



Sovereign Credit Profile of the Dominican Republic

Opportunities and challenges after the upgrade to Ba2

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What were the drivers of the upgrade to Ba2?

What supports the rating at Ba2 – key credit strengths and challenges

What is Moody's monitoring going forward?

Peer comparisons

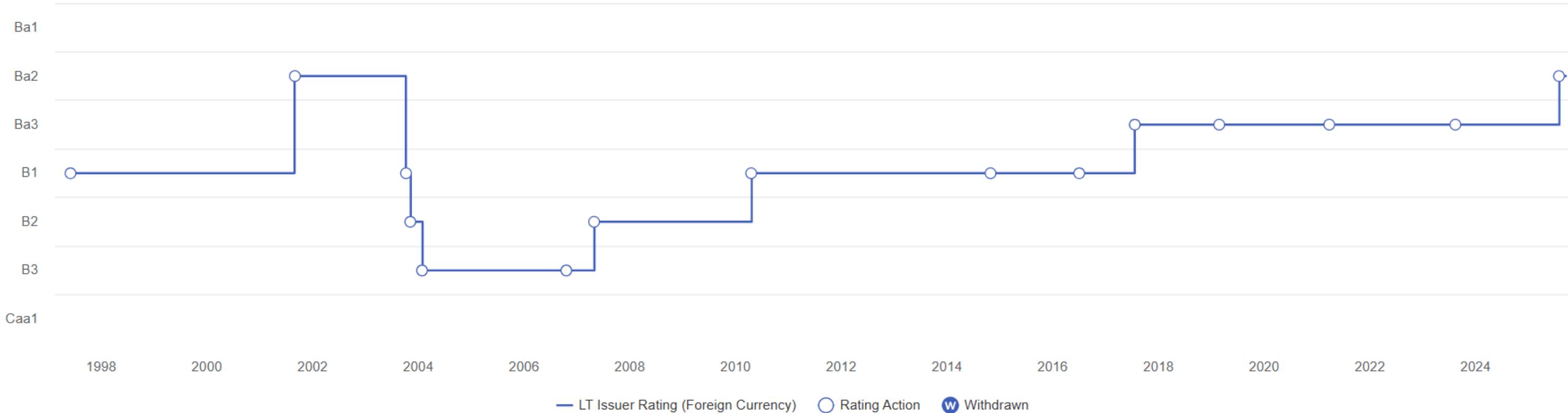
1. What were the drivers of the upgrade to Ba2?

Moody's upgraded the Dominican Republic's sovereign rating to Ba2 stable from Ba3 positive last month to reflect our view that:

- The **sovereign credit profile has strengthened materially**, driven by a combination of sustained high long-term growth rates that boost income levels and ongoing diversification across sectors, along with a significant strengthening of the country's institutional framework.
- **High, sustained economic growth rates**, which have averaged around 5% annually over the past 15 years, and a **marked rise in per capita income levels**, are the result of a track record of macroeconomic stability, structural reforms and **economic diversification**.
- **Institutions have strengthened**, reflected in both the quality of legislative and executive institutions and the strength of civil society and the judiciary.

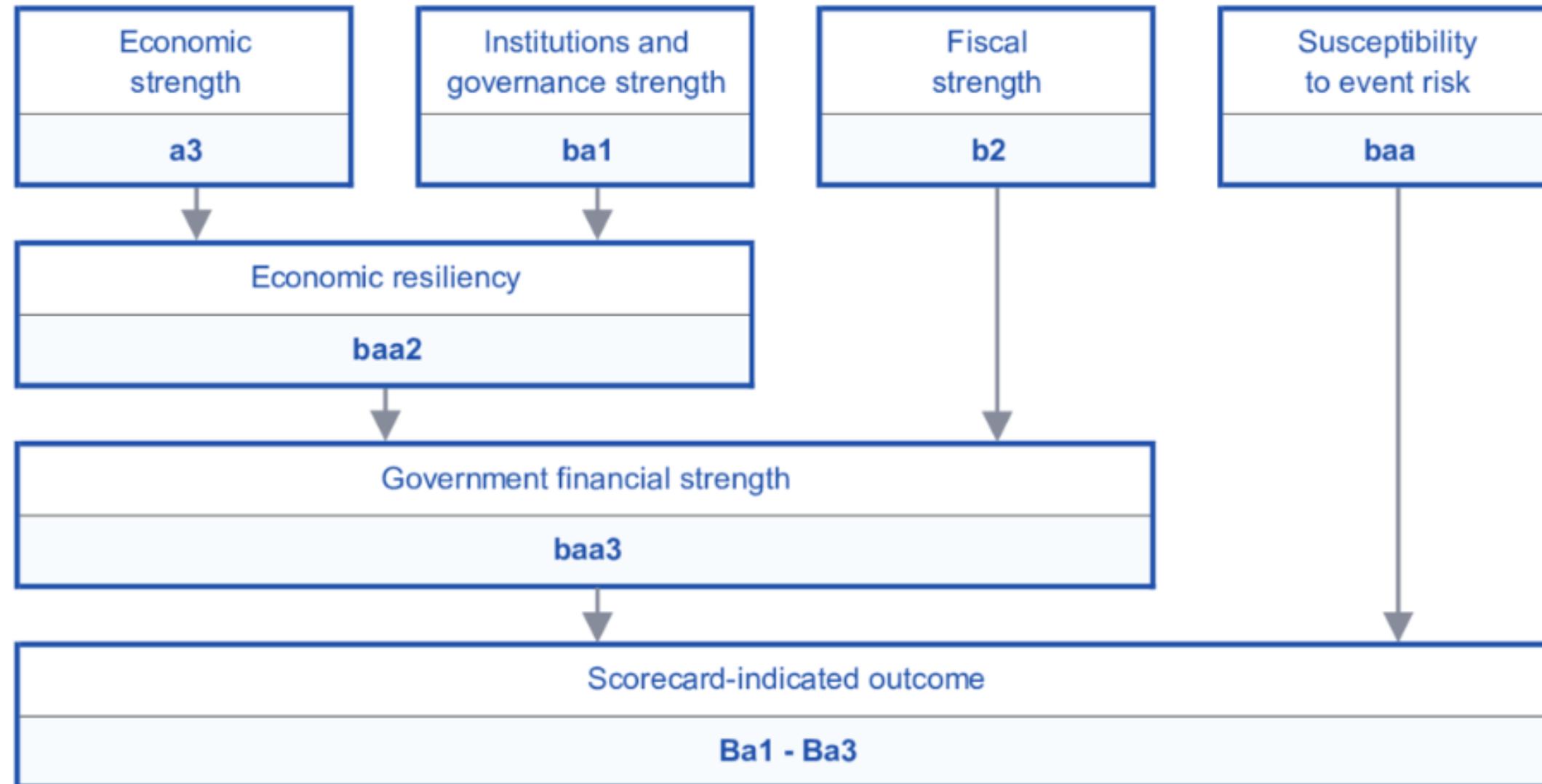
2. What supports the rating at Ba2 – key credit strengths and challenges

History of the Dominican Republic's sovereign credit rating



Source: Moody's Ratings

Dominican Republic's Ba2 credit profile is determined by four key factors



Source: Moody's Ratings

Dominican Republic's main credit strengths and challenges

Credit strengths:

- Sustained real GDP growth of 5% over a 15-year period
- Track record of political stability and relatively low external vulnerability risk
- Favorable debt maturity profile and proven market access in times of turmoil

