



CENTRAL BANK OF KENYA

**PROSPECTUS FOR TWO YEAR (RE-OPEN) &
TEN YEAR (RE-OPEN)
FIXED COUPON TREASURY BONDS**

ISSUE NOs. FXD 3/2014/2 & FXD 1/2014/10

TOTAL VALUE: UP TO KSHS 20 BILLION

MAY 2015

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

FXD 3/2014/2 & FXD 1/2014/10

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:-

Issuer	:	Republic of Kenya
Amount	:	Up to Kshs.20 Billion
Purpose	:	Budgetary Support
Tenor	:	Two Year-Re-open(1.577 years) : Ten Year-Re-open (8.67 years)
Coupon	:	Two Year -10.890% p.a. : Ten Year - 12.180% p.a.
Period of sale	:	08/05/2015 to 19/05/2015
Value Date	:	25/05/2015
Price Quote	:	Discounted/Premium/ Par
Minimum Amount	:	Kshs. 50,000.00
Interest Payment Dates	:	2 -year 22/06/2015 20/06/2016 21/12/2015 19/12/2016 10 -year 27/07/2015 20/01/2020 25/01/2016 20/07/2020 25/07/2016 18/01/2021 23/01/2017 19/07/2021 24/07/2017 17/01/2022 22/01/2018 18/07/2022 23/07/2018 16/01/2023 21/01/2019 17/07/2023 22/07/2019 15/01/2024
Taxation	:	Discount/Interest is subject to withholding tax at a rate of 15% for 2-year and 10% for 10-year.
Redemption Dates	:	2-year - 19/12/2016 10-year - 15/01/2024
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 or Currency Centre of the Central Bank in the specified tender box by 2.00 p.m on Tuesday, 19th May 2015.
Auction Date	:	20/05/2015.
Results	:	Investors should obtain details of amounts payable for successful bids, from Central Bank on Thursday 21/05/2015.
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 bonds 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 Securities Exchange.
Liquidity	:	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.
Listing	:	The bonds will be listed on the Nairobi Securities Exchange.
Classification	:	These bonds are benchmark Bonds.
Eligibility	:	Only CDS Account holders with active CDS accounts.
Re-opening	:	The Bonds may be re-opened at a future date.
Secondary Trading	:	Secondary trading in multiples of Kshs.50,000.00 to commence on Tuesday, 26th May 2015.
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.

PRICE GUIDE FOR THE 2-YEAR RE-OPEN FIXED COUPON BOND ISSUE FXD3/2014/2.

YIELD(YTM)	CLEAN PRICE
5.000%	108.817
5.125%	108.619
5.250%	108.421
5.375%	108.223
5.500%	108.027
5.625%	107.830
5.750%	107.634
5.875%	107.439
6.000%	107.244
6.125%	107.049
6.250%	106.855
6.375%	106.662
6.500%	106.469
6.625%	106.276
6.750%	106.084
6.875%	105.893
7.000%	105.702
7.125%	105.511
7.250%	105.321
7.375%	105.131
7.500%	104.942
7.625%	104.753
7.750%	104.565
7.875%	104.377
8.000%	104.189
8.125%	104.002
8.250%	103.816
8.375%	103.630
8.500%	103.444
8.625%	103.259
8.750%	103.074
8.875%	102.890
9.000%	102.706
9.125%	102.523
9.250%	102.340
9.375%	102.158
9.500%	101.976

YIELD(YTM)	CLEAN PRICE
9.625%	101.794
9.750%	101.613
9.875%	101.432
10.000%	101.252
10.125%	101.072
10.250%	100.893
10.375%	100.714
10.500%	100.535
10.625%	100.357
10.750%	100.180
10.875%	100.002
11.000%	99.826
11.125%	99.649
11.250%	99.473
11.375%	99.298
11.500%	99.123
11.625%	98.948
11.750%	98.774
11.875%	98.600
12.000%	98.426
12.125%	98.253
12.250%	98.081
12.375%	97.909
12.500%	97.737
12.625%	97.565
12.750%	97.395
12.875%	97.224
13.000%	97.054
13.125%	96.884
13.250%	96.715
13.375%	96.546
13.500%	96.377
13.625%	96.209
13.750%	96.041
13.875%	95.874
14.000%	95.707
14.125%	95.541

PRICE GUIDE FOR THE 10- YEAR RE-OPEN FIXED COUPON BOND ISSUE FXD1/2014/10.

YIELD(YTM)	CLEAN PRICE
9.000%	118.837
9.180%	117.645
9.250%	117.186
9.375%	116.372
9.500%	115.566
9.625%	114.767
9.750%	113.975
9.875%	113.191
10.000%	112.414
10.125%	111.645
10.250%	110.882
10.375%	110.127
10.500%	109.378
10.625%	108.637
10.750%	107.902
10.875%	107.174
11.000%	106.452
11.125%	105.738
11.250%	105.029
11.375%	104.328
11.500%	103.632
11.625%	102.943
11.750%	102.261
11.875%	101.584
12.000%	100.914
12.180%	99.959
12.250%	99.591
12.375%	98.939
12.500%	98.292
12.625%	97.652
12.750%	97.017
12.875%	96.388
13.000%	95.764
13.125%	95.147
13.250%	94.534
13.375%	93.927
13.500%	93.326

YIELD(YTM)	CLEAN PRICE
13.625%	92.730
13.750%	92.139
13.875%	91.554
14.000%	90.973
14.125%	90.398
14.250%	89.828
14.375%	89.263
14.500%	88.703
14.625%	88.148
14.750%	87.598
14.875%	87.053
15.000%	86.512
15.125%	85.976
15.250%	85.445
15.375%	84.919
15.500%	84.397
15.625%	83.880
15.750%	83.367
15.875%	82.859
16.000%	82.355
16.125%	81.855
16.250%	81.360
16.375%	80.869
16.500%	80.383
16.625%	79.900
16.750%	79.422
16.875%	78.948
17.000%	78.478
17.125%	78.012
17.250%	77.549
17.375%	77.091
17.500%	76.637
17.625%	76.187
17.750%	75.740
17.875%	75.298
18.000%	74.859
18.125%	74.424

IMPORTANT INFORMATION

The **Two year bond** attracts Accrued Interest (AI) of Ksh 4.607 per Ksh 100. Withholding Tax is computed on clean prices. Example: if yield quoted is 10.500%, Settlement price is the clean price (Ksh 100.535) plus AI (Ksh 4.607) which gives Ksh 105.143. The **Ten Year bond** attracts Accrued Interest (AI) of Ksh 3.982 per Ksh 100. Withholding Tax is computed on clean prices. Example: if yield quoted is 12.180%, settlement price is the clean price (Ksh 99.959) plus AI (Ksh 3.982) which gives Ksh 103.941