

**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF DEPOSIT INSURANCE BOARD (DIB) FOR THE YEAR
ENDED 30TH JUNE, 2019**

Controller and Auditor General,
National Audit Office,
4 Audit Road,
P.O. Box 950,
41104 Tambukareli Dodoma.

Telephone: 255(026)2321759,
Fax: 255(026)2117527,
E-mail: ocag@nao.go.tz,
Website: www.nao.go.tz

March, 2020

AR/DIB/2018/2019

TABLE OF CONTENTS

CONTENTS

1.0	REPORT OF THE BOARD OF DIRECTORS	1
2.0	STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	8
3.0	DECLARATION OF THE ACCOUNTANT.....	9
	INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	10
	STATEMENT OF FINANCIAL POSITION	13
	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
	STATEMENT OF CHANGES IN FUND BALANCE	15
	STATEMENT OF CASHFLOWS.....	16
	NOTES TO THE FINANCIAL STATEMENTS	17

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

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.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

GENERAL INFORMATION

Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Sect. 10 (1) of the Public Audit Act No.11 of 2008.

Vision, Mission and Core Values

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 public institution, offering audit services to our clients in 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 behavior, rule of law and a 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.
- ✓ **Team work 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 appropriate training, adequate working tools and facilities that promote their independence.

© This audit report is intended to be used by Deposit Insurance Board. However, upon receipt of the report by the Speaker and once tabled in Parliament, it becomes a public record and its distribution may not be limited.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

1.0 REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2019

The Directors present this report together with the financial statements for the financial year ended 30th June 2019 which reveal the state of affairs of the Deposit Insurance Board (DIB).

1.1 ESTABLISHMENT

The Deposit Insurance Board is a body corporate whose establishment and existence is 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. Currently DIB is liquidating nine banks which were closed and placed under liquidation.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

1.5 COMPOSITION OF BOARD OF DIRECTORS

The DIB governing Board was appointed in August 2018

S/No.	Name	Position	Qualification/ Discipline	Age	Nationality	Date of appointment
1.	Prof. Florens D. A. M. Luoga	Chairman	Governor-BOT; PhD. Lawyer	60	Tanzanian	08/01/2018
2.	Mr. Khamis Mussa Omar	Member	Finance -Permanent Secretary (P/S) Ministry of Finance and Planning - RGZ.	53	Tanzanian	20/04/2006
3.	Prof. Esther K. Ishengoma	Member	Finance, Professor, University of Dar es Salaam Business School, UDSM	48	Tanzanian	28/08/2018
4.	Dr. Charles A. Mwamwaja	Member	Finance - Assistant Commissioner for Budget - MOFP (URT)	51	Tanzanian	28/08/2018
5.	Dr. Kenneth Mdadila	Member	PhD (economics), Development Economics & Financial Economics	39	Tanzanian	28/08/2018
6.	Ms. Fatma M. Makame	Member	Attorney, Attorney General Chambers (RGZ)	48	Tanzanian	22/03/2019

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.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

The DIB Audit Committee was constituted comprising of three members as indicated below:

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	28/08/2018
2	Mr. Khamis M. Omar	Member	Finance -Permanent Secretary (P/S) Ministry of Finance and Planning- RGZ.	Tanzanian	28/08/2018
3	Dr. Charles Mwamaja	Member	Finance - Assistant Commissioner for Budget - MOFP (URT)	Tanzanian	28/08/2018

1.6.2 MEETINGS

The Board held 4 meetings during the year ended 30th June 2019 while the Audit Committee held 6 meetings

S/No.	Names	Total	Meetings	
			Main Board	Audit Committee
	Number of Meetings			
1.	Prof. Florens D. A. M. Luoga	4	4	0
2.	Mr. Khamis Mussa Omar	9	4	5
3.	Prof. Esther K. Ishengoma	10	4	6
4.	Dr. Charles A. Mwamwaja	9	3	6
5.	Dr. Kenneth Mdadila	3	3	0
6.	Ms. Fatma M. Makame	2	2	0

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

- Approval of two year strategic plans - 2019/2020 and 2020/2021;
- Discussion of progress of implementation of 2018/2019 approved budget;
- Approval of 2017/2018 financial statements;
- 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;
- Approval of auditors' remuneration and letter of engagement.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

1.7 PERFORMANCE FOR THE YEAR

During the financial year 2018/2019 total assets increased by 18.5 percent. Specifically, total assets increased from TZS 469,614.2 million recorded in 2017/2018 to TZS 556,607.6 Million as at 30th June, 2019. The increase is attributed to the growth in investments in both Treasury Bills and Treasury Bonds. Premium contributions amounting to TZS 32,468.5 million in respect of the financial year 2019/2020 was received in advance in June 2019. The Deposit Insurance Fund increased from TZS 433,997.2 million to TZS 520,216.2 million which is equal to 19.9 percent increase. The increase in the Deposit Insurance Fund is attributed to Net Income earned during the year. The net Income during the year 2018/2019 increased by TZS 9,718.5 million to TZS 86,219.0 million from TZS 76,500.6 million recorded in June 2018, the increase is equivalent to 12.7 percent.

1.8 RISK MANAGEMENT AND INTERNAL CONTROL

When in place 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 2019 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.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

1.9 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.

1.10 DECLARATION OF INTERESTS

During the year ended 30th June, 2019, 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 14.

1.11 EMPLOYEES WELFARE

As at 30th June, 2019, the DIB had a total of 10 members of staff after one staff had retired during the year; seven of them were allocated from the Bank of Tanzania in terms of section 37 (11) of the Banking and Financial Institutions Act, 2006 while the remaining three members of staff were recruited by DIB. 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:

1.12 Management and Employees' Relationship

The Management maintained harmonious relationship with the employees during the year 2018/2019. There were no major issues or complaints registered by staff.

1.13 Training, Seminars and Conferences

During the year 2018/2019 a sum of TZS 166.5 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.

1.14 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 under review these services were provided by National Health Insurance Fund (NHIF) as provided by Section 2 (1) of the National Insurance Fund Act, 1999.

1.15 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.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

1.16 Physically Challenged Persons

The DIB does not discriminate any physically challenged person.

1.17 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 Sector Social Security Fund (PSSSF).

1.18 Gender Parity

During the year DIB had ten employees after retirement of one staff, of which five were female and five were male.

1.19 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-2019 TZS	30-Jun-2018 TZS
Board expenses (Directorship fees)	86,470,588	-
Emoluments for Management Personnel: Salaries	<u>224,205,120</u>	<u>333,591,760</u>
	<u>310,675,708</u>	<u>333,591,760</u>

There were no board expenses incurred during the financial year 2017/2018 because the Board of Directors was not in place during that period. The new Board was appointed in August 2018.

1.20 DONATIONS

Deposit Insurance Board did not make any donations during the year.

1.21 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 2018/2019 was 19.999 percent. Specifically, the Fund increased from TZS 433,997.2 million in the previous financial year to TZS 520,216.2 million as on 30th June, 2019. The Fund is projected to grow by 15.6 percent in the financial year 2018/2019 to TZS 601,217.7 million by 30th June 2020.


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 2019/2020 - 2020/2021 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 overall Plan Structure is presented by the DIB Scorecard.

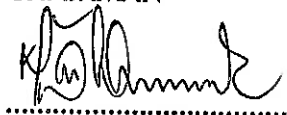
1.22 INDEPENDENT AUDITORS

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. However, in accordance to Section 33(1) of the Public Audit Act, the Controller and Auditor General engaged M/S Globe Accountancy Services 2013 to carry out the audit of DIB for the financial year ended 2018/2019.

Approved by the Board of Directors on and signed on behalf by:



CHAIRMAN



DIRECTOR

09.03., 2019

DATE

09-03-, 2019

DATE


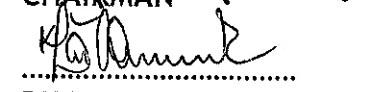
DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30TH JUNE, 2019

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 2019.

