

AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2018

	31 Dec 2017 Audited	31 Dec 2018 Audited
STATEMENT OF FINANCIAL POSITION	SHS '000	SHS '000
A Assets		
1 Cash (both local and foreign)	87,665	111,745
2 Balances due from Central Bank of Kenya	1,660,897	2,528,443
3 Kenya Government and other securities held for dealing purposes	-	-
4 Financial Assets at fair value through profit and loss	-	-
5 Investment Securities:	-	-
a) At amortised Cost:	1,429,704	1,767,275
a. Kenya Government securities	1,316,967	1,657,397
b. Other securities	112,737	109,878
b) Fair value through OCI:	1,619,958	2,501,698
a. Kenya Government securities	1,269,728	2,156,920
b. Other securities	350,230	344,778
6 Deposits and balances due from local banking institutions	909,801	306,833
7 Deposits and balances due from banking institutions abroad	632,351	1,397,972
8 Tax recoverable	-	14,961
9 Loans and advances to customers (Net)	18,870,101	22,586,671
10 Balances due from banking institutions in the group	-	-
11 Investments in associates	297,064	310,620
12 Investments in subsidiary companies	-	-
13 Investments in joint ventures	-	-
14 Investment properties	-	-
15 Property and equipment	174,508	213,341
16 Prepaid lease rentals	-	-
17 Intangible assets	26,186	33,034
18 Deferred tax asset	15,435	131,502
19 Retirement benefit asset	-	-
20 Other assets	261,490	432,860
21 Total assets	25,985,160	32,336,955
B Liabilities		
22 Balances due to Central Bank of Kenya	-	-
23 Customer deposits	18,677,388	23,764,638
24 Deposits and balances due to local banking institutions	-	-
25 Deposits and balances due to foreign banking institutions	208,812	573,987
26 Other money market deposits	-	-
27 Borrowed funds	1,382,370	1,940,093
28 Balances due to banking institutions in the group	-	-
29 Tax payable	6,721	-
30 Dividends payable	-	-
31 Deferred tax liability	-	-
32 Retirement benefit liability	-	-
33 Other liabilities	97,976	95,339
34 Total liabilities	20,373,267	26,374,057
C Shareholders' funds		
35 Paid up / Assigned share capital	838,494	838,494
36 Share premium / (discount)	1,321,289	1,321,289
37 Revaluation reserves	137,000	137,000
38 Retained earnings/Accumulated losses	3,203,346	3,635,300
39 Statutory loan loss reserve	120,000	-
40 Other Reserves	(8,236)	30,815
41 Proposed dividends	-	-
42 Capital grants	-	-
43 Total shareholders' funds	5,611,893	5,962,898
44 Total liabilities and total shareholders' funds	25,985,160	32,336,955
STATEMENT OF COMPREHENSIVE INCOME		
1 Interest income		
1.1 Loans and advances	2,180,414	2,580,428
1.2 Government securities	319,034	368,481
1.3 Deposits and placements with banking institutions	43,387	33,157
1.4 Other interest income	15,840	9,445
1.5 Total interest income	2,558,675	2,991,511
2 Interest expense		
2.1 Customer deposits	1,174,689	1,541,522
2.2 Deposits and placements from banking institutions	3	181
2.3 Other interest expense	99,671	156,936
2.4 Total interest expense	1,274,363	1,698,639
3 Net interest income/(loss)	1,284,312	1,292,872
4 Non interest Income		
4.1 Fees and commissions on loans and advances	153,016	207,265
4.2 Other fees and commissions	118,441	124,283
4.3 Foreign exchange trading income/(loss)	29,587	47,572
4.4 Dividend income	-	5,236
4.5 Other income	57,669	44,090
4.6 Total non interest income	358,713	428,446
5 Total operating income	1,643,025	1,721,318
6 Other operating expenses		
6.1 Loan loss provisions	35,321	371,204
6.2 Staff costs	349,096	374,423
6.3 Directors' emoluments	101,495	94,516
6.4 Rental charges	22,984	29,822
6.5 Depreciation charge on property and equipment	34,972	49,209
6.6 Amortization charges	8,088	9,446
6.7 Other operating expenses	241,870	227,603
6.8 Total other operating expenses	793,826	1,156,223
7.0 Profit/(loss) before tax and exceptional items	849,199	565,095
8.0 Exceptional items	-	-
9.0 Profit/(loss) after exceptional items	849,199	565,095
10 Current tax	(243,382)	(252,760)
11 Deferred tax	11,360	124,669
12 Profit/(loss) after tax and exceptional items	617,177	437,004
13 Other Comprehensive Income		
13.1 Gains/(Losses) from translating the financial statements of foreign operations	-	-
13.2 Fair value changes in available for sale financial assets	22,538	39,051
13.3 Revaluation surplus on Property, plant and equipment	-	-
13.4 Share of other comprehensive income of associates	-	-
13.5 Income tax relating to components of other comprehensive income	-	-
14.0 Other Comprehensive Income for the year net of tax	22,538	39,051
15.0 Total comprehensive income for the year	639,715	476,055
16.0 Earnings per share - Basic & diluted	14.72	10.42
17.0 Dividend Per share	3.50	2.53

