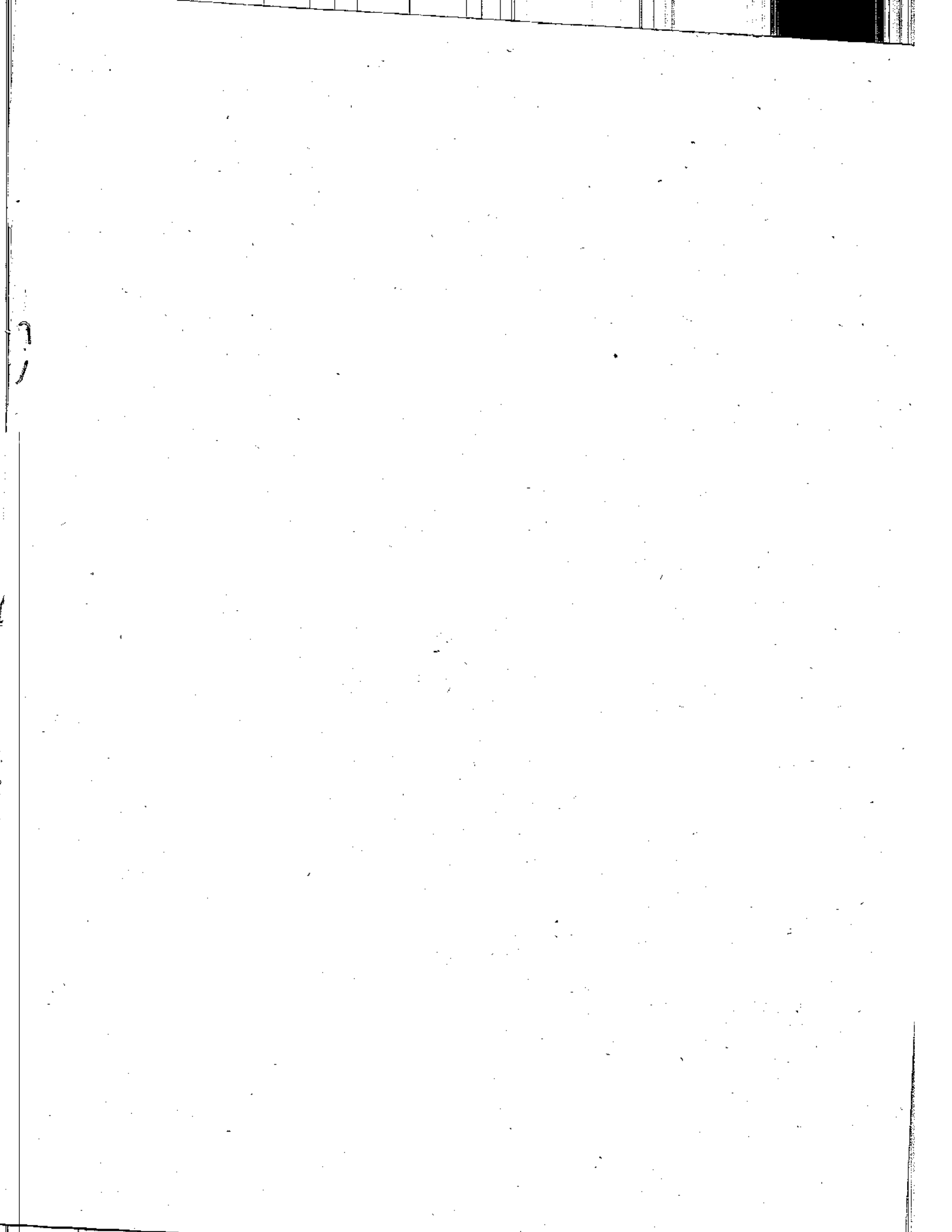


ANNUAL REPORT AND
ACCOUNTS

HG
3393
A8
C433
1996
C.2

CFC LIMITED

established 1955



CONTENTS

Directorate and administration	2
Notice of meeting	3
Chairman's statement	4-7
Report of the directors	8
Report of the auditors	9
Consolidated profit and loss account	10
Consolidated balance sheet	11
Bank balance sheet	12
Consolidated cash flow statement	13
Notes to the financial statements	14 - 23
Proxy	25

CMA-LIBRARY

CMA - Ke Library



AR0311



CFC BANK LIMITED

3
33
16
C
2

2. Bank and Banking -- Kenya --
PENDING.

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

P K Jani Chairman
M N Majmudar ** Managing
J G Kiereini
C Njonjo
A P Hamilton *
J C Kulei

** Indian, * British

COMPANY SECRETARY

R R Vora

OFFICES

Registered Office:

KCS House,
Kaunda Street,
P O Box 72833,
Nairobi.

Nairobi Branch:

Corner House,
Kimathi Street,
P O Box 72833,
Nairobi.

Mombasa Branch:

Social Security House,
Nkrumah Road,
P O Box 84418,
Mombasa.

AUDITORS

Deloitte & Touche,
P O Box 40092,
Nairobi.

2007/0311

NOTICE OF MEETING

Notice is hereby given that the forty first Annual General Meeting of CFC Bank Limited will be held in the South Ball Room, Norfolk Hotel, Harry Thuku Road, Nairobi on Tuesday 17 September 1996 at 10.30 a.m. for the following purposes:

1. To confirm the minutes of the fortieth Annual General Meeting held on 17 October, 1995.
2. To receive and consider the Accounts for the year ended 31 March 1996 and the Directors' and Auditors' Reports thereon.
3. To approve the payment of a first and final dividend for the financial year ended 31 March 1996 of 10% on the Issued Share Capital.
4. To elect Directors in accordance with the Articles of Association:
 - i) Mr. J.G. Keireini retires from the Board by rotation and, being eligible, offers himself for re-election.
 - ii) Mr. A.P. Hamilton retires from the Board by rotation and, being eligible, offers himself for re-election.
5. To approve the Directors' remuneration for the financial year ended 31 March 1996.
6. To note that Deloitte and Touche continue as Auditors under the provisions of Section 159(2) of the Companies Act (Cap 486) and subject to Section 24(1) of the Banking Act (Cap 488).
7. To authorise the Directors to agree the Auditors' remuneration.

