

THE NATIONAL TREASURY

PUBLIC DEBT BULLETIN

AUGUST 2026

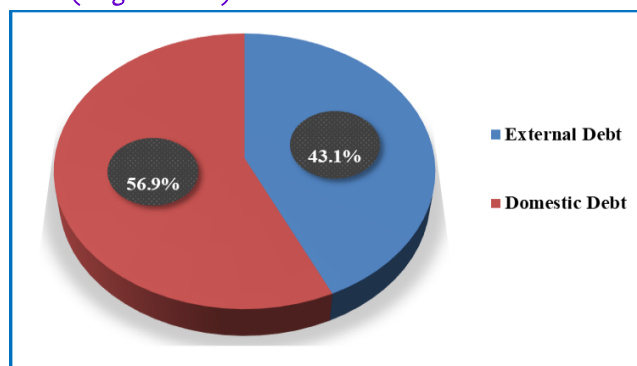
I. Introduction

The Public Debt Bulletin is a monthly National Treasury publication that provides information on public debt to inform the public and other stakeholders. This bulletin covers developments during the month of August 2026, highlighting the debt stock, debt structure, recent borrowing and repayments.

2. Public Debt Stock

As at the end of August 2026, total public debt stood at Ksh 13,467.52 billion up from Ksh 13,228.89 billion at end July 2026. This represented 72.3 percent of GDP¹ in nominal terms (equivalent to 66.9 per cent to GDP in Present Value terms). Domestic debt stock amounted to Ksh 7,668.39 billion (41.2 percent of GDP). External debt stock was Ksh 5,799.13 billion (31.1 percent of GDP). The composition of total debt was 56.9 percent domestic and 43.1 percent external debt (see Chart 1).

Chart 1: Composition of Public and Publicly Guaranteed Debt (August 2026)



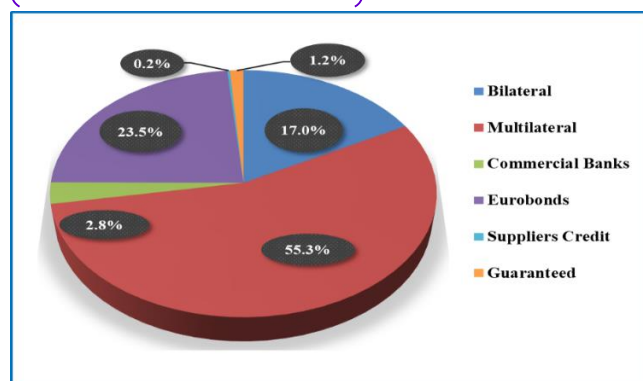
Source: National Treasury

3. External Debt

The total external debt stock increased by Ksh 33.39 billion from Ksh 5,765.73 billion at the end of July 2026 to Ksh 5,799.13 billion at the end of August 2026 due to disbursements made and depreciation of Kenya shilling

against the major currencies. Bilateral external debt increased by Ksh 18.51 billion from Ksh 967.18 billion to Ksh 985.69 billion, multilateral debt increased by Ksh 14.96 billion from Ksh 3,190.88 billion to Ksh 3,205.84 billion, Commercial debt reduced by Ksh 0.30 billion from Ksh 1,537.32 billion to Ksh 1,537.02 billion and guaranteed debt increased by Ksh 0.23 billion from Ksh 70.35 billion to Ksh 70.58 billion during the same period (see Annex II). **Chart 2** shows the composition of external debt at end of August 2026.

Chart 2: External Debt Categories at end of August 2026 (Percent of Total External Debt)



Source: National Treasury

3.1 Movement in Exchange Rates

As at end August 2026, the Shilling depreciated against the USD, Japanese Yen, Euro, Chinese Yuan, and the Sterling Pound, moving from Ksh 129.40, Ksh 80.55 Ksh 148.91, Ksh 19.17 and Ksh 174.01 in July to Ksh 129.45, Ksh 81.04, Ksh 150.35 Ksh 19.25 and Ksh 175.40 respectively in August 2026. This represented depreciation of 0.04 percent, 0.61 percent, 0.97 percent, 0.42 percent and 0.80 percent, respectively.

