GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT$1,000 MILLION

4.10% FIXED RATE BONDS DUE FEBRUARY 14, 2025

for Auction on February 10, 2017

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 an Eight-Year Bond with a coupon rate of 4.10% per annum. The Bond 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 2016/2017. The first bond issue for the fiscal year took place on December 19, 2016 and was a $1,000 million 6-year bond with a coupon rate of 3.80% issued at par.

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 Tuesday January 31, 2017 and will close at 1:00 p.m. on Friday 10 February, 2017.

Bonds will be dated **Tuesday February 14, 2017.**

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 government's recurrent expenditure. 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 February 14, 2017.

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 February 14 and August 14. Interest will accrue from February 14, 2017 and the first payment will be made on August 14, 2017. 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 February 14, 2025.

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

(I). Moody's	Current	(II). Standard and Poor's	Current
Foreign Currency Government Bonds	Baa3-Negative	Local Currency – Short Term	A-2 Negative
Local Currency Government Bonds	Baa1- Negative	Local Currency – Long Term	A- Negative
Foreign Currency Ceilings for Long-term Bonds and Notes	Baa2- Negative	Foreign Currency – Short Term	A-2 Negative
Foreign Currency Ceilings on Short-term Bonds and Notes	P-3- Negative	Foreign Currency – Long Term	A- Negative
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
January 2017

(II) Standard and Poor's
January 2017

ECONOMIC REVIEW

The global economy remained in a low-growth mode in the latter half of 2016 due to volatile financial markets, depressed commodity prices and the limited effectiveness of monetary policy measures in advanced countries. In the International Monetary Fund's (IMF) January 2017 World Economic Outlook Update, global economic activity is projected to expand by 3.4 per cent and 3.6 per cent in 2017 and 2018 respectively, following lacklustre growth of 3.1 per cent in 2016. Advanced economies are expected to grow by 1.9 per cent and 2.0 per cent in 2017 and 2018 respectively underpinned by strong fiscal stimulus in the United States. Growth in emerging market and developing countries is projected at 4.5 per cent and 4.8 per cent in 2017 and 2018 respectively.

In the Caribbean, the economic performance was mixed during 2016. Weaknesses in commodity prices hampered growth in the commodity-exporting economies and tourism activity increased in the service-based economies. The International Monetary Fund (IMF World Economic Outlook - October 2016) has estimated that the Caribbean region grew by 3.4 per cent in 2016, and will grow by 3.6 per cent in 2017.

In Trinidad and Tobago, provisional data show that the domestic economy remained weak. Energy production declined markedly in 2016, due to a combination of factors including maturation of oil and gas fields and maintenance work which reduced gas feedstock to the downstream industries. For the period October-November 2016, oil and gas output were 7.5 per cent and 10.5 per cent lower, respectively than in the corresponding months of 2015.

Available labour market data from the Central Statistical Office (CSO) indicate that the rate of unemployment increased to 4.4 per cent in the second quarter of 2016 from 3.8 per cent in the previous quarter and 3.2 per cent in the corresponding quarter of 2015.

Headline inflation remained subdued during the first eleven months of 2016 in the context of the weak economic environment and slackening of the labour market. Headline inflation measured 2.9 per cent in November 2016, slightly higher than the 2.4 per cent recorded at the start of the year. The widening of the VAT base effective February 2016 helped push food inflation to 9.4 per cent in February 2016 from 4.5 per cent in the previous month; however, by November 2016 food inflation had slowed to 6.4 per cent. At the same time, in November 2016 core inflation was contained at 2.1 per cent, only 0.1 per cent higher than in January 2016. However, in between these months, core inflation fluctuated between rates of 2.0 per cent and 2.3 per cent due to increased fuel prices and rising health care costs.

The Central Bank maintained an accommodative monetary policy stance in 2016. Following successive increases in its main policy tool, the Repo rate, in the second half of 2015 the Bank kept the Repo rate at 4.75 per cent throughout 2016 in the context of well-contained inflationary conditions, a shrinking domestic economy and an unchanged Federal Funds rate in the US. Likewise, the commercial banks' median prime lending rate has remained at 9.00 per cent since mid-January 2016.

