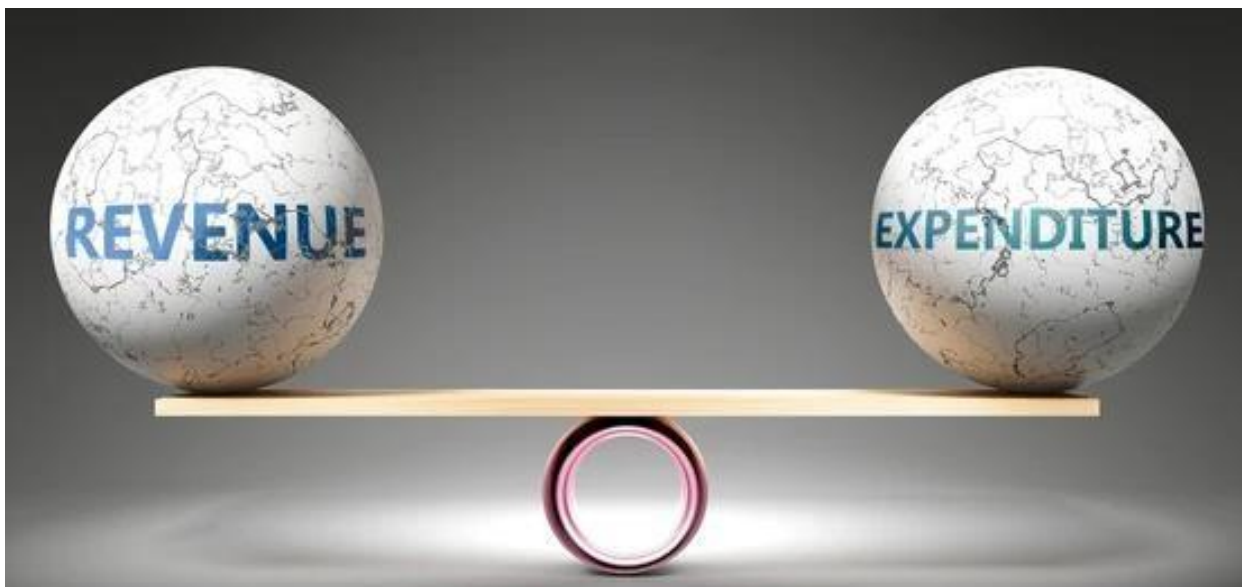


Actual Revenues and Exchequer Issues for the First Eleven Months of FY25/26



Fiscal Pressures and Future Paths

26th June 2026

Exchequer Revenues – First 11 Months of FY25/26:

During the first eleven months of FY25/26, cumulative exchequer revenues rose to Kes. 2,318.33Bn, reflecting an 7.5% y/y increase from Kes. 2,156.67Bn recorded over the corresponding period in FY24/25. The performance translates to 90.8% of the prorated target of Kes. 2,552.38Bn and 83.3% of the revised full-year revenue estimates of Kes. 2,784.41Bn. See the visual below:

Cumulative Exchequer Revenues

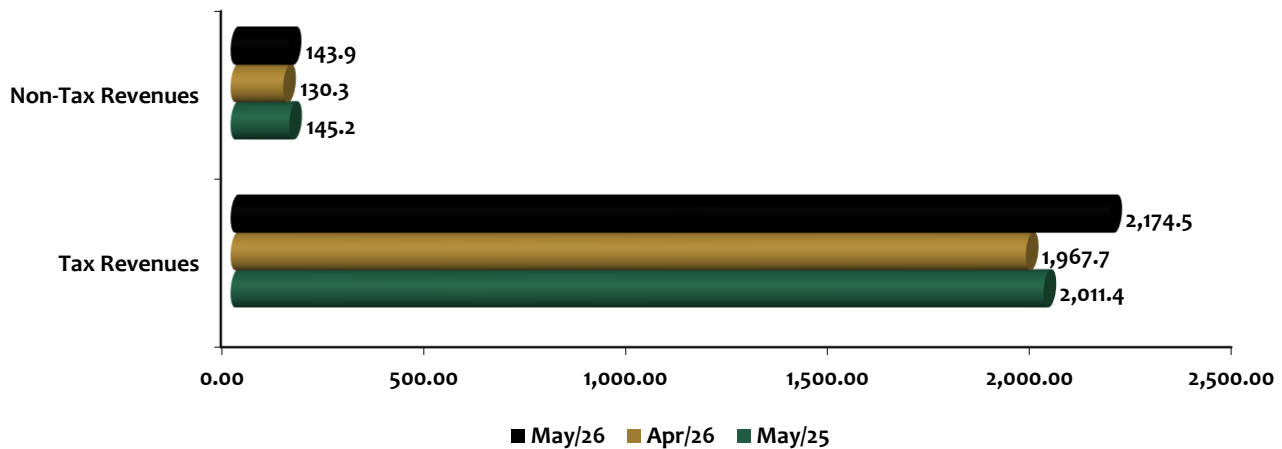


Data: National Treasury | Chart: KSL

Tax revenues grew by 8.1% y/y to Kes. 2,174.48Bn in May 2026, from Kes. 2,011.45Bn in May 2025, supported by improved economic activity, enhanced tax administration measures, and sustained compliance efforts. On a monthly basis, tax revenues increased by 10.5% from Kes. 1,967.66Bn in April 2026. However, collections still fell short of the prorated target of Kes. 2,384.04Bn, implying a performance rate of 91.2%.

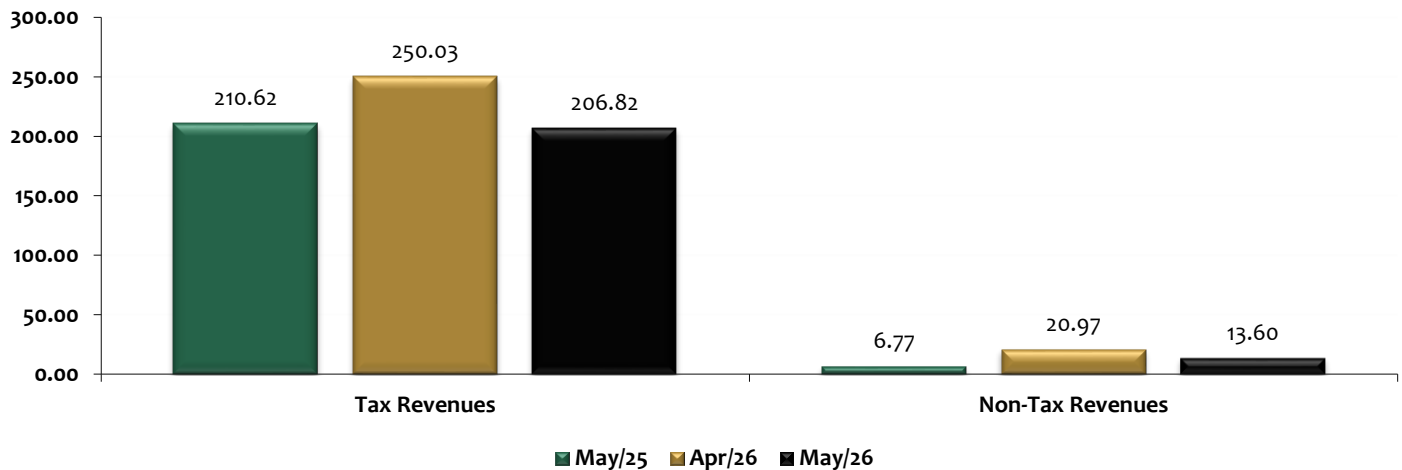
Non-tax revenues declined by 0.9% y/y to Kes. 143.85Bn from Kes. 145.22Bn in April 2025, despite recording a 10.4% m/m increase from Kes. 130.25Bn in April 2026. The underperformance relative to the prorated target of Kes. 168.34Bn raises concerns over the sustainability of non-tax revenue streams, especially following the upward revisions to revenue expectations in the supplementary budget.

