



CENTRAL BANK OF TRINIDAD & TOBAGO

Eric Williams Plaza, Independence Square, Port-of-Spain, Trinidad, Trinidad and Tobago
Postal Address: P.O. Box 1250
Telephone: (868) 625-4835; 4921; 5028; Fax: (868) 627-4696
E-Mail Address: info@central-bank.org.tt
Website: www.central-bank.org.tt

September 22, 2021

CIRCULAR LETTER TO:

All Institutions Licensed under the Financial Institutions Act, 2008
Bankers Association of Trinidad and Tobago
Institute of Chartered Accountant of Trinidad and Tobago

REF: CB-OIFI-2273/2021

COVID-19 RELIEF MEASURES – RESTRUCTURING AND MORTGAGE MARKET RATES

Due to the ongoing uncertainty regarding the pandemic and its economic impact, and following discussions with financial institutions, the Central Bank of Trinidad and Tobago (“Central Bank”) shall implement the following measures from October 1, 2021. In summary, the first measure will allow banks and relevant nonbank financial institutions, for a one-year period beginning October 1, 2021, to restructure commercial loans more than twice over the life of the original loan, and mortgages more than twice over a five-year period, without a downgrade in their asset classification to nonperforming status. The second measure will allow financial institutions to have greater flexibility in lowering their mortgage rates over a two-year period from October 1, 2021. The specific conditions are as follows:

For a period of twelve months effective October 1, 2021, licensees will be allowed to restructure loans without a downgrade in the asset classification subject to the following conditions:

- a) The borrower’s account is classified as performing as at September 30, 2021.
- b) The borrower’s account was not restructured except for COVID-19 relief within the last twelve months.
- c) All other conditions under Appendix III of the *Central Bank’s Guideline for the Measurement, Monitoring, and Control of Impaired Assets* will remain applicable for restructuring of these facilities.
- d) Financial institutions shall put in place a Board approved policy on restructuring of such facilities under these instructions within a month from the date of this correspondence.
- e) Financial institutions will be required to report monthly on all such restructured facilities to the Central Bank commencing from October 31, 2021 (*the reporting format will be provided by the Central Bank*).
- f) Financial institutions are required to conduct a stress test of their credit portfolio using a threshold of 10% non-performing loans, and provide a report to the Central Bank on the potential impact to their capital and liquidity positions by December 31, 2021. The report should also outline an action plan to address any gaps identified under the stressed scenario.

...

The Central Bank agrees to suspend the calculation of the mortgage market reference rate for a 2-year period effective October 1, 2021 and allow financial institutions to lower their adjustable mortgage rates outside of the anniversary date, and/or more than once a year. The disclosure and other requirements in the *Residential Real Estate Mortgage Market Guideline* shall remain applicable.

The Central Bank reminds licensees that the regulatory forbearance measures on the treatment of payment deferrals on loans (*see Circular Letters of May 7, 2021 and June 1, 2021*) come to an end on September 30, 2021. Accordingly, the final Special Report on Deferred Payments (“DPC-19”) as at September 30, 2021, will become due on October 28, 2021.

Please be guided accordingly.

Yours sincerely



Michelle Francis-Pantor
Deputy Inspector – Banks, Non-Banks and Payment Systems Oversight
FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT