



THE NATIONAL TREASURY & ECONOMIC PLANNING

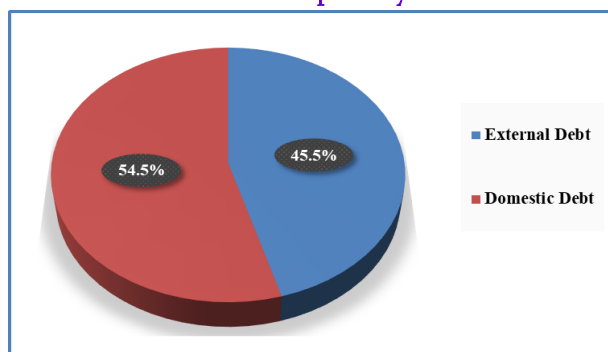
MONTHLY DEBT BULLETIN

FEBRUARY 2025

1.0 Introduction

The total public and publicly guaranteed debt stock as at end of February 2025 was Ksh. 11,134.21 billion (65.9 percent of GDP¹) equivalent to USD² 86.16 billion. The domestic debt stock was Ksh. 6,062.70 billion (35.9 percent of GDP), equivalent to USD 46.92 billion, while the external debt stock was Ksh. 5,071.51 billion (30.0 percent of GDP) equivalents to USD 39.24 billion. Domestic and external debt stock accounted for 54.5 percent and 45.5 percent of total debt stock, respectively. (Chart 1)

Chart 1: Total Public and publicly Guaranteed Debt



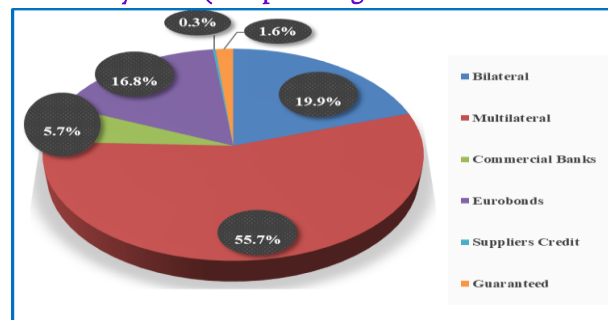
Source: National Treasury

2.0 External Debt

The total external debt stock reduced by Ksh. 11.89 billion from Ksh 5,083.40 billion at end January 2025 to Ksh 5,071.51 billion as at February 2025. The reduction was majorly due to decrease in Multilateral and Commercial debt. Debt owed to Bilateral creditors increased by Ksh 0.06 billion from Ksh. 1,009.87 billion to Ksh. 1,009.93 billion while multilateral debt decreased by Ksh. 1.46 billion from Ksh. 2,826.04 billion to Ksh. 2,824.58 billion. Commercial debt decreased by Ksh. 12.36 billion

from Ksh. 1,167.91 billion to Ksh. 1,155.55 billion during the same period. The guaranteed debt increased by Ksh 1.86 billion from Ksh. 79.58 billion in January 2025 to Ksh. 81.45 billion in February 2025 (Chart 2). In the month under review the National Treasury undertook USD 1.5 billion Eurobond to prepay the USD 900 billion amortizing Eurobond maturing in 2027, with surplus to be used to refinance other external indebtedness.

Chart 2: External Debt Category Composition as at end of February 2025 (As a percentage of total External Debt)



Source: National Treasury

2.1 Currency Composition of External Debt

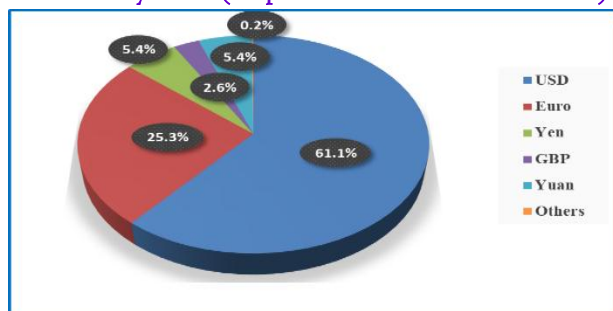
The proportion of external debt denominated in USD, Euro, Japanese Yen, Chinese Yuan and Sterling Pound was at 61.1 percent, 25.3 percent, 5.4 percent, 5.4 percent and 2.6 percent respectively. Other currencies³ accounted for 0.2 percent of total external debt (Chart 3). The National Treasury will continue to diversify the currency composition of external debt to mitigate exchange rate risks.

