

Kingdom Securities Limited

Advisory Note – Primary Bond Issue – March 2023



Total Issue KE 50.00Bn

IFB1/2023/017Yr - Coupon – MDA - Term – 17.0 Years

February 22, 2023

March 2023 Bond Issue - IFB1/2022/017 Year

The government has issued a 17-year infrastructure bond seeking KES 50.00Bn. This is the first infrastructure bond issued in 2023.

The key features of the bonds are:

Bond Offer KES 50.00 billion

Tenure 17 Years – The bond will mature in 2040

Coupon/Interest Market Determined

Period of Sale 15th of February to 7th March 2023

Value Date 13th March 2023

Payment Date 13th March 2023

Redemption Structure 28th February 2023 - 50% of unencumbered outstanding principal amount. Any amounts up to KES 1.0Mn per CDS account at amortization will be redeemed in full
20th February 2040 - 100%, final redemption of all outstanding amounts.

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 September 11th, 2023, and 5.0% the second six-months on March 11th, 2023.
- ii. Amortization of the bond – the bond is a 17-year amortized bond. Redemption structure states, 50% of the outstanding amount will be paid on 28th February 2023. Amounts of up to KES 1.00Mn at amortization will be redeemed in full on 28th February 2023. This will benefit retail clients investing less than KES 1.00Mn as it's similar to an 8.5-year bond instead of 17-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.

How to Participate**1. Co-operative Bank of Kenya Customers**

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**. The Treasury Bond Issue (T-Bond) is **IFB1/2023/017**.

2. Central Bank of Kenya – CDSC Account Holders

Clients with **CBK CDS Account** – Kindly Fill the [CBK - Primary Auction Application Form](#). You can drop it at **Kingdom Securities Limited** offices for delivery at CBK, or any **Co-operative Bank of Kenya Branch** addressed to **Kingdom Securities Limited**. The Treasury Bond Issue (T-Bond) is **IFB1/2023/017**.

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 150,000.00**.

For Further Enquiries

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