

Annual Report

2000

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Branches and Addresses

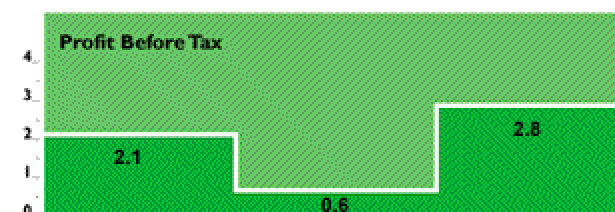
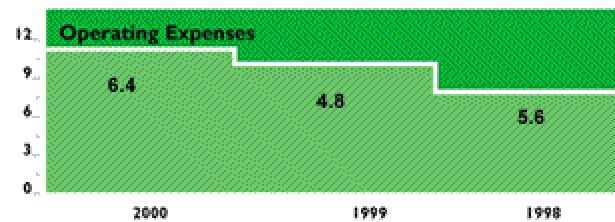
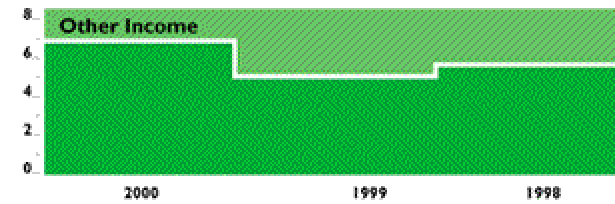
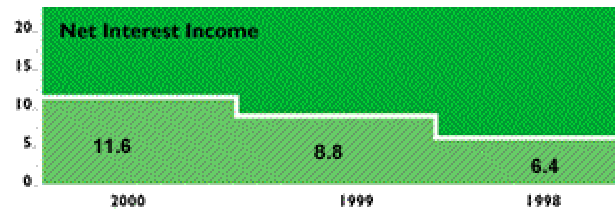
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Auditors and Lawyers

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	TZS BILLIONS		
	2000	1999	1998
Total assets	190.4	130.6	103.0
Loans	34.9	34.4	29.8
Investments in debt security	68.9	47.6	36.4
Deposits	160.7	108.2	80.4
Share capital	8.3	8.3	6.8
Owners Equity	14.1	12.5	10.6

KEY RATIOS	2000	1999	1998
Return on assets %	0.8	0.3	2.6
Return on equity %	11.3	3.2	25.5
Earnings per share (TZS)	2000	500	3400
Dividend per share(TZS)	1,100	0	1,130



LETTER OF TRANSMITTAL



Jerry Solomon
Chairman Board
of Directors

Dear Customers, Shareholders, Business associates,
It is once again my pleasure to present to you the bank's annual report for the year 2000. The bank is proud to report its achievements in meeting your needs, operating results, major programmes planned or under implementation and, business prospects.
Yours sincerely



Jerry Solomon
Chairman Board of Directors

Members of the Board Directors



Standing from left 1st row: *D.Munk, J. Budodi, D. Sulla, S.H. Fredrickson.*
Sitting from left 2st row: *A.Temu, F. Ursa, J.Luhanga, V. Kimei.*
Sitting from left 1st row: *A. Kajiage, J. Solomon, C.S. Kimei, S. Rwebangira*

CHAIRMAN'S STATEMENT



Jerry Solomon
Chairman Board
of Directors

I am pleased to present the year 2000 report following the challenge that arose from last year's unsatisfactory results. We undertook to consolidate past achievements in order to improve the profitability of the bank and ensure adequate returns to the shareholders. Though I must confess that the target has not been met to the full extent, I would like to register success in performance in some areas and specifically the renewed ability to pay dividends as a milestone towards the right direction.

RESULTS

Despite the difficulties existing in the loan portfolio, the bank managed to achieve a pre-tax profit of TZS 2.1 billion. Like last year, the results have been highly affected by provisions for loan losses.

The bank recorded a significant growth in assets. The level of liquidity was high making it possible for the bank to provide short term lending to other banks. The main source of revenue was from investments in debt securities whose yield continued to drop during the year. Income from commissions and fees increased by 38% compared to 1999. The Directors recommend a dividend of TZS 1,100.00 per share.

BUSINESS IN BRIEF

During the year, conditions under which the bank conducted its operations varied. While the loan delinquency rate and declining interest rates continued to affect negatively the bank's income, performance in other products especially deposits and money transfers was quite impressive. Major efforts by the Board and Management were put on:

- Turning around the loan portfolio
- Business expansion and diversification
- Stabilization and full utilization of the information system and network

Loan portfolio

As a consequence of the impact of the loan portfolio on the bank's profitability for the last two years, the strategy to limit growth of the portfolio while at the same time designing measures to improve its management and recovery of charged off loans continued to be applied.

A policy to centralize the credit functions was introduced for closer monitoring and co-ordination. The Credit Department was strengthened and processes separated for control purposes. The Corporate and Institutional Clients Department was re-designed to enable it to have an impact on corporate business and monitor closely performance of credits granted to this segment.

These policy changes have yet to yield the required results. For year 2000 the bank had to make an additional provision of about TZS 5 billion.

Business Expansion and Diversification

With the completion of the computerization and networking project in 1999, and with some level of customer satisfaction, the bank embarked on business expansion involving corporate and retail business as will be explained below.

Corporate business

The bank's business depends on both corporate and retail customers though the long term goal is to be a countrywide retail bank. During the year, each of these segments was analyzed and strategies for each category formulated.

For corporate customers, personalized banking with account responsibility was emphasized and this is being implemented in a framework of customer relationship management. The main business in this area involved investments, networking and international operations. As a first step to being closer to corporate customers, electronic banking was introduced to 25 customers whereby they were given direct access to their accounts while at their premises.

Retail business

For retail customers, the bank continued with pilot projects aiming at identifying the best approach to reach the majority of the population in our environment which has little or no infrastructure. The Juhudi scheme continued in three regions; the Microfinance pilot project took off after successful completion of a study and identification of the beneficiaries in four regions.

The bank continued to research on the needs of the low and middle income groups and identify appropriate products and delivery methods.

