

# PLANO ANUAL DE ENDIVIDAMENTO

# 2025

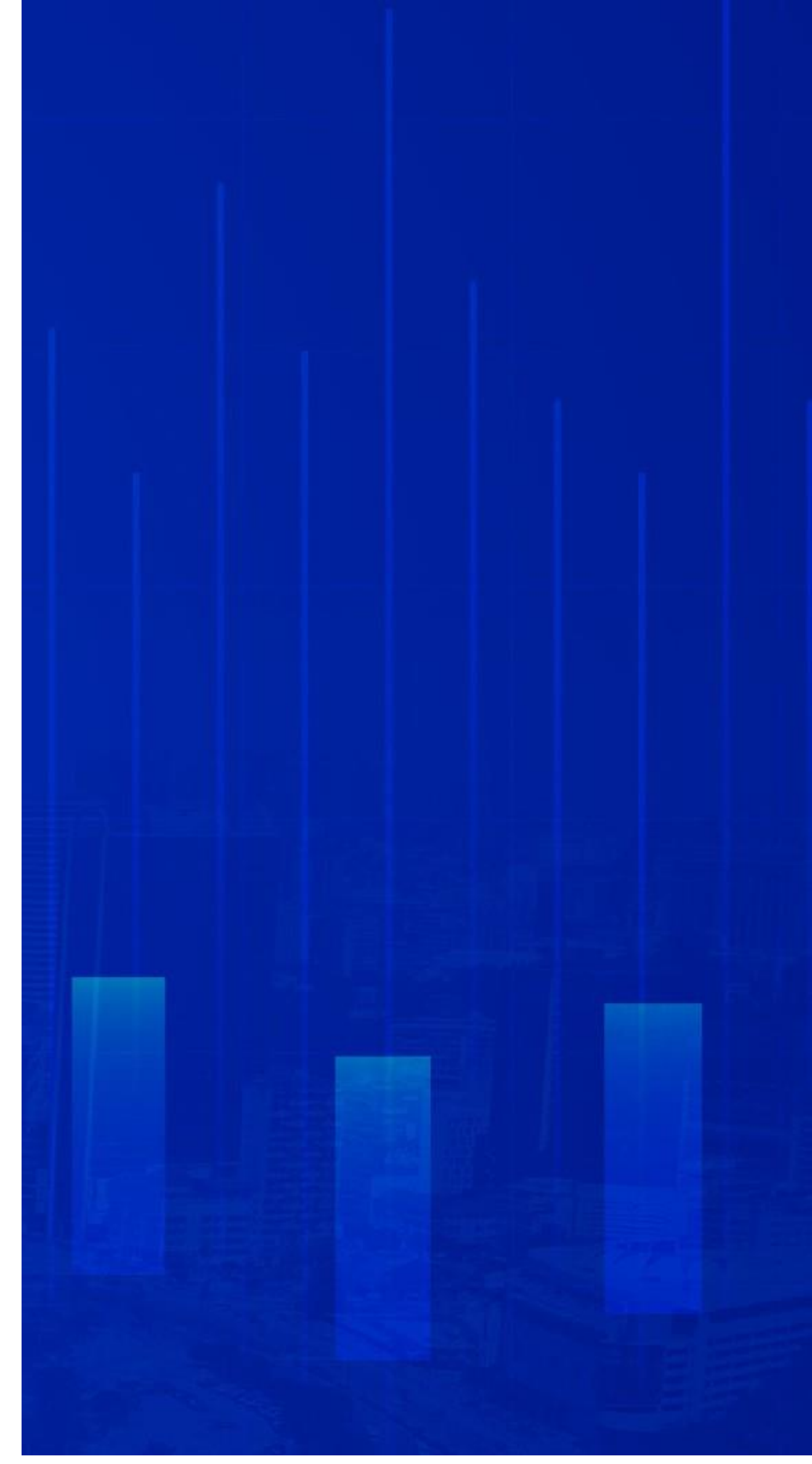
# Executive Summary

**1. Debt Management Units Mission**

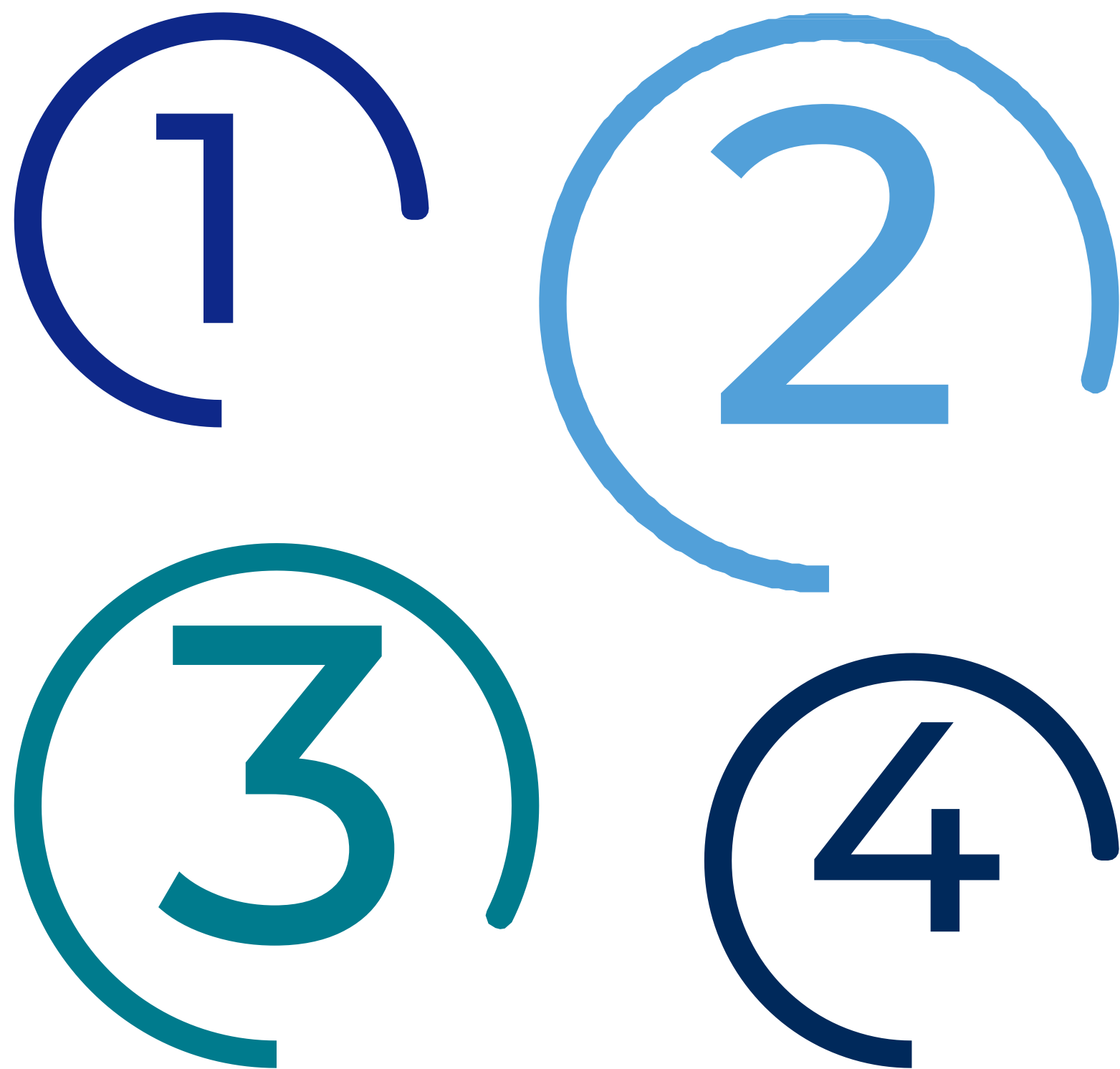
**2. Historical Balance of Public Debt**

