



THE NATIONAL TREASURY & ECONOMIC PLANNING

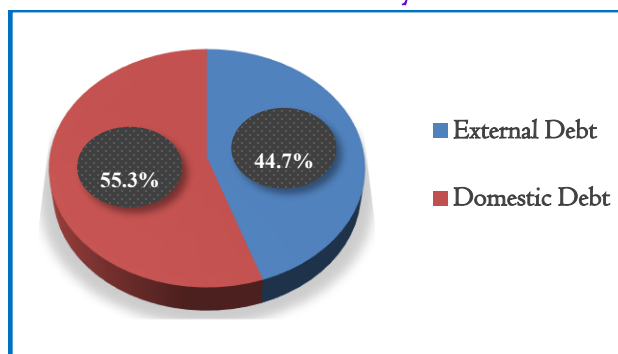
DEBT BULLETIN

SEPTEMBER 2025

I.0 Introduction

The total nominal public and publicly guaranteed debt stock at the end of September 2025 was Ksh 12,053.95 billion (67.3 percent of GDP¹) equivalent to USD² 93.27 billion. Domestic debt stock was Ksh 6,660.42 billion (37.2 percent of GDP), equivalent to USD 51.54 billion, while the external debt stock was Ksh 5,393.53 billion (30.1 percent of GDP), equivalent to USD 41.73 billion. Domestic and external debt stock accounted for 55.3 percent and 44.7 percent of total debt stock, respectively.

Chart 1: Total Public and Publicly Guaranteed Debt



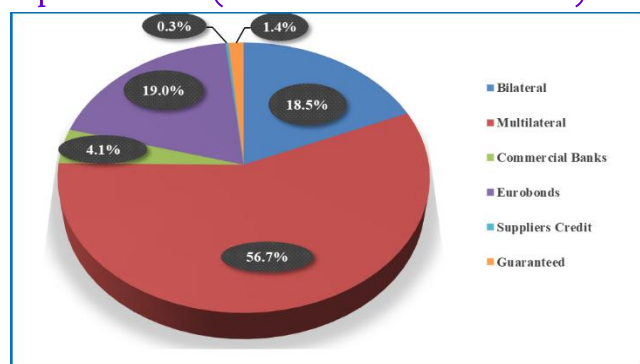
Source: National Treasury

2.0 External Debt

The total external debt stock reduced by Ksh 9.75 billion from Ksh 5,403.28 billion at the end of August 2025 to Ksh 5,393.53 billion as at the end of September 2025. The decrease was majorly due to reduction of commercial and guaranteed debt. Bilateral debt increased by Ksh 10.99 billion from Ksh 985.56 billion to Ksh 996.55 billion, while Multilateral debt increased by Ksh 32.29 billion from Ksh 3,025.47 billion to Ksh 3,057.76 billion. Commercial debt decreased by Ksh 49.75 billion from Ksh 1,310.80 billion to Ksh 1,261.05 billion while Guaranteed debt decreased by Ksh 3.29 billion from Ksh 81.46 billion to Ksh 78.17 billion during the same period. **Chart 2**

shows composition of external debt as at end of September 2025.

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

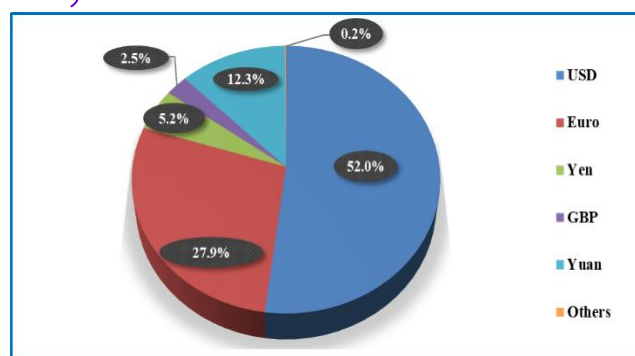


Source: National Treasury

2.1 Currency Composition of External Debt

The proportion of external debt denominated in USD, Euro, Yuan, Yen, and Sterling Pound was at 52.0 percent, 27.9 percent, 12.3 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 September 2025 (As percent of Total External Debt)



Source: National Treasury

¹ Ksh 17,912.22 billion

² An Exchange rate of USD to Ksh 129.2404

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 US Dollar, Japanese Yen, the Euro, Yuan and Sterling Pound by 0.001 percent, 0.2 percent, 2.6 percent, 1.0 percent and 1.1 percent respectively. The base⁴ exchange rates for the aforementioned five currencies, notably the US Dollar, Japanese Yen (100), Euro, Yuan and Sterling Pound were Ksh 129.24, Ksh 86.98, Ksh 151.65, Ksh 18.15 and Ksh 173.46 respectively.

