



THE NATIONAL TREASURY & ECONOMIC PLANNING

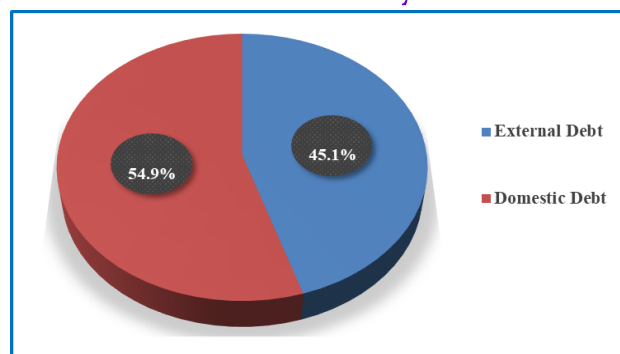
MONTHLY DEBT BULLETIN

AUGUST 2025

I.0 Introduction

The total nominal public and publicly guaranteed debt stock at the end of August 2025 was Ksh 11,967.80 billion (67.4 percent of GDP¹) equivalent to USD² 92.60 billion. Domestic debt stock was Ksh 6,564.52 billion (37.0 percent of GDP), equivalent to USD 50.80 billion, while the external debt stock was Ksh 5,403.28 billion (30.4 per cent of GDP), equivalent to USD 41.81 billion. Domestic and external debt stock accounted for 54.9 percent and 45.1 percent of total debt stock, respectively.

Chart 1: Total Public and Publicly Guaranteed Debt.



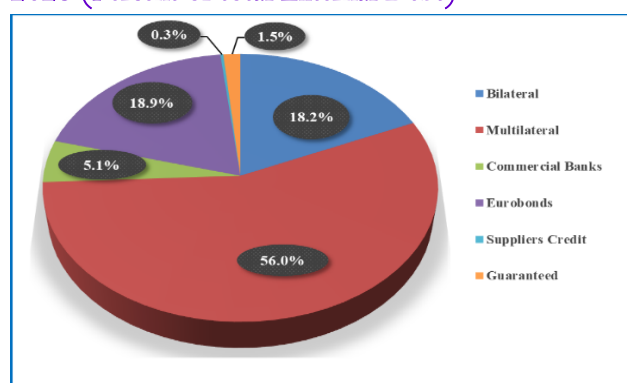
Source: National Treasury

2.0 External Debt

The total external debt stock increased by Ksh 17.99 billion from Ksh 5,385.29 billion at the end of July 2025 to Ksh 5,403.28 billion as at the end of August 2025. The increase was majorly due to new disbursements. Bilateral debt increased by Ksh 8.09 billion from Ksh 977.47 to Ksh 985.56, Multilateral debt increased by Ksh 19.05 billion from Ksh 3,006.43 billion to Ksh 3,025.47 billion. Commercial debt decreased by Ksh 9.84 billion from Ksh 1,320.63 billion to Ksh 1,310.80 billion and Guaranteed debt increased by Ksh 0.69 billion from Ksh 80.77 billion to Ksh 81.46 billion during the same period. **Chart 2**

shows percentage composition of external debt as at end of August 2025.

Chart 2: External Debt Composition as at end August 2025 (Percent of total External Debt)

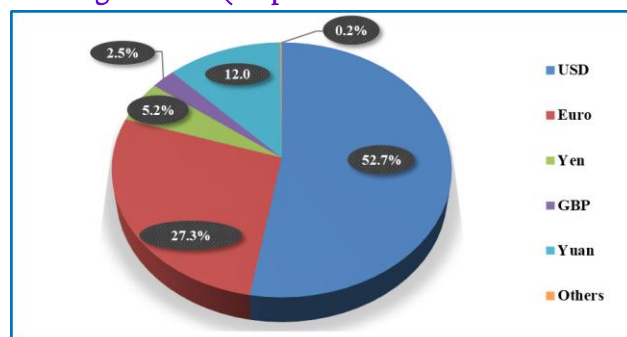


Source: National Treasury

2.1 Currency Composition of External Debt

The proportion of external debt denominated in USD, Euro, Yuan, Yen, and Sterling Pound was at 52.7 percent, 27.3 percent, 12.0 percent, 5.2 percent and 2.5 percent respectively. Other currencies³ accounted for 0.2 percent of total external debt

Chart 3: External Debt by Currency Composition as at end August 2025 (As percent of Total External Debt)