**3. Annual Debt Plan 2025**

**4. Moment of Reflection**



# The Mission of Debt Management Unit of Angola



## Coverage of Deficit

- Temporary
- Permanent

## Project Financing

- Materialization of the Governance Agenda

## Optimization of the Debt Profile

- Risk Management
- Continuous Monitoring

## Stimulation of Economic Growth

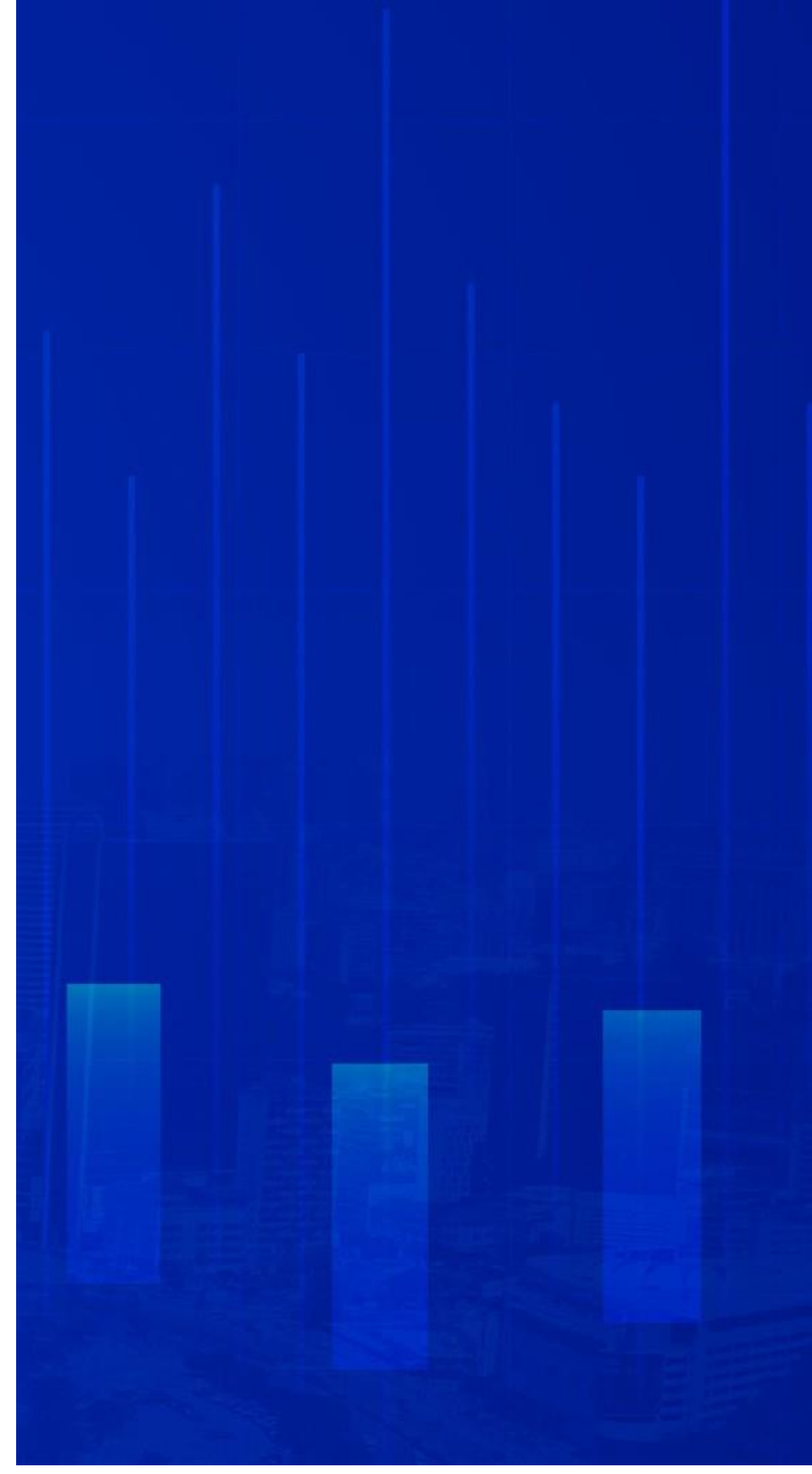
- Through the issuance of guarantees

**1. Debt Management Units Mission**

**2. Historical Balance of Public Debt**

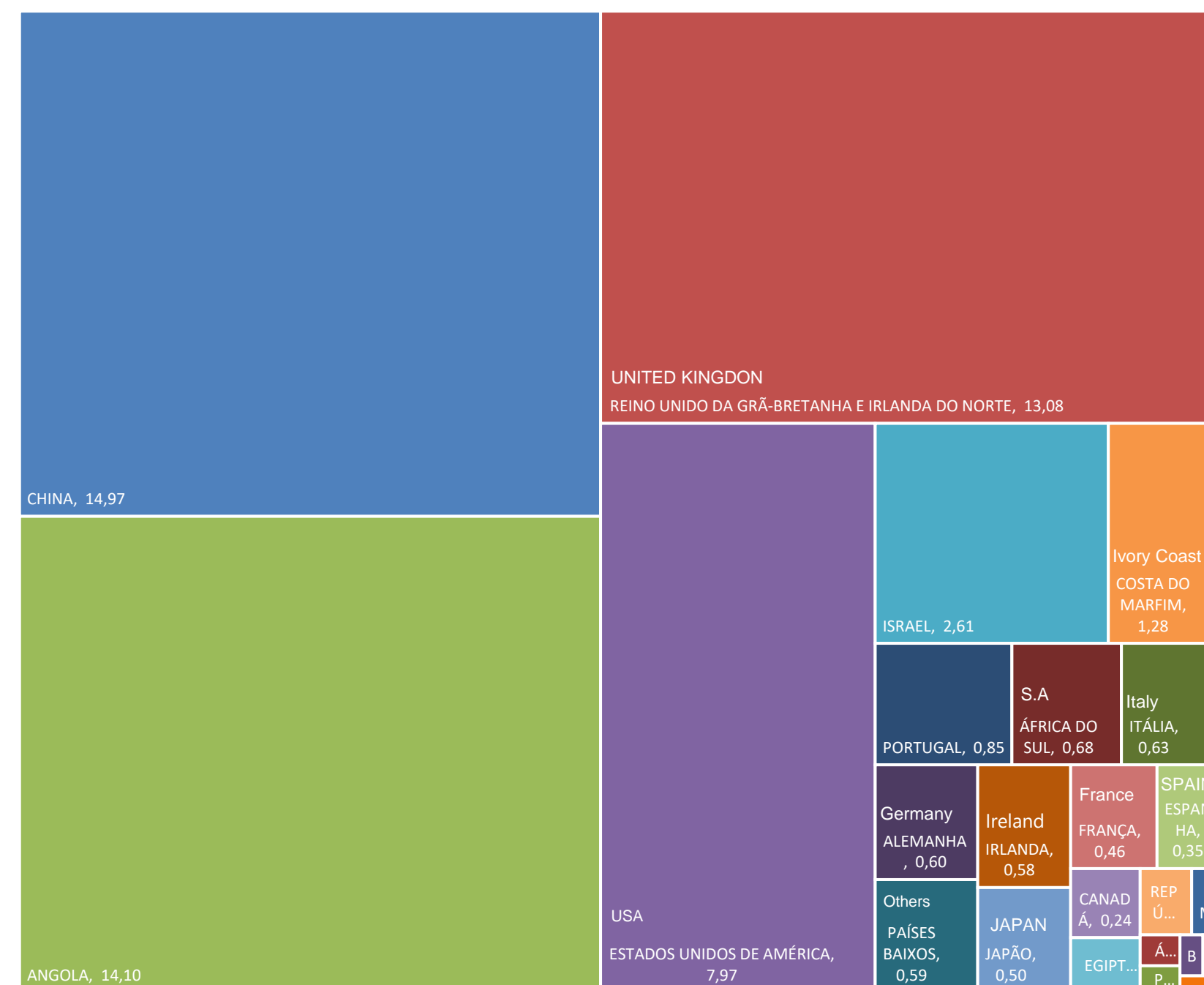
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# Historical Balance | Government Debt Stock - 2024

- **China is currently** one of Angola's largest creditors, with a relationship spanning over four decades that gained significance since 2003.
- The **domestic market** is the second major area of concern due to its impact on macroeconomic variables. The associated strategy involves altering the debt maturity profile.
- The United Kingdom is among the largest creditors, and in 2023, Angola regained access to capital markets after two years and issued a Eurobond worth USD 1.75 billion, along with a liability management exercise of USD 636 million.
- Angola maintains an active and productive relationship with the **International Monetary Fund (IMF)** and the World Bank (WB). The country has secured loans with low interest rates and long repayment terms



AOA Billions

# Agreement with Chinese Creditors

With an over four-decade relationship that gained importance since 2003, China is today Angola's main creditor. Following the agreement reached during the latest state visit to China in March 2024, Angola has managed to secure a partial release of funds that were previously held in escrow accounts to prepay debt owed to Chinese creditors

## Longstanding bilateral relationships

- Angola expanded relations with China since 2003. Since 2006, China has been the largest single importer of Angolan oil. In 2021, outstanding bilateral and commercial external debt due to China and Chinese commercial banks amounted to USD 24.9 billion, representing 53.2% of total external borrowings

## DSSI and temporary debt agreement with China

- As a result of the escalation of global economic pressures caused by the Covid-19 pandemic and the global oil supply shock, Angola availed itself of the G20 Debt Service Suspension Initiative ("DSSI")
- Angola's parallel negotiations with China resulted in the deferral of principal payments from May 2020 through May 2023.

## State visit to China and agreement with CDB

- In March 2024, a delegation led by President João Lourenço visited China
- During the trip, Angola reached an agreement with CDB on the accounting of the prepayment of debt service, so that prepaid amounts would from now on reduce subsequent debt service instead of only reducing payments at maturity
- The repayment schedule remains unaltered

## Main Chinese Creditors

- Since 2004, Angola has entered into a number of financing agreements with the Export-Import Bank of China ("CEXIM"), the China Development Bank Corporation ("CDB") and the Industrial and Commercial Bank of China Limited ("ICBC")
- Debt outstanding under facilities with CDB was USD 13.6 billion as of 31 December 2021

## Impact of debt service suspension agreements

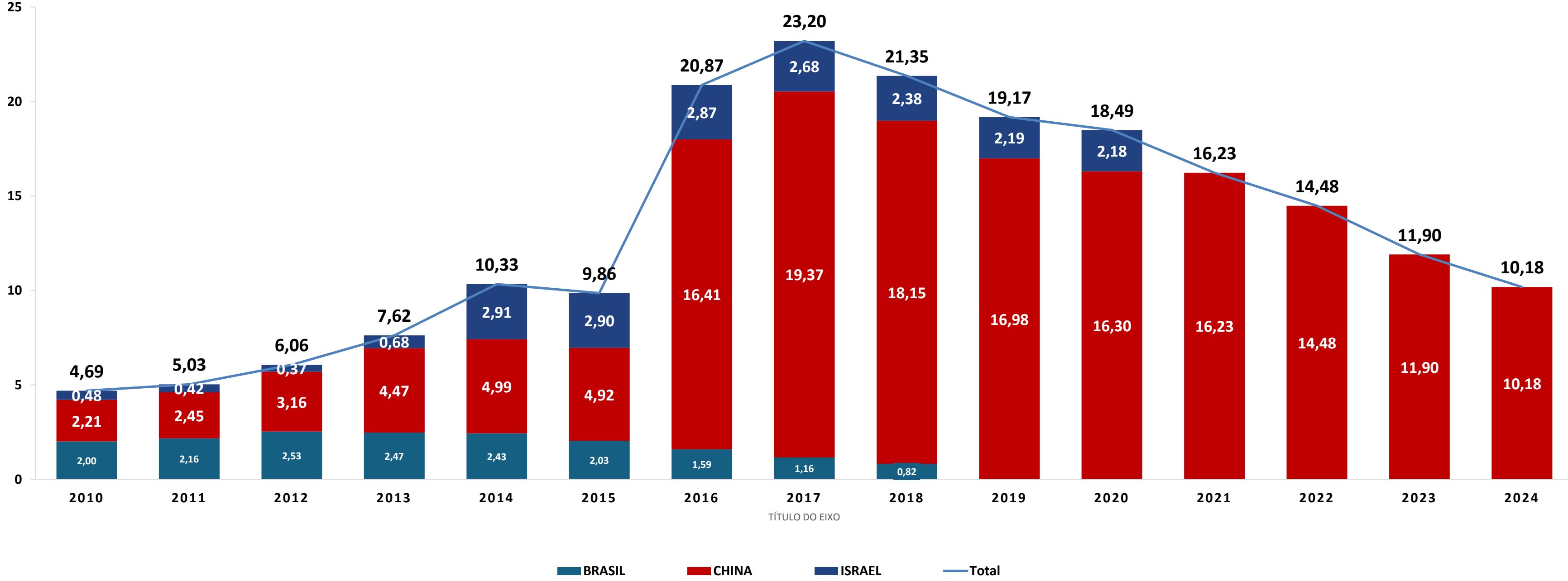
- Access to the DSSI and the temporary debt relief agreement with China allowed Angola to reduce pressure on debt service by USD 6.4 billion
- Angola continued to fulfil its debt service obligations and in fact amortized USD 1.2 billion of payments to China before the end of the suspension period.

