

Research Update:

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

September 11, 2026

Overview

- The structural weakness in global diamond demand continues to weigh on Botswana's minerals-dependent economy, balance of payments, and fiscal performance.
- Despite a smaller-than-expected fiscal deficit in 2025 and an improvement in the central bank's foreign exchange reserve position, Botswana's external and public balance sheets remain under pressure.
- We affirmed our long- and short-term sovereign credit ratings on Botswana at 'BBB-/A-3'. The outlook remains negative.

Rating Action

On Sept. 11, 2026, S&P Global Ratings affirmed its long-term foreign and local currency sovereign credit ratings on Botswana at 'BBB-'. The outlook remains negative. At the same time, we affirmed our short-term foreign and local currency sovereign credit ratings at 'A-3'.

We equalize our ratings on the Bank of Botswana (BoB) with our ratings on the sovereign. Therefore, we affirmed our long-term issuer credit rating on the Bank of Botswana at 'BBB-' and affirmed our short-term issuer credit rating at 'A-3'. The outlook on our long-term rating on the BoB is negative. We also affirmed our transfer and convertibility assessment on Botswana at 'BBB'.

Outlook

The negative outlook reflects our view that the structural weakness in global diamond demand will continue to constrain Botswana's economic growth prospects, as well as its export and fiscal receipts, putting pressure on the country's external and fiscal buffers.

Downside scenario

We could lower our ratings on Botswana if the country's fiscal and external performance proved materially weaker than we estimate. This could happen, for instance, if fiscal consolidation

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falters and diamond demand falls further, leading to a weakening of Botswana's fiscal and external positions.

Upside scenario

We could revise the outlook to stable if Botswana's fiscal and external metrics improved beyond our estimates, for example, due to a sustained fiscal consolidation effort or a rebound in diamond markets. Longer-term upside could also stem from successful implementation of policies to diversify Botswana's commodity-concentrated economy, exports, and tax base.

Rationale

We think that after several years of rundowns, Botswana's external buffers have improved.

Foreign exchange reserves increased by almost \$1.5 billion to \$4.8 billion by July 2026 from historical lows in June 2025. Southern African Customs Union (SACU) receipts, the relative recovery in diamond sales and revenue, portfolio market gains, and the government's foreign borrowings largely underpinned the foreign exchange increase. Additionally, the adjustment of exchange rate policy parameters by the BoB (the central bank) has played a key role in incentivizing market trading and stabilizing official reserves.

In our view, while stronger revenue and expenditure control allowed the government to narrow the fiscal deficit somewhat in fiscal 2025 (year ended March 31, 2026), fiscal pressures remain high, with the fiscal 2026 budget estimated at a deficit of 8.9% of GDP.

Preliminary data indicate that Botswana had a general government deficit of 6.2% of GDP in fiscal 2025, compared with the original budget target of 9.5% of GDP. The lower deficit stems from a combination of higher-than-expected diamond revenue and a substantial reduction in development expenditure. The government intends to run sizable fiscal deficits in coming years amid rising expenditure and still-weak diamond revenue, which push net general government debt to 34.2% of GDP by 2029. As a small and open economy with limited monetary flexibility, Botswana's low fiscal buffers constrain its ability to absorb shocks.

Botswana's relatively strong institutions and the economy's net external asset position

support our investment-grade sovereign rating on Botswana. General government debt is still comparatively low compared internationally, although it is increasing. Our ratings on Botswana are constrained by the country's lack of economic diversification, demonstrated in recent years by fiscal and external dynamics coming under pressure with the downturn in global diamond markets. We equalize our ratings on the BoB with our ratings on the sovereign because we consider monetary authorities to be analytically inseparable from the sovereign.

Institutional and economic profile: Despite a push toward diversification, Botswana's economy remains heavily dependent on diamonds

- Botswana is a small economy highly reliant on the natural diamond sector, but the government is accelerating efforts to diversify the economy into other minerals and sectors.
- GDP growth outlook has rebounded slightly, but continued weakness in the diamond market poses a downside risk.
- Botswana's relatively robust institutional checks and balances continue to support the rating.

