

**THE BOARD OF DIRECTORS OF SPIRE BANK LIMITED HEREBY ANNOUNCE THE UN-AUDITED FINANCIAL RESULTS OF THE BANK FOR THE HALF YEAR ENDED 30TH JUNE 2016**



**STATEMENT OF FINANCIAL POSITION**

	<b>BANK 30th June 2015 Un-audited Shs '000</b>	<b>BANK 31st December 2015 Audited Shs '000</b>	<b>BANK 31st March 2016 Un-audited Shs '000</b>	<b>BANK 30th June 2016 Un-audited Shs '000</b>
<b>A ASSETS</b>				
1. Cash (both Local & Foreign)	267,862	257,228	257,903	298,346
2. Balances due from Central Bank of Kenya	743,966	530,319	1,000,046	1,026,163
3. Kenya Government and other securities held for dealing purposes	693,921	640,236	367,071	96,067
4. Financial Assets at fair value through profit and loss	-	-	-	-
5. Investment Securities:	-	-	-	-
a) Held to Maturity:	<b>3,044,995</b>	<b>2,601,815</b>	<b>2,444,441</b>	<b>2,848,504</b>
a. Kenya Government securities	3,044,995	2,601,815	2,444,441	2,848,504
b. Other securities	-	-	-	-
b) Available for sale:	-	-	-	-
a. Kenya Government securities	-	-	-	-
b. Other securities	-	-	-	-
6. Deposits and balances due from local banking institutions	874,668	46,610	53,800	69,423
7. Deposits and balances due from banking institutions abroad	162,792	133,758	229,696	95,842
8. Tax recoverable	-	-	-	-
9. Loans and advances to customers (net)	9,175,364	8,321,620	8,748,256	7,945,818
10. Balances due from banking institutions in the group	-	-	-	-
11. Investments in associates	270,292	261,970	261,971	261,971
12. Investments in subsidiary companies	-	-	-	-
13. Investments in joint ventures	-	-	-	-
14. Investment properties	-	-	-	-
15. Property and equipment	302,782	344,885	354,473	358,553
16. Prepaid lease rentals	-	-	-	-
17. Intangible assets	42,412	111,681	110,072	104,794
18. Deferred tax asset	659,028	843,156	901,117	1,008,776
19. Retirement benefit asset	-	-	-	-
20. Other assets	619,516	376,284	378,875	259,140
<b>21 TOTAL ASSETS</b>	<b>16,857,598</b>	<b>14,469,562</b>	<b>15,107,721</b>	<b>14,382,397</b>
<b>B LIABILITIES</b>				
22. Balances due to Central Bank of Kenya	-	997,707	878,029	2,270,581
23. Customer deposits	14,044,808	10,377,933	11,151,382	9,352,530
24. Deposits and balances due to local banking institutions	159,821	354,614	499,297	23,599
25. Deposits and balances due to foreign banking institutions	-	-	-	-
26. Other money market deposits	-	-	-	-
27. Borrowed funds	400,000	400,000	400,000	400,000
28. Balances due to banking institutions in the group	-	-	-	-
29. Tax payable	-	-	-	-
30. Dividends payable	1,730	133	109	109
31. Deferred tax liability	-	-	-	-
32. Retirement benefit liability	-	-	-	-
33. Other liabilities	144,908	270,330	245,300	153,103
<b>34 TOTAL LIABILITIES</b>	<b>14,715,267</b>	<b>12,400,717</b>	<b>13,174,117</b>	<b>12,199,922</b>
<b>C SHAREHOLDERS' FUNDS</b>				
35. Paid up /Assigned capital	3,320,315	3,820,315	3,820,315	4,320,315
36. Share premium/(discount)	3,203	3,203	3,203	3,203
37. Revaluation reserves	3,414	3,414	3,414	3,414
38. Retained earnings/Accumulated losses	(1,804,174)	(2,195,960)	(2,339,128)	(2,402,418)
39. Statutory loan loss reserves	583,573	437,873	445,800	257,961
40. Other Reserves	-	-	-	-
41. Proposed dividends	-	-	-	-
42. Capital grants	-	-	-	-
<b>43 TOTAL SHAREHOLDERS' FUNDS</b>	<b>2,106,331</b>	<b>2,068,845</b>	<b>1,933,604</b>	<b>2,182,475</b>
<b>44 TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>16,857,598</b>	<b>14,469,562</b>	<b>15,107,721</b>	<b>14,382,397</b>

