GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT$1,000 MILLION

4.50% FIXED RATE BONDS DUE MAY 16, 2028

for Auction on May 12, 2016

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$1,000 million through the issue of a twelve-year Bond with a coupon rate of 4.50% per annum. The Bond 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 2015/2016 and is intended to assist in budget financing for this fiscal year.

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 10:00 a.m. on Monday May 02, 2016 and will close at 1:00 p.m. on Thursday May 12, 2016.

Bonds will be dated **Monday May 16, 2016.**

TERMS OF ISSUE

1. **Authority**
   This Bond will be issued under the Development Loans Act Chap. 71:04.

2. **Purpose of Issue**
   This Bond is intended to assist in financing the fiscal year 2015-2016 Budget. 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) and 186(3) respectively of the Insurance Act, 1980 Chap. 84:01 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 May 16, 2016.

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

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 May 16 and November 16. Interest will accrue from May 16, 2016 and the first payment will be made on November 16, 2016. 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 Bond issue.

10. **Trustee**
    Trinidad and Tobago Unit Trust Corporation has been appointed the Trustee for the bondholders of this Bond issue.

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 May 16, 2028.

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 funds, 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 Commonwealth Secretariat Debt Reporting Management System. 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

Table I
Trinidad and Tobago's Credit Ratings

Moody's	Current	Standard and Poor's	Current
Foreign Currency Government Bonds	Baa3-Negative	Local Currency – Short Term	A-2
Local Currency Government Bonds	Baa1- Negative	Local Currency – Long Term	A-
Foreign Currency Ceilings for Long-term Bonds and Notes	Baa2- Negative	Foreign Currency – Short Term	A-2
Foreign Currency Ceilings on Short-term Bonds and Notes	P-3- Negative	Foreign Currency – Long Term	A-
Foreign Currency Ceilings for Long-term Bank Deposits	Baa3- Negative		
Foreign Currency Ceiling for Short-term Bank Deposits	P-3- Negative		

Source: (I) Moody's Investors Services
Moody's Global Sovereign: Credit Analysis
April 2016
www.moodys.com

(II) Standard and Poor's
April 2016

ECONOMIC REVIEW

Global growth weakened during the latter part of 2015 and into early 2016 amid sluggish activity in advanced economies and worsening conditions in some emerging markets. Several developments such as China's rebalancing to consumption-led growth, further declines in commodity prices and the slowdown in investment and trade continued to hamper growth across various countries. In its April 2016 World Economic Outlook, the International Monetary Fund (IMF) projects world output to expand by 3.2 per cent in 2016. Growth is expected to recover further to 3.5 per cent in 2017, mainly on account of strengthening in emerging market and developing economies. In the Caribbean, the performance of the largest economies for 2015 was mixed. Barbados continued to experience sluggish economic growth, in contrast to Guyana where economic activity was buoyant. In Jamaica, signs of recovery began to emerge.

In Trinidad and Tobago, provisional estimates (year-on-year) from the Central Bank's Quarterly Gross Domestic Product (QGDP) Index suggest that the economy contracted in the fourth quarter of 2015 by an estimated 3.0 per cent, following a decline of 2.1 per cent year-on-year in the previous quarter. Output in the energy sector declined by 5.0 per cent on account of both planned and unplanned maintenance activities undertaken by key industry producers as well as continued upgrades to infrastructure. Activity in the non-energy sector declined by 1.8 per cent reflecting weakness in all sub-sectors except for finance, insurance and real estate.

Available labour market data from the Central Statistical Office (CSO) indicate that the rate of unemployment increased to 3.4 per cent in the third quarter of 2015 from 3.3 per cent at the end of 2014.

Inflationary pressures were well contained in the second half of 2015 and early 2016. Following a deceleration in headline inflation to 1.5 per cent in December 2015 from 7.5 per cent in January 2015, the inflation rate edged up to 3.4 per cent in February 2016. The widening of the VAT base effective February 2016 helped push food inflation to 9.4 per cent in February 2016, following a sharp deceleration in the food price index to 2.7 per cent in December 2015 – the lowest rate since August 2011. At the same time, core inflation was relatively unchanged at 2.1 per cent in February 2016 from 2.3 per cent at the end of 2015.

