



THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF DEPOSIT  
INSURANCE BOARD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021



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JANUARY, 2022

AR/ PA/DIB/2020/21

## **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.

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**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 REPORT OF THE BOARD OF DIRECTORS**

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.

### **1.1. ESTABLISHMENT**

The Deposit Insurance Board is a body corporate whose establishment and existence are provided under section 37 of Banking and Financial Institutions Act, (BFIA) 2006. According to this Act, the Deposit Insurance Board manages a Deposit Insurance Fund (Fund).

### **1.2. VISION**

To be a reliable institution in promoting stability and public confidence in the financial system.

### **1.3. MISSION**

To contribute to the stability, integrity and public confidence in the nation's financial system by providing protection to eligible deposits.

### **1.4. MAIN ACTIVITIES**

Under Section 39 (1) and (2) of the Banking and Financial Institutions Act, 2006 the DIB as required provides insurance to depositors' money in licensed banking institutions against loss that may arise out of failure of such institutions. The Minister for Finance and Planning determines the maximum amount of protected deposits from time to time by an order published in Government Gazette. Currently, the maximum coverage limit per depositor per bank is TZS 1.5 million.

The DIB levies and collects premium from banks and deposit taking financial institutions as contributions to the Deposit Insurance Fund. Other activities of DIB include investing the Fund resources, reimbursing depositors' claims and carrying out liquidation of failed banks and financial institutions when appointed by the Bank of Tanzania (BOT). The DIB has also been appointed by the Bank of Tanzania to be the liquidator of closed banks.

### **1.5. COMPOSITION OF BOARD OF DIRECTORS**

The following Directors were active members of the Board during the year ended 30<sup>th</sup> June 2021. The details of the members of the Board are as presented in the Table 1.

Table 1: Members of the 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	62	Tanzanian	08/01/2018
2	Dr. Juma Malik Akil	Member	Finance - Permanent Secretary (P/S) Ministry of Finance and Planning - RGZ.	56	Tanzanian	23/01/2021
3	Prof. Esther K. Ishengoma	Member	Finance, Professor, University of Dar es Salaam Business School, UDSM	51	Tanzanian	13/08/2018
4	Dr. Charles A. Mwamwaja	Member	Finance - Assistant Commissioner for Budget - MOFP (URT)	55	Tanzanian	13/08/2018
5	Dr. Kenneth Mdadila	Member	PhD (Economics), Development Economics & Financial Economics	41	Tanzanian	13/08/2018
6	Ms. Fatma M. Makame	Member	Attorney, Attorney General Chambers (RGZ)	50	Tanzanian	22/03/2019

Source: DIB -Board Charter

**Note:** During the year, Mr. Khamis Mussa Omar served as member of the Board and the Audit Committee of the Board until 23/01/2021 when Dr. Juma Malik Akil was appointed as the new Permanent Secretary Ministry of Finance and Planning - Zanzibar in his place. The position for the DIB Board membership for PST-RGZ is ex-official thus when one ceases to be permanent secretary his Board membership ceases. Mr. Khamis Mussa Omar served as the DIB Board member from 20th April, 2006.

## 1.6. CORPORATE GOVERNANCE

The Board was responsible for the governance of the DIB with the responsibility of identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board was also responsible for ensuring that a comprehensive system of internal control was operative and there was compliance with sound corporate governance principles. The Board was committed to the principles of effective corporate governance. The Directors recognized integrity, accountability, teamwork and excellence as core values of the DIB. The Board was required to meet at least four times a year.

The day-to-day management of the DIB operations is vested in the Director, assisted by two managers.

### 1.6.1 AUDIT COMMITTEE

The Audit Committee's mandate is stipulated in the Audit Committee Charter. The Audit Committee of the DIB is comprised of three members from the main board. The DIB Audit Committee consisted of three members as indicated in Table 2:

**Table 2: Members of Audit Committee**

S/N	Name	Position	Qualification/ Discipline	Nationality
1.	Prof. Esther Ishengoma	Chairperson	Finance, Professor, University of Dar es Salaam Business School, UDSM	Tanzanian
2.	Dr. Juma Malik Akil	Member	Finance -Permanent Secretary (P/S) Ministry of Finance and Planning- RGZ.	Tanzanian
3.	Dr. Charles Mwamaja	Member	Finance - Commissioner Financial Sector Division - MOFP (URT).	Tanzanian

Source: DIB-Board Charter

### 1.6.2 FINANCE, INVESTMENT AND ADMINISTRATION COMMITTEE (FIAC)

This is a new Committee of the Board which was instituted during the year. It oversees all matters relating to finance, investment and administration. Before its formation, those matters were dealt with by Audit Committee of the Board.

The FIAC's mandate is stipulated in its Charter. The Committee is comprised of three members from the main board as indicated below:

**Table 3: Members of Finance, Investment and Administration Committee**

S/N	Name	Position	Qualification/ Discipline	Nationality
4.	Dr. Charles Mwamaja	Member	Finance - Commissioner Financial Sector Division - MOFP (URT).	Tanzanian
5.	Dr. Kenneth Mdadila	Member	PhD (Economics), Development Economics & Financial Economics	Tanzanian
6.	Ms. Fatma M. Makame	Member	Attorney, Attorney General Chambers (RGZ)	Tanzanian

### 1.6.3 MEETINGS

The Board held one (1) meeting during the year ended 30<sup>th</sup> June, 2021 while the Audit Committee held five (5) meetings. On the other hand, Finance Investment and Administration Committee held one (1) meeting.