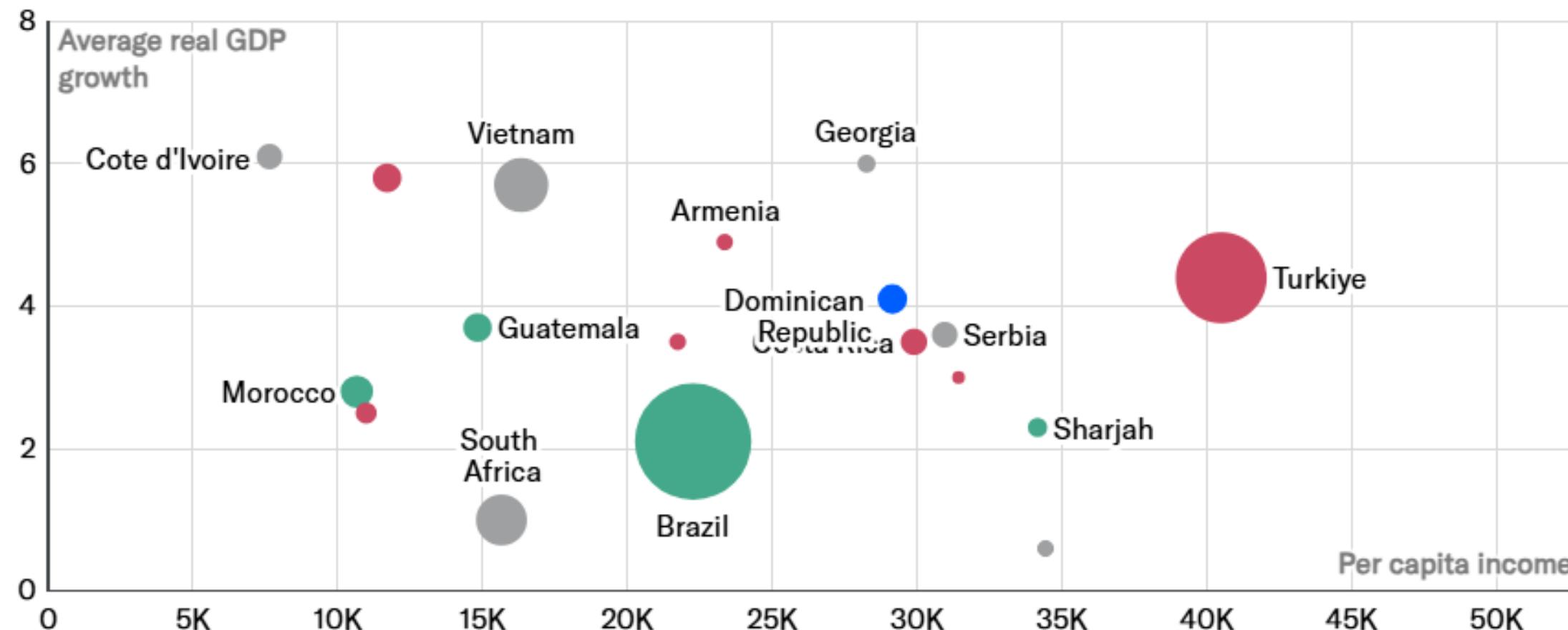
Credit challenges:

- Weak debt affordability, driven by a narrow revenue base and a large share of foreign-currency-denominated debt
- Historically weak, but improving, institutional strength

Source: Moody's Ratings

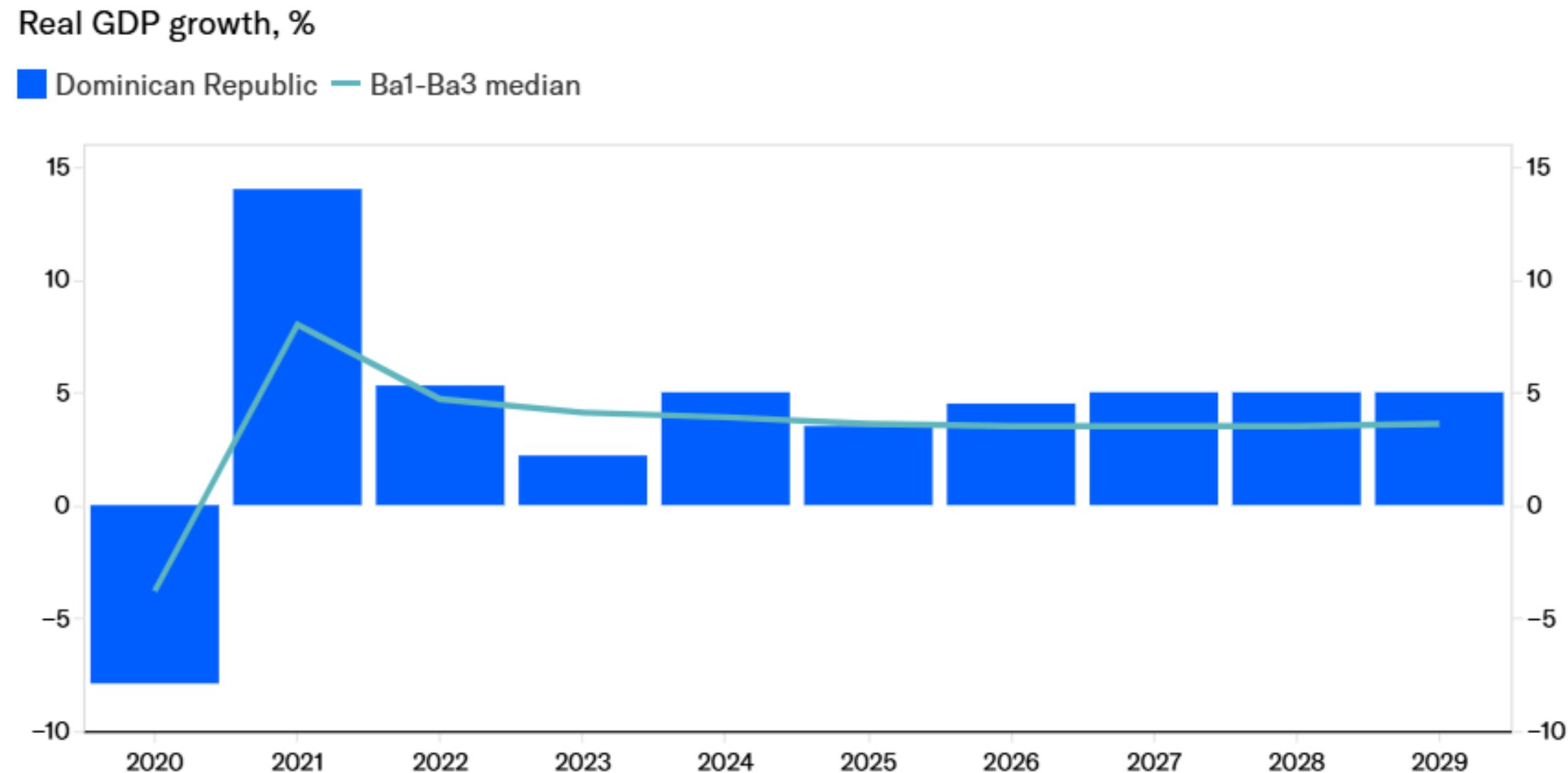
Sustained high growth has expanded scale and wealth levels of the economy

Vertical axis: average real GDP Growth (2020-2029), %
Horizontal axis: GDP per capita (2024), US\$ PPP
Bubble size: nominal GDP (2024), US\$



