SIB Standard Investment Bank

Regulated by the Capital Markets Authority

1ST DECEMBER 2025

“Safaricom announces issuance of KES 15.0bn Fixed Rate Green Notes as Central Bank seeks KES 40.0bn via 2 reopened bonds”

WEEKLY FIXED INCOME REPORT

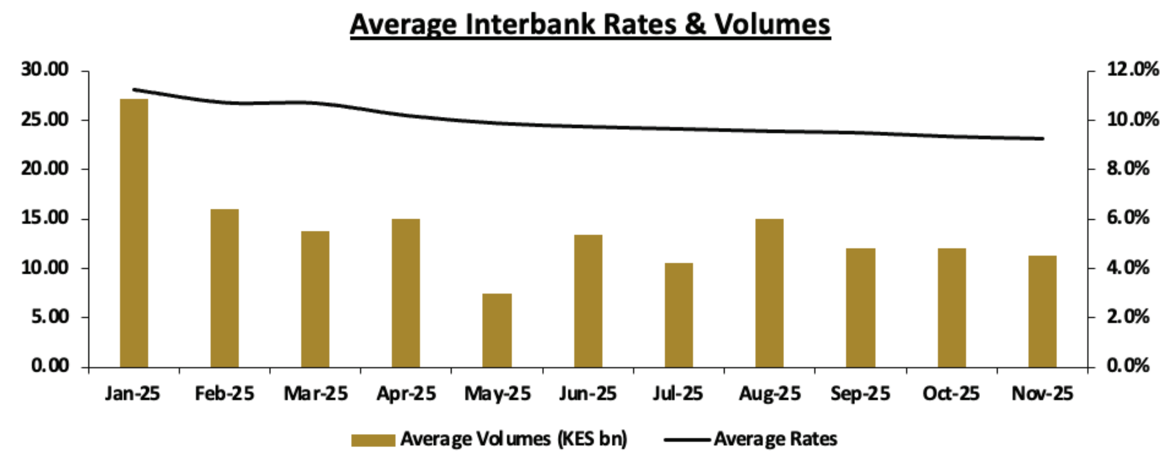
November 2025 inflation eases to 4.5% as core inflation trends lower

MONEY MARKET STATISTICS

Interbank lending increased during the week, with the average traded volumes jumping by 62.38% w/w to KES 16.24bn, from KES 10.00bn in the prior week. Consequently, the number of interbank deals rose by 38.89% w/w to 25. The Kenya Shilling Overnight Interbank Average (KESONIA) notched higher (+1.19bps w/w) to an average of 9.25%, as liquidity tightened slightly during the week. However, no actor utilized the CBK borrowing window in the week. Key to note is that the banking sector will implement a new regime for interest rate determination based on KESONIA and premium (K) through the revised risk-based pricing model starting from 1st December 2025.

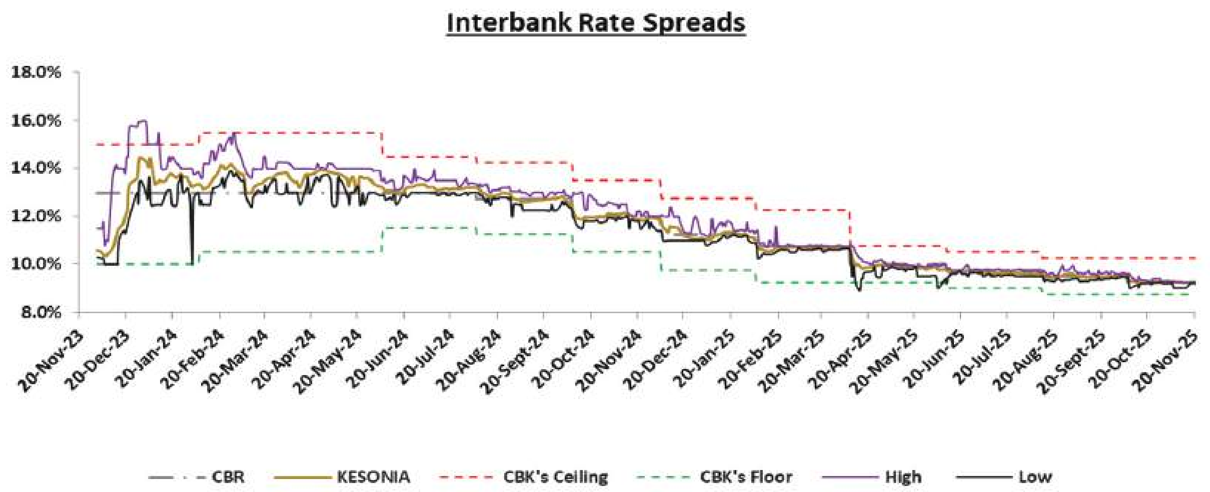
Average	Previous Week – ended 20th November 2025	Current Week – ended 27th November 2025	Change
Interbank Deals	18	25	38.89%
Inter-Bank volumes (KES bn)	10.00	16.24	62.38%
KESONIA (bps)	9.24%	9.25%	1.19
Window Borrowing Volumes (KES bn)	-	-	n/a

