

Kingdom Securities Limited

Advisory Note – Primary Bond Issue – November 2022



Total Issue KE 60.00Bn

IFB1/2022/014Yr

Term – 14.0 Years – Coupon: Market Determined

November 2, 2022

November 2022 Bond Issue - IFB1/2022/14Year

The government has issued a 14-year infrastructure bond seeking KES 60.00Bn. This is the third infrastructure bond issued in 2022 after the 19-year and 18-year infrastructure bonds released in February and June respectively.

This bond is a good investment for retail investors seeking:

- i. Stable income from scheduled bi-annual coupon payment – interest on the bond is paid twice a year on a scheduled date. If the rate of the bond is 10.0%, after the first six-months, then, treasury will remit 5.0% of the coupon on May 15th, 2023, and 5.0% the second six-months on November 13th, 2023.
- ii. Short term investment compared to the previous issues – the bond is a 14-year amortized bond. Redemption structure state, 50% of the outstanding amount will be paid on 4th November 2030. Amounts of up to KES 1.00Mn at amortization will be redeemed in full on 4th November 2030. This will benefit retail clients investing less than KES 1.00Mn as it's similar to a 7-year bond instead of 14-years.
- iii. Tax Free Investments – the bond will be tax free as is the case for infrastructure bonds as provided for under the income tax act.

Coupon/ Interest

We opine that the bond will have a weighted average rate (WAR) of return of 13.600% - 13.700%.

How to Participate**1. Co-operative Bank of Kenya Customers (download form by clicking on the link)**

Fill the [Co-operative Bank Treasury Bills and Bonds Application Form -Individual Investor](#) attached and drop it at any **Co-operative Bank of Kenya Branch on or before Tuesday November 8th, 2022, at 10:00am**. The Treasury Bond Issue (T-Bond) is **IFB1/2022/014**.

2. Central Bank of Kenya – CDSC Account Holders (download form by clicking on the link)

Clients with **CBK CDS Account** – Kindly Fill the [CBK - Primary Auction Application Form](#). You can drop it at **Kingdom Securities Limited** offices for stamping and delivery to CBK, **to reach us on or before Tuesday November 8th, 2022, at 11:00am well before the auction closes**. The Treasury Bond Issue (T-Bond) to indicate on the form is **IFB1/2022/014**.

NOTE

- Central Bank of Kenya – CDSC Account Holders - Minimum Transaction Value is **KES 100,000.00**.
- For Co-Operative Bank of Kenya Clients, one can invest for as low as **KES 50,000.00**.

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