



THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE



DEPOSIT INSURANCE BOARD

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2022**



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About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the URT of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit



We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Deposit Insurance Board and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

TABLE OF CONTENTS

ABBREVIATIONS	iii
1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL	1
1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS	1
1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS	4
1.2.1 Compliance with the Public Procurement laws.....	4
1.2.2 Compliance with the Budget Act and other Budget Guidelines	4
2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022.....	5
3.0 DECLARATION OF THE HEAD OF FINANCE	25
4.0 FINANCIAL STATEMENTS	26
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022	30



ABBREVIATIONS

BFIA	Banking and Financial Institutions Act No.5 of 2006
BOT	Bank of Tanzania
CAG	Controller and Auditor General
DIB	Deposit Insurance Board
IASB	International Accounting Standards Board
IADI	International Association of Deposit Insurers
IFRS	International Financial Reporting Standards
MoFP	Ministry of Finance and Planning
PSSSF	Public Sector Social Security Fund
RGZ	Revolutionary Government of Zanzibar
TZS	Tanzania Shillings
URT	United Republic of Tanzania.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman,
Board of Directors,
Deposit Insurance Board (DIB),
P.O. Box 2939,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Deposit Insurance Board (the Board) which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in fund balance and cash flow statement as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Deposit Insurance Board (the Board) as at 30 June 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Deposit Insurance Board (the Board) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. As described below, I have concluded that such a material misstatement of the other information exists.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters

in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Deposit Insurance Board (the Board) for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Deposit Insurance Board (the Board) is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

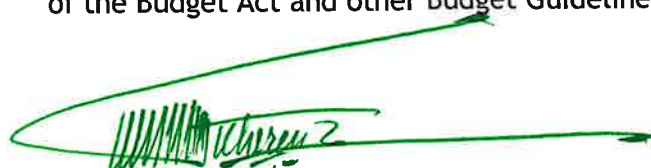
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in Deposit Insurance Board (the Board) for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of in Deposit Insurance Board (the Board) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
December 2022



2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2022

2.1 INTRODUCTION

This is a comprehensive and detailed report for the year ended 30th June 2022 as stipulated in TFRS 1. The Report is intended for primary users and other stakeholders setting out the analysis of the DIB's operations and financial review, with a forward-looking orientation to assist them on the assessment of the strategies adopted by DIB and the potential for those strategies to create value over the short-, medium- and long-term period.

The Directors present this report together with the financial statements for the financial year ended 30 June 2021 which present the state of affairs of the Deposit Insurance Board (DIB) as at that date.

2.2 ESTABLISHMENT AND OBJECTIVES

The Deposit Insurance Board (DIB) existence is provided for under Section 37(1) of the Banking and Financial Institutions Act (BFIA), 2006. The DIB is responsible for policy formulation, management and control of the Deposit Insurance Fund. The objectives of DIB include:

- (i) To collect premium from member institutions;
- (ii) To settle depositors' claims via payouts
- (iii) To invest the premium collected in the Government Securities
- (iv) To liquidate failed banks and financial institutions when appointed by BOT.

In fulfilling these objectives, the Minister for Finance and Planning determines the maximum amount of protected deposits from time to time by an order published in the Government Gazette.

2.3 CORPORATE CULTURE

2.3.1 VISION

To be the most reliable Deposit Insurer in Eastern Africa.

2.3.2 MISSION

To promote public confidence in the banking sector and thereby contribute to financial stability through protection of deposits.

2.4 NATURE OF OPERATIONS

2.4.1 CORE ACTIVITIES

DIB as mandated under Section 39 (1) and (2) of BFIA, 2006 provides protection to eligible deposits to maintain depositors' confidence in the banking system. Other activities of DIB are investing the Fund resources, reimbursing depositors' claims and carrying out liquidation of failed banks and financial institutions when appointed by the Bank of Tanzania.

2.4.2 OPERATING ENVIRONMENT

The operating environment during the year remained stable and resilient amidst the challenges resulting from the Covid-19 pandemic and geopolitical tensions in Eastern Europe. The impact of COVID-19 has reduced significantly due to efforts taken by the Government, including the implementation of the Tanzania COVID Socio-Economic Response Plan.

Members of DIF

As at 30th June 2022, there were 46 members which are deposit-taking institutions. All member institutions continued to operate efficiently and honored their obligations of paying deposit insurance premiums to the Deposit Insurance Fund. With this position, the current scope of deposit insurance coverage has remained adequate and in line with the core principles for Effective Deposit Insurance Systems issued by the International Association of Deposit Insurers (IADI).

Financial Services Sector

Notwithstanding the challenges of residual effects of the COVID-19 pandemic and high commodity prices in the world market, the financial sector environment has continued to remain sound and stable with the strong capital to support the economic activities. The banking sector has recorded a lucrative financial result during the first half of 2022. This development was attributed to a continued improved customer and investor confidence in the Tanzania economy. Furthermore, the Bank of Tanzania (BOT) continued to strengthen risk management practices in the financial sector by implementing various policies and regulatory reforms to safeguard the stability of the institution.

Economic Outlook

Tanzania has sustained relatively high growth of the economy during the year 2021-2022, whereby GDP grew by 4.9 percent largely supported by agriculture, construction, mining and quarrying, manufacturing, trade and repair and transport and storage. This growth has further been accelerated by the tumbling of the COVID-19 hurdles which has led to improved and quick economic recovery.

During the third and fourth quarters of the financial year 2021-2022, the economy experienced a surge in commodity prices which was largely attributed to the ongoing war in Ukraine. The high food and oil prices have contributed to a significant increase in domestic prices, which ultimately led to an increase in overall inflation.

In 2022 - 2023, DIB will continue to play its role of providing protection to deposits so as to maintain public confidence in the banking sector and thereby contributing to the financial stability.

2.5 OBJECTIVES AND STRATEGIES

DIB strives to fulfil its vision and mission through the strategies articulated in our action plans. During the year under review, we had a total of seven objectives and sixteen strategies. This report highlights the objectives and strategies as well as achievements attained in the implementation based on the annual action plans. Implementation and key milestones attained are as presented below;

2.5.1 Implementation Milestone

Strategic priorities during the year implemented were to enhance contribution to financial stability as a fundamental objective, to improve business processes and service delivery, to improve staff knowledge and skills, to increase public awareness on the deposit insurance system and improve the liquidation process. A set of strategic and operational plans were implemented during the year while focusing on gaining more traction by evaluating the fundamentals of strategy which included the Vision, and SWOT. With regards to strategies, the DIB had planned sixteen strategies out of which twelve were implemented while four strategies remain unimplemented.

2.5.2 Key Achievements

Public Awareness Initiatives

Public awareness aims at ensuring public confidence in the DIS, ensure safety and soundness of the financial system and thus contribute to the financial system stability. Key performance indicator for public awareness is the percentage of planned public awareness programs performed.

During the year, DIB implemented several initiatives aimed at educating the public on its existence, role, responsibilities and achievements to further promote public confidence and contribute to financial system stability. DIB covered 70% of planned public awareness program sessions for the year under review, these sessions were successfully conducted in Tanzania Mainland and Zanzibar. The awareness programs included participation in various exhibitions such as the Saba Saba Trade Fair, Financial Services Week organized by the Ministry of Finance and Planning; 60th Anniversary of Tanganyika Independence and 58th Anniversary of Revolutionary Government of Zanzibar.

Enhance contribution to financial stability

key and fundamental role played by the Deposit Insurance Board as an important pillar of trust is building public confidence in the financial sector thereby enhancing financial stability in the economy since depositors will not hesitate depositing cash to the banks hence stabilization of the economy through banks as players in the economy. DIB manages the Deposit Insurance fund (DIF), whereby in times of banking crisis and consequent failure, the DIF is used to reimburse depositors of an insolvent financial institution in line

with the DIB's mandate. The key performance indicator is the percentage of payout coverage to closed banks.

During the year, the Fund increased by 18.60 percent, mainly contributed by premium contributions and investment income. Also, part of efforts to increase the Fund Size, DIB reviewed investment policy to achieve 100 percent portfolio mix and conducted a review to enhance the current coverage of TZS 1.5 million. Furthermore, DIB has continued to reimburse the insured deposits of the depositors for closed banks in favor of depositors who were yet to collect their deposit insurance, whereas during the year a sum of 16.98 million has been paid to respective depositors.

Improve liquidation process

DIB was appointed by the Bank of Tanzania to conduct liquidation of different deposit taking financial institutions, in which DIB was involved in prompt payment of insured deposits, cost-effective resolution in the realization of assets and settlement of claims of uninsured deposits and creditors. Key performance indicator is the percentage of distribution of liquidation proceeds to depositors.

During the year, we continued with the liquidation of closed banks whereby DIB managed to conduct disposal of assets of all seven banks under liquidation, a process which is still ongoing. Furthermore, the distribution of liquidation proceeds to the depositors of Meru Community Bank, Njombe Community Bank, Kagera Farmers' Cooperative Bank and Mbinga Community Bank commenced and is ongoing and DIB has achieved the following ratios as at the yearend; Njombe (100%), Meru (69.69%), Mbinga (33%) and Kagera (43%).

Improve staff knowledge and skills

During the year, the DIB continued to improve staff capacity in numerous skill sets through trainings and technical sessions. Trainings have continued to improve performance in job performance, career development and prepare individuals for other roles and responsibilities. Key performance indicator is the percentage of annual training implemented, the Training Plan was effectively implemented during the year whereas at least three staff were trained each quarter, accounting for 65% of the training plan.

Improve business processes and service delivery

DIB continued to improve business processes by embracing technological development through automating critical business processes and implementing a risk mitigation strategy. Key performance indicator is the percentage of DIB business processes automated through DIB own system. During the year DIB successfully deployed a Deposit Insurance Management System (DIMS) which went live in May 2022. The Automation of DIMS has enhanced the assessment and collection of premium contributions and is expected to improve the management of investments and preparation of operational and management reports. Which implies 70% of DIB business process are automated through DIB own system.

2.6 DIB OPERATING MODEL

DIB plays a significant role in the country's financial system by providing protection to eligible deposits. We hence recognize the potential role that DIB plays in contributing to the stability, integrity and public confidence within the financial system. Our activities have always been closely linked to the progress of the general public and the community at large.

Inputs employed to provide our services

Below are the key DIB resources that the entity depends on while providing its core services. These resources include Human Resources, Financial Resources, Social and Relationship, and Intellectual resources.

2.6.1 Human Capital

During the financial year 2021/2022, DIB had a total of 18 members of staff; all of them were allocated from the Bank of Tanzania in terms of section 37 (11) of the Banking and Financial Institutions Act, 2006. The members of staff continued to receive welfare benefits similar to those provided to staff of the Bank of Tanzania.

Staff contributed to implementation of DIB's action plan including Management of Deposit Insurance Fund, reimbursement of insured depositors and liquidation of closed banks. According to the Bank of Tanzania employee satisfaction survey, which includes DIB staff, the satisfaction rate during the financial year 2020-2021 was 64.3% compared to a rate of 63.9% recorded in 2019/2020.

In an endeavor to enhance staff technical and managerial skills, staff were trained in various areas including but not limited to crisis preparedness and bank resolution, deposit insurance, financial reporting and financial stability and macro-prudential analysis.

2.6.2 Financial Capital

The Deposit Insurance Fund (DIF) forms the financial capital for DIB. The DIF is mainly composed of investments in treasury bills and treasury bonds which are fairly valued at TZS 270.97 billion and TZS 614.26 billion respectively during the year under review. The DIB's main sources of financial resources are premium contributions from member institutions, investment income and revenue grants from the Bank of Tanzania.

At the end of the financial year, DIB had cash and cash equivalents amounting to TZS 39.13 billion and an investment portfolio at TZS 885.23 billion.

2.6.3 Intellectual Capital

DIB has embraced technology in undertaking its operations by automating its core business processes including the designing and development of the Deposit Insurance Management System (DIMS) which went live on 20th May 2022. The automated processes are premium assessment, premium collection, investment management and reimbursement management for insured deposits, a total of TZS 527.98 million was used for automation.

2.6.4 Social and Relationship Capital

The Deposit Insurance Board has close and healthy working relationships with its stakeholders which mainly include the Safety net players that is; the Ministry of Finance and Planning (MoFP), the Bank of Tanzania banks and financial institutions. The impact of social and relationship capital appears under the DIB Operating Model.

2.7 DIB CORE BUSINESS ACTIVITIES

DIB's key business activities include management of the Deposit Insurance Fund, payment of insured deposits as mandated by the Banking and Financial Institutions Act, 2006 and liquidation of closed banks if appointed by the Bank of Tanzania. During the year DIB continued with the investment of the DIF resources in Government securities, reimbursement of insured depositors of closed banks namely Mbinga Community Bank, Njombe Community Bank, FBME Bank Limited, Covenant Bank for Women Limited, Efatha Bank Limited, Kagera Farmers' Cooperative Bank and Meru Community Bank.

During the year, DIB participated in the formulation of the Banking Sector Development Policy under the Ministry of Finance and Planning which has a bearing on the DIB's operations in the future. Also, DIB obtained two system developers from MoFP during the DIMS development which is part of the Automation of DIB Business Processes Project. Further, the draft DIB Investment Policy, draft Proposal for Increasing Deposit Insurance Coverage Limit was submitted to the Ministry for consideration and approval.

On the other hand, DIB continued with the realization of assets of the banks under liquidation including the collection of loans and public auction of the assets.

2.7.1 Operating model and response to change

The DIB's operating model is designed in a way that provides flexibility in adopting to changes in the environment within which it operates since we operate with different stakeholders. For DIB to continue sustaining technological changes, requires it to embrace a continuous innovation through its business conduct. Therefore, DIB's strategy is to continuously promote the use of technology throughout the Institution.

2.7.2 Output

During the year DIB's total Investment portfolio in government securities amounted to TZS 885.23 billion compared to TZS 779.31 billion recorded in the previous financial year, a 13.59% increase. Further, a total of TZS 0.023 billion was reimbursed to insured depositors of closed banks.

Further, DIB received premium contributions from member institutions amounting to TZS 35.69 billion, interest income amounting to TZS 103.68 billion from investments and a revenue grant of TZS 2.52 billion from BOT. The proceeds from redemption together with the receipts from premium contributions and interest from investments were re-invested in Government securities.

DIB, realized a total of TZS 0.54 billion from public auctions of assets of the banks under liquidation and collected loans amounting to TZS 0.47 billion. In addition, DIB paid liquidation proceeds to depositors of closed banks totaling TZS 3.34 billion and invested proceeds from the liquidation process in Treasury bills amounting to TZS 8.82 billion. The payment of liquidation proceeds was made to depositors of each closed bank on prorata basis depending on the amount collected (Njombe Community Bank (100%), Mbinga Community Bank (33.41%), Meru Community Bank (69.69%) and Kagera Farmers' Cooperative Bank (43.00%).

2.7.3 Outcome

The Deposit Insurance Fund grew by 19% implying increased capacity of DIB in investment and payout activities, thereby contributing to financial stability and public confidence in the financial sector. Furthermore, payment of liquidation proceeds to depositors of closed banks continued to instill confidence in the financial sector.

2.8 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Those charged with governance (Board and Management) are largely responsible for the strategic objectives of DIB and ensuring that the fundamental objectives are being supported by business plans and budgets. The Board and Management are responsible for the overall review of and approval of operational and financial objectives of the DIB, review of key performance indicators and financial statements. Furthermore, each quarter the performance of DIB is presented to Treasurer Registrar in absence of the Board to monitor the implementation of the performance agreement. Following the formation of the Board of Directors, persecutions of financial statements to the Board for its review and adoption will resume.

2.8.1 Financial Performance

During the financial year 2021/22 total assets increased by 18.3 percent from TZS 782.70 billion recorded in 2020/21 to TZS 925.87 billion as at 30th June 2022. The increase was mainly attributed to the growth of investments in Government securities. Premium contributions amounting to TZS 39.42 billion in respect of the financial year 2022/23 were received in advance from member institutions in June 2022.

The Deposit Insurance Fund increased from TZS 743.40 billion to TZS 882.45 billion which is equal to 18.7 percent increase. The increase in the Deposit Insurance Fund was attributed to Net Income earned and transferred to the Fund during the year.

2.8.2 Future Development Plans

The implementation of DIB's strategy is centered in achieving the 2021-2025 DIB future strategic plans, mission, vision and core values. DIB aspire to achieve different targets for the current and coming years. The main aspirations vary from technological development, public awareness, development of management policies, procedures and improvement of business processes.

2.8.3 DIB aspirations:

- Development of Enterprise Resource Management System and become operational by June 2025;
- Deposit Insurance Management System developed and utilized by June 2025
- Alternative Mobile Payment Platform developed and utilized by June 2025
- Review of Memorandum of Understanding (MOU) with BOT on areas of cooperation including early involvement and detection of problem bank for resolution purposes.
- To continue working with the Ministry of Finance and Planning in the preparation of banking sector policy and ultimately the enactment of a new law to govern the deposit insurance system in Tanzania which shall provide an operationally independent deposit insurance institution with a broader mandate.
- Participation in the completion of the preparation of liquidation regulation by the BOT.

2.9 PRINCIPAL RISKS AND MITIGATIONS

The DIB faces different risks that may significantly impact organizational performance and objectives. DIB adopts an Enterprise Risk Management (ERM) framework to help deliver on its key objectives while ensuring that risk tolerance does not exceed the limits stipulated in the Risk Profile.

The main risks the DIB faces include Operational Risk, strategic risk, Market risk and Liquidity Risk, Compliance risk, Legal Risk and Reputation Risk.

Principal Risk	Context	Mitigations
Operational Risk	This is a risk of loss resulting from inadequate or failed internal processes, or people, or systems, or from external events. These risks are governed by management audit committee whereas the board has an oversight role.	For every operational risk identified, management has developed the control mechanism for mitigating it which includes appropriate segregation of duties, dual control, and reconciliation has been embedded in each program and operational procedures are reviewed periodically.

Strategic Risk	Refers to current and prospective impact on earnings arising from adverse long-term business decisions, improper implementation or execution of decisions and/or strategies, or lack of responsiveness to industry changes. i.e., Failure to harmonize Maximum coverage limit with growth of per Capita Income. At the management level, the overall management committee together with the Board are responsible for an oversight role in governing this risk.	Annually, management ensures that it evaluates the implementation of strategic plans and performs a Strength, Weaknesses, Opportunities and Threats (SWOT) analysis. This is to help in determining factors that would affect attainment of the strategic objectives. It includes activities such as periodic reviews of coverage limits and drafting of various policies for the DIB.
Market Risk	Refers to the risk of losses from on and off-balance sheet positions as a result of adverse changes in market prices, i.e., interest rates, foreign exchange rates, equity prices and commodity prices.	The Corporate Services Department where the Finance, Investment and Administration Committee functions reside manages market risk by ensuring it cushions DIB from the negative effects of changes of the market conditions in terms of interest rates.
Liquidity Risk	This risk arises from entity's inability to meet its obligations as they fall due. This risk is further being caused by inability to meet the targeted fund and hence failure to meet organizational obligations.	At the management level, this risk is managed and monitored by the Investment Committee. The committee ensures that on weekly basis it maintains a substantial balance of fund before it participates in investment to meet organizational obligations before they fall due. Also, the committee ensures that all the investments have different tenure of cash flow to cater for liquidity needs when they arise.

2.10 STAKEHOLDER'S ANALYSIS

As a protector of customers' deposits, DIB is connected and has relationship with various external and internal groups. Hence while performing our core functions, we make sure that we strive to provide quality service and deliver value to meet stakeholders' expectations and attain valuable relationship with our stakeholders.

2.10.1 Internal stakeholders

<p>1. Board of Directors</p>	<ul style="list-style-type: none"> • During the period under review, the Board received timely, accurate and reliable information on the operations of DIB and accordingly approved: DIBs 2021/22 Strategic Plan, 2021/22 Budget with both income projections involving capital and recurrent expenditures. The expenditure also involves Training Matters, Staff Welfare and Attending Liquidation Matters of closed banks including paying liquidation proceeds to 4 Banks. • Continued timely, accurate and reliable information is expected.
<p>2. Employees</p> <p>↓ 9 Females ↓ 9 Males</p>	<ul style="list-style-type: none"> • Conducive working environment i.e., Provision of working facilities. • DIB has sponsored all its employees in the attendance of short-term trainings amounting to TZS 0.0928 billion. Renewal of NHIF Medical insurance cover.

2.10.2 External Stakeholders

Stakeholder	Stakeholder's current relations and expectations
<p>1. Bank of Tanzania (BOT)</p>	<ul style="list-style-type: none"> • Continuing receiving financial support equivalent to TZS 2.52 billion. • Review of MOU on areas of collaboration more specifically on Staff Welfare, Training, Liquidation and Examinations of Banks. • Collaboration in Designing and Development of DIMS • Timely and reliable Information relating to deposit insurance matters. i.e., through BSIS. • Collaboration in the preparation of liquidation regulations regarding the liquidation of closed banks. • A continued relation on investments.
<p>2. Governments, departments and agencies</p>	<ul style="list-style-type: none"> • Continuing to engage in the development of the banking sector development which ultimately leads to the enactment of the law that will govern the Deposit Insurance System in Tanzania. • MOF expect a continued engagement in the approval and issuance of the insurance coverage and premium assessment rate and investment policy.
<p>3. Banks & Financial Institutions</p> <p>↓ 46 members</p>	<ul style="list-style-type: none"> • Continue to assess and collect premiums from banks and financial institutions and invest. • Continue to provide publicity materials. • Engaged in the Draft 5-year strategic plan. • The continued participation of the banking examination alongside BOT regarding the safety and soundness of the banks. • Reviewed agency payout services.
<p>4. Depositors</p>	<ul style="list-style-type: none"> ➢ Continued protection of depositors and payment of reimbursement of the insured deposits. <ul style="list-style-type: none"> - i.e., During the year payment to depositors amounted to TZS 0.023237 billion of the closed banks under the payout exercise.

5. Service Providers	<ul style="list-style-type: none"> Continued to pay Liquidation proceeds to Depositors and Creditors on Pro-rata basis. Adequate, timely, and effective pay-out services Timely and reliable information relating to the safety of deposit
6. East Africa Community - Monetary Affairs Committee	<ul style="list-style-type: none"> Timely and accurate payments for the service rendered Timely and reliable information
7. Global & Africa International Association of Deposit Insurers	<ul style="list-style-type: none"> Timely and reliable information to assist the information sharing process on financial stability matters, Collaboration on several matters. i.e., trainings and attachments
8. General Public	<ul style="list-style-type: none"> Timely and reliable information Continued participation in conferences and AGM for the associations and their corresponding EXCO Continued payment of requisites and annual membership fee. Timely and reliable information Timely, informative and reliable information to enhance awareness. <ul style="list-style-type: none"> i.e., this is done through various publicity materials and participation in the exhibition notably Sabasaba, Nanenane and financial services week as well as conducting tailor-made training for A-level students in some schools in DSM

2.11 CAPITAL STRUCTURE AND FUNDING MIX

2.11.1 Capital Structure

Due to the nature of the entity, there is no capital which is categorized into either authorized and issued and fully paid shares due to the nature of DIB which is a Government institution.