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



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

The weighted average interbank rate continues to closely track the Central Bank Rate, underscoring the stability and effectiveness of the monetary policy framework:



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

GOVERNMENT SECURITIES MARKET

T-Bills:

The T-bill auction for the week was oversubscribed for the eighth time, with overall performance increasing to 186.7% from 180.9% last week. Investors submitted bids totalling KES 44.8bn, of which the fiscal agent accepted 100.0% of the bids. This amount was lower than the maturity amounts, resulting in a net repayment of KES 0.7bn. In absolute terms, the 364-day paper received the highest interest, with the paper garnering 58.8% of the total bids. Additionally, the 91-day paper reported the highest subscription rate at 448.6%, while the 182-day paper recorded a dismal performance of 5.2%. Overall, KES 44.8bn was accepted at 7.78% (-0.14bps), 7.80% (remained unchanged), and 9.38% (-0.3bps) for the 91-day, 182-day, and 364-day papers, respectively, as shown below;

KES Bn

01-Dec-25	91-day	182-day	364-day	Totals
	02-Mar-26	01-Jun-26	30-Nov-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	17.94	0.52	26.35	44.81
Subscription rate (%)	448.6%	5.2%	263.5%	186.7%
Amount accepted	**17.94**	**0.52**	**26.35**	**44.80**
Acceptance rate (%)	100.0%	100.0%	100.0%	100.0%
Of which: Competitive Bids	11.40	0.00	23.01	34.41
Non-competitive bids	6.54	0.52	3.34	10.39
Rollover/Redemptions	20.19	9.10	16.21	45.50
New Borrowing/(Net Repayment)	**-2.25**	**-8.58**	**10.14**	**-0.69**
Weighted Average Rate of Accepted Bids	7.78%	7.80%	9.38%	
Inflation	4.5%	4.5%	4.5%	
Real Return	**3.3%**	**3.3%**	**4.9%**	

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

T-Bonds:

In the primary bond market, the fiscal agent seeks to raise KES 40.0bn through two reopened bonds: SDB1/2011/030 and FXD1/2021/025 with effective tenors of 15.2 and 20.4 years, respectively (in line with its strategy to lengthen its maturity profile). The bonds have coupon rates of 12.00% and 13.92% for SDB1/2011/030 and FXD1/2021/025, respectively, with the sale period for both papers running until 3rd December 2025. The total outstanding amount for the bonds stands at KES 134.8bn, with the longer tenured paper (FXD1/2021/025) holding a slightly larger allocation (KES 90.5bn). Given the steady decline in bond yields, as well as recent auction trends, we anticipate increased investor demand for FXD1/2021/025, driven by its comparatively attractive coupon rate.