By Order of the Board

RR Vora

Secretary

1 August, 1996

Note: A member entitled to attend and vote at the above mentioned meeting and any adjournment thereof is entitled to appoint a Proxy to attend and vote on his or her behalf. Such Proxy need not be a member of the Company. A form of proxy, which must be lodged at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting, is enclosed.

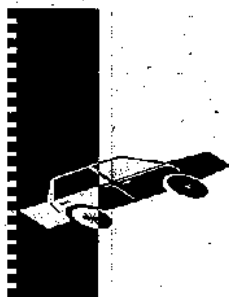


CFC BANK LIMITED

CHAIRMAN'S STATEMENT

1995-1996 has, once again, proved to be an extremely successful year for our bank with improved performance under all major parameters. Within the ever increasing competitive nature of the financial services sector, I am sure that you share my satisfaction as to the results of this, CFC Bank Limited's, first full year of banking operations.

For a locally owned bank such as ours, an integral element of performance is the economic developments and changes taking place in the Kenyan economy. During the year under review, we have seen relative stability in the exchange rates together with a downward trend in interest rates. Inflation containment continues to be the main objective underlying the management of monetary policy. The repeal of the Foreign Exchange Act is a further step along the Government's liberalisation programme albeit local industry and business has felt the inevitable increased competition from cheaper imports.



As I earlier mentioned, we in the banking industry, have also felt the increasingly competitive environment especially with the setting up of new banks following their conversion from Non-Banking Financial Institution status. Inevitably spreads will be under

increasing pressure affecting both lendings and foreign exchange areas of our business.

At the same time, the financial services sector can certainly look forward to further changes as the reforms under way deepen and expand generating fresh opportunities in trade, industry and business.



Against this backdrop, I am pleased to report that our bank achieved, once again, a further record consolidated pre-tax profit this year of Shs.415,371,752 an increase of 15% over last year. The directors have resolved to recommend at the forthcoming Annual General Meeting maintenance of a first and final dividend of Shs.50 million. This decision reflects the need to ensure the sustained build up of a stronger capital base for future expansion and challenges in keeping with the world-wide trend aimed at consolidating the strength and stability of banking infrastructure globally.

Total consolidated balance sheet footing now exceed Shs.6.6 billion an increase of 21% over last year, with advances and customers' deposits increasing by 26% and 23% respectively. Such a performance would not have been possible for us to achieve but for the trust and confidence reposed by our increasing clientele in our services. I am sure you will join me in extending our sincere thanks for this excellent support. We continue to look forward to serving our customers in a most efficient manner and in innovative ways so as to suit their changing needs.

CHAIRMAN'S STATEMENT

Your bank continues to invest in technology and is presently exploring the possibility of providing automated teller machines for our clients use. We have also since successfully introduced SWIFT, the international funds transfer system, together with the Reuters 2000 Dealing System.

As we move forward, we plan to enlarge our funding base with built-in cost efficiency. Additionally further focus is aimed at our existing and indeed potential corporate clients with particular emphasis on non funds-based facilities together with solutions tailored to their individual needs. We shall, of course, con-

tinue to expand the Bank's existing hire purchase portfolio.

As a part of our overall plans, it is proposed to construct a building - CFC Centre - at Chiromo Road to take care of

our growing needs. Suitable

steps have been initiated and we expect the building to be ready within the next 18-24 months.

As you may be aware, earlier this year Mr. M.P. Manji, the Bank's Managing Director, resigned. I on behalf of the Board, as also on my behalf, would like to take this opportunity of thanking Mr. Manji for his long and successful stewardship of the organisation. We wish him every success in his new

assignment and future career.

It is with great pleasure that I welcome Mr. M N. Majmudar as our new Managing Director.

Mr. Majmudar is a distinguished career banker and

we are confident that with his

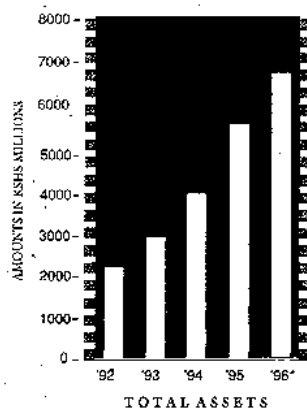
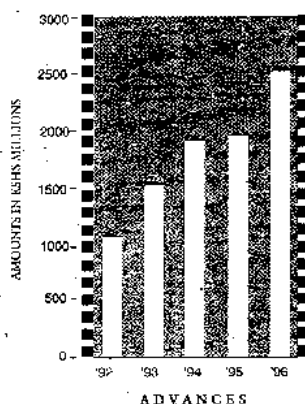
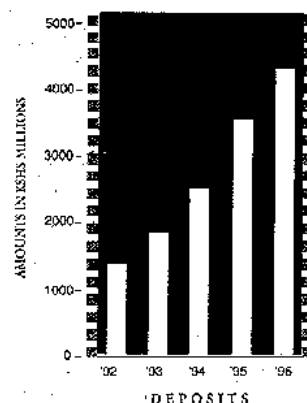
background and wealth of experience, he will be an undoubted asset as we continue to grow.

The year that has gone by witnessed several fundamental changes in keeping with the increasing focus on banking operations. These changes could not have been achieved without the dedication and professionalism of our staff. On behalf of the shareholders and the Board of Directors I would like to proffer our thanks for their hard work and commitment.