Diversification

The dependence on interest income had to be minimized so as to improve the bank's performance even when credit and interest rate risks are increasing. Focus was also made on other banking services such as money transfers, international banking services, share trading and insurance. There was an increase in income from these sources.

Improved Utilization of Technology

The completion of computerization called for an evaluation of its performance and utilization in terms of automation of all functions and improved customer service through additional products. It has been established that the information system and network provide solutions to most of customers' requirements. The shortcomings identified are being dealt with as they are discovered and staff training has been emphasized with a view of creating internal capacity.

MAJOR DECISIONS

During the year several decisions were made at the General Meeting, and at Board level as summarized hereunder:

Election Procedures of Branch and National Board Members

The Annual General Meeting approved a change in election procedures whereby elections of the Branch Advisory Board members and Board members will be conducted at two levels namely; shareholders with 1% and above of the paid up capital and shareholders with less than 1%. The new procedure aims at streamlining representation to branch and National boards.

Refocusing of the Mission Statement

In line with the fast changing business environment and increased customer sophistication and market competition, the Board reviewed the business strategy and developed a plan for year 2001 - 2003. The mission statement was made clearer by underscoring the retail customers as the long term market niche of the bank. The business plan takes effect from 2001 and will be reviewed periodically to evaluate performance and re-align strategies where necessary.

Establishment of the Department of Human Resource

In view of the importance of the human resource, a department of Human Resource was established headed by a Director reporting to the Managing Director. The department will focus on staff matters including human resource development to ensure smooth succession given the current high employee mobility.

Centralization of the Credit Function

With a view to improving loan portfolio management, centralization of the credit function was introduced whereby the credit process is controlled by the Credit Department at the Head office and branch approving powers were transferred to the Head Office. The measure also aims at building expertise at the centre and controlling the portfolio growth and quality.

THE BOARD

The Board comprised of ten non executive members out of whom seven are elected by the General Meeting. As resolved last year, a new election procedure will be introduced in year 2001 elections and therefore all seven Board members including those elected in 2000 will have to resign to allow for fresh elections. Six out of the ten Board members have been in the Board since the bank's inception following their re-election. The Board worked tirelessly to ensure that all regulations contained in the Banking and Financial Institution Act 1991 and Companies Ordinance are adhered to and the bank is in a position to carry out its business as planned.

BOARD COMMITTEE

The Board Committee comprising of 5 members appointed from amongst Board members, conducted satisfactorily their normal business during the year which was mainly to consider loan applications.

CAPITAL & SHAREHOLDERS

The capital of the bank grew from Tshs. 12.5 billion to Tshs. 14.1 billion and was well above the statutory required core capital. A total of 12,340 shares worth TZS. 120,279,402.00 were traded through our branch network at a maximum price per share of TZS. 30,000.00 and minimum price of TZS. 5,000.00. The average price was TZS. 9,747.12 per share.

There were 10,716 shareholders as at 31st December 2000 compared to 10,528 shareholders at the end of the previous year. The recommendation by the Annual General meeting to increase shareholding of existing members in order to reduce the number of shareholders has not been attained.

Branch shareholders meetings were held in March 2000 in 21 locations prior to the Annual General Meeting which was held on 24th June 2000.

OBLIGATION TO THE COMMUNITY

The bank recognizes that while being in the banking business and as a local bank, it has an obligation to contribute directly to the development of the surrounding community. This policy has been implemented throughout our branch network and at national level. The bank considers youth as an important input for future development and has participated in youth development activities.

In a country where the majority of the people live in poverty, all those who have an opportunity to reduce it have a role to play. The bank has made contributions to institutions which provide capital and other services to the low income people, knowing that the same will increase their well being.

HIV / AIDS is an endemic which threatens the lives of many Tanzanians. The bank made contributions to the sensitization project and will continue to be involved in related activities in future.

FUTURE FOCUS

It is my hope that next year we shall report further steps made towards making this bank the leading local bank in the country. The growth so far achieved will be sustained despite increasing competition.

The focus will be on identifying customer needs and using the technology in place to introduce products that meet those needs. Employees' skills development and succession will be emphasized in line with the key role that they play in the development of the bank and profitability.

APPRECIATION

On behalf of the Board I would like to record our thanks to our depositors and all customers for their loyalty and support without which what has been presented today would not have been possible.

I would also like to thank our shareholders for the support given at branch and national level which has greatly assisted in building up customer strategies.

Lastly, I would like to thank the management and staff who tirelessly worked towards meeting set goals for the benefit of our customers and shareholders.



JERRY SOLOMON
CHAIRMAN OF THE BOARD

Introduction

Overview

As planned, the bank was pre-occupied with consolidating the quality and standards of customer service it attained in the previous two years. It also carefully selected new products and services for launching to meet customer needs. Development of its initiatives in Microfinance continued and recorded good progress. Tower branch was added to its network of branches, which cover the whole country. Considerable resources were also devoted to formulate a three-year strategic plan that will make CRDB the leading retail bank in the country.

The bank had a satisfactory year in which its assets grew by 45.8%. Growth was also recorded in investment in securities and deposits by 33% and 48.9% respectively. Loan portfolio had the lowest growth of 2%. There was a general increase in customer service.

Loan Provisions

The bank had a satisfactory year, which would have been better but for bad loans, which continued to dampen the bank's performance. Provisions for bad and doubtful loans, which were ZS 3.8 billion in 1999, grew up by 29% to reach TZS 4.9 billion in 2000.

Policy measures taken in 1999 to address the bad loans problem were further strengthened in year 2000. Most credit functions apart from initial screening have now been centralized at H/O. This aims to benefit from the highly skilled credit experts who have been pooled at H/O. This arrangement shall also enable the bank to have timely overview of its credit risk profile and therefore an ability to take timely action controlling the overall credit risk of the bank. The bank continues to be encouraged by the performance of the Commercial Court division of the High Court in concluding cases presented to it.



Vice President Dr. Omar Ali Juma opening Tower Branch.

