

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 FXD1/2018/15 & FXD1/2021/20** seeking to raise **KES 50.0Bn** 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	FXD1/2018/15 - Re-opened	FXD1/2021/20 Re-opened
Tenor to Maturity	7.7 Yrs	15.9 Yrs
Coupon Rate	12.65%	13.44%
Offered Amount	KES 50 Bn	
Period of Sale	26th September 2025 to 15th October 2025	
Value Date	21st October 2025	
Minimum Bidding Amount	KES 50,000.00	
Taxation	10.00%	
Our Bidding range	12.60% - 12.80%	13.60% - 13.80%

Source: CBK, NCBA IB Research

Steady Liquidity to Support October Bond Uptake

Strong uptake is expected in this month's reopened bonds, supported by ample liquidity and October's KES 146Bn obligations, which may encourage oversubscription.

Comparable Papers

FXD1/2018/015

	Tenor to Maturity	Outstanding Amount Shs'M.	Fixed Coupon Rate	Implied Yield To Maturity
FXD1/2023/010	7.32 yrs	73,595.17	14.1510%	12.4709%
FXD2/2018/015	7.99 yrs	33,411.70	12.7500%	12.3675%

FXD1/2021/020

	Tenor to Maturity	Outstanding Amount Shs'M.	Fixed Coupon Rate	Implied Yield To Maturity
SDB1/2011/030	15.30 yrs	44,309.78	12.0000%	12.5721%

Investment Case

Demand

In this auction, expect to see heightened appetite on the back of the prevailing liquidity. FXD1/2018/015 makes a strong case for both short term investors and active traders.

Interest rates

The downward trend in T-Bill yields continues, 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	09/10/2025	03/10/2025	W/W change (bps)
91 Day	7.89%	7.92%	(3.28)
182 Day	7.93%	7.98%	(5.48)
364 Day	9.39%	9.54%	(15.02)

Source: CBK, NCBA IB Research

Inflation

Annual headline inflation rose by 10-basis points from 4.5% to **4.6%** in September 2025.

Core inflation decreased to 2.9% in September 2025, from 3.0% in August, largely attributable to lower prices of processed foods particularly maize flour. Additionally, non-core inflation rose to 9.6% in September 2025, from 9.2% in August, driven by higher prices of vegetables, particularly tomatoes, carrots, onions, and cabbages

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

Statistic	Current	Previous	Change (bps)
Inflation	4.60%	4.50%	10.00

Source: CBK, NCBA IB Research

Monetary Policy Committee Cut Policy Rate to 9.25% from 9.50%,

On 7th October 2025, the Monetary Policy Committee (MPC) lowered the Central Bank Rate (CBR) by 25 basis points to 9.25%. Cumulatively, the CBR is down 375-basis points since August 2024.

According to the committee, overall inflation remains stable, and expectations are firmly anchored within the target. Notably, inflation is projected to trend below the 5% mid-point of the target all the way into the first quarter of 2026. In the near term, despite seasonal factors that induced pressure on vegetable costs as seen by respondents in the agriculture survey, the onset of the maize harvest season, stable energy prices as well as exchange rate stability underpins the favorable outlook.