Source: Moody's Ratings

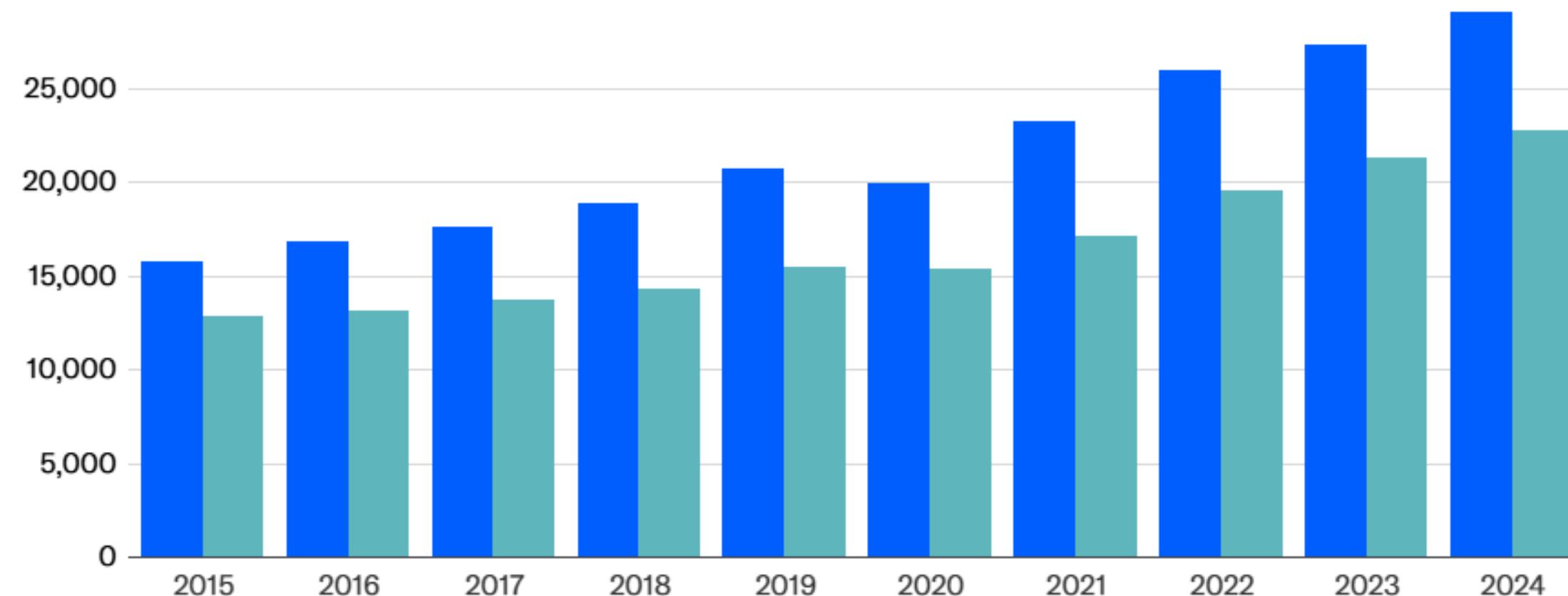
Real GDP growth is higher than peers ...



Source: Moody's Ratings

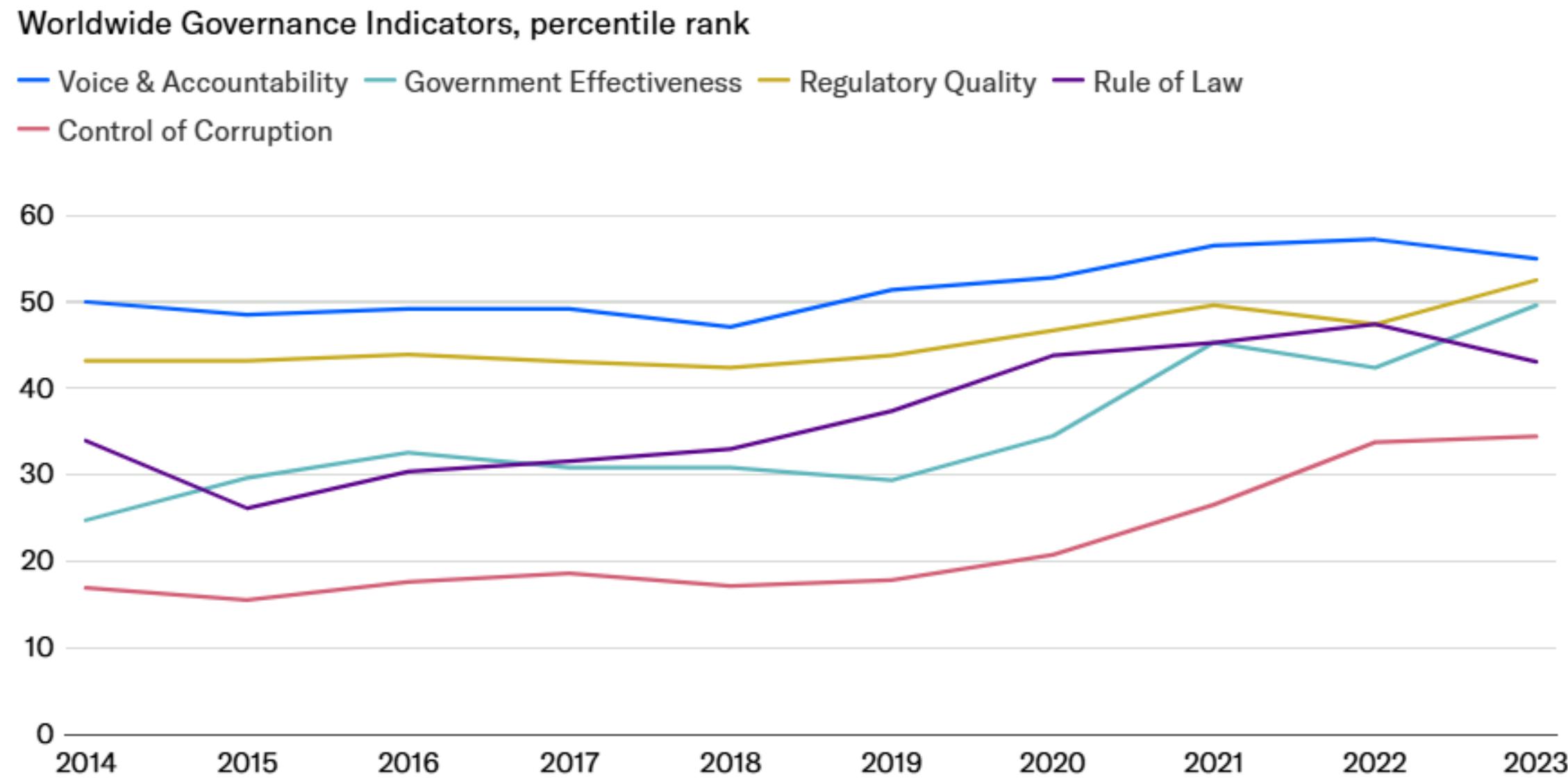
... driving a steady and significant rise in per capita income

GDP per capita, US\$ PPP
■ Dominican Republic ■ Ba1-Ba3 median



Source: Moody's Ratings

Institutions and governance strength has materially improved ...

