

DOMINICAN REPUBLIC

Roadshow presentation | JUNE 2024



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Presenters



JOSE MANUEL VICENTE

Minister of Finance

Jochi Vicente has been Minister of Finance since August 2020. He has extensive experience as an economist, corporate finance specialist and corporate advisor. Mr. Vicente graduated Summa Cum Laude with a degree in Economics from Pontificia Universidad Católica Madre y Maestra and has an MBA from the Anderson Graduate School of Management at UCLA.

Mr. Vicente was a professor of Financial Management in the Masters degree program at Pontificia Universidad Católica Madre y Maestra and in Economics in the MBA program of Barna Business School.

As a representative of the private sector, Mr. Vicente has served as President of the Chamber of Commerce and Production of Santo Domingo and the National Association of Entrepreneurs (ANJE), as Treasurer of FINJUS, member of the Board of Directors of CONEP and advisor to the National Directorate of the Industrial Association of the Dominican Republic.



MARÍA JOSÉ MARTINEZ

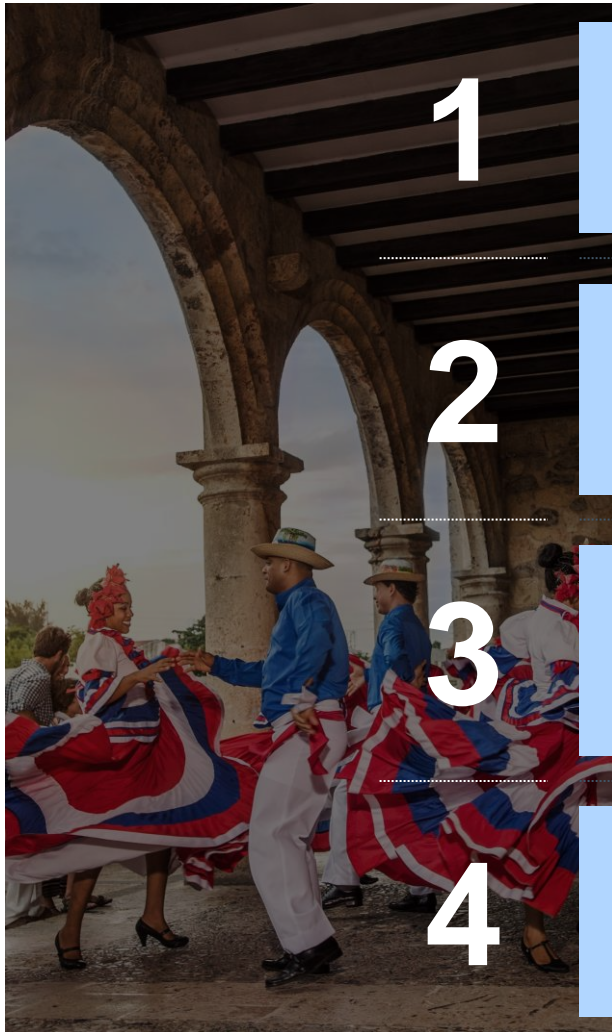
Public Credit Vice Minister

María José Martínez has been Vice Minister of Public Credit since August 2020. She is an economist with a concentration in Business Administration and Finance. Ms. Martínez graduated from New York University with a degree in Economics and Political Science, and earned an MBA from Columbia University.

Ms. Martínez has extensive experience in the financial sector, having served as the Director of Institutional Banking at Citibank in the Dominican Republic and as Vice President in the Latin America Public Sector group at Citibank in New York.

She also has ample experience in the public sector, having served as Program Official for the Economic Commission for Latin America and the Caribbean in Santiago, Chile, and as Program Manager in the Ministry of Economy, Planning and Development.

Agenda



Transaction Overview

The Road Ahead

Dominican Republic Investment Highlights


Overview of the Dominican Republic's Sustainable Bond Framework



1 Transaction Overview

Summary of the proposed USD and DOP Bond offerings

Concurrent 5-day tender offer of USD 5.500% Bonds due 2025 starting on Monday June 17th and expiring on Tuesday June 25th at 8:00am ET

Issuer:	Government of the Dominican Republic ("DomRep")		
Type:	Rule 144A / Regulation S		
Expected ratings:	Ba3 / BB / BB- (Moody's / S&P / Fitch)		
Payment frequency:	Semi-annual		
Governing Law	New York		
Expected listing:	Luxembourg Stock Exchange and traded on the Euro MTF Market		
Currency:	USD		DOP
Size ² :	\$750mm - \$800mm	\$750mm	Benchmark
Tenor:	Tap of 2031 ³ [Green] New 12-year		New 12-year
Use of Proceeds:	General corporate purposes and refinancing	The Republic intends to allocate an amount equal to the net proceeds to finance or refinance, in whole or in part, eligible green projects in line with the Republic's Green, Social and Sustainability Bond Framework.	General corporate purposes and refinancing
Optional Redemption:	Par Call; Make-Whole Call		Par Call
Minimum Denominations:	US\$150,000 and in integral multiples of US\$1,000		DOP8,000,000 and in integral multiples of DOP50,000 ¹
Joint-Bookrunners and Sustainable Structuring Agents:	 J.P.Morgan		



2 The Road Ahead

Long-term strategy committed to sustainable economic growth while developing a fiscal responsible agenda and political stability



With **57.4% of the votes** cast during first ballot, **Luis Abinader** was re-elected President for a second four-year term **ensuring continuity of the agenda**

Since assuming office in 2020, the Abinader administration has been implementing key initiatives and policies:

Further Diversification of the Economy

- Current administration began implementing a **plan for construction and upgrade of infrastructure in key sectors** of the economy through **Private Public Partnerships**
- In addition, introduced measures to promote growth in exports and modernize regulatory framework to increase industrial free zones
- **The country is well positioned to capture FDI related to nearshoring**

Reinforcement of State Institutions

- Reform of public institutions to **improve controls, enhance transparency and reduce corruption**
- Further enforcement of the judiciary, public bidding controls and contracting procedures

Streamline of the Public Sector

- **Elimination of superfluous public sector institutions**
 - Dissolvment of *Corporacion Dominicana de Empresas Electricas Estatales* (“CDEE”)
- Management reorganization of state-owned electricity distribution companies
- Measures to open state-owned electricity assets to private sector investment & to promote investment in renewable energy

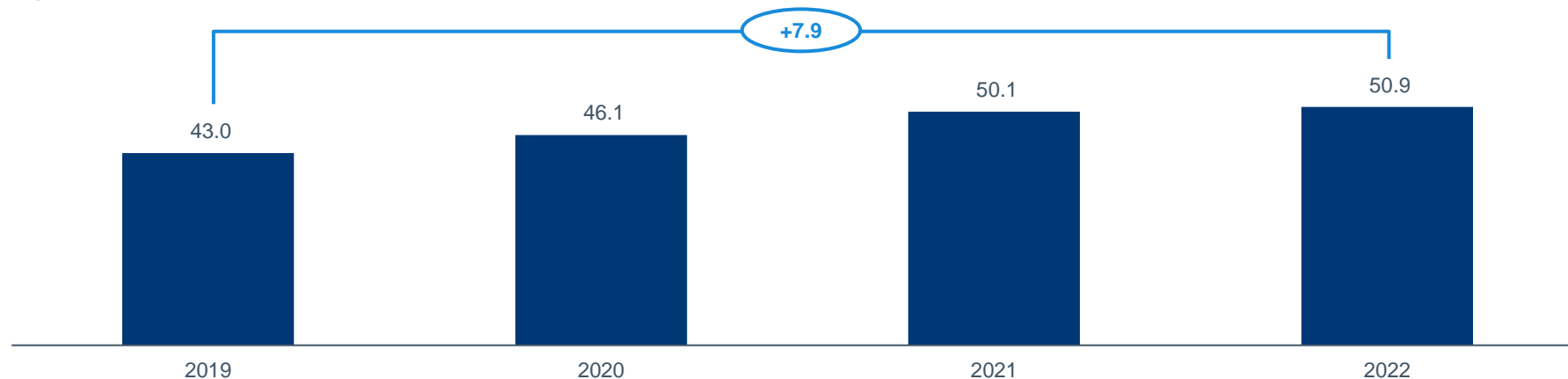
Fiscal Responsibility

- The Abinader administration is **carrying out a plan to achieve fiscal deficit by:**
 - Overall review of fiscal policy to improve control and quality of public expenditures
 - Active management of public sector debt
 - Simplification of Dominican Tax System to increase efficiency and tax collections

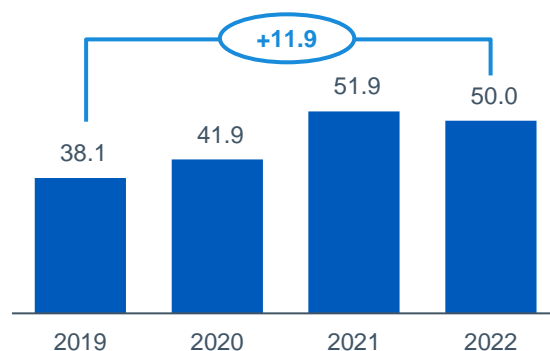
The Abinader administration has been highly focused on improving transparency and fighting corruption

