



CENTRAL BANK OF KENYA

**PROSPECTUS FOR ONE YEAR FIXED COUPON
TREASURY BOND**

ISSUE NO. FXD 1/2011/1

TOTAL VALUE: UP TO KSHS 10 BILLION

DECEMBER 2011

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

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The Central Bank of Kenya, acting in its capacity as fiscal agent for the Republic of Kenya is offering the investing public an opportunity to invest in a One year non benchmark Treasury Bond. The terms and conditions of the Bond are as follows:-

Issuer	: Republic of Kenya
Amount	: Up to Kshs. 10 Billion
Purpose	: Budgetary Support
Tenor	: One Year
Coupon	: Based on Market outcome
Period of sale	: 13/12/2011 to 20/12/2011
Value Date	: 26/12/2011
Price Quote	: Discounted/Premium/ Par
Minimum Amount	: Kshs. 50,000.00
Interest Payment Dates:	25/06/2012 24/12/2012
Taxation	: Discount/Interest is subject to withholding tax at a rate of 15%
Redemption Date	: 24/12/2012
Issuing and Paying Agent	: Registrar, National Debt.
Placing Agents	: <ul style="list-style-type: none">• Commercial Banks• Non-Bank Financial Institutions• Licensed Stock Brokers• Licensed Investment Advisors
Issuance method	: Multi-Price Bid Auction.
Non-Competitive Bids	: Maximum Kshs 20 Million per investor.
Bids Closure	: 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 December 20, 2011.
Auction Date	: 21/12/2011
Results	: Investors should obtain details of amounts payable for successful bids, from Central Bank on 22/12/2011.
Defaulters	: Defaulters may be suspended from subsequent investment in Government Securities.

Commission	: Licensed placing agents will be paid commission at the rate of 0.15% of actual sales (at cost) net of 5% withholding tax.
Rediscounting	: The Central Bank will rediscount the bond 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.
Liquidity	: The bond qualifies 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.
Listing	: The bond will be listed on the Nairobi Securities Exchange.
Classification	: The bond is a non benchmark Bond
Registrar	: National Debt, Central Bank of Kenya.
Eligibility	: Only CDS Account holders with updated mandates.
Re-opening	: The Bond may be re-opened at a future date.
Secondary Trading	: Secondary trading in multiples of KShs 50,000.00 to commence on Wednesday, December 28, 2011
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.