



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 OF
DEPOSIT INSURANCE BOARD FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2020

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February, 2021

AR/PA/ DIB/ 2019/20

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 (as amended from time to time) and in Section 10 (1) of the Public Audit Act, 2008.

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

Core values

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

Objectivity	We are an impartial organization, offering services to our clients in an objective and unbiased manner.
Excellence	We are professionals providing high quality audit services based on standards and best practices.
Integrity	We observe and maintain high standards of ethical behaviour, rule of law and strong sense of purpose.
People focus	We value, respect and recognize interest of our stakeholders.
Innovation	We are a learning and creative public institution that promotes value added ideas within and outside the institution.
Results Oriented	We are an organization that focuses on achievement based on performance targets.
Teamwork spirit	We work together as a team, interact professionally, and share knowledge, ideas and experiences.

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 (DIB) 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 30th June, 2020 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 30th June 2020. The details of the members of the Board are as presented in the Table 1.

Table 1: Members of the Board of Directors

S/ No	Name	Position	Qualification/ Discipline	Age	Nationality	Date of appointment
1	Prof. Florens D. A. M. Luoga	Chairman	Governor-BOT; Ph.D. Lawyer	62	Tanzanian	08/01/2018

S/ No	Name	Position	Qualification/ Discipline	Age	Nationality	Date of appointment
2	Mr. Khamis Mussa Omar	Member	Finance -Permanent Secretary (P/S) Ministry of Finance and Planning - RGZ.	55	Tanzanian	13/08/2018
3	Prof. Esther K. Ishengoma	Member	Finance, Professor, University of Dar es Salaam Business School, UDSM	50	Tanzanian	13/08/2018
4	Dr. Charles A. Mwamwaja	Member	Finance - Assistant Commissioner for Budget - MOFP (URT)	54	Tanzanian	13/08/2018
5	Dr. Kenneth Mdadila	Member	PhD (economics), Development Economics & Financial Economics	40	Tanzanian	13/08/2018
6	Ms. Fatma M. Makame	Member	Attorney, Attorney General Chambers (RGZ)	49	Tanzanian	22/03/2019

Source: DIB -Board Charter

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 value 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 Executive 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 was constituted comprising of three members as indicated below:

Table 2: Members of Audit Committee

S/No.	Name	Position	Qualification/ Discipline	Nationality	Date of appointment
1.	Prof. Esther Ishengoma	Chairperson	Finance, Professor, University of Dar es Salaam Business School, UDSM	Tanzanian	13/08/2018
2.	Mr. Khamis M. Omar	Member	Finance -Permanent Secretary (P/S) Ministry of	Tanzanian	13/08/2018

DEPOSIT INSURANCE BOARD

S/No.	Name	Position	Qualification/ Discipline	Nationality	Date of appointment
			Finance and Planning- RGZ.		
3.	Dr. Charles Mwamaja	Member	Finance - Commissioner Financial Sector Division - MOFP (URT).	Tanzanian	13/08/2018

Source: DIB-Board Charter

1.6.2 MEETINGS

The Board held two (2) meetings during the year ended 30th June, 2020 while the Audit Committee held six (6) meetings.

Table 3: Attendance Register for the Members of the Board

S/No.	Names	Total	Meetings	
			Main Board	Audit Committee
Number of Meetings				
1.	Prof. Florens D. A. M. Luoga	1	1	N/A
2.	Mr. Khamis Mussa Omar	8	2	6
3.	Prof. Esther K. Ishengoma	8	2	6
4.	Dr. Charles A. Mwamwaja	8	2	6
5.	Dr. Kenneth Mdadila	8	2	6
6.	Ms. Fatma M. Makame	2	2	N/A

Source: DIB-Board Charter

Note: Dr. Kenneth Mdadila is invited to the Audit Committee meetings as a co-opted member.

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

A: Governance and Finance

- Approval of two-year strategic plans - 2020/19 and 2020/2021;
- Discussion of progress of implementation of 2019/20 approved budget;
- Approval of 2018/19 financial statements;
- Approval of auditors' remuneration and letter of engagement; and
- DIB Action plan 2019/2020.