STEADY IMPROVEMENT IN GOVERNANCE INDICATORS

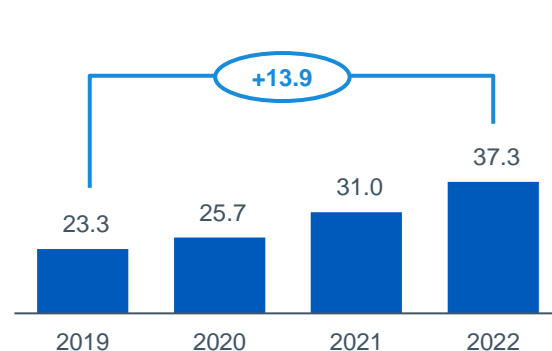
Average - World Governance Indicators¹



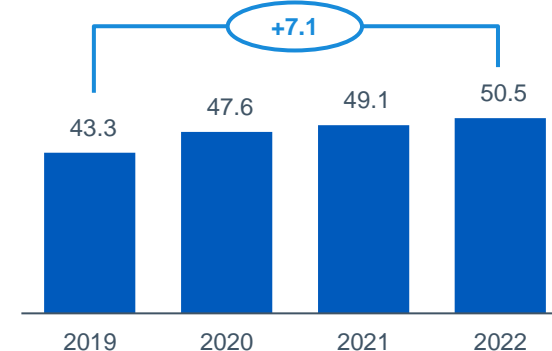
Government effectiveness



Control of Corruption



Rule of Law



Sources: World Governance Indicators

¹ Average of the Dominican Republic's percentile rank for the components of the World Governance Indicators, which include the following categories: Control of Corruption, Government Effectiveness, Political Stability and Absence of Violence/Terrorism, Regulatory Quality, Rule of Law, Voice and Accountability



3 Dominican Republic Investment Highlights

Investment highlights

1



Economic leader among regional peers with robust public finance

2



Resilient and diversified economy

3



Efficient and credible monetary policy

4



Track record of successful fiscal consolidation and commitment to fiscal discipline

5

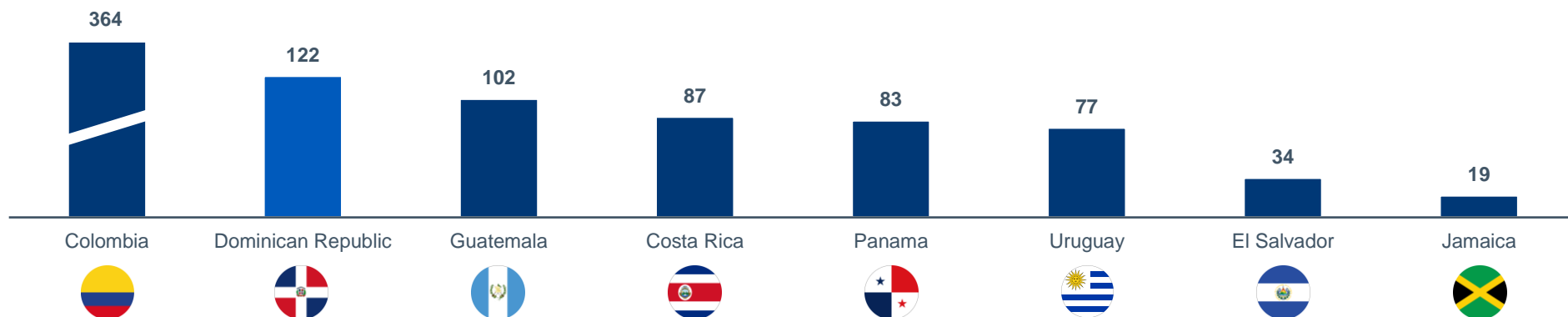


Proactive debt management & diversified funding base

Economic leader among regional peers with robust public finance

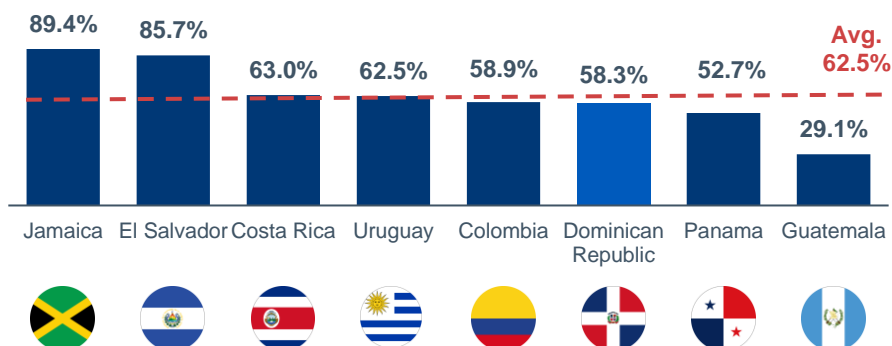
NOMINAL GDP (US\$BN)¹

As of December 2023



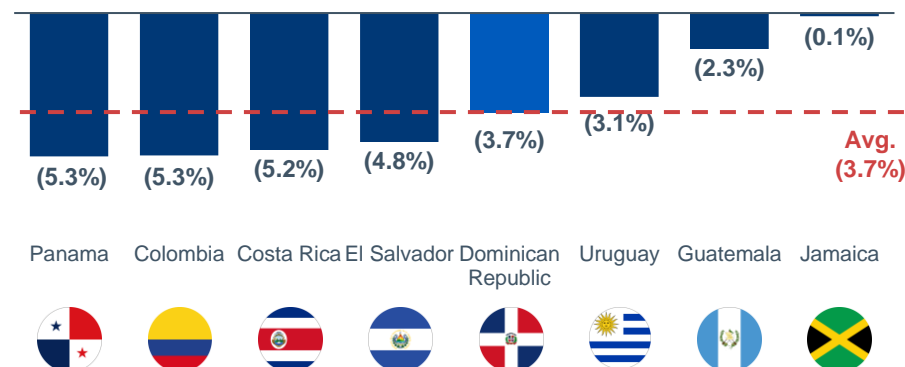
PUBLIC SECTOR DEBT (% OF GDP)¹

■ 2019-2023 Average



FISCAL DEFICIT (% OF GDP)¹

■ 2019-2023 Average



Sources: International Monetary Fund World Economic Outlook (April 2024) and Dominican Republic's Ministry of Finance

¹ Data for Dominican Republic is sourced from Ministry of Finance. For the rest of the countries data is sourced from IMF's April 2024 World Economic Outlook publication

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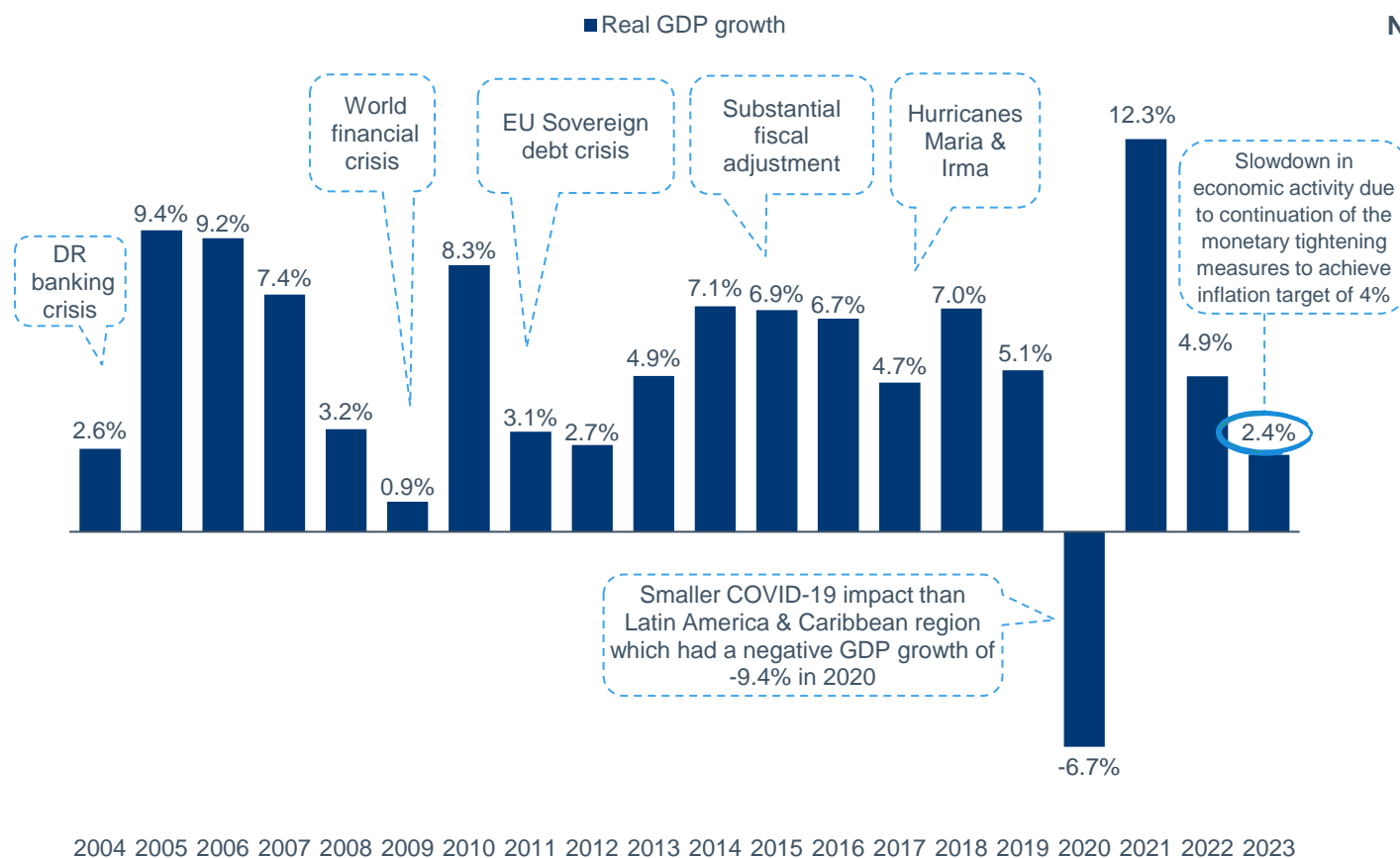
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Proactive debt management & diversified funding base