Private sector credit weakened gradually over the first eleven months of 2016. Overall credit granted by the consolidated financial system decelerated on a year-on-year basis to 3.8 per cent in November 2016, down from 6.4 per cent in December 2015. Business lending remained subdued while consumer and real estate mortgage loans continued to record moderate growth rates. Lending to businesses declined marginally (by 0.1 per cent) in November 2016, following a contraction of 1.1 per cent in June 2016 and an increase of 2.9 per cent in December 2015. Real estate lending experienced some slowdown, increasing by 4.6 per cent in November 2016, following growth of 8.9 per cent in December 2015. Meanwhile consumer lending maintained a fairly robust momentum, expanding by 7.4 per cent in November 2016 compared with 8.7 per cent in December 2015.

Liquidity levels in the financial system increased in early 2016 before moderating during the second half of the year. Commercial banks' excess reserves reached a daily average of $4.6 billion over the period January-June 2016 before decreasing to a daily average of $3.4 billion during the period July-December 2016. Net domestic fiscal injections amounted to $5.2 billion compared with $3.1 billion in the first half of 2016. In the first half of the year, the Bank allowed liquidity conditions to remain fairly accommodative owing to facilitate the issuance of two Government bonds in May and June 2016 respectively. Over January-June 2016, the Central Bank allowed $283 million in treasury securities and $1.0 billion in commercial bank fixed deposits held at the Bank to return to the system upon maturity. Between July-December 2016 however, net open market operations withdrew $1.2 billion from the financial system. In 2016, foreign exchange intervention, though not a liquidity absorption measure, indirectly removed $12 billion from the financial system.

Following some elevation in the first quarter of 2016, short-term treasury rates remained flat over the nine months ending December 2016. In the first quarter of 2016, the three-month OMO Treasury bill rate rose by 20 basis points to 1.20 per cent. Similarly, the six-month and one-year open market Treasury bill rates both increased by 25 basis points by the end of the first quarter of 2016 to reach 1.75 per cent and 2.80 per cent respectively. Since then, the short-term Treasury rates remained unchanged except for the one-year rate which increased marginally by one basis point to end December 2016 at 2.81 per cent. The TT-US 91-day T-bill interest rate narrowed to 69 basis points at the end of December 2016, after ending 2015 at 84 basis points.

The retraction of global energy prices and declining levels of domestic energy output adversely affected the Central Government's fiscal operations. Preliminary data for the Central Government accounts revealed an overall deficit of 5.0 per cent of GDP ($7.3 billion) in fiscal year 2015/16 (October 2015 – September 2016), in contrast to a deficit of 1.8 per cent of GDP ($2.7 billion) in the previous fiscal year. Revenue was 21.5 per cent lower while expenditure declined by 12.9 per cent.

Provisional estimates indicate that public debt (which includes Central Government debt and contingent liabilities), stood at $87,442.7 million at the end of December 2016 compared to $76,656 million at the end of December 2015. Further, Central Government external debt amounted to $21,532.1 million at the end of December 2016 compared with $14.104.5 million in December 2015. The increase in the external debt was attributed to the issuance of a US$1,000.0 million international bond on August 4 2016. Central Government domestic debt (excluding all securities issued for sterilization purposes) increased to $36,130.7 million from $31,785.8 million in December 2015, primarily on account of bonds totalling $4,662.9 million contracted under the Development Loans Act. Contingent liabilities (which comprise Government guaranteed debt of statutory authorities and state-owned enterprises) decreased to $29,779.9 million from $30,765.7 million over the same period. Trinidad and Tobago's public debt (excluding all securities issued for sterilization purposes) to GDP ratio stood at 56.6 per cent at the end of December 2016, compared to 52.1 per cent one year earlier.

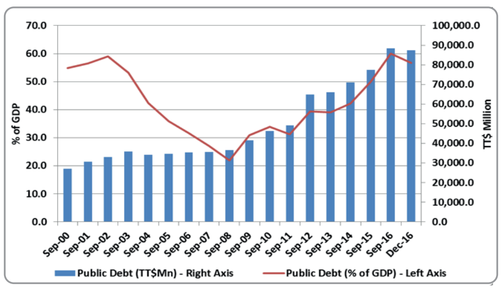
During the first six months of 2016, the balance of payments registered an overall deficit of US$367.3 million, compared to a larger deficit of US$758 million in the same period of 2015. Meanwhile, the external current account posted a deficit of US$588.2 million (5.3 per cent of GDP) in the first six months of 2016, compared with a surplus of US$823.4 million (7.0 per cent of GDP) recorded in the similar period one year earlier. The weaker current account balance was primarily on account of a significant decline in the merchandise trade balance due to declining export revenues.

