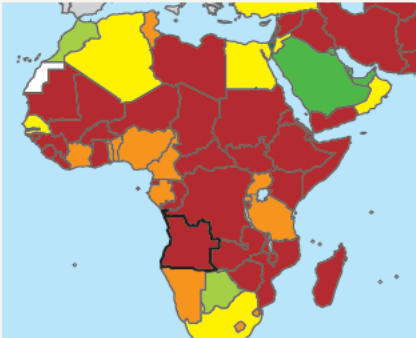
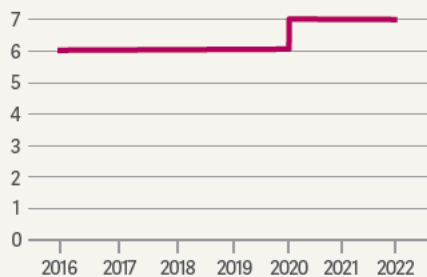


Basic facts (2021)

Population: 32 million
 GDP, nominal: USD 74,5 billion
 GDP/capita: USD 2 331



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history

Source: EKN

Strengths

- + Ongoing reforms, supported by IMF programmes.
- + Extensive natural resources
- + Current account surplus

Weaknesses

- High cost of government debt.
- The central government is heavily dependent on oil revenues and thus vulnerable to declines in the oil price and global climate change.
- Weak institutional capacity and widespread corruption

Oil continues to play a significant role

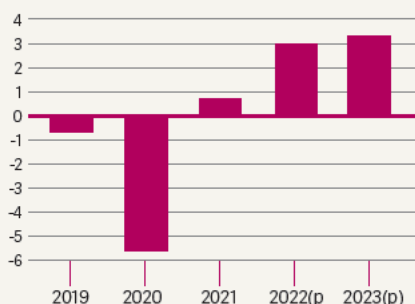
Angola's economy relies heavily on the oil sector, which accounts for one-third of GDP and more than 90% of exports, and close to 60% of government revenues. High oil prices, combined with a post-civil war reconstruction boom in 2002, led to very strong economic growth. The economy was severely negatively impacted by the sharp fall in oil prices in 2015, not the least in terms of sovereign debt. Between 2015 and 2021, the Angolan kwanza lost nearly 80 per cent of its value against the USD, which, along with heavy borrowing, has led to a sharply negative trend in public finances and the economy in general. Angola's public institutions are among the weakest in the world, as reflected in the low rankings of the World Bank's Worldwide Governance Indicators (WGI). This means a limited ability to manage a high level of sovereign debt and external debt, along with other external shocks. Angola lacks an oil fund and macroeconomic framework to enable it to effectively deal with the fluctuations in oil prices. The economy's extreme sensitivity to changes in oil prices and the global trend towards increased use of renewable energy are vulnerabilities that pose significant credit risks for the country.

High levels of oil prices provide a boost to the economy

The strong upward movement in oil prices over the past year is providing positive momentum to the economy. The country's pace of economic growth is expected to rise to 3-4 per cent in the coming years, which is the highest growth rate in almost a decade. Buoyed by high oil prices, since January 2021 the kwanza has strengthened by nearly 60 per cent against the USD, making it one of the fastest appreciating currencies in the world. With about 90 per cent of sovereign debt either in hard currency or linked to hard currency, the appreciation of the currency is having an impact on government finances. Thanks to exchange rate movements, and the combination of high oil prices and a very high rate of inflation, the sovereign debt is expected to fall to just below 60% of GDP in 2022 and to continue on a downward path in the coming years. The cost of sovereign debt has fallen below 20% of central government revenues. That is still a high level, but significantly lower than a few years ago. Renegotiated loans from China and some debt consolidation under the 2018-2021 IMF programme are also making a positive contribution. Higher oil prices and a stronger Angolan kwanza have also had an impact on the external side, with external debt falling as a share of GDP, the debt service ratio improving, and the current account surplus strengthening. Nevertheless there is no reserve accumulation, most likely due to large external payment obligations and higher debt repayments to China. The foreign exchange reserves thus remain small in absolute terms (just over USD 15 billion), but is still equivalent to more than six months of imports. In August 2022, incumbent President Lourenco is expected to secure another five years in power, suggesting political and economic continuity. The elections are likely to be conducted without major violence.