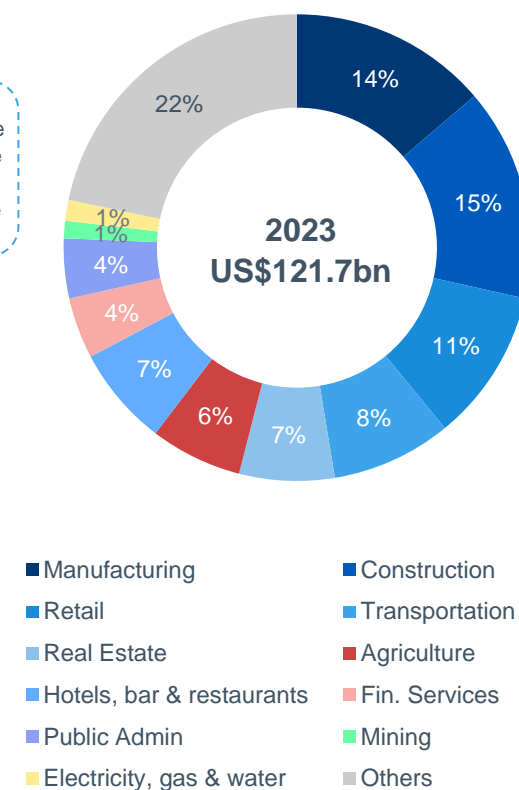
Resilient and diversified economy, outpacing its peers and poised to reach its potential...

RESILIENT GDP PERFORMANCE DESPITE DOMESTIC AND EXTERNAL SHOCKS



DIVERSIFIED ECONOMY

Nominal GDP breakdown



Track record of economic dynamism and resilience driven by high levels of remittances, robust performance of free trade zone exports bolstered by high gold prices, successful tourism growth, and reduced dependency on imported oil

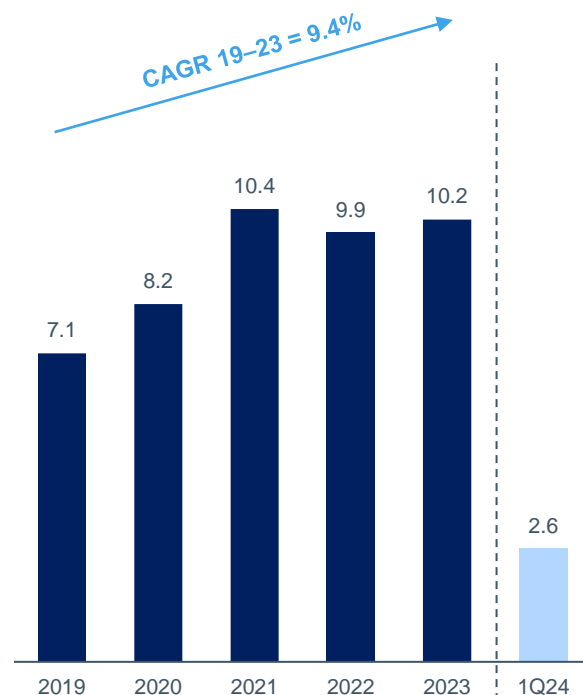
Sources: Dominican Republic's Ministry of Finance. Dominican Republic Real GDP growth figures are calculated using constant prices as of 2007

...with an external sector that continues to exhibit its robustness

REMITTANCES (US\$BN)

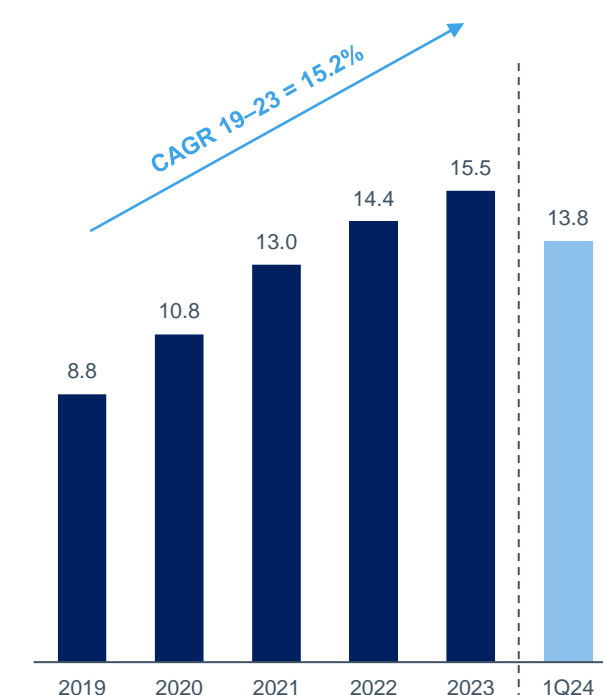
In **1Q24**, remittances grew **6.2% YoY** mainly given the strong performance of the labor market in the U.S.

 **84.7%** of formal remittances inflows come from the U.S.






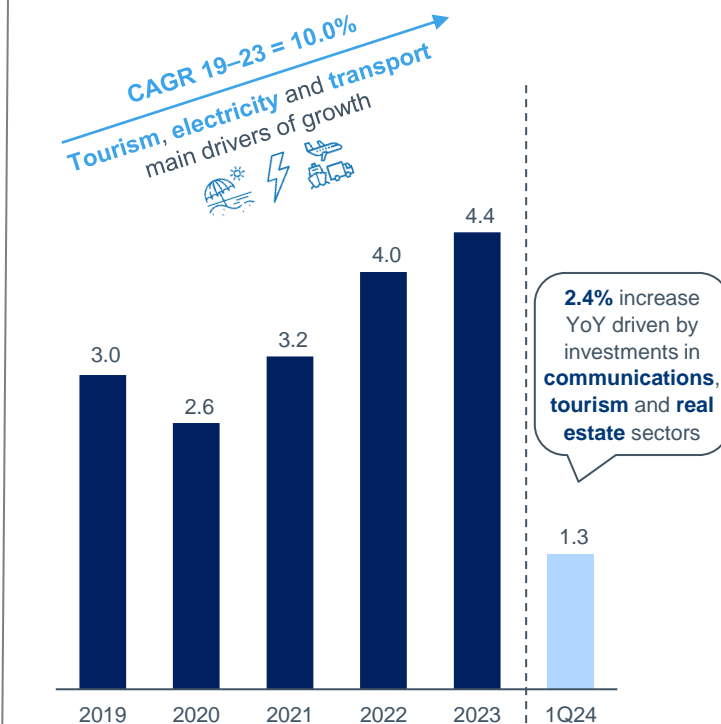
NET INTERNATIONAL RESERVES (US\$BN)

International reserves at year end 2023 reached **US\$15.5bn**. This represents **12.9% of GDP** and **5.8 months of imports**



FOREIGN DIRECT INVESTMENT (US\$BN)

   U.S., Mexico and Spain **among the top 3 countries** of origin for FDI in the last 5 years



