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Attention: The News Editor

FOR IMMEDIATE RELEASE

## **MEDIA RELEASE**

### **BANK OF NAMIBIA ENCOURAGES COMMERCIAL BANKS TO NARROW INTEREST RATE SPREAD BY OCTOBER 2010**

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The Bank of Namibia has been inundated by media and public enquiries over the reduction of the spread between the repo and prime rate, following recent media reports and public statements surrounding this matter.

The Bank of Namibia has made it a requirement for all the commercial banks to reduce the spread between repo and prime rate to 375 basis points before the end of October 2010. The Bank of Namibia does not prescribe how and when this is achieved, as long as the final deadline is met. In this regard, the Bank of Namibia took note and commends Bank Windhoek for taking the lead to become the first commercial bank to comply with the Bank of Namibia's call to narrow the spread between the repo rate and prime lending rate to 375 basis points (from 11.25% per annum to 10.75% per annum) effectively on the 8<sup>th</sup> of July 2010, well before the set deadline.

All other commercial banks are further reminded that it remains a requirement to continue striving towards narrowing the spread between the prime and the repo rate.

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