SIB Standard Investment Bank

Regulated by the Capital Markets Authority

27TH OCTOBER 2025

> Secondary market turnover jumps 80.4% w/w

WEEKLY FIXED INCOME REPORT

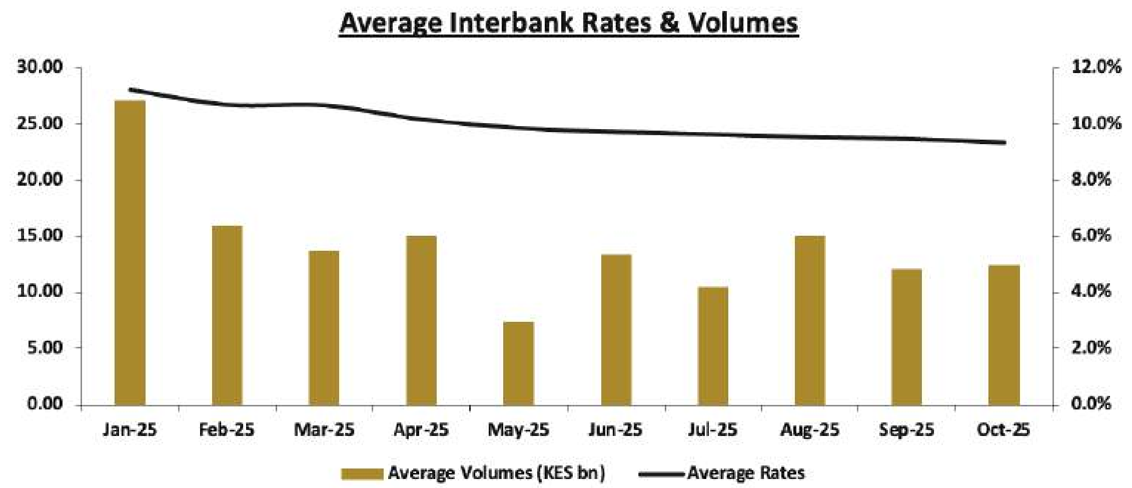
CBK announces its first FY25/26 domestic buyback while it seeks KES 40.0bn in its November issuance

MONEY MARKET STATISTICS

Interbank lending surged during the week, with the average traded volumes rising by 104.79% w/w to KES 14.53bn, from KES 7.10bn the prior week. Consequently, the number of interbank deals increased by 87.50% w/w to 30.00. The Kenya Shilling Overnight Interbank Average (KESONIA) remained largely stable (+1.25bps w/w) at an average of 9.25%. Notably, no actor utilized the CBK borrowing window in the week.

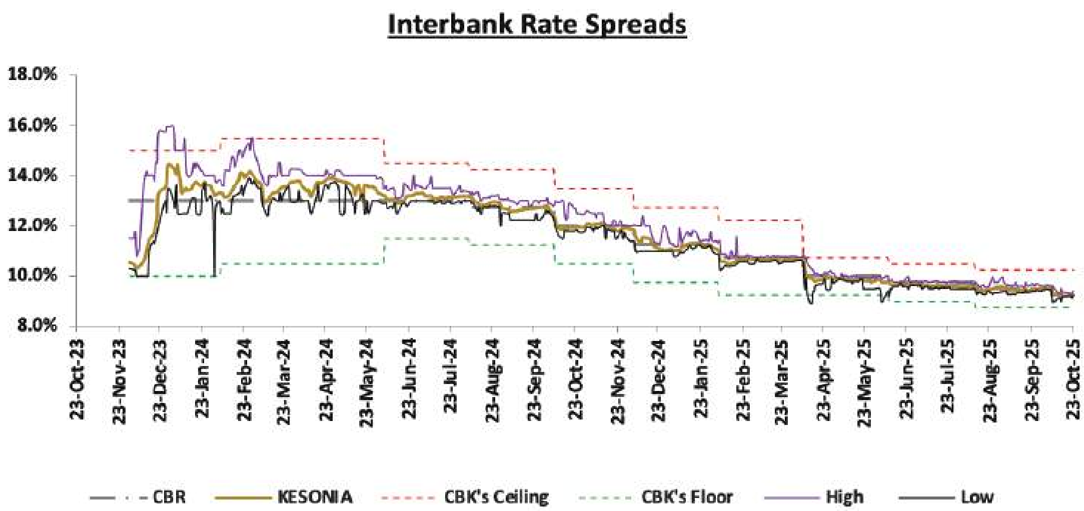
Average	Previous Week – ended 16th October 2025	Current Week – ended 23rd October 2025	Change
Interbank Deals	16.00	30.00	87.50%
Inter-Bank volumes (KES bn)	7.10	14.53	104.79%
KESONIA (bps)	9.24%	9.25%	1.25
Window Borrowing Volumes (KES bn)	-	-	n/a

