 billion, which was increased to DOP100.0 billion in October 2020 following the DOP40.0 billion reduction in available funds through short-term repos, as described above.
- Provision of liquidity in foreign currency in an aggregate amount exceeding US$600 million, contributing to the proper functioning of the exchange market and the channeling of foreign currency to the productive sectors, through the following measures:
    - the injection of approximately US$400 million, through 90-day repo operations, using securities issued by the Ministry of Finance as guarantees with an interest rate reduction from 1.80% to 0.90% per annum;

- the release of approximately US$222 million from the legal reserve of financial institutions in foreign currency; and
- the remuneration, at an interest rate of 0.45% per annum, for reserves in foreign currency held by financial institutions exceeding the required minimum reserve level.

- Special regulations aimed at mitigating the potential impact of the COVID-19 pandemic on companies' cash flows and the deterioration of their credit portfolios, such as:
  - freezing credit ratings and provisions;
  - keeping the risk rating of creditors that were granted credit restructurings unchanged, without generating additional provisions;
  - providing that loans disbursed against credit lines will not be considered past due for a period of sixty days; and
  - providing a ninety-day extension on the term granted to debtors for them to update guarantees corresponding to credit ratings.

For more information, see "—The Monetary System—Supervision of the Financial System—Reforms of the Financial System."

Tax Measures

Given the ongoing COVID-19 pandemic and as a means to support the economy during this time, since mid-March 2020, the Internal Revenue Agency (*Dirección General de Impuestos Internos)* and the Customs Agency *(Dirección General de Aduanas*) have implemented certain measures to improve companies' cash flows and tax compliance, including, among others:

- A temporary suspension of the application of the Advanced Price Agreements (APA) with the tourism sector, which determines payments due for VAT and income tax.
- An exemption, until December 2020, of the payment of the advance income tax available to legal entities or sole proprietorship businesses, including those large taxpayers facing difficulties to operate during the COVID-19 state of emergency. Large taxpayers that, due to particular circumstances cannot comply with advance income tax payments, may request a total or partial exemption.
- An exemption of the first and second advanced income tax payment for individuals and undivided estates due on July 15 and August 15, 2020, respectively; provided that the taxpayer's total income does not exceed DOP8.7 million.
- A temporary suspension of the advanced payment of 50.0% of VAT for companies under the *Pro-industria* regime.
- An exemption, until December 2020, of taxes on the acquisition, either locally or internationally, of denatured ethyl alcohol to be used in the formulation of antibacterial gel and on personal protective equipment used in hospitals, among other health related products.
- A postponement of several taxes otherwise payable from March through July 2020, such as:
  - a postponement from April 30 to July 29, 2020 of the deadline for the declaration and payment of the second installment of the tax on the assets for companies with fiscal years ending on June 30;
  - a postponement from March 1 to July 29, 2020 for the presentation and payment of taxes related to gambling and betting;
  - a postponement from April 29 to July 29, 2020 for the declaration and payment of the income tax and asset tax for companies with a fiscal year ending on December 31 and for sole proprietorship businesses and non-profit institutions with fiscal years ending on December 31; such taxes are also payable in installments;
  - a postponement from March to July 29, 2020 for the declaration and payment of income tax that must be made by natural persons and taxpayers included in the Simplified Tax Regime (RST) corresponding to the 2019 fiscal period; and

- a postponement from July 29 to August 31, 2020 for the presentation and payment of the income tax and asset tax for companies with a fiscal year ending on March 31.

- The payment of tax obligations in installments, which will not be subject to the monthly compensatory interest, such as:
  - four equal and consecutive installments for the annual income tax payments that must be made by companies with a fiscal year ending on December 31;
  - three equal and consecutive installments for the excise tax payments on consumption of alcohol and tobacco during the month of March 2020; and
  - three equal and consecutive installments for VAT payments on goods and services purchased during the month of March 2020.
- A deferral, from April to July 2020, of payments under existing agreements in force before the current pandemic, with 50% reduction in the value of installments.
- Facilities for the regularization of taxpayers who have overdue obligations due to the COVID-19 pandemic, without penalty.
- An expedited customs clearance for high-priority goods.
- A simplification of procedures to obtain a low-cost housing bonus and the dispatch of imported vehicles.

Additionally, in compliance with the measures to prevent the spread of COVID-19 and to facilitate an efficient operation for key economic sectors, each of the Ministry of Finance, the Internal Revenue Agency and the Customs Agency have digitized many of its services, as well as extended the validity of license plates and VAT exemption cards for free trade zones. In addition, the Customs Agency eliminated charges for late declaration and extended the time period for merchandise kept at deposits to be considered abandoned.

The Tourism Sector

Following the closure of its borders in March 2020, on July 1, 2020, the Republic reopened its borders and incoming international passenger flights resumed. During the months of July, August, September, October and November 2020, the Republic received 135,163, 110,284, 103,942, 138,276 and 175,095 visitors, respectively, recovering from the 1,632 visitors registered during the second quarter of 2020. During the 11-month period ended November 30, 2020, the Dominican Republic received more than 2.1 million visitors by air, a cumulative decrease of 64.7% compared to the same period in 2019, mainly due to the preventative measures implemented to contain the spread of COVID-19.

The Electricity Sector

For the nine-month period ended September 30, 2020, technical and non-technical losses in the electricity distribution network were estimated at 31.5%, as compared to 27.3% for the same period in 2019. This increase in technical and non-technical losses is mainly a result of the COVID-19 pandemic, in spite of network maintenance and rehabilitation projects that the Dominican Republic has been conducting over the past years, which have been funded principally using funds from long-term financings from the World Bank, the Inter-American Development Bank ("IDB"), the Organization of Petroleum Exporting Countries ("OPEC"), Fund for International Development ("OFID"), and the European Investment Bank ("EIB"). See "The Economy—The Electricity Sector." During the nine-month period ended September 30, 2020, total loan disbursements by these institutions used for these projects amounted to US$19.5 million.

The electricity sector is expected to continue to diversify the generation matrix to reduce costs in 2020 and 2021.

During the nine-month period ended September 30, 2020, total expenditures of electricity distribution companies (*Empresas Distribuidoras de Electricidad* or "EDEs") on electricity decreased by US$250.3 million, representing a decrease of 16.6% compared to the same period in 2019. Electricity distributed by CDEEE's subsidiaries (measured in gigawatt hours) increased by 3.3% during the same period, mainly due to a reduction in the average price per kilowatt, mainly a result of (i) a reduction in average international prices of Fuel Oil #6, natural gas and coal in the first nine months of 2020 compared with the first nine months of 2019; and (ii) entry into

operation of the two Punta Catalina Thermal Plant (*Central Termoeléctrica Punta Catalina* or "CTPC") units, which contributed to the reduction in the average purchase price per kilowatt on the spot market.

During the nine-month period ended September 30, 2020, the consolidated deficit of the electricity sector was US$251.2 million, representing a decrease of 60.3% as compared to the deficit recorded during the same period in 2019. This deficit is mainly due to a decrease in financial expenses and in the purchase of energy from Dominican electricity generation companies during the nine-month period ended September 30, 2020 compared to the nine-month period ended September 30, 2019.

During the nine-month period ended September 30, 2020, the Budgetary Government allocated funds of US$351.9 million to the electricity sector as contributions for the tariff subsidy and to finance the current deficit of the three EDEs. However, the 2020 Budget assumed revenues from the operation of the CTPC in the order of US$15 million per month. Therefore, the net amount transferred to the electric sector during the nine-month period ended September 30, 2020, after considering US$120 million in income received from the CTPC during such period, was US$195.0 million, representing a 32% decrease in net transfers to the sector compared to the same period in 2019. To avoid accumulating arrears with electricity generators, the 2020 Budget allows the EDEs to enter into a DOP20.0 billion line of credit in aggregate with local commercial banks to pay invoices on a timely basis. Any outstanding amounts due on such line of credit by December 31, 2020 will be converted into long-term debt of the Government by means of financing transactions that the Government will enter into to cancel the short-term debt owed by the EDEs. This conversion of the outstanding amounts due by the EDEs to sovereign debt was also approved in the 2020 Budget.

In August 2020, President Luis Abinader created the Unified Council of EDEs ("CU-EDES") as part of a project to reorganize the electricity sector. The CU-EDES is under its direction of the electricity distribution companies EDENORTE Dominicana, EDESUR Dominicana and Empresa Distribuidora de Electricidad del Este S.A. The creation of the CU-EDES and the gradual dissolution of the CDEEE will reduce the number of directors from 37 to 11. See "—The Dominican Republic—2020 Elections—Fiscal responsibility and public sector reform."

Balance of Payments and Foreign Trade

Balance of Payments

Based on preliminary information, the current account recorded a deficit of US$1,033.9 million for the nine-month period ended September 30, 2020, compared to the US$868.2 million deficit recorded in the same period in 2019. This deficit decrease was mainly due to a decrease in income from tourism, as described below.

For the nine-month period ended September 30, 2020, total exports totaled US$7.5 billion, which represents a 9.4% decrease compared to the same period in 2019, mainly due to a decrease in national exports, particularly industrial exports. For the nine-month period ended September 30, 2020, exports from free trade zones reached approximately US$4.3 billion, an 8.9% decrease when compared to the same period in 2019.

For the nine-month period ended September 30, 2020, total imports totaled US$12.2 billion, which represents an 19.8% decrease as compared to the same period in 2019, mainly due to a 47.6% decrease in oil imports, which in turn was driven by a 33.5% decrease in the price per barrel and its derivatives and a 24.8% decrease in oil import volumes.

For the nine-month period ended September 30, 2020, income from tourism reached US$2.0 billion, representing a 65.2% decrease as compared to the same period in 2019, mainly due to fewer visitors as result of the preventative measures implemented to contain the spread of COVID 19.

The net borrowing balance of the financial account reached US$3.0 billion as of September 30, 2020, which represents a 49.6% increase compared to the US$2.0 billion balance as of September 30, 2019, mainly due to the issuance of bonds by the Government in the third quarter of 2020.

In the nine-month period ended September 30, 2020, FDI inflows totaled US$2.0 billion, which represents a 13.4% decrease compared to the US$2.4 billion inflows registered in the same period in 2019, mainly due to an increase in loans by resident companies in the communications and mining sectors to their respective foreign parent companies, as well as a reduction in profits.

In the nine-month period ended September 30, 2020, the Republic observed a net inflow of US$5.7 billion of portfolio investment, which represents a 155.8% increase compared to the net inflow of US$2.2 billion of

portfolio investment recorded during the same period in 2019, mainly due to the issuance of bonds by the Government in the third quarter of 2020.

In the nine-month period ended September 30, 2020, remittances totaled US$5.8 billion, which represents a 10.5% increase compared to the same period in 2019.

The Central Bank's net international reserves increased 22.4% from US$8.8 billion as of December 31, 2019, to US$10.8 billion as of December 31, 2020.

As of December 31, 2020, the nominal DOP/US$ exchange rate reached DOP58.11 per U.S. dollar, a depreciation of 9.0% compared to the last business day of 2019.

The Monetary System

Monetary Policy

During the first two months of 2020, the Central Bank maintained the MPR at 4.50% per annum, in a context of moderate economic growth in a low inflationary environment. Since the outbreak of COVID-19, the Central Bank and the Monetary Board have adopted a set of expansive monetary and financial measures to mitigate the effects of the COVID-19 pandemic by easing reserve requirements and increased financing for households and small and medium enterprises at lower interest rates. In March 2020, the Central Bank decreased the MPR by 100 basis points to 3.50% per annum, due to increased uncertainty associated with the economic impact of the COVID-19 pandemic. The Central Bank also narrowed the interest rate corridor, from MPR plus or minus 150 basis points to MPR plus or minus 100 basis points. On August 31, 2020, the Central Bank decreased the MPR by 50 basis points to 3.00% per annum and further narrowed the interest rate corridor to MPR plus or minus 50 basis points. In addition, since April 2020, the Government has provided liquidity in pesos in an aggregate amount of approximately DOP190.0 billion. See "—The Economy—Measures to Mitigate the Impact of the COVID-19 Outbreak on the Economy—Monetary and Financial Measures to Support the Economy."

In the Dominican financial system, the weighted average annualized lending rate charged by commercial banks was 9.95% as of September 30, 2020, representing a decrease of 219 basis points from the rate observed as of September 30, 2019. Additionally, annualized interest rates paid on peso deposits during the nine-month period ended September 30, 2020 was 3.58%, representing a decrease of 205 basis points as compared to the same period in 2019.

Inflation and Credit Growth

For 2020, the Central Bank established a medium-term inflation target of 4.0%, within a range of plus or minus 1.0%. During the nine-month period ended September 30, 2020, annualized inflation stood at 5.03%, slightly above the upper limit of the Central Bank's target range, primarily due to the recovery in international oil prices starting in June 2020 and, more recently, an increase in food prices. The increase in food prices was mainly due to the lagged impact of environmental factors, such as the drought that affected harvest during the first half of 2020 and two tropical storms, which generated a decrease in the supply of various food products. For more information on inflation, see "The Monetary System—Inflation."

Credit to the private sector in pesos continued to grow during 2020, influenced by the expansionary monetary policy measures implemented by the Central Bank and the Monetary Board. As of September 30, 2020, lending in pesos amounted to DOP1,034.6 billion (US$17.7 billion), which represented an increase of DOP98.3 billion (US$1.7 billion), or 10.5%, as compared to the same period in 2019. This increase provided resources to economic sectors such as manufacturing, as well as to commerce and MSMEs.

Financial Sector

As of September 30, 2020, the Dominican financial sector consisted of 49 operating financial institutions:

- 17 commercial banks (including BanReservas);
- 14 savings and credit banks;
- ten savings and loan associations;
- six credit corporations; and

- two government-owned financial institutions (*Banco Nacional de las Exportaciones* (BANDEX) and *Banco Agrícola de la República Dominicana*).

Financial System and Reforms

As of September 30, 2020, the financial system had total assets of US$38.7 billion, aggregate loan balances of US$20.8 billion and total deposits of US$30.0 billion, as compared to US$35.8 billion, US$21.7 billion and US$28.6 billion, respectively, as of September 30, 2019. As of August 31, 2020, the capital adequacy ratio of the financial system as a whole was 19.0%, which is higher than the 10% minimum required pursuant to the Monetary and Financial Law, and the financial system had a capital surplus of US$2.1 billion, as compared to 18.2% and US$2.0 billion, respectively, as of August 31, 2019.

As of September 30, 2020, the loan portfolio of the financial system consisted mainly of loans to individuals (26.1%), the housing sector (17.4%), wholesale & retail trade (14.5%), construction (5.4%) and manufacturing (7.4%).

As of September 30, 2020, the financial system had a non-performing loan ratio of 2.2%, and provisions that cover 181.3% of the loan portfolio outstanding, as compared to 1.9% and 151.1%, respectively, as of September 30, 2019. The increase in the ratio of non-performing loans occurred primarily between March and June 2020 and was mainly due to the impact of the COVID-19 outbreak. Between June and September 2020, loan-loss reserves increased at a higher rate than the growth in the non-performing loan portfolio.

Average return on equity of the financial system as a whole was 16.7% and average return on assets was 1.9% as of September 30, 2020, as compared to 19.8% and 2.4%, respectively, as of September 30, 2019. These indicators show the capacity of financial intermediation entities to generate income, maintain a competitive market position, as well as replenish and increase their portfolios of assets despite the ongoing global economic crisis.

On March 17, 2020, the Monetary Board issued a resolution to reduce the regulatory cost of credit offering and to preserve the levels of credit inclusion amidst the COVID-19 outbreak. In particular, through this resolution, the Monetary Board authorized that resources from financial institutions' reserve requirements be allocated as credit to the real sectors of the economy, with the aim of providing liquidity to the economy.

In addition, the Monetary Board allowed financial intermediaries to restructure existing loans without affecting their credit ratings or recording greater loan loss provisions for affected loans in their loan portfolios. Finally, the Monetary Board authorized that loans against credit lines could be considered current when they are past-due for 60 days or less, and that valuation estimates of loan guarantees could be used to compute required provisions up to 90 days after maturity.

On March 24, 2020, the Monetary Board issued a resolution increasing the amount of cash that can be released from the available reserves under the March 17, 2020 resolution and eliminated commissions for cash withdrawals given customers' increasing demand for cash during the height of the COVID-19 pandemic.

On April 16, 2020, the Monetary Board issued resolutions easing requirements for direct or indirect financing to small and medium enterprises (SMEs). In particular, it approved a DOP15.0 billion liquidity facility at *Banco de Reservas* for up to three years, allowing it to provide direct or indirect financing to SMEs and personal loans to individuals in a principal amount up to 50 minimum wages. Further, on April 16, 2020, the Monetary Board eliminated commission fees on inactive accounts.

On May 6, 2020, the Monetary Board issued a resolution approving a DOP20.0 billion liquidity facility for up to three years for financial intermediaries to provide financing to the construction, manufacturing, agriculture, tourism and export sectors.

On July 22, 2020, the Monetary Board enacted a resolution for the approval of the FRL. See "—The Economy—Measures to Mitigate the Impact of the COVID-19 Outbreak on the Economy—Monetary and Financial Measures to Support the Economy."

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

2020 Budget

The 2020 National Budget Law (the "2020 Budget") was amended on June 23, 2020 pursuant to Law No. 68-20 to address the effects of COVID-19 on the Dominican economy (the "June Budget for 2020"). The June Budget for 2020 contemplated a primary surplus for the Budgetary Government of 1.3% of estimated GDP and an overall deficit for the Budgetary Government of 4.5% of estimated GDP in 2020, with total revenues (including grants) expected to reach US$11.8 billion (14.5% of estimated 2020 GDP), a 10.8% decrease in revenue collections as compared to the 2019 Budget (a reduction equivalent to 1.7% of estimated 2020 GDP). The decrease in revenue estimates was mainly due to the reduction in private entity operations as result of the COVID-19 pandemic and the implementation of several temporary measures by the tax authorities to alleviate taxpayers' cash flows, including the postponement and exemption from several tax obligations. In addition, the June Budget for 2020 increases allocations to households through money transfers and social programs for low- and middle-income families. The June Budget for 2020 was prepared assuming an average price of US$30.10 per barrel of West Texas Intermediate (WTI) oil in the international market and gold prices of US$1,600 per troy ounce.

On September 7, 2020, the 2020 Budget was further revised pursuant to Law No. 222-20 (the "September Budget for 2020"). Pursuant to the September Budget for 2020, (i) total revenues (including grants) were estimated at US$10.7 billion, reflecting a 9.3% decrease when compared to total estimated revenues (including grants) in the June Budget for 2020 and (ii) total expenditures are estimated at US$18.2 billion, reflecting a 14.8% increase compared to total expenditures estimated in the June Budget for 2020. In addition, the September Budget for 2020 authorizes the Budgetary Government to enter into credit facilities in an additional aggregate principal amount up to DOP202.3 billion, increasing the authorized financing to DOP599.5 billion, in order to carry out resource transfers to alleviate the effects of the COVID-19 pandemic.

Principal Budgetary Assumptions for 2020 used to prepared the September Budget for 2020

Projected real GDP contraction rate	(6.00)%
Projected annual inflation rate (+/- 1%)	3.5%
Projected annual exchange rate	DOP57.05 per U.S. dollar
Projected annual WTI oil price	US$38.1 per barrel
Projected annual price of gold	US$1,775.0 per ounce
Projected external financing sources	US$7,502.4 million
Projected domestic financing sources	US$3,006.3 million

Sources: 2020 Budget, as amended by Law No. 68-20 (June Budget for 2020) and Law No. 222-20 (September Budget for 2020), and their respective complementary documents. These assumptions are made by the Republic for planning purposes for the 2020 Budget. Actual results may be materially different.

2021 Budget

On December 2, 2020, Law No. 237-20 was enacted, approving the Republic's 2021 Budget Law (the "2021 Budget"), with total Budgetary Government revenues (including grants) estimated at US$12.0 billion, equivalent to 15.2% of the estimated 2021 GDP. The 2021 Budget represents an increase of 12.3% when compared to the September Budget for 2020.

The 2021 Budget includes several aspects that are expected to have an impact on government revenues, including: (i) advances of taxes from the financial sector and from a newly-established mining company; (ii) efforts to reduce tax fraud and guarantee the proper use of tax incentives; and (iii) capital transfers derived from the sales of assets owned by government institutions such as the Patrimonial Fund of Reformed Companies (FONPER), among others.

Principal Budgetary Assumptions for 2021 used to prepared the 2021 Budget

Projected real GDP growth rate	5.00%
Projected annual inflation rate (+/- 1%)	4.0%
Projected annual exchange rate	DOP62.30 per U.S. dollar
Projected annual WTI oil price	US$44.2 per barrel
Projected annual price of gold	US$1,740.0 per ounce
Projected external financing sources (including proceeds from this offering)	US$3,217.7 million
Projected domestic financing sources	US$1,461.8 million

Sources: 2021 Budget, and its respective complementary documents. These assumptions are made by the Republic for planning purposes for the 2021 Budget. Actual results may be materially different.

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

Fiscal Accounts [1]

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

	September Budget for 2020 [2]		2021 Budget		For the Ninth-Month Period ended September 30, 2019[1][2]		2020[1][2]	
	US$	%	US$	%	US$	% [3]	US$	% [4]
Budgetary Government [5]								
Revenues:								
Taxes	9,170.6	11.7	9,657.7	12.3	8,863.9	10.0	6,975.8	8.9
Other revenues [6]	1,500.9	1.9	2,321.9	2.9	781.1	0.9	1,050.5	1.3
Total revenues	10,671.6	13.6	11,979.6	15.2	9,645.1	10.8	8,026.3	10.2
Expenses:								
Compensation of employees	3,827.6	4.9	3,356.8	4.3	2,761.6	3.1	2,711.1	3.4
Use of goods and services	2,075.7	2.6	1,699.5	2.2	1,175.2	1.3	1,260.9	1.6
Interest	2,832.3	3.6	2,945.1	3.7	1,930.7	2.2	2,055.3	2.6
To non-residents	1,327.2	1.7	1,581.4	2.0	986.0	1.1	1,095.7	1.4
To residents	1,505.2	1.9	1,363.7	1.7	944.7	1.1	959.5	1.2
of which: Central Bank recapitalization	212.3	0.3	—	—	216.0	0.2	139.5	0.2
Subsidies	772.2	1.0	844.6	1.1	450.0	0.5	446.9	0.6
of which: CDEEE	483.6	0.6	—	—	321.7	0.4	326.3	0.4
Grants	2,742.4	3.5	2,448.0	3.1	1,716.5	1.9	1,811.3	2.3
of which: to other general government units	2,725.9	3.5	2,429.4	3.1	1,706.1	1.9	1,800.1	2.3
Social benefits	3,377.7	4.3	1,161.0	1.5	797.7	0.9	2,243.7	2.9
Other expenses	873.0	1.1	635.8	0.8	911.3	0.7	680.9	0.9
of which:								
Central Bank recapitalization	—	—	—	—	323.6	0.4	—	—
Infrastructure projects	440.5	0.6	462.1	0.6	272.6	0.3	283.9	0.4
Total expenses	**16,500.9**	**21.0**	**13,090.7**	**16.6**	**9,743.0**	**10.7**	**11,210.0**	**14.2**
Gross operating balance	**(5,829.4)**	**(7.4)**	**(1,111.1)**	**(1.4)**	**(97.9)**	**0.2**	**(3,183.7)**	**(4.0)**
Gross investment in non-financial assets	**1,746.0**	2.2	1,217.1	1.5	**988.3**	1.1	**1,141.2**	1.5
Expenditures	**18,246.9**	**23.2**	**14,307.8**	**18.2**	**10,731.2**	**11.8**	**12,351.3**	**15.7**
of which:								
Capital expenditures	2,608.3	3.3	1,976.9	2.5	1,461.2	1.6	1,683.3	2.1
Primary expenditures	15,414.6	18.6	11,362.8	14.4	8,800.6	9.6	10,296.0	13.1
Primary balance	**(4,743.0)**	**(5.0)**	**616.9**	**0.8**	**1,068.8**	**1.5**	**(2,289.7)**	**(2.9)**
Statistical discrepancy[8]	—	—	—	—	**224.4**	**0.3**	**(20.0)**	—
Net borrowing rest of NFPS	—	—	—	—	**(19.2)**	—	**(435.5)**	(0.6)
Net borrowing NFPS[9]	**(7,575.4)**	**(9.6)**	**(2,328.2)**	**(3.0)**	**(861.8)**	**(0.7)**	**(4,344.9)**	**(5.5)**
Net borrowing[7]	**(7,575.4)**	**(9.6)**	**(2,328.2)**	**(3.0)**	**(656.6)**	**(0.5)**	**(4,780.4)**	**(6.1)**
Quasi-fiscal balance[10]	(1,155.8)	(1.5)	(1,023.0)	(1.3)	(607.5)	(0.7)	(798.2)	(1.0)
Consolidated public sector balance	**(8,731.2)**	**(11.1)**	**(3,351.2)**	**(4.3)**	**(1,488.5)**	**(1.4)**	**(5,578.6)**	**(7.1)**
GDP (at current prices)	**78,689.6**		**78,689.6**		**88,906.1**[11]		**78,689.6**[12]	

(1) Preliminary data.
(2) Figures correspond to budget as amended on September 2020 pursuant to Law No. 222-20.
(3) Percentage relates to total amount as of December 31, 2019 in terms of annual GDP.
(4) Percentage relates to total amount as of September 30, 2020 in terms of annual estimated GDP.
(5) Budgetary Government corresponds to all entities within the central government, which encompasses the three branches of the state (legislative, judicial and executive).
(6) Includes social security contributions and grants
(7) Includes "Statistical Discrepancy."
(8) Difference between financing below the line and the overall fiscal balance registered above the line.
(9) Includes electricity distribution companies (CDEEE, EGEHID, ETED, EdeNorte, EdeSur and EdeEste).
(10) Includes interest payments on Central Bank recapitalization bonds and direct transfers for that purpose according to Law No. 167-07.
(11) Data corresponds to annual information for the year ended December 31, 2019.
(12) Data corresponds to estimated annualized information for 2020.
Sources: 2019 Budget, June Budget for 2020 and Central Bank.

As of September 30, 2020, total Budgetary Government revenues (including grants) amounted to US$8.0 billion (equivalent to 10.2% of the estimated 2020 GDP), representing 75.2% of projected total revenues and grants as set forth in the September Budget for 2020. This result is 16.8% lower than total Budgetary Government revenues (including grants) for the period ended September 30, 2019 due to the temporary tax measures being implemented by tax authorities and the shutdown of economic activity beginning mid-March 2020 in response to COVID-19. During this period, the Government has received extraordinary revenue amounting to US$448.2 million (equivalent to 0.6% of the estimated 2020 GDP), mainly from transfers from government institutions. As of September 30,

2020, primary expenditures amounted to US$10.3 billion (13.1% of GDP estimated in the September Budget for 2020), representing 66.8% of annual primary expenditures in the September Budget for 2020. During the nine-month period ended September 30, 2020, total expenditures amounted to US$12.3 billion (15.7% of GDP estimated in the September Budget for 2020), representing 67.9% of the total annual expenditures set forth in the September Budget for 2020. Consumption expenditures increased 0.9% during the period, while capital expenditures increased 15.2% and subsidies decreased by 0.7%, in each case as compared to the same period in 2019.

Public Sector Debt

On January 30, 2020, the Republic issued (i) US$1.0 billion principal amount of its 4.500% bonds due 2030, which accrue interest at a rate of 4.500% per year, payable semi-annually in arrears in U.S. dollars, and (ii) US$1.5 billion principal amount of its 5.875% bonds due 2060, which accrue interest at a rate of 5.875% per year, the lowest rate of a 30-year or longer bond issued by the Republic, payable semi-annually in arrears in U.S. dollars.

On September 17, 2020, the Republic issued (i) US$1.8 billion principal amount of its 4.875% bonds due 2032, which accrue interest at a rate of 4.875% per year, payable semi-annually in arrears in U.S. dollars, (ii) US$1.7 billion principal amount of its 5.875% bonds due 2060, which accrue interest at a rate of 5.875% per year, payable semi-annually in arrears in U.S. dollars and (iii) DOP17.5 billion principal amount of its 9.750% bonds due 2026, which accrue interest at a rate of 9.750% per year, payable semi-annually in arrears in U.S. dollars.

On December 14, 2020, the Republic issued US$1.27 billion principal amount of its 4.875% bonds due 2032, which accrue interest at a rate of 4.875% per year, payable semi-annually in arrears in U.S. dollars. Approximately US$1.2 billion of the net proceeds of this former issue were applied to purchase certain of the Republic's bonds due 2021, 2024 and 2025. As a result, the cost of debt of the global bond portfolio in U.S. dollars decreased from 6.16% to 6.06%, and the average maturity of the Republic's global bond portfolio increased from 17.19 to 17.79 years, with a minor increase of US$6.1 million in total public debt.

As of September 30, 2020, the principal amount of consolidated public sector debt represented 66.0% of GDP estimated in the September Budget for 2020. As of September 30, 2020, the principal amount of financial public sector debt represented 14.1% of GDP estimated in the September Budget for 2020 and non-financial public sector debt outstanding represented 51.9% of GDP estimated in the September Budget for 2020 (including intragovernmental debt, representing 2.9% of GDP estimated in the September Budget for 2020, which is netted from the principal amount of consolidated public sector debt).

As of September 30, 2020, the Republic's public sector external debt totaled US$29.9 billion, representing 38.0% of GDP estimated in the September Budget for 2020 compared to US$23.4 billion as of September 30, 2019. As of September 30, 2020, the Republic's public sector external debt was composed of the following:

- outstanding bonds in an aggregate principal amount of US$22.1 billion (as compared to US$16.6 billion as of September 30, 2019), which represented 74.0% of the Republic's total public external debt at that date;
- debt owed to official, multilateral and bilateral creditors in an aggregate principal amount of US$7.8 billion (as compared to US$6.8 billion as of September 30, 2019), which represented 26.0% of the Republic's total public external debt at that date; and
- debt owed to other private creditors in an aggregate principal of US$12.2 million (as compared to US$56.8 million as of September 30, 2019), which represented less than 0.1% of the Republic's total public external debt at that date.

As of September 30, 2020, the Republic's net domestic debt totaled US$22.0 billion, representing 28.0% of GDP estimated in the September Budget for 2020 compared to US$20.4 billion as of September 30, 2019. As of September 30, 2020, the Republic's public sector domestic debt was primarily composed of the following:

- the equivalent of US$169.8 million outstanding principal amount of loans due to commercial banks by the Budgetary Government (as compared to US$191.8 million as of September 30, 2019), representing 0.8% of total domestic debt outstanding at that date;
- the equivalent of US$12.5 billion outstanding principal amount of bonds issued by the Budgetary Government in the local market denominated in pesos and U.S. dollars (as compared to US$10.4 billion as of September 30, 2019), representing 56.7% of total domestic debt outstanding at that date, of which

the equivalent of US$2.3 billion were used for the recapitalization of the Central Bank (as compared to US$2.6 billion as of September 30, 2019), which is considered intra-governmental debt, and, thus, is deducted for purposes of calculating total net domestic debt outstanding;

- the equivalent of US$809.1 million outstanding principal amount of loans due to commercial banks by other public sector institutions (as compared to US$571.9 million as of September 30, 2019) representing 3.7% of total domestic debt outstanding at that date; and
- the equivalent of US$10.8 billion outstanding principal amount in certificates issued by the Central Bank (as compared to US$11.8 billion as of September 30, 2019) representing 49.2% of total domestic debt outstanding at that date.

As of September 30, 2020, non-financial public sector external debt represented 37.7% of 2020 estimated GDP, while domestic debt represented 17.1% of 2020 estimated GDP compared to 26.3% and 14.1% of 2019 GDP, respectively, as of December 31, 2019. As of September 30, 2020, the average time to maturity of the non-financial public sector was 13.0 years, compared to 9.7 years as of December 31, 2019. The Government has reduced the exposure to interest rates volatility decreasing the percentage of variable rate debt from 13.4% in 2019 to 11.7% as of September, 2020. The average interest rate of the debt decreased from 7.3% to 6.9%.

Due to the sanitary and economic measures implemented to mitigate the negative effects of COVID-19 on vulnerable populations and to continue with the orderly execution of the 2020 Budget, the Government has obtained the following financing arrangements, which are contemplated in the 2020 Budget:

- The disbursement of US$150.0 million by the World Bank from a contingent line of credit for disasters and health-related events.
- The disbursement of US$651.1 million by the IMF for emergency financial assistance under a rapid financing instrument.
- The disbursement of DOP$12.0 billion (US$210.3 million) by the Central Bank from an emergency loan.
- The issuance of three series of bonds for a total aggregate amount of DOP$40 billion (US$700.9 million), maturating in 10, 15 and 20 years, respectively, which were directly placed to four of the biggest pension funds in the Republic.

Other Developments

In January 2020, a group of Dominican citizens challenged the constitutionality of the 2020 National Budget Law and Law No. 512-19 (which authorizes the executive branch to issue public debt securities during 2020), on similar grounds as a prior unsuccessful challenge the same citizens had made in December 2018 to the constitutionality of the 2019 National Budget Law and Law No. 64-18 (*i.e.*, alleged lack of compliance with certain procedural requirements for approval by Congress of such laws). As of the date of this offering memorandum, the Constitutional Court had not yet issued judgements for either case.

On January 29, 2020, the Internal Revenue Agency published General Standard No. 02-20, modifying General Standard No. 05-13 on the Tax Regime of Fund Managers and Investment Funds, such that the administration of funds provided by investment fund management companies is recognized as a financial service and therefore exempt from payment of value added taxes. Moreover, electronic transactions of amounts registered in the Stock Market Registry are now exempt, with prior approval by the Ministry of Finance, from payment of any taxes for the issuance of checks and electronic transfers.

On February 10, 2020, Congress enacted Law No. 46-20 on Transparency and Equity Revaluation ("Law No. 46-20"), establishing a temporary tax regime to promote the voluntary declaration to the Internal Revenue Agency of undisclosed assets or the reevaluation of previously-disclosed assets at market prices, with a reduced tax rate applicable to the value of the undeclared goods. The assets subject to declaration and revaluation include financial instruments, real estate properties and national or foreign currency, excluding those located in countries identified as high risk or non-cooperative by the Financial Action Task Force (FATF). Law No. 46-20 was further amended by the September Budget for 2020, seeking to enhance the attractiveness of the amnesty process provided therein. This legislation will facilitate the implementation of Law No. 155-17 on the prevention of Money Laundering and Financing of Terrorism, as well as the effective surveillance and control of obligated subjects,

incorporating elements of tax transparency that allows the Internal Revenue Agency and the Customs Agency to obtain updated information on the identity of all natural and legal persons operating in the Republic, as well as assets held domestically or abroad.

Law No. 46-20, as amended, further grants taxpayers with facilities to settle tax debt by paying the amount of the tax and up to one year of interest, as well as 180 days to settle any taxes arising from undeclared assets. Taxpayers have the ability to access this benefit regardless of the type of tax or process that gave rise to the debt, with the only consideration being that taxpayers requesting this benefit have not used fiscal invoices in a fraudulent manner, or do not have any pending criminal judicial proceedings with tax authorities. Taxpayers interested in adhering to Law No. 46-20 will have 180 days, counted from its effective date, to send their request, and 365 days to make the necessary payments.

On September 10, 2020, the Director General of Public Procurement and Contracting ("*DGCP*") and the Director of Ethics and Government Integrity ("*DIGEIG*") filed with the Attorney General's Office (*Procuraduría General de la República*) documents related to an investigation into the irregular purchase of DOP11.5 billion in asphalt concrete by the Ministry of Public Works during the administration of Gonzalo Castillo, former Minister of Public Works during the Medina administration. As of the date of this offering memorandum, the Attorney General's Office has not initiated a formal investigation or filed any charges in connection with these allegations.

On November 29, 2020, the Attorney General's Office, through the Public Prosecutor's Office's (*Ministerio Público*) specialized branches of Special Corruption (*Procuraduría Especializada de Corrupción Administrativa* or "PEPCA") and Department of Prosecution (*Dirección de Persecusión*), conducted a series of arrests in connection to alleged administrative corruption of past government officials, government contractors and related individuals, including two siblings of former President Danilo Medina. As of the date of this offering memorandum, some of those individuals arrested remained in custody. The Public Prosecutor's Office will present formal charges after the investigatory phase concludes.

On December 7, 2020, the Youth Minister, Kimberly Taveras, resigned her position in office due to allegations of misuse of government funds in 2017. PEPCA is investigating these allegations.

On December 28, 2020, Congress enacted legislation amending Law No. 542-14 regarding Innovation and Industrial Competitiveness to increase the competitivity of national industry, strengthen value chains and stimulate national exports. In particular, these amendments (i) provide tax benefits for the import or acquisition of raw materials, supplies, capital goods and certain devices; *provided* that they undergo a substantial transformation that adds value, and (ii) extend to 15 years certain tax incentives for investments made in the acquisition of machinery, devices and technology.

On December 27, 2020, the Public Budget Office was affected by a cybernetic attack that limited part of its technological operation. The Government is investigating the implications of this breach and the Public Budget Office has begun working on a plan to strengthen technological infrastructure. No information was deleted from the Public Budget Office's database.

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	
2030 Bonds	US$1,000,000,000 aggregate principal amount of 4.500% Bonds due 2030. The bonds will constitute a further issuance of, be consolidated, form a single series, and be fully fungible with, the Republic's outstanding 4.500% Bonds due 2030 originally issued on January 30, 2020 in the aggregate principal amount of US$1,000,000,000. After giving effect to the issuance of the 2030 bonds offered hereby, the total principal amount of 4.500% Bonds due 2030 outstanding will be US$2,000,000,000.
2041 Bonds	US$1,500,000,000 aggregate principal amount of 5.300% bonds due 2041.
Issue Price for the Bonds	
2030 Bonds	104.721%, plus accrued interest from (and including) July 30, 2020 to (but excluding) January 21, 2021, the date on which the Republic expects to deliver the bonds, in the aggregate amount of US$21,375,000, and any additional interest from January 21, 2021, if settlement occurs after that date.
2041 Bonds	100.000%, plus accrued interest, if any, from January 21, 2021.
Final Maturity Date	
2030 Bonds	January 30, 2030, unless earlier redeemed in accordance with the terms of the 2030 bonds.
2041 Bonds	January 21, 2041, unless earlier redeemed in accordance with the terms of the 2041 bonds.
Principal	The Republic will make payment of principal on the bonds on the relevant final maturity date.
Interest Rate	
2030 Bonds	Interest on the 2030 bonds will accrue from July 30, 2020, on the outstanding principal amount of the 2030 bonds, at a rate of 4.500% per year.
2041 Bonds	Interest on the 2041 bonds will accrue from January 21, 2021, on the outstanding principal amount of the 2041 bonds, at a rate of 5.300% per year.
Interest Payment Dates	
2030 Bonds	Each January 30 and July 30, commencing on January 30, 2021.
2041 Bonds	Each January 21 and July 21, commencing on July 21, 2021.

