TREASURY BILLS FAQ

KCB Investment Bank
Kencom House, Moi Avenue, P.O. Box 48400-00100,
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What is a Treasury Bill?

A treasury bill is a paperless short-term borrowing instrument issued by the Government through the Central Bank of Kenya (as a fiscal agent) to raise money on short term basis – for a period of up to 1 year. Treasury bills are issued in maturities of 91, 182 and 364 days.

When can I buy the treasury bill?

Treasury bills are issued every week and the rates are determined through an auction process.

What kind of interest payments will I receive if I own a Treasury bill?

Interest from Treasury bill is earned inform of a discount, which is the difference between the face value (Maturity amount) and the cost of the bill.

The face value represent the amount that will paid to the investor at the end of the investment period. To earn the discount, the cost of the treasury bill is usually less than the face value.

Example:

To purchase a 364-day treasury bill worth Ksh1,000,000 at a 11.00%.

Treasury bill	364-day	*The period of investment is 364 days*
Face Value	1,000,000.00	*Amount to be paid back at the end of the investment period*
Interest rate	11%	*This represent the discounting rate which is determined through auction process*
Withholding tax (15%)	14,827.50	*The discount is subject to 15% withholding tax which is paid upfront*
Net interest earned	84,022.50	*Net interest is the interest earned after deducting the with-holding tax*
Total cost	**915,977.50**	*Total cost includes the with-holding tax*

How are treasury bill rates quoted?

Treasury bill rates are quotes on per annum basis. Returns have to be prorated to the number of days if the period is less than one year.

What is the withholding tax rate on treasury bills?

Treasury bill rates are subject to 15% withholding tax on the discount.

Can I sell the treasury bills before maturity?

No, Treasury bills do not trade in the secondary market and investors have to wait till maturity.

What is the minimum I can invest in a treasury bill through KCB investment bank?

Minimum investment in treasury bill through KCB investment bank is Ksh500,000.00

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Can I lose my investment in treasury bills?

Treasury bills are presumed risk free and there is minimal chance of default since they are back by the full faith of the government.

What is the process of purchasing Treasury bills through KCB investment bank?

The process is simple and friendly. KCB investment bank will handle end to end processing of purchase and settlement. The process is as follows:

1. Fill the investment account application form and submit with the following requirements:
    - Copy of ID/Passport
    - Copy of KRA PIN
    - Passport size photo

    The forms can be accessed at any KCB bank branch or requested via email: wealthmanagement@kcbgroup.com

2. Fund the investment by depositing the amount in your KCB bank account or transferring the to the following account:

Investment	Bank Account Name	Bank Account Number
Treasury Bond and Treasury Bills	Bonds Client Account	**1207760064**

3. The Treasury bill shall be bought in the next auction and statement shared confirming the purchase
4. Once the Treasury bill matures. The funds will be sent to your bank account. You will also receive a notification through email.

What are the charges for purchasing the Treasury bill through KCB investment bank?

The processing fees for a treasury bill is 0.5% pa.

What is the advantage in investing through KCB Investment Bank?

1. Simple and friendly investment process. KCB investment bank will handle end to end purchase process on your behalf. This saves investors the worry and anxiety involved in doing the purchase themselves.
2. Access to our highly skilled and professional investment advisors. Investment decisions and processes are daunting and complicated. The investment advisors makes it way easier by availing all information you need to know and guiding you throughout your investment journey.
3. Diversified investment opportunities. Through our Wealth management services, investors can access diversified investment solutions that suits their needs.
4. Regular access to market insights and information. We keep our investors informed by constantly sharing important information and investment opportunities available.
5. Safety and security of your investment. KCB investment bank is a subsidiary of the KCB group, a century old financial company with high reputation. Investing through KCB investment bank assures the investors their investments are safe and secure.
6. Multiple Distribution channels: Investor can access our services through all KCB bank and NBK bank branches across the country. They can also access the investment remotely by contacting us via email: wealthmanagement@kcbgroup.com

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