



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT\$2,000.0 MILLION

Or such greater amount as the Government of Trinidad and Tobago may determine subject to a maximum of TT\$2,500 million

5.20% FIXED RATE BONDS DUE SEPTEMBER 27, 2027 for Auction on September 25, 2012

The Agent - Central Bank of Trinidad and Tobago, Eric Williams Financial Complex, St. Vincent Street, Port-of-Spain

"The Trinidad and Tobago Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence."

INFORMATION MEMORANDUM

ABSTRACT

The Government of the Republic of Trinidad and Tobago proposes to raise TT\$2,000.0 million (or such greater amount to be determined by the Government of Trinidad and Tobago subject to a maximum of TT\$2,500.0 Million) through the issue of a 15 year bond with a coupon rate of 5.20% per annum. The bonds will be issued under the authority of the Development Loans Act Chap. 71:04.

This bond issue is the second central government bond issue for fiscal year 2011/2012 and is being issued to settle outstanding Government liabilities.

The bonds will be issued through the automated auction system operated by the Central Bank. A single price auction system will be used and, as far as possible, applicants will be allotted bonds to the fullest extent of their applications.

The auction will be opened at 10:45 a.m. on Monday September 17, 2012 and will close at 1:00 p.m. on Tuesday September 25, 2012.

Bonds will be dated **September 27, 2012**.

TERMS OF ISSUE

1. Authority

This bond will be issued under the Development Loans Act, Chap. 71:04 of the Revised (1980) Laws of Trinidad and Tobago.

2. Purpose of Issue

This bond is being issued to settle existing Government liabilities. The government is also mindful of its role in the development of the local capital market and, in particular, the development of the government bond market. To this end, it continues to provide securities that will cater to the needs of all investors.

These bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of sections 46 (1) and 186 (1) respectively of the Insurance Act, 1980 and will also be accepted without limit for appropriate deposit purposes in accordance with section 29 of the Insurance Act.

3. Date of Issue

The date of issue of this bond is September 27, 2012.

4. Agent

The Central Bank of Trinidad and Tobago has been appointed sole and exclusive agent for the raising and management of this issue of Bonds.

5. Method of Payment

The full purchase price is payable on settlement date. Payment will be made in Trinidad and Tobago dollars.

6. Security

The principal monies and interest represented by the Bonds will be charged upon and are payable out of the Consolidated Fund and are secured on the Revenues and Assets of the Republic of Trinidad and Tobago.

7. Interest

Interest is payable semi-annually on September 27 and March 27. Interest will accrue from September 27, 2012 and the first payment will be made on March 27, 2013. Interest will be calculated on a 365-day basis.

8. Business Day

In the event that a payment date occurs on a day other than a business day, such payment will be made on the business day following that date.

9. Registrar

The Central Bank of Trinidad and Tobago has been appointed the Registrar for this issue of Bonds.

10. Trustee

The Trinidad and Tobago Unit Trust Corporation has been appointed the Trustee for the bondholders of this issue of Bonds.

11. Redemption

Any bond forming part of this issue, if not previously cancelled or redeemed by purchase in the open market, will be repaid at par on September 27, 2027.

12. Applications and General Arrangements

Applications can be made through the designated Government Securities Intermediaries listed at the end of this Information Memorandum. Intermediaries must enter bids, based on completed application forms, into the electronic auction system. Applications must be for \$1,000.00 face value or multiples thereof. No allotment will be made for any amount less than \$1,000.00 face value.

Government Securities Intermediaries are appointed by the Central Bank to act as counterparties in the auction and, thereafter, to provide a secondary market for the bonds. Bids can be placed competitively or non-competitively by submitting the relevant application form, along with payment to a Government Securities Intermediary. The maximum allotment that can be obtained through a non-competitive bid is **\$100,000.00** face value at a price established in the competitive side of the auction. This price is the minimum price, when the successful bids are ordered from the highest price to the lowest price and may be at par, premium or a discount.

A register of bondholders will be held in book-entry form at the Central Bank of Trinidad and Tobago.

An Information Memorandum on this bond issue is available at www.central-bank.org.tt. Application Forms and Transfer of Ownership Forms may be obtained at the offices of all Government Securities Intermediaries.

DEBT MANAGEMENT AND ADMINISTRATION

1. Debt Management Objectives

The debt management objectives of the Government of Trinidad and Tobago are:

- To minimize over the long-term the cost of meeting its financing needs, while containing its exposure to risk;
- To facilitate the development of a well functioning domestic capital market, with the creation and maintenance of a local interest-rate yield curve; and
- To ensure that debt management policy is consistent with the objectives of monetary policy, fiscal policy and other macroeconomic policies.

