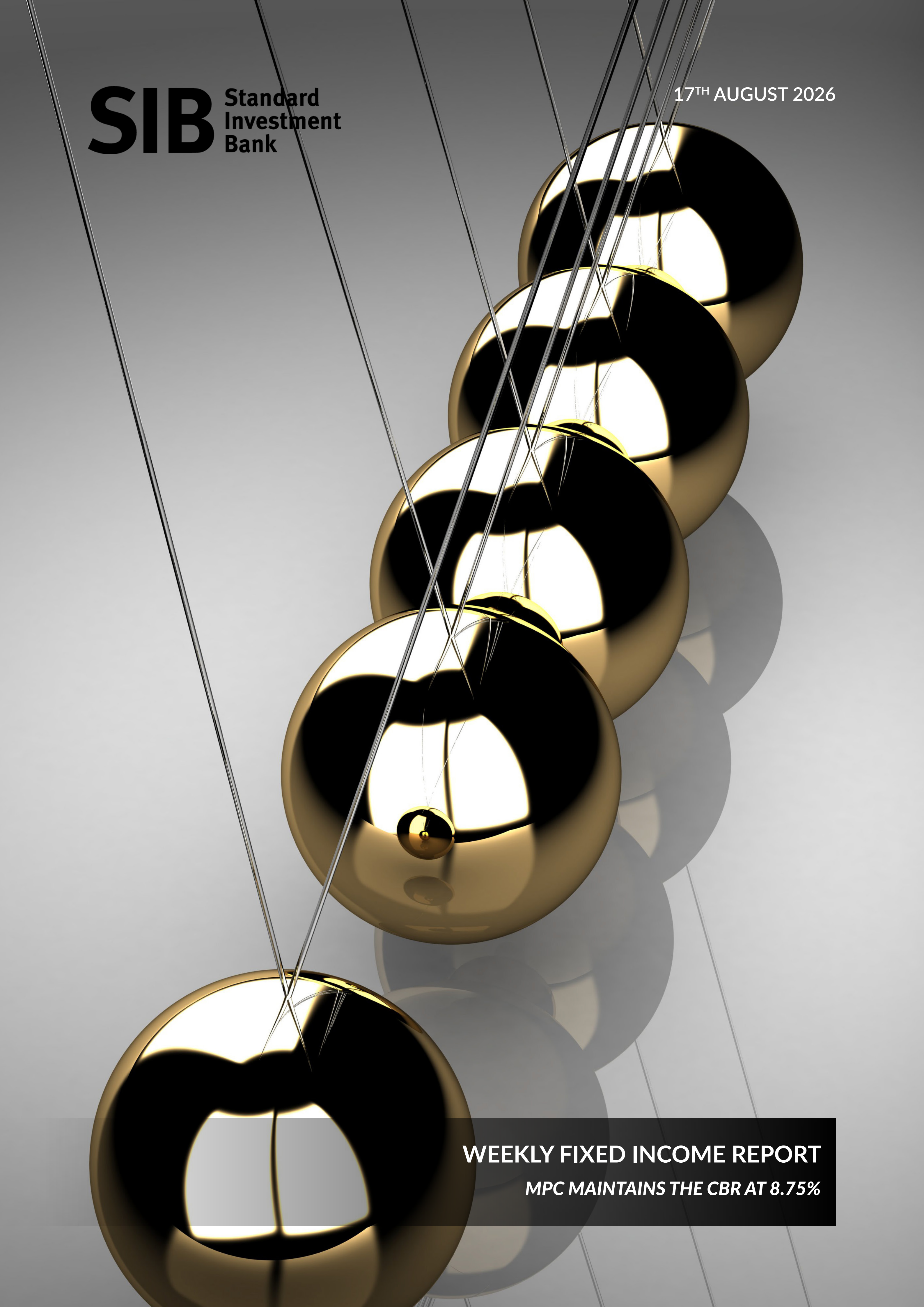


Standard Investment Bank

17TH AUGUST 2026

WEEKLY FIXED INCOME REPORT

MPC MAINTAINS THE CBR AT 8.75%

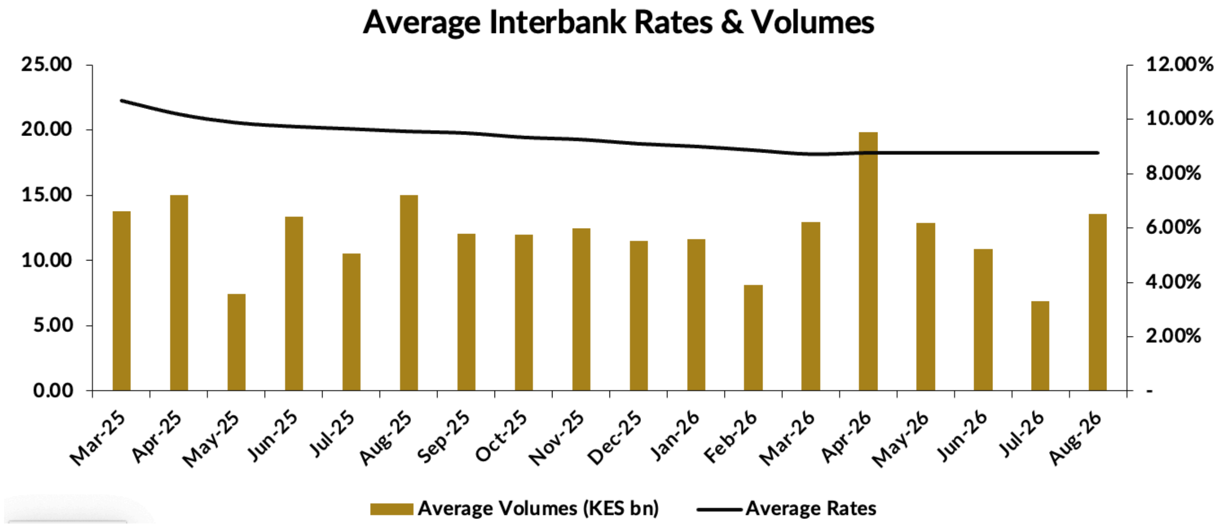
MONEY MARKET STATISTICS

Liquidity conditions remained stable in the week, with the Kenya Shilling Overnight Interbank Average (KESONIA) closing at an average of 8.75%. Interbank lending increased by 40% in the week, with average traded volumes coming in at KES 19Bn from last week's KES 13Bn. Notably, the interbank deals increased by 19% to close the week at 25, compared to the 21 recorded in the previous week.

Find the summary below:

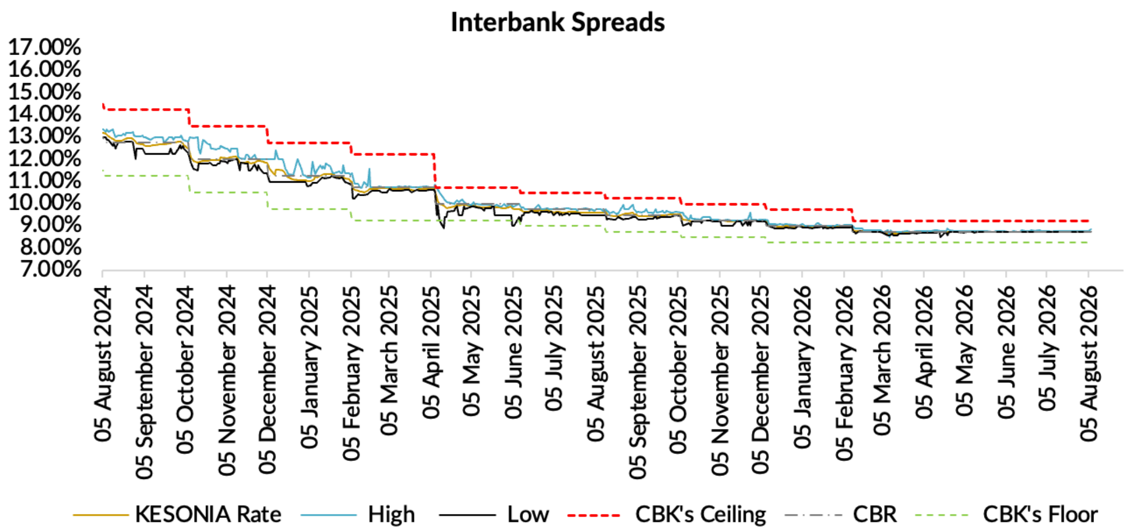
Average	Previous Week - 24th July 2026	Current Week - ended 29th July 2026	Change
Interbank Deals (Total)	6.00	17.00	183.33%
Inter- Bank volumes (KES bn)	3.70	12.00	224.32%
KESONIA (bps)	8.75%	8.75%	0.00

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



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

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



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

GOVERNMENT SECURITIES MARKET

T-Bills:

Treasury Bill demand remained steady this week, with Investors submitting bids totalling KES 40.79Bn, of which the fiscal agent accepted KES 37.02Bn resulting in the subscription rate of 91% and a performance rate of 146% lower than the subscription rate of 95%, recorded the previous week.

The 91-day Treasury Bill remained the most attractive debt instrument, registering a performance rate of 228%. The auction was significantly oversubscribed, receiving KES 18Bn in bids compared to the KES 8.0Bn on offer.

Below is a visual summary;

KES Bn

16-Aug-26	91-day	182-day	364-day	Totals
	15-Nov-26	14-Feb-27	15-Aug-27	
Amount offered	8.00	10.00	10.00	28.00
Bids received	18,236.31	8,993.35	13,560.93	40,790.59
Bids Accepted	16,364.21	7,092.67	13,560.93	37,017.81
Subscription rate (%)	**89.73%**	**78.87%**	**100.00%**	**90.75%**
Performance rate (%)	**227.95%**	**89.93%**	**135.61%**	**145.68%**
Rollover/Redemptions	7,402.80	7,079.00	11,777.70	26,259.50
New Borrowing/(Net Repayment)	**8,961.41**	**13.67**	**1,783.23**	**10,758.31**

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

T-Bonds Record Demand Highlight Kenya's August 2026 Infrastructure Bond Auction.