Branches, supported by H/O, are devoting more time on recovery and in some cases the recovery is contracted to external debt collectors. Both approaches have improved collections. Recovery of provisioned loans is a high priority in 2001.

Economic and Financial Environment in Tanzania

Overview

Tanzania's economy continued to pick up in 2000, recording an estimated real GDP growth of 5.1%. This rate was moderately higher than the average of 4.5% during 1998-1999. The GDP growth in 2000 originated from a few sectors, mainly agricultural and business sectors.

Compared to the previous year, growth in sectors like mining, industry, energy, water and construction was not encouraging. Performance of the sector and the economy at large would have been much better had it not been for a sharp decline in world commodity prices especially for coffee, cashew-nuts and cotton.

Table 1 presents selected macroeconomic indicators.

Selected Macroeconomic Indicators

Table 1

Indicators	1996	1997	1998	1999	Dec 2000
Real GDP annual growth (factor Cost)	4.2%	3.3%	4.0%	4.8%	5.1%
CPI inflation (headline) end of period	15.4%	15.4%	11.2%	7.0%	5.5%
Treasury bills weighted average yield	13.8%	11.4%	11.8%	15.5%	5.5%
Short-term lending rate	30.7%	23.3%	22.4%	20.4%	5.7%
Medium and long term lending rate	30.0%	24.3%	22.0%	20.1%	21.6%
Twelve (12) months deposit rate	16.2%	0.1%	11.5%	10.2%	8.6%

Source: Quarterly Economic Review - ESRF Volume 7 Issue 2 April - June 2000 & National Bureau of Statistics & BOT computations

Fiscal performance

For the fiscal year 1999/2000 Government revenue and expenditure were recorded at TZS 777.6 billion and TZS 1,168,7 billion, respectively, equivalent to 11.5% and 11.4% of GDP. Compared with 1998/99 revenues showed an increase of 12.8. % and expenditure 42.7%. The increase in Government revenue resulted mainly from the surge in the economic activities combined with a set of measures implemented by the Tanzania Revenue Authority (TRA) aimed at improving its revenue collection. Out of the total revenue collection during the period July 1999 to June 2000, tax revenue accounted for 10.9% of GDP, while non-tax revenue accounted for 1.5% of GDP. On the other hand, out of the total expenditure, recurrent expenditure accounted for 13.3% of GDP and development expenditure accounted for 5.1% of GDP. During this period under review, the government recorded a budget deficit of TZS 391.1 billion, before grants, equivalent to 6.2% of GDP. The overall deficit was reduced to TZS 110.8 billion or 2.1% of GDP after grants. Grants amounted to TZS 280.3 billion. Overall budget performance therefore showed an improvement over the previous year.

Foreign Trade

During 2000 Tanzania's trade balance account improved by 18.5% to a deficit of USD 672.4 million, compared with a deficit of USD 825 in 1999. The improvement resulted from a larger increase in exports than in imports. The performance in exports was attributable to increase in both traditional and non-traditional exports. All sub-categories of non-traditional exports recorded increases with minerals contributing the largest share.

Exchange Rate

Among the achievements during the previous financial year was to stabilize the exchange rate between the Tanzanian Shilling and the US Dollar at an annual average of TZS 800 per 1 USD recording an exchange rate annual depreciation of 7.3%. Major fluctuations in the exchange rate experienced in the previous financial years were contained. BOT interventions in the inter-bank Foreign Exchange Market were instrumental in stabilizing the Tanzanian Shilling.

Inflation

The overall year - to-year headline inflation rate, as measured by changes in the Consumer Price Index, declined from 7.0 % in December 1999, to 5.5% in the year to December 2000. The slow down of inflation is a result of the improvement in the monetary control, exchange stability, and the good supply response in the economy. While non-food inflation increased slightly from 3.7% in December 1999 to 4.3%, in December 2000, food inflation declined from 7.8% to 5.9% December 2000.

The conclusion of the above review is that economic recovery is underway and prospects for the future are good. The banking industry should therefore be expected to service the developing economy through new entrants, growth, and the emergence of more specialized banks. Competition in the banking industry, which is still low, may be expected to increase sharply in the near future.

Review of Business Operations

Service and product Improvements

The bank completed the rollout of the information system (IS) based on Bankmaster throughout its branches by the end of 1999, thereby enabling them to operate on-line. The implementation of the new IS changed the delivery of most services; making them faster, more convenient, secure and easy. This is a new base from which, the bank in 2000 began to make further improvements to its products. During implementation of this project some improvements were made to branches layout and access to services, but these were really incidental to the installation of hardware and accessories.



Customers being served at re-modeled Holland House branch

During year 2000 new branch design concepts were developed, completely departing from the concepts, which underlined the design of the former branches. Topmost was a requirement to improve convenience and speed of access to services. Overall effect that was to be achieved by the design was a spacious, air comfortable and well-lit modern contemporary office based on the open office plan. The bank was also in the process of corporate branding. This became an opportune time to incorporate key elements of visual features of our corporate brand.

These improvements together with the ambience created by the overall architectural impact, which significantly contributed to customers' perception and enjoyment of services have transformed both branch looks and the quality and standards of customer services in branches where they have already been implemented. Staff who are the most valuable bank resource, now enjoy better working environments that enhance team working, productivity and morale to give customers excellent service.

New Products

Direct Banking

Although CRDB Bank has a strong focus on retail banking, it maintains a reasonable presence in corporate banking, where it offers customized corporate services. The bank now offers CRDB Direct Banking services to its corporate customers. Customers can access their accounts at their premises at any time. The product has proved to be a very valuable to most sizeable firms especially with multiple branches up-country.

Property Lending

The product was introduced in early August 2000 on a pilot basis at Tower and Vijana branches. The purpose of the product is to advance loans for property rehabilitation, purchase of residential and commercial properties or refinancing. The target segments are customers with rented properties capable of providing rent as a source of loan repayment.