2. Debt Management Strategy

Government's Debt Management Strategy for the medium term will continue to focus on the establishment of a risk management framework and the development of an efficient market for government securities. Government will ensure that both the level and the rate of growth of the public debt are fundamentally sustainable and consistent with international standards.

The debt management strategy will involve, inter alia:

- Achievement of an optimal level of debt that offers fiscal sustainability, external sustainability and solvency in the short, medium and long-term; and
- Careful monitoring and management of contingent liabilities.

3. Accountability and Transparency

The Government of Trinidad and Tobago is responsible for ensuring that:

- the legislative authority to borrow is clearly defined and executed within that framework;
- debt data and indicators are accurately recorded and disclosed in accordance with the Freedom of Information Act;
- contingent liabilities are included in debt data; and
- debt management activities are regularly audited externally and reported.

The Auditor General is mandated under the Constitution of the Republic of Trinidad and Tobago paragraph 116 (2) and (3) to audit and report on the public accounts of Trinidad and Tobago annually. Under the Exchequer and Audit Act, Chapter 69:01, the Auditor General is also mandated to audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue or payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery inter alia of securities.



The Annual Reports of the Auditor General are submitted to the Speaker, the President of the Senate and the Minister of Finance and laid in Parliament.

4. Institutional Framework

The debt management activities of the Ministry of Finance are managed by the Debt Management Unit of the Economic Management Division (EMD) in the Ministry of Finance. This Unit is supported by an automated management information system known as the Debt Management and Financial Analysis System (DMFAS). This system was designed by the United Nations Conference on Trade and Development (UNCTAD) and facilitates accurate debt recording and reporting. It enables not only the timely servicing of debt obligations, but also improves the quality of budgetary reporting and the transparency of government financial accounts.

5. Credit Rating

Standard & Poor's affirmed the Republic of Trinidad and Tobago's long-term foreign currency sovereign credit rating of 'A', its long-term local currency rating of 'A' and its short-term local and foreign currency ratings of 'A-1'. Moody's Investors' Service also maintained Trinidad and Tobago's key foreign currency ratings of 'Baa1'. These ratings are indicative of strong economic growth prospects, the strong internal and external balances and prudent macroeconomic policies (Table II).

ECONOMIC REVIEW

Trinidad and Tobago's economic performance in 2011 was in the context of a weak global economy weighed down by fiscal and banking crises in the Euro Area. Growth in the US was slow and that in emerging economies had begun to slacken as well. Preliminary estimates from the Central Bank's Quarterly Gross Domestic Product (QGDP) Index indicate that the Trinidad and Tobago economy declined (year-on-year) by 2.6 per cent in the fourth quarter of 2011. This was on account of a 7.8 per cent contraction in the energy sector as maintenance operations impacted crude and natural gas production as well as refining activity. The non-energy sector posted marginal growth of 1.2 per cent, which was concentrated in Distribution (1.8 per cent), Finance (2.0 per cent), Water and Electricity (3.9 per cent), and Construction (1.3 per cent) sectors. The Manufacturing sector (-1.1 per cent) was affected by reduced working hours as a result of the existence of a state of emergency for much of the fourth quarter. Agriculture declined by 1.5 per cent, partly due to unfavourable weather.

Available data from the Central Statistical Office (CSO) point to an improvement in the labour market in 2011. The rate of unemployment fell to 5.2 per cent in the third quarter of 2011 compared with 5.8 per cent in the second quarter. In 2010 the unemployment rate was 5.9 per cent.

Headline inflation rose to 12.6 per cent (year-on-year) in May 2012 on account of sharp increases in food prices, after registering 11.8 per cent in April 2012 and 3.9 per cent in May 2011. Core inflation, which excludes food prices, also increased (year-on-year), to 2.2 per cent in May 2012, compared with 1.3 per cent in May 2011.

The Central Bank has maintained an accommodative monetary policy stance to help stimulate economic growth. The repo rate which stood at 3.75 per cent in December 2010 was reduced to 3.00 per cent by July 2011 and has since been kept at that level. Commercial banks' median prime lending rate has stayed at 7.75 per cent since September 2011.

Lower lending rates have helped to improve credit conditions but recent figures point to an easing in the pace of growth of credit granted by the consolidated financial system. In May 2012, total private sector credit slowed to 2.8 per cent (year-on-year) compared to 3.1 per cent in March 2012, while consumer loans grew by 1.1 per cent down from 2.2 per cent. Real estate mortgage lending, however, remained robust and increased by 9.8 per cent in May 2012. Lending to businesses reflected a turnaround: credit to this sector grew by 4.6 per cent (year-on-year) in May 2012 as opposed to a decline of 2.2 percent a year earlier.