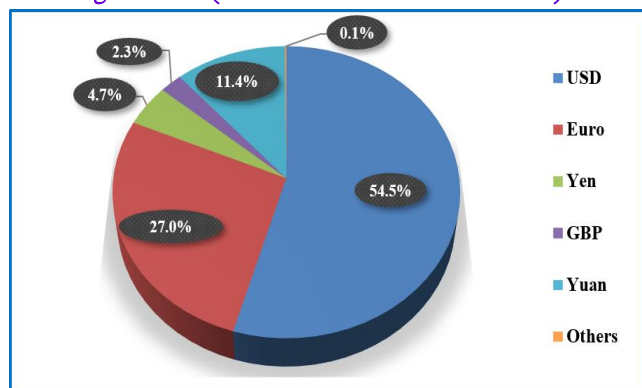
3.2 Currency Composition of External Debt

At the end of August 2026, external debt was predominantly denominated in US dollars, accounting for 54.5 percent. The

¹ Ksh 18,627.48 billion

Euros denominated debt account to 27.0 percent, while the Chinese Yuan and the Japanese Yen constituted of 11.4 percent and 4.7 percent, respectively. The Sterling Pound accounted for 2.3 percent of the total external debt stock. Other currencies collectively accounted for 0.1 percent of the external public debt stock.

Chart 3: External Debt by Currency Composition as of the End-August 2026 (Percent of Total External Debt)



Source: National Treasury

3.3 External Debt Service

The actual cumulative external debt service at the end of August 2026 was Ksh 101.57 billion against the financial year budget of Ksh 680.38 billion. Debt service to bilateral creditors accounted for 44.8 percent of the total cumulative debt service, while debt service to commercial and multilateral creditors accounted for 37.4 percent and 17.7 percent, respectively, for the period ending August 2026. External debt service for August 2026 was Ksh 52.08 billion, comprising principal repayments of Ksh 18.06 billion and interest payments of Ksh 34.02 billion.

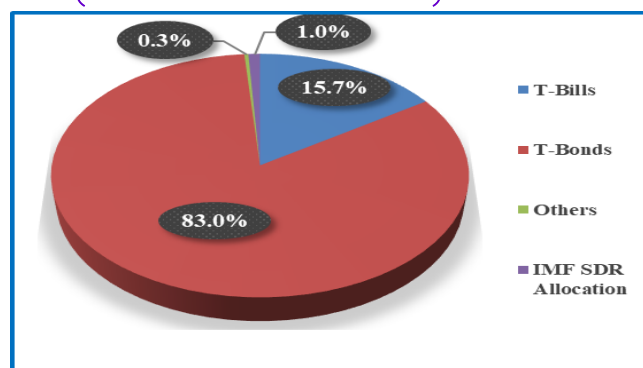
4. Domestic Debt

Domestic debt stock increased due to net borrowing of Ksh 205.23 billion, from Ksh 7,463.16 billion as at the end of July 2026 to Ksh 7,668.39 billion as at the end of August 2026. The stock of Treasury Bills increased by Ksh 58.96 billion from Ksh 1,143.64 billion as at the end of July 2026 to Ksh 1,202.59 billion as at the end of August 2026, while the stock of Treasury Bonds increased by Ksh 208.45 billion from Ksh 6,157.18 billion to Ksh 6,365.63 billion over the same period. Other debts, (including pre-1997 government debt, government overdraft at the Central Bank of Kenya, advances from commercial banks and IMF SDR allocation) decreased by Ksh 62.17 billion from Ksh 162.34 billion to Ksh 100.17 billion during the same period (see Annex III).

4.1 Domestic Debt by Instruments

As at the end of August 2026, the ratio of Treasury Bonds to Treasury Bills was 84:16, government overdraft at the Central Bank of Kenya, bank advances from commercial banks and the IMF SDR allocation together accounted for 1.3 percent of total domestic debt stock during the same period (**Chart 4**).

Chart 4: Composition of Domestic Debt as of End August 2026 (Percent of Total Domestic Debt).

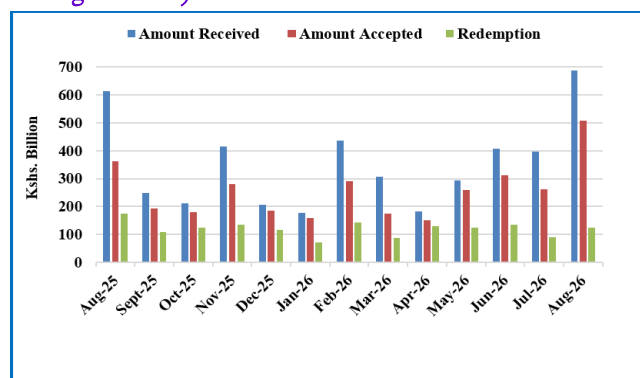


Source: National Treasury

4.2 Domestic Borrowing

In August 2026, government securities amounting to Ksh 290.00 billion were advertised comprising Ksh 140.00 billion Treasury Bills and Ksh 150.00 billion treasury bonds. Bids worth Ksh 686.89 billion were received, comprising Ksh 226.51 billion and Ksh 460.40 billion in Treasury Bills and treasury bonds, respectively. Bids worth Ksh 506.76 billion were accepted, of which Ksh 194.73 billion and Ksh 312.03 billion were Treasury Bills and treasury bonds, respectively. Monthly redemption at cost amounted to Ksh 124.32 billion in Treasury Bills (**Chart 5**).

