



PUBLIC SECTOR DEBT COMPOSITION

**Public Debt Office
Ministry of Finance**

February 2020



Dirección General de
Crédito Público



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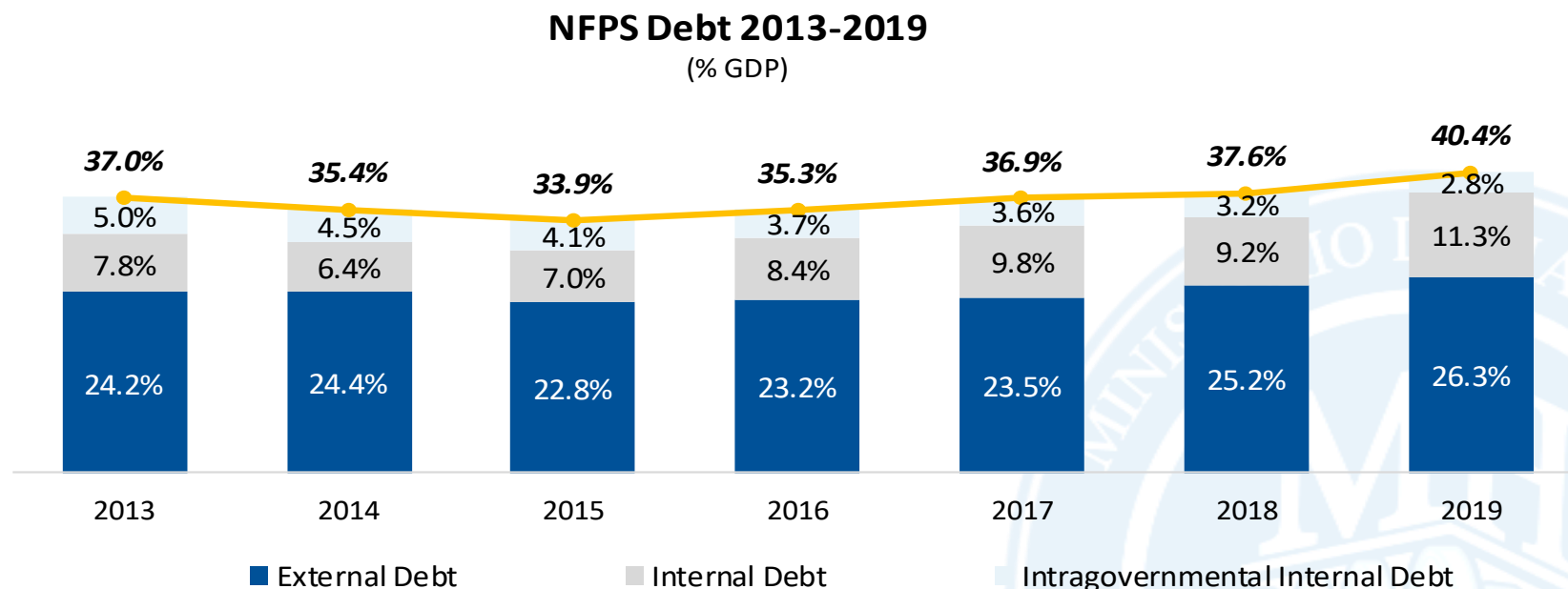




NFPS DEBT AND COMPOSITION



As of December 31st, 2019, the NFPS debt (including debt with the Central Bank) totaled **US\$35,942.5** million, representing 40.4% of GDP.



The 2019 figure includes the liability management exercise with the electricity sector arrears and short-term debt approved in the modified Budget for the year, which resulted in:

- Decrease of the arrears with the electricity generators.
- Financial savings for 2020 of around US\$250.0 million.

Operations	Balance 2019 Millions US\$	Original Conditions				New Financing Conditions			
		Maturity	Financial Cost	Interests		Maturity	Financial Cost	Interests	
				Millions DOP	Millions USD			Millions DOP	Millions USD
Payment of arrears of 2018	611.0	< 6 months	25%	8,050.4	150.3	5 years	7.00%	2,290.8	42.8
Payment of arrears of 2019	600.0	< 6 months	30%	9,640.8	180.0	7 years	6.65%	2,137.0	39.9
Short-term operation with local bank	495.0	< 12 months	6.75%	1,789.6	33.4	7 years	6.25%	1,657.0	30.9
TOTAL	1,706.0			19,480.8	363.7			6,084.8	113.6