Form and Denominations	The Republic will issue 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 Euroclear and Clearstream). 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 will be issued in fully registered form, without interest coupons attached, in minimum denominations of US$150,000 and in integral multiples of US$1,000 in excess thereof. Any bonds sold pursuant to Rule 144A under the Securities Act will be issued in fully registered form, without interest coupons attached, in minimum denominations of US$150,000 and integral multiples of US$1,000 in excess thereof.
Sinking Fund	The bonds will not have the benefit of any sinking fund.
Optional Redemption.....	We may redeem the bonds, in whole or in part, at any time by paying the greater of the outstanding principal amount of the bonds and a "make-whole" amount calculated by the Republic, in each case, plus accrued and unpaid interest to the redemption date. See "Description of the Bonds—Optional Redemption."
Status	The bonds will be direct, general, unconditional and unsubordinated 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 will be made to list the bonds on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.
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 2041 bonds will be new securities and there is currently no established market for the 2041 bonds. The Republic and the initial purchasers cannot assure you that a liquid market for the bonds will develop or be maintained. 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 offering memorandum, including, in particular, the "Risk Factors" section beginning on page 22 of this offering 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 due on the bonds 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	The Bank of New York Mellon SA/NV, Luxembourg Branch
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 offering memorandum, including in particular, the following risk factors. We believe the following risks and uncertainties may adversely affect the market value of the bonds or our ability to fulfill our obligations under the bonds. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not currently known to us or that we currently do not believe are material may also adversely affect us.

Risks Relating to the Republic

The novel coronavirus could have an adverse effect on our economy.

In December 2019, a novel form of pneumonia first noticed in Wuhan, Hubei province (COVID-19, caused by a novel coronavirus) was reported to the World Health Organization, with cases soon confirmed in multiple provinces in China. On March 11, 2020, the World Health Organization characterized the COVID-19 as a pandemic. Governments have undertaken several measures across the world to control the coronavirus, including mandatory quarantines and travel restrictions.

The measures implemented so far, together with lower external demand, have resulted in a slowdown in economic activity that the Government believes adversely affected economic growth in 2020, to a degree that we cannot fully quantify as of the date of this offering memorandum. Restrictive measures put in place to control the outbreak of contagious diseases or other public health developments in the Republic may, as in other countries, have an unintended adverse effect on the Republic's economy. The Government expects that GDP growth will be negative in 2020, and that the Government's fiscal deficit will increase during such year.

Even though global economic activity is expected to increase in 2021 and the Republic projects real GDP growth during such year, given the uncertainty of the duration of COVID-19, at this time, it is difficult to predict its impact on the Republic's economy in 2021 and the following years. In the medium to long term, if the spread of COVID-19 is prolonged, it could adversely affect the economies and financial markets of the Republic and of many other countries. The occurrence of these events could have an adverse effect on the Republic's economy. See "Recent Developments—The Economy—2020 Economic Performance and COVID-19."

The Dominican economy may further 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 and services (mainly tourism), 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 2015 to 2019, the Dominican economy experienced an annual average GDP growth rate of approximately 6.1%. However, due to the COVID-19 outbreak, the Dominican economy experience economic contraction in the nine-month period ended June 30, 2020. See "Recent Developments—The Economy—2020 Economic Performance and COVID-19."

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 the Republic 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 to finance budget shortfalls, including the IDB and the World Bank. The IDB was the Republic's largest single lender as of December 31, 2019. In certain cases, disbursements under these financing arrangements are subject to compliance by the Republic with

specific fiscal, performance and other targets. Failure to comply with these undertakings may result in the suspension of disbursements under such financing arrangements with bilateral and multilateral lenders, which may materially affect the Republic's economic condition and access to sources of financing. 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 significant source of net transfers to the Republic's current account. Since 2014, Central Bank remittance data is published using a reporting system which increased coverage for data from 2010 onwards. With this data, remittances totaled US$5.0 billion in 2015, US$5.3 billion in 2016, US$5.9 billion in 2017, US$6.5 billion in 2018 and US$7.1 billion in 2019. The majority of remittances to the Republic originate in the United States. According to the Central Bank's estimates for 2019, the United States and Spain accounted for 76.6% and 10.2%, respectively, of total remittances to the Republic. There can be no assurance that the level of remittances to the Republic will not decrease significantly in the future as a result of a reduction in the number of Dominicans abroad, contraction in the source markets, 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 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 Republic's cost of servicing its debt obligations denominated in foreign currency. Exchange rate appreciation may increase the cost of 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 to achieve the Government's monetary policy and to avoid excessive volatility in the prevailing exchange rate. The Central Bank has an exchange market intervention framework that aims to keep the exchange rate level around its long-term equilibrium value, consistent with the fundamentals of the Republic's economy and its inflation targeting scheme. There can be no assurance, however, that these measures will be sufficient to prevent or manage exchange rate volatility.

The Dominican economy is 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 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. As of the date of this offering memorandum, the United States is the Republic's largest export market. The 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. Furthermore, 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. Economic conditions in the Republic may also be affected by political developments in the United States. The Republic cannot assure you that events affecting other countries or 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 Republic relies heavily on foreign oil and oil products 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. The September Budget for 2020 was prepared assuming an average price per barrel of US$38.50 in the international market. The average

price for import per barrel of oil into the Dominican Republic was US$51.79 during 2015, US$43.05 during 2016, US$55.26 during 2017, US$68.95 during 2018 and US$61.82 during 2019. Any disruption in oil supply or increases in the cost of crude oil resulting, for example, from political or social instability or armed conflict in oil-producing states, such as Venezuela and countries in the Middle East, may have a material adverse effect on the Dominican economy and the achievability of the 2020 Budget and could adversely affect the Republic's ability to service its public debt generally, including the bonds.

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 and would increase the rate that the Republic pays on its new borrowings in foreign currencies, including the U.S. dollar, which could adversely affect the ability of the Republic to service its public debt generally, including the bonds.

The deficit 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.

In the past, electricity generators and distributors in the Republic have been beset by financial problems that have resulted in frequent blackouts, widespread public protests and several temporary and permanent shutdowns of generating facilities. 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.

The Government coordinates the generation, transmission and distribution of energy primarily through the CDEEE. From 2015 to 2019, the Government has provided annual subsidies to CDEEE to cover operating deficits resulting from increases in fuel costs and continued inefficiencies in collections and operations.

The deficit for the electricity sector was US$471.7 million in 2015, compared to US$265.9 million in 2016, and US$301.8 million in 2017. The decreases in the recorded deficits for 2015 and 2016 were primarily due to lower fuel costs during 2015 and the first half of 2016. During 2017, the deficit for the electricity sector was US$301.8 million, representing an increase of 11.9% compared to the deficit recorded in 2016, mainly due to an increase in international oil prices. During 2018, the deficit for the electricity sector was US$643.6 million, representing an increase of 113.2% compared to the deficit recorded in 2017, mainly due to an increase in international oil prices and the fact that the AES Andres power plant was inoperative during most part of the year due to damage caused by lightning. During 2019, the deficit for the electricity sector was US$827.4 million, representing an increase of 28.6% as compared to the deficit recorded during 2018, mainly due to an increase in the provision of electricity service, payments due to generators and high non-technical losses. For more information, see "The Economy— Principal Sectors of the Economy—Secondary Production—Electricity, Gas and Water—Electricity" and "The Economy—Secondary Production—Punta Catalina Thermal Power Plant."

Continued deficits 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.

Decreases in the market price for commodities, particularly gold and silver, 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 regards to gold and silver, which accounted for 13.5%, 16.7%, 15.2%, 13.4% and 14.3% of total exports in 2015, 2016, 2017, 2018 and 2019, respectively. A significant drop in the price of commodities, such as gold and silver, or the interruption of production of mines, 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 Republic has experienced high rates of unemployment in the past. According to the National Work Force Survey, open unemployment stood at 7.3%, 7.1%, 5.5%, 5.7% and 6.2% in 2015, 2016, 2017, 2018 and 2019, respectively. This percentage has varied moderately during the previous years. 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 offering 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 offering 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 Abinader administration's party, the *Partido Revolucionario Moderno*, currently controls a majority in both houses of Congress. However, future changes in the political environment, including due to any changes enacted by the new Abinader administration, and commodities prices may lead to a shift in economic policy and a 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, including the bonds.

Corruption activity may hinder the growth of the Dominican economy, and ongoing high-profile corruption investigations in the Republic may affect the perception of the Republic and its ability to access financing in the international markets.

The Republic, like other countries in Latin America, has experienced allegations and/or cases of corruption involving members of the Government and other public officials which may have a negative effect on the Republic's reputation and ability to attract foreign investment and international financing, which, in turn, could affect the Republic's economic growth.

As of the date of this offering memorandum, the Dominican judicial system has several high-profile corruption cases relating to the activities of certain Brazilian companies in the energy, infrastructure and transportation sectors, which follow similar investigations conducted by Brazilian and U.S. authorities responsible for corruption and related investigations. Among other matters, there are ongoing proceedings in the Dominican judicial system against (i) six individuals in connection with corruption allegations made with respect to Odebrecht S.A. ("Odebrecht"), a prominent Brazilian construction company that was awarded a significant number of public works contracts in the Republic (including as a member of the consortium that was awarded the contract to construct the Punta Catalina Thermal Power Plant), (ii) Embraer S.A. ("Embraer"), a Brazilian aerospace conglomerate that produces commercial, military, executive and agricultural aircraft that was awarded a military supply contract in the Republic, along with other individuals and legal entities, and (iii) several former government officials, government contractors and related individuals connected to President Danilo Medina's administration, due to alleged administrative corruption. For further details on, and the current status of, these investigations, see "The Dominican Republic—History, Government and Political Parties—Government" and "Recent Developments—Other Developments."

The outcome of such judicial proceedings, or any other potential high-profile corruption proceeding, and the potential adverse impact on the ability of the relevant companies involved to comply with their obligations to the Government is uncertain. The Republic cannot predict how long these, or other corruption investigations may continue, whether these investigations will have negative effects or whether new allegations against Government officials or other companies with operations in the Republic will arise in the future.

Allegations of or concerns about corruption activity, or actual or alleged violations of applicable anti-corruption, anti-bribery or similar laws and policies by governmental authorities, could materially and adversely impact the Republic's reputation, ability to attract foreign investment and access international financing, any or all of which could have a material and adverse effect on the Republic's economic growth and its ability to make payments on its debt, including the bonds.

Extreme weather conditions, natural disasters and climate change 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 January 2020 earthquakes that affected Puerto Rico. 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. In addition, climate change is a threat to the Republic's economy and its future growth prospects. A global increase in the mean temperature is likely to lead to changed precipitation patterns, sea level rises and more frequent extreme weather events, such as prolonged droughts and flooding. The Republic's economy is dependent on climate sensitive sectors, including, for example, agriculture, tourism and energy. Droughts may negatively affect the supply of agricultural commodities, the food supply in general and the generation of hydroelectric power. A change in climate may have several consequences on the Republic, including lower agriculture productivity and damage to coastal infrastructure.

Risks Relating to 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 "Description of the Bonds—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."

There is no assurance that a trading market for the bonds will be established or developed or be maintained, and the price at which the bonds will trade in the secondary market is uncertain.

The 2041 bonds will be a new issue of securities with no established trading market. The Republic does not know the extent to which investor interest will support 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 will submit an application to list the bonds on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. The bonds cannot be traded on the Euro MTF Market until such time as the application is approved. The Republic cannot assure you that a trading market for the bonds will develop or be maintained 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 have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and, therefore, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. These exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of restrictions on resale and transfer, see "Transfer Restrictions" and "Plan of Distribution."

Sovereign credit ratings may not reflect all risks of investment in the bonds.

Sovereign credit ratings are an assessment by rating agencies of the Dominican Republic's ability to pay its debts when due. Consequently, real or anticipated changes in the Dominican Republic's sovereign credit ratings will generally affect the market value of the bonds. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the bonds. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each credit rating agency's rating should be evaluated independently of any other agency's rating.

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 in the United States and financial markets of the Republic;
- 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;
- the impact of hostilities or political unrest in other countries that may affect international trade, commodity prices and the global economy;
- the impact of pandemics, such as the COVID-19 outbreak;
- internal security issues relating to crime; 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.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Dominican Republic. In addition, there can be no assurance that these events will not adversely affect the Dominican economy, its ability to raise capital in the external debt markets in the future or its ability to service its public debt.

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. See "Description of the Bonds—Meetings, Amendments and Waivers."

USE OF PROCEEDS

The Republic estimates that, after deducting fees, commissions and estimated expenses payable by the Republic, the net proceeds from the sale of the bonds will be approximately US$2,542.9 million (excluding, in the case of the 2030 bonds offered hereby, accrued interest from July 30, 2020 through (but excluding) the date of issuance of the 2030 bonds).

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 2021 Budget.

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 10.4 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 estimates and projections of total population 2000-2030, based on the national census conducted in 2010, the population grew at an estimated average annual rate of 1.2% in the period from 2000 to 2010, and 1.0% in the period from 2010 to 2020. The Dominican Republic's adult literacy rate is approximately 93.8%. 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 31 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)[1]	US$19,182	US$10,166	US$8,996	US$9,140	US$32,763	US$15,644	US$20,434	US$20,411	US$65,118
United Nations index of human development (world ranking)[2]	89	96	126	124	67	79	68	76	15
Life expectancy at birth (in years)[3]	74	74	74	73	78	77	80	75	79
Adult literacy rate (% of people ages 15 and above)[4]	93.8%	88.1%	81.3%	89.0%	95.4%	95.1%	97.9%	95.4%	N/A
% of population below the poverty line[5]	3.6%	9.3%	20.4%	7.9%	4.7%	10.3%	3.7%	7.0%	1.3%

(1) Data refer to 2019.
(2) Data refer to 2019
(3) Data refer to 2018.
(4) Data refer to 2018, except for Jamaica and Guatemala (2014) and Dominican Republic (2016).
(5) Data refer to 2018, except for Jamaica (2004), Guatemala (2014), the Dominican Republic (2016) and the United States (2016). Poverty is defined as an income of US$5.50 per day per capita per household, adjusted by differences in purchasing power.

N/A = not available.
Sources: World Bank Development Indicators (updated as of September 4, 2020), and 2019 United Nations Human Development Report. Includes data as of the most recent year available for each country.

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. 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 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, 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 pursuant to the Constitution then in effect. Mr. 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 PRD. In June 2015, Congress approved an amendment to the Constitution allowing presidents to serve for two consecutive terms of office. In the presidential election held on May 15, 2016, Mr. Medina was elected for a second four-year term, after obtaining 61.74% of the votes cast during the first ballot, against Luis Abinader of the PRM, who obtained 34.98% of the votes cast. Until August 2020, the PLD had been the majority party in Congress since 2006.

In August 2020, Luis Abinader of the PRM was inaugurated as President of the Republic for a four-year term. Mr. Abinader was elected after obtaining 52.5% of the votes cast during the first ballot. In addition, the PRM became the majority party in Congress as a result of the 2020 general elections. See "Recent Developments—The Dominican Republic—2020 General Elections."

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, 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 was elected for a period of four years and may not be reelected for a consecutive term. However, on June 12, 2015, Congress approved additional amendments to the Constitution, whereby a President is allowed to run for reelection for a consecutive four-year term after which he cannot run again in the future. 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 190-member Chamber of Deputies, which together constitute 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 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 and the PLD won the three remaining 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 seven-year term and may be re-elected for one consecutive seven-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 nine-year term. All decisions of this Court are final.

Like many countries in Latin America, Dominican authorities are currently conducting several high-profile corruption investigations relating to the activities of certain Brazilian companies in the energy, infrastructure and

transportation sectors, which follow similar investigations conducted by Brazilian and U.S. authorities responsible for corruption and related investigations. For example, Odebrecht, a Brazilian conglomerate consisting of diversified businesses in the fields of engineering, construction, chemicals and petrochemicals, has admitted as part of its plea agreement in December 2016 with the U.S. Department of Justice that it made and caused to be made, through intermediaries working on its behalf, more than US$92.0 million in corrupt payments to Government officials between 2001 and 2014. Through these corrupt payments, Odebrecht admitted it was able to influence the Government's budget for certain works and its financing approvals for several infrastructure projects in the Republic. The *Ministerio Público*, through the PEPCA, has sent several requests for information and cooperation to the U.S. Department of Justice and the Brazilian Secretary of Justice, among other public officers in Brazil and in the United States.

On March 16, 2017, the PEPCA and Odebrecht entered into a leniency agreement in connection with these allegations (the "PEPCA-Odebrecht Leniency Agreement"). Under this agreement, Odebrecht agreed to provide all necessary information to identify the Government officials who received corrupt payments between 2001 and 2014 and the relevant infrastructure works that were adjudicated as a result of the corrupt payments, among other collaborative measures to provide information related to the corruption scheme. Odebrecht also agreed to pay US$184 million in damages to the Republic in a multi-year payment plan ending in 2025. In return, the *Ministerio Público* agreed to not prosecute Odebrecht, its subsidiaries, affiliates, employees or directors in connection with these violations of anti-corruption laws. Odebrecht also agreed to adopt measures and take specific initiatives relating to ethics, transparency and corporate governance of its Dominican affiliate, including a duly certified compliance program as well as a training schedule for its Dominican branch's compliance department, among others. On April 19, 2017, the judge in charge of the Third Court of Instruction of the National District (*Tercer Juzgado de la Instrucción del Distrito Nacional*) ratified the PEPCA-Odebrecht Leniency Agreement.

As a result, the criminal investigation has entered into a new phase in which the Dominican authorities began investigating and brought criminal proceedings against the Government officials who were the alleged recipients of the improper payments from Odebrecht. On June 7, 2018, the Attorney General formalized accusations against seven individuals, including senators, deputies and former government ministers, among others. On June 21, 2019, the Special Court of Instruction of the Supreme Court issued a resolution allowing the case to proceed to trial regarding accusations of bribery, money laundering, illicit enrichment, and falsehood against six of the seven individuals accused. As of the date of this offering memorandum, the case had been remanded to a first-instance court, where the proceedings were ongoing.

In June 2019, Odebrecht applied for bankruptcy in Brazil and has since then failed to make payments scheduled under the PEPCA-Odebrecht Leniency Agreement. The Public Prosecutor's Office has initiated judicial proceedings to be included as a creditor in the company's liquidation proceedings. On October 5, 2020, the Brazilian bankruptcy court recognized the Republic as a creditor. Odebrecht contested the ruling. As of the date of this offering memorandum, the appellate court had not made a decision.

In addition, Embraer, a Brazilian aerospace conglomerate that produces commercial, military, executive and agricultural aircraft, has admitted as part of its deferred prosecution agreement with the U.S. Department of Justice that in 2009 and 2010 it made US$3.5 million in corrupt payments to Dominican authorities to secure the approval by the Dominican Senate of the purchase and financing of eight military aircraft. The *Procuraduría Especializada de Corrupción Administrativa* reached a leniency agreement with Embraer in August 2018, pursuant to which Embraer paid the Republic a US$7.04 million settlement and provided government authorities with detailed information about the alleged improper payments. In December 2018, the *Procuraduría Especializada de Corrupción Administrativa* formally charged six individuals, including government ministers, among others, and several companies for their alleged involvement. In January 2019, the *Procuraduría Especializada de Corrupción Administrativa* held preliminary hearings to determine whether these individuals would face trial, and the most recent hearing was held on February 14, 2019. As of the date of this offering memorandum, the hearings were ongoing.

The Republic has implemented legislative and administrative measures to combat corruption, including the ratification of the Inter-American Convention Against Corruption (*Convención Interamericana contra la Corrupción*) and the creation of the PEPCA, a specialized branch of the *Ministerio Público* (Public Prosecutor's Office). The Special Corruption Public Prosecutor's Office is currently investigating the Odebrecht and Embraer corruption cases, among other corruption cases. In addition, on January 10, 2017, the Government issued Decree No. 6-17, which designated an independent commission to investigate the tender process and adjudication of the

engineering, procurement and construction contract related to the two thermal coal units in Punta Catalina, Baní, province of Peravia that was awarded in 2013 to the consortium formed by Construtora Norberto Odebrecht, S.A., Tecnimont S.p.A. and Ingeniería Estrella S.R.L. On June 30, 2017, the independent commission issued a report that indicated that it had found no evidence of any criminal or illicit activity relating to the tender process and adjudication of these contracts and recommended that the same consortium continue performing the concessioned works to avoid undue delays and increased costs in connection with the project. Further, on June 7, 2018, the Attorney General announced that the Public Prosecutor's Office had found no evidence of any activity involving patronage or unlawful exchanges relating to Punta Catalina's tender process and financing. For more information, see "The Economy—Secondary Production—Punta Catalina Thermal Power Plant."

Political Parties

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

Partido Revolucionario Moderno. The PRM is a recently-created social democratic party, formerly known as *Alianza Social Dominicana*, that supports socially-oriented market policies. Its principal leaders are President Luis Abinader and former President Hipólito Mejía Domínguez, and its original members were mostly persons who resigned from the PRD to form a new party in 2014. In August 2020, Mr. Abinader was inaugurated as President of the Republic.

Partido de la Liberación Dominicana. The PLD is a democratic center-left party. The PLD was founded by late former President Juan Bosch, after his split with the PRD. Its principal leader is former President Danilo Medina. In 2019, former President Leonel Fernández and other PLD officials left the party to form the political movement *La Fuerza del Pueblo*, later joining the *Partido de los Trabajadores Dominicanos* which has since changed its name to *La Fuerza del Pueblo.*

Partido Reformista Social Cristiano. The PRSC is a conservative Christian democratic party. Its principal leader, the late former President Joaquín Balaguer, died in July 2002. Its current leader and president is Federico Antún Batlle. 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, and has entered into a series of political alliances in connection with recent presidential elections, including, most recently, a political alliance with *La Fuerza del Pueblo* in connection with the 2020 presidential elections (supporting Mr. Fernandez's candidacy). The PRSC has not presented a separate candidate for presidency in general elections since the 2008 general elections.

Partido Revolucionario Dominicano. The PRD is a social democratic party. The party's current leader is Mr. Miguel Vargas, who ran for office in the 2008 presidential elections. On September 7, 2015, the PLD and PRD signed a political alliance agreement for the general elections held in May 2016, in which they agreed to propose common candidates for such elections, including for the presidency (Danilo Medina, who won the May 2016 presidential election, ran as the candidate for both parties). The political alliance was renewed for the general elections held in June 2020, in which the PRD supported the PLD's candidate for the presidency, Mr. Gonzalo Castillo.

Since 1996, successive Dominican administrations have 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 various policies intended to create employment and address social and economic inequities, such as modernization of the public education system, rural and urban infrastructure development, modernization of the healthcare system, and development of affordable housing and other housing solutions. See "Recent Developments—The Dominican Republic—2020 General Elections" for a description of the priorities and objectives of the recently-elected Abinader administration.

Congressional representation of each of the political parties since the most recent elections in July 2020 is as follows:

	Senate		Chamber of Deputies[1]	
	Seats	**%**	**Seats**	**%**
Partido Revolucionario Moderno (PRM) and allied parties	18	56.3	92	48.4
Partido de la Liberación Dominicana (PLD) and allied parties.	6	18.8	73	38.4
Partido Reformista Social Cristiano (PRSC)and allied parties .	5	15.6	6	3.2
Bloque Institucional Social Demócrata (BIS) and allied parties	1	3.1	1	0.5
Partido Fuerza del Pueblo (FP)	1	3.1	4	2.1
Partido Dominicanos por el Cambio (DXC)	1	3.1	—	—
Alianza País (ALPAIS)	—	—	1	0.5
Alianza por la Democracia (APD)	—	—	2	1.1
Partido Cívico Renovador (PCR)	—	—	1	0.5
Partido Humanista Dominicano (PHD)	—	—	1	0.5
Partido Popular Cristiano (PPC)	—	—	1	0.5
Partido Revolucionario Social Demócrata (PRSD)	—	—	1	0.5
Partido Revolucionario Dominicano (PRD)	—	—	3	1.6
Partido Liberal Reformista (PLR)	—	—	1	0.5
Frente Amplio	—	—	3	1.6
Total	**32**	**100**	**190**	**100**

(1) Includes seven Deputies elected as representatives of the Diaspora (Dominicans living abroad) elected in July 2020.
Source: *Junta Central Electoral*.

Significant Litigation

On January 16, 2018, Dominicana Renovables S.L. ("Dominicana Renovables") filed a request for arbitration with the Secretary of the International Court of Arbitration of the International Chamber of Commerce alleging a breach of a contract entered into between the National Energy Commission (*Comisión Nacional de la Energía* or the "CNE") and Dominicana Renovables. According to the claimant, the contract required the CDEEE to enter into a purchase agreement with Dominicana Renovables for the purchase of energy and CDEEE allegedly failed to do so. In addition, Dominicana Renovables alleges that the CNE violated Law No. 57-07 regarding the Incentive to the Development of Renewable Energy Sources (*Incentivo al Desarrollo de Fuentes Renovables de Energía*). The claimant is seeking an award of US$287.6 million for damages. As of the date of this offering memorandum, the proceeding is still pending.

On April 6, 2018, Mr. Michael Lee-Chin and Lajun Coporation, S.R.L. filed a notice of arbitration with the International Centre for Settlement of Investment Disputes under Article III of the Dominican Republic-Caribbean Community (CARICOM) Free Trade Agreement. Plaintiffs allege that the Republic breached its obligations under Annex III, and in particular, its obligations relating to transparency, most favored nation treatment, protection and full security and expropriation and compensation, and seek an award of US$601.0 million for damages. As of the date of this offering memorandum, the proceeding is still pending.

On June 7, 2019, Azucarera del Guadalfeo, S.A. and Mr. Joaquín Francisco Martín Montero filed a notice for arbitration with the Permanent Court of Arbitration under the APPRI), entered into by the Republic and Spain, alleging a violation of the Republic's obligations under the APPRI. Plaintiffs are seeking an award of US$46.8 million for damages. As of the date of this offering memorandum, the proceeding is still pending.

Foreign Policy and Membership in International and Regional Organizations

On April 30, 2018, the Republic announced the establishment of diplomatic relations with China, one of its largest trading partners. As of the date of this offering memorandum, 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").

On June 8, 2018, the United Nations General Assembly elected the Dominican Republic among five new non-permanent members of the United Nations Security Council, each of which will serve a two-year term expiring on December 31, 2020.

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.

- In June 2016, the Republic signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters developed by the OECD and the Council of Europe. This Convention provides assistance in tax matters, such as the exchange of information, simultaneous and coordinated tax audits and tax recovery, with a view to combating tax evasion. The Convention was approved by the Constitutional Court of the Republic on December 12, 2017 and was ratified by Congress on October 17, 2018.

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 electricity, public education, agriculture, public sector reform, transportation, telecommunications, disaster relief, public health and safety, environmental reform and financial sector reform. See "Public Sector Debt—Consolidated Public Sector External Debt—Debt Owed to Official Institutions."

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 inaugurated a bi-national free trade zone on the Dominican Republic-Haiti border on April 8, 2002.

According to the Second National Immigrant Survey (*Segunda Encuesta Nacional de Inmigrantes*) conducted in 2017, an estimated 497,825 Haitians live in the Dominican Republic, accounting for 87.2% of total immigration. This represents an 8.6% increase in the estimated number of Haitians living in the Dominican Republic when compared to the results of the First National Immigrant Survey (*Primera Encuesta Nacional de Inmigrantes*) conducted in 2012. This population is generally comprised of three distinct subgroups: seasonal agricultural workers, undocumented immigrants and political refugees. Almost half of Haitians living in the Dominican Republic are undocumented, and illegal immigration occasionally becomes a source of tension between the two countries.

In 2015 and 2016, the Government implemented the National Regularization Plan for Foreigners, establishing the terms for the regularization of foreigners in irregular immigration status who are residing in the Dominican Republic. The plan establishes the conditions under which immigrants with irregular immigration status, including Haitians, may have access to health services, education and social security. 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.

The Central Bank has reported that annual exports to Haiti were US$1,254.8 million on average from 2015 to 2019. Haiti remains the second most important destination for Dominican exports, representing, on average 12.2% of total annual exports from 2015 to 2019. In October 2015, the Haitian government implemented a restriction on exports from the Dominican Republic, prohibiting land commerce and transportation (but not through sea or air) of a total of 23 products, which represent the most relevant products in terms of volume of exports from the Dominican Republic to Haiti. For the year ended December 31, 2016, exports to Haiti were US$1,221.3 million, representing a 10% decrease as compared to 2015, due to a decrease in exports of garments, clothing accessories and cotton. For the year ended December 31, 2017, exports to Haiti were US$1,238.6 million, representing an increase of 1.5% as compared to 2016, due to a 2.0% increase in exports from outside the free-trade zone. For the year ended December 31, 2018, exports to Haiti were US$1,290.9 million, representing an increase of 4.2% as compared to 2017 due to a 10.8% increase in exports from outside the free-trade zone. For the year ended December 31, 2019, exports from the Republic to Haiti amounted to US$1,166.5 million representing a decrease of 9.6% as compared to 2018.

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 the 1990s, 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, improved banking supervision and introduced measures to stimulate foreign direct investments. On the basis of these policies, the IMF and the Republic agreed on two stand-by loan arrangements.

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 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 Banco Intercontinental, S.A. ("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$2.3 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 DOP11.7 billion (US$333.7 million at the DOP/US$ 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 1.3% 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$123.6 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$603 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 "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.

In the second half of 2004, the Dominican economy started to show signs of improvement, particularly during the fourth quarter. In 2004 and 2005, real GDP increased by 2.6% and 9.4%, respectively, as compared to the prior year, the Central Bank's net international reserves increased to US$602.2 million at December 31, 2004 and US$917.5 million at December 31, 2005, compared to US$123.6 million at December 31, 2003 and the rate of inflation decreased to 28.7% in 2014 and 7.4% in 2015, as compared to 42.7% in 2003.

On January 31, 2005, the IMF approved a two-year 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.

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.

2015-2019 Developments

In 2015, the Republic's real GDP grew by 6.9%, which was a slightly lower rate of growth than in 2014. This real GDP expansion in 2015 was due, among other things, to the favorable behavior of all domestic demand components, notably gross fixed investments and total consumption. For 2015, the Central Bank had established an inflation target of 4.0%, plus or minus 1%. As a result of the low oil prices that persisted throughout the year in international markets, the annual rate of inflation remained below the lower limit of the Central Bank's target for the second year in a row, with an inflation rate of 2.34% at year end. In addition, during 2015 the Central Bank's net international reserves increased 11.7% from US$4,650.4 million as of December 31, 2014 to US$5,195.1 million as of December 31, 2015. The nominal DOP/US$ exchange rate increased gradually during 2015, reaching DOP45.47 per U.S. dollar on the last business day of December, which represented an annualized peso depreciation rate of 2.7% since the beginning of 2015. The average DOP/US$ exchange rate for the purchase of U.S. dollars in 2015 was DOP44.94 per US$1.00 compared to DOP43.45 per US$1.00 for 2014, which represents a 3.3% nominal average depreciation.

In 2016, the Republic's real GDP grew by 6.7%, a growth rate similar to that of the previous year. This real GDP expansion in 2016 was due, among other things, to the favorable internal and external macroeconomic conditions that boosted consumption and investment. For 2016, the Central Bank had established an inflation target of 4.0%, plus or minus 1%. As a result of the low oil prices that persisted throughout the year in international markets, the annual rate of inflation remained below the lower limit of the Central Bank's target for the third year in a row, with an inflation rate of 1.70% at year end. In addition, during 2016 the Central Bank's net international reserves increased by 16.4% from US$5,195.1 million as of December 31, 2015 to US$6,046.7 million as of December 31, 2016. The nominal depreciation of the DOP/US$ exchange rate increased gradually during 2016, reaching DOP46.62 per U.S. dollar on the last business day of December 2016, which represented an annualized peso depreciation rate of 2.5% since the beginning of 2016. The average DOP/US$ exchange rate for the purchase of U.S. dollars in 2016 was DOP45.99 per US$1.00 compared to DOP44.94 per US$1.00 for 2015, which represents a 2.3% nominal average depreciation.

In 2017, based on preliminary figures, the Republic's real GDP grew 4.7%, mainly due to a 6.6% GDP growth registered in the last quarter of the year. During the first half of the year, the economy experienced a cyclical deceleration of domestic demand, particularly in public and private investment due to changes in expectations as a result of uncertainty generated by external and internal factors, combined with a greater than expected adjustment in fiscal policy. Further, during the third quarter, the country was impacted by two hurricanes, Irma and Maria, which had significant effects on production and commercial activity, causing damage to road infrastructure and leading to a temporary suspension of labor activities for several days. Notwithstanding the foregoing, the economy expanded during the second half of the year, largely due to the application of monetary easing measures aimed at boosting availability of credit and more active fiscal policies, which resulted in an increase in consumption and private investment. In addition, during 2017 the Central Bank's net international reserves increased 12.1% from US$6,046.7 million as of December 31, 2016 to US$6,780.4 million as of December 31, 2017. The nominal depreciation of the DOP against the U.S. dollar increased gradually during 2017, reaching DOP48.19 per US$1.00 on the last business day of December, which represented an annualized peso depreciation of 3.3% from the beginning of 2017. The average DOP/US$ exchange rate for the purchase of U.S. dollars in 2017 was DOP47.44 per US$1.00 compared to DOP45.99 per US$1.00 for 2016, which represents a 3.1% nominal average depreciation.

In 2018, based on preliminary figures, real GDP grew by 7.0%, a significant improvement compared to real GDP growth of 4.7% in 2017, primarily driven by investment and consumption, which benefited from the continuing effects of the monetary easing measures implemented in August 2017 that have stimulated financial credit to the private sector. For 2018, the Central Bank had established an inflation target of 4.0%, plus or minus 1%. However, the inflation rate stood at 1.17% on December 31, 2018, below the Central Bank's target range, primarily due to the rapid decline registered in the fourth quarter of 2018 in international oil prices and consequently in local prices of refined oil products and energy production. In addition, during 2018, the Central Bank's net international reserves increased by 12.5% from US$6,780.8 million as of December 29, 2017 to US$7,627.6 million as of December 31, 2018. The nominal depreciation of the DOP/US$ exchange rate increased gradually during 2018, reaching DOP50.20 per U.S. dollar on the last business day of 2018, which represented an annualized peso depreciation rate of 4.0% since the beginning of 2018, as compared to 3.1% during the same period in 2017. The average DOP/US$ exchange rate for the purchase of U.S. dollars in 2018 was DOP49.43 per US$1.00 compared to DOP47.44 per US$1.00 for 2017, which represents a 4.0% nominal average depreciation in 2018 compared to 2017.

In 2019, based on preliminary figures, real GDP grew by 5.1%, primarily driven by investment and consumption in the second half of the year, which benefited from the effects of the monetary easing measures implemented by mid-year that stimulated financial credit to the private sector. For 2019, the Central Bank established an inflation target of 4.0%, plus or minus 1%. On December 31, 2019, the inflation rate stood at 3.66%. In addition, the Central Bank's net international reserves increased by 15.1% from US$7,627.6 million as of December 31, 2018 to US$8,781.8 million as of December 31, 2019. The nominal depreciation of the DOP/US$ exchange rate increased gradually during 2019, reaching DOP52.90 per U.S. dollar on the last business day of 2019, which represented an annualized peso depreciation rate of 5.1% since the beginning of 2019, as compared to 4.0% during the same period in 2018. The average DOP/US$ exchange rate for the purchase of U.S. dollars in 2019 was DOP51.20 per US$1.00 compared to DOP49.43 per US$1.00 for 2018, which represents a 3.5% nominal average depreciation in 2019 compared to 2018.

During recent years the economy has benefited from positive supply-side conditions, due to low international prices of several commodities, such as oil and other imported inputs, as well as an increase in the price of gold that boosted export revenues. Furthermore, the economic recovery in the United States, the Republic's major trading partner, has contributed to increased export and tourism revenues, thus fostering certain economic sectors with high external demand.

Gross Domestic Product and Structure of the Economy

The Dominican economy is driven primarily by private consumption, investment and exports. The GDP by expenditure approach shows that as of December 31, 2019, private consumption accounted for 67.8% of GDP, government consumption for 11.1% of GDP and gross investment for 26.0% 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,									
	2015		2016		2017[2]		2018[2]		2019[2]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Government consumption	7,330.0	10.3	7,805.3	10.3	8,753.6	10.9	9,289.2	10.9	9,840.8	11.1
Private consumption	50,523.4	70.9	53,404.6	70.5	55,577.2	69.5	58,419.6	68.3	60,278.6	67.8
Total consumption	57,853.4	81.2	61,209.9	80.8	64,330.8	80.4	67,708.8	79.2	70,119.4	78.9
Total gross investment	16,700.9	23.4	17,403.6	23.0	17,983.0	22.5	22,064.8	25.8	23,118.7	26.0
Exports of goods and services	16,928.5	23.8	18,113.6	23.9	18,951.5	23.7	20,145.2	23.6	20,510.0	23.1
Imports of goods and services	(20,239.8)	(28.4)	(20,967.6)	(27.7)	(21,240.9)	(26.5)	(24,381.9)	(28.5)	(24,842.0)	(27.9)
Net exports (imports)	(3,311.3)	(4.6)	(2,854.0)	(3.8)	(2,289.3)	(2.9)	(4,236.7)	(5.0)	(4,332.0)	(4.9)
GDP	**71,243.0**	**100.0**	**75,759.4**	**100.0**	**80,024.5**	**100.0**	**85,536.9**	**100.0**	**88,906.1**	**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,									
	2015		2016		2017[1]		2018[1]		2019[1]	
	DOP	%	DOP	%	DOP	%	DOP	%	DOP	%
Government consumption	329,821.7	7.7	359,285.0	8.9	415,959.0	15.8	460,006.9	10.6	504,984.6	9.8
Private consumption	2,273,355.2	8.5	2,458,273.8	8.1	2,640,954.6	7.4	2,892,980.7	9.5	3,093,208.9	6.9
Total consumption	2,603,176.9	8.4	2,817,558.7	8.2	3,056,913.5	8.5	3,352,987.6	9.7	3,598,193.5	7.3
Total gross investment.....	751,474.3	11.1	801,107.5	6.6	854,528.4	6.7	1,092,665.1	27.9	1,186,340.2	8.6
Exports of goods and services	761,714.4	3.5	833,790.0	9.5	900,550.5	8.0	997,602.5	10.8	1,052,474.9	5.5
Imports of goods and services	(910,710.4)	2.6	(965,163.7)	6.0	(1,009,336.6)	4.6	(1,207,408.4)	19.6	(1,274,773.5)	5.6
Net exports (imports).....	(148,996.1)	(1.9)	(131,373.7)	(11.8)	(108,786.2)	(17.2)	(209,805.9)	92.9	(222,298.6)	6.0
GDP	**3,205,655.1**	**9.6**	**3,487,292.5**	**8.8**	**3,802,655.8**	**9.0**	**4,235,846.8**	**11.4**	**4,562,235.1**	**7.7**

(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)[1]

	As of December 31,									
	2015		2016		2017[2]		2018[2]		2019[2]	
	Index	%	Index	%	Index	%	Index	%	Index	%
Government consumption	138.8	6.9	141.5	1.9	142.7	0.8	146.7	2.8	156.0	6.3
Private consumption	144.9	6.4	153.7	6.0	160.4	4.4	169.5	5.7	177.3	4.6
Total consumption	144.1	6.5	152.1	5.5	158.1	3.9	166.4	5.2	174.4	4.8
Gross fixed investment[3]	131.4	18.9	147.6	12.3	147.2	(0.3)	166.8	13.3	180.4	8.1
Exports of goods and services.	140.2	3.1	150.7	7.5	158.1	4.9	167.6	6.1	170.2	1.5
Imports of goods and services	129.6	11.0	140.1	8.1	135.9	(3.0)	147.5	8.5	156.1	5.8
Real GDP	**143.5**	**6.9**	**153.1**	**6.7**	**160.2**	**4.7**	**171.4**	**7.0**	**180.1**	**5.1**

(1) For additional information on this methodology please see "Defined Terms and Conventions—Certain Defined Terms—GDP."
(2) Preliminary data.
(3) Changes in inventories are a volatile component of 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.
Source: Central Bank.