Weak loan demand, limited investment alternatives, and high domestic spending by the Central Government led to steep increases in commercial banks' excess reserve balances at the Central Bank, which in December 2011 had reached a daily average of \$5.7 billion. In March 2012, in order to reduce the liquidity overhang, the Central Bank withdrew \$1.5 billion from the financial system through voluntary deposits which commercial banks placed in an interest bearing account at the Bank for a period of 1 year. This action along with the sale of foreign exchange helped to reduce excess liquidity to a daily average of \$2.5 billion in May and \$2.2 billion in June 2012.

High excess liquidity kept short-term interest rates at record lows during the first quarter of 2012, although rates had begun to inch up by June. After having fallen to an historic low of 0.04 per cent in March 2012, the three-month treasury bill rate rose to 0.31 per cent in May and 0.50 per cent in June 2012. Similarly, the six-month treasury bill rate increased to 0.47 per cent in May 2012 from 0.14 per cent in March 2012 and 0.32 per cent in November 2011. The low level of domestic interest rates coupled with the fall in foreign interest rates, led to a narrowing of the TT-US interest rate differential on the 91-day t-bill to zero per cent in April 2012. The spread subsequently widened to 0.22 per cent in May and 0.40 per cent in June 2012 as excess liquidity lessened.

Latest estimates on fiscal operations for the period October 2011 – April 2012 show a fiscal surplus of \$1.9 billion. Higher-than-budgeted energy prices and the payment of outstanding tax arrears by a large energy company boosted revenue collections.

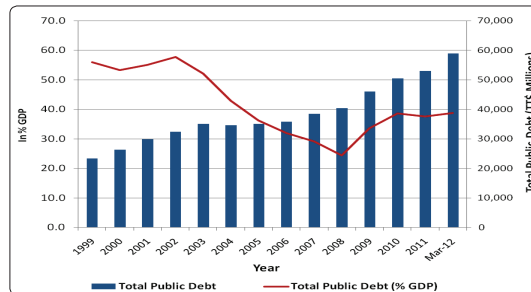
At the end of March 2012 gross public debt, which includes the debt of central government, statutory authorities and state enterprises, had increased to \$78,888 million from \$72,982 million at September 2011. Further, central government external debt amounted to \$10,835 million compared with \$9,240 million as at September 2011. The increase was on account of disbursements from new Inter-American Development Bank (IADB) programme funding and the floating of bonds to finance payouts to CLICO policyholders. Meanwhile, central government domestic debt increased to \$40,130 million from \$38,818 million at the end of the previous fiscal year. At the end of March 2012, Trinidad and Tobago's debt to GDP ratio stood at 38.7 per cent.

Preliminary estimates for 2011 indicate that the external accounts registered an overall surplus of US\$752.6 million, approximately a 79.9 per cent increase when compared to the surplus recorded in 2010 (US\$418.4 million). The overall current account recorded an estimated surplus of US\$322.8 million at the end of 2011, compared with US\$4.2 billion recorded in the corresponding period of 2010. In 2011 outflows as a result of dividend payments to foreign shareholders in foreign direct investment companies amounted to US\$1.9 billion. The capital account also registered a surplus of US\$429.8 million. At the end of 2011, gross official reserves totalled just over US\$9.8 billion, or 13.5 months of prospective imports of goods and non-factor services.

KEY STATISTICS FOR THE GOVERNMENT DOMESTIC BOND MARKET

The following charts and statistics show key aspects of the government's fiscal performance.

Chart I. Total Public Sector Debt



Source: Central Bank of Trinidad and Tobago
* Total public debt excludes treasury bills and treasury notes issued for open market operations (OMOs).

Chart II. Maturity Profile of Central Government & Government Guaranteed Domestic Debt

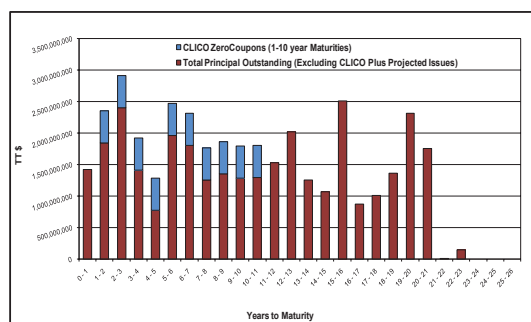


Table I. Central Government Domestic Bond Issues (2003-2012)

