

BIDDING GUIDE: Re-opened FXD1/2012/20 and FXD1/2022/15

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 bonds FXD1/2012/020** and **FXD1/2022/015** 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	FXD1/2012/20 - Re-opened	FXD1/2022/15 - Re-opened
Tenor to Maturity	7.0 Yrs	11.4 Yrs
Coupon Rate	12.00%	13.94%
Offered Amount	KES 40Bn	
Period of Sale	23rd October 2025 to 5th November 2025	
Value Date	10th November 2025	
Minimum Bidding Amount	KES 50,000.00	
Taxation	10.00%	
Our Recommended Bidding Guide	12.50% - 12.70%	13.50-13.70%

Source: CBK, NCBA IB Research

Steady Liquidity to Subscription

We expect a strong subscription on the back of ample market liquidity and November's KES 215Bn obligations.

Comparable Papers

FXD1/2012/20

	Tenor to Maturity	Outstanding Amount Shs'M.	Fixed Coupon Rate	Implied Yield To Maturity
FXD1/2023/010	7.28 Years	73,595.17	14.1510%	12.7500%

FXD1/2022/15

	Tenor to Maturity	Outstanding Amount Shs'M.	Fixed Coupon Rate	Implied Yield To Maturity
FXD1/2016/020	10.8 Years	21,972.90	14.0000%	12.6189%

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Investment Case

Demand

We opine that with the ample liquidity in the market, there will be heightened appetite for both papers. FXD1/2022/015 however makes a more compelling case for both active and passive investors due to its tenor and coupon.

Interest rates

The downward trend in T-Bill yields continues, with 91-day, 182-day, and 364-day papers recording m/m declines. The easing pace is expected to be more measured as the short-term returns tend towards convergence with the inflation rate.

Prevailing rates	31/10/2025	24/10/2025	W/W change
91 Day	7.81%	7.83%	0.25%
182 Day	7.90%	7.87%	(0.44%)
364 Day	9.34%	9.35%	0.07%

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.

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 y-o-y.

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 up to 1Q2026. 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.

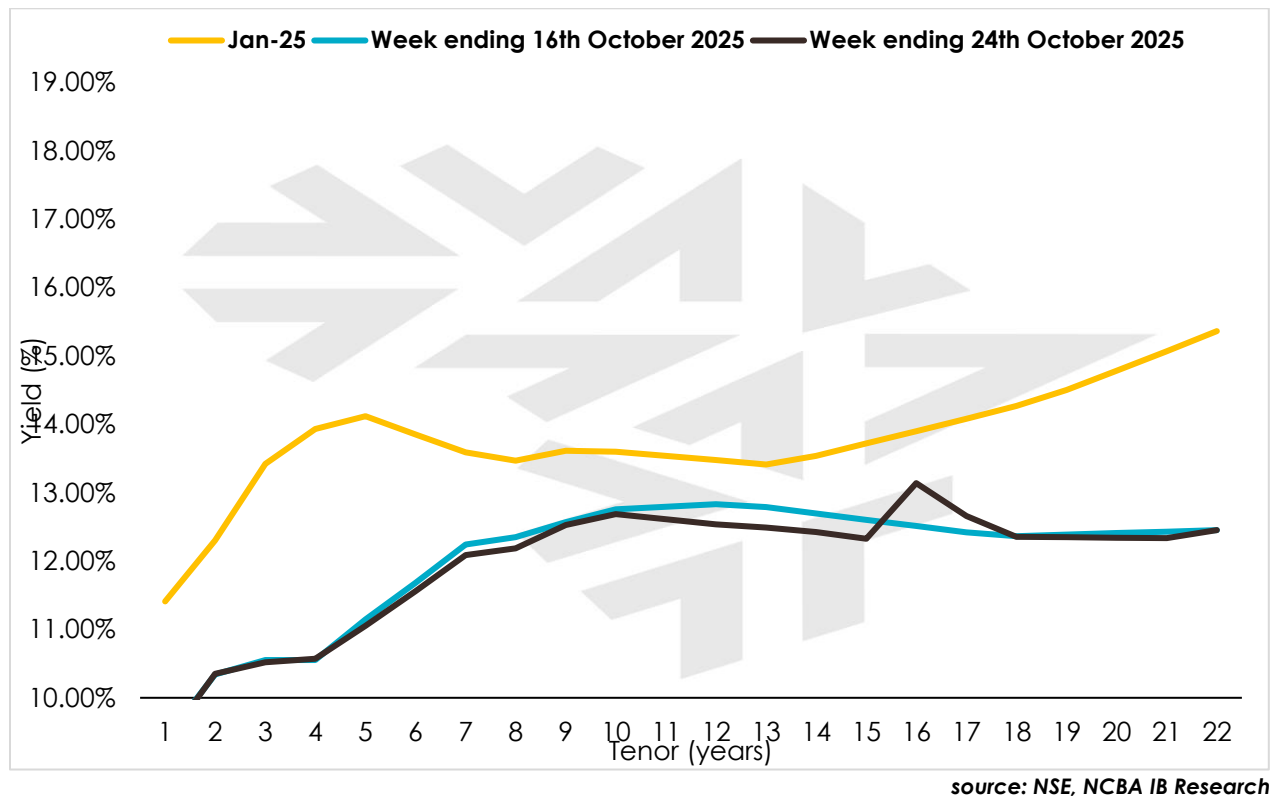
Statistic	Current	Previous	Change (bps)
CBR	9.25%	9.50%	(25.00)