In 2015, the Republic's real GDP grew by 6.9% as compared to 2014, as a result, among other things, of an expansion in domestic demand, mainly driven by the performance in gross fixed investment (18.9%) and total consumption (6.5%). Gross fixed investment benefited from the continued momentum in public investment and an increase in financial lending for private construction projects.

In 2016, the Republic's real GDP grew by 6.7% as compared to 2015. Similar to the previous year, this increase was a result, among other things, of an expansion in domestic demand, mainly driven by the performance in gross fixed investment (12.3%) and total consumption (5.5%), as well as an increase in exports (7.5%), primarily as a result of increased exports of gold, silver and services, which increased 28.4%, 37.1% and 10.2%, respectively.

In 2017, the Republic's real GDP grew by 4.7% as compared to 2016, mainly due to the implementation of a fiscal and monetary stimulus program aimed at enhancing economic activity, which reflected positive results in the last quarter of the year. This increase was also a result of a higher total consumption and exports, which registered a 3.9% and 4.9% growth rate, respectively. Gross fixed investment decreased by 0.3% in 2017.

In 2018, the Republic's real GDP grew by 7.0% as compared to 2017, mainly as a result of higher domestic demand, which resulted mainly from the expansion in gross fixed investment (13.3%) and total consumption (5.2%). This growth in GDP was due to the continuing effects of the monetary easing measures implemented in 2017, which stimulated an increase in financial credit to the private sector, in a context of low inflationary pressures and low effective annual interest rates, which in turn allowed the expansion of investment and consumption. Total exports grew by 6.1% compared to 2017, due to the increase in tourism revenues driven by an increase in the number of non-resident visitor arrivals.

In 2019, the Republic's real GDP grew by 5.1% as compared to 2018, mainly as a result of higher domestic demand, which resulted mainly from the expansion in gross fixed investment (8.1%) and total consumption (4.8%). This growth in GDP was due to the continuing effects of the monetary easing measures implemented in mid-2019, which stimulated an increase in financial credit to the private sector, in a context of low inflationary pressures and low effective annual interest rates, which in turn allowed for the expansion of investment and consumption.

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,									
	2015[1]		2016[1]		2017[1]		2018[1]		2019[1]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Domestic investment.....	16,700.9	23.4	17,403.6	23.0	17,983.0	22.5	22,064.8	25.8	23,118.7	26.0
Domestic savings:										
Public savings.....	478.2	0.7	720.3	1.0	817.0	1.0	724.7	0.8	N/A	N/A
Private savings	14,942.4	21.0	15,868.6	20.9	17,032.9	21.3	20,180.6	23.6	N/A	N/A
Total domestic savings.....	15,420.6	21.6	16,588.9	21.9	17,849.9	22.3	20,905.2	24.4	21,913.8	24.6
External savings [2]	1,280.3	1.8	814.7	1.1	133.1	0.2	1,159.6	1.4	1,204.9	1.4
Total savings	**16,700.9**	**23.4**	**17,403.6**	**23.0**	**17,983.0**	**22.5**	**22,064.8**	**25.8**	**23,118.7**	**26.0**

(1) Preliminary data.
(2) Calculated as the inverse negative of the current account balance.
N/A = not available.
Source: Central Bank.

During the period from 2015 through 2019, there was an improvement in terms of reducing the need for external savings (equivalent to the reduction of current account deficit) to finance total domestic investment. This positive trend has become even more apparent in 2017, 2018 and 2019, with domestic savings representing 22.3%, 24.4% and 24.6% of GDP, respectively, and external savings representing only 0.2%, 1.4% and 1.4% of GDP, respectively.

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$ and as a % change from prior year, at current prices)[3]

	As of December 31,									
	2015		2016		2017[4]		2018[4]		2019[4]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Per capita GDP	7,138.4	4.9	7,519.5	5.3	7,869.3	4.7	8,331.9	5.9	8,583.1	3.0
Per capita income ...	7,340.1	5.8	7,720.1	5.2	8,057.8	4.4	8,551.7	6.1	8,815.9	3.1

(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 period from 2015 through 2019, economic growth and 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 2015 to 2019. The annual average GDP growth rate for 2015 to 2019 was 6.1%.

The following table sets forth the principal sectors of the economy in 2019.

Sectors of the Dominican Economy
(as a % of GDP for 2019, at current prices)

	2019[1]
Primary production[2]	7.0
Manufacturing[3]	13.8
Other Secondary Production[4]	13.5
Services[5]	58.3
Taxes (less subsidies)	7.4

(1) Preliminary data.
(2) Includes agriculture, livestock, fishing and forestry and mining.
(3) Includes traditional manufacturing and free trade zones.
(4) Includes electricity, gas and water, and construction.
(5) 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 same 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,									
	2015		2016		2017[1]		2018[1]		2019[1]	
	DOP	%	DOP	%	DOP	%	DOP	%	DOP	%
Primary production:										
Agriculture, livestock, fishing and forestry	175,820.4	5.5	192,054.7	5.5	203,163.2	5.3	218,052.2	5.1	238,481.2	5.2
Mining	49,880.0	1.6	68,971.7	2.0	70,388.1	1.9	73,574.2	1.7	82,459.0	1.8
Total primary production	225,700.5	7.0	261,026.4	7.5	273,551.3	7.2	291,626.4	6.9	320,940.2	7.0
Secondary production:										
Manufacturing:										
Traditional	366,193.1	11.4	386,688.6	11.1	410,978.1	10.8	456,900.9	10.8	482,045.4	10.6
Free trade zones	105,116.7	3.3	116,137.1	3.3	125,039.1	3.3	141,858.7	3.3	145,663.6	3.2
Total manufacturing	471,309.8	14.7	502,825.7	14.4	536,017.2	14.1	598,759.6	14.1	627,708.9	13.8
Electricity, gas and water	64,099.6	2.0	60,220.2	1.7	62,187.6	1.6	65,909.5	1.6	71,206.6	1.6
Construction	328,205.9	10.2	329,711.0	9.5	398,765.9	10.5	482,158.6	11.4	545,201.9	12.0
Total secondary production	863,615.3	26.9	892,756.9	25.6	996,970.7	26.2	1,146,827.7	27.1	1,244,117.5	27.3
Services:										
Wholesale and retail trade	333,877.5	10.4	374,146.3	10.7	395,718.2	10.4	437,201.0	10.3	459,655.6	10.1
Hotels, bars and restaurants	249,022.6	7.8	272,527.5	7.8	297,203.9	7.8	323,927.0	7.6	336,131.2	7.4
Transportation	265,398.8	8.3	287,234.4	8.2	315,149.8	8.3	347,875.9	8.2	378,099.2	8.3
Communications	33,565.4	1.0	34,905.8	1.0	36,470.6	1.0	40,595.4	1.0	38,366.3	0.8
Financial services	128,690.7	4.0	147,575.5	4.2	157,911.6	4.2	171,595.7	4.1	190,699.2	4.2
Real estate	263,288.1	8.2	281,741.3	8.1	300,902.8	7.9	321,221.5	7.6	341,778.8	7.5
Public administration	127,583.2	4.0	136,755.6	3.9	154,464.7	4.1	174,791.1	4.1	185,857.5	4.1
Private education	69,669.0	2.2	76,078.2	2.2	80,967.6	2.1	86,378.0	2.0	92,231.3	2.0
Public education	89,670.9	2.8	107,570.0	3.1	122,601.9	3.2	139,831.6	3.3	157,352.4	3.4
Private health	59,734.2	1.9	70,767.3	2.0	77,536.1	2.0	89,604.1	2.1	94,190.1	2.1
Public health	33,300.2	1.0	33,594.7	1.0	39,151.6	1.0	45,614.1	1.1	51,459.3	1.1
Other services	239,507.4	7.5	264,195.5	7.6	281,687.6	7.4	304,717.0	7.2	333,726.0	7.3
Total services	1,893,308.1	59.1	2,087,092.1	59.8	2,259,766.3	59.4	2,483,352.5	58.6	2,659,546.8	58.3
Taxes to production net of subsidies	223,031.3	7.0	246,417.1	7.1	272,367.4	7.2	314,040.2	7.4	337,630.7	7.4
Total GDP	**3,205,655.1**	**100.0**	**3,487,292.5**	**100.0**	**3,802,655.8**	**100.0**	**4,235,846.8**	**100.0**	**4,562,235.1**	**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,									
	2015		2016		2017[1]		2018[1]		2019[1]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Primary production:										
Agriculture, livestock, fishing and forestry	3,907.5	5.5	4,172.3	5.5	4,275.4	5.3	4,403.3	5.1	4,647.4	5.2
Mining	1,108.5	1.6	1,498.4	2.0	1,481.3	1.9	1,485.7	1.7	1,606.9	1.8
Total primary production	5,016.0	7.0	5,670.6	7.5	5,756.7	7.2	5,889.0	6.9	6,254.3	7.0
Secondary production:										
Manufacturing:										
Traditional	8,138.3	11.4	8,400.6	11.1	8,648.8	10.8	9,226.5	10.8	9,393.8	10.6
Free trade zones	2,336.1	3.3	2,523.0	3.3	2,631.4	3.3	2,864.6	3.3	2,838.6	3.2
Total manufacturing	10,474.5	14.7	10,923.6	14.4	11,280.1	14.1	12,091.1	14.1	12,232.4	13.8
Electricity, gas and water	1,424.6	2.0	1,308.3	1.7	1,308.7	1.6	1,330.9	1.6	1,387.6	1.6
Construction	7,294.1	10.2	7,162.8	9.5	8,391.8	10.5	9,736.5	11.4	10,624.6	12.0
Total secondary production	19,193.1	26.9	19,394.6	25.6	20,980.6	26.2	23,158.6	27.1	24,244.6	27.3
Services:										
Wholesale and retail trade	7,420.1	10.4	8,128.1	10.7	8,327.6	10.4	8,828.7	10.3	8,957.5	10.1
Hotels, bars and restaurant	5,534.3	7.8	5,920.5	7.8	6,254.5	7.8	6,541.2	7.6	6,550.3	7.4
Transportation	5,898.3	8.3	6,240.0	8.2	6,632.1	8.3	7,024.9	8.2	7,368.2	8.3
Communications	746.0	1.0	758.3	1.0	767.5	1.0	819.8	1.0	747.7	0.8
Financial services	2,860.0	4.0	3,206.0	4.2	3,323.2	4.2	3,465.1	4.1	3,716.2	4.2
Real estate	5,851.4	8.2	6,120.7	8.1	6,332.3	7.9	6,486.6	7.6	6,660.4	7.5
Public administration	2,835.4	4.0	2,970.9	3.9	3,250.6	4.1	3,529.7	4.1	3,621.9	4.1
Private education	1,548.3	2.2	1,652.8	2.2	1,703.9	2.1	1,744.3	2.0	1,797.3	2.0
Public education	1,992.9	2.8	2,336.9	3.1	2,580.1	3.2	2,823.7	3.3	3,066.4	3.4
Private health	1,327.5	1.9	1,537.4	2.0	1,631.7	2.0	1,809.4	2.1	1,835.5	2.1
Public health	740.1	1.0	729.8	1.0	823.9	1.0	921.1	1.1	1,002.8	1.1
Other services	5,322.9	7.5	5,739.5	7.6	5,927.9	7.4	6,153.3	7.2	6,503.5	7.3
Total services	42,077.2	59.1	45,340.9	59.8	47,555.4	59.4	50,147.8	58.6	51,827.7	58.3
Taxes to production net of subsidies	4,956.7	7.0	5,353.3	7.1	5,731.8	7.2	6,341.6	7.4	6,579.5	7.4
Total GDP	**71,243.0**	**100.0**	**75,759.4**	**100.0**	**80,024.5**	**100.0**	**85,536.9**	**100.0**	**88,906.1**	**100.0**

(1) Preliminary data.

Source: Central Bank.

Gross Domestic Product by Sector

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

	As of December 31,				
	2015	**2016**	**2017[1]**	**2018[1]**	**2019[1]**
Primary production:					
Agriculture, livestock, fishing and forestry	137.5	145.3	153.7	162.2	168.8
Mining	326.0	409.8	397.8	392.7	405.9
Total primary production	190.4	203.7	218.2	221.5	229.8
Secondary production:					
Manufacturing:					
Traditional	130.9	135.0	138.2	146.0	149.9
Free trade zones	119.3	123.5	128.0	138.4	141.3
Total manufacturing	128.3	132.4	135.8	144.2	147.9
Electricity, gas and water	121.1	119.4	123.8	130.8	140.6
Construction	141.0	155.8	163.5	182.8	201.9
Total secondary production	132.5	140.3	145.2	158.8	169.0
Services:					
Wholesale and retail trade	134.0	143.8	147.6	159.2	165.2
Hotels, bars and restaurants	137.4	146.0	155.9	164.8	165.1
Transportation	156.9	167.0	174.9	185.4	195.3
Communications	152.4	161.4	167.7	188.8	175.2
Financial services	174.9	194.3	202.0	216.6	236.2
Real estate	134.0	140.9	147.0	153.2	160.9
Public administration	136.5	136.7	137.2	141.1	146.2
Private education	121.1	125.6	127.1	129.3	132.6
Public education	176.9	181.5	187.7	193.7	198.4
Private health	172.4	196.4	207.7	231.9	236.0
Public health	151.9	157.6	148.1	150.7	164.9
Other services	151.8	163.2	169.0	177.1	189.6
Total services	146.0	155.7	161.9	171.4	178.7
Total GDP	**143.5**	**153.1**	**160.2**	**171.4**	**180.1**

(1) Preliminary data.

(2) For additional information on this methodology please see "Defined Terms and Conventions—Certain Defined Terms—GDP."

Source: Central Bank.

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

	As of December 31,				
	2015	**2016**	**2017[1]**	**2018[1]**	**2019[1]**
Primary production:					
Agriculture, livestock, fishing and forestry	2.3	5.6	5.8	5.5	4.1
Mining	(9.1)	25.7	(2.9)	(1.3)	3.4
Total primary production	(1.9)	7.0	7.1	1.5	3.8
Secondary production:					
Manufacturing:					
Traditional	5.0	3.1	2.4	5.6	2.7
Free trade zones	2.3	3.5	3.6	8.1	2.1
Total manufacturing	4.4	3.2	2.6	6.2	2.6
Electricity, gas and water	(0.5)	(1.4)	3.7	5.7	7.5
Construction	17.9	10.5	5.0	11.8	10.4
Total secondary production	9.0	5.9	3.5	9.3	6.4
Services:					
Wholesale and retail trade	8.8	7.3	2.6	7.9	3.8
Hotels, bars and restaurants	6.4	6.3	6.8	5.7	0.2
Transportation	5.9	6.4	4.8	6.0	5.3
Communications	5.8	5.9	3.9	12.5	(7.2)
Financial services	9.2	11.1	4.0	7.2	9.0
Real estate	3.1	5.1	4.4	4.2	5.0
Public administration	3.9	0.1	0.4	2.8	3.7
Private education	0.4	3.7	1.2	1.7	2.5
Public education	14.3	2.6	3.4	3.2	2.5
Private health	6.7	13.9	5.7	11.7	1.8
Public health	4.6	3.8	(6.0)	1.8	9.4
Other services	5.1	7.5	3.6	4.8	7.1
Total services	6.1	6.6	4.0	5.9	4.3
Real GDP growth[2]	**6.9**	**6.7**	**4.7**	**7.0**	**5.1**

(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 4.7% average annual growth between 2015 and 2019.

In 2015, this sector registered a moderate growth rate of 2.3%, reflecting the impact on agricultural production of the infestation of pests and drought seasons, which required that the sector receive assistance through the Ministry of Agriculture and the *Banco Agrícola de la República Dominicana* (Agricultural Bank of the Dominican Republic), such as:

- the development of new production areas and the introduction of different varieties of agricultural crops;
- the adoption of new technologies, technical assistance, preparation and clearing of land through the Program of Agricultural Machinery Services;
- introduction of 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.

In 2016, however, this sector grew at a rate of 5.6% compared to 2015, due to favorable weather conditions throughout most of the year and the positive effects derived from the continuity of assistance from the Ministry of Agriculture and the *Banco Agrícola de la República Dominicana* (Agricultural Bank of the Dominican Republic) to support sustained production.

In 2017, this sector grew at a rate of 5.8%, despite the impact of two hurricanes, Irma and Maria, and various floods in agricultural regions at the end of 2016 and the beginning of 2017, which had significant effects on production and commercial activity, causing damage to road infrastructure and leading to a temporary suspension of labor activities for several days. Notwithstanding the foregoing, the sector expanded during the second half of 2017, largely due to the positive effects of monetary easing measures that boosted availability of credit and fiscal policies, which resulted in increased consumption and private investment. In addition, the Monetary Board contributed DOP6.6 billion in December 2016 to agricultural producers in some provinces affected by the abovementioned floods.

In 2018, this sector grew at a rate of 5.5% compared to 2017, driven primarily by the implementation of public policies such as technical assistance, financial support, land repair and infrastructure maintenance, distribution of seeds and fertilizers to agricultural producers, the supply of foodstuff to breeders, genetic diversification of seeds and the reprogramming of crop cycles to achieve greater efficiency and productivity.

In 2019, this sector grew at a rate of 4.1% compared to 2018, driven primarily by the implementation of public policies, such as technical assistance and financial support by the Budgetary Government and the Ministry of Agriculture, which supported sustained production and partially offset the effects of a drought that impacted different areas of the country throughout most of the year.

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,				
	2015	**2016**	**2017[(2)]**	**2018[(2)]**	**2019[(2)]**
Crops:					
Fruits	825.6	915.9	944.4	945.0	983.3
Rice	307.9	318.2	333.5	357.7	367.6
Root crops	213.6	254.9	226.9	240.9	251.5
Vegetables	178.1	177.0	203.7	226.4	219.7
Sugarcane	169.6	187.8	224.8	217.8	200.0
Coffee	38.9	48.9	43.9	44.1	37.6
Legumes	53.4	65.1	63.6	66.3	73.1
Corn	14.6	16.0	17.3	18.1	21.8
Tobacco	22.8	18.0	17.6	17.2	20.3
Oleaginous crops	5.7	6.3	5.6	7.0	9.1
Other agricultural (plantains)	313.0	319.1	328.1	329.2	412.7
Total crops	**2,143.1**	**2,327.2**	**2,409.4**	**2,469.8**	**2,596.8**
Livestock:					
Poultry	441.4	428.3	433.6	453.2	456.8
Milk	396.8	449.1	478.2	492.3	491.7
Beef	543.4	560.4	573.7	585.7	590.7
Eggs	150.0	156.9	167.2	179.3	200.6
Pork	201.3	201.9	197.7	204.1	205.7
Lamb	—	—	—	—	—
Total livestock	**1,732.8**	**1,796.7**	**1,850.4**	**1,914.6**	**1,945.5**
Honey and bees' wax	—	—	—	—	—
Fishing and forestry	51.9	52.7	53.7	55.2	56.3

(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.
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,				
	2015	**2016**	**2017[1]**	**2018[1]**	**2019[1]**
Crops:					
Fruits	2.1	2.6	3.2	6.2	7.1
Rice	0.7	3.9	5.6	6.7	1.7
Root crops	(0.6)	4.8	2.2	(1.1)	8.1
Vegetables	1.2	(2.4)	15.3	15.7	6.2
Sugar cane	(15.1)	13.3	23.6	1.0	(23.0)
Coffee	(10.6)	22.2	16.4	4.8	(8.4)
Legumes	(22.7)	15.6	6.1	6.9	7.5
Corn	(5.3)	22.3	5.6	1.5	11.5
Tobacco	5.5	(21.9)	0.8	(5.3)	12.5
Oleaginous crops	(4.1)	15.1	8.1	1.9	14.6
Other agricultural (plantains)	(11.1)	9.4	5.3	(1.3)	0.9
Total crops	(5.6)	6.1	7.0	2.3	3.9
Livestock:					
Poultry	3.2	3.0	3.9	3.2	1.8
Milk	5.1	15.2	9.4	5.6	2.4
Beef	1.0	0.9	0.9	1.0	1.0
Eggs	1.9	(1.8)	8.8	11.0	20.1
Pork	1.5	2.2	1.6	(1.2)	5.3
Lamb	—	—	—	—	—
Total livestock	3.1	5.4	4.9	4.1	3.5
Honey and bees' wax	—	—	—	—	—
Fishing and forestry	2.7	3.8	4.0	3.9	4.0

(1) Preliminary data.
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 since 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 0.9% of GDP in 2012, to 1.8% of GDP in 2019.

During 2015, the sector suffered a contraction of 9.1% due to the decrease in the production of gold and silver as a result of mining machinery maintenance. The mining sector improved in 2016, growing by 25.7%, as compared to 2015, as a result of the increase of gold and silver production and the reopening of the nickel and iron mining operations in April 2016. The mining sector decreased in size by 2.9% during 2017, explained by the 8.7% fall in the production of gold, attributed to the temporary stoppage during such year of mining activities by the main company in the country due to machinery and equipment maintenance. This downward trend continued in 2018, albeit to a lesser extent, with a 1.3% decrease in the mining sector that resulted from a 7.3% decrease in the production of gold, attributed to the aforementioned temporary stoppage of mining activities in 2017. The mining sector recovered in 2019, growing by 3.4%, as compared to 2018, mainly due to the increase of nickel-iron, sand and gravel production.

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 and operation of the Pueblo Viejo gold mine, which was approved by Congress on October 1, 2013.

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

- 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 committed amount to be 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 from 2013 to 2016, the Republic estimated it would receive payments from PVDC equal to approximately US$2.2 billion and of approximately US$11.6 billion during the useful life of the mine. However, as gold prices during the period from 2013 to 2016 were below US$1,400 per troy ounce, the Republic received US$1.1 billion in revenue during such period. As of December 31, 2019, the Republic had received payments from PVDC in an aggregate amount equal to US$1.8 billion. In 2019, PVDC announced it would invest an additional US$1.3 billion to expand the useful life of the mine, with the expansion projected to be operational in 2022.

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 2015 to 2019, the manufacturing sector accounted, on average, for 14.2% of the GDP at current prices, performing as follows:

- in 2015, the traditional manufacturing industries grew 5.0% compared to 2014, driven primarily by a growth of 3.7% in the food industry, 10.0% in the production of beverages and tobacco, and 7.0% in other manufacturing industries. Manufacturing in free trade zones grew by 2.3%, driven by the positive performance observed in exports in U.S. dollars of major industries, including a growth of 30.4% in jewelry and silverware manufacturing, 12.5% in manufacturing of tobacco and 7.1% in the manufacturing of medical and surgical equipment;
- in 2016, the traditional manufacturing industries grew 3.1% compared to 2015, driven primarily by a growth of 8.6% in petroleum refining and chemicals, 3.7% in the food industry and 2.0% in other manufacturing industries. Manufacturing in free trade zones grew by 3.5%, driven by the positive performance observed in exports in U.S. dollars of electrical products, pharmaceuticals, medical and surgical equipment, tobacco and food products;
- in 2017, the traditional manufacturing industries grew 2.4% compared to 2016, driven primarily by a growth of 5.6% in petroleum refining and chemicals, 5.3% in the food industry and 2.4% in the production of beverages and tobacco. Manufacturing in free trade zones grew by 3.6%, driven by the positive performance of exports in U.S. dollars of pharmaceutical products, electrical products, tobacco, jewelry and related articles and other industries; and
- in 2018, the traditional manufacturing industries grew 5.6% compared to 2017, driven primarily by a growth of 9.6% in petroleum refining and chemicals production, 6.0% in the production of beverages and tobacco, 6.0% in other manufacturing industries and 4.0% in the food industries. Manufacturing in

free trade zones grew by 8.1%, driven by the positive performance observed in exports in U.S. dollars, including a growth of 30.3% of electrical products, 16.2% of jewelry and related articles, 6.5% of tobacco and 5.7% of medical and surgical equipment.

- in 2019, the traditional manufacturing industries grew 2.7% compared to 2018, driven primarily by a growth of 8.2% in the production of beverages and tobacco, 2.9% in the food industries and 2.1% in other manufacturing industries. Manufacturing in free trade zones grew by 2.1%, driven by the positive performance observed in exports in U.S. dollars of medical and surgical equipment, jewelry and related articles and tobacco products.

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,				
	2015	**2016**	**2017[1]**	**2018[1]**	**2019[1]**
Raw sugar (in metric tons)	441,419	407,604	561,496	625,035	506,407
Refined sugar (in metric tons)	141,307	129,116	171,136	157,494	124,687
Beer (in thousands of liters)[2]	474,454	476,823	491,488	520,084	582,878
Cigarettes (in thousands of packs of 20 units)	85,500	72,063	88,736	95,831	88,931
Rum (in thousands of liters)	47,174	46,298	48,708	47,380	48,977
Milk (in thousands of liters)	120,666	138,133	150,549	159,769	168,149
Flour[3]	3,396,728	2,816,142	2,779,904	2,961,769	3,137,461
Cement (in metric tons)	5,180,931	5,171,069	5,253,660	5,429,629	5,644,176
Paint (in metric tons)	60,697	68,115	74,002	77,150	72,248

(1) Preliminary data.
(2) Includes light and dark beer.
(3) In *quintales* (unit of mass, equivalent to 45 kg.).
Sources: Survey of Manufacturing Enterprises and Central Bank.

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

	As of December 31,				
	2015	**2016**	**2017[1]**	**2018[1]**	**2019[1]**
Raw sugar (in metric tons)	(17.7)	(7.7)	37.8	11.3	(19.0)
Refined sugar (in metric tons)	(8.2)	(8.6)	32.5	(8.0)	(20.8)
Beer (in thousands of liters)[2]	8.1	0.5	3.1	5.8	12.1
Cigarettes (in thousands of packs of 20 units)	(4.4)	(15.7)	23.1	8.0	(7.2)
Rum (in thousands of liters)	(6.5)	(1.9)	5.2	(2.7)	3.4
Milk (in thousands of liters)	5.6	14.5	9.0	6.1	5.2
Flour[3]	(7.0)	(17.1)	(1.3)	6.5	5.9
Cement (in metric tons)	3.2	(0.2)	1.6	3.3	4.0
Paint (in metric tons)	9.1	12.2	8.6	4.3	(6.4)

(1) Preliminary data.
(2) Includes light and dark beer.
(3) In *quintales* (unit of mass, equivalent to 45 kg.).
Sources: Survey of Manufacturing Enterprises and Central Bank.

During the period from 2015 to 2019, the performance observed in manufactured goods was supported by the behavior in the domestic and international demand for such products. During this period, these goods have shown an average growth rate as follows: paint (5.4%), milk (8.0%), beer (5.8%) and cement (2.4%). In contrast, the production of refined sugar, flour, raw sugar, rum and cigarettes decreased by 4.1%, 3.0%, 1.1%, 0.6% and 0.1%, respectively.

In particular, milk production grew at an average annual rate of 8.0% in the period from 2015 to 2019. In 2015, 2016, 2017, 2018 and 2019, milk production registered an increase of 5.6%, 14.5%, 9.0%, 6.1% and 5.2%, respectively, due to increased demand sustained by extended day school program (see "The Economy–Poverty and Income Distribution").

Similarly, cement production grew at an average annual rate of 2.4% in the period from 2015 to 2019. In 2015, cement production grew by 3.2%. However, in 2016 cement production decreased by 0.2%, compared to 2015, mainly due to a reduction in exports of cement in U.S. dollars, although the Republic maintained adequate levels of production to satisfy domestic demand. The production of cement recovered its positive trend in 2017, 2018 and 2019, experiencing an increase of 1.6%, 3.3% and 4.0%, respectively, due to the sustained increase in public and private investment in construction projects of infrastructure for ground transportation, schools and residential projects.

Additionally, the production of refined sugar and raw sugar decreased at an average annual rate of 4.1% and 1.1%, respectively, in the period from 2015 to 2019. In 2015 and 2016, both goods registered a negative performance due to little to no rainfall. This trend reversed in 2017 due to increased rainfall throughout the year that improved crop quality, allowing for adequate levels of production to satisfy domestic demand. In 2018, the production of raw sugar grew 11.3%, as compared to 37.8% in 2017. In 2019, the production of refined sugar and raw sugar decreased by 20.8% and 19.0%, respectively, due to the high temperatures that affected the production of sugar cane.

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, 2016, there were 68 free trade zone parks located throughout the Republic, compared to 65 at December 31, 2015, and total employment in the free trade zones increased to 163,147 employees as of December 31, 2016, compared to 161,257 as of December 31, 2015. As of December 31, 2017, there were 71 free trade zone parks located throughout the Republic, compared to 68 at December 31, 2016, and total employment in the free trade zones increased to 165,724 employees as of December 31, 2017, compared to 163,147 as of December 31, 2016. As of December 31, 2018, there were 74 free trade zone parks operating throughout the Republic, compared to 71 at December 31, 2017, and total employment in the free trade zones increased to 171,726 employees as of December 31, 2018, compared to 165,724 as of December 31, 2017. As of December 31, 2019, there were 76 free trade zone parks located throughout the Republic, compared to 74 at December 31, 2018, and total employment in the free trade zones increased to 172,009 employees as of December 31, 2019, compared to 171,726 as of December 31, 2018.

Textile manufacturing in the free trade zones decreased at an average rate of 3.2% during the period from 2015 to 2019, attributable primarily to an industrial diversification of the production of goods, the effects of 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 have represented, on average, 7.3% of GDP during the period from 2015 to 2019.

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 declined gradually between 2005 and 2009, principally due to increased competition from China and other Asian countries, as well as Central America. In 2014, exports from free trade zones totaled US$5.3 billion, of which textile exports accounted for 23.6% of this total. By 2019, textiles only accounted for 16.7% of total exports from free trade zones, which totaled US$6.3 billion in 2019.

During the period from 2015 to 2019, free trade zone exports increased at an average rate of 2.1%. 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.

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,				
	2015[1]	**2016[1]**	**2017[1]**	**2018[1]**	**2019[1]**
Existing parks	65	68	71	74	76
Employees	161,257	163,147	165,724	171,726	172,009
Exports (in millions of US$)	5,423.6	5,503.9	5,709.6	6,230.0	6,263.5
of which:					
Textile exports (in millions of US$)	1,247.9	1,102.8	1,067.8	1,106.7	1,048.4
Exports as a percentage of GDP	7.6	7.3	7.1	7.3	7.0
Net foreign exchange earnings (in millions of US$)	1,925.6	1,969.8	1,962.9	2,391.3	2,277.8
Average monthly salary (in US$)[2]:					
Technicians	469.0	486.4	485.7	520.5	N/A
Workers	245.2	251.2	256.3	264.0	N/A

(1) 2015-2018 revised data; 2019 preliminary data.
(2) Calculated based on the weighted average exchange rate for each year.
N/A = not available.
Sources: *Consejo Nacional de Zonas Francas de Exportación* (National Council of Free Trade Zones) and Central Bank.

Electricity, Gas and Water

From 2015 to 2019, the electricity, gas and water sectors collectively grew at an average annual rate of 2.9%, and contributed, in the average, 1.7% to GDP at current prices from 2015 to 2019.

Electricity. In 2015, 2016, 2017, 2018 and 2019, electricity production increased by 4.6%, 6.0%, 2.6%, 3.2% and 3.7%, respectively, and electricity consumption increased by 5.6%, 3.6%, 1.5%, 4.0% and 5.9%, respectively.

At December 31, 2015, total installed generation capacity was 3,559 megawatts, which exceeded peak estimated demand by approximately 1,358 megawatts in 2015. Electricity generated during 2015, prior to the effects of technical and commercial losses and electricity consumed by generators, reached 14,956 gigawatt hours while restricted estimated demand was 15,526 gigawatt hours. Net electricity generation during 2015, which accounts for technical losses in transmission lines and electricity consumed by generators, was 14,177 gigawatt hours, resulting in an electricity generation deficit during 2015 of 5.21%.

At December 31, 2016, total installed generation capacity was 3,745 megawatts, which exceeded peak estimated demand by approximately 1,425 megawatts in 2016. Electricity generated during 2016, prior to the effects of losses and electricity consumed by generators, reached 15,860 gigawatt hours. Net electricity generation during 2016, which accounts for losses in transmission lines and electricity consumed by generators, was 14,942 gigawatt hours, resulting in an electricity generation deficit during 2016 of 5.79%.

At December 31, 2017, total installed generation capacity was 3,667 megawatts, approximately 100 megawatts less than in 2016 due to the dismantling of operations of some plants that were becoming inefficient. Electricity generated during 2017, prior to the effects of technical and commercial losses and electricity consumed by generators, was 16,944 gigawatt hours. Net electricity generation during 2017, which accounts for technical losses in transmission lines and electricity consumed by generators, was 15,612 gigawatt hours.

At December 31, 2018, total installed generation capacity was 3,807 megawatts, approximately 140 megawatts more than in 2017 due to the entry of new sources of renewable energy. Electricity generated during 2018, prior to the effects of technical and commercial losses and electricity consumed by generators, was 16,129 gigawatt hours. Net electricity generated during 2018, which accounts for losses in transmission lines and electricity consumed by generators, was 15,210 gigawatt hours.

At December 31, 2019, total installed generation capacity was 4,848.2 megawatts, approximately 1,015 megawatts more than in 2018 due to the entry of new sources of renewable energy, including: a coal-fired power plant, wind farms and solar farms, with 758.2, 182.3 and 75.0 megawatts, respectively. Electricity generated during 2019, prior to the effects of technical and commercial losses and electricity consumed by generators, was 17,338 gigawatt hours. Net electricity generated during 2019, which accounts for losses in transmission lines and electricity consumed by generators, was 17,073 gigawatt hours.

The electricity sector is divided into three sub-sectors: generation, transmission and distribution. The Government coordinates all three sub-sectors, primarily through the 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;
- 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;
- wind plants 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"), as managed by CDEEE; and
- back-up generators owned by private businesses and homeowners.

Of total electricity production during 2015, 91.9% was generated by thermoelectric plants that use gas, coal, heavy fuel oil or diesel oil, while the remaining 8.1% was generated by wind and hydroelectric plants (owned by EGEHID). During 2016, the mix was 88.4% generated by thermoelectric plants and 11.6% by renewables and hydroelectric plants. During 2017, the mix was 83.4% generated by thermoelectric plants and 16.6% by renewables and hydroelectric plants. During 2018, the mix was 85.1% generated by thermoelectric plants and 14.9% by renewables and hydroelectric plants. During 2019, the mix was 88.6% generated by thermoelectric plants and 11.7% by renewables and hydroelectric plants.

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 remaining power grid is privately owned. At December 31, 2015 and 2016, ETED charged US$0.00895 and US$0.00717 per kilowatt/hour, respectively, to transmit electricity produced by generation companies at high voltage through the country's power grid. At December 31, 2017, ETED charged US$0.007077 per kilowatt/hour to transmit electricity produced by generation companies at high voltage through the country's power grid. At December 31, 2018, ETED charged US$0.007220 per kilowatt/hour to transmit electricity produced by generation companies at high voltage through the country's power grid. At December 31, 2019, ETED charged US$0.006824 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, almost 100% of distribution is controlled by CDEEE through three distribution companies: *Edenorte Dominicana, S.A.* or "EdeNorte," *Edesur Dominicana, S.A.*, or "EdeSur," and *Empresa Distribuidora de Electricidad del Este, S.A.*, or "EdeEste."

In recent years, the Republic has made progress in improving circumstances in the electricity sector, including the following key measures:

- The reduction of technical and non-technical energy losses in the distribution network, from 31.1% in 2015 to 27.0% in 2019.
- Improvements in the collection's performance indicator (which measures electricity invoiced over distribution charges), which decreased from 96.4% in 2015 to 96.3% in 2019.
- An increase in the cash recovery index (which is the collections performance indicator adjusted for different tariffs charged to end-users) from 66.4% in 2015 to 70.5 % in 2019.
- The execution of various loan agreements with the World Bank, IDB, *Corporación Andina de Fomento* (CAF), OPEC, the OFID and the EIB for projects in the electricity sector were approved between 2014 and 2019, for an aggregate total amount of US$433.0 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.
- 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 diversification of sources of electricity generation to mitigate the reliance on any principal source of generation capacity. In 2015, approximately 48.9% 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. In 2016, the private sector installed three new power plants, which consist of a wind farm with total installed capacity of 50 megawatts, a photovoltaic park with total installed capacity of 30 megawatts, and a biomass power plant with total installed capacity of 30 megawatts, reaching a total installed capacity of 110 megawatts of new renewable energy. During the first quarter of 2017, the Republic added to the system 114 megawatts of additional generation capacity from natural gas, as a result of the completion of a combined cycle unit of an existing generation plant. As of December 31, 2019, approximately 23.5% of generating plants in the Republic are thermoelectric plants that use Fuel Oil #6 and #2.

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. In 2015, subsidies were US$671.7 million, representing a 15.8% decrease compared to 2014. In 2016, subsidies were US$452.2 million, representing a 32.7% decrease compared to 2015. In 2017, subsidies were US$309.8 million, representing a 16.1% decrease compared to 2016. In 2018, subsidies were US$359.5 million, representing a 16.1% increase compared to 2017. In 2019, subsidies were US$432.0 million, representing a 20.4% increase compared to 2018.

The Dominican Republic continues to make progress in reforming the electricity sector. In 2014, fuel oil consumption by the electricity sector increased 4.8 percentage points (from 39.9% to 44.8% of the generating matrix) compared to 2013, mainly as a result of the commencement of operations of a large scale HFO power plant that uses Fuel Oil #6, and decreased by 1.2 percentage points during the five-year period beginning in 2010 to 2014 (from 46.0% to 44.8% 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.

As of December 31, 2019, technical and non-technical losses in the electricity distribution network were 27.0%, as compared to 28.4% for 2018, 29.9% for 2017, 31.5% for 2016 and 31.1% for 2015. In order to further 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 IDB, OPEC, OFID and EIB. See “Recent Developments—The Economy—The Electricity Sector.” During the period from 2014 to 2019, the total investments from these institutions in these projects amounted to US$433.0 million.

During 2019, total expenditures on electricity increased in 2.5% to US$1,954.3 million as compared to 2018. During 2019, the average purchase price of electricity decreased by approximately 3.3% as compared to 2018, mainly driven by the slight decreases in international fuel oil prices in that year.

During 2019, the electricity sector deficit was US$827.6 million, representing an increase of 28.6% compared to the deficit recorded in 2018, mainly due an increase in electricity coverage, payments due to generators and high non-technical losses. During 2019, the Budgetary Government transferred US$432.0 million to the electricity sector as a tariff subsidy (which was contemplated in the 2019 Budget) to partially finance the current deficit of the EDEs, representing an increase in subsidies of 20.4%, or US$73.2 million, compared to 2018.

