

BANK OF BOTSWANA

PRESS RELEASE

ADJUSTMENT OF BANK RATE

The Bank of Botswana increased the Bank Rate with effect from today by 25 basis points from 14 to 14.25 percent.

The increase in the Bank Rate reflects the Bank's assessment of the inflationary outlook. In spite of the relatively benign international inflationary pressures, inflation in Botswana remains above the inflation objective and is expected to rise further following the 12 percent devaluation of the Pula and the recent rise in fuel prices.

The action is in line with the Bank's underlying objective of achieving a low and sustainable rate of inflation. To this end, the Bank will continue to closely monitor economic and financial developments and take such action as may be necessary to meet its policy objectives.

Accordingly, financial institutions are expected to ensure when adjusting their rates that a reasonable balance between lending and savings rates is maintained.

August 5, 2005

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