

**BANKI
KUU YA
KENYA**

**CENTRAL
BANK OF
KENYA**

**TWO AND FIVE YEAR FIXED COUPON
DISCOUNTED TREASURY BONDS ISSUE NOS. FXD 3/2008/2 AND FXD 3/2008/5
DATED AUGUST 25, 2008**

An opportunity to invest in Government of Kenya 2-Year and 5-Year Fixed Coupon Discounted Treasury Bonds

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

1. **Issuer** : Republic of Kenya
2. **Amount** : Up to Kshs **8,000M**
3. **Purpose** : (i) Maturities
(ii) New Borrowing
4. **Period of Sale** : **06/08/2008 to 20/08/2008**
5. **Value /Payment date** : **25/08/2008**. Bankers cheques payable to CBK must bear the investors' name and CDS account number and must be received by 2p.m.
6. **Price** : Discounted.
7. **Minimum amount** : Kshs 50,000.
8. **Coupon** : Two-Year- **8.75%** and Five-Year-**9.50%**
9. **Interest payment dates** : **2-Year:** 23/02/2009, 24/08/2009, 22/02/2010 and 23/08/2010
5-Year: 23/02/2009, 24/08/2009, 22/02/2010, 23/08/2010, 21/02/2011, 22/08/2011, 20/02/2012, 20/08/2012, 18/02/2013 and 19/08/2013
10. **Eligibility** : Only CDS account holders with updated mandates.
11. **Issuance method** : Multi-Price Bid Auction.
12. **Bids** : All investors are required to complete bond application forms.
13. **Non- competitive bids** : Maximum Kshs. 10 Million per investor per tenor.
14. **Bids Closure** : **2 p.m. on Wednesday August 20, 2008.**
15. **Auction Date** : **21/08/2008.**
16. **Results** : Investors should obtain details of amounts payable for successful bids, from Central Bank on the next working day after the auction.
17. **Redemption dates** : **23/08/2010** for the 2-year and **19/08/2013** for the 5-year
18. **Placing Agents** :
 - Commercial Banks
 - Non-Bank Financial Institutions
 - Licensed Stock Brokers
 - Licensed Investment Advisors
19. **Rediscounting** : Possible as a last resort. The bonds will be rediscounted at 3% above the higher of prevailing market yield or coupon rate
20. **Liquidity** : The bonds qualify for statutory liquidity ratio requirements for commercial banks and non-bank financial institutions
21. **Listing** : The bonds will be listed on the Nairobi Stock Exchange.
22. **Trading** : Secondary trading in multiples of Ksh 50,000 to commence on **Thursday, August 28, 2008.**
23. **Tax** : Discount/interest amount is subject to withholding tax at the prevailing rate of 15%.
24. **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.

For further details please contact any of the following:-

- Your Bank
- Brokers of Nairobi Stock Exchange and Licensed Investment Advisors, CBK Headquarters, CBK Branches in Mombasa, Kisumu and Eldoret or visit our website at www.centralbank.go.ke