



**12- YEAR FIXED COUPON INFRASTRUCTURE BOND ISSUE NO. IFB 1/2013/12
DATED SEPTEMBER 30, 2013**

An opportunity to invest in Government of Kenya Twelve-Year Fixed Coupon Amortized Infrastructure Bond

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

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| 1. Issuer | : | Republic of Kenya. |
| 2. Amount | : | Up to Kshs. 20 Billion. |
| 3. Purpose | : | To partially finance infrastructure projects in the following sectors during the Financial Year 2013/2014: Water, Sewerage and Irrigation (Kshs.10,113.6 mn), Transport (Kshs.14, 278.4 mn) and Energy (Kshs.11, 633.4 mn). |
| 4. Period of Sale | : | 09/09/2013 to 24/09/2013. |
| 5. Value /Payment date | : | 30/09/2013. |
| 6. Pricing | : | Discounted/Par/Premium. |
| 7. Minimum amount | : | Kshs.100, 000.00 and bids should be in multiples of Kshs.50, 000.00. |
| 8. Tenor | : | 12-Year. |
| 9. Coupon Rate | : | 11.000% per annum payable semi-annually on outstanding principal amount. |
| 10. Interest payment dates | : | 31/03/2014, 29/09/2014, 30/03/2015, 28/09/2015, 28/03/2016, 26/09/2016, 27/03/2017, 25/09/2017, 26/03/2018, 24/09/2018, 25/03/2019, 23/09/2019, 23/03/2020, 21/09/2020, 22/03/2021, 20/09/2021, 21/03/2022, 19/09/2022, 20/03/2023, 18/09/2023, 18/03/2024, 16/09/2024, 17/03/2025 and 15/09/2025. |
| 11. Redemption Date | : | 15/09/2025. |
| 12. Issuance method | : | Multi-Price Bid Auction. |
| 13. Redemption Structure | : | 25th September, 2017-28.074% of the outstanding principal amount.
20th September, 2021- 44.896% of the outstanding principal amount.
15th September, 2025- Final redemption of all outstanding amounts. |
| 14. Amortization Amount | : | Any amount outstanding up to Kshs.1.0 million per CDS account at the time of amortization will be redeemed in full. |
| 15. Non- competitive bids | : | Maximum Kshs. 20 Million per CDS account. |
| 16. Eligibility | : | Only CDS account holders with updated mandates. |
| 17. Bids Closure | : | 2 p.m. on Tuesday September 24, 2013. |
| 18. Auction Date | : | Wednesday, 25th September, 2013. |
| 19. Results | : | Investors should obtain details of amounts payable for successful bids, from Central Bank on 26/09/2013. |
| 20. Defaulters | : | May be suspended from investing in Government Securities in future. |
| 21. Placing Agents | : | Commercial Banks, Non-Bank Financial Institutions, Licensed Stock Brokers and Licensed Investment banks and investment Advisors. |
| 22. Commission | : | Authorized placing agents will be paid commission at 0.15% of the actual sales at cost net of 5% withholding tax. |
| 23. Rediscounting | : | Possible as a last resort, the bond will be rediscounted at 3% above the higher of prevailing market yield or coupon rate. |
| 24. Liquidity | : | The bond qualifies for statutory liquidity ratio requirements for commercial banks and non-bank financial institutions. |
| 25. Listing | : | The bond will be listed on the Nairobi Securities Exchange. |
| 26. Registrar | : | National Debt, Central Bank of Kenya. |
| 27. Issuing and Paying Agent | : | Central Bank of Kenya will receive and/or make payments related to the issuance, interest and principal on behalf of the issuer. |
| 28. Trading | : | Secondary trading in multiples of Kshs. 50,000 to commence on 01/10/2013. |
| 29. Taxation | : | Interest/coupon will be tax free as provided for in the Income Tax Act. |
| 30. Right to accept applications | : | Central Bank of Kenya reserves the right to accept bids in full or part thereof or reject them in total without giving any reason. |
| 31. Re-opening | : | The Bond may be re-opened at a future date. |

For further details contact any of the following:-

- Your Bank
- Brokers of Nairobi Securities Exchange and Licensed Investment Advisors, CBK Headquarters, branches in Mombasa, Kisumu, Eldoret and the Currency Centres in Nyeri, Nakuru & Meru or visit our website at www.centralbank.go.ke