**Table 4: Attendance Register for the Members of the Board**

S/N	Names	Total	Meetings		FIAC
			Main Board	Audit Committee	
Number of Meetings					
1.	Prof. Florens D. A. M. Luoga	1	1	N/A	N/A
2.	Mr. Khamis Mussa Omar	6	1	5	N/A
3.	Prof. Esther K. Ishengoma	6	1	5	N/A
4.	Dr. Charles A. Mwamwaja	4	0	4	1

S/N	Names	Total	Meetings		FIAC
			Main Board	Audit Committee	
Number of Meetings					
5.	Dr. Kenneth Mdadila	6	1	5	1
6.	Ms. Fatma M. Makame	2	1	N/A	1

Source: Meeting Attendance Sheet

**Note:** Dr. Kenneth Mdadila had attended meetings of the Audit Committee as a co-opted member.

A summary of key matters discussed and deliberated during Board meetings include:

#### A: Governance and Finance

- Deliberation and approval on the establishment of Finance Investment and Administration Committee
- Discussion of progress of implementation of 2020/2021 approved budget;
- Discussion on the Internal and External Auditor's report on 2019/2020 financial statements
- Approval of the 2019/2020 financial statements;
- Approval of auditors' remuneration and letter of engagement for the 2019/2020 audit; and
- DIB Action plan and action plan implementation report for year 2020/2021

#### B: Policies

- Deliberation and approval on key DIB policies, particularly Investment policy and Communication policy.
- Discussion relating to progress on the preparation of Legal and Operational Framework of Deposit Insurance matters in Tanzania.

#### C: Reimbursement and Liquidation

- Discussion on the progress made in the preparation and issuance of liquidation regulations.
- Deliberations on the progress made in the:
  - Reimbursement of insured deposits in respect of the banks under liquidation.
  - liquidation of closed banks namely Mbinga Community Bank Plc, FBME Bank Ltd, Njombe Community Bank Ltd, Kagera Farmers' Cooperative Bank Ltd, Meru Community Bank Ltd, Covenant Bank for Women (T) Ltd, and Efatha Bank Ltd.

### 1.6 PERFORMANCE FOR THE YEAR

During the financial year 2020/21 total assets increased by 17.9 percent. Specifically, total assets increased from TZS 663,840.7 million recorded in 2019/20 to TZS 782,695.9 million as at 30<sup>th</sup> June, 2021. The increase was mainly attributed to the growth in investments in government securities. Premium contributions amounting to TZS 35,690.6 million in respect of the financial year 2021/22 was received in advance from member institutions in June 2021. The Deposit Insurance



Fund increased from TZS 626,137.8 million to TZS 743,404.8 million which is equal to 18.7 percent increase. The increase in the Deposit Insurance Fund was attributed to Net Income earned during the year.

The net income during the year 2020/21 increased by TZS 11,345.4 million to TZS 117,267.0 million from TZS 105,921.6 million recorded in June 2020, the increase is equivalent to 10.7 percent.

## **1.7 RISK MANAGEMENT AND INTERNAL CONTROL**

The Board of Directors has an overall responsibility for financial risk management and internal control systems of the 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 in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the DIB's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control systems is dependent on the strict observance of prescribed measures. Whilst no system of internal control 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.

The Board of Directors assessed the internal control systems throughout the financial year ended 30th June, 2021 and is of the opinion that they are adequate. Despite the risk management efforts in place, DIB is largely dependent on BOT which may jeopardize the independence and effectiveness of the DIB Board.

## **1.8 STATEMENT OF SOLVENCY**

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the DIB will have adequate resources to continue in operational existence for the foreseeable future.

## 1.9 DECLARATION OF INTERESTS

During the year ended 30th June, 2021, the Directors did not hold any business interest in the DIB. The Directors however, received emoluments by way of fees and allowances which have been disclosed as related party transactions under paragraph 1.11.

## 1.10 EMPLOYEES WELFARE

As at 30th June, 2021, the DIB had a total of 13 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 by the Bank of Tanzania policies. Among others, the general welfare provided the following:

### a) Management and Employees' Relationship

The Management maintained harmonious relationship with the employees during the year 2020/2021. There were no major issues or complaints registered by staff.

### b) Training, Seminars and Conferences

During the year 2019/20 a sum of TZS 203.2 million and 2020/21 a sum of TZS 52.8 million was utilized for staff training and seminars in order to improve employee's technical and managerial skills. The variation of the expenditure when compared with the previous year has been caused by more trainings and seminars being conducted online due to travel restrictions resulting from COVID 19. Training programs have been and are continually being developed to ensure employees are adequately equipped with the relevant skills at all levels.

### c) Medical Assistance

Members of staff were provided with medical insurance cover which included his/her spouse and a maximum of four children. During the year 2019/20 a sum of TZS 39.1 million and 2020/21 a sum of TZS 46.1 million was contributed to National Health Insurance Fund (NHIF) as provided by Section 2 (1) of the National Insurance Fund Act, 1999.

### d) Financial Assistance

The DIB staff are part of Bank of Tanzania employees and therefore follow the Bank of Tanzania Staff By-Laws and Financial Regulations in seeking financial assistance. The By-Laws and Financial Regulations provide various borrowing windows to confirmed employees.

### e) Physically Challenged Persons

The DIB does not discriminate any physically challenged person.

**f) Employees Benefit Plan**

The current DIB employees are part of Bank of Tanzania members of staff. The Bank of Tanzania contributes to social security funds on a defined benefit arrangement for its employees which include employees seconded to DIB. The DIB staff are members of the Public Service Social Security Fund (PSSSF). During the year 2019/20 a sum of TZS 113.2 million and 2020/21 a sum of TZS 133.6 million was contributed to the Public Service Social Security Fund.

**Gender Parity**

During the year DIB had thirteen employees, of which seven were female and six were male.