Source: National Treasury

¹ Ksh 17,752.99 billion

² An Exchange rate of USD to Ksh 129.2424

³ Other currencies include Danish Kroner, Kuwait Dinar, Korean won, Indian Rupee, Canadian Dollar, Saudi Riyal, Swedish Kroner and Emirati Dirham

2.2 Movement in Exchange Rates

During the month under review, the Kenya shilling remained stable depreciating marginally. It depreciated against the USD Dollar, Japanese Yen, the Euro, Yuan and Sterling Pound by 0.002 percent, 1.3 percent, 1.9 percent, 0.9 percent and 1.7 per cent respectively. The base⁴ exchange rates for the aforementioned five currencies, notably the USD Dollar, Japanese Yen (100), Euro, Yuan and Sterling Pound were Ksh 129.24, Ksh 86.81, Ksh 147.87, Ksh 17.97 and Ksh 171.50 respectively.

2.3 External Debt Service

The actual cumulative external debt service as at the end of August 2025 was Ksh 115.65 billion against the financial year target of Ksh 716.46 billion. Debt service to bilateral creditors accounted for 50.3 percent of the total cumulative debt service while commercial and multilateral creditors debt accounted for 35.8 percent and 13.9 percent respectively for the period ending August 2025. External debt service during the month of August 2025 was Ksh 48.41 billion, comprising principal repayments and interest payments of Ksh 20.60 billion and Ksh 27.81 billion respectively.

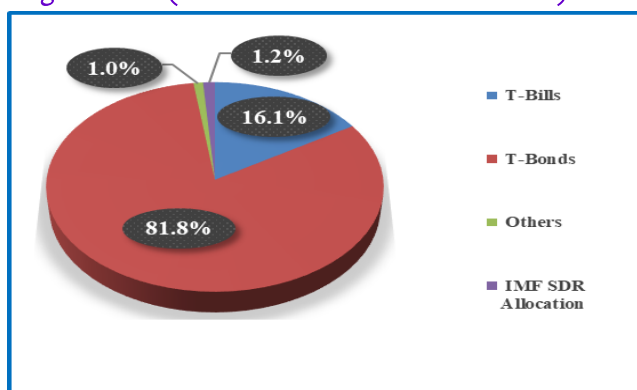
3.0 Domestic Debt

The domestic debt stock increased by Ksh 178.27 billion from Ksh 6,386.24 billion as at end July 2025 to Ksh 6,564.52 billion as at end August 2025. The stock of Treasury bills increased by Ksh 3.08 billion from Ksh 1,051.44 billion to Ksh 1,054.52 billion and the stock of Treasury bonds increased by Ksh 186.68 billion from Ksh 5,180.21 billion to Ksh 5,366.90 billion during the same period. Others including pre-1997 government debt, government overdraft at the Central Bank of Kenya, advances from commercial banks and IMF SDR Allocation reduced by Ksh 11.49 billion from Ksh 154.59 billion to Ksh 143.10 billion during the same period.

3.1 Domestic Debt by Instruments

As at the end of August 2025, the ratio of Treasury bonds to Treasury bills as a percentage of total domestic debt was 82:16. The Government overdraft at the Central Bank of Kenya and historical bank advances from commercial banks accounted for 1.0 percent while IMF SDR Allocation accounted for 1.2 percent of domestic debt stock during the same period (**Chart 4**).

Chart 4: Composition of Domestic debt as at end August 2025 (Percent of Total Domestic Debt).



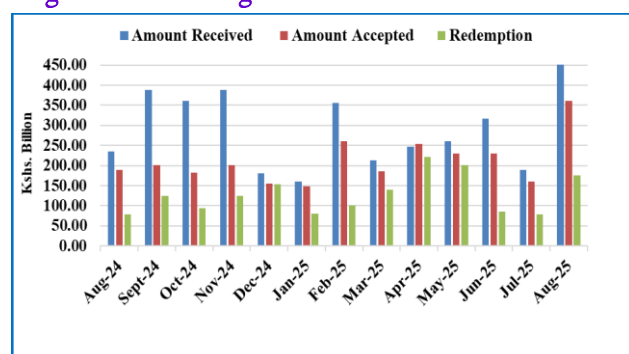
Source: National Treasury

3.2 Domestic Borrowing

During the month of August 2025, Government securities amounting to Ksh 186.00 billion were advertised comprising Ksh. 96.00 billion and Ksh. 90.00 billion Treasury Bills and Treasury Bonds, respectively. Bids worth Ksh 614.30 billion were received, comprising Ksh 89.94 billion and Ksh 524.36 billion Treasury bills and bonds respectively. Bids worth Ksh 361.48 billion were successful, of which Ksh 86.69 billion and Ksh 274.79 billion were Treasury bills and bonds respectively. The monthly redemption at cost amounted to Ksh 175.38 billion which were Treasury bills (**Chart 5**).