Botswana is the world's second-largest producer of natural rough diamonds and remains structurally dependent on production and exports of the precious gem. The diamond sector has historically represented about 70% of exports, approximately one-third of the government's fiscal receipts, and about one-quarter of GDP. Since late 2023, the diamond sector has been under pressure, with global prices and demand having fallen sharply. This reflects increased competition from artificial lab-grown diamonds and spending on gold and other alternates, as well as subdued diamond demand from China. As a result, prices fell sharply since their peak in 2022 and remain subdued.

We think that the global diamond market appears to have bottomed out. The diamond market is trying to achieve a new equilibrium, with a bifurcation of the market between high-value, large stones, and lower-value, smaller stones, which compete with lab-grown diamonds. Demand at the high-end of the market remains relatively robust, but a combination of lower demand in China, changing consumer tastes in the U.S., and the increase in supply of lab-grown diamonds affect the low-end of the market. This has resulted in significantly lower prices for natural diamonds at the lower-end of the value scale.

We forecast Botswana's GDP to expand by 3.0% this year, before averaging 3.4% over 2027-2029, following contractions in 2024 and 2025. The slightly improved outlook follows stronger-than-expected performance during the first quarter of 2026, with the economy expanding by 3.5% year on year on the back of the diamond mining and diamond trading sectors' growth, copper exports, and strong SACU receipts. The higher diamond mining production target for 2026 bodes well for Botswana's full-year growth. We expect economic growth will be bolstered by a stabilizing global diamond market, with Debswana Diamond Co.'s diamond production set to increase to about 20 million carats annually in 2027-2029. Botswana's economy contracted by 2.8% in 2024 and 0.7% in 2025 as a result of the decline in global demand for natural diamonds.

In our view, both Debswana and De Beers altered their strategies because of the change in demand for natural diamonds. In the past two years, the focus has been on mining efficiency, cost-cutting, and the marketing of higher-value, larger stones. The new strategy appears to be somewhat successful, with improved demand in India bolstering demand, while global supply from producers outside Botswana is sharply reducing. This stems from the decision to shut down or mothball mines in countries like Canada and South Africa. Other major diamond-producing countries are also adapting their strategies, with Angola explicitly aiming to reduce the supply of smaller stones. Similarly, Russia-based Alrosa has decreased its rough diamond production targets. Consequently, the weakness in global supply has allowed Debswana to increase production in Botswana, with the company increasing its production target to 18 million from 15 million carats for 2026, before a further planned increase to 20 million carats annually over 2027-2029.

The government is accelerating its efforts to diversify the economy and its tax revenue base. The accelerated implementation of the Botswana Economic Transformation Programme (BETP) targets growth-inducing projects, with tangible implementation of the BETP occurring across the key reform themes of the program. Firstly, promoting diversification by transitioning away from a resource-dependent economy. Secondly, developing its service sector with the goal of establishing Botswana as a regional services hub within Southern Africa. These two objectives involve leveraging Botswana's institutional and governance strengths to deliver equitable and inclusive growth. The framework suggests renewed focus on priority sectors, including agribusiness to ensure food security, healthcare to tackle drug shortage issues, renewable energy industries to reduce external reliance, and technology to help develop knowledge-based high value industries and enhance the financial sector through digitalization and inclusion efforts.

We expect the impact of the BETP on economic growth and fiscal revenue generation to be modest initially, and gain momentum over the medium-to-long term.

Despite inheriting a difficult economic and fiscal environment, the new government benefits from Botswana's institutional checks and balances.