In December 2019, the Republic (i) issued US$600.0 million in sovereign bonds in the domestic market, the proceeds of which were used to pay outstanding commercial debt of the government-owned EDEs (EdeNorte, EdeSur and EdeEste) and (ii) entered into a US$495.0 million long-term loan with local commercial banks to refinance short-term debt held by EDEs. Further, EDEs were authorized to enter into a long-term facility with local commercial banks and financial intermediaries, the proceeds of which were used to pay amounts due to energy

generators for energy bought during 2018. All three facilities were approved under the 2019 Budget, as revised, and are now part of the non-financial public sector debt and managed by the Government's public debt office.

On September 3, 2018, the AES Andres power plant suffered damage from a lightning strike, which required two months of repair. As a result, the Republic experienced power shortages and, coupled with the increase in fuel prices, the Republic registered an increase in the electricity deficit. Currently, the AES Andres power plant is operating with four gas turbines of 30 megawatts each, for a total capacity of 120 megawatts.

In 2015, the ratio of distributable energy to energy purchased increased by 0.9 percentage points as compared to 2014, reaching 65.9%. In 2016, the ratio increased by 0.6 percentage points as compared to 2015, reaching 66.5%. In 2017, the ratio increased by 1.6 percentage points as compared to 2016, reaching 68.0%. In 2018, the ratio increased by 0.9 percentage points as compared to 2017, reaching 68.9%. In 2019, the ratio increased by 1.5 percentage points as compared to 2018, reaching 70.4%. During 2019, the EDEs collected 96.3% of the monetary value of the total electricity they billed.

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 the *Superintendencia de Electricidad* (Electricity Superintendency, or "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. As of the date of this offering memorandum, the Government is considering adjusting tariffs to cover for part of the indexing lag and is also seeking to reach consensus on the sustainability of the national electricity system, from an institutional and financial point of view, including the dissolution of the CDEEE to concentrate regulatory oversight of the energy sector in the Ministry of Energy and Mines. See "Recent Developments—The Dominican Republic—2020 Elections."

The chart below shows the evolution of transfers made by the Budgetary Government to the CDEEE from 2014 to 2018 to cover the current deficit, as a percentage of GDP.

Current Transfers from the Budgetary Government to CDEEE
(as a % of GDP)

As of December 31,	
2015	0.8
2016	0.6
2017	0.5
2018	0.4
2019[(1)]	0.5

(1) Preliminary data.
Source: Ministry of Finance.

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

- although the decrease registered during 2016 in international fuel oil prices have positively impacted on the average purchase price paid to generators, the current electricity generation mix remains subject to the volatility of fuel prices, which has been partially offset by the PetroCaribe Agreement;
- the high prices of electricity resulting from the fact that in 2015 the distribution companies purchased 31.8% of their electricity under contracts using the price of Fuel Oil #6 as an index to calculate the price they pay to the generators. 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 electricity prices. In addition, distribution companies buy an additional 27.9% of electricity in the spot market, where prices are even higher because of the impact of inefficient generators that drive costs up. By mid-2016, however, the prices in the spot market decreased due to lower international oil prices and the termination of the Acuerdo de Madrid, which helped stabilize the price of electricity;
- the reduction in Fuel Oil #2 prices has helped to reduce a portion of the financial deficit and losses, however, there are still high financial losses caused by the payment terms agreed under the energy purchase contract signed between CDEEE and CESPM (Cogentrix), which is one of the largest power producers in the Dominican Republic;

- 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 expected 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;
- reduction of 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;
- execution of the National Pact for the Reform of the Electricity Sector (*Pacto Nacional para la Reforma del Sector Eléctrico*), which aims to achieve a reliable, efficient, transparent and sustainable electricity network that supports the Republic's objectives set forth in the National Development Strategy;
- 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 entered the market after the end of the Acuerdo de Madrid contract periods;
    - implementing new generation projects with alternative or renewable sources in order to diversify the mix of generation plants and lower costs while helping to mitigate the environmental impact; 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.

Punta Catalina Thermal Power Plant

As part of the strategy of the electricity sector to diversify and extend the current generation matrix, on May 13, 2013 the CDEEE launched a public bidding process for the engineering, procurement and construction ("EPC") of two thermal coal units with a nominal net power of 300 megawatts (plus or minus 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. As of December 31, 2019, the generation matrix was distributed as follows: 45.6% fuel oil, 29.9% gas, 12.7% coal, 5.9% hydro and 5.8% renewables.

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, on November 22, 2013, the tender committee declared that the consortium formed by Construtora Norberto Odebrecht, S.A., Tecnimont S.p.A. and Ingeniería Estrella S.R.L. was the winner of the bidding process and was awarded the project. The EPC contract with the aforementioned consortium was executed in February 2014. As of December 31, 2019, the Dominican Government had made a total payment of US$2,373 million under the CTPC's EPC Contract to the Consortium Odebrecht-Tecnimont-Estrella (the "Consortium"). Between 2018 and 2019, the Dominican Government, through the CDEEE, negotiated with the Consortium the claims filed by the Consortium in July 2017 for the initial sum of US$708 million, which by the end of 2019 amounted to US$973.2 million (the "Dispute"). During this period, construction of the CTPC project continued through the implementation of a US$336 million contingent fund, created in June 2018. This allowed the CDEEE to receive CTPC's Unit 1 in November 2019, which has since been producing electricity in a stable and profitable manner. In December 2019, an agreement was reached between the Dominican Government and the Consortium to submit the Dispute to a mediation process before the International Chamber of Commerce ("ICC") in New York City. In March 2020, the parties reached an out-of-court settlement, whereby they agreed the final price of the project.

CTPC constitutes the largest power generation facility in the country. CTPC is comprised of two coal-fired units of 356 megawatts each, for a total gross capacity of 756 megawatts, with a nominal efficiency of 39.2%-LHV, a coal handling port, and other related infrastructure, including, among others, a completely closed building to store 200,000 metric tons of coal, a 345 kV output electrical substation and a 345 kV transmission line. CTPC has integrated systems for the reduction of gas emissions with the capacity to reduce up to 98% of Sulfur Dioxide (SO2), Sulfur Trioxide (SO3) and heavy metals, including mercury. The operation and maintenance of CTPC are carried out with the assistance of General Electric, who supplied the turbines and generators. CTPC's projected revenues are estimated at US$550 million annually, with an EBITDA of US$250 million annually. The annual positive impact of CTPC on the public sector's finances is estimated at between 0.4% and 0.5% of the country's GDP.

On January 7, 2019, the Ministry of Finance announced that it had selected an advisory firm to design and implement a potential bidding process for the sale of shares of the CTPC, and preliminary work was conducted in connection with a potential sale over the course of 2019. As a result of the pandemic, this process was suspended in the first half of 2020, as the government shifted its focus to addressing the economic and social impact of the pandemic. In August 2020, the Abinader administration announced that it would seek to open state-owned electricity assets to private investment and/or operation, and, in this context, is reassessing its overall objectives and strategy with respect to CTPC.

In February 2019, CDEEE and other energy sector authorities established the guidelines to launch a long-term bidding process for a power purchase agreement to meet the Republic's future electricity demand growth. The Government intends to negotiate favorable energy pricing terms that take into account the improved and more efficient generation capacity that will be available in the country in the short to medium term, which includes the recently completed cycle of an existing natural gas unit (114 megawatts) and the operation of CTPC at full capacity in 2019 (720 megawatts).

Principal Economic Indicators of the Electricity Sector [1][2]

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Production of electricity sector (in millions of US$)[3]	1,275.9	1,164.3	1,167.2	1,189.1	1,253.3
Energy Production:					
Generators and CDEEE (in MW/hr):					
Renewable	238,470.0	336,000.0	534,239.8	736,839.8	1,017,274.43
Coal	2,098,050.0	2,140,630.0	2,155,042.7	2,084,122.1	2,214,265.31
Hydroelectric	934,110.0	1,500,560.0	2,169,412.2	1,767,732.2	1,025,107.50
Gas	4,296,380.0	4,362,260.0	4,901,512.5	5,113,972.2	5,212,689.33
Fuel oil (#6 and #2)	7,344,280.0	7,520,240.0	6,513,270.2	7,093,748.3	7,942,161.06
Total generators and CDEEE	14,956,290.0	15,859,760.0	16,273,477.4	16,796,414.7	17,411,497.63
Consumption by economic sector (in MW/hr):					
Residential	3,748,657.9	3,988,346.1	4,062,241.9	4,280,972.3	4,666,526.02
Commercial	643,621.9	817,647.0	857,396.5	939,066.7	1,102,303.97
Industrial	3,517,078.5	3,340,941.2	3,535,843.6	3,791,427.5	3,973,357.48
Government	882,800.3	905,623.3	930,383.1	971,627.0	1,044,272.12
Municipalities	214,247.1	225,822.4	258,394.6	256,765.2	273,137.68
Total consumption	9,006,405.8	9,278,380.0	9,644,264.5	10,239,858.8	11,059,597.28
Energy sale revenue (in millions of US$)	1,523.7	1,512.4	1,537.2	1,645.6	1,645.4
Distribution Efficiency Indicators:					
Energy delivered (GWh)	13,077.5	13,545.6	13,748.5	14,303.5	15,144.87
Collection on billed amounts	96.4%	96.4%	96.1%	95.7%	96.3%
Cash Recovery Index (CRI)	66.4%	66.1%	67.4%	68.5%	70.5%
Clients	2,079,097	2,154,735	2,256,464	2,464,750	2,594,821

(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.
Sources: Central Bank and CDEEE.

Losses in the Electricity Sector [1]

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Energy distribution losses	31.1%	31.5%	29.9%	28.4%	27.0%

(1) Preliminary data.
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.

Water. The water sector is in need of significant investment. According to the most recent household survey (ENGIH 2018), 83.7% 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

Between 2015 and 2019, construction activity increased at an average annual rate of 11.0%, exhibiting variations throughout the period.

In 2015, the construction sector continued to expand, recording a 17.9% growth rate, as the single largest contributor to the GDP growth during this period. This performance was driven by, among other things, an increase in private investment in residential and non-residential buildings, as well as by public investment in infrastructure, particularly roads and highways.

During 2016, the construction sector continued to expand, recording a 10.5% growth rate, representing the single largest contributor to the GDP growth for four consecutive years. This performance was driven by, among other things, an increase in private investment in residential and non-residential buildings, such as low-cost housing projects, hotels and classrooms in public schools, as well as by public investment in infrastructure, particularly roads and highways.

In 2017, the construction sector registered a moderate growth rate of 5.0%. During the first half of the year, the construction sector contracted 3.8%, mainly due to a reduction in private investment, which was affected by the influence that external and internal factors had on the expectations of the private sector and moderate public spending, particularly with regard to capital expenditure. However, this initial contraction in the construction sector was mitigated by increased activity that generated growth rates of 7.1% and 20.6% during the third and fourth quarters of 2017, respectively, mainly due to the combined result of the positive effect of the Central Bank's expansive monetary policy measures and a more dynamic fiscal execution during this period, which resulted in a reactivation of public and private investment.

In 2018, the construction sector continued to expand, recording growth of 11.8% compared to 2017. This performance was driven by an increase in private investment in medium- and low-cost real estate projects, non-residential buildings, the expansion of hotel units as measured by the increase in the stock of available rooms, as well as by public investment in infrastructure, particularly roads and highways, collective transportation alternatives and schools, and in the diversification of the power generation matrix.

In 2019, the construction sector grew by 10.4% compared to 2018, continuing to be the highest contributor to economic growth. The growth of the construction sector is mainly due to the continued increase of private investment in medium- and low-cost real estate projects, non-residential buildings, hotel units and renewable energy generation plants, as well as public investment in infrastructure, particularly roads and highways and transportation alternatives.

Services

Wholesale and Retail Trade

Between 2015 and 2019, wholesale and retail trade grew at an average annual rate of 6.0% due to an increase in per capita income, among other factors. In the same period, wholesale and retail trade accounted for an average of 10.4% of GDP at current prices, making it one of the largest components 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

Since 1985, tourism has been the primary source of foreign currency for the Dominican economy. 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.

Driven primarily by tourism, the hotel, bar and restaurant sector was an important contributor to the Dominican economy between 2015 and 2019, accounting on average for 7.7% of GDP at current prices, while the sector grew at an average annual rate of 5.0% during the period. This performance was due to an increase in the number of tourists as well as in the number of hotel rooms in the country. As of December 31, 2019, the number of tourists increased by 15.1% when compared to 2015 and the number of hotel rooms in the country were approximately 83,041, an increase of 15.09% as compared to the total number of rooms as of December 31, 2015.

During the second half of 2019, the tourism sector experienced the negative effects of a media campaign focused on a series of unfortunate events involving certain United States residents while visiting the Dominican Republic, which generated a high volume of trip cancellations, including inbound flights and hotel bookings. As a result, the figures of non-resident arrivals to the country totaled 6,446,036 travelers in 2019, 122,852 fewer than in the previous year. Non-resident Dominican arrivals grew by 14.5%, partially offsetting the 4.6% decrease recorded for non-resident foreigner arrivals compared to 2018. In the final months of 2019, the effects of such media

campaign started to dissipate, reflecting a slower decline in non-resident arrivals than in the months closer to the events that generated the aforementioned campaign.

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 5.7% per year in the period from 2015 to 2019.

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 S.A. introduced competition into the telephony market, which continued to increase since then. 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,				
	2015	**2016**	**2017**	**2018**	**2019**
Lines (per 100 residents)					
Fixed wire	10.7	11.1	11.1	10.8	10.4
Cellular	88.0	86.3	85.9	86.4	85.6
Total lines	98.7	97.4	96.9	97.2	96.0
Internet accounts (number of accounts)	4,909,933	6,064,695	6,993,667	7,469,405	8,266,552

Sources: Central Bank and *Instituto Dominicano de las Telecomunicaciones* (Dominican Telecommunications Institute).

In 2015, the communications sector's performance improved considerably, growing 5.8% as compared to 2014, mainly due to mobile telecommunications services. During 2016, the communications sector maintained a favorable growth trend, growing 5.9% as compared to 2015, mainly due to the increased use of mobile telecommunications services. In 2017, the communications sector grew 3.9%, mainly due to the increase in mobile telephone services, which was the greatest contributor to the increase in activity. In 2018, the communications sector grew by 12.5% compared to 2017, mainly due to the expansion in internet and mobile telecommunications services. In 2019, the communications sector decreased by 7.2% compared to 2018, mainly due to a decrease in the volume of internet and mobile telecommunications services, in line with the general contraction in the communications sector during 2019. The relative share of this sector in GDP at current prices was stable during the period from 2015 to 2019, averaging 1.0% of GDP.

Cellular phone service grew from 8.6 lines per 100 residents in 2000 to 85.6 lines per 100 residents in 2019, accounting for almost the entire increase in the total number of phone lines over this period. As of December 31, 2015, the total number of lines increased to approximately 98.7 lines per 100 residents. During 2016, 2017, 2018 and 2019, the total number of lines remained relatively constant, registering 97.4, 96.9, 97.2 and 96.0 lines per 100 residents, respectively, averaging 96.9 total lines per 100 residents in the period. Telephone service has grown due to, among other factors, 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;
- strengthening the generation of information and communications technology statistics to improve the quality and frequency of data production;
- 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 2015 and 2019, the financial services sector grew at an average annual rate of 8.1%, 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 2015 and 2019, the public administration sector exhibited an average growth rate of 2.2% due to an increase in the Government's payroll. In 2019, the public administration sector recorded a growth rate of 3.7% compared to a 2.8% increase in 2018, mainly due to a moderate increase in the number of public sector employees.

Real Estate and Other Services

Real estate expanded at a 4.4% average annual growth rate in the period from 2015 to 2019. During 2019, the real estate sector grew by 5.0% as compared to 2018.

Other services supplied in the Dominican economy include personal services, cleaning services, services rendered to private companies and computer services. During 2019, the other services sector grew by 7.1% as compared to 2018.

Role of the State in the Economy

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 offering memorandum, the Government holds equity ownership interests in several companies, including the most significant companies listed below:

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
Instituto Nacional de Aguas Potables y Alcantarillados (INAPA, National Institute of Potable Water and Sewers)	100%	Provides potable water to urban and rural areas
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
BANDEX	100%	Development bank oriented towards fostering and financing the exports of goods and services

Company	Government Equity Ownership	Description
CORDE	100%	Holding company of the Government's interest in three companies currently not in operation
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

In November 2016, the Central Bank released the results of the new *Encuesta Nacional Continua de Fuerza de Trabajo* (National Work Force Survey). This survey is the result of a comprehensive review of the conceptual and methodological framework of the *Encuesta Nacional de Fuerza de Trabajo* (Traditional National Work Force Survey), and adopts the latest guidelines of the XIX International Conference of Labor Statisticians in 2013 of the International Labour Organization ("ILO"). The new National Work Force Survey takes into account, among other factors, the seasonality of the Dominican labor market and provides quarterly results. The survey uses as criteria the working-age population of 15 years and older, excluding those aged 10 to 14 years, following the recommendations of the ILO that have been adopted by most Latin American countries and in accordance with the *Código Laboral de la República Dominicana* (Labor Code of the Dominican Republic). The new official series of labor market statistics resulting from the National Work Force Survey took effect in the third quarter of 2014, replacing the previous data from the Traditional National Work Force Survey.

The following table sets forth labor force statistics as of the periods indicated, based on the results of the National Work Force Survey.

	As of December 31,				
	2015	2016	2017	2018	2019
Participation rate[(1)]	61.8	62.3	62.2	63.6	65.1
Employment rate[(2)]	57.3	57.9	58.7	60.0	61.0
Open unemployment rate[(3)]	7.3	7.1	5.5	5.7	6.2

(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 actively seeking work, as a percentage of the total labor force.

Source: *Encuesta Nacional Continua de Fuerza de Trabajo* (National Work Force Survey) of the Central Bank.

Following the best practices in calculating labor market statistics and the recommendations of the ILO for international comparison, the Central Bank has been using the open unemployment rate as an official measure of unemployment since 2011. In recent years, there has been a downward trend in the unemployment rate, falling from 7.5% in the first quarter of 2015 to an average of 5.9% in the last quarter of 2019, reaching a historically low rate of 5.1% in the last quarter of 2017.

As of December 31, 2019, the Republic's average open unemployment rate was 6.2%, an increase of 0.5 percentage points as compared to December 31, 2018, primarily due to favorable economic conditions that led to an increase in the labor force participation rate from 64.3% in the last quarter of 2018 to 65.4% in the last quarter of 2019. The increase in labor force participation is mainly due to the growth of the Dominican economy.

The following table sets forth information on employment by sector (as a percentage of total employment) for the periods indicated, based on the results of the National Work Force Survey.

Employment
(% by sector)

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Agriculture and livestock	9.7	8.9	9.6	9.3	8.8
Industries [1]	10.1	10.4	10.2	10.0	10.2
Electricity and water	1.4	1.7	1.5	1.5	1.2
Construction	6.9	6.9	7.7	8.1	7.4
Wholesale and retail trade	20.0	19.9	19.6	20.0	20.4
Hotels, bars and restaurants	7.9	7.5	7.6	7.1	7.4
Transportation and communications	7.6	7.8	7.6	7.4	7.0
Financial services	2.2	2.4	2.2	2.4	2.5
Public administration and defense	5.5	5.3	4.9	5.0	5.4
Education	6.0	6.0	6.2	6.2	5.8
Health and social assistance	3.5	3.6	3.8	4.0	4.1
Other services	19.3	19.6	19.1	19.0	19.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes manufacturing and mining.
Source: *Encuesta Nacional Continua de Fuerza de Trabajo* (National Work Force Survey) of the 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, such as being registered in the *Registro Nacional de Contribuyentes* (National Registry of Taxpayers) and being able to register commercial transactions in auditable accounting books. The informal sector includes 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 2019, the Central Bank estimated that 48.8% of the total labor force was employed in the informal sector, a decrease from the 50.0% registered in 2018.

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.

In 2019, the real minimum wage recorded in the private sector grew 10.0% compared to the levels registered in 2018, mainly due to a 14.0% increase in the minimum nominal wage approved by the National Committee of Salaries for private sector large-, medium- and small-size companies. Furthermore, in 2019, the real minimum wage recorded in the free trade zones increased by 10.9%, due to a 15.0% increase in the minimum nominal wage that workers in the sector and the National Committee on Salaries agreed to at the end of 2019. Additionally, the real minimum wage recorded in the public sector expanded substantially by 88.5%, due to a 95.4% increase in the minimum nominal wage applied to the sector in the month of April 2019.

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,				
	2015	**2016**	**2017**	**2018**	**2019**
Private sector wages:					
Large size companies[1]	125.8	123.7	142.4	140.8	154.8
Medium size companies[2]	125.8	123.7	142.4	140.8	154.8
Small size companies[3]	125.7	123.7	142.4	140.7	154.8
Free trade zone wages	127.3	125.1	138.1	142.8	158.5
Public sector wages	82.7	81.3	78.0	77.1	145.4

(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.

From 2015 to 2019, poverty was reduced considerably. According to data published by the *Ministerio de Economía, Planificación y Desarrollo* (Ministry of Economy, Planning and Development), in 2019, approximately 21.0% of the population lived below the national poverty line, as compared to 30.8% in 2015, and 2.7% of the population lived below the national extreme poverty line, as compared to 6.3% in 2015. Among the factors that explain this poverty reduction are the Government support to micro and small enterprises (through financing and Government procurement) and increased public investment in the construction of schools.

The Republic's most important initiative to reduce poverty is the *Programa Solidaridad* (Solidarity Program). The Solidarity Program aims to 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 Comes 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.

The Dominican educational system has suffered from a lack of resources, out-of-date curricula and inadequate teacher training. In 2014, the Government, representatives of the education sector and civil society members signed the "National Pact for Educational Reform 2014-2030." The Government has taken steps to improve the Dominican education system, including the following:

- constructing and remodeling classrooms;
- implementing an extended school day (students receive eight hours of teaching, breakfast, lunch and snacks);
- strengthening the teaching career through competitions to fill vacancies, evaluation of teacher performance, trainings for new teachers and continuous training for all teachers;

- improving teacher salaries, including providing performance benefits;
- improving student health through oral, auditory and visual health programs;
- implementing a program which provides for care, attention, early mental stimulation, initial education, health and nutrition in specialized centers to children ages 0 to 5 years;
- implementing and promoting inclusive strategies that integrate information and communication technologies in the Dominican education system, such as providing laptops or tablets to students and their teachers;

Other measures the Government has implemented in recent years to combat poverty include:

- selling medicines at low cost through *Farmacias del Pueblo* (Town Pharmacies);
- creating a public fund to cover catastrophic diseases;
- subsidizing public transportation;
- creating *Banca Solidaria* (Solidarity Banking), a program that grants loans to microenterprises;
- technical assistance and training in financial education, through the *Fundación Reservas del País*;
- expanding the subsidized health regime and reforming public healthcare and workers' compensation systems;
- financing the agricultural sector and subsidizing insurance to the agriculture sector; and
- increasing micro and small businesses' access to public purchases.

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. The Dominican Republic has a total territory of 70,894 km^2, which includes the land area (48,670 km^2) and the territorial marine zone (22,224 km^2 or 12 nautical miles). According to the World Bank, the total area covered by forest grew by 9,112 square kilometers between 1990 and 2016, increasing the covered area from 22.9% to 41.7% of the Dominican's territory. According to studies by the World Bank, in 2016, 26.2% of total land territory of the Dominican Republic were protected land areas and 48.7% of the total land territory were agricultural areas, including grassland areas and permanent pastures, permanent crops and farmland, while 18.0% of total marine territory were marine 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 2015 and 2019, the Republic's current account registered annual deficits, which were partially offset by net borrowing from the financial account. During this period, the current account deficit fluctuated between 1.8% (2015) and 1.4% (2019) of GDP for each respective year.

In 2015, the current account deficit reached US$1,280.3 million, a decrease of US$889.9 million compared to the account deficit of US$2,170.2 million recorded in 2014. This reduction was mainly attributable to an 8.6% increase in tourism revenues and a 34.4% decrease in crude oil imports compared to 2014. The decrease in imports of crude oil and oil derivatives is mainly due to the downward trend in international oil prices. In addition, the nominal DOP/US$ exchange rate increased gradually during 2015, reaching DOP 45.47 per U.S. dollar on the last business day of December, which represented an annualized depreciation rate of 2.7% since the beginning of 2015. During 2015, the average nominal DOP/US$ exchange rate reached DOP44.94 per U.S. dollar, which represented an average depreciation of 3.3% when compared to the average exchange rate for 2014.

In 2016, the current account deficit reached US$814.7 million, a decrease of US$465.6 million compared to the account deficit of US$1,280.3 million recorded in 2015. This reduction was mainly attributable to a 9.9% increase in tourism revenues and a 6.1% increase in remittances when compared to 2015. In addition, the nominal DOP/US$ exchange rate increased gradually during 2016, reaching DOP46.62 per U.S. dollar on the last business day of December, which represented an annualized depreciation rate of 2.5% since the beginning of 2016. During 2016, the average nominal DOP/US$ exchange rate reached DOP45.99 per U.S. dollar, which represented an average depreciation of 2.3% when compared to the average exchange rate for 2015.

In 2017, the current account deficit reached US$133.1 million, a decrease of US$681.6 million compared to the account deficit of US$814.7 million recorded in 2016. This reduction was mainly attributable to a 12.4% increase in remittances and a 6.9% increase in tourism revenues when compared to 2016. In addition, the nominal

DOP/US$ exchange rate increased gradually during 2017, reaching DOP48.19 per U.S. dollar on the last business day of December, which represented an annualized depreciation rate of 3.3% since the beginning of 2017. During 2017, the average nominal DOP/US$ exchange rate reached DOP47.44 per U.S. dollar, which represented an average depreciation of 3.1% when compared to the average exchange rate for 2016.

In 2018, the current account deficit reached US$1,159.6 million, an increase of US$1,026.5 million compared to the account deficit of US$133.1 million recorded in 2017. This increase was mainly attributable to a 30% increase in fuel imports, which was partially offset by an increase in revenue from exports and tourism and higher remittances from Dominicans living abroad. In addition, the nominal DOP/US$ exchange rate increased gradually during 2018, reaching DOP50.20 per U.S. dollar on the last business day of 2018, which represented an annualized peso depreciation rate of 4.0% since the beginning of 2018. During 2018, the average nominal DOP/US$ exchange rate reached DOP49.43 per U.S. dollar, which represented an average depreciation of 4.0% compared to the average exchange rate for 2017.

In 2019, the current account deficit reached US$1,204.9 million, an increase of US$45.3 million compared to the account deficit of US$1,159.6 million recorded in 2018, mainly due to reduced income from tourism. In addition, the nominal DOP/US$ exchange rate increased gradually during 2019, reaching DOP52.90 per U.S. dollar on the last business day of 2019, which represented an annualized peso depreciation rate of 5.1% since the beginning of 2019. During 2019, the average nominal DOP/US$ exchange rate reached DOP51.20 per U.S. dollar, which represented an average depreciation of 3.5% compared to the average exchange rate for 2018.

Financial Account

The financial account quantifies foreign direct investment and monetary flows into and out of a nation's financial markets. The net borrowing balance of the financial account reached US$1.5 billion as of December 31, 2015, a decrease of US$2.2 billion, as compared to US$3.8 billion as of December 31, 2014. The decrease was mainly due to the reduction of liabilities following the advance payment of the accumulated debt with PetroCaribe, which resulted in a write-off of US$2.1 billion (excluding interest) for the Republic. For more information, see "Public Sector Debt—External Debt—Paris Club and Other Bilateral Lenders."

The net borrowing balance of the financial account reached US$2.5 billion as of December 31, 2016, an increase of US$942 million, as compared to US$1.5 billion as of December 31, 2015. The increase was mainly due to higher foreign direct investment inflows, which increased by US$201.8 million or 9.2% as compared to 2015. This performance continues to demonstrate the confidence of external agents in the Dominican Republic's macroeconomic stability.

The net borrowing balance of the financial account reached US$2.1 billion as of December 31, 2017, a decrease of US$334.3 million, as compared to US$2.5 billion as of December 31, 2016. The decrease resulted largely from a combination of an increase in foreign assets held by the Central Bank and a decrease in other investments liabilities.

The net borrowing balance of the financial account reached US$2.7 billion as of December 31, 2018, an increase of US$591.0 million, compared to US$2.1 billion as of December 31, 2017. The increase resulted from an increase in liabilities of portfolio investments.

The net borrowing balance of the financial account reached US$2.5 billion as of December 31, 2019, a decrease of US$198.1 million, compared to US$2.7 billion as of December 31, 2018. The increase resulted from an increase in liabilities of portfolio investments.

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,				
	2015[1]	**2016[1]**	**2017[1]**	**2018[1]**	**2019[1]**
Current account:					
Trade balance:					
Exports:					
National	4,018.2	4,335.7	4,425.0	4,677.6	4,955.1
Free trade zones	5,423.6	5,503.9	5,709.6	6,230.0	6,263.5
Total exports	9,441.8	9,839.6	10,134.6	10,907.6	11,218.6
Imports:					
National	13,408.5	13,864.5	13,987.6	16,370.2	16,302.0
Free trade zones	3,498.0	3,534.1	3,746.7	3,838.7	3,986.0
Total imports	16,906.5	17,398.6	17,734.3	20,208.9	20,288.0
Trade balance (deficit)	(7,464.7)	(7,559.0)	(7,599.7)	(9,301.3)	(9,069.4)
Services balance:					
Credits	7,541.8	8,309.2	8,856.8	9,284.1	9,345.6
Debits	3,174.0	3,369.6	(3,307.0)	(3,398.5)	(3,893.2)
Service balance	4,367.8	4,939.6	5,549.8	5,885.6	5,452.4
Primary income balance:					
Credits	545.5	478.7	459.4	501.5	500.4
Debits	3,481.9	3,731.8	4,253.2	4,346.5	4,774.5
Primary income balance (deficit)	(2,936.4)	(3,253.1)	(3,793.8)	(3,845.0)	(4,274.1)
Secondary income:					
Income received	5,621.4	5,969.0	6,695.3	7,205.5	7,906.1
of which:					
Personal transfers	4,960.6	5,260.8	5,911.8	6,494.2	7,087.0
Income paid	868.4	911.2	984.7	1,104.4	1,219.9
Secondary income balance	4,753.0	5,057.8	5,710.6	6,101.1	6,686.2
Current account balance (deficit)	(1,280.3)	(814.7)	(133.1)	(1,159.6)	(1,204.9)
Capital account[2]	2,087.1	—	—	—	—
Net lending (borrowing)	806.8	(814.7)	(133.1)	(1,159.6)	(1,204.9)
Financial account:					
Foreign direct investment	(2,204.9)	(2,406.7)	(3,570.7)	(2,535.3)	(3,012.8)
Portfolio investment	(3,457.7)	(1,729.3)	(1,756.7)	(2,696.1)	(2,196.0)
Public and private debt, medium and long-term (net)	4,101.6	692.5	1,192.8	230.0	410.4
Public and private debt, short-term (net)	(206.9)	(61.7)	185.8	360.8	452.3
Currency and deposits	(114.3)	611.2	1,289.4	1,293.5	1,651.2
Other[3]	369.3	439.1	538.7	635.4	181.3
Financial account	(1,512.9)	(2,454.9)	(2,120.7)	(2,711.7)	(2,513.6)
Errors and omissions	**(1,549.5)**	**(748.3)**	**(1,259.9)**	**(717.5)**	**(169.7)**
Financing:					
Foreign assets	406.9	779.7	730.7	848.5	1,149.5
Use of fund credit and loans	(365.2)	(114.3)	—	—	—
Transfers (debt relief)	1.9	2.0	1.5	2.2	1.1
Portfolio investment (liabilities)	—	—	—	—	—
Other investment liabilities[4]	—	(0.1)	1.5	11.7	9.4
Financing	**770.2**	**891.9**	**727.7**	**834.6**	**1,139.0**

(1) 2015-2018 revised data; 2019 preliminary data.
(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) Includes disbursements on new loans and refinanced debt.
Source: Central Bank.

Foreign Trade

In 2019, the combined value of the Republic's imports and exports of goods equaled 35.4% of the country's GDP, reflecting the high degree of openness of the Dominican economy to foreign trade.

In 2019:

- the trade deficit was US$9.1 billion, which reflects a decrease of 2.5% as compared to US$9.3 billion in 2018;
- total exports were US$11.2 billion, as compared to US$10.9 billion for 2018, principally due to a 5.9% increase in national exports compared to 2018;
- imports totaled approximately US$20.3 billion, as compared to US$20.2 billion during 2018;
- imports of raw materials in free trade zones increased by 2.9% as compared to 2018; and
- 52.3% of the Republic's total exports were bound for the United States and Puerto Rico, while 42.5% of total imports came from U.S. and Puerto Rico ports.

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. 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. For more information on exports to Haiti, see "Recent Developments—Other Developments."

In 2019, exports from the Republic consisted primarily of:

- exports from free trade zones (such as textiles, medical equipment and electronics) valued at US$6,263.5 million, accounting for 55.8% of total exports;
- traditional exports (consisting of products, such as sugar, tobacco, coffee and nickel-iron and gold) valued at US$2,229.9 million, accounting for 19.9% of total exports; and
- non-traditional exports (consisting of other products that the Republic currently exports, such as beer and fruits) valued at US$2,259.5 million, accounting for 20.1% of total exports.

Due to the recovery of the global economy, data for 2019 demonstrates that total exports increased by US$311.0 million as compared to the amount of exports recorded in 2018, mainly due to a 14.4% increase in non-traditional exports during 2019.

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,									
	2015[1]		2016[1]		2017[1]		2018[1]		2019[1]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Free trade zones:										
Textiles	1,247.9	13.2	1,102.8	11.2	1,095.9	10.8	1,106.7	10.1	1,048.4	9.3
Footwear	443.0	4.7	424.7	4.3	386.8	3.8	351.6	3.2	279.5	2.5
Electronics	707.3	7.5	750.6	7.6	883.1	8.7	1,150.3	10.5	1,075.1	9.6
Tobacco Manufacturing	660.3	7.0	695.9	7.1	798.4	7.9	850.3	7.8	889.5	7.9
Jewelry	369.9	3.9	407.0	4.1	422.2	4.2	490.5	4.5	530.6	4.7
Pharmaceutical products	113.2	1.2	152.7	1.6	64.3	0.6	53.0	0.5	32.1	0.3
Medical products	1,247.9	13.2	1,344.3	13.7	1,422.8	14.0	1,503.5	13.8	1,627.3	14.5
Cocoa products	134.7	1.4	115.1	1.2	0.9	—	119.3	1.1	1.1	0.0
Other	499.4	5.3	510.8	5.2	635.2	6.3	604.8	5.5	779.9	7.0
Total free trade zones	5,423.6	57.4	5,503.9	55.9	5,709.6	56.3	6,230.0	57.1	6,263.5	55.8
Traditional:										
Sugar and related products	126.0	1.3	124.0	1.3	141.9	1.4	147.7	1.4	128.1	1.1
Coffee	7.5	0.1	7.4	0.1	8.9	0.1	8.6	0.1	10.4	0.1
Cocoa	117.8	1.2	120.3	1.2	62.7	0.6	95.9	0.9	91.8	0.8
Tobacco	16.1	0.2	22.7	0.2	19.4	0.2	6.0	0.1	17.5	0.2
Nickel-iron	—	—	90.9	0.9	153.6	1.5	233.8	2.1	383.4	3.4
Gold-silver	1,277.2	13.5	1,643.7	16.7	1,539.4	15.2	1,456.6	13.4	1,598.7	14.3
Total traditional	1,544.6	16.4	2,009.0	20.4	1,925.9	19.0	1,948.6	17.9	2,229.9	19.9
Total non-traditional	2,094.4	22.2	1,993.8	20.3	2,042.4	20.2	2,210.4	20.3	2,259.5	20.1
Total other[2]	379.2	4.0	332.9	3.4	456.7	4.5	518.6	4.8	465.7	4.2
Total exports	**9,441.8**	**100.0**	**9,839.6**	**100.0**	**10,134.6**	**100.0**	**10,907.6**	**100.0**	**11,218.6**	**100.0**

(1) 2015-2018 revised data; 2019 preliminary data.
(2) Includes goods sold at port.
Source: Central Bank.

Geographic Distribution of Exports
(% of total exports)

	As of December 31,				
	2015[(1)]	**2016[1)]**	**2017[(1)]**	**2018[(1)]**	**2019[(1)]**
United States[(1)]	48.9	48.6	49.4	51.7	52.3
Canada	7.3	8.0	7.8	5.9	3.1
Mexico	0.4	0.4	0.2	0.4	0.4
Total North America	**56.6**	**57.0**	**57.5**	**58.0**	**55.8**
Brazil	0.1	—	0.1	0.2	0.2
Colombia	0.4	0.4	0.4	0.4	0.5
Costa Rica	0.4	0.3	0.4	0.3	0.3
El Salvador	0.1	0.1	0.1	0.1	0.1
Guatemala	0.3	0.2	0.2	0.2	0.2
Haiti	14.4	12.4	12.2	11.8	10.4
Honduras	0.3	0.3	0.3	0.3	0.3
Jamaica	0.6	0.6	0.6	0.6	0.7
Venezuela	0.6	0.2	0.4	0.2	0.4
Other	3.5	3.2	3.1	3.2	2.9
Total Latin America and the Caribbean	**20.7**	**17.7**	**17.8**	**17.2**	**15.8**
Belgium	0.8	1.1	1.0	0.6	0.5
France	0.3	0.3	0.3	0.3	0.3
Germany	1.1	1.1	0.9	0.9	0.9
Italy	0.3	0.6	0.6	0.8	0.7
The Netherlands	2.0	2.2	1.9	2.6	3.1
Spain	0.9	1.0	0.8	1.1	3.1
Other	3.5	6.4	4.8	3.4	0.7
Total Europe	**9.0**	**12.7**	**10.3**	**9.6**	**9.4**
Japan	0.2	0.2	0.2	0.1	0.2
Other	8.5	8.3	9.1	9.4	7.8
Total Asia	**8.7**	**8.4**	**9.2**	**9.6**	**8.0**
Africa	—	0.2	0.2	0.3	—
Unidentified	5.0	3.9	5.0	5.3	4.7
Total exports	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) 2015-2018 revised data; 2019 preliminary data.
Source: Central Bank.

In 2019, imports into the Republic consisted of:

- consumer goods valued at US$8,945.1 million, representing 44.1% of total imports;
- intermediate goods valued at US$4,689.9 million, representing 23.1% of total imports;
- capital goods valued at US$2,667.0 million, representing 13.1% of total imports; and
- imports into the free trade zones valued at US$3,986.0 million, representing 19.6% of total imports.

In 2019, imports relatively stable compared to 2018, with a 2.3% increase in the importation of consumer goods compared to 2018.