Driven by attractive tax exemptions and rising investor confidence—fuelled by expectations of lower inflation amid easing geopolitical tensions—the Kenyan government's August 2026 Infrastructure Bond auction saw massive market demand. Re-opening three fixed-coupon tenors (9.3, 12.7, and 16.2 years) to raise KES 150Bn for FY 2025/26 infrastructure projects, the sale attracted KES 460Bn in total bids. This milestone achieved a record 306.93% subscription rate, with investor interest evenly distributed across the 9.3-year (36.10%), 12.7-year (33.65%), and 16.2-year (30.25%) securities. Supported by a healthy reserve buffer from recent World Bank and AfDB disbursements, the exchequer exercised pricing discipline, rejecting overly aggressive bids and ultimately accepting KES 312Bn.

Find a summary of the results below:

Issue	IFB1/2019/016 - Re-opened	IFB1/2021/018- Re-opened	IFB1/2021/021- Re-opened
Tenor to Maturity	9.3 Yrs	12.7 Yrs	16.2 Yrs
Coupon Rate	**11.75%**	**12.67%**	**12.74%**
Offered Amount	**KES 150Bn**		
Bids Received (KES Mn)	166,215.87	154,902.51	139,279.33
Amount Accepted (KES Mn)	**112,636.78**	**105,537.34**	**93,853.22**
Market Weighted Average Rate (%)	12.347%	12.815%	13.172%
Weighted Average Rate of Accepted Bids (%)	12.196%	12.688%	13.052%
Adjusted Average Price(Per KES 100)	105.878	104.496	103.995
Performance Rate	**110.81%**	**103.27%**	**92.85%**
New Borrowing/Net Repayment	**KES 194Bn**		

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

CBK Deploys Sixth 2026 Switch to Extend Maturity Profile

The Central Bank of Kenya (CBK) has initiated a voluntary KES 15Bn debt switch auction—marking its third Treasury bill-to-bond switch on record and sixth overall switch in 2026—signalling a strategic pivot toward using liability management tools as active domestic debt management instruments.

The operation allows investors to convert three short-term Treasury bills maturing concurrently on 7 September 2026 (91-day #2685/091, 182-day #2646/182, and 364-day #2574/364) alongside a 2027 paper (FXD1/2012/015, 11.00% coupon) into FXD4/2019/010, a 12.28% coupon bond maturing on 12 November 2029.

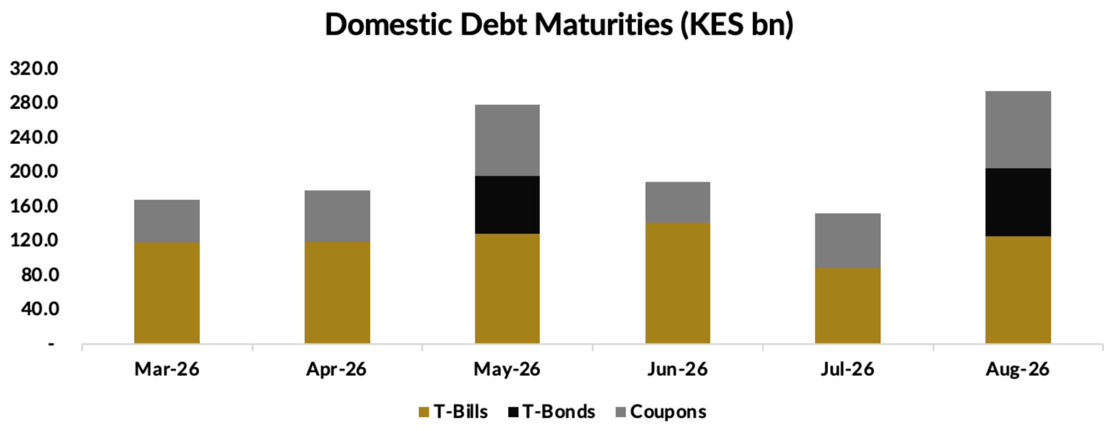
By targeting 22.4% of the KES 67.07Bn originally accepted across the three source bills—which initially saw massive investor demand, including an 820.68% performance rate on the 91-day paper—the National Treasury aims to push immediate refinancing pressure out by over three years. With settlement set for 26 August 2026, just 12 days ahead of the concentrated bill maturity wall, the switch effectively extends government debt duration while replacing short-dated weighted average yields of ~8.68% with a long-term fixed obligation

	SWITCH OFFER	T-Bills.			
Issue	**FXD1/2012/15 - Source Bond**	**2685/091**	**2464/182**	**2574/364**	**FXD4/2019/010- Destination Bond**
Tenor to Maturity	1.03 Yrs	0.03 Yrs	0.03 Yrs	0.03 Yrs	3.23 Yrs
Coupon Rate	**11.00%**	**0.00%**	**0.00%**	**0.00%**	**12.28%**
Offered Amount	**KES 15Bn**				
Period of Sale	30th July 2026 to 24th August 2026				
Value Date	24th August 2026				
Minimum Bidding Amount	KES 50,000.00				
Taxation	**10.00%**				

Looking at secondary bond market turnover, the quantum increased to KES 50Bn (+27%w/w) from KES 40Bn in the prior week. Month on Month, bond turnover decreased by 17.73% to KES 202Bn in July from KES 246Bn in June 2026.

