



a world class African city

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**MEDIA RELEASE
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City of Johannesburg Welcomes Moody's Ratings Confirmation and Positive Outlook

The City of Johannesburg welcomes the decision by Moody's Ratings to affirm the City's long-term issuer rating at Ba3 while revising the outlook to Positive, following the conclusion of its review.

The rating affirmation and positive outlook represent an important vote of confidence in the City's financial resilience, its ability to meet its debt obligations and the strength of Johannesburg's economic fundamentals despite a challenging operating environment.

The City's successful restoration of compliance with the Johannesburg Stock Exchange (JSE) Debt Listings Requirements, following the publication of its audited Annual Financial Statements, resulted in the lifting of the suspension of its debt instruments and removed any potential risk associated with debt acceleration.

Throughout this period, the City demonstrated sound financial management, sufficient liquidity to service its obligations and an unwavering commitment to investors and financial markets.

Moody's recognised several key strengths underpinning the City's credit profile, including:

- A resilient and diversified metropolitan economy that contributes approximately 15% of South Africa's Gross Domestic Product.
- Stable operating performance supported by improved electricity sales and prudent financial management.
- A moderate and sustainable debt profile.
- Continued access to capital funding and government grants to support infrastructure investment.
- Consistent servicing of all debt obligations, even during the temporary JSE suspension.

Importantly, Moody's has assigned a Positive Outlook, reflecting confidence in Johannesburg's resilient standalone credit profile and expectations of an improving sovereign operating environment. This outlook creates an opportunity for future rating improvements, provided the City continues strengthening governance, financial management and institutional performance.

The City acknowledges Moody's observations regarding governance and financial reporting delays. These findings have been accepted with the seriousness they deserve, and corrective measures are already being implemented to strengthen financial governance, improve internal controls, enhance budget monitoring and ensure continued compliance with all statutory and regulatory reporting requirements.

The City remains committed to embedding a culture of accountability, transparency and sound governance across the administration. The unqualified audit opinion for the 2024/25 financial year provides an important platform from which these improvements will continue.

City Manager, Dr Floyd Brink, welcomed the outcome by saying that the affirmation of the City's credit rating, together with a Positive Outlook, is an encouraging endorsement of Johannesburg's financial resilience and economic strength.

"The affirmation of the City's credit rating, together with a Positive Outlook, is an encouraging endorsement of Johannesburg's financial resilience and economic strength. While we recognise that governance improvements remain a priority, this outcome confirms that the City is financially stable, honours its commitments, and is implementing reforms to strengthen investor confidence and improve service delivery. We remain focused on enhancing governance, investing in infrastructure, and creating an environment that supports economic growth and job creation," said City Manager, Dr Floyd Brink.

Moody's emphasised that it could consider upgrading the ratings if the city demonstrates consistently improving governance in terms of budgeting and monitoring, eliminating the findings in the auditor statements.

The Group Chief Financial Officer for the City of Johannesburg, Mr Tebogo Moraka, said the City would remain focused on strengthening its financial management and governance to ensure long-term sustainability, with the ultimate goal of securing future credit rating upgrades from key institutions such as Moody's.

The City views this rating action as an important milestone in restoring market confidence and reaffirming Johannesburg's position as South Africa's economic engine. The administration will continue implementing reforms that improve governance, strengthen financial sustainability and support long-term infrastructure investment for the benefit of residents, businesses, and investors.

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