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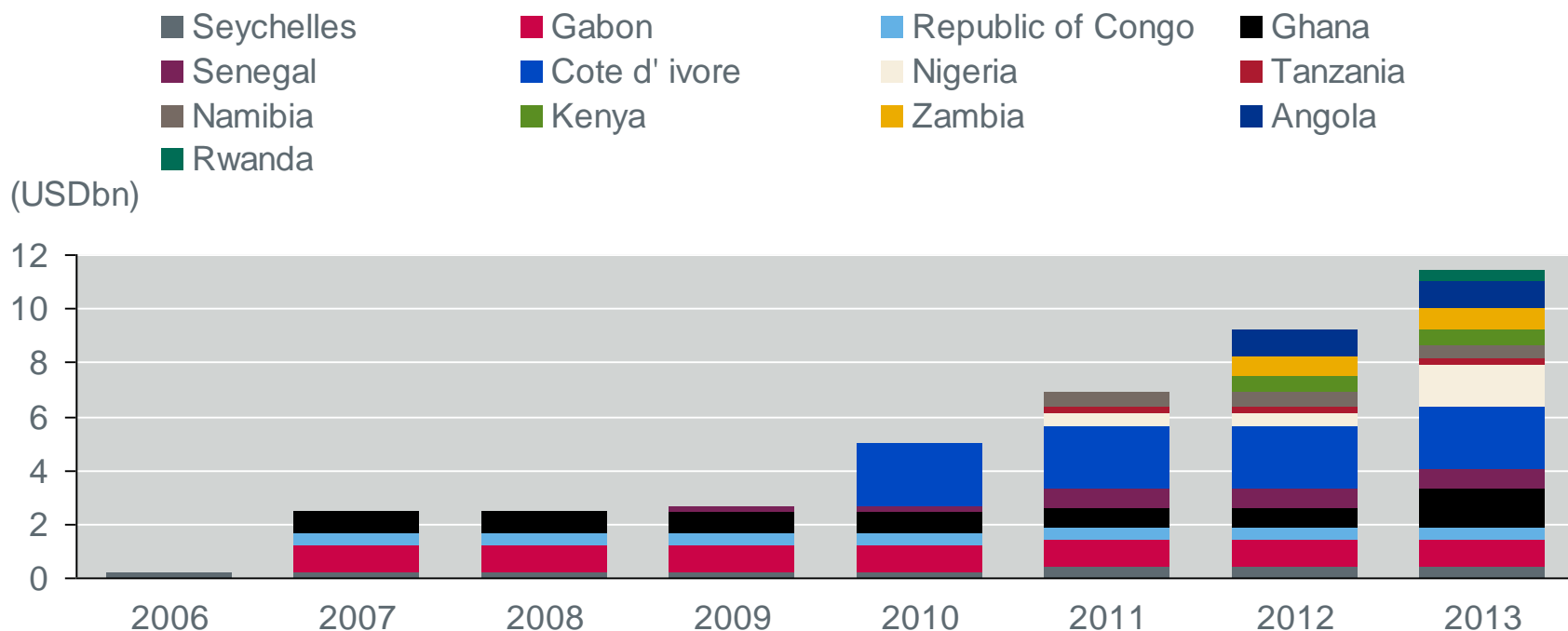
Kenya's Eurobond Debut

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African Sovereign Bonds and Syndicated Loans