## Impact of CDB agreement on external debt service

- In May 2024, Angola agreed with CDB to prepay some debt due to mature in September 2024
- As a result, funds held in the escrow were reduced
- Thanks to the agreement with CDB and the flexibilization of
- the escrow account mechanism, an additional USD 150-200 million have been freed up every month

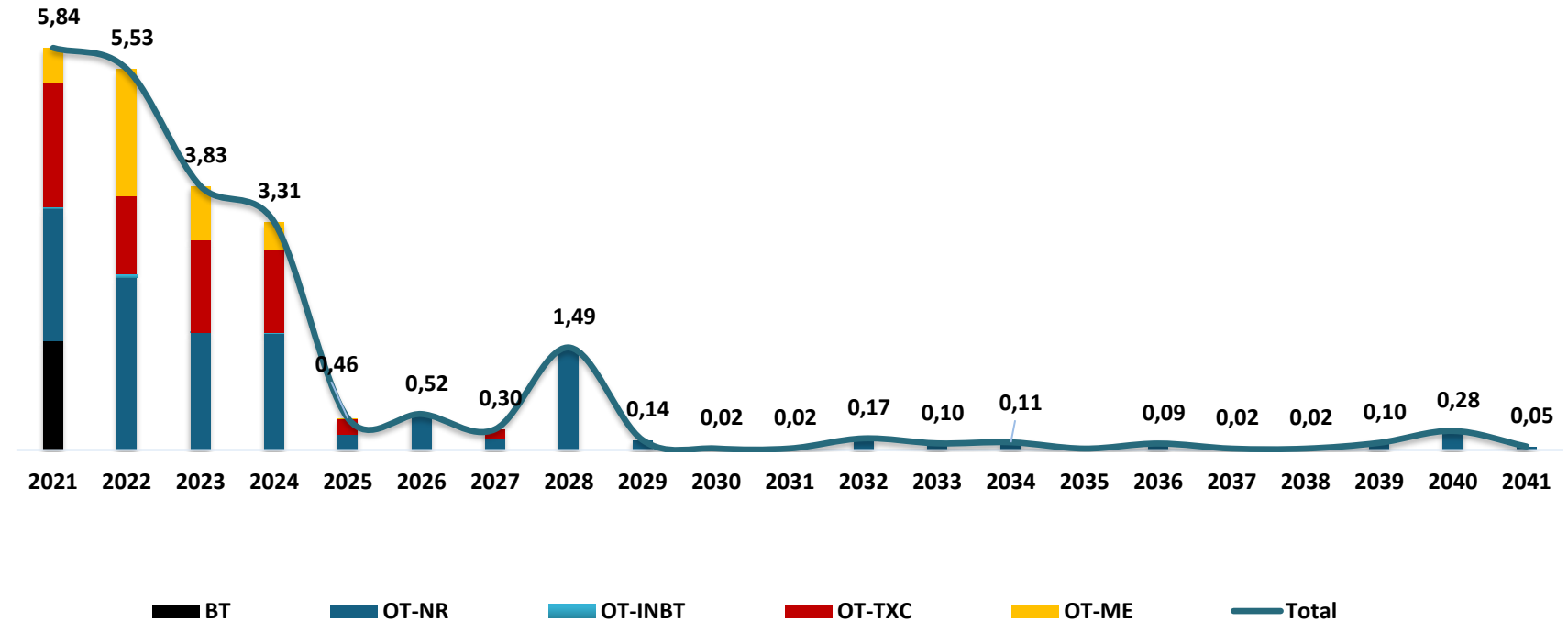
# Public Debt Historical Balance

Evolution of Guaranteed Debt Stock 2010-2024 Billion USD



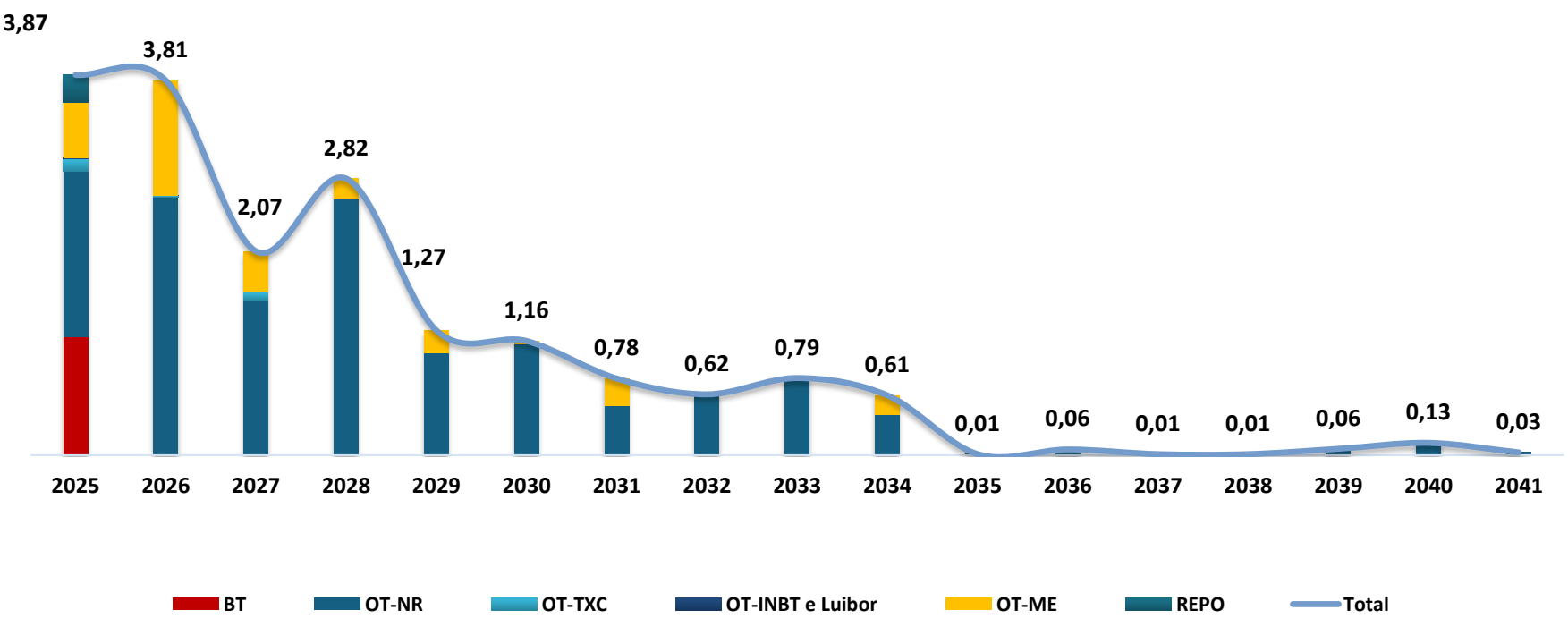
# Public Debt Historical Balance | Internal

Actions implemented to improve the securities market from 2022 to 2024



Benchmark Bonds.

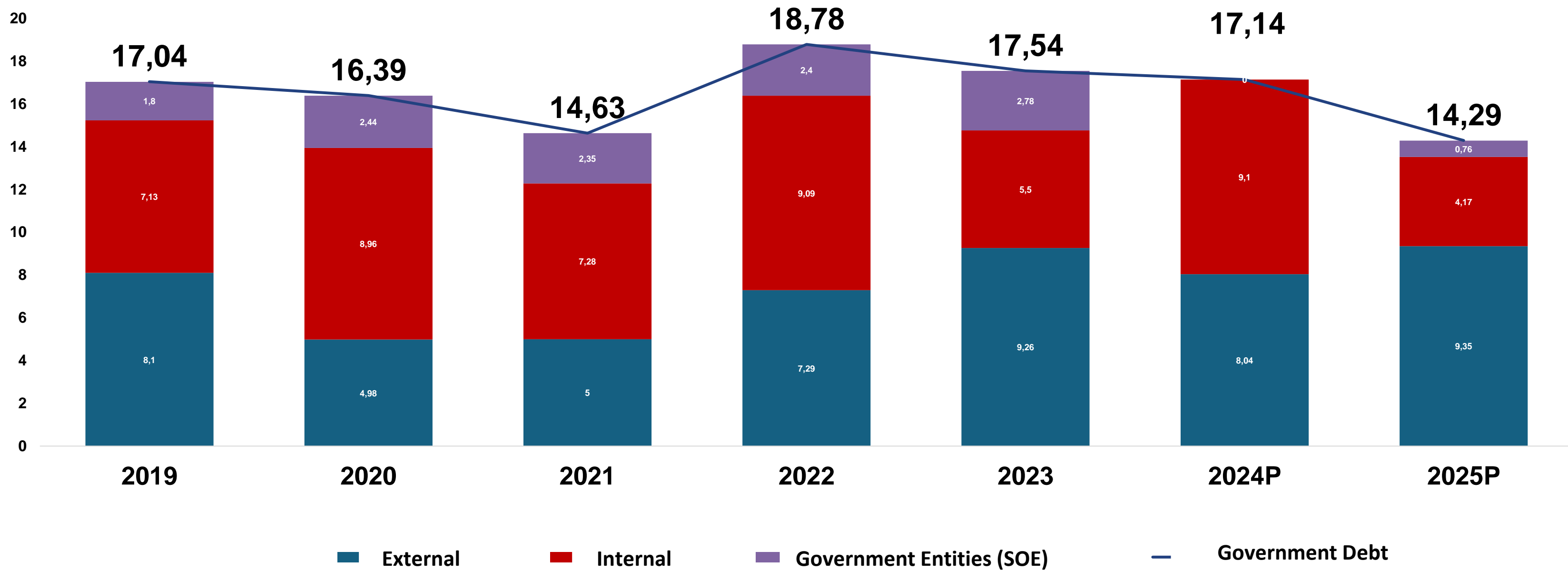
SWAPS  
(Liability Management)



