

SUPERVISION PROFILE
CENTRAL BANK OF BARBADOS

1. (a) **SUPERVISORY AGENCY**

Central Bank of Barbados

(b) **CATEGORIES OF FINANCIAL INSTITUTIONS FOR WHICH IT HAS REGULATORY OVERSIGHT**

- Commercial Banks
- Non-Banks/Trust & Finance Companies
- International Banks

2. **ENTITIES UNDER SUPERVISION**

Categories	No. of Entities
1) Commercial Banks	6
2) Holding Company	1
3) Trust and Finance Companies and Merchant Banks	12
4) International Banks	46

FINANCIAL INSTITUTIONS		
Type	Number	Names
Commercial Banks and Holding Company	7	1) FirstCaribbean International Bank Ltd. 2) FirstCaribbean International Bank (Barbados) Ltd. 3) Citicorp Merchant Bank Ltd. 4) First Citizens Bank (Barbados) Ltd. 5) Bank of Nova Scotia 6) RBC Royal Bank (Barbados) Ltd. 7) Republic Bank (Barbados) Ltd.

FINANCIAL INSTITUTIONS		
Type	Number	Names
Trust & Finance Companies & Merchant Banks	12	<ol style="list-style-type: none"> 1) Alexandria Trust Corporation 2) Royal Fidelity Merchant Bank & Trust (Barbados) Ltd. 3) Capita Financial Services Incorporated 4) Republic Finance & Trust Corporation 5) Signia Financial Group Incorporated 6) Royal Bank of Canada Financial Corporation 7) Consolidated Finance Company Limited 8) Globe Finance Incorporated 9) St. Michael Trust Corporation 10) DGM Trust Corporation 11) FirstCaribbean International Trust and Merchant Bank (Barbados) Ltd. 12) CCG Trust Corporation
International Banks	46	<ol style="list-style-type: none"> 1) Amicorp Bank & Trust Limited 2) Amphora Bank & Trust Corporation 3) Bank of Montreal (Barbados) Ltd. 4) Bank of Nova Scotia – Offshore Banking Unit 5) Blue Bank International & Trust (Barbados) Ltd. [formerly Premier Bank International Trust (Barbados) Limited] 6) Brookfield International Bank Incorporated [formerly Trilon International Inc.] 7) Canaccord International Ltd. 8) Caribbean Investment Bank Incorporated 9) CIBC Offshore Banking Services Corporation 10) Cidel Bank & Trust Incorporated 11) Concorde Bank Limited 12) Continental Bank Corporation 13) Dancap Bank (Barbados) Incorporated 14) DGM Bank & Trust Incorporated 15) Exterran Finance Company Limited [formerly Universal Compression, Five Continents Bank Corporation, Faraday Bank Corporation] 16) FirstCaribbean International Wealth Management Bank (Barbados) Limited [formerly FirstCaribbean International Bank (Offshore) Ltd]

FINANCIAL INSTITUTIONS

Type	Number	Names
		<p>17) Front Street Private Bank (Barbados) Ltd. 18) Glenhuron Bank Ltd. 19) GraceKennedy Money Services Caribbean, SRL 20) Great Pacific Bank Ltd. 21) Helmsdale Bank Corporation 22) Intercontinental Investment & Development Bank Corporation 23) J & T Bank & Trust Incorporated [formerly Bayshore] 24) Mancal Bank (Barbados) Incorporated 25) Mercom Bank Limited 26) Occidental Bank (Barbados) Limited 27) Oxbridge Bank & Trust SCC 28) Pan Atlantic Bank & Trust Limited 29) PDG Bank Limited 30) Royal Bank of Canada (Caribbean) Corporation 31) Royal Bank of Canada 32) RBC Royal Bank Holdings (Barbados) Ltd. 33) RBC (Barbados) Trading Bank Corporation 34) RBC Royal Bank Holdings (Bahamas) Ltd. 35) RBC Royal Bank Holdings (Cayman) Ltd. 36) Republic Bank Trinidad & Tobago (Barbados) Limited 37) Soutterham Bank Corporation 38) Southwold Bank & Trust Limited 39) St. Lawrence Bank Incorporated 40) Summit International Bank Limited 41) The Coutts Halsall International Bank Incorporated 42) The Victoria Bank (Barbados) Incorporated 43) Toronto Dominion International Incorporated 44) Total Banking Corporation 45) Transcom Bank (Barbados) Limited 46) Windermere Bank & Trust Limited</p>

3. PRUDENTIAL INFORMATION REQUIRED OF LICENSED INSTITUTIONS

- a) Monthly Balance Sheets and Supporting Schedules, Profit and Loss Statements, Adequacy of Loan Loss Provisions and Classified Debt
- b) Quarterly Returns, which seek to measure such areas as Liquidity, Related Party Exposures Capital Adequacy and Large Exposures
- c) Annual Audited Statements

4. DATA PUBLISHED BY SUPERVISORY AUTHORITY

The Bank publishes financial sector information but not specific prudential data.