2.11.2 Funding Mix

In 1994, the Government contributed TZS 1.5 billion as seed funding to start the Deposit Insurance Fund. Since then, DIB has continued to grow the Fund by investing the resources in Government securities (Treasury Bills and Treasury Bonds) as mandated by the law. The primary source of funding for the year was premium collected from member institutions and interest income that DIB earns from investment in Government securities. During the year premium contributions accounted for 4.92% of the Fund growth against 4.58% of 2021 whereas interest earned from investment accounted for Fund growth of 13.59% in 2022 (2021: 11.34%).

The funding is made up of money contributed to the Fund by banks and financial institutions according to the provisions of Section 38 of the Banking and Financial Institutions Act, 2006, which are collected before a failure of any member institution (ex-ante), income from the investments which are credited to the fund and money received from grants.

2.12 CASH FLOWS

DIB's major sources of cash flow are derived from premium collections and return on investments in Government securities, BOT grants and penalties which were attributable to the increase of DIB investments by TZS 105.92 billion during the year. The funds generated in 2021/2022 were mainly utilized to increase Deposit Insurance Fund.

DIB cash projections indicate that future cash flows will mostly be generated from premium contributions by member institutions. DIB will continue to devise different strategies to enhance efficiency in premium collection, and alternative investments apart from Government securities but within the tenets of the law to maintain a sound liquidity position to meet its cash flow commitments.

2.13 LIQUIDITY

The management places necessary emphasis on ensuring that sufficient liquid assets are available to enable DIB to continue with its normal operations and meet obligations when they fall due. DIB holds a portfolio of marketable and diverse assets such as treasury bills, cash and cash equivalents that can be easily liquidated at low cost in the event of unforeseen cash flow needs.

2.13.1 Liquidity management process

The DIB's liquidity management process is carried out under Finance, Investment and Administration Committee. The management ensures that on weekly basis it maintains an adequate balance of funds to meet operational costs and other obligations that may arise.

Assessment for liquidity needs is normally done prior to any new investment or reinvestment of funds. The committee ensures there is the optimal balance of funds supposed to remain in the accounts to meet operational costs and any maturing obligations and that there are no idle funds.

2.14 CORPORATE GOVERNANCE

DIB is committed to good corporate governance practices, which strengthen and maintains the confidence of depositors, thereby contributing to optimal long-term value creation for stakeholders and the general public at large. The board recognizes its collective responsibility for the long-term success of DIB. It is the board's commitment to ensure that DIB complies with all applicable laws and regulations and considers adherence to nonbinding rules, codes, and standards together with all principles of good governance which are independence, openness and transparency, accountability, integrity and clarity of purpose as necessary given the critical role that DIB plays in the financial sector.

2.14.1 The board of Directors

The Board of Directors retains full and effective control of the deposit insurance board and monitors executive management. The Board is also responsible for the DIB's direction, policies and strategies and fund investment decisions. It also ensures that DIB meets its responsibilities to all its stakeholders and is prudently managed against all major risks.

DEPOSIT INSURANCE BOARD (DIB)

During the first quarter of the year under review, tenure for the appointed Board of Directors had elapsed leaving the Board with the Chairman and Principal Secretary of Zanzibar were available as members of the board by virtue of their positions in accordance with the law, there was no quorum for any Board meeting which is required to consist of three members including the Chairman as provided under Section 37 (10) of the Banking and Financial Institutions Act, 2006. By the end of the year, the Minister of Finance and Planning was at an advanced stage of the process of appointing new members of the board to fill the vacancies left by members whose tenure had expired, therefore decisions on major policy issues were submitted to the PST for approval.

2.14.2 (a) Members of the old Board of Directors

S/N	Name	Position	Qualification/ Discipline	Age	Nationality	Date of appointment
1	Prof. Florens D. A. M. Luoga	Chairman	Governor-BOT; PhD. Lawyer	63	Tanzanian	08/01/2018
2	Dr. Juma Malik Akil	Director	Finance - Permanent Secretary (P/S) Ministry of Finance and Planning - RGZ.	57	Tanzanian	23/01/2021
3	Prof. Esther K. Ishengoma	Director	Finance, Professor, University of Dar es Salaam Business School, UDSM	52	Tanzanian	13/08/2018
4	Dr. Charles A. Mwamwaja	Director	Finance - Assistant Commissioner for Budget - MOFP (URT)	56	Tanzanian	13/08/2018
5	Dr. Kenneth Mdadila	Director	PhD (Economics), Development Economics & Financial Economics	42	Tanzanian	13/08/2018
6	Ms. Fatma M. Makame	Director	Attorney, Attorney General Chambers (RGZ)	51	Tanzanian	22/03/2019

2.1.1 (b) Members of the new Board of Directors

The DIB new Board members were appointed on 19th July 2022 as shown in the table below:

S/N	Name	Position	Qualification/ Discipline	Age	Nationality	Date of appointment
1	Prof. Florens D. A. M. Luoga	Chairman	Governor-BOT; PhD. Lawyer	64	Tanzanian	08/01/2018
2	Dr. Mussa C. Juma	Director	Senior Lecturer, IFM PhD Actuarial Science	47	Tanzanian	19/07/2022
3	Mr. John A. Rubuga	Director	Retired Advisor, BOT	62	Tanzanian	19/07/2022
4	Ms. Tiba E. Kisonga	Director	Assistant Commission debt Management, M.A Economics	46	Tanzanian	19/07/2022
5	Ms. Shaheen F. Mohammed	Director	Deputy Accountant General CPA, MBA	35	Tanzanian	04/11/2022

2.1.2 Board Meetings

The board normally meets at least four times a year, and, when necessary, to consider all matters relating to the overall risk management, the institution's performance and implementation of the strategy. The chairman together with the entity's secretary prepares the agenda for each meeting and circulates the notice, agenda and detailed board papers five days in advance of the meetings.

Those charged with governance can request additional information to support their decision-making when necessary. The Board made one meeting before the expiry of the tenure of the majority of members as explained in the preceding paragraph. The main agenda was to review and approve the Financial Statements for the year ended 30th June 2021 which were audited by the Controller and Auditor General with an unqualified audit opinion.

2.1.3 Those charged with governance

During the financial year ended 2022, the tenure of the majority of the members expired with two members remaining, the Chairman and Principal Secretary to the Ministry responsible for the finance of the Revolutionary Government of Zanzibar. According to Bank and Financial Institution Act, the board normally consists of sufficient members with the right mix of skills, experiences and knowledge to challenge and help develop proposals on strategy and bring independent judgement on issues of performance and risk management. The Board consists of the Governor of the Bank, the Permanent Secretary to the Treasury, the Principal Secretary to the Ministry responsible for the finance of the Revolutionary Government of Zanzibar and other three members who are appointed by the Minister who possess good standing and experience in business, professional or academic matters.

The chairman of the board and the director of the Deposit Insurance Board have separate and different roles. The Chairman is responsible for the leadership and management of the board and for ensuring that the board and its committees function effectively.

The Director of DIB has the overall responsibility of ensuring the implementation of the organization's strategies and plans with support from senior management and staff.

2.1.4 Conflict of Interest and Related Party Transactions

The Banking and Financial Institution Act, 2006 stipulates that all board members should disclose in writing to the DIB all accounts, loans or other material contracts or agreements between such member and an insured bank or financial institution. This declaration is there to ensure that board members remain independent and there is no conflict of interest while performing their duties.

2.1.5 Appointments of The Members of the Board

Three members form part of the board by virtue of their positions namely the Governor, Permanent Secretary to the Treasury and the Principal Secretary to the Ministry responsible for finance of the Revolutionary Government of Zanzibar. The other three members are appointed on the basis of merit, good standing and experience in business, professional or academic matters and experience.

Each member of the Board shall disclose in writing to the DIB all accounts, loans or other material contracts or agreements between such member and an insured bank or financial institution.

2.1.6 Board Independence

Directors' independence is essential for effective corporate governance and the provision of objective and independent judgement that represents key interests of all stakeholders in the board's oversight role. According to applicable rules and regulations, the majority of the board of directors should be independent.

The assessment as to whether the independence of the board has considered all the facts by checking whether a director has a relationship, either direct or indirect with the entity, or other directors that could affect actual or perceived independence.

For the year ended June 2022, the tenure of the majority of board members expired, however, based on the Banking and Financial Institutions act, the board by virtue of its appointment structure is ought to be independent.

2.1.7 The Board Committees

An effective committee structure permits the board to address key areas in more depth than at the full board level, though the board members remain collectively responsible for the decision of any committee and are required to review the effectiveness and performance of committees annually. Hence the Board Committee depends on the existence of the Board of Directors. DIB had two Committees namely; FIAC and Audit Committee, due to the expiry of the tenure of the Board the two committees had no members during the year under review.

2.1.8 Risk management and Internal Control

The Board of Directors assumes the final obligation for risk management and the internal control system of DIB. It is the responsibility of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations
- The safeguarding of DIB's assets
- Compliance with applicable Laws and Regulations
- The reliability of accounting records

- Institution sustainability under normal as well as adverse conditions and
- Responsible behaviors toward all stakeholders

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal controls can provide absolute assurance against misstatement or losses, the DIB system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively throughout the financial year ended 30th June 2022 and of the opinion that they are adequate.

2.1.9 Financial Reporting

The Directors accept final responsibility for the preparation of the annual financial statements which fairly present:

- (i) The financial position of the entity as at the end of the year under review.
- (ii) The financial results of operations; as well as
- (iii) The cash flows for that year.

The responsibility for compiling the annual financial statements was delegated to management. At the end of each financial year, the Statutory Auditor (i.e. Controller and Auditor General) reports on whether the annual financial statements are fairly presented. The directors confirm and are satisfied that during the year under review:

- (i) Adequate accounting records were maintained;
- (ii) An effective system of internal control and risk management, monitored by management, was maintained;
- (iii) Appropriate accounting policies supported by reasonable and prudent judgements and estimates were used consistently; and
- (iv) The financial statements were compiled in accordance with International Financial Reporting Standards and comply with requirements of the Banking and Financial Institutions Act; 2006 the Public Procurement Act, 2011; Companies Act, 2002; and National Board of Accountants and Auditors Technical Pronouncements.

The directors are also satisfied that no material event has occurred between the financial year-end and the date of this report.

2.1.10 Organization Secretary

The secretarial service to the Board is being provided by the Corporate Services Department under the legal division.

The DIB and Manager Corporate Service act as Secretary to the Board and plays a leading role in good governance by helping the board and its committees function effectively and in accordance with their terms of reference and best practice. The Manager ensures that:

- (i) Adequate information including the meeting agenda is provided to all board members prior to the commencement of the Board and Committee meetings.
- (ii) Proceedings of the Board and those of Board Committees are recorded and Minutes are written soon thereafter the meeting.
- (iii) Directives and Resolutions of the Board and/ or Board Committees are communicated to Management for implementation and the status of implementation is reported to the Board or Committee at the next meeting.
- (iv) An annual calendar of the board meetings is prepared and circulated to the board members after approval.

