



THE NATIONAL TREASURY & ECONOMIC PLANNING

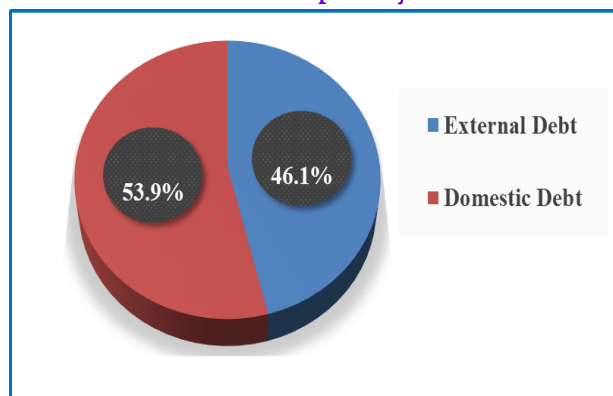
MONTHLY DEBT BULLETIN

MAY 2025

1.0 Introduction

The total nominal public and publicly guaranteed debt stock at the end of May 2025 was Ksh 11,511.72 billion (66.5 percent of GDP¹) equivalent to USD² 89.07 billion. Domestic debt stock was Ksh 6,203.54 billion (35.9 percent of GDP), equivalent to USD 48.00 billion, while the external debt stock was Ksh 5,308.18 billion (30.6 per cent of GDP), equivalent to USD 41.07 billion. Domestic and external debt stock accounted for 53.9 percent and 46.1 percent of total debt stock, respectively (Chart 1).

Chart 1: Total Public and publicly Guaranteed Debt



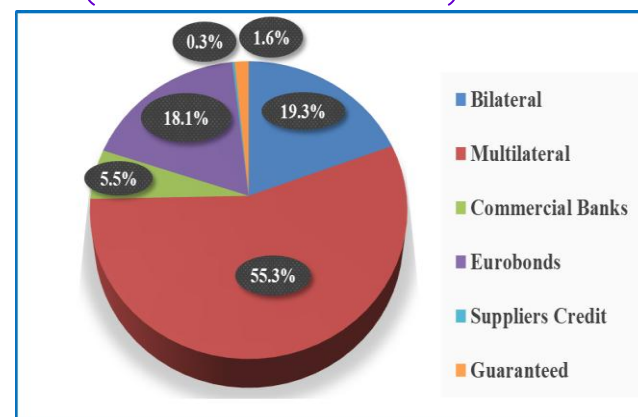
Source: National Treasury

2.0 External Debt

The total external debt stock reduced by Ksh 19.70 billion from Ksh 5,327.88 billion at the end of April 2025 to Ksh 5,308.18 billion as at the end May 2025. The reduction was majorly due to a decrease in the outstanding debt balance in the Multilateral, Commercial and Guaranteed debt. Multilateral debt reduced majorly due to debt service payments by Ksh 6.78 billion from Ksh 2,944.03 billion to Ksh 2,937.25 billion. Commercial debt decreased by Ksh 15.40 billion from Ksh 1,277.52 billion to Ksh 1,262.12 billion during the same period. Guaranteed

debt decreased by Ksh 1.20 billion from Ksh 83.75 billion in April 2025 to Ksh 82.55 billion in May 2025. Debt owed to bilateral creditors increased by Ksh 3.68 billion from Ksh 1,022.58 billion to Ksh 1,026.27 billion. Chart 2 shows percentage composition of external debt as at end of May 2025.

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



Source: National Treasury

2.1 Currency Composition of External Debt

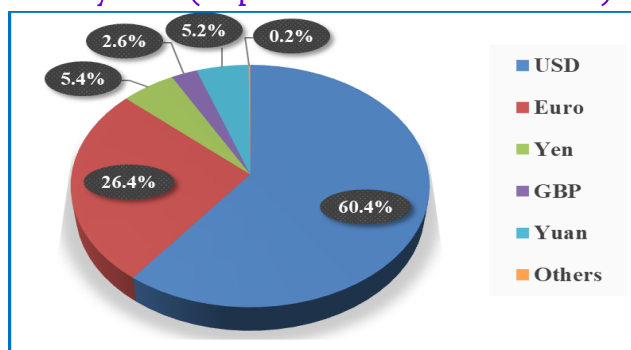
The proportion of external debt denominated in USD, Euro, Yen, Sterling Pound and Yuan was at 60.4 percent, 26.4 percent, 5.4 percent, 2.6 percent and 5.2 percent respectively. Other currencies³ accounted for 0.2 percent of total external debt (Chart 3).

¹ Ksh 17,300.52 billion

² An Exchange rate of USD to Ksh 129.2417

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 May 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 the USD Dollar, Japanese Yen and the Euro by 0.1 percent, 1.1 percent and 0.4 percent respectively but depreciated against the Chinese Yuan and Sterling Pound by 1.0 percent and 0.5 percent respectively. The base ⁴ exchange rates for the aforementioned five currencies, notably the USD Dollar, Yen, Euro, Yuan and Sterling Pound were Ksh 129.345, Ksh 90.79, Ksh 147.16, Ksh 17.80 and Ksh 173.21 respectively.