New Auction Dynamic

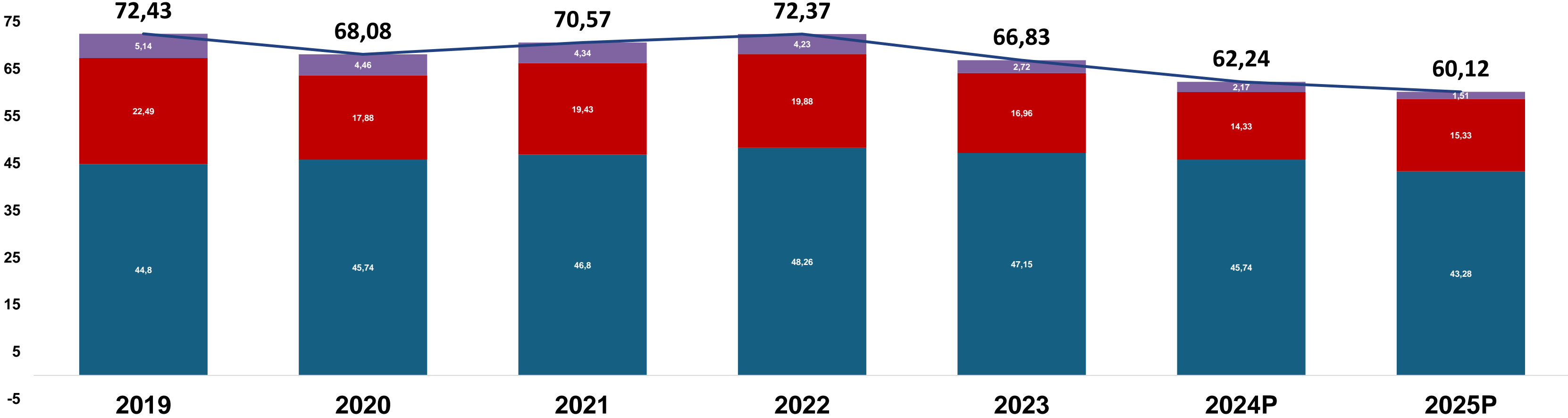
# Public Debt Historical Balance

Debt Service 2019- 2024 Billion USD



# Public Debt Historical Balance

Debt Stock 2019- 2024 Billion USD



External

Internal

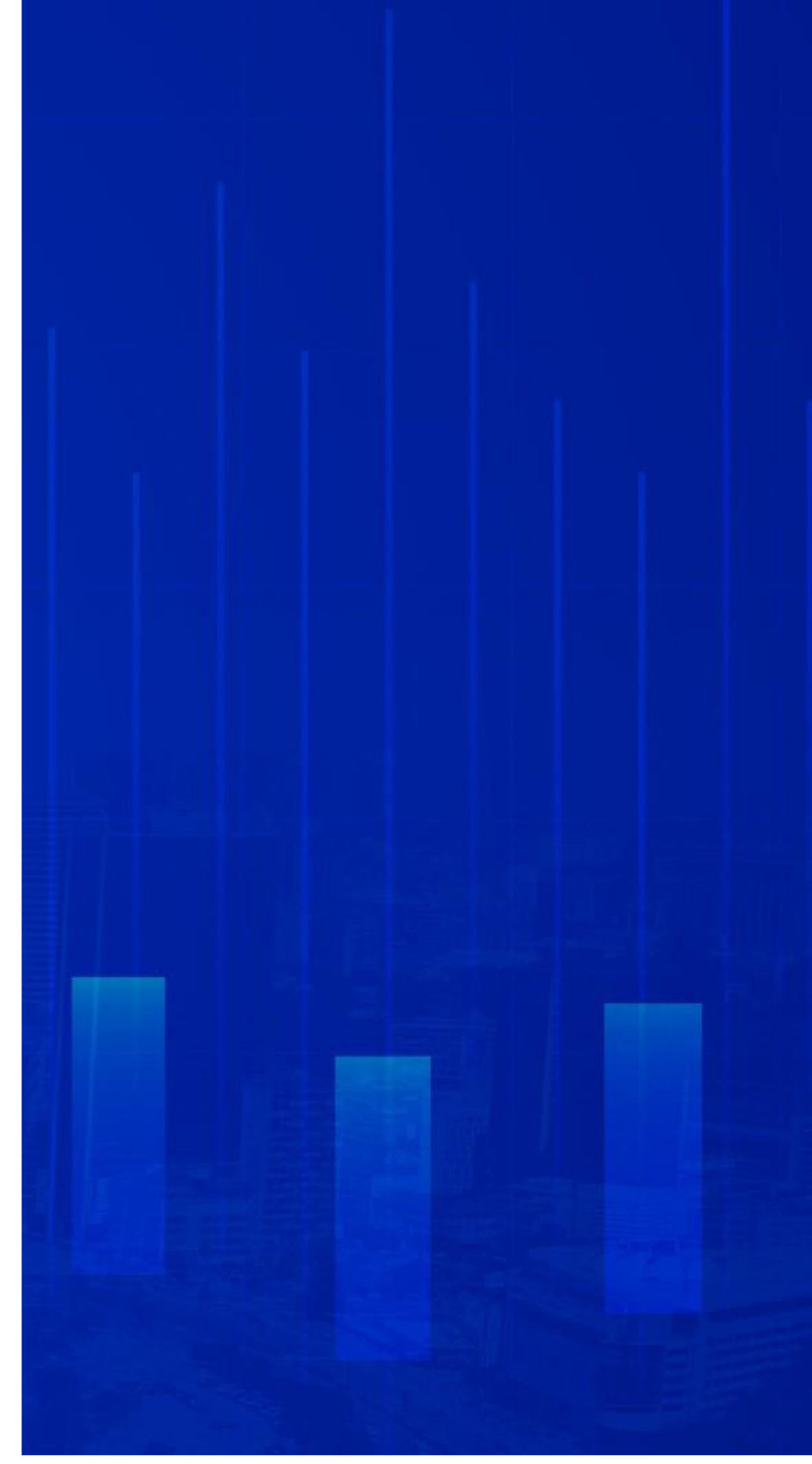
Government Entities (SOE)

**1. Debt Management Units Mission**

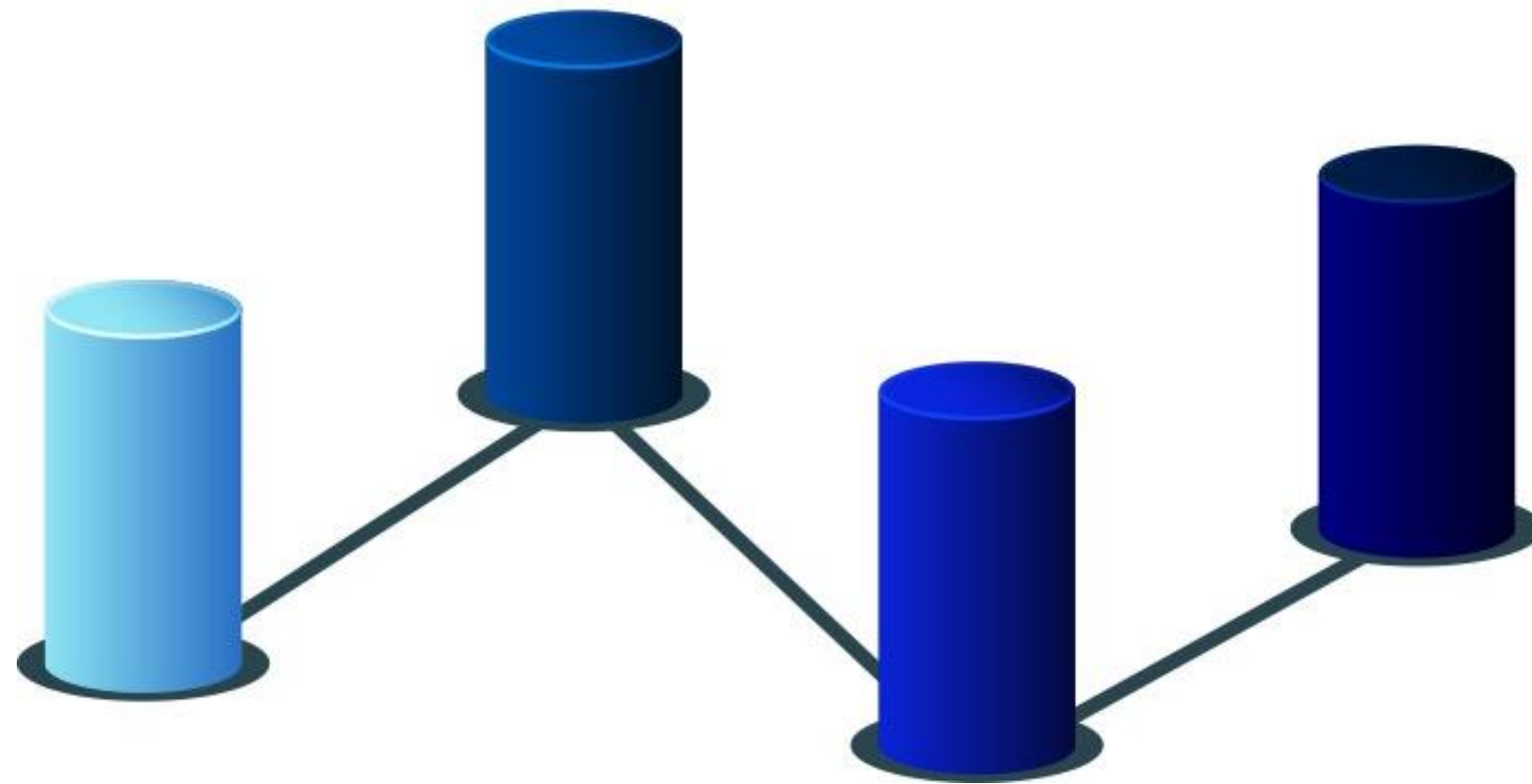
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# 2025 Debt Strategy Pillars



- Prioritize the contracting of instruments that assist in active liability management.

- Promote the reduction of exchange rate-indexed securities.

- Improve the maturity profile of public debt.
- Encourage benchmark issuances.

- Promote the secondary market for public debt.
- Promote the attraction of external financing with concessional characteristics.

- Promote transparency and communication with the international and national markets.

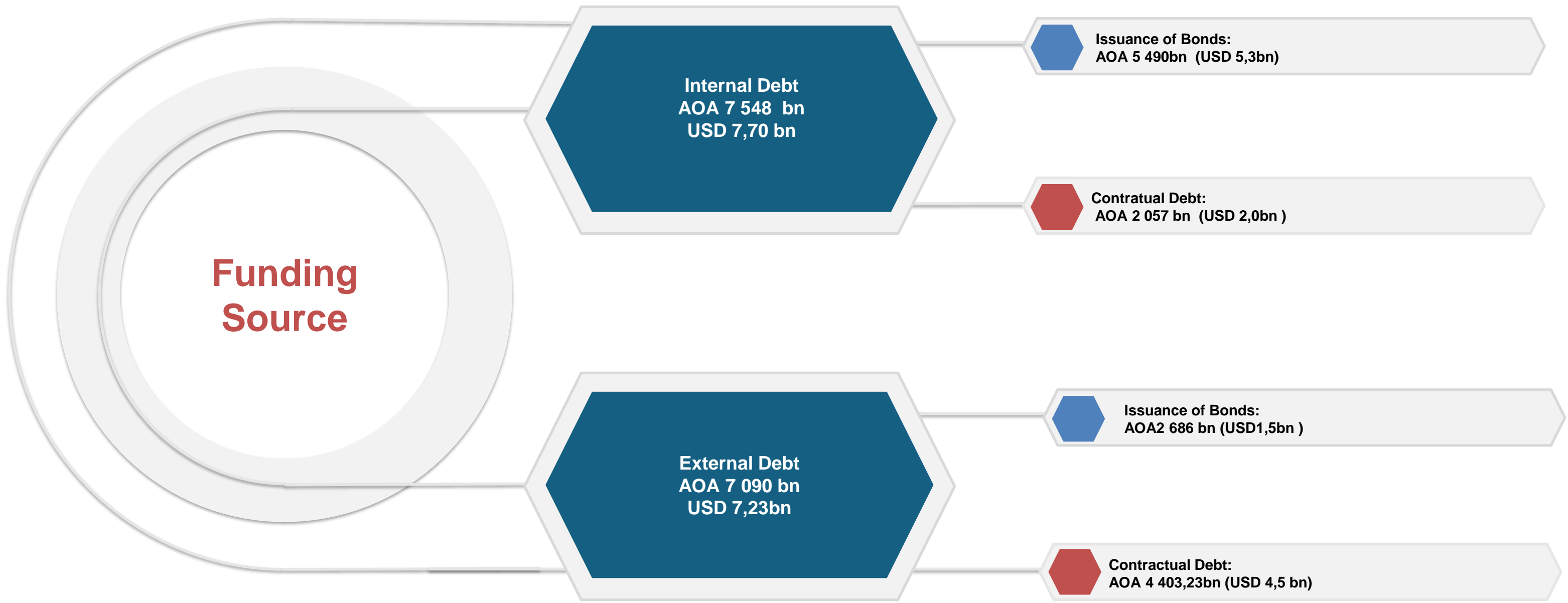
# Net Debt Forecast 2025

- Opportunity
- Sustainability
- Growth
- Development
- Continuous Monitoring

Description	Amount ( millions)
Forecast of Debt Stock (Dec. 2024)	55.159,93
Internal Debt	13.897,00
External Debt	41.262,93
Forecast disbursements (2025)	14.638,07
Internal Debt	7.548,05
ARO	3.732,99
Non- ARO	3.815,06
External Debt	7.090,02
Amortization Forecast (2025)	8.591,05
Internal Debt	2.677,30
External Debt	5.913,74
Net Debt (2025)	2.314,03
Internal Debt	1.137,75
External Debt	1.176,28
Stock Forecast (Dec. 2025)	57.473,96
Internal Debt	15.034,75
External Debt	42.439,21

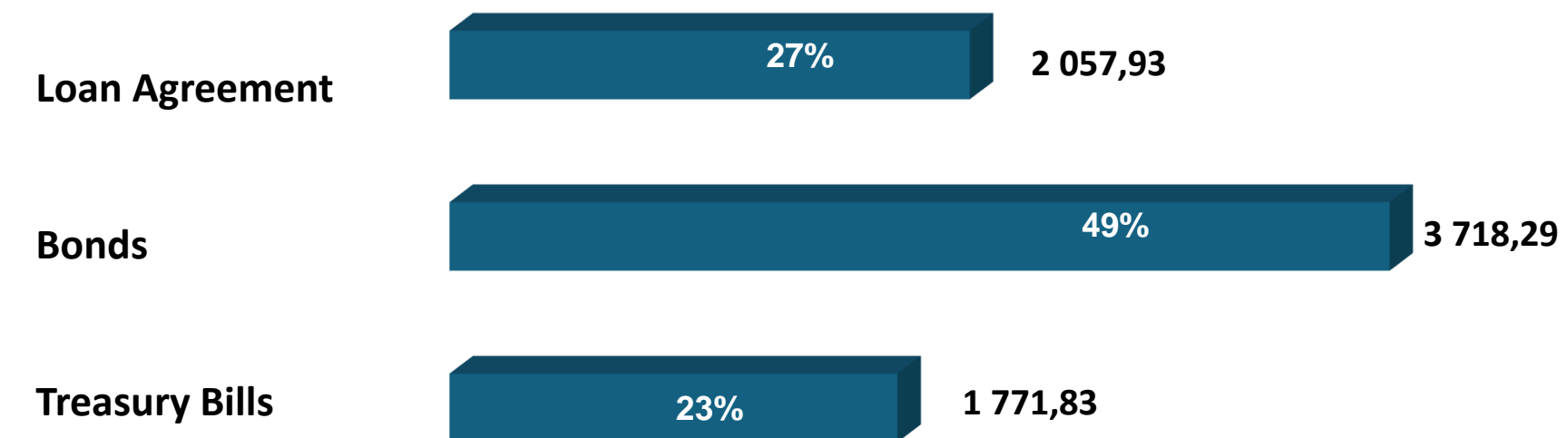
•ARO: Borrowing repaid within the same year (49% of the domestic debt will be repaid in 2025)

# Debt Funding Source Structure 2025



# Debt Funding Source Structure | Internal Debt

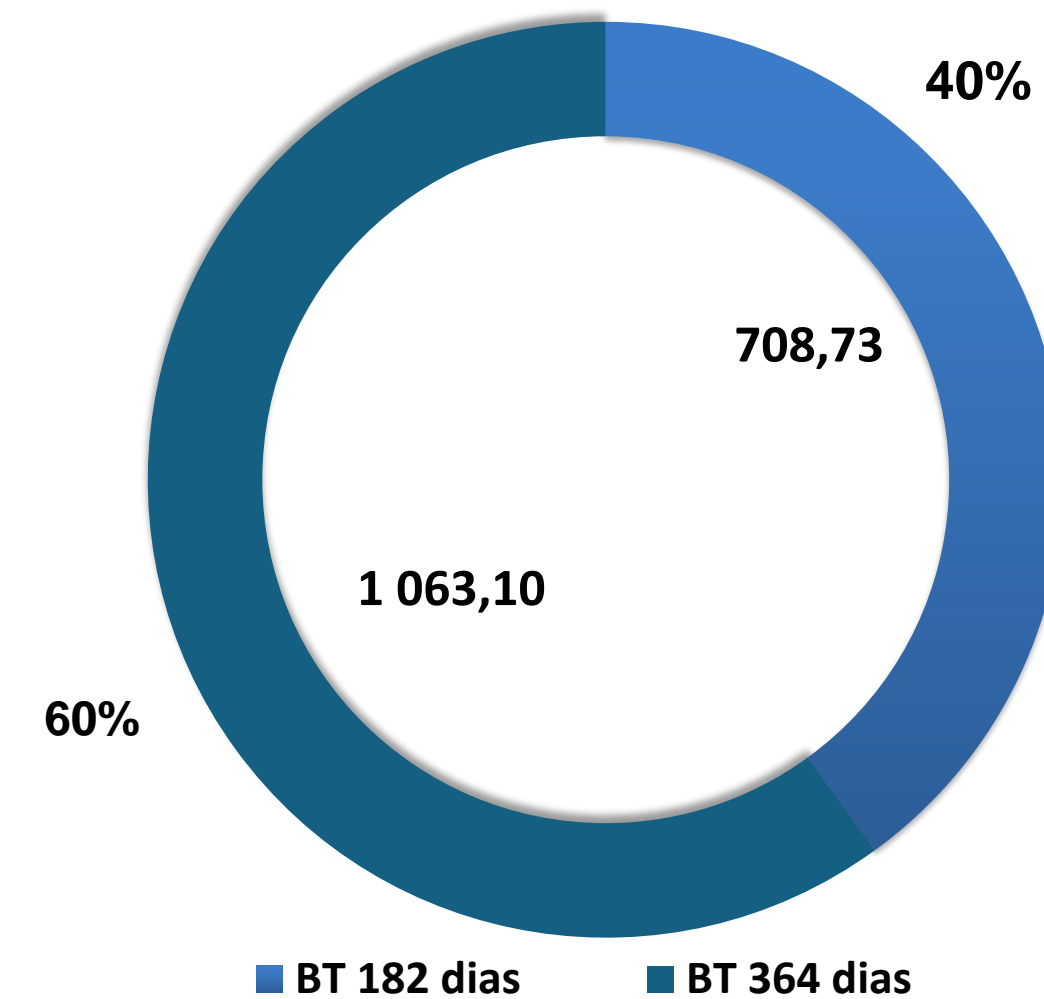
Issuance of Domestic Debt by Instrument



Bonds

Modality	Issuance	%
OT- LCY Auction	2 657,74	71%
OT- FCY Auction	357,61	10%
OT-Capitalization	320,00	9%
OT- Regularization	382,93	10%
<b>Total</b>	<b>3 718,29</b>	<b>100%</b>

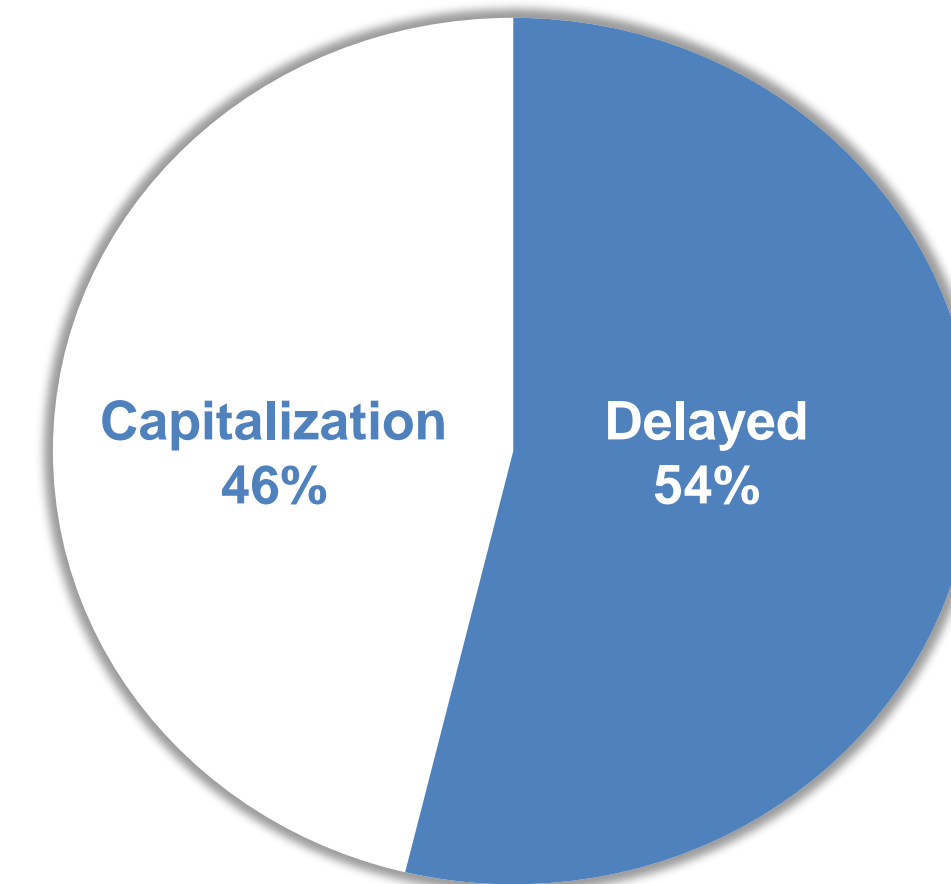
Treasury Bills



# Debt Funding Source Structure | Internal Debt

Issuance Type	Maturities OT's
Auction	OT-NR (3 Years)
Auction	OT-NR (5 Years)
Auction	OT-NR (7 Years)
Auction	OT-NR (10 Years)
<b>OT-FCY</b>	
Auction	OT-FCY 3 Years
Auction	OT-FCY 4 Years
Auction	OT-FCY 5 Years
Auction	OT-FCY 6 Years
Auction	OT-FCY 7 Years
Auction	OT-FCY 8 Years
Auction	OT-FCY 9 Years
Auction	OT-FCY10 Years

Issuance of OT-LCY for special operations



- "Treasury Bonds will be placed on the market through MN and ME Auction Operations (81%), Operations for the Capitalization of Public Institutions (9%), and Operations for the Regularization of Delayed Payments (10%)."
- "The bonds in foreign currency (OT-FCY) have maturities ranging from 3 to 10 years, with interest rates to be determined by the market. The issuances will be consolidated into benchmark bonds, which will be reopened according to market participants' demand."

# Debt Funding Source Structure | External Debt

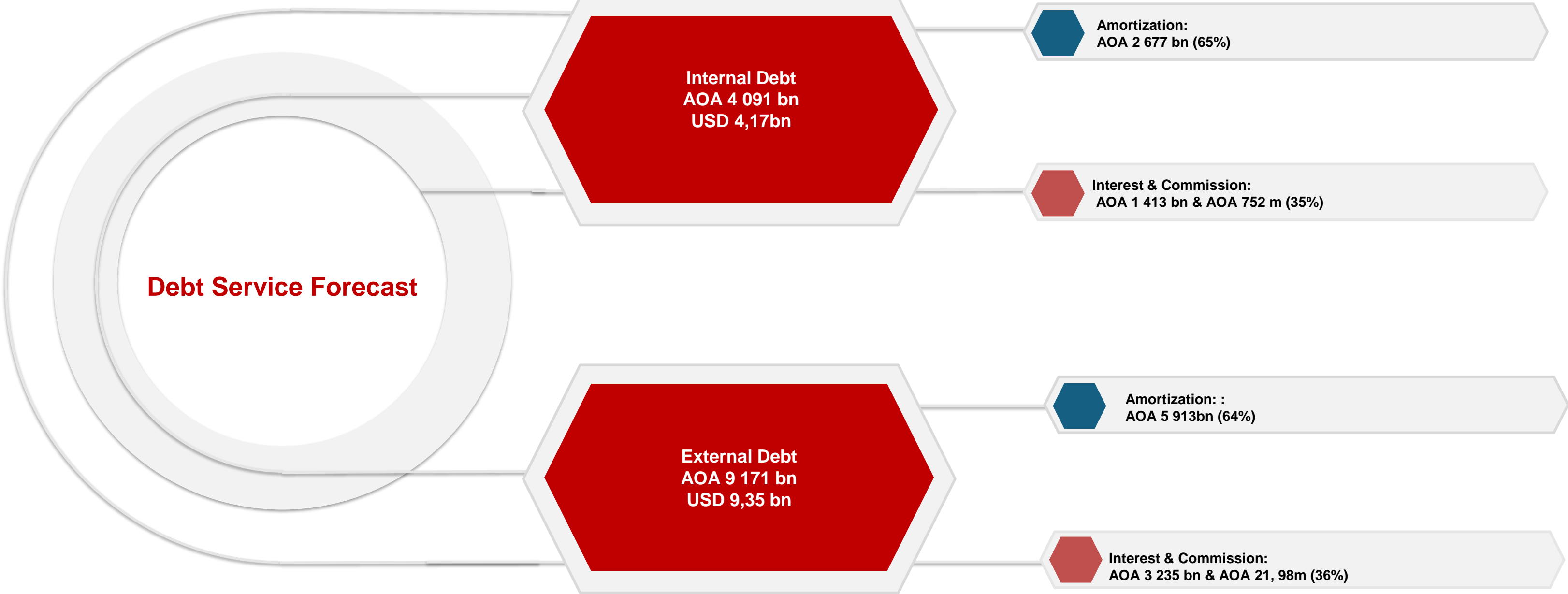


## External Funding Sources

USD bn

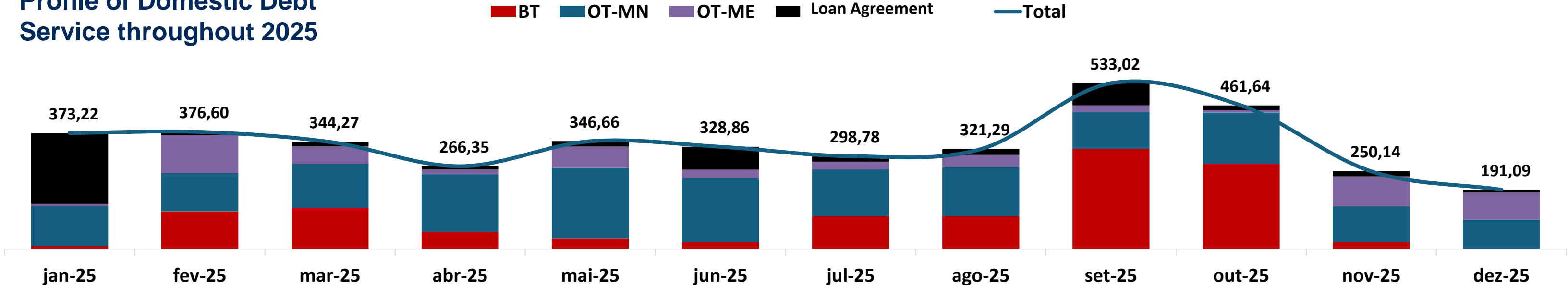
International Market issuance <sup>1</sup>	1.5
Budget support financing <sup>2</sup>	1.3
<b>Credit Facilities/Project Finance</b>	<b>4.4</b>
<i>o/w in execution</i>	3.7
<i>o/w in contracting phase</i>	0.8
<b>Total</b>	<b>7.2</b>