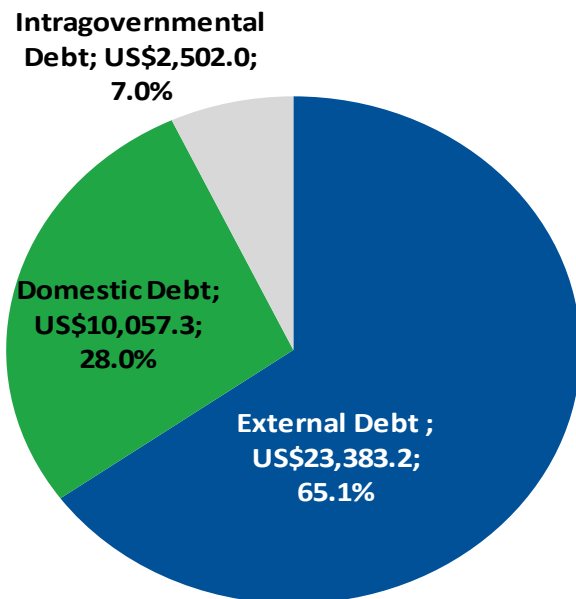
- NFPS debt increase of 1.4% of GDP at the end of 2019.

EVOLUTION OF THE NFPS DEBT

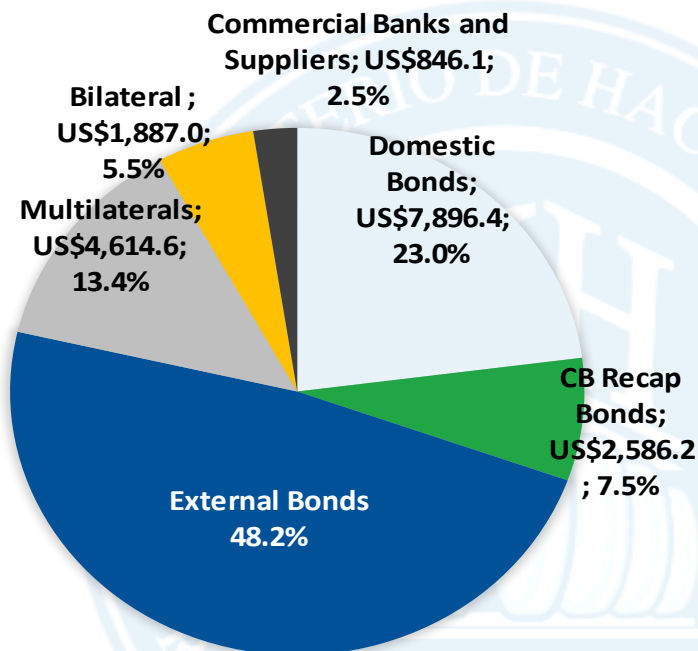
Of the total NFPS debt of US\$35,942.5 million, US\$23,383.2 million is external debt, US\$10,057.3 million is domestic and US\$2,502.0 million, intragovernmental debt.

On the other hand, the debt of the NFPS is composed of 31% and 46% of debt instruments in domestic and external bonds, respectively, while 13% is contracted with multilateral organizations and 5% with bilateral institutions, to name the main ones.

NFPS Debt Composition



Composition by Creditor Type





DEBT STRATEGY AND INDICATORS



Development of the Domestic Capital Market

Prioritization of fixed rate instruments in local currency. Reduction of exchange risk.
Creation of more liquid benchmark series with the use of re-openings.

Diversification of Financing Sources

- Access to different markets.
- Capital increase in multilateral organizations

Extending the Domestic and International Curves

- Increase the average maturity of the portfolio. Use of series of up to 10 and 15 years.

Bullet and Custom Repayment Profiles

- Maturity profile smoothening.

Liability Management Operations

- Reduce debt service.
- Re-structuring of the maturity profile

Indicators	Dec-18	Dec-19	Target
Exchange Rate Risk			
% FX Debt	74.8%	72.2%	77% ± 3%
Refinancing Risk			
% Short Term Debt	7.0%	4.4	≤12%
ATM Domestic Debt	6.6	6.8	7 ± 1 years
Interest Rate Risk			
% of debt that refixes rates within a year	20.3%	18.2%	17% ± 3%