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

Total domestic debt maturities in August 2026 are at KES 294Bn compared to KES 152Bn in July 2026. See the chart below;



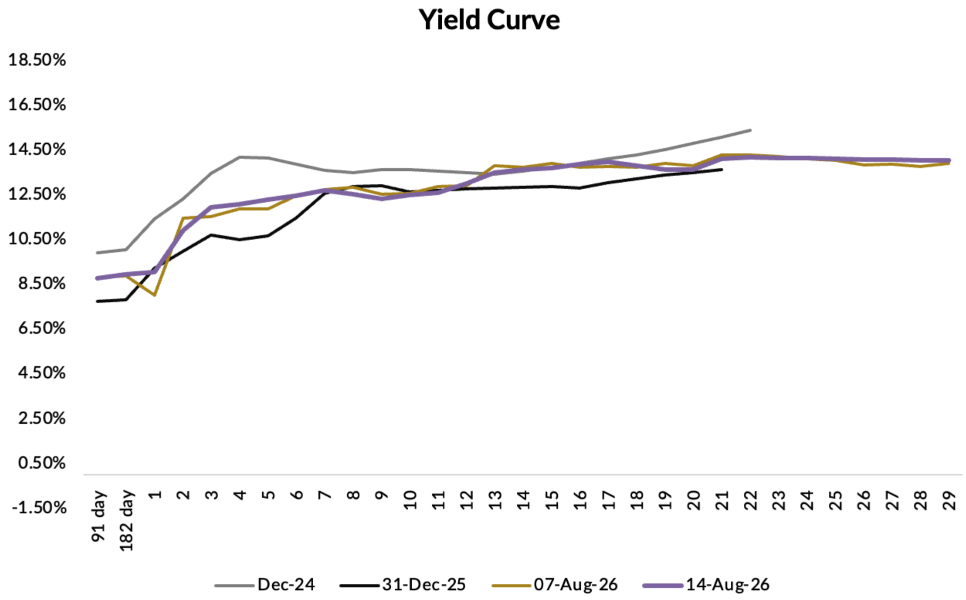
Source: Nairobi Securities Exchange (NSE), Chart: SIB

Yield Curve

Local interest rates were largely stable during the week, with average government securities yields inching slightly higher by c.0.0250% w/w.

With the government expected to lean heavily on the domestic market to plug its budget deficits, borrowing demands will stay high, keeping consistent upward pressure on local yields over the medium term despite high liquidity conditions.

Below is a visual representation;



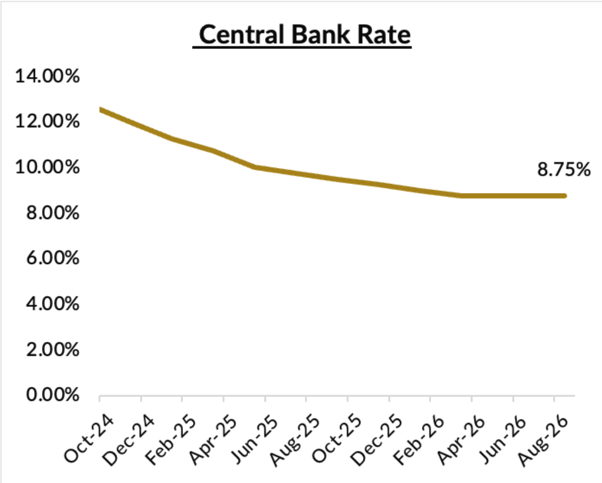
Source: Central Bank of Kenya (CBK), Chart: SIB

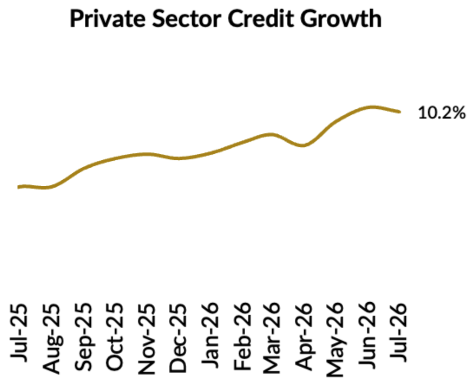
Monetary Policy Committee Holds Key Policy Rate at 8.75% Amid Stable Domestic Outlook

On August 12, 2026, the Monetary Policy Committee (MPC) held the Central Bank Rate (CBR) steady at 8.75%, matching market expectations by balancing positive domestic fundamentals against heightened external risks from Middle East geopolitical tensions.

Kenya's economic growth is projected to accelerate to 4.9% in 2026 and 5.3% in 2027—driven by robust services, industry, and agriculture—even as global growth moderates to 3.0%. While July headline inflation ticked up slightly to 6.5% due to rising food prices (vegetables, potatoes, and cabbage), core inflation remained anchored at 3.2%, keeping overall inflation comfortably within the CBK's 7.0% target band.

Externally, despite a widening current account deficit projected at 3.0% of GDP due to elevated fuel import costs, Kenya's external position remains well-protected by US$15Bn in foreign exchange reserves (6.3 months of import cover) and a projected balance of payments surplus of US$2.49Bn. Meanwhile, the banking sector demonstrated increased stability as non-performing loans dropped to 14.6% and private sector credit growth held strong at 10.2%, setting up a resilient outlook that could only be threatened if prolonged global conflict forces a future monetary tightening cycle.