# Projection of Government Debt Service

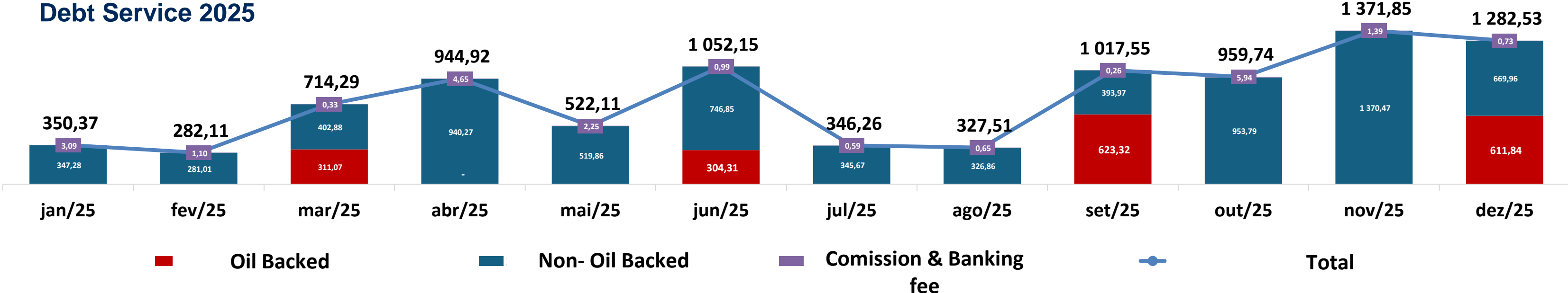


# Projection of Government Debt Service 2025

Profile of Domestic Debt Service throughout 2025



Monthly Projection of External Debt Service 2025



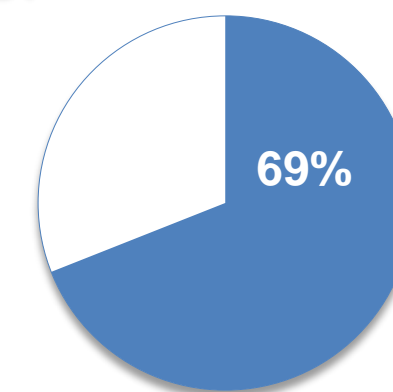
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Forecast	Amount Billions
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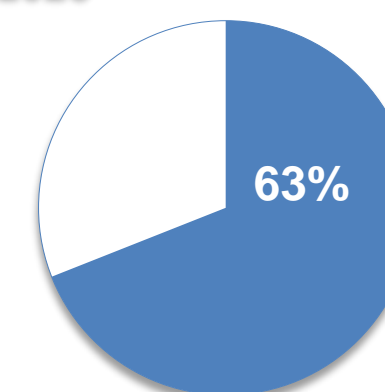
## Sustainability Ratio (Debt/ GDP)

### Debt Ratio

2024

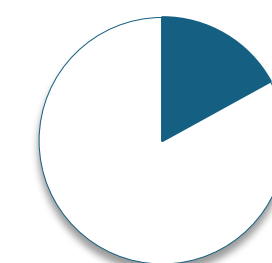


2025

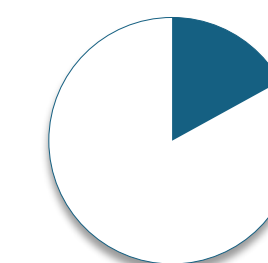


### Domestic Debt Stock/GD

17%

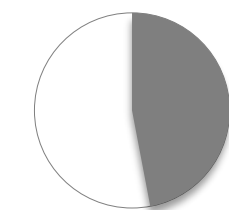


17%

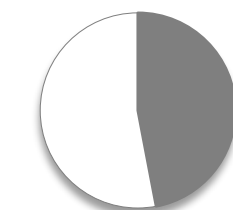


### External Debt Stock/GDP

52%



47%

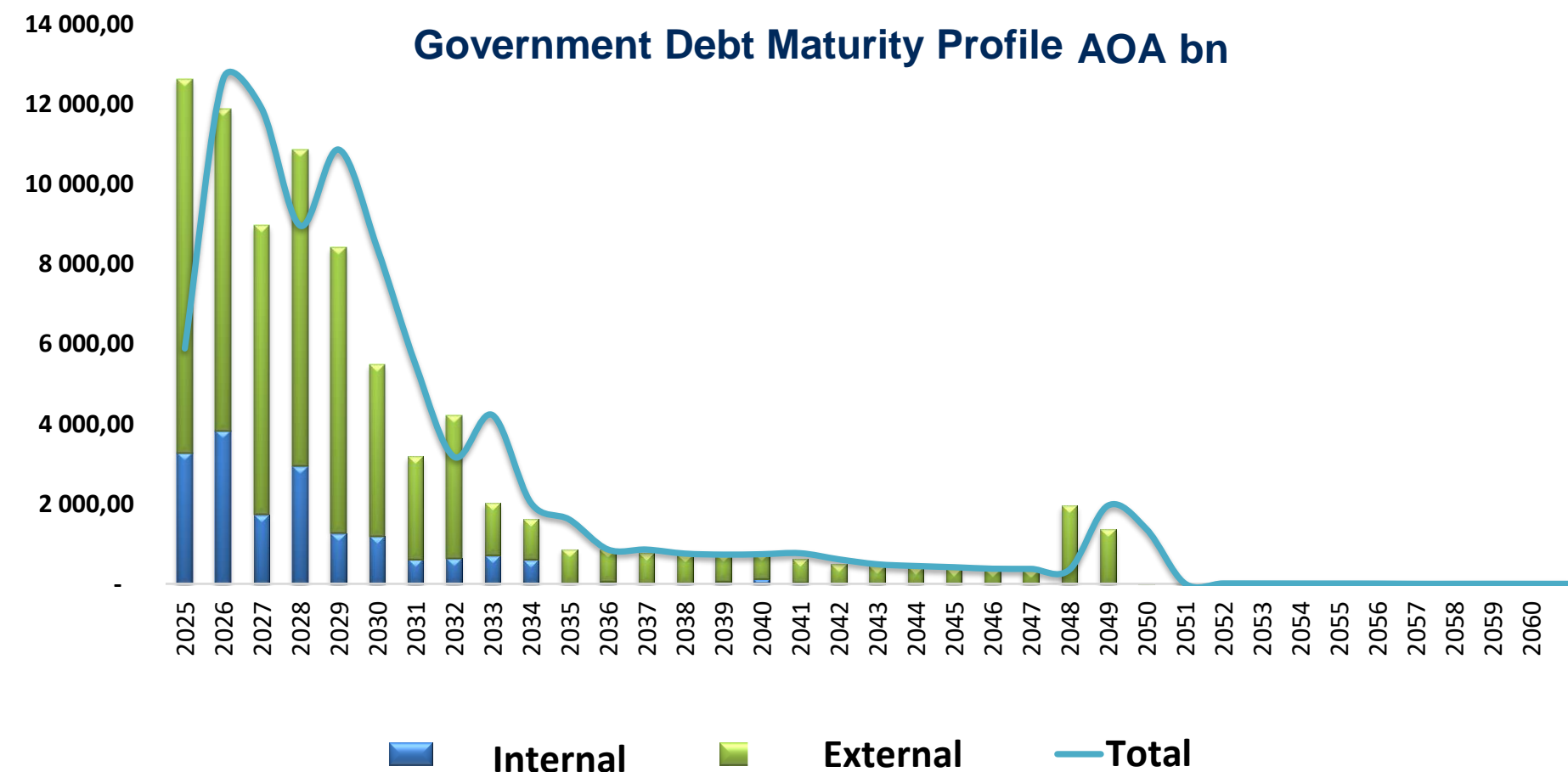


# Risk Analysis of the Government Debt

Sustainability Ratio	%
Total Debt Service/Fiscal Revenues	67%
External Debt Service/Oil Revenues	85%
Domestic Debt Service/Non-Oil Revenues	67%
Total Debt Interest/Fiscal Revenues	22%
Total Debt Service/International Reserves	92%
External Debt Service/Exports	-

Description	Amount (Millions)
Oil Revenues	19.848,18
Non-Oil Revenues	10.852,29
Other Revenues + Donations + Social Contributions + Capital Revenues	6.147,34
Government Debt Service - 2025	2.848,55
Domestic Debt Service	13.263,31
External Debt Service	4.091,92
International Reserves	9.171,39
Oil Revenues	14.450,70

Indicators	Internal Debt	External Debt
Average Residual Maturity (years)	3	9
Exchange Rate Exposure	31%	79%
% of Financing with Variable Interest Rate	1%	60%
Average Cost (interest rate)	12,74%	6,84%