Chart 5: Government Securities Performance (August 2025 to August 2026) in Ksh billions



Source: National Treasury

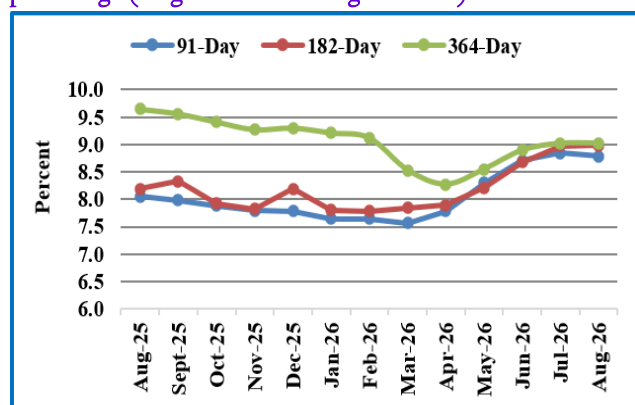
4.3 Net Domestic Financing

The net cumulative domestic financing at the end of August 2026 was Ksh 435.79 billion against an annual target of Ksh 897.96 billion for FY 2026/27.

4.4 Interest Rates on Government Securities

The average interest rates for the 91-day decreased by 6.3 basis points, from 8.84 percent to 8.78 percent. The average interest rates for 182-day and 364-day Treasury bills increased by 0.3 basis points, from 8.976 percent to 8.979 percent and from 9.023 percent to 9.026 percent, respectively, during the period under review.

Chart 6: Average Interest Rates for Treasury Bills in percentage (August 2025 to August 2026)



Source: National Treasury

4.5 Domestic Interest Payments

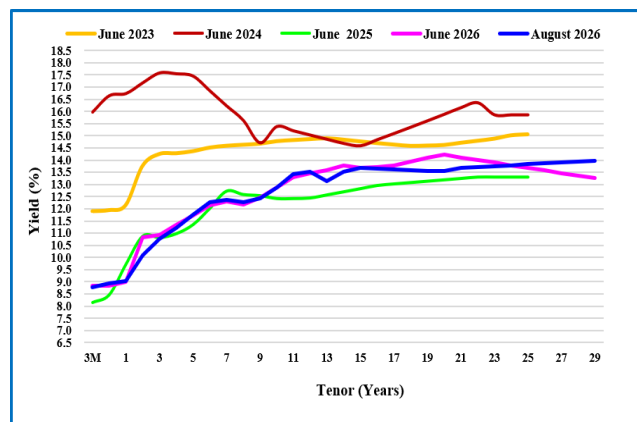
At the end of August 2026, cumulative total domestic interest payments amounted to Ksh 179.10 billion against an annual budget of Ksh 986.73 billion for FY 2026/27. In August 2026, the actual domestic interest payment amounted to Ksh 105.31 billion. Interest payments for Treasury Bonds and Bills in August 2026 were Ksh 99.74 billion and Ksh 5.48 billion respectively, while total interest payment on the overdraft and interest on the Pre-1997 Government Overdraft amounted to Ksh 0.09 billion.

4.6 Government Securities Yields

Treasury Bonds' secondary market trading yields for 2026 remained above the 2025 yield curve. In August 2026, the Government securities yield curve remained generally upward sloping, with yields increasing as security maturities lengthened. This indicated that investors demanded higher returns for committing funds to longer-term government securities, reflecting the greater uncertainty and risks associated with longer investment horizons. The positive

slope indicated relatively stable short-term borrowing costs but a higher term premium at the medium- and long-term end.

Chart 7: Government Securities Yield Curve



Source: Nairobi Securities Exchange

4.7 Average Time to Maturity for Treasury Bonds

In August 2026, the Average Time to Maturity (ATM) for Treasury Bonds was 8.3 years compared to 8.2 years in July 2026. This reflected the gradual extension of the maturity profile of domestic debt, supported by liability management operations and a greater focus on issuing longer-term securities compared with short-term instruments.