¹ GDP of Kshs. 16,898,494.74 billion

² An exchange rate of USD to Kshs. of 129.2256

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

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



Source: National Treasury

2.2 Movement in Exchange Rates

During the month under review, the Kenya shilling appreciated against US dollar, Euro and Chinese Yuan by 0.03 percent, 0.2 percent and 0.5 percent respectively while it depreciated against Japanese Yen and Sterling Pound by 2.9 percent and 1.2 percent respectively. The base⁴ exchange rates for the aforementioned five currencies, notably the USD, Yen, Euro, Yuan and Sterling Pound were Ksh. 129.23, Kshs. 86.31, Ksh. 134.29, Ksh. 17.71 and Ksh. 162.27 respectively.

2.3 External Debt Service

The actual cumulative external debt service as at the end of February 2025 was Ksh. 381.18 billion against the financial year target of Ksh. 704.92 billion. The cumulative interest and principal payments are Ksh 156.49 billion and Ksh 224.70 billion, respectively. External debt service during the month of February 2025 was Ksh. 54.44 billion, comprising principal repayments and interest payments of Ksh. 26.75 billion and Ksh. 27.69 billion respectively. Debt service to bilateral creditors accounted for 45.7 percent of the total cumulative debt service while commercial and multilateral creditors accounted for 31.2 percent and 17.9 percent, respectively for the period ending February 2025.

3.0 Domestic Debt

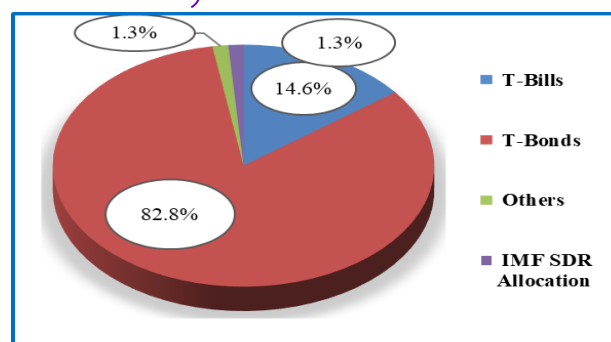
The domestic debt stock increased by Ksh. 134.89 billion from Ksh. 5,927.81 billion as at end January

2025 to Ksh. 6,062.70 billion as at the end of February 2025. The stock of Treasury bills increased by Ksh. 30.51 billion from Ksh. 856.32 billion to Ksh. 886.83 billion whereas the stock of Treasury bonds increased by Ksh. 80.14 billion from Ksh. 4,936.77 billion to Ksh. 5,016.91 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 funds on-lent to Government increased by Ksh 24.24 billion from Ksh 134.72 billion to Ksh. 158.96 billion during the same period.

3.1 Domestic Debt by Instruments

As at the end of February 2025, the ratio of Treasury bonds to Treasury bills as a percentage of total domestic debt was 83:15. The Government overdraft at the Central Bank of Kenya and historical bank advances from commercial banks accounted for 1.3 percent while IMF SDR Utilization accounted for 1.3 percent of domestic debt stock during the same period (Chart 4).

Chart 4: Stock of Domestic Debt instruments at the end of February 2025 (Percentage of Total Domestic Debt)



Source: National Treasury

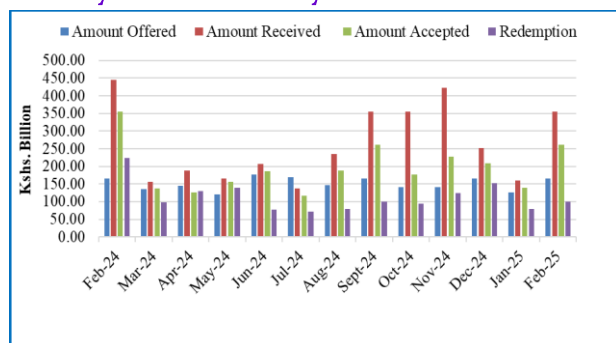
3.2 Domestic Borrowing

During the month of February 2025, Government securities amounting to Ksh. 166.00 billion were advertised comprising Ksh. 96.00 billion and Ksh. 70.00 billion Treasury Bills and Treasury Bonds, respectively. Bids worth Ksh. 355.74 billion were

⁴End of January 2025 is the base month for all parameters.

received, comprising of Ksh. 161.85 billion and Ksh. 193.89 billion Treasury Bills and Bonds, respectively. Bids worth Ksh. 260.91 billion were successful, comprised of Ksh. 130.87 billion and Ksh. 130.04 billion Treasury Bills and Bonds, respectively. The monthly Treasury bills redemptions were Ksh. 100.39 billion (**Chart 5**).