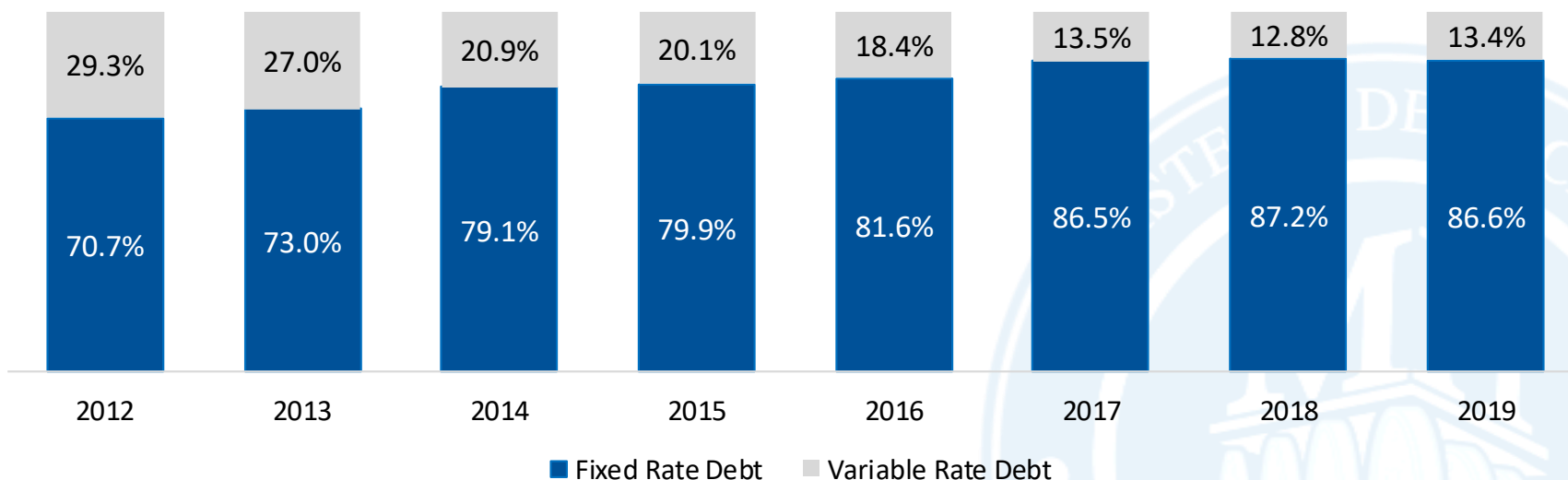
1 / The scope of the Debt Management Strategy does not include the bonds issued by the Central Government for the recapitalization of the Central Bank, since these instruments are not available for the new financing. These indicators therefore exclude such instruments.

Sources: Public Credit General Office
Note: Preliminary figures, subject to rectification

DEBT STRUCTURE: INTEREST TYPE

Interest rate risk has been reduced, with around 87% of total NFPS debt contracted at a fixed rates.