Sources: Dominican Republic's Central Bank and Ministry of Finance

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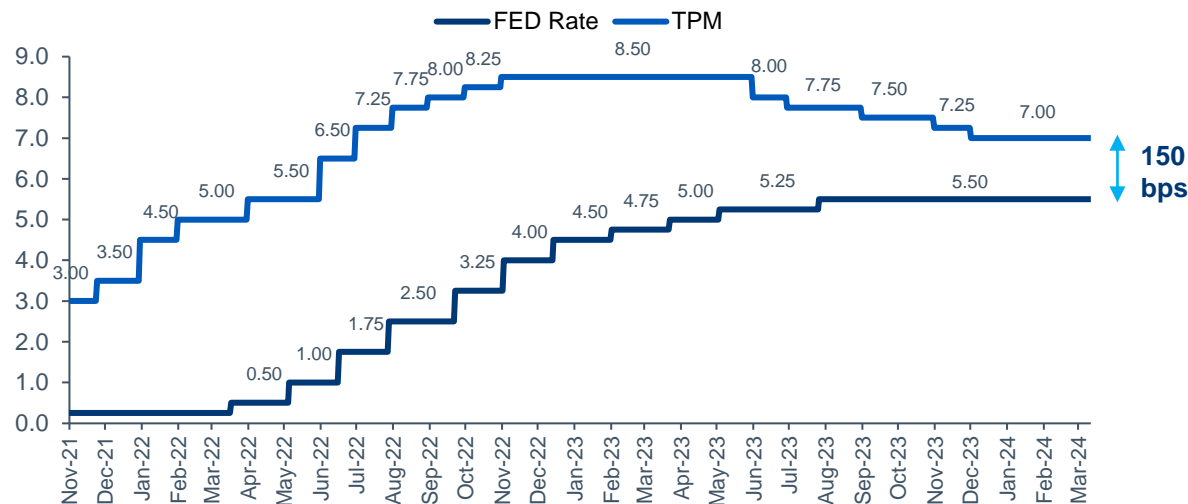
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Proactive debt management & diversified funding base

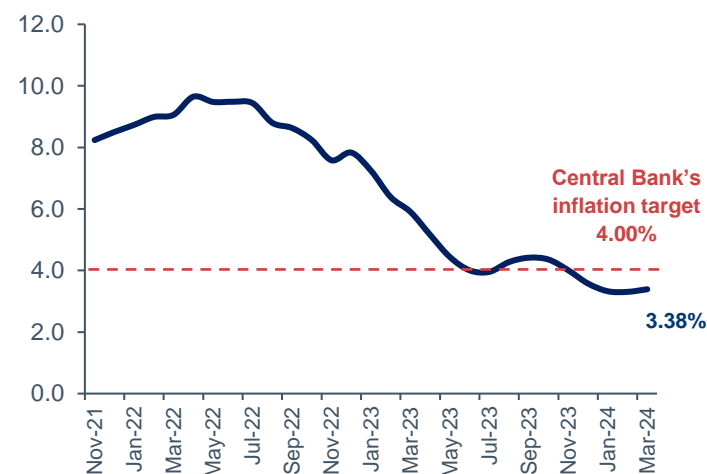
Effective and credible monetary policy as noted by the return to inflation targets faster than peers

MONETARY POLICY RATE (%)



Since December 1st, 2023, the Central Bank has maintained the **Monetary Policy Rate (TPM)** at **7.00%**. The measures adopted take into consideration the recent evolution of the international environment, the performance of the Dominican economy and the central bank's inflation targets.

INFLATION RATE (%)



The consumer price index (CPI) reported a monthly variation of 0.3% in Mar 2024

ANNUALIZED INFLATION - LATIN AMERICA¹

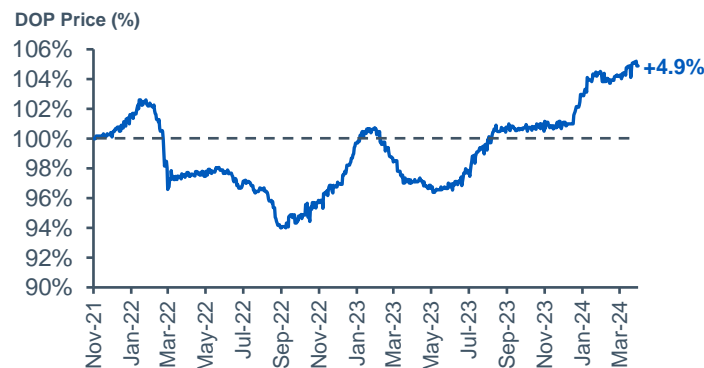
Excluding dollarized economies, March 2024 (%)



The Dominican Republic had one of the lowest inflation rates in the region

DOP PERFORMANCE²

(100% indexed to November 1st, 2021)



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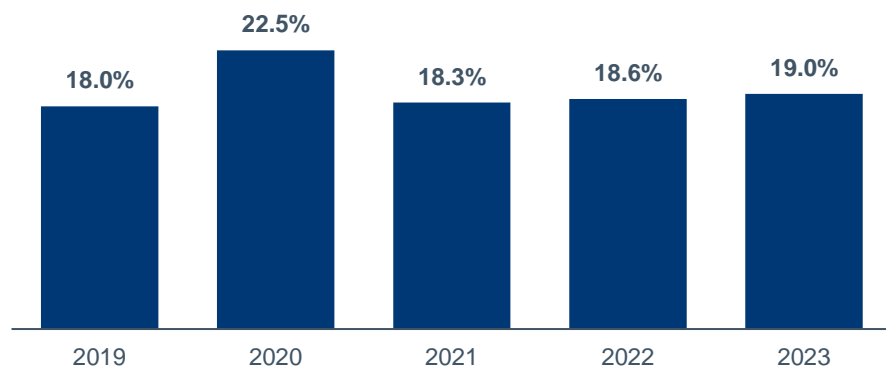
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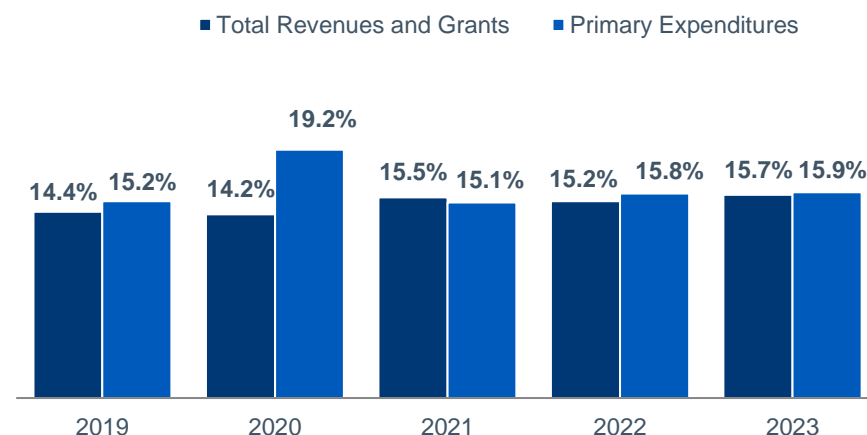
Proactive debt management & diversified funding base

Track record of successful fiscal consolidation and commitment to fiscal discipline

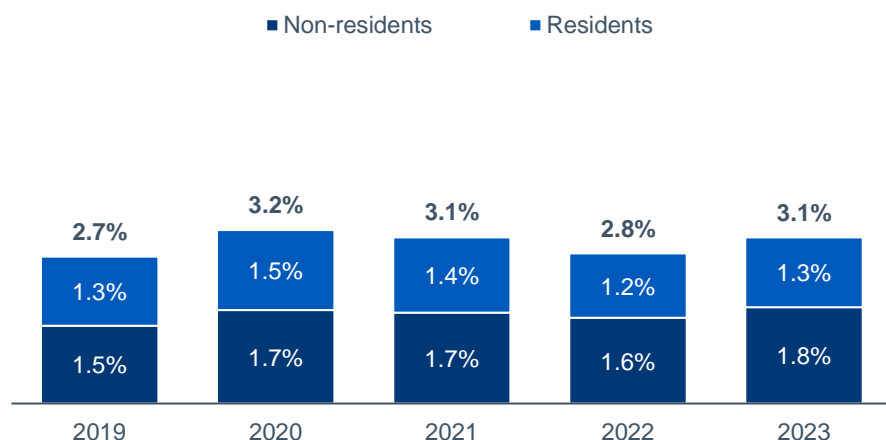
BUDGETARY GOVERNMENT EXPENDITURE (% OF GDP)



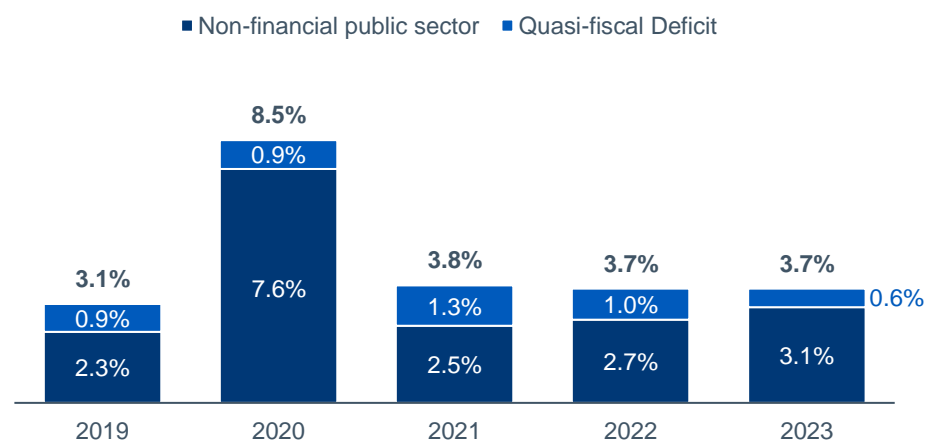
CENTRAL GOVERNMENT PRIMARY BALANCE (% OF GDP)



CENTRAL GOVERNMENT INTEREST BURDEN (% OF GDP)