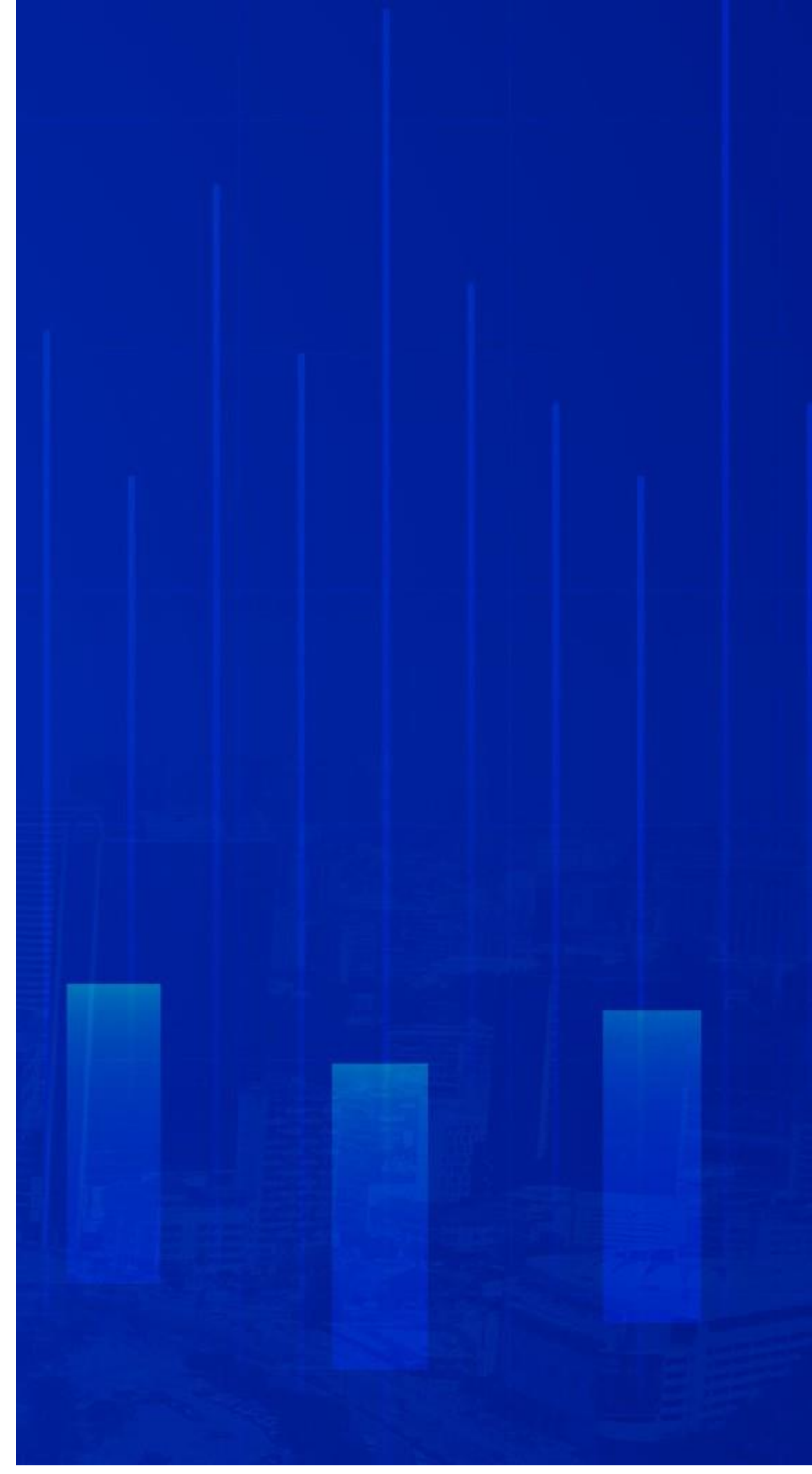


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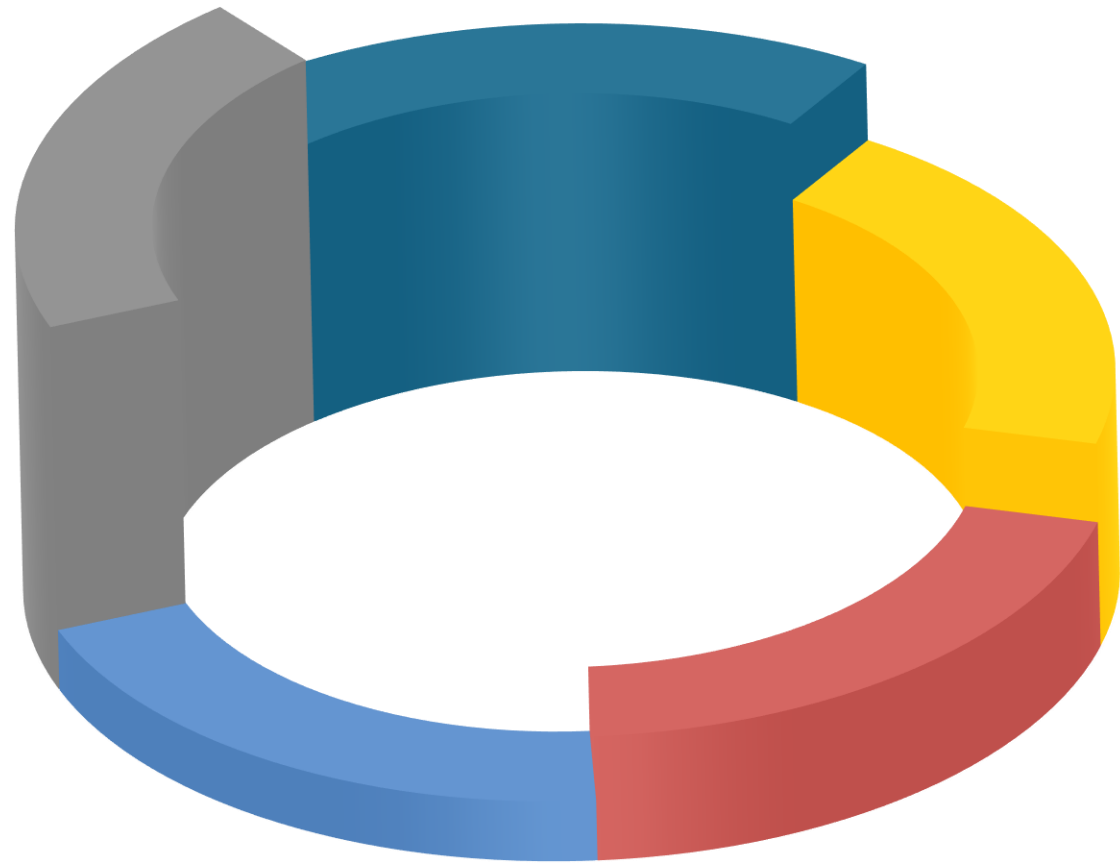
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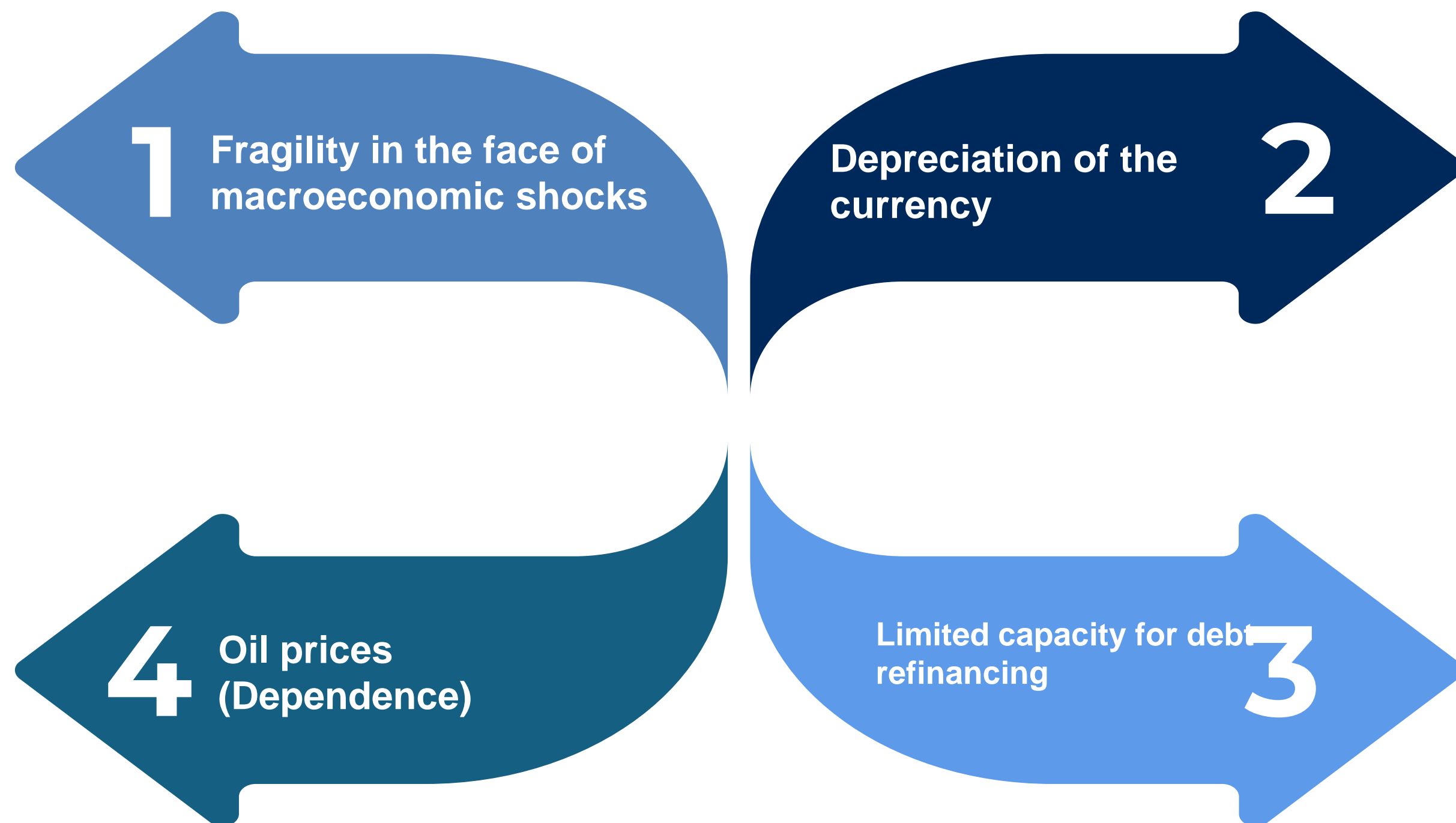


# Risk Management Mechanism



- 1** Materialize the purpose of creating the Debt Service Reserve Account.
- 2** Prioritize medium and long-term instruments.
- 3** Continue with the strategy of conducting liability management operations.
- 4** Expand the domestic market investor base.
- 5** Prioritize concessional financing and limit the granting of public guarantees.

# Angola's Risks from the IMF's Perspective



# Angola's Progress

International stakeholders recognize Angola's progress in implementing reforms and proactive fiscal consolidation



Primeira Consulta de Avaliação Pós-Financiamento

"The authorities' efforts to follow through on the economic reforms initiated during the EFF 2018-21, including in the areas of fiscal management, revenue mobilization, debt management, financial stability, and central bank independence, have helped to increase the resilience of Angola's economy."

First Post-Financing Assessment Consultation - July 2024

MOODY'S

B3 / Perspective: Positive

"Angola's credit profile benefits from a current account surplus and solid levels of foreign exchange reserves, which mitigate the risk of external vulnerability. We expect GDP growth to accelerate to 3% in 2024, compared to 1% in 2023, and to 3.3% in 2025. The country has made tangible progress in creating a policy framework with the assistance of the IMF and development institutions, as well as in promoting the private sector and supporting macroeconomic stability."

"Moody's Assessment Report, November 2024"

S&P Global

B- / Perspective: Stable

"Significant policy measures have been taken in recent years to address fiscal imbalances and manage upcoming debt payments [...] We expect government indebtedness to moderate as fiscal consolidation measures continue and with the partial repayment of external debt, particularly to Chinese creditors."

"S&P Assessment Report, August 2024"

FitchRatings

B- / Perspective: Stable

"Angola expects to maintain strong international reserves, with USD 15.2 billion in 2024. Government debt/GDP is expected to fall to 63.9% in 2024 and 58.6% in 2026, driven by GDP growth and positive primary balances. External amortizations will remain high but will be managed through oil revenues and diversified financing. The government's interest payments to revenue ratio is estimated at 28% in 2024."

"Fitch Assessment Report, December 2024"

# Thank You