The Central Bank ceased its monetary tightening trajectory in early 2016. Following successive increases in its main policy tool, the repo rate, in the second half of 2015, the Bank kept the rate unchanged in the first three months of 2016. Anticipating the impending interest rate lift-off in the US, in the second half of 2015, the Bank increased the Repo rate three times, by 25 basis points on each occasion. The Repo reached 4.75 per cent in December 2015. Citing prevailing low inflationary conditions, a weak domestic economy and slowing global growth, the Bank kept the Repo rate unchanged at 4.75 in subsequent decisions in January and March 2016. In response to increases of the repo rate in 2015, commercial banks' median prime lending rate rose to 9.00 per cent in mid-January 2016 where it has remained since.

Private sector credit continued to grow strongly during the latter half of 2015 and the first month of 2016. Overall credit granted by the consolidated financial system accelerated on a year-on-year basis to 6.4 per cent in January 2016, up from 5.8 per cent in July 2015. Business loans granted by the consolidated financial system grew by 4.2 per cent in January 2016 compared with an increase of 3.5 per cent in July 2015 while consumer loans maintained its fairly robust momentum, expanding by 8.7 per cent in January 2016 compared with 7.8 per cent in July 2015. Real estate lending experienced some slowdown, increasing by 8.6 in July 2015 and January 2016, following double digit year-on-year increases in 2013 and 2014.

Liquidity levels in the financial system increased slightly in early 2016 after moderating significantly throughout the second half of 2015. Commercial banks' excess reserves averaged $3.1 billion daily over the period July-December 2015 but subsequently increased by to a daily average of $3.8 billion in the first three months of 2016. Lower fiscal injections, an increase in foreign exchange sales to authorised dealers by the Central Bank and the receipt by the government of proceeds from the TTNGL IPO kept the financial system fairly tight in the six months to December 2015. To help alleviate these conditions, the Central Bank allowed $5.6 billion in treasury securities and $3.5 billion in commercial bank fixed deposits held at the Bank to return to the system upon maturity. In the first three months of 2016, net open market operations withdrew $1.4 billion from the financial system, while foreign exchange intervention, though not a liquidity absorption measure, indirectly removed $2.1 billion.

Short-term treasury rates picked-up in an environment of generally tighter liquidity conditions. The three-month OMO treasury bill rate rose to 1.00 per cent in December 2015 from 0.70 per cent in June 2015. Similarly, the six-month open market treasury bill rate increased to 1.45 per cent in December 2015, from 0.85 per cent in June 2015. Regarding the short-term treasury rate differentials, the TT-US interest rate differential on the 91-day T-bill widened to 84 basis points by December 2015 from 69 basis points in June 2015.

The retraction of global energy prices and declining levels of domestic energy output adversely affected the central government's fiscal operations. The Central Government accounts recorded an overall deficit of 4.2 per cent of GDP ($7 billion) in fiscal year 2014/15 (October 2014 – September 2015), in contrast to a deficit of 2.6 per cent of GDP ($4.4 billion) in the previous fiscal year. Recorded revenue was 6.2 per cent lower while expenditure declined by 1.6 per cent. Meanwhile, thus far in FY2015/16, the central government incurred a deficit of $1.8 billion over the period October 2015 to January 2016 compared with a deficit of $1.4 billion in the first four months of FY 2014/15. Revenue from the energy sector was down by 72.8 per cent and outweighed an increase of 21.2 per cent in non-energy revenues which was driven by higher VAT collections. Meanwhile the government curtailed its spending on capital projects and goods and services.

Provisional estimates indicate that public debt[1], (which includes the debt of Central Government, statutory authorities and state-owned enterprises), stood at $78,389.9 million at the end of December 2015 compared to $77,754.3 million at the end of 2014. Further, Central Government external debt amounted to $13,199.8 million compared with $12,921.3 million in December 2014. The decline in the external debt was attributed to larger debt repayments which outweighed disbursements mainly from the IDB. Central Government domestic debt (excluding all securities issued for sterilization purposes) declined from $34,797.3 million in December 2014 to $34,685.4 million at the end of 2015. Domestic debt service included, in the main, the repayment of CLICO zero-coupon bonds of $476.7 million in November 2015. Contingent liabilities (which comprise guaranteed debt of statutory authorities and state-owned enterprises) increased marginally from $30,035.7 million to $30,504.3 million over the period under review. Trinidad and Tobago's debt (excluding all securities issued for sterilization purposes) to GDP ratio stood at 42.5 per cent in December 2015, compared with 44.2 per cent in December 2014.