B: Policies

- Discussion and deliberation on key DIB policies, particularly risk management policy and IT Policy;
- Discussion and recommendation to the Ministry of Finance of the DIB's Legal and Operational Framework in Tanzania;

C: Liquidation

- Discussion on the progress made on the 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 2019/20 total assets increased by 19.3 percent. Specifically, total assets increased from TZS 556,607.6 million recorded in 2018/19 to TZS 663,840.7 Million as at 30th June, 2020. The increase is mainly attributed to the growth in investments in government securities. Premium contributions amounting to TZS 34,017.8 million in respect of the financial year 2020/21 was received in advance from member institutions in June 2020. The Deposit Insurance Fund increased from TZS 520,216.2 million to TZS 626,137.8 million which is equal to 20.4 percent increase. The increase in the Deposit Insurance Fund is attributed to Net Income earned during the year.

The net Income during the year 2019/20 increased by TZS 19,702.5 million to TZS 105,921.6 million from TZS 86,219 million recorded in June 2019, the increase is equivalent to 22.9 percent.

1.7 RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors have 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 system 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, 2020 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, 2020, 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, 2020, the DIB had a total of 11 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. The general welfare provided the following among others:

a) Management and Employees' Relationship

The Management maintained harmonious relationship with the employees during the year 2019/2020. There were no major issues or complaints registered by staff.

b) Training, Seminars and Conferences

During the year 2018/19 a sum of TZS 166.5 million and 2019/20 a sum of TZS 203.2 million was utilized for staff training and seminars in order to improve employee's technical and managerial skills. 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

Member of staff were provided with medical insurance cover which included his/her spouse and a maximum of four children. During the year 2018/19 a sum of TZS 29.7 million and 2019/20 a sum of TZS 39.1 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 2018/19 a sum of TZS 107 million and 2019/20 a sum of TZS 113.2 million was contributed to the Public Service Social Security Fund.

g) Gender Parity

During the year DIB had eleven employees, of which five 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) is the Acting Director Deposit Insurance Board. During the year, emoluments paid to the Board members and Management personnel were as follows:

	30-Jun-2020	30-Jun-2019
	TZS	TZS
Directorship fees	101,176,470	86,470,588
Emoluments for Management Personnel: Salaries	<u>228,516,480</u>	<u>224,205,120</u>
	<u>329,692,950</u>	<u>310,675,708</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 2019/20 was 20.4 percent. Specifically, the Fund increased from TZS 520,216.2 million in the previous financial year to TZS 626,137.8 million as on 30th June, 2020. The Fund is projected to grow by 17.2 percent in the financial year 2020/21 to TZS 733,842.8 million by 30th June, 2021.

The DIB is still undergoing legal and operational reforms aiming at making it more effective in contributing to the stability of the financial system. On that basis, DIB has considered it important to have a two-year Interim Strategic Plan for 2020/20 - 2020/21 to guide it towards operational independence while matching it to the government strategic plan ending 2021.

Under the plan, DIB has three key strategic themes namely; DIB Operational Independence, Deposit Protection and Fund Sustainability. The plan Structure is presented by the DIB Scorecard.

To-date, the efforts to have a law governing the activities of the Deposit Insurance Board in Tanzania is pending completion of the Banking Sector Policy which is in progress and is expected to address the matter.

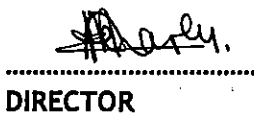
1.13 INDEPENDENT AUDITORS

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 2003. However, in accordance with Section 33(1) of the Public Audit Act, the Controller and Auditor General engaged HLB Mekonsult to carry out the audit of DIB for the financial year ended 30th June, 2020.

Approved by the Board of Directors on9.2.2021..... and signed on behalf by:


CHAIRMAN

9th Feb., 2021
DATE


DIRECTOR

9th Feb., 2021
DATE

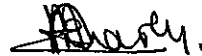
2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 30th June, 2020.

