

DISCOUNT / PREMIUM PRICE P  
 PAR PRICE 100  
 SEMI-ANNUAL INTEREST AMOUNT (KSHS) (I) 4.654  
 YIELD TO MATURITY (YTM) DIVIDE BY TWO r  
 INTEREST PAYMENT PERIOD (n) 19.75  
 COUPON RATE 9.307%  
 YIELD TO MATURITY (YTM) 9.307%

GENERAL FORMULA

$$P = \frac{I_1}{(1+r)^1} + \frac{I_2}{(1+r)^2} + \dots + \frac{I_n}{(1+r)^n} + \frac{FACEVALUE}{(1+r)^n}$$

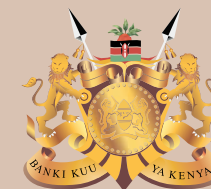
YIELD(YTM)	PRICE
7.000%	116.087
7.125%	115.130
7.250%	114.183
7.375%	113.246
7.500%	112.319
7.625%	111.403
7.750%	110.496
7.875%	109.599
8.000%	108.711
8.125%	107.833
8.250%	106.964
8.375%	106.104
8.500%	105.253
8.625%	104.412
8.750%	103.579
8.875%	102.755
9.000%	101.940
9.125%	101.133
9.250%	100.335
9.375%	99.545
9.500%	98.763
9.625%	97.990
9.750%	97.225
9.875%	96.467
10.000%	95.718
10.125%	94.976
10.250%	94.242
10.375%	93.516
10.500%	92.797
10.625%	92.086
10.750%	91.382
10.875%	90.685
11.000%	89.996
11.125%	89.314
11.250%	88.638
11.375%	87.970
11.500%	87.308

YIELD(YTM)	PRICE
11.625%	86.653
11.750%	86.005
11.875%	85.364
12.000%	84.729
12.125%	84.100
12.250%	83.478
12.375%	82.862
12.500%	82.253
12.625%	81.649
12.750%	81.052
12.875%	80.461
13.000%	79.876
13.125%	79.296
13.250%	78.723
13.375%	78.155
13.500%	77.593
13.625%	77.036
13.750%	76.485
13.875%	75.940
14.000%	75.400
14.125%	74.865
14.250%	74.336
14.375%	73.812
14.500%	73.293
14.625%	72.779
14.750%	72.271
14.875%	71.767
15.000%	71.268
15.125%	70.775
15.250%	70.286
15.375%	69.801
15.500%	69.322
15.625%	68.847
15.750%	68.377
15.875%	67.912
16.000%	67.451
16.125%	66.994

**IMPORTANT INFORMATION:**

The reopened 10-yr bond attracts Accrued Interest(AI) of Kshs 2.327 per Kshs 100. Withholding Tax is computed on clean prices.

Example: If yield quoted is 9.875%, Settlement price is the clean price (Kshs 96.467) plus AI (Kshs 2.327) which gives Kshs 98.794



CENTRAL BANK OF KENYA

PROSPECTUS FOR  
TREASURY BONDS

ISSUE NO FXD 1/2011/5 &  
THE RE-OPENING OF  
FXD 2/2010/10

**TOTAL VALUE: UP TO KSHS 16 BILLION**

For enquiries please contact Central Bank of Kenya, Financial Markets Department on 2860000 or any Central Bank of Kenya Branch in Mombasa, Kisumu or Eldoret, or the Central Bank of Kenya Currency Centre in Nyeri or any commercial bank, investment bank, fund manager or send an email to [NDO@centralbank.go.ke](mailto:NDO@centralbank.go.ke) or visit the CBK website on [www.centralbank.go.ke](http://www.centralbank.go.ke)

**FXD 1/2011/5 & FXD 2/2010/10**

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:-

<b>Issuer</b>	:	Republic of Kenya
<b>Amount</b>	:	Up to Kshs. <b>16 Billion</b>
<b>Purpose</b>	:	Budgetary Support
<b>Tenors</b>	:	<b>Five</b> <b>10 year reopen FXD 2/2010/10 (9 years 9 months to maturity)</b>
<b>Coupons</b>	:	<b>5-Year Market Derived</b> <b>10-Year 9.307%</b>
<b>Period of sale</b>	:	<b>10/01/2011 to 25/01/2011</b>
<b>Value Date</b>	:	<b>31/01/2011</b>
<b>Price Quote</b>	:	Discounted/Premium/ Par
<b>Minimum Amount</b>	:	<b>Kshs. 50,000.00</b>
<b>Interest Payment Dates :</b>		
		<b>5-year                      10-Year</b>
		01/08/2011                02/05/2011                25/04/2016
		30/01/2012                31/10/2011                24/10/2016
		30/07/2012                30/04/2012                24/04/2017
		28/01/2013                29/10/2012                23/10/2017
		29/07/2013                29/04/2013                23/04/2018
		27/01/2014                28/10/2013                22/10/2018
		28/07/2014                28/04/2014                22/04/2019
		26/01/2015                27/10/2014                21/10/2019
		27/07/2015                27/04/2015                20/04/2020
		25/01/2016                26/10/2015                19/10/2020
<b>Tax</b>	:	Discount/interest is subject to withholding tax at rate of <b>15%</b> and <b>10 %</b> for the 5 and 10 year bond respectively.
<b>Redemption Dates</b>	:	<b>5 year - 25/01/2016</b> <b>10 Year - 19/10/2020</b>
<b>Issuing and Paying Agent</b>	:	Registrar, National Debt.
<b>Placing Agents</b>	:	<ul style="list-style-type: none"> <li>• Commercial Banks</li> <li>• Non-Bank Financial Institutions</li> <li>• Licensed Stock Brokers</li> <li>• Licensed Investment Advisors</li> </ul>

<b>Issuance method</b>	:	Multi-Price Bid Auction
<b>Non-Competitive Bids</b>	:	Maximum <b>Kshs 20 Million</b> per investor per tenor.
<b>Bids Closure</b>	:	Duly completed bond application forms must be submitted to any branch of the Central Bank in the specified tender box by <b>2.00 p.m on Tuesday January 25, 2011.</b>
<b>Auction Date</b>	:	<b>26/01/2011</b>
<b>Results</b>	:	Investors should obtain details of amounts payable for successful bids, from Central Bank on the next working day after the auction.
<b>Defaulters</b>	:	Defaulters may be suspended from subsequent investment in Government Securities.
<b>Commission</b>	:	Licensed placing agents will be paid commission at the rate of <b>0.15%</b> of actual sales (at cost ) net of <b>5%</b> withholding tax.
<b>Rediscounting</b>	:	The Central Bank will rediscount the bonds as a last resort at <b>3%</b> above the prevailing market yield or coupon rate whichever is higher, <b>upon written confirmation to do so from the Nairobi Stock Exchange.</b>
<b>Liquidity</b>	:	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.
<b>Listing</b>	:	The bonds will be listed on the Nairobi Stock Exchange.
<b>Registrar</b>	:	National Debt, Central Bank of Kenya.
<b>Eligibility</b>	:	Only CDS Account holders with updated mandates.
<b>Re-opening</b>	:	The Bonds may be re-opened at a future date.
<b>Secondary Trading of the Bonds</b>	:	Secondary trading in multiples of KShs 50,000.00 to commence on <b>Tuesday, February 1, 2011</b>
<b>Right to accept applications</b>	:	The Central Bank reserves the right to accept bids in full or part thereof or reject them in total without giving any reason.

**DIRECTOR, FINANCIAL MARKETS**  
**CENTRAL BANK OF KENYA**  
**JANUARY 2011**