Finally it behoves me, as always, to offer my thanks and appreciation to my colleagues on the Board for their unstinted support and guidance.

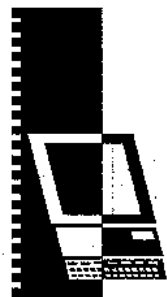
P K Jani
Chairman

20 May, 1996



1995-1996 umethibitika kwa mara nyingine tena kuwa mwaka wenye mafanikio makubwa kwa benki yetu kwa kuwa na matokeo yaliyo imarika licha ya kila aina ya vikwazo. Kwenye sekta ya biashara hii ya huduma za kifedha iliyo na ushindani mkubwa, nina hakika mtakubaliana na ridhaa yangu ya matokeo ya mwanzo kabisa ya shughuli kamili za benki hii ya CFC Bank Limited.

Kwa benki inayomilikiwa na wenyeji kama hii yetu, sehemu muhimu asili ya utendaji wetu ni maendeleo ya kiuchumi na mabadiliko yanayotokea katika uchumi wa Kenya. Katika kipindi cha mwaka tunaojadili, kumeibuka uimarikaji wa viwango vya ubadilishaji wa pesa za kigeni pamoja na kushuka kwa viwango vya riba. Udhabiti wa gharama za maisha unacndelea kuwa ndio lengo hasa linalo tiliwa mkazo kwenye mfumo wa usimamizi wa fedha. Kubadilishwa kwa Kifungu cha Sheria kinachosimamia Ubadilishaji wa pesa za Kigeni ni hatua zaidi kwenye mpango wa Serikali wa kuachia huru ijapokuwa viwanda vya humu nchini na biashara vimeathirwa na ongezeko la ushindani usioweza kuepukika kutokana na mali rahiisi zinazolingizwa nchini.



Kama nilivyo eleza hapo awali, sisi kwenye biashara ya mabanki, tumepatikana katika mazingira ya ushindani unaoendelea hasa kutokana na kuanzishwa kwa mabanki mapya baada ya kugeuzwa toka kwa mfumo wa Mashirika ya Fedha yasiyo Mabanki. Bila shaka msambao huu utakuwa na shinikizo kubwa kuhusiana na faida na maeneo ya ukopesaji na ubadilishaji wa pesa za kigeni za biashara yetu.

Wakati huo huo, sekta ya huduma za fedha inatarajia kupata mabadiliko zaidi kwa vile mageuzi yaliyoko njiani yanavyozidi kupenya na kukua, huku yakisababisha nafasi mpya kwenye biashara, viwanda na uchumi.

Licha ya hali hii, nina furaha kuarifu kwamba benki yetu, kwa mara nyingine, imeweza kupata faida zaidi ya jumla kabla ya kutozwa

ushuru kwa mwaka huu ya Shs. 415,371,752 ongezeko zaidi kwa mwaka uliotangulia la 15%. Wakurugenzi wameazimia kupendekéza wakati wa Mkutano Mkuu wa Mwaka toleo la mwanzo' na la mwisho la Shs. milioni 50. Uamuzi huu unadhihirisha mahitaji ya kuhakikisha maendeleo ya kuwako na msingi imara wa rasilimali kwa ukuaji wa siku zijazo na makabiliano ya kuwa sambamba na mwenendo wa dunia nzima wenye nia ya kukusanya nguvu na juhudi za mfumo wa mabanki kote duniani.

Jumla ya mabaki kwenye ratiba ya hesabu sasa inazidi Shs. bilioni 6.6 ongezeko la 21% juu ya mwaka uliotangulia, huku madeni ya muda mfupi na fedha za akiba za wateja zikiongezeka kwa asilimia 26% na 23% zikifuatana hivyo. Matokeo hayo hatungeweza kuyapata isipokuwa kwa imani na nia njema kutoka kwa wateja wetu wanao zidi kuongezeka. Nina hakika utaungana pamoja nami katika kutoa shukrani zetu za dhāti kwa huku kuungwa mkono kusiokuwa na kifani. Tunaendelea kutarajia kuhudumia wateja wetu kwa njia bora zaidi na kwa namna nyingi zitakazo ambatana na mahitaji yao yanayo badilika.

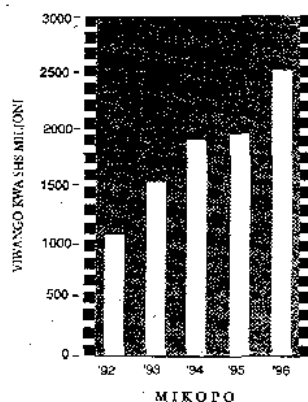


TAARIFA YA MWENYEKITI

Benki yako inaendelea kuweka rasilimali kwenye teknolojia na kwa sasa iko katika uchunguzi wa uwezekano wa kuweka vifaa maalum vya kutoa na kuweka akiba vya kuhudumia wateja wetu. Pia tumefanikiwa kuadhimisha mtindo wa SWIFT, mpango wa kimataifa wa kusafirishia fedha, pamoja na mpango wa kufanya biashara na pesa wa Reuters 2000.

Tunavyozidi kuendelea, tuna mipango ya kupanua misingi wetu kifedha huku tukizingatia usimamizi mzuri wa gharama. Mwangazo wa ziada ukiwa ni kwa wateja wetu wakuu na zaidi wateja wanaotarajiwa wa makampuni tukitilia mkazo hasa kwa hali zisizo

zingatia misingi ya kifedha pamoja na suluhisho zilizo undwa mahsusi kwa mahitaji yao. Bila shaka, tutaendelea kukuza mpango wa sasa wa Benki wa kufadhili miradi ya malipo ya pole pole.



