



BANK OF MAURITIUS

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Communiqué

The Bank of Mauritius identifies five Domestic Systemically Important Banks (D-SIBs) in Mauritius

The Basel Committee on Banking Supervision framework for dealing with Domestic-Systemically Important Banks (D-SIBs) was released in October 2012. The framework recommended that the systemic importance of banks should be measured in terms of the impact that a bank's failure could have on the domestic economy.

The framework is a principles-based approach that provides national authorities with some flexibility through the inclusion of country-specific factors in the determination of the systemic importance of their banks.

In June 2014, the Bank issued the *Guideline for Dealing with Domestic-Systemically Important Banks* which sets out the methodology to be applied for assessing the systemic importance of banks and the ensuing capital surcharge to be maintained by them.

As per the methodology, banks whose Segment A (domestic) assets represent at least 3.5 per cent of Gross Domestic Product were considered for the assessment.

The Guideline recommends five key indicators to be assessed, namely, size, exposure to large groups, interconnectedness, complexity and substitutability. Banks were required to submit data on these five indicators and other sub-indicators as at 30 June 2014.

On the basis of information submitted by different banks, the Bank calculated the systemic score for each bank. Based on the score, the following five banks were identified as systemically important:

1. The Mauritius Commercial Bank Ltd
2. SBM Bank (Mauritius) Ltd
3. Barclays Bank Mauritius Limited
4. The Hongkong and Shanghai Banking Corporation Limited
5. Afrasia Bank Ltd

These banks are required to hold a surcharge ranging from 1.0 per cent to 2.5 per cent of their risk weighted assets depending on their systemic importance. This surcharge will be applicable as from 1 January 2016 and will be implemented in a phased manner over a four-year period. Banks are expected to comply fully with the capital surcharge by 1 January 2019.

The score of each bank will be calculated based on the June figures for each year so as to identify banks which are systemically important.

Bank of Mauritius
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