**1.11 RELATED PARTY TRANSACTIONS**

The members of the Board do not hold shares of any class in DIB. All business transactions are conducted in line with the provisions of the Banking and Financial Institutions Act, 2006 and good governance principles.

Key Management personnel include a director and two managers who have the authority and responsibility to plan, direct and control the activities of DIB. After the retirement of Mr. Emmanuel Boaz, Mr. Richard Malisa (who is the Manager of Finance & Administration) was the Acting Director of the Deposit Insurance Board. During the year, emoluments paid to the Board members and Management personnel were as follows:

DESCRIPTION	30-Jun-2021 TZS	30-Jun-2020 TZS
Directorship fees	76,406,988	101,176,470
Emoluments for Management Personnel: Salaries	<u>342,774,720</u>	<u>228,516,480</u>
	<u><b>419,181,708</b></u>	<u><b>329,692,950</b></u>

**1.11 DONATIONS**

During the year Deposit Insurance Board donated TZS 50 million to the government as Social Welfare contribution.

**1.12 FUTURE DEVELOPMENT PLANS**

The Deposit Insurance Board will continue to improve its income through timely and correct assessment as well as collection of premium from member institutions and prudently investing its Fund resources. The growth rate of the Fund during the year 2020/21 was 18.7 percent. Specifically, the Fund increased from TZS 626,137.8 million in the previous financial year to TZS 743,404.8 million as on 30th June, 2021. The Fund is projected to grow by 17.4 percent in the financial year 2021/22 to TZS 872,408.4 million by 30th June, 2022.

The DIB is still undergoing legal and operational reforms aiming at having operational independence towards achieving more effectiveness in contributing to the stability

of the financial system. On that basis, the DIB has put implementation of the reform process to its Five Year Strategic Plan (DIB Strategic Plan 2021/2022 - 2025/2026).

Under the plan, DIB will continue participating in the process of enactment of the law governing the activities of the Deposit Insurance Board in Tanzania which is tied up with the process of preparation of Banking Sector Policy by the Ministry of Finance and Planning. The policy among other things will govern deposit insurance matters in Tanzania.

### 1.13 INDEPENDENT AUDITORS

The Controller and Auditor General (CAG) is the statutory Auditor of the DIB by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified in section 30(1) of the Public Audit Act No. 11 of 2008. Accordingly, the office of the CAG carried out the audit of DIB for the financial year ended 30<sup>th</sup> June, 2021.

Approved by the Board of Directors on 27 January, 2022 and signed on behalf by:

  
CHAIRMAN

DATE: 27 JANUARY 2022

  
DIRECTOR

DATE: 27 JANUARY 2022

**2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Banking and Financial Institutions Act, 2006 and internal controls as Directors determine necessary to enable the preparation of financial statements that are free from material misstatement.

The Directors confirm that appropriate accounting policies have been implemented, prudent judgments and estimates have been made and International Financial Reporting Standards have been applied in the preparation of the financial statements for the year ended 30 June 2021.

The Directors accept responsibility of these statements and confirm that nothing has come to their attention to indicate that the DIB will not remain a going concern for the next year from the date of this statement.

  
.....  
CHAIRMAN

DATE: 27 JANUARY 2022

  
.....  
DIRECTOR

DATE: 27 JANUARY 2022

**3.0 DECLARATION OF THE HEAD OF FINANCE**

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 the Board of Directors/Governing Body/Management 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, KULWA JAMES KASUKA being the Head of Finance 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: Kasuka

Position: Senior Principal Accountant

NBAA Membership No.: GA 4746

Date: 27 January 2022.

#### 4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

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

#### 4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

##### Opinion

I have audited the financial statements of Deposit Insurance Board (DIB), which comprise the statement of financial position at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 as at 30 June 2021, 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 International Standards of Supreme Audit Institutions on Auditing (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 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

The Management is responsible for the other information. The other information comprises the Directors' Report, Statement of Directors' Responsibilities and Declaration of 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.

### **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 International Financial Reporting Standards (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 intend to liquidate the entity or to cease operations, or have 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 Board'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 the 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 Board'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 auditor report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- 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 we 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 benefits of such communication.

In addition, section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that the accounts have been kept in accordance with appropriate accounting standards

Further, section 48 (3) of the Public Procurement Act, 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has generally complied with the procedures prescribed in the Procurement Act and its Regulations.

#### 4.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### Compliance with the Public Procurement Laws

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that Deposit Insurance Board (DIB) procurement transactions and processes have generally complied with the requirements of the Public Procurement Laws.



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



## 5.0 FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

PARTICULARS	NOTE	30-Jun-21 TZS	30-Jun-20 TZS
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	3	34,637,136	45,320,008
Investment in Treasury Bonds - Long Term maturity	4	498,382,914,175	403,939,617,649
		<b>498,417,551,311</b>	<b>403,984,937,657</b>
<b>CURRENT ASSETS</b>			
Other Assets	5	667,262,617	682,933,857
Investment in Treasury bills/Bonds - Short Term Maturities	6	280,923,626,872	198,593,064,378
Cash and cash Equivalents	7	2,687,458,481	60,579,734,863
		<b>284,278,347,970</b>	<b>259,855,733,098</b>
<b>TOTAL ASSETS</b>		<b>782,695,899,281</b>	<b>663,840,670,755</b>
<b>FUND AND LIABILITIES</b>			
Deposit Insurance Fund	8	743,404,813,349	626,137,797,825
<b>NON-CURRENT LIABILITIES</b>			
Capital Grant	9	15,133,879	18,219,061
		<b>15,133,879</b>	<b>18,219,061</b>
<b>CURRENT LIABILITIES</b>			
Unearned Premium Income	10	35,690,641,819	34,017,774,871
Reimbursement of deposit insurance payable	16	3,394,860,172	3,419,449,698
Other Liabilities	11	190,450,062	247,429,300
		<b>39,275,952,053</b>	<b>37,684,653,869</b>
<b>TOTAL FUND AND LIABILITIES</b>		<b>782,695,899,281</b>	<b>663,840,670,755</b>

