



CENTRAL BANK OF KENYA

**PROSPECTUS FOR THE
RE-OPENING OF TREASURY BONDS**

**ISSUE NOS. FXD 2/2011/2, FXD 2/2010/5
AND FXD 1/2011/20**

TOTAL VALUE: UP TO KSHS 18 BILLION

For enquiries please contact Central Bank of Kenya, Financial Markets Department on 2860000 or our Branches 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

FXD 2/2011/2, FXD 2/2010/5 AND FXD 1/2011/20

The 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:-

Issuer	:	Republic of Kenya
Amount	:	Up to Kshs. 18 Billion
Purpose	:	Budgetary Support
Tenors	:	Twenty Years - Reopening Five Years - Reopening Two Years - Reopening
Coupons	:	20-Year - 10.000% 5-Year - 6.671% 2- Year - 7.439%
Period of sale	:	03/06/2011 to 21/06/2011
Value Date	:	27/06/2011
Price Quote	:	Discounted/Premium/ Par
Minimum Amount	:	Kshs. 50,000.00
Interest Payment Dates:		
20 - Year		5 - Year
28/11/2011	15/11/2021	28/11/2011
28/05/2012	16/05/2022	28/05/2012
26/11/2012	14/11/2022	26/11/2012
27/05/2013	15/05/2023	27/05/2013
25/11/2013	13/11/2023	25/11/2013
26/05/2014	13/05/2024	26/05/2014
24/11/2014	11/11/2024	24/11/2014
25/05/2015	12/05/2025	25/05/2015
23/11/2015	10/11/2025	23/11/2015
23/05/2016	11/05/2026	
21/11/2016	09/11/2026	
22/05/2017	10/05/2027	2- Years
20/11/2017	08/11/2027	24/10/2011
21/05/2018	08/05/2028	23/04/2012
19/11/2018	06/11/2028	22/10/2012
20/05/2019	07/05/2029	22/04/2013
18/11/2019	05/11/2029	
18/05/2020	06/05/2030	
16/11/2020	04/11/2030	
17/05/2021	05/05/2031	
Tax	:	Discount/interest is subject to withholding tax at rate of 10 % for 20 year and 15% for the 5year and 2 year.
Redemption Dates :		20 Year - 05/05/2031 5 Year - 23/11/2015 2 Year - 22/04/2013
Issuing and Paying Agent	:	Registrar, National Debt.

Placing Agents:

- Commercial Banks
- Non-Bank Financial Institutions
- Licensed Stock Brokers
- Licensed Investment Advisors

Issuance method : Multi-Price Bid Auction

Non-Competitive Bids

Bids Closure : Maximum **Kshs 20 Million** per investor per tenor.
Duly completed bond application forms must be submitted to any branch of the Central Bank in the specified tender box by **2.00 p.m on Tuesday June 21, 2011.**

Auction Date

Results : **22/06/2011**

Defaulters : Investors should obtain details of amounts payable for successful bids, from Central Bank on **23/06/2011.**

Commission : Defaulters may be suspended from subsequent investment in Government Securities.

Rediscounting : Licensed placing agents will be paid commission at the rate of **0.15%** of actual sales (at cost) net of **5%** withholding tax.

Liquidity : 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 Stock Exchange.**

Listing : 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.

Registrar : The bonds will be listed on the Nairobi Stock Exchange.

Eligibility : National Debt, Central Bank of Kenya.

Re-opening : Only CDS Account holders with updated mandates.

Secondary Trading of the Bonds : The Bonds may be re-opened at a future date.

Right to accept applications : Secondary trading in multiples of KShs 50,000.00 to commence on **June 28, 2011**

CDS Account Opening: The Central Bank reserves the right to accept bids in full or part thereof or reject them in total without giving any reason.

CDS Account Opening:

The Central Bank has appointed on a pilot basis 5 banks namely: Kenya Commercial Bank, Equity Bank, National Bank, Co-operative Bank and Kenya Post Office Savings Bank to facilitate opening of CDS accounts, receiving bid application forms and payment for successful bids.