



Communiqué

Confidentiality of Regulatory Report

In a communiqué dated 26 March 2004, following the investigation of nTan Corporate Advisory Pte Ltd into irregularities at the Mauritius Commercial Bank Ltd (MCB Ltd), the public was informed that the Report arising from this investigation dwelt comprehensively on certain irregular practices and that fixed deposit accounts had been tampered with to execute transfers of funds.

2. The above investigation was carried out pursuant to section 27 of the Banking Act 1988. It has never been the practice of the Bank of Mauritius to make public the report of any of its findings following the inspection or investigation of any bank. The nTan Report was similarly brought into existence pursuant to the statutory duty of the Bank of Mauritius and the exercise of its powers under strict terms of confidentiality provided for both in the Banking Act and the Bank of Mauritius Act. The Bank of Mauritius is thus not empowered to make public the Report. **However, the Bank underlines that only the Governor, the First Deputy Governor and the other members of the previous Board of Directors have had access to the nTan Report on the MCB Ltd. in their official capacity.**

3. In view of the privileged nature of the findings contained in the nTan Report, the Bank of Mauritius, after taking legal advice, has not considered it appropriate to initiate any action other than executing its duties as a regulatory and supervisory authority for the maintenance of integrity of the banking system and the preservation of public confidence in

our financial system. The Bank of Mauritius does not propose to travel outside the ambit of its regulatory and supervisory powers.

4. In the said communiqué, the Bank of Mauritius did draw attention that “the anatomy of the irregularities reveals techniques that have been employed for tampering with fixed deposit accounts and executing transfers of funds”. As already pointed out in the said communiqué, some of the irregularities dated as far back as the early 1990’s. **The Bank of Mauritius has not come across any post-nTan Report case of tampering with fixed deposit accounts and unauthorized transfers of funds concerning customers’ accounts at the MCB Ltd.**

5. The public is advised that, as part of its regulatory and supervisory duties, the Bank of Mauritius has been constantly monitoring, through onsite and offsite inspections, the measures put in place by the MCB Ltd to avert any abuse of its systems and procedures such as those that had led to the irregularities uncovered by the nTan Report.

6. Further, the Banking Supervision Department of the Bank of Mauritius carried out a thorough on-site inspection of MCB Ltd from 18 March to 25 June 2004. A further regular on-site inspection is being conducted at the MCB Ltd. since 19 January 2005.

7. The Bank of Mauritius wishes to reaffirm that it is fully conscious of its regulatory and supervisory responsibilities. In this connexion, the Bank of Mauritius seizes this opportunity to state that the Governor and the First Deputy Governor visited in person the vault area of the MCB Ltd. and assessed the situation following the tragic events that took place on 11 February, 2005.

Bank of Mauritius

3 March 2005