Bond	Maturity Date	Effective Tenor	Amount Offered (in KES Bn)	Coupon	Sale Period	Expected Outcome Range
SDB1/2011/030	21-Jan-41	15.20	40.00	12.00%	Up to 3rd December 2025	13.00% - 13.10%
FXD1/2021/025	09-Apr-46	20.40		13.92%		13.55% - 13.69%

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

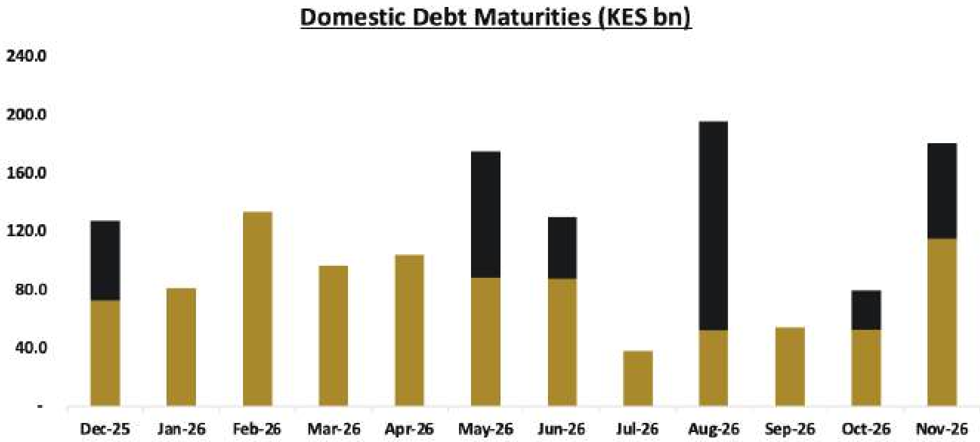
During the week, Safaricom announced the first tranche of its KES 40.0bn medium-term note (MTN) programme, kicking off with a 5-year KES 15.0bn fixed-rate green note. The paper has a green shoe option of KES 5.0bn, with the proceeds earmarked for financing and/or refinancing the portfolio of Eligible Green Projects outlined in Safaricom's Green Project Categories under its Sustainable Finance Framework. The green notes are classified as a senior unsecured instrument that will provide a fixed interest rate of 10.40% per annum. Markedly, interest earned on these green bonds is tax-exempt under Kenyan law (coupon equating to an effective c.12.24% yield if tax were included), a sweetener that is likely to pique investor interest in the paper (current yield of 5-year government securities is estimated at 11.81%) – an indicative premium of over 40bps. Additionally, we see demand from investors and large institutions keen to increase their exposure to ESG-related fixed-income securities amid falling rates and the NSE bond market's revival post-EABL's issuance. The offer closes on 5th December 2025, with the listing date slated for 16th December 2025. Find the notice here.

Looking at the secondary bond market, turnover jumped to KES 61.6bn (+76.3% w/w) in the week from KES 34.9bn posted in the previous week. Furthermore, turnover increased to KES 193.4bn (+13.8% m/m) in November from KES 169.9bn last month. Cumulatively, turnover from January to November 2025 hit KES 2,305.95bn, up 66.4%y/y compared to a similar period last year.

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

As of this week, the Government's outstanding maturities to November 2026 is at c.KES 979.36bn in T-Bills and c.KES 420.58bn in T-Bonds. When we factor in coupons, the total maturity profile comes in at c.KES 2.0tn. Markedly, the next domestic bond maturity is expected in December (KES 54.9bn; FXD2/2010/015 at KES 25.2bn on 8th December 2025 & 50% amortization of IFB1/2022/006 at KES 29.7bn on 1st December 2025).

See the chart below;

