

BANK OF BOTSWANA

PRESS RELEASE

BOTSWANA'S 2009 SOVEREIGN CREDIT RATING RELEASED BY MOODY'S INVESTORS SERVICE

Moody's Investors Service (Moody's) has released Botswana's 2009 sovereign credit rating. The rating is unchanged at A2 for both local and foreign currency government bonds. However, the outlook has changed from "Stable" to "Negative", and this reflects the continued strain on the country's finances imposed by the global economic crisis. The outlook is likely to be upgraded to "Stable" should the Government compress spending to a level more consistent with the revenue stream.

The maintenance of the rating in the current economic climate represents a vote of confidence in the country's track record of economic management. By previously accumulating substantial reserves, the Government has been able to maintain spending despite the recent shortfalls in revenues that have led to substantial budget deficits. This has supported activity in the domestic economy and allowed important development projects that are essential for the successful diversification of the economy to proceed.

Moody's has emphasised that the orderly control of expenditure, as anticipated in the 2010 Budget Speech, is essential for long-term budget sustainability. It is also very important that there is a successful implementation of economic diversification strategies. If these initiatives are not achieved, there is a likelihood that the rating could be downgraded in future.

February 19, 2010

For further information, contact:
Chepete Chepete
Public Relations Officer
Tel: (267) 360 6580