

BANK OF BOTSWANA

PRESS RELEASE

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

Standard & Poor's (S & P) has released the results of the first of the two annual reviews of Botswana's sovereign credit rating for 2014, and has affirmed the "A-" and "A-2" for the long-term and short-term ratings, respectively. The "stable" economic outlook has also been retained.

The ratings are supported by the strong external and fiscal balance sheets, robust institutions underpinning a well-managed economy and a long record of political stability. However, the ratings are constrained by the country's narrow economic base, despite efforts towards diversification. The stable outlook reflects expectations of resilient economic growth and a return to fiscal surpluses.

The ratings could come under pressure if economic growth was to falter or if the country's fiscal or external positions were to deteriorate. Conversely, a successful broadening of private sector development, that could boost GDP growth relative to other middle-income countries, and reduced dependence on mining could lead to a possible ratings upgrade.

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