⁴ End July 2025 is the base month for all parameters

Chart 5: Government Securities Performance from August 2024 to August 2025 in Ksh Billions



Source: National Treasury

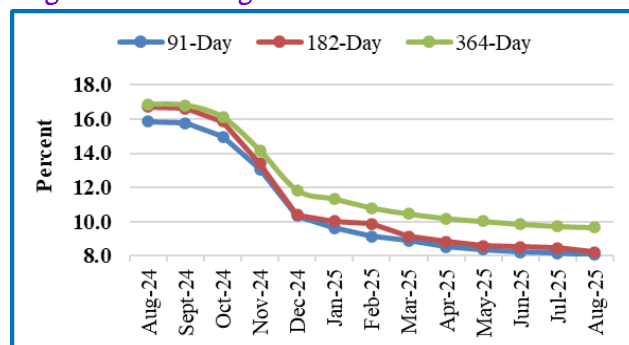
3.3 Net Domestic Financing

The net domestic financing at end of August 2025 was Ksh 235.40 billion against an annual target of Ksh 613.55 billion for FY 2025/26.

3.4 Interest rates on Government Securities

On average, the interest rates for Treasury bills decreased during the month. The average interest rates for the 91-day, 182-day and 364-day Treasury bills decreased by 8.3, 24.7 and 7.3 basis points, respectively from 8.13 percent, 8.44 percent and 9.72 percent in July 2025 to 8.05 percent, 8.19 percent and 9.65 percent in August 2025.

Chart 6: Average Interest rates for Treasury Bills from August 2024 to August 2025



Source: National Treasury

3.5 Domestic Interest Payments

As at end of August 2025, the actual domestic interest payment amounted to Ksh 145.28 billion against an annual target of Ksh 851.42 billion for FY 2025/26. Interest payments for Treasury bonds and bills in the

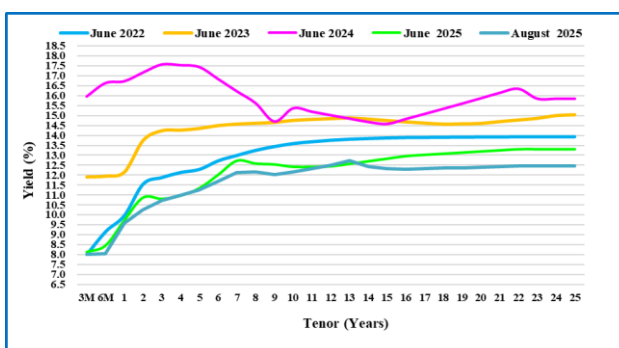
month of August 2025 amounted to Ksh 84.40 billion and Ksh 7.12 billion, respectively. The total interest payment on the overdraft and interest on the Pre-1997 Government Overdraft was Ksh 0.47 billion.

3.6 Government Securities Yields

Chart 7 shows Government Securities Yield Curve where in June 2022, the yield curve exhibited a normal upward sloping shape reflecting a normal term premium and healthy economic expectations and liquidity. In June 2023, the curve appeared humped suggesting intermediate maturities yielded more than short and long ends, indicating uncertainty and market distortion. This was likely driven by high government borrowing and tightened liquidity. In June 2024, the

curve was still characterized by the humped shape, though with peak yields retreating from previous highs in late 2023. This indicated sustained elevated borrowing costs, driven by cyclical fiscal pressures. Meanwhile, in June 2025, the yield curve was at its lowest since 2022 especially for government securities in the mid-to-long end with a steeply inverted shape driven by fiscal pressures and investor risk aversion. This indicates that term premiums are higher for longer maturities. In August 2025, the yield curve was steeply upward sloping. This alignment reflects relatively low yields at the short end and elevated yields at the long end.

Chart 7: Government Securities Yield Curve



Source: Nairobi Securities Exchange

3.7 Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds in the month of August 2025 was 7.60 years, relatively the same as July 2025 ATM.