PUBLIC SECTOR DEFICIT (% OF GDP)



Source: Dominican Republic's Ministry of Finance

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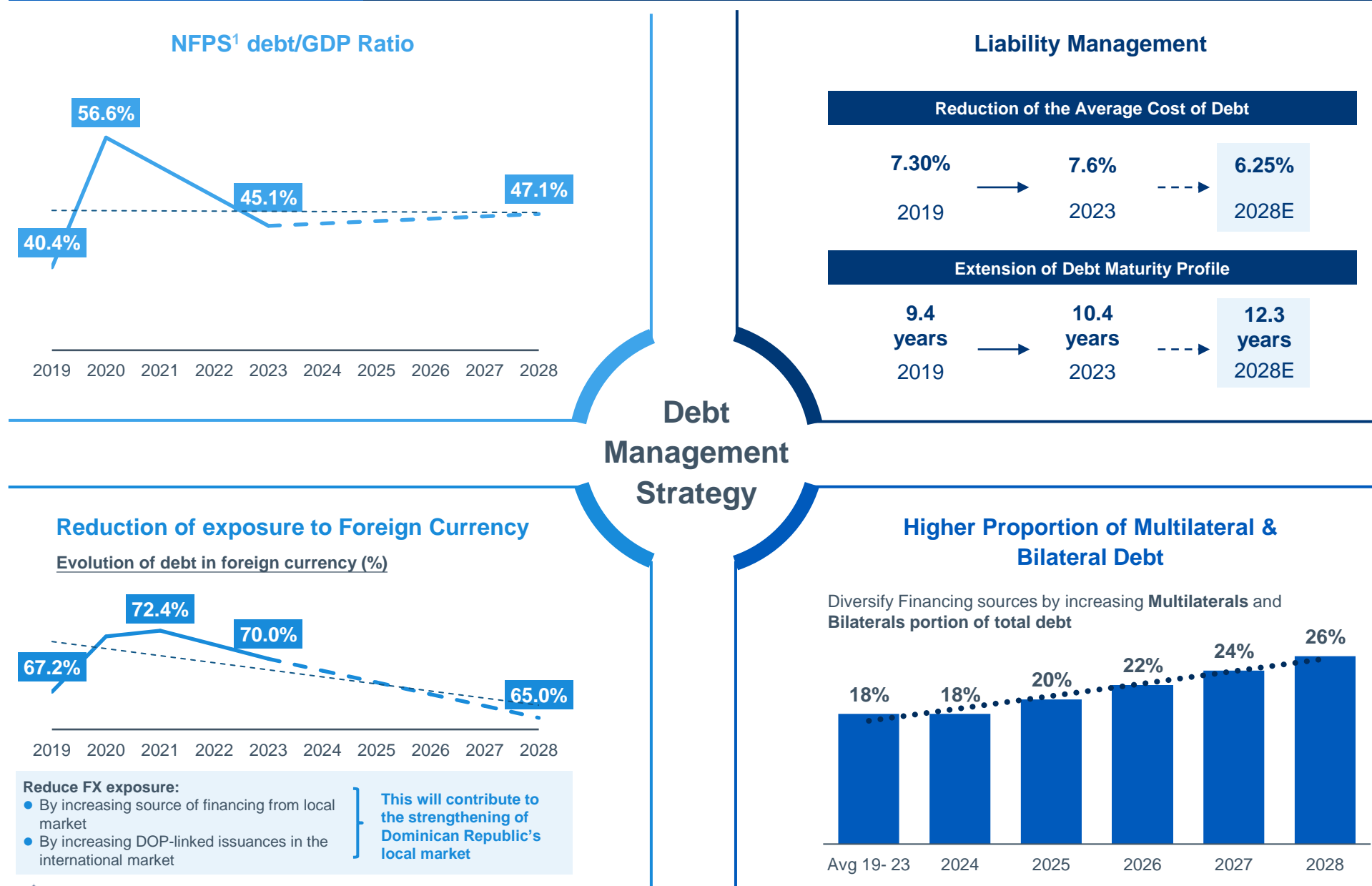
Track record of successful fiscal consolidation and commitment to fiscal discipline

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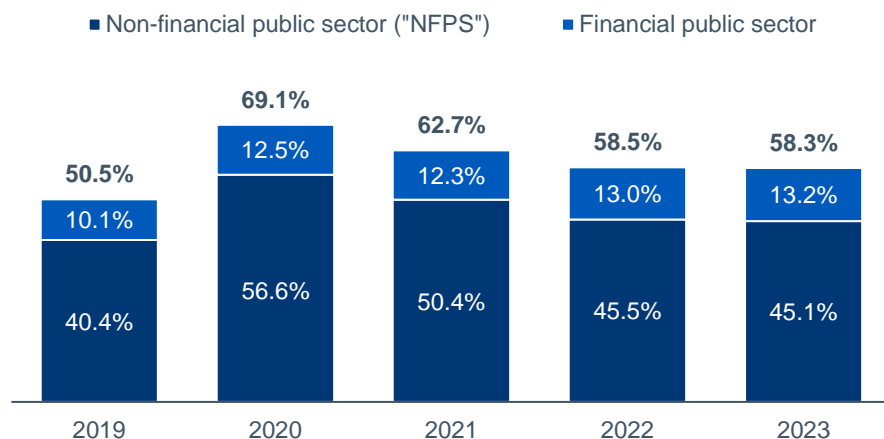
**Proactive debt management
& diversified funding base**

Commitment to a proactive debt management strategy

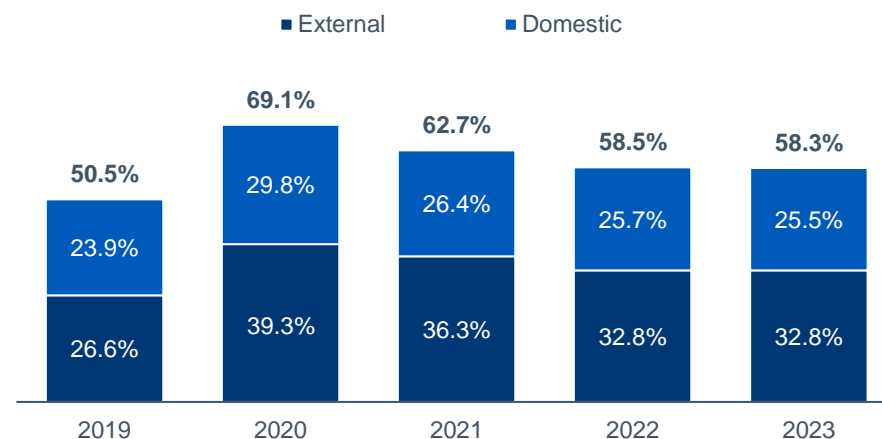


Diversified long-term funding base

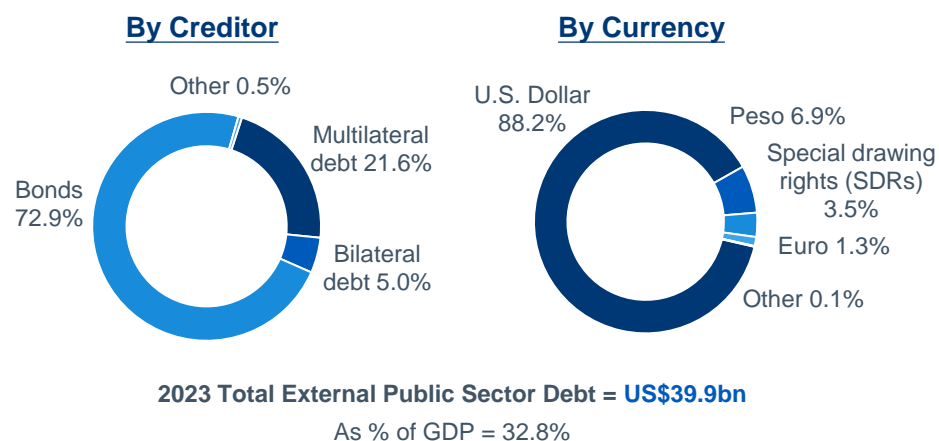
CONSOLIDATED PUBLIC SECTOR DEBT (% OF GDP)



CONSOLIDATED PUBLIC SECTOR DEBT (% OF GDP)



CONSOLIDATED EXTERNAL PUBLIC SECTOR DEBT BREAKDOWN



INTERNATIONAL BONDS MATURITY PROFILE¹



Source: Dominican Republic's Ministry of Finance
¹ Maturity Profile based on Bloomberg as of June 12th, 2024



4 Overview of the Dominican Republic's Sustainable Bond Framework

The Dominican Republic has developed a Framework for the issuance of green, social and sustainability bonds

The Framework is available on the Republic's Public Credit website¹

This Framework establishes the obligations that the Republic will comply with as an issuer for any Sovereign Green, Social and Sustainability Bonds

- Green, Social and Sustainability bonds will allow the country to capture funds to finance, or refinance, in whole or in part, budget programs and projects that generate positive environmental and/or social impacts based on the strategy for the fulfillment of the Sustainable Development Goals and the Paris Agreement
- The Republic commits to:
 - Transparently and responsibly allocate an amount equal to the net proceeds of any Green, Social or Sustainability Bond to Eligible Expenses
 - Publish Allocation and Impact Reports until an amount equal to the net proceeds are allocated in full

