GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT$1,000.0 MILLION

2.60% FIXED RATE BONDS DUE MAY 21, 2020

for Auction on May 17, 2013

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$1,000.0 million through the issue of a 7 year bond with a coupon rate of 2.60% per annum. The bonds will be issued under the authority of the Treasury Bonds Act, 2008.

This bond issue is the first central government bond issue for fiscal year 2012/2013 and is intended to assist in domestic liquidity management through the sterilization of the bond proceeds at the Central Bank.

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 May 6, 2013 and will close at 1:00 p.m. on Friday May 17, 2013.

Bonds will be dated **May 21, 2013.**

TERMS OF ISSUE

1. **Authority**
   This bond will be issued under the Treasury Bonds Act, 2008.

2. **Purpose of Issue**
   This bond is being issued to assist in domestic liquidity management through the sterilization of the bond proceeds at the Central Bank. The issuance of this bond will reduce excess liquidity levels in the banking sector in accordance with established monetary policy, while the proceeds of the bond will be held in a frozen account at the Central Bank on behalf of the government. 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 May 21, 2013.

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 May 21 and November 21. Interest will accrue from May 21, 2013 and the first payment will be made on November 21, 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**
    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 May 21, 2020.

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 2012 was against the backdrop of an uncertain global economy characterized by sovereign and banking crises in the Euro Area, sluggish economic activity in the United Kingdom and the so called fiscal cliff in the United States. Emerging markets were impacted by the spillover effects from the economic difficulties in advanced economies, and real GDP growth slowed in Brazil, Russia, India and China. With few exceptions, Caribbean countries also felt the contagion effects with some economies stagnating and others slipping into a recession.

Preliminary estimates from the Central Bank's Quarterly Gross Domestic Product (QGDP) Index indicate that the Trinidad and Tobago economy grew (year-on-year) by 1.5 per cent in the third quarter of 2012. Higher production of natural gas and LNG led to marginal growth in the energy sector, but crude oil production fell by 10.7 per cent due to maturing oil fields and maintenance operations. Meanwhile, the non-energy sector continued to recover and recorded growth of 2.2 per cent in the third quarter. Growth was strongest in Finance, Insurance and Real Estate (2.4 per cent), and distribution (4.0) per cent. The construction sector grew marginally, by 1.3 per cent, following the strike action at the Trinidad Cement Limited during the second quarter.

Available Labour Market data from the Central Statistical Office (CSO) indicate that the rate of unemployment was 5.4 per cent in the first quarter of 2012 compared with 4.2 per cent in the last quarter of 2011. In 2010 the unemployment rate averaged 5.9 per cent.

Headline inflation measured 5.9 per cent (year-on-year) in February 2013 compared to 9.2 per cent in February, 2012. Headline inflation has decreased progressively since March, 2012 (when it peaked at 12.9 per cent) due mainly to a steady decline in the rate of food inflation. Since December, 2012, the rate of food inflation has also been impacted by the removal of Value Added Tax from all non-luxury food items in November 2012. Core inflation, which excludes food prices, rose to 3.1 per cent in October 2012, reflecting the removal of the subsidy on premium gasoline. However, it has declined steadily since then and measured to 2.1 per cent in February 2013.

The Central Bank has pursued an accommodative monetary policy stance in a bid to stimulate economic growth. The repo rate, which stood at 3.00 per cent in July 2011, was reduced to 2.75 per cent in September 2012 and has remained unchanged to March 2013. In response to the reduction of the repo rate, commercial banks' median prime lending rate was adjusted to 7.50 per cent in November 2012 after holding steady at 7.75 per cent since September 2011.

Growth in credit to the private sector is subdued. Overall credit granted by the consolidated financial system on a year-on-year basis to January 2013 slowed to 1.9 per cent from 2.1 per cent in December 2012. Real estate lending remained resilient increasing by 11.6 per cent (year-on-year) in January 2012. Loans to consumers expanded by 3.2 per cent while lending to the business sector declined for the second consecutive month, by 1.9 per cent in January after falling by 0.8 per cent in December 2012. The fall in financial system credit to businesses in December, 2012 represented the first monthly decline since October, 2011.

