

The Central Bank of Kenya acting in its capacity as fiscal agent for the Republic of Kenya is offering an opportunity to participate in the **Re-opened FXD1/2018/20 & FXD1/2022/25** seeking to raise **KES 40.00Bn** for budgetary support.

NCBA Investment Bank Ltd is an authorized placing agent.

Why invest in the bond?

1. Opportunity to lock in **attractive coupons**.
2. The bonds qualify for statutory liquidity ratio requirements for commercial banks and Non-Banking Financial Institutions as stipulated in the Banking Act CAP 488 of the Laws of Kenya.
3. An opportunity to make **capital gains**.

Bidding guide

Our recommended bidding range is:

Issue	FXD1/2018/20 - Re-opened	FXD1/2022/25 Re-opened
Tenor to Maturity	12.5 Yrs	22.2 Yrs
Coupon Rate	13.20%	14.19%
Offered Amount	KES 40 Bn	
Period of Sale	26- Aug-25 to 17-Sep-25	
Value Date	22-Sep-25	
Minimum Bidding Amount	KES 50,000.00	
Taxation	10.00%	
Our Bidding range	13.50% - 13.70%	14.25% - 14.45%

Source: CBK, NCBA IB Research

Steady Liquidity to Support September Bond Uptake

Strong uptake is expected in this month's reopened bonds, supported by ample liquidity and September's KES 167Bn obligations, which may encourage oversubscription.

Contrastingly, the bond auction for SDB1/202011/030 significantly underperformed, attracting a meagre KES 8.07Bn in bids against a tender size of KES 20Bn. In a bid to keep yields contained, only KES 2.4Bn was accepted at 13.96%.

Comparable Papers

FXD1/2022/025

	Tenor to Maturity	Outstanding Amount Mn	Fixed Coupon	Implied Yield
FXD1/2021/025	20.6 Years	90,490.00	13.9240%	12.4285%

FXD1/2018/020

	Tenor to Maturity	Outstanding Amount Mn	Fixed Coupon	Implied Yield
FXD2/2018/020	12.8 Years	89,198.60	13.2000%	12.5000%

Investment Case

Demand

In this auction, we will see heightened interest given ample liquidity. FXD1/2022/025 makes a strong case for retail investors and trading purposes driven by a higher coupon and the expectation that the paper will come at a higher yield.

Previous Auctions: January and May 2025 – FXD1/2022/025

The paper has been re-opened twice, recording subscription levels of 65% and 61% respectively, with acceptance rates of 99% and 82%. These outcomes reinforce our forecast for moderate demand for this issuance.

Issue	FXD1/2022/25 Re-opened January 25	FXD1/2022/25 Re-opened May 25
Tenor to Maturity	22.5 Yrs	22.5 Yrs
Coupon Rate	14.19%	14.19%
Offered Amount (KES Bn)	70.00	50.00
Bids Received (KES Mn)	32,683.70	30,681.72
Amount Accepted (KES Mn)	32,536.17	25,103.28
Market Weighted Average Rate (%)	14.237%	14.636%
Weighted Average Rate of Accepted Bids	14.234%	14.538%
Adjusted Average Price (Per KES 100)	106.221	98.221
Subscription rate	65.37%	61.36%
Acceptance rate	99.55%	81.82%

Source: CBK, NCBA IB Research

Interest rates

The downward trend in T-bill yields has continued into 2025, with 91-day, 182-day, and 364-day papers recording m/m declines. However, the pace of easing is expected to be more measured compared to the sharp declines witnessed earlier.

Prevailing rates	11/9/2025	5/9/2025	W/W change (bps)
91 Day	7.97%	7.99%	(1.490)
182 Day	8.02%	8.03%	(1.370)
364 Day	9.55%	9.58%	(3.070)

Source: CBK, NCBA IB Research

Inflation

Annual headline inflation rose by 40-basis points from 4.1% to **4.5%** in August 2025. Month on month, the consumer price index rose by 0.3%. Inflationary pressures were broadly fueled by food inflation that rose to 8.3% from 6.8%, predominantly led by higher costs of maize and select vegetables.