4.0 Sovereign Credit Rating

On August 22, 2025, S&P Global upgraded Kenya's long-term sovereign credit rating to B from B-, maintaining a stable outlook. This upgrade was driven by strengthened foreign exchange reserves, robust export earnings, and consistent diaspora remittances, all of which have helped ease near-term external liquidity pressures. Earlier, on February 25, 2025, S&P assigned a B- rating with a stable outlook, a view that was later affirmed by Fitch Ratings on July 25, 2025. Meanwhile, Moody's maintained Kenya's CaaI rating for both local and foreign currency long-term issuer obligations but revised the outlook from negative to positive on January 25, 2025. This shift reflects growing confidence in Kenya's fiscal and external financing prospects. Kenya's efforts in Eurobond liability management and recent monetary easing have also contributed to smoother debt amortization and stimulated private-sector credit growth. These measures have helped to position the country more favourably in the eyes of international lenders and investors.

ANNEX I: KENYA'S CREDIT RATING

Agency	Rating	Outlook	Date
Standard and Poor's	B	Stable	22-Aug 2025
	B-	Stable	22 Aug 2024
	B-	Stable	9 th Feb 2024
	B-	Stable	25 July 2024
Fitch			
Moody's	CaaI	Positive	25-Jan 2025
	CaaI	Negative	25 Aug 2025

Source: National Treasury

ANNEX II: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT THE END OF AUGUST 2025 IN KSH (MILLIONS)

CREDITOR	Stock at the End July 2025	Stock at the End August 2025	CHANGE
BILATERAL			
BELGIUM	24,798.26	25,117.27	319.01
Hungary	387.64	387.65	0.01
AUSTRIA	1,588.81	1,606.24	17.43
DENMARK	54.35	55.39	1.04
FINLAND	-	-	-
FRANCE	96,938.33	98,726.98	1,788.65
GERMANY	54,946.09	55,434.47	488.38
ITALY	43,590.07	44,433.05	842.98
JAPAN	85,912.85	86,659.31	746.45
USA	23,931.39	23,896.96	(34.43)
SPAIN	13,300.51	13,529.06	228.55
Other PARIS CLUB	758.26	758.28	0.02
Other NON -PARIS CLUB	22,982.40	22,420.77	(561.64)
CHINA	608,276.26	612,529.74	4,253.48
Sub Total	977,465.23	985,555.17	8,089.94
MULTILATERAL			
ADB/ADF	543,368.55	546,144.00	2,775.45
EBC/EIB	28,790.10	29,346.86	556.76
IDA	1,643,120.34	1,653,136.78	10,016.44
IFAD	37,483.31	37,795.53	312.22
IMF	472,164.16	476,959.79	4,795.63
Others	281,501.10	282,091.11	590.01
Sub Total	3,006,427.56	3,025,474.07	19,046.52
COMMERCIAL			
Commercial Bank	283,643.11	273,583.18	(10,059.93)
International Sovereign Bond	1,022,741.16	1,022,764.90	23.74
Suppliers Credit	14,246.87	14,448.03	201.16
Sub Total	1,320,631.14	1,310,796.11	(9,835.03)
Total Central Government	5,304,523.93	5,321,825.35	17,301.42
GUARANTEED			
JAPAN	70,303.69	70,978.59	674.90
GERMANY	771.58	786.50	14.92
Kenya Airways (Commercial Debt)	9,690.00	9,690.22	0.22
Sub Total	80,765.27	81,455.32	690.05
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,385,289.20	5,403,280.67	17,991.47

Source: National Treasury

ANNEX III: STOCK OF DOMESTIC DEBT BY HOLDERS AS AT THE END AUGUST 2025 IN KSH (MILLIONS)

HOLDER	Stock at End July 2025	Stock at End August 2025	CHANGE
Banks	2,216,981.31	2,253,441.95	36,460.63
Non-Financial Corporations	123,752.36	135,146.41	11,394.05
Pensions	905,587.98	925,423.53	19,835.55
Insurance Companies	816,008.77	835,823.59	19,814.82
Households	397,471.29	422,321.74	24,850.46
Non- Residents	278,960.25	299,364.80	20,404.55
Other Financial Corporations	970,588.57	1,024,064.37	53,475.79
Non-Profit Institutions	54,090.81	56,323.81	2,233.00
General Government	468,213.64	469,508.59	1,294.95
Others	154,588.31	143,096.76	(11,491.55)
TOTAL DOMESTIC DEBT	6,386,243.30	6,564,515.54	178,272.25

Source: Central Bank of Kenya

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