

**BANKI
KUU YA
KENYA**

**CENTRAL
BANK OF
KENYA**

**12-YEAR FIXED COUPON,
TREASURY BOND ISSUE NO. IFB 1/2009/12
DATED FEBRUARY 23, 2009**

An opportunity to invest in Government of Kenya's First Infrastructure Bond:

The Central Bank of Kenya as a fiscal agent for the Republic of Kenya invites bids for the above bond whose terms are as follows:-

- 1. Issuer** : Republic of Kenya
- 2. Amount** : Up to Kshs. **18,500M**
- 3. Purpose** : To fund projects under the following Sectors:
(i) Water, Sewerage and Irrigation (Kshs. 4,156M)
(ii) Roads (Kshs. 6,435M)
(iii) Energy (Kshs. 7,909M)
- 4. Period of Sale** : **28/01/2009 to 18/02/2009**
- 5. Value/Payment date** : **23/02/2009**. Bankers cheques payable to CBK must bear the investors' name and CDS account number and must be received by 2p.m.
- 6. Price** : At Par, Discounted or Premium.
- 7. Minimum amount** : Kshs 100,000.
- 8. Coupon** : **12.500%** payable semi-annually on outstanding principal amounts.
- 9. Interest payment dates** : 24/08/2009, 22/02/2010, 23/08/2010, 21/02/2011, 22/08/2011, 20/02/2012, 20/08/2012, 18/02/2013, 19/08/2013, 17/02/2014, 18/08/2014, 16/02/2015, 17/08/2015, 15/02/2016, 15/08/2016, 13/02/2017, 14/08/2017, 12/02/2018, 13/08/2018, 11/02/2019, 12/08/2019, 10/02/2020, 10/08/2020 and 08/02/2021.
- 10. Eligibility** : Only CDS accounts holders with updated mandates.
- 11. Issuance method** : Multi-Price Bid Auction.
- 12. Bids** : All investors are required to complete bond application forms.
- 13. Non- competitive bids**: Maximum Kshs. 10 Million per investor.
- 14. Bids Closure** : **2p.m. on Wednesday February 18th, 2009.**
- 15. Auction Date** : **19/02/2009.**
- 16. Results** : Investors should obtain details of amounts payable for successful bids, from Central Bank on the next working day after the auction.
- 17. Redemption Structure** : February 16th 2015 - **43%** of the outstanding principal amount
February 13th 2017 - **40%** of the outstanding principal amount
February 8th 2021 - Final redemption of all outstanding amounts.
Note: Any amount upto Kshs. 100,000 per investor will be redeemed fully at amortization period.
- 18. Placing Agents** :
 - Commercial Banks
 - Non-Bank Financial Institutions
 - Licensed Stock Brokers
 - Licensed Investment Advisors
- 19. Rediscounting** : Possible as a last resort. The bond will be rediscounted at 3% above the higher of prevailing market yield or coupon rate
- 20. Liquidity** : The Bond qualifies for statutory liquidity ratio requirements for commercial banks and non-bank financial institutions
- 21. Listing** : The Bond will be listed on the Nairobi Stock Exchange.
- 22. Trading** : Secondary trading in multiples of Kshs. 50,000 to commence on Thursday, February 26, 2009.
- 23. Taxation** : All payments of discount/interest due will be free from withholding tax.
- 24. Right to accept applications** : The Central Bank reserves the right to accept bids in full or part thereof or reject them in total without giving any reason.

For further details contact any of the following:-

- Your Bank
- Brokers of Nairobi Stock Exchange and all Investment advisors, CBK Headquarters, CBK Branches in Mombasa, Kisumu and Eldoret or visit our website at www.centralbank.go.ke