5. Sovereign Credit Rating

On 17th July 2026, Fitch Ratings affirmed Kenya's B- long-term issuer default ratings and maintained the Stable Outlook while other ratings from Moody's and Standard and Poor's remained unchanged (see Table I). The upgrade and affirmation reflected Kenya's improved external sector liquidity and sustained market access. External liquidity has strengthened, reflected in higher foreign exchange reserves, a narrower current account deficit, and a more stable exchange rate. These developments have eased balance of payments pressures. The recent Eurobond liability management operations contributed to smoother debt amortization and supported private sector credit growth, against the backdrop of improving macroeconomic and civil stability. These measures have helped to position the country more favorably with international lenders and investors.

Table I: Kenya's Credit Rating

Agency	Rating	Outlook	Date
Standard and Poor's	B	Stable	22 Aug 2025
	B-	Stable	22 Aug 2024
Fitch	B-	Stable	9 Feb 2024
	B-	Stable	17 July 2026
Moody's	B-	Stable	25 July 2025
	B3	Stable	27 Jan 2026

Source: National Treasury

Annex I: Stock of Domestic Debt by Holders as at the End of August 2026 in Ksh (Millions)

DOMESTIC DEBT BY HOLDER	Jul-26	Aug-26	Change
Banks	2,585,738.88	2,616,799.34	31,060.45
Non-Financial Corporations	112,515.59	113,710.14	1,194.55
Pensions	1,059,150.39	1,056,836.04	(2,314.35)
Insurance Companies	1,029,282.53	1,050,363.83	21,081.30
Households	455,077.55	471,782.12	16,704.57
Non- Residents	307,219.25	341,848.65	34,629.40
Other Financial Corporations	1,162,911.52	1,328,259.24	165,347.73
Non-Profit Institutions	70,483.74	68,745.19	(1,738.55)
General Government	518,436.68	519,880.43	1,443.75
Others	162,339.09	100,165.03	(62,174.06)
TOTALS	7,463,155.22	7,668,390.01	205,234.79

Source: Central Bank of Kenya

Annex II: Stock of Public and Publicly Guaranteed External Debt by Source as at the End of August 2026 in Ksh (Millions)

CREDITOR	Stock at the End July 2026	Stock at the End August 2026	CHANGE
BILATERAL			
BELGIUM	24,399.97	24,475.78	75.81
Hungary	596.46	596.69	0.23
AUSTRIA	1,425.70	1,426.22	0.52
DENMARK	30.36	30.65	0.29
FINLAND			
FRANCE	101,075.05	103,136.25	2,061.20
GERMANY	55,166.08	55,769.36	603.28
ITALY	42,706.35	43,119.33	412.98
JAPAN	91,725.92	92,230.82	504.90
USA	8,081.86	8,048.89	(32.97)
SPAIN	16,112.38	16,883.78	771.40
Other PARIS CLUB	7,665.69	7,739.82	74.13
Other NON -PARIS CLUB	23,107.44	27,446.40	4,338.96
CHINA	595,089.67	604,785.44	9,695.77
Sub Total	967,182.94	985,689.42	18,506.48
MULTILATERAL			
ADB/ADF	567,306.46	567,889.48	583.01
EEC/EIB	27,559.63	30,111.88	2,552.25
IDA	1,785,931.73	1,793,656.73	7,725.00
IFAD	42,438.72	42,616.34	177.61
IMF	443,723.34	447,326.96	3,603.61
Others	323,923.11	324,239.54	316.43
Sub Total	3,190,882.99	3,205,840.91	14,957.92
COMMERCIAL			
Commercial Bank	162,710.64	161,779.22	(931.43)
International Sovereign Bond	1,360,379.22	1,360,904.87	525.65
Suppliers Credit	14,233.10	14,334.96	101.85
Sub Total	1,537,322.97	1,537,019.05	(303.92)
Total Central Government	5,695,388.90	5,728,549.38	33,160.48
GUARANTEED			
JAPAN	60,643.52	60,872.22	228.69
GERMANY			
Kenya Airways (Commercial Debt)	9,702.04	9,705.79	3.75
Sub Total	70,345.56	70,578.00	232.44
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,765,734.46	5,799,127.38	33,392.92

Source: National Treasury

Annex III: Stock of Domestic Debt as at the End of August 2026 in Ksh (Millions)

	Jul-26	Aug-26	Difference
Treasury bills	1,143,635.80	1,202,590.90	58,955.10
Treasury bonds	6,157,180.33	6,365,634.08	208,453.75
Others	88,400.12	25,627.58	(62,772.54)
IMF SDR Allocation	73,938.97	74,537.45	598.48
Totals	7,463,155.22	7,668,390.01	205,234.79

Source: National Treasury