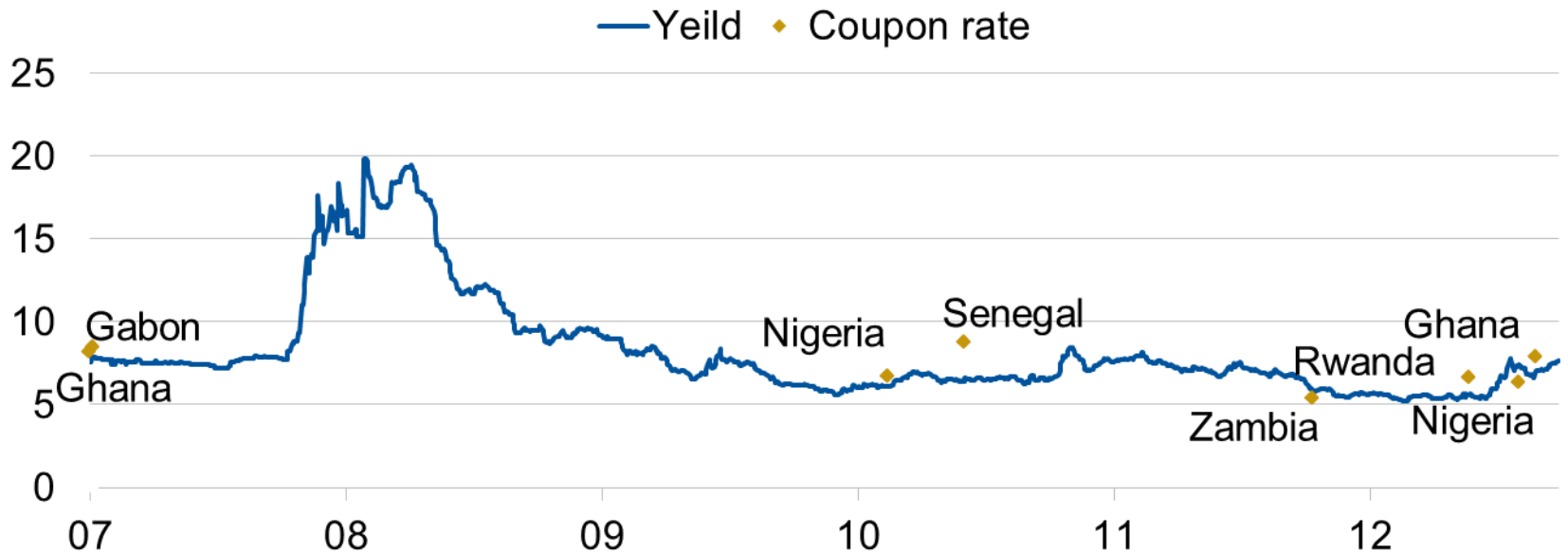
Non-Concessional Borrowing on the Rise



Source: IMF, Fitch and Bloomberg

Is now still a good time to issue:

SSA's Eurobond Issuance



Source: Fitch and DataStream

Data: Yield calculated as the average of B/B+ and BB- rated sovereigns at time of Issue

Risks and Returns of Eurobond Issuance

Advantages:

- Introduces market discipline and improves transparency
- Expands the investor base and reduces risk of domestic crowding out
- Benchmarking for local capital market

Disadvantages:

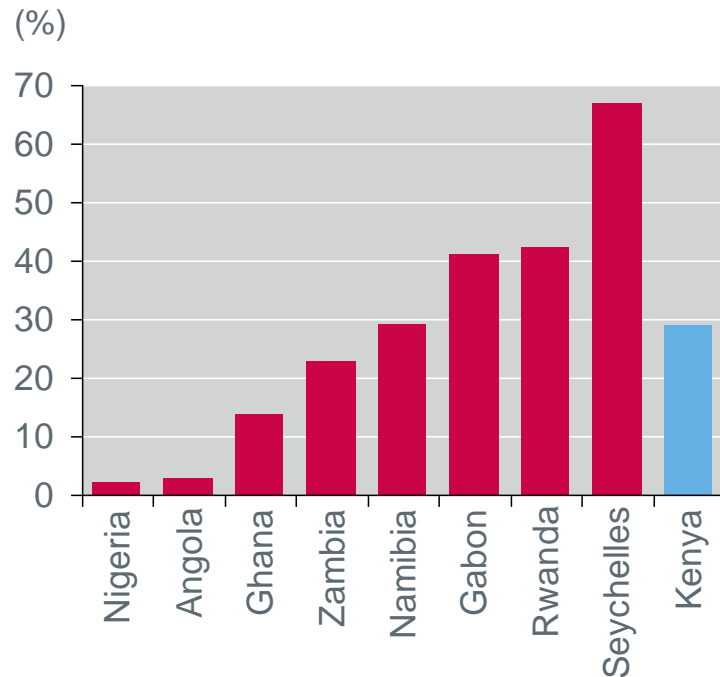
- High ex post debt servicing costs due to currency depreciation
- Roll-over risk
- Managing market perception

Some things to Consider:

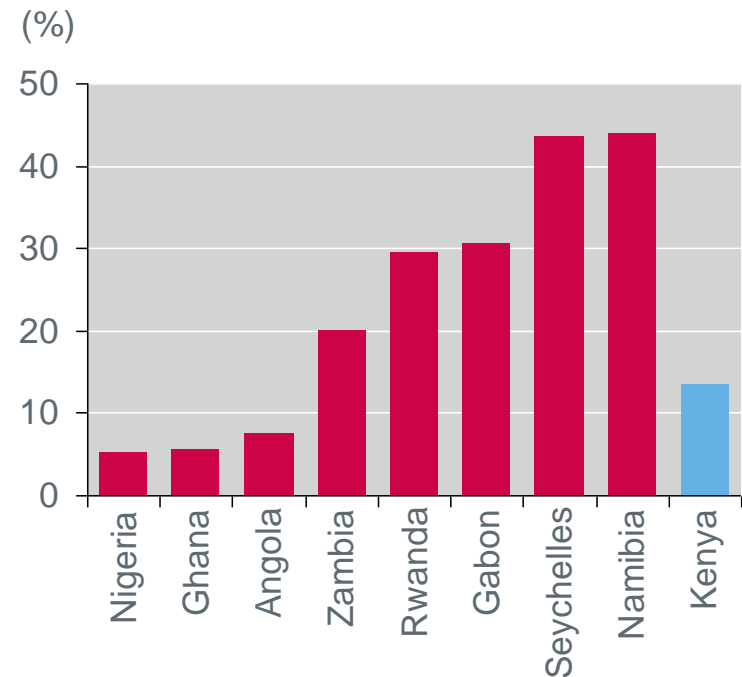
- Size of issue
- Sinking Fund

Eurobond Issuers – Current and Potential

Largest Outstanding Bond as % of Reserves



Largest Outstanding Euro as % of Sovereign External Debt Prior to Issue



Source: Fitch

How Does Kenya Compare to Recent Issuers?

	Kenya 'B+'	Ghana 'B+'	Rwanda 'B'	Zambia 'B+'	Angola 'BB-'	Nigeria 'BB-'
Real GDP growth (%)	5.7	7.4	7.7	7.6	7.8	6.8
GDP per head (USD)	942	1,953	696	1,646	6,073	1,680
Ease of doing business	34.8	65.8	72.3	49.5	7.1	29.4
Broad money (% of GDP)	58.5	25.7	20.5	22.7	38.2	36.8
Current account plus FDI (% of GDP)	-10.6	-1.4	-8.9	7.9	3.7	7.5
Import cover	3.7	2.5	3.8	4.3	7.2	5.7
Government balance (% of GDP)	-6.8	-10.3	-4.9	-4.6	4.2	0.0
Government debt (% of GDP)	49.7	47.0	28.9	30.0	19.4	22.8
Public FC debt (% of total debt)	42.2	66.9	78.5	74.8	58.6	14.1
Sovereign external debt (% of GDP)	27.3	31.5	22.7	22.4	14.1	7.7

Source: Fitch and National Authorities Date: Average: 2011/2012 and 2013

Related Research

All relevant Fitch research can be found on our website www.fitchratings.com under the appropriate sector headings

- Country Credit Analysis Reports (annual)
- Sub-Saharan Sovereigns: Higher Ratings Would Depend on Continued Reforms (May 2013)
- Sovereign Ratings Impact of FDI on Africa (February 2013)
- Ghana: The State of Public Finances (February 2013)
- Sub-Saharan Africa Sovereign Credit Overview (February 2013)
- Resource Nationalism (February 2013)
- 2013 Outlook: Sub-Saharan Africa Sovereigns (December 2012)
- Nigeria and Ghana – Sovereign Credit Outlook (November 2012)
- Rapid Credit Growth in Sub-Saharan Africa (October 2012)
- Africa China Connection (December 2011)
- Nigerian Banking Sector (July 2012)
- Sovereign Review (Semi-annual: June and December)
- Sovereign Rating Methodology (August 2012); Sovereign Rating Model (September 2012)
- Sovereign Comparator (Quarterly: March, June, September, December)
- Macro Prudential Risk Monitor, January 2013 (semi-annual)

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