2.1.11 Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value to DIB and improve operations. It helps DIB accomplish its objectives by bringing

a systematic, disciplined approach to evaluating and improving risk management, control and governance processes.

Internal audit plans cover matters identified in risk management assessments as well as issues highlighted by the Board, the Audit, Risk Management and Compliance Committee and senior management.

The Internal Audit function administratively reports to the Director of Deposit Insurance Board on day-to-day matters. The purpose, authority and responsibility of the independent internal audit activities are formally defined in an Internal Audit Charter. All significant business operations are subject to internal audit.

2.1.12 Management

DIB is governed by the Director of Deposit Insurance Board, two Managers one being “Manager Corporate Services” and “Manager Operations” with two Assistant Managers. All managers’ report directly to the director.

The organization is organized into the following departments:

(a) Department of Corporate Services

This department is headed by the Corporate Services Manager. The manager is responsible for overseeing the fund Management and provision of Legal and Board services to the DIB. The Manager is supported by an assistant “manager fund management” and assistant manager “legal and board services”. The department is responsible for the provision of legal opinion, drafting and review of legal documents, and secretarial services to the meetings of the Board of Directors and its Committees and, Management.

The department also assesses and collects premiums from banks and deposit-taking financial institutions, invests DIF resources, reimburses insured deposits of failed banks and defends the interests of the Deposit Insurance Board in both judicial and quasi-judicial bodies.

(b) Operations Department

This department is headed by Manager Operations. The manager is responsible for overseeing all activities of the department which include the provision of public awareness on DIB, preparation of structure of deposits, performing onsite examination of banks and financial institutions with BOT, monitoring the performance of banks and financial institutions, advising on the optimal level of the Deposit Insurance Fund as well as communication and maintaining ICT. Further, once DIB is appointed by BOT as liquidator, this department is responsible to conduct liquidation and overseeing the bank’s Resolution and Liquidation.

The key management personnel who served during the year, and at the date of this report, were:

S/N.	Name	Position
1.	Mr. Isack Kihwili	Director of Deposit Insurance Board
2.	Mr. Nkanwa Magina	Manager Operations
3.	Mr. Rashid Mrutu	Manager Corporate Services
4.	Ms. Bibiana Banzi	Assistant Manager Finance, Fund Management and Administration
5.	Ms. Tumaini Mikapagaro	Assistant Manager Legal and Board Services

Environment and Social Management

DIB recognizes that environmental management is the responsibility of all public and private institutions. As a good corporate citizen, the DIB has continued to support and participate in environmental and social activities through employees' physical participation in such activities and/or financial donations.

Scope

Deposit Insurance Board's Annual Report and Financial Statements have been prepared for the period commencing 1st July 2021 to 30th June 2022. This report extends beyond financial reporting and includes non-financial performance, DIB's approach to risk management, an overview of material risks and a summary of governance and remuneration practices.

2.2 OUTLOOK

Despite the challenges including the COVID-19 pandemic, the banking sector has remained resilient supported by a conducive macro-economic environment. The banking sector continued to maintain sufficient capital and liquidity above the regulatory threshold supported by banks' efforts to mobilize deposits. The sustained recovery of major economic activities from the pandemic over the coming year and the ability to withstand inflationary pressures arising from the geo-political tension in Eastern Europe are expected to increase the resilience of the banking sector. Given this situation, DIB expects to collect more premium contributions from member institutions that will positively contribute to the growth of the DIF and hence continue to instill financial stability and public confidence in the financial sector.

2.3 EMPLOYEES' WELFARE

DIB is committed to achieving its core activities through its people and believes that providing valuable care to employees will outshine the institute since employees are the most valuable assets. Although DIB employees are all BOT employees and the Bank takes care of their work environment, career growth and well-being in general, DIB plays a role in making sure that employees are taken care of in a proper manner, and they are comfortable to be able to continue discharging their responsibilities in an effective manner.

2.3.1 Training and Development

The role of training is to improve performance in the job, develop skills and prepare individuals for other roles and responsibilities. The DIB regards its employees as the most valuable asset and is committed to their learning, development, and their growth. The entity realizes that in discharging its objectives it needs to have trained and skilled personnel to maintain a well-balanced organization and a management team capable of performing the duties properly.

During the Financial year 2021/22 a sum of TZS 114,866,568 was utilized for staff training, workshops, seminars and conferences to improve employees' technical and managerial skills. Training programs have been and are continually being developed to ensure employees are adequately equipped with relevant skills at all levels. Further, every employee was provided with medical insurance cover which included his/her spouse and a maximum of four children, during the year under review these services were provided by the National Health Insurance Fund. In addition, BOT contributes to PSSSF on defined benefit arrangements for its employees seconded to DIB.

In DIB's perspective, successful employee engagement will require a focus on them to address their core workplace needs. Going into the financial year 2022/2023, DIB's priority will be to deploy an employee experience framework to help track, measure, and improve

staff experience. We believe that will create an environment where all our employees become eager and delighted to get up every morning and come to work. Our vision is to build an environment where our people look forward to their work, collaborating with colleagues, contributing towards fulfilling DIB goals, working on new assignments, accomplishing their goals, and helping their peers achieve theirs.

2.4 GENDER PARITY/ DIVERSITY

According to BOT Staff By-laws, Part IV states that “The bank is an equal opportunity employer. It is therefore the Banks’ policy to recruit, employ, train and promote individuals as well as administer all personnel actions without regard to race, age, color, religion, tribe, place of origin, political opinion, marital status, HIV&AIDS status, gender, pregnancy, disability or station of life”. Since DIB’s employees are BOT employees then they were not discriminated against either by disability or gender as per the statistics DIB has 18 employees, 9 Male employees and 9 Female employees which reflects gender equality is well observed.

2.5 DONATION AND CHARITABLE CONTRIBUTIONS

Deposit Insurance Board did not make any political contributions or charitable donations during the year under review.

2.6 SERIOUS PREJUDICIAL ISSUES/ MATTERS

During the year 2022, there were no serious legal matters which could affect DIB.

2.7 EVENTS AFTER REPORTING DATE

The events after the reporting date have been disclosed in Note 35 to the financial statements.

2.8 STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (The Report by those charged with governance). This standard replaces TFRS 1 on the Director’s report that was issued by NBAA on 1 January 2010. The standard becomes operative for financial statements covering accounting periods beginning on or after 1st January 2021.

2.9 APPOINTMENT OF AUDITORS

By virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified by section 30(1) of the Public Audit Act No. 11 of 2008, The Controller and Auditor General is the statutory Auditor of the DIB.

2.10 RESPONSIBILITY OF AUDITORS

It is the responsibility of the auditor to perform procedures to obtain audit evidence about amounts and disclosures in the financial statements to provide assurance of the correctness and consistency of each information contained in the report by those charged with governance with those provided in the financial statements by expressing an independent opinion based on the audit to enable reasonable assurance about whether the financial statements are free from material misstatement.

2.11 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE


It is the responsibility of those charged with governance to prepare financial statements of DIB which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions. This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

Approved by the Board of Directors on 20 December 2022 and signed on its behalf by:



Prof. Florens D.A.M Luoga

Chairman of the Board



Dr. Mussa C. Juma

Director and Chairman of the Audit
Committee

3.0 DECLARATION OF THE HEAD OF FINANCE/AACCOUNTS

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist those charged with governance to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I, Romuli Frederick Mtui being the Head of Accounts of Deposit Insurance Board (DIB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June, 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Deposit Insurance Board (DIB) as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Senior Principal Accountant

NBAA Membership No. ACPA 2282


Date: 20 December 2022.


4.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

PARTICULARS	Note	30-Jun-22 TZS	30-Jun-21 TZS
ASSETS			
NON-CURRENT ASSETS			
Intangible Assets	3	496,915,539	-
Property, Plant and Equipment	4	27,232,647	34,637,137
Investment in Treasury Bonds	5	614,260,223,756	498,382,914,175
TOTAL NON-CURRENT ASSETS		614,784,371,942	498,417,551,312
CURRENT ASSETS			
Other Assets	6	997,284,395	667,262,617
Investment in Treasury bills	7	270,967,254,627	280,923,626,872
Cash and cash Equivalents	8	39,125,277,811	2,687,458,481
TOTAL CURRENT ASSETS		311,089,816,833	284,278,347,970
TOTAL ASSETS		925,874,188,775	782,695,899,282
FUND AND LIABILITIES			
Deposit Insurance Fund	9	882,451,421,606	743,742,210,737
NON-CURRENT LIABILITIES			
Capital Grant	10	0	15,133,879
TOTAL NON-CURRENT LIABILITIES		0	15,133,879
CURRENT LIABILITIES			
Unearned Premium Income	11	40,137,451,381	35,690,641,820
Reimbursement of Deposit Insurance Payable	17	3,034,225,381	3,057,462,784
Other Liabilities	12	251,090,407	190,450,062
TOTAL CURRENT LIABILITES		43,422,767,169	38,938,554,666
TOTAL FUND AND LIABILITIES		925,874,188,775	782,695,899,282

The Financial statements were approved by the Board of Directors on 20 December 2022 and signed on its behalf by:


 Prof. Florens D.A.M. Luoga
 The Governor and Chairman of the Board


 Dr. Mussa C. Juma
 Director and Chairman of the Audit Committee

DEPOSIT INSURANCE BOARD (DIB)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

PARTICULARS	Note	30-Jun-22	30-Jun-21
		TZS	TZS
INCOME			
Premium	11	35,690,641,819	34,017,774,871
Interest	13	103,686,080,728	84,300,868,069
Contribution from BOT	18	2,516,056,659	2,082,982,443
Amortization of Capital Grant	10	15,133,879	3,085,182
TOTAL INCOME		141,907,913,085	120,404,710,565
OPERATING EXPENSES			
Personnel	14	1,775,862,314	1,425,192,742
Administrative	15	1,355,112,654	1,605,745,376
Contribution and Subscription	16	45,975,197	96,074,051
Depreciation & Amortization	3 & 4	21,752,051	10,682,872
TOTAL EXPENSES		3,198,702,216	3,137,695,041
NET INCOME		138,709,210,869	117,267,015,524

The Financial statements were approved by the Board of Directors on 20 December 2022 and signed on its behalf by:



Prof. Florens D.A.M. Luoga
The Governor and Chairman of the Board




Dr. Mussa C. Juma
Director and Chairman of the Audit Committee

DEPOSIT INSURANCE BOARD (DIB)


STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30 JUNE 2022

PARTICULARS	DEPOSIT INSURANCE FUND	TOTAL
	TZS	TZS
Balance as at 01 July 2021	743,404,813,349	743,404,813,349
Prior Year Adjustments	337,397,388	337,397,388
Surplus (Deficit) during the period	138,709,210,869	138,709,210,869
	882,451,421,606	882,451,421,606
Other reserves		
Transfer of:		
Balance at 30 June 2022	882,451,421,606	882,451,421,606
Balance at 01 July 2020	626,137,797,825	626,137,797,825
Surplus (Deficit) during the period	117,267,015,524	117,267,015,524
	743,404,813,349	743,404,813,349
Other reserves		-
Transfer of:		
Revaluation surplus to retained earnings	-	-
Balance at 30 June 2021	743,404,813,349	743,404,813,349

The Financial statements were approved by the Board of Directors on 20 December 2022 and signed on its behalf by:



Prof. Florens D.A.M. Luoga
The Governor and Chairman of the Board




Dr. Mussa C. Juma
Director and Chairman of the Audit Committee


DEPOSIT INSURANCE BOARD (DIB)