Ikiwa ni schemu ya mipango

yetu ya jumla, tuna mipango ya kujenga - CFC Centre - kwenye Barabara ya Chiromo ili kukidhi mahitaji yetu yanayozidi kukua. Hatua zifaazo zimechukuliwa na tunatarajia jengo lenyewe kuwa tayari katika miezi 18 hadi 24 ijayo.

Labda unafahamu kwamba Bw. M. P. Manji, Mkurugenzi Mkuu wa Benki alijiuzulu. Mimi, kwa niaba ya Halmashauri, pia kwa niaba yangu binafsi, ningependa kuchukua fursa hii kwa kumshukuru Bw. Manji kwa uongozi wake mzuri wa muda mrefu kwa shirika

hili. Tunamtakia kila heri katika wajibu wake mpya na shughuli zake kwa siku zijazo.

Ni kwa furaha kubwa namkaribisha Bw. M. N. Majmudar kama Mkurugenzi Mkuu wetu mpya.

Bw. Majmudar anafahamika vizuri katika Sekta ya mabanki kwa ujuzi wake wa kazi hii na tunahakika kwa ujuzi wake mwingi, bila shaka atakuwa ni rasilimali nzuri huku tunavyozidi kukua.

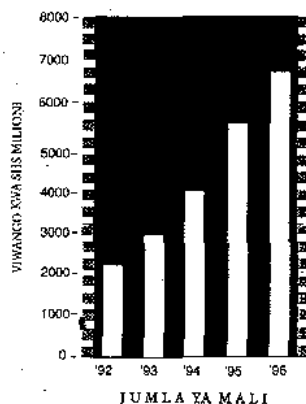
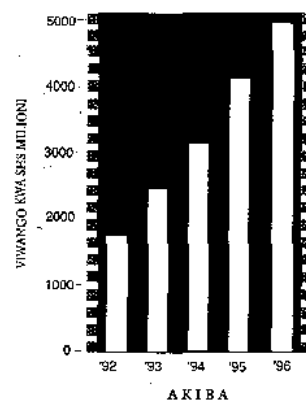
Mwaka uliokwisha umekuwa ni kipindi kilichokuwa na mabadiliko muhimu yaliyoambatana na muamko mwingi katika shughuli za mambo ya kibenki. Mabadiliko haya hayangeweza kupatikana kama si kwa kujitolea na maarifa ya wafanya kazi wetu. Kwa niaba ya wenye hisa wetu na Halmashauri ya Wakurugenzi ningependa kutoa shukrani zetu kwa kazi yao ngumu na kujitolea kwao.

Hatimae, inanipasa mimi, kama desturi, kutoa shukrani na ridhaa zangu kwa Wakurugenzi wenzangu kwenye Halmashauri kwa ushirikiano wao wa ukarimu na mwongozo wao.

P K Jani

Mwenyekiti

20 Mei, 1996



REPORT OF THE DIRECTORS

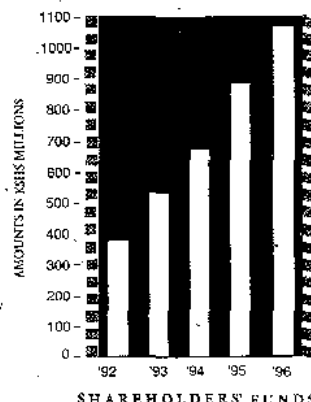
The directors present their report and the audited financial statements for the year ended 31 March 1996.

CHANGES IN GROUP STRUCTURE

During the year, the bank acquired all the minority shares of African International Insurances (AII) Limited.

ACTIVITIES

The principal activities of the bank, which is licensed under the Banking Act, are the provision of banking, financial and related services.



GROUP RESULTS

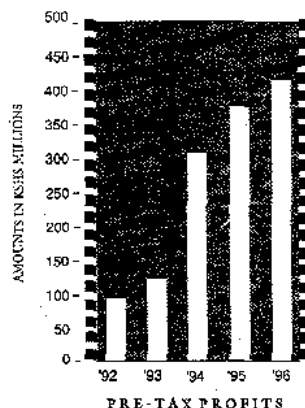
	Shs
Consolidated profit for the year after taxation	258,988,385
Proposed dividend	50,000,000
Retained profit carried to reserves	208,988,385

DIVIDEND

The directors recommend a first and final dividend of fifty cents per share (10%) for the year ended 31 March 1996.

DIRECTORS

The present directors are shown on page 2.



On 31 December 1995, Mr M P Manji resigned as Managing Director and Mr A P Hamilton was appointed as Chief Executive Officer until 31 March 1996.

On 1 April 1996, Mr M N Majumdar was appointed as Managing Director.

Mr J G Kiereini and Mr A P Hamilton retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, Deloitte & Touche, having indicated their willingness, continue in office in accordance with section 159 (2) of the Companies Act (Cap 486) and subject to Section 24 (1) of the Banking Act (Cap 488).

BY ORDER OF THE BOARD

R R Vora

Secretary

Nairobi

20 May 1996

REPORT OF THE AUDITORS TO THE MEMBERS OF CFC BANK LIMITED

We have audited the financial statements on pages 10 to 23 and have obtained all the information and explanations considered necessary for our audit.

The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

In our opinion:

- 1 Proper books of account have been kept by the bank and the bank's balance sheet is in agreement therewith.
- 2 The financial statements, which comply with the Companies Act, give a true and fair view of the state of affairs of the bank and the group at 31 March 1996 and of the profit and cash flows of the group for the year ended on that date.

