FitchRatings

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Fitch Affirms the Republic of Congo at 'CCC+', Assigns a Recovery Rating of 'RR4'; Removes UCO

Fitch Ratings - London - 20 Feb 2026: Fitch Ratings has affirmed the Republic of Congo's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) and senior unsecured at 'CCC+' and assigned a Recovery Rating of 'RR4', removing it from Under Criteria Observation (UCO). Fitch typically does not assign Outlooks to sovereigns with a rating of 'CCC+' or below. A full list of rating actions is at the end of this Rating Action Commentary.

The affirmation reflects Congo's weak public financial management, high government debt, high oil dependence, low governance scores and tight regional market, all of which have led to poor debt repayment record and recurrent problems of arrears.

These pressures are partially offset by reduced near-term rollover risks, improving growth prospects driven by oil and gas sector expansion, and steadily declining government debt supported by a broadly balanced fiscal position.

Key Rating Drivers

Weak Public Financial Management: Congo's ratings reflect a record of weak public financial management, evidenced by the October 2024 debt operation that Fitch deemed a distressed debt exchange (DDE). This followed the restructuring of external commercial liabilities with oil traders in 2022. Public financial management weaknesses are also evidenced by a high and likely increasing stock of domestic arrears to the private sector, which we estimate at about 13% of GDP at end-2025 subject to uncertainties due to ongoing government auditing. External arrears to official creditors also accumulated to an estimated 1.6% of GDP during 2025, reflecting poor cash management.

Eurobond Issuances Provide Relief: Congo's eurobond issuances through private placements in November and December 2025 have alleviated near-term rollover pressures, marking the country's first such issuance in almost 20 years. Total external issuance of USD930 million (5.7% GDP) was used to pay down regional debt maturing by end-2025 and early 2026 into bonds maturing from 2028. Part of this eurobond issuance is expected to be refinanced by the new USD700 million external issuance in early February. Fitch views an IMF programme as likely to be requested following the March 2026 elections with funding to materialise in 2026 or 2027.

Limited Financing Flexibility: Financing flexibility is constrained by tight liquidity in the regional bond market of the Economic and Monetary Community of Central Africa (CEMAC), despite record-level injections from the regional central bank. The completion of the IMF programme in April 2025 has curtailed official external financing, while regional market demand has been weak and limited to

rollover. Fitch believes the regional market will be unable to provide material net new funding in 2026-2027.

Financing Needs Still High: Congo's gross financing needs remain large despite declining as a share of GDP, at 12% in 2026. This mainly reflects substantial regional debt amortisations (including short term) projected at 9% of GDP in 2026, down from the peak of 14% in 2025. The reduction reflects the paydown and maturity extension achieved through the 2025 eurobond issuances, although refinancing pressures remain high.

Oil and Gas Sector Expansion: Economic growth is expected to have accelerated to 3.0% in 2025 from 2.1% in 2024, driven by rebounding oil production. Fitch forecasts further strengthening in 2026-2027, supported by oil and gas sector expansion and new liquefied natural gas (LNG) production. Chinese-backed projects are expected to offset declining output from maturing fields. LNG is becoming an increasingly important driver, with Eni Congo expected to start production in 2026, lifting total LNG production to 3.0 million tonnes per annum (mtpa) by 2027 from 0.6 mtpa according to authorities. Non-oil sector growth is projected to remain stable at 2.0%-2.5%, constrained by infrastructure bottlenecks.

Declining High Government Debt: Government debt continues to decline steadily, supported by sustained large fiscal primary surpluses. We expect debt to have reduced to about 87% of GDP in 2025, above the 'B'/'C'/'D' median of 69.6%, with further declines through 2027. This includes 13% in domestic private arrears, though this amount is subject to substantial revision pending further audits. The overall fiscal surplus is estimated to narrow to about 0.5% of GDP in 2025, as oil revenue declines with falling global prices and spending rises due to security needs and election-related transfers.

Reserves Declining, Risks Contained: Regional CEMAC reserves fell to USD11 billion in October 2025 from USD12.6 billion at end-2024, translating into a decline in import coverage to 4.2 months, albeit broadly in line with our 'B' median. The decline was driven by lower IMF disbursements, increased imports, higher external debt servicing and loosening application of FX repatriation. Fitch expects reserves to recover moderately in 2026 following commitments announced at the CEMAC conference in January 2026.

Political Continuity Expected: Presidential elections will be held on 15 March 2026, with 81-year-old President Denis Sassou Nguesso likely to win another term. We do not envisage increased political instability that could significantly jeopardise economic activity, or a change in the overall current economic policy direction following his likely re-election. However, the absence of a clear succession plan creates the risk of a potentially disorderly political transition over the medium-to-long term.

ESG - Governance: Congo has an ESG Relevance Score (RS) of '5' for Political Stability and Rights and for the Rule of Law, Institutional and Regulatory Quality and Control of Corruption. These scores reflect the high weight that the World Bank Governance Indicators (WBGI) have in our proprietary Sovereign Rating Model. Congo has a low WBGI in the 18th percentile, indicating weak institutional capacity and control of corruption.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/ Downgrade

Public and External Finances: Evidence of heightened financing strains or liquidity pressures; for example, due to a sharp decline in oil revenue, arrears challenges or the suspension of official sector disbursement.

