Thomson Reuters
Africa: The Hype, The Myth or Reality
Credit Ratings – An Overview and Outlook

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November 2013
From May 2010 to March 2013
Over-hyped?

Competing narratives on the African growth story

Resources
Infrastructure creaks as Mozambique booms

Law
Commercial courts: Are they ready yet?

Investment
Technology first for South Korea
IMF Oct. 2013: “Sub-Saharan Africa Keeping the Pace of Economic Growth”
Sub-Saharan Africa Sovereign Ratings Continue To Grow

<table>
<thead>
<tr>
<th>Country</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Angola (Republic of)</td>
<td>BB-/Stable/B</td>
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<tr>
<td>Botswana (Republic of)</td>
<td>A-/Stable/A-2</td>
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<td>Burkina Faso</td>
<td>B/ Stable/B</td>
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<td>Cameroon (Republic of)</td>
<td>B/ Stable/B</td>
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<td>Cape Verde (Republic of)</td>
<td>B+/Stable/B</td>
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<td>Congo Brazzaville</td>
<td>B+/Stable/B</td>
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<td>Gabonese Republic</td>
<td>BB-/Negative/B</td>
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<td>Ghana (Republic of)</td>
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<td>Kenya (Republic of)</td>
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<td>Mozambique (Republic of)</td>
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<td>Nigeria (Federal Republic of)</td>
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<td>Republic of Rwanda</td>
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<td>Senegal (Republic of)</td>
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<td>South Africa (Republic of)</td>
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<td>Uganda (Republic of)</td>
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Economic Growth Is Not (Yet) Translating Into Credit Improvement

Sub-Saharan African Average Sovereign Foreign Currency Rating


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B-category Sovereign Ratings Prevail

Sub-Saharan African Sovereigns Ratings Distribution

Sub-Saharan Africa Sovereigns Outlook Distribution

*Ratings are long-term foreign currency sovereign ratings. As of November 4, 2013.

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As at 30 September, 2013

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Markets Are Still Open – But What About FED Tapering?

Annual Global Issuance By Sub-Saharan African Sovereigns (Mil. $)*

*Excluding South Africa. **The Senegal $200 million 2009-2014 bond was exchanged with a $500 million 10-year bond in May 2011.

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African Sovereign Ratings: High Economic Growth in Low to Middle Income Countries

Sub-Saharan African Comparison—Real GDP Growth

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African Sovereign Ratings – Low to No Fiscal Flexibility

Sub-Saharan African Comparison--General Government Balance/GDP

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African Sovereign Ratings – HIPC Debt Relief Has Created Some Headroom, But Debt is On The Rise Again

Sub-Saharan African Gross General Government Debt (% of GDP)*

*The general government accounts for the national, regional, and local government sectors, including social security. f—Forecast.

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African Sovereign Ratings – Current Account: Life is Good For Oil Exporters

Sub-Saharan African Current Account Balance/GDP

- 2010
- 2011
- 2012
- 2013f

Angola, Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Congo, Gabon, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Uganda, Zambia

e—Expected, f—Forecast.

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African Sovereign Ratings – External Balance Sheet: Again Life is Good For Oil Exporters

Sub-Saharan African Comparison—Narrow Net External Debt/CARs

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- e -- Expected. f -- Forecast. CARs -- Current account receipts.
African Sovereign Ratings – Reserve Buffers Are Low

Sub-Saharan African Comparison—Gross External Financial Needs/CARs Plus Usable Reserves

- Expected.  f—Forecast. CARs—Current account receipts.

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African Sovereign Ratings – Continued Progress In Bringing Inflation Down

Sub-Saharan African Sovereigns—Consumer Inflation

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Credit Ratings in Sub-Saharan Africa: What’s next?

- Economic growth goes hand-in-hand with financial market deepening
- More financial disintermediation, more need for financial and credit information
- Another round of risk re-pricing following the expected FED tapering