5. LEGISLATION GOVERNING THE OPERATION OF FINANCIAL LICENSEES

The principal pieces of legislation:

- Central Bank Act Cap 323 C
- Financial Institutions Act, Cap324A
- (Assets Classification and Provisioning) Regs, Cap 324A
- International Financial Services Act Cap 325
- Exchange Control Act Cap 71
- International Trusts Act Cap 245
- Deposit Insurance Act, 2006
- Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2011-23
- The Companies Act
- Financial Administration & Audit Act
- Financial Institutions (Fees) Regulations
- Financial Institutions (Capital Adequacy) Regulations

6. MAJOR CHANGES TO FINANCIAL STATUTES IN THE LAST TEN YEARS

- The Offshore Banking Act, 1985 was repealed and replaced by the
- International Financial Services Act, 2002
- International Financial Services (Amendment) Act, 2006
- Central Bank (Amendment) Act, 2006
- Deposit Insurance Act, 2006
- Financial Institutions (Amendment) Act, 2006
- International Business (Miscellaneous Provisions) Act 2004-7 updated 2007-7
- Caricom Single Market and Economy (Implementation)
- (Miscellaneous Provisions) Act, 2004-24 Financial
- The Anti-Terrorism Act, 2002 was enacted in May 2002. Consequently, amendments were made to the Money Laundering (Prevention and Control) Act, 1998, which was

- replaced by the Money Laundering and Financing of Terrorism (Prevention and Control) Act, 2002.
- A revised Money Laundering and Financing of Terrorism (Prevention and Control) Act was passed in November 2011. The updated Act addresses recommendations in the 2008 Mutual Evaluation report and reflects more comprehensively the Forty Recommendations and Nine Special Recommendations of the Financial Action Task Force and provide for related matters
 - Transnational Crime Prevention and Control Bill 2010, passed in February 2011
 - International Corporate and Trust Service Providers Act was passed on March 10, 2011
 - The Financial Services Commission (FSC) Act was passed April 1, 2011

7. AREAS IDENTIFIED FOR FURTHER LEGISLATIVE CHANGE

Proposed amendments to the FIA & IFSA have been largely driven by weaknesses and gaps in legislation identified by the last Financial System Stability Assessment (FSSA) Update conducted in 2008 as part of the Financial Sector Assessment Program (FSAP) for Barbados. In addition, further to the Central Bank's Basel II Implementation efforts, certain amendments have also been proposed to strengthen our compliance with Pillar 2 of Basel II.

The proposed amendments address inter alia,

- Large exposures - This includes updating the definition of a large exposure, setting related-party limits as well as aggregate large exposure limits;
- An explicit definition for related party, financial group, financial holding company, control and credit facilities;
- Enforceability of guidelines issued by the Bank;
- Powers to impose sanctions and the enforceability of intervention measures;
- Consolidated supervision.
- Explicit power to the Bank to require banks to hold capital in excess of the minimum.
- Broadening of the scope of supervisory power and capacity through delegation of Ministerial power to the Central Bank.

8. FORMAL DIRECTIVES, POLICIES AND GUIDELINES

Guidelines issued:

- "Revised" - Corporate Governance Guideline
- Consolidated Supervision Guideline
- Credit Risk Management Guideline
- Liquidity Risk Management Guideline
- Country Risk Management Guideline
- Managing Market Risk Guideline
- Guidelines - Stress Testing
- Guidelines - Foreign Exchange and Settlement Risk Management

- **"Revised"** - Anti-Money Laundering Guidelines
- Guidelines for Electronic Banking
- Guidelines on the Administration of Abandoned Property for Institutions Licensed under the Financial Institutions Act of Barbados
- Outsourcing Guidelines
- Operational Risk Management Guideline

Supervisory Practices documentation issued:

- Framework for Licensing of Financial Institutions
- Intervention Policy Framework
- Supervisory Framework

9. **JURISDICTION STATUS VIS A VIS BASEL CORE PRINCIPLES OF BANKING SUPERVISION**

- i) Self Assessment was completed in 2012
- ii) External Assessment is scheduled for 2013

10. **JURISDICTION STATUS VIS A VIS FINANCIAL SECTOR ASSESSMENT PROGRAMME (FSAP)**

The highlights of the last FSAP as it relates to banking included:

- Systemic risks in the financial sector are generally contained, although the sector faces considerable challenges both in the short-term and medium-term.
- Indicators of the health of the banking system and sensitivity analysis suggest that the system is resilient and fundamentally sound.
- Offshore banks are, to a large extent, insulated from the domestic banking system and their deposit taking activities are highly circumscribed thereby limiting their potential to destabilize the domestic financial system.
- Considering the presence of exchange controls and the structure of banks' portfolios, other risks were not significant.
- Observance of the international supervisory standards was high in both the onshore and offshore banking sector. The latter was facilitated by the passage of the International Financial Services Act.

Recommendations:

The primary recommendations indicated the need to:

- Update and review the laws and regulations (relating to capital adequacy, and the asset classification and loan loss provisioning) in a timely manner.
- Introduce capital requirement for market risk in the trading book.
- Establish an aggregate limit for large exposures.
- Develop a guideline for related party transactions, including comprehensive definition of related parties, setting an aggregate limit for related parties and providing for a deduction in the capital computation for exposures to related parties.
- Enhance the prudential returns for consolidated statements.
- Establish clear legal framework for consolidated supervision.

Subsequent to the last FSAP, the department sought to address some of the deficiencies and recommendations highlighted by, inter alia, issuing several guidelines on risk management to the industry and amending legislation.

More recently, the Bank conducted a self-assessment of compliance with the Basel Core Principles for Effective Banking Supervision (BCPs) in preparation for the FSAP which is scheduled to be conducted in the second half of 2013. The Bank has been leading the initiatives to prepare Barbados for the assessment and has been collaborating with various stakeholders such as the Financial Services Commission, the Deposit Insurance Corporation and the Ministry of Finance.

31 December 2012