DELOITTE & TOUCHE

Certified Public Accountants (Kenya)

Nairobi

23 May 1996

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1996

	<i>Note</i>	1996	1995
		Shs	Shs
CONSOLIDATED OPERATING PROFIT	2	370,359,865	321,209,946
Share of Profit of Associated Company		45,011,887	39,396,588
CONSOLIDATED PROFIT BEFORE TAXATION		415,371,752	360,606,534
Taxation	3	156,383,367	139,641,459
CONSOLIDATED PROFIT BEFORE EXTRAORDINARY ITEM		258,988,385	220,965,075
Extraordinary Item	4		96,690,641
CONSOLIDATED PROFIT BEFORE APPROPRIATION	5	258,988,385	317,655,716
Dividend - gross	6	50,000,000	50,000,000
RETAINED PROFIT FOR THE YEAR	15	208,988,385	267,655,716
EARNINGS PER SHARE	7	2.59	2.21

C O N S O L I D A T E D B A L A N C E S H E E T

31 MARCH 1996

	Note	1996 Shs	1995 Shs
FIXED ASSETS	8	78,667,528	75,386,419
GOODWILL	9	77,152,470	117,152,470
INVESTMENT IN ASSOCIATED COMPANY	10	91,845,775	66,818,416
OTHER INVESTMENTS	11	15,067,166	14,651,366
CURRENT ASSETS			
Advances to customers		2,508,759,285	1,997,888,243
Other debtors		180,366,790	136,024,867
Due from associated company		7,350,000	4,900,000
Treasury bills		935,401,204	1,417,936,957
Money at call and short notice		2,041,334,014	1,410,033,639
Cash and balances with Central Bank of Kenya	12	723,711,030	256,471,965
		6,396,922,323	5,223,255,671
TOTAL ASSETS		6,659,655,262	5,497,264,342
CURRENT LIABILITIES			
Customers' deposits	13	4,992,385,660	4,069,705,197
Creditors		566,970,233	504,159,827
Taxation		23,621,305	44,935,406
Proposed dividend - gross		50,000,000	50,000,000
		5,632,977,198	4,668,800,430
Minority Interest			17,500,933
TOTAL LIABILITIES		5,632,977,198	4,686,301,363
SHARE CAPITAL	14	500,000,000	500,000,000
RESERVES	15	526,678,064	310,962,979
SHAREHOLDERS' FUNDS		1,026,678,064	810,962,979
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		6,659,655,262	5,497,264,342

The financial statements on pages 10 to 23 were approved by the board of directors on 20 May 1996 and were signed on its behalf by:

P K JANI	}	Directors
M N MAJMUJAR		
R R VORA		Secretary



CFC BANK LIMITED

BANK BALANCE SHEET

31 MARCH, 1996

	Note	1996 Shs	1995 Shs
FIXED ASSETS	8	64,548,933	59,673,836
INVESTMENT IN SUBSIDIARY COMPANIES AND IN ASSOCIATED COMPANY	10	300,734,650	323,190,650
OTHER INVESTMENTS	11	9,775,000	9,775,000
CURRENT ASSETS			
Advances to customers		2,508,759,285	1,997,888,243
Other debtors		127,273,000	67,469,151
Due from subsidiary company		10,000,000	557,793
Due from associated company		7,350,000	4,900,000
Treasury bills		783,450,000	1,324,700,000
Money at call and short notice		1,990,094,521	1,323,242,102
Cash and balances with Central Bank of Kenya	12	719,636,439	248,424,361
		6,146,563,245	4,967,181,650
TOTAL ASSETS		6,521,621,828	5,359,821,136
CURRENT LIABILITIES			
Customers' deposits	13	5,043,399,024	4,103,047,279
Creditors		375,113,027	290,438,939
Amount due to subsidiary company		122,847,530	122,847,530
Taxation		25,155,674	33,608,940
Proposed dividend - gross		50,000,000	50,000,000
TOTAL LIABILITIES		5,616,515,255	4,599,942,688
SHARE CAPITAL	14	500,000,000	500,000,000
RESERVES	15	405,106,573	259,878,448
SHAREHOLDERS' FUNDS		905,106,573	759,878,448
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		6,521,621,828	5,359,821,136

The financial statements on pages 10 to 23 were approved by the board of directors on 20 May 1996 and were signed on its behalf by:

P K JANI	}	Directors
M N MAJMUDAR		
R R VORA		Secretary

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1996

	<i>Note</i>	1996 Shs	1995 Shs
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17(a)	(879,101,631)	1,076,640,903
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(50,000,000)	(40,000,000)
Dividend received		4,900,000	2,940,000
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(45,100,000)	(37,060,000)
Taxation Paid		(168,638,372)	(175,921,750)
INVESTING ACTIVITIES			
Purchase of fixed assets		(19,575,810)	(6,784,486)
Purchase of investments		(17,544,000)	(309,056,000)
Proceeds on disposal of fixed assets		1,208,500	300,405,770
Cash and cash equivalents acquired from acquisition of subsidiaries			424,264,500
Net cash Outflow from Investing Activities		(35,911,310)	408,829,784
CHANGE IN CASH AND CASH EQUIVALENTS	17(c)	(1,128,751,313)	1,272,488,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1996

1 ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The group prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain fixed assets.

(b) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the bank and of its subsidiaries: CFC Financial Services Limited, Credit Banking Corporation Limited and African International Insurances (AII) Limited. The financial statements of CFC Financial Services Limited have been made up to 31 March 1996 while the other two have been made up to 31 December 1995.

(c) GOODWILL

Purchased goodwill represents the excess of consideration paid over the net assets acquired. Where, in the opinion of the directors, such goodwill has a useful economic life, it is capitalised and amortised through the profit and loss account.

Where, in the opinion of the directors, such goodwill does not have a long economic life, it is eliminated immediately on acquisition, against reserves.

Negative goodwill is credited directly to capital reserves.

(d) INVESTMENT IN SUBSIDIARY COMPANIES

Investments in subsidiary companies are stated at cost or directors' valuation.