During the first nine months of 2015, the balance of payments registered an overall deficit of $1,004.2 million, compared to a surplus of $132.3 million in the same period of 2014. The level of gross official reserves climbed to $10,312.3 million or 11.8 months of prospective imports of goods and non-factor services at the end of September 2015. Meanwhile, the external current account was estimated to have posted a deficit of $38.7 million, compared to a surplus of $5.1 million in the corresponding period one year ago. The decline in the current account mainly reflected the lower merchandise trade balance as energy and non-energy exports declined and non-energy imports increased in the first nine months of 2015.

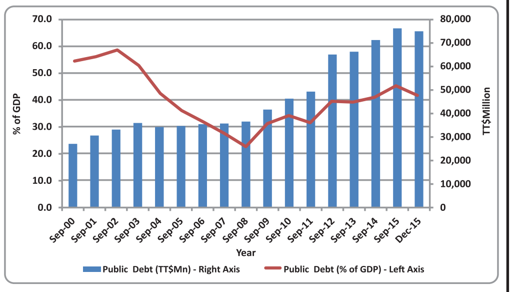
The capital and financial account recorded a deficit of $965.5 million over the period January to September 2015 compared with a surplus of $127.1 million in the corresponding period of 2014. Net foreign direct investment declined to $498.0 million on account of a contraction in net equity flows which were partially mitigated by an increase in net reinvested earnings. The petroleum industries sector registered inward foreign direct investment totalling $1,076.0, which represented an increase of 63.1 per cent from in the first nine months of 2015. Meanwhile, foreign direct investment in the assembly type and related industries fell by 94.7 per cent to $18.9 million from $356.5 million over the corresponding period. Outward foreign direct investment increased by 25.0 per cent to $716.0 million in the nine months to September 2015 when compared to the similar year earlier period. Portfolio investment outflows were recorded at $83.5 million over the period due to fewer purchases of long-term debt securities by the financial sector. In other developments, commercial banks increased their assets held abroad by $179.8 million.

[1] Excludes debt issued for sterilization purposes such as Treasury Bills, Treasury Notes and Liquidity absorption bonds.

KEY STATISTICS FOR THE GOVERNMENT DOMESTIC BOND MARKET

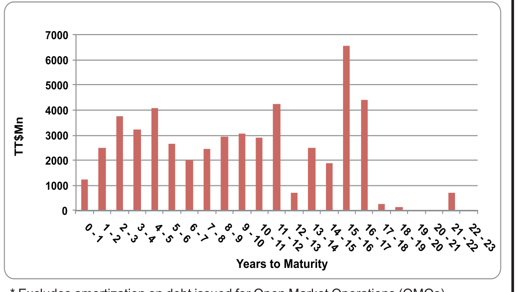
The following charts and statistics show key aspects of the Government's fiscal performance:

Chart I.
Total Public Sector Debt*



Source: Central Bank of Trinidad and Tobago
* Total Public Sector Debt excludes all securities issued for sterilization purposes.

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



* Excludes amortization on debt issued for Open Market Operations (OMOs).

Table II
Central Government Domestic Bond Issues
(2003 - 2014)

No.	Issue/Reopening Date	Face Value of Issue (TT$)	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%
	30-Sep-03	200,000,000	2018	15	6.40%	6.40%
2	6-Nov-03	640,000,000	2018	15	6.20%	6.20%
3	3-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	9-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	2-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	1-Jul-09	141,310,000	2034	25	8.50%	8.50%
16	1-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	9-Feb-10	600,000,000	2025	15	6.50%	6.00%
19	4-Feb-10	1,399,800,000	2027	17	6.60%	6.60%
20	4-Feb-10	1,000,000,000	2029	19	6.70%	6.70%
21	4-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%
24	27-Sep-12	2,500,000,000	2027	15	5.20%	4.00%
25	21-May-13	1,000,000,000	2020	7	2.60%	1.95%
26	6-Aug-13	559,270,000	2023	10	2.50%	2.50%
27	27-Jun-14	1,000,000,000	2021	7	2.20%	2.00%
28	23-Sep-14	1,451,841,000	2026	12	2.80%	3.20%

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

LIST OF GOVERNMENT SECURITIES INTERMEDIARIES

Institution	Contact Addresses
ANSA Merchant Bank Limited	11c Maraval Road Port of Spain Tel: 623-8672 Fax: 624-8763
First Citizens Investment Services Limited*	17 Wainwright St St Clair Port of Spain Tel: 622-3247 Fax:623-2167
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
JMMB Bank (T&T) Ltd. (formerly Intercommercial Bank Limited)	DSM Plaza Chaguanas 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
CIBC 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 **Tuesday May 10, 2016.**