



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT\$1,000.0 MILLION

Or such greater amount as the Government of Trinidad and Tobago may determine subject to a maximum of TT\$1,500 million

6.00% FIXED RATE BONDS DUE NOVEMBER 22, 2031 for Auction on November 18, 2011

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

"The 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\$1,000.0 million or such greater amount as the Government of Trinidad and Tobago may determine subject to a maximum of TT\$1,500 million through the issue of a 20 year bond with a coupon rate of 6.00% per annum. The bonds will be issued under the authority of the Development Loans Act Chap. 71:04.

This bond issue is the first central government bond issue for fiscal year 2011/2012 and is being issued to finance payouts to CLICO policyholders.

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 Thursday November 10, 2011 and closed at 1:00 p.m. on Friday November 18, 2011.

Bonds will be dated **November 22, 2011**.

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 finance government's payouts to CLICO policyholders. 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 November 22, 2011.

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 November 22 and May 22. Interest will accrue from November 22, 2011 and the first payment will be made on May 22, 2012. 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 November 22, 2031.

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).

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'.

ECONOMIC REVIEW

Trinidad and Tobago's economic performance in 2011 was against a backdrop of adverse shocks to the international economy, and continuing economic weakness in the US and Euro area. According to preliminary estimates from the Central Bank's Quarterly Gross Domestic Product (QGDP) Index, real GDP grew by 1.0 per cent (year-on-year) in the second quarter of 2011, following two consecutive quarters of decline.

Available data from the Central Statistical Office (CSO) show that the labour market weakened in 2010, in keeping with slowness in the non-energy sector. The rate of unemployment increased to 6.3 per cent in the fourth quarter of 2010 compared with 5.9 per cent for the third quarter.

Headline inflation, which has declined substantially in 2011-due mainly to the slowdown in pace of increase in food prices-stood at 2.5 per cent (year-on-year) in September 2011 after registering 12.5 per cent in January 2011 and 13.2 per cent (year-on-year) in September 2010.

With inflationary pressures remaining well contained in 2011, the Central bank maintained an accommodative monetary policy stance in support of growth and employment. The Bank reduced its repo rate from 3.75 per cent at the end of December 2010 to 3.00 per cent by October 2011, prompting a fall in commercial banks' median prime lending rate from 8.0 per cent in April to 7.75 per cent in September.

High excess liquidity has pushed short-term treasury rates to record lows. From 0.97 per cent in June the three-month treasury bill rate fell to 0.25 per cent in October 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 to 0.23 per cent by October 2011.

Fiscal operations in FY 2011 led to a deficit of \$5.1 billion on the fiscal accounts. Higher-than-budgeted crude oil prices and receipts from the tax amnesty

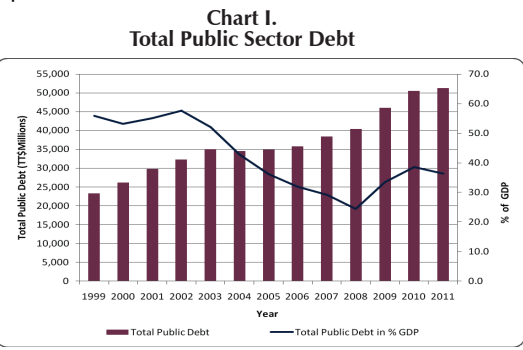
boosted revenue collections beyond budget projections.

Provisional data at the end of fiscal year 2010/2011 showed that gross public debt, which includes the debt of central government, statutory authorities and state enterprises, had increased to \$71,201 million from \$70,472 million at the end of fiscal 2009/2010. Further, central government external debt amounted to \$9,240 million compared with \$8,729 million in the corresponding period one year ago.

The external accounts remained robust in light of buoyant exports and higher prices for crude oil. Preliminary data for the first nine months of 2011 indicate that the external accounts registered an overall surplus of US\$276.1 million, a decrease of approximately 36.5 per cent when compared to the surplus recorded in the similar period of 2010 (US\$434.8 million).

KEY STATISTICS FOR THE GOVERNMENT DOMESTIC BOND MARKET

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



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

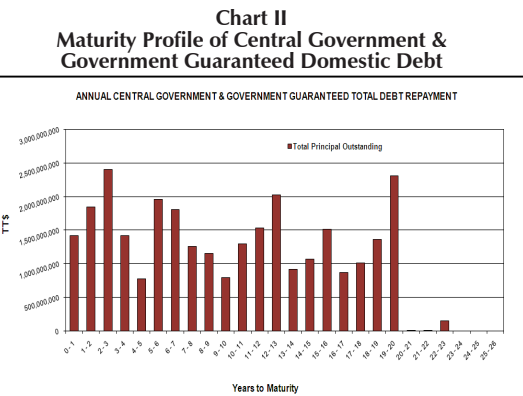


Table I Central Government Domestic Bond Issues (2003-2011)

Table with 7 columns: No., Issue/Reopening Date, Face Value of Issue (TT\$), Year of Maturity, Tenor (Years), Coupon Rate (% per Annum), Yield at issue/reopening (% per Annum). Lists 22 bond issues from 2003 to 2011.

Table II Trinidad and Tobago's Credit Ratings

Table with 4 columns: Moody's, Current, Standard and Poor's, Current. Lists credit ratings for various government securities like Foreign Currency Government Bonds, Local Currency Government Bonds, etc.

Source: (i) Moody's Investors Services; Moody's Global Sovereign; Credit Analysis January 2010 www.moody's.com (ii) Standard and Poor's

LIST OF GOVERNMENT SECURITIES INTERMEDIARIES

Table with 2 columns: Institution, Contact Addresses. Lists 10 financial institutions and their contact information, including ANSA Merchant Bank Limited, First Citizens Investment Services Limited, Bourse Securities Limited, etc.

Note: * Intermediaries designated to accept non-competitive bids from the public. Applications will be accepted by these institutions up to 12:00 noon on Thursday 17th November, 2011.