2.3 External Debt Service

The actual cumulative external debt service as at the end of September 2025 was Ksh 213.09 billion against the financial year target of Ksh 716.46 billion. Debt service to bilateral creditors accounted for 36.1 percent of the total cumulative debt service while commercial and multilateral creditors debt accounted for 52.4 percent and 11.4 percent respectively for the period ending September 2025. External debt service during the month of September 2025 was Ksh 97.44 billion, comprising principal repayments and interest payments of Ksh 74.86 billion and Ksh 22.58 billion respectively.

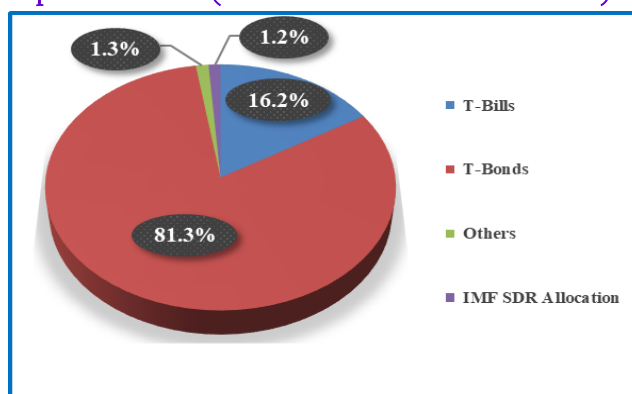
3.0 Domestic Debt

The domestic debt stock increased by Ksh 95.90 billion from Ksh 6,564.52 billion as at end of August 2025 to Ksh 6,660.42 billion as at end September 2025. The stock of Treasury bills increased by Ksh 27.17 billion from Ksh 1,054.52 billion to Ksh 1,081.69 billion and the stock of Treasury bonds increased by Ksh 48.64 billion from Ksh 5,366.90 billion to Ksh 5,415.54 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 20.15 billion from Ksh 143.10 billion to Ksh 163.25 billion during the same period.

3.1 Domestic Debt by Instruments

As at the end of September 2025, the ratio of Treasury bonds to Treasury bills as a percentage of government securities was 83:17. The Government overdraft at the Central Bank of Kenya and historical bank advances from commercial banks accounted as well as IMF SDR Allocation accounted for 1.0 percent respectively of domestic debt stock during the same period (**Chart 4**).

Chart 4: Composition of Domestic Debt as at End September 2025 (Percent of Total Domestic Debt)



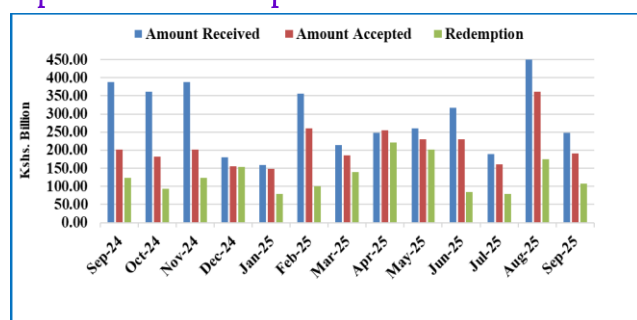
Source: National Treasury

3.2 Domestic Borrowing

During the month of September 2025, Government securities amounting to Ksh 180.00 billion were advertised comprising Ksh. 120 billion and Ksh. 60.00 billion Treasury Bills and Treasury Bonds, respectively. Bids worth Ksh 248.08 billion were received, comprising Ksh 142.73 billion and Ksh 105.35 billion Treasury bills and bonds respectively. Bids worth Ksh 191.91 billion were successful, of which Ksh 128.07 billion and Ksh 63.84 billion were Treasury bills and bonds respectively. The monthly redemption at cost amounted to Ksh 107.58 billion which were Treasury bills (**Chart 5**).

⁴ End August 2025 is the base month for all parameters

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



Source: National Treasury

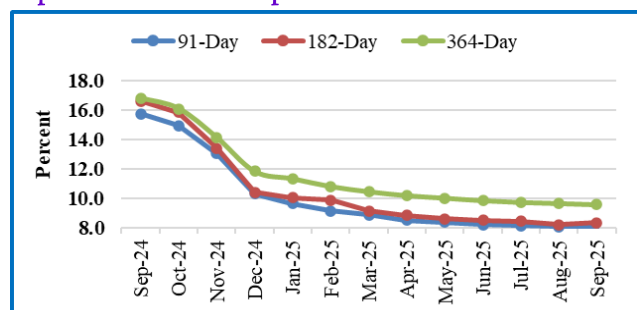
3.3 Net Domestic Financing

The net domestic financing at end of September 2025 was Ksh 371.55 billion against an annual target of Ksh 613.55 billion for FY 2025/26. This represents 60 percent of the annual target achieved by end September 2025.

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 and 364-day Treasury bills decreased by 7.0 and 8.7 basis points, respectively from 8.05 percent and 9.65 percent in August 2025, to 7.98 percent and 9.56 percent in September 2025. The 182-day Treasury bill increased slightly by 13.7 basis points from 8.19 percent in August 2025 to 8.33 percent in September 2025.