Rising food prices and higher fuel subsidies are having a dampening effect on economic activity. With oil prices above USD 60 per barrel, Angola's debt payments to China escalate, which means that higher oil prices are not fully

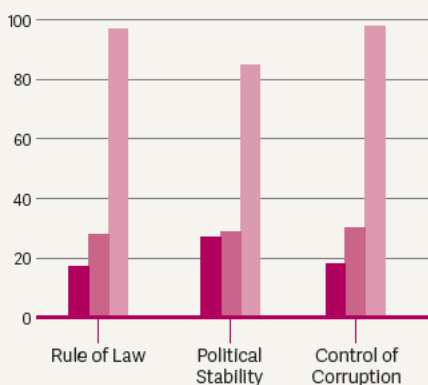
GDP growth (fixed prices, % per annum)



Source: IMFWEQ, Macrobond

reflected in positive impacts to the local economy. Steadily declining oil production and continued low productivity outside the oil sector mean that the growth rate will be low relative to the fastest growing economies on the continent and relative to Angola's income level. Also holding the economy back is the high levels of sovereign debt and the very weak public institutions, widespread poverty and sky-high unemployment. In recent years, Angola has benefited from deferrals of debt service payments and debt relief from China, but after 2022 the burden of payments on the public debt stock will gradually increase. It is projected that by 2025 debt payments will amount to more than USD 9 billion, more than double the current level. Rising global interest rates will work to Angola's disadvantage as the government intends to make further borrowings on the Eurobond market. However as long as oil prices remain high, Angola is in a better position compared to a few years ago. The overall assessment is therefore country risk category 7 with a positive outlook.

Business environment



■ Angola
■ Africa south of the Sahara
■ Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Business environment

The business and regulatory environment in Angola is very difficult due to a high inflation rate, high wage costs, extensive bureaucracy, high levels of corruption, and weak public institutions. There has been some improvement under President Lourenço (2017-), particularly in terms of the level of corruption. Angola is currently ranked 136 out of 190 countries in Transparency International's Corruption Perceptions Index rankings, which is a marked improvement since 2018. For several years now, there is no financial institution in Angola performing USD clearing. This has resulted in that at times there is a shortage of US dollars in the country and the economy has been transitioned to be more Euro-based. Therefore, the Euro is recommended over USD. Hard currency liquidity has improved in the banking system, however due to strict regulation, there may continue to be a shortage of hard currency for companies. Angola has still not ratified the IMF's Article 8, which means the kwanza is not fully convertible.

Swedish export to Angola

	MSEK
2021	527
2020	153
2019	158
2018	107
2017	97

Source: SCB

EKN:s policy

EKN does not currently cover any payment risks on public buyers. For banks, normal risk assessment applies for short risk terms (< 1 year), while elevated premiums apply for long risk terms. For company risks, hard currency earnings or external support is required. In addition, elevated insurance premiums apply for short- as well as long risk terms.

EKN:s exposure

	MSEK
Guarantees	6 362
Offers	2 815

EKN:s commitment and experience

EKN sees strong demand for projects in Angola guaranteed by the State. At present, there are four guarantees and one offer with public buyers. The total exposure is almost exclusively related to sovereign risk. EKN's payment experience is very good in the transaction guarantees that have been issued, however the experience is also that it takes a very long time for projects to reach to a financial agreement and become binding on the relevant parties. Angola has renegotiated its debts in the Paris Club on two occasions, in 1989 and 2006, without receiving any formal cancellations of debt. The 2006 agreement meant that Angola pre-paid the entire remaining debt early, against that parts of the

interest on past due amounts did not need to be paid. Since then the country has fulfilled its payment obligations in a timely manner.