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2022

	Note	30-Jun-22	30-Jun-21
		TZS	TZS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Premium Payment	11	39,420,028,759	35,690,641,819
Receipts from Refunds and Accounts Receivable	6 (B)	421,226,095	68,601,207
Payments Operating & Administrative Expenses	15 (b)	(648,402,181)	(1,109,576,405)
Reimbursement to depositors of closed banks	17	(1,500,000)	(12,311,005)
Payments of Accounts Payables & Other payments	29	(10,403,894)	(100,845,398)
NET CASH FLOWS FROM OPERATING ACTIVITIES		39,180,948,780	34,536,510,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for development of DIMS Software	3	(511,263,100)	
Redemption of Treasury Bills	24	201,400,000,000	179,400,000,000
Purchase of Treasury Bills	28	(178,151,593,900)	(191,947,619,100)
Receipts from Interest on T/Bonds	25	82,926,646,300	60,289,703,100
Redemption of Treasury Bonds	26	71,918,000,000	14,519,000,000
Purchase of Treasury Bonds	27	(180,324,918,750)	(154,689,870,600)
NET DECREASE IN CASH FLOWS FROM INVESTING ACTIVITIES		(2,743,129,450)	(92,428,786,600)
Net Increase (Decrease) in Cash and Cash Equivalents		36,437,819,330	(57,892,276,381)
Cash and Cash Equivalents at 1 July		2,687,458,481	60,579,734,863
Cash and Cash Equivalents at 30 June		39,125,277,811	2,687,458,481

The Financial statements were approved by the Board of Directors on 20 December 2022 and signed on its behalf by:


 Prof. Florens D.A.M. Luoga
 The Governor and Chairman of the Board


 Dr. Mussa C. Juma
 Director and Chairman of the Audit Committee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.0 ESTABLISHMENT AND OBJECTIVES

The Deposit Insurance Board (DIB) existence is provided for under Section 37(1) of the Banking and Financial Institutions Act (BFIA), 2006. The DIB is responsible for policy formulation, management and control of the Deposit Insurance Fund. The objectives of the DIB include:

- (i) To provide insurance against the loss of part or all of the deposits in member institutions;
- (ii) To promote and otherwise contribute to the stability of financial system in Tanzania;
- (iii) To maintain depositors' confidence in the banking system;
- (iv) To settle depositors' claims; and
- (v) To liquidate failed banks and financial institutions when appointed by BOT.

In fulfilling these objectives, the Minister for Finance and Planning determines the maximum amount of protected deposits from time to time by an order published in the Government Gazette.

In order to facilitate the protection of deposits, the Deposit Insurance Board is responsible for levying and collecting premium from banks and financial institutions and investing available resources in line with requirements of the law.

2.0 PRINCIPAL ACCOUNTING POLICIES

2.1 Statement of Compliance

DIB financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The DIB financial statements, except for cash flow statement, have been prepared in accrual basis of accounting.

2.2 Basis of Accounting

The Deposit Insurance Board (DIB) prepares its Financial Statements on Accrual Basis whereby effects of transactions and other events are recognized when they occur and not as cash or its equivalents is received or paid; and they are recorded in the accounting records and reported in the Financial Statements of the periods to which they relate.

The financial statements have been prepared on a historical cost basis except where otherwise stated or required by IFRS on assets and liabilities to be stated at their fair values. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in these notes.

2.3 Significant Accounting Policies

The financial statements have been prepared on a going concern basis. The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.3.1 Premium Assessment

Section 38(5) of the Banking and Financial Institutions Act, 2006 requires all banks and financial institutions to contribute to the Deposit Insurance Fund such annual amount and at such times, as the Minister responsible for Finance may determine. Currently the rate is one tenth of one and half percent of average total deposit liabilities for the previous twelve months. The contributions are accounted for on accrual basis.

2.3.2 Revenue and Expenses Recognition

Revenue and expenses are recognized in the Statement of Profit or Loss and Comprehensive Income as they accrue, taking into account the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The DIB has three main sources of income namely premium contributions from banking institutions, interest income from investments and BOT contributions.

The assessed premium contribution is collected prior to commencement of the year of income. The premium contribution is booked in the unrealized premium income. The annual premium income is apportioned evenly throughout the year.

Interest Income, BOT Contributions and Expenses are recognized on time proportion basis, taking into account of the principal outstanding and the effective rate of the period to maturity. Interest Income and Expense are recognized in the Income Statement for all interest-bearing instruments on accrual basis using the effective rate of interest method.

Where financial assets have been impaired, interest income continues to be recognized on the impaired value, based on the original effective rate. Interest income and expenses include the amortization of any discount or premium or other differences between the initial carrying amounts of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

2.3.3 Financial Instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The entity's financial instruments (assets and liabilities) that are in scope of IFRS 9 includes the following.

Financial Assets includes Treasury Bills, Treasury Bonds, Cash and Cash equivalents, Other Assets (Receivables excluding prepayment). **Financial Liabilities** includes Trade Payables and Other Liabilities.

2.3.4 Classification and Measurement.

Initial recognition

All financial instruments under IFRS 9 are initially measured at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental cost of acquisition or issue. subsequent to measurement of the instrument.

Classification of financial instruments

IFRS 9 classification is based on the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the Solely Payments of Principal and Interest ('SPPI') test.

Under IFRS 9 there are three principal classification categories for financial assets: measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL).

(i) Financial Assets

DIB shall classify its financial assets as subsequently measured at fair value through profit or loss, measured at amortized cost or fair value through other comprehensive income on the basis of both: the contractual cash flow characteristics of the financial asset and the entity's business model for managing the financial assets.

Financial assets measured at Fair Value through Other Comprehensive Income.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at fair value through profit or loss on initial recognition and are subsequently measured at fair value with gains or losses recognized in other comprehensive income if; The asset is held within a business model whose objective is both to hold assets in order to collect contractual cash flows and sale; and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Amortized Cost

For all financial instruments measured at amortised cost, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental cost that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Financial assets at amortized include all treasury bonds, cash and cash equivalents and non-interest-bearing receivables. These financial assets are held solely in order to collect contractual cash flows, and whose payments are fixed i.e. they are being held to maturity or determinable.

(ii) Financial Liabilities

Financial liabilities for the entity largely consist of trade payables and other payables. Financial liabilities (If any) such as borrowings will be initially recognized at fair value. Subsequently they shall be carried at amortized cost using the effective interest method.

Financial Liabilities Measured at Amortized Cost.

This category shall include all financial liabilities, other than those measured at fair value through profit or loss. The entity includes in this category trade payables and other payables.

Accounts and other Payable; These are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payables shall be recognized initially at fair value and subsequently measured at amortized cost.

Recognition and de-recognition**(i) Financial Assets**

DIB regular purchases and sales of financial assets shall be recognized on the trade date, the date on which the DIB commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired or have been transferred and the institution has transferred substantially all the risks and rewards of ownership.

(ii) Financial Liabilities

DIB existing accounts and other payable or borrowing if any shall be derecognized when they are being redeemed or paid off by the entity.

2.3.5 Impairment of financial instruments

The impairment of financial assets is based on expected credit losses. DIB recognizes loss allowances for Expected Credit Losses (ECL) on all financial assets except those that are measured at FVTPL, and equity investments measured at FVOCI.

The impairment of financial assets is based on expected credit losses. DIB recognizes loss allowances for Expected Credit Losses (ECL) on all financial assets except those that are measured at FVTPL, and equity investments measured at FVOCI.

DIB uses the general approach in determining the impairment of financial assets. A loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses. The term 'expected credit loss' does not imply that losses are anticipated, rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk of the financial asset since initial recognition.

DIB measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

Government securities that are determined to have low credit risk at the reporting date; and other financial instruments on which credit risk has not increased significantly since their initial recognition. DIB considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The DIB recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the DIB measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the Effective Interest Rate (EIR) multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have a significant increase in credit risk plus observable evidence of impairment.

Significant Increase in credit risk (SICR)

DIB decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, DIB uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

For all financial instruments DIB considers that financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring and could be used to determine whether credit risk has increased significantly since initial recognition.

2.3.6 Foreign Currency Translations

Transactions in foreign currencies are translated into Tanzanian shillings based on exchange rates ruling at the dates of respective transactions. Exchange gains/losses thereon are taken into account in the determination of the results from operations. Assets and liabilities expressed in foreign currencies as at the balance sheet date are translated into Tanzanian shillings at the rates of exchange ruling at the end of the financial year. Differences in exchange rates fluctuations are booked in the statement of Profit or Loss and Other Comprehensive Income.

As at the end of the year there were neither assets nor liabilities denominated in foreign currency.

2.3.7 Property, Plant and Equipment (PPE)

Recognition

Property, plant and equipment are initially recorded at historical cost which includes expenditures that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the DIB and maintenance are charges to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation on property, plant and equipment (PPE) is calculated to write off the cost to their residual values over their estimated useful lives on a straight - line basis. These residual values and expected useful lives are reassessed on an annual basis. PPE acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale and the date that the asset is de - recognized.

Asset Category Annual Depreciation Rate

Office Furniture and Equipment	20%
Computers	25%

2.3.8 Intangible assets

Intangible assets consist of computer application software and computer application license packages. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization

Intangible assets are amortized over the useful economic life and assessed for impairment at the reporting date to ascertain if there is an indication that the intangible asset may be impaired.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortization, which has been consistently applied, is 25 percent.

The amortization period and the amortization method for an intangible asset are reviewed at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The amortization expense on intangible assets is recognized in profit or loss. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Internally developed intangible assets

Generally, cost associated with developing computer software programs are recognized as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally developed intangible assets are not capitalized unless they meet certain criteria.

Internally developed software products include direct cost incurred by the DIB and are recognized as intangible assets upon meeting the following criteria:

- (i) It is technically feasible to complete the software product so that it will be available for use;
- (ii) Management intends to complete the software product and use it;
- (iii) There is ability to use the software product;
- (iv) It can be demonstrated how the software product will generate probable future economic benefits;
- (v) Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- (vi) The expenditure attributable to the software product during its development can be measured reliably.

2.3.9 Grants

- (i) Grants received in the form of fixed assets are credited to capital grants account and released to the Statement of Profit and Loss and Other Comprehensive Income over the expected useful lives of relevant fixed assets.
- (ii) Grants received in the form of revenue are credited to revenue grant account and debited to their respective expenditure account.

2.3.10 Provision

Provisions are recognized when DIB has a present obligation (legal or constructive) as a result of a past event, it is probable that the DIB will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.3.11 Cash and Cash Equivalents

Cash and cash equivalents refers to the line item on the balance sheet that reports the value of a company's assets that are cash or can be converted into cash immediately. Cash equivalents include bank accounts and marketable securities, which are debt securities with maturities of less than 90 days. However, oftentimes cash equivalents do not include equity or stock holdings because they can fluctuate in value. Cash and Cash Equivalents comprises of cash balance held at Bank of Tanzania and are carried at amortised cost in the statement of financial position. Cash and Cash Equivalents comprise cash balance held at Bank of Tanzania.

2.3.12 Impairment of non-financial assets

The carrying amounts of the assets other than accounts receivable are reviewed at every balance sheet date to determine if there is an indication of impairment to which case the recoverable amounts are estimated. An impairment loss is charged to statement of profit or loss and other comprehensive income when the carrying amount of an asset exceeds the recoverable amount. Impairment of account receivable is established at the rate of 50% and 100% for debts which have been outstanding for one year and more than one year respectively.

