

**BANKI
KUU YA
KENYA**

**CENTRAL
BANK OF
KENYA**

**ONE-YEAR ZERO COUPON AND TEN-YEAR FIXED COUPON,
DISCOUNTED TREASURY BONDS ISSUE ZC 2/2008/1 AND FXD 2/2008/10
DATED JULY 28, 2008**

An opportunity to invest in Government of Kenya 1-year Zero-coupon and 10-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 **8,000.0 M**
3. **Purpose** : (i) Maturities **Kshs. 6,717.99 M**
(ii) New borrowing **Kshs 1,282.01 M**
4. **Period of Sale** : **08/07/2008 to 23/07/2008**
5. **Value /Payment date** : **28/07/2008**. 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** : **0.00%** for the One-year and **10.75%** for the Ten-year
9. **Interest payment dates** : **10-year:** 26/01/2009, 27/07/2009, 25/01/2010, 26/07/2010, 24/01/2011, 25/07/2011, 23/01/2012, 23/07/2012, 21/01/2013, 22/07/2013, 20/01/2014, 21/07/2014, 19/01/2015, 20/07/2015, 18/01/2016, 18/07/2016, 16/01/2017, 17/07/2017, 15/01/2018 and 16/07/2018.
10. **Eligibility** : Only CDS accounts 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** : **2p.m on Wednesday July 23rd, 2008.**
15. **Auction Date** : **24/07/2008.**
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** : **1-year: 27/07/2009** and **10-year: 16/07/2018**
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, July 31, 2008.
23. **Tax** : Discount/interest amount is subject to withholding tax at the prevailing rate
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 contact any of the following:-

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