Insurance Services

The bank signed an agreement with Royal and SunAlliance (T) Limited (RSAT) in June 2000. By this move the bank terminated its previous agreement with National Insurance Corporation (NIC) - the former insurance principals. RSAT has since then acquired a new name to strengthen itself in the market place. The new name for Royal & SunAlliance (T) Limited is Royal Insurance (T) Limited. Through this arrangement CRDB sells insurance products to bank customers.

Busara Account

CRDB BUSARA ACCOUNT is a new saving scheme for shareholders, which was introduced in June 2000. The product gives preferential interest rates to shareholders. This product is aimed at encouraging shareholders to utilize the bank's services, earn income and make CRDB shares more attractive.

Juhudi Credit Scheme

This scheme which begun operations in 1997 in Arusha was launched in Tanga in September 2000. This was after successful launching of the same scheme in Moshi in 1999. This is a joint arrangement between CRDB Bank and the Netherlands Development Organization (SNV). Through this scheme small and medium scale business entrepreneurs may have up to 50% of collateral requirements covered by guarantee offered under the scheme.

Community Involvement

In the year 2000 CRDB Bank continued its programme of supporting community activities. Among the noteworthy involvement in community affairs was a donation to the Equal Opportunities for all Trust Fund (EOTF). The donation met some of the expenses of facilitating the participation of small-scale businesswomen groups and individuals in the Dar es Salaam International Trade Fair 2000.

Women participants who come from all corners of the country learnt a lot from the trade-show and won new markets for their products. The bank is proud to be associated with these efforts to give a supporting hand to under-privileged women entrepreneurs.

Don Bosco holds an annual Youth Festival for young people from all walks of life, both in Dar es Salaam and Iringa. They participate in sports, games, quiz, arts etc. The festivals also build a spirit of good citizenship in the participants besides skills in the various games. The

bank supported the staging of both festivals in year 2000. The theme of the festival was "Youth and behaviour Change"

The bank also contributed to many other worthy causes, including the marking of the World AIDS/HIV day; Fund in Aid of Mozambique flood victims; marking World Women's day and International Students Week of Institutions of Higher Learning



The 1st Lady Anna Mkapa -EOTF Chairperson receiving a cheque from the MD

Financial Performance in 2000

The overall performance is as indicated by the following summary of performance indicators. The banks pre-tax profit recorded a substantial rise from TZS. 0.6 billions in 1999 to TZS 2.1 billions. Provisions of TZS. 4.9 billions against possible loan losses greatly depressed profits.

Financial performance in 2000

Year 2000/1999/1998 /1997 results

Table 2

Indicators	2000	1999	1998	1997
Financial Income	17.1	13.9	9.4	5.8
Financial Expense	5.5	4.7	3.0	2.9
Spread	11.6	9.2	6.4	2.9
Provisions	4.9	3.8	1.4	0.3
Other Income	6.7	5.0	5.6	3.9
Operating Expenses	11.3	9.8	7.8	8.3
Pretax profit	2.1	0.6	2.8	-1.8

Comments on Financial Results

- There was increase in nostro accounts and income thereof.
- There was increase in income from investments in debt securities and,
- Improved utilization of IS resulting in increased volumes of money transfers through the bank's network

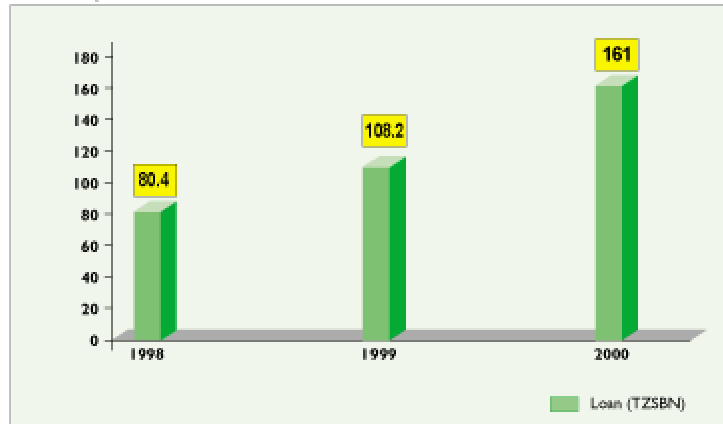
Liabilities

Deposits

During year 2000 the bank's deposit grew by 49% while the average for the banking industry was 23%. In 2000 deposits grew by TZS 52.8 billion or 49%. As at December 2000 total bank's deposits stood at TZS 161 billion against TZS 108.2 billion at December 1999. The bank controlled 15.92% of the deposit market share as at December 2000 against 12.97% at

December 1999. About 95% of the bank's depositors are small with balances of below TZS 100,000 and accounting for 11% of the total deposits. The trend of increasing competition and customer sophistication continued in year 2000.

Deposit trend as at 31st December 2000



Assets

Loan Portfolio

The bank continued to restrict growth of its credit portfolio in order to deal with bad loans in its books. Credit marginally rose by 2% from TZS. 34.3 billions in 1999 to TZS 35.3 billion in year 2000 as compared to a rise of 24.2% in 1999. It should be noted that the average size of loans is TZS 21 million and the smallest loan is TZS 1million.

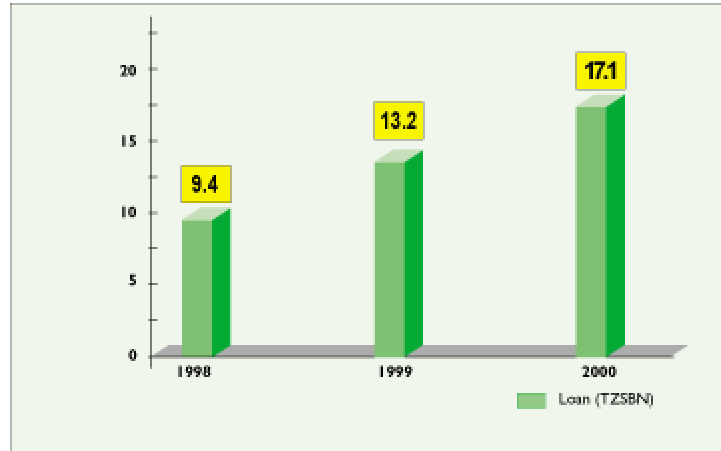
Loans



Other Assets

Investments in debt securities significantly rose from TZS. 47.6 billions in 1999 to TZS. 68.9 billions in year 2000. Yields on most maturities declined almost throughout the year because of over subscriptions. Yet the Treasury bill market remained an attractive investment especially to commercial banks that dominated the market.

