

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 FXD1/2019/020 and FXD1/2022/025** seeking to raise **KES 60.00Bn** 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	FXD1/2019/020 - Re-opened	FXD1/2022/025-Re-opened
Tenor to Maturity	13.2 Yrs	21.8 Yrs
Coupon Rate	12.873%	14.188%
Offered Amount	KES 60Bn	
Period of Sale	09th December 2025 to 07th Jan 2026	
Value Date	12th January 2026	
Minimum Bidding Amount	KES 50,000.00	
Taxation	10.00%	
Our Recommended Bidding Guide	13.15% - 13.35%	13.50% - 13.70%

Source: CBK,NCBA IB Research

Steady Liquidity to Subscription

We expect ample subscription on the back of adequate market liquidity.

Comparable Papers

FXD1/2019/020

	Tenor to Maturity	Outstanding Amount Shs'M.	Fixed Coupon Rate	Implied Yield To Maturity
FXD1/2019/020	13.2 Years	83,350	12.873%	12.8025%

FXD1/2022/025

	Tenor to Maturity	Outstanding Amount Shs'M.	Fixed Coupon Rate	Implied Yield To Maturity
FXD1/2022/025	21.8 Yrs	175,648.09	14.188%	13.7388%

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Investment Case

Demand

We opine that with the ample liquidity in the market, there will be appetite on the two papers by both active and passive investors due to their tenor, coupon and trading stances respectively.

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	Current	Previous	W/W change (bps)
91 Day	7.73%	7.73%	0.00
182 Day	7.80%	7.80%	0.00
364 Day	9.21%	9.21%	0.00

Source: CBK, NCBA IB Research

Inflation

Headline inflation remained stable at **4.50%** in December and November 2025, largely supported by easing prices of select food items. Core inflation declined to 2.0% from 2.3% in November, while non-core inflation increased to 11.2% from 10.1% over the same period

Statistic	Current	Previous	Change (bps)
Inflation	4.50%	4.50%	0.00

Source: CBK, NCBA IB Research

Monetary Policy Committee Cut Policy Rate to 9.00% from 9.25%

On 09th Dec, the Monetary Policy Committee (MPC) lowered the Central Bank Rate (CBR) by 25 basis points to 9.00%. Cumulatively, the CBR is down 400-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.

Statistic	Current	Previous	Change (bps)
CBR	9.00%	9.25%	(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 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.

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Liquidity

Liquidity conditions in the interbank space remained **stable**. Indicatively, the overnight average interbank rate closed at **8.99%**

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**BIDDING GUIDE: Re-opened
FXD1/2019/020 and FXD1/2022/025**



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