Large net domestic fiscal injections, limited business investment opportunities, and muted growth in private sector credit has fuelled a significant buildup of liquidity in the financial system. Commercial banks' excess reserve balances held at the Central Bank reached a daily average of $5,961.9 million by March, 19, 2013, after averaging $5.1 billion in February 2013. To further curb the buildup in liquidity, the Central Bank rolled over for another year $1.5 billion in fixed deposits which had become due in March 2013. Central Bank continues to explore other viable options to address the liquidity situation.

Short term interest rates remain depressed on account of high excess liquidity. The three-month Treasury bill rate stood at 0.24 per cent in February 2013 and 0.18 per cent in March 2013. Similarly, the six-month Treasury bill rate fell to 0.36 per cent in March 2013 from 0.46 per cent in January 2013. The movement in 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 eight basis points on March 18, 2013.

Latest available data on fiscal operations for the period October 2012 – January 2013 point to a fiscal surplus of $1.5 billion. Despite declining energy revenues due to the combination of falling crude oil output and lower crude oil prices (US$89.78 per barrel WTI), government revenues were boosted by the increase in tax collected from individuals and companies, higher VAT receipts and larger profits from State Enterprises.

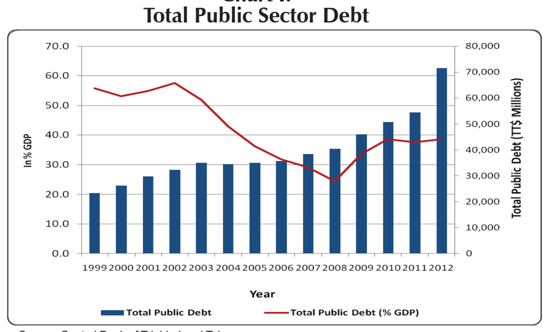
Provisional estimates indicate that gross public debt, (which includes the debt of central government, statutory authorities and state enterprises), stood at $91,784 at the end of November 2012 compared to $74,428 million as at September 2011. Further, central government external debt amounted to $12,482 million compared with $9,463 million as at September 2011. Central government domestic debt increased to $53,638 million from $39,816 million at the end of the previous fiscal year. The increase in outstanding debt was due mainly to the issue of $14.2 billion zero coupon bonds to finance payouts to CLICO policy-holders. Trinidad and Tobago's debt (excluding open market operations bills) to GDP ratio rose from 36.2 per cent to 46.6 per cent.

Preliminary estimates for the first nine months of 2012 indicate that the external accounts registered an overall deficit of US$487.0 million compared to a surplus of US$276.0 million in the corresponding period in 2011. The overall current account recorded an estimated surplus of US$2.4 billion down from the US$3.1 billion surplus a year earlier. In the first nine months in 2012, the capital account recorded a deficit of $2,862.2 million. Net foreign direct investment inflows increased to US$1,433.1 million on account of higher reinvested earnings by foreign-owned energy companies. At the end of 2012, gross official reserves totaled just over US$9.2 billion, or 10.4 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

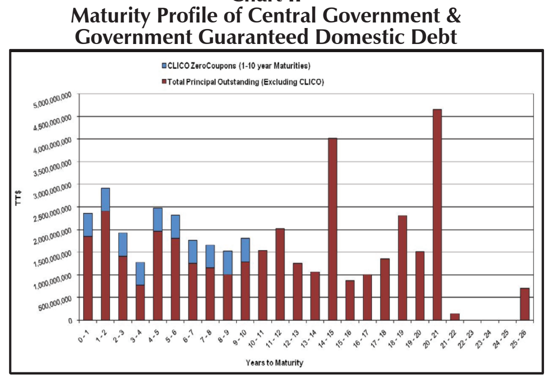


Table I
Central Government Domestic Bond Issues
(2003-2013)

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	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%
24	27-Sep-12	2,500,000,000	2027	15	5.20%	4.00%

† - 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 on 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.moodys.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 **Thursday 16th May, 2013.**