



**TWO YEAR FIXED COUPON TREASURY BOND ISSUE NO.
FXD 3/2012/2 DATED OCTOBER 29, 2012**

An opportunity to invest in Government of Kenya Two-Year Fixed Coupon Treasury Bond

The Central Bank of Kenya acting in its capacity as a fiscal agent for the Republic of Kenya is offering the investing public an opportunity to invest in a Two year Fixed Coupon Treasury bond whose terms and conditions are as follows:

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| 1. Issuer | : | Republic of Kenya |
| 2. Amount | : | Up to Kshs 12 Billion |
| 3. Purpose | : | Budgetary Support |
| 4. Period of Sale | : | 04/10/2012 to 23/10/2012 |
| 5. Value/Payment date | : | 29/10/2012. Payments above Kshs 1 Million must be made by RTGS, Payments below Kshs 1 Million may be made by Cash, Banker's cheque or RTGS and must reach the Central Bank of Kenya not later than 2 pm on Monday 29th October 2012 for Cash and Cheques and 3.30 pm for RTGS. Please provide the following details with each payment: Investors' Name, Reference No. and CDS Account Number. The account to be credited when using RTGS is the investor's Virtual Account. |
| 6. Pricing | : | Discounted/Par/Premium. |
| 7. Minimum amount | : | Kshs 50,000.00 |
| 8. Tenor | : | Two Year |
| 9. Coupon Rate | : | Market Derived |
| 10. Interest payment dates | : | 29/04/2013, 28/10/2013, 28/04/2014 and 27/10/2014. |
| 11. Eligibility | : | Only CDS account holders with updated mandates. |
| 12. Issuance method | : | Multi-Price Bid Auction. |
| 13. Bids | : | All investors are required to complete bond application forms. |
| 14. Non- competitive bids | : | Maximum Kshs. 20 Million per investor. |
| 15. Bids Closure | : | 2 p.m. on Tuesday October 23, 2012. |
| 16. Auction Date | : | Wednesday, 24th October 2012. |
| 17. Results | : | Investors should obtain details of amounts payable for successful bids, from Central Bank on 25/10/2012. |
| 18. Redemption date | : | 27/10/2014 |
| 19. Placing Agents | : | <ul style="list-style-type: none"> • Commercial Banks • Non-Bank Financial Institutions • Licensed Stock Brokers • Licensed Investment Advisors |
| 20. Rediscounting | : | Possible as a last resort, the bond will be rediscounted at 3% above the higher of prevailing market yield or coupon rate. |
| 21. Liquidity | : | The bond qualifies for statutory liquidity ratio requirements for commercial banks and non-bank financial institutions |
| 22. Listing | : | The bond will be listed on the Nairobi Securities Exchange. |
| 23. Trading | : | Secondary trading in multiples of Ksh 50,000 to commence on Tuesday October 30, 2012. |
| 24. Tax | : | Discount/interest amount is subject to withholding tax at the rate of 15%. |
| 25. 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. |
| 26. Re-opening | : | The Bond may be re-opened at a future date. |

For further details contact any of the following:-

- Your Bank
- Brokers of Nairobi Securities Exchange and Licensed Investment Advisors, CBK Headquarters, Branches in Mombasa, Kisumu, Eldoret and the Currency Centres in Nyeri, Nakuru & Meru or visit our website at www.centralbank.go.ke