Source: Central Bank of Kenya, Chart: SIB

THE INTERNATIONAL SCENE

Weekly Insight: Central Bank Standstills, Yen Strength, and Rising Energy Pressures

Global markets were driven by a volatile mix of persistent service-sector inflation, acute currency fluctuations following joint U.S.–Japan Yen interventions, an ongoing diplomatic impasse over Persian Gulf transit, and steady upward momentum in energy and precious metals. Rather than easing, Middle East geopolitical friction and maritime transit restrictions sustained upside risks to global commodity supply chains. Concurrently, expectations that the Bank of Japan could accelerate its rate-hike trajectory—coupled with a cautious "hold-for-longer" stance from the Federal Reserve—kept sovereign bond yields globally elevated even as broad industrial momentum moderated.

Global Macro & Central Banking Stance

The global macroeconomic narrative through the second week of August 2026 was defined by central banks maintaining a cautious stance following the Federal Reserve's decision to hold interest rates steady at 3.50%–3.75%. Emerging Labor market cooling in the U.S. (marked by modest private payroll gains of 44,000 for July) contrasted with resilient service activity, as ISM Non-Manufacturing PMI registered at 54.1. Internationally, monetary authorities in Europe and Asia reinforced a strict data-dependent posture, balancing supply-side energy friction against a broader slowdown in global trade velocity.

Japanese Yen: Joint Currency Intervention and Subsequent Retracement

Currency markets remained dominated by the aftermath of direct foreign exchange intervention. Following a joint operation by the U.S. Department of the Treasury and the Bank of Japan to defend the Yen after USD/JPY touched 163.99, the pair consolidated in the 158.30–158.55 zone. Meanwhile, the Euro held near 1.148–1.150 against the Dollar, supported by persistent yield differentials, while money markets continued pricing in a ~90% probability of a 25-basis-point rate hike by the Bank of Japan before the end of Q3.

Developments in the yen are particularly significant for global bond markets, as shifts in Japanese investor demand for overseas assets can influence capital flows into U.S. Treasuries and other developed market government bonds.

Middle East Conflict & Geopolitical Strains

Geopolitical conflict in the Middle East remained a primary source of systemic risk and commodity market friction. De-escalation initiatives stalled as regional negotiations over maritime transit through the Strait of

Hormuz faced deadlock, underscored by ongoing military friction and attacks targeting commercial energy infrastructure. The persistent naval blockade and elevated maritime security risks kept risk premiums embedded across global trade routes, directly influencing supply chain insurance costs and crude shipping logistics.

Kenyan Eurobonds

Yields on Kenyan Eurobonds exhibited signs of volatility, with rates increasing by an average of c.0.27% for the week dated 7th August 2026 to 13th August 2026, partly linked to the ongoing volatility in international markets. The table below summarizes the performance across maturities:

	KENINT 02/28/2028	KENINT 02/16/2031	KENINT 05/22/2032	KENINT 01/23/2034	KENINT 02/28/2048
Issuance	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
Maturity Date	28-Feb-28	16-Feb-31	22-May-32	1-Jun-34	28-Feb-48
Tenor to Maturity	1.6	4.6	5.8	7.9	21.6
31-Dec-25	6.0%	7.1%	7.2%	7.8%	9.3%
07-Aug-26	6.7%	7.9%	7.8%	8.2%	8.9%
10-Aug-26	6.6%	7.9%	7.8%	8.2%	8.9%
11-Aug-26	6.7%	7.8%	7.8%	8.2%	8.9%
12-Aug-26	6.7%	7.9%	7.8%	8.2%	8.9%
13-Aug-26	6.6%	7.5%	7.4%	8.2%	8.9%
Weekly Change	0.010%	0.400%	0.390%	-	-
YTD Change	0.6%	0.4%	0.2%	0.4%	(0.4%)

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

Currency Performance

The Kenyan Shilling displayed mixed week-over-week (w/w) performance against major global and regional currencies. Against global majors, the Shilling strengthened slightly by 0.8% against the Japanese Yen (JPY/KES), 0.1% against the Euro (EUR/KES), and 0.1% against the U.S. Dollar (USD/KES), while depreciating by (0.1%) against the British Pound (GBP/KES). Regionally, the Shilling weakened across both East African counters, depreciating by (0.2%) against the Tanzanian Shilling (KES/TZX) and (0.3%) against the Ugandan Shilling (KES/UGX).

The U.S. Dollar index weakened by 0.4% during the week.

Murban crude oil prices increased to USD 79.29 per barrel on August 13, up from USD 72.54 per barrel on August 6, driven by heightened uncertainties arising from the conflict in the Middle East during the week. Spot gold prices increased to USD 4,350.16 per ounce from USD 4,239.23 per ounce in the previous week.