Source: Central Bank of Kenya (CBK), Table: SIB



Source: Central Bank of Kenya (CBK), Chart: SIB

Interbank rates continued to trade closely in line with the Central Bank Rate (CBR), as illustrated below:



Source: Central Bank of Kenya (CBK), Chart: SIB

GOVERNMENT SECURITIES MARKET

T-Bills:

Demand for Treasury bills softened slightly in the week ended 24th October 2025, with overall subscription inching lower to 105.9% from 114.7% in the previous week. Investors submitted bids worth KES 25.38bn, of which the fiscal agent accepted 99.9%. This quantum was lower than the value of maturities, resulting in a net repayment of KES 20.11bn.

Bucking recent trends, the 91-day paper led the performance, posting a subscription rate of 325.0 (much higher than the 91.0% recorded in the week prior). The 182-day paper followed, with its subscription rate at 70.3% vs 25.5% in the week prior, while the 364-day paper garnered a much lower subscription rate of 53.7% vs 213.5% last week. The weighted average rates on accepted bids sustained their easing trend in the week, with the 91-day, 182-day, and 364-day rates narrowing by 3.01bps w/w, 4.41bps w/w, and 1.81bps w/w to 7.83%, 7.87% and 9.35%, respectively.

KES Bn

27-Oct-25	91-day	182-day	364-day	Totals
	26-Jan-26	27-Apr-26	26-Oct-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	13.00	7.03	5.37	25.40
Subscription rate (%)	325.0%	70.3%	53.7%	105.9%
Amount accepted	**12.99**	**7.03**	**5.36**	**25.38**
Acceptance rate (%)	99.9%	100.0%	99.8%	99.9%
Of which: Competitive Bids	9.81	0.00	2.36	12.18
Non-competitive bids	3.17	7.03	3.00	13.21
Rollover/Redemptions	16.51	15.79	13.21	45.50
New Borrowing/(Net Repayment)	**-3.52**	**-8.75**	**-7.84**	**-20.11**
Weighted Average Rate of Accepted Bids	7.83%	7.87%	9.35%	
Inflation	4.6%	4.6%	4.6%	
Real Return	**3.2%**	**3.3%**	**4.7%**	

Source: Central Bank of Kenya (CBK), Table: SIB

T-Bonds:

In the primary bond market, the fiscal agent is seeking to raise KES 40.0bn through two reopened bonds: FXD1/2012/020 and FXD1/2022/015 with effective tenors of 7.0 and 11.4 years, respectively. The bonds have coupon rates of 12.00% and 13.94% for FXD1/2012/020 and FXD1/2022/015, respectively, with the sale period for both papers running until 5th November 2025. The total outstanding amount for the bonds stands at KES 260.0bn, with the shorter tenured paper (FXD1/2012/020) holding a slightly larger allocation (KES 130.8bn). Given the steady decline in bond yields, as well as recent auction trends, we anticipate increased investor demand for FXD1/2022/015, due to its comparably higher coupon rate. See below a summary of the offer:

Bond Auction	Maturity Date	Effective Tenor	Amount Offered (in KES Bn)	Coupon	Sale Period
FXD1/2012/020	01/11/2032	7.0 yrs	40.00	12.00%	Up to 05/11/2025
FXD1/2022/015	06/04/2037	11.4 yrs		13.94%	