Eligible expenses in the Framework include:

- ✓ Tangible capital expenditure (infrastructure, equipment, technology, land and energy);
- ✓ Intangible assets (research and innovation, human capital and organization);
- ✓ Tax expenditures and subsidies
- ✓ Transfers in support of local governments, public agencies, private or public companies, educational and research institutions, households and individuals;

Look-Back Period

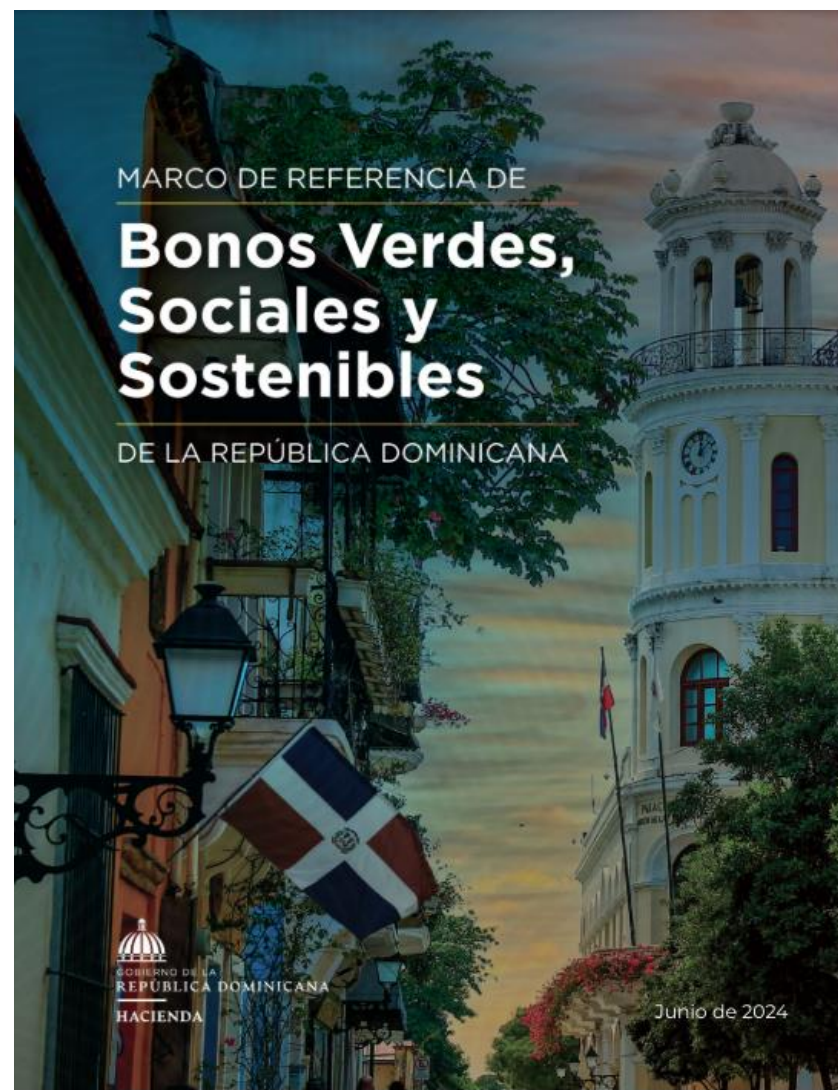
Current Period

Look-Forward Period

- | | | |
|--|--|---|
| <ul style="list-style-type: none">• Expenses incurred within the past 2 Fiscal Years | <ul style="list-style-type: none">• Expenses incurred in current Fiscal Year | <ul style="list-style-type: none">• Expenses to be incurred in the next 2 Fiscal Years• The Republic intends to allocate at least 50% of net proceeds to Current and to Future Expenses |
|--|--|---|

Alignment with Market Principles

This Framework follows internationally accepted voluntary best practice guidelines for transparency, disclosure and integrity:



The Dominican Republic has obtained an SPO from S&P

The Second Party Opinion is available on the Republic's Public Credit website¹

S&P Global Ratings

Powered by **Shades of Green**

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

The Dominican Republic's Green, Social, And Sustainable Bond Framework

June 17, 2024

Location: The Dominican Republic

Sector: Sovereign

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

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Strengths

The Framework's eligible expenditures align well with the Dominican Republic's Nationally Determined Contributions (NDCs). The financing is oriented toward the most material sources of GHG emissions. The 27% reduction target by 2030 entails the acceleration of energy sector's transition, promotion of electric transport, improvements in waste management standards, and enhanced carbon sinks through better agriculture and land use.

The exclusion list prevents financing of fossil-fuel based activities and associated value chain and infrastructure. This mitigates emissions lock-in risks.

The government has pledged to increase to 30% its protected areas by 2030, in line with the 30x30 global conservation commitment. Forest cover in the Dominican Republic has increased from less than 12% of the country in mid-1960s to 46% as of 2015. Several factors have contributed to forest recovery, including the establishment of the National System of Protected Areas, and the implementation of government-sponsored reforestation programs, which this Framework supports.

Weaknesses

No weakness to report.

Areas to watch

Expected economic growth and fossil-fuel reliance may pose risks to the country's decarbonization targets for 2030. The current energy matrix of the country is mainly derived from fossil-fuel sources, which could compromise the environmental benefit of electrifying Dominican Republic's economy.

The Dominican Republic faces high physical climate risk that could materialize in the intensification of hurricanes, storms, floods, and droughts. Between 1960 and 2017, direct and indirect losses caused by natural catastrophes in the country were estimated at \$8.6 billion. This highlights the importance of climate change adaptation projects to remediate future economic and human losses, as well as social projects for disaster recovery.

The broad scope of the Framework and numerous project categories create some uncertainty when it comes to the specific future projects that will be eligible under the Framework. Several project categories, including sustainable waste management and sustainable water and wastewater management, have a more broadly defined criteria and lack a specific energy efficiency threshold to determine eligibility.

The Dominican Republic has obtained a Second Party Opinion (SPO) by S&P who has provided an opinion on the environmental and social benefits of the Republic's Framework as well as its alignment with the four core components of ICMA's Green, Social and Sustainability Bond Principles.


- ✓ All of the Framework's environmental project categories are shaded in green and all social project categories are considered aligned by S&P
- ✓ The eligible green project categories aim to address the Dominican Republic's material sustainability factors, aligned with its NDCs
- ✓ The National Development Strategy seeks to comply with the UN's Sustainable Development Goals (SDGs) integrating the implementation of environmental adaptation and mitigation actions, while prioritizing vulnerable population groups
- ✓ The projects under the Framework support the country's overall climate and environmental strategy, targeting its climate transition and heavy dependence on hydrocarbons.


- S&P is of the opinion that the Framework intends to contribute to the achievement of the following SDGs by the Republic:




The Republic intends to issue a Green Bond for its inaugural thematic bond

ELIGIBLE GREEN CATEGORIES IN FRAMEWORK:


 Low Carbon Transport

 Renewable Energy

 Climate Change Adaption

 Natural resources, use of soils and protected marine areas

 Conservation of Terrestrial and Aquatic Biodiversity

 Efficient and resilient management of water and wastewater

 Sustainable Waste Management

 Green Buildings

 Energy Efficiency

INDICATIVE SUMMARY OF CORE GREEN EXPENDITURES FOR ALLOCATION IN DOMINICAN REPUBLIC'S INAUGURAL GREEN BOND (ELIGIBLE EXPENDITURES FOR FISCAL YEARS 2022 – 2026)



Low Carbon Transport

Clean urban public transport without direct emissions, including:

- Light rail trains (e.g. monorails)
- Metros
- Trams, electric buses
- Railways



Efficient and resilient management of water and wastewater

- Construction and improvements to sanitation, drainage and irrigation systems
- Rehabilitation of ravines and relocation of homes in vulnerable areas surrounding the ravines
- Rehabilitation, improvement and expansion of sanitary sewer coverage



Renewable Energy

Tax incentives to encourage the use and commercialization of renewable energy sources, including:

- Photovoltaic Solar Energy
- Wind power
- Hydroelectric power (under 25 MW)

