

## Communiqué

1. The Bank of Mauritius has repeatedly warned the Delphis Bank Limited since March 2001 of the potential negative impact on the bank's financial condition of firstly, certain of its non-performing loans irregularly granted to closely related parties and secondly, blocked non-performing overseas bank placements. Two directors of the board had to step down in May 2001.

2. The Delphis Bank Limited was requested as a matter of urgency to take remedial action. The bank failed to publish by 30 September 2001 its financial statements for the period ended 30 June 2001. The bank's failure to publish the financial statements in a timely manner gave rise to diverse interpretations and had the potential of destabilising the bank as well as the share market. The bank asked for and obtained an extension of one month from the Stock Exchange Commission to publish its accounts.

3. The accounts of the Delphis Bank Limited for the year ended 31 December 2001 are due for publication by the deadline of 31 March 2002. The Bank of Mauritius has information to the effect that the loans to closely related parties and the bank's placements, referred to earlier, have not been serviced. In the circumstances, the Bank of Mauritius on 25 February 2002 pressed the Delphis Bank Limited to inject on or before 04 March 2002 additional funds by the concerned related parties to enable the bank to overcome any adverse effects (and thereby prevent a loss of confidence by the depositors in the bank and by the public in general in the banking system) arising from the publication of the financial statements on the due date. No such injection of funds has taken place with the result that the substantial estimated risk of loss would wipe out the accumulated reserves of the bank and part of its capital for the financial year ended 31 December 2001.

4. To prevent the further deterioration of the financial condition of the bank in the context of its failure to properly remedy the situation and to guard against the risk posed to the interests of depositors and to the public in general, the Bank of Mauritius, as a measure of urgency and in the public interest, has today revoked the licence of the bank with immediate effect under the provisions of section 8(1)(a) of the Banking Act and, in the interest of depositors and the public, taken under its protective control all the assets and liabilities of the bank until further notice.

5. The Delphis Bank Limited will accordingly cease all operations with the public with immediate effect as from the close of business today 8 March 2002. The Bank of Mauritius has taken all necessary measures to safeguard the interests of depositors of the bank and preserve its assets. The public will be kept duly informed of further developments in the matter.

8 March 2002  
Bank of Mauritius