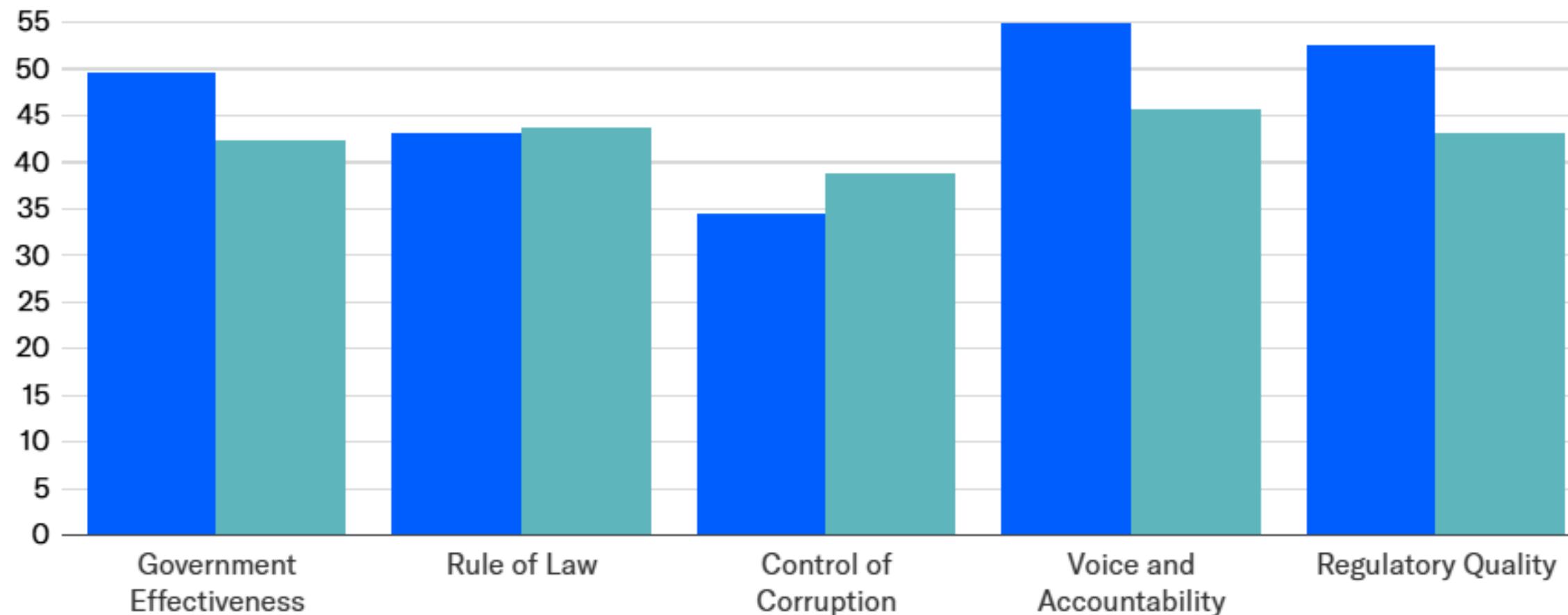


Source: Moody's Ratings

... including relative to peers in most categories

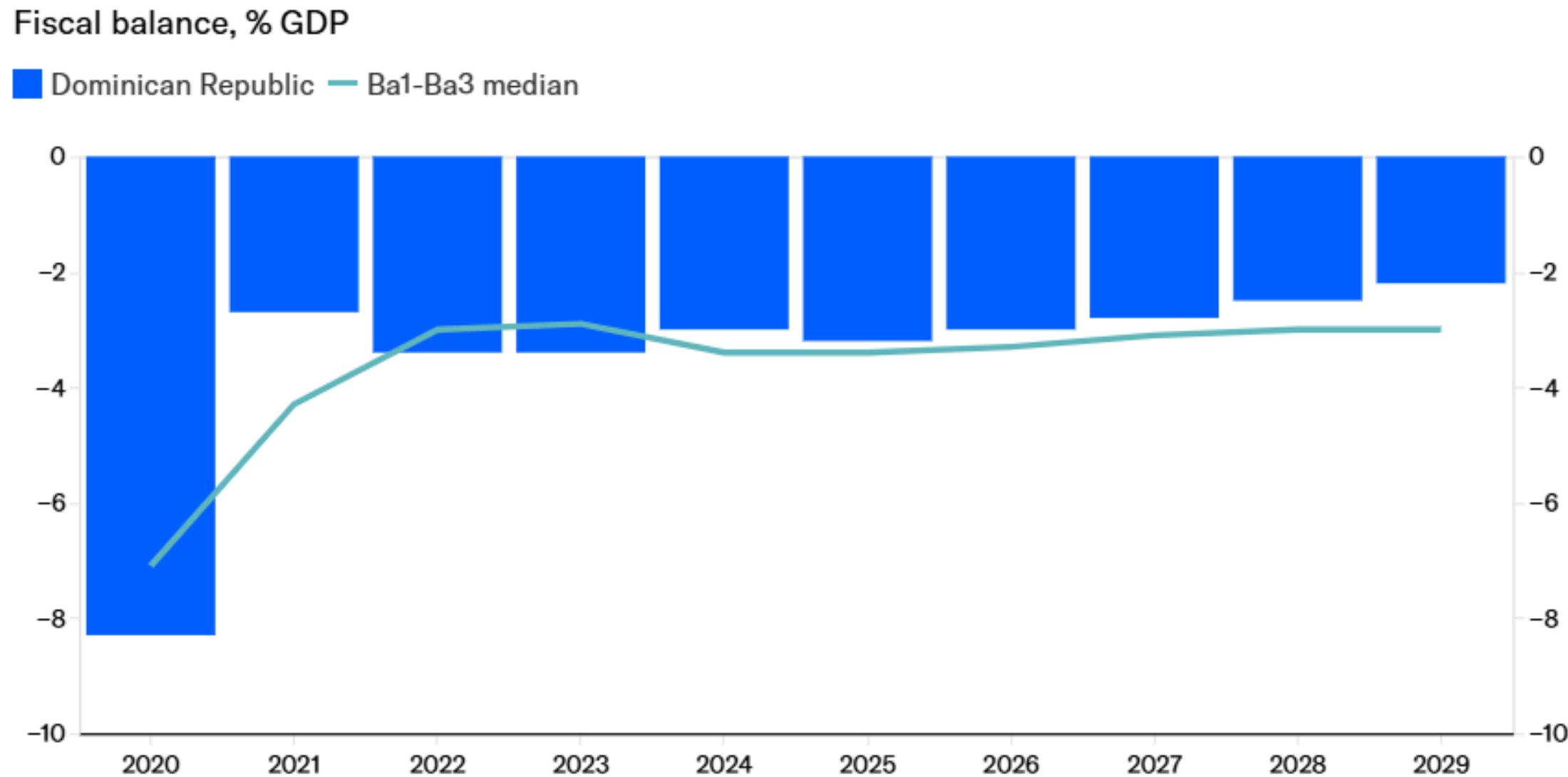
Worldwide Governance Indicators, percentile rank (2023)