The financial account recorded a deficit of US$354.1 million over the period January to June 2016 compared with a surplus of US$429.0 million in the corresponding period of 2015. Net foreign direct investment increased to US$13.3 million in the first half of 2016 from a net outflow of US$25.4 million in the similar period of 2015. Meanwhile, portfolio investment registered a net outflow of US$382.1 million, a reversal of the net inflow of US$376.1 million recorded in the corresponding period of 2015. The change in the gross official reserves for the second half of 2016 suggest a surplus of US$100.4 million on the external accounts, bringing the level of gross official reserves at the end of December 2016 to US$9,465.3 million equivalent to 10.5 months of import cover.

KEY STATISTICS FOR THE GOVERNMENT DOMESTIC BOND MARKET

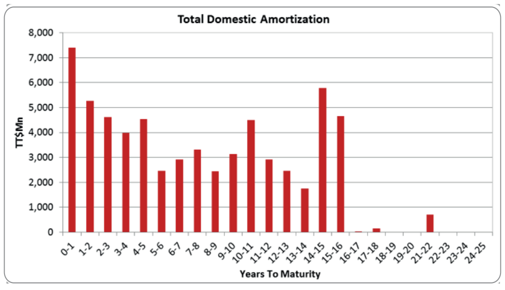
The following charts and statistics show key aspects of the Government's fiscal performance:

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



Source: Central Bank of Trinidad and Tobago

Table I
Central Government Domestic Bond Issues
(2003 - 2016)

No.	Issue/ Re-Opening Date	Face Value of Issue ($TT)	Year of Maturity	Tenor (Years)	Coupon Rate (% per Annum+)	Yield at issue/ Re-Opening (% per Annum)
1	30-Sep-03	200,000,000	2013	10	6.08%	6.08%
2	30-Sep-03	200,000,000	2018	15	6.40%	6.40%
3	6-Nov-03	640,000,000	2018	15	6.20%	6.20%
4	3-Aug-04	300,000,000	2019	15	6.15%	6.15%
5	15-Sep-04	516,000,000	2014	10	6.00%	6.00%
6	22-Sep-04	300,000,000	2019	15	6.10%	6.14%
7	16-Mar-05	400,000,000	2015	10	6.00%	6.05%
8	24-May-05	202,780,000	2015	10	6.10%	6.11%
*9	22-Jul-05	197,220,000	2015	10	6.10%	6.35%
10	30-Nov-06	700,000,000	2014	8	8.00%	8.15%
11	9-Feb-07	674,301,000	2012	5.5	7.80%	7.80%
12	27-Apr-07	1,017,978,000	2014	7	8.00%	8.00%
13	2-Jul-08	1,200,000,000	2017	9	8.25%	8.25%
14	23-Apr-09	1,500,000,000	2024	15	7.75%	7.75%
15	30-Jun-09	280,000,000	2016	7	6.20%	5.85%
16	30-Jun-09	368,504,000	2020	11	6.40%	6.40%
17	1-Jul-09	141,310,000	2034	25	8.50%	-
18	1-Jul-09	227,332,000	2034	25	8.50%	-
**19	16-Oct-09	231,496,000	2020	11	6.40%	6.35%
20	9-Feb-10	600,000,000	2025	15	6.50%	6.00%
21	4-Feb-10	1,399,800,000	2027	17	6.60%	-
22	4-Feb-10	1,000,000,000	2029	19	6.70%	-
23	4-Feb-10	1,000,000,000	2031	21	6.80%	-
24	20-Apr-10	794,000,000	2023	13	5.95%	5.75%
25	22-Nov-11	1,500,000,000	2031	20	6.00%	5.40%
26	27-Sep-12	2,500,000,000	2027	15	5.20%	4.00%
27	21-May-13	1,000,000,000	2020	7	2.60%	1.95%
28	6-Aug-13	559,271,000	2023	10	2.50%	2.50%
29	27-Jun-14	1,000,000,000	2021	7	2.20%	2.00%
30	23-Sep-14	1,451,841,000	2026	12	2.80%	3.20%
31	16-May-16	1,162,913,000	2028	12	4.50%	4.75%
32	19-Dec-16	1,000,000,000	2022	6	3.80%	3.80%

Source: Central Bank of Trinidad and Tobago
\+ All coupons are fixed
* Re-opening of $400 m bond (24- May-2005 $202.78 m)
** Re-opening of $600 m bond (30-Jun- 09 $368.504 m)

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 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 (Caribbean) Limited	4th Floor, St. Clair Place 7-9 St. Clair Avenue, Port of Spain Tel: 625-3511 Fax: 624-5212
Scotiatrust 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 **Thursday February 9, 2017.**