Source: Central Bank of Kenya (CBK), SIB Estimates | Table: SIB

Meanwhile, the Central Bank of Kenya is in the market for a bond buyback, aiming to partly settle in advance, one paper: FXD1/2023/003. The offer targets a redemption of KES 30.0bn, whose total outstanding amount comes in at KES 76.5bn—translating to a c.39.2% potential settlement. The buyback settlement mostly coincides with the amount sought for the two reopened bonds (KES 40.0bn), which have lower coupon rates as well as longer maturity profiles. This reiterates the National Treasury's liquidity management strategy that focuses on managing maturity risk and smoothing the redemption profile of domestic debt. Notably, this is the first buyback in the current financial year (despite a late start), with five more slated in the financial year as outlined in the Annual Borrowing Plan for FY25/26, as outlined below:

Bond	Outstanding Amount (in KES Bn)	Maturity Date	Destination Bond	Value Date
FXD1/2023/003	76.5	11/05/2026	10-15yr	15-Sept-25
FXD1/2016/010	103.4	17/08/2026	10-15yr	13-Oct-25
FXD1/2021/005	66.1	09/11/2026	15-20yr	17-Nov-25
FXD1/2016/010	73.4	17/08/2026	20-25yr	12-Jan-26
FXD1/2024/003	91.6	11/01/2027	10-15yr&20-25yr	23-Feb-26
FXD1/2012/015	144.5	06/09/2027	15-20yr	15-Jun-26

Source: National Treasury Annual Borrowing Plan FY25/26 | Table: SIB

We opine that the auction signals the government's confidence in market conditions and robust FX reserves, as the CBK acts to actively manage the domestic debt profile (given this is the second local bond buyback in the calendar year, followed by the successful Eurobond buyback earlier this month). Overall, it is a welcome step, particularly given the voluntary nature of the buyback.

See a summary of the offer.

Bond Auction	Maturity Date	Effective Tenor	Target Amount (in KES Bn)	Coupon	Outstanding Amount (in KES Bn)	Sale Period
FXD1/2023/003	11/05/2026	0.6 yrs	30.00	14.23%	76.54	up to 17/11/2025

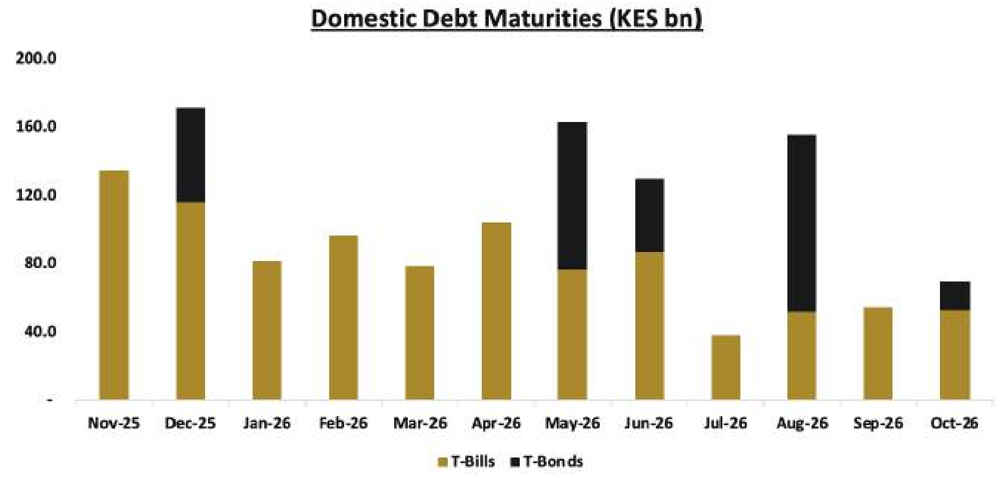
Source: Central Bank of Kenya (CBK)| Table: SIB

Secondary bond market turnover surged to KES 54.50bn (+80.4% w/w) in the week ended 24th October from KES 30.21bn posted in the previous week.