2.3.13 Taxation

Income tax has not been provided in the Financial Statements as Section 36(8) of the BFIA, exempts DIB from payment of any taxes, levies or duties in respect of its profits, transactions and operations. DIB is required to pay Value Added Tax on goods and services. DIB is further required to pay import and customs duty in accordance with the provisions of East African Management Act, 2004. Nevertheless DIB is supposed to withheld tax on goods or services rendered accordingly.

(i) Value Added Tax

DIB is not a registered VAT trader since is not a trading or profit-making institution rather a service providing Institution in this case then revenues, expenses and capital items are recognised inclusive of the amount of value added tax except where the value added tax

incurred on a purchase of assets or services is recoverable from the taxation authority, in which case the value added tax is recognised as an asset.

(ii) Withholding Tax on payment for Goods and Services as per Income Tax Act, Cap. 332 DIB withholds tax on goods and services which are rendered by different suppliers in accordance with the Income Tax Act, however, these tax withheld are being submitted to Tanzania Revenue Authority by BOT on behalf of DIB.

2.3.14 Going Concern

DIB management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the DIB ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.3.15 Interest Income

Interest income is the amount of interest that has been earned during a specific time period. It is earned from investments that pay interest, such as in a savings account or certificate of deposit. It is not the same as a dividend, which is paid to the holders of a company's common stock or preferred stock, and which represents a distribution of the issuing company's retained earnings. Also, the penalties paid by customers on overdue accounts receivable may be considered interest income, since these payments are based on the use of the company's funds (e.g., accounts receivable) by a third party (the customer); some companies prefer to designate this type of income as penalty income. The interest income total can be compared to the investments balance to estimate the return on investment that DIB is generating.

Accounting for Interest Income

The amount of interest may have been paid in cash, or it may have been accrued as having been earned but not yet paid. In the latter case, interest income should only be recorded if receipt of the cash is probable, and you can ascertain the amount of the payment to be received.

NOTE 3: INTANGIBLE ASSETS (Deposit Insurance Management System (DIMS))

DESCRIPTION	Amount (TZS)
COST:	
Balance at 1 July 2020	-
Additions during the Year	-
(Disposals during the Year)	-
Balance at 30 June 2021	-
Balance at 1 July 2021	-
Additions during the Year	511,263,100.00
(Disposals during the Year)	-
Balance at 30 June 2022	511,263,100.00
ACCUMULATED DEPRECIATION:	
Balance at 1 July 2020	-
Depreciation charge for the Year	-
(Disposals during the Year)	-
Balance at 30 June 2021	-
Balance at 1 July 2021	-
Amortization from 20/05/2022 to 30/06/2022	14,347,561.33
(Disposals during the Year)	-
Balance at 30 June 2022	14,347,561.33
NET BOOK VALUE AS AT 30 JUNE 2021	-
NET BOOK VALUE AS AT 30 June 2022	496,915,538.67

NOTE 4: PROPERTY & EQUIPMENT

DESCRIPTION	OFFICE FURNITURE AND EQUIPMENT	COMPUTERS	TOTAL
	TZS	TZS	TZS
Cost:			
Balance at 1 July 2020	54,176,737	144,068,642	198,245,379
Additions during the Year	-	-	-
(Disposals during the Year)	-	-	-
Balance at 30 June 2021	54,176,737	144,068,642	198,245,379
Balance at 1 July 2021	54,176,737	144,068,642	198,245,379
Additions during the Year	-	-	-
(Disposals during the Year)	-	-	-
Balance at 30 June 2022	54,176,737	144,068,642	198,245,379
Accumulated Depreciation:			
Balance at 1 July 2020	44,944,611	107,980,759	152,925,370
Depreciation charge for the Year	3,589,182	7,093,690	10,682,872
(Disposals during the Year)	-	-	-
Balance at 30 June 2021	48,533,793	115,074,449	163,608,242
Balance at 1 July 2021	48,533,793	115,074,449	163,608,242

DEPOSIT INSURANCE BOARD (DIB)

Depreciation charge for the Year	310,800	7,093,690	7,404,490
(Disposals during the Year)	-	-	-
Balance at 30 June 2022	48,844,593	122,168,139	171,012,732
Net Book Value as at 30 JUNE 2021	5,642,944	28,994,193	34,637,137
Net Book Value as at 30 June 2022	5,332,144	21,900,503	27,232,647

NOTE 5: INVESTMENTS IN LONG TERM MATURITIES - TREASURY BONDS

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
5 Year Treasury Bonds	-	49,181,492,700
7 Year Treasury Bonds	6,109,712,000	19,402,984,780
10 Year Treasury Bonds	186,356,354,680	173,373,473,280
15 Year Treasury Bonds	138,690,528,000	106,901,064,000
20 Year Treasury Bonds	217,603,305,000	132,489,527,500
25 Year Treasury Bonds	50,438,748,000	-
Sub-Total	599,198,647,680	481,348,542,260
ADD: Bond Accretion	15,061,576,076	17,034,371,915
Total Investment	614,260,223,756	498,382,914,175

NOTE 6 (A): OTHER ASSETS

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
Account Receivable and Prepayments	80,540,587	515,016,427
Unspent balance at TPB advanced for deposit insurance payment	717,422,622	-
Premium Receivable	6,598,600	8,515,617
Other Receivables	33,862,178	34,687,804
Prepaid IADI Annual Subscription fees	158,860,407	109,042,768
Employees Earned Leave Receivable (BOT Staff)	997,284,395	667,262,617
Total	997,284,395	667,262,617

NOTE 6 (B) RECEIVED DURING THE YEAR

PARTICULARS	30-Jun-22
	TZS
Refund from TCB advance for deposit insurance claims	412,710,477
Refund from BOT in respect of ESAMI seminar participation fee	5,082,000
Refund from BOT in respect of FDIC seminar payment fee	3,433,617
Total	421,226,094.46

NOTE 7: INVESTMENT IN SHORT TERM MATURITIES (Treasury Bills and Interest from Treasury Bonds)

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
182 Days Treasury Bills	-	9,038,705,600
364 Days Treasury Bills	178,151,593,900	182,908,913,500
Treasury Bonds maturing in 1 year	62,474,765,480	54,823,607,352
Total Treasury Bills & Treasury Bonds	240,626,359,380	246,771,226,452

DEPOSIT INSURANCE BOARD (DIB)

Accrued Interest from Treasury Bonds	19,616,368,024	16,209,100,624
Accrued Interest from Treasury Bills	2,713,172,969	3,584,068,964
Bond Accretion	8,011,354,254	14,359,230,832
Sub-Total	30,340,895,247	34,152,400,420
Total	270,967,254,627	280,923,626,872

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash on hand and demand deposits. As at 30 June, 2022 the cash and cash equivalents for DIB were as shown in the Table below:

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
Bank Balances A/c 9924196801	39,125,277,811	2,687,458,481
Total	39,125,277,811	2,687,458,481

NOTE 9: DEPOSIT INSURANCE FUND

In 1994 the Government contributed TZS 1.5 billion to start the Deposit Insurance Fund. Subsequently, DIB annually assesses and collects premium from member institutions. DIB also invests the Fund resources in government securities and the interest income forms part of the Fund. By 30 June 2022 the Fund had grown to TZS 882,448.29 million as indicated in the table below.

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
Opening balance at 01 July	743,404,813,349	626,137,797,825
Prior Year Adjustments (Reimbursement Payable)	337,397,388	0
Adjusted Opening balance at 01 July	743,742,210,737	626,137,797,825
Net Income for the year	138,709,210,869	117,267,015,524
Total	882,451,421,606	743,404,813,349
Government Support to start the Fund	1,500,000,000	1,500,000,000
Net Position of the Fund	881,001,520,465	741,904,813,349

NOTE 10: CAPITAL GRANT

DIB receives contributions from the Bank of Tanzania by way non-current assets such as computers and other equipment which have been reflected as capital grants. During the year under review there were no capital grants received. The movement in the capital grant account during the year ended 30 June 2022 relates to residual value of capital grant items received from BOT which have been fully depreciated. The table below presents the movements during the year:

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
Balance as at 1 July	15,133,879	18,219,061
Grant received during the Year	0	0
Sub-Total	15,133,879	18,219,061
Less: Amortization of capital grant	(15,133,879)	(3,085,182)
Balance as at 30 June	0	15,133,879

NOTE 11: UNEARNED PREMIUM INCOME

Currently DIB assesses and collects premium prior to the year of income. The premium so received is booked in the unrealized premium income. The annual premium income accrues evenly in the accounting period. During the year, the unrealized balance at the beginning was TZS 35,690.64 million. The amount realized during the year was TZS 35,690.64 million. The amount assessed was TZS 40,137.45 million for the next financial year which remained unrealized as at 30 June 2022. Out of the assessed amount TZS 39,420.03 was collected by end of June 2022 while TZS 717.42 million was booked as receivable at the end year.

The details of the movement in unrealized premium account is as presented below:

PARTICULARS	30-Jun-22	30-Jun-21
Particulars	TZS	TZS
Unearned balance as at 1 st July	35,690,641,819	34,017,774,871
Premium received	39,420,028,759	35,690,641,819
Premium receivable	717,422,622	
Sub-total (A)	75,828,093,200	69,708,416,690
Amount realized per month	2,974,220,152	2,834,814,573
Total amount realized for the year (B)	35,690,641,819	34,017,774,871
Unearned balance as at 30 June (A-B)	40,137,451,381	35,690,641,819

NOTE 12: OTHER LIABILITIES

Other liabilities include earned leave payable, accounts payable, provision for audit fees and other accrued expenses.

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
Earned Leave Payable	158,860,407	109,042,768
Account Payable	230,000	11,407,294
Increase in Provision for Audit Fees	92,000,000	70,000,000
Total	251,090,407	190,450,062

NOTE 13: INTEREST INCOME FROM TREASURY BILLS & BONDS

Interest income is generated from investments in government securities namely Treasury bills and bonds. During the year under review, a total of TZS 103,686,080,728 was earned as interest income as indicated below:

PARTICULARS	ACTUAL	ACCRUED	TOTAL AS AT 30.06.2022	TOTAL AS AT 30.06.2021
	TZS	TZS	TZS	TZS
Treasury Bills 182 days	155,977,002	-	155,977,002	5,317,398
Treasury Bills 364 days	5,712,334,934	2,713,172,969	8,425,507,903	9,466,735,703
Treasury Bonds	66,389,947,503	19,616,368,024	86,006,315,527	65,462,184,473
Bond Accretion	2,735,161,816	6,363,118,480	9,098,280,296	9,366,630,496
Total	74,993,421,255	28,692,659,473	103,686,080,728	84,300,868,069

NOTE 14: PERSONNEL EXPENSES

DEPOSIT INSURANCE BOARD (DIB)

Personnel expenses refer to salaries and related emoluments, seminars and conference and staff training expenses. The details of personnel expenses incurred during the year are as presented in the table below:

DESCRIPTION	30-Jun-22	30-Jun-21
	TZS	TZS
Salaries	1,100,694,145	894,277,245
PSSSF contribution	161,287,526	133,579,068
Housing allowance	92,532,493	102,918,866
Transport and travelling	123,513,844	67,047,120
Medical Expenses	53,762,509	46,057,172
Leave fare	79,387,590	64,503,380
Employees earned leave	49,817,639	63,968,295
Seminars and conference	22,099,800	19,232,496
Staff training	92,766,768	33,609,100
Total	1,775,862,314	1,425,192,742