The Financial statements were approved by the Board of Directors on 27 January 2022 and signed on its behalf by:

  
CHAIRMAN

DATE: 27 JANUARY, 2022

  
DIRECTOR

DATE: 27 JANUARY 2022

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

PARTICULARS	NOTE	30-Jun-21 TZS	30-Jun-20 TZS
<b>INCOME</b>			
Premium	10	34,017,774,871	32,468,535,534
Interest	12	84,300,868,069	74,562,554,488
Contribution from BOT	17	2,082,982,443	1,872,392,640
Other Income	18	-	29,557,233
Amortization of Capital Grant	9	3,085,182	3,085,182
<b>TOTAL INCOME</b>		<b>120,404,710,565</b>	<b>108,936,125,076</b>
<b>OPERATING EXPENSES</b>			
Personnel	13	1,425,192,742	1,376,380,490
Administrative	14	1,605,745,376	1,535,479,926
Contribution and Subscription	15	96,074,051	92,569,190
Depreciation	3	10,682,872	10,140,185
<b>TOTAL EXPENSES</b>		<b>3,137,695,041</b>	<b>3,014,569,792</b>
<b>NET INCOME</b>		<b>117,267,015,524</b>	<b>105,921,555,285</b>

The Financial statements were approved by the Board of Directors on 27 January 2022 and signed on its behalf by:

  
CHAIRMAN

DATE: 27 JANUARY 2022

  
DIRECTOR

DATE: 27 JANUARY 2022

**STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30 JUNE 2021**

DESCRIPTION	DEPOSIT INSURANCE	OTHER	TOTAL
	FUND	RESERVES	
	TZS	TZS	TZS
Balance as at 01 July 2020	626,137,797,825	-	626,137,797,825
Net Income during the period	117,267,015,524	-	117,267,015,524
Balance as at 30 June 2021	743,404,813,349	-	743,404,813,349
Balance as at 01 July 2019	520,216,242,540		520,216,242,540
Net Income during the period	105,921,555,285		105,921,555,285
Balance as at 30 June 2020	626,137,797,825	-	626,137,797,825

The Financial statements were approved by the Board of Directors on 27 January 2022 and signed on its behalf by:

  
CHAIRMAN

DATE: 27 JANUARY 2022

  
DIRECTOR

DATE: 27 JANUARY, 2022

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

DESCRIPTION		30-Jun-21 TZS	30-Jun-20 TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Premium Payment	10	35,690,641,819	34,017,774,871
Payments from Operating & Administrative Expenses	14(b)	(1,109,576,405)	(1,115,180,103)
Reimbursement to depositors of closed banks	16	(12,311,005)	(7,970,006)
Other Receipts and Payments			
Receipts from Penalty charges	18	-	29,557,233
Receipts from Refunds and Accounts Receivables	5	68,601,207	10,140,000
Payments on Accounts Payables	29	(100,845,398)	(51,255,503)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>34,536,510,218</b>	<b>32,883,066,492</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Redemption of Treasury Bills	24	179,400,000,000	221,000,000,000
Purchase of Treasury Bills	24	(191,947,619,100)	(170,072,215,200)
Receipts from Interest on T/Bonds	25	60,289,703,100	47,765,482,400
Redemption of Treasury Bonds	26	14,519,000,000	18,900,000,000
Purchase of Treasury Bonds	27	(154,689,870,600)	(94,084,114,500)
Purchase of Fixed Assets		-	(31,527,511)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(92,428,786,600)</b>	<b>23,477,625,189</b>
Net Increase (Decrease) in Cash and Cash Equivalents		(57,892,276,382)	56,360,691,681
Cash and Cash Equivalents at 1 July 2020		60,579,734,863	4,219,043,182
Cash and Cash Equivalents at 30 June 2021		2,687,458,481	60,579,734,863

The Financial statements were approved by the Board of Directors on 27 January 2022 and signed on its behalf by:

  
CHAIRMAN

DATE: 27 JANUARY 2022

  
DIRECTOR

DATE: 27 JANUARY, 2022

**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:

- To provide insurance against the loss of part or all of the deposits in member institutions;
- To promote and otherwise contribute to the stability of financial system in Tanzania;
- To maintain depositors' confidence in the banking system;
- To settle depositors' claims; and
- 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**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Directors' Report presented along with the Financial Statements complies with Tanzania Financial Reporting Standards.

**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 per cent of average total deposit liabilities for the previous twelve months. The contributions are accounted for on an accrual basis.

### **2.3.2 Revenue and Expenses Recognition**

Revenue and expenses are recognized in the Statement of Profit or Loss and Other 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 the 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 an 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 interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.



### 2.3.3 Financial Instruments

#### Initial measurement

Initially, financial assets and liabilities should be measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss).

#### Measurement subsequent to initial recognition

Subsequently, financial assets and liabilities (including derivatives) should be measured at fair value, with the following exceptions:

- Loans and receivables, held to maturity investments, and non-derivative financial liabilities should be measured at amortized cost using the effective interest method.
- Investments in equity instruments with no reliable fair value measurement should be measured at cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Impairment of financial instruments

Impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. At each balance sheet date, an assessment is made as to whether there is any objective evidence of impairment. If any such evidence exists, a detailed impairment calculation to determine whether an impairment loss should be recognized is made. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk statistics and collectively assessed for impairment.

### 2.3.4 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 comprehensive income.

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

### 2.3.5 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%

### 2.3.6 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 in amounts equal to corresponding annual depreciation charges.
- ii. Grants received in the form of revenue are credited to revenue grant account and debited to their respective expenditure account.