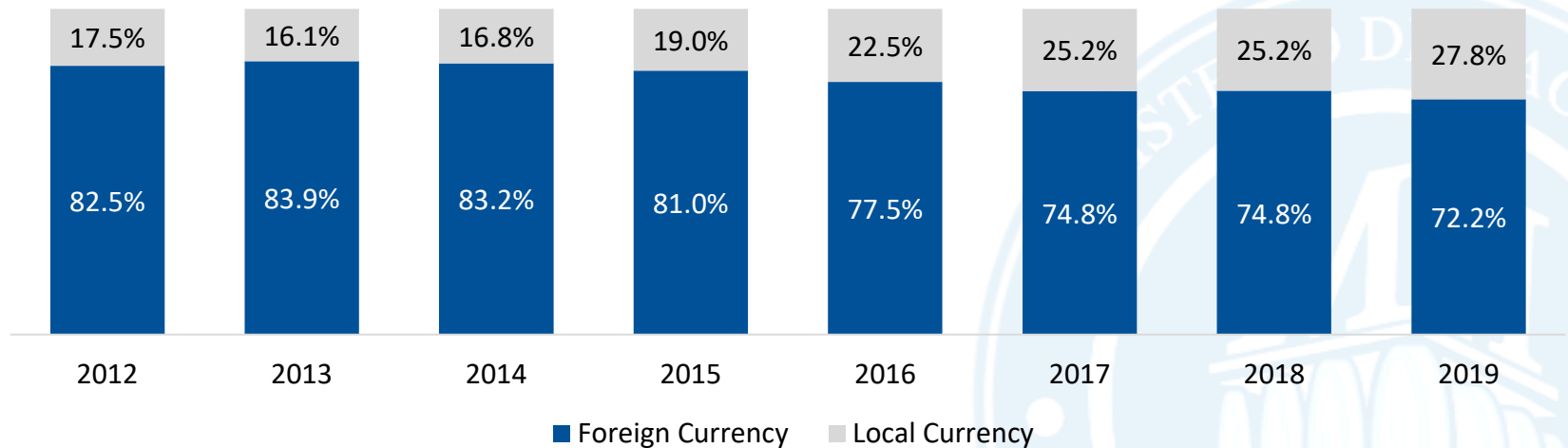
NFPS Debt by Interest Type



DEBT STRUCTURE: CURRENCY TYPE

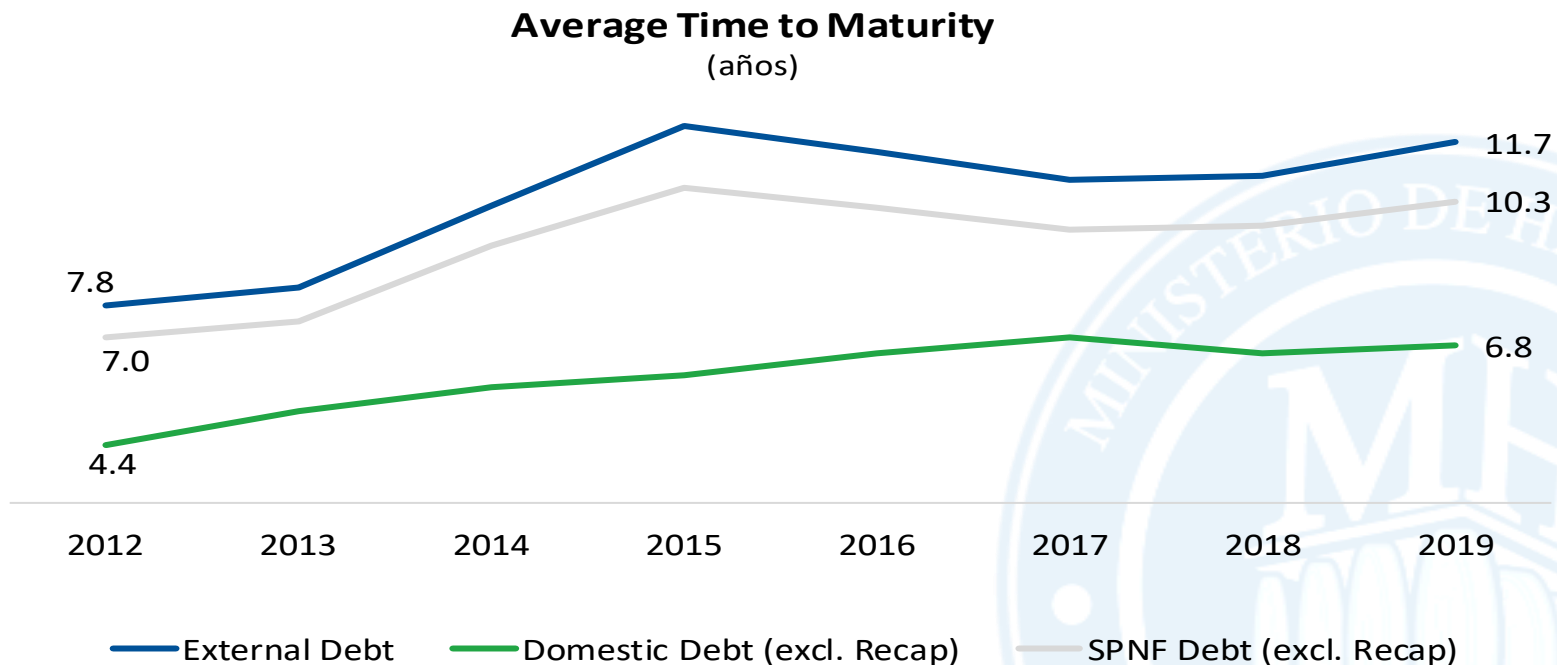
As a result of the implementation of the Debt Management Strategy, **the proportion of debt in local currency has increased**, thus contributing to the **reduction of risk in international financial markets and unexpected movements in the exchange rate.**

NFPS Debt by Currency Type



DEBT STRUCTURE: MATURITY

Given the prioritization of medium-long-term financing, it has been possible to extend the average term in which the NFPS debt repays, which as December 31st, 2019, is around 10 years.





CAPITAL MARKETS



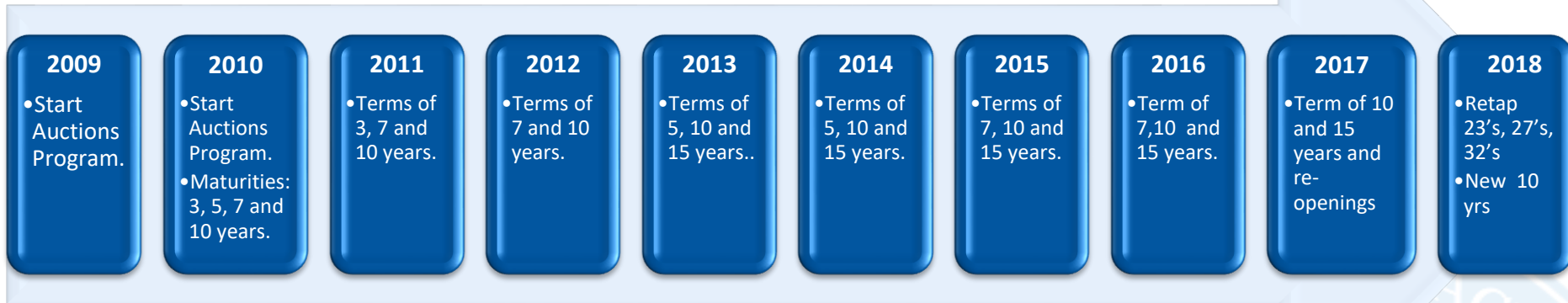


DOMESTIC AUCTION PROGRAM

March 2009
Multi-price
auctions.

