

## BANK OF BOTSWANA

### PRESS RELEASE

#### Botswana government launches third bond Issue

The Government of Botswana has embarked on a programme to launch three new government bonds, with maturities of 2, 5 and 12 years. The first two of these bonds – a medium-term 5-year bond and a long-term 12-year bond - were successfully launched in March and April 2003, respectively.

The next auction will be held on May 21, 2003 for a short-dated government bond with a coupon rate of 10.75 percent, maturing on June 1, 2005. The bond will be denominated in Pula (1 Pula = US\$0.2050 = R1.51 as at May 14, 2003). Both domestic and foreign investors are invited to participate in the auction by bidding through primary counterparties.

The size of the auction of the new 2-year bond will be P750 million. The auction will be carried out on a uniform-price basis. The Bank of Botswana is reserving the right to purchase some bonds at the stop-out yield at the auction.

The minimum bid amount is P500 000, with a minimum bid increment of P100 000. All bids, on a yield to maturity basis, are to be submitted via primary counterparties to the Bank of Botswana (17938 Khama Crescent, Gaborone) before 1000 hours on May 21, 2003.

In order to develop market liquidity, the Government plans to increase the outstanding amounts of the three bonds at subsequent auctions to meet investor demand. The Government expects that the total issuance of government bonds during this fiscal year will be between P2 billion and P2.5 billion.

Six primary counterparties, listed below, have been appointed by the Bank of Botswana to bid on behalf of investors at bond auctions.

#### Primary counterparty:

African Banking Corporation Limited (267) 397 2999

Barclays Bank of Botswana Limited (267) 395 2041

First National Bank of Botswana Limited (267) 391 1669

Investec Bank (Botswana) Limited (267) 318 8623

Stanbic Bank of Botswana Limited (267) 390 1600

Standard Chartered Bank Limited (267) 360 1500

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