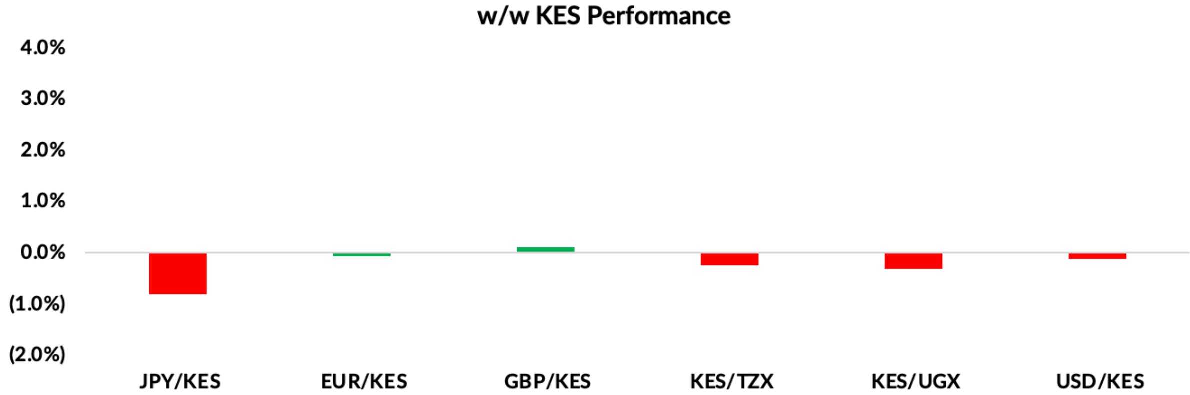
See the table below;

Currencies	31 Dec 2025 (vs KES)	Previous	Current	w/w Change	YTD change
GBP/KES	173.65	174.25	174.45	0.1%	0.5%
EUR/KES	151.43	149.26	149.15	(0.1%)	(1.5%)
KES/TZX	19.03	20.51	20.46	(0.2%)	7.5%
KES/UGX	28.06	28.79	28.70	(0.3%)	2.3%
JPY/KES	82.39	81.78	81.12	(0.8%)	(1.5%)
USD/KES	129.01	129.39	129.23	(0.1%)	0.2%

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

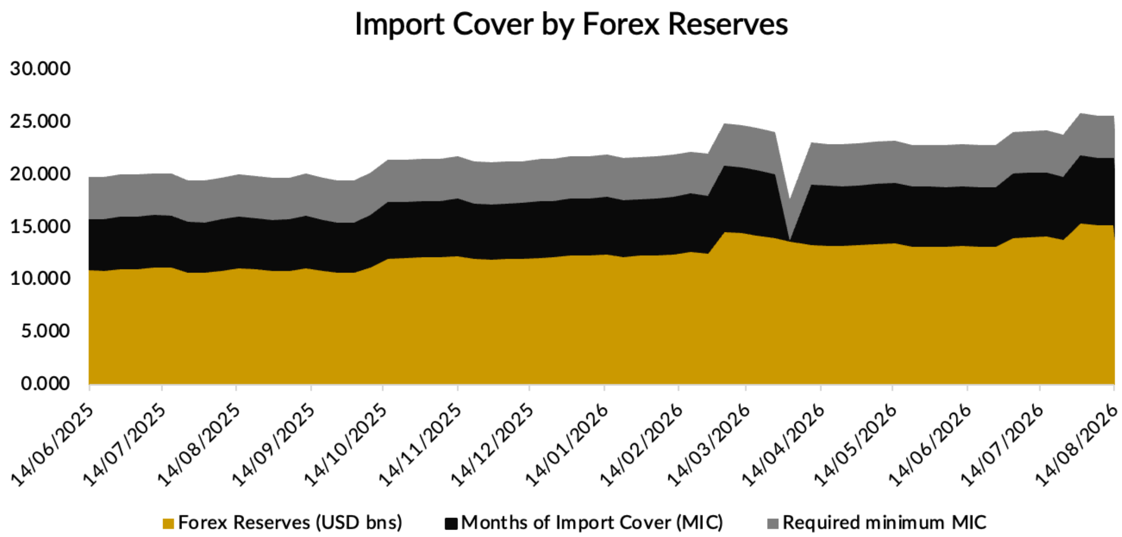
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves remained adequate to close at USD 15.25bn, with import cover closing at 6.3 months. See the chart below for a visual summary.

