



Government of the Republic of Trinidad and Tobago
MINISTRY OF FINANCE

For immediate release

September 13th, 2023

MEDIA RELEASE

SUCCESSFUL, HEAVILY OVERSUBSCRIBED, BOND ISSUE
BY THE REPUBLIC OF TRINIDAD AND TOBAGO OF
US\$560 MILLION ON THE INTERNATIONAL CAPITAL MARKET

On Monday September 11th, 2023, the Government of the Republic of Trinidad and Tobago, through the Ministry of Finance, successfully issued US\$560 million Senior Unsecured long 7-year Notes at a coupon of 5.950% on the International Capital Market. The offer was oversubscribed by 3 times the amount required.

Scotiabank and JP Morgan acted as Joint Lead Managers and Bookrunners for the transaction. This was in tandem with the Republic of Trinidad and Tobago's announcement on September 5th, 2023, of the commencement of a Cash Tender Offer to purchase any and all of the outstanding US\$550 million aggregate principal amount of its 4.375% Notes due 2024. The marketing strategy for the transaction consisted of group investor calls beginning on September 5th in which the Honourable Colm Imbert, Minister of Finance met with thirty-six (36) potential international investors. In addition, a virtual roadshow presentation was made available to investors, garnering participation from ninety (91) different accounts.

To help mitigate recent market volatility, the Republic strategically monitored developments in the market on a daily basis; targeting the most opportune day to announce the new issue transaction. On the morning of September 11th, 2023, after due consideration of market conditions and following receipt of valuable feedback from investors; particularly, large high-quality international accounts, the Republic announced initial price thoughts ("IPTs") at "T+190-195 bps" for a new USD denominated, senior unsecured Long 7-year bond due 2031.

Investors reacted positively to the pricing strategy; taking advantage of the limited supply and demand from quality accounts, which drove the order book to reach ~**US\$1.5 billion** at peak, representing an oversubscription of ~**3x** for the new benchmark.

Key investors, consisting of mostly asset managers based in North America, displayed significant appetite for the Republic's offering and enabled the Republic to place the bond with international investors based in North America (71%) and Europe, Middle East, and Africa (27%), as well as Latin America and Asia. Asset managers purchased 79% of the issue, followed by pension funds with 15%, insurance companies 3%, and banks 2%, as well as other investors 1%.

The positive feedback received from investors and solid order book momentum allowed the Republic to launch and price the transaction at 5.950% for US\$560 million Notes due 2031 at a spread of 170 bps or 1.7% over the current rate of US 7-year Treasury Bills, which traded at 437 bps or 4.37% on Monday, before discount. The overall transaction strategy proved successful and highlighted the Republic's resiliency in the capital markets, despite recent volatility caused by the unprecedented sharp rise in the interest rates of US 7-year Treasury Bills, which have increased by 400 bps, or 4%, from 0.36% in August 2020 to 4.37% in September 2023, following the sharp increase in inflation in the USA after the onset of the Covid-19 pandemic.

Proceeds from the issuance and sale of the Notes will be used for refinancing the Republic's outstanding 4.375% notes due January 2024. This landmark transaction constitutes Trinidad and Tobago's return to the international debt capital markets following its last transaction in 2020.

In the transaction on Monday, the Government of the Republic of Trinidad and Tobago achieved one of the lowest coupons for a LatAm sovereign issuer in 2023 with an interest rate spread over US Treasury Bill rates that was 55% lower than the interest rate achieved for a US\$500 international bond in 2020 and almost 45% lower than the spread achieved for a US\$1 billion international bond in 2016. It is noteworthy that that the low interest rate spread of 1.7% over US Treasury Bills achieved by Trinidad and Tobago is half the prevailing interest spreads of other LatAm investment grade countries, some of which are currently required to raise funds on the international market at an interest rate of over 7%

This transaction also realised 41% participation in the Republic's Cash Tender Offer, which was an offer made to existing Bondholders to redeem their existing notes due in 2024 early and exchange them for cash four (4) months ahead of the maturity date in January 2024.

The exceptional success of this issue underscores the market's confidence in the Republic of Trinidad and Tobago's credit and sustainability profile.

"Comprehensive preparation, good management of the country's fiscal accounts and rapid but strategic execution have allowed us to manage refinancing risk in a way that is protective of our public finances." says Finance Minister Colm Imbert in commenting on the transaction.

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The Honourable Colm Imbert M.P.
Minister of Finance