### 2.3.7 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash balance held at Bank of Tanzania.

### 2.3.8 Impairment of 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.

**2.3.9 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.

The DIB is required to pay Value Added Tax on goods and services. The DIB is further required to pay import and customs duty in accordance with the provisions of East African Management Act, 2004.

**3. PROPERTY & EQUIPMENT**

DESCRIPTION	OFFICE FURNITURE AND EQUIPMENT TZS	COMPUTERS TZS	TOTAL TZS
<b>COST:</b>			
Balance at 1 July 2019	54,176,737	112,541,130	166,717,867
Additions during the Year	-	31,527,511	31,527,511
(Disposals during the Year)	-	-	-
<b>Balance at 30 June 2020</b>	<b>54,176,737</b>	<b>144,068,641</b>	<b>198,245,378</b>
Balance at 1 July 2020	54,176,737	144,068,642	198,245,379
Additions during the Year	-	-	-
(Disposals during the Year)	-	-	-
<b>Balance at 30 June 2021</b>	<b>54,176,737</b>	<b>144,068,642</b>	<b>198,245,379</b>
<b>ACCUMULATED DEPRECIATION:</b>			
Balance at 1 July 2019	41,355,428	101,429,756	142,785,184
Depreciation charge for the Year	3,589,183	6,551,003	10,140,186
(Disposals during the Year)	-	-	-
<b>Balance at 30 June 2020</b>	<b>44,944,611</b>	<b>107,980,759</b>	<b>152,925,370</b>
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)	-	-	-
<b>Balance at 30 June 2021</b>	<b>48,533,793</b>	<b>115,074,449</b>	<b>163,608,242</b>
<b>NET BOOK VALUE AS AT 30 JUNE 2020</b>	<b>9,232,126</b>	<b>36,087,882</b>	<b>45,320,008</b>
<b>NET BOOK VALUE AS AT 30 June 2021</b>	<b>5,642,944</b>	<b>28,994,193</b>	<b>34,637,137</b>

**4. INVESTMENTS IN LONG TERM MATURITIES - TREASURY BONDS**

PARTICULARS	30-Jun-21	30-Jun-20
2 - Years Bonds	-	-
5 - Years Bonds	49,181,492,700	71,942,346,266
7 - Years Bonds	19,402,984,780	51,465,738,566
10 - Years Bonds	173,373,473,280	131,175,897,680
15 - Years Bonds	106,901,064,000	31,599,048,000
20 - Years Bonds	132,489,527,500	95,299,248,500
<b>Sub-Total</b>	<b>481,348,542,260</b>	<b>381,482,279,012</b>
ADD: Accretion Bonds	17,034,371,915	22,457,338,637
<b>Total Investment</b>	<b>498,382,914,175</b>	<b>403,939,617,649</b>

**5. OTHER ASSETS**

PARTICULARS	30.06.2021 TZS	30.06.2020 TZS
Account Receivable and Prepayments		
Unspent balance at TPB advanced for deposit insurance pyt	515,016,427	527,294,948
FBME Liquidation Account & MeCoB Liquidation a/c	-	47,821,885
Other Receivables	8,515,617	3,433,617
Mbinga Com.Bank Liquidation Account	-	43,337,122
Prepaid IADI Annual Subscription fees	34,687,804	34,511,449
Employees Earned Leave Receivable (BOT Staff)	109,042,768	72,550,102
<b>TOTAL</b>	<b>667,262,617</b>	<b>728,949,123</b>

**6. INVESTMENT IN SHORT TERM MATURITIES - TREASURY BILLS AND BONDS WITH MATURITY OF LESS THAN OR EQUAL TO ONE YEAR**

PARTICULARS	30-Jun-21 TZS	30-Jun-20 TZS
182 - Treasury Bills	9,038,705,600	-
364 - Treasury Bills	182,908,913,500	170,072,215,200
Treasury Bonds Maturing within 1 year	54,823,607,352	10,713,268,328
<b>Total T- bills &amp; Bonds</b>	<b>246,771,226,452</b>	<b>180,785,483,528</b>
Accrued Interest from T/Bonds	16,209,100,624	11,210,013,734
Accrued Interest from T/Bills	3,584,068,964	3,419,604,235
Accretion - Bonds	14,359,230,832	3,177,962,881
<b>Sub-Total</b>	<b>34,152,400,420</b>	<b>17,807,580,850</b>
<b>TOTAL</b>	<b>280,923,626,872</b>	<b>198,593,064,378</b>

**7. CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents include cash on hand and demand deposits. As at 30 June 2021, the cash and cash equivalents for DIB were as shown in the table below:

PARTICULARS	30-Jun-21	30-Jun-20
	TZS	TZS
Bank Balances A/c 9924196801	2,687,458,481	60,533,719,597
End of Year Adjustment	-	46,015,265
<b>TOTAL</b>	<b>2,687,458,481</b>	<b>60,579,734,863</b>

#### 8. DEPOSIT INSURANCE FUND

In 1994 the Government contributed TZS 1.5 billion to start the Deposit Insurance Fund. Subsequently, the DIB annually assesses and collects premiums from member institutions. DIB also invests the Fund resources in government securities and the interest income forms part of the Fund.

By 30 June 2021 the Fund had grown to TZS 743,404.8 million as indicated in the table below.