NOTE 15 (A): ADMINISTRATIVE EXPENSES

S/N	DESCRIPTION	30-Jun-22	30-Jun-21
		TZS	TZS
1	Increase in Audit fees (Provision)	92,000,000	70,000,000
2	Auditing Pay-out & liquidation	0	38,740,000
3	Automation of DIB operations (Part Capitalized)	15,975,000	90,345,249
4	Bank Examination	0	16,811,200
5	Board Expenses	57,026,613	192,047,792
6	Meetings & Work Sessions (Regional & International Integration)	21,215,640	-
7	Office Cleaning	10,000,000	10,000,000
8	Public awareness Expenses	162,129,300	283,660,420
9	Liquidation Assistances Expenses (BOT budget envelop)	292,928,874	210,914,617
10	Refreshment	12,981,000	15,000,000
11	Rent Office Premises	392,011,200	361,792,080
12	Communication Strategy session	20,219,200	-
13	Consolidation Expenses	4,706,700	-
14	Performance Agreement session	13,894,160	-
15	Maximum Coverage Session	35,033,200	-
16	Risk Document Session	18,020,000	-
17	Monetary Affairs Committee (MAC)	33,028,627	-
18	Action Plan, Strategic Plan and Review of Policies	23,675,300	179,927,412
19	Stationery, Office Supplies and News Papers	56,102,996	24,824,600
20	Telephone Charges	29,300,000	28,100,000
21	Water and Electricity	61,736,845	60,000,000
22	Payout and Liquidation Related Expenses	128,000	23,582,006
23	Banking Sector Policy	3,000,000	-
	Total	1,355,112,655	1,605,745,376

NOTE 15 (B): EXPENSES CHARGED TO THE DEPOSIT INSURANCE FUND FOR THE YEAR

S/N	DESCRIPTION	30-Jun-22	30-Jun-21
		TZS	TZS
1	Action Plan, Strategic Plan and Review of Policies	23,675,300	171,337,569
2	Audit expenses	69,000,000	74,759,204
3	Automation of DIB Operations	15,975,000	89,595,249
4	Banking Sector Policy and Examination	3,000,000	16,811,200
5	Board Expenses	57,026,613	186,577,204
6	Communication Strategy	20,219,200	
7	Consolidation of Final Accounts	4,706,700	
8	Monetary Affairs Committee (MAC)	33,028,627	
9	Performance Agreement	13,894,160	
10	Public Awareness Expenses	162,129,300	283,660,420
11	Review on Maximum Coverage	35,033,200	
12	Risk Document	18,020,000	
13	Seminars and Conferences Expenses	22,099,800	19,232,496
14	IADI Annual Subscription Fees	45,149,571	139,744,758
15	Staff Training Expenses	92,766,769	38,691,100
16	Meetings and Work Session Expenses	32,677,940	
17	Auditing Payout and Liquidation Expenses		38,740,000
18	Other Contributions		50,000,000
	Total	648,402,180	1,109,576,405

NOTE 16: CONTRIBUTION AND SUBSCRIPTIONS

The DIB is a member of the International Association of Deposit Insurers (IADI) and each member contributes an annual subscription fee payable in advance - April each year. The amount contributed during the year is as shown on the table below:

DESCRIPTION	2021/2022	2020/2021
IADI Annual Subscription	45,975,197	46,074,051
DIB Social Contribution	-	50,000,000
Total	45,975,197	96,074,051

NOTE 17: PROVISION FOR REIMBURSEMENT OF DEPOSIT INSURANCE

During the year ended 30th June 2022 DIB continued to pay deposit insurance to depositors of banks which were closed and placed under liquidation by the Bank of Tanzania namely FBME Bank Ltd and Mbinga Community Bank Plc (closed in May 2017), Covenant Bank for Women (Tanzania) Ltd, Efatha Bank Ltd, Njombe Community Bank Ltd, Kagera Farmer's Cooperative Bank Ltd and Meru Community Bank Ltd (all closed in January 2018). All of those banks were put under the liquidation of DIB as the liquidator.

Deposit Insurance Board had in its books of accounts TZS 3,034,225,380.86 as amount payable to the depositors of those banks as at 30th June 2022 after a total of TZS. 23,237,403 was paid to depositors during the year and an amount of TZS 337,397,387.87 iro earlier charge to Income Statement as provision for reimbursement to depositors has been adjusted back to the Fund as shown in the table below:

DEPOSIT INSURANCE BOARD (DIB)

Summary of payments to depositors

DATE	PAYMENTS IN FINANCIAL YEAR 2019/2020	AMOUNT
01-Jul-19	Opening balance	3,453,796,854
	TPB Paid depositors from July 2019 to 30th June 2020	26,377,150
	Various Transfers from DIF from July 2019 to 30 June 2020	7,970,005
	Subtotal	34,347,156
30-Jun-20	Closing Balance	3,419,449,698
01-Jul-20	Opening balance	3,419,449,698
	TPB Paid depositors from July 2020 to 30th June 2021	12,278,521
	Various Transfers from DIF from July 2020 to 30th June 2021	12,311,005
	Subtotal	24,589,527
30-Jun-21	Closing Balance	3,394,860,172
	PAYMENTS IN FINANCIAL YEAR 2021/2022	
01-Jul-21	Opening balance	3,394,860,172
	Prior Year Adjustment	337,397,388
	Adjusted Opening Balance	3,057,462,784
	TCB Paid depositors from July 2021 to 30 th June 2022	15,744,658
	TCB adjustments for Paid depositors from October 2018 to 30 th June 2022	5,992,746
	Various Transfers from DIF from July 2021 to 30th June 2022	1,500,000
	Subtotal	23,237,403
30-Jun-22	Closing Balance	3,034,225,381

NOTE 18: CONTRIBUTION FROM THE BANK OF TANZANIA

DESCRIPTION	30-Jun-22	30-Jun-21
	TZS	TZS
Salaries	1,100,694,145.10	894,277,245
PSSSF contribution	161,287,525.97	133,579,068
Housing allowance	92,532,493.10	102,918,866
Transport and travelling	123,513,844.00	67,047,120
Medical expenses	53,762,508.66	46,057,172
Leave fare	79,387,590.00	64,503,380
Employees earned leave	49,817,639.01	63,968,295
Telephone charges	29,300,000	28,100,000
Water and electricity	61,736,844	60,000,000
Stationery, office supplies and news papers	56,102,996	24,824,600
Rent office premises	392,011,200	361,792,080
Office cleaning	10,000,000	10,000,000
Refreshment	12,981,000	15,000,000
Liquidation assistances expenses (BOT budget envelop)	292,928,873	210,914,617
Total	2,516,056,659	2,082,982,443

N.B: During the Year the Bank also provided conference facilities to DIB for conducting various Board Meeting at no charge.

NOTE 19: OTHER INCOME

This comprised of penalties received from banks during the year. The amounts received is as presented in the table below:

PARTICULARS	30-Jun-22	30-Jun-21
	TZS	TZS
Kilimanjaro Cooperative Bank	-	228,522.88
TIB Development Bank Limited	-	11,963,000.41
Refund to DIF from TCB bank in respect of payout	-	17,365,709.64
Total	-	29,557,232.93

NOTE 20: SUBROGATED CLAIMS AND RECEIVABLE FROM BANK DISSOLUTION

When DIB pays the depositors of the closed banks (now under liquidation), it steps into the shoes of the depositors as subrogated claims from the liquidation proceeds of the failed banks. By 30 June 2022, DIB had paid TZS 23,237,403 as reimbursement to the depositors of the six banks now under liquidation, among it being a sum of TZS 21,737,403 which TCB were entrusted to pay depositors of five banks under liquidation except for FBME bank which TZS 1,500,000 was paid to a depositor of FBME from DIF.

Given the remoteness of the possibility of DIB recovering the amount from the closed banks, it was considered prudent to exclude the amount from receivables and disclose the same in the notes to avoid overstating the assets of DIB and making the financials misleading.

NOTE 21: OUTSTANDING COMMITMENTS

DIB had outstanding commitment of TZS 3,034.2 million in respect of deposit insurance payment to depositors of the closed banks as at 30 June 2022, despite TZS 23.2 million which was reimbursed to depositors for the year ended 30 June 2022.

NOTE 22: CONTINGENT LIABILITIES

DIB had no contingent liabilities which require disclosure as at 30 June 2022.

NOTE 23: RETIREMENT/ PENSION FUNDS ARRANGEMENT

The DIB staff who are all drawn from BOT are members of Public Service Social Security Fund (PSSSF) Contributions from employer and employees are remitted timely on a monthly basis by BoT.

NOTE 24: REDEMPTION OF TREASURY BILLS

DESCRIPTION	30.06.2022	30.06.2021
	AMOUNT (TZS)	AMOUNT (TZS)
Opening balance of Investment	191,947,619,100	170,072,215,200
Add: Investment made during the year	178,151,593,900	191,947,619,100
	370,099,213,000	362,019,834,300
Less: closing balance	178,151,593,900	191,947,619,100
Actual Treasury Bills Redeemed	191,947,619,100	170,072,215,200
Interest received on Treasury Bills		
Opening balance of Accrued interest Treasury Bills	3,584,068,964	3,419,604,235
Add: Interest earned during the period	8,581,484,905	9,472,053,101
	12,165,553,869	12,891,657,336
Less: Closing balance of accrued interest on Treasury Bills	2,713,172,969	3,584,068,964
Actual Cash Interest received on Treasury Bills	9,452,380,900	5,908,180,565
Total Redemption of Treasury Bills	201,400,000,000	179,400,000,000

DEPOSIT INSURANCE BOARD (DIB)

NOTE 25: RECEIPTS FROM INTEREST ON T/BONDS

	30.06.2022	30.06.2021
DESCRIPTION	Amount (TZS)	Amount (TZS)
Opening balance of Accrued interest T/Bonds	16,536,698,797	11,210,013,734
Add: Interest earned during the period	86,006,315,527	65,462,184,473
	102,543,014,324	76,672,198,207
Less: Closing balance of accrued interest on T/Bonds	19,616,368,024	16,536,698,797
Interest received on Treasury Bond	82,926,646,300	60,289,703,100

NOTE 26: REDEMPTION OF TREASURY BONDS

	30.06.2022	30.06.2021
DESCRIPTION	AMOUNT (TZS)	AMOUNT (TZS)
Treasury Bonds Maturing within 1 year	54,823,607,352	10,713,268,328
Accretion - Bonds	17,094,392,648	3,805,731,672
Redemption of Treasury Bonds	71,918,000,000	14,519,000,000

NOTE:27: PURCHASE OF TREASURY BONDS

DESCRIPTION	AMOUNT (TZS) 30 June 2022	AMOUNT (TZS) 30 June 2021
Treasury Bonds as at 30th June	599,198,647,680	481,348,542,260
Treasury Bonds Maturing within 1 year	62,474,813,330	54,823,607,352
Total Treasury Bonds	661,673,461,010	536,172,149,612
Treasury Bonds as at 1 st July,	481,348,542,260	381,482,279,012
Purchased Treasury Bonds	180,324,918,750	154,689,870,600

NOTE 28: PURCHASE OF TREASURY BILLS

During the year under review there was a purchase of treasury bills amounting to TZS 178,151,593,900.

NOTE 29: PAYMENT ACCOUNTS PAYABLE

There were TZS 3,805,294 payments in respect of accounts payable during the year under review. Also, DIB made payments of TZS 6,598,600 to cover FBME liquidation expenses which will be refunded to the Fund as shown in Note 6 (A) (Other Assets).

