

BANK OF BOTSWANA

PRESS RELEASE

MOODY'S INVESTORS SERVICE RELEASES BOTSWANA'S 2008 CREDIT RATING REPORT

Moody's Investors Service has released the 2008 credit rating report on Botswana. The sovereign credit ratings that Moody's has assigned to Botswana since 2001 remain unchanged for government debt (A1 for local currency debt and A2 for foreign currency debt). The country ceiling for both local and foreign currency debt and local currency bank deposits is Aa3, and the ceiling for foreign currency deposits is A2, aligned, as is the norm, with the government's own foreign currency debt rating.

The maintenance of the ratings, including the "positive" foreign currency outlook, at a time when the outlook for the global economy has been steadily worsening, reflects both the country's consistent track record of sound macroeconomic management and the sound financial position. Botswana's institutional strength and financial strength are ranked "high" and "very high", respectively. Therefore, while growth is forecast to slow and the budget is expected to move into deficit, Moody's emphasises that the government's accumulated assets can serve as a buffer stock, while also noting that the option of accessing local capital markets is also available. In this respect, it is noteworthy that the banking sector in Botswana has remained relatively insulated from current global financial problems

Despite the recent slowdown, Moody's notes on-going progress in supporting diversification of the economy away from diamond mining. The report notes that economic policy focuses on medium term development objectives and is formulated in consultation with the private sector. Overall, despite both the global financial crisis and economic slowdown, as well as on-going regional challenges, the conclusion is that the likelihood of a significant future ratings downgrade remains low.

The Moody's report is the seventh in a series of annual assessments for Botswana since the initial credit rating was obtained in 2001. The full text of the report will be available on the Bank of Botswana's website (www.bankofbotswana.bw) shortly.

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