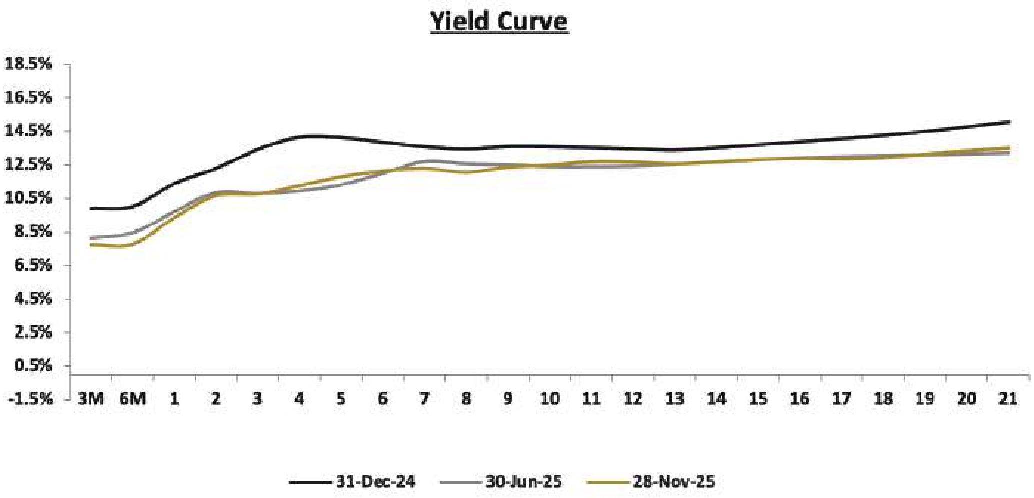


Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES c.456.9bn, above the prorated target (performance rate of c.181.1%).

Yield Curve:

Week-on-week, yields edged higher by an average of 4.0bps w/w, with declines offset by upticks. In particular, yields around the tail end of the yield curve softened, while those at the belly of the curve rose. 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 increasing by an average of 3.7bps w/w. The table below summarizes the performance across maturities:

Kenyan Eurobonds					
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	5.2	6.5	8.5	22.3
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
20-Nov-25	**6.1%**	**7.9%**	**8.2%**	**8.6%**	**9.2%**
21-Nov-25	6.4%	8.1%	8.3%	8.9%	9.3%
24-Nov-25	6.3%	8.0%	8.3%	8.8%	9.2%
25-Nov-25	6.3%	8.0%	8.3%	8.8%	9.2%
26-Nov-25	6.2%	8.0%	8.2%	8.7%	9.2%
27-Nov-25	6.2%	8.0%	8.2%	8.7%	9.2%
Weekly Change	0.110%	0.061%	0.029%	0.029%	(0.043%)
YTD Change	(2.8%)	(2.2%)	(1.9%)	(1.5%)	(1.1%)

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

Currency Performance

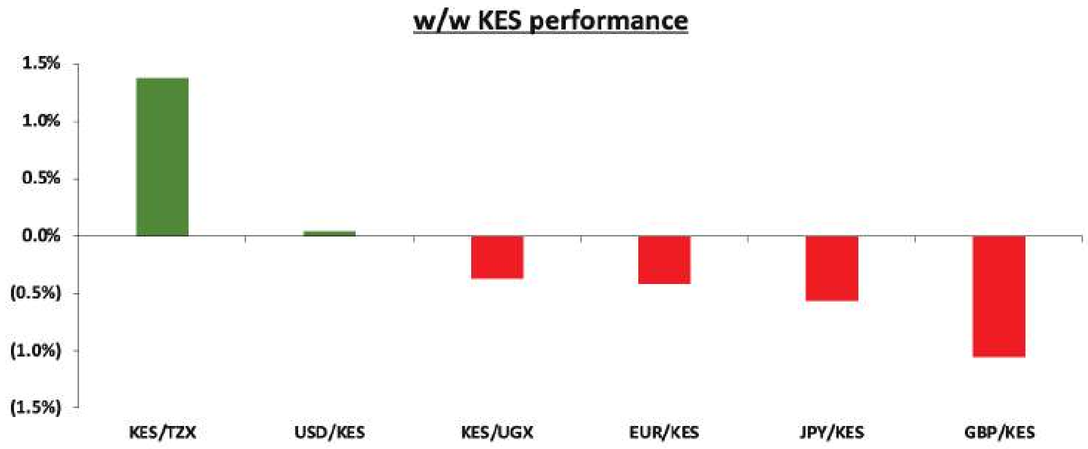
The Kenyan shilling exhibited mixed performance during the week compared to the currencies we track. In particular, the Kenyan Shilling gained ground against the Tanzanian Shilling by 1.4% w/w, while against the US dollar, it remained largely unchanged in the week, with the local unit appearing to have found its footing after the slight pressure the prior week. The U.S. Dollar index weakened by 0.56% during the week, as mixed economic data (some delayed and therefore dated), reinforced expectations that the Federal Reserve will cut interest rates this month. On the other hand, the Kenyan Shilling weakened against the Ugandan Shilling and Euro by 0.4% w/w each. Additionally, the local unit depreciated against the Japanese Yen and British Pound by 0.6% w/w and 1.1% w/w, respectively.