The smooth transition of power in Botswana from the long-ruling Botswana Democratic Party to the Umbrella for Democratic Change in November 2024 exemplifies the country's strong fundamentals. Botswana is consistently one of the top African performers in governance, economic freedom, and anti-corruption indices. The Corruption Perceptions Index ranks Botswana 41st out of 182 countries globally in 2025, while the Index of Economic Freedom ranks the economy 48th globally in 2026.

Flexibility and performance profile: Botswana's budget deficit will remain sizable in 2026 and 2027

- Absent a sharp improvement in diamond revenue or stronger policy effort, we forecast Botswana's fiscal deficits in 2026 and 2027 will average a high 7.8% of GDP, before consolidation begins from 2027 to 2028.
- We forecast Botswana's net general government debt (net of liquid assets) will reach 34.2% of GDP by 2029, compared with a net asset position of 6.3% of GDP in 2023.
- Botswana's foreign exchange reserve position has improved somewhat on the back of the current account surplus and the central bank's decision to steepen the pace of the exchange rate depreciation. We expect Botswana to maintain its net external asset position through to 2029.

While on a planned consolidation path, the government intends to run a sizable fiscal deficit in fiscal years 2026 and 2027.

Barring stronger fiscal consolidation, we forecast a general government deficit of 8.9% of GDP in 2026 and 6.7% of GDP in 2027, before narrowing to an average of 4.3% of GDP over fiscal years 2028 and 2029. We expect net general government debt of 34.2% of GDP by 2029, compared with a net general government asset position of 6.3% of GDP in 2023. Given the government's elevated borrowing needs and still-shallow domestic capital markets, we forecast the government interest bill will increase to a relatively high 10.7% of general government fiscal revenue by 2029, compared with 4.7% in 2024.

Botswana's fiscal revenue depends on two main sources, diamond revenue and receipts from membership in the SACU, a customs union encompassing South Africa, Botswana, Namibia, Eswatini, and Lesotho.

While the downturn in diamond-related revenue has constrained fiscal revenue, SACU's contribution to fiscal revenue has remained quite strong. Mineral taxes and royalties combined have historically accounted for about one-third of total government revenue. SACU receipts will account for 34.7% of the 2026 full-year budget.

While Botswana's domestic borrowing costs have fallen slightly, we expect the overall interest bill to rise.

Botswana's three-month T-bill rate fell from a multi-year peak of 10.60% in April 2026 to 7.99% in August, reflecting a stabilization in domestic liquidity and a better-than-anticipated fiscal outturn. This downward trend is largely supported by an increase in liquidity driven by SACU funds, an improvement in diamond revenue, and government budget-support loans. Still, the expected sizable fiscal deficit in 2026 and 2027 will see the overall government interest bill to remain elevated.

We forecast a modest current account surplus for Botswana to 2029. The current account balance returned to a surplus of 2.8% of GDP in 2025 from a deficit of 4.5% of GDP in 2024 on stronger SACU and diamond exports receipts and lower electricity imports, among other factors.

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

We expect a current account surplus of 1.8% of GDP in 2026 and 1.3% of GDP on average over 2027-2029. Nevertheless, there is a downside risk to our current account forecast in light of the wide merchandise trade deficit of 10.5% of GDP reported in the first half of 2026.

Foreign exchange reserves have climbed during 2026, reaching \$4.4 billion by July 2026 on the improved current account dynamics, government foreign borrowings, and the adjustments in the exchange rate settings. In 2025, the BoB increased the rate of crawl under its long-standing crawling peg exchange policy framework to 2.76% from 1.51% per year and widened trading bands from about 0.5% to about 7.5%, leading to a depreciation of the exchange rate. Previously depleted assets in the Government Investment Account, which constitute part of reported international reserves, have recovered to \$276 million in July 2026 from \$60 million as of year-end 2025. We forecast Botswana's useable reserves to average \$4.5 billion in 2026-2029 from \$3 billion last year--well below the historical peak of \$7.5 billion a decade ago in 2017.