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



Source: National Treasury

3.3 Net Domestic Financing

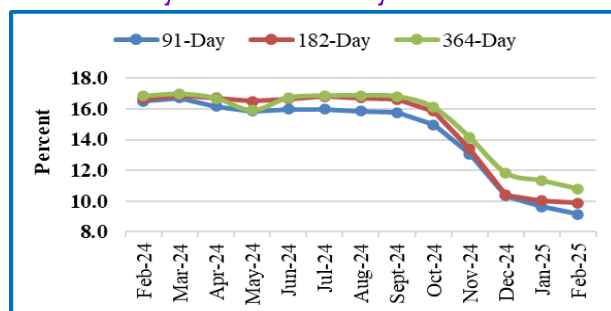
The net domestic financing at end of February 2025 was Ksh. 665.57 billion against the annual target of Ksh. 605.67 billion for FY 2024/25 supplementary II budget.

3.4 Interest rates on Government Securities

On average, there was a decrease in interest rate for Treasury bills during the month. The average interest rates for 91-day, 182-day, and 364-day Treasury bills reduced to 9.1 percent, 9.9 percent and 10.8 percent in February 2025 from 9.6 percent, 10.0 percent and 11.3 percent in January 2025 respectively as shown in **Chart 6**.

The average interest rates for the 91-day, 182-day and 364-day Treasury bills declined by 49, 15 and 53 basis points, respectively.

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



Source: National Treasury

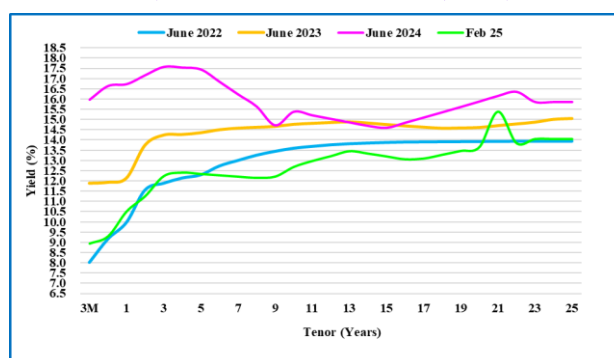
3.5 Domestic Interest Payments

As at end of February 2025, the actual cumulative domestic interest payment amounted to Ksh. 512.49 billion against a budget of Ksh. 767.24 billion for FY 2024/25 in supplementary II budget. Interest payments for Treasury bonds and bills in the month of February 2025 amounted to Ksh. 81.52 billion and Ksh. 8.72 billion, respectively. The total interest payment on the overdraft and interest on Pre-1997 Government Overdraft was Ksh. 0.53 billion.

3.6 Government Securities Yields

In the secondary domestic debt market, yields on government securities have declined. As illustrated in **Chart 7**, the yield curve is now upward sloping, indicating a well-aligned structure. The distorted curve observed as of June 2024 has been effectively corrected.

Chart 7: Government Securities Yield Curve



Source: Nairobi Stock Exchange

3.7 Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds during the month of February 2025 was 7.79 years.

4.0 Sovereign Credit Rating

In January 2025, Moody's rated Kenya at CAAI with a positive outlook rating, this was driven by likelihood of Kenya's liquidity risks easing and debt affordability improving over time.

In order for Kenya to graduate to investment grade (BBB-) and attract cheaper debt from global markets, the Government should continue actualizing the fiscal consolidation plan; improve the export sector performance in order to expand foreign reserves accumulation; promote economic growth to boost GDP per Capita; improve food production, access and affordability in order to lower and stabilize the Consumer Price Index (CPI) and Real Effective Exchange Rate (REER), among others.