Income and Expenditure
Interest Income



Trend of Interest Income as at December 2000

Interest income grew by 23% in 2000 from TZS 13.9 billion in 1999 to 17.1 billion in year 2000. Financial expense grew only by 17% from TZS 4.7 billion in 1999 to TZS 5.5 billion in 2000.

Future Prospects

The bank has re-defined its mission and vision in order to position itself in the market as a local leading bank in the next three years while maintaining a reasonable presence in corporate banking. In order to achieve this, a number of goals and strategies have been identified. From year 2001 onwards the bank will implement those strategies carefully with a view to attain the re-defined mission and vision.

We highly appreciate our customers' support and look forward to similar support as we strive for better services for them. Our dedicated staff have made invaluable contributions to our achievements while our shareholders have loyally backed us. To all of you we say thank you.

DR. C.S. KIMEI
Managing Director

REPORT OF THE AUDITORS

S.F. SAYORE - FCCA
DIRECTOR GENERAL

Balance Sheet As At 31st December, 2000

BALANCE SHEET AS AT 31ST DECEMBER, 2000

ASSETS

	NOTE	31.12.2000	31.12.1999
	TZS.'000'		TZS.'000'
Cash	2	14,025,396	8,870,246
Balances with Bank of Tanzania	3	16,391,216	13,251,364
Balances with Other Banks	4	30,408,084	11,993,213
Investment in Equity		150,000	-
Investments in Debt Securities	5	68,929,676	47,600,800
Loans, Advances and Overdrafts	6	34,892,988	34,377,563
Bills Receivable		578,352	738,310
Accounts Receivable	7	5,948,578	3,530,072
Fixed Assets	8	4,044,002	4,406,681
Leased Premises Refurbishment		304,842	-
Cheques and Items for Clearing		<u>14,902,289</u>	<u>5,891,954</u>
TOTAL ASSETS		<u>190,575,423</u>	<u>130,660,203</u>

LESS: LIABILITIES

Deposits	9	160,404,207	108,256,526
Due to Other Banks	10	864,387	1,828,937
Accounts Payable	11	13,904,796	7,597,198
Accrued Expenses		342,618	265,255
Other Liabilities		107,000	25,000
Provision for Taxation	12	<u>548,262</u>	<u>184,883</u>
TOTAL LIABILITIES		<u>176,171,270</u>	<u>118,152,799</u>
TOTAL NET ASSETS		<u>14,404,153</u>	<u>12,507,404</u>

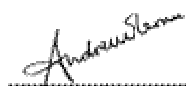
SHAREHOLDERS' FUNDS AND RESERVES

SHARE CAPITAL	13	8,393,130	8,393,130
GENERAL RESERVE	14	3,556,209	3,556,209
SPECIAL RESERVE	15	13,846	13,846
ACCUMULATED PROFIT/(LOSS)	16	2,190,046	539,219
		14,153,231	12,502,404
LONG TERM LOAN	17	<u>250,922</u>	-
TOTAL		<u>14,404,153</u>	<u>12,502,404</u>
CUSTOMERS LIABILITIES AND INDEMNITIES		<u>2,383,014</u>	<u>513,276</u>

NOTES 1 TO 23 FORM PART OF THESE ACCOUNTS


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CHAIRMAN


.....

DIRECTOR


.....

MANAGING DIRECTOR

DATE: 16th March 2001

Profit and Loss For the Year ended 31st December, 2000

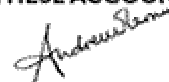
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2000

	NOTE	2000 TZS. '000'	1999 TZS. '000'
INTEREST INCOME			
Interest on Government Bonds		3,070,683	3,070,683
Interest on Term Loans		1,362,860	1,716,957
Interest on Overdrafts		7,487,040	6,799,322
Interest on Nostro Accounts		1,356,766	363,180
Interest on Treasury Bills		1,262,571	619,696
Interest on EADB Bonds		21,150	11,467
Interest on Treasury Bonds		2,392,008	1,420,747
Interest on Inter Bank Lending		186,046	37,864
		<u>17,139,124</u>	<u>14,039,916</u>
Less: Interest on Non-Performing Assets		-	505,517
TOTAL INTEREST INCOME		<u>17,139,124</u>	<u>13,534,399</u>
LESS: INTEREST EXPENSES			
Interest on Demand Deposits		121,004	10,508
Interest on Savings Deposits		1,907,501	2,252,628
Interest on Fixed/Time Deposits		3,176,133	2,328,981
Interest on Loans		91,396	93,708
Commission on Nostro Transactions		199,954	18,708
		<u>5,495,988</u>	<u>4,704,533</u>
NET INTEREST INCOME		<u>11,643,136</u>	<u>8,829,866</u>
ADD: NON-INTEREST INCOME	18	<u>6,394,533</u>	<u>4,851,883</u>
NET FINANCIAL SPREAD		<u>18,037,669</u>	<u>13,681,749</u>
LESS: NON-INTEREST EXPENSES			
Staff Expenses	19	4,531,674	3,651,995
Administrative Expenses	20	6,442,723	6,456,949
Provision for Bad and Doubtful Debts		4,969,066	3,429,190
		<u>15,943,463</u>	<u>13,538,134</u>
NET PROFIT/(LOSS) BEFORE ITEMS OF ABNORMAL SIZE AND INCIDENCES			
		<u>2,094,206</u>	<u>143,615</u>
ADD: ITEMS OF ABNORMAL SIZE AND INCIDENCIES			
Provision No Longer Required		-	472,663
NET PROFIT BEFORE TAX		<u>2,094,206</u>	<u>616,278</u>
PROVISION FOR TAXATION		<u>443,379</u>	<u>199,949</u>
RETAINED PROFIT/(LOSSES) AFTER TAXATION		<u>1,650,827</u>	<u>416,329</u>