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OTHER DISCLOSURES	SHS '000	SHS '000
1 Non-performing loans and advances		
a) Gross non-performing loans and advances	16,855	696,424
b) Less: Interest in suspense	1,696	51,558
c) Total non-performing loans and advances (a - b)	15,159	644,866
d) Less: Loan loss provisions	15,159	172,062
e) Net non-performing loans and advances (c - d)	-	472,804
f) Less: Discounted value of securities	-	472,804
g) Net non-performing loans exposure (e - f)	-	-
2 Insider loans and advances		
a) Directors, shareholders and associates	181,051	438,638
b) Employees	117,602	65,121
c) Total insider loans, advances and other facilities	298,653	503,759
3 Off-balance sheet items		
a) Letters of credit, guarantees, acceptances	2,756,914	3,228,957
b) Forwards, swaps and options	34,712	114,890
c) Other contingent liabilities	54,081	11,645
d) Total contingent liabilities	2,845,707	3,355,492
4 Capital strength		
a) Core capital	5,363,129	5,663,581
b) Minimum Statutory Capital	1,000,000	1,000,000
c) Excess (a-b)	4,363,129	4,663,581
d) Supplementary capital	154,250	543,481
e) Total capital (a + d)	5,517,379	6,207,062
f) Total risk weighted assets	24,264,522	29,424,874
g) Core capital / total deposit liabilities	28.70%	23.80%
h) Minimum Statutory Ratio	8.00%	8.00%
i) Excess (g- h)	20.70%	15.80%
j) Core capital / total risk weighted assets	22.10%	19.20%
k) Minimum Statutory Ratio	10.50%	10.50%
l) Excess (j - k)	11.60%	8.70%
m) Total capital / total risk weighted assets	22.70%	21.10%
n) Minimum Statutory Ratio	14.50%	14.50%
o) Excess (m - n)	8.20%	6.60%
p) Adjusted Core capital/total deposit liabilities °		26.00%
q) Adjusted Core capital / total risk weighted assets °		19.40%
r) Adjusted Total capital / total risk weighted assets °		21.20%
5 Liquidity		
a) Liquidity Ratio	28.60%	31.10%
b) Minimum Statutory Ratio	20.00%	20.00%
c) Excess (a - b)	8.60%	11.10%

* 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

The above Statement of Financial Position and Statement of Comprehensive income are extracts from the Bank's financial statements as audited by PricewaterhouseCoopers and have received an unqualified opinion.

The complete set of audited financial statements, statutory and qualitative disclosures can be accessed on the Institution's website www.victoriabank.co.ke. They may also be accessed at the institutions head office located at Victoria Towers , Mezzanine Floor, Kilimanjaro Avenue ,Upper hill, Nairobi Kenya.

The financial statement were approved by the Board of Directors on **26 February 2019**.

SIGNED

Ketaki Sheth
CHAIR OF THE BOARD

Yogesh K Pattni Ph.D
CHIEF EXECUTIVE OFFICER

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