(e) ASSOCIATED COMPANY

The associated company comprises an investment where the group's interest in the equity capital is long term and exceeds 20 per cent, and where the group exercises significant influence. The group's share of profits of the associated company is included in the consolidated profit and loss account. The group's share of net assets and reserves, from the date of acquisition, has been accounted for in the consolidated financial statements. The financial statements of the associated company for the year ended 31 December 1995 have been included.

(f) INCOME

Income derived from finance charges is calculated, where appropriate, on the reducing balance method by reference to the net investment in the finance agreements.

(g) DEPRECIATION

Freehold property is not depreciated.

Depreciation is calculated to write off the cost of other fixed assets in equal annual instalments at the following rates:

Leasehold land and buildings	Over remaining life of the lease
Motor vehicles	25%
Furniture and equipment	20% - 25%

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(h) TAXATION

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred taxation is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

(i) ADVANCES

Advances are stated after provision for bad and doubtful debts and unearned interest.

Specific provisions are made against advances when, in the opinion of the directors, recovery is doubtful. In addition, general provisions are maintained based on management's evaluation of the portfolios of advances and other exposures in respect of losses which, although not specifically identified, are known from experience to be present in any such portfolio.

(j) FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are expressed in Kenya Shillings at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies during the year are converted at the rates ruling at the time of the transactions. The resulting profits or losses are dealt with in the profit and loss account.

	1996	1995
	Shs	Shs
2 CONSOLIDATED OPERATING PROFIT		
The consolidated operating profit before taxation is arrived at after charging:		
Depreciation	15,135,870	8,735,365
Write down of goodwill	40,000,000	
Directors' emoluments		
Fees	1,940,000	1,293,333
Other	18,836,859	10,734,017
Auditors' remuneration	2,000,000	1,681,936
and after crediting:		
Income from: quoted investment - gross	371,634	295,619
Kenya Government stock 2000	1,075,000	1,075,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	1996 Shs	1995 Shs
3 TAXATION		
Taxation is based on the chargeable profit for the year and comprises:		
Income tax at 35%	143,748,839	118,014,041
Drought levy at 2.5%		8,429,574
Share of tax of associated company	12,634,528	13,197,844
	156,383,367	139,641,459

The effective tax rate is higher than the standard rate mainly due to the different tax treatment of write down of investment in subsidiary.

	1996 Shs	1995 Shs
4 EXTRAORDINARY ITEM		
Gain on sale of leasehold properties		96,690,641

5 CONSOLIDATED PROFIT BEFORE APPROPRIATION

Profit after taxation dealt with in the financial statement of the parent company is Shs 195,228,125. (1995 - Shs 305,053,460).

	1996 Shs	1995 Shs
6 DIVIDEND - Gross		
First and final dividend - proposed	50,000,000	50,000,000

Payment of dividends is subject to withholding tax at the rate of 7.5% (1995 - 10%) for Kenya residents and 10% for non-residents.

7 EARNING PER SHARE

Earnings per Share is arrived at by dividing the consolidated profit after taxation of Shs 258,988,385 (1995 - Shs 220,965,075) by the number of shares in issue at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8(a) FIXED ASSETS - GROUP

	Freehold and leasehold land and buildings Shs	Motor vehicles Shs	Furniture and equipment Shs	Total Shs
COST OR VALUATION				
At 1 April 1995	43,500,000	23,922,355	49,285,444	116,707,799
Additions		1,240,000	18,335,810	19,575,810
Disposals		(1,285,000)	(4,788,028)	(6,073,028)
At 31 March 1996	43,500,000	23,877,355	62,833,226	130,210,581
COMPRISING:				
Cost		23,877,355	62,833,226	86,710,581
Valuation 1994	8,500,000			8,500,000
Valuation 1995	35,000,000			35,000,000
	43,500,000	23,877,355	62,833,226	130,210,581
DEPRECIATION				
At 1 April 1995		12,937,004	28,384,376	41,321,380
Charge for the year	390,000	5,028,368	9,717,502	15,135,870
Eliminated on disposals		(579,052)	(4,335,145)	(4,914,197)
At 31 March 1996	390,000	17,386,320	33,766,733	51,543,053
NET BOOK VALUE				
At 31 March 1996	43,110,000	6,491,035	29,066,493	78,667,528
At 31 March 1995	43,500,000	10,985,351	20,901,068	75,386,419

Motor vehicles, furniture and equipment stated at a cost of Shs 15,175,437 (1995 - Shs 11,307,769) have been fully depreciated. The normal annual depreciation charge in respect of these assets would be Shs 2,594,964 (1995 - Shs 2,418,863).



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8(b) FIXED ASSETS - COMPANY

	Leasehold land and buildings Shs	Motor vehicles Shs	Furniture and equipment Shs	Total Shs
COST OR VALUATION				
At 1 April 1995	35,000,000	16,518,355	40,003,121	91,521,476
Additions			17,371,374	17,371,374
Disposals			(4,620,528)	(4,620,528)
At 31 March 1996	35,000,000	16,518,355	52,753,967	104,272,322
COMPRISING:				
Cost		16,518,355	52,753,967	69,272,322
Valuation 1995	35,000,000			35,000,000
	35,000,000	16,518,355	52,753,967	104,272,322
DEPRECIATION				
At 1 April 1995		8,935,021	22,912,619	31,847,640
Charge for the year	390,000	3,142,863	8,576,308	12,109,171
Eliminated on disposals			(4,233,422)	(4,233,422)
At 31 March 1996	390,000	12,077,884	27,255,505	39,723,389
NET BOOK VALUE				
At 31 March 1996	34,610,000	4,440,471	25,498,462	64,548,933
At 31 March 1995	35,000,000	7,583,334	17,090,502	59,673,836

Motor vehicles, furniture and equipment stated at a cost of Shs 15,175,437 (1995 - Shs 11,307,769) have been fully depreciated. The normal annual depreciation charge in respect of these assets would be Shs 2,594,964 (1995 - Shs 2,418,863).