Cumulative Exchequer Revenues (Kes. Bn)



Consequently, total revenues in May 2026 amounted to Kes. 220.42Bn, marking an 18.7% m/m decrease and a 1.4% y/y rise. Tax revenue dropped by 1.8% to Kes 206.82Bn, from Kes 210.62Bn, over the same period in FY24/25. See the chart below:

Exchequer Revenue Collections (M/M, Y/Y Comparison)



Data: National Treasury | Chart: KSL

As expected and highlighted in our April report, May collections softened largely due to business disruptions, which weighed on economic activity and dampened tax-generating transactions. May marked the first month to record a year-on-year decline in tax collections since the fiscal year began.

Expenditure:

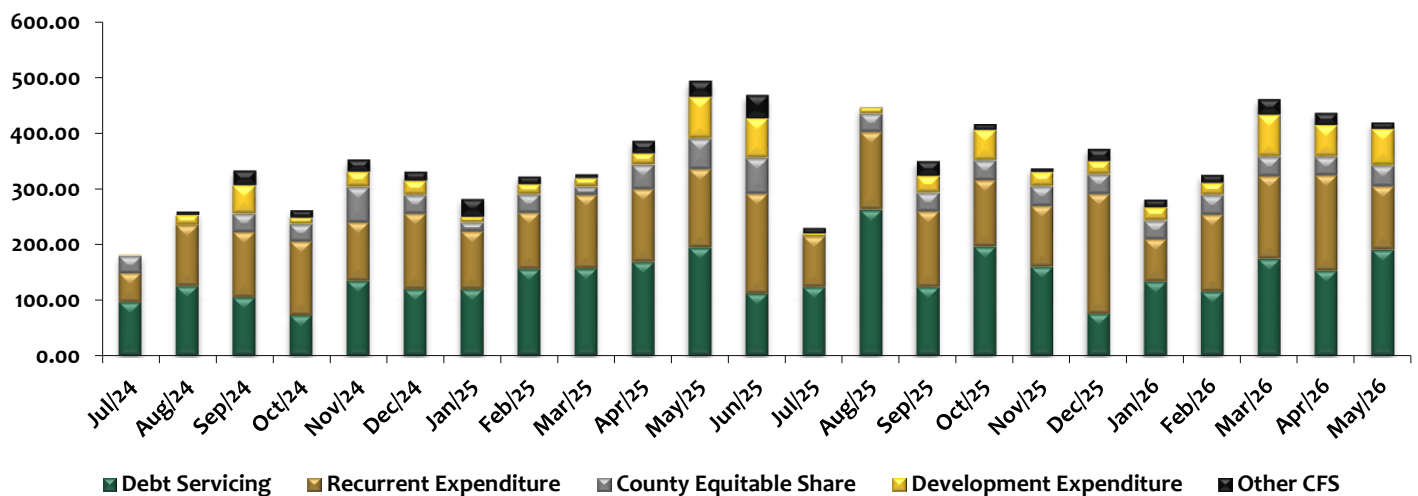
Cumulative expenditure during the first eleven months of FY25/26 rose to Kes. 4,060.45Bn, representing a 15.4% y/y increase from Kes. 3,519.23Bn recorded in a similar period last year. This translates to 85.9% of the prorated expenditure target of Kes. 4,729.24Bn. The increase continues to reflect elevated recurrent spending, rising debt servicing obligations, and accelerated development expenditure disbursements.

Recurrent expenditure increased by 15.4% y/y to Kes. 1,457.42Bn, while development expenditure surged by 44.5% y/y to Kes. 383.48Bn, indicating a stronger implementation pace for infrastructure and development projects compared to the previous fiscal year as elections approach. County equitable share on the other hand declined by 2.2%/y/y to Kes. 346.53Bn.

