

BANK OF BOTSWANA

PRESS RELEASE

Botswana Government Launches Second 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 of these bonds – a medium-term 5-year bond referred to as BW002 - was successfully launched at the end of March 2003.

The second bond, which will be a long-term bond with a maturity of 12 years, redeemable on October 31, 2015, will be offered to investors at an auction to be held on April 30, 2003. The bond - referred to as BW003 - will have a coupon rate of 10.25 percent and will be denominated in Pula (1 Pula = USD0.20 = R1.50 as at April 24, 2003). The size of the bond issue will be P500 million, and the auction will be carried out on a uniform-price basis. While the bonds are primarily aimed at domestic investors, participation by foreign investors will be welcome. The Bank of Botswana reserves the right to purchase some bonds at the stop-out price for secondary market trading purposes.

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. Bid application forms should be delivered by primary counterparties to the Bank of Botswana (17938 Khama Crescent, Gaborone) before 1000 hours on April 30, 2003.

A third bond – a short-dated bond referred to as BW001 - will be offered in May 2003. It will be a 2-year bond with a 10.75 percent coupon, redeemable on June 1, 2005.

In a bid to help 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 will be between P2 billion and P2.5 billion during the next 12 months.

Six primary counterparties have been appointed by the Bank of Botswana to bid on behalf of investors at the bond auctions. The counterparties are listed below together with their phone numbers:

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

For further information please contact:

Joe Selwe - Bank of Botswana (267) 360 6301