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


.....
DIRECTOR

9th Feb., 2021
.....
DATE

9th Feb., 2021
.....
DATE

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, **Romuli Frederick Mtui** being the Accountant of Deposit Insurance Board (DIB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2020 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: *Principal Accountant*

NBAA Membership No.: *ACPA 2282*

Date: *28/01/2021*

4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Chairman of the Board of Directors,
The Deposit Insurance Board,
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, which comprise the statement of financial position as at 30th June, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, 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 as at 30th June, 2020, 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 (ISSAI). 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

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.

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 IFRSs, 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 ISSAI 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 ISSAI, 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.
- 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 benefits of such communication.

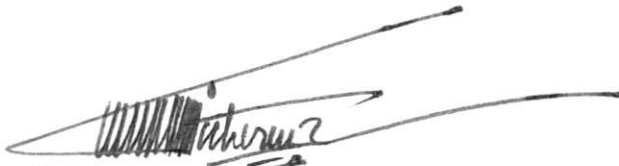
In addition, Section 10 (2) of the Public Audit Act, 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

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 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 Act, No.7 of 2011 (as amended in 2016)

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 procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 (as amended in 2016) and its underlying Regulations of 2013 (as amended in 2016).



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

1st February, 2021




DEPOSIT INSURANCE BOARD (DIB)

5.0 FINANCIAL STATEMENTS

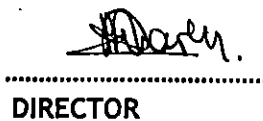
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

	NOTE	2019/20 TZS	2018/19 TZS
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	45,320,008	23,932,683
Investment in treasury bonds with long term maturity	4	403,939,617,649	315,511,644,693
		403,984,937,657	315,535,577,376
CURRENT ASSETS			
Other assets	5	728,949,123	740,730,280
Investment in treasury bills/bonds with short term maturities	6	198,593,064,378	236,112,256,444
Cash and cash equivalents	7	60,533,719,597	4,219,043,182
		259,855,733,098	241,072,029,906
TOTAL ASSETS		663,840,670,755	556,607,607,282
FUND AND LIABILITIES			
FUND			
Deposit insurance fund	8	626,137,797,825	520,216,242,540
NON-CURRENT LIABILITIES			
Capital grant	9	18,219,061	21,304,243
		18,219,061	21,304,243
CURRENT LIABILITIES			
Unearned premium income	10	34,017,774,871	32,468,535,534
Reimbursement of deposit insurance payable	16	3,419,449,698	3,453,796,854
Other liabilities	11	247,429,300	447,728,111
		37,684,653,869	36,370,060,499
TOTAL FUND AND LIABILITIES		663,840,670,755	556,607,607,282

The Financial statements were approved by the Board of Directors on 9th Feb. 2020 and signed on its behalf by:


CHAIRMAN

DATE 9th Feb., 2021


DIRECTOR

DATE 9th Feb., 2021

DEPOSIT INSURANCE BOARD (DIB)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE, 2020

	NOTE	2019/20 TZS	2018/19 TZS
INCOME			
Premium	10	32,468,535,534	31,198,088,785
Interest	12	74,562,554,488	55,883,427,625
Contribution from BOT	17	1,872,392,640	1,753,653,533
Other income	18	29,557,233	298,263,390
Amortization of capital grant	9	3,085,182	4,866,069
TOTAL INCOME		108,936,125,077	89,138,299,402
OPERATING EXPENSES			
Personnel expenses	13	1,376,380,490	1,262,604,887
Administrative expenses	14	1,535,479,927	1,610,112,117
Contribution and subscriptions	15	92,569,190	41,185,214
Depreciation	3	10,140,185	5,370,070
TOTAL EXPENSES		3,014,569,792	2,919,272,288
NET INCOME		105,921,555,285	86,219,027,114

The Financial statements were approved by the Board of Directors on 9th Feb. 2021 and signed on its behalf by:

[Signature]
 CHAIRMAN
 DATE 9th Feb., 2021

[Signature]
 DIRECTOR
 DATE 9th Feb. 2021

DEPOSIT INSURANCE BOARD (DIB)