In our view, headline inflation will remain elevated. The surge in international oil prices due the conflict in the Middle East has affected Botswana's price environment. Additional price pressures stemmed from upward adjustments in public transport fares and medical aid premiums, as well as the base effects associated with the decrease in water tariffs for low-consumption households in May 2025. As a result, consumer price index inflation accelerated to a multi-year peak of 10.7% year on year in June, before decelerating slightly to 9.4% year on year in July. The BoB's Monetary Policy Committee (MPC) responded by hiking the policy rate by 200 basis points (bps) to 5.5% in April 2026, which was maintained at the MPC meetings in June and August. The increase in the policy rate was once again accompanied by the instruction to commercial banks to not increase their prime lending rates to avoid an excessive tightening of financial conditions.

We think that Botswana's banking sector is well-capitalized and profitable. Dominated by subsidiaries of South Africa-based banks, it does not pose a fiscal contingent liability for the government. The nonperforming loan ratio declined marginally to 3.3% of total loans as of year-end 2025 (from 3.4% in 2024). At slightly below 20% of risk-weighted assets, banks' average capital position is well above the regulatory minimum level.

Botswana--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
Economic indicators (%)										
Nominal GDP (bil. BWP)	171.4	207.9	251.4	264.0	261.6	269.1	300.7	327.4	354.1	381.1
Nominal GDP (bil. \$)	15.0	18.8	20.3	19.4	19.3	19.9	22.3	23.7	25.0	26.2
GDP per capita (000s \$)	6.4	7.8	8.3	7.8	7.7	7.8	8.6	8.9	9.3	9.6
Real GDP growth	(8.7)	11.9	5.5	3.2	(2.8)	(0.7)	3.0	3.2	3.5	3.5
Real GDP per capita growth	(10.6)	9.6	3.8	1.5	(4.4)	(2.3)	1.3	1.5	1.8	1.8
Real investment growth	(9.2)	0.3	(0.2)	3.6	4.9	(1.2)	2.5	3.3	3.5	3.0
Investment/GDP	33.1	32.6	30.6	32.5	38.3	28.1	27.7	27.1	26.7	26.2
Savings/GDP	23.2	30.8	29.9	33.9	33.8	30.9	29.5	28.6	28.0	27.2
Exports/GDP	31.3	41.8	43.5	32.9	27.1	31.8	30.0	28.7	27.3	26.0
Real exports growth	(17.0)	39.3	(7.3)	(12.1)	(9.9)	14.8	2.5	2.0	1.8	1.5
Unemployment rate	24.5	26.0	25.4	25.9	21.0	23.0	24.0	24.0	24.0	24.0

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

Botswana--Selected Indicators

External indicators (%)

Current account balance/GDP	(9.9)	(1.8)	(0.7)	1.4	(4.5)	2.8	1.8	1.5	1.3	1.0
Current account balance/CARs	(23.2)	(3.6)	(1.3)	3.3	(10.6)	6.3	4.2	3.7	3.2	2.7
CARs/GDP	42.9	51.0	51.5	44.1	42.3	44.6	42.8	41.2	39.7	38.3
Trade balance/GDP	(13.2)	(3.5)	2.7	(2.3)	(11.5)	(3.0)	(4.9)	(4.7)	(4.8)	(4.9)
Net FDI/GDP	0.7	(1.5)	3.4	3.8	2.4	(3.9)	1.8	2.0	2.5	2.8
Net portfolio equity inflow/GDP	(5.3)	(4.2)	3.1	(3.7)	(1.7)	(0.5)	(2.5)	(2.5)	(2.5)	(2.5)
Gross external financing needs/CARs plus usable reserves	74.8	75.5	76.7	72.1	82.0	80.5	80.1	75.0	75.1	74.8
Narrow net external debt/CARs	(66.1)	(40.1)	(35.7)	(39.2)	(17.8)	(16.3)	(21.5)	(17.9)	(15.8)	(15.2)
Narrow net external debt/CAPs	(53.7)	(38.7)	(35.2)	(40.5)	(16.1)	(17.4)	(22.4)	(18.6)	(16.3)	(15.6)
Net external liabilities/CARs	(97.1)	(75.8)	(55.2)	(61.5)	(39.9)	(50.4)	(46.1)	(45.9)	(46.3)	(47.0)
Net external liabilities/CAPs	(78.8)	(73.1)	(54.5)	(63.6)	(36.0)	(53.8)	(48.1)	(47.7)	(47.8)	(48.3)
Short-term external debt by remaining maturity/CARs	15.7	6.1	6.6	7.6	11.0	13.3	10.3	11.8	11.9	11.5
Usable reserves/CAPs (months)	8.3	5.2	4.8	5.5	5.2	4.2	4.1	5.5	5.6	5.6
Usable reserves (Mil. \$)	4,330.7	4,255.1	3,819.3	3,943.2	2,918.9	3,090.1	4,308.6	4,433.8	4,565.4	4,703.2

