



BANK OF BOTSWANA



PRESS RELEASE

MOODY'S INVESTORS SERVICE REAFFIRMS BOTSWANA'S "A2" SOVEREIGN CREDIT RATING FOR 2014

The international Sovereign Credit Rating Agency, Moody's Investors Service (Moody's), has just released Botswana's 2014 sovereign credit rating. The A2 rating for both foreign and domestic bonds and the stable outlook are reaffirmed for the year.

The rating is based on the assessment that weighs the Government's relatively strong balance sheet, net external creditor position and low public debt, against potential challenges associated with the middle income status and a relatively small economy. In making the assessment, Moody's emphasised the country's sound policy framework, effectiveness of government and a track record of prudent fiscal policies, which result in continued strengthening of the Government's net financial position. The effective fiscal consolidation in the aftermath of the global financial crisis resulted in the government debt remaining at a low level, while fiscal surpluses can be expected to continue. The assessment further noted that, in 2014, consumer price inflation remained within the Bank of Botswana's medium-term objective range of 3 – 6 percent, while the crawling band exchange rate policy continued to support monetary stability and economic diversification. The economy's heavy reliance on the diamond industry and the relatively slow pace of economic diversification remain key weaknesses for the rating over the long term.

As in previous years, Moody's noted that, given the healthy financial position and the stable political and financial environment, the risks that could put renewed pressure on the ratings are considered low.

Andrew Sesinyi
Head of Communications
(+267) 360 6083

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