■ Dominican Republic ■ Ba1-Ba3 median



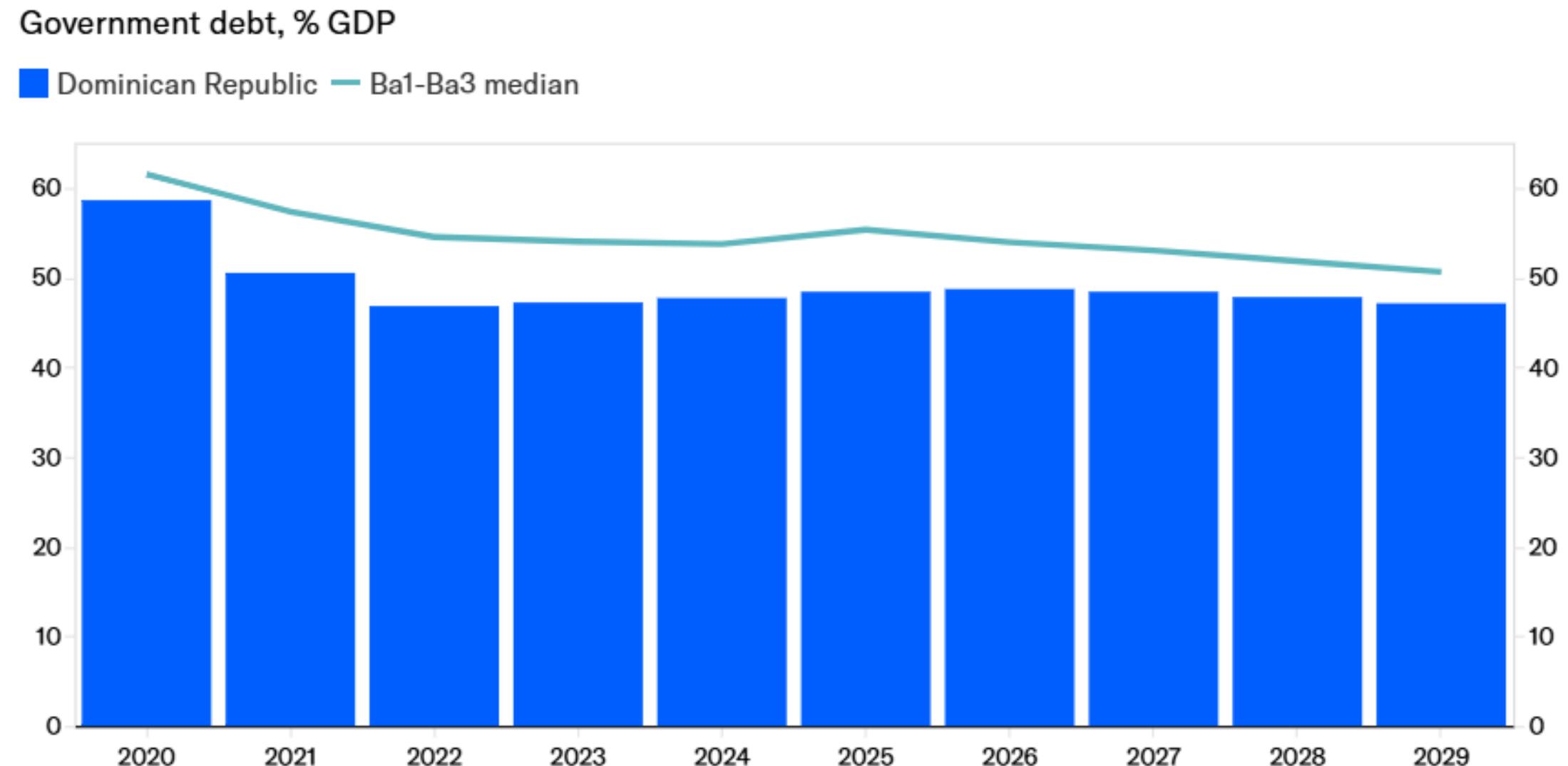
Source: Moody's Ratings

Fiscal deficits have stabilized in line with peers ...



Source: Moody's Ratings

... with a relatively lower debt burden

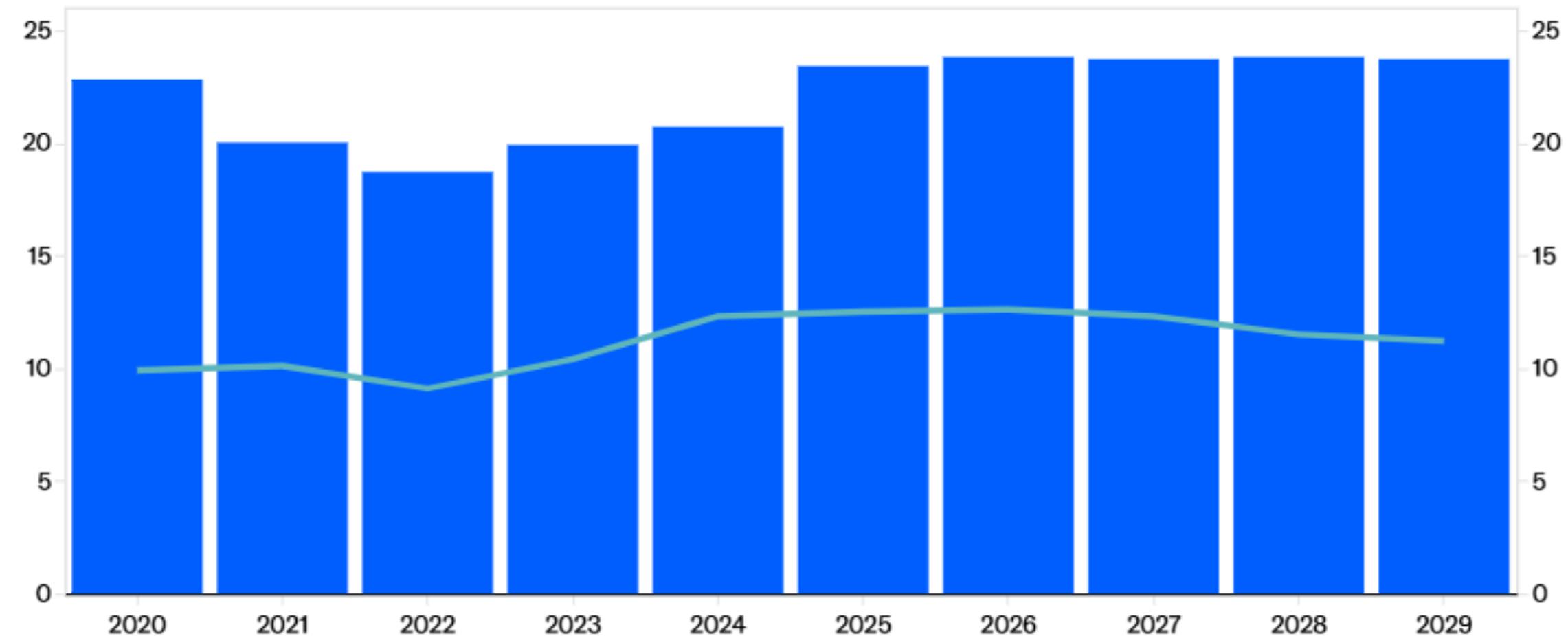


Source: Moody's Ratings

However, debt affordability is much weaker than peers ...