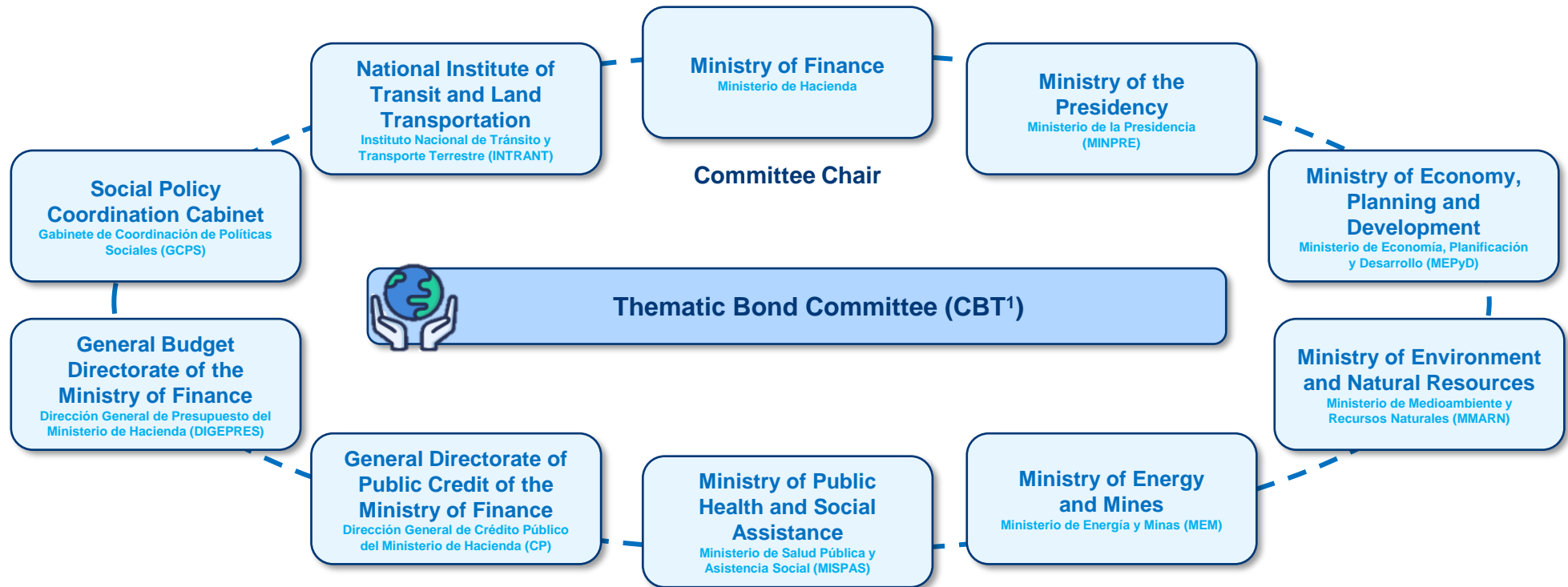


Natural resources, use of soils and protected marine areas

- Sustainable agriculture
- Conservation, restoration and sustainable management of watersheds



The CBT is a permanent collegiate body whose main objective is to ensure coherence, coordination and proper implementation of any green, social or sustainability bonds issued under the Framework

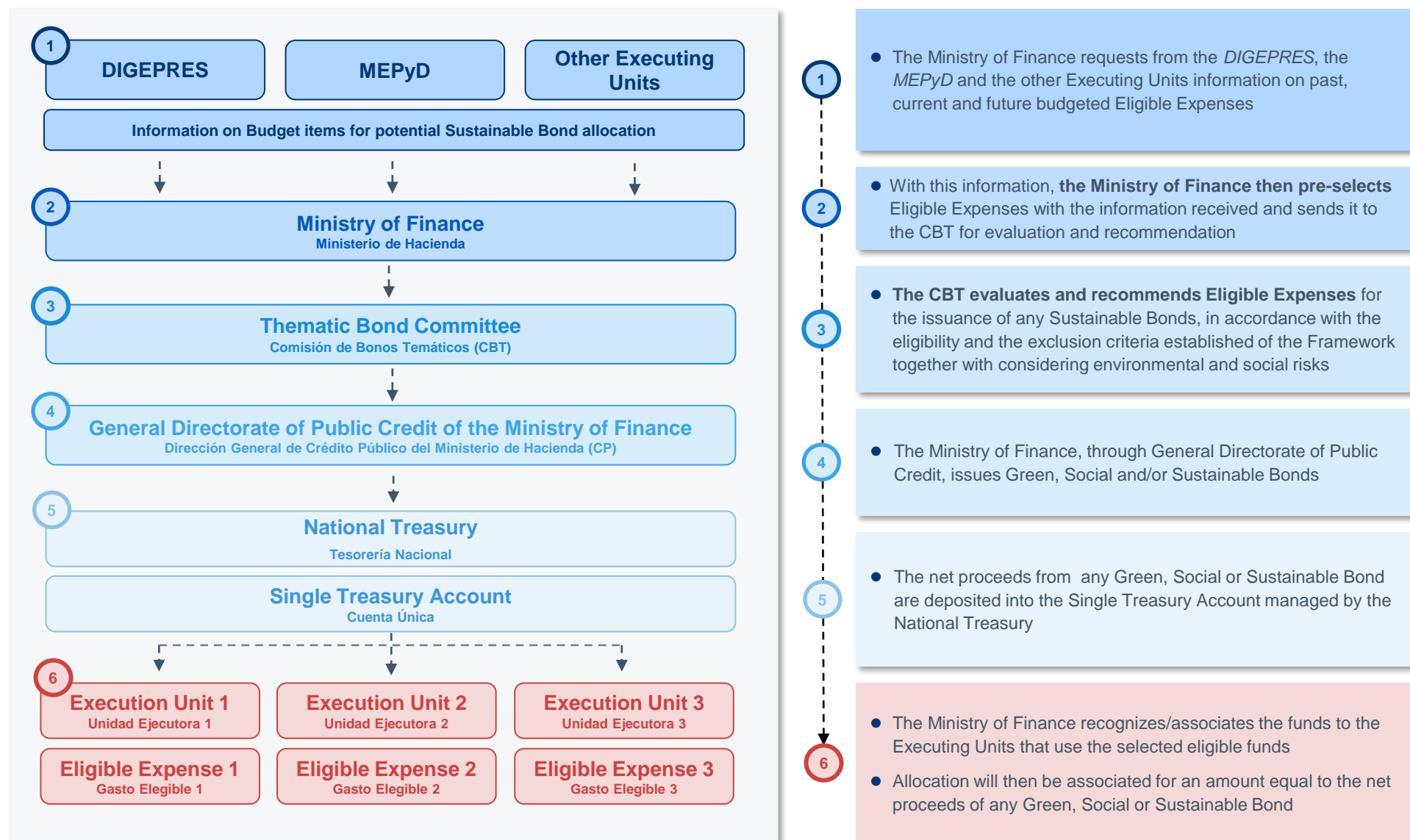


Responsibilities of the CBT:

- ✓ Evaluate and present recommendations for the Framework and the portfolio of Eligible Expenditures that will be used for the issuance of thematic bonds;
- ✓ Verify that the expenses included in the portfolio comply with (i) the established eligibility criteria;
- ✓ Support the external review process of the Framework and portfolio of Eligible Expenditures, including the timely response to information requirements and queries from regulators, external verifiers and investors; and
- ✓ Evaluate and present to the Ministry of Finance recommendations on the association and impact reports and other documents resulting from the issuance of thematic sovereign public bonds provided for in the Framework and provide the necessary information for their preparation

¹ Comisión de Bonos Temáticos was established via Decreto No. 204-24

The Republic has established a comprehensive and transparent process for the evaluation and selection of eligible expenses



Annual Reporting and External Verification Commitments

Allocation Report

The Allocation Report will be published annually until an equal amount of the net proceeds from any issuance of any green, social and/or sustainable bonds are fully allocated and will include:

- ✓ Description of Eligible Expenses in each category and a breakdown of associated funds by Eligible Expense category;
- ✓ A breakdown of associated funds by fiscal year (Recent Expenses or Current Expenses);
- ✓ The remaining balance of funds not yet allocated, if applicable;
- ✓ Percentage of co-financing per Eligible Expense, if applicable.

Impact Report

The Ministry of Finance, in coordination with the other entities that make up the CBT, will prepare a report on the results and expected and/or current impact of the green and/or social expenses associated with the bond issues carried out under the Framework.

