



THE NATIONAL TREASURY & ECONOMIC PLANNING

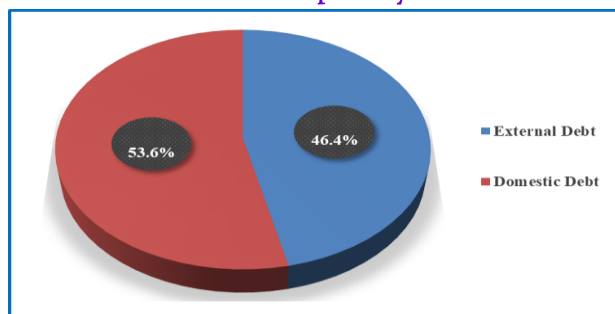
MONTHLY DEBT BULLETIN

JUNE 2025

1.0 Introduction

The total nominal public and publicly guaranteed debt stock at the end of June 2025 was Ksh 11,814.47 billion (67.8 percent of GDP¹) equivalent to USD² 91.42 billion. Domestic debt stock was Ksh 6,326.01 billion (36.3 percent of GDP), equivalent to USD 48.95 billion, while the external debt stock was Ksh 5,488.46 billion (31.5 per cent of GDP), equivalent to USD 42.47 billion. Domestic and external debt stock accounted for 53.6 percent and 46.4 percent of total debt stock, respectively.

Chart 1: Total Public and publicly Guaranteed Debt



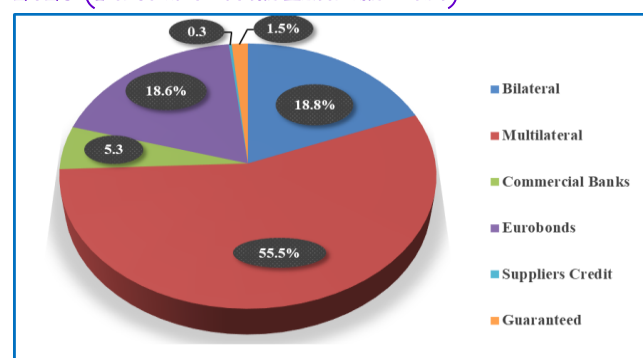
Source: National Treasury

2.0 External Debt

The total external debt stock increased by Ksh 180.28 billion from Ksh 5,308.18 billion at the end of May 2025 to Ksh 5,488.46 billion as at the end June 2025. The increase was majorly due to increase in the outstanding debt balance in the Bilateral, Multilateral and Commercial. Bilateral debt increased by Ksh 6.55 billion from Ksh 1,026.27 to Ksh 1,032.81, Multilateral debt increased by Ksh 108.14 billion from Ksh 2,937.25 billion to Ksh 3,045.39 billion. Commercial debt increased by Ksh 64.90 billion from Ksh 1,262.12 billion to Ksh 1,327.02 billion during the same period. However, Guaranteed debt increased

by Ksh 0.69 billion from Ksh 82.55 billion in May 2025 to Ksh 83.24 billion in June 2025. Chart 2 shows percentage composition of external debt as at end of June 2025.

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

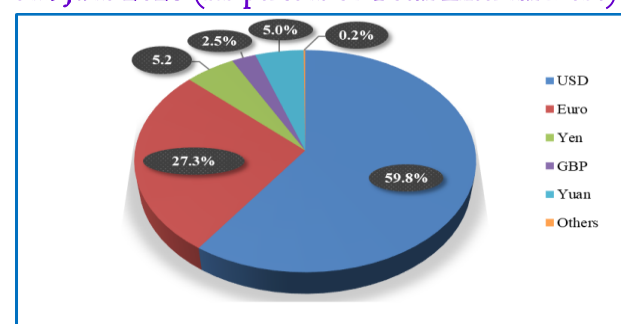


Source: National Treasury

2.1 Currency Composition of External Debt

The proportion of external debt denominated in USD, Euro, Yen, Sterling Pound and Yuan was at 59.7 percent, 27.3 percent, 5.4 percent, 2.5 percent and 5.0 percent respectively. Other currencies³ accounted for 0.2 percent of total external debt

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



Source: National Treasury

¹ Ksh 17,434.53 billion

² An Exchange rate of USD to Ksh 129.2343

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 appreciated against the USD Dollar by 0.01 percent while it depreciated against Japanese Yen, the Euro, Yuan and Sterling Pound by 0.1 percent, 3.4 percent, 0.3 percent and 1.9 per cent respectively. The base⁴ exchange rates for the aforementioned five currencies, notably the USD Dollar, Japanese Yen, Euro, Yuan and Sterling Pound were Ksh 129.24, Ksh 89.79, Ksh 149.64, Ksh 17.98 and Ksh 174.15 respectively.