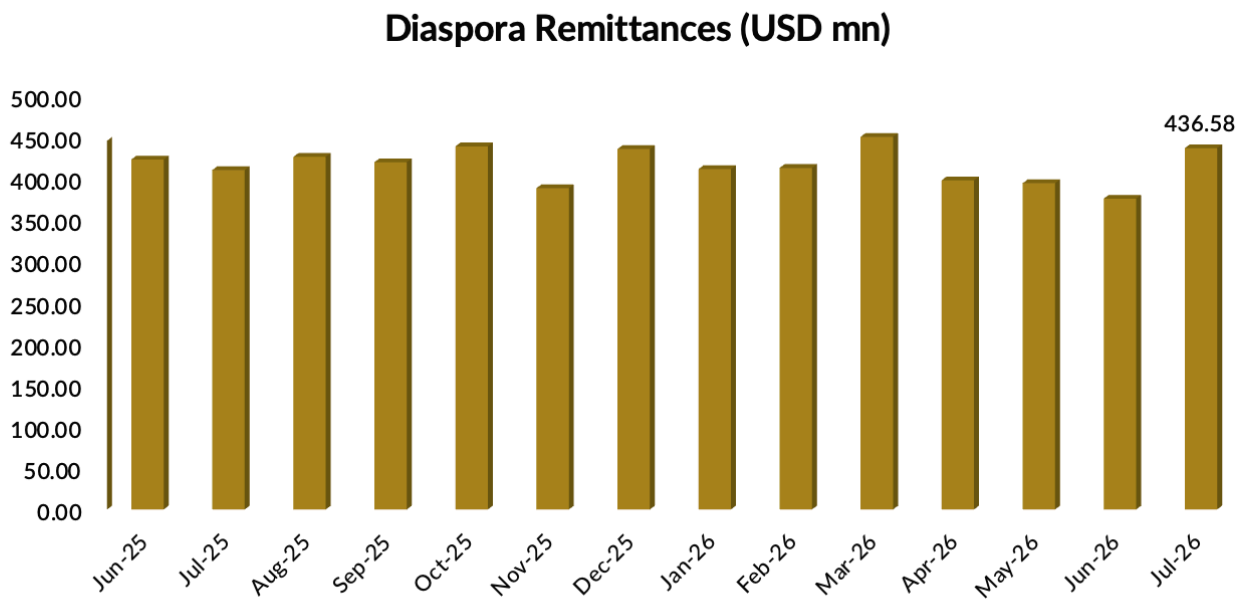


Source: Central Bank of Kenya (CBK), Chart: SIB

July 2026 Remittance Inflows Surge 16.2%

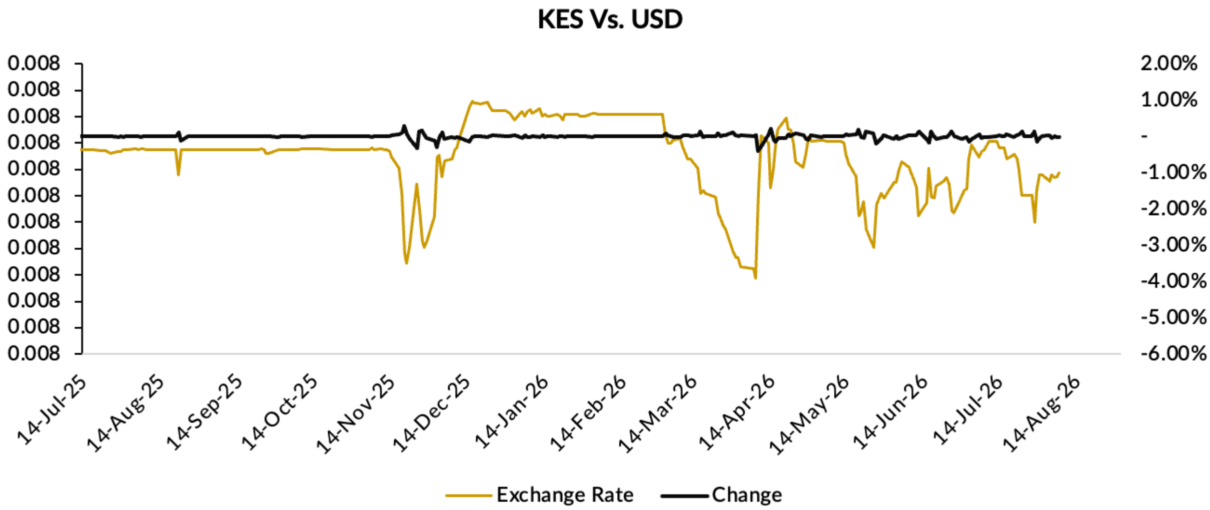
Diaspora remittance inflows to Kenya experienced a sharp rebound in July 2026, reaching USD 437Mn—a 16.2% month-on-month increase from the USD 376Mn recorded in June 2026. This significant expansion was driven by stronger inflows originating from major source markets.

Despite this monthly surge, 12-month cumulative inflows through July 2026 edged down by 1.8% to USD 4,987Mn, compared to USD 5,080Mn over the same period in 2025. Nevertheless, diaspora remittances continue to serve as a vital source of foreign exchange for the country, providing critical support to Kenya's balance of payments and broader currency stability.


Diaspora Remittances (USD mn)
500.00
450.00
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
0.00
436.58
Jun-25
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26