PARTICULARS	30-Jun-21	30-Jun-20
	TZS	TZS
Opening balance at 01 July	626,137,797,825	520,216,242,540
Net Income for the year	117,267,015,524	105,921,555,285
<b>TOTAL</b>	<b>743,404,813,349</b>	<b>626,137,797,825</b>
Government Support to start the Fund	1,500,000,000	1,500,000,000
<b>NET POSITION OF THE FUND</b>	<b>741,904,813,349</b>	<b>624,637,797,825</b>

#### 9. CAPITAL GRANT

DIB receives contributions from the Bank of Tanzania by way of non-current assets such as computers and other equipment which have been reflected as capital grants. During the year there were no capital grants received. The movement in the capital grant account during the year ended 30 June 2021 is as presented below:

PARTICULARS	30-Jun-21	30-Jun-20
	TZS	TZS
Balance as at 1 July	18,219,061	21,304,243
Grant received during the Year	-	-
<b>Sub-Total</b>	<b>18,219,061</b>	<b>21,304,243</b>
Less: Amortisation of capital grant	(3,085,182)	(3,085,182)
<b>Balance at 30 June</b>	<b>15,133,879</b>	<b>18,219,061</b>

#### 10. UNEARNED PREMIUM INCOME

Currently DIB assesses and collects premiums 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 34,017.8 million. The amount realized during the year was TZS 34,017.8 million. The amount assessed and collected for the next financial year was TZS 35,690.6 million

which remained unrealized as at 30 June 2021. The details of the movement in unrealized premium account is as presented below:

Particulars	30-Jun-21	30-Jun-20
	TZS	TZS
Unearned balance as at 1 <sup>st</sup> July	34,017,774,871	32,468,535,534
Assessment during the Year	35,690,641,819	34,017,774,871
<b>Subtotal (A)</b>	<b>69,708,416,690</b>	<b>66,486,310,405</b>
Amount realized per month	2,834,814,573	2,705,711,294
<b>Total amount realized for the year (B)</b>	<b>34,017,774,871</b>	<b>32,468,535,534</b>
<b>Unearned balance as at 30 June (A-B)</b>	<b>35,690,641,819</b>	<b>32,468,535,534</b>

## 11. OTHER LIABILITIES

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

Particulars	30-Jun-21	30-Jun-20
	TZS	TZS
Earned Leave Payable	109,042,768	72,550,102
Account Payable	11,407,294	104,129,199
Provision for Audit Fees	70,000,000	70,750,000
<b>TOTAL</b>	<b>190,450,062</b>	<b>247,429,300</b>

## 12. INTEREST INCOME ON TREASURY BILLS & TREASURY BONDS

Interest income is generated from investments in government securities namely Treasury bills and Treasury bonds. During the year a total of TZS 84,300.8 million was earned as interest income as indicated below:

PARTICULARS	ACTUAL	ACCRUED	TOTAL AS AT 30.06.2021	TOTAL AS AT 30.06.2020
	TZS	TZS	TZS	TZS
Treasury Bills 182 days	-	5,317,398	5,317,398	545,651,011
Treasury Bills 364 days	5,887,984,137	3,578,751,566	9,466,735,703	13,353,344,379
Treasury Bonds	48,925,485,676	16,536,698,797	65,462,184,473	52,167,268,187
Accretion Bonds	510,793,686	8,855,836,810	9,366,630,496	8,496,290,911
<b>TOTAL</b>	<b>55,324,263,499</b>	<b>28,976,604,570</b>	<b>84,300,868,069</b>	<b>74,562,554,488</b>

## 13. PERSONNEL EXPENSES

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:

DEPOSIT INSURANCE BOARD (DIB)

DESCRIPTION	30-Jun-21 TZS	30-Jun-20 TZS
Salaries	894,277,245	758,508,915
PSSSF Contribution	133,579,068	113,158,526
Housing Allowance	102,918,866	85,717,496
Transport and Travelling	67,047,120	78,010,560
Medical Expenses	46,057,172	39,083,346
Leave fare	64,503,380	51,702,300
Employees Earned Leave	63,968,295	46,912,421
Seminars and Conference	19,232,496	188,240,526
Staff Training	33,609,100	15,046,400
<b>TOTAL</b>	<b>1,425,192,742</b>	<b>1,376,380,490</b>

**14 (a) ADMINISTRATIVE EXPENSES**

DESCRIPTION	30-Jun-21 TZS	30-Jun-20 TZS
Audit fees (Provision)	70,000,000	70,750,000
Auditing Payout & liquidation	38,740,000	-
Automation of DIB operations	90,345,249	45,681,240
Bank Examination	16,811,200	-
Board Expenses	192,047,792	318,561,250
Meetings & Work Sessions (Regional & International Integration)	-	16,397,381
Office Cleaning	10,000,000	10,000,000
Printing and Publication	-	350,000
Public awareness Expenses	283,660,420	359,234,935
Liquidation Assistances Expenses (BOT budget envelop)	210,914,617	177,700,026
Refreshment	15,000,000	15,000,000
Rent Office Premises	361,792,080	361,358,400
Review of policies and manuals	179,927,412	16,806,900
Stationery, Office Supplies and News Papers	24,824,600	30,088,600
Telephone Charges	28,100,000	29,300,000
Water and Electricity	60,000,000	66,100,000
Payout related expenses	23,582,006	18,151,194
	<b>1,605,745,376</b>	<b>1,567,339,515</b>

**14 (b) ADMINISTRATIVE EXPENSES PAID DURING THE YEAR**

DESCRIPTION	30-Jun-21 TZS	30-Jun-20 TZS
Prior year Audit fees expenses	74,759,204	56,940,000
Auditing Payout & liquidation	38,740,000	-
Automation of DIB operations	89,595,249	45,681,240
Bank Examination	16,811,200	-
Board Expenses	186,577,204	283,224,250
Prior year annual accounts finalization expenses	-	19,105,000