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30TH JUNE, 2020

	DEPOSIT INSURANCE FUND TZS	OTHER RESERVES TZS	TOTAL TZS
Balance at 1 st July, 2019	520,216,242,540	-	520,216,242,540
Net Income during the period	105,921,555,285	-	105,921,555,285
Balance at 30th June, 2020	626,137,797,825	-	626,137,797,825
Balance at 1 st July, 2018	433,997,215,426		433,997,215,426
Net Income during the period	86,219,027,114		86,219,027,114
Balance at 30th June, 2019	520,216,242,540	-	520,216,242,540

DEPOSIT INSURANCE BOARD (DIB)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2020

	Note	2019/20	2018/19
		TZS	TZS
DESCRIPTION			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Premium Payment	10	34,017,774,871	32,468,535,534
Payments for Operating & Administrative Expenses	14(b)	(1,161,195,369)	(1,303,903,909)
Reimbursement to depositors of closed banks	16	(7,970,006)	(708,993,786)
Other Receipts and Payments			
Other receipts	18	29,557,233	230,965,334
Receipts from refunds and accounts receivable	5	10,140,000	71,903,220
Payments from FBME liquidation account	5	(51,255,503)	(10,140,000)
NET CASH FLOW FROM OPERATING ACTIVITIES		32,837,051,226	30,748,366,393
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of Treasury Bills	24	221,000,000,000	203,887,000,000
Purchase of Treasury Bills	6	(170,072,215,200)	(204,523,567,500)
Receipts from Interest on T/Bonds	25	47,765,482,400	33,974,937,400
Redemption of Treasury Bonds	26	18,900,000,000	12,300,000,000
Purchase of Treasury Bonds	27	(94,084,114,500)	(78,466,689,000)
Purchase of Fixed Assets	3	(31,527,511)	-
NET CASH FLOW FROM INVESTING ACTIVITIES		23,477,625,189	(32,828,319,100)
Net Increase (Decrease) in Cash and Cash Equivalents		56,314,676,415	(2,079,952,707)
Cash and Cash Equivalents at the beginning of the year		4,219,043,182	6,298,995,889
Cash and Cash Equivalents at the end of the year		60,533,719,597	4,219,043,182

The Financial statements were approved by the Board of Directors on.....*9th Feb.*.....2021 and signed on its behalf by:

[Signature]
CHAIRMAN

DATE.....*9th Feb.*....., 2021

[Signature]

DIRECTOR

DATE.....*9th Feb.*....., 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2020

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 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

The Board (DIB) has not adopted IFRS 9, Financial Instruments, which is effective for annual periods beginning on or after January 1, 2018 following International Accounting Standard Board (IASB)'s decision in late 2016 to delay the mandatory effective date of IFRS 9 until 2021 for entities whose predominant activities are insurance related.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY & EQUIPMENT

DESCRIPTION	OFFICE FURNITURE AND EQUIPMENT	COMPUTERS	TOTAL
	TZS	TZS	TZS
COST:			
Balance at 1 st July 2018	54,176,737	112,541,130	166,717,867
Additions during the Year	-	-	-
Balance at 30th June 2019	54,176,737	112,541,130	166,717,867
Balance at 1 July 2019	54,176,737	112,541,130	166,717,867
Additions during the Year	-	31,527,511	31,527,511
Balance at 30th June 2020	54,176,737	144,068,641	198,245,378
ACCUMULATED DEPRECIATION:			
Balance at 1 st July, 2018	37,228,835	100,186,279	137,415,114
Depreciation Charge for the Year	4,126,593	1,243,477	5,370,070
Balance at 30th June 2019	41,355,428	101,429,756	142,785,184
Balance at 1 st July, 2019	41,355,428	101,429,756	142,785,184
Depreciation Charge for the Year	3,589,183	6,551,003	10,140,185
Balance at 30th June, 2020	44,944,611	107,980,759	152,925,370
NET BOOK VALUE AS AT 30TH JUNE 2020	9,232,126	36,087,883	45,320,008
NET BOOK VALUE AS AT 30TH JUNE 2019	12,821,309	11,111,374	23,932,683