**II STATEMENT OF COMPREHENSIVE INCOME**

	<b>BANK 30th June 2015 Un-audited Shs '000</b>	<b>BANK 31st December 2015 Audited Shs '000</b>	<b>BANK 31st March 2016 Un-audited Shs '000</b>	<b>BANK 30th June 2016 Un-audited Shs '000</b>
<b>1.0 INTEREST INCOME</b>				
1.1. Loans and advances	792,219	1,373,048	321,206	648,956
1.2. Government securities	170,509	284,619	60,905	128,980
1.3. Deposits and placements with banking institutions	16,575	30,687	429	545
1.4. Other interest income	15,354	22,897	1,232	2,944
<b>1.5 TOTAL INTEREST INCOME</b>	<b>994,657</b>	<b>1,711,251</b>	<b>383,772</b>	<b>781,425</b>
<b>2.0 INTEREST EXPENSE</b>				
2.1. Customer deposits	506,576	1,019,454	230,934	403,033
2.2. Deposits and placement from banking institutions	7,885	48,520	6,655	9,299
2.3. Other interest expenses	23,803	30,827	42,672	99,860
<b>2.4 TOTAL INTEREST EXPENSE</b>	<b>538,264</b>	<b>1,098,801</b>	<b>280,261</b>	<b>512,192</b>
<b>3.0 NET INTEREST INCOME</b>	<b>456,393</b>	<b>612,450</b>	<b>103,511</b>	<b>269,233</b>
<b>4.0 OTHER OPERATING INCOME</b>				
4.1. Fees and commissions on loans and advances	29,236	48,113	22,409	34,947
4.2. Other fees and commissions	69,862	140,805	31,539	62,146
4.3. Foreign exchange trading income/(Loss)	26,985	58,606	14,095	26,865
4.4. Dividend Income	193	11,007	-	75
4.5. Other income	(24,387)	(75,631)	40,041	78,612
<b>4.6 TOTAL NON-INTEREST INCOME</b>	<b>101,890</b>	<b>182,900</b>	<b>108,084</b>	<b>202,645</b>
<b>5.0 TOTAL OPERATING INCOME</b>	<b>558,283</b>	<b>795,350</b>	<b>211,595</b>	<b>471,878</b>

**6.0 OPERATING EXPENSES**

6.1. Loan loss provision	2,984	359,266	152,029	485,664
6.2. Staff costs	217,319	441,478	98,604	207,442
6.3. Directors' emoluments	9,455	24,214	8,655	16,680
6.4. Rental charges	84,494	180,257	42,778	95,950
6.5. Depreciation charge on property and equipment	28,563	51,083	12,934	25,273
6.6. Amortisation charges	3,500	18,380	7,626	15,294
6.7. Other operating expenses	160,976	375,942	82,171	177,566
<b>6.8 TOTAL OPERATING EXPENSES</b>	<b>507,291</b>	<b>1,450,620</b>	<b>404,797</b>	<b>1,023,869</b>
<b>7.0 PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>50,991</b>	<b>(655,270)</b>	<b>(193,202)</b>	<b>(551,991)</b>
8.0. Exceptional items	-	-	-	-
<b>9 PROFIT / (LOSS) AFTER EXCEPTIONAL ITEMS</b>	<b>50,991</b>	<b>(655,270)</b>	<b>(193,202)</b>	<b>(551,991)</b>
10.0. Current tax	15,239	-	-	-
11.0. Deferred tax	-	(168,888)	(57,961)	(165,620)
<b>12.0 PROFIT / (LOSS) AFTER TAX AND EXCEPTIONAL ITEMS</b>	<b>35,752</b>	<b>(486,382)</b>	<b>(135,241)</b>	<b>(386,371)</b>
<b>13.0 OTHER COMPREHENSIVE INCOME</b>				
13.1. Gains/ (Losses) from translating the financial statements of foreign operations	-	-	-	-
13.2. Fair value changes in available-for-sale financial assets	-	-	-	-
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	-	-	-	-
<b>14.0 OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>15.0 TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>35,752</b>	<b>(486,382)</b>	<b>(135,241)</b>	<b>(386,371)</b>
<b>16.0 EARNINGS PER SHARE- BASIC &amp; DILUTED</b>	-	(0.78)	-	-
<b>17.0 DIVIDEND PER SHARE - DECLARED</b>	-	-	-	-

