



BANK OF MAURITIUS

website: <https://www.bom.mu>

Announcement of the First Disbursement under the Special Line of Credit in Foreign Currency

The persistence of the Eurozone crisis, worsening external market conditions facing Mauritian exporters, and the continued depreciation of certain currencies, have been triggering alert signals for our export enterprises. The Bank of Mauritius (the Bank) is concerned that economic operators may be affected by the mismatch between the currencies in which **their** earnings are denominated and their outstanding debt in rupees, which may lead to debt servicing difficulties with adverse effects on the balance sheet of operators and their creditors, namely domestic banks.

On 9 June 2012, the Bank offered a Special Line of Credit in Foreign Currency to the tune of 600 million euros to be drawn in the three major currencies, namely USD, EUR or GBP, at the option of the borrowers, in the export and tourism sectors, through their respective banks.

Following representations made by banks and operators in the export and tourism sectors, the Bank proceeded with a softening of the terms and conditions of the Special Line of Credit in Foreign Currency. Specifically, banks can now draw funds at 6-month LIBOR + 100 basis points for loans with a maturity of 1 year and above, and 6-month LIBOR + 75 basis points for loans with tenors of less than a year. Banks can on-lend to their clients at a maximum of 200 basis points above the cost of funds from the Bank.

The Bank is pleased to announce that it signed today an Agreement with the Mauritius Post and Cooperative Bank Ltd (MPCB Ltd) and disbursed funds for on-lending to an economic operator in the tourism sector. MPCB Ltd thus becomes the first bank to draw under this facility.

At the Signature Ceremony this morning, Mr Rundheersing Bheenick, Governor, Bank of Mauritius, said: *“The Bank is well on its way to increasing its reserves since it announced the Operation Reserves Reconstitution (ORR) in June... The Bank was never in the market to provoke an uncontrolled slide of the rupee. Instead it had a controlled approach to it and the Bank is happy to note that since the announcement of the ORR, the rupee has adjusted by around 4 per cent in terms of its exchange rate index... The Consumer Price Index figures coming out up to now show that there has been no direct inflationary impact from this controlled slide of 4 per cent.”*

10 August 2012