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENTS IN LONG TERM MATURITIES - TREASURY BONDS

	2019/20 TZS	2018/19 TZS
2 - Years bonds	-	-
5 - Years bonds	71,942,346,266	77,674,404,594
7 - Years bonds	51,465,738,566	50,337,236,566
10 - Years bonds	131,175,897,680	127,922,877,680
15 - Years bonds	31,599,048,000	21,794,550,000
20 - Years bonds	95,299,248,500	20,382,364,000
	<u>381,482,279,012</u>	<u>298,111,432,840</u>
Add: Accretion Bonds	22,457,338,637	17,400,211,853
	<u>403,939,617,649</u>	<u>315,511,644,693</u>

5. OTHER ASSETS

Unspent balance at TPB advanced for deposit insurance payment	527,294,948	553,672,098
FBME Liquidation Account & MeCoB liquidation a/c (Actual)	47,821,885	10,140,000
Other Receivables from BOT on FBME expenses	3,433,617	-
Mbinga Com. Bank liquidation account (Actual)	43,337,122	43,337,122
Penalty charge receivable (from TIB Development Bank & Kilimanjaro Cooperative Bank)	-	11,963,000
Prepaid IADI annual subscription fees	34,511,449	31,065,374
Excess amount wrongly booked iro IADI subscription fees	-	28,008,622
Employees earned leave receivable (BOT Staff)	72,550,102	62,544,064
	<u>728,949,123</u>	<u>740,730,280</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2019/20 TZS	2018/19 TZS
182 - Treasury Bills acquired during the year	-	21,445,204,000
364 - Treasury Bills acquired during the year	170,072,215,200	183,078,363,500
Treasury Bonds Maturing within 1 year	10,713,268,328	17,535,637,400
Total Treasury- bills & Bonds	180,785,483,528	222,059,204,900
Accrued Interest from T/Bonds	11,210,013,734	6,808,227,948
Accrued Interest from T/Bills	3,419,604,235	5,997,041,345
Accretion - Bonds	3,177,962,881	1,247,782,251
Sub-Total	17,807,580,850	14,053,051,544
	198,593,064,378	236,112,256,444

7. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash on hand and demand deposits. As at 30th June, 2020, the cash and cash equivalents for DIB were as shown in the table below:

PARTICULAR	2019/20 TZS	2018/19 TZS
Bank Balances A/c 9924196801	60,533,719,597	4,219,043,182
	60,533,719,597	4,219,043,182

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 premium from member institutions. DIB also invests the Fund resources in government securities and the interest income forms part of the Fund.

By 30th June, 2020 the Fund had grown to TZS 626,137.8 million as indicated in the table below.

PARTICULARS	2019/20 TZS	2018/19 TZS
Opening balance at 01 July	520,216,242,540	433,997,215,426
Net Income for the year	105,921,555,285	86,219,027,114
	<u>626,137,797,825</u>	<u>520,216,242,540</u>
	5	0
Less: Government Support to start the Fund	1,500,000,000	1,500,000,000
	<u>624,637,797,825</u>	<u>518,716,242,540</u>
NET POSITION OF THE FUND	<u>5</u>	<u>0</u>

9. 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 there were no capital grants received. The movement in the capital grant account during the year ended 30th June, 2020 is as presented below:

	2019/20 TZS	2018/19 TZS
Balance as at 1 st July, 2019	21,304,243	26,170,312
Grant received during the year	-	-
	<u>21,304,243</u>	<u>26,170,312</u>
Less: Amortization of capital grant	(3,085,182)	(4,866,069)
Balance at 30th June, 2020	<u>18,219,061</u>	<u>21,304,243</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. 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 32,468.5 million. The amount realized during the year was TZS 32,468.5 million. The amount assessed and collected for the next financial year was TZS 34,017.8 million which remained unrealized as at 30th June, 2020. The details of the movement in unrealized premium account is as presented below:

	2019/20 TZS	2018/19 TZS
Unearned balance as at 1 st July, 2019	32,468,535,534	31,198,088,785
Assessment during the year	34,017,774,871	32,468,535,534
Sub-total (A)	<u>66,486,310,405</u>	<u>63,666,624,319</u>
Amount realized per month	2,705,711,294	2,599,840,732
Total amount realized for the year (B)	<u>32,468,535,534</u>	<u>31,198,088,785</u>
Unearned balance as at 30 th June, 2020 (A-B)	<u>34,017,774,871</u>	<u>32,468,535,534</u>

11. OTHER LIABILITIES

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

Particulars	2019/20 TZS	2018/19 TZS
Earned leave payable	72,550,101	70,774,949
Account payable	104,129,199	304,761,639
Un earned penalty charge	-	12,191,523
Provision for audit fees	70,750,000	60,000,000
	<u>247,429,300</u>	<u>447,728,111</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 74,562.6 million was earned as interest income as indicated below:

PARTICULARS	ACTUAL	ACCRUED	TOTAL AS AT	TOTAL AS AT
	TZS	TZS	2019/20 TZS	2018/19 TZS
Treasury bills 182 days	545,651,011	-	545,651,011	249,844,989
Treasury bills 364 days	9,933,740,144	3,419,604,235	13,353,344,379	13,052,072,065
Treasury bonds	40,957,254,452	11,210,013,734	52,167,268,186	34,944,162,381
Accretion bonds	116,580,349	8,379,710,563	8,496,290,912	7,637,348,190
	<u>51,553,225,956</u>	<u>23,009,328,532</u>	<u>74,562,554,488</u>	<u>55,883,427,625</u>

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:

	2019/20 TZS	2018/19 TZS
Salaries	758,508,915	703,506,794
PSSSF expenses	113,158,526	107,025,002
Housing allowance	85,717,496	81,878,846
Transport and travelling	78,010,560	76,252,480
Medical expenses	39,083,346	29,748,762
Leave fare	51,702,300	49,548,612
Employees earned leave	46,912,421	48,119,260
Seminars and conference	188,240,526	52,222,093
Staff training	15,046,400	114,303,038
	<u>1,376,380,490</u>	<u>1,262,604,887</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 (a) ADMINISTRATIVE EXPENSES

	2019/20	2018/19
	TZS	TZS
Audit fees	70,750,000	75,023,840
Automation of DIB operations	45,681,240	11,480,000
Board expenses	318,561,250	316,696,478
DIB chart of accounts	-	6,037,600
Hospitality expenses	-	4,222,000
Meetings & work sessions (regional & international integration)	16,397,382	64,581,823
Office cleaning	10,000,000	10,000,000
Printing and publication	350,000	-
Public awareness expenses	359,234,935	217,923,500
Liquidation assistances expenses (bot budget envelop)	177,700,026	-
Refreshment	15,000,000	11,100,000
Rent office premises	361,358,400	357,163,466
Review of policies and manuals	16,806,900	59,335,680
Stationery, office supplies and news papers	30,088,600	27,088,600
Telephone charges	29,300,000	36,100,000
Water and electricity	66,100,000	62,315,000
Payout expenses	18,151,194	351,044,130
	<u>1,535,479,927</u>	<u>1,610,112,117</u>

14 (b) ADMINISTRATIVE EXPENSES PAID DURING THE YEAR

	2019/20
	TZS
Board expenses	283,224,250
Prior year annual accounts finalization	19,105,000
Prior year audit expenses	56,940,000
Seminars and conferences expenses for staff	188,240,526
Hospitality expenses	-
DIB Automation expenses	45,681,240
Payout support expenses	15,046,400
Payroll expenses	15,924,348
Review of policies and manuals	16,806,900
Printing expenses	350,000
Public awareness expenses for current and prior year unpaid balances	395,863,734
Other contributions	50,000,000
Staff Training expenses	15,046,400
IADI annual subscription	42,569,190
Meetings and Working Sessions	16,397,381
	<u>1,161,195,369</u>

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:

PARTICULARS	2019/20 TZS	2018/19 TZS
Social Welfare contribution to the government	50,000,000	-
IADI annual subscription	42,569,190	41,185,214
	92,569,190	41,185,214