Interest payments, % government revenue

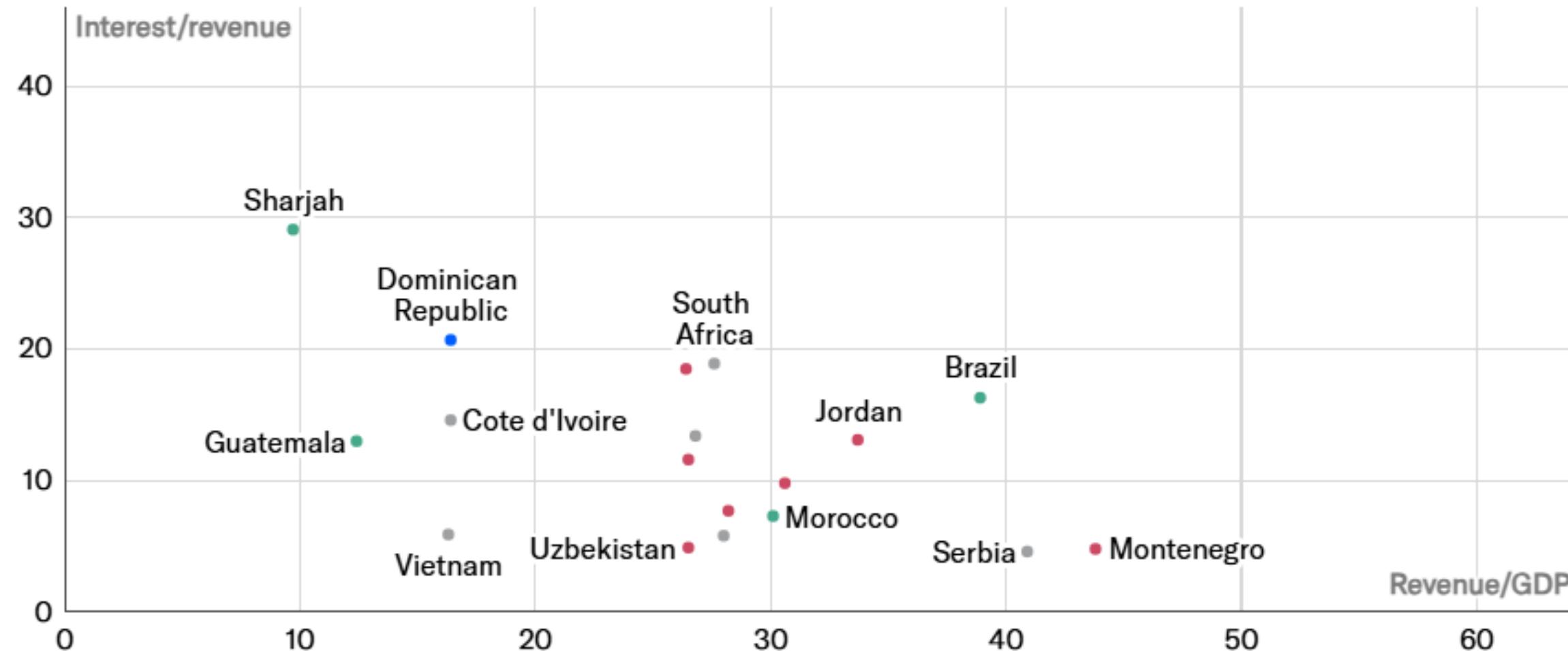
■ Dominican Republic — Ba1-Ba3 median



Source: Moody's Ratings

... constrained by weak revenue intake

Vertical axis: interest payments, % government revenue (2024)
Horizontal axis: government revenue, % GDP (2024)



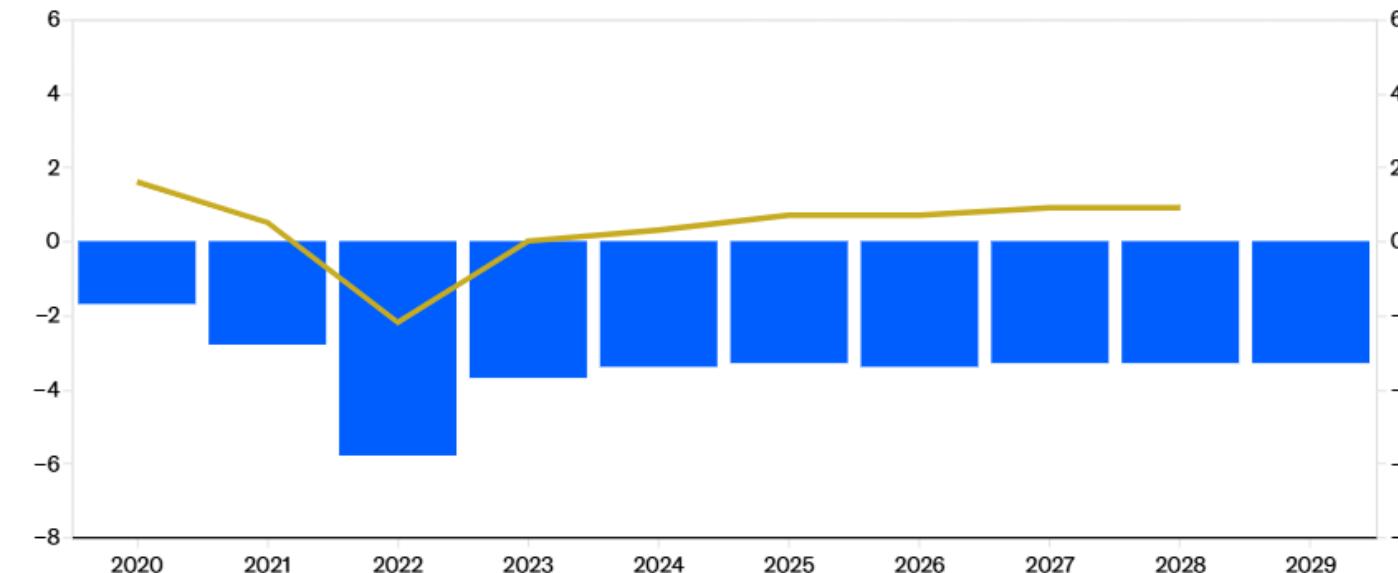
Source: Moody's Ratings

Susceptibility to event risk is relatively contained

Our "baa" susceptibility to event risk score is driven by **external vulnerability risk, government liquidity risk and banking sector risk**, which are all relatively contained.

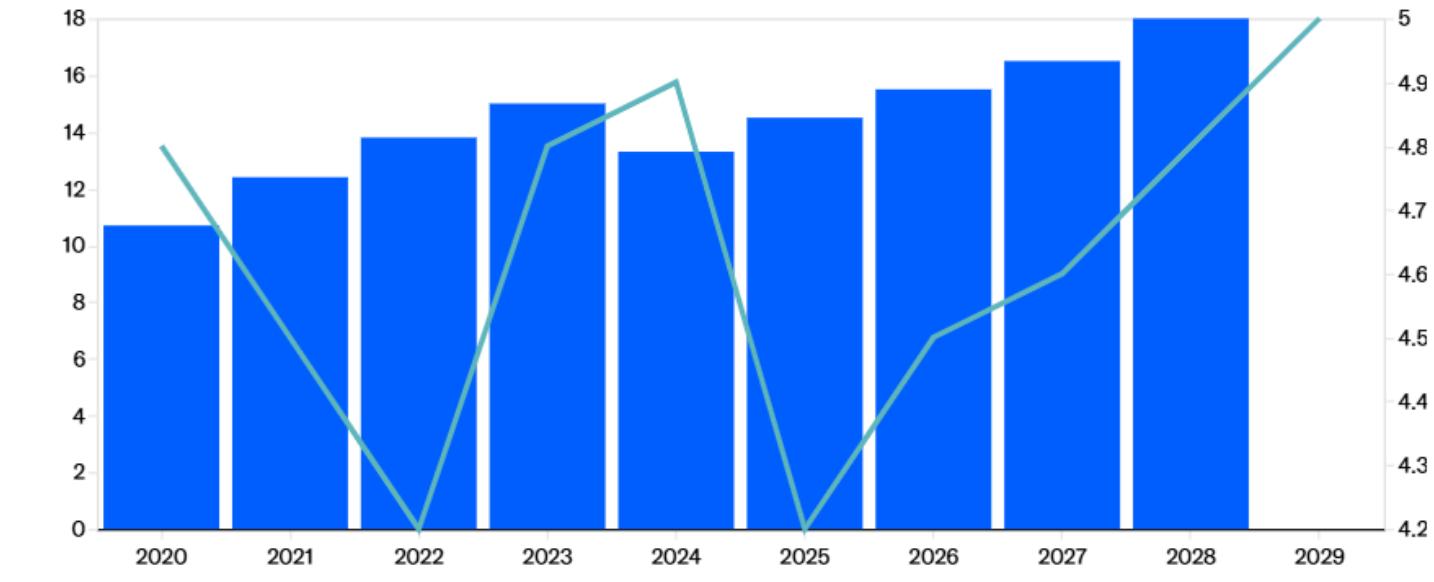
Current account balance and net FDI flows