NOTES 1 TO 23 FORM PART OF THESE ACCOUNTS



CHAIRMAN



DIRECTOR



MANAGING DIRECTOR

DATE: 16th March 2001

Cash Flow Statement For the Year ended 31st December,2000

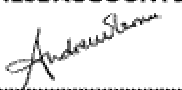
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2000

	2000	1999
	TZS.'000'	TZS.'000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) for the Year Before Tax	2,094,206	616,278
Adjustment for:		
Depreciation	993,037	1,015,290
Loss on Assets Written Off		
(Gain)/Loss on Disposal of Fixed Assets	(16,449)	(358,212)
Operating Profit/(Loss) Before Working Capital Changes	3,070,794	1,273,356
(Increase)/Decrease in Investments in Debt Securities	(21,328,876)	(11,151,839)
(Increase)/Decrease in Loans, Advances and Overdrafts	(515,425)	(4,607,631)
(Increase)/Decrease in Bills Receivable	159,958	(336,917)
(Increase)/Decrease in Cheques and Items for Clearing	(9,010,335)	2,239,501
Increase/(Decrease) in Deposits	52,147,681	27,878,457
Increase/(Decrease) in Due to Other Banks	(964,550)	153,394
Increase/(Decrease) in Accounts Payable	6,307,598	(1,472,970)
Increase/(Decrease) in Accrued Expenses	77,363	(491,517)
Increase/(Decrease) in Other Liabilities	82,000	(471,000)
CASH GENERATED FROM OPERATIONS	27,607,702	11,451,475
Tax Paid	(80,000)	(15,066)
Net Cash Flows From Operations (A)	27,527,702	11,436,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Equity	(150,000)	-
Refurbishment	(304,842)	-
Proceeds from Sale of Fixed Assets	23,860	687,311
Acquisition of Fixed Assets	(637,769)	(939,064)
Net Cash Flows From Investing Activities (B)	(1,068,751)	(251,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Share Capital	-	1,552,680
Advance Towards Capital	-	(92,000)
Special Reserve	-	13,846
Long Term Loan	250,922	-
Net Cash Flows From Financing Activities (C)	250,922	1,474,526
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	26,709,873	12,659,182
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	34,114,823	21,455,641
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	60,824,696	34,114,823

NOTES 1 TO 23 FORM PART OF THESE ACCOUNTS



CHAIRMAN



DIRECTOR



MANAGING DIRECTOR

DATE: 16th March 2001

NOTES ON THE ACCOUNTS

NOTE 1: PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared on the historical cost convention. No adjustments have been made for inflationary factors affecting the accounts.

(b) Foreign Exchange Transactions

Foreign exchange transactions are translated into Tanzanian shillings by applying the exchange rates ruling on the transactions dates. Liabilities and assets denominated in foreign currencies are translated into Tanzanian shillings at the exchange rates ruling on balance sheet date. Exchange gains or losses arising from the aforesaid translations are dealt with in the profit and loss account.

(c) Interest Income Recognition

Interest on loans and advances given to customers is recognised in the accounts on accrual basis. However, interest accrued on non-performing loans and advances is suspended as unrealised income which can only be recognised when actually received.

(d) Provision for Bad and Doubtful Debts

Provision for bad and doubtful debts is governed by sec. 15(a) of the Banking and Financial Institutions Act, 1991. In order to facilitate compliance by banks, the Bank of Tanzania issued guidelines namely "Prudential Guidelines on Management of Risk Assets, Classification of Loans and Other Risk Assets, Provisioning for Losses and Accrual of Interest" which require that all banks must classify their loans and advances based on which provisions shall be made as follows:-

Classification	Rate of Provision%
Unclassified Loans	Nil
Other Assets Especially Mentioned	5
Substandard	10
Doubtful	50
Loss	100

NOTE 1: PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Depreciation of Fixed Assets

It is the Bank's policy to depreciate its fixed assets on a straight line method by the following rates which are consistently applied:-

Assets	Annual Rates %
Assets and buildings	5.00
Motor vehicles and cycles	33.33
Office Equipment	20.00
Information system equipment	20.00

Assets purchased during the year are depreciated from the dates the assets were purchased up to the end of the financial year under reference. No depreciation is charged in the year of disposal.

(f) Valuation of Investments

Equity investments are reflected in the accounts at cost after providing for diminution in value of investments where considered necessary.

(g) Amortisation of Leased Premises Refurbishment

Leased premises refurbishment represents costs incurred by the Bank in refurbishment of leased banking premises. The costs are amortised over a period of three years effective from the year the costs are incurred

NOTE 2: CASH

	31.12.2000	31.12.1999
	TZS.'000	TZS.'000
Notes and Coins - Tanzania Shillings	12,677,734	7,066,543
Notes and Coins - Foreign Currencies	<u>1,347,662</u>	<u>1,803,703</u>
TOTAL	<u>14,025,396</u>	<u>8,870,246</u>

NOTE 3: BALANCES WITH BANK OF TANZANIA

	31.12.2000	31.12.1999
	TZS.'000	TZS.'000
(Note 6B)		
Statutory Minimum Reserve	12,000,000	4,000,000
Clearing Account - Local	2,744,396	1,636,178
Clearing Account - Foreign	<u>1,646,820</u>	<u>7,615,186</u>
TOTAL	<u>16,391,216</u>	<u>13,251,364</u>

NOTE 4: BALANCES WITH OTHER BANKS

Deposits - Local Banks	250,616	83,813
Nostro Accounts	<u>30,157,468</u>	<u>11,909,400</u>
TOTAL	<u>30,408,084</u>	<u>11,993,213</u>

NOTE 5: INVESTMENTS IN DEBT SECURITIES

EADB Bonds	300,000	399,200
Treasury Bills	25,802,705	7,240,750
Treasury Bonds	14,911,671	12,045,550
11% Government Bonds	<u>27,915,300</u>	<u>27,915,300</u>
TOTAL	<u>68,929,676</u>	<u>47,600,800</u>