Fiscal indicators (general government (%))

Balance/GDP	(9.6)	(0.1)	0.0	(4.2)	(7.3)	(6.5)	(8.9)	(6.7)	(4.5)	(4.0)
Change in net debt/GDP	19.4	1.9	(0.6)	2.3	17.3	6.9	8.9	7.0	4.8	4.4
Primary balance/GDP	(8.9)	0.5	0.6	(3.2)	(6.0)	(4.8)	(7.0)	(4.3)	(1.8)	(1.1)
Revenue/GDP	28.8	33.0	29.5	28.1	26.6	25.8	26.0	25.5	26.5	27.0
Expenditures/GDP	38.4	33.1	29.5	32.3	33.9	32.3	34.9	32.2	31.0	31.0
Interest/revenues	2.4	1.7	2.2	3.4	4.7	6.5	7.5	9.4	10.3	10.7
Debt/GDP	19.7	19.7	17.3	19.8	27.4	33.4	38.8	42.6	44.2	45.5
Debt/revenues	68.3	59.7	58.8	70.2	102.9	129.5	149.2	167.0	166.8	168.3
Net debt/GDP	(14.6)	(10.1)	(9.0)	(6.3)	10.9	17.5	24.5	29.5	32.1	34.2
Liquid assets/GDP	34.3	29.8	26.4	26.1	16.5	15.9	14.3	13.1	12.1	11.3

Monetary indicators (%)

CPI growth	1.9	6.7	12.2	5.2	2.8	2.7	8.5	5.5	4.5	4.0
GDP deflator growth	4.4	8.4	14.6	1.8	1.9	3.6	8.5	5.5	4.5	4.0
Exchange rate, year-end (BWP/\$)	10.8	11.7	12.8	13.4	14.0	13.1	13.1	13.4	13.7	14.1
Banks' claims on resident non-gov't sector growth	4.5	5.1	6.0	12.0	6.5	3.3	1.5	8.2	8.2	8.2

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

Botswana--Selected Indicators

Banks' claims on resident non-gov't sector/GDP	38.3	33.2	29.1	31.0	33.3	33.5	30.4	30.2	30.2	30.4
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	17.0	18.5	21.4	18.1	21.8	21.3	20.00	20.00	20.00	20
Real effective exchange rate growth	1.2	(2.4)	3.6	(2.7)	(1.2)	(2.3)	N/A	N/A	N/A	N/A

Sources: Bank of Botswana, IMF (Economic Indicators), Bank of Botswana (External Indicators), Bank of Botswana, Ministry of Finance and Economic Development (Fiscal Indicators), and Bank of Botswana, IMF, Bruegel (Monetary Indicators).