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,									
	2015[1]		2016[1]		2017[1]		2018[1]		2019[1]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Consumer goods:										
Durable goods	1,180.8	7.0	1,360.1	7.8	1,238.1	7.0	1,334.8	6.6	1,490.3	7.3
Refined petroleum products	2,238.7	13.2	1,962.1	11.3	2,462.6	13.9	3,065.3	15.2	2,959.6	14.6
Other	3,605.1	21.3	3,844.0	22.1	4,018.7	22.7	4,342.2	21.5	4,495.2	22.2
Total consumer goods	7,024.6	41.5	7,166.2	41.2	7,719.4	43.5	8,742.3	43.3	8,945.1	44.1
Intermediate goods:										
Crude oil and reconstituted fuel	305.3	1.8	363.2	2.1	405.8	2.3	664.8	3.3	585.5	2.9
Other	3,867.9	22.9	3,648.9	21.0	3,630.0	20.5	4,270.9	21.1	4,104.4	20.2
Total intermediate goods	4,173.2	24.7	4,012.1	23.1	4,035.8	22.8	4,935.7	24.4	4,689.9	23.1
Capital goods	2,210.7	13.1	2,686.2	15.4	2,232.4	12.6	2,692.2	13.3	2,667.0	13.1
Imports into the free trade zones	3,498.0	20.7	3,534.1	20.3	3,746.7	21.1	3,838.7	19.0	3,986.0	19.6
Total imports	**16,906.5**	**100.0**	**17,398.6**	**100.0**	**17,734.3**	**100.0**	**20,208.9**	**100.0**	**20,288.0**	**100.0**

(1) 2015-2018 revised data; 2019 preliminary data.
Source: Central Bank.

Geographic Distribution of Imports[1]

(% of total imports)

	As of December 31,				
	2015[2]	2016[2]	2017[2]	2018[2]	2019[1]
United States[3]	40.7	42.9	44.5	44.3	42.5
Canada	1.3	1.1	1.1	1.0	1.1
Mexico	4.7	5.9	4.8	3.7	4.1
Total North America	**46.8**	**49.9**	**50.4**	**49.1**	**47.8**
Argentina	0.7	0.8	0.6	0.6	0.9
Brazil	3.2	4.0	3.4	3.2	3.5
Chile	0.3	0.4	0.4	0.4	0.3
Colombia	2.1	1.9	2.1	2.0	2.0
Guatemala	1.0	1.0	1.0	0.8	0.8
Panama	0.5	0.4	0.3	0.4	0.4
Trinidad and Tobago	1.7	1.4	1.6	1.2	1.2
Venezuela	1.9	0.4	0.2	0.2	0.1
Other	7.1	5.3	4.7	4.7	5.2
Total Latin America and the Caribbean	**18.5**	**15.4**	**14.3**	**13.5**	**14.4**
Spain	3.2	3.5	3.3	3.6	3.3
Denmark	0.5	0.5	0.4	0.4	0.4
Germany	1.8	1.7	1.7	1.9	1.7
Italy	2.1	2.9	1.4	1.6	2.0
France	1.0	1.0	1.1	0.8	0.9
Belgium	0.5	0.5	0.3	0.4	0.4
Norway	0.2	0.3	0.2	0.2	0.3
Other	4.0	3.6	4.5	5.1	5.1
Total Europe	**13.2**	**14.0**	**13.0**	**14.0**	**14.2**
Japan	2.0	2.3	1.9	1.9	1.9
China and Taiwan	13.9	13.5	14.5	14.9	15.9
South Korea	1.5	1.6	1.5	1.2	1.2
Other	2.9	2.9	3.0	2.9	3.0
Total Asia	**20.4**	**20.3**	**20.8**	**20.9**	**22.1**
Africa	0.5	0.2	1.3	2.3	1.3
Others	0.6	0.2	0.2	0.2	0.2
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) 2015-2018 revised data.
(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$6.1 billion in 2015 (8.6% of GDP) to US$7.5 billion (8.4% of GDP) in 2019. This growth resulted primarily from greater investment in the tourism sector, which led to a 10.9% increase in foreign non-resident arrivals in 2019 as compared to 2015.

In 2015, income from tourism was US$6.1 billion, an increase of US$486.1 million, or 8.6%, compared with 2014. Arrivals of non-resident visitors increased by 368,313 visitors, representing an 8.2% increase compared to 2014.

In 2016, income from tourism was US$6.7 billion, an increase of US$603.7 million, or 9.9%, compared with 2015, mainly due to improved infrastructure, including hotels, and favorable economic conditions. Arrivals of non-resident visitors increased by 301,154 visitors, representing a 6.2% increase compared to 2015.

In 2017, income from tourism was US$7.2 billion, an increase of US$464.5 million, or 6.9%, compared with 2016. Arrivals of non-resident visitors increased by 219,907 visitors, representing a 4.3% increase compared to 2016.

In 2018, income from tourism was US$7.6 billion, an increase of US$376.6 million, or 5.2%, compared with 2017. Arrivals of non-resident visitors increased by 264,544 visitors, representing a 4.9% increase compared to 2017.

In 2019, income from tourism was US$7.5 billion, a decrease of US$92.6 million, or 1.2%, compared with 2018. Arrivals of non-resident visitor decreased by 260,942 visitors, representing a 4.6% decrease compared to 2018.

As of December 31, 2019, according to the latest available information from the United Nations World Tourism Organization, the Republic ranked first among Caribbean tourist destinations in terms of number of arrivals. The Republic attracts visitors primarily from the United States, Canada, Europe and to a lesser extent, from Central and South America, as well as Dominicans visiting from abroad. New markets such as Argentina, Europe and Russia have also been increasing their share 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,				
	2015[(1)]	**2016[(1)]**	**2017[(1)]**	**2018[(1)]**	**2019[(1)]**
Arrivals by airplane (number of passengers):					
Total arrivals	5,599,859	5,959,347	6,187,542	6,568,888	6,446,036
of which:					
Foreign non-resident arrivals	4,832,956	5,134,110	5,354,017	5,618,561	5,357,619
Average length of stay (number of nights):					
Non-resident foreigners	8.3	8.5	8.6	8.4	8.5
Non-resident Dominicans	15.0	15.5	15.6	15.8	16.1
Hotel activity:					
Number of rooms	71,082	72,105	75,891	78,320	83,041
Occupancy rate (in %)	75.5%	78.0%	77.1%	77.5%	71.6%
Income from hotels, bars and restaurants (in millions of US$)	137.4	146.0	155.9	164.8	167.9
Income from tourism (in millions of US$)	6,115.9	6,719.6	7,184.1	7,560.7	7,468.1
Expenses from tourism (in millions of US$)	(462.8)	(503.0)	(530.3)	(548.5)	(619.9)
Balance (income less expenses)	**5,653.1**	**6,216.6**	**6,653.8**	**7,012.2**	**6,848.2**

(1) 2015-2018 revised data; 2019 preliminary data.
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 averaged between 7.0% and 8.0% of GDP for the last five years. In 2015, 2016, 2017 and 2018, remittance inflows grew by 8.5%, 6.1%, 12.4% and 9.9%, respectively, mainly due to the continuous improvement of economic conditions in the U.S. economy. In 2019, remittance inflows grew by 9.1%, or US$592.9 million, compared to 2018.

The following chart shows the evolution of workers' remittances for the years indicated.

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

	As of December 31,				
	2015[(1)]	**2016[(1)]**	**2017[(1)]**	**2018[(1)]**	**2019[(1)]**
Total remittances	4,960.6	5,260.8	5,911.8	6,494.2	7,087.0
% of GDP	7.0	6.9	7.4	7.6	8.0

(1) 2015-2018 revised data; 2019 preliminary data.
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."

In 2015, FDI inflows decreased by US$3.6 million, due to the reduction of new inflows in the electricity sector. In 2016, FDI inflows increased by US$201.8 million, and were largely directed towards the tourism, real estate and mining sectors. In 2017, FDI increased by US$1,164.0 million, mainly due to significant investments in the commercial, tourism and real estate sectors. This significant increase in FDI inflows during 2017 includes the purchase of additional assets of the Dominican Republic-based brewery, *Cervecería Nacional Dominicana,* by the Ambev Group for a purchase price in excess of US$900 million. In 2018, FDI decreased by US$1,035.4 million, mainly due to a return to normal FDI levels following the purchase of *Cervecería Nacional Dominicana* in 2017. In 2019, FDI increased by US$477.5 million, mainly due to investments in the communications and electricity sectors.

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,									
	2015[1]		**2016[1]**		**2017[1]**		**2018[1]**		**2019[1]**	
	US$	**%**	**US$**	**%**	**US$**	**%**	**US$**	**%**	**US$**	**%**
Electricity	(96.3)	(4.4)	(8.3)	(0.3)	63.7	1.8	202.6	8.0	373.9	12.4
Communications	335.9	15.2	(263.9)	(11.0)	67.1	1.9	(240.1)	(9.5)	337.1	11.2
Wholesale and retail trade	367.9	16.7	413.2	17.2	1,365.2	38.2	539.8	21.3	252.1	8.4
Tourism	671.9	30.5	790.0	32.8	704.0	19.7	854.2	33.7	884.1	29.3
Financial services	189.7	8.6	124.6	5.2	90.9	2.5	178.7	7.0	100.5	3.3
Free trade zones	236.6	10.7	223.9	9.3	263.9	7.4	233.6	9.2	274.8	9.1
Mining	6.1	0.3	485.7	20.2	409.6	11.5	184.8	7.3	275.3	9.1
Real estate	411.7	18.7	587.3	24.4	545.9	15.3	518.3	20.4	453.1	15.0
Transport	81.4	3.7	54.2	2.3	60.4	1.7	63.4	2.5	61.9	2.1
Other	—	—	—	—	—	—	—	—	—	—
Total	**2,204.9**	**100.0**	**2,406.7**	**100.0**	**3,570.7**	**100.0**	**2,535.3**	**100.0**	**3,012.8**	**100.0**

(1) 2015-2018 revised data; 2019 preliminary data.
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)[1]

	As of December 31,									
	2015[2]		2016[2]		2017[2]		2018[2]		2019[2]	
	US$	%	US$	%	US$	%	US$	%	US$	%
Brazil	(424.5)	(19.3)	148.0	6.1	998.8	28.0	71.1	2.8	23.5	0.8
Canada	90.9	4.1	479.5	19.9	473.4	13.3	329.3	13.0	258.3	8.6
Cayman Islands	(53.8)	(2.4)	(122.4)	(5.1)	9.9	0.3	(33.8)	(1.3)	(7.6)	(0.3)
Denmark	3.8	0.2	31.9	1.3	62.6	1.8	(459.7)	(18.1)	6.8	0.2
France	3.1	0.1	4.4	0.2	6.1	0.2	4.5	0.2	273.8	7.9
Germany	7.5	0.3	6.5	0.3	7.4	0.2	19.8	0.8	31.2	1.0
Italy	(0.8)	—	48.4	2.0	32.4	0.9	24.0	0.9	56.9	1.9
Mexico	(18.8)	(0.9)	118.3	4.9	(45.4)	(1.3)	(80.4)	(3.2)	640.2	21.2
Panama	10.9	0.5	4.7	0.2	2.9	0.1	12.4	0.5	10.8	0.4
Spain	32.0	1.5	281.4	11.7	205.9	5.8	287.8	11.4	394.3	13.1
Switzerland	4.5	0.2	11.8	0.5	9.0	0.3	5.8	0.2	16.9	0.6
The Netherlands	(133.6)	(6.1)	35.4	1.5	30.9	0.9	37.1	1.5	45.6	1.5
United Kingdom	10.5	0.5	1.1	—	3.1	0.1	5.3	0.2	(18.9)	(0.6)
United States	405.1	18.4	355.8	14.8	732.1	20.5	708.8	28.0	948.3	31.5
Venezuela	30.7	1.4	15.9	0.7	7.7	0.2	29.1	1.1	11.7	0.4
Virgin Islands	1.6	0.1	23.5	1.0	52.0	1.5	74.0	2.9	74.3	2.5
Other	2,235.8	101.4	962.5	40.0	981.9	27.5	1.500.2	59.2	282.7	9.4
Total	**2,204.9**	**100.0**	**2,406.7**	**100.0**	**3,570.7**	**100.0**	**2,535.3**	**100.0**	**3,012.8**	**100.0**

(1) Net inflows from these countries are represented with positive numbers while net outflows are represented with negative numbers.
(2) 2015-2018 revised data; 2019 preliminary data.
Source: Central Bank.

Foreign direct investment in the Republic historically has originated mainly from the United States, Spain and Canada. In 2015, 23.9% of FDI inflows came from the United States, Canada and Spain. In 2016, 46.4% of FDI inflows came from the United States, Canada and Spain. In 2017, 61.8% of FDI inflows mainly came from Canada, Brazil and the United States. In 2018, 52.4% of FDI inflows mainly came from United States, Canada and Spain. In 2019, 65.8% of FDI inflows came from United States, Mexico and Spain.

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 2017, the Republic observed a net inflow of US$1,756.7 million of portfolio investment, which represented an increase of US$27.4 million compared to the US$1,729.3 million registered in 2016. This inflow was mainly originated by capital inflows from the placement of the US$1,700.0 million sovereign bonds in the international market.

During 2018, the Republic observed an inflow of US$2,696.1 million of portfolio investment, which represented an increase of US$939.4 million compared to the US$1,756.7 million registered in 2017. This inflow was mainly originated by capital inflows from the placement of the US$3,092.9 million sovereign bonds in the international market.

During 2019, the Republic observed an inflow of US$2,196.0 million of portfolio investment, which represented a decrease of US$500.1 million compared to the US$2,696.1 million registered in 2018. This inflow was mainly originated by capital inflows from the placement of the US$2,365.5 million sovereign bonds 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 (see "The Economy—History and Background") 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.

The Banking Superintendency 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. The main changes in the regulatory framework of the Dominican financial system include: the definition of principles of governance for financial intermediaries and the enhancement of the criteria and minimum standards that intermediaries have to comply with, according to their nature, size, complexity and risk profile, in accordance with international corporate governance standards and practices; the adoption of measures aimed at improving the client's condition; an update of the definition of eligible collateral, as well as of their types and percentage of admissibility, according to market needs, which generate a positive impact on access to credit to finance productive sectors; and the establishment of guidelines that financial intermediaries should consider to maintain an effective internal control system, as well as the minimum criteria to be applied by financial institutions, for the purpose of implementing and maintaining an adequate risk management framework.

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 2015 to 2019, the Central Bank's policy was focused on price stability under an inflation targeting framework, which was adopted in 2012. 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 MPR, which serves as a reference rate for one business day's operations of liquidity expansion and contraction. In this way, the MPR 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.

In the first two months of 2015, an unexpected increase in the DOP/US$ exchange rate volatility was observed. Given the relationship between depreciation and the formation of inflation expectations, in February the Central Bank modified the reserve requirements ratio to 14.3%. This measure, in combination with the sale of US$200 million to meet higher market demand, effectively managed depreciation expectations. Nevertheless, inflation remained below the target, as oil prices decreased more than expected. In addition, as economic growth in the U.S. decelerated, growth projections in the region suffered constant downward revisions. This macroeconomic scenario suggested that inflation could deviate from the target for a longer time. As a result, between March and May 2015, the Central Bank reduced its policy rate from 6.25% to 5.00% per annum. In the period from July through December 2015, the Central Bank maintained the MPR unchanged, as projections and market expectations suggested that inflation would return to its target range. For 2015, the Central Bank established a medium-term inflation target of 4.0%, plus or minus 1.0%. The 2015 year-end inflation rate was 2.34%, below the target range, mainly due to steep declines in oil prices. Meanwhile, the expansion of economic activity continued to boost growth of credit to the private sector. As of December 31, 2015, private lending activity in local currency amounted DOP621.5 billion, increasing by DOP66.9 billion or 12.1% compared to 2014, in line with nominal GDP growth.

During the period between January and September 2016, the Central Bank maintained the MPR unchanged at 5.00% per annum. However, in light of the upward trend in inflation forecasts, the recovery of crude oil prices, along with expectations of interest rate hikes by the U.S. Federal Reserve, the Central Bank increased the MPR by 50 basis points in October 2016, to 5.50% per annum, which remained unchanged for the remainder of 2016. Headline inflation in 2016 was 1.70% year-over-year. During 2016, inflation remained below the target of 4.0% plus or minus 1.0%, influenced by the downward trend of oil prices. However, international crude oil prices began to increase towards the end of the year, which, together with the increase in domestic food prices, ended the positive supply shock that influenced the Dominican economy since 2014. In this regard, core inflation registered a year-over-year growth of 1.89% in 2016. In line with the change in the MPR in October 2016, the interbank interest rate

increased by 78 basis points in December 2016 compared to December 2015. The weighted average lending interest rate was 14.5% per annum by the end of December 2016, while the weighted average interest rate for deposits reached 6.8% per annum, both recording a decrease compared to 2015. The financial intermediation margin, which is the difference between the interest rate for deposits and the lending interest rate, was 7.65% at the end of 2016. In this regard, loans to the private sector in local currency grew 12.8% year-over-year by December 2016, which represented an increase of DOP79.3 billion. Total credit to the private sector in local currency reached DOP700.8 billion at the end of 2016.

During the first half of 2017, the monetary policy measures adopted by the Central Bank were oriented towards a more neutral stance. In March 2017, the Central Bank increased the MPR to 5.75% per annum, after taking into account the risks of higher inflation in the first quarter of the year. However, the upward trend in inflation forecasts, the interest rates hikes by the U.S. Federal Reserve and the stabilization of crude oil prices at the beginning of the second quarter resulted in a negative domestic demand shock, which led to core inflation falling below the target range, on an annualized basis, in June and July. Accordingly, the Central Bank adopted an expansionary monetary policy stance in the second half of the year. In July 2017, the Central Bank decreased the MPR to 5.25% per annum, which remained unchanged for the remainder of 2017. Additionally, the legal reserve requirement was reduced by 2.2%, with the aim of making credit financing more readily available to the productive sectors of the economy. Headline inflation in 2017 was 4.20% year-over-year, reaching a level close to the central value of the target range of 3.0% to 5.0%. In line with the more flexible monetary conditions, both the weighted average lending interest rate and the weighted average interest rate paid on deposits recorded downward trends, reaching 11.15% and 5.01% per annum, respectively, as of December 31, 2017. The financial intermediation margin was 6.14% at the end of 2017. In this regard, loans to the private sector in local currency grew to DOP784.7 billion or 12.0% year-over-year in 2017, which represented an increase of DOP83.9 billion compared to 2016.

During the first half of 2018, the Central Bank maintained the MPR at 5.25% per annum. However, in July 2018, the Central Bank increased the MPR to 5.50% per annum, after taking into account the inflationary pressures that emerged in the second quarter of the year, especially from an economic growth above what was projected in the 2018 Budget and rising oil prices. The MPR remained unchanged for the remainder of 2018. As a result of the aforementioned monetary policy measures, inflation remained within the Central Bank's target range, on an annualized basis, during the ten-month period ended October 30, 2018. However, the inflation rate fell below the Central Bank's target range, standing at 2.37% on November 30, 2018 and 1.17% on December 31, 2018, due to a temporary decline in domestic food prices and lower energy prices in light of a decrease in international oil prices. Headline inflation in 2018 was 1.17% year-over-year, reflecting tighter financial conditions. The weighted average lending interest rate and the weighted average interest rate paid on deposits reached 12.06% and 7.44% per annum, respectively, as of December 31, 2018. The financial intermediation margin was 4.62% at the end of 2018. In this regard, loans to the private sector in local currency grew to DOP869.4 billion or 10.8% year-over-year in 2018, which represented an increase of DOP84.6 billion compared to 2017.

During 2019, the Central Bank reduced the MPR from 5.50% to 4.50% per annum between June and August 2019, after taking into account foreign trade conflicts, geopolitical tensions and the upcoming election cycle, maintaining the MPR at 4.50% per annum for the remainder of 2019. Headline inflation in 2019 was 3.66% year-over-year, reaching a level close to the Central Bank's target range. The weighted average lending interest rate and the weighted average interest rate paid on deposits reached 12.43% and 6.66% per annum, respectively, as of December 31, 2019. The financial intermediation margin was 5.77% at the end of 2019. In this regard, loans to the private sector in local currency grew to DOP974.9 billion, which represented an increase of DOP105.5 billion or 12.1% compared to 2018.

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 11.1% 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, 2019:

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

	As of December 31, 2019		
	Loans 31-90 days past due[1]	**Loans >90 days past due[1]**	**Total past-due loans[1]**
Commercial banks[2]	0.2	1.3	1.5
Savings and loans associations	0.3	1.6	1.9
Saving and credit banks	0.1	2.2	2.4
Credit corporations	0.1	1.9	2.1
Government-owned financial institution[3]	-	1.6	1.6
Total past-due loans	**0.2**	**1.6**	**1.6**

(1) Includes outstanding principal and accrued interest.
(2) Includes *Banco de Reservas*.
(3) Includes *BANDEX.*
Source: Central Bank.

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

	As of December 31, 2019	
	Loan-Loss reserve by type of financial institution	
	As a % of past-due loans[(1)]	As a % of total loans[(1)]
Commercial banks[(2)]	185.6	2.9
Savings and loans associations	119.8	2.3
Saving and credit banks	144.5	3.4
Credit corporations	1712.6	3.6
Government-owned financial institution[(3)]	1462.0	23.7
Total loan-loss reserves	**176.4**	**2.8**

(1) Includes only outstanding principal.
(2) Includes *Banco de Reservas*.
(3) Includes *BANDEX.*
Source: Central Bank.

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

- DOP275.0 million (US$6.0 million) for banks that offer multiple financial services;
- DOP55.0 million (US$1.2 million) for savings and credit banks;
- DOP17.0 million (US$0.4 million) for savings and loans; and
- DOP15.0 million (US$0.3 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.
- *Internal Controls*. External auditors are required to evaluate the internal controls of financial institutions that they audit.
- *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.
- *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.
- *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.

- *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.

On August 31, 2016, the Monetary Board issued a resolution regulating repurchase transactions in domestic or foreign currencies carried out among financial intermediaries, the Central Bank and/or other institutional investors.

On October 31, 2016, the Monetary Board issued a resolution authorizing the amendment to the Regulation on Liquidation and Dissolution of Financial Institutions (*Reglamento de Disolución y Liquidación de Entidades de Intermediación Financiera*). The amendment updates the regulation in accordance with Law No. 126-15, which calls for the transformation of the National Housing Bank into the National Bank of Exports (*Ley para la Transformación del Banco Nacional de Fomento de la Vivienda y la Producción en el Banco Nacional de las Exportaciones*). In the case of the dissolution of a financial institution organized under the Monetary and Financial Law (*Ley Monetaria y Financiera*), the amendment outlines the process and requirements for the transfer of the financial institution's debt owed to the National Bank of Exports.

On January 27, 2017, the Banking Superintendency issued Circular SIB No. 001/17, which establishes the roles and responsibilities of the compliance officer under the Anti-Money Laundering and Terrorist Financing Act within financial intermediaries, exchange agents and remittance companies, as well as fiduciaries. This Circular updates the existing regulations based on the recommendations of the Financial Action Task Force ("FATF").

On March 16, 2017, the Monetary Board issued a resolution approving the Regulation on Guidelines for Comprehensive Risk Management (*Reglamento sobre Lineamientos para la Gestión Integral de Riesgos*).

On April 27, 2017, the Monetary Board issued a resolution authorizing the final version of the Regulation of Voluntary Liquidation of Financial Intermediation Entities (*Reglamento de Liquidación Voluntaria de Entidades de Intermediación Financiera*).

On September 28, 2017, the Monetary Board issued a resolution approving the integral modification of the Asset Evaluation Regulation (*Reglamento de Evaluación de Activos*), which introduces important changes in the way to manage credit risk in financial intermediation entities, by specifying the criteria for determining the expected losses associated with commercial debtors and incorporating guidelines on the management of the risk of over-indebtedness.

On January 15, 2018, the Banking Superintendency issued Circular SIB No. 003/18, setting forth the Instruction on the Prevention of Money Laundering, Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (*Instructivo sobre Prevención del Lavado de Activos, Financiamiento del Terrorismo y de la Proliferación de Armas de Destrucción Masiva*) in accordance with Law No. 155-17, on the prevention of Money Laundering and Financing of Terrorism, approved on June 1, 2017.

On March 9, 2018, the Banking Superintendency approved Circular SIB No. 008/18, setting forth the third version of the Instructions on Formation, Registration and Control of Guarantees (*Instructivo sobre Formalización, Registro y Control de Garantías*), which adapts the criteria for the management, admissibility and valuation of

guarantees granted to lending institutions as credit support in accordance with the Asset Assessment Regulation approved in September 2017.

On May 17, 2018, the Monetary Board issued a resolution approving the modification of Micro Lending Regulation according to the changes introduced in the Asset Evaluation Regulation (*Reglamento de Evaluación de Activos*).

On November 1, 2018, the Monetary Board issued a resolution approving the Regulation of Cybersecurity and Protection of Information (*Reglamento de Seguridad Cibernética y de la Información*), which establishes the principles and general guidelines to be adopted for the integrity, availability and confidentiality of information, the optimal functioning of information systems and technological infrastructure, as well as the adoption and implementation of practices for risk management of cyber security and information.

On January 24, 2019, the Monetary Board issued a resolution approving the Regulation of External Audits (*Reglamento de Auditorías Externas*), which modifies the Regulation of External Auditors (*Reglamento de Auditores Externos*) issued on August 5, 2004 and is based on international best practices issued by the International Auditing and Assurance Standards Board, the recommendations of the Basel Committee on Banking Supervision in a document published in 2014, "External Audits in Banks," and the regulatory requirements issued by the Public Company Accounting Oversight Board, a private entity that supervises external auditors who provide their services for public companies in the United States.

On August 8, 2019, the Monetary Board issued a resolution approving the modification of the Foreign Exchange Regulation (*Reglamento Cambiario*), first issued by the Monetary Board on October 12, 2006. The proposal seeks to update the Foreign Exchange Regulation (*Reglamento Cambiario*) to regulate the functioning of the Central Bank's Electronic Trading Platform *(Plataforma Electrónica de Negociación de Divisas del Banco Central)*. The proposal also adjusts the limits of foreign exchange positions, and implements a limit on the daily variation in such positions. For more information see "Recent Developments—Monetary Sector—Financial System and Reforms."

Financial Sector

As of December 31, 2019, the Dominican financial sector consisted of 50 financial institutions, including:

- 18 commercial banks (including *Banco de Reservas*);
- 14 savings and credit banks;
- ten savings and loan associations;
- six credit corporations; and
- two government-owned financial institutions (*Banco Nacional de las Exportaciones (BANDEX)* and *Banco Agrícola de la República Dominicana*).

As of December 31, 2018, other participants in the financial sector include 32 insurance companies, including the state-owned insurance company *Seguros Banreservas*, seven 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, 2019, 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 August 17, 2020, President Abinader appointed Mr. Samuel Pereyra Rojas as the chief executive of *Banco de Reservas*.

The following table identifies the number of financial institutions and percentage of loans and deposits corresponding to, as well as the share of total assets of the financial system held by each category of financial institutions as of the dates indicated.

Number of Financial Institutions, Percentage of Loans and Deposits and Share of Total Assets of the Financial System [1]

	As of December 31,					As of December 31, 2019		
	2015	2016	2017	2018	2019	Loans (%)	Deposits (%)	Share of Total Assets (%)
Commercial banks[2]	17	18	18	18	18	87.16	88.20	86.98
Development banks	—	—	—	—	—	—	—	—
Mortgage banks	—	—	—	—	—	—	—	—
Savings and loan associations	10	10	10	10	10	10.02	9.70	10.39
Financieras	—	—	—	—	—	—	—	—
Small lending institutions	—	—	—	—	—	—	—	—
Government-owned financial institutions[3]	1	1	1	1	1	0.02	0.26	0.41
Savings and credit banks	19	18	18	14	14	2.55	1.65	2.04
Credit corporations	17	12	11	8	6	0.25	0.18	0.18
Credit card issuing entities	—	—	—	—	—	—	—	—
Total	**64**	**59**	**58**	**51**	**49**	**100.00**	**100.00**	**100.00**

(1) Excludes insurance and reinsurance companies, private pension funds and the Dominican Republic Stock Exchange.
(2) Includes *Banco de Reservas*.
(3) Excludes *Banco Agrícola de la República Dominicana.*
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 Baninter (June 2000);
- Banco Gerencial y Fiduciario by Banco BHD (November 2000);
- Banco Metropolitano by Banco Dominicano del Progreso ("Progreso") (December 2000);
- Banco Osaka by Baninter (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.

At the end of 2014, Banco Peravia de Ahorro y Crédito, S.A. collapsed after the Banking Superintendency discovered that its executives had committed bank fraud for about US$32 million, equivalent to 75.3% of its credit portfolio. Once the Banking Superintendency concluded its investigation, the Public Prosecutor's Office presented charges against 20 individuals affiliated with Banco Peravia for violating the Monetary and Financial Law (*Ley Monetaria y Financiera*), falsifying public deeds, abuse of trust, conspiracy and violating the Law Against Laundering of Proceeds from Drug Trafficking and Controlled Substances and Other Serious Offenses (*Ley Sobre Lavado de Activos Provenientes del Tráfico Ilícito de Drogas y Sustancias Controladas y Otras Infracciones Graves*). On June 6, 2019 the First Collegiate Court of the Criminal Chamber of the Court of First Instance of the National District (*Primer Tribunal Colegiado de la Cámara Penal del Juzgado de Primera Instancia del Distrito Nacional*) convicted five of these 20 individuals.

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 Múltiple S.A., Banco Múltiple Lafise, S.A., Banco Múltiple de las Américas, S.A.

(Bancamérica), Banco Múltiple Promérica de la República Dominicana, S.A., and Banco Múltiple Activo Dominicana, S.A. Other banks and local entities have foreign equity participations in the Dominican Republic, such as: Banco Múltiple Bellbank, S.A., S.A., Banco de Ahorro y Crédito JMMB Bank, S.A., Banco Atlántico de Ahorro y Crédito, S.A. and Banco de Ahorro y Crédito ADOPEM, S.A.

On December 26, 2018, the Monetary Board authorized the Bank of Nova Scotia's ("Scotiabank") acquisition of 97.44% of the shares of Progreso, and the subsequent integration of the two banking institutions.

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)

	Financial System		Commercial Banks	
As of December 31,	DOP	Growth rate (%)	DOP	Growth rate (%)
2015	1,359,630.2	11.5	1,175,887.9	11.9
2016	1,518,672.0	11.7	1,316,658.3	12.0
2017	1,650,806.3	8.6	1,427,565.5	8.4
2018	1,782,243.4	8.0	1,542,426.7	8.1
2019	1,992,191.5	11.8	1,732,831.0	12.3

(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)

	Financial System		Commercial Banks	
As of December 31,	US$	Growth rate (%)	US$	Growth rate (%)
2015	29,904.5	8.5	25,863.2	8.9
2016	32,575.5	8.9	28,242.3	9.2
2017	34,254.1	5.6	29,621.8	4.9
2018	35,500.9	3.6	30,723.9	3.7
2019	37,658.0	6.1	32,755.4	6.6

(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 2015 to 2019, the private sector received on average 91.7% of the total principal amount of loans issued by the financial system, while the public sector received 6.6% and intra-financial sector loans accounted for the remaining 1.7%. Major private sector borrowers included companies engaged in wholesale and retail trade (on average, 19.9% of total loans from 2015 to 2019), construction (on average, 6.8% of total loans from 2015 to 2019) and manufacturing (on average, 6.1% of total loans from 2015 to 2019). 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,				
	2015	**2016**	**2017**	**2018**	**2019**
Private Sector:[1][2]					
Manufacturing	1,234.3	1,189.8	1,200.0	1,520.1	1,657.4
Mining	37.8	43.6	46.2	28.7	30.2
Agriculture	698.3	648.8	737.4	770.1	797.7
Construction	1,465.3	1,724.7	1,365.6	1,396.1	1,544.0
Electricity, gas and water	244.6	231.8	205.0	412.4	466.0
Wholesale and retail trade	3,910.5	4,142.4	4,608.0	4,728.3	4,591.3
Loans to individuals	9,011.3	9,951.7	10,707.5	11,451.5	12,410.6
Transportation, warehousing and communications	231.4	242.3	332.1	359.8	491.2
Other	645.4	907.0	1,096.2	1,046.0	1,053.2
Total private sector loans	17,479.0	19,082.0	20,298.2	21,713.0	23,041.6
Total public sector loans	1,708.3	1,525.5	1,388.6	1,377.1	1,246.8
Total financial sector loans	370.6	347.0	306.4	417.3	407.1
Total non-resident sector loans	0.3	0.1	0.2	0.1	2.1
Total loans	**19,558.1**	**20,954.6**	**21,993.4**	**23,507.4**	**24,697.6**

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

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

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Private Sector:[1][2]					
Manufacturing	6.3	5.7	5.5	6.5	6.7
Mining	0.2	0.2	0.2	0.1	0.1
Agriculture	3.6	3.1	3.4	3.3	3.2
Construction	7.5	8.2	6.2	5.9	6.3
Electricity, gas and water	1.3	1.1	0.9	1.8	1.9
Wholesale and retail trade	20.0	19.8	21.0	20.1	18.6
Loans to individuals	46.1	47.5	48.7	48.7	50.3
Transportation, warehousing and communications	1.2	1.2	1.5	1.5	2.0
Other	3.3	4.3	5.0	4.4	4.3
Total private sector loans	89.4	91.1	92.3	92.4	93.3
Total public sector loans	8.7	7.3	6.3	5.9	5.0
Total financial sector loans	1.9	1.7	1.4	1.8	1.6
Total non-resident sector loans	—	—	—	—	—
Total loans	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) Includes information from credit unions.
(2) Changes in historical data are the result of loan reclassifications.
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**
2015	46.9	15.5	24.2	13.4
2016	47.8	16.1	25.3	10.8
2017	49.2	17.0	24.5	9.3
2018	48.7	18.1	24.0	9.2
2019	49.2	18.3	24.3	8.2

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, 2019, foreign currency lending was 26.5% of total credit extended by 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 December 31, 2019.

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

	As of December 31, 2019			
Category	**Commercial loans**	**Consumer loans**	**Mortgage loans**	**Total**
A	62.8	92.5	94.9	76.2
B	18.9	2.6	2.8	11.8
C	5.7	1.3	1.0	3.7
D1	6.3	1.8	0.7	4.1
D2	4.7	1.1	0.2	3.0
E	1.6	0.7	0.4	1.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: Banking Superintendency.

Solvency Index in the Banking System[(1)]
(values in %)

As of December 31,	
2015	14.4
2016	15.6
2017	16.4
2018	15.8
2019	14.9

(1) Includes only commercial banks defined as "bancos múltiples" by the Banking Superintendency.
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 2015, liquidity in the financial sector decreased, due to the rise in interest rates observed in the second semester of 2015. As a result, the annual rate of private credit growth in local currency decreased from approximately 15.1% at the end of 2014 to approximately 12.1% at the end of 2015 (see "The Monetary System—Monetary Policy").

During 2016, liquidity in the financial sector remained moderate, due to the rise in interest rates as compared to 2015. Nevertheless, the annual rate of private credit growth in local currency increased from approximately 12.1% at the end of 2015 to approximately 12.8% at the end of 2016.

During 2017, liquidity in the financial sector increased as a consequence of expansionary monetary policy measures adopted by the monetary authorities during the second half of the year. This higher liquidity was reflected in lower interest rates at the end of 2017 as compared to 2016. Accordingly, the annual rate of private credit in local currency grew by 12.0% at the end of 2017.

During 2018, liquidity in the financial sector remained moderate, due to an increase in interest rates as compared to 2017. As a result, the annual rate of private credit growth in local currency reached 10.8% at the end of 2018.

During 2019, liquidity in the financial sector increased as a consequence of expansionary monetary policy measures adopted by the monetary authorities. Accordingly, the annual rate of private credit in local currency grew by 12.1% at the end of 2019.

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 rate unless otherwise indicated)

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Loans of:					
0-90 days	15.0	14.6	13.2	11.0	10.8
91-180 days	12.4	13.8	10.8	11.4	11.2
181-360 days	13.7	13.6	13.4	11.7	11.8
Weighted average	15.0	15.0	13.8	12.5	12.4
Real	11.4	12.4	9.6	9.0	8.9
Prime rate	11.1	11.7	10.8	10.4	10.3

(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 rate unless otherwise indicated)

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Deposits for:					
30 days	5.5	5.8	5.4	5.0	5.6
60 days	6.4	7.2	6.2	5.9	6.1
90 days	6.6	7.2	6.9	6.8	6.5
180 days	7.2	7.3	6.3	6.8	6.5
360 days	6.5	6.8	6.3	6.1	6.3
Weighted average	6.5	6.7	6.0	6.0	6.1
Real	2.9	4.1	1.8	2.5	2.6
Savings	1.7	1.6	1.6	0.6	0.4

(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. For recent information on the Central Bank's international reserves, see "Recent Developments—Balance of Payments and Foreign Trade—Balance of Payments."

The following table sets forth growth in M1, M2 and M3 according to data released by the Central Bank 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,				
	2015	**2016**	**2017**	**2018**	**2019**
M1	12.2	11.0	12.2	6.6	20.7
M2	11.6	10.0	10.3	4.5	10.4
M3	12.1	9.8	9.7	6.6	11.7

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

From 2015 to 2019, the Republic's monetary base grew at an annual average rate of 7.8%. This increase was driven by the growth in net international reserves of the Central Bank, which increased from US$5,195.1 million in 2015 to US$8,781.4 million in 2019. M1, M2 and M3 increased sharply at an average annual rate of 12.5%, 9.4% and 10.0%, respectively, during the period from 2015 to 2019. In 2015, the Central Bank reduced the MPR by 125 basis points, which resulted in growth rates of the monetary aggregates of 12.2%, 11.6% and 12.1%, respectively. In 2016, the Central Bank increased the MPR by 50 basis points, which resulted in growth rates of the monetary aggregates M1, M2 and M3 of 11.0%, 10.0% and 9.8%, respectively. In March 2017, the Central Bank increased the MPR by 25 basis points, from 5.50% to 5.75%. However, the monetary authorities reduced the MPR by 50 points in July 2017, from 5.75% to 5.25% due to a negative demand shock that was combined with lower international inflationary pressures in the second quarter of the year. Consequently, in 2017, the monetary aggregates grew at rates of 12.2%, 10.3% and 9.7%, respectively. In July 2018, the Central Bank increased the MPR

by 25 basis points, from 5.25% to 5.50%, reflecting a more neutral monetary policy stance. Therefore, in 2018 the monetary aggregates M1, M2 and M3 grew at 6.6%, 4.5% and 6.6%, respectively. Between the months of June and August 2019, the Central Bank decreased the MPR by 100 basis points, from 5.50% to 4.50%. Consequently, in 2019 the monetary aggregates M1, M2 and M3 grew at 20.7%, 10.4% and 11.7%, respectively, in each case, compared to 2018.

