

Kingdom Securities Limited

Post-Auction Fixed Income Note – March 2023



IFB1/2023/017Yrs

Total Issue KES 50.00Bn

Subscription KES 59.77Bn – 119.5%

Accepted KES 50.88Bn – 85.1%

Overall Performance – 101.8%

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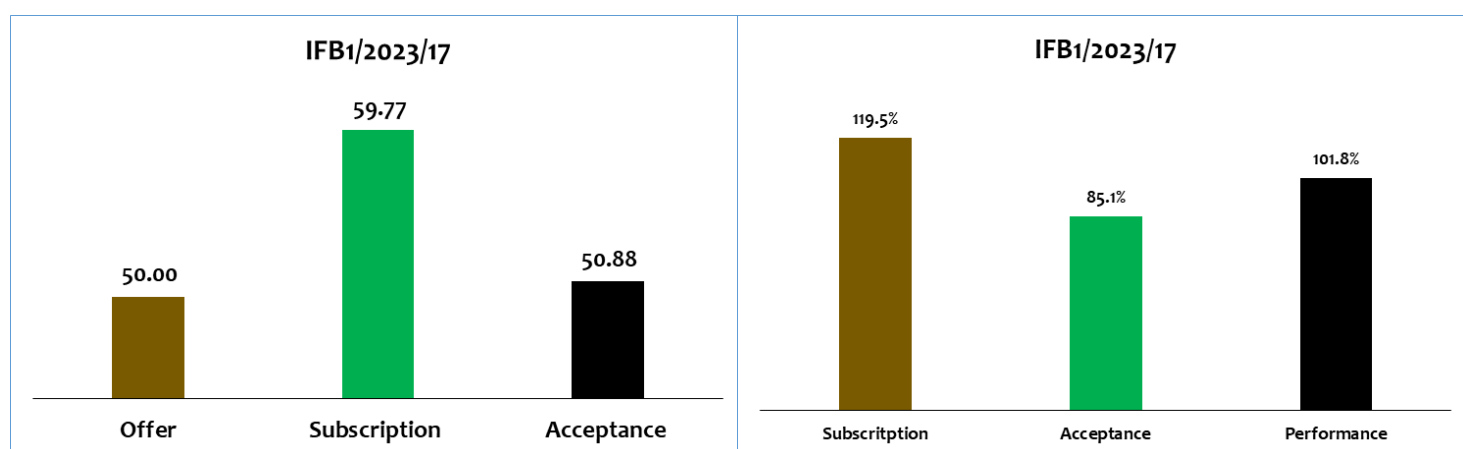
a Subsidiary of The Co-operative Bank of Kenya Ltd

Auction Results – IFB1/2023/017Years

The infrastructure bond IFB1/2023/17 performed beyond our expectation with KES 59.77Bn received for a 119.65% subscription from an issue of KES 50.00Bn. The government accepted KES 50.88Bn for an acceptance rate of 85.1% and a performance of 101.8%.

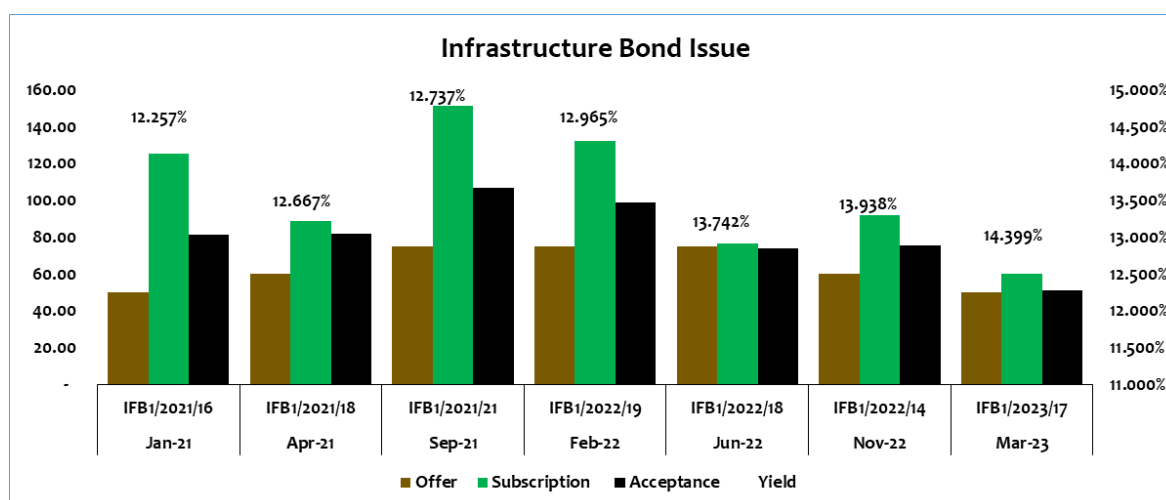
The bond weighted accepted rate (WAR) was 14.399% which is equivalent to 15.999% taxable bond with a tax rate of 10.0%. The rate was 7.0bps below the market weighted rate and fell 29bps above our upper range of 14.370%.

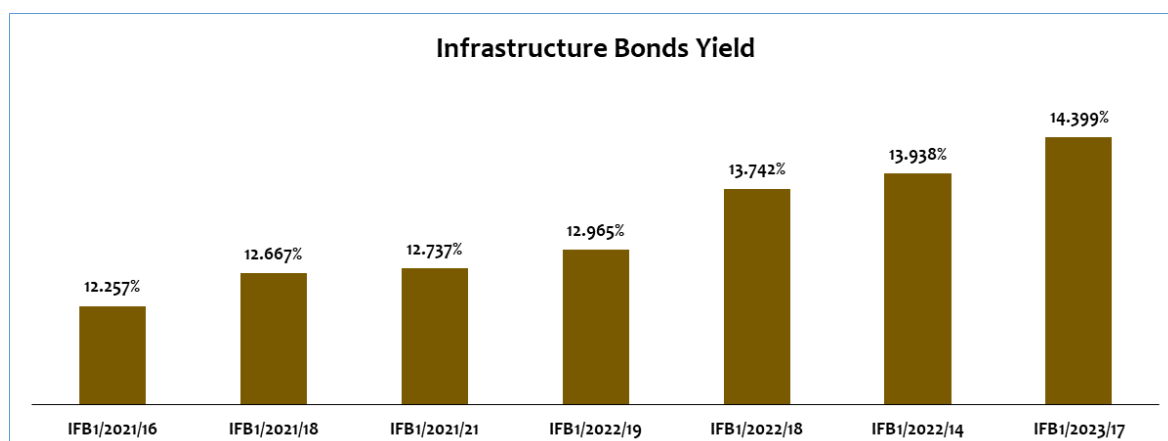
The performance indicated interest of the bond by the local due to its tax status despite the long tenure and liquidity environment.



The trend shows

- The value issued has been reduced from KES 60.00Bn in November to KES 50.00.
- Coupon rates have continued on an upward trend with the rate of 14.399%, 134.4bps higher compared to the February 2022 issue with 12.965% and 46.1bps higher to the November 2022 issue.
- The subscription levels continue to dip from 153.2% previously to 119.5%. This is an indication of tight liquidity.





The currently liquidity environment will continue to witness an upward shift in the bonds market space. Further pressure will come from the aggressive bidding with investors tending to benefit in the secondary market.

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