Outstanding Debt Maturities (T-Bills and T-Bonds):

As of this week, the Government's outstanding maturities to October 2026 are at c.KES 974.13bn in T-Bills and c.KES 304.36bn in T-Bonds. When coupons are factored in, the total maturity profile comes in at c.KES 1.9tn. The next bond maturity is expected in December 2025, affording the government much-needed breathing space on its repayment schedule.

See the chart below;



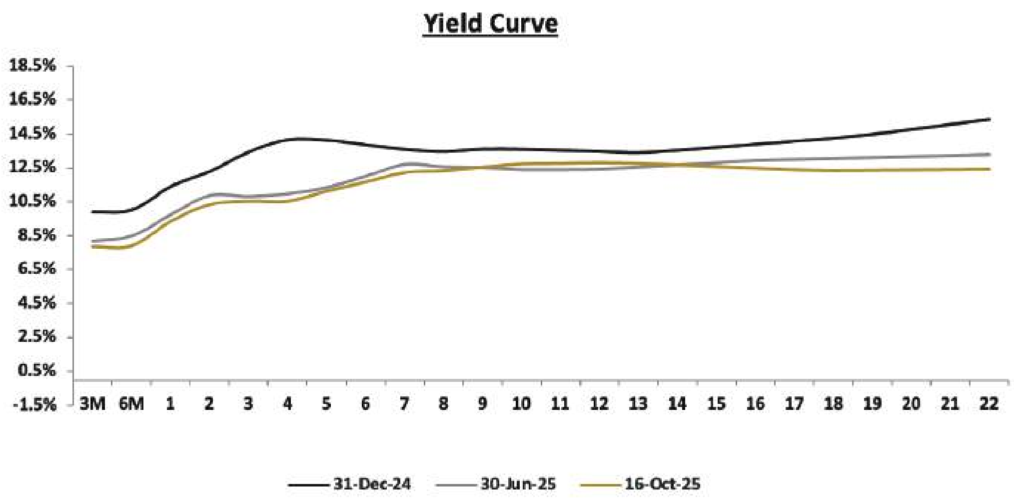
Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES 378.76bn, slightly below the prorated target.

Yield Curve:

The yield curve sustained its downward movement, save for a few yields on relatively long-term papers. The downward trend has largely been driven by signals from the Central Bank, including the recent bond buyback and accommodative monetary stances, such as the consecutive CBR rate cuts. Week-on-week, yields declined by an average of 6.4bps w/w.

Below is a visual representation;



Source: Nairobi Securities Exchange (NSE), Chart: SIB

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

During the week, yields on Kenyan Eurobonds remained largely stable, with rates inching lower by an average of 4.13bps w/w. While a majority of the papers recorded a decline, the 12-year paper (KENINT 05/22/2032) experienced a slight uptick in the week (+0.03% w/w). The table below summarizes the performance across maturities:

Issuance	KENINT 02/28/2028	KENINT 02/16/2031	KENINT 05/22/2032	KENINT 01/23/2034	KENINT 02/28/2048
Maturity Date	28-Feb-28	16-Feb-31	22-May-32	1-Jun-34	28-Feb-48
Tenor to Maturity	2.3	5.3	6.6	8.6	22.4
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
16-Oct-25	**5.9%**	**8.0%**	**8.2%**	**8.6%**	**9.4%**
17-Oct-25	6.0%	8.1%	8.4%	8.7%	9.5%
20-Oct-25	6.0%	8.0%	8.3%	8.6%	9.4%
21-Oct-25	5.9%	7.9%	8.2%	8.5%	9.3%
22-Oct-25	5.9%	7.9%	8.2%	8.5%	9.3%
23-Oct-25	5.9%	7.9%	8.3%	8.6%	9.3%
Weekly Change	(0.011%)	(0.108%)	0.030%	(0.044%)	(0.073%)
YTD Change	(3.2%)	(2.2%)	(1.9%)	(1.5%)	(1.0%)