Adjustments: None

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. BWP--Botswana pula. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Botswana--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	3	Generally effective policymaking, evolving checks and balances, generally unbiased enforcement of contracts, and a track record of orderly power transfers.
Economic assessment	5	Based on GDP per capita (\$) and growth trends as per Selected Indicators table. Weighted-average real GDP per capita trend growth over a 10-year period is below sovereigns in the same GDP category.
External assessment	1	Based on narrow net external debt and gross external financing needs/ (CAP+usable reserves) as per Selected Indicators table.
Fiscal assessment: flexibility and performance	6	Based on the change in net general government debt (% of GDP) as per Selected Indicators table. The sovereign has a volatile revenue base, with mineral revenue accounting for about 30% of revenue in years when global diamond demand is robust.
Fiscal assessment: debt burden	3	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators table. About 40% of gross government debt is denominated in foreign currency.
Monetary assessment	4	The Botswana pula runs a crawling peg against the South African rand and the IMF's special drawing rights. The central bank has operational independence to determine the policy rate and uses market-based instruments to transmit monetary policy to the banking sector and the economy.
Indicative rating	bbb-	
Notches of supplemental adjustments and flexibility	0	

Botswana--Rating Component Scores

Key rating factors	Score	Explanation
Final rating		
Foreign currency	BBB-	
Notches of uplift	0	Default risks apply equally to foreign- and local-currency debt.
Local currency	BBB-	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | Sovereigns: Sovereign Rating Methodology](#), Dec. 18, 2017
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments](#), May 18, 2009

Related Research

- [Sovereign Ratings Score Snapshot](#), Sept. 7, 2026
- [Sovereign Ratings List](#), Aug. 19, 2026
- [Sovereign Ratings History](#), Aug. 19, 2026
- [Sovereign Risk Indicators](#), July 14, 2026. Interactive version available at <http://www.spratings.com/sri>
- [Default, Transition, and Recovery: 2025 Annual Global Sovereign Default And Rating Transition Study](#), March 4, 2026
- [Global Sovereign Rating Trends 2026: Geopolitical Risks Could Destabilize Credit Quality Dynamics](#), Feb. 2, 2026

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

Ratings List

Ratings Affirmed

	To	From
Botswana		
Sovereign Credit Rating	BBB-/Negative/A-3	BBB-/Negative/A-3
Bank of Botswana		
Issuer Credit Rating	BBB-/Negative/A-3	BBB-/Negative/A-3

Ratings Affirmed

Botswana		
Transfer & Convertibility Assessment	BBB	
Bank of Botswana		
Short-Term Debt	A-3	

Regulatory Disclosures

Botswana

- Primary Credit Analyst: Hanns Spangenberg, Associate Director
- Rating Committee Chairperson: Karen Vartapetov
- Date initial rating assigned: April 2, 2001
- Date of previous review: March 13, 2026

Bank of Botswana

- Primary Credit Analyst: Hanns Spangenberg, Associate Director
- Rating Committee Chairperson: Karen Vartapetov
- Date initial rating assigned: May 3, 2001
- Date of previous review: March 13, 2026

Disclaimers

This rating has been determined by a rating committee based solely on the committee's independent evaluation of the credit risks and merits of the issuer or issue being rated in

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

accordance with S&P Global Ratings published criteria and no part of this rating was influenced by any other business activities of S&P Global Ratings.

This credit rating is solicited. The rated entity did participate in the credit rating process. S&P Global Ratings did have access to the accounts, financial records and other relevant internal, non-public documents of the rated entity or a related third party. S&P Global Ratings has used information from sources believed to be reliable but does not guarantee the accuracy, adequacy, or completeness of any information used.

Materials Used In The Credit Rating Process: Sufficient information in general consists of both (i) financial statements that describe the Issuer's financial condition, results of operations and cash-flows, and (ii) a description of the activities and obligations of the entity including of its governance and legal structure.

This credit rating was disclosed to the rated entity or related third party before being issued.

