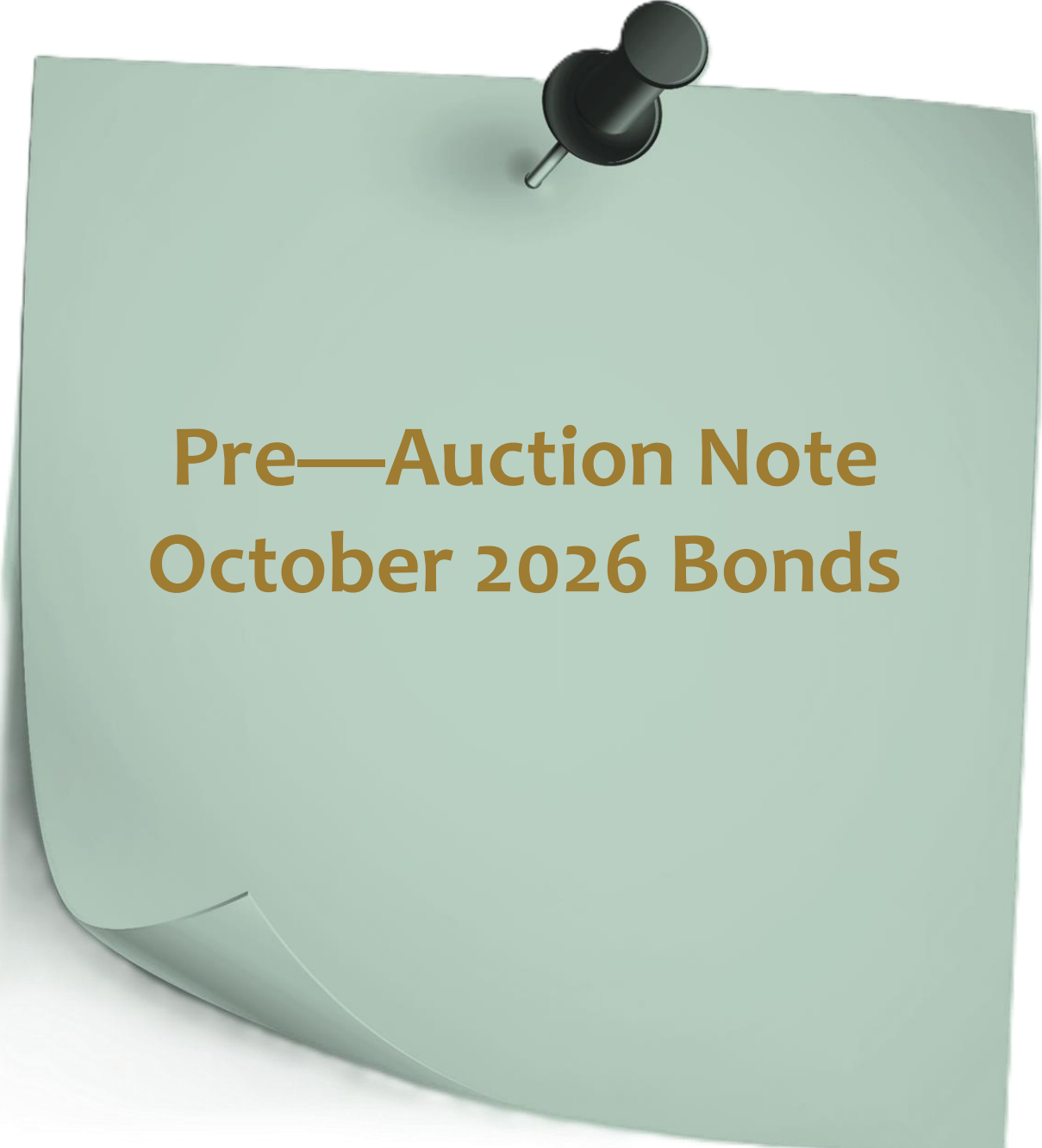




Pre—Auction Note October 2026 Bonds

The Central Bank of Kenya (CBK) is seeking to raise Kes. 50.00Bn through the reopening of two Treasury bonds, FXD3/2019/015 and FXD1/2019/020. The details of the issuance are shown below:

	Capital Raising	
	Re-openings	
Paper	FXD3/2019/015	FXD1/2019/020
Maturity Date	10-Jul-2034	21-Mar-39
Effective Tenor (Years)	7.8	12.5
Amount Floated (Kes. Bn)	50.00	
Amount Outstanding (Kes. Bn)	161.14	209.81
Coupon	12.3400%	12.8730%
Sale Period	Up to 30th September 2026	

Source: CBK | Chart: KSL

The auction comes against a backdrop of ample banking sector liquidity and an accommodative monetary policy stance, with the Central Bank Rate maintained at 8.75%. Inflation remains relatively elevated at 6.6%, although the macroeconomic environment has remained broadly stable since the bonds were last offered in September. FXD3/2019/015 is currently trading at an implied yield of 12.6800%, broadly aligned with the prevailing yield curve, while FXD1/2019/020 trades at 13.2703%. However, repeated reopenings and relatively subdued secondary-market liquidity in FXD1/2019/020 could prompt investors to demand a liquidity premium on additional exposure. We therefore expect bidding to remain anchored around prevailing market levels for FXD3/2019/015, while investors may bid more aggressively on FXD1/2019/020.

That said, our indicative bidding ranges are as follows:

Bond	Indicative Bidding Range
FXD3/2019/015	12.60% - 12.75%
FXD1/2019/020	13.65% - 13.80%

Source: CBK | Chart: KSL

We expect both papers to attract demand, supported by ample banking sector liquidity, with FXD3/2019/015 offering relatively lower duration exposure, while FXD1/2019/020 provides a higher yield pick-up, albeit with relatively subdued secondary-market liquidity. Overall, the lower Kes. 50.00Bn borrowing target and broadly stable macroeconomic environment should provide the fiscal agent with room to remain selective on aggressively priced bids.

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