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Frequently Asked Questions

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<p>1. What are “Medium-Term Note Programmes”?</p>
<ul style="list-style-type: none"> • Answer: Medium-term note (“MTN”) Programmes enable companies to offer debt securities on a regular and/or continuous basis. As compared to other forms of debt securities, MTNs tend to have their own type of settlement procedures and marketing methods, which are similar in some respects to those of other bonds offerings. Although medium-Term Notes typically have maturities of between two to five years, they are not required to have medium terms. It is common for companies to issue both short-term and long-term securities under an MTN Programme.
<p>2. What is the Family Bank Medium-Term Note Programmes?</p>
<ul style="list-style-type: none"> • Answer: Family Bank Limited has gotten approvals from the Regulators to issue a Subordinated Multicurrency Medium Term Note Programme of up to Kes 8,000,000,000 or the equivalent in other currencies at the date of issue. The first tranche issue size consists of up to KES 3,000,000,000 Green Shoe Option Up to KES 1,000,000,000
<p>3. What is the minimum amount to invest?</p>
<ul style="list-style-type: none"> • Answer: Kes 100,000 with additional multiples of Kes 100,000
<p>4. Why is the Bank issuing the MTN?</p>
<ul style="list-style-type: none"> • Answer: The purpose of raising funds is to facilitate expansion of the branch network and alternative business channels, investment into ICT software and infrastructure upgrade, business growth including on-lending activities, strengthening the total capital base and part of regional market entry financing
<p>5. What is the tenor?</p>
<ul style="list-style-type: none"> • Answer: 5.5 years

6. What is the issue price and Coupon rate?
<ul style="list-style-type: none"> Answer: Issue Price i) Fixed Rate Notes: - 100% of the Aggregate Nominal Amount (ii) Floating Rate Notes: - 100% of the Aggregate Nominal Amount Coupon Rate i) Fixed Rate Notes: - 13.0% per annum payable semi-annually (ii) Floating Rate Notes: - 182-day T bill + 250bps payable semi-annually
7. When does the offer open, close and settlement date?
<ul style="list-style-type: none"> Answer: Opens on 08th June 2021 Closes on 22nd June 2021 Settlement on 24th June 2021
6. What are rate caps/ rate floors/ upside potential?
<ul style="list-style-type: none"> Answer: i. Fixed Rate Notes: • 5.5 year notes: None. ii. Floating Rate Notes: • 5.5 year notes: Coupon Cap rate – 13.25%, Coupon Floor rate – 12.5%.
7. What are the interest payment dates?
<ul style="list-style-type: none"> Answer: 23 - Dec - 21 23 - Jun - 22 22 - Dec - 22 22 - Jun - 23 21 - Dec - 23 20 - Jun – 24 19 - Dec – 24 19 - Jun – 25 18 - Dec – 25 18 - Jun – 26 17 - Dec – 26
8. Will the MTN be listed?
<ul style="list-style-type: none"> Answer: The Notes, if denominated in Kenya Shillings, will be listed on the Fixed Income

<p>Securities Market Segment of the Nairobi Securities Exchange. As specified in the relevant Pricing Supplement, a series of the Notes may be unlisted. The listing will be on 25th June 2021</p>
<p>9. Who are the parties involved in arranging for the MTN?</p>
<ul style="list-style-type: none"> Answer: Mandated Lead Arrangers and Placing Agents: NCBA Investment Bank Limited and Genghis Capital Limited Issue & Payment Agent-Calculation Agent & Registrar: Family Bank Limited Legal Counsel: Mboya Wango ng'u & Wa iyaki Advocates Reporting Accountants: PricewaterhouseCoopers LLP Note Trustees: MTC Trust and Corporate Services Limited Media and Public Relations Advisors: Tim-sky Media Services Limited Receiving Bank: Family Bank Limited
<p>10. Who is eligible?</p>
<ul style="list-style-type: none"> Answer: The general public
<p>11. What is the process of application?</p>
<ul style="list-style-type: none"> Answer: Investors can visit FBL branches, NCBA Investment Bank or Genghis Capital Ltd.
<p>12. What documents are required?</p>
<ul style="list-style-type: none"> Answer: KRA PIN, ID and your CDSC account number
<p>13. Can the bondholder get their money back before the maturity date?</p>
<ul style="list-style-type: none"> Answer: Yes. Since the notes will be listed at NSE, they can be traded.
<p>14. Can I obtain physical certificates for my MTN investment?</p>
<ul style="list-style-type: none"> Answer: No. The MTN will be issued in a dematerialized form. As such there will be no physical Note Certificate.
<p>15. Is the interest from the MTN taxed?</p>

<ul style="list-style-type: none"> • Answer: Yes. The interest will attract 15% withholding tax. For tax exempt investors, kindly ensure they attach their tax exemption certificate.
16. Should the source of funds be disclosed during application?
<ul style="list-style-type: none"> • Answer: Yes. To ensure we are in compliance with the AML regulations, full disclosure on the source of funds is highly emphasized. For non-customers, we highly encourage transfers instead of cash.
17. Is the investment opportunity available for to the diaspora customers?
<ul style="list-style-type: none"> • Answer: Yes. Interested diaspora customers will be provided with the serialised forms (scanned). This will be coordinated by the Diaspora team at Head office.
18. Will customers need to open CDSC accounts with Family Bank?
<ul style="list-style-type: none"> • Answer: No. Investors with CDSC accounts will not need to open another one. If an investor does not have a CDSC account, they will have to fill the CDSC account application form and provide ID and KRA pin.
19. Can investors invest in USD or other foreign currency?
<ul style="list-style-type: none"> • Answer: No. We have an 8 billion multicurrency MTN approval. However, the first tranche of Kes 4 billion is local currency (i.e. Kes) only. Therefore, we are only accepting Kes.
20. What does redemption at par mean?
<ul style="list-style-type: none"> • Answer: Redemption at means investors will receive the same amount invested at maturity. However, they will receive Interest twice every year.
21. What is the difference between fixed and floating rate?
<ul style="list-style-type: none"> • Answer: Fixed rate means investor will have their interest calculated based on the provided 13% for the entire MTN period. Floating rate is variable and is based on the 182 day TBill plus 250 basis points (2.5%). However floating rate has a ceiling and floor rates of 13.25% and 12.5%
22. What does green shoe option mean?
<ul style="list-style-type: none"> • Answer: A green shoe option is an over-allotment option. This gives the bank an allowance to accept additional subscriptions of upto Kes 1,000,000,000 above the targeted Kes 3,000,000,000.
23. Can FBL staff and their families invest in the MTN?

- **Answer:** Yes. Staff are eligible to invest in the MTN and enjoy the high returns. The investment also gives us satisfaction of contributing towards the Bank's growth and success.

24. Why can't we have forms sent on soft copy to investors or uploaded on the website?

- **Answer:** The application forms are serialized. That means that each applicant should fill in a form with a unique serial number for ease of reconciliation. We can however scan the serialized application forms to the clients (**one form; one client**), and the client can send back the filled in scanned form for processing.

In case of additional or further clarifications, kindly contact our contact centre on 0703 095 445