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	YTD change
KES/TZX	18.99	18.71	18.97	**1.4%**	(0.1%)
USD/KES	129.29	129.87	129.82	**0.0%**	(0.4%)
KES/UGX	28.41	28.03	27.92	**(0.4%)**	(1.7%)
EUR/KES	134.29	149.86	150.47	**(0.4%)**	(12.1%)
JPY/KES	82.12	82.57	83.04	**(0.6%)**	(1.1%)
GBP/KES	162.27	170.04	171.83	**(1.1%)**	(5.9%)

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

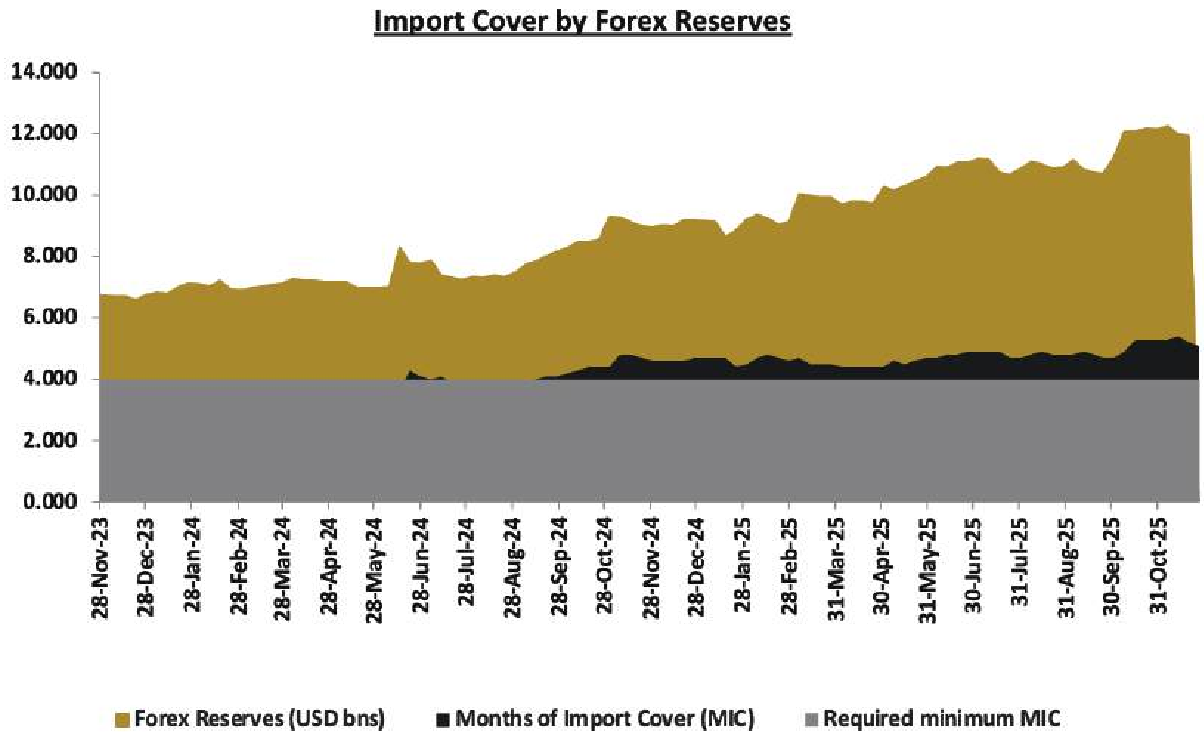
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves declined to USD 11.95bn (-0.5% w/w likely due to debt servicing costs), maintaining the import cover at 5.1 months. See the chart below for a visual summary;