2.3 External Debt Service

The actual cumulative external debt service as at the end of June 2025 was Ksh 577.99 billion against the financial year target of Ksh 594.91 billion. Debt service to bilateral creditors accounted for 34.8 percent of the total cumulative debt service while commercial, multilateral creditors and KQ guaranteed debt accounted for 41.5 percent, 20.3 percent and 3.4 percent respectively for the period ending June 2025. External debt service during the month of June 2025 was Ksh 20.24 billion, comprising principal repayments and interest payments of Ksh 14.19 billion and Ksh 6.04 billion respectively.

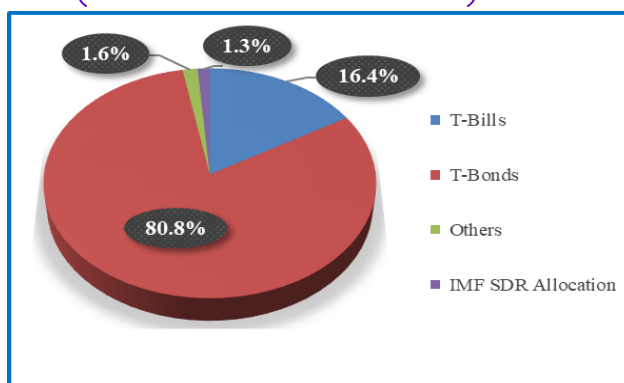
3.0 Domestic Debt

The domestic debt stock increased by Ksh 121.72 billion from Ksh 6,204.29 billion as at end May 2025 to Ksh 6,326.01 billion as at end June 2025. The stock of Treasury bills increased by Ksh 73.85 billion from Ksh 963.02 billion to Ksh 1,036.87 billion and the stock of Treasury bonds increased by Ksh 75.94 billion from Ksh 5,034.07 billion to Ksh 5,110.01 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 28.08 billion from Ksh 207.20 billion to Ksh 179.12 billion during the same period.

3.1 Domestic Debt by Instruments

As at the end of June 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 1.6 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 June 2025 (Percent of Total Domestic Debt)



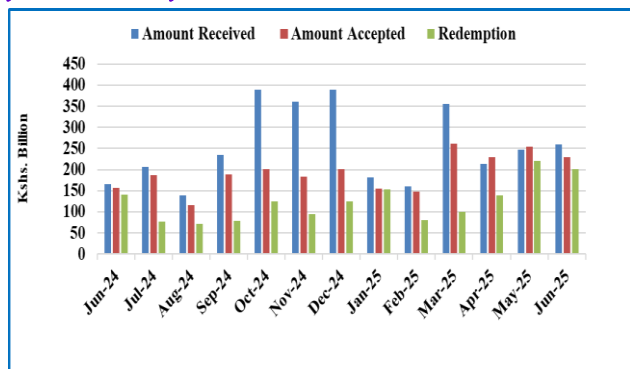
Source: National Treasury

3.2 Domestic Borrowing

During the month of June 2025, Government securities amounting to Ksh 170.00 billion were advertised comprising Ksh. 120.00 billion and Ksh. 50.00 billion Treasury Bills and Treasury Bonds, respectively. Bids worth Ksh 316.72 billion were received, comprising Ksh 215.37 billion and Ksh 101.36 billion Treasury bills and bonds respectively. Bids worth Ksh 230.02 billion were successful, of which Ksh 158.38 billion and Ksh 71.64 billion were Treasury bills and bonds respectively. The monthly redemption at cost amounted to Ksh 84.72 billion which were Treasury bills (**Chart 5**).

⁴ End May 2025 is the base month for all parameters

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



Source: National Treasury

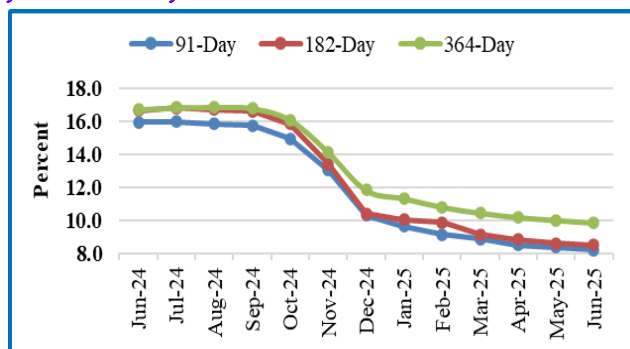
3.3 Net Domestic Financing

The net domestic financing at end of June 2025 was Ksh 854.47 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 158, 80 and 170 basis points, respectively from 8.37 percent, 8.59 percent and 10.01 percent in May 2025 to 8.21 percent, 8.51 percent and 9.84 percent in June 2025.