Meetings & Work Sessions (Regional & International Integration)	-	16,397,381
Printing and Publication	-	350,000
Public awareness Expenses	283,660,420	395,863,734
Review of policies and manuals	171,337,569	16,806,900
Payout related expenses	427,205	18,151,194
Other Contributions	50,000,000	50,000,000
IADI annual subscription fees	139,744,758	42,569,190
Payroll expenses	-	15,924,348
Seminars and Conference	19,232,496	188,240,526
Staff Training	38,691,100	15,046,400
	<b>1,109,576,405</b>	<b>1,164,300,163</b>

#### 15. 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	2020/2021	2019/2020
	TZS	TZS
IADI Annual Subscription	46,074,051	42,569,190
DIB Social Contribution	50,000,000	50,000,000
<b>Total</b>	<b>96,074,051</b>	<b>92,569,190</b>

#### 16. PROVISION FOR REIMBURSEMENT OF DEPOSIT INSURANCE

During the year ended 30<sup>th</sup> June, 2021 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 3,394.9 million as amount payable to the depositors of those banks as at 30<sup>th</sup> June 2021 after a total of TZS 24.6 million was paid to depositors during the year, as shown in the table below:

DATE	SUMMARY OF PAYMENT TO DEPOSITORS	AMOUNT
	<b>PAYMENTS IN FINANCIAL YEAR 2019/2020</b>	
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
	<b>Subtotal</b>	<b>34,347,156</b>
30-Jun-20	Closing Balance	3,419,449,698



<b>PAYMENTS IN FINANCIAL YEAR 2020/2021</b>		
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
	<b>Subtotal</b>	<b>24,589,527</b>
30-Jun-21	Closing Balance	3,394,860,172

**17. CONTRIBUTION FROM THE BANK OF TANZANIA**

DESCRIPTION	30-Jun-21 TZS	30-Jun-20 TZS
Salaries	894,277,245.16	749,825,331
PSSSF Contribution	133,579,068.30	111,676,967
Housing Allowance	102,918,865.50	84,894,408
Transport and Travelling	67,047,120.00	78,010,560
Board expenses	-	15,977,000
Medical Expenses	46,057,172.40	39,083,346
Leave fare	64,503,380.00	51,702,300
Employees Earned Leave	63,968,295.00	51,675,703
Telephone Charges	28,100,000	29,300,000
Water and Electricity	60,000,000	66,100,000
Stationery, Office Supplies and News Papers	24,824,600	30,088,600
Rent Office Premises	361,792,080	361,358,400
Office Cleaning	10,000,000	10,000,000
Refreshment	15,000,000	15,000,000
Liquidation Assistances Expenses (BOT budget envelop)	210,914,617	177,700,026
<b>Total</b>	<b>2,082,982,443</b>	<b>1,872,392,640</b>

**N.B:** During the Year the Bank also provided 224 assets to assist DIB operations and conference facilities for conducting various Board & Audit Committee Meetings at no charge.

**18. OTHER INCOME**

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

	30-Jun-21	30-Jun-20
Particulars	TZS	TZS
Kilimanjaro Cooperative Bank	-	228,522.88
TIB Development Bank Limited	-	11,963,000.41
Refund to DIF from TPB bank iro payout expenses	-	17,365,709.64
<b>TOTAL</b>	-	<b>29,557,232.93</b>

**19. 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<sup>th</sup> June, 2021, DIB had paid TZS 7,488.4 million as reimbursement to

the depositors of the seven banks now under liquidation. 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 make the financials misleading.

In February 2000 the Board made an advance to the Statutory Manager of the defunct Greenland Bank (T) Limited amounting to TZS 2,400,000,000 to pay off its depositors. The recoverability of the amount is remote; accordingly, a full provision for impairment had been made on this debt by 30<sup>th</sup> June, 2002. The impaired receivable is maintained in the Board's accounts on a memorandum basis to be brought up in the books if realized.

## 20. OUTSTANDING COMMITMENTS

DIB had outstanding commitment of TZS 3,394.8 million in respect of deposit insurance payment to depositors of the closed banks as at 30<sup>th</sup> June, 2021.

## 21. CONTINGENT LIABILITIES

DIB had no contingent liabilities which require disclosure as at 30th June 2021.

## 22. 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.

## 23. RELATED PARTY DISCLOSURES

### 23.1 Payments to Directors and Key Management Personnel

DESCRIPTION	30-Jun-2021 TZS	30-Jun-2020 TZS
Directorship fees	76,406,988	101,176,470
Emoluments for Management Personnel: Salaries	<u>342,774,720</u>	<u>228,516,480</u>
	<u>419,181,708</u>	<u>329,692,950</u>

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

## 24. REDEMPTION OF TREASURY BILLS

Description	30.06.2021 Amount (TZS)	30.06.2020 Amount (TZS)
Opening balance of Investment	170,072,215,200	204,523,567,500
Add: Investment made during the year	191,947,619,100	170,072,215,200
	<b>362,019,834,300</b>	<b>374,595,782,700</b>
Less: closing balance	191,947,619,100	170,072,215,200
Actual Treasury Bills Redeemed	<b>170,072,215,200</b>	<b>204,523,567,500</b>

DEPOSIT INSURANCE BOARD (DIB)

Description	30.06.2021 Amount (TZS)	30.06.2020 Amount (TZS)
Interest received on T/Bills		
Opening balance of Accrued interest T/Bills	3,419,604,235	5,997,041,345
Add: Interest earned during the period	9,472,053,101	13,898,995,390
	<b>12,891,657,336</b>	<b>19,896,036,735</b>
Less: Closing balance of accrued interest on T/Bills	3,584,068,964	3,419,604,235
Actual Cash Interest received on Treasury Bills	9,307,588,372	16,476,432,500
<b>Total Redemption of Treasury Bills</b>	<b>179,400,000,000</b>	<b>221,000,000,000</b>