	1996 Shs	1995 Shs
9 GOODWILL		
Purchased goodwill arising on acquisition of one of the subsidiary companies, net of amount written down	77,152,470	117,152,470

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. INVESTMENT IN SUBSIDIARY COMPANIES AND IN ASSOCIATED COMPANY

Company	Beneficial ownership	GROUP		COMPANY	
		1996 Shs	1995 Shs	1996 Shs	1995 Shs
CFC Financial Services Limited	100%			35,030,000	35,030,000
Credit Banking Corporation Limited	100%			200,000,000**	240,000,000
African International Insurances (AII) Limited	100%*			51,600,000	34,056,000
Heritage Insurance Company Limited	49%	91,845,775	66,818,416	14,104,650	14,104,650
		91,845,775	66,818,416	300,734,650	323,190,650

* The beneficial ownership in 1995 was 66%. The minority shareholding was acquired during the year.

** At directors' valuation. All others are at cost.

11. OTHER INVESTMENTS

	GROUP		COMPANY	
	1996 Shs	1995 Shs	1996 Shs	1995 Shs
K£ 500,000 10.75% Kenya Government Stock 2000, at cost	9,775,000	9,775,000	9,775,000	9,775,000
Quoted investment, at cost	5,292,166	4,876,366		
	15,067,166	14,651,366	9,775,000	9,775,000

The market value of the quoted investment at 31 March 1996 was Shs 20,905,125 (1995 - Shs 18,839,650)



NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	GROUP		COMPANY	
	1996 Shs	1995 Shs	1996 Shs	1995 Shs
12 CASH AND BALANCES WITH CENTRAL BANK OF KENYA				
Cash on hand and with banks	98,543,445	256,471,965	94,468,854	248,424,361
Balances with Central Bank of Kenya: Cash ratio requirement	607,500,000	-	607,500,000	-
Other balances	17,667,585	-	17,667,585	-
	723,711,030	256,471,965	719,636,439	248,424,361

	GROUP		COMPANY	
	1996 Shs	1995 Shs	1996 Shs	1995 Shs
13 CUSTOMERS' DEPOSITS				
Third party	4,992,385,660	4,069,705,197	4,992,385,660	4,069,705,197
Subsidiary	-	-	51,013,364	33,342,082
	4,992,385,660	4,069,705,197	5,043,399,024	4,103,047,279

	1996 Shs	1995 Shs
14 SHARE CAPITAL		
Authorised, issued and fully paid:		
100,000,000 ordinary shares		
of Shs 5 each	500,000,000	500,000,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	Capital Shs	Revenue Shs	Total Shs
15(a) RESERVES - GROUP			
At 1 April 1995	21,315,249	289,647,730	310,962,979
Retained profit for the year	-	208,988,385	208,988,385
Goodwill on acquisition of subsidiary	6,726,700	-	6,726,700
At 31 March 1996	28,041,949	498,636,115	526,678,064

(b) RESERVES - COMPANY

At 1 April 1995	259,878,448	259,878,448
Retained profit for the year	145,228,125	145,228,125
At 31 March 1996	405,106,573	405,106,573

16 SUMMARY OF EFFECT OF ACQUISITION OF SUBSIDIARY

Net assets acquired	Shs
Minority interest	17,500,933
Goodwill	(6,726,700)
Minority interest in the profits of subsidiary to the date of acquisition	6,769,767
Cash paid	17,544,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17 NOTES TO THE CASH FLOW STATEMENT

	1996 Shs	1995 Shs
(a) Reconciliation of consolidated operating profit to net cash (outflow)/inflow from operating activities		
Operating profit before taxation	370,359,865	321,209,946
Depreciation	15,135,870	8,735,365
Scrip dividend received	(415,800)	-
Write down of goodwill	40,000,000	-
Profit on sale of fixed assets	(49,669)	(319,457)
Change in advances to customers	(510,871,042)	(69,641,867)
Change in other debtors	(44,341,923)	20,914,117
Change in customers' deposits	(214,574,537)	864,584,286
Change in creditors	62,810,406	(74,447,674)
Change in cash ratio requirement	(607,500,000)	-
Minority interest in profit of a subsidiary to the date of acquisition	10,345,199	5,606,187
Net cash (outflow)/inflow from operating activities	(879,101,631)	1,076,640,903

	1996 Shs	1995 Shs
(b) Analysis of the balance of cash and cash equivalents		
Cash, bank balances and balance with Central Bank of Kenya	116,211,030	256,471,965
Treasury bills	935,401,204	1,417,936,957
Money at call and short notice	2,041,334,014	1,410,033,639
Deposits and balances due to banking institutions	(1,281,255,000)	(144,000,000)
	1,811,691,248	2,940,442,561