Source: Central Bank of Kenya (CBK), Table: SIB

Currency Performance

The Kenyan shilling strengthened against a majority of the currencies we track. In particular, the local unit appreciated by 0.4% w/w, 0.5% w/w, and 0.1% w/w against the Euro, British Pound, and Tanzanian Shilling, respectively. Additionally, the Kenyan shilling strengthened by 0.9% w/w against the Uganda Shilling and Japanese Yen, respectively. The local currency remained stable against the US dollar despite the Dollar Index rising this week, driven by safe-haven demand and expectations that the Federal Reserve would adopt a cautious monetary policy amid fiscal uncertainties. Global growth is projected to decline from 3.3% in 2024 to 3.2% in 2025 and further to 3.1% in 2026, remaining high relative to historical levels, driven by persistent inflationary pressures and ongoing uncertainties in policy, according to the IMF's October 2025 World Economic Outlook.

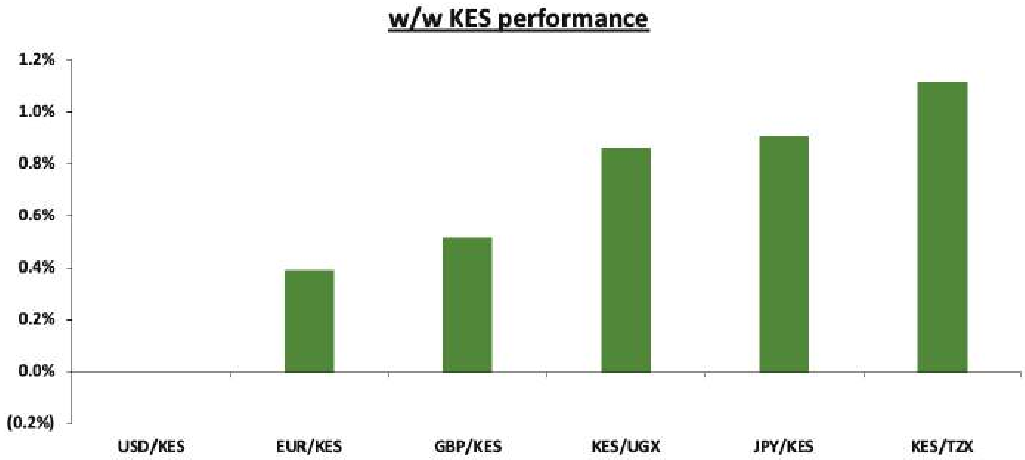
See the table below;

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	Y/y change
USD/KES	129.29	129.24	129.24	(0.0%)	0.0%
EUR/KES	134.29	150.64	150.05	0.4%	(12.2%)
GBP/KES	162.27	173.38	172.48	0.5%	(7.5%)
KES/UGX	28.41	26.77	27.00	0.9%	(3.3%)
JPY/KES	82.12	85.52	84.74	0.9%	(7.0%)
KES/TZX	18.99	19.00	19.21	1.1%	2.2%

Source: Central Bank of Kenya (CBK), Chart: SIB

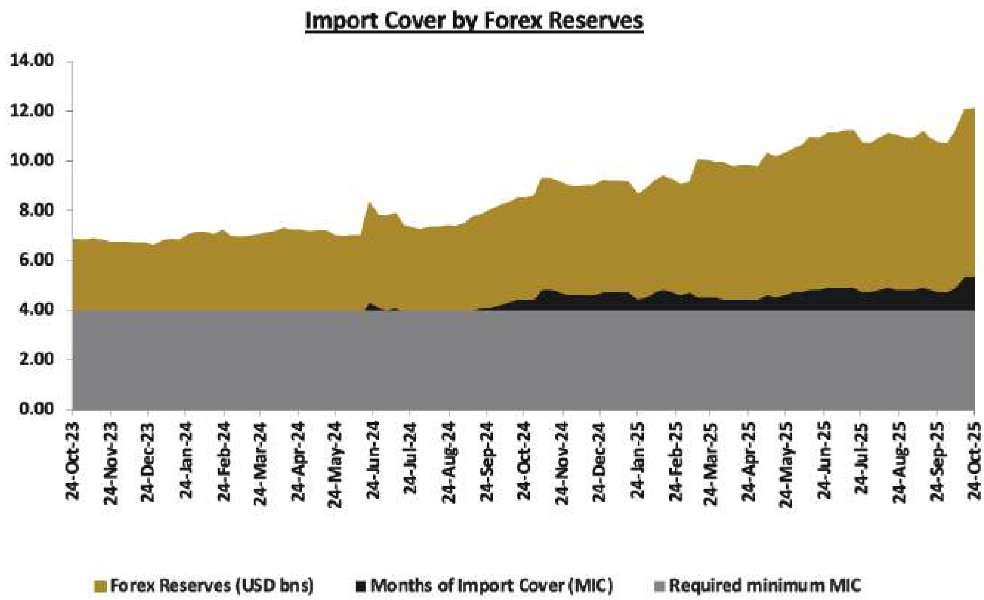
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