NOTE 30: RELATED PARTY DISCLOSURES

A related party is a person or an entity that is related to the reporting entity, a person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel. DIB has several related parties such as; BoT, Board members, Management.

PAYMENTS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

DESCRIPTION	30-Jun-2022	30-Jun-2021
	TZS	TZS
Directorship fees	28,486,780	76,406,988
Emoluments for Management Personnel: Salaries	444,715,065	342,774,720
Total	473,201,845	419,181,708

Furthermore, Deposit Insurance Board has a close working relationship with the Bank of Tanzania (BOT). BOT provides DIB with staff, subventions and office accommodation.

NOTE 31: APPROPRIATION OF NET INCOME

The Net Income for the year was TZS 138,709,210,869. The entire amount has been transferred to the Deposit Insurance Fund.

NOTE 32: FINANCIAL RISK MANAGEMENT

The DIB is exposed to various risks in its operations. Main risks include credit risks, liquidity risks, currency risk and interest rate risks. The management of these risks is carried out as stated below:

32.1 Credit Risk

Credit risk is controlled through regulation as premium receivable is billed and paid in advance by the financial institutions. In addition, all investments are in Government Securities, hence the risk of default is negligible.

DEPOSIT INSURANCE BOARD

32.2 Liquidity Risk Current Financial Year

The following is the liquidity profile of DIB at 30 June 2022:

DESCRIPTION	Up to 1 Months		1 to 3 Months		3 to 6 Months		6 to 12 Months		Over 1 Year		Total	
	TZS		TZS		TZS		TZS		TZS		TZS	
Financial Assets												
Cash and Cash Equivalents	39,125,277,811	-	-	-	-	-	-	-	-	-	-	39,125,277,811
Investment in treasury Bills/Bonds	21,573,897,264.79	22,578,467,264.79	57,665,353,264.79	112,655,853,164.79	670,753,907,424.79	885,227,478,384						
Other Assets	80,540,587	-	-	199,321,186	-	279,861,773						
Total Financial Assets	60,779,715,663	22,578,467,265	57,665,353,265	112,855,174,351	670,781,140,071	925,156,766,1583						
Financial Liabilities												
Unearned Premium Income	3,285,002,397	6,570,004,793	9,855,007,190	19,710,014,379	-	39,420,028,759						
Reimbursement of deposit insurance payable	187,728,639	375,457,280	563,185,919	1,126,371,839	1,126,371,837	3,379,115,514						
Other Liabilities	230,000	-	-	238,860,407	-	239,090,407						
Total financial Liabilities	3,472,961,036	6,945,462,073	10,418,193,109	21,075,246,625	1,126,371,837	43,038,234,680						
Net Liquidity Gap	57,306,754,627.00	15,633,005,192.00	47,247,160,156.00	91,779,927,726.00	669,654,768,234.00	881,621,615,935.00						

*All deposits of the DIB are maintained with the Bank of Tanzania.

32.2 Liquidity Risk Previous Financial Year

The following is the liquidity profile of DIB at 30 June 2021:

DESCRIPTION	Up to 1 Months		1 to 3 Months		3 to 6 Months		6 to 12 Months		Over 1 Year		Total	
	TZS		TZS		TZS		TZS		TZS		TZS	
Financial Assets												
Cash and Cash Equivalents	2,687,458,481	-	-	-	-	-	-	-	-	-	-	2,687,458,481
Investment in treasury Bills/Bonds	31,139,908,334	30,054,791,670	18,970,005,630	201,086,519,410	498,055,316,003	779,306,541,047						
Other Assets	515,016,427	-	-	152,246,190	-	667,262,617						
Total Financial Assets	34,342,383,242	30,054,791,670	18,970,005,630	201,238,765,600	498,089,953,139	782,661,262,145						
Financial Liabilities												
Unearned Premium Income	2,974,220,152	5,948,440,303	8,922,660,455	17,845,320,910	-	35,690,641,819						
Reimbursement of deposit insurance payable	89,985,518	179,971,037	269,956,555	539,913,110	2,315,033,951	3,394,860,172						
Other Liabilities	8,570,000	2,735,294	-	179,042,768	-	190,348,063						
Total financial Liabilities	3,072,775,670	6,131,146,634	9,192,617,010	18,564,276,788	2,315,033,951	39,275,850,053						
Net Liquidity Gap	31,269,607,572	23,923,645,036	9,777,388,620	182,674,488,812	495,774,919,188	743,420,049,229						

*All deposits of the DIB are maintained with the Bank of Tanzania.

32.3 Interest Rate Risk Current Financial Year

Interest rate risk represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following is the interest rate profile of the financial instruments held as at 30 June 2022.

DESCRIPTION	Up to 1 Months	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
	TZS	TZS	TZS	TZS	TZS	
Financial Assets						
Cash and Cash Equivalents	39,125,277,811	-	-	-	-	39,125,277,811
Investment in treasury Bills/Bonds	21,573,897,264.79	22,578,467,264.79	57,665,353,264.79	112,655,853,164.79	670,753,907,424.79	885,227,478,384
Total Financial Assets	60,699,175,076	22,578,467,265	57,665,353,265	112,655,853,165	670,753,907,425	924,352,756,195
Financial Liabilities						
Unearned Premium Income	3,285,002,397	6,570,004,793	9,855,007,190	19,710,014,379	-	39,420,028,759
Total financial Liabilities	3,285,002,397	6,570,004,793	9,855,007,190	19,710,014,379	-	39,420,028,759
Net Liquidity Gap	57,414,172,679	16,008,462,472	47,810,346,075	92,945,838,786	670,753,907,425	884,932,727,436

32.3 Interest Rate Risk Previous Financial Year

The following is the interest rate profile of the financial instruments held as at 30 June 2021:

DESCRIPTION	Up to 1 Months	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
	TZS	TZS	TZS	TZS	TZS	
Financial Assets						
Cash and Cash Equivalents	2,687,458,481	-	-	-	-	2,687,458,481
Investment in treasury Bills/Bonds	31,139,908,334	30,054,791,670	18,970,005,630	201,086,519,410	498,055,316,003	779,306,541,047
Total Financial Assets	33,827,366,816	30,054,791,670	18,970,005,630	201,086,519,410	498,055,316,003	781,993,999,529
Financial Liabilities						
Unearned Premium Income	2,974,220,152	5,948,440,303	8,922,660,455	17,845,320,910	-	35,690,641,819
Total financial Liabilities	2,974,220,152	5,948,440,303	8,922,660,455	17,845,320,910	-	35,690,641,819
Net Liquidity Gap	30,853,146,664	24,106,351,367	10,047,345,175	183,241,198,500	498,055,316,003	746,303,357,709

DEPOSIT INSURANCE BOARD

32.4 Currency Risk

DIB operates wholly within Tanzania and its assets and liabilities are reported in the local currency. DIB's currency position as at 30 June 2022 was as follows:

DESCRIPTION	Total	
Financial Assets	TZS	TZS
Cash and Cash Equivalents	39,125,277,811	39,125,277,811
Investment in treasury Bills/Bonds	885,227,478,384	885,227,478,384
Other Assets	997,284,395	997,284,395
Total Financial Assets	925,350,040,590	925,350,040,590
Financial Liabilities		
Unearned Premium Income	40,137,451,381	40,137,451,381
Reimbursement of deposit insurance payable	3,371,622,768	3,371,622,768
Other Liabilities	251,090,407	251,090,407
Total financial Liabilities	43,760,164,556	43,760,164,556
Net Position	881,589,876,034	881,589,876,034

NOTE 33: COMPARATIVE FIGURES

Comparative figures have been re-grouped whenever considered necessary to make them comparable with the current reporting date.

During the year to 30 June 2022 an adjustment of TZS 337,397,388 relating to Reimbursement of Deposit Insurance Payable was made to the financial statements. The amount was charged to the Income Statement for the year ended 30 June 2018 as an additional provision relating to payment of deposit insurance compensation to depositors of FBME Bank Ltd and Mbinga Community Bank Plc. A close follow-up of the amount failed to identify the depositors claiming the additional provision; hence DIB made the adjustment.

NOTE 34: LIST OF MEMBERS OF DEPOSIT INSURANCE FUND AS AT 30 JUNE 2022

S/N	NAME OF BANK/FINANCIAL INSTITUTION	S/N	NAME OF BANK/FINANCIAL INSTITUTION
1	ABSA Bank Tanzania Limited	24	I & M Bank Tanzania Limited
2	Access Microfinance Bank (Tanzania) Limited	25	International Commercial Bank Tanzania Ltd
3	African Banking Corporation Tanzania Ltd	26	KCB Bank Tanzania Limited
4	Akiba Commercial Bank Plc	27	Kilimanjaro Cooperative Bank Limited
5	Amana Bank Limited	28	Letshego Bank Tanzania Limited
6	Azania Bank Limited	29	Maendeleo Bank Plc
7	Bank Of Africa Tanzania Limited	30	Mkombozi Commercial Bank Plc
8	Bank Of Baroda Tanzania Limited	31	MUCOBA Bank Plc
9	Bank Of India Tanzania Limited	32	Mwalimu Commercial Bank Plc
10	Canara Bank Tanzania Limited	33	Mwanga Hakika Microfinance Bank Limited
11	China Dasheng Bank Limited	34	National Bank Of Commerce Limited
12	Citibank Tanzania Limited	35	National Microfinance Bank Plc
13	CRDB Bank Plc	36	NCBA Bank Tanzania Limited
14	DCB Commercial Bank Plc	37	Peoples Bank Of Zanzibar Limited
15	Diamond Trust Bank Tanzania Limited	38	Stanbic Bank Tanzania Ltd
16	Ecobank Tanzania Limited	39	Standard Chartered Bank Tanzania Ltd
17	Equity Bank Tanzania Limited	40	Tandahimba Community Bank Ltd
18	Exim Bank Tanzania Limited	41	Tanzania Commercial Bank Plc
19	Finca Microfinance Bank Tanzania Limited	42	Uchumi Commercial Bank Limited
20	First National Bank Tanzania Limited	43	United Bank for Africa Tanzania Limited

DEPOSIT INSURANCE BOARD (DIB)

S/N	NAME OF BANK/FINANCIAL INSTITUTION	S/N	NAME OF BANK/FINANCIAL INSTITUTION
21	Guaranty Trust Bank Tanzania Limited	44	Vision Fund Tanzania Microfinance Bank Limited
22	Habib African Bank Limited	45	Yetu Microfinance Bank Plc
23	Tanzania Agricultural Development Bank Limited	46	TIB Development Bank Limited

NOTE 35: EVENTS AFTER THE REPORTING DATE

The Bank of Tanzania has placed YETU Microfinance Bank Plc under Statutory Administration.

The Bank of Tanzania effective from Monday, 12th December 2022, took over and placed YETU Microfinance Bank Plc under statutory administration. The decision to take over and place YETU Microfinance Bank Plc under statutory administration follows failure of the bank to meet regulatory requirements regarding liquidity and capital adequacy.

The Bank of Tanzania has suspended its Board of Directors and Management and appointed a Statutory Manager to manage the affairs of YETU Microfinance Bank Plc. Thus, YETU Microfinance Bank Plc will not be open for normal business for a period not exceeding 90 days during which the Bank of Tanzania will determine an appropriate resolution option out of the range of available options.

At this point DIB is exposed to a potential liability to pay deposit insurance to the depositors of the bank in case liquidation is chosen to be the final resolution option. The amount that will potentially be paid as deposit insurance at the current maximum coverage rate of TZS 1,500,000 per depositor per bank is estimated at TZS 2.77 billion in total.