2.3 External Debt Service

The actual cumulative external debt service as at the end of May 2025 was Ksh 527.52 billion against the financial year target of Ksh 594.91 billion. Debt service to bilateral creditors accounted for 34.5 percent of the total cumulative debt service while commercial, multilateral creditors and KQ guaranteed debt accounted for 43.3 percent, 18.6 percent and 3.6 percent respectively for the period ending May 2025. External debt service during the month of May 2025 was Ksh 36.33 billion, comprising principal repayments and interest payments of Ksh 21.96 billion and Ksh 14.37 billion respectively.

3.0 Domestic Debt

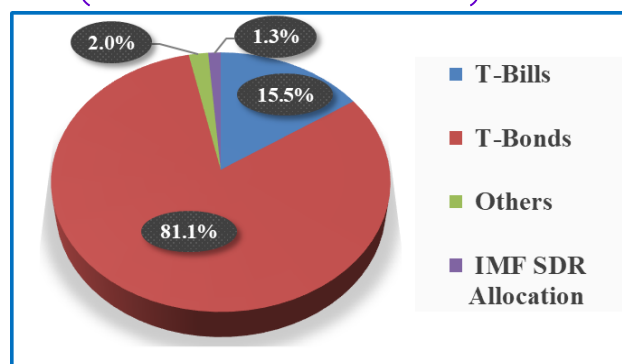
The domestic debt stock increased by Ksh 39.44 billion from Ksh 6,164.10 billion as at end April 2025 to Ksh 6,203.54 billion as at end May 2025. The stock

of Treasury bills increased by Ksh 16.11 billion from Ksh 946.92 billion to Ksh 963.02 billion and the stock of Treasury bonds increased by Ksh 14.05 billion from Ksh 5,020.02 billion to Ksh 5,034.07 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 increased by Ksh 9.28 billion from Ksh 197.17 billion to Ksh 206.45 billion during the same period.

3.1 Domestic Debt by Instruments

As at the end of May 2025, the ratio of Treasury bonds to Treasury bills as a percentage of total domestic debt was 81:16. The Government overdraft at the Central Bank of Kenya and historical bank advances from commercial banks accounted for 2.0 percent while IMF SDR Allocation accounted for 1.3 percent of domestic debt stock during the same period (**Chart 4**).

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



Source: National Treasury

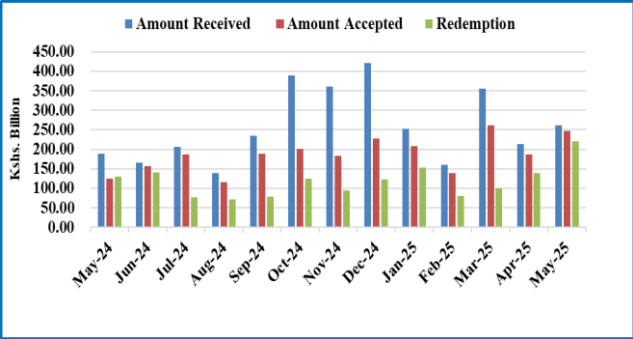
3.2 Domestic Borrowing

During the month of May 2025, Government securities amounting to Ksh 176.00 billion were advertised comprising Ksh. 96.00 billion and Ksh. 80.00 billion Treasury Bills and Treasury Bonds, respectively. Bids worth Ksh 259.84 billion were received, comprising Ksh 148.36 billion and Ksh 111.48 billion Treasury bills and bonds respectively. Bids worth Ksh 230.34 billion were successful, of

⁴ End April 2025 is the base month for all parameters

which Ksh 136.44 billion and Ksh 93.90 billion were Treasury bills and bonds respectively. The monthly redemption at cost amounted to Ksh 201.49 billion, out of which Ksh 117.94 billion and Ksh 83.55 billion were Treasury bills and bonds respectively (Chart 5).

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



Source: National Treasury

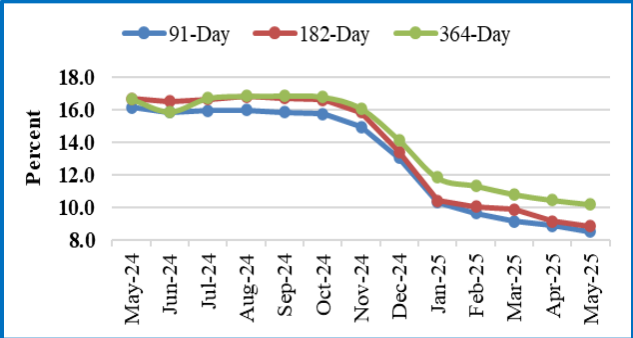
3.3 Net Domestic Financing

The net domestic financing at end of May 2025 was Ksh 772.52 billion against an annual target of Ksh 825.82 billion for FY 2024/25.