For the purposes of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

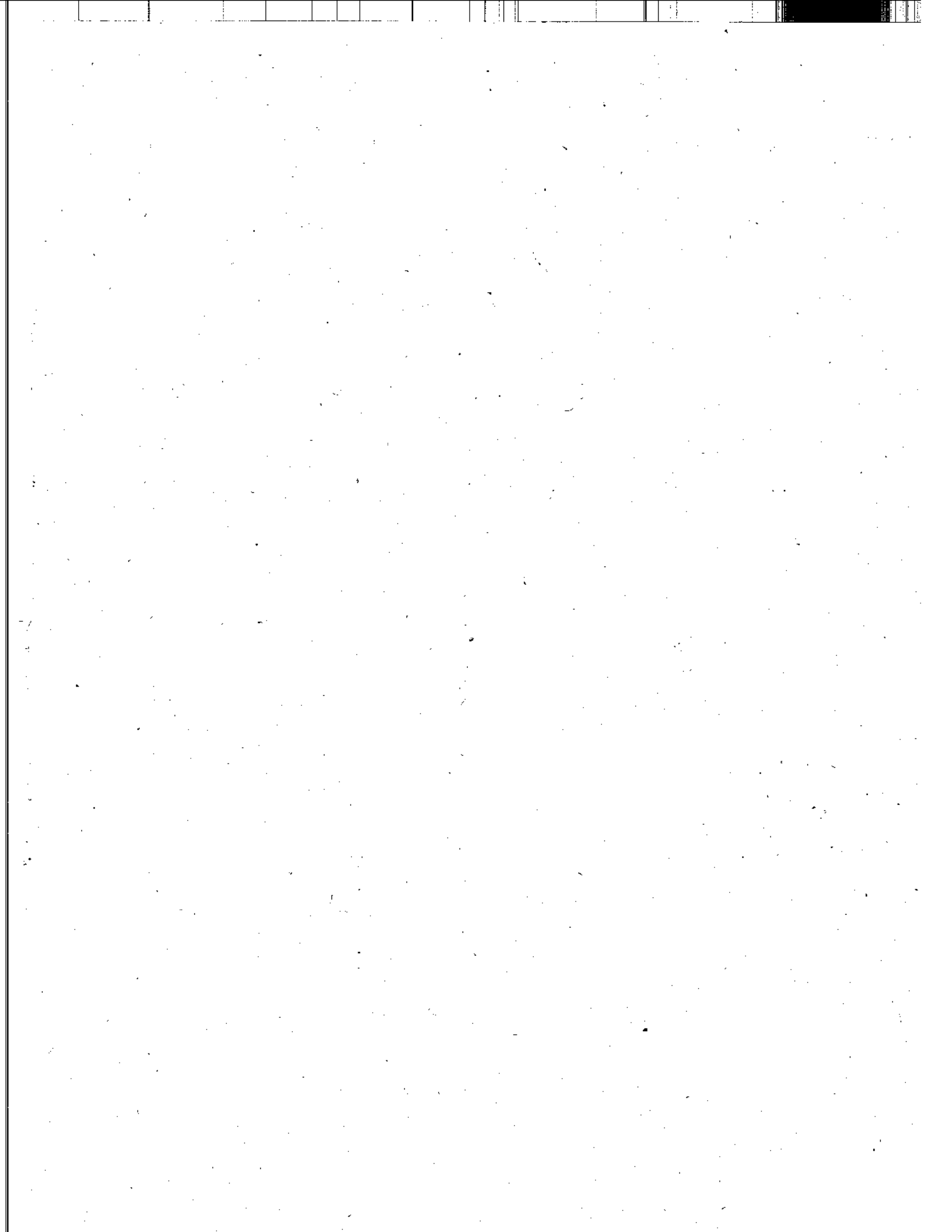
	1996 Shs	1995 Shs
(c) Analysis of changes in cash and cash equivalents during the year		
Balance at the end of the year	1,811,691,248	2,940,442,561
Balance at the beginning of the year	2,940,442,561	1,667,953,624
Change in cash and cash equivalents	(1,128,751,313)	1,272,488,937

18 CONTINGENT LIABILITIES

Acceptances, guarantees, indemnities and other obligations on behalf of customers in the normal course of business	261,566,614	132,995,998
--	-------------	-------------

19 CAPITAL COMMITMENTS

Authorised but not contracted for	10,000,000	16,000,000
-----------------------------------	------------	------------



PROXY

PROXY

I/We _____

of _____

being a member/members of the above Company hereby appoint

of _____

or failing him/her _____

of _____

or failing him/her, the duly appointed Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Bank to be held on 17 September 1996 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 1996

Member

NOTES:

1. To be valid this proxy must be deposited at the Registered Office of the Bank not less than 48 hours before the time appointed for the meeting.
2. If the appointer is a Corporation, the proxy must be under its common seal or under the hand of an Officer or Attorney duly authorised in writing.

MWAKILISHI

Mimi/Sisi _____

wa _____

kama mwanachama/wanachama wa Kampuni iliyotajwa hapo juu, bapa namchagua/tunamchagua _____

wa _____ ama akikosa _____

wa _____ ama akikosa yeye, basi namchagua/tunamchagua yule aliyechaguliwa Mwenyekiti wa Mkutano huu kuwa Mwakilishi wangu/wetu, kunipigia/kutupigia kura kwa niaba yangu/yetu katika Mkutano Mkuu wa Benki wa Mwaka utakaofanywa tarehe 17 Septemba 1996 ama tarehe yo yote ile iwapo Mkutano utaahirishwa.

Kama Shahidi natia/tunatia sahihi hii/hizi _____ siku hii ya _____ 1996

Mwanachama

UKUMBUSHO:

1. Ili ithibitishwe Karatasi hii ya Mwakilishi inapaswa kupelekwa kwa ofisi iliyoandikishwa ya Benki katika muda usiopungua masaa 48 kabla ya muda uliowekwa wa Mkutano.
2. Ikiwa mwenye kuchagua ni Shirika basi karatasi ya Mwakilishi lazima ibandikwe ule muhuri wa Kampuni wa kawaida ama kibali cha Ofisa ama Wakala aliyepewa kibali kwa maandishi.

FOLD 2
KISA KUNJA HAPA

STAMP

*Company Secretary
CFC Bank Limited
P O Box 72833
Nairobi, Kenya*

FOLD 1
KUNJA HAPA KWANZA

FOLD.3
HALAFU KUNJA HAPA

Insert flap inside
*Sasa ingiza hii karatasi ndani ya
mkunjo ili ionekane kama bahasha*