Market Makers
Program

June 2015
Single Price
Auctions.



First Issuance at 7
and 10 Years

First issuance of
15 years

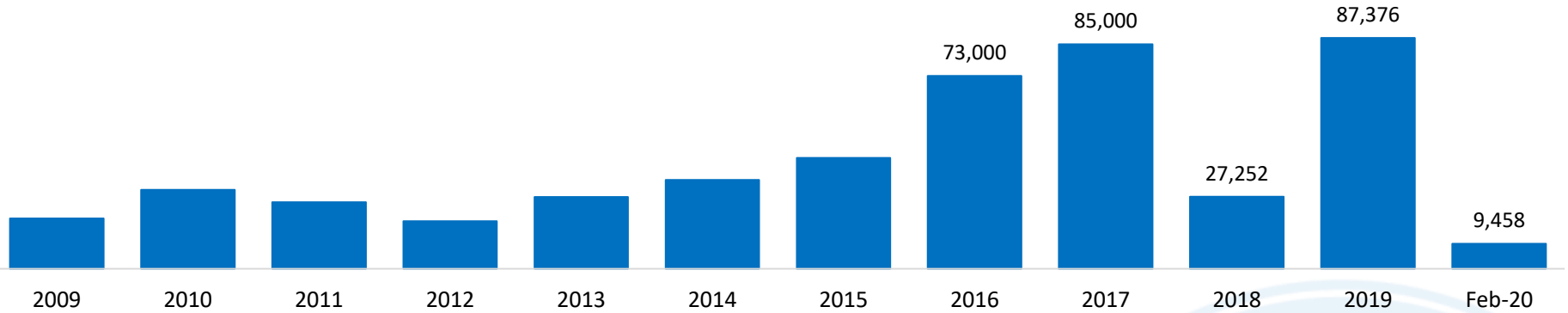
Lower Rates

- ❑ 2019: Issuances at 5,10 and 15 years for RD\$87,375.9 millions
- ❑ 2020: 10 years bonds for RD\$9,458.0 millions

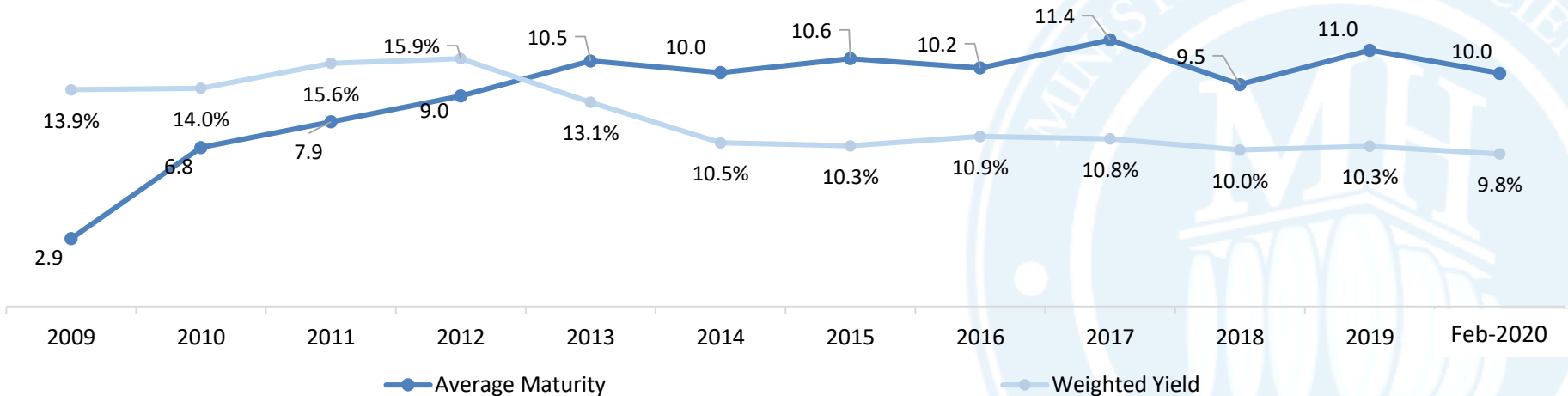


DOMESTIC CAPITAL MARKET

Domestic Bonds Issuances (million DOP)



