

BANK OF BOTSWANA

PRESS RELEASE

MOODY'S INVESTORS SERVICE AFFIRMS BOTSWANA'S "A2" SOVEREIGN CREDIT RATING FOR 2016

The Sovereign Credit Rating Agency, Moody's Investors Service (Moody's), has reviewed and reaffirmed, for 2016, Botswana's credit rating of A2 for foreign and domestic bonds; the stable outlook is also upheld.

This follows the review that took account of the commodity price shock and impact on the country's economic and fiscal strength. Moody's noted that the current economic and fiscal challenges, emanating from the external environment, are appropriately captured by the A2 rating. The rating is underpinned by Botswana's continued fiscal resilience, which is supported by the current level of foreign exchange reserves, relatively low public debt and a track record of prudent rule-based fiscal policy, as well as a strong institutional framework. Moody's also observe that, given the healthy financial position and the stable political environment, the risks that could put renewed pressure on the ratings are judged to be low. These factors would ensure restoration of buffers and sustained economic growth in the aftermath of the current challenges.

At the same time, the rating remains constrained by the relatively slow pace of economic diversification and high dependence of the country on the diamond industry for growth, revenue and export proceeds.

Andrew Sesinyi
Head of Communications
(267) 360 6083

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