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



Source: National Treasury

3.5 Domestic Interest Payments

As at end of June 2025, the actual domestic interest payment amounted to Ksh 784.12 billion against an annual target of Ksh 768.49 billion for FY 2024/25. Interest payments for Treasury bonds and bills in the

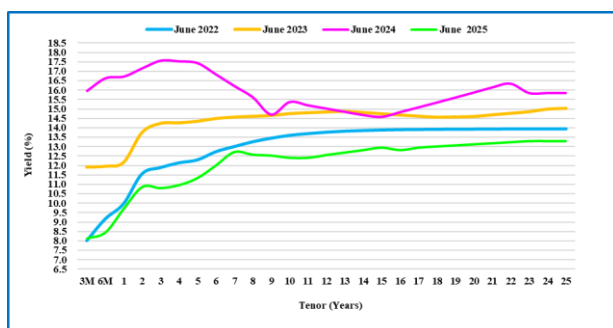
month of May 2025 amounted to Ksh 45.40 billion and Ksh 5.19 billion, respectively. The total interest payment on the overdraft and interest on the Pre-1997 Government Overdraft was Ksh 0.76 billion.

3.6 Government Securities Yields

In June 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 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.

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 June 2025 reduced to 7.49 years as compared to 7.53 years in May 2025.

4.0 Sovereign Credit Rating

As of August 22, 2025, S&P Global upgraded Kenya's long-term sovereign credit rating to B from B-, with a

stable outlook. This upgrade reflects improved foreign exchange reserves, robust export earnings, and strong diaspora remittances, all of which have eased near-term external liquidity risks. Earlier, on February 25, 2025, S&P assigned a B- rating with a stable outlook, a view later affirmed by Fitch Ratings on July 25, 2025. Moody's affirmed Kenya's Caa1 rating (January 25, 2025,) for both local and foreign currency long-term issuer obligations but improved the outlook from negative to positive, highlighting growing confidence in Kenya's external and fiscal prospects. The country's Eurobond liability management and recent monetary easing have helped manage debt amortization and stimulate private-sector credit growth. In the global credit rating system, countries with an investment-grade rating are seen as relatively safe borrowers and can therefore access loans at lower interest rates. By contrast, countries in the non-investment grade category sometimes referred to as "speculative grade" face higher borrowing costs because investors perceive them as carrying greater credit risk.

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
Fitch	B-	Stable	25 July 2024
			25-feb 2025
Moody's	Caa1	Positive	25-Jan 2025
	Caa1	Negative	25 Aug 2025

Source: National Treasury

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

CREDITOR	Stock at the End May 2025	Stock at the End June 2025	CHANGE
BILATERAL			
BELGIUM	23,820.80	25,442.27	1,621.47
Hungary	329.33	329.31	(0.02)
AUSTRIA	1,648.46	1,629.44	(19.02)
DENMARK	125.82	130.11	4.29
FINLAND	0.00	0.00	0.00
FRANCE	99,450.23	101,369.63	1,919.40
GERMANY	53,728.98	56,024.84	2,295.86
ITALY	44,499.06	44,704.58	205.51
JAPAN	89,164.75	88,876.50	(288.25)
USA	24,132.22	23,968.93	(163.29)
SPAIN	13,400.89	13,479.44	78.55
Other PARIS CLUB	758.28	758.23	(0.04)
Other NON -PARIS CLUB	22,475.70	22,990.44	514.73
CHINA	652,731.20	653,107.85	376.66
Sub Total	1,026,265.71	1,032,811.56	6,545.85
MULTILATERAL			
ADB/ADF	529,874.23	550,235.25	20,361.02
EEC/EIB	28,861.49	29,816.26	954.77
IDA	1,603,202.86	1,665,403.10	62,200.24
IFAD	37,644.63	38,093.72	449.09
IMF	472,799.16	478,797.70	5,998.53
Others	264,865.42	283,044.97	18,179.55
Sub Total	2,937,247.79	3,045,391.00	108,143.21
COMMERCIAL			
Commercial Bank	289,819.73	289,901.42	81.69
International Sovereign Bond	958,138.51	1,022,700.80	64,562.29
Suppliers Credit	14,160.33	14,419.14	258.81
Sub Total	1,262,118.57	1,327,021.36	64,902.79
Total Central Government	5,225,632.07	5,405,223.92	179,591.85
GUARANTEED			
JAPAN	71,709.87	72,759.74	1,049.87
GERMANY	1,147.73	791.31	(356.42)
Kenya Airways (Commercial Debt)	9,690.17	9,689.61	-0.55
Sub Total	82,547.77	83,240.67	692.89
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,308,179.84	5,488,464.58	180,284.74

Source: National Treasury

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

HOLDER	Stock at End May2025	Stock at End June 2025	CHANGE
COMMERCIAL BANKS	2,612,691.04	2,692,070.36	79,379.32
INSURANCE COMPANIES	448,415.03	457,354.96	8,939.93
PENSION TRUST	1,779,122.64	1,820,414.54	41,291.90
OTHERS	1,364,064.31	1,356,169.44	(7,894.87)
TOTAL DOMESTIC DEBT	6,204,293.02	6,326,009.29	121,716.28

Source: Central Bank of Kenya

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