% GDP
■ Current account balance — Basic balance



Foreign exchange reserves coverage of imports

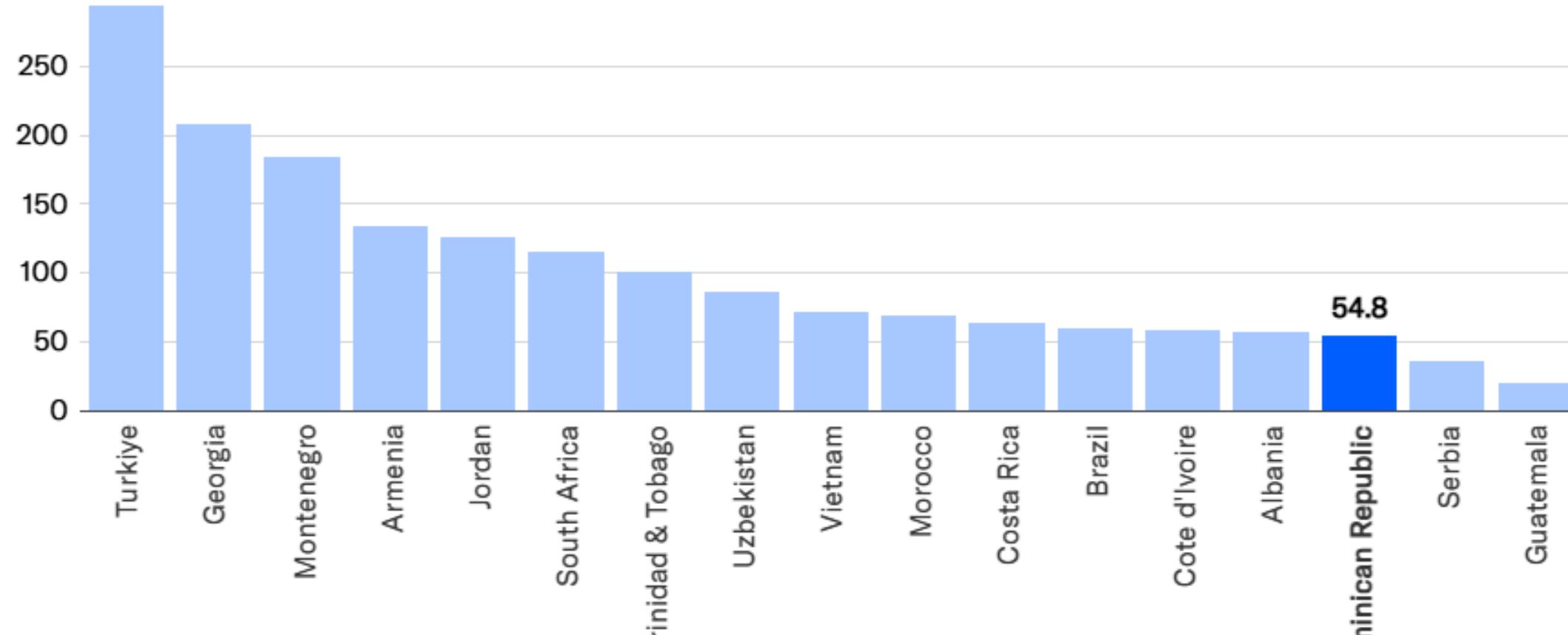
Foreign exchange reserves
■ US\$ billion (LHS) — Coverage of total imports, months (RHS)



Source: Moody's Ratings

External vulnerability risk is low relative to Ba-rated peers

External Vulnerability Indicator % (2025)



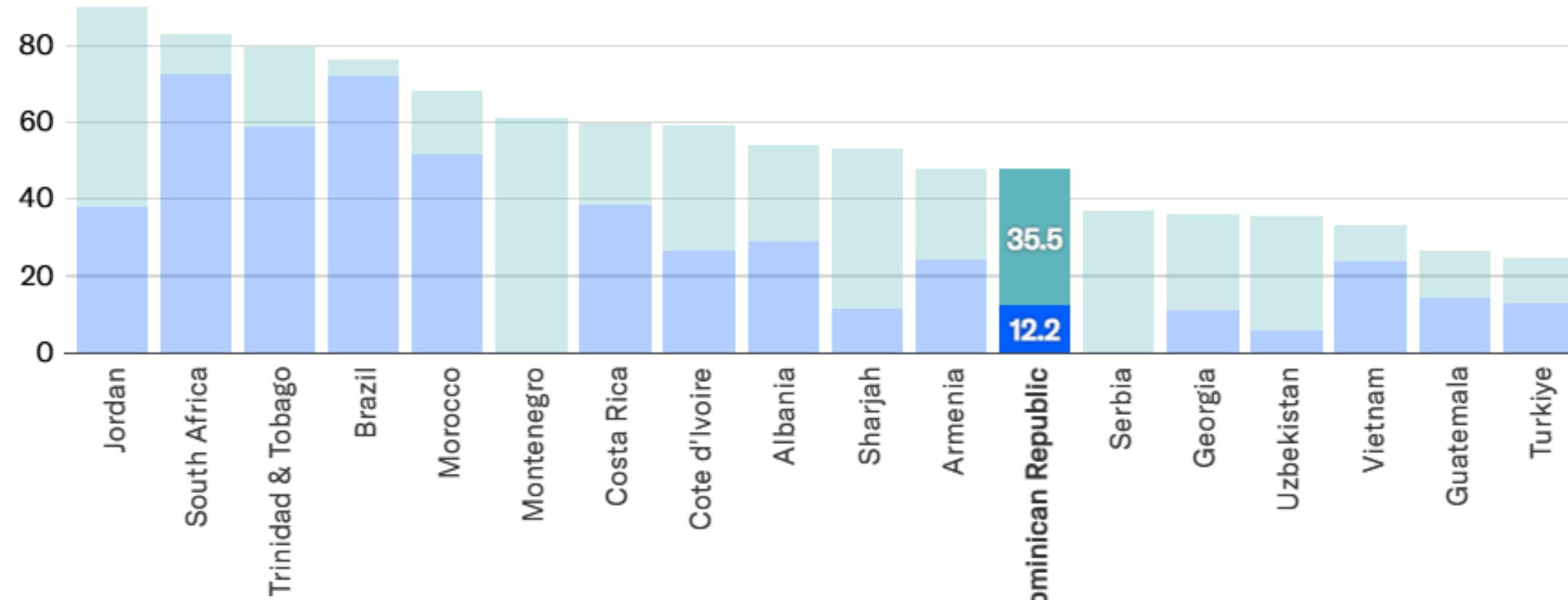
Source: Moody's Ratings

EVI = Short-term external debt + currently maturing long-term external debt + total nonresident deposits over one year)/official foreign-exchange reserves

Government liquidity risk is relatively low, but a high portion of foreign currency debt creates exchange-rate risk

Government debt, % GDP (2024)

■ Local currency ■ Foreign currency



Source: Moody's Ratings

3. What is Moody's monitoring going forward?

What factors could lead to an upgrade or downgrade?

Factors that could lead to an upgrade

- The rating could be upgraded if **debt affordability improves and foreign-currency exposure diminishes**.
- In particular, increased debt affordability supported by **higher government revenue on the back of broad-based tax reforms**, would strengthen the country's fiscal position and overall sovereign credit profile.