Source: CBK, NCBA IB Research



We expect yields on government securities to maintain a downward trajectory, albeit at a moderate pace, supported by the CBK'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.



Liquidity

Liquidity conditions in the interbank space **eased** marginally. Indicatively, the overnight average interbank rate increased to close at **9.26%**

The demand for funds increased by 104%, with daily traded volumes averaging **KES 15Bn** from KES 7Bn observed in the previous week.

Statistic	Week ended 24/10/25	Week ended 17/10/25	Change
Average Kesonian Rate	9.26%	9.23%	0.03%
Average Kesonian Volume	14.50	7.10	104.23%

Source: CBK, KNBS, NCBA IB Research

November Bond Buyback

The CBK is offering an opportunity to participate in the buyback for FXD1/2023/003 targeting KES 30Bn.

The offer provides investors with an opportunity to liquidate part or all their holdings ahead of the bond's scheduled maturity on November 5, 2026.

Summary of the buyback:

- ✓ The FXD1/2023/003 carries a 14.2280% coupon and has an outstanding amount of KES 77Bn.
- ✓ Participation is restricted to investors holding unencumbered positions as of November 17, 2025.
- ✓ The buyback follows a similar operation in February 2025, when it repurchased bonds worth KES 50Bn , including FXD1/2022/003 and IFB1/2016/009. That exercise marked Kenya's first domestic bond buyback, aimed at reducing refinancing pressures and smoothing upcoming maturities.

With a heavy domestic redemption schedule in the year ahead, targeted buybacks are expected to spread repayment obligations and reinforce investor confidence.

- ✓ NCBA IB will be publishing a bidding guide for the same in due course.

Issue	FXD1/2023/003 - Buyback
Tenor to Maturity	0.6 Years
Coupon Rate	14.23%
Offered Amount	KES 30 Bn
Period of Sale	23rd October 2025 to 17th November 2025
Redemption	5th November 2026
Value Date	19th November 2025
Minimum Bidding Amount	KES 50,000.00

Source: CBK, NCBA IB Research

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Kenya Government Debt Maturities Schedule –November 2025

Total domestic debt maturities in November are KES **215Bn** compared to **KES 146Bn** in October.

Nov 25 Coupon payments					
Issue No.	Next Coupon Payment Date	Maturity date	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD2/2019/015	3-Nov-25	24-Apr-34	81,644.75	12.73%	5,198.32
FXD1/2021/025	3-Nov-25	9-Apr-46	90,490.00	13.92%	6,299.91
FXD1/2023/003	10-Nov-25	11-May-26	76,537.95	14.23%	5,444.91
FXD1/2021/005	10-Nov-25	9-Nov-26	66,075.85	11.28%	3,725.69
FXD1/2011/020	10-Nov-25	5-May-31	37,029.40	10.00%	1,851.47
FXD1/2022/010	10-Nov-25	3-May-32	80,901.70	13.49%	5,456.82
FXD1/2012/020	10-Nov-25	1-Nov-32	130,805.92	12.00%	7,848.36
IFB1/2018/020	10-Nov-25	25-Oct-38	36,787.30	11.95%	2,198.04
IFB1/2022/014	10-Nov-25	27-Oct-36	159,514.35	13.94%	11,116.56
IFB1/2023/6.5	10-Nov-25	6-May-30	186,925.00	17.93%	16,760.35
FXD4/2019/010	17-Nov-25	12-Nov-29	89,972.85	12.28%	5,524.33
FXD1/2018/015	17-Nov-25	9-May-33	131,674.92	12.65%	8,328.44
IFB1/2020/006	24-Nov-25	25-May-26	10,252.00	10.20%	522.85
Total					80,276.05

Treasury Bills	
Payment Date	Amount KES 'Mn
November 3, 2025	18,243.26
November 10, 2025	44,981.91
November 17, 2025	35,043.37
November 24, 2025	36,032.27
Total	134,300.81

Source: CBK, NCBA IB Research

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