



BANK OF MAURITIUS

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Mise au Point of the Bank of Mauritius on the press article entitled “Dawood Rawat a tenté de sauver la Bramer Bank”

1. The Bank of Mauritius (‘Bank’) refers to a press article which appeared in a daily newspaper today, 4 April 2015, wherein it is stated that Mr Dawood Rawat had allegedly taken steps to transfer to Bramer Banking Corporation Ltd (‘BBCL’) about Rs1.4 billion from Kenya.
2. The Bank wishes to bring the following clarifications regarding the above article as published.
 - a. In line with the requirements of the Banking Act 2004, the Bank conducted an on-site examination of the BBCL from 22 January 2015 to 20 February 2015, wherein a number of serious deficiencies was identified. The deficiencies necessitated an injection of capital in compliance with regulatory requirements.
 - b. On 27 February 2015, the Bank requested BBCL to inject capital amounting to Rs350 million by 31 March 2015. At the same time, the Bank, pursuant to its regulatory powers, imposed a restriction on BBCL in respect of the grant of new credit facilities to the related parties of BBCL. This restriction was motivated by the need to preserve and protect the interests of the depositors.
 - c. On 24 March 2015, BBCL notified the Bank about the continuing pressure on its liquidity position as a result of persistent withdrawals of deposits. BBCL was also having difficulties in maintaining the fortnightly cash reserve ratio with the result that BBCL had to continuously depend on the interbank money market to tide over its liquidity shortfalls. Whereas several banks were reluctant to lend to BBCL on the interbank money market, the Bank, as lender of the last resort, continued to provide BBCL with due liquidity support.
 - d. In addition to the above liquidity support, BBCL also requested the Bank to provide it with a special line of credit of Rs1.0 billion to meet its persistent liquidity shortfall and sought the release of its Government securities and cash balances pledged with the Bank on previous outstanding facilities extended to it by the Bank.

- e. On 25 March 2015, the Bank informed BBCL that its request had been turned down in as much as it did not have any free Government securities or any cash balances to obtain the line of credit.
 - f. On the same day, BBCL reiterated its request for a special line of credit of Rs1.0 billion against security over its immovable properties.
 - g. The Bank did not wish to travel outside the boundaries of its regulatory authority. Accordingly, on 26 March 2015, the Bank informed BBCL that its request for sanction of the special line of credit against security of immovable properties could not be acceded to.
 - h. On 27 March 2015, BBCL apprised the Bank that there were massive withdrawals of deposits and that its liquidity situation had seriously deteriorated.
 - i. On 31 March 2015, BAI Co (Mtius) Ltd had, by way of a letter copied to the Bank, informed BBCL of its willingness to invest Rs350 million in BBCL subject to all regulatory, corporate and shareholders' approvals. At no time, however, did BBCL or Mr Dawood Rawat, for that matter, signify its or his intention to bring in Rs1.4 billion as alleged in the press article.
3. In the light of the above and information then available at the Bank that the run on BBCL had started gathering momentum, the Bank, as the regulatory authority, had no other alternative than to invoke its powers under Section 17 of the Banking Act 2004.
 4. The Bank wishes to emphasise that its decision was in line with its duty to preserve and protect confidence in and stability of our financial system.

Bank of Mauritius

4 April 2015