CENTRAL BANK OF TRINIDAD & TOBAGO

Eric Williams Plaza, Independence Square
Port of Spain, Trinidad and Tobago
Postal Address: P.O. Box 1250
Telephone: (868) 621-CBTT (2288), 235-CBTT (2288)
Fax: (868) 612-6396
E-Mail Address: info@central-bank.org.tt
Website: www.central-bank.org.tt

June 11, 2026

CIRCULAR LETTER TO:
All Licensees and Financial Holding Companies
under the Financial Institutions Act, Chap 79:09
The Bankers Association of Trinidad and Tobago
Institute of Chartered Accountants of Trinidad and Tobago

REF: CB-OIFI-1918/2026

ISSUANCE OF DRAFT GUIDELINE FOR THE MANAGEMENT OF INTEREST RATE RISK IN THE BANKING BOOK ("IRRBB")

The Central Bank of Trinidad and Tobago ("Central Bank") as part of its Basel II/III implementation has developed a draft Guideline on the Management of Interest Rate Risk in the Banking Book ("IRRBB Guideline"). The IRRBB Guideline is based on the Basel Committee on Banking Supervision's ("BCBS") principles for the identification, measurement, monitoring and control of IRRBB.

Currently, banks and financial institutions are required to assess interest rate risk that arises from their trading book under the Pillar 1 Capital Adequacy framework using the standardized approach. While interest rate risk arising from their banking books is required to be assessed under the Pillar 2 Internal Capital Adequacy Assessment Process ("ICAAP"), the industry wide adoption of this requirement has thus far been inconsistent.

Therefore, the Central Bank is seeking to set the industry standard for banks and financial institutions to quantify their IRRBB and implement an IRRBB management framework as per the requirements of this Guideline. In this regard, the draft IRRBB Guideline been posted to the website at: https://www.central-bank.org.tt/resources-database/all-categories/#draft-and-consultation-documents-basel-ii-iii-implementation and is also attached for your feedback, which should be provided no later than **August 6, 2026**.

All feedback regarding the draft Guideline is to be sent to Baselconsultation@central-bank.org.tt. In addition, Ms. Denise Layne (dlayne@central-bank.org.tt) and Mrs. Karyn Stewart-Tamer (kastewart@central-bank.org.tt) of our Basel II/III Implementation team can be contacted for assistance. Following industry consultation, the IRRBB Guideline will be finalized and issued in accordance with section 10(1) of the Financial Institutions Act, Chap 79:09.

We anticipate your usual cooperation as we progress the rollout of this important prudential standard.

Yours sincerely

Michelle Francis-Pantor
INSPECTOR OF FINANCIAL INSTITUTIONS