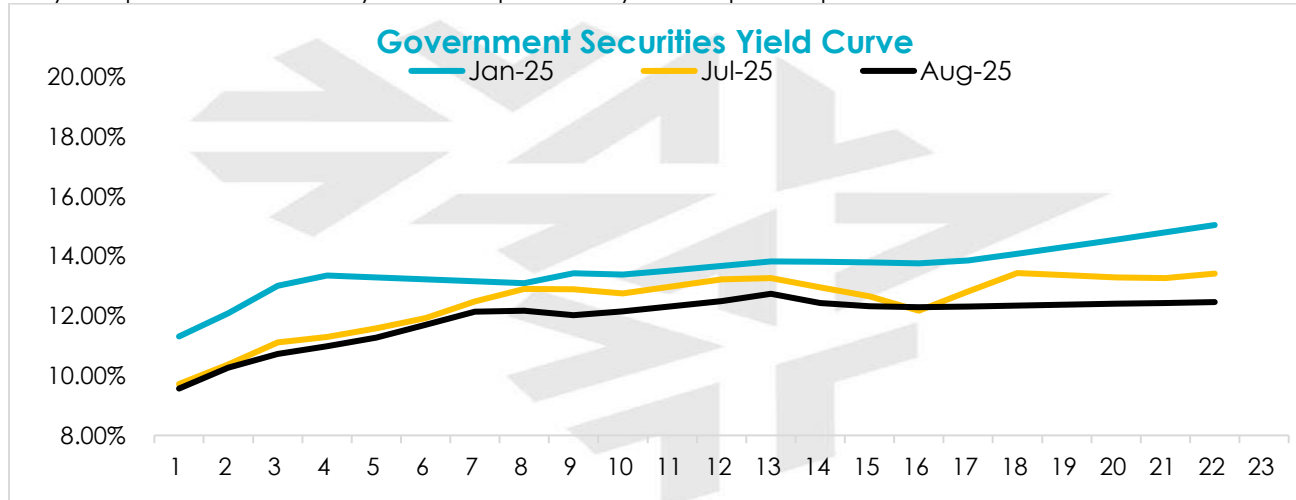
Looking ahead into Q3, inflation is projected to remain around the 5% mark, supported by domestic policy measures. However, the long-term viability of these interventions remains uncertain, particularly against the backdrop of a widening fiscal deficit and mounting pressure on public finances.

Statistic	Current	Previous	Change (bps)
CBR	9.50%	9.75%	(25.00)
Inflation	4.50%	4.10%	40.00

Source: CBK, NCBA IB Research

We expect yields on government securities to maintain a downward trajectory, albeit at a moderate pace, supported by the Central Bank’s ongoing monetary easing stance aimed at spurring private sector credit growth.

However, the elevated fiscal deficit continues to necessitate increased domestic borrowing, which may temper the decline in yields and potentially exert upward pressure over the medium term.



source: NSE, NCBA IB Research

Liquidity

Liquidity conditions eased during the month, as reflected by a 1bpts month-on-month decline in the overnight interbank rate, which closed at 9.62%. Additionally, average daily traded volumes rose to KES 15Bn, up from KES 10Bn recorded in the previous month.

Statistic	Aug-25	Jul-25	Change (bps)
Average Interbank Rate	9.62%	9.63%	(1.00)
Average Interbank Volume	15.00	10.45	4.55

Source: CBK, KNBS, NCBA IB Research

Kenya's National Treasury has published the 2025/26 Borrowing Plan

The National Treasury has released its 2025/26 Borrowing Plan, providing strong guidance on both external and domestic financing strategies, with liability management emerging as a central theme.

External Financing

- In March 2026, Kenya plans to execute its first debt for food security swap, a USD 1.0Bn (KES 130Bn) deal with the World Food Programme.
- The UAE credit line remains part of the funding mix, with the USD 1.0Bn expected in December 2025, after the earlier USD 500.0Mn drawdown.
- Treasury is also eyeing a Sustainability-Linked Bond in March 2026, seeking USD 500Mn (≈ KES 65Bn).
- Interestingly, there is no IMF funding included in the plan following the collapse of the USD 3.6 Bn Programme earlier this year, though ongoing talks may still revive the conversation.
- Another notable milestone is the planned Samurai Bond in December 2025, worth KES 22Bn, which ties neatly to commitments made during TICAD 2025 and backing from Japan's NEXI.

Domestic Financing

Locally, the picture is more cautious.

The bond switch expected in September 2025 didn't happen, and while the Treasury still plans up to five switches this year, anchored on 10-year or longer tenors, the track record suggests execution risk. On issuance, the Exchequer is keeping it tight, only one new bond is scheduled for April 2026, with all other activity limited to re-openings. This reflects a deliberate caution around yields, even as rates have begun to ease.

Kenya Government Debt Maturities Schedule –September 2025

Total domestic debt maturities in September stand at KES 167Bn, a decline from KES 265Bn in August. We anticipate heightened government activity in the local market to support refinancing efforts.

Treasury Bond Maturities			
Issue No.	Maturity Date	Fixed Coupon Rate	Outstanding Amount KES 'Mn
IFB1/2013/012	September 15, 2025,	11.00%	16,060.21
Total			16,060.21

Treasury Bills	
Payment Date	Amount KES 'Mn
September 1, 2025,	28,340.36
September 8, 2025,	20,514.66
September 15, 2025,	25,066.70
September 22, 2025,	19,289.31
September 29, 2025,	8,908.90
Total	102,119.93

Sep 25 Coupon payments					
Issue No.	Next Coupon Payment Date	Maturity date	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD1/2012/015	8-Sep-25	6-Sep-27	90,939.90	11.00%	5,001.69
IFB1/2021/021	8-Sep-25	18-Aug-42	106,742.20	12.74%	6,797.88
IFB1/2023/017	8-Sep-25	20-Feb-40	186,018.92	14.40%	13,392.43
FXD1/2016/020	15-Sep-25	1-Sep-36	21,972.90	14.00%	1,538.10
FXD1/2018/020	15-Sep-25	1-Mar-38	145,332.41	13.20%	9,591.94
IFB1/2013/012	15-Sep-25	15-Sep-25	16,060.21	11.00%	883.31
IFB1/2015/012	15-Sep-25	15-Mar-27	12,180.65	11.00%	669.94
IFB1/2019/025	15-Sep-25	22-Feb-44	16,828.65	12.20%	1,026.55
FXD1/2024/010	22-Sep-25	13-Mar-34	124,539.40	16.00%	9,963.15
Total					48,864.99

Source: CBK, NCBA IB Research

DISCLAIMER AND DISCLOSURES

1. General Disclaimer

This research report (Report) has been prepared by NCBA Investment Bank (NCBA-IB) and contains detailed industry analyses, statistics and forecasts exclusively for informational purposes and is intended solely for the use of NCBA-IB clients and may not be distributed, published, or reproduced, in whole or in part, nor may its contents be disclosed to any other party without the express written consent of NCBA-IB. While this Report contains analyses and insights aimed at assisting customers in making investment decisions regarding various securities, it does not constitute an offer, solicitation, or recommendation to buy or sell any securities, and it is not intended to provide the basis for any evaluation of the securities discussed herein. NCBA-IB expressly disclaims any responsibility for errors and omissions in this Report. The Information set forth in this Report has been obtained from sources believed reliable and developed through the application of independent judgement, but NCBA-IB does not warrant its completeness or accuracy. Opinions expressed in this Report are current viewpoints as of the date of issue and are subject to change without notice. Furthermore, NCBA-IB is under no obligation to update or keep the information current. While every effort has been made to ensure the accuracy and completeness of the information provided, no representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation as to the future performance of any securities or financial product and market conditions which may change and this might materially impact the accuracy and validity of such analysis.