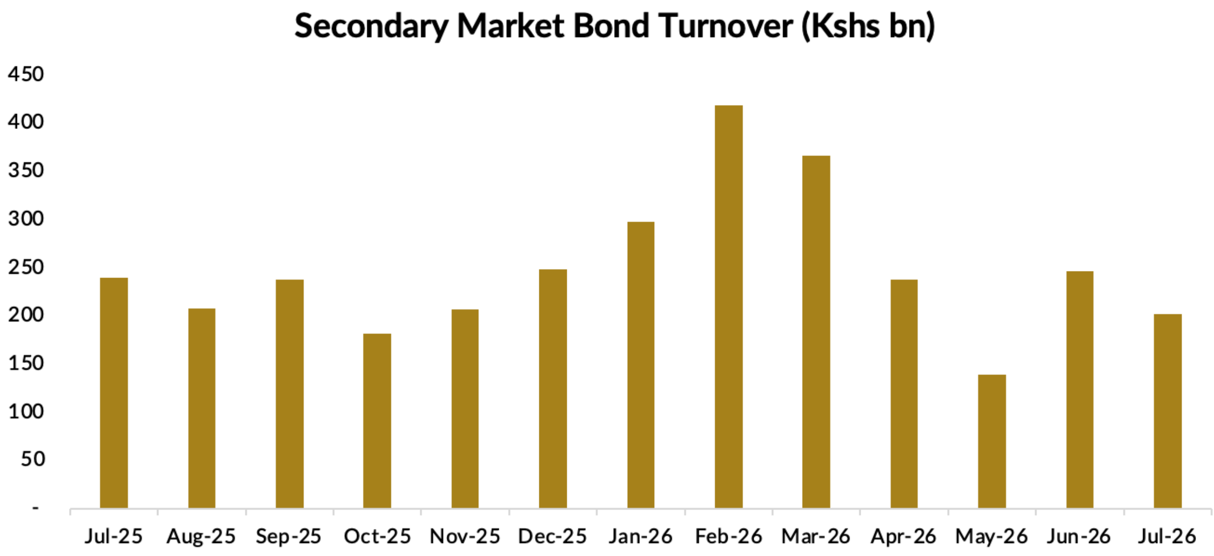
BACKGROUND CHARTS

KES/USD Performance



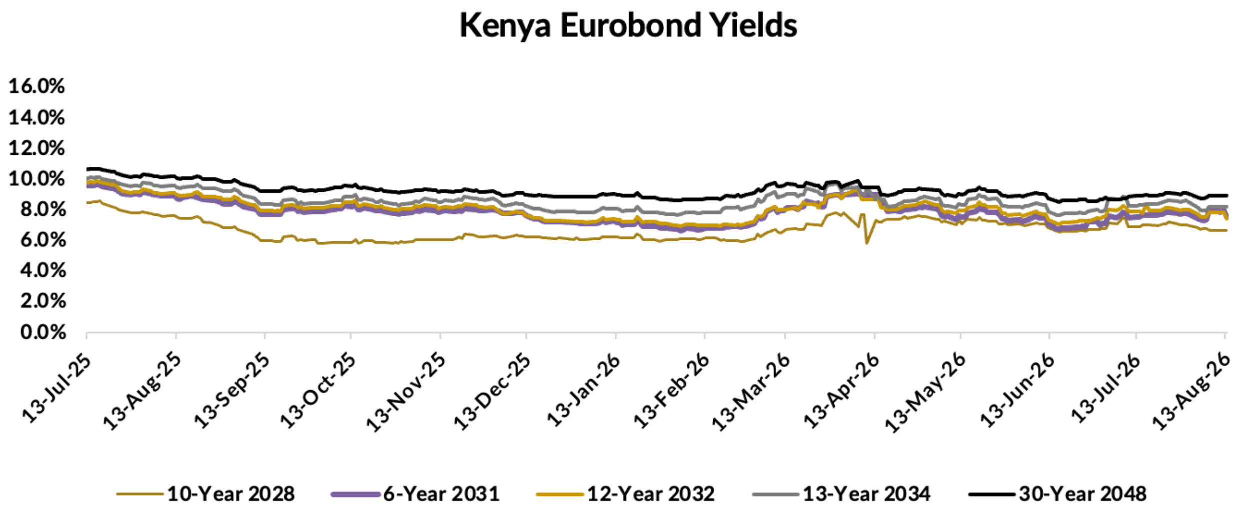
Source: Central Bank of Kenya (CBK)

Bond Turnover

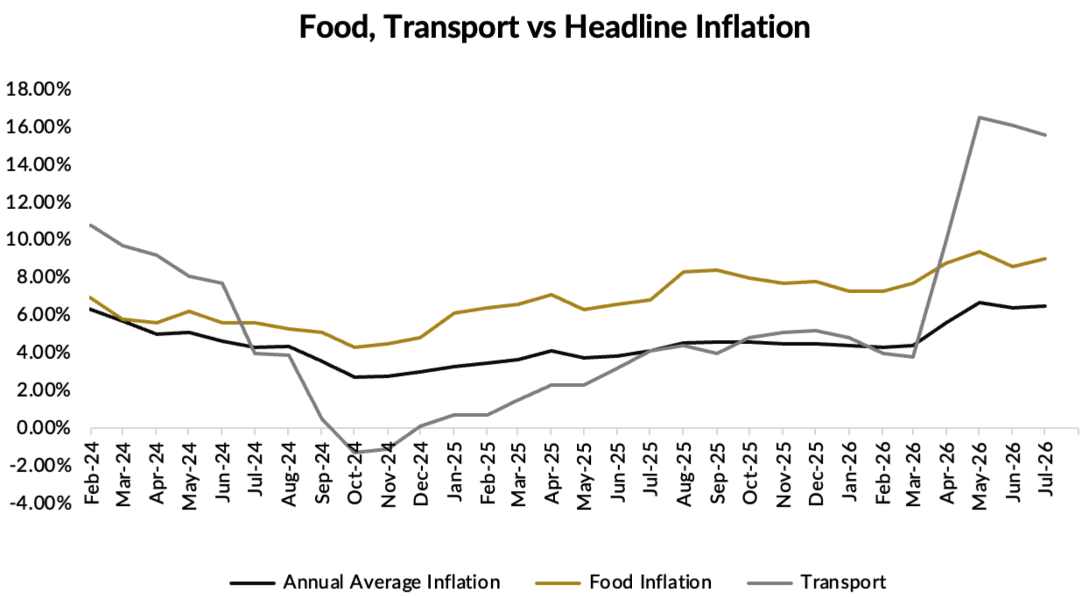


Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)



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

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