

Ahead of Next T-Bills Auction

Treasury Bills Auction Scheduled for 3rd December 2025

SUMMARY OF PREVIOUS AUCTION

Stop Rate:

| | |
|---------|--------|
| 91-Day | 15.30% |
| 182-Day | 15.50% |
| 364-Day | 16.04% |

Amount Allotted:

| | |
|---------|----------------|
| 91-Day | NGN33.81bn |
| 182-Day | NGN26.71bn |
| 364-Day | NGN1,029.80trn |

SUMMARY OF CURRENT AUCTION

Auction Date December 3 2025

Settlement Date December 4 2025

Auction Size

| | |
|---------|-------------|
| 91-Day | NGN100.00bn |
| 182-Day | NGN150.00bn |
| 364-Day | NGN450.00bn |

Maturing Instruments

| | |
|---------|-------------|
| 91-Day | NGN34.70bn |
| 182-Day | NGN30.03bn |
| 364-Day | NGN741.15bn |

Meristem Advised Stop Rates

| | |
|---------|-----------------|
| 91-Day | 14.50% - 15.50% |
| 182-Day | 15.00% - 15.60% |
| 364-Day | 15.65% - 16.30% |

Offer Summary

The Central Bank of Nigeria (CBN) is scheduled to hold its first Treasury Bills Primary Market Auction (PMA) for December on Wednesday, December 3, 2025, offering a total of NGN700.00bn across the three maturities. A total of NGN700.00bn will be offered across three tenors: NGN100.00bn in the 91-day tenor, NGN150.00bn for the 182-day, and NGN450.00bn for the 364-day. Meanwhile, maturing bills of NGN34.70bn, NGN30.03bn, and NGN741.15bn across the three tenors are scheduled to roll over.

Outlook on Yield

At the last NTB auction, demand remained robust, with total subscriptions rising to NGN1.29trn from NGN1.18trn, supported by ample system liquidity of NGN1.81trn (as of November 19, 2025) and sizeable maturities of NGN689.55bn across the three tenors. However, the stop rate of 91-day, 182-day and 364-day was left unchanged at 15.30%, 15.50%, and 16.04%, signaling stability in investor appetite despite elevated supply. Market participants also positioned cautiously ahead of the Monetary Policy Committee meeting (24th & 25th November, 2025), which subsequently maintained the benchmark rate at 27.00%, reinforcing improving macroeconomics conditions and continued demand for short-term government securities. Although interest in the 364-day tenor remained strong, the overall bid-to-cover ratio declined to 1.19x from 2.15x in the previous auction. Meanwhile, the subscription-to-offer ratio edged up slightly to 1.85x (from 1.81x), driven by faster growth in total subscriptions (+9.78%, NGN1.29trn vs. NGN1.18trn) relative to the increase in offer size (+7.69%, NGN700bn vs. NGN650bn). Following the latest PMA, secondary market activity saw average yields decline to 16.74% as of December 1, 2025, from 16.94% on November 19, 2025. The drop was driven by robust buying interest, especially in the short- to mid-tenor segments, which offset earlier sell-off at the long end and pushed overall yields lower.

The upcoming PMA comes at a time when the MPC has kept the MPR unchanged at 27.00% but adjusted the asymmetric corridor to +50bps/-450bps from +250bps/-250bps. Although the corridor adjustment should improve system liquidity, we expect banks to be more incentivised to channel excess funds into OMO auctions or place deposits with the CBN at 22.50%, a rate higher than current T-bill yields. This dynamic is likely to reduce overall demand at the PMA. Despite elevated liquidity in the system (NGN3.04trn as of December 2, 2025) and with the government offering less than the amount maturing, there is a possibility of underselling at the PMA. Such a strategy would help stabilise rates and prevent an excessively sharp upward adjustment. Taking these dynamics together, reduced bank participation points toward upward pressure on stop rates, but the government's potential underselling could limit how far yields rise. Overall, we expect a modest uptick in stop rates, rather than an aggressive repricing, as the

market adjusts to softer demand while the CBN manages supply to keep rate movements contained.

Given the above, our rate guidance is informed by the need to strike a balance between maximising investment returns and having a successful bid. Thus, the recommended stop rates for the respective instruments are as follows:

| Tenor | Offer Size | Advised Rates |
|----------------|-------------------|------------------------|
| 91-Day | 100.00bn | 14.50% - 15.50% |
| 182-Day | 150.00bn | 15.00% - 15.60% |
| 364-Day | 450.00bn | 15.60% - 16.30% |

Investing through Meristem Wealth Management Limited

Meristem Wealth Management Limited charges a transaction fee of 0.25% of the principal amount invested, and there will be three (3) days prior notification before maturity for all Treasury Bills investments. *The income from investing in T-Bills is not tax-exempt, so interest received is subject to withholding tax.* You will receive an immediate Investment confirmation letter for the Treasury bills. **Also, note that the T-Bills certificates can be used as collateral for securing loans.**

Participation Process

The T-bills Primary Auction bid is held twice a month (i.e. every other Wednesday). The above likely stop rates are our estimates and might not hold, as the final decision always lies with the CBN based on the auction process.

About Treasury Bills

Treasury Bills (T-bills) are marketable money market securities that raise money for the Government and are also used as monetary policy tools by the Central Bank. T-bills are short-term securities that mature in 1 year or less from their issue date. They are usually issued with 3-month, 6-month, and 1-year maturities.

How is Return Determined?

T-bills are purchased for a price less than their par (face) value; when they mature, the Government pays the holder the full par value. Effectively, your interest is the difference between the purchase price of the security and what you get at maturity.

The advised stop rate is different from the annualized yield of instruments. For example; the annualized yield of a 91-day T-bill, with a stop rate of 15.30% is 15.90%. If you buy a 91-day T-bill with a face value and stop rate of N1, 000,000 and 15.3% accordingly, the discounted value would be N962, 274. The difference between the face value and purchase price, which is N37, 726, is the money return and it implies 15.9% yield on annual basis. However, the holding period yield for this instrument is 3.75% since it is held for a 91-day period (3 months), and not a year.

How does the Auction Process work?

Treasury bills (as well as notes and bonds) are issued through a competitive bidding process at auctions.

Primary market trading of Treasury bill instruments entails auctions by the country's monetary authority – The Central Bank of Nigeria. **T-bills are auctioned at established rates, which determine the return to investors.** Purchasing these instruments in the primary market and holding them until maturity would mean the investor gets a fixed interest payment.

Benefits of T-bills

The biggest reason T-Bills are so popular is that they are one of the few money-market instruments affordable to individual investors. Other positives are that T-bills (and all treasuries) are considered risk-free investments because the full faith of the federal Government backs them. In addition, returns on T-bills are tax-free, unlike equities.

The only downside to T-bills is that investors will not get a great return (alpha) because Treasuries are considered "exceptionally safe".

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