**25. RECEIPTS FROM INTEREST ON T/BONDS**

DESCRIPTION	30.06.2021 Amount (TZS)	30.6.2020 Amount (TZS)
Opening balance of Accrued interest T/Bonds	11,210,013,734	6,808,227,948
Add: Interest earned during the period	65,462,184,473	52,167,268,186
	<b>76,672,198,207</b>	<b>58,975,496,134</b>
Less: Closing balance of accrued interest on T/Bonds	16,382,495,107	11,210,013,734
Interest received on Treasury Bond	<b>60,289,703,100</b>	<b>47,765,482,400</b>

**26. REDEMPTION OF TREASURY BONDS**

DESCRIPTION	AMOUNT (TZS)	AMOUNT (TZS)
Treasury Bonds Maturing within 1 year	10,713,268,328	17,535,637,400
Accretion - Bonds	3,805,731,672	1,364,362,600
<b>Redemption of Treasury Bonds</b>	<b>14,519,000,000</b>	<b>18,900,000,000</b>

**27. PURCHASE OF TREASURY BONDS**

DESCRIPTION	2020/2021 AMOUNT (TZS)	2019/2020 AMOUNT (TZS)
Treasury Bonds as at 30th June	481,348,542,260	381,482,279,012
Treasury Bonds Maturing within 1 year	54,823,607,352	10,713,268,328
<b>Total Treasury Bonds</b>	<b>536,172,149,612</b>	<b>392,195,547,340</b>
Treasury Bonds as at 1st July,	381,482,279,012	298,111,432,840
Purchased Treasury Bonds	<b>154,689,870,600</b>	<b>94,084,114,500</b>

**28. APPROPRIATION OF NET INCOME**

The Net Income for the year was TZS 117,267.0 million. The entire amount has been transferred to the Deposit Insurance Fund.

**29. 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:

### **29.1 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.

## 29.2 Liquidity Risk

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

DESCRIPTION	Up to 1 Months TZS	1 to 3 Months TZS	3 to 6 Months TZS	6 to 12 Months TZS	Over 1 Year TZS	Total TZS
<b>Financial Assets</b>						
Cash and 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
<b>Total Financial Assets</b>	<b>34,342,383,242</b>	<b>30,054,791,670</b>	<b>18,970,005,630</b>	<b>201,238,765,600</b>	<b>498,089,953,139</b>	<b>782,661,262,145</b>
<b>Financial Liabilities</b>						
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
<b>Total financial Liabilities</b>	<b>3,072,775,670</b>	<b>6,131,146,634</b>	<b>9,192,617,010</b>	<b>18,564,276,788</b>	<b>2,315,033,951</b>	<b>39,275,850,053</b>
<b>Net Liquidity Gap</b>	<b>31,269,607,572</b>	<b>23,923,645,036</b>	<b>9,777,388,620</b>	<b>182,674,488,812</b>	<b>495,774,919,188</b>	<b>743,420,049,229</b>

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

The following is the liquidity profile of DIB at 30 June 2020:

DESCRIPTION	Up to 1 Months TZS	1 to 3 Months TZS	3 to 6 Months TZS	6 to 12 Months TZS	Over 1 Year TZS	Total TZS
<b>Financial Assets</b>						
Cash and Cash Equivalents	60,533,719,597	-	-	-	-	60,533,719,597
Investment in treasury Bills/Bonds	4,076,450,760	12,197,746,648	36,768,739,419	145,550,127,551	403,939,617,649	602,532,682,027
Other Assets	613,061,899	-	-	115,887,224	-	728,949,123
<b>Total Financial Assets</b>	<b>65,223,232,256</b>	<b>12,197,746,648</b>	<b>36,768,739,419</b>	<b>145,666,014,775</b>	<b>403,939,617,649</b>	<b>663,795,350,747</b>
<b>Financial Liabilities</b>						
Reimbursement of deposit insurance payable	89,985,518	179,971,037	269,956,555	539,913,110	2,339,623,478	3,419,449,698
Other Liabilities	104,129,199	-	70,750,000	72,550,101	-	247,429,300
<b>Total financial Liabilities</b>	<b>194,114,717</b>	<b>179,971,037</b>	<b>340,706,555</b>	<b>612,463,211</b>	<b>2,339,623,478</b>	<b>3,666,878,998</b>
<b>Net Liquidity Gap</b>	<b>65,029,117,539</b>	<b>12,017,775,611</b>	<b>36,428,032,864</b>	<b>145,053,551,563</b>	<b>401,599,994,171</b>	<b>660,128,471,749</b>

### 29.3 Interest Rate Risk

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

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

## 29.4 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 2021 was as follows:

DESCRIPTION		USD	GBP	UERO	TOTAL TZS
<b>Financial Assets</b>	<b>TZS</b>				
Cash and Cash Equivalents	2,687,458,481	-	-	-	2,687,458,481
Investment in treasury Bills/Bonds	779,306,541,047	-	-	-	779,306,541,047
Other Assets	667,262,617	-	-	-	667,262,617
<b>Total Financial Assets</b>	<b>782,661,262,145</b>	-	-	-	<b>782,661,262,145</b>
<b>Financial Liabilities</b>					
Unearned Premium Income	35,690,641,819	-	-	-	35,690,641,819
Reimbursement of deposit insurance payable	3,394,860,172	-	-	-	3,394,860,172
Other Liabilities	190,348,063	-	-	-	190,348,063
<b>Total financial Liabilities</b>	<b>39,275,850,053</b>	-	-	-	<b>39,275,850,053</b>
<b>Net Position</b>	<b>743,385,412,092</b>	-	-	-	<b>743,385,412,092</b>

## 30. COMPARATIVE FIGURES

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