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,				
	2015	**2016**	**2017**	**2018**	**2019**
Monetary base (millions of DOP)	219,717.3	234,949.2	229,222.3	242,828.8	264,806.3
Currency in circulation and cash in vaults at banks (millions of DOP)	111,539.1	118,014.1	133,542.3	146,567.4	166,456.3
Commercial bank deposits at Central Bank (millions of DOP)	108,178.2	116,935.2	95,680.0	96,261.5	98,350.0
Broad monetary base (millions of DOP)	307,018.1	352,301.9	395,518.9	387,014.9	469,600.0
Gross international reserves (millions of US$)[(1)]	5,266.0	6,047.4	6,780.8	7,627.6	8,781.8
Net international reserves (millions of US$)[(1)]	5,195.1	6,046.7	6,780.4	7,627.1	8,781.4
Exchange rate (DOP/US$)	45.5	46.6	48.2	50.2	52.9

(1) 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,				
	2015	**2016**	**2017**	**2018**	**2019**
Monetary aggregates[(2)]					
Currency in circulation	1,965.6	2,026.1	2,125.1	2,331.5	2,530.4
M1	6,011.1	6,506.4	7,060.2	7,225.0	8,278.2
M2	18,510.1	19,860.3	21,195.3	21,267.3	22,279.9
M3	24,004.8	25,697.0	27,270.4	27,916.2	29,583.0
Credit by sector[(2)]					
Public sector	1,708.28	1,525.53	1,388.63	1,377.06	1,246.83
Private sector	17,478.96	19,081.97	20,298.20	21,712.97	23,041.58
Financial sector	370.57	347.04	306.43	417.28	407.06
Non-resident sector	0.33	0.06	0.15	0.09	2.14
Total credit aggregates	19,558.13	20,954.60	21,993.42	23,507.41	24,697.61
Deposits[(2)]					
Local currency	18,541.15	20,382.19	21,577.61	21,914.19	23,404.93
Foreign currency	6,636.90	6,943.96	7,349.43	8,101.44	8,415.91
Total deposits	**25,178.05**	**27,326.15**	**28,927.03**	**30,015.62**	**31,820.84**

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

Inflation

As of December 31, 2015, the inflation rate increased to 2.34%, nonetheless below the target rate of 4.0% plus or minus 1%, given the continued decline in international oil prices. Core inflation, which is the inflation associated with monetary conditions, reached 1.82% at the end of 2015, below the lower limit of the target range for 2015.

As of December 31, 2016, the inflation rate was 1.70%, mainly due to a positive supply side shock and low inflationary pressures resulting from the continued downward trend of oil prices during the first half of 2016. Core inflation reached 1.89% at the end of 2016, below the lower limit of the target range for 2016.

As of December 31, 2017, the inflation rate reached 4.20%, mainly as a result of increasing oil prices. Core inflation reached 2.36% at the end of 2017, below the lower limit of the target range for 2017.

As of December 31, 2018, the inflation rate was 1.17%, mainly due to low inflationary pressures resulting from the downward trend of oil prices during the last quarter of 2018. Core inflation reached 2.47% at the end of 2018, below the lower limit of the target range for 2018.

As of December 31, 2019, the inflation rate was 3.66%, mainly due to the increase in food and oil prices. Core inflation remained below the lower limit of the target range, standing at 2.25% at the end of 2019.

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,		
2015	2.3	0.8
2016	1.7	1.6
2017	4.2	3.3
2018	1.2	3.6
2019	3.7	1.8

(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 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,				
	2015	**2016**	**2017**	**2018**	**2019**
End of period (spot market)[1]	45.47	46.62	48.19	50.20	52.90
End of period (financial intermediaries)[2]	45.47	46.60	48.20	50.33	52.92
Exchange rate differential (in % of the financial intermediaries' rate)	0.01%	0.04%	(0.01)%	(0.26)%	(0.04)%
Year average (spot market)[3]	44.94	45.99	47.44	49.43	51.20
Year average (financial intermediaries)[4]	44.94	45.98	47.44	49.44	51.22
Exchange rate differential (in % of the financial intermediaries' rate)	—	0.01%	(0.1)%	(0.02)%	(0.06)%

(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 "reference" exchange rate by the financial intermediaries for the last business day of the year.
(3) Average of the daily "reference" 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 "reference" 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 2015 and 2019, 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$8,781.4 million as of December 31, 2019 from US$5,195.1 million as of December 31, 2015.

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,				
	2015	**2016**	**2017**	**2018[1]**	**2019[1]**
Central Bank					
Assets (gross international reserves)	5,266.0	6,047.4	6,780.8	7,627.6	8,781.8
Liabilities	71.0	0.7	0.4	0.5	0.4
Total (assets less liabilities)	5,195.1	6,046.7	6,780.4	7,627.1	8,781.4
Banco de Reservas					
Assets	172.7	287.6	222.8	157.9	68.7
Liabilities	1,093.3	1,156.8	822.4	751.0	1,083.8
Total (assets less liabilities)	(920.6)	(869.2)	(599.7)	(593.1)	(1,015.1)
Other deposit institutions					
Assets	745.4	718.1	720.3	882.2	726.2
Liabilities	909.5	1,092.1	1,184.7	1,243.1	1,197.2
Total (assets less liabilities)	(164.1)	(374.0)	(464.4)	(360.9)	(470.9)
Net international reserves of the banking system	**4,110.4**	**4,803.5**	**5,716.4**	**6,673.2**	**7,295.4**
Memorandum items:					
Gross assets of the Central Bank	5,881.5	6,924.2	7,452.1	8,285.4	9,420.5
Gross reserves of commercial banks	918.1	1,005.7	943.1	1,040.2	795.0
Gross reserves of the banking system	**6,799.6**	**7,929.9**	**8,395.2**	**9,325.5**	**10,215.5**
Gross reserves of the Central Bank (in months of total imports)	3.7	4.1	4.1	4.4	6.3
Gross reserves of the banking system (in months of total imports)[2]	4.8	5.1	5.3	5.4	7.3

(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.
Source: 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 2015 to 2019, 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 3.7 months at December 31, 2015 to 6.3 months at December 31, 2019. 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 7.3 to 1 times as of December 31, 2019.

Gold Reserves

At December 31, 2019, the total amount of gold reserves of the Central Bank was approximately US$27.7 million, reflecting a US$8.3 million increase as compared to US$19.4 million at December 31, 2015, mainly due to an increase in the price of gold over the period.

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 and became a national exchange in 1997. The Dominican Republic Stock Exchange is a private institution that has been subject to regulation by the Dominican

Securities Superintendency since October 2003. Its primary activity 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$4.6 billion at December 31, 2019.

PUBLIC SECTOR FINANCES

Budgetary Government

The Budgetary Government encompasses all entities within the central government, which includes the three branches of the state: legislative, judicial and executive. During the period from 2015 through 2019 (excluding the "capital grants" obtained in 2015 from the liability management transaction with PDVSA relating to the PetroCaribe Agreement, see "Public Sector Debt—External Debt—PetroCaribe Agreement"), the Budgetary Government has recorded deficits in its fiscal balance, which have been covered with internal and external financing.

The Budgetary Government derives its revenues primarily from tax collection, from indirect taxes on consumption of goods and services, 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 grants 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 2015, total revenues by the Budgetary Government (excluding capital grants obtained in the liability management transaction with PDVSA relating to the PetroCaribe Agreement in the amount of US$2.1 billion) amounted to US$9.8 billion (13.8% of GDP). The decline in total revenues as compared to the National Budget for 2015 was mainly the result of (i) the decrease in international and local prices of fuels, which led to a drop in revenues from fuel tax of US$153.8 million (0.2% of GDP) as compared to the amount projected in the National Budget for 2015; and (ii) an output from PVDC gold mining operations that proved to be lower than the budgeted figure, implying a reduction of US$147.8 million (0.2% of GDP) in revenues from taxes on income, profits, and capital gains.

In 2015, grants amounted to US$2.1 billion (3.0% of GDP), driven by non-recurrent capital grants obtained in the liability management transaction with PDVSA relating to the PetroCaribe Agreement, which amounted to US$2.1 billion (3.3% of GDP). For further information, see "Public Sector Debt—External Debt—Paris Club and Other Bilateral Lenders.

In 2015, total expenditures by the Budgetary Government amounted to US$11.8 billion (16.6% of GDP). Capital expenditures increased to US$2.3 billion (3.3% of GDP) in 2015 compared to US$2.0 billion (2.9% of GDP) in 2014, while primary expenditures increased by US$285.1 million from 2014 to 2015, mainly due to an increase in the expenditures for social programs, especially on education, including an increase 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 Comes First, aimed at supporting low income households.

As a result of the above, the net borrowing (overall deficit) of the Budgetary Government decreased from US$1,868.5 million (2.8% of GDP) in 2014 to US$0.2 billion (less than 0.1% of GDP) in 2015 (taking into consideration the PetroCaribe operation).

In 2016, total revenues by the Budgetary Government (including grants) amounted to US$10.5 billion (13.9% of GDP). This decline in total revenues as compared to the US$11.8 billion total revenues registered in 2015 was mainly due to the effects of the liability management transaction with PDVSA relating to the PetroCaribe Agreement in 2015 described above. Excluding the capital grants obtained in PetroCaribe liability management transaction, in 2016, fiscal revenues increased by US$0.7 billion (1.0% of GDP) as compared to 2015. As of December 31, 2016, 99.5% of the estimated fiscal revenues were collected, mainly due to certain measures that enhanced the administrative process within the collecting agencies, as well as an efficient coordination between these governmental entities. For more information, see "Tax Regime—Tax Enforcement."

In 2016, total expenditures by the Budgetary Government were US$12.8 billion (16.9% of GDP). Capital expenditures reflected no significant variation compared to 2015, while primary expenditures increased by US$689.8 million from 2015 to 2016, mainly due to interests and grants.

As a result of the above, in 2016, the net borrowing (overall deficit) of the Budgetary Government increased to US$2.3 billion (3.1% of GDP).

In 2017, total revenues by the Budgetary Government (including grants) amounted to US$11.2 billion (14.0% of GDP). This increase in total revenues as compared to the US$10.5 billion total revenues registered in 2016 was mainly due to tax enforcement measures taken by both the Internal Revenue Agency and Customs Agency (see "Tax Regime—Tax Enforcement"), and an extraordinary income of US$175.0 million (0.2% of GDP), primarily from capital gains tax collected on the sale of shares of several tourism companies, and increased audits by the Internal Revenue Agency.

In 2017, total expenditures by the Budgetary Government were US$13.9 billion (17.3% of GDP). Capital expenditures increased to US$2.7 billion (3.4% of GDP) in 2017 compared to US$2.3 billion (3.0% of GDP) in 2016, mainly due to the construction of the Punta Catalina power plant project, while primary expenditures increased to US$10.8 billion (14.3% of GDP), mainly due to an increase in wages and salaries, use of goods and services and other expenses, primarily infrastructure projects.

As a result of the above, in 2017, the net borrowing (overall deficit) of the Budgetary Government stood at US$2.3 billion (or 2.9% of GDP).

In 2018, total revenues by the Budgetary Government (including grants) amounted to US$12.1 billion (14.2% of GDP). This increase in total revenues as compared to the US$11.2 billion total revenues registered in 2017 was mainly due to the continuation of the tax enforcement measures taken by both the Internal Revenue Agency and Customs Agency, a US$261.8 million (0.3% of GDP) extraordinary income derived from capital gains tax collected on the sale of shares of a local beer company, and the implementation of a tax on the differential for liquid petroleum gas pursuant to Paragraph I of Article 19 of the 2018 Budget Law.

In 2018, total expenditures by the Budgetary Government were US$14.1 billion (16.5% of GDP). Capital expenditures decreased to US$2.3 billion (2.6% of GDP) in 2018 compared to US$2.7 billion (3.4% of GDP) in 2017, mainly due to the construction of the Punta Catalina power plant project in 2017, while primary expenditures reflected no significant variation compared to 2017.

As a result of the above, in 2018, the net borrowing (overall deficit) of the Budgetary Government decreased to US$1.8 billion (2.1% of GDP).

In 2019, total revenues by the Budgetary Government (including grants) amounted to US$12.8 billion (14.4% of GDP). This increase in total revenues as compared to the US$12.1 billion total revenues registered in 2018 was mainly the result of the continued implementation of measures to reduce tax avoidance and evasion, a US$163.4 million (0.2% of GDP) extraordinary income derived from dividends paid out by companies in the beverage industry, banking and telecommunications sector; and capital gains tax collected primarily from the sale of a financial institution. In 2019, the Internal Revenue Agency reached its highest revenue growth since the implementation of the 2012 Tax Reform, representing a 12.2% increase compared to 2018, excluding the extraordinary income of the sale of the local beer company in 2018.

In 2019, total expenditures by the Budgetary Government were US$14.9 billion (16.7% of GDP). Capital expenditures decreased to US$2.1 billion (2.3% of GDP) in 2018 compared to US$2.3 billion (2.6% of GDP) in 2018, while primary expenditures increased to US$12.4 billion (14.0% of GDP), mainly due to grants, subsidies and interests.

As a result of the above, in 2019, the net borrowing (overall deficit) of the Budgetary Government increased to US$2.0 billion (2.2% of GDP).

During 2019 the primary sources of tax revenues were:

- taxes on income, profits and capital gains (29.2% of total revenues, excluding grants);
- VAT (32.7% of total revenues, excluding grants); and
- excise taxes (15.1% of total revenues, excluding grants).

Government expenditures during 2019 consisted of:

- wages and salaries paid to public sector employees (26.7% of total spending);
- purchases of goods and services (11.1% of total spending);

- transfers to public sector entities (in particular CDEEE) and to the private sector (primarily social programs) (27.9% of total spending);
- capital expenditure (13.9% of total spending); and
- interest payments on debt (16.4% of total spending).

Consolidated Public Sector

For purposes of the consolidated public sector debt information included herein, the Dominican public sector consists of the Budgetary 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.

In general, these agencies receive financing from the Budgetary 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 2015 (0.3%), 201 (0.2%) and 2019 (0.1%). During 2016 and 2017, the balance of the rest of the non-financial public sector resulted in a surplus of 0.3% and 0.2% of GDP, respectively, mainly due to an increase in these agencies' revenues.

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

Fiscal Accounts[1]

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

	As of December 31,									
	2015[1]		2016[1]		2017[1]		2018[1]		2019[1]	
	US$	%	US$	%	US$	%	US$	%	US$	%
BUDGETARY GOVERNMENT										
Revenues:										
Taxes:										
Taxes on income, profits, and capital gains	2,628.8	3.7	2,918.7	3.9	3,217.3	4.0	3,400.7	4.0	3,735.4	4.2
Taxes on property	124.6	0.2	125.9	0.2	141.6	0.2	154.7	0.2	171.0	0.2
Taxes on goods and services:										
General taxes on goods and services	3,531.7	5.0	3,743.4	4.9	3,861.6	4.8	4,247.9	5.0	4,518.9	5.1
of which: VAT	*3,262.6*	*4.6*	*3,454.3*	*4.6*	*3,566.1*	*4.5*	*3,930.3*	*4.6*	*4,174.8*	*4.7*
Taxes on financial and capital transactions	*269.1*	*0.4*	*289.1*	*0.4*	*295.5*	*0.4*	*317.7*	*0.4*	*344.1*	*0.4*
Excise taxes	1,618.8	2.3	1,659.2	2.2	1,831.1	2.3	1,891.8	2.2	1,929.4	2.2
of which: Fuel tax	*961.1*	*1.3*	*991.5*	*1.3*	*1,115.8*	*1.4*	*1,151.5*	*1.3*	*1,184.9*	*1.3*
Taxes on specific services	286.3	0.4	294.3	0.4	312.9	0.4	339.4	0.4	330.5	0.4
Taxes on use of goods and on permission to use goods	218.0	0.3	268.4	0.4	267.3	0.3	271.1	0.3	327.2	0.4
Total taxes on goods and services	5,654.8	7.9	5,965.3	7.9	6,272.9	7.8	6,750.3	7.9	7,105.9	8.0
Taxes on international trade and transactions	685.5	1.0	722.3	1.0	738.6	0.9	792.6	0.9	778.7	0.9
of which: Import duties	*559.4*	*0.8*	*592.0*	*0.8*	*603.4*	*0.8*	*647.8*	*0.8*	*632.6*	*0.7*
Other taxes	1.7	—	1.3	—	1.1	—	1.5	—	1.1	—
Total taxes	9,095.5	12.8	9,733.5	13.0	10,371.4	12.9	11,099.9	13.0	11,792.1	13.3
Social contributions[2]	32.9	—	33.6	—	55.4	0.1	50.7	0.1	49.7	0.1
Other Revenues	577.3	0.8	703.8	0.9	704.6	0.9	962.7	1.1	931.3	1.0
Grants	2,135.9	3.0	24.3	—	42.0	0.1	19.5	—	20.2	—
Total revenues	**11,841.7**	**16.6**	**10,495.2**	**13.9**	**11,173.3**	**14.0**	**12,132.8**	**14.2**	**12,793.4**	**14.4**
Expenses:										
Compensation of employees	3,393.8	4.8	3,274.3	4.3	3,488.2	4.4	3,807.7	4.5	3,966.8	4.5
Use of goods and services	1,095.6	1.5	1,055.2	1.4	1,462.3	1.8	1,459.0	1.7	1,649.9	1.9
To non-residents	712.3	1.0	892.0	1.2	968.9	1.2	1,078.4	1.3	1290.8	1.5
To residents	933.2	1.3	1,024.4	1.4	1,066.8	1.3	1,134.7	1.3	1,148.9	1.3
of which: Central Bank recapitalization	*386.9*	*0.5*	*361.8*	*0.5*	*350.6*	*0.4*	*336.6*	*0.4*	*313.9*	*0.4*
Total interest	1,645.4	2.3	1,916.4	2.5	2,035.6	2.5	2,213.1	2.6	2,439.7	2.7
Subsidies	723.1	1.0	635.0	0.8	550.8	0.7	517.6	0.6	613.7	0.7
of which: CDEEE	*545.6*	*0.8*	*451.1*	*0.6*	*369.9*	*0.5*	*344.5*	*0.4*	*422.7*	*0.5*
Grants	1,651.8	2.3	2,300.8	3.0	2,158.4	2.7	2,264.6	2.6	2,416.5	2.7
of which: to other general government units	*1,646.0*	*2.3*	*2,290.5*	*3.0*	*2,148.6*	*2.7*	*2,250.4*	*2.6*	*2,402.6*	*2.7*
Social benefits	927.7	1.3	941.8	1.2	1,022.2	1.3	1,060.8	1.2	1,119.9	1.3
Other expenses	855.0	1.2	1,393.0	1.8	1,730.2	2.2	1,501.2	1.8	1,320.9	1.5
of which: Central Bank recapitalization	*82.4*	*0.1*	*131.8*	*0.2*	*182.2*	*0.2*	*209.9*	*0.2*	*275.0*	*0.3*
Infrastructure projects	*585.2*	*0.8*	*812.7*	*1.1*	*1,048.9*	*1.3*	*673.3*	*0.8*	*426.8*	*0.5*
Total expenses	**10,292.4**	**14.4**	**11,516.5**	**15.2**	**12,447.7**	**15.6**	**12,824.0**	**15.0**	**13,527.4**	**15.2**
Gross operating balance	**1,549.3**	**2.2**	**(1,021.3)**	**(1.3)**	**(1,274.4)**	**(1.6)**	**(691.2)**	**(0.8)**	**(734.2)**	**(0.8)**
Gross investment in nonfinancial assets	1,525.9	2.1	1,262.6	1.7	1,433.9	1.8	1,295.4	1.5	1,337.3	1.5
of which: Fixed assets	*1,485.9*	*2.1*	*1,221.2*	*1.6*	*1,367.2*	*1.7*	*1,253.8*	*1.5*	*1,296.7*	*1.5*
Expenditures	**11,818.3**	**16.6**	**12,779.1**	**16.9**	**13,881.6**	**17.3**	**14,119.4**	**16.5**	**14,864.7**	**16.7**
Capital expenditures	2,326.8	3.3	2,290.4	3.0	2,723.1	3.4	2,269.5	2.6	2,069.3	2.3
Primary expenditures	10,172.9	14.3	10,862.7	14.3	11,846.0	14.7	11,906.3	13.9	12,425.0	14.0
Total expenditures	**11,818.3**	**16.6**	**12,779.1**	**16.9**	**13,881.6**	**17.3**	**14,119.4**	**16.5**	**14,864.7**	**16.7**
Primary balance [3]	1,621.9	2.3	(431.6)	(0.6)	(432.6)	(0.4)	366.1	0.5	488.8	0.5
Net acquisition of financial assets	(39.9)	(0.1)	221.6	0.3	230.7	0.3	723.1	0.9	1,456.9	1.6
Net borrowing [3]	**(23.5)**	**—**	**(2,347.9)**	**(3.1)**	**(2,468.3)**	**(3.1)**	**(1,847.0)**	**(2.1)**	**(1,950.9)**	**(2.2)**
Net incurrence of liabilities	(16.5)	**—**	2,569.5	3.4	2,698.9	3.4	2,570.2	3.0	3,407.7	3.8
Statistical discrepancy[4]	(46.8)	(0.1)	(64.0)	(0.1)	240.0	0.3	139.6	0.2	120.6	0.1
Net borrowing rest of NFPS [5]	(230.1)	(0.3)	224.8	0.3	133.0	0.2	(203.7)	(0.2)	(129.4)	(0.1)
Net borrowing NFPS	(253.6)	(0.4)	(2,123.2)	(2.8)	(2,335.3)	(2.9)	(2,050.7)	(2.4)	(2,080.3)	(2.3)
Quasi-fiscal balance of Central Bank	(962.8)	(1.4)	(954.6)	(1.3)	(934.9)	(1.2)	(934.9)	(1.1)	(848.9)	(1.0)
of which: Non-interest[6]	*343.2*	*0.5*	*395.7*	*0.5*	*524.1*	*0.7*	*503.0*	*0.6*	*(548.9)*	*0.6*
Consolidated public sector balance:										
Primary balance	1,965.1	2.8	(35.8)	—	91.5	0.1	869.1	1.0	1,037.8	1.2
Interest	339.4	0.5	566.0	0.7	576.7	0.7	775.2	0.9	1,041.9	1.2
Consolidated public sector balance	**(1,216.4)**	**(1.8)**	**(3,077.8)**	**(4.1)**	**(3,270.2)**	**(4.1)**	**(2,985.6)**	**(3.5)**	**(2,929.2)**	**(3.3)**
GDP [7]	**71,243.0**		**75,759.4**		**80,024.5**		**85,536.9**		**88,952.8**	

(1) Preliminary data.
(2) 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.
(3) Includes "Statistical Discrepancy."
(4) Difference between financing below the line and the overall fiscal balance registered above the line.
(5) Includes electricity sector (CDEEE, EGEHID, ETED, EdeNorte, EdeSur and EdeEste).
(6) Central Bank financial reports.
(7) GDP results for the period 2014-2018 reflected in this table were revised in 2019 by the National Accounts Department of the Central Bank.

Tax Regime

All taxes in the Dominican 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 and non-tax revenues for the periods indicated.

Current Revenue of the Republic (excludes financing and grants) [(1)]
(as a % of total revenue)

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019[(1)]**
Taxes	93.71	92.96	93.17	91.63	92.32
Taxes on income, profits, and capital gains	27.09	27.87	28.90	28.07	29.24
Taxes on property	1.28	1.20	1.27	1.28	1.34
Taxes on goods and services	58.26	56.97	56.35	55.73	55.63
VAT	*33.62*	*32.99*	*32.04*	*32.45*	*32.68*
Taxes on financial and capital transactions	*2.77*	*2.76*	*2.65*	*2.62*	*2.69*
Excises	*16.68*	*15.85*	*16.45*	*15.62*	*15.10*
Taxes on international trade and transactions	7.06	6.90	6.63	6.54	6.10
Other taxes	0.02	0.01	0.01	0.01	0.01
Other revenues[(2)]	6.29	7.04	6.83	8.37	7.68

(1) Preliminary data.
(2) Includes social security contributions.
Source: Ministry of Finance.

On November 9, 2012, Congress approved a tax reform known as 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 focused on reducing tax expenditure, broadening the tax base, reducing tax avoidance and evasion by strengthening the Internal Revenue Agency, incorporating environmental considerations into the tax system, promoting business formalization, and augmenting tax progressivity. During 2013, following the implementation of the 2012 Tax Reform, the Republic generated additional revenues of US$709.3 million (1.1% of GDP). In addition, the implementation of Law No. 309-12 (or the "2012 Tax Amnesty") generated additional revenues of US$116.0 million during 2013 (0.2% of GDP). For a more detailed description of the 2012 Tax Amnesty, see "—Tax Amnesty."

The 2012 Tax Reform was 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 a 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.

Additionally, in 2012, the Government:

- 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 Budgetary Government, as per the Internal Revenue Agency's General Standard No. 01-12, No. 01-13 and No. 03-14;
- established Internal Revenue Agency's General Standard No. 02-12, which ascertains the requirements and procedures that Trusts and involved parties must meet before the Internal Revenue Agency;
- approved Internal Revenue Agency's 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 conditions. 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 to the following tax regime:

- *Royalties:* 3.2% applied on gross income;
- *Income tax:* 25% applied on net income;
- *Net profits tax (NPI):* 25% applied on net free cash flow; and
- *Annual minimum tax (IMA):* equivalent to 90% of the sum of the income tax and the projected NPI.

In 2015, the progressive implementation of the 2012 Tax Reform led to several changes, including the following:

- increase in the reduced VAT rate on goods such as yogurt, butter, coffee, oil, margarine, sugar and other products from 11% to 13%;
- increase in the per unit excise tax applied to cigarettes and alcoholic beverages;

- application of transfer pricing rules to implement the Advanced Price Agreements ("APAs") with the tourism sector;
- VAT rate maintained at 18% and the assets tax rate at 1%, as the goal of a 16% tax burden threshold was not reached;
- decrease in corporate income tax rate, from 28% to 27%; and
- application of the same personal income tax brackets as 2014, without adjusting for inflation.

In 2016, there were no major reforms to the tax regime, although the progressive implementation of the 2012 Tax Reform led to several changes, including the following:

- increase in the reduced VAT rate on goods such as yogurt, butter, coffee, oil, margarine, sugar and other products from 13% to 16%;
- increase in the per unit excise tax applied to alcoholic beverages. These amounts will be adjusted quarterly by the inflation rate according to the figures published by the Central Bank;
- enforcement of the 10.0% tax on dividends paid by companies that operate in free trade zones;
- implementation of Article 19 of the 2012 Tax Reform with the enactment of Decree No. 275-16, which allowed for the establishment of the "Excise Tax Reimbursement Mechanism" on fuel and petroleum products used by electricity generation companies and isolated systems;
- VAT rate maintained at 18% and the assets tax rate at 1%, as the goal of a 16% tax burden threshold was not reached; and
- application of the personal income tax brackets, as adjusted for inflation.

Additionally, as Article 15 of the 2012 Tax Reform was not implemented, which required a change in the tax for vehicle circulation from a specific tax to an ad-valorem tax, the Internal Revenue Agency adjusted for inflation the values of the specific tax, which had not been updated since its establishment in 2007, so the tax increased by DOP300 to DOP1,520 for vehicles with more than five years of fabrication, and by DOP800 to DOP3,000 for vehicles with five years or less of fabrication.

In 2017, the Government's policies focused on strengthening tax enforcement through measures designed to reduce tax evasion and avoidance. Specifically, in an effort to ensure the proper reporting of the values of imported goods, Article 16 of the 2017 Budget allowed for the temporary collection by the Customs Agency of 50.0% of VAT on imports by companies under Law No. 392-07 of the Proindustria regime, with such amounts to be reimbursed by the Internal Revenue Agency upon receipt of the corresponding invoice. Additionally, the Government continued to implement the Excise Tax Reimbursement Mechanism and many other measures introduced in the last quarter of 2016.

In addition, on July 24, 2017, Congress enacted Law No. 184-17, which set forth the rates that the providers of telecommunications services licensed in the Dominican Republic have to pay to the Dominican Institute of Telecommunications (INDOTEL) to promote the development and sustainability of the system.

In 2018, several laws and regulations that had an impact on the tax system came into effect, including the following:

- the Internal Revenue Agency's General Standard No. 06-18, which regulates aspects of the tax collection system and establishes new provisions relating to the issuance and use of tax receipts;
- the Internal Revenue Agency's General Standard No. 07-18, on remission of information, which incorporates changes to the information required from taxpayers and the format in which they must submit their affidavit for both income tax and value added tax;
- the Internal Revenue Agency's General Standard No. 08-18, which establishes that the payment of the tourist card tax that the Republic charges its visitors shall be charged with the purchase of airplane tickets;

- the Internal Revenue Agency's General Standard No. 10-18, which modifies General Standard No. 07-18 and increases to DOP250,000 the threshold amount for operations based on consumer bills required to be reported to such agency; and
- regulation No. 1-18, or the Regulation for the Implementation of Title IV of the Excise Tax Code of the Dominican Republic (*Reglamento para la Aplicación del Título IV del Impuesto Selectivo al Consumo del Código Tributario de la República Dominicana*), which establishes new provisions for excise taxes that apply to entities that manufacture, produce and/or import alcoholic beverages or tobacco products, and those that provide related services. The new regulation:
  - establishes a different calculation method (weighted average) for the excise tax base;
  - requires a suggested retail price (after taxes) to be included in invoices;
  - requires a customs declaration (*Declaración Única Aduanera*) to be filed upon import, which shall include a suggested retail price (after taxes);
  - requires manufacturers and importers to report to tax authorities the suggested retail price, on a quarterly basis, and any time when the suggested retail price varies more than 5%; and
  - imposes new control mechanisms.

Furthermore, the progressive implementation of the 2012 Tax Reform led to several changes, including:

- increase in the per unit excise tax applied to alcoholic beverages. These amounts will be adjusted quarterly by the inflation rate according to the figures published by the Central Bank;
- continued application and review of the transfer pricing and thin capitalization rules; and
- VAT rate maintained at 18% and the assets tax rate at 1%, as the goal of a 16% tax burden threshold was not reached.

In addition, the 2018 Budget Law also included several measures to increase revenue collection and reduce tax evasion and avoidance by:

- reestablishing the temporary collection by the Customs Agency of 50.0% of VAT on imports by companies under the Proindustria regime, extending it to include companies under Laws No. 56-07 for the promotion of the textile sector, and No. 28-01 for border development;
- suspending the inflation adjustment provided for in Article 296 Paragraph I of the Republic's Tax Code, relating to individuals' income tax brackets;
- allowing for the collection of the DOP2.0 per gallon tax on the consumption of gasoline and diesel, premium and regular when imported, prior to customs clearance;
- temporarily interrupting the tax exemptions established in Article 2 of Law No. 96-88, on the imports of slot machines, parts and pieces, as well as any other electronic device used for gambling and in casinos; and
- modifying Article 20, Paragraph I of the 2012 Tax Reform and Resolution No. 365 BIS whereby the benefit to the investment in liquefied petroleum gas import terminals is replaced by a contribution to the Special Solidarity Fund for Prevention and Reconstruction in the provinces impacted by the effects of climate change.

In 2019, the Government continued implementing policies to increase tax collection via administrative improvements and continuity of programs and measures that have been enforced since the end of 2016. During 2019, the Internal Revenue Agency initiated its multi-year plan to implement the "Electronic Invoicing System," beginning with a pilot program with the participation of 11 companies representing various sectors of the economy. The Customs Agency also modified certain measures that had been implemented by administrative resolutions and, among these, it increased tariffs on cellphones from 3% to 8%, and suspended the VAT exemption on certain nutritional supplements like proteins. In addition, certain laws and regulations were approved that impacted the tax system, including, among others:

- Law No. 17-19 for the eradication of illegal trade, smuggling and counterfeiting of regulated products, with administrative and technological changes and inter-institutional initiatives to combat tax non-compliance and smuggling of products such as alcohol, cigarettes and fuels.
- Decree No. 265-19, which establishes a Simplified Tax Regime (*Régimen Simplificado de Tributación* or "STR"), replacing the Simplified Tax Procedure (*Procedimiento Simplificado de Tributación*) implemented in 2008, as further described below.
- Internal Revenue Agency's General Standard No. 05-19, which regulates the use of special fiscal invoices, as per Article 5 of Decree No. 254-06, and creates new fiscal invoices including those relating to payments abroad, exports and electronic invoices.
- Internal Revenue Agency's General Standard No. 07-19, which establishes new withholding agents for the tax on interests applicable to both individuals and companies.

The 2019 Budget Law reinstated the temporary measures included in the 2018 Budget Law and removed the prohibition of the installation of new lottery banks provided for in Article 8 of Law No. 139-11 (2011 Tax Reform).

In 2020, Congress enacted Law No. 46-20, as amended, establishing a temporary tax regime to promote the voluntary declaration to the Internal Revenue Agency of undisclosed assets or the reevaluation of previously-disclosed assets at market prices, with a reduced tax rate applicable to the value of the undeclared goods. See "Recent Developments—Other Developments."

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 and updates on its international tax collection efforts.

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 – 416,220.00	Exempt
416,220.01– 624,329.00	15.0% of the amount in excess of DOP416,220.01
624,329.01– 867,123.00	DOP 31,216.00 plus 20.0% of the amount in excess of DOP624,329.01
> 867,123.01	DOP 79,776.00 plus 25.0% of the amount in excess of DOP867,123.01

(1) 2019-2020 values, effective as of January 1, 2019, according to the 2019 Budget Law.
Sources: Law No. 172-07 and the 2019 Budget Law.

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, with the increase to be applied for a two-year period. However, the 2012 Tax Reform reduced the corporate income tax rate to 28% for 2014 and 27% for 2015.

According to the Tax Code, 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.

In 2015, revenue from taxes on income, profits, and capital gains amounted to US$2.6 billion, representing a decrease of 7.5% when compared to 2014. This decrease was mainly due to:

- a decrease in the corporate income tax rate, from 28% to 27%; and
- lower extraordinary income when compared to the high amounts registered in 2014, when the sale of two major telephone companies and Exxon Mobil's Dominican fuel distribution business generated US$286.1 million in capital gains compared to the US$40.5 million captured as extraordinary income in 2015.

During 2016, revenue from taxes on income, profits, and capital gains amounted to US$2.9 billion, representing an increase of 11.0% when compared to 2015. This increase was mainly due to:

- Dominican petroleum refinery dividends;
- Dominican Telecommunications company dividends;
- extraordinary income from the cement and telecommunications industries; and
- increase in the number of salaried employees subject to withholding income tax.

As of October 2016, per the 2012 Tax Reform, free trade zone companies must declare, retain and deposit 10.0% of the amount paid or accredited when paying dividends or distributing profits to shareholders of such companies. In June 2017, the Internal Revenue Agency and the Free Trade Zone Board (*Consejo Nacional de Empresas de Zonas Francas de Exportación*) reached an administrative agreement pursuant to which the Internal Revenue Agency agreed to refrain from performing tax assessments (in respect of all taxes) to free trade zone entities prior to 2016.

In 2017, revenue from taxes on income, profits, and capital gains amounted to US$3.2 billion, representing an increase of 10.2% when compared to 2016. This increase was mainly due to:

- increased capital gains from the sale of shares of several tourism companies; and
- higher than expected revenue from the mining industry, specifically PVDC.

Under the provisions of Article 327 of the Tax Code of the Dominican Republic and Article 105 of Regulation No. 139-98 on Income Tax, values in pesos must be adjusted for inflation using official Central Bank data. In particular, the inflation adjustment multiplier for the fiscal year ended December 31, 2017 was 1.0420, as indicated in the multiplier inflation adjustment notice published by the Internal Revenue Agency.

In 2018, revenue from taxes on income, profits, and capital gains reached US$3.4 billion, representing a 5.7% increase compared to 2017. This increase was mainly due to capital gains revenue collected from the sale of shares of Ambev, S.A., a local beer company, which generated US$240.9 million (0.3% of GDP) in extraordinary revenue and an increase in audits of large and medium sized taxpayers, which led to payable amounts of US$379.4 million (0.4% of GDP). Additional revenue was derived from the suspension of the inflation adjustments of the personal income tax brackets as per the 2018 Budget Law.

In 2019, revenue from taxes on income, profits, and capital gains reached US$3.7 billion, representing a 9.8% increase compared to 2018. Similarly to revenue behavior in 2018, this increase was primarily due to capital gains revenue collected from the sale of a financial institution, which amounted to US$113.1 million (0.1% of GDP), an increase in audits, and the suspension of inflation adjustments to personal income tax brackets.

On August 1, 2019, the Government established a Simplified Tax Regime (*Régimen Simplificado de Tributación* or "STR"), replacing the Simplified Tax Procedure (*Procedimiento Simplificado de Tributación*) implemented in 2008. The STR may be used by either: (i) taxpayers (natural persons or legal entities) whose annual gross income does not exceed DOP8.7 million each fiscal year and that reside in the Republic, provided that they are (a) service providers or in the agricultural sector or (b) legal entities which are producers of goods, and (ii) merchants (either natural persons or legal entities) whose purchases and imports do not exceed DOP40.0 million each fiscal year. This procedure (i) exempts taxpayers from submitting monthly purchase and sale forms and from paying income tax advances or taxes on assets related to their economic activity, (ii) simplifies taxpayers' annual

declaration form for VAT and income tax, and (iii) allows taxpayers to set up automatic payments for income tax payment installments.

Value-Added Tax

The Government imposes 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 was supposed to be reduced to 16%. However, the VAT rate remained at 18% for 2015, as the 16% tax burden threshold set forth in the National Development Strategy (Law No. 1-12) was not met, a prerequisite set forth in the 2012 Tax Reform. Moreover, goods such as yogurt, butter, coffee, oil, margarine, sugar, among others, which were once exempt of VAT, had a reduced VAT rate of 8% which has been gradually increased according to the following schedule: 8% for 2013, 11% for 2014, 13% for 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.

In 2015, VAT receipts increased as expected and amounted to US$3.3 billion, representing an increase of US$268.3 million when compared to 2014. This increase was mainly due to a 9.5% rise in taxable sales declared by the Internal Revenue Agency and the increase in the reduced VAT rate from 11% to 13%, as set forth in the 2012 Tax Reform.

In 2016, VAT receipts amounted to US$3.5 billion, representing an increase of US$191.7 million when compared to 2015. This increase was mainly due to a 6.7% increase in taxable sales declared by the Internal Revenue Agency, the rise in the reduced VAT rate from 13% to 16%, as set forth in the 2012 Tax Reform, an increase in imports and withholding tax collected by the Customs Agency from companies under the regime created to develop the local manufacturing sector, as per Law No. 392-07 (the "Proindustria regime") and greater control over VAT licensing in free trade zones.

In 2017, VAT receipts amounted to US$3.6 billion, representing an increase of US$111.8 million when compared to 2016. This increase was in part due to a 7.6% increase in taxable sales declared by the Internal Revenue Agency, the continued control over VAT licensing in free trade zones, improvements in the valuation of merchandise and the Customs Agency's efforts to combat illicit activity.

Additionally, since 2017, companies under the Proindustria regime have been required to make advanced payments to the Customs Agency of 50.0% of the VAT on raw materials, industrial machinery and capital goods subject to tariffs as well as on other capital goods regardless if they are subject to a zero percent tariff rate. This measure is meant to ensure the proper reporting of the values of imported goods as the advanced payments would only be reimbursed by the Internal Revenue Agency upon receipt of the corresponding invoice.

In 2018, VAT receipts amounted to US$3.9 billion, representing an increase of US$364.2 million compared to 2017. This increase was mainly due to a 10.0% increase in taxable sales declared by the Internal Revenue Agency and the Customs Agency's efforts to combat illicit activity that avoids the imposition of tariffs. In addition, the Internal Revenue Agency continued the implementation of the required payment in advance by the companies to the Customs Agency of 50.0% of the VAT on raw materials, industrial machinery and capital goods subject to tariffs, as well as on other capital goods regardless of whether they are subject to a zero percent tariff rate, under the Proindustria regime, in order to ensure the proper reporting of the value of imported goods.

