

CENTRAL BANK OF THE DOMINICAN REPUBLIC

MONETARY POLICY NOTICE

The Central Bank's Monetary Policy Rate Remains Unchanged

The Central Bank of the Dominican Republic, in its monthly monetary policy meeting of April 30, 2009, has resolved to maintain unchanged its Monetary Policy Rate (Interest Bearing Overnight Rate), at 4.00% per annum. Also remaining unchanged is the Lombard rate, at 9.50% per annum.

Decisions with respect to the monetary policy interest rate are essentially conditioned by the performance of the main determinants of inflation. In fact, the CPI for March rose by 0.86%, resulting in a cumulative inflation rate of 2.33% for the first quarter. The year-on-year inflation rate stood at 7.43% although this is expected to be lower in the second quarter. Annualized core inflation for March was 2.8%, slightly below its level for February and much lower than its five year historical average.

On the international front, the United States continues to recover gradually while the volatility of international financial markets has eased somewhat. Capital flows to emerging economies have improved, Latin America being an important destination.

Domestically, there are no foreseeable additional inflationary pressures in the mid-term beyond the scenario outlined in the Monetary Program. Current inflation forecasts provide for a reactivation of internal demand and an expansion of the productive sector. It should be pointed out that the recent sovereign bond issue resulting in an inflow of US\$750 million was subject to a high rate of oversubscription, reflecting the confidence of the international markets' in the Dominican economy. Since these funds are to be used for public investment, they will aid the government's countercyclical fiscal policy. This will also contribute to a relative stabilization of the exchange rate and the pace of economic growth.

At present, the available data suggest that the extraordinary stimulus measures have fulfilled their objective of reactivating the credit market and growth at levels higher than expected, both in the IMF Agreement and the Monetary Program, without generating inflationary pressures as confirmed by the performance of the core inflation indicator.

The Central Bank shall continue to monitor developments on the international scene, as well as the performance of mid- and long-term domestic determinants of inflation, in order to anticipate any deviations from the inflation target.

Santo Domingo, April 30th, 2010.