2. Use of Information

The information presented in this Report is intended solely for informational purposes and is not a comprehensive treatment of the topic at hand. NCBA-IB makes every effort to use reliable, comprehensive information, but we do not represent that the information is accurate or complete. NCBA-IB is not responsible for errors or omissions nor for results obtained from the use of this information. All information is provided "as is", without warranty of any kind, express or implied.

3. No Guarantees on Performance

NCBA-IB, its affiliates, employees, or any associated entities provide no guarantee, warranty, or representation regarding the potential performance or expected outcomes of any investment or financial transaction referenced within this document. Investment values can fluctuate, and the past performance of a security, industry, sector, market, financial product, trading strategy, or individual investment does not guarantee future results or returns.

4. Independent Decision Making

Recipients of this Report are strongly advised to make investment decisions based on their own investment objectives, careful consideration of their financial situation, operational capacity, and the availability of resources. It is recommended that all clients conduct thorough due diligence and, where appropriate, consult independent financial, legal, tax, or other professional advisors to assess the suitability of any potential investment.

5. Limitation of Liability

The Bank, its affiliates, and their respective officers, directors, employees, or agents accepts no liability whatsoever for any direct or consequential loss or damage arising from the use of this Report or the information contained herein. Past performance is not necessarily indicative of future results, and NCBA-IB does not undertake that the recipient of this report will obtain profits or avoid incurring losses. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial



situations, or needs of individual clients. Clients should consider whether any advice or recommendation in these reports is suitable for their particular circumstances and, if necessary, seek professional advice, including tax advice.

6. Authority to Enter Contracts

Please be advised that legally binding obligations on behalf of NCBA-IB can only be established through formal written agreements, duly signed by authorized representatives of NCBA-IB. No electronic communications or implied agreements through informal communications shall be considered binding under any circumstances.

7. Disclosure Statement

NCBA-IB may, from time to time, participate or invest in transactions with the companies mentioned herein, perform services for or solicit business from company(s) mentioned, and/or have a position or effect transactions in the securities or options thereof. Members of NCBA-IB, its principals or affiliates, may have a financial interest in securities of the companies mentioned in this report.

8. Conflicts of Interest

NCBA-IB may engage in transactions in a manner that is inconsistent with the recommendations made in this Report, and it may have commercial relationships with entities mentioned in this Report. NCBA-IB may have provided advice or investment services relating to the investments concerned or a related investment to any company mentioned in this Report prior to its publication. Further, NCBA-IB may receive compensation for these services and acts as a market maker or liquidity provider in the securities that are the subject of this report. NCBA-IB does not prepare research on entities within its corporate group ("the NCBA Group") or other entities where a real or perceived conflict of interest may exist.

9. Confidentiality

This Report is confidential and is intended only for the person or entity to which it is addressed. It may contain confidential, proprietary, or legally privileged information. No confidentiality or privilege is waived or lost by any misdelivery or transmission errors. If you are not the intended recipient, please immediately delete it and all copies of it from your system, destroy any hard copies of it, and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this report if you are not the intended recipient.

10. Intellectual Property Rights

All content, data, analyses, graphics, and logos provided in this Report are the exclusive property of NCBA-IB and/or its affiliates, unless otherwise noted, and cannot be copied, distributed, transmitted, displayed, published, or broadcast without the prior written permission of NCBA-IB.

11. Regulatory Compliance

This Report is also subject to regulatory restrictions and obligations that may affect its use. NCBA-IB produces research reports which adhere to regulatory standards. This document may not be distributed in any jurisdiction where its distribution may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

12. Use and Distribution

These materials are intended only for clients of NCBA-IB, and may not be reproduced, redistributed, or copied in whole or in part for any purpose without the express written consent of NCBA-IB

© 2024 NCBA-IB. All rights reserved. This document contains intellectual property belonging to NCBA-IB. Unauthorized use is prohibited. For further information regarding the methodologies used or data in the report, contact NCBA-IB at ncbaresearch@ncbagroup.com

**BIDDING GUIDE: Re-opened
FXD1/2018/20 & FXD1/2022/25**



NCBA C5 - Public Use

NCBA

DISCOVER THE MARKETS



NCBA