

Pre—Auction Note
November 2026 Bonds

Kingdom Research
Kingdomresearch@co-opbank.co.ke

The Central Bank of Kenya is seeking to raise Kes. 50.00Bn through the reopening of FXD1/2019/015 and SDB1/2011/030, with remaining tenors of approximately 7.3 years and 14.3 years, respectively.

	Capital Raising	
	Re-openings	
Paper	**FXD1/2019/015**	**SDB1/2011/030**
Maturity Date	09-Jan-34	21-Jan-41
Effective Tenor (Years)	7.2	14.2
Amount Floated (Kes. Bn)	50.00	
Amount Outstanding (Kes. Bn)	79.10	57.45
Coupon	12.8570%	12.0000%
Sale Period	Up to 18th November 2026	

Source: CBK | Chart: KSL

The auction comes against a backdrop of ample banking-sector liquidity and a stable monetary-policy environment, with the CBR remaining at 8.75%. Commercial banks held average excess reserves of Kes. 31.5Bn above the CRR requirement, while the latest Treasury bill auction attracted Kes. 69.3Bn against Kes. 28.0Bn offered, signalling strong liquidity and continued demand for government securities. Inflation, however, accelerated to 7.3% in October from 6.8% in September, which could limit further yield compression, particularly on longer-duration securities.

Demand is likely to remain differentiated across the two papers. SDB1/2011/030 has historically attracted subdued participation, with its latest reopening achieving a 47.44% subscription rate and clearing at 13.6507%, suggesting investors may continue demanding a term premium given its longer residual maturity. FXD1/2019/015, on the other hand, should attract relatively stronger demand given its shorter 7.3-year residual maturity, lower duration risk and 12.8570% coupon.

That said, our indicative bidding ranges are as follows:

Bond	Indicative Bidding Range
FXD1/2019/015	12.75%–12.90%
SDB1/2011/030	13.60%–13.75%

Source: CBK | Chart: KSL

Overall, we expect FXD1/2019/015 to attract comparatively stronger investor interest owing to its shorter residual maturity and lower duration risk. SDB1/2011/030 is likely to retain its historically subdued demand profile, although ample market liquidity should provide some support. While the Kes. 50.00Bn borrowing target gives CBK room to remain selective on aggressively priced bids, the rise in headline inflation to 7.3% is likely to limit further yield compression, particularly on the longer-dated paper.

Research Analyst Certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Terms of Use- Disclaimer:

This research report has been prepared by Kingdom Securities Limited and is for information purposes only. This research report should not be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment at the date of publication and neither Kingdom Securities Limited nor any of its affiliates or employees accepts any responsibility in respect of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date indicated and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results.

The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or constitute Kingdom Securities' judgement as at the date of this research, but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

Research Department

Chrisanthus Lunani	clunani@co-opbank.co.ke	+254711049973

Sales Team

Florence Kigera	fkigera@co-opbank.co.ke	+254 711049055
Joab Kiprono	jkiprono@co-opbank.co.ke	+254711049528

Client Service and Operation

Office: 0711049016 Email: info@kingdomsecurities.co.ke

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited. Co-operative Bank House- 5th floor, P.O Box 48231 - 00100 Nairobi, Kenya