NOTE 6: LOANS, ADVANCES AND OVERDRAFTS

Term Loans (Note 6A)	5,276,432	5,606,560
Overdrafts	<u>29,616,556</u>	<u>28,771,003</u>
TOTAL	<u>34,892,988</u>	<u>34,377,563</u>

NOTE 6A: TERM LOANS

Opening Balance	6,310,755	6,108,346
Less: Loans Charged Off	<u>1,021,996</u>	<u>205,740</u>
	5,288,759	5,902,606
Add: Net Additions	<u>776,773</u>	<u>408,149</u>
	6,065,532	6,310,755
Less: Allowance for Probable Losses	<u>789,100</u>	<u>704,195</u>
TOTAL	<u>5,276,432</u>	<u>5,606,560</u>

NOTE 6B: OVERDRAFTS

	31.12.2000	31.12.1999
	TZS.'000'	TZS.'000'
Opening Balance	32,432,444	24,979,785
Less: Overdrafts Charged Off	<u>2,243,258</u>	<u>822,960</u>
	30,189,186	24,156,825
Add: Net Additions	<u>4,622,615</u>	<u>8,275,619</u>
	34,811,801	32,432,444
Less: Interest in Suspense on Non Performing Overdraft	-	<u>744,212</u>
	34,811,801	31,688,232
Less: Allowance for Probable Losses	<u>5,195,245</u>	<u>2,917,229</u>
TOTAL	<u>29,616,556</u>	<u>28,771,003</u>

NOTE 7: ACCOUNTS RECEIVABLE

Receivable from DANIDA	178,316	409,480
In-House Accounts	2,982,068	1,430,921
Sundry Debtors	45,236	146,048
Pre-paid Expenses	198,928	-
Receivable from Special Funds	53,514	50,005
Interest Receivable - Foreign Currency Placements	560,899	143,038
Interest Receivable - Government Bonds	767,671	767,671
Interest Receivable - EADB Bonds	16,575	11,467
Interest Receivable - Treasury Bonds	719,598	408,572
Interest Receivable - Treasury Bills	485,295	176,701
Dividends Receivable	<u>13,200</u>	-
Sub-Total	6,021,300	3,543,903
Less: Provision for Bad and Doubtful Debts	<u>72,722</u>	<u>13,831</u>
TOTAL	<u>5,948,578</u>	<u>3,530,072</u>

NOTE 8: FIXED ASSETS

Fixed Assets (Note 8A)	3,853,103	4,215,782
Capital Work in Progress (Note 8B)	<u>190,899</u>	<u>190,899</u>
TOTAL	<u>4,044,002</u>	<u>4,406,681</u>

NOTE 8A: FIXED ASSETS**NOTE 8B: CAPITAL WORK IN PROGRESS**

	31.12.2000	31.12.1999
	TZS.'000'	TZS.'000'
Cost as at 1 st January	190,899	441,543
Less: Disposals During the Year	-	<u>250,644</u>
COST AS AT 31ST DECEMBER	<u>190,899</u>	<u>190,899</u>

NOTE 9: DEPOSITS

Current Deposits	61,625,758	42,256,212
Savings Deposits	50,130,674	34,174,487
Time Deposits	<u>48,647,775</u>	<u>31,825,827</u>
TOTAL	<u>160,404,207</u>	<u>108,256,526</u>

NOTE 10: DUE TO OTHER BANKS

Bank of Tanzania Settlement Account	416,791	-
Bank of Tanzania Loan Account	162,066	1,732,066
Deposits	<u>285,530</u>	<u>96,871</u>
TOTAL	<u>864,387</u>	<u>1,828,937</u>

PARTICULARS	Land and Buildings	Motor Vehicles	Office Equipment	Information System Equipment	TOTAL
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
Cost as at 01.01.2000	1,948,117	1,279,352	967,755	2,713,768	6,908,992
Additions During the Year	162,337	214,869	183,247	77,266	637,769
Sub-Total	2,110,504	1,494,221	1,151,002	2,791,034	7,546,761
Less: Disposals	-	10,696	1,466	-	12,162
Cost as at 31.12.2000	2,110,504	1,483,525	1,149,536	2,791,034	7,534,599
Accumulated Depreciation as at 01.01.2000	377,082	918,924	539,650	857,554	2,693,210
Charge for the Year	106,629	126,212	211,940	548,256	993,037
Sub-Total	483,711	1,045,136	751,590	1,405,810	3,686,247
Disposals/ Adjustment	-	(3,565)	(1,186)	-	(4,751)
Accumulated Depreciation as at 31.12.2000	483,711	1,041,571	750,404	1,405,810	3,681,496
NET BOOK VALUE AS AT 31.12.2000	1,626,793	441,954	399,132	1,385,224	3,853,103

NOTE 11: ACCOUNTS PAYABLE

	31.12.2000	31.12.1999
	TZS.'000'	TZS.'000'
In-House Credit Suspense	838,615	1,084,987
Sales of Exchange Payable	21,636	46,667
Bills Payable	9,839,166	3,867,394
Sundry Creditors	871,349	478,794
Dividends Payable	85,072	132,556
Interest Payable on Deposits	2,183,737	1,986,800
Head Office Special Funds	40,129	-
Interest on DANIDA Investment Fund Debt	<u>25,092</u>	-
TOTAL	<u>13,904,796</u>	<u>7,597,198</u>

NOTE 12: PROVISION FOR TAXATION

Balance at Beginning of the Year	184,883	-
Add: Provision for the Year		
Current year	628,262	184,883
Tax (Over/Under Provided in Previous Years)	(184,883)	15,066
	<u>443,379</u>	<u>199,949</u>
	628,262	199,949
Less: Payments During the Year	<u>80,000</u>	<u>15,066</u>
TOTAL	<u>548,262</u>	<u>184,883</u>

NOTE 13: SHARE CAPITAL

Authorised Share Capital		
1,000,000 Ordinary Shares of TZS. 10,000 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and Paid-up Share Capital		
839,313 Ordinary Shares of TZS. 10,000 each	<u>8,393,130</u>	<u>8,393,130</u>

NOTE 14: GENERAL RESERVE

The amount of TZS. 3,556,209,000 represents accumulated profits plus Government funding taken over as at 1st July, 1996 from the defunct Co-operative and Rural Development Bank.