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROVISION FOR REIMBURSEMENT OF DEPOSIT INSURANCE

During the year ended 30th June, 2020 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 3,419.4 million as amount payable to the depositors of those banks as at 30th June 2020 after a total of TZS 34.3 million was paid to depositors during the year, as shown in the table below:

SUMMARY OF PAYMENT TO DEPOSITORS

		TZS
	PAYMENTS IN FINANCIAL YEAR 2019/2020	
1-Jul-19	Opening balance	3,453,796,854
	TPB Paid depositors from July 2019 to 30 th June, 2020	26,377,150
	Various Transfers from DIF from July 2019 to 30 th June, 2020	7,970,006
	Subtotal	<u>34,347,156</u>
30-Jun-20	Closing Balance	<u>3,419,449,698</u>
	PAYMENTS IN FINANCIAL YEAR 2018/19	
1-Jul-18	Opening balance	3,950,806,077
	Payments during year 2018/19	
	FBME Bank Ltd (under liquidation) - Cash payments at FBME Kinondoni	59,171,138
	TPB Paid depositors from October 2018 to 30 th June 2019	114,269,761
	Various Transfers from DIF	7,580,968
	Amount payable to TPB as a result of depositors reimbursement	172,182,975
	Unspent balance at TPB advanced for deposit insurance payment	143,804,381
	Sub-Total	<u>497,009,223</u>
30-Jun-19	Amount Payable to depositors as at 30 June 2019	3,453,796,854
30-Jun-19	Additional provision for new bank closures	-
30-Jun-19	Closing Balance	<u>3,453,796,854</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. CONTRIBUTION FROM THE BANK OF TANZANIA

	2019/20	2018/19
	TZS	TZS
Salaries	749,825,331	569,785,578
PPF/ NSSF expenses	111,676,967	89,246,290
Housing allowance	84,894,408	72,001,784
Medical expenses	39,083,346	29,748,763
Leave pay	51,702,300	41,317,727
Employees earned leave	51,675,703	39,888,375
Board expenses & directorship fees	15,977,000	304,112,476
Telephone charges	29,300,000	36,100,000
Transport & travelling	78,010,560	76,252,480
Water & electricity	66,100,000	62,315,000
Stationery, newspapers and magazine	30,088,600	27,088,600
Rent office premises & cleaning	371,358,400	365,597,320
Liquidation assistances expenses (bot budget envelop)	177,700,025	-
Refreshments	15,000,000	11,100,000
Cash (from budget envelope)	-	29,099,140
	<u>1,872,392,640</u>	<u>1,753,653,533</u>

N.B: During the Year the Bank also provided conference facilities to DIB 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-20	30-Jun-19
	TZS	TZS
Kilimanjaro Cooperative Bank	228,522	-
TIB Development Bank Limited	11,963,000	-
Refund to DIF from TPB bank iro payout expenses	17,365,711	-
NMB Bank Plc.	-	183,579,619
Equity Bank Tanzania Limited	-	16,755,837
Azania Bank Limited	-	6,558,772
Akiba Commercial Bank Ltd	-	7,701,002
Maendeleo Bank Plc	-	1,933,581
Bank M Tanzania Public Limited Company	-	79,637,429
Tanzania Women's Bank Public Limited Company	-	2,097,150
	<u>29,557,233</u>	<u>298,263,390</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 30th June, 2020, DIB had paid TZS 7,591.7 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 30th 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 3,419.4 million in respect of deposit insurance payment to depositors of the closed banks as at 30th June, 2020.

21. CONTINGENT LIABILITIES

DIB had no contingent liabilities which require disclosure as at 30th June 2020.

