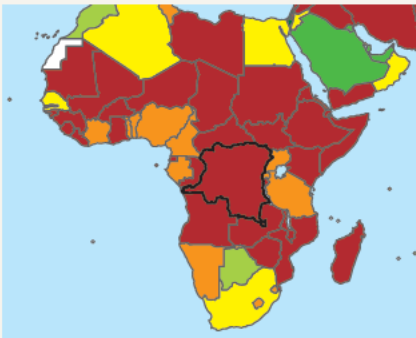


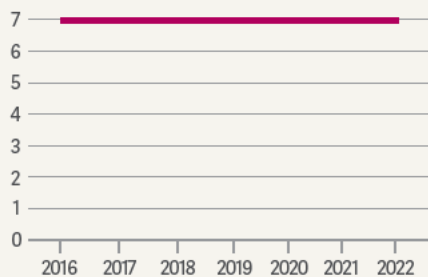
Basic facts (2021)

Population: 94 million
 GDP, nominal: USD 57 billion
 GDP/capita: USD 609



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

- + Low level of sovereign debt
- + Limited need for external financing

Weaknesses

- Very low external liquidity
- Very weak public institutions
- Very difficult business environment

The mining industry fuels the economy

The Congolese economy is based on its mining industry, which fuels growth and accounts for about 80 per cent of export earnings. Copper and cobalt are the most significant minerals in the industry, with high global demand. Over the past decade, the economy has grown at an average of nearly six per cent per year, which still is well below its potential, given the low level of income. The Democratic Republic of the Congo (DRC) is one of the very poorest countries in the world, with a per capita GDP of approximately USD 600. Growth and inflation are generally volatile and investment levels in the economy are low. Politically, the situation in DRC continues to be turbulent after Felix Tshisekedi took over as President in January 2019 from Joseph Kabila. Tshisekedi governs the country in a fragile fractious coalition government. Corruption in the country is rife and its state institutions are among the weakest in the world. Several low-intensity regional armed conflicts are ongoing in the DRC, notably in Ituri and Kivu where an estimated 100 armed groups are active. The central government has so far failed to stabilise the provinces where Uganda and Rwanda are also deeply involved. The Katanga Province in south-eastern Congo has a history of armed conflict, but the area is now one of the most stable regions in the country and accounts for much of the country's economic activity.

High raw material prices and expansion fuel growth

The pace of economic growth is expected to accelerate in the coming years, underpinned by higher prices for raw material globally and the expanding mining sector. In 2021, the Kamoia-Kakula Copper Mine came on stream, providing a boost to the economy. Growth is forecast at 6.4% for 2022, followed by 6.9% in 2023. The economy is currently being held back by the high price of crude oil, rising food prices, and the spread of COVID-19. With less than one per cent of the population fully vaccinated, restrictions will remain; however a full-scale lockdown with its effects on the economy is less likely.

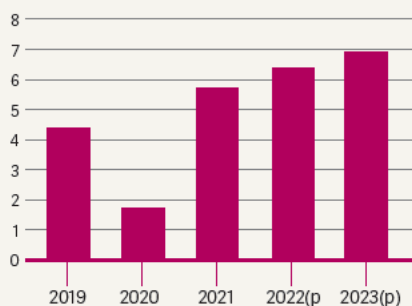
Sovereign debt is low, at just over 10 per cent of GDP, and the cost of the debt is only a bit over 2 per cent of the central government's projected revenues. External debt is also low, as is the external debt service ratio. The low level of debt reflects the low levels of investment and the need of financing, rather than macroeconomic restraint. This can be illustrated in that in 2021 the Congolese government spent barely USD 70 per capita in public expenditures. Though not fully comparable, contrasted with Sweden's spending of the equivalent of approx. USD 25,000 per capita, this is an extremely low level.

In early 2022, the DRC became a member of the regional intergovernmental organisation the East African Community (EAC), which will notably strengthen trade relations with its

neighbours Uganda, Kenya, Tanzania and Rwanda. This is a major foreign policy success for the current government. With Tshisekedi, the DRC's relationship with multilaterals has improved, which in particular means better access to international financing. Most importantly, the IMF agreement valued at USD 1.5 billion over a three year period (2021-2024) is expected to stimulate some

Democratic Republic of the Congo

GDP growth (fixed prices, % per annum)



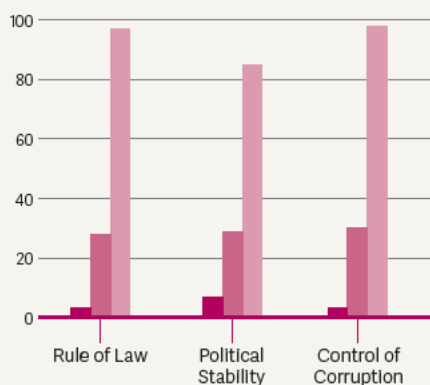
Source: IMFWEQ, Macrobond

reforms. High prices on the international raw materials markets and access to international loans mean a slight increase in external liquidity. The DRC's foreign exchange reserves had at times been equivalent to only a few weeks of import cover, but over the coming years will rise to 1-2 months of cover. The currency is weak and volatile, which means that the transfer risk is very high.

Domestic political turbulence is expected to intensify ahead of the presidential and parliamentary elections in autumn 2023. Tshisekedi's assumption of power in 2019 marked a shift of political power away from Kabila's many years of dominance, meaning that political battles will increase in intensity ahead of the next elections.

EKN confirms country risk category 7/7

Business environment



■ Democratic Republic of the Congo
■ Africa south of the Sahara
■ Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Business environment

The business environment in the DRC is generally very weak. The difficulties include poor undeveloped infrastructure, power outages, and armed conflicts in parts of the country. Institutional capacity is extremely low, with extensive and unpredictable bureaucracy and underpaid civil servants, contributing to corruption within the state apparatus. The ability of mining companies to operate in the country and to transfer income abroad can rapidly change. In 2018, mining legislation in the DRC was revised, which included raising governmental fees for mining companies with the aim of increasing the revenues to the State. Further amendments and revisions to the new legislation are likely, which could negatively affect the environment for mining companies operating in the country. Relatively low labour costs, high enrichment yields, and the possibility of new finds are the upside for companies in the industry.

EKN:s policy

EKN does not accept sovereign risks. For other official risks, only guarantees for unfair calling and guarantees for loss on production are available. A letter of credit is required as a payment instrument for bank risks (a confirmed or unconfirmed letter of credit). For company risks, hard currency earnings or external support is required. In addition, elevated insurance premiums apply for such risks.

Swedish export to Democratic Republic of the Congo

	MSEK
2021	157
2020	160
2019	186
2018	124
2017	75

Source: SCB

EKN:s commitment and experience

EKN's issuance of guarantees to the Democratic Republic of the Congo is small. Over the past five years, EKN has issued guarantees for three transactions per year on average. EKN's current exposure consists almost entirely of one transaction involving the sale of mining equipment to the Kamoja Kakula Copper Mine. Overall, transactions within the mining industry dominate. Apart from a large payment delay in 2020, EKN's overall payment experience has been good in recent years. The current receivables amount to a bit over SEK 2.6 million and relate to two transactions within the mining industry from 2014/2015.

EKN:s exposure

	MSEK
Guarantees	1144
Offers	545