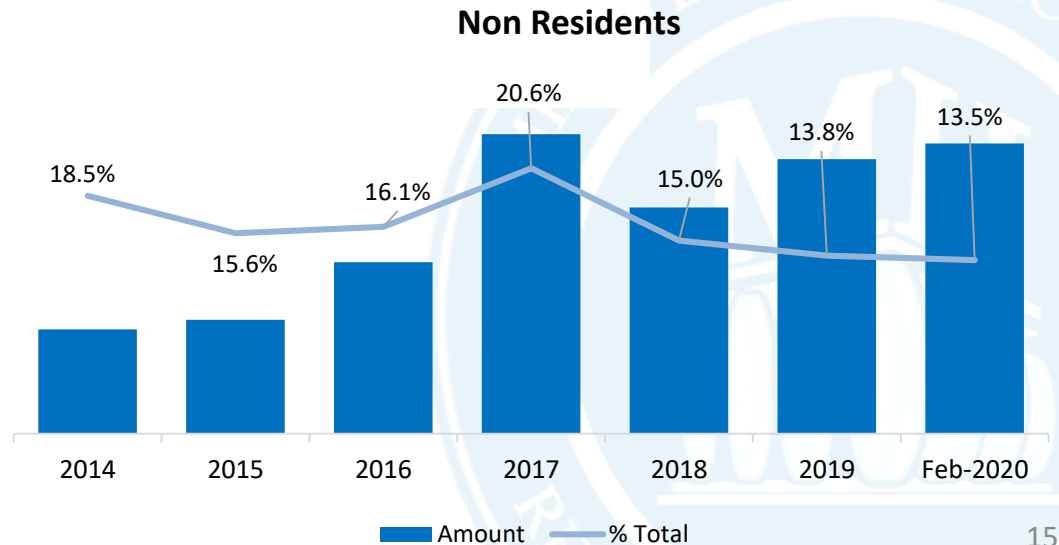
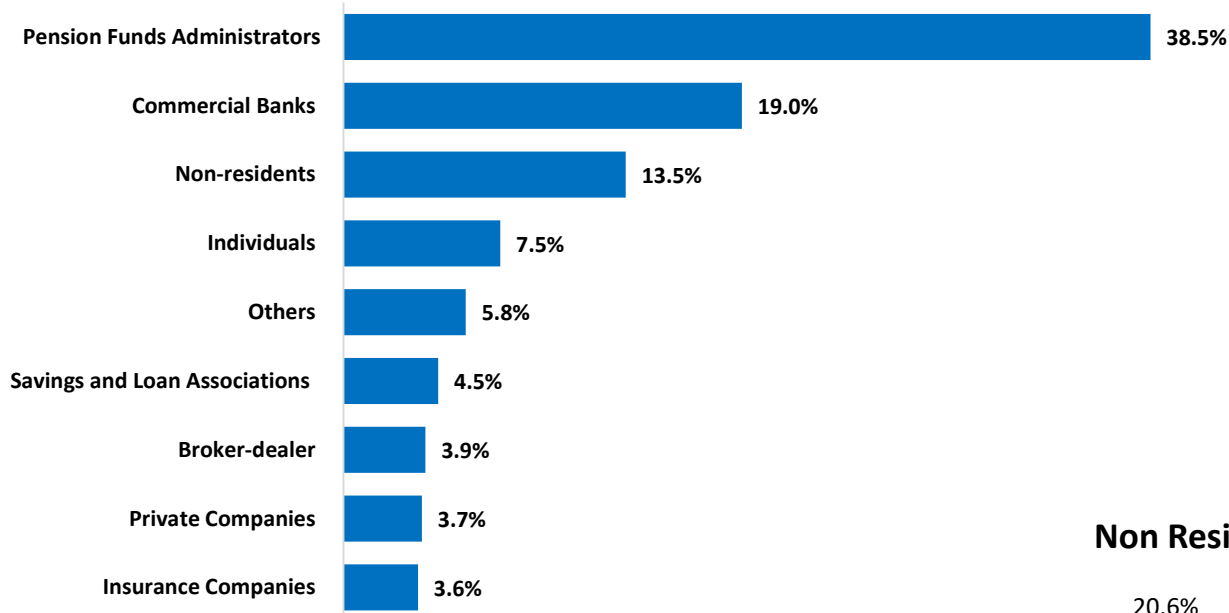
Average Maturity and Yield





