

MOODY'S DOWNGRADING THE CENTRAL BANK OF TUNISIA RATING

Along with Moody's downgrading Tunisia's sovereign rating, this agency's risk assessment committee has also downgraded the Central Bank of Tunisia rating from Baa 3 to Ba1. Following the example of the sovereign rating Moody's put the Central Bank rating under surveillance in view of a possible new downgrading. Downgrading the Central Bank of Tunisia at the same level as Tunisia's sovereign rating arises from the following :

- The Central Bank of Tunisia is a public entity entirely held by the Tunisian State. It is the bank of the Tunisian State and its financial agent for all payment operations with abroad.

- Tunisia's bonds denominated in currencies processed, since 1994 on international capital markets are in the name of the Central Bank of Tunisia on behalf of the State and raised for the needs of the Budget.

- The yield of these issues is intended to the State budget. It is entered systematically to the credit of the Treasury's account and constitutes a commitment of the Tunisian State and consequently appears in Tunisia's external debt.

In conclusion, it should be mentioned that since 1994, the rating of the Central Bank of Tunisia doesn't reflect an assessment of its financial position and its organisation but the one of Tunisia's sovereign risk of which mainly its ability to meet its external commitments.

Moreover, as a public institution, the rating of the Central Bank of Tunisia must not under no circumstances be higher than Tunisia's sovereign risk rating. This rule applies to all resident institutions (financial or others) operating in Tunisia. In effect, ratings applied to them are set with respect to sovereign rating.

On the whole, in case of downgrading the sovereign risk of a risky country, the ratings of financial institutions and others operating in such country are downgraded at the same extent as the one undergone by the sovereign.