



Central Bank of Kenya

PROSPECTUS FOR (NEW) TWO-YEAR FIXED COUPON TREASURY BOND
AND
A (NEW) SIXTEEN YEAR ARMOTIZED INFRASTRUCTURE BOND

FXD1/2021/002 AND IFB1/2021/016

TOTAL VALUE: KSHS 25 BILLION AND 50 BILLION RESPECTIVELY

JANUARY 2021

For enquiries please contact Central Bank of Kenya, Financial Markets Department on 2860000 or our Branches in Mombasa, Kisumu and Eldoret or Nyeri, Meru and Nakuru Currency Centres or any Commercial Bank, Investment Bank, Stock Brokers or send an email to NDO@centralbank.go.ke or visit the CBK website on www.centralbank.go.ke

FXD1/2021/002 & IFB1/2021/016

Central Bank of Kenya, acting in its capacity as fiscal agent for the Republic of Kenya, invites bids for the above bonds whose terms and conditions are as follows:-

<p>Issuer : Republic of Kenya</p> <p>Amount : Kshs. 25 Billion -FXD1/2021/002 : Kshs. 50 Billion -IFB1/2021/016</p> <p>Purpose : FXD1/2021/002-Budgetary Support : IFB1/2021/016-For funding of infrastructure projects in the FY 2020/2021 budget estimates</p> <p>Tenor : FXD1/2021/002-(2- YEARS) : IFB1/2021/016-(16-YEARS)</p> <p>Coupon Rate : FXD1/2021/002 -MDA : IFB1/2021/016-MDA</p> <p>Period of sale : FXD1/2021/002- 21/12/2020 to 05/01/2021 : IFB1/2021/016- 21/12/2020 to 19/01/2021</p> <p>Value Date : FXD1/2021/002-11/01/2021 : IFB1/2021/016-25/01/2021</p> <p>Price Quote : Discounted/Premium/ Par</p> <p>Minimum Amount : FXD1/2021/002-Kshs. 50,000.00 : IFB1/2021/016-Kshs. 100,000.00</p> <p>Interest Payment Dates :</p> <table border="0" style="width: 100%;"> <tr> <td colspan="4">FXD1/2021/002</td> </tr> <tr> <td>12/07/2021</td> <td>10/01/2022</td> <td>11/07/2022</td> <td>09/01/2023</td> </tr> <tr> <td colspan="4">IFB1/2021/016</td> </tr> <tr> <td>26/07/2021</td> <td>19/01/2026</td> <td>15/07/2030</td> <td>08/01/2035</td> </tr> <tr> <td>24/01/2022</td> <td>20/07/2026</td> <td>13/01/2031</td> <td>09/07/2035</td> </tr> <tr> <td>25/07/2022</td> <td>18/01/2027</td> <td>14/07/2031</td> <td>07/01/2036</td> </tr> <tr> <td>23/01/2023</td> <td>19/07/2027</td> <td>12/01/2032</td> <td>07/07/2036</td> </tr> <tr> <td>24/07/2023</td> <td>17/01/2028</td> <td>12/07/2032</td> <td>05/01/2037</td> </tr> <tr> <td>22/01/2024</td> <td>17/07/2028</td> <td>10/01/2033</td> <td></td> </tr> <tr> <td>22/07/2024</td> <td>15/01/2029</td> <td>11/07/2033</td> <td></td> </tr> <tr> <td>20/01/2025</td> <td>16/07/2029</td> <td>09/01/2034</td> <td></td> </tr> <tr> <td>21/07/2025</td> <td>14/01/2030</td> <td>10/07/2034</td> <td></td> </tr> </table> <p>Taxation : FXD1/2021/002- Discount/Interest is subject to withholding tax at a rate of 15% . : IFB1/2021/016-The Bond will be Tax free as is the case for Infrastructure Bonds as provided for under the Income Tax act</p> <p>Redemption Dates : FXD1/2021/002 -09/01/2023 : IFB1/2021/016- 05/01/2037</p> <p>Redemption Structure :IFB1/2021/016- 14th January, 2030-50% of unencumbered outstanding principal amount : 5th January, 2037-Final redemption of all outstanding amounts</p> <p>Amortization :No partial redemption will be paid on encumbered securities on amortization dates. Any amounts upto Kshs 1.0million per CDS account at amortization will be redeemed in full except for encumbered securities.</p>	FXD1/2021/002				12/07/2021	10/01/2022	11/07/2022	09/01/2023	IFB1/2021/016				26/07/2021	19/01/2026	15/07/2030	08/01/2035	24/01/2022	20/07/2026	13/01/2031	09/07/2035	25/07/2022	18/01/2027	14/07/2031	07/01/2036	23/01/2023	19/07/2027	12/01/2032	07/07/2036	24/07/2023	17/01/2028	12/07/2032	05/01/2037	22/01/2024	17/07/2028	10/01/2033		22/07/2024	15/01/2029	11/07/2033		20/01/2025	16/07/2029	09/01/2034		21/07/2025	14/01/2030	10/07/2034		<p>Issuing and Paying Agent : Central Bank of Kenya.</p> <p>Placing Agents : • Commercial Banks • Non-Bank Financial Institutions • Licensed Stock Brokers • Licensed Investment Advisors</p> <p>Issuance method : Multi-Price Bid Auction.</p> <p>Non-Competitive Bids : Maximum Kshs. 20 Million per CDS account per tenor. This does not apply to State corporations,public universities and Semi-Autonomous Government Agencies.</p> <p>Bids Closure : Duly completed bond application forms must be submitted to any branch of the Central Bank in the specified tender box or via Treasury Mobile Direct (TMD) or CBK internet Banking by 2.00 p.m on Tuesday, 5th January, 2021 and Tuesday 19th January 2021 for FXD1/2021/002 AND IFB1/2021/016 respectively.</p> <p>Auction Date : FXD1/2021/002-Wednesday, 06/01/2021. : IFB1/2021/016- Wednesday, 20/01/2021</p> <p>Results : Investors should obtain details of amounts payable for successful bids from Central Bank of Kenya on 07/01/2021 and 21/01/2021 for FXD1/2021/002 and IFB1/2021/016 respectively</p> <p>Defaulters : Defaulters may be suspended from subsequent investment in Government Securities.</p> <p>Commission : Licensed placing agents will be paid commission at the rate of 0.15% of actual sales (at cost) net of 5% withholding tax.</p> <p>Rediscounting : The Central Bank will rediscount the bonds as a last resort at 3% above the prevailing market yield or coupon rate whichever is higher, upon written confirmation to do so from the Nairobi Securities Exchange.</p> <p>Liquidity : The bonds qualify for statutory liquidity ratio requirements for Commercial Banks and Non-Bank Financial Institutions as stipulated in the Banking Act CAP 488 of the Laws of Kenya.</p> <p>Listing : The bonds will be listed on the Nairobi Securities Exchange.</p> <p>Classification : The bonds are benchmark Bonds.</p> <p>Eligibility : Only investors with active CDS Accounts with the Central Bank of Kenya.</p> <p>Re-opening : The Bonds may be re-opened at a future date.</p> <p>Secondary Trading : Secondary trading in multiples of KShs 50,000.00 to commence on Tuesday, 12th January 2021 and Tuesday, 26th January 2021 for FXD1/2021/002 and IFB1/2021/016 respectively</p> <p>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.</p>
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