In 2019, VAT receipts amounted to US$4.2 billion, representing an increase of US$244.5 million compared to 2018. This increase was mainly due to the continued efforts of the Internal Revenue Agency and the Customs Agency and the implementation of the Internal Revenue Agency's General Standards Nos. 06-18, 07-18 and 05-19, which help regulate the use of tax receipts and properly determine payable VAT amounts on the importation or acquisition of taxed goods or services used in operations. Additionally, there was a 10.2% increase in taxable sales, compared to 2018, declared by the Internal Revenue Agency.

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 on cigarettes and alcoholic beverages for the fiscal years 2015 to 2019.

	For the fiscal year ended December 31,[1]				
	2015	2016	2017[2]	2018	2019
Product					
Whiskey[3]	498.4	546.8	606.8	616.7	626.0
Rum[3]	498.4	546.8	606.8	616.7	626.0
Wine[3]	540.0	567.0	606.8	616.7	626.0
Beer[3]	540.0	567.0	606.8	616.7	626.0
Cigarettes (in DOP per 10 unit box)	25.0	25.1	25.7	26.1	26.5
Cigarettes (in DOP per 20 unit box)	50.0	50.2	51.3	52.2	53.0

(1) Values adjusted for inflation recorded during the previous year.
(2) Beginning in 2017, excise tax on alcohol is adjusted quarterly by inflation. Data from 2017 corresponds to the last quarter of such year.
(3) In DOP per liter of alcohol.
Source: Internal Revenue Agency.

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.

In accordance with the 2012 Tax Reform, taxes applied on cigarettes increased to an effective tax rate of 70.0%, and the *ad valorem* excise tax on alcoholic beverages increased from 7.5% to 10.0%. Furthermore, an excise tax of 10.0% was applied on cable television services since December 2012.

In 2019, excise tax revenues amounted to US$1.9 billion, an increase of US$37.5 million when compared to 2018, with revenue from fuel tax and alcohol and tobacco representing 61.4% and 34.9%, respectively, of total excise tax revenues. In particular, revenues from alcohol and tobacco amounted to US$672.7 million, a 2.3% increase in 2019 when compared to 2018, with a 2.3% increase in revenues from alcohol and a 13.1% decrease in revenues from tobacco. These rates are mainly due to high levels of contraband, a slow increase in the declared amounts of alcohol sales and a reduction of declared sales of cigarettes.

The fuel tax is the most important excise tax imposed by the Dominican Republic in terms of contribution to revenues, and is mostly collected 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.

	Average for the month of December[1]				
	2015	2016	2017	2018	2019
	(in DOP per gallon, average)				
Product					
Premium gasoline	82.4	84.6	87.0	86.0	88.2
Regular gasoline	73.5	75.9	78.7	77.7	79.7
Optimum diesel	45.4	47.9	50.3	51.0	52.1
Regular diesel	38.2	40.4	42.9	43.8	44.8

(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, Commerce and SMEs on a weekly basis, based on import prices for oil and the U.S. dollar/peso exchange rate.

According to Law No. 112-00, 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 contemplated 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 reduction of the tax on jet fuel since December 2012 meant revenue losses of US$3.0 million for 2012.

In 2015, fuel tax revenue amounted to US$961.1 million, representing a decrease of US$56.6 million when compared to 2014. This decrease was driven by the downfall of international oil prices that negatively impacted the excise ad-valorem tax revenue.

In 2016, fuel tax revenue amounted to US$991.5 million, representing an increase of US$30.4 million when compared to 2015. This increase was driven mainly by higher consumption of taxed fuels. On October 14, 2016, pursuant to Article 19 of the 2012 Tax Reform, by means of Decree No. 275-16, the Government established the Excise Tax Reimbursement Mechanism on fuel and petroleum products used by electricity generation companies and isolated systems. Under this mechanism, generating companies must pay the fuel tax upfront, or sign a promissory note, and are reimbursed as the fuel is consumed and the proper fiscal controls are met. Additionally, on October 13, 2016, the Ministry of Industry, Commerce and SMEs enacted Resolution No. 233-2016 eliminating the transport subsidy that had been granted since 2011 under Decree No. 183-11, when oil prices were extremely high. These measures not only led to the reduction in tax expenditures to the sector, but also allowed for the detection and control of the misuse of the benefits that were granted to generating companies, thus leading to higher revenues in subsequent years.

In 2017, fuel tax revenue amounted to US$1,115.8 million, reflecting an increase of US$124.3 million when compared to 2016, mainly due to the implementation of the Excise Tax Reimbursement Mechanism, which helped detect and remedy irregularities in the sector, and resulted in a decrease in tax expenditure of US$151.7 million (0.2% of GDP).

In 2018, fuel tax revenues amounted to US$1,151.5 million, reflecting an increase of US$35.8 million compared to 2017. This slight increase was due to the implementation of the Excise Tax Reimbursement Mechanism, an increase of 2.7% in fuel consumption, and the establishment of a contribution in lieu of the company's benefit to investment in liquefied petroleum gas import terminals as per Article 19 of the 2018 Budget Law. This contribution generated additional revenue of US$162.7 million. The 2018 Budget Law also established that the Customs Agency collect a DOP2.0 per gallon tax on the consumption of gasoline and diesel, premium and regular, on importation and prior to customs clearance.

In 2019, fuel tax revenues amounted to US$1,184.9 million, reflecting an increase of US$33.3 million compared to 2018, mainly due to a 10.9% increase in fuel consumption and the continued implementation of the measures being enforced since 2016. Liquefied petroleum gas contributions amounted to US$178.9 million, for an additional US$16.2 million compared to 2018.

Tax Amnesty

In December 2012, Law No. 309-12 enacted the 2012 Tax Amnesty, which was 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 applied 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.

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, excise 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 a mandatory advance on tax payments based on a company's estimated gross annual income. Businesses must make a minimum tax contribution based on values that the Internal Revenue Agency may easily verify.

- With regard to the fuel tax:
  - enforcement of Decree No. 02-17, which regulates the unloading, customs clearance and commercialization of waste (such as slop or sludge), fuel mixtures and others.
  - enforcement of Decree No. 275-16, which creates an excise reimbursement mechanism on fuels that detects and amends irregularities in the sector; and
  - elimination of tax subsidies to public transportation.
- Changes in the Internal Revenue Agency, such as:
  - 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;
  - implementation of new systems to monitor tax collection and track tax evasion and delinquent tax payments;
  - establishment of APAs within the tourism sector, which set VAT and corporate income tax for the 2013-2015 fiscal years;
  - installation of kiosks in malls to provide assistance and information to taxpayers;
  - strengthening the registration and control of motorcycles, as part of the measures taken pursuant to the "Comprehensive Plan for Public Safety";
  - partnership agreements with other institutions to develop programs aimed to guide and train SMEs;
  - restructuring the Internal Revenue Agency's website and virtual office, with a more accessible and user-friendly design;
  - establishment of a single company registry through the portal "*Formalízate*" ("Formalize yourself"), which facilitates and expedites the registration process; and
  - immediate delivery of certificates regarding tax compliance, which is a 24/7 service available through the Internal Revenue Agency's virtual office.
- Changes in the Customs Agency, such as:
  - implementation of a customs laboratory for the analysis of imported and exported goods;
  - implementation of the single window for foreign trade, for processing exemptions in collaboration with the General Directorate of Policy and Tax Legislation of the Ministry of

Finance, and for imports requiring permits from other institutions, such as the Ministry of Environment and Natural Resources or the Dominican Institute for Quality;

- strengthening of export processes, with emphasis on load control mechanisms;
- promotion of the authorized economic operator program and improvement of the conditions for recurrent customs users, including the negotiation of bilateral agreements with other countries for the mutual recognition of these taxpayers;
- improvements to the taxation and risk management system; and
- cooperation with Haiti's Customs Agency for border trade control.

- Implementation of administrative actions to reduce the cost of tax compliance.
- Adoption of the standards set forth by the Global Forum for Tax Transparency and Exchange of Information for Tax Purposes in June 2016.

International Taxation

Anti-Money Laundering and GAFILAT Evaluation

On June 1, 2017, Congress passed Law No. 155-17 against Money Laundering and the Financing of Terrorism. Among other things, Law No. 155-17 amended the Republic's Tax Code to require that ultimate beneficial owners ("UBOs") be disclosed by all taxpayers. Law No. 155-17 established that UBOs are natural persons who exercise effective control over a Dominican-incorporated or -registered entity, trust or foundation or who own at least 20% of the interests in any such entity. The Financial Action Group of Latin America ("GAFILAT") has been monitoring officers of the Internal Revenue Agency, non-financial entities and legal professionals to ensure the proper implementation of Law No. 155-17 and the corresponding rulings.

On December 12, 2017, Law No. 249-17, which modifies the legislation of the securities market, incorporated flexibility in the terms and procedures the Financial Analysis Unit (UAF) and the Internal Revenue Agency must comply with to access financial information. Furthermore, Law No. 249-17 introduced changes to compliance for international taxation purposes, allowing the Internal Revenue Agency and the Customs Agency to request directly from financial institutions the financial information necessary for an investigation, or for the fulfillment of obligations arising from international agreements.

In January 2018, GAFILAT concluded an on-site visit to the Republic, with the goal of assessing the Republic's level of preparedness and commitment to combating money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. The Mutual Evaluation Report was later presented to the Republic's representatives at the plenary meeting of GAFILAT, which took place in July 2018. The report recognized the Republic's legal framework and its national and international cooperation to prevent money laundering and the financing of terrorism, as well as the country's level of compliance with the GAFILAT recommendations. Specifically, GAFILAT also found that the Republic's regulatory framework established by Law No. 155-17 is in accordance (and generally in compliance) with international standards. The final report is publicly available and contains recommendations on how the Republic could strengthen its system. Based on these recommendations, the Republic intends to prepare and present periodic progress reports.

As a result of the positive feedback from GAFILAT, the Dominican Republic was readmitted to the Egmont Group, which will benefit the country with permanent exchange of secure information with all the Financial Analysis Units in the world.

In August 2019, the Republic's First Enhanced Follow-up Report was issued, through which the classification of the Republic's internal controls improved from "Partially Compliant" to "Largely Compliant."

Since 2019, the Dominican Republic has served as Vice-chair of The Inter-American Committee against Terrorism, a regional entity with the purpose of preventing and combating terrorism in the Americas.

Inclusive Framework on BEPS

On October 2, 2018, the Republic joined the Inclusive Framework on Base Erosion and Profit Shifting ("BEPS"), an initiative launched by the OECD in October 2015. The BEPS project aims to combat tax avoidance practices used by multinational corporations that transfer their benefits to countries with little or no taxation. As a

result of this accession, the Republic is being evaluated to ensure it complies with the minimum standard, in relation to its system of preferential tax regimes, its network of international treaties, implementation and documentation in transfer pricing matters, and its dispute resolution mechanisms.

By joining the BEPS project, the Republic committed to implementing a package of measures aimed at fighting tax avoidance, improving the consistency of international tax rules and ensuring a transparent tax environment. As of the date of this offering memorandum, the Republic is in the process of updating its transfer pricing legislation.

Multilateral Convention on Mutual Administrative Assistance in Tax Matters

On June 28, 2016, the Republic signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (*Convención sobre Asistencia Administrativa Mutua en Materia Fiscal* or "MAC"), which was developed jointly by the OECD and the Council of Europe, and amended by Protocol in 2010. This convention represents the most comprehensive multilateral instrument available for all forms of tax cooperation to tackle tax evasion and avoidance.

FATCA

On September 16, 2016, the Republic signed the "Agreement between the Government of the Dominican Republic and the Government of the United States of America, to improve international tax compliance and to implement FATCA," through which both countries agreed to automatically exchange information regarding citizens or residents of the United States of America, which must be reported to the United States' Internal Revenue Service (IRS). This Agreement was ratified by Congress and later promulgated through Resolution No. 191-19 dated June 21, 2019, and came into effect on July 17, 2019.

Global Forum

In November 2013, the country joined the Global Forum on Transparency and Exchange of Information for Tax Purposes, a multilateral framework for transparency and information sharing within which over 160 jurisdictions participate on an equal footing. The Republic's Phase 1 review, which assesses the quality of the country's legal and regulatory framework for the exchange of information on request ("EOIR"), was published on August 3, 2015, demonstrating the Republic's high level of commitment to the international standard and that the necessary legal and regulatory framework for the availability of information was in place. However, among other things, the review highlighted the need to ensure that an appropriate mechanism be put in place to ensure the ownership information for bearer shares is available in all cases.

On November 4, 2016, the Republic's Phase 2 review was published, assessing the practical implementation of the exchange of information framework. The review rated the country as "Partially Compliant" with international standards as there were delays in accessing information, compliance with ownership obligations was not sufficiently monitored and there were insufficient mechanisms in place to ensure that ownership information would be available in respect of bearer shares.

As a result, in 2017, the Republic requested a Fast-Track review, as a means to quickly demonstrate the progress made in implementing suggestions from the Phase 2 review. After the review, on November 12, 2019, the Global Forum rated the Republic as "Largely Compliant" with the international standard of transparency that EOIR handled over the period from April 1, 2015 to March 31, 2018. This rating is the result of efforts made by the Ministry of Finance and the Internal Revenue Agency in addressing the deficiencies identified in the 2016 report, mainly phasing out bearer shares, putting in place an effective oversight system for entities that failed to register with the Internal Revenue Agency, ensuring a new procedure to timely access banking information and strengthening the Republic's Anti-Money Laundering legal framework in order to ensure that beneficial ownership information is available in line with the standard.

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, 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 Budgetary 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 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 2020, 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.

Non-Financial Public Sector Debt

The Republic's non-financial public sector consists of the Budgetary Government, local governments and non-financial public sector institutions, which include non-financial state-owned enterprises and government agencies such as the INDRHI or CDEEE.

The following tables set forth information concerning debt of the non-financial public sector by currency as of the dates indicated.

Non-Financial Public Sector Debt by Currency
(as a % of total non-financial public sector debt)

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019**
Local currency.....	28.8	30.7	32.2	28.8	32.8
Foreign currency	71.2	69.3	67.8	71.2	67.2

Source: Ministry of Finance.

Consolidated Public Sector External Debt

The Republic's public sector external debt consists of all debt with foreign creditors. As of December 31, 2019, the Republic's public sector external debt totaled approximately US$23.7 billion, compared to US$21.9 billion as of December 31, 2018.

As of December 31, 2019, the Republic's public external debt was composed of the following:

- debt owed to official creditors, and multilateral and bilateral creditors in an aggregate principal amount of US$7.2 billion (as compared to US$7.1 billion as of December 31, 2018), which represented 30.2% of the Republic's total public external debt at that date;
- outstanding bonds in an aggregate principal amount of approximately US$16.5 billion, which represented 69.7% of the Republic's total public external debt at that date; and
- debt to other private creditors in an aggregate principal amount of US$10.0 million, which represented 0.1% of the Republic's total public external debt at that date.

As of December 31, 2019, approximately 92.8% of the Republic's public sector 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[1]
(in millions of US$ and as a % of total public sector external debt)

	As of December 31,									
	2015		2016		2017		2018		2019	
	US$	%	US$	%	US$	%	US$	%	US$	%
Official creditors:										
Multilateral debt:										
IDB	2,711.1	16.0	2,989.5	16.5	2,970.2	15.5	3,175.3	14.5	3,496.2	14.8
World Bank	927.8	5.5	929.6	5.1	920.0	4.8	920.8	4.2	937.9	4.0
IMF	403.1	2.4	280.7	1.5	297.4	1.6	290.4	1.3	288.8	1.2
CAF	178.9	1.1	169.7	0.9	202.3	1.1	180.4	0.8	154.4	0.7
Other	328.5	1.9	348.8	1.9	359.0	1.9	424.6	1.9	454.9	1.9
Total multilateral debt	4,549.5	26.9	4,718.3	26.0	4,748.9	24.8	4,991.5	22.8	5,332.2	22.5
Bilateral debt:										
Brazil	669.2	4.0	575.4	3.2	489.6	2.6	385.0	1.8	279.9	1.2
United States	74.1	0.4	36.6	0.2	18.3	0.1	14.6	0.1	11.0	—
Spain	436.4	2.6	385.7	2.1	435.2	2.3	404.1	1.8	344.3	1.5
France	532.0	3.1	568.4	3.1	590.3	3.1	554.4	2.5	524.4	2.2
Japan	42.2	0.2	31.2	0.2	24.6	0.1	21.2	0.1	17.6	0.1
Venezuela	232.5	1.4	244.2	1.3	239.4	1.3	216.4	1.0	214.3	0.9
of which: PetroCaribe[3]	89.8	0.6	79.9	0.5	79.5	0.4	56.4	0.3	54.3	0.2
Other countries	542.3	3.3	652.2	3.7	620.5	3.3	498.6	2.3	427.3	1.8
Total bilateral debt	2,528.5	14.9	2,493.7	13.8	2,417.9	12.7	2,094.3	9.6	1,818.8	7.7
Total official debt	7,078.2	41.8	7,212.0	39.8	7,166.8	37.5	7,085.8	32.4	7,151.0	30.2
Private creditors:										
Banks	895.8	5.3	631.6	3.5	387.5	2.0	171.8	0.8	8.8	—
Bonds[4]	8,948.3	52.9	10,320.1	56.8	11,564.1	60.5	14,596.8	66.8	16,511.1	69.7
Suppliers	6.0	–	6.0	–	6.0	–	6.0	—	6.0	—
Total private sector external debt	**9,850.1**	**58.2**	**10,957.7**	**60.3**	**11,957.5**	**62.5**	**14,774.6**	**67.6**	**16,525.9**	**69.8**
Total public sector external debt	**16,928.2**	**100.0**	**18,169.6**	**100.0**	**19,124.4**	**100.0**	**21,860.4**	**100.0**	**23,676.9**	**100.0**
Total public sector external debt as a percentage of:										
GDP[5]		23.8		24.0		23.9		25.6		26.6
Total exports		99.7		100.1		100.7		108.3		115.1

(1) Excludes private sector debt guaranteed by the Republic (currently, the Republic is guaranteeing loans granted by the private sector to two private universities for a total aggregate amount of US$7.4 million as of December 31, 2019).
(2) Preliminary data.
(3) On January 27, 2015, the Republic repurchased and cancelled approximately US$4,027.3 million principal amount of indebtedness owed to Venezuela and PDVSA under the PetroCaribe Agreement. See "PetroCaribe Agreement" for more information.
(4) Includes Global and Brady Bonds.
(5) GDP 2007 base. Debt to GDP ratio updated according to the nominal GDP figures revised by the Central Bank in July 2019.
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, 2019
Medium- and long-term	US$	22,603.2
Short-term[1]	US$	1,073.7
Short-term debt (as a % of total public sector external debt)		4.6%

(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, 2019[1]	%
U.S. dollar	21,234.4	89.7
Peso	1,711.1	7.2
Special drawing rights (SDRs)[2]	364.0	1.5
Euro	306.4	0.2
Korean won	36.1	0.1
Japanese yen	24.1	0.1
Canadian dollar	0.7	–
Swiss franc	–	–
Total	**23,676.9**	**100.0**

(1) In currencies converted as of December 31, 2019.
(2) Unit of account used by the IMF. As of December 31, 2019, each SDR was equal to US$1.382826.
Sources: Ministry of Finance and Central Bank.

Public Sector External Debt, Net of Reserves
(in millions of US$)

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019[1]**
Public sector external debt	16,928.2	18,169.6	19,124.4	21,860.4	23,676.9
Gross international reserves of the Central Bank	(5,266.0)	(6,047.4)	(6,780.8)	(7,627.6)	(8,781.8)
Public sector external debt, net of reserves	11,662.2	12,122.2	12,343.6	14,232.8	14,895.1

(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 2015 through 2019, total debt owed by the Republic to multilateral creditors (including the IMF, the IDB, the World Bank, the French Development Agency (*Agence Française de Développement*), the Andean Development Corporation (*Corporación Andina de Fomento*, or the "CAF") and other institutions) increased by 17.2%, from US$4.5 billion in 2015 to US$5.3 billion in 2019, representing 22.5% of the Republic's total public

external debt. Loans from multilateral creditors have mainly funded programs related to education, water access, health, social security, electricity sector, productivity, development, poverty reduction, tax collection and public sector management and natural disasters relief.

In 2019, the Republic made payments to multilateral lenders (including the IMF, the IDB, the World Bank and other institutions) in an aggregate amount of US$427.7 million (including payments of principal, interest and commissions).

IDB

The IDB is the Republic's single largest multilateral creditor. As of December 31, 2019, the Republic had debt outstanding to the IDB in an aggregate principal amount of US$3.5 billion, representing 65.6% of the Republic's total multilateral debt and 14.8% of its total public sector external debt. Loans from the IDB have been destined primarily for investment in projects relating to agriculture, the environment, rural development, education, social investment and financial sector reform, as well as for budgetary support. In 2019, net disbursements from the IDB (equal to disbursements minus principal amortizations) totaled US$320.8 million, while disbursements minus principal and interest amortizations resulted in net disbursements from the IDB of US$212.3 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, 2019, the Republic owed a total of US$937.9 million to the World Bank, representing 17.6% of the Republic's total multilateral debt and 4.0% 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 2019, net disbursements from the World Bank (equal to disbursements minus principal amortizations) was equal to US$17.1 million. Taking into account interest payments, in 2019, the Republic made net payments to the World Bank totaling US$22.9 million.

IMF

As of December 31, 2016, the Republic had fully repaid the loans to the IMF. 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. As of December 31, 2019, total debt owed by the Republic to the IMF equaled US$288.8 million, representing 5.4% of the Republic's total multilateral debt and 1.2% 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(the "2009 Stand-by Arrangement"). During the term of the 2009 Stand-by Arrangement, the Republic drew a total of US$1,206.4 million. As of December 31, 2016, the 2009 Stand-by Arrangement had been fully paid.

On February 14, 2018, the Executive Board of the IMF concluded the Article IV consultation with the Republic. The IMF staff concluded that the Republic's economic activity continues to grow rapidly, aided by, among other factors, strengthened labor markets, reinvigorated credit growth and favorable external conditions. Additionally, the IMF staff highlighted that the Government's inflation-targeting framework is delivering good results and that the Monetary Board's neutral monetary policy stance has been successful at maintaining rates of inflation within the official target range in the context of positive supply shocks. The 2018 Article IV Consultation—Press Release and Staff Report (IMF Country Report No. 18/294) was published on October 24, 2018.

On June 5, 2019, the Executive Board of the IMF concluded the Article IV consultation with the Republic. The IMF staff concluded that the Republic's economic activity has seen moderate growth, aided by, among other factors, strong private investment, consumption responses to timely monetary stimulus initiatives and favorable external conditions. Additionally, the IMF Executive Directors supported the Monetary Board's continued neutral monetary policy stance and accumulation of international reserves. The 2019 Article IV Consultation—Press Release and Staff Report (IMF Country Report No. 19/273) was published on August 15, 2019.

Paris Club and Other Bilateral Lenders

As of December 31, 2019, the Republic owed a total of US$1.6 billion to members of the Paris Club and an additional US$217.8 million to other bilateral lenders. As of December 31, 2019, 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."

PetroCaribe Agreement

On June 29, 2005, the Republic entered into the PetroCaribe Agreement, which replaced certain important provisions of the Caracas Energy Cooperation Agreement. As of December 31, 2017, the Republic had an outstanding balance of US$79.5 million owed to PDVSA 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.

On January 27, 2015, the Republic closed certain liability management transactions relating to the PetroCaribe Agreement. These transactions involved a bilateral renegotiation with PDVSA, as a result of which the Republic repurchased and cancelled an aggregate amount of US$4,027.3 million of indebtedness owed to PDVSA (the "Petrocaribe Debt"), arising from shipments of oil and derivative products sold by PDVSA within the framework of the PetroCaribe Agreement in the period from 2005 through October 2014. The Petrocaribe Debt represented approximately 98% of the aggregate amount owed by the Republic to PDVSA under the PetroCaribe Agreement as of December 31, 2014. The Republic repurchased the Petrocaribe Debt for approximately US$1,933.1 million, which represented a discount of 52% on the total Petrocaribe Debt cancelled, resulting in a reduction of the Republic's total public external debt by US$2,094.2 million (including interest). Furthermore, this liability management transaction resulted in an increase in the average maturity of the refinanced debt. Due to economic sanctions imposed by the United States on PDVSA, the servicing of the Petrocaribe Debt has been suspended.

Public External Bonds

As of December 31, 2019, the Republic's outstanding public external bonds totaled approximately US$16.5 billion, and were mainly comprised of:

- US$1,500.0 million outstanding principal amount 7.5% amortizing bonds due 2021, of which US$1,000.0 million principal amount remains outstanding (an additional US$500.0 million principal amount amortization payment was made in May 2020);
- DOP40.0 billion (US$756.1 million) outstanding principal amount 8.9% amortizing bonds due 2023;
- 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;
- US$1,500.0 million outstanding principal amount 5.5% amortizing bonds due 2025;
- US$1,500.0 million outstanding principal amount 6.875% amortizing bonds due 2026;
- DOP50.5 billion (US$955.0 million) outstanding principal amount 9.75% amortizing bonds due 2026;

- US$300.0 million outstanding principal amount 8.625% amortizing bonds due 2027;
- US$1,700.0 million outstanding principal amount 5.95% amortizing bonds due 2027;
- US$1,300.0 million outstanding principal amount 6.0% amortizing bonds due 2028;
- US$1,500.0 million outstanding principal amount 7.450% amortizing bonds due 2044;
- US$2,000.0 million outstanding principal amount 6.850% amortizing bonds due 2045;
- US$1,000.0 million outstanding principal amount 6.5% amortizing bonds due 2048; and
- US$1,500.0 million outstanding principal amount 6.4% amortizing bonds due 2049.

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 past-due interest 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.

External Debt Owed to Commercial Lenders and Suppliers

The Government owed US$8.8 million to commercial lenders and US$6.0 million to suppliers of goods and services as of December 31, 2019.

Public External Debt Service

Total public sector external debt increased from 2.3% of GDP in 2018 to 2.8% in 2019. Public sector external debt service measured as a percentage of total exports increased from 17.9% in 2018 to 22.2% in 2019.

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,				
	2015	**2016**	**2017**	**2018**	**2019[1]**
Interest payments	767.3	917.9	999.6	1,092.7	1,306.8
Amortizations	3,449.7	1,206.0	1,330.3	984.1	1,303.9
Total public sector external debt service[2]	**4,217.0**	**2,123.9**	**2,329.9**	**2,076.8**	**2,610.7**

(1) Preliminary data.
(2) Excludes *Banco de Reservas* debt service.
Sources: Ministry of Finance and Central Bank.

Public Sector External Debt Service Ratios[1][2]

	As of December 31,				
	2015	**2016**	**2017**	**2018**	**2019[2]**
As a percentage of total exports	44.7	21.6	23.0	19.0	23.3
As a percentage of GDP	5.9	2.8	3.0	2.4	2.9
As a percentage of total revenue	36.2	20.3	20.8	17.1	20.4
As a percentage of Central Bank's gross international reserves	80.1	35.2	34.3	27.2	29.7

(1) GDP 2007 base. Debt to GDP ratio updated according to the nominal GDP figures revised by the Central Bank in July 2019.
(2) Preliminary data.
Sources: Ministry of Finance and Central Bank.

The following table sets forth the Republic's estimated public external debt service through 2024.

Estimated Public Sector Debt Service by Debtor[(1)]
2020-2024

(in millions of US$)

	2020			2021			2022			2023			2024		
	Principal	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Central Bank:															
Reserve liabilities due to IMF	—	7.9	7.9	—	8.0	8.0	—	8.0	8.0	—	8.0	8.0	—	8.0	8.0
Non-reserve liabilities	0.4	—	0.4	0.1	—	0.1	—	—	—	—	—	—	—	—	—
Total Central Bank	**0.4**	**7.9**	**8.3**	**0.1**	**8.0**	**8.1**	**-**	**8.0**	**8.0**	**-**	**8.0**	**8.0**	**-**	**8.0**	**8.0**
Non-financial public sector:															
Budgetary Government	1,049.5	1,326.7	2,376.2	1,049.0	1,267.8	2,316.8	896.1	1,219.3	2,115.5	1,646.9	1,145.0	2,791.9	1,360.1	1,056.1	2,416.2
Privately publicly guaranteed	0.8	0.1	1.0	0.8	0.1	1.0	0.8	0.1	0.9	0.7	0.1	0.8	0.7	0.1	0.7
Total non-financial public sector	**1,050.4**	**1,326.8**	**2,377.2**	**1,049.9**	**1,267.9**	**2,317.8**	**896.9**	**1,219.4**	**2,116.3**	**1,647.5**	**1,145.1**	**2,792.6**	**1,360.8**	**1,056.2**	**2,417.0**
Total public sector debt[(2)]	**1,050.8**	**1,332.1**	**2,382.9**	**1,050.3**	**1,275.8**	**2,326.1**	**897.0**	**1,227.4**	**2,124.4**	**1,647.5**	**1,153.1**	**2,800.6**	**1,360.8**	**1,064.2**	**2,425.0**

1) Preliminary estimates based on disbursed debt as of December 31, 2019.
(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.

Consolidated Public Sector Domestic Debt

As of December 31, 2019, the Republic's public sector domestic debt primarily consisted of:

- DOP395.2 billion (US$7.5 billion) outstanding principal amount of peso-denominated bonds and US$1.2 billion of U.S. dollar-denominated bonds issued by the Government in the local market;
- U.S. dollar-denominated loans totaling US$665.9 million from *Banco de Reservas* to the Government;
- peso-denominated loans totaling DOP6.1 billion (US$115.1 million) and U.S. dollar-denominated loans totaling US$611.7 million from *Banco de Reservas* to other public sector institutions;
- peso-denominated certificates totaling DOP592.2 billion (US$11.2 billion) issued by the Central Bank; and
- peso-denominated bonds totaling DOP132.4 billion (US$2.5 billion) issued by the Budgetary Government for the Central Bank Recapitalization Plan.

As of December 31, 2019, approximately 88.4% of the Republic's public sector domestic debt was denominated in 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,				
	2015	**2016**	**2017**	**2018**	**2019[2]**
BC Recap Bonds (Law 167-07)	2,911.0	2,839.7	2,746.7	2,636.6	2,502.0
Treasury Bonds (Public Auctions)	3,503.3	5,078.6	6,543.8	6,544.5	6,164.6
Treasury Bonds (Administrative Debt)	235.2	15.6	—	—	—
Treasury Bonds (Law 175-12)	500.0	500.0	500.0	500.0	500.0
Central Bank Certificates	8,718.5	9,582.0	10,247.7	11,235.2	11,194.0
Budgetary Government other liabilities[3]	304.0	149.3	243.4	258.1	665.9
Other public sector institutions liabilities[3]	454.0	607.6	688.4	654.5	726.8
Other public sector liabilities[3]	—	—	—	—	—
Gross domestic debt total	16,626.1	18,772.7	20,970.0	21,828.9	23,753.3
Consolidated public sector domestic debt total[4]	13,715.1	15,933.0	18,090.5	19,115.2	21,251.3
Total public sector domestic debt as % of GDP[5]	**19.2%**	**21.0%**	**22.6%**	**22.3%**	**23.9%**

(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 Budgetary Government liabilities of the Central Bank's hands (Laws No. 121-05, 167-07 and 692-16).
(5) GDP 2007 base. Debt to GDP ratio updated according to the nominal GDP figures revised by the Central Bank in July 2019.
Sources: Ministry of Finance and Central Bank.

In 2016, Congress approved Law No. 687-16, allowing the Budgetary Government to substitute a loan commitment from BNDES to finance the Punta Catalina thermal power plant project with an issuance of public debt securities. On December 15, 2016, the Republic issued US$95.0 million in domestic bonds, the proceeds of which were transferred to CDEEE to make payments due under the Punta Catalina EPC contract. The bonds accrue interest at an annual rate of 6.0% and mature in March 2027.

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 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 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 are set forth in the national budget for each year according to the following scale:

Year	Payments as a % of GDP
2012	1.0
2013	1.1
2014	1.2
2015	1.3
2016	1.4

According to Law No. 167-07, starting in 2017, the transfers to be recorded annually pursuant to the General Budget Law will gradually decrease at a rate of lesser than 1.0% of GDP until the total redemption of the treasury bills to recapitalize the Central Bank.

In 2015, payments to the Central Bank of DOP21.2 billion were stipulated by the 2015 Budget, of which DOP17.4 billion were interest payments made to the Central Bank and DOP3.7 billion were current transfers from the Government. In addition, the seven-year bonds maturing on October 30, 2015 and on December 31, 2015, were replaced with bonds maturing on October 30, 2022 and on December 31, 2022, respectively.

In 2016, payments to the Central Bank of DOP22.8 billion were stipulated in the 2016 Budget, of which DOP16.7 billion were interest payments made to the Central Bank and DOP6.1 billion were current transfers from the Government.

In 2017, payments to the Central Bank of DOP25.3 billion were stipulated in the 2017 Budget, of which DOP16.7 billion were interest payments made to the Central Bank and DOP8.7 billion were current transfers from the Government.

In 2018, payments to the Central Bank of DOP27.1 billion were stipulated in the 2018 Budget, of which DOP16.7 billion were interest payments made to the Central Bank and DOP10.4 billion were current transfers from the Government.

In 2019, payments to the Central Bank of DOP30.2 billion were stipulated in the 2019 Budget, of which DOP16.1 billion were interest payments made to the Central Bank and DOP14.1 billion were current transfers from the Government.

As of the date of this offering memorandum, the Ministry of Finance and the Central Bank are discussing a potential new recapitalization plan for the Central Bank, which would be based on the experience of the Recapitalization Plan approved by Law No. 167-07.

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 Budgetary Government's debt portfolio into local currency instruments. 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 2015, the Budgetary Government allocated a total of DOP42.0 billion through its public auction program, of which DOP10.0 billion were in seven-year bonds, DOP19.0 billion were in ten-year bonds and DOP13.0 billion were in fifteen-year bonds.

In 2016, the Budgetary Government allocated a total of DOP73.0 billion through its public auction program, of which DOP3.5 billion were in seven-year bonds, DOP62.5 billion were in ten-year bonds and DOP7.0 billion were in fifteen-year bonds.

In 2017, the Budgetary Government allocated a total of DOP85.0 billion through its public auction program of which DOP22.5 billion were in seven-year bonds, DOP19.2 billion were in 10-year bonds and DOP43.3 billion were in 15-year bonds.

In 2018, the Budgetary Government allocated a total of DOP27.3 billion through its public auction program of which DOP8.1 billion were in five-year bonds, DOP12.0 billion in ten-year bonds and DOP7.1 billion in fifteen-year bonds.

In 2019, the Budgetary Government allocated a total of DOP87.4 billion through its public auction program of which DOP10.9 billion were in five-year bonds, DOP44.5 billion in ten-year bonds and DOP32.0 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 2019, the Government made payments of arrears in cash due to domestic suppliers of goods and services for an amount of DOP22.9 billion.

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;
- 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.
- As of December 31, 2019, the outstanding debt owed by distribution companies and CDEEE to private generators was US$230.5 million, which was US$556.6 million less than the US$787.1 million due as of December 31, 2018.

- 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 66.4% in 2015 to 70.5% in 2019. 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$327.7 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 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 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

Each series of bonds will be issued under an indenture, dated as of January 27, 2015, between the Republic and The Bank of New York Mellon, as trustee.

This section of this offering 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

Terms of the 2030 bonds:

The 4.500% bonds due 2030 will:

- be direct, general, unconditional and unsubordinated Public External Debt of the Republic for which the full faith and credit of the Republic is pledged;
- be issued in an aggregate principal amount of US$1,000,000,000;
- constitute a further issuance of, be consolidated, form a single series, and be fully fungible with, the Republic's outstanding 4.500% Bonds due 2030 originally issued on January 30, 2020 in the aggregate principal amount of US$1,000,000,000. After giving effect to the issuance of the 2030 bonds offered hereby, the total principal amount of 4.500% Bonds due 2030 outstanding will be US$2,000,000,000;
- be issued at 104.721% plus accrued interest from (and including) July 30, 2020 to (but excluding) January 21, 2021, the date on which the Republic expects to deliver the 2030 bonds, in the aggregate amount of US$21,375,000, and any additional interest from January 21, 2021, if settlement occurs after that date;
- be subject to an optional redemption with a make-whole premium prior to their scheduled maturity;
- have a final maturity date of January 30, 2030;
- be issued in minimum denominations of US$150,000 and in integral multiples of US$1,000 in excess thereof; and
- be 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 2030 bonds will:

- accrue at the rate of 4.500% per annum;
- accrue from July 30, 2020 or the most recent interest payment date;
- be payable semi-annually in arrears on January 30 and July 30 of each year, commencing on January 30, 2021, to the holders of record on the January 23 and July 23 (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 2041 bonds:

The 5.300% bonds due 2041 will:

- be direct, general, unconditional and unsubordinated Public External Debt of the Republic for which the full faith and credit of the Republic is pledged;
- be initially issued in an aggregate principal amount of US$1,500,000,000;
- be issued at 100.000% plus accrued interest, if any, from January 21, 2021;

- be subject to an optional redemption with a make-whole premium prior to their scheduled maturity;
- have a final maturity date of January 21, 2041;
- be issued in minimum denominations of US$150,000 and in integral multiples of US$1,000 in excess thereof; and
- be 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 2041 bonds will:

- accrue at the rate of 5.300% per annum;
- accrue from the date of issuance or the most recent interest payment date;
- be payable semi-annually in arrears on January 21 and July 21 of each year, commencing on July 21, 2021, to the holders of record on the January 20 and July 20 (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 will be direct, general, unconditional and unsubordinated 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 of a series will be payable on each payment date for such series and on the maturity date for such series in U.S. dollars 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 offering 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 bond 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 bond having some present or former connection with the Republic other than merely being a holder or beneficial owner of the bond or receiving payments of any nature on the bond or enforcing its rights in respect of the bond;
- imposed by reason of the failure of a holder or beneficial owner of a bond, or any other person through which the holder or beneficial owner holds a bond, 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 bond, or any other person through which the holder or beneficial owner holds a bond, having presented the bond 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 bond for payment on any date during such 30-day period.

As used in the preceding paragraph, "relevant date" in respect of any bond 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 offering 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.

Optional Redemption

The Republic may, at its option, redeem the 2030 bonds, in whole or in part, at any time prior to their maturity at a redemption price calculated by a calculation agent appointed by the Republic equal to the greater of (1) 100% of the principal amount of such 2030 bonds and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year comprised of twelve 30-day months) at the Treasury rate plus 45 basis points, plus, in each case, any accrued interest on the principal amount of the 2030 bonds to, but excluding, the redemption date.

The Republic may, at its option, redeem the 2041 bonds, in whole or in part, at any time prior to their maturity at a redemption price calculated by a calculation agent appointed by the Republic equal to the greater of (1) 100% of the principal amount of such 2041 bonds and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year comprised of twelve 30-day months) at the Treasury rate plus 50 basis points, plus, in each case, any accrued interest on the principal amount of the 2041 bonds to, but excluding, the redemption date.

