



BANK OF MAURITIUS

website: <http://bom.intnet.mu>

Implementation of the Basel II Capital Accord

On 21 September 2007, at a Special Banking Committee* chaired by the Governor, it was decided that banks in Mauritius would be required to report as from the quarter ending March 2008, on a parallel run basis, their capital adequacy ratio (CAR) under the Basel II framework along with their CAR under Basel I framework.

Pursuant to this decision, the Bank issued various guidelines required for the implementation of Basel II and commenced parallel run from quarter ended March 2008, as scheduled. The Bank monitored the performance of banks under the parallel run exercise and assessed the impact of the new framework on their capital requirements. The Bank is satisfied that the banking sector in Mauritius has made significant progress and is adequately prepared to migrate to the Basel II framework.

Accordingly, in consultation with representatives of all banks in Mauritius and the Mauritius Bankers Association Ltd, the Bank has today decided to do away with the parallel run exercise and move over to the full implementation of the Standardised Approaches of the Basel II framework as from the quarter ending 31 March 2009. The decision to provide banks with the option to migrate to the advanced approaches will be taken at an appropriate time.

The Bank is committed to the highest standards of regulation and supervision.

7 January 2009

* The Banking Committee is a quarterly meeting, chaired by the Governor, with the Chief Executives of banks and the Mauritius Bankers Association.