



Central Bank of Trinidad and Tobago

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CIRCULAR LETTER TO:

All Institutions:

Licensed Under the Financial Institutions Act, 2008
Registered Under the Insurance Act, 2018
Financial Holding Companies

Copied to:

Trinidad and Tobago Unit Trust Corporation
Trinidad and Tobago Mortgage Finance
Home Mortgage Bank
Agricultural Development Bank
National Insurance Board,
BATT, ATTIC, ICATT
Caribbean Actuarial Association

REF: CB-OIFI-2880/2021

CREDIT RISK MANAGEMENT GUIDELINE

The Central Bank of Trinidad and Tobago (“Central Bank”/ “Bank”) advises that following consultation with the industry, the draft Credit Risk Management Guideline which was issued on July 27, 2020 for comment, has been finalized.

The Credit Risk Management Guideline (“Guideline”) supplements current legislation, regulations, and guidelines governing financial institutions. It reflects best practices on credit risk management as espoused by the Basel Committee on Banking Supervision and the International Association of Insurance Supervisors. These standards pertain to *inter alia*, strengthening a financial institution’s credit risk governance framework and establishing the financial institution’s risk appetite and strategies, in a manner that is proportionate to its size, complexity, and risks.

In this regard, the Central Bank expects that licensees and registrants under the Financial Institutions Act, 2008 and the Insurance Act 2018, respectively, will take all reasonable steps to ensure that their credit risk management framework complies with the Guideline’s principles and requirements. Implementation and compliance with this Guideline however should not impact the covid-19 relief measures set out in the Bank’s Circular Letter CB-OIFI-2273/2021 to licensees under the Financial Institutions Act, 2008 issued on September 22, 2021 and which comes to an end on September 30, 2022.

Please note that the Guideline and the matrix of responses to comments received on the Guideline can be accessed on the Bank’s website at <https://www.central-bank.org.tt/core-functions/supervision> under the “Legislation and Guideline” and the “Draft and Consultation Papers” tabs, respectively, for the banking and insurance sectors.

Should you have any queries please contact Mr. Kendall Cuffy, Manager - Banks and Non-Banks Unit at kcuffy@central-bank.org.tt.

Please be guided accordingly.

Yours sincerely,

Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS