

# UN-AUDITED QUARTERLY FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE PERIOD ENDED 30 JUNE 2018

	30-Jun-2017 UN-AUDITED	31-Dec-2017 AUDITED	31-Mar-2018 UN-AUDITED	30-Jun-2018 UN-AUDITED
STATEMENT OF FINANCIAL POSITION	SHS '000	SHS '000	SHS '000	SHS '000
<b>A Assets</b>				
1 Cash (both local and foreign)	80,993	87,665	83,688	129,089
2 Balances due from Central Bank of Kenya	1,067,539	1,660,897	1,255,296	1,403,905
3 Kenya Government and other securities held for dealing purposes	0	0	0	0
4 Financial Assets at fair value through profit and loss	0	0	0	0
5 Investment Securities:	0	0	0	0
<b>a) Held to Maturity:</b>	<b>1,487,500</b>	<b>1,429,704</b>	<b>1,785,516</b>	<b>1,932,295</b>
a. Kenya Government securities	1,373,783	1,316,967	1,673,535	1,822,287
b. Other securities	113,717	112,737	111,981	110,008
<b>b) Available for sale:</b>	<b>1,401,455</b>	<b>1,619,958</b>	<b>1,624,133</b>	<b>1,918,645</b>
a. Kenya Government securities	1,145,225	1,269,728	1,281,269	1,575,155
b. Other securities	256,230	350,230	342,864	343,490
6 Deposits and balances due from local banking institutions	1,608,972	909,801	515,104	1,357,553
7 Deposits and balances due from banking institutions abroad	897,603	632,351	969,255	3,368,147
8 Tax recoverable	0	0	0	0
9 Loans and advances to customers (Net)	15,533,093	18,870,101	20,139,725	20,566,468
10 Balances due from banking institutions in the group	0	0	0	0
11 Investments in associates	284,031	297,064	297,064	297,064
12 Investments in subsidiary companies	0	0	0	0
13 Investments in joint ventures	0	0	0	0
14 Investment properties	0	0	0	0
15 Property and equipment	179,350	174,508	202,119	192,675
16 Prepaid lease rentals	0	0	0	0
17 Intangible assets	27,692	26,186	24,049	25,120
18 Deferred tax asset	13,734	15,435	15,435	10,885
19 Retirement benefit asset	0	0	0	0
20 Other assets	345,293	261,490	407,634	443,076
<b>21 Total assets</b>	<b>22,927,255</b>	<b>25,985,160</b>	<b>27,319,018</b>	<b>31,644,922</b>
<b>B Liabilities</b>				
22 Balances due to Central Bank of Kenya	0	0	0	0
23 Customer deposits	15,815,529	18,677,388	19,639,560	23,440,788
24 Deposits and balances due to local banking institutions	0	0	0	0
25 Deposits and balances due to foreign banking institutions	0	208,812	268,905	409,577
26 Other money market deposits	0	0	0	0
27 Borrowed funds	1,541,414	1,382,370	1,388,286	1,738,720
28 Balances due to banking institutions in the group	0	0	0	0
29 Tax payable	18,769	6,721	68,521	0
30 Dividends payable	0	0	0	0
31 Deferred tax liability	0	0	0	0
32 Retirement benefit liability	0	0	0	0
33 Other liabilities	117,000	97,976	176,123	148,095
<b>34 Total liabilities</b>	<b>17,492,712</b>	<b>20,373,267</b>	<b>21,541,395</b>	<b>25,737,180</b>
<b>C Shareholders' Funds</b>				
35 Paid up / Assigned share capital	838,494	838,494	838,494	838,494
36 Share premium / ( discount )	1,321,289	1,321,289	1,321,289	1,321,289
37 Revaluation reserves	137,000	137,000	137,000	137,000
38 Retained earnings/Accumulated losses	3,066,378	3,203,346	3,346,390	3,482,909
39 Statutory loan loss reserve	105,000	120,000	116,528	125,668
40 Other Reserves	(33,618)	(8,236)	17,922	2,382
41 Proposed dividends	0	0	0	0
42 Capital grants	0	0	0	0
<b>43 Total shareholders' funds</b>	<b>5,434,543</b>	<b>5,611,893</b>	<b>5,777,623</b>	<b>5,907,742</b>
<b>44 Total liabilities and total shareholders' funds</b>	<b>22,927,255</b>	<b>25,985,160</b>	<b>27,319,018</b>	<b>31,644,922</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>1.0 Interest income</b>				
1.1 Loans and advances	995,854	2,180,414	628,012	1,274,559
1.2 Government securities	157,651	319,034	75,616	161,666
1.3 Deposits and placements with banking institutions	16,722	43,387	11,005	18,680
1.4 Other interest income	22,747	15,840	2,898	6,168
<b>1.5 Total interest income</b>	<b>1,192,974</b>	<b>2,558,675</b>	<b>717,531</b>	<b>1,461,073</b>
<b>2.0 Interest expense</b>				
2.1 Customer deposits	525,571	1,174,689	369,401	751,518
2.2 Deposits and placements from banking institutions	3	3	0	0
2.3 Other interest expense	48,984	99,671	25,047	55,092
<b>2.4 Total interest expense</b>	<b>574,558</b>	<b>1,274,363</b>	<b>394,448</b>	<b>806,610</b>
<b>3.0 Net interest income/(loss)</b>	<b>618,416</b>	<b>1,284,312</b>	<b>323,083</b>	<b>654,463</b>
<b>4.0 Non interest Income</b>				
4.1 Fees and commissions on loans and advances	58,702	153,016	43,552	82,587
4.2 Other fees and commissions	59,741	118,441	30,331	58,750
4.3 Foreign exchange trading income/(loss)	14,689	29,587	9,608	22,453
4.4 Dividend income	0	0	0	0
4.5 Other income	11,225	57,669	8,894	12,307
<b>4.6 Total non interest income</b>	<b>144,357</b>	<b>358,713</b>	<b>92,385</b>	<b>176,097</b>
<b>5.0 Total operating income</b>	<b>762,773</b>	<b>1,643,025</b>	<b>415,468</b>	<b>830,560</b>
<b>6.0 Other operating expenses</b>				
6.1 Loan loss provisions	7,064	35,321	5,519	7,355
6.2 Staff costs	138,685	349,096	91,675	180,889
6.3 Directors' emoluments	37,800	101,495	29,100	58,200
6.4 Rental charges	11,354	22,984	5,827	14,305
6.5 Depreciation charge on property and equipment	18,216	34,972	10,669	22,533
6.6 Amortization charges	3,732	8,088	2,137	4,405
6.7 Other operating expenses	101,048	241,870	54,716	114,889
<b>6.8 Total other operating expenses</b>	<b>317,899</b>	<b>793,826</b>	<b>199,643</b>	<b>402,576</b>
<b>7.0 Profit/(loss) before tax and exceptional items</b>	<b>444,874</b>	<b>849,199</b>	<b>215,825</b>	<b>427,984</b>
8.0 Exceptional items	0	0	0	0
<b>9.0 Profit/(loss) after exceptional items</b>	<b>444,874</b>	<b>849,199</b>	<b>215,825</b>	<b>427,984</b>
10.0 Current tax	(137,100)	(243,382)	(61,800)	(128,300)
11.0 Deferred tax	0	11,360	0	0
<b>12.0 Profit/(loss) after tax and exceptional items</b>	<b>307,774</b>	<b>617,177</b>	<b>154,025</b>	<b>299,684</b>
<b>13.0 Other Comprehensive Income</b>				
13.1 Gains/(Losses) from translating the financial statements of foreign operations	0	0	0	0
13.2 Fair value changes in available for sale financial assets	(2,844)	22,538	26,158	10,618
13.3 Revaluation surplus on Property,plant and equipment	0	0	0	0
13.4 Share of other comprehensive income of associates	0	0	0	0
13.5 Income tax relating to components of other comprehensive income	0	0	0	0
<b>14.0 Other Comprehensive Income for the year net of tax</b>	<b>(2,844)</b>	<b>22,538</b>	<b>26,158</b>	<b>10,618</b>
<b>15.0 Total comprehensive income for the year</b>	<b>304,930</b>	<b>639,715</b>	<b>180,183</b>	<b>310,302</b>
<b>16.0 Earnings per share - Basic &amp; diluted</b>	<b>7.34</b>	<b>14.72</b>	<b>3.67</b>	<b>7.15</b>
<b>17.0 Dividend Per share</b>		<b>3.50</b>		

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OTHER DISCLOSURES	SHS '000	SHS '000	SHS '000	SHS '000
<b>1.0 Non-performing loans and advances</b>				
a) Gross non-performing loans and advances	18,366	16,855	17,438	0
b) Less: Interest in suspense	209	1,696	2,581	0
<b>c) Total non-performing loans and advances ( a - b )</b>	<b>18,157</b>	<b>15,159</b>	<b>14,857</b>	<b>0</b>
d) Less: Loan loss provisions	3,800	15,159	14,857	0
<b>e) Net non-performing loans and advances ( c - d )</b>	<b>14,357</b>	<b>0</b>	<b>0</b>	<b>0</b>
f) Less: Discounted value of securities	14,357	0	0	0
<b>g) Net non-performing loans exposure ( e - f )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2.0 Insider loans and advances</b>				
a) Directors, shareholders and associates	161,548	181,051	287,022	409,507
b) Employees	96,891	117,602	80,908	82,770
<b>c) Total insider loans, advances and other facilities</b>	<b>258,439</b>	<b>298,653</b>	<b>367,930</b>	<b>492,277</b>
<b>3.0 Off-balance sheet items</b>				
a) Letters of credit , guarantees , acceptances	2,011,583	2,756,914	3,387,147	3,675,234
b) Forwards, swaps and options	58,079	34,712	28,620	0
c) Other contingent liabilities	98,990	54,081	147,661	25,614
<b>d) Total contingent liabilities</b>	<b>2,168,652</b>	<b>2,845,707</b>	<b>3,563,428</b>	<b>3,700,848</b>
<b>4.0 Capital strength</b>				
a) Core capital	5,072,275	5,363,129	5,413,725	5,481,965
b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
<b>c) Excess ( a-b )</b>	<b>4,072,275</b>	<b>4,363,129</b>	<b>4,413,725</b>	<b>4,481,965</b>
d) Supplementary capital	139,250	154,250	150,778	159,918
<b>e) Total capital ( a + d )</b>	<b>5,211,525</b>	<b>5,517,379</b>	<b>5,564,503</b>	<b>5,641,883</b>
f) Total risk weighted assets	20,316,866	24,264,522	26,453,685	27,959,108
<b>g) Core capital / total deposit liabilities</b>	<b>32.10%</b>	<b>28.70%</b>	<b>27.60%</b>	<b>23.40%</b>
h) Minimum Statutory Ratio	8.00%	8.00%	8.00%	8.00%
i) Excess (g- h)	24.10%	20.70%	19.60%	15.40%
<b>j) Core capital / total risk weighted assets</b>	<b>25.00%</b>	<b>22.10%</b>	<b>20.50%</b>	<b>19.60%</b>
k) Minimum Statutory Ratio	10.50%	10.50%	10.50%	10.50%
l) Excess ( j - k )	14.50%	11.60%	10.00%	9.10%
<b>m) Total capital / total risk weighted assets</b>	<b>25.70%</b>	<b>22.70%</b>	<b>21.00%</b>	<b>20.20%</b>
n) Minimum Statutory Ratio	14.50%	14.50%	14.50%	14.50%
o) Excess ( m - n )	11.20%	8.20%	6.50%	5.70%
<b>p) Adjusted Core capital / total deposit liabilities *</b>			<b>27.60%</b>	<b>23.50%</b>
<b>q) Adjusted Core capital / total risk weighted assets*</b>			<b>20.50%</b>	<b>19.70%</b>
<b>r) Adjusted Total capital / total risk weighted assets*</b>			<b>21.00%</b>	<b>20.30%</b>
<b>5.0 Liquidity</b>				
<b>a) Liquidity Ratio</b>	<b>34.70%</b>	<b>28.60%</b>	<b>26.60%</b>	<b>40.90%</b>
b) Minimum Statutory Ratio	20.00%	20.00%	20.00%	20.00%
c) Excess ( a - b )	14.70%	8.60%	6.60%	20.90%

\* The Adjusted Capital Ratios includes the expected credit loss provisions added back to Capital in line with the CBK Guidance Note issued in April 2018 on implementation of IFRS 9.

## MESSAGE FROM THE DIRECTORS

These financial statements are extracts from the books of the Bank . The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the bank's website [www.victoriabank.co.ke](http://www.victoriabank.co.ke) and at our head office located at Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue Upper Hill, Nairobi, Kenya.

SIGNED

**Ketaki Sheth**  
CHAIR OF THE BOARD

**Yogesh K Pattni Ph.D**  
CHIEF EXECUTIVE OFFICER

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### CREDIT RATING ANNOUNCEMENT

GCR upgrades Victoria Commercial Bank Limited's rating to BBB+(KE); Outlook Stable.

Johannesburg, 30 July 2018 -- Global Credit Ratings ("GCR") has upgraded Victoria Commercial Bank Limited's long-term national scale ratings to BBB+(KE) and maintained the short-term national scale ratings of A2(KE); with the outlook accorded as Stable. The ratings are valid until 31 July 2019.

## GET IN TOUCH

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