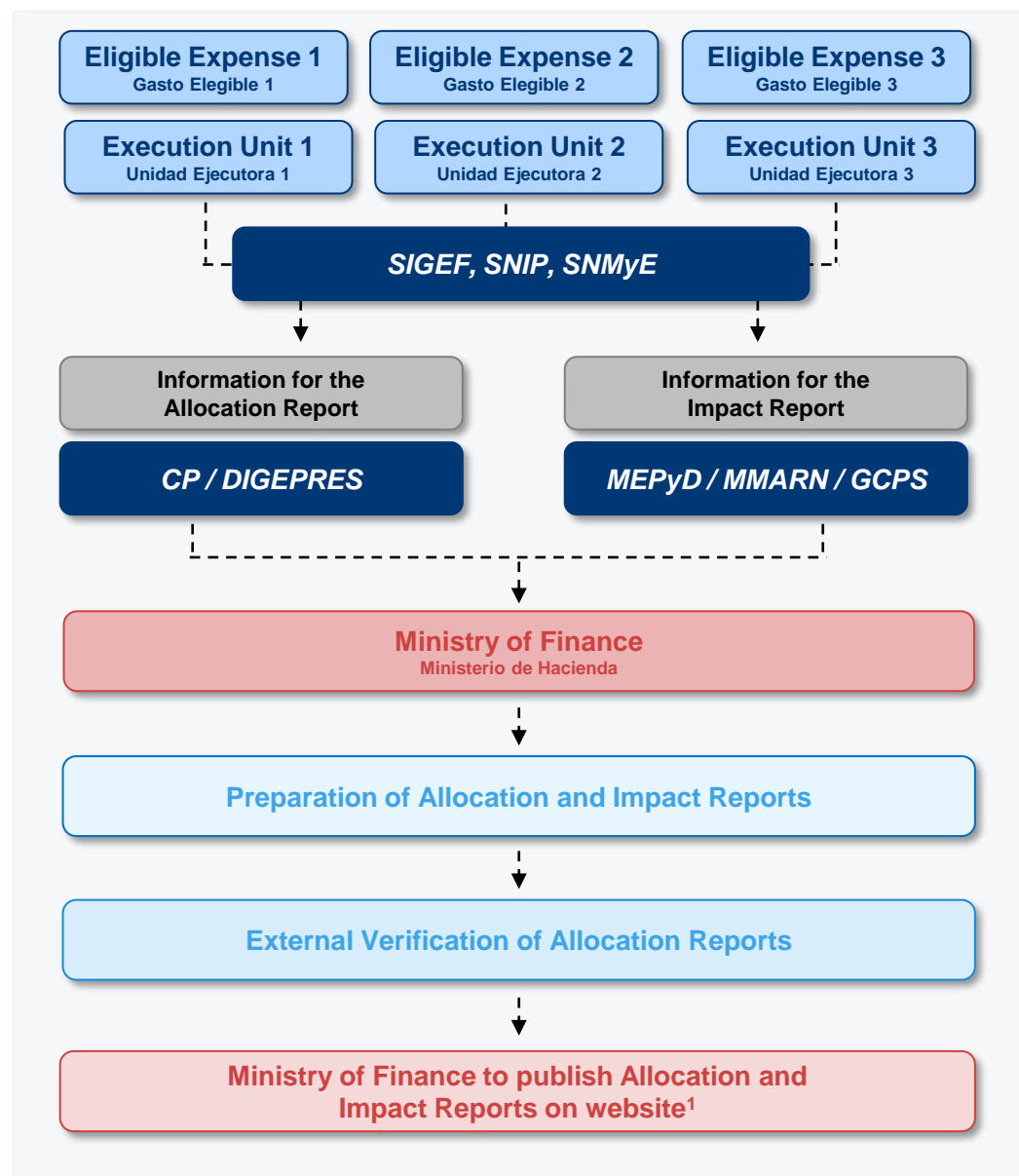
The report will include:

- ✓ Expected and/or current impact of eligible expenses;
- ✓ Evolution of qualitative result indicators, and quantitative measurement of the impact of eligible expenses (as far as possible);
- ✓ Assumptions and calculation methodology used to prepare the reported indicators

The Impact Report will be published annually from the year following the fiscal year of the issuance until the allocation of all the net proceeds received from the issue of the bond.

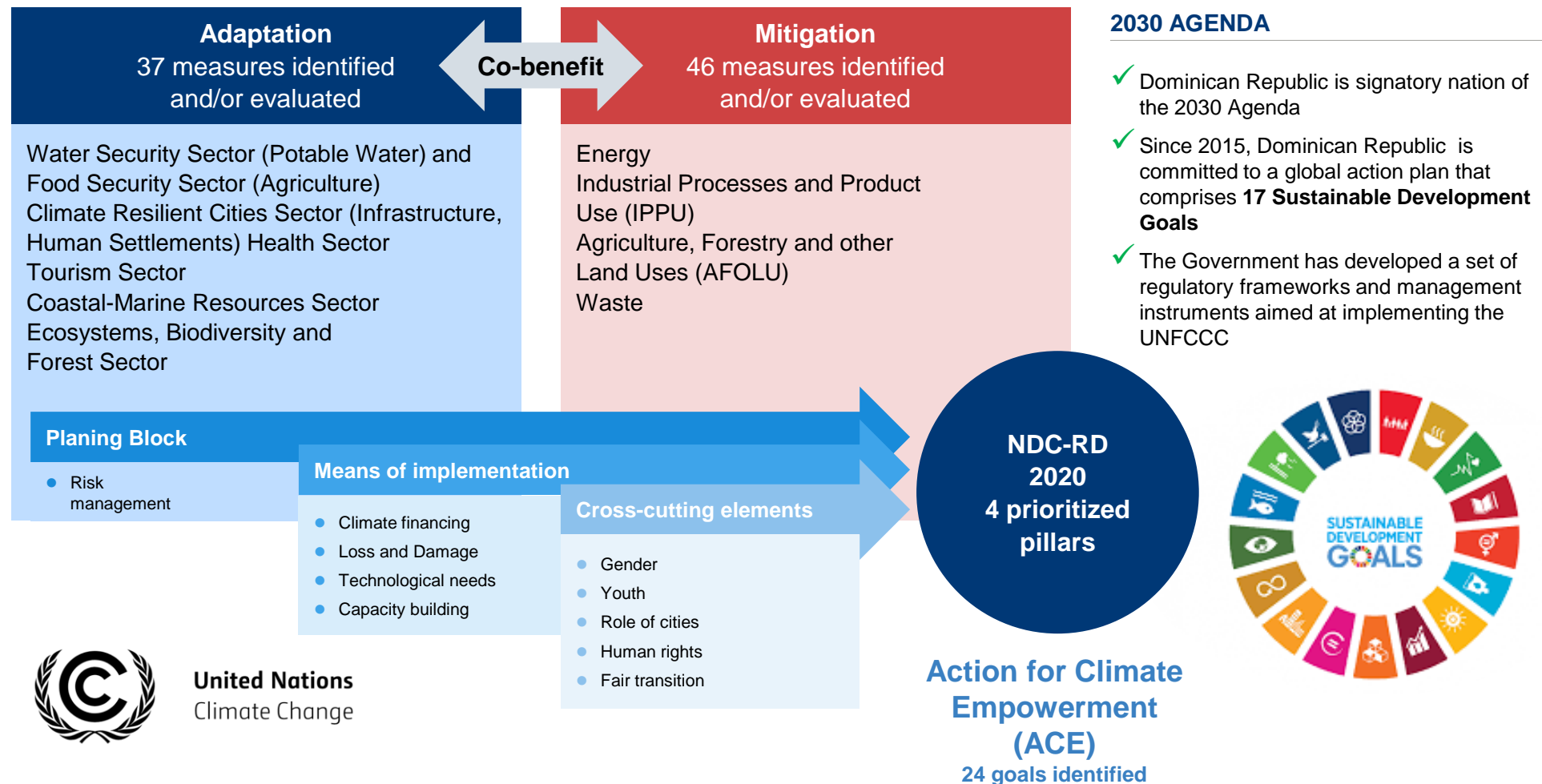
External Verification:

The Allocation Report will be accompanied by a verification from a qualified and independent third party



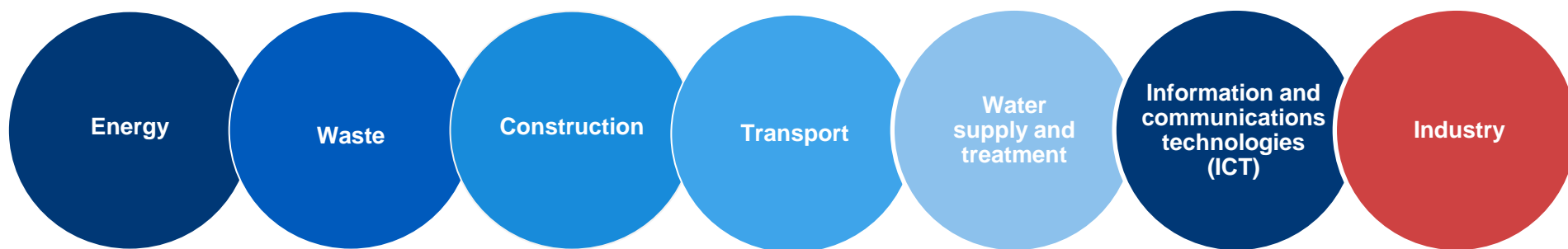
In 2020, the Dominican Republic updated its NDC in which it committed to a 27% reduction in GHG emissions by 2030 versus the BaU Scenario

The Government intends to allocate an equal amount of the net proceeds of the Green Bond to finance or refinance, in whole or in part, green projects that enable the achievement of country's medium and long term decarbonization targets



The Dominican Republic's Green Taxonomy identifies and prioritizes seven economic sectors

The Taxonomy's objective is to identify investments, economic activities and assets that promote the mobilization of financial flows with a significant impact on the achievement of the environmental and climate change objectives of the nation



The Dominican Government, together with the International Finance Corporation (IFC) has recently published the national Green Taxonomy.

- ✓ The seven sectors were identified based on their relevance to the Dominican context and the materiality of their contribution to the fulfillment of environmental objectives: i) climate change mitigation, ii) adaptation to climate change; iii) water and water resources, iv) ecosystems and biodiversity; v) pollution prevention; and vi) circular economy.
- ✓ These environmental objectives draw on international green taxonomies to ensure coherence and comparability in the global climate effort, but eligibility criteria, compliance thresholds and no significant harm criteria are aligned with commitments, strategies and policies that are relevant to the Dominican national context.