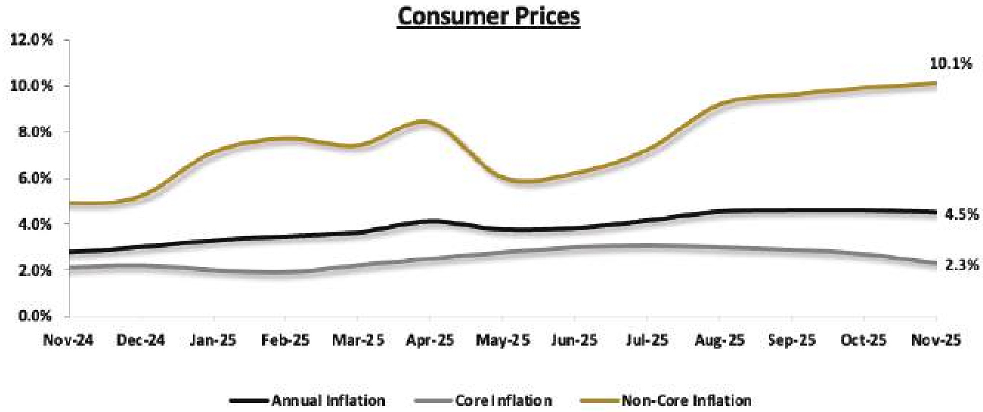


Source: Central Bank of Kenya (CBK), Chart: SIB

THE MACRO WRAP

1. November inflation eases to 4.5% as core inflation trends lower

In November 2025, consumer prices softened, with headline inflation coming in at 4.5% y/y (vs 4.6% in October 2025), with core inflation dwindling to 2.3% from 2.7% in October 2025. Conversely, non-core inflation jumped to 10.1% from 9.9% in October 2025. The overall price increase in the month was largely on the back of higher prices in the Food and Non-Alcoholic Beverages (7.7%); Transport (5.1%), and Housing, Water, Electricity, Gas, and other fuels (1.9%) segments over the one-year period. Overall, headline inflation remained anchored within the central bank's target; however, non-core inflation continued to exhibit volatility.
See the chart below;

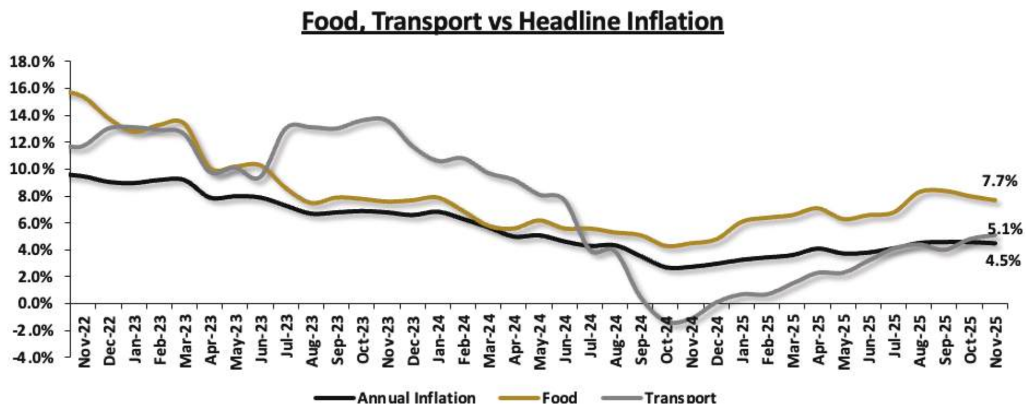


Source: KNBS, Chart: SIB

The y/y performance of non-core inflation was largely attributable to a jump in energy and transport costs, coupled with higher food prices, with food inflation reported at 7.7% (albeit slower than the 8.0% recorded in October 2025) from 4.5% in November 2024. Notably, prices of several food items recorded mixed movements in the month. Fortified maize flour saw the largest price drop among cereals at 3.8% m/m, followed by sifted maize flour at 3.2% m/m, while tomatoes declined by 2.1% m/m. In contrast, kale (sukuma wiki) rose 2.7% m/m, onions (leeks and bulbs) increased 4.9% m/m—the highest among fresh produce—while sugar fell 1.1% m/m, with beef with bones up 1.5% m/m.

The Transport index grew at a rate of 5.1% in the year vs 4.8% in October 2025. Month on month, the metric rose by 0.5%, with the cost of country bus and matatu fares for travel between towns increasing by 1.4%. Additionally, petrol prices are reported to have increased by 2.3% over the one year.