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Glossary

- Consumer price index (CPI): Index of prices of a representative set of consumer goods regularly bought by a typical household.
- Current account balance: Exports of goods and services minus imports of the same plus net factor income plus official and private net transfers.
- Current account receipts (CAR): Proceeds from exports of goods and services plus factor income earned by residents from nonresidents plus official and private transfers to residents from nonresidents.
- Date initial rating assigned: The date S&P Global Ratings assigned the long-term foreign currency issuer credit rating on the entity.
- Date of previous review: The date S&P Global Ratings last reviewed the credit rating on the entity.
- Debt burden assessment: Reflects a sovereign's prospective debt level, as indicated by the general government debt relative to GDP (including assessment of contingent liabilities), the interest cost of the debt relative to general government revenue, and debt structure and funding access.

Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

- Depository corporation claims: Claims from resident depository corporations (excluding those of the central bank) on the resident nongovernment sector.
- Economic assessment: Based on the analysis of economic structure and growth prospects. Reflects income levels (GDP per capita), economic growth prospects, and economic diversity and volatility.
- External assessment: Based on the analysis of external liquidity and international investment position as well as the status of a sovereign's currency in international transactions. Reflects a country's ability to obtain funds from abroad necessary to meet its public- and private-sector obligations to nonresidents.
- Fiscal performance and flexibility assessment: Reflects the sustainability of sovereign's fiscal deficits. Based on the prospective change in general government debt, calculated as a percentage of GDP, taking into account long-term trends and a government's fiscal flexibility and vulnerabilities.
- Foreign direct investment (FDI): Direct investment by nonresidents.
- GDP per capita: GDP divided by population.
- General government: Aggregate of the national, regional, and local government sectors, including social security and other defined benefit public-sector pension systems, and excluding intergovernmental transactions.
- General government debt: Debt incurred by national, regional, and local governments and central bank debt.
- General government interest: Interest payments on general government debt.
- General government liquid financial assets: General government deposits in financial institutions (unless the deposits are a source of support to the recipient institution), widely traded securities, plus minority arms-length holdings of incorporated enterprises that are widely traded plus balances of defined-benefit government-run pension plans or social security funds (or stabilization or other freely available funds) that are held in bank deposits, widely traded securities, or other liquid forms.
- Gross domestic product (GDP): Total market value of goods and services produced by resident factors of production.
- Gross external financing needs: Current account payments plus short-term external debt at the end of the prior year, including nonresident deposits at the end of the prior year plus long-term external debt maturing within the year.
- Institutional assessment: An analysis of how a government's institutions and policymaking affect a sovereign's credit fundamentals by delivering sustainable public finances, promoting balanced economic growth, and responding to economic or political shocks. Reflects the effectiveness, stability, and predictability of the sovereign's policymaking and political institutions; transparency and accountability of institutions, data, and processes; the sovereign's debt payment culture; and
- security risks.
- Monetary base: Local currency in circulation plus the monetary authority's local currency liabilities to other depository corporations.
- Monetary assessment: The extent to which a sovereign's monetary authority can fulfill its mandate while supporting sustainable economic growth and attenuating major economic or

financial shocks. Based on the analysis of the sovereign's ability to coordinate monetary policy with fiscal and other economic policies to support sustainable economic growth; the credibility of monetary policy, and the effectiveness of market oriented monetary mechanisms.

- Narrow net external debt: Stock of foreign and local currency public- and private-sector borrowings from nonresidents minus official reserves minus public sector liquid claims on nonresidents minus financial sector loans to, deposits with, or investments in nonresident entities.
- Net general government debt: General government debt minus general government liquid financial assets.
- Net external liabilities: Total public- and private sector liabilities to nonresidents minus total external assets.
- Official reserves: Monetary authority liquid claims in foreign currency (including gold) on nonresidents.
- Real GDP per capita: Constant-price per capita GDP.
- Terms of trade: Price of goods exports relative to price of goods imports.
- Usable reserves: Official reserves minus items not readily available for foreign exchange operations and repayment of external debt.

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Botswana Ratings Affirmed At 'BBB-/A-3'; Outlook Negative

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