Factors that could lead to a downgrade

- The rating could be downgraded if **economic growth looks likely to be weaker than we currently expect on a sustained basis**, or if fiscal prospects materially deteriorate relative to our expectations.
- The rating would face downward pressure if the authorities **deviated from their current medium-term fiscal consolidation plans**, resulting in a material increase in the public debt ratio.
- A **weakening of external accounts**, such as a persistent widening of the current account deficit or a sustained decline in foreign-exchange reserves, would also exert downward pressure on the sovereign credit profile.

4. Peer comparisons

Peer comparison with Ba2 sovereigns

	Year	Dominican Republic	Cote d'Ivoire	Georgia	Serbia	South Africa	Vietnam	Ba2 Median
Rating/outlook		Ba2/Stable	Ba2/Stable	Ba2/Negative	Ba2/Positive	Ba2/Stable	Ba2/Stable	Ba2
Scorecard-indicated outcome		Ba1 - Ba3	Ba1 - Ba3	Baa3 - Ba2	Baa2 - Ba1	Ba1 - Ba3	Baa3 - Ba2	
Factor 1		a3	baa3	baa2	baa3	baa3	a2	
Nominal GDP (\$ bn)	2024	124.3	87.1	33.8	89	401.1	460.4	89
GDP per capita (PPP, Intl\$)	2024	29150	7645	28258	30956	15654	16335	28258
Avg. real GDP (% change)	2020 - 2029F	4.1	6.1	6	3.6	1	5.7	4.1
MAD Volatility in real GDP growth (ppts)	2015 - 2024	1.7	0.6	2.3	1.1	0.5	0.4	
Factor 2		ba1	ba2	baa3	baa3	baa2	ba3	
Quality of legislative & executive institutions	Latest available	baa	ba	ba	baa	a	b	
Strength of civil society & judiciary	Latest available	ba	ba	ba	ba	baa	b	
Fiscal policy effectiveness	Latest available	ba	baa	baa	baa	ba	ba	
Monetary & macro policy effectiveness	Latest available	ba	ba	baa	baa	baa	ba	
Gen. gov. fiscal balance (% of GDP)	2024 - 2026F	-3	-3.3	-2.2	-2.7	-4.6	-3.5	
Average inflation (% change)	2020 - 2029F	4.9	3.2	4.6	5.2	4.1	3	4.1
Volatility of inflation (ppts)	2015 - 2024	2.7	2.1	3.4	4.3	1.2	0.9	2.1
Factor 3		b2	ba3	a3	baa3	b2	a2	
Gen. gov. debt (% of GDP)	2024	47.7	59.3	36.1	47.5	82.9	33.1	47.7
Gen. gov. debt (% of revenue)	2024	291.3	361.1	128.8	116.1	300.8	203.3	291.3
Gen. gov. interest payments (% of revenue)	2024	20.7	14.6	5.8	4.6	18.9	5.9	13.4
Gen. gov. interest payments (% of GDP)	2024	3.4	2.4	1.6	1.9	5.2	1	2.4
Factor 4		baa	baa	b	ba	baa	b	
Political risk	Latest available	a	baa	b	ba	baa	baa	
Government liquidity risk	Latest available	baa	baa	baa	baa	a	a	
Gross borrowing requirements (% of GDP)	2025F	5.1	7.5	2.2	6.3	-	6	6.1
Banking sector risk	Latest available	baa	baa	baa	a	baa	b	
BSCE[1]	Latest available	ba3-b3	ba3-b3	ba1-ba2	ba1-ba2	ba1-ba2	ba3-b3	
Total domestic bank assets (% of GDP)	2024	47.1	38.4	104.3	71.3	101.3	-	85.3
External vulnerability risk	Latest available	baa	a	ba	a	a	a	
Current account balance (% of GDP)	2024	-3.4	-4	-4.5	-4.7	-0.7	6.6	-3.4
External vulnerability indicator (EVI)	2026F	48.3	58.3	160.1	52.3	129.2	54.1	
External debt (% of current account receipts)	2024	133.5	135	116.4	89.8	119.7	32	119.7
Net international investment position (% of GDP)	2024	-59.7	-36.4	-88.9	-54.9	28.3	-	-54.9

Peer comparison with Latin American sovereigns

	Year	Dominican Republic	Costa Rica	Guatemala	Trinidad & Tobago	Brazil	Panama	Latin America and Caribbean Median
Rating/outlook		Ba2/Stable	Ba3/Positive	Ba1/Stable	Ba2/Stable	Ba1/Stable	Baa3/Negative	-
Scorecard-indicated outcome		Ba1 - Ba3	Ba1 - Ba3	Baa2 - Ba1	Ba1 - Ba3	Baa1 - Baa3	Baa3 - Ba2	13
Factor 1		a3	a3	baa2	ba1	a3	baa1	baa3
Nominal GDP (\$ bn)	2024	124.3	95.4	113.2	26.4	2179.4	86.3	48.5
GDP per capita (PPP, Intl\$)	2024	29150	29892	14827	34436	22272	41572	21504
Avg. real GDP (% change)	2020 - 2029F	4.1	3.5	3.7	0.6	2.1	4	2.5
MAD Volatility in real GDP growth (ppts)	2015 - 2024	1.7	0.7	0.5	2	1.8	2.1	1.1
Factor 2		ba1	ba1	ba2	ba1	baa3	ba1	ba1
Quality of legislative & executive institutions	Latest available	baa	ba	b	ba	baa	ba	ba
Strength of civil society & judiciary	Latest available	ba	a	b	baa	baa	ba	ba
Fiscal policy effectiveness	Latest available	ba	ba	ba	ba	ba	ba	ba
Monetary & macro policy effectiveness	Latest available	ba	ba	baa	ba	baa	baa	ba
Gen. gov. fiscal balance (% of GDP)	2024 - 2026F	-3	-2.1	-2.3	-5	-7.6	-5.2	-
Average inflation (% change)	2020 - 2029F	4.9	2	4.2	2.5	5	1.3	4.2
Volatility of inflation (ppts)	2015 - 2024	2.7	2.5	1.4	1.9	2.6	1.2	2.3
Factor 3		b2	b1	baa1	ba3	ba3	ba3	ba3
Gen. gov. debt (% of GDP)	2024	47.7	59.8	26.4	79.5	76.5	62.3	62.2
Gen. gov. debt (% of revenue)	2024	291.3	226.3	212.7	296.8	196.8	394.8	259
Gen. gov. interest payments (% of revenue)	2024	20.7	18.5	13	13.4	16.3	18.5	13.4
Gen. gov. interest payments (% of GDP)	2024	3.4	4.9	1.6	4	6.3	2.9	3
Factor 4		baa	ba	ba	baa	baa	baa	ba
Political risk	Latest available	a	a	ba	a	baa	baa	baa
Government liquidity risk	Latest available	baa	ba	a	a	a	baa	baa
Gross borrowing requirements (% of GDP)	2025F	5.1	7.7	4.9	9.1	19.6	8.7	7.9
Banking sector risk	Latest available	baa	baa	baa	baa	baa	baa	baa
BSCE[1]	Latest available	ba3-b3	ba3-b3	ba3-b3	ba1-ba2	ba1-ba2	ba1-ba2	ba3-b3
Total domestic bank assets (% of GDP)	2024	47.1	59.1	65.1	99.3	121.9	146.4	75.5
External vulnerability risk	Latest available	baa	baa	aa	baa	aa	a	baa
Current account balance (% of GDP)	2024	-3.4	-1.3	2.9	7.6	-2.8	1.9	-1.3
External vulnerability indicator (EVI)	2026F	48.3	62.6	20.3	114.7	62.9	37	-
External debt (% of current account receipts)	2024	133.5	99.6	47.5	130	164.3	104.1	118
Net international investment position (% of GD	2024	-59.7	-40.3	-0.9	-	-34.4	-89.4	-38.9

Thank you