The Household Utilities Index's growth rate remained steady at 1.9% (same as October 2025). Electricity charges declined across consumption levels in Kenya, with the cost of 50 kWh dropping 1.7% m/m and 200 kWh falling 1.5% m/m, signaling a general easing in electricity tariffs. Firewood prices, a key traditional cooking fuel, rose 1.2% m/m, while water charges from Water Service Providers saw a modest 0.6% m/m increase. The chart below illustrates the growth trajectory of the food and non-alcoholic beverages, as well as transport indices (both of which constitute more than 40% of the consumer basket), against the headline inflation.



Source: KNBS, Chart: SIB

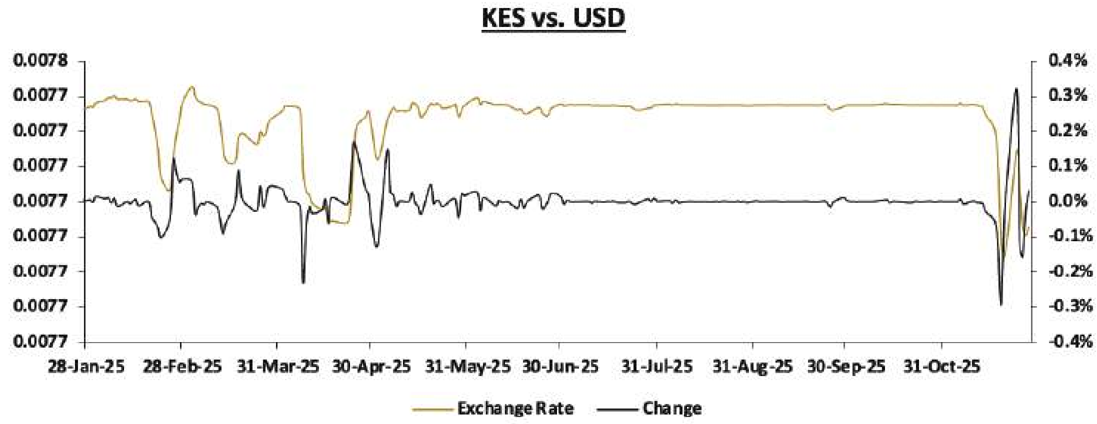
On a month-on-month basis, consumer prices rose by 0.2%, similar to the performance recorded in October 2025, reflecting relative stability across key indices. However, upward pressure persists, driven by rising food prices on select items, further squeezed by higher transport prices. Overall, core inflation points to continued price stability, anchored by a steady shilling against the US dollar, as underlying, long-term price pressures in the economy soften.

Hot on the Horizon:

1. Stanbic November 2025 Purchasing Managers' Index (PMI)

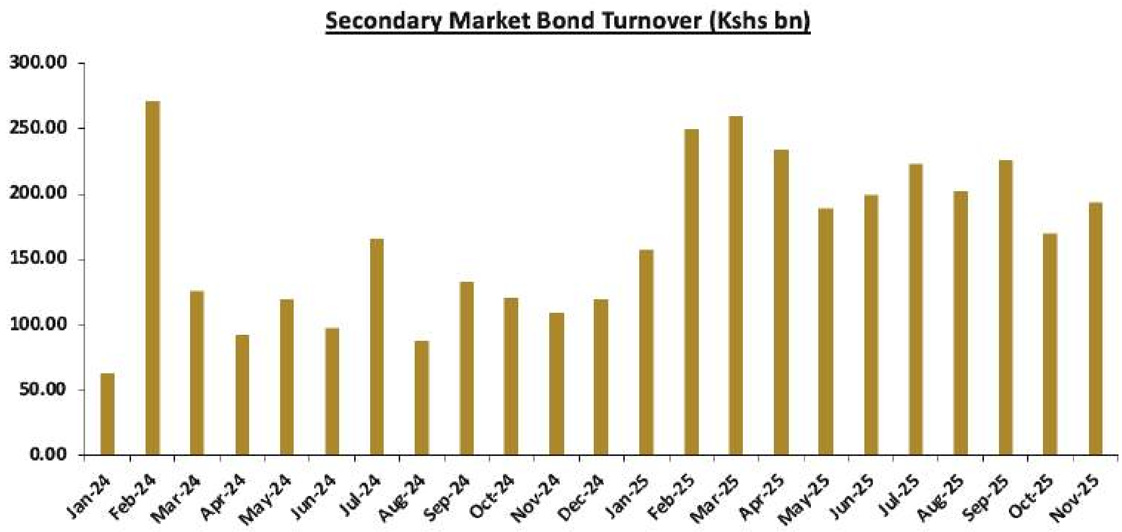
BACKGROUND CHARTS

KES/USD Performance



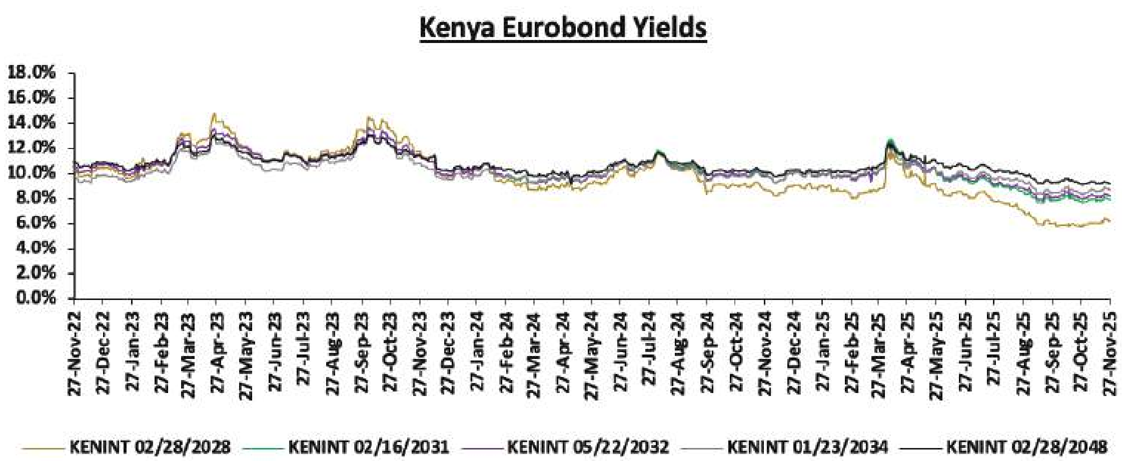
Source: Central Bank of Kenya (CBK)

Bond Turnover



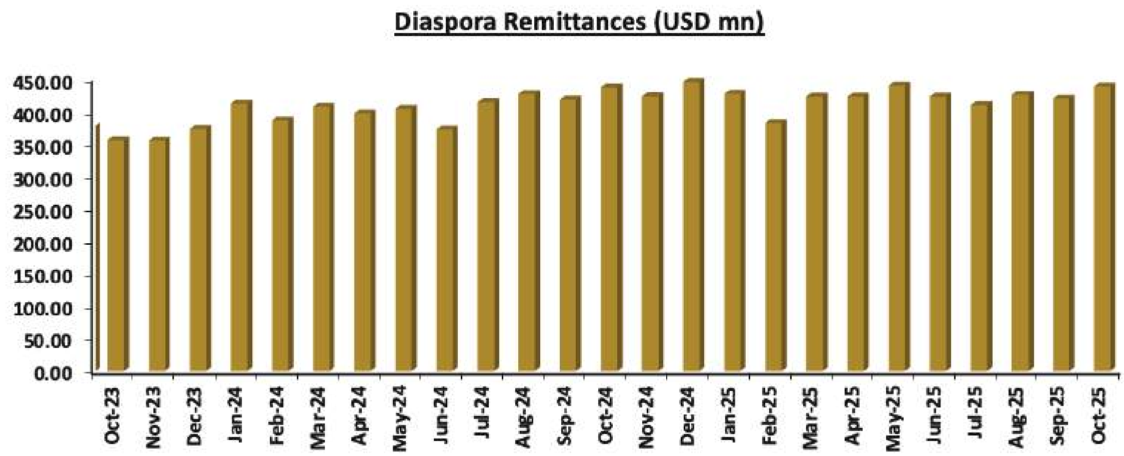
Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

Diaspora Remittances



Source: Central Bank of Kenya (CBK)

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