ANNEX I: KENYA'S CREDIT RATING

Agency	Rating	Outlook	Date
Fitch	B-	Stable	Jan 31 2025
Moody's	CaaI	Positive	Jan 24 2025
Standard and Poors	B-	Stable	Aug 23 2024
Fitch	B-	Stable	Aug 02, 2024,
Moody's	CAAI	Negative	July 09 2024
Moody's	B3	Negative	July 28 2023
Fitch	B	Negative	July 20 2023
Standard and Poors	B	Negative	Feb 28 2023
Fitch	B	Stable	Dec 14 2022
Standard and Poors	B	Stable	Aug 25 2022
Standard and Poors	B	Stable	Mar 05 2021
Standard and Poors	B+	Negative	Jul 14 2020
Fitch	B+	Negative	Jun 19 2020
Moody's	B2	Negative	May 07 2020
Moody's	B2	Stable	Feb 13 2018
Fitch Rating	B+	Stable	Feb 09 2018
Moody's	BI	Under Review	Oct 02 2017
Standard and Poors	B+	Stable	Oct 14 2016
Standard and Poors	B+	Negative	Oct 16 2015
Fitch Rating	B+	Negative	Jul 17 2015
Moody's	BI	Stable	Nov 08 2012
Standard and Poors	B+	Stable	Nov 19 2010
Fitch Rating	B+	Stable	Jan 16 2009
Standard and Poors	B	Positive	Aug 04 2008
Standard and Poors	B	Stable	Mar 10 2008
Standard and Poors	B	Negative	Feb 04 2008
Fitch Rating	B+	Negative	Jan 30 2008
Fitch Rating	B+	Stable	Dec 12 2007
Standard and Poors	B+	Stable	Sept 08 2006

Source: National Treasury

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

Creditor Category	Stock at the End January 2025	Stock at the End February 2025	Change
BILATERAL			
BELGIUM	22,243.54	22,057.20	(186.34)
AUSTRIA	1,523.75	1,508.94	(14.81)
DENMARK	115.37	115.19	(0.18)
FINLAND	159.79	159.48	(0.31)
FRANCE	87,452.64	87,640.61	187.97
GERMANY	49,907.26	49,298.62	(608.64)
ITALY	40,866.98	40,787.30	(79.67)
JAPAN	81,229.02	83,298.74	2,069.71
HUNGARY	329.30	329.29	(0.01)
USA	32,071.45	31,994.50	(76.96)
SPAIN	12,428.32	12,476.35	48.03
Other PARIS CLUB	1,137.30	1,137.27	(0.03)
Other NON -PARIS CLUB	22,946.01	22,379.76	(566.24)
CHINA	657,461.79	656,745.19	(716.60)
Sub Total	1,009,872.52	1,009,928.44	55.92
MULTILATERAL			
ADB/ADF	509,949.89	508,330.70	(1,619.19)
EEC/EIB	24,967.58	24,918.90	(48.68)
IDA	1,538,170.33	1,536,765.82	(1,404.52)
IFAD	34,909.31	34,884.35	(24.96)
IMF	454,325.99	456,117.60	1,791.61
Others	263,714.46	263,562.68	(151.79)
Sub Total	2,826,037.56	2,824,580.05	(1,457.52)
COMMERCIAL			
Commercial Bank	301,686.74	289,369.63	(12,317.11)
International Sovereign Bond	852,912.72	852,888.96	(23.76)
Suppliers Credit	13,305.73	13,287.19	(18.54)
Sub Total	1,167,905.19	1,155,545.78	(12,359.41)
Total Central Government	5,003,815.27	4,990,054.27	(13,761.00)
GUARANTEED			
JAPAN	68,846.30	70,711.94	1,865.64
GERMANY	1,052.64	1,050.59	(2.05)
Kenya Airways (Commercial Debt)	9,689.23	9,688.96	(0.27)
Sub Total	79,588.17	81,451.50	1,863.32
TOTAL PUBLIC DEBT	5,083,403.45	5,071,505.76	(11,897.68)

Source: National Treasury

ANNEX II I: STOCK OF DOMESTIC DEBT BY HOLDERS AS AT END OF FEBRUARY 2025 IN KSH (MILLIONS)

HOLDER	Stock at End January 2025	Stock at End February 2025	CHANGE
Commercial Banks			
	2,532,806.32	2,596,517.15	63,710.82
Insurance Companies			
	434,292.13	438,475.66	4,183.53
Pension Funds Including NSSF			
	1,710,511.71	1,717,036.88	6,525.17
Others⁵			
	1,250,195.08	1,310,670.27	60,475.19
TOTAL DOMESTIC DEBT	5,927,805.25	6,062,699.95	134,894.71

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⁵ Others include Financial Institutions, Parastatals, Building Societies, Non-resident and Central Bank of Kenya.