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 140, 240 and 170 basis points, respectively from 8.51 percent, 8.83 percent and 10.18 percent in April 2025 to 8.37 percent, 8.59 percent and 10.01 percent in May 2025 (Chart 6).

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



Source: National Treasury

3.5 Domestic Interest Payments

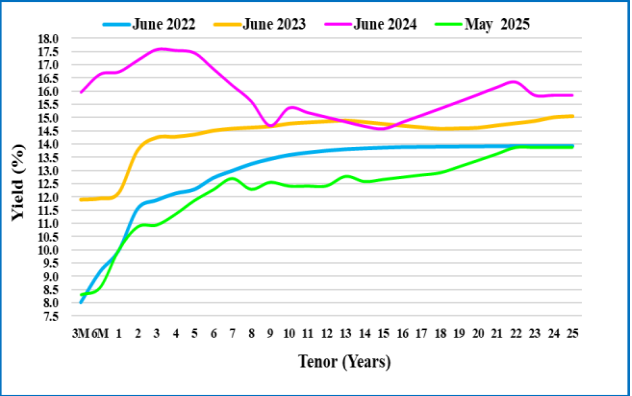
As at end of May 2025, the actual domestic interest payment amounted to Ksh 732.77 billion against an annual target of Ksh 768.49 billion for FY 2024/25. Interest payments for Treasury bonds and bills in the month of May 2025 amounted to Ksh 81.11 billion and Ksh 14.09 billion, respectively. The total interest payment on the overdraft and interest on the Pre-1997 Government Overdraft was Ksh 0.81 billion.

3.6 Government Securities Yields

In May 2022, the yield curve exhibited a normal upward sloping shape reflecting a normal term premium and healthy economic expectations and liquidity. Due to continued quantitative easing, interest rates have decreased in both advanced and developing economies. In May 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 May 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 May 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.

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 May 2025 increased to 7.53 years as compared to 7.16 years in April 2025.

4.0 Sovereign Credit Rating

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

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	Caa1	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 MAY 2025 IN KSH (MILLIONS)

CREDITOR	Stock at the End April 2025	Stock at the End May 2025	CHANGE
BILATERAL			
BELGIUM	23,746.59	23,820.80	74.20
HUNGARY	329.59	329.33	(0.26)
AUSTRIA	1,654.34	1,648.46	(5.88)
DENMARK	126.18	125.82	(0.36)
FINLAND	-	0.00	0.00
FRANCE	97,183.42	99,450.23	2,266.81
GERMANY	54,214.82	53,728.98	(485.84)
ITALY	44,657.75	44,499.06	(158.68)
JAPAN	87,723.17	89,164.75	1,441.58
USA	24,151.21	24,132.22	(18.99)
SPAIN	13,304.94	13,400.89	95.95
OTHER PARIS CLUB	758.87	758.28	(0.60)
OTHER NON - PARIS CLUB	22,755.07	22,475.70	(279.37)
CHINA	651,978.03	652,731.20	753.17
SUB TOTAL	1,022,583.98	1,026,265.71	3,681.73
MULTILATERAL			
ADB/ADF	532,091.42	529,874.23	(2,217.19)
EEC/EIB	28,978.63	28,861.49	(117.14)
IDA	1,607,532.51	1,603,202.86	(4,329.65)
IFAD	37,286.27	37,644.63	358.36
IMF	472,963.99	472,799.16	(164.82)
OTHERS	265,176.11	264,865.42	(310.68)
SUB TOTAL	2,944,028.92	2,937,247.79	(6,781.13)
COMMERCIAL			
COMMERCIAL BANK	290,619.70	289,819.73	(799.97)
INTERNATIONAL SOVEREIGN BOND	972,702.46	958,138.51	(14,563.95)
SUPPLIERS CREDIT	14,200.13	14,160.33	-39.80
SUB TOTAL	1,277,522.29	1,262,118.57	(15,403.72)
TOTAL CENTRAL GOVERNMENT GUARANTEED	5,244,135.19	5,225,632.07	(18,503.12)
JAPAN	72,897.39	71,709.87	(1,187.52)
GERMANY	1,151.83	1,147.73	(4.09)
KENYA AIRWAYS (COMMERCIAL DEBT)	9,697.79	9,690.17	(7.63)
SUB TOTAL	83,747.01	82,547.77	(1,199.24)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,327,882.20	5,308,179.84	(19,702.35)

Source: National Treasury

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

HOLDER	Stock at End April 2025	Stock at End May 2025	CHANGE
Commercial Banks	2,616,007.65	2,611,934.56	(4,073.09)
Insurance Companies	445,391.03	448,415.03	3,024.00
Pension Trust & NSSF	1,746,826.76	1,779,122.64	32,295.87
Others	1,355,876.32	1,364,064.32	8,188.00
Total Domestic Debt	6,164,101.77	6,203,536.54	39,434.77

Source: Central Bank of Kenya

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