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

	30-Jun-2020 TZS	30-Jun-2019 TZS
Directorship fees	101,176,470	86,470,588
Emoluments for Management Personnel: Salaries	<u>228,516,480</u>	<u>224,205,120</u>
	<u>329,692,950</u>	<u>310,675,708</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	Amount (TZS)
Opening balance of Investment	204,523,567,500
Add: Investment made during the year	170,072,215,200
	374,595,782,700
Less: closing balance	170,072,215,200
Actual Treasury Bills Redeemed	204,523,567,500
Interest received on T/Bills	
Opening balance of Accrued interest T/Bills	5,997,041,345
Add: Interest earned during the period	13,898,995,390
	19,896,036,735
Less: Closing balance of accrued interest on T/Bills	3,419,604,235
Actual Cash Interest received on Treasury Bills	16,476,432,500
Total Redemption of Treasury Bills	221,000,000,000

25. RECEIPTS FROM INTEREST ON T/BONDS

	Amount (TZS)
Opening balance of Accrued interest T/Bond	6,808,227,948
Add: Interest earned during the period	52,167,268,186
	58,975,496,134
Less: Closing balance of accrued interest on T/Bon	11,210,013,734
Interest received on Treasury Bond	47,765,482,400

26. REDEMPTION OF TREASURY BONDS

	Amount (TZS)
Treasury Bonds Maturing within 1 year	17,535,637,400
Accretion - Bonds	1,364,362,600
Redemption of Treasury Bonds	18,900,000,000

27. PURCHASE OF TREASURY BONDS

	Amount (TZS)
Treasury Bonds as at 30th June, 2020	381,482,279,012
Treasury Bonds Maturing within 1 year	10,713,268,328
Total Treasury Bonds	392,195,547,340
Treasury Bonds as at 1st July, 2019	298,111,432,840
Purchased Treasury Bonds	94,084,114,500

28. APPROPRIATION OF NET INCOME

The Net Income for the year was TZS 105,921.55 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.

DEPOSIT INSURANCE BOARD (DIB)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29.2 Liquidity Risk

The following is the liquidity profile of DIB at 30th 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
Financial Assets						
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
Total Financial Assets	65,223,232,256	12,197,746,648	36,768,739,419	145,666,014,775	403,939,617,649	663,795,350,747
Financial Liabilities						
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
Total financial Liabilities	194,114,717	179,971,037	340,706,555	612,463,211	2,339,623,478	3,666,878,998
Net Liquidity Gap	65,029,117,539	12,017,775,611	36,428,032,864	145,053,551,564	401,599,994,171	660,128,471,749

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29.3 Interest Rate Risk

The following is the interest rate profile of the financial instruments held as at 30th June 2020:

DESCRIPTION	Non-Interest TZS	Up to 1 Months TZS	1 to 3 Months TZS	3 to 6 Months TZS	6 to 12 Months TZS	Over 1 Year TZS
Financial Assets						
Cash and Cash Equivalents	60,533,719,597	-	-	-	-	-
Other assets	728,949,123	-	-	-	-	-
Investment in Treasury Bills/Bonds	-	4,076,450,760	12,197,746,648	36,768,739,419	145,550,127,550	403,939,617,649
Total Financial Assets	61,262,668,720	4,076,450,760	12,197,746,648	36,768,739,419	145,550,127,550	403,939,617,649
Financial Liabilities						
Other liabilities	247,429,300	-	-	-	-	-
Unearned Premium Income	34,017,774,871	-	-	-	-	-
Interest Rate Sensitivity gap	-	4,076,450,760	12,197,746,648	36,768,739,419	145,550,127,550	403,939,617,649

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 30th June 2020 was as follows:

DESCRIPTION	TZS	USD	GBP	UERO	TOTAL TZS
Financial Assets					
Cash and Cash Equivalents	60,533,719,597	-	-	-	60,533,719,597
Investment in treasury Bills/Bonds	602,532,682,027	-	-	-	602,532,682,027
Other Assets	728,949,123	-	-	-	728,949,123
Total Financial Assets	663,795,350,747	-	-	-	663,795,350,747
Financial Liabilities					
Unearned Premium Income	34,017,774,871	-	-	-	34,017,774,871
Reimbursement of deposit insurance payable	3,419,449,698	-	-	-	3,419,449,698
Other Liabilities	247,429,300	-	-	-	247,429,300
Total financial Liabilities	37,684,653,869	-	-	-	37,684,653,869
Net Position	626,110,696,878	-	-	-	626,110,696,878

30. COMPARATIVE FIGURES

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