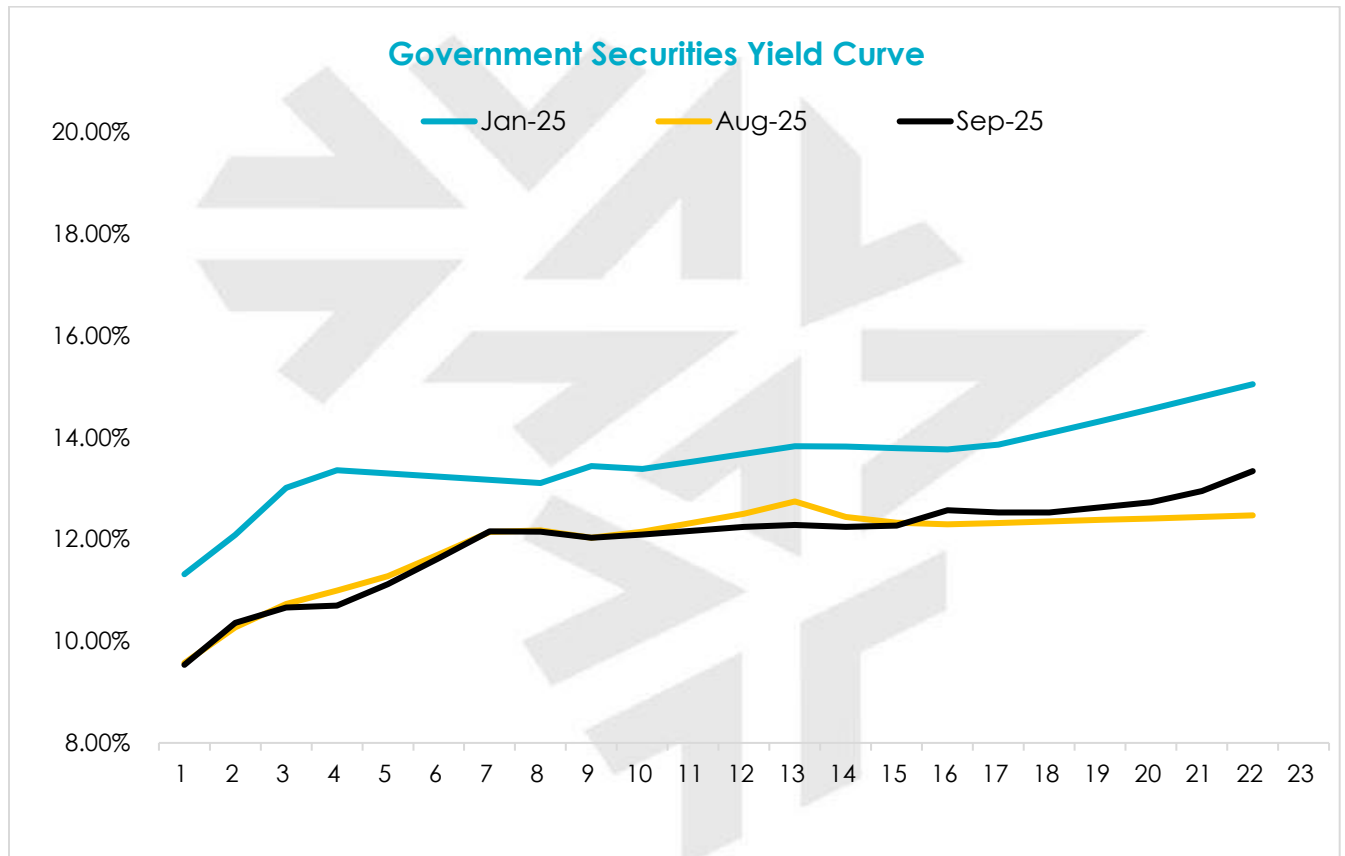
Statistic	Current	Previous	Change (bps)
CBR	9.25%	9.50%	(25.00)

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.

The elevated fiscal deficit however, 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 tightened during the month, as reflected by a 14-bps month-on-month increase in the overnight interbank rate, which closed at 9.48%. Additionally, average daily traded volumes dropped to KES 12Bn, up from KES 15Bn recorded in the previous month.

Statistic	Sep-25	Aug-25	Change (bps)
Average Kesonian Rate	9.48%	9.62%	(14.00)
Average Kesonian Volume	11.77	15.00	(4.23)

Source: CBK, KNBS, NCBA IB Research

Kenya Government Debt Maturities Schedule –October 2025

Total domestic debt maturities in October are KES **146Bn** compared to **KES 167Bn** in September. We expect robust government activity in the local market to ease refinancing.

Treasury Bills	
Payment Date	Amount KES 'Mn
October 6, 2025	16,696.70
October 13, 2025	29,686.00
October 20, 2025	24,843.68
October 27, 2025	42,829.09
Total	114,055.47

Oct 25 Coupon payments					
Issue No.	Next Coupon Payment Date	Maturity date	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD2/2013/015	13-Oct-25	10-Apr-28	70,859.75	12.00%	4,251.59
FXD2/2018/015	13-Oct-25	3-Oct-33	33,411.70	12.75%	2,130.00
IFB1/2014/012	13-Oct-25	12-Oct-26	16,631.48	11.00%	914.73
IFB1/2016/015	13-Oct-25	6-Oct-31	30,004.70	12.00%	1,800.28
FXD1/2022/015	20-Oct-25	6-Apr-37	129,190.48	13.94%	9,005.87
FXD1/2022/025	20-Oct-25	23-Sep-47	141,075.93	14.19%	10,007.93
IFB1/2019/016	20-Oct-25	8-Oct-35	71,028.55	11.75%	4,172.93
Total					32,283.32

Source: CBK, NCBA IB Research

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BIDDING GUIDE: Re-opened FXD1/2018/15 & FXD1/2021/20



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