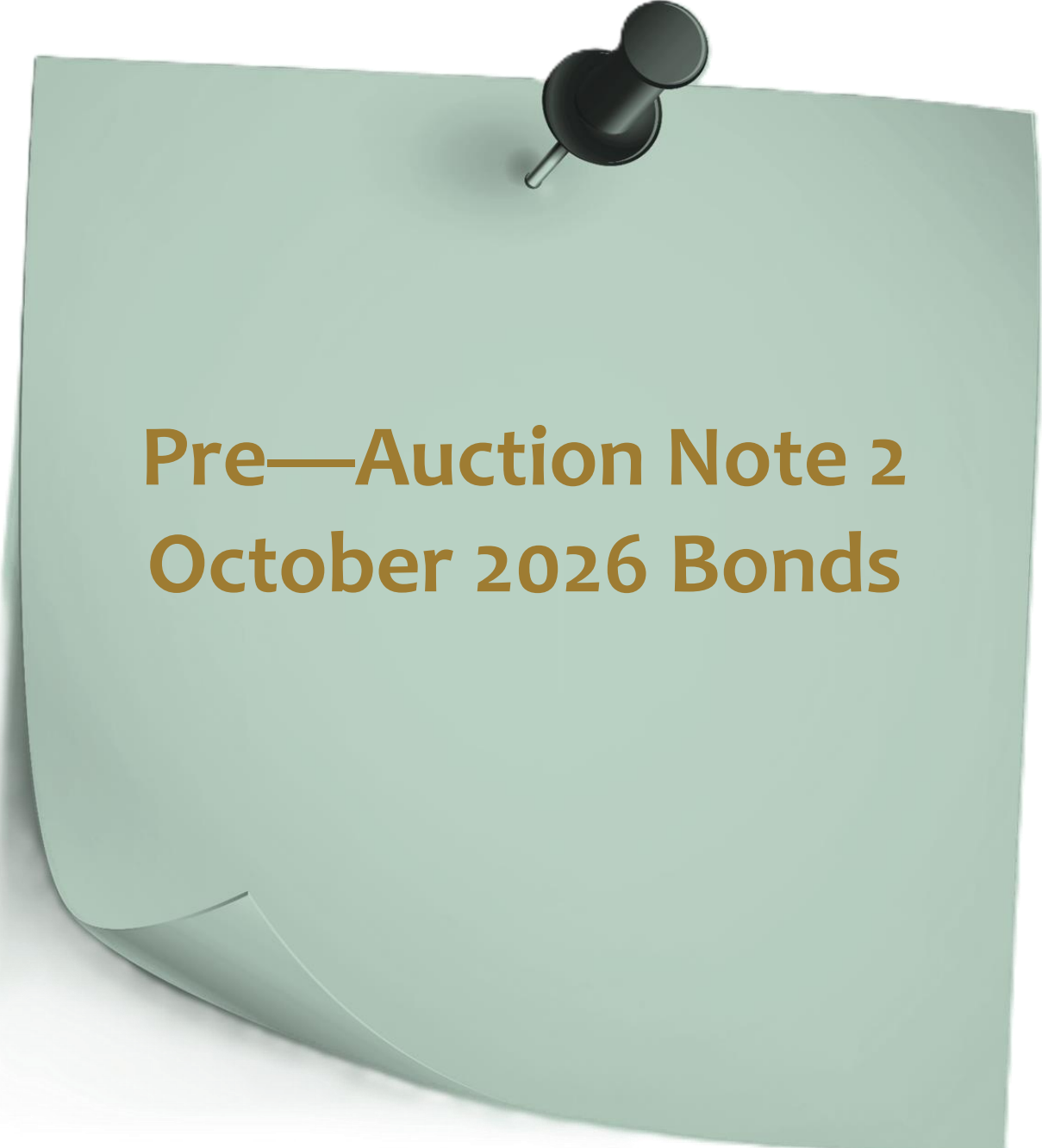




Pre—Auction Note 2

October 2026 Bonds

The Central Bank of Kenya (CBK) is seeking to raise Kes. 50.00Bn through the reopening of SDB1/2011/030 and FXD1/2026/030, with effective tenors of approximately 14.3 years and 29.5 years, respectively.

	Capital Raising	
	Re-openings	
Paper	SDB1/2011/030	FXD1/2026/030
Maturity Date	21-Jan-41	13-Mar-56
Effective Tenor (Years)	14.31	29.51
Amount Floated (Kes. Bn)	50.00	
Amount Outstanding (Kes. Bn)	57.45	49.51
Coupon	12.0000%	12.5000%
Sale Period	Up to 14th October 2026	

Source: CBK | Chart: KSL

The auction comes against a backdrop of ample banking-sector liquidity and a broadly stable monetary policy environment following the MPC's decision to retain the Central Bank Rate at 8.75%. Although headline inflation increased to 6.8% in September from 6.6% in August, the macroeconomic outlook remains relatively stable. Secondary-market implied yields currently stand at 13.4950% for SDB1/2011/030 and 13.2750% for FXD1/2026/030. However, SDB1/2011/030 has historically attracted relatively subdued demand and last cleared at 13.6937%, suggesting investors may continue to demand a premium over prevailing secondary-market levels. FXD1/2026/030 remains attractive to investors seeking higher long-term yields, although this will be the bond's third reopening since issuance in April 2026 and many long-term investors may already have exposure to the paper. As a result, investors are likely to continue demanding a meaningful premium over the current implied secondary-market yield, particularly given the bond's 29.6-year residual maturity.

That said, our indicative bidding ranges are as follows:

Bond	Indicative Bidding Range
SDB1/2011/030	13.60% - 13.75%
FXD1/2026/030	14.15% - 14.30%

Source: CBK | Chart: KSL

We expect demand to remain differentiated across the two papers, with SDB1/2011/030 likely to retain its historically subdued demand profile, while FXD1/2026/030 may attract stronger investor interest due to its higher yield pick-up, albeit with greater duration risk. Overall, ample banking-sector liquidity and the Kes. 50.00Bn borrowing target should provide the fiscal agent with room to remain selective on aggressively priced bids.

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