DOMESTIC CAPITAL MARKET

Domestic Bonds Holders February 2020





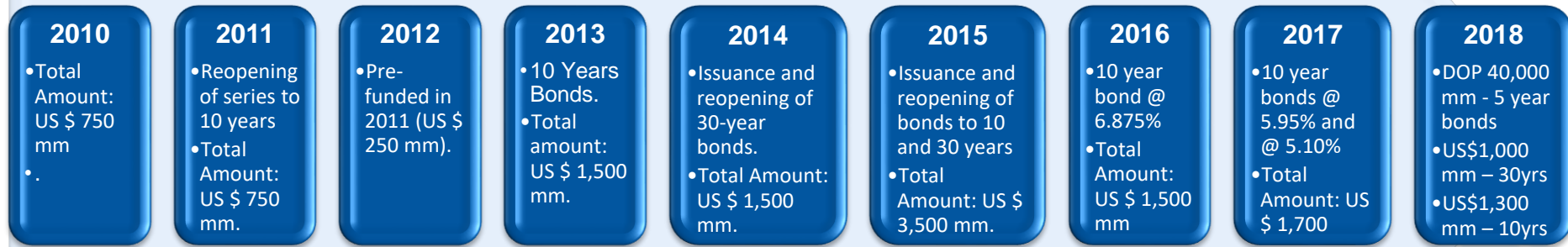
INTERNATIONAL ISSUANCES

10 Years Bonds
@ 7.5%.

10 Years Bonds
@ 5.875%
@ 6.60%.

30 Years
Issue @
6.85%.

First Issue in
DOP, @ 8.9%



- US\$ 500.0 MM @ 6.95%
- Pre-financing: US\$ 250.0 MM @ 6.875%

First Issuance at
30 años @7.45%.

10 Years Bonds
@ 5.5%

❑ 2019: First issuance of DOP 7-years, @9.75%; USD 30-years at the historic lowest rate @6.49%.

❑ 2020 : First USD 40-years, @5.875% and USD 10-years @4.5% at the historic lowest rate.

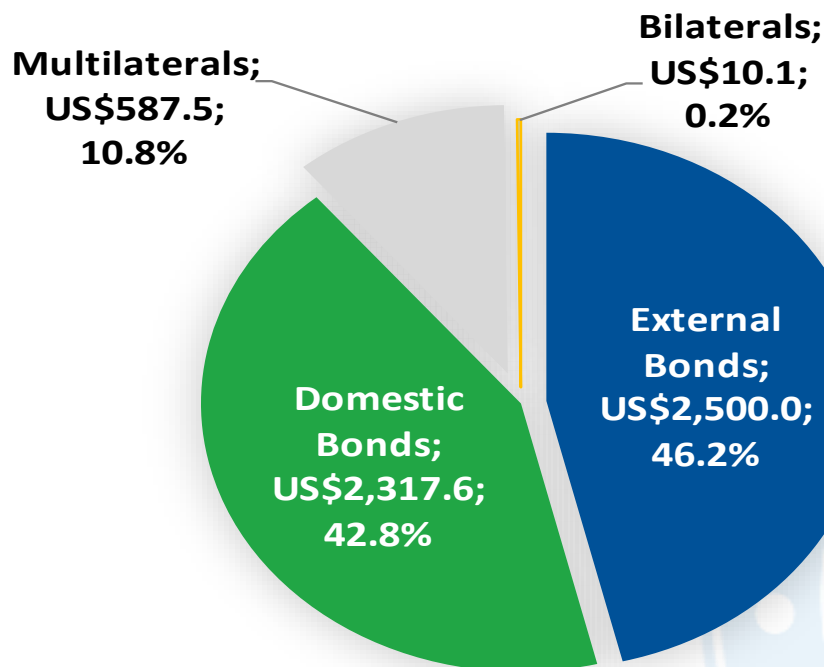


FINANCING



Total financing for 2019 amounted to US\$5,415.2 million. Of the total financing 50.2% was in DOP.

