

BANK OF BOTSWANA

PRESS RELEASE

STANDARD & POOR'S AFFIRMS BOTSWANA'S 2011 SOVEREIGN CREDIT RATING

Standard & Poor's (S & P) have released Botswana's 2011 sovereign credit rating, retaining both the foreign currency and domestic currency ratings at A-/A-2 (long-term/short-term) and A/A-1 (long-term/short-term), respectively. The stable outlook has also been affirmed.

The retention of the ratings follows a marginal downgrade in 2010 as a result of the impact of the recent global economic recession on the domestic economy. Commenting on the 2011 ratings, S&P note that the country continues to face major challenges arising, in particular, from the need to consolidate the fiscal position and effectively diversify the economy. Nonetheless, the public sector balance sheet is still strong overall, while the net external creditor position is expected to remain comfortable. The retention of both the ratings and outlook is an indication of the continued confidence in the authorities' capacity and resolve to maintain the track record of efficient and prudent macroeconomic management.

The ratings could come under pressure again if a further fiscal weakening undermines consolidation plans. Conversely, the assessment could improve if the economic recovery is supported by accelerated implementation of reforms necessary for broadening private sector development.

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