Source: Central Bank of Kenya (CBK), Chart: SIB

Kenya's foreign exchange reserves remained steady at USD 12.08bn (+0.1% w/w), maintaining import cover at 5.3 months. See the chart below for a visual summary;



Source: Central Bank of Kenya (CBK), Chart: SIB

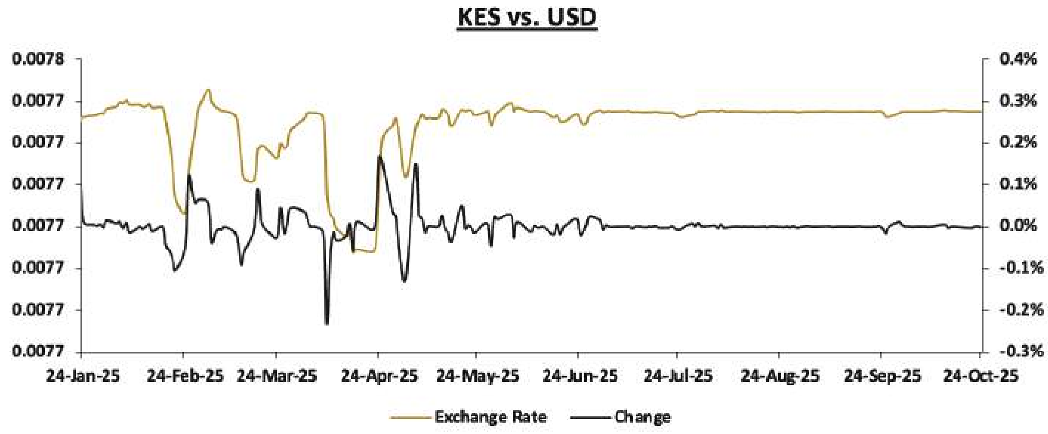
Hot on the Horizon:

1. **October 2025 inflation numbers**

   The Kenya National Bureau of Statistics (KNBS) is set to release the inflation figures for October 2025 in the coming week.