Financing Composition by Creditor Type



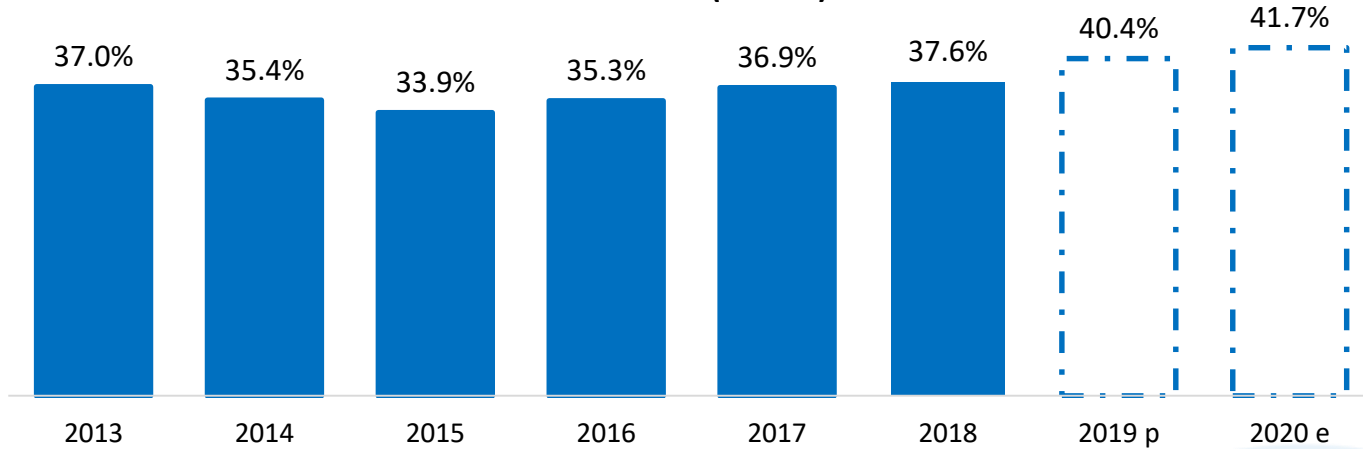


Figures in million and as percentage of GDP

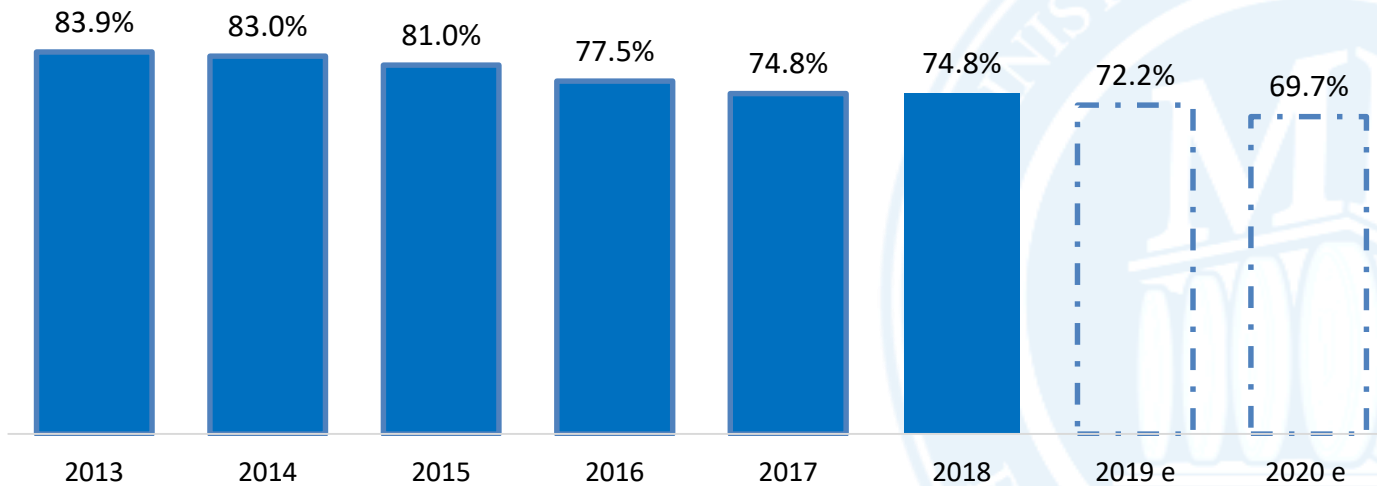
GROSS FINANCING NEEDS	2020 BUDGET		
	RD\$	US\$	% GDP
	246,295.8	4,598.5	5.0%
<i>I. Overall Balance</i>	<i>(110,251.0)</i>	<i>(2,058.5)</i>	<i>-2.2%</i>
<i>II. Financial Applications</i>	<i>136,044.8</i>	<i>2,540.0</i>	<i>2.8%</i>
FINANCING SOURCES (I + II)	246,295.8	4,598.5	5.0%
External Financing	159,983.7	2,987.0	3.3%
<i>Multilaterals, Bilaterals, Commercial Banks (Investment Projects)</i>	<i>24,102.0</i>	<i>450.0</i>	<i>0.5%</i>
<i>Global Bonds</i>	<i>107,120.0</i>	<i>2,000.0</i>	<i>2.2%</i>
<i>Budger Support</i>	<i>28,761.7</i>	<i>537.0</i>	<i>0.6%</i>
Bilaterals	10,712.0	200.0	0.2%
Multilaterals	18,049.7	337.0	0.4%
Domestic Debt	86,312.1	1,611.5	1.8%



Debt Stock (% GDP)



Foreign Currency Debt





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