

Central Bank of Trinidad and Tobago

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CIRCULAR LETTER TO:

All Institutions Licensed under the Financial Institutions Act, 2008

Bankers Association of Trinidad and Tobago

Institute of Chartered Accountants of Trinidad and Tobago

REF: CB-OIFI-1731/2020

TREATMENT OF PAYMENT DEFERRALS OR “SKIPPED PAYMENTS” DUE TO COVID-19 MEASURES

The Central Bank of Trinidad and Tobago (“Central Bank”/ “Bank”) refers to its Circular Letters **CB-OIFI-724/2020** and **CB-OIFI-964/2020** regarding the subject matter, which indicated that it will relax the regulatory treatment for restructured loans due to “skipped payments” or rate reductions and past due facilities up to and including reporting as at August 31, 2020. Reference is made also to BATT’s correspondence dated July 31, 2020, regarding the subject matter and its request for a further extension of the moratorium on the regulatory treatment of deferred loans to December 31, 2020.

The Bank has considered the circumstances outlined in BATT’s correspondence, as well as global and regional developments and practices and advises that an extension of the regulatory treatment on payment deferrals until **December 31, 2020** is granted. However, you are reminded that all other conditions set out in the Circular Letter CB-OIFI-724/2020 must be maintained. In particular, licensees are required to continue to submit the **Special Report (DPC-19)** within 30 business days of the relevant reporting month up to the period ended December 31, 2020.


Further, the Bank advises that while it is cognizant of the challenges presented by the COVID 19 pandemic, it has a responsibility to ensure the continued stability of the financial sector. In this regard, licensees are required to conduct stress tests and scenario analysis that consider the impact of the pandemic on the institution’s liquidity and solvency position on at least a quarterly basis, and submit the results to the Central Bank commencing December 31, 2020 using data as at September 30, 2020 in the first instance. Where the stress tests and scenario analysis show that the licensee’s liquidity or capital are likely to be adversely impacted (i.e. approximate the minimum capital ratios or fall below), a board approved action/ recovery plan which details the strategies for ensuring adequate liquidity and capital must be submitted with the stress test results.

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We look forward to your cooperation and adherence to the timelines stated in this correspondence.

Please be guided accordingly.

Yours sincerely



Patrick Solomon
INSPECTOR OF FINANCIAL INSTITUTIONS