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



Source: National Treasury

3.5 Domestic Interest Payments

As at the end of September 2025, cumulative total domestic interest payment amounted to Ksh 201.01 billion against an annual target of Ksh 851.42 billion

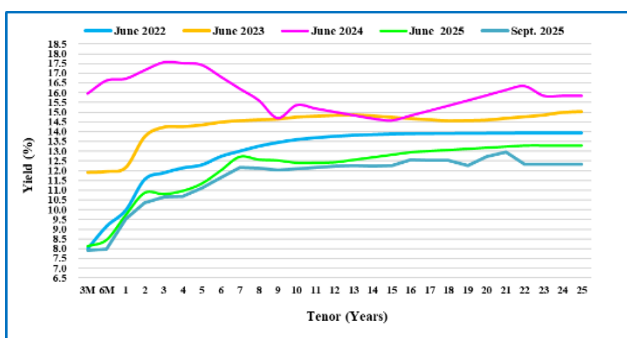
for FY 2025/26. During the month, the actual domestic interest payment amounted to Ksh 55.73 billion. Interest payments for Treasury bonds and bills in the month of September 2025 amounted to Ksh 49.99 billion and Ksh 5.65 billion, respectively, while total interest payment on the overdraft and interest on the Pre-1997 Government Overdraft was Ksh 0.09 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 September 2025, the yield curve was generally upward sloping, with longer-term bonds yielding more than shorter-term ones, reflecting investors' expectations of normal economic conditions and a term premium for holding securities with 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 September 2025 was 7.60 years, relatively the same as August 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
Fitch	B-	Stable	25 July 2024
	CaaI	Positive	25-Feb 2025
Moody's	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 SEPTEMBER 2025 IN KSH (MILLIONS)

CREDITOR	Stock at the End August 2025	Stock at the End September 2025	CHANGE
BILATERAL			
BELGIUM	25,117.27	24,966.31	(150.96)
Hungary	387.65	387.64	(0.01)
AUSTRIA	1,606.24	1,616.06	9.82
DENMARK	55.39	55.73	0.34
FINLAND	0.00	0.00	0.00
FRANCE	98,726.98	103,424.13	4,697.15
GERMANY	55,434.47	55,267.98	(166.49)
ITALY	44,433.05	44,704.79	271.74
JAPAN	86,659.31	85,742.42	(916.89)
USA	23,896.96	16,030.33	(7,866.63)
SPAIN	13,529.06	15,856.76	2,327.70
Other PARIS CLUB	758.28	5,707.30	4,949.02
Other NON -PARIS CLUB	22,420.77	22,425.50	4.73
CHINA	612,529.74	620,360.80	7,831.06
Sub Total	985,555.17	996,545.75	10,990.58
MULTILATERAL			
ADB/ADF	546,144.00	568,177.89	22,033.89
EBC/EIB	29,346.86	28,724.63	(622.23)
IDA	1,653,136.78	1,663,617.43	10,480.65
IFAD	37,795.53	37,857.97	62.44
IMF	476,959.79	477,266.05	306.26
Others	282,091.11	282,118.59	27.49
Sub Total	3,025,474.07	3,057,762.58	32,288.51
COMMERCIAL			
Commercial Bank	273,583.18	223,788.68	(49,794.50)
International Sovereign Bond	1,022,764.90	1,022,749.08	(15.83)
Suppliers Credit	14,448.03	14,512.79	64.76
Sub Total	1,310,796.11	1,261,050.54	(49,745.57)
Total Central Government	5,321,825.35	5,315,358.87	(6,466.48)
GUARANTEED			
JAPAN	70,978.59	67,688.00	(3,290.60)
GERMANY	786.50	791.31	4.81
Kenya Airways (Commercial Debt)	9,690.22	9,690.07	(0.15)
Sub Total	81,455.32	78,169.38	(3,285.94)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,403,280.67	5,393,528.25	(9,752.42)

Source: National Treasury

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

DOMESTIC DEBT BY HOLDER	Aug-25	Sep-25	Change
Banks	2,253,441.95	2,296,925.91	43,483.96
Non-Financial Corporations	135,146.41	139,706.84	4,678.67
Pensions	925,423.53	943,324.53	17,901.00
Insurance Companies	835,823.59	847,845.12	12,021.53
Households	422,321.74	425,198.95	2,770.10
Non- Residents	299,364.80	302,816.25	3,283.10
Other Financial Corporations	1,024,064.37	1,009,540.43	(14,500.94)
Non-Profit Institutions	56,323.81	55,124.04	(1,187.67)
General Government	469,508.59	476,870.28	7,361.68
Others ⁵	143,096.76	163,066.01	20,154.79
Totals	6,564,515.54	6,660,418.34	95,966.23

Source: Central Bank of Kenya

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⁵ Others include: Pre-1997, Government Overdraft, Uncleared, Bank advances and IMF fund