Debt servicing remained one of the largest expenditure components, increasing by 14.4% y/y to Kes. 1,873.03Bn from Kes. 1,637.01Bn in May 2025. On a monthly basis, cumulative debt servicing rose by 12.1% from Kes. 1,671.39Bn in April 2026, underscoring the persistent pressure exerted by Kenya’s debt obligations on public finances. Notably, debt servicing alone accounted for approximately 73.7% of total revenues collected during the period, significantly constraining fiscal flexibility and limiting allocations toward productive sectors of the economy.

See the chart below:

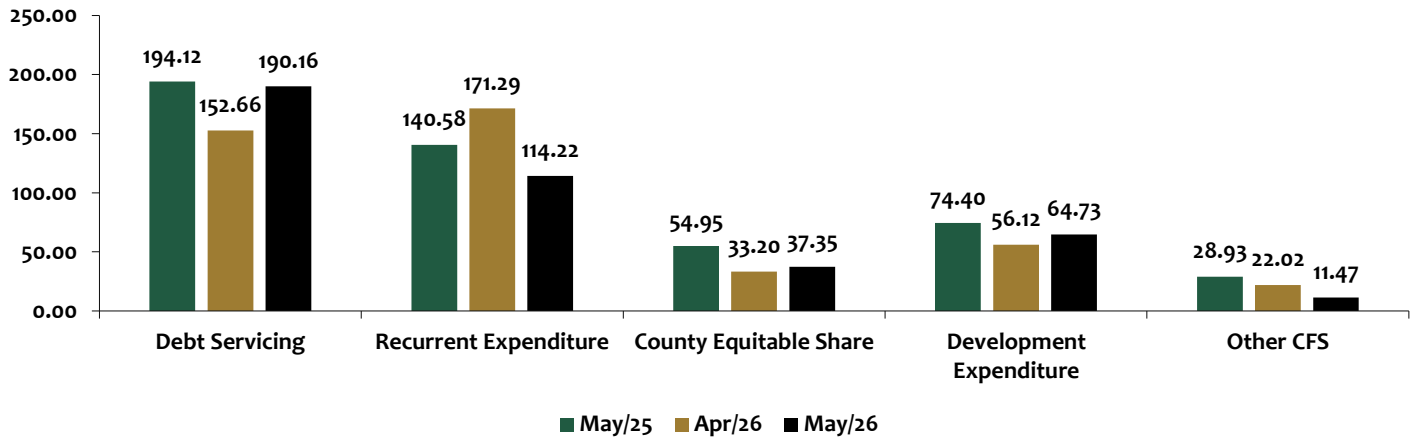
Monthly Expenditure Breakdown(Kes. Bn)



Data: National Treasury | Chart: KSL

In May 2026 alone, total expenditure stood at Kes. 417.94Bn, representing a 15.2% y/y decrease from Kes. 492.98Bn in May 2025 and a 4.0% m/m drop from Kes. 435.29Bn recorded in April 2026. The decrease was mainly driven by reduced disbursements across board.

Expenditure Comparison (Kes. Bn)

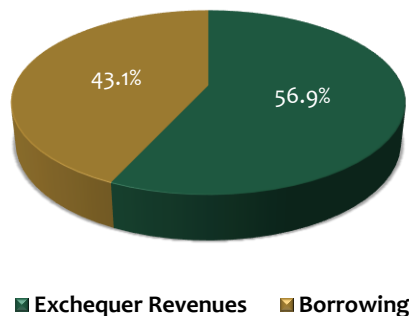


Data: National Treasury | Chart: KSL

Financing:

To finance the widening fiscal deficit, total financing during the first eleven months of FY25/26 increased by 28.9% y/y to Kes. 1,757.53Bn from Kes. 1,363.43Bn recorded during a similar period in FY24/25. However, financing performance stood at 80.7% of the prorated target of Kes. 2,176.86Bn, suggesting continued constraints in fully meeting budgeted financing assumptions. Exchequer revenues financed only 56.9% of total expenditure during the period, highlighting the government’s continued reliance on debt financing to bridge the fiscal gap. See the visual representation below:

Debt-Revenue Mix (First 11 Months of FY25/26)



Data: National Treasury | Chart: KSL

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