**OTHER DISCLOSURES**

	<b>BANK 30th June 2015 Un-audited Shs '000</b>	<b>BANK 31st December 2015 Audited Shs '000</b>	<b>BANK 31st March 2016 Un-audited Shs '000</b>	<b>BANK 30th June 2016 Un-audited Shs '000</b>
<b>1.0 NON-PERFORMING LOANS AND ADVANCES</b>				
(a) Gross Non-performing loans and advances	3,768,371	3,387,828	3,281,878	2,971,040
(b) Less Interest in Suspense	591,260	615,391	634,628	602,352
<b>(c) TOTAL NON-PERFORMING LOANS AND ADVANCES (a-b)</b>	<b>3,177,111</b>	<b>2,772,437</b>	<b>2,647,250</b>	<b>2,368,688</b>
(d) Less Loan Loss Provision	1,269,939	1,463,476	1,599,122	1,616,957
<b>(e) NET NON-PERFORMING LOANS AND ADVANCES (c-d)</b>	<b>1,907,172</b>	<b>1,308,961</b>	<b>1,048,128</b>	<b>751,731</b>
(f) Discounted Value of Securities	2,067,466	1,830,670	1,615,140	751,731
<b>(g) NET NPLS EXPOSURE (e-f)</b>	<b>(160,294)</b>	<b>(521,709)</b>	<b>(567,012)</b>	<b>-</b>
<b>2.0 INSIDER LOANS AND ADVANCES</b>				
(a) Directors, Shareholders and Associates	82,082	56,460	231,482	144,550
(b) Employees	263,382	271,765	269,442	235,197
<b>(c) TOTAL INSIDER LOANS AND ADVANCES AND OTHER FACILITIES</b>	<b>345,464</b>	<b>328,225</b>	<b>500,924</b>	<b>379,747</b>
<b>3.0 OFF-BALANCE SHEET ITEMS</b>				
(a) Letters of credit, guarantees, acceptances	656,922	612,852	541,339	504,727
(b) Forwards, swaps and options	0	0	-	-
(c) Other contingent liabilities	13,647	24,857	18,225	15,425
<b>(c) TOTAL CONTINGENT LIABILITIES</b>	<b>670,569</b>	<b>637,709</b>	<b>559,564</b>	<b>520,152</b>
<b>4.0 CAPITAL STRENGTH</b>				
(a) Core capital	1,501,468	1,627,558	1,484,390	1,912,100
(b) Minimum Statutory Capital	1,000,000	1,000,000	1,000,000	1,000,000
<b>(c.) Excess (a-b)</b>	<b>501,468</b>	<b>627,558</b>	<b>484,390</b>	<b>912,100</b>
(d) Supplementary Capital	459,637	405,615	396,746	367,051
<b>(e) TOTAL CAPITAL (a+d)</b>	<b>1,961,105</b>	<b>2,033,173</b>	<b>1,881,136</b>	<b>2,288,151</b>
<b>(f) TOTAL RISK WEIGHTED ASSETS</b>	<b>12,770,988</b>	<b>11,649,222</b>	<b>12,539,685</b>	<b>11,764,084</b>
(g) Core Capital / Total deposits liabilities	10.69%	15.68%	13.31%	20.54%
(h) Minimum statutory ratio	8.00%	8.00%	8.00%	8.00%
<b>(i) Excess (g-h)</b>	<b>2.69%</b>	<b>7.68%</b>	<b>5.31%</b>	<b>12.54%</b>
(j) Core Capital / Total risk weighted assets	11.76%	13.97%	11.84%	16.33%
(k) Minimum statutory ratio	10.50%	10.50%	10.50%	10.50%
<b>(l) Excess (j-k)</b>	<b>1.26%</b>	<b>3.47%</b>	<b>1.34%</b>	<b>5.83%</b>
(m) Total Capital / Total risk weighted assets	15.36%	17.45%	15.00%	19.45%
(n) Minimum statutory ratio	14.50%	14.50%	14.50%	14.50%
<b>(o) Excess (m-n)</b>	<b>0.86%</b>	<b>2.95%</b>	<b>0.50%</b>	<b>4.95%</b>
<b>5.0 LIQUIDITY</b>				
(a) Liquidity Ratio	40.10%	27.50%	26.68%	22.88%
(b) Minimum statutory ratio	20.00%	20.00%	20.00%	20.00%
<b>(c) Excess (a-b)</b>	<b>20.10%</b>	<b>7.50%</b>	<b>6.68%</b>	<b>2.88%</b>

**MESSAGE FROM THE DIRECTORS**

These financial statements are extracts from the books of the institution. The complete set of quarterly financial statements, statutory and qualitative disclosures can be accessed on the institutions website. They may also be accessed at the institutions head office located at Equatorial Fidelity Center  
Signed on behalf of the board of directors by:

Teresa Mutegi Chair  
Tim Gitonga Managing Director