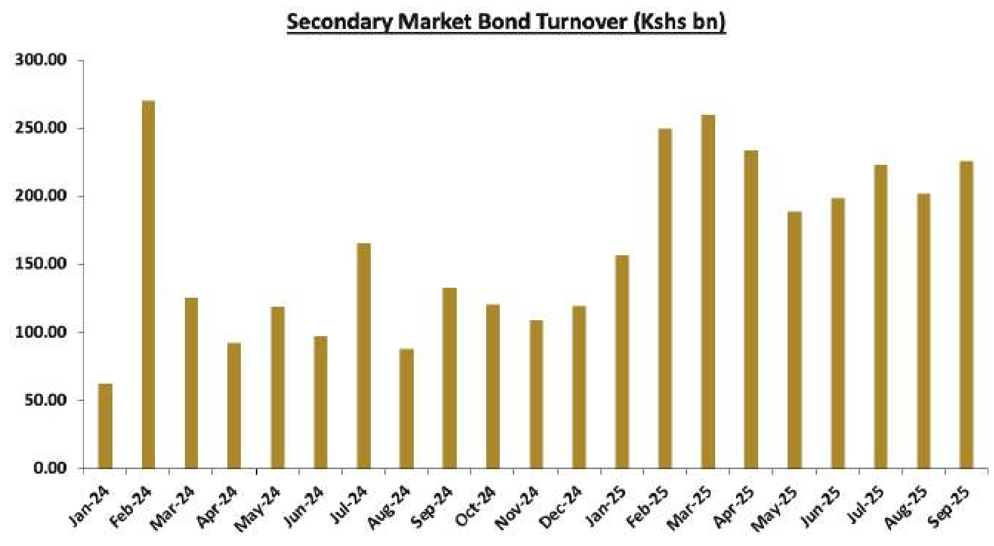
BACKGROUND CHARTS

KES/USD Performance



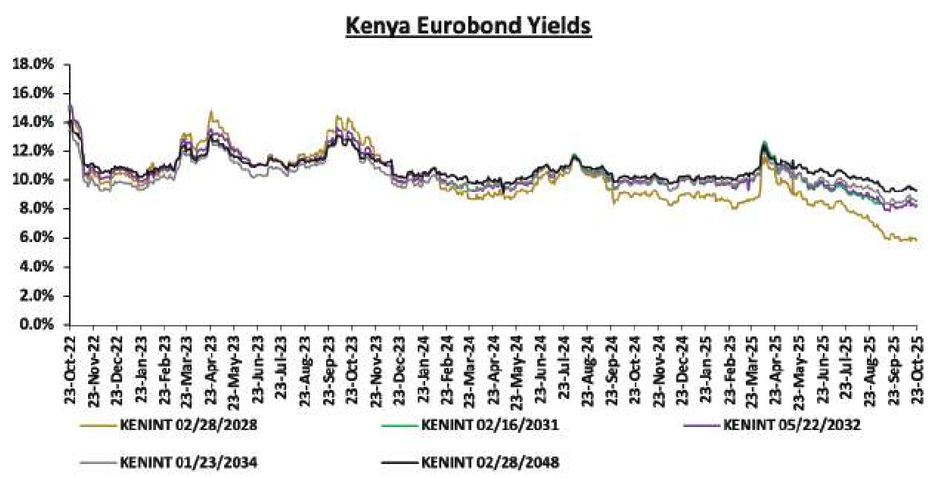
Source: Central Bank of Kenya (CBK)

Bond Turnover



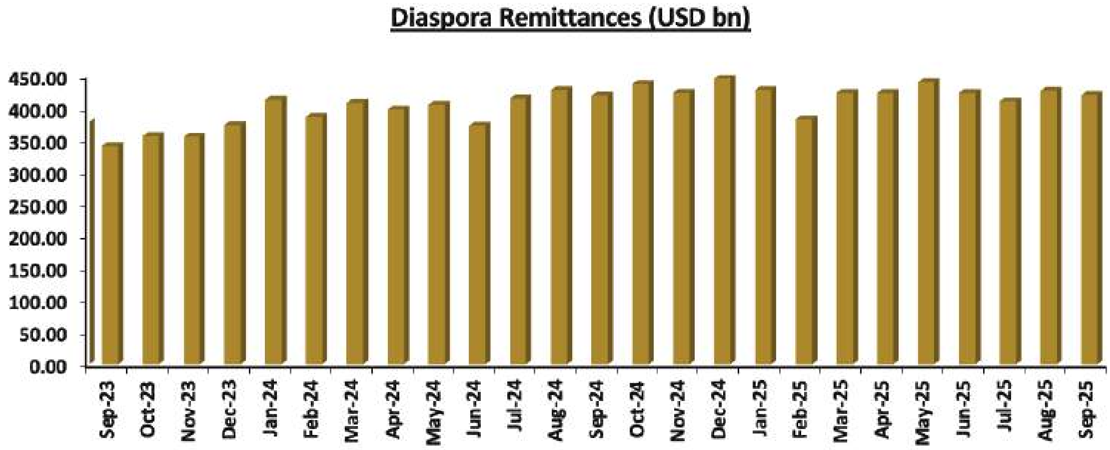
Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

Diaspora Remittances



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