Notice of any redemption will be mailed by first-class mail, postage prepaid, or delivered in accordance with the procedures of the applicable depositary, at least 30 but not more than 60 days before the redemption date to holders of the bonds to be redeemed at their respective registered addresses and to the Trustee; *provided, however*, if the Trustee provides notice on behalf of the Republic, the Trustee will receive notice no later than 40 days prior to the redemption date. For so long as the bonds are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of such Exchange require, the Republic will also cause notices of redemption to be published as described under "—Notices" below.

The bonds, when called for redemption as specified herein, will become due on the date fixed for redemption. The Republic will pay the redemption price for the bonds together with accrued and unpaid interest thereon to, but excluding, the redemption date. On and after the redemption date, interest will cease to accrue on the bonds as long as the Republic has deposited with the trustee or appropriate paying agent funds in satisfaction of the applicable redemption price pursuant to the indenture. Upon redemption of the bonds by the Republic, the bonds will be cancelled.

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 debt securities 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 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 a series of debt securities issued under the indenture, it may also be approved by the holders of such series of debt securities pursuant to written action with the consent of the requisite percentage of such series. 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 any series of debt securities may generally approve any proposal by the Republic to modify the indenture or the terms of such series 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 such series.

However, holders of any series of debt securities (including the bonds) may approve, by vote or consent through one of three modification methods described below, 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 a series of outstanding bonds insofar as the change affects such series of bonds (but does not modify the terms of any other debt securities issued under the indenture);
- where such proposed modification would affect a series of 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 a series of 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 a reserve matter 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 other 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 of the bonds, create and issue additional bonds having the same terms and conditions as the bonds of a series being offered hereby in all respects, except for the issue date, issue price and first payment of interest on the bonds; *provided*, *however*, that any additional bonds subsequently issued that are not fungible with the previously outstanding bonds of the applicable series for U.S. federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number from the previously outstanding bonds of such series. Additional bonds issued in this manner will be consolidated with and will form a single series with the previously outstanding bonds of the applicable series (and, in the case of the 2030 bonds, with the Republic's outstanding 4.500% Bonds due 2030 originally issued on January 30, 2020 in the aggregate principal amount of US$1,000,000,000).

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 publish notices to the holders of the bonds by means of press releases published in an international news service. In addition, so long as the bonds are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market 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. 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 holders 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 CT Corporation System as its process agent, with an office at 28 Liberty Street, New York, New York 10005, United States of America.

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 holders 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:

"Comparable treasury issue" means the United States Treasury security selected by an independent investment banker as having an actual or interpolated maturity comparable to the remaining term of the bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of debt securities of a comparable maturity to the remaining term of the bonds.

"Comparable treasury price" means (1) the arithmetic average of the reference treasury dealer quotations for the applicable redemption date after excluding the highest and lowest reference treasury dealer quotations, or (2) if the independent investment banker obtains fewer than four reference treasury dealer quotations, the arithmetic average of all reference treasury dealer quotations for such redemption date.

"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 pesos or by reference to a currency other than pesos, regardless of whether that obligation is incurred or entered into within or outside the Republic.

"Independent investment banker" means one of the reference treasury dealers appointed by 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.

"Reference treasury dealer" means (i) with respect to the 2030 bonds, BNP Paribas Securities Corp. and J.P. Morgan Securities LLC, and (ii) with respect to the 2041 bonds, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, in each case, or their respective affiliates, which are primary U.S. government dealers, plus three other leading primary United States government securities dealers in New York City reasonably designated by the Republic not later than five business days preceding such redemption date; *provided* that, if any of the foregoing

ceases to be a primary United States government securities dealer in New York City, the Republic will substitute therefor another primary government securities dealer.

"Reference treasury dealer quotation" means, with respect to each reference treasury dealer and any redemption date, the arithmetic average, as determined by the independent investment banker, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to independent investment banker by such reference treasury dealer at 3:30 p.m. (New York City time) on the third business day preceding such redemption date.

"Treasury rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated yield to maturity of the comparable treasury issue. In determining the treasury rate, the price for the comparable treasury issue (expressed as a percentage of its principal amount) will be assumed to be equal to the comparable treasury price for such redemption date.

BOOK-ENTRY SETTLEMENT AND CLEARANCE

Global Bonds

The bonds will initially be 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") will be represented by a global bond (collectively, the "Rule 144A Global Bond"); and
- bonds sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by a global bond (collectively, 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 will be 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 will initially be credited within DTC to Euroclear and Clearstream 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, 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 that are DTC participants. Each of Euroclear and Clearstream 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. 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 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, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global bond held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, 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, 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 participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global bond from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream 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 cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream 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 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 have made any representation to you with respect to the Republic or the offering of the bonds, other than the information contained in this offering memorandum. You represent that you are relying only on this offering 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 U.S. 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 offering 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 the 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, nonresident alien individual present in the United States for more than 182 days in a taxable year, 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 (or partner or member thereof), 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. 243-20, dated December 28, 2020 ("Law No. 243-20"). 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 offering 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 9 of Law No. 243-20, 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.

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 9 of Law No. 243-20.

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 offering memorandum, all of which are subject to change, possibly with retroactive effect. This summary does not address any tax consequences under U.S. federal estate, gift or other tax laws, and does not discuss the consequences arising under state, local, foreign tax laws or 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.

For U.S. federal income tax purposes, we will treat the 2030 bonds as issued in a "qualified reopening" of the Republic's 4.500% Bonds due 2030 originally issued on January 30, 2020 in the aggregate principal amount of US$1,000,000,000 (the "Initial Bonds"). Assuming such treatment, the 2030 bonds will be considered to have the same issue date and issue price as the Initial Bonds for U.S. federal income tax purposes and will be fungible with the Initial Bonds for all U.S. federal income tax purposes.

A portion of the price paid for the 2030 bonds will be attributable to interest that accrued prior to the date the 2030 bonds are issued ("pre-issuance accrued interest"). We believe that the 2030 bonds should be treated, for U.S. federal income tax purposes, as having been purchased for a price that does not include any pre-issuance accrued interest. Accordingly, a portion of the first stated interest payment on the 2030 bonds corresponding to the pre-issuance accrued interest should be treated as a non-taxable return of such pre-issuance accrued interest, and not as a payment of interest on the 2030 bonds.

Amortizable Bond Premium

If you are a United States person that purchases a 2030 bond at a price (excluding amounts paid in respect of pre-issuance accrued interest) greater than its stated principal amount, you will be considered to have purchased the 2030 bond at a premium equal to such excess, and may elect to amortize such premium as an offset to interest income, using a constant-yield method, over the remaining term of the 2030 bond. However, because the 2030 bonds may be redeemed prior to maturity at a premium, special rules apply that may reduce, defer or eliminate the amount of premium that a United States person may amortize with respect to a 2030 bond. If you elect to amortize premium with respect to a 2030 bond, you must reduce your tax basis in the 2030 bond by the amount of the premium amortized during your holding period. Such election, once made, generally applies to all taxable debt instruments that you hold or subsequently acquire on or after the beginning of the first taxable year to which the election applies, and may not be revoked without the consent of the U.S. Internal Revenue Service (the "IRS").

Payments of Interest and Sale, Exchange or other Disposition of the Bonds

If you are a United States person, the interest (excluding amounts paid in respect of pre-issuance accrued interest with respect to the 2030 bonds) 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 U.S. federal income 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 described above). Your tax basis in a bond generally will equal the cost of the bond to you (excluding amounts paid in respect of pre-issuance accrued interest with respect to a 2030 bond) reduced by the amount of any amortized bond premium with respect to a 2030 bond, as described above. If you are an individual and have held the bond being sold, exchanged or otherwise disposed of 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.

Specified Foreign Financial Assets

Certain United States persons that own "specified foreign financial assets" with an aggregate value in excess of US$50,000 on the last day of the taxable year or US$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with

respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the bonds) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. United States persons who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the bonds, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with payments on the bonds made to, and the proceeds of dispositions of bonds effected by, certain United States persons. In addition, certain United States persons may be subject to U.S. backup withholding tax in respect of such payments and proceeds, 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 IRS 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 IRS.

The Proposed Financial Transaction Tax (“FTT”)

The European Commission has published a proposal (the “Commission’s 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”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the bonds in certain circumstances.

Under the Commission’s Proposal, 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 remains subject to negotiation between the participating Member States and the legality of the proposal is uncertain. 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 and/or certain of the participating Member States may decide to withdraw.

Prospective holders of the bonds are advised to seek their own professional advice in relation to the FTT.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as joint book-running managers of the offering. Subject to the terms and conditions stated in the purchase agreement dated as of January 13, 2021, each initial purchaser named below has agreed to purchase, and the Republic has agreed to sell to such initial purchaser, the principal amount of the bonds set forth below.

Initial Purchasers	Principal Amount of the 2030 Bonds	Principal Amount of the 2041 Bonds
Citigroup Global Markets Inc.	US$ 500,000,000	US$ 750,000,000
J.P. Morgan Securities LLC	US$ 500,000,000	US$ 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 bonds at the offering price set forth on the cover page of this offering 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 this 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 this offering memorandum it will not, without the prior written consent of Citigroup Global Markets Inc. and J.P. Morgan Securities LLC 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 external debt securities issued or guaranteed by the Republic (other than the bonds offered hereby).

The 2041 bonds will constitute a new class of securities with no established trading market. Application will be made to list the bonds on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. 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 and the initial purchasers cannot assure you as to the liquidity of, or the trading market for, the bonds.

In connection with the offering, the initial purchasers 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. Such transactions may be effected on the Euro MTF Market or on the regulated market of the Luxembourg Stock Exchange, in the over-the-counter market or otherwise and if commenced, may begin on or after the date of

adequate public disclosure of the final terms of the offer of the bonds and may be ended at any time, but it must not end later than the earlier of 30 days after the issue date and 60 days after the date of allotment of the bonds.

These activities by the initial purchasers, as well as other purchases by the initial purchasers for their own accounts, 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 without prior notice.

The Republic expects that delivery of the bonds will be made to investors on or about January 21, 2021, which will be the fifth business day following the date of this offering memorandum (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 two 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 may 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 may have performed commercial banking, investment banking and advisory services for the Republic from time to time for which they may 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 has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain of those the initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions that 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 offering 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.

Prohibition of Sales to European Economic Area Retail Investors

The bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For the purposes of this provision, "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to United Kingdom Retail Investors

The bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means any a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Other Matters

This offering memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such bonds will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

In the purchase agreement, each of the initial purchasers has represented, warranted and agreed that:

(a) 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 "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

(b) 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 13, 2021 and the bonds will not be registered under Chilean Securities Market Law (Law No. 18,045, as amended) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Commission for the Financial Markets (*Comisión para el Mercado Financiero*, or "CMF") and, therefore, the bonds are not subject to the supervision of the CMF. As unregistered securities, the issuer is not required to disclose public information about the bonds in Chile. Accordingly, the bonds cannot and will not be offered or sold to persons unless they are registered in the corresponding securities registry. The bonds may only be offered in Chile in circumstances which have not resulted and will not result in a public offering under Chilean law or in compliance with *Norma de Carácter General* (Rule) No. 336, dated June 27, 2012 of the CMF.

La oferta de los bonos empezó el 13 de enero de 2021 y los bonos que se ofrecen no se registrarán al amparo de la Ley de Mercado de Valores de Chile (Ley No. 18,045 y sus correspondientes modificaciones) en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero (la "CMF"), por lo que tales valores no están sujetos a la fiscalización de la CMF. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de estos valores. En consecuencia, los bonos no pueden y no serán ofrecidos o vendidos a personas, salvo que los valores se encuentren inscritos en el registro correspondiente. Los bonos sólo pueden ser ofrecidos en Chile en circunstancias que no han resultado y que no darán lugar a una oferta pública bajo la ley chilena o siempre que se acojan a la Norma de Carácter General Nº 336, de fecha 27 de junio de 2012 de la CMF.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the bonds described herein. The bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or

from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this offering memorandum nor any other offering or marketing material relating to the bonds may be publicly distributed or otherwise made publicly available in Switzerland.

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 offering 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 Japan

The bonds have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the bonds nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Singapore

This offering 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 (as defined in Section 4A of the SFA)) 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the bonds under Section 275 of the SFA except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A), or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of

law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA (Chapter 289 of Singapore), the Republic has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the bonds are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Canada

The bonds may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.4 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding initial purchasers conflicts of interest in connection with this offering.

OFFICIAL STATEMENTS

Information in this offering 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 Nadal, 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 Nadal. 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 Nadal 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 numbers, ISINs and Common Codes for the bonds offered pursuant to Rule 144A and Regulation S are set forth below:

2030 Bonds

	CUSIP Number	ISIN	Common Code
Rule 144A	25714P ED6	US25714PED69	206681080
Regulation S	P3579E CF2	USP3579ECF27	206681306

2041 Bonds

	CUSIP Number	ISIN
Rule 144A	25714P EG9	US25714PEG90
Regulation S	P3579E CJ4	USP3579ECJ49

Where You Can Find More Information

As long as the bonds are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, you may inspect or receive copies, free of charge, of the following documents on any business day at the offices of the listing agent in Luxembourg:

- the indenture incorporating the forms of the bonds;
- an English translation of *Ley de Bonos* (Bond Law) No. 243-20;
- the most recent annual economic report of the Republic (of which English translations are available); and
- this offering memorandum.

The Republic

The creation and issuance of the bonds were authorized pursuant to Law No. 243-20, dated December 28, 2020.

Except as disclosed in this offering memorandum, since December 31, 2019, 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, 2019

(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, 2019
MULTILATERAL INSTITUTIONS					
INTERNATIONAL DEVELOPMENT ASSOCIATION					
International Development Association	Government	12-May-1971	0.00	1-Oct-2020	0.1
International Development Association	Government	21-Apr-1973	0.75 as commission	15-Nov-2022	1.2
International Development Association	Central Bank	11-Sep-1971	0.75	15-Nov-2020	0.2
Total International Development Association					**1.4**
INTER-AMERICAN DEVELOPMENT BANK					
Inter-American Development Bank	Government	17-Jun-1972	0.00	6-Mar-2022	0.3
Inter-American Development Bank	Government	15-Jul-1978	0.00	18-Apr-2028	0.3
Inter-American Development Bank	Government	15-Sep-1981	2.00	16-Mar-2021	1.3
Inter-American Development Bank	Government	15-Jan-1982	2.00	24-Jan-2021	0.6
Inter-American Development Bank	Government	13-Jun-1982	2.00	13-May-2021	0.4
Inter-American Development Bank	Government	14-Jun-1982	2.00	24-Sep-2021	0.1
Inter-American Development Bank	Government	14-Jun-1982	2.00	24-Sep-2021	0.4
Inter-American Development Bank	Government	18-Jun-1982	2.00	6-Mar-2022	1.7
Inter-American Development Bank	Government	16-Nov-1982	2.00	23-Sep-2022	4.5
Inter-American Development Bank	Government	31-May-1984	2.00	14-Feb-2024	0.3
Inter-American Development Bank	Government	30-Apr-1990	2.00	13-Feb-2030	14.3
Inter-American Development Bank	Government	20-Feb-1992	2.00	12-Dec-2031	11.7
Inter-American Development Bank	Government	15-Jul-1993	2.00	8-Jan-2033	15.6
Inter-American Development Bank	Government	15-Nov-1994	2.00	1-Jun-2034	24.0
Inter-American Development Bank	Government	25-Jan-1995	2.00	20-Nov-2034	6.8
Inter-American Development Bank	Government	15-Jul-1997	Variable (IDB)	30-Sep-2021	6.2
Inter-American Development Bank	Government	25-Jul-1997	Variable (IDB)	13-Oct-2026	15.8
Inter-American Development Bank	Government	29-Aug-1998	Variable (IDB)	20-Feb-2023	11.9
Inter-American Development Bank	Government	31-Aug-1998	Variable (IDB)	20-Feb-2023	4.0
Inter-American Development Bank	Government	31-Aug-1998	Variable (IDB)	20-Feb-2023	2.3
Inter-American Development Bank	Government	22-May-1999	Variable (IDB)	3-Oct-2023	1.7
Inter-American Development Bank	Government	24-Jun-1999	Variable (IDB)	2-Dec-2023	15.8
Inter-American Development Bank	Government	24-Jun-1999	Variable (IDB)	2-Dec-2023	4.7
Inter-American Development Bank	Government	11-Aug-1999	5.29	3-Oct-2023	10.5
Inter-American Development Bank	Government	26-Sep-2000	Variable (IDB)	18-Jul-2023	2.2
Inter-American Development Bank	Government	13-Oct-2000	5.34	5-Sep-2024	4.6
Inter-American Development Bank	Government	28-Mar-2001	Variable (IDB)	10-Nov-2025	5.9
Inter-American Development Bank	Government	21-Nov-2001	Variable (IDB)	2-Aug-2021	22.3
Inter-American Development Bank	Government	21-Nov-2001	Variable (IDB)	2-Aug-2021	4.3
Inter-American Development Bank	Government	27-Nov-2001	Variable (IDB)	14-Feb-2026	14.3
Inter-American Development Bank	Government	27-Nov-2001	Variable (IDB)	14-Feb-2026	2.8
Inter-American Development Bank	Government	26-Feb-2003	Variable (IDB)	29-Apr-2027	21.4
Inter-American Development Bank	Government	30-Jan-2004	Variable (IDB)	30-Jul-2027	4.1
Inter-American Development Bank	Government	30-Jan-2004	Variable (IDB)	30-Jul-2027	30.7
Inter-American Development Bank	Government	23-Mar-2004	Variable (IDB)	24-Mar-2028	2.2
Inter-American Development Bank	Government	23-Mar-2004	Variable (IDB)	23-Sep-2023	24.2
Inter-American Development Bank	Government	06-Aug-2004	Variable (IDB)	8-Aug-2023	2.4
Inter-American Development Bank	Government	24-Aug-2005	Variable (IDB)	24-Aug-2023	0.1
Inter-American Development Bank	Government	24-Aug-2005	Variable (IDB)	24-Aug-2023	1.5
Inter-American Development Bank	Government	02-Nov-2005	Variable (IDB)	4-Nov-2028	0.3
Inter-American Development Bank	Government	02-Nov-2005	Variable (IDB)	4-Nov-2028	2.0
Inter-American Development Bank	Government	13-Jan-2007	Variable (IDB)	15-Jan-2031	1.2
Inter-American Development Bank	Government	13-Jan-2007	Variable (IDB)	15-Jan-2031	4.4
Inter-American Development Bank	Government	03-Aug-2007	9.33	5-Aug-2026	75.0
Inter-American Development Bank	Government	14-Aug-2007	Variable (IDB)	16-Feb-2032	1.8
Inter-American Development Bank	Government	14-Aug-2007	Variable (IDB)	16-Feb-2032	4.0
Inter-American Development Bank	Government	04-Jul-2008	Variable (IDB)	6-Jan-2031	6.2
Inter-American Development Bank	Government	04-Jul-2008	Variable (IDB)	6-Jul-2032	35.8
Inter-American Development Bank	Government	04-Jul-2008	Variable (IDB)	6-Jul-2032	13.7

APPENDIX

Dominican Republic: Global Public Sector External Debt
as of December 31, 2019
(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, 2019
Inter-American Development Bank	Government	07-Jul-2008	Variable (IDB)	9-Jan-2031	3.0
Inter-American Development Bank	Government	31-Dec-2008	Variable (IDB)	2-Jan-2028	6.0
Inter-American Development Bank	Government	04-Jun-2009	Variable (IDB)	6-Dec-2028	37.2
Inter-American Development Bank	Government	04-Jun-2009	Variable (IDB)	6-Dec-2033	27.4
Inter-American Development Bank	Government	09-Jun-2009	Variable (IDB)	11-Dec-2031	14.4
Inter-American Development Bank	Government	18-Dec-2009	Variable (IDB)	15-Jun-2034	44.0
Inter-American Development Bank	Government	18-Aug-2010	Variable (IDB)	20-Feb-2035	38.8
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	15-Dec-2035	16.0
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	15-Jun-2030	79.7
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	15-Jun-2025	5.8
Inter-American Development Bank	Government	16-Dec-2010	Variable (IDB)	15-Jun-2035	69.3
Inter-American Development Bank	Government	06-May-2011	Variable (IDB)	8-Nov-2035	5.6
Inter-American Development Bank	Government	06-May-2011	Variable (IDB)	8-Nov-2035	26.2
Inter-American Development Bank	Government	19-Dec-2011	5.61	15-Jun-2031	158.6
Inter-American Development Bank	Government	22-Dec-2011	Variable (IDB)	15-Jun-2036	25.5
Inter-American Development Bank	Government	27-Jan-2012	Variable (IDB)	30-Jul-2036	4.3
Inter-American Development Bank	Government	23-Jul-2012	Variable (IDB)	25-Jul-2036	8.9
Inter-American Development Bank	Government	27-Jul-2012	Variable (IDB)	29-Jul-2036	62.3
Inter-American Development Bank	Government	16-Jan-2013	Variable (IDB)	15-May-2037	124.3
Inter-American Development Bank	Government	23-Dec-2013	Variable (IDB)	15-Nov-2031	99.7
Inter-American Development Bank	Government	23-Dec-2013	Variable (IDB)	15-Nov-2031	141.5
Inter-American Development Bank	Government	23-Dec-2013	Variable (IDB)	15-Jun-2027	350.0
Inter-American Development Bank	Government	29-Jul-2014	Variable (IDB)	15-Jul-2038	50.0
Inter-American Development Bank	Government	06-Oct-2014	Variable (IDB)	15-Sep-2038	25.0
Inter-American Development Bank	Government	19-Jan-2015	Variable (IDB)	15-May-2032	250.0
Inter-American Development Bank	Government	19-Jan-2015	Variable (IDB)	15-Jul-2032	31.4
Inter-American Development Bank	Government	19-Jan-2015	Variable (IDB)	15-Jul-2039	76.1
Inter-American Development Bank	Government	26-Jun-2015	Variable (IDB)	15-Mar-2032	150.0
Inter-American Development Bank	Government	20-Nov-2015	Variable (IDB)	15-Apr-2031	87.2
Inter-American Development Bank	Government	24-Dec-2015	Variable (IDB)	15-May-2031	300.0
Inter-American Development Bank	Government	02-Jul-2018	Variable (IDB)	15-Oct-2041	10.1
Inter-American Development Bank	Government	19-Oct-2018	Variable (IDB)	15-Nov-2037	300.0
Inter-American Development Bank	Government	30-Nov-2018	Variable (IDB)	15-Mar-2039	20.6
Inter-American Development Bank	Government	26-Dec-2019	Variable (IDB)	15-Sep-2038	400.0
Inter-American Development Bank	Central Bank	31-Dec-1980	2.00	6-Jan-2021	0.4
Inter-American Development Bank	Central Bank	—	0.00	19-Dec-1978	4.4
Total Inter-American Development Bank					**3,496.2**
WORLD BANK					
World Bank	Government	3-Mar-2004	10.76	15-Oct-2020	8.3
World Bank	Government	31-Dec-2004	7.67	15-Apr-2020	1.3
World Bank	Government	28-Apr-2005	LIBOR 6m + 0.50	15-Oct-2020	0.6
World Bank	Government	10-Aug-2005	6.33	15-Oct-2020	1.1
World Bank	Government	10-Dec-2005	LIBOR 6m + 0.50	15-Apr-2022	20.8
World Bank	Government	14-Sep-2007	LIBOR 6m + 0.50	15-Oct-2022	6.0
World Bank	Government	15-Nov-2008	LIBOR 6m + 0.91	15-May-2024	7.9
World Bank	Government	7-Apr-2009	LIBOR 6m + 0.05	15-Nov-2037	59.4
World Bank	Government	7-Apr-2009	LIBOR 6m + 0.05	15-Nov-2037	30.5
World Bank	Government	5-Nov-2009	5.29	15-Nov-2032	150.0
World Bank	Government	5-Nov-2009	5.29	15-Nov-2032	150.0
World Bank	Government	18-Dec-2009	LIBOR 6m + 1.05	15-May-2027	29.6
World Bank	Government	30-Dec-2009	LIBOR 6m + 1.20	15-Nov-2035	22.4
World Bank	Government	21-Jun-2010	6.12	15-Nov-2029	10.0
World Bank	Government	30-Nov-2010	LIBOR 6m + 1.05	15-Jan-2028	1.5
World Bank	Government	30-Nov-2010	5.25	15-Jan-2028	15.0
World Bank	Government	22-Dec-2010	6.85	15-Sep-2032	135.0
World Bank	Government	27-Jan-2012	4.31	15-Sep-2041	66.2
World Bank	Government	20-Jul-2012	4.29	15-Sep-2041	18.8
World Bank	Government	20-Aug-2015	LIBOR 6m + 0.85	15-Sep-2048	47.2
World Bank	Government	24-Dec-2015	LIBOR 6m + 1.30	1-Aug-2038	60.0
World Bank	Government	27-Oct-2016	LIBOR 6m + 1.00	15-Feb-2040	36.1

APPENDIX

Dominican Republic: Global Public Sector External Debt as of December 31, 2019

(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, 2019
World Bank	Government	27-Oct-2016	LIBOR 6m + 0.91	15-Mar-2040	60.1
Total World Bank					**937.9**
EUROPEAN INVESTMENT BANK					
European Investment Bank	Government	28-Feb-2001	1.00	20-Apr-2020	0.7
European Investment Bank	Government	5-Dec-2011	3.37	30-Mar-2032	35.8
European Investment Bank	Government	19-Feb-2018	0.50	15-Jul-2039	16.4
Total European Development Bank					**52.9**
CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION					
Central American Bank for Economic Integration	Government	2-Jun-2009	Variable (CABEI)	2-Jun-2024	48.8
Central American Bank for Economic Integration	Government	22-Dec-2011	Variable (CABEI)	22-Dec-2026	40.8
Central American Bank for Economic Integration	Government	3-Sep-2013	Variable (CABEI)	3-Sep-2028	60.2
Central American Bank for Economic Integration	Government	2-Jul-2018	LIBOR 6m + 2.20	15-Oct-2031	123.5
Total Central American Bank for Economic Integration					**273.3**
INTERNATIONAL AGRICULTURAL DEVELOPMENT FUND					
International Agricultural Development Fund	Government	23-Mar-2010	Variable (IADF)	12-Jun-2028	7.2
International Agricultural Development Fund	Government	23-Jul-2012	Variable (IADF)	13-Dec-2032	11.1
International Agricultural Development Fund	Government	23-Jul-2012	Variable (IADF)	12-Dec-2032	10.3
Total International Agricultural Development Fund					**28.6**
NORDIC DEVELOPMENT FUND					
Nordic Development Fund	Government	23-Aug-1998	0.00	15-Jun-2033	3.8
Nordic Development Fund	Government	23-Aug-1998	0.75	15-Jun-2038	2.8
Total Nordic Development Fund					**6.6**
ANDEAN DEVELOPMENT CORPORATION					
Andean Development Corporation	Government	30-Dec-2008	LIBOR 6m + 1.80	23-Dec-2020	8.3
Andean Development Corporation	Government	18-Aug-2010	LIBOR 6m + 2.35	18-Aug-2025	40.0
Andean Development Corporation	Government	29-Jul-2014	LIBOR 6m + 2.60	29-Jul-2029	25.8
Andean Development Corporation	Government	19-Jan-2015	LIBOR 6m + 2.05	19-Jan-2027	34.1
Andean Development Corporation	Government	19-Dec-2016	LIBOR 6m + 2.00	21-Dec-2031	46.2
Total Andean Development Corporation					**154.4**
OPEC FUND FOR INTERNATIONAL DEVELOPMENT					
OPEC Fund for International Development	Government	9-Jun-2009	3.75	15-Jan-2028	17.1
OPEC Fund for International Development	Government	16-Dec-2010	3.30	15-Jan-2029	19.0
OPEC Fund for International Development	Government	19-Jan-2015	3.00	15-Dec-2033	56.0
Total OPEC Fund for International Development					**92.1**
INTERNATIONAL MONETARY FUND					
International Monetary Fund (Cumulative Allocations)	Central Bank	—	Variable FMI	—	288.8
TOTAL MULTILATERAL INSTITUTIONS					**5,332.1**
FOREIGN GOVERNMENTS[3]					
French Development Agency	Government	15-Dec-2000	2.25	30-Apr-2025	1.1
French Development Agency	Government	15-Jun-2009	0.25	31-Jul-2026	7.7
French Development Agency	Government	5-Dec-2011	7.37	31-May-2031	176.3
French Development Agency	Government	16-May-2014	4.07	31-Jan-2023	1.3
French Development Agency	Government	16-May-2014	LIBOR 6m + 1.55	31-Jan-2023	2.1
French Development Agency	Government	19-Jan-2015	4.07	31-Oct-2034	210.0
French Development Agency	Government	27-Oct-2016	4.20	30-Apr-2035	40.0
AKA Ausfunhrkredit -Gesellschaft	Government	20-Feb-2004	4.66	1-Aug-2022	8.9
Banco Central de Venezuela	Government	20-Jun-2017	1.03	17-Dec-2040	131.2

APPENDIX

Dominican Republic: Global Public Sector External Debt
as of December 31, 2019
(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, 2019
Banco Central de Venezuela	Government	20-Jun-2017	1.50	7-Feb-2041	4.3
BNDES	Government	25-Aug-2008	6.33	25-Aug-2020	1.2
BNDES	Government	25-Aug-2008	5.89	25-Aug-2020	5.6
BNDES	Government	31-Oct-2008	6.63	19-Nov-2020	6.5
BNDES	Government	15-Nov-2008	6.53	4-Jun-2023	19.8
BNDES	Government	24-Oct-2009	5.16	24-Nov-2021	9.3
BNDES	Government	10-Aug-2010	4.69	29-Sep-2022	13.1
BNDES	Government	5-Oct-2011	4.04	23-Feb-2024	20.4
BNDES	Government	5-Oct-2011	4.02	23-Feb-2022	13.9
BNDES	Government	10-Oct-2011	4.04	23-Feb-2024	85.8
BNDES	Government	30-Apr-2014	5.39	31-Jul-2026	19.7
BNDES	Government	7-Nov-2014	5.91	25-Nov-2026	46.6
BNDES	Government	7-Nov-2014	5.95	25-Nov-2026	38.0
BNP FORTIS, BELGIUM	Government	17-Jun-2010	LIBOR 6m + 2.50	15-May-2020	2.0
BNP FORTIS, BELGIUM	Government	29-Jun-2011	3.79	28-Sep-2023	46.4
BNP FORTIS, BELGIUM	Government	30-Sep-2014	EURIBOR 6m + 1.50	27-Feb-2025	12.8
BNP PARIBAS, Paris	Government	29-Jun-2011	3.45	1-Apr-2023	27.9
Deutsche Bank, S.A.E	Government	20-Feb-2004	4.67	30-Sep-2020	1.7
Deutsche Bank, S.A.E	Government	20-Feb-2004	5.230	8-Jun-2021	3.9
Deutsche Bank, S.A.E	Government	26-Nov-2009	4.510	23-Feb-2023	42.7
Deutsche Bank, S.A.E	Government	26-Nov-2009	4.51	23-Feb-2023	30.6
Deutsche Bank, S.A.E	Government	29-Jun-2011	4.05	1-Apr-2023	19.5
Deutsche Bank, S.A.E	Government	26-Jun-2015	EURIBOR 6m + 4.50	27-Nov-2027	48.2
Deutsche, London	Government	21-Jun-2010	LIBOR 6m + 2.25	26-May-2024	6.9
Deutsche, Milan	Government	17-Aug-2009	LIBOR 6m + 1.72	29-Mar-2020	1.8
Deutsche, Milan	Government	13-Jul-2015	LIBOR 6m + 2.40	7-Oct-2029	19.8
Deutsche, Milan	Government	13-Jul-2015	5.04	7-Oct-2029	258.3
Export-Import Bank of the United States	Government	27-Jul-2012	Variable (OPECFID)	20-Nov-2022	11.0
Government of Belgium	Government	31-Dec-1993	NULL	31-Dec-2020	0.1
International Cooperation and Development Fund-CHINA	Government	15-Jun-2001	3.50	15-May-2026	1.3
Official Credit Institute	Government	10-Jul-1995	1.50	8-Aug-2025	1.7
Official Credit Institute	Government	22-Feb-1996	1.50	11-Mar-2026	2.0
Official Credit Institute	Government	2-Feb-1998	1.00	4-Feb-2028	2.1
Official Credit Institute	Government	2-Feb-1998	1.00	4-Feb-2028	2.3
Official Credit Institute	Government	17-Aug-1998	1.00	31-Aug-2028	1.4
Official Credit Institute	Government	10-Dec-1998	1.00	14-Dec-2028	1.7
Official Credit Institute	Government	10-Dec-1998	4.75	14-Dec-2028	1.2
Official Credit Institute	Government	10-Dec-1998	1.00	14-Dec-2028	1.0
Official Credit Institute	Government	1-Mar-1999	1.00	20-May-2029	5.0
Official Credit Institute	Government	10-Dec-2000	3.70	24-Aug-2030	1.1
Official Credit Institute	Government	28-Feb-2001	0.00	4-Jul-2030	14.4
Official Credit Institute	Government	11-Jun-2001	1.00	15-Jan-2032	2.2
Official Credit Institute	Government	28-Aug-2010	0.01	25-Nov-2040	52.9
Official Credit Institute	Government	12-Jul-2012	0.01	6-Nov-2050	6.7
Official Credit Institute	Government	29-Jul-2014	0.01	26-May-2053	0.9
Official Credit Institute	Government	6-Oct-2014	0.01	27-Apr-2053	1.2
Japan International Cooperation Agency (a JBIC-OECF)	Government	15-Nov-1994	3.00	20-Mar-2024	17.6
Export-Import Bank of Korea	Government	9-May-2007	1.70	20-Aug-2031	12.0
Export-Import Bank of Korea	Government	30-Sep-2013	NULL	20-Aug-2052	1.1
Export-Import Bank of Korea	Government	30-Sep-2013	0.25	20-Aug-2052	23.0
Kredit Für Wiederaufbau	Government	25-Jun-1997	2.00	30-Dec-2026	2.9
Kredit Für Wiederaufbau	Government	20-Jun-1998	2.00	30-Dec-2026	3.0
Kredit Für Wiederaufbau	Government	14-Oct-2003	3.67	30-Dec-2032	1.2
Kredit Für Wiederaufbau	Government	26-Feb-2005	4.50	30-Dec-2020	1.3
Kredit Für Wiederaufbau	Government	29-Jun-2011	4.08	1-Apr-2023	10.2
Kredit Für Wiederaufbau	Government	3-Apr-2017	3.25	30-Dec-2045	12.2

APPENDIX

Dominican Republic: Global Public Sector External Debt as of December 31, 2019

(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, 2019
Land Bank of Taiwan	Government	24-Aug-2005	LIBOR 6m + 1.00	4-Aug-2021	2.2
NATIXIS	Government	13-May-1996	3.60	31-Dec-2018	(0.0)
NATIXIS	Government	22-Dec-2011	1.00	31-Dec-2038	57.9
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	1.00	12-Oct-2039	3.9
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	1.00	18-Sep-2041	11.9
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	1.00	20-Feb-2042	1.2
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	2.00	23-Sep-2021	24.4
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	1.00	21-Jul-2033	6.4
Petróleos de Venezuela, S.A.	Government	31-Dec-2004	1.00	21-Dec-2039	30.9
SANTANDER	Government	27-Aug-2010	6.02	24-Feb-2025	25.1
SANTANDER	Government	20-Dec-2016	EURIBOR 6m + 0.00	24-Mar-2032	4.0
SANTANDER	Government	20-Dec-2016	1.34	24-Mar-2032	37.1
SANTANDER	Government	20-Dec-2016	1.15	6-Nov-2032	33.8
TOTAL FOREIGN GOVERNMENTS					**1,818.8**
COMMERCIAL BANKS					
BNP PARIBAS, PARIS	Government	17-Nov-2014	LIBOR 6m + 5.15	31-Dec-2021	7.2
DEUTSCHE BANK, SAE	Government	26-Jun-2015	EURIBOR 6m +4	7-Oct-2020	1.6
BANK OF NY MELLON[4]	Government	27-Jan-2015	6.85	27-Jan-2045	2,000.0
BANK OF NY MELLON[4]	Government	29-Jan-2016	6.88	29-Jan-2026	1,500.0
BANK OF NY MELLON[4]	Government	18-Jan-2017	5.95	25-Jan-2027	1,700.0
BANK OF NY MELLON[4]	Government	8-Feb-2018	6.50	15-Feb-2048	1,000.0
BANK OF NY MELLON[4]	Government	8-Feb-2018	8.90	15-Feb-2023	756.1
BANK OF NY MELLON[4]	Government	17-Jul-2018	6.00	19-Jul-2028	1,300.0
BANK OF NY MELLON[4]	Government	20-Mar-2006	8.63	19-Apr-2027	300.0
BANK OF NY MELLON[4]	Government	6-May-2010	7.50	5-May-2021	1,000.0
BANK OF NY MELLON[4]	Government	18-Apr-2013	5.88	18-Apr-2024	1,000.0
BANK OF NY MELLON[4]	Government	21-Oct-2013	6.60	27-Jan-2024	500.0
BANK OF NY MELLON[4]	Government	30-Apr-2014	7.45	30-Apr-2044	1,500.0
BANK OF NY MELLON[4]	Government	18-Dec-2014	5.50	27-Jan-2025	1,500.0
TOTAL COMMERCIAL BANKS					**16,520.0**
SUPPLIERS					
ASEA B.B.[5]	CDEEE	30-Nov-1980	EURIBOR 6m + 0.275	31-Dec-1989	0.6
ATMOSPHERICS[5]	CDEEE	27-Jan-1984	3.50	30-Dec-1986	0.1
BURNS & ROE[5]	CDEEE	14-Feb-1984	3.50	31-Dec-1989	0.5
FIAT MARELLI[5]	CDEEE	30-Jul-1980	7.75	7-Nov-1985	0.1
FIAT TTG[5]	CDEEE	23-Sep-1985	10.00	30-Apr-1987	3.5
GEOLIDRO[5]	CDEEE	29-Mar-1984	14.50	31-Dec-1988	0.4
HARZA[5]	CDEEE	23-Sep-1985	LIBOR 6m + 3.00	31-Dec-1989	0.5
SYSTEMS C.[5]	CDEEE	27-Nov-1980	8.55	9-Mar-1987	0.3
TOTAL SUPPLIERS					**6.0**
TOTAL GLOBAL PUBLIC SECTOR EXTERNAL DEBT					**23,676.9**

(1) Currencies other than U.S. dollars are converted to U.S. dollars at the rate published by the IMF on December 31, 2019.
(2) Amount owed as contribution to the IDB, to be paid upon IDB's request.
(3) Includes loans from commercial entities guaranteed by export credit agencies of foreign governments.
(4) Entity acts as trustee.
(5) Constitutes arrears of the Republic with its suppliers. See "Public Sector Debt—External Debt—External Debt Owed to Commercial Lenders and Suppliers."

BNDES = *Banco Nacional de Desenvolvimento Econômico e Social*
CDEEE = *Corporación Dominicana de Empresas Eléctricas Estatales* (Dominican Corporation of State-Owned Electric Entities)
EURIBOR = Euro Inter-Bank Offered Rate
LIBOR = London Inter-Bank Offered Rate

Sources: Ministry of Finance and Central Bank.

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