No.	Issue/Reopening Date	Face Value of Issue (TTS)	Year of Maturity	Tenor (Years)	Coupon Rate (% per Annum)	Yield at issue/reopening (% per Annum)
1	30-Sep-03	200,000,000	2013	10	6.08%	6.08%
2	06-Nov-03	640,000,000	2018	15	6.20%	6.20%
3	03-Aug-04	300,000,000	2019	15	6.15%	6.15%
4	15-Sep-04	516,000,000	2014	10	6.00%	6.00%
5	22-Sep-04	300,000,000	2019	15	6.10%	6.135%
6	16-Mar-05	400,000,000	2015	10	6.00%	6.05%
7	24-May-05	400,000,000	2015	10	6.10%	6.1135%
8	30-Nov-06	700,000,000	2014	8	8.00%	8.15%
9	09-Feb-07	674,301,000	2012	5.5	7.80%	7.80%
10	27-Apr-07	1,017,978,000	2014	7	8.00%	8.00%
11	02-Jul-08	1,200,000,000	2017	9	8.25%	8.25%
12	23-Apr-09	1,500,000,000	2024	15	7.75%	7.75%
13	30-Jun-09	280,000,000	2016	7	6.20%	5.85%
14	30-Jun-09	368,504,000	2020	11	6.40%	6.40%
15	01-Jul-09	141,310,000	2034	25	8.50%	8.50%
16	01-Jul-09	227,332,000	2034	25	8.50%	8.50%
17*	16-Oct-09	231,496,000	2020	11	6.40%	6.35%
18	09-Feb-10	600,000,000	2025	15	6.50%	6.00%
19	04-Feb-10	1,399,800,000	2027	17	6.60%	6.60%
20	04-Feb-10	1,000,000,000	2029	19	6.70%	6.70%
21	04-Feb-10	1,000,000,000	2031	21	6.80%	6.80%
22	20-Apr-10	794,000,000	2023	13	5.95%	5.50%
23	22-Nov-11	1,500,000,000	2031	20	6.00%	5.40%

† - All coupons are fixed
* - Reopening of \$600m Bond #14

Table II. Trinidad and Tobago's Credit Ratings

	Moody's	Current	Standard and Poor's	Current
Foreign Currency Government Bonds	Baa1-Stable		Local Currency - Short Term	A-1
Local Currency Government Bonds	Baa1-Stable		Local Currency - Long Term	A
Foreign Currency Ceilings for Long-term Bonds and Notes	A1-Stable		Foreign Currency - Short Term	A-1
Foreign Currency Ceilings for Short-term Bonds and Notes	P-1-Stable		Foreign Currency - Long Term	A
Foreign Currency Ceilings for Long-term Bank Deposits	Baa1-Stable			
Foreign Currency Ceiling for Short-term Bank Deposits	P-2-Stable			

Source: (i) Moody's Investors Services
Moody's Global Sovereign: Credit Analysis
July 2012
www.moody's.com
(ii) Standard and Poor's

LIST OF GOVERNMENT SECURITIES INTERMEDIARIES

Institution	Contact Addresses
ANSA Merchant Bank Limited	11c Maraval Road Port of Spain Tel: 623-8672 Fax: 624-8763
Bourse Securities Limited*	96 Maraval Road Port of Spain Tel: 628-9100 Fax: 624-1603
First Citizens Investment Services Limited*	Ground Floor, Furness Court Corner Richmond Street and Independence Square Port of Spain Tel: 623-7815/5153 Fax: 624-4544
Citicorp Merchant Bank Limited	12 Queen's Park East Port of Spain Tel: 625-1046; 623-3344 Fax: 624-1719
First Citizens Bank Limited	Corporate Centre 9 Queen's Park East Port of Spain Tel: 624-3178 Fax: 627-4548
Intercommercial Bank Limited	Ground Floor Furness Building Port of Spain Tel: 665-4425 Fax: 665-6663
Republic Bank Limited	9-17 Park Street Port of Spain Tel: 625-4411 Fax: 624-1296
RBC Merchant Bank Limited	Corner Broadway and Independence Square Port of Spain Tel: 625-3511 Fax: 624-5212
Scotia Trust and Merchant Bank (Trinidad and Tobago) Limited	Scotia Centre 56-58 Richmond Street Port of Spain Tel: 625-3566 Fax: 623-4405
FirstCaribbean International Bank (Trinidad and Tobago) Limited	74 Long Circular Road Maraval Port of Spain Tel: 628-4685 Fax: 625-8906
Trinidad and Tobago Unit Trust Corporation *	Corner Richmond Street and Independence Square Port of Spain Tel: 624-8648 Fax: 624-4729

Note: * Intermediaries designated to accept non-competitive bids from the public. Applications will be accepted by these institutions up to 12:00 noon on Friday 21st September, 2012.