

2020 HY Review for Kenyan Banks: Pressure starting to show, but the systemic risk is low

Summary

28 September 2020 - GCR Ratings ("GCR") has published a Special Report on the half year performance of the Kenyan banking sector.

The report is available for download at: <http://gcrresearch.com/reports/house/industry-reports/>.

Key highlights of the research are:

Kenyan Economic growth expected to be around 1% to 2% in 2020.

Asset quality is showing signs of deterioration, but non-performing loan growth has been masked by a high amount of restructured lending.

Profitability across the sector is down, with continued material differences between the top tier (and international) banks and the rest, but capital currently remains adequate for most banks.

Under the current stress we believe systemic risk to be low, but a handful of banks look vulnerable in the short to medium term.

GCR will periodically provide insights on key sectors/industries across different territories in which various rated entities are domiciled, encompassing changes in the operating environment, performance trends and its view of the impact of an evolution in market dynamics on the credit risk profiles of rated entities in selected industries.

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Related Criteria and Research

Criteria for the GCR Ratings Framework, May 2019
Criteria for Rating Financial Institutions, May 2019
GCR Ratings Scales, Symbols & Definitions, May 2019



GCR Country Risk Scores, May 2020
GCR Financial Institution Sector Risk Scores, August 2020