



PUBLIC NOTICE

Guideline for the write-off of non-performing assets

14 November 2018

The Bank of Mauritius has, today, released a Guideline for the write-off of non-performing assets (Guideline) which would be applicable to all banks licensed under the Banking Act 2004.

Rationale and purpose

The Guideline aims at providing a broad framework for the write-off of non-performing assets in banks' books where the prospects of recovery are weak. It also introduces an element of prudence by requiring banks to write-off non-performing assets in a timely manner.

Regulatory contents in brief

The Guideline requires all banks to have a board-approved policy with respect to write-off of non-performing assets. It further enunciates the broad write-off principles, while at the same time emphasises that a write-off by a bank does not, in any way whatsoever, signify the forfeiture of its legal right to claim its dues.

Of note, the Guideline, inter-alia, requires that the write-off policy should set forth suitable time periods for the write-off of different categories of non-performing assets, based on banks' individual recovery experience. However, the maximum time for the full write-off of exposures towards corporate and retail (including mortgages) should not exceed 7 years and 5 years respectively.

Effective date

The Guideline shall come into effect immediately. However, banks are being given a transition period of one year to fully implement all the requirements of the Guideline.

A copy of the Guideline can be accessed on the Bank's website at the following link:

<https://www.bom.mu/financial-stability/supervision/guideline>

Applicability of the Guideline to non-bank deposit taking institutions

This Guideline will be applicable to non-bank deposit taking institutions with effect from 1 July 2019.