NOTE 15: SPECIAL RESERVE

The amount reflected in the accounts as Special Reserve represents capital assistance by the Government of Denmark through the DANIDA Investment Fund (DIF). Under the agreement signed between the Government of the United Republic of Tanzania and the Ministry of Foreign Affairs - DANIDA, one of the objectives of the assistance is to inject funds to CRDB Bank Limited through DIF. The assistance has been provided for the purpose of financing a new information system (IS) for the Bank. As provided in the deed, the amount forms part of the Banks equity. Up to 31st December, 2000 a total of TZS. 2,012,689,000 had been given as capital assistance under this agreement. Out of this amount TZS. 1,998,843,000 was applied as bonus shares in 1999 and the balance of TZS. 13,846,000 is now reflected in the accounts as a Special Reserve.

NOTE 16: ACCUMULATED PROFIT/(LOSS)

	31.12.2000 TZS.'000'	31.12.1999 TZS.'000'
Opening Balance	539,219	122,890
Current Period Profit/(Loss)	<u>1,650,827</u>	<u>416,329</u>
TOTAL	<u>2,190,046</u>	<u>539,219</u>

NOTE 17: LONG TERM LOAN

The amount of TZS. 250,922,000 represents a long term loan from DANIDA Investment Fund (DIF) repayable after five years. Interest is charged at a one year Treasury bill rate averaged over twelve months less two percentage points. The minimum rate payable being three percent per annum with payment of applicable rate determined and effected at the end of the respective year.

NOTE 18: NON-INTEREST INCOME

	2000 TZS.'000'	1999 TZS.'000'
Non Performing Asset Recoveries	504,478	697,637
Commissions	2,399,142	2,393,012
Application Fees	98,401	74,200
House Rent	59,246	47,637
Miscellaneous	2,388,567	693,507
Exchange Gains	886,570	587,678
Profit on Sale of Assets	16,449	358,212
Dividend Income	<u>41,680</u>	-
TOTAL	<u>6,394,533</u>	<u>4,851,883</u>

NOTE 19: STAFF EXPENSES

Salaries	2,943,672	2,209,716
Workmen's Compensation	9,962	31,251
Medical	242,153	202,835
Staff Welfare	65,177	71,664
Uniforms	550	120
Payroll and VETA Levy	172,117	135,079
Overtime	74,252	44,963
Rent Subsidy	144,333	92,249
NPF and Pension Contributions	392,545	322,198
Staff Transfers	78,569	85,884
Payment in Lieu of Leave	60,554	16,029
Leave Pay	63,619	47,333
Group Endowment Benefits	116,859	138,620
Staff Interviews	6,211	1,703
Fidelity Guarantee & Gratuity	25,277	23,277
Retirement Benefits	23,430	63,303
Saturday Allowances	<u>112,394</u>	<u>165,771</u>
TOTAL	<u>4,531,674</u>	<u>3,651,995</u>

NOTE 20: ADMINISTRATIVE EXPENSES

	2000 TZS.'000'	1999 TZS.'000'
Training	202,288	143,280
Marketing Expenses	452,389	413,644
Travelling and Subsistence (Local)	335,874	374,024
Rent and Rates	364,586	171,567
Maintenance - Office Equipment	123,864	102,955
Maintenance - Motor Vehicles	128,713	106,734
Maintenance - Buildings	52,745	134,066
Vehicles Fuel	195,088	141,438
Generator Maintenance and Fuel	42,752	18,619
Computer Stationery	226,855	207,738
Bad Debts Written Off	18,038	-
Depreciation	993,038	1,015,290
Postage	109,171	87,723
Telephone and Fax	386,349	310,236
Conference and Seminars	11,089	16,182
Hired Services	486,910	421,738
Printing and Stationery	302,384	240,929
Consumables	105,920	52,148
Office and General	29,230	24,795
Insurance	169,273	203,955
Trade Licence	15,346	19,646
Entertainment	19,342	17,820
Short in Tills	1,733	5,929
Subscriptions and Donations	33,156	22,983
Periodicals and Publicity	36,871	33,937
Water & Electricity	207,036	181,043
Consultancy Fees	124,831	123,745
Legal Fees	287,767	272,566
TRA Taxes	44,483	8,229
Leased Premises Refurbishment	152,421	-
Communication Costs	443,684	213,244
Safe Custody	525	-
Board Fees	14,000	9,500
Balance Brought Forward	<u>6,122,751</u>	<u>5,095,703</u>

NOTE 20: ADMINISTRATIVE EXPENSES (CONT'D)

	2000 TZS.'000'	1999 TZS.'000'
Balance Carried Forward	6,122,751	5,095,703
Board Expenses	76,776	72,359
Shareholders' Meeting Expenses	91,373	88,775
Retrenchment Costs	15,721	533,966
Staff Litigation	17,542	17,872
Sundry Expenses	74,137	134,628
Car Benefit Tax	4,955	5,134
Audit Fees	39,468	35,880
Implementation of IS Project	-	449,898
Computer Lease Expenses	-	1,856
Share Mobilisation	-	901
Pre-operational Expenses - New Branches	-	<u>149,977</u>
TOTAL	<u>6,442,723</u>	<u>6,456,949</u>

NOTE 21: CONTINGENT LIABILITIES

There were no contingent liabilities apart from those included in the balance sheet.
NOTE 22:CAPITAL COMMITMENTS

There were no capital commitments as at the year end.
NOTE 23:COMPARATIVE FIGURES

Comparative figures have been regrouped wherever considered necessary to make them comparable with the current years figures.

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Azikiwe Branch,

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DAR ES SALAAM
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Bukoba Branch,

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Singida Branch,

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