Public Finances: A sharp increase in government debt-to-GDP; for example, as a result of fiscal slippage or a sustained increase in interest costs

Structural: The announcement or implementation of additional debt exchanges that Fitch considers to be DDE.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Public Finances: A sustained improvement in public financial management that reduces risks related to arrears, contingent liabilities and debt rollover.

External Finances: A sustained improvement in international reserves, resulting in higher current external payments coverage.

Public Finances and Macro: A sharp decline in public debt-to-GDP accompanied by stronger economic growth.

Sovereign Rating Model (SRM) and Qualitative Overlay (QO)

Fitch's proprietary SRM assigns Congo a score equivalent to a rating of 'CCC+' on the LTFC IDR scale. However, in accordance with its rating criteria, Fitch's sovereign rating committee has not utilised the SRM and QO to explain the ratings in this instance. Ratings of 'CCC+' and below are instead guided directly by the rating definitions.

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Fitch's SRM is the agency's proprietary multiple regression rating model that employs 18 variables based on three-year centred averages, including one year of forecasts, to produce a score equivalent to a LTFC IDR. Fitch's QO is a forward-looking qualitative framework designed to allow for adjustment to the SRM output to assign the final rating, reflecting factors within our criteria that are not fully quantifiable and/or not fully reflected in the SRM.

Debt Instruments: Key Rating Drivers

Senior Unsecured Debt Equalised: Fitch has removed Republic of Congo's LT debt instruments from Under Criteria Observation and affirmed them at 'CCC+'.

The senior unsecured LT debt ratings are equalised with the applicable LT IDR, reflecting Fitch's expectation of average recovery prospects in a default scenario. A Recovery Rating of 'RR4' has been assigned to these debt instruments.

The senior unsecured short-term debt ratings are equalised with the applicable Short-Term IDR. See the Rating Actions table below for the full set of instrument ratings and recovery ratings.

Country Ceiling

The Country Ceiling for Congo is 'B-'. For sovereigns rated 'CCC+' or below, Fitch assumes a starting point of 'CCC+' for determining the Country Ceiling. Fitch's Country Ceiling Model produced a starting point uplift of zero notches above the starting point. Fitch's rating committee applied a +1 notch qualitative adjustment to this, under the Long-Term Institutional Characteristics pillar, reflecting Congo's CEMAC membership, benefiting from a convertibility guarantee from the French Treasury. The Country Ceiling is also supported by the fact that the private sector has not been prevented or significantly impeded from converting local currency into foreign currency and transferring the proceeds to non-resident creditors to service debt payments.

Fitch does not assign Country Ceilings below 'CCC+', and only assigns a Country Ceiling of 'CCC+' if transfer and convertibility risk has materialised and is affecting the majority of economic sectors and asset classes.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Climate Vulnerability Signals

Congo has an elevated Climate Vulnerability Signal (Climate.VS) of 50 in 2035, mainly reflecting its exposure to transition risk due to its strong dependence on fossil fuels. The impact of current climatic conditions as well as the current cost of decarbonising the economy are reflected in the SRM. We have not adjusted the rating beyond that to reflect these factors given the long-time scale and high levels of uncertainty involved in the potential impact of the risks, and action the entity might take to adapt to or mitigate the exposure.

ESG Considerations

Congo has an ESG Relevance Score of '5' for Political Stability and Rights as World Bank Governance Indicators have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and a key rating driver with a high weight. As Congo has a percentile rank below 50 for the respective Governance Indicator, this has a negative impact on the credit profile.

Congo has an ESG Relevance Score of '5' for Rule of Law, Institutional & Regulatory Quality and Control of Corruption as World Bank Governance Indicators have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and are a key rating driver with a high weight. As Congo has a percentile rank below 50 for the respective Governance Indicators, this has a negative impact on the credit profile.

Congo has an ESG Relevance Score of '4' for Human Rights and Political Freedoms as the Voice and Accountability pillar of the World Bank Governance Indicators is relevant to the rating and a rating

driver. As Congo has a percentile rank below 50 for the respective Governance Indicator, this has a negative impact on the credit profile.

Congo has an ESG Relevance Score of '4' for Creditor Rights as willingness to service and repay debt is relevant to the rating and is a rating driver for Congo, as for all sovereigns. Congo has defaulted twice on its sole eurobond, in 2016 and 2017, due to an administrative delay and linked to a litigation between Congo and Commisimpex. Congo also rescheduled its public debt in 2020 under the DSSI and undertook a local-currency debt exchange in 2024, which Fitch deemed a DDE. This had a negative impact on the credit profile.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Congo, Republic of	LT IDR	CCC+	Affirmed		CCC+
	ST IDR	C	Affirmed		C
	LC LT IDR	CCC	Affirmed		CCC
	LC ST IDR	C	Affirmed		C
	Country Ceiling	B-	Affirmed		B-
• senior unsecured	LT	CCC+	Affirmed	RR4	CCC+

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	⬘
NEGATIVE	⊖	⬙
EVOLVING	◈	◆
STABLE	■	

Applicable Criteria

Country Ceiling Criteria (pub.24 Jul 2023)

Sovereign Rating Criteria (pub.15 Sep 2025) (including rating assumption sensitivity)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Country Ceiling Model, v2.0.3 (1)

Debt Dynamics Model, v1.3.2 (1)

Macro-Prudential Indicator Model, v1.5.0 (1)

Sovereign Climate Risk Model, v1.0.0 (1)

Sovereign Rating Model, v3.14.4 (1)

Additional Disclosures

Solicitation Status

Endorsement Status

Congo, Republic of	UK Issued, EU Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

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