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

09.03 .
....., 2019

09 - 03 -
....., 2019
DATE

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

3.0 DECLARATION OF THE ACCOUNTANT FOR THE YEAR ENDED 30TH JUNE, 2019

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, Romulo F. Mita being the Accountant of the Deposit Insurance Board (DIB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2019 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: Romulo F. Mita

Position: Principal Accountant

NBAA Membership No.: ACPA 2282

Date:, 2019

INDEPENDENT REPORT OF CONTROLLER AND AUDITOR GENERAL

Chairman,
Board of Directors,
Deposit Insurance Board (DIB),
P.O. Box 2939,
DAR ES SALAAM.

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF DEPOSIT INSURANCE BOARD FOR THE YEAR ENDED 30TH JUNE, 2019

Unqualified Opinion

I have audited the financial statements of Deposit Insurance Board (DIB), which comprise the statement of financial position as at 30th June, 2019 and the statement of profit or loss and other comprehensive income, statement of changes in fund balance and statement of cash flow 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 30th June 2019, 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 Auditor's Responsibilities for the Audit of the financial statements section of my report. 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. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming our opinion thereon, and I would not provide a separate opinion on these matters. I have determined that there no key audit matters to communicate in my audit.

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 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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal controls 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 DIB'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 DIB or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities 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.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

In addition, Sect. 10 (2) of the Public Audit Act No.11 of 2008 requires me to satisfy myself that, the financial statements have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 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 (DIB) 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

National Audit Office,
Dodoma, Tanzania.

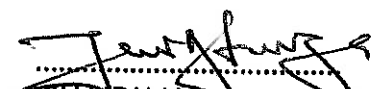
12th March, 2020

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

PARTICULARS	NOTE	30-Jun-19	30-Jun-18
		TZS	TZS
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	3	23,932,683	29,302,752
Investment in Treasury Bonds - Long Term maturity	4	315,511,644,693	248,361,609,487
		315,535,577,376	248,390,912,239
CURRENT ASSETS			
Other Assets	5	740,730,280	565,083,982
Investment in Treasury bills/Bonds - Short Term Maturities	6	236,112,256,444	214,359,159,004
Cash and cash Equivalents	7	4,219,043,182	6,298,995,889
		241,072,029,906	221,223,238,875
TOTAL ASSETS		556,607,607,282	469,614,151,114
FUND AND LIABILITIES			
FUND			
Deposit Insurance Fund	8	520,216,242,540	433,997,215,426
NON-CURRENT LIABILITIES			
Capital Grant	9	21,304,243	26,170,312
		21,304,243	26,170,312
CURRENT LIABILITIES			
Unearned Premium Income	10	32,468,535,534	31,198,088,785
Reimbursement of deposit insurance payable	16	3,453,796,854	3,950,806,077
Other Liabilities	11	447,728,111	441,870,514
		36,370,060,499	35,590,765,376
TOTAL FUND AND LIABILITIES		556,607,607,282	469,614,151,114

NOTES 1 TO 26 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.


.....
CHAIRMAN


.....
DIRECTOR

DATE....., 2019

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30TH JUNE, 2019**

PARTICULARS	NOTE	30-Jun-19	30-Jun-18
		TZS	TZS
INCOME			
Premium	10	31,198,088,785	29,620,460,424
Interest	12	55,883,427,625	53,802,067,084
Contribution from BOT	17	1,753,653,533	1,953,995,460
Other Income (Penalty charge)	18	298,263,390	-
Amortization of Capital Grant	9	4,866,069	15,282,269
TOTAL INCOME		89,138,299,402	85,391,805,237
OPERATING EXPENSES			
Personnel	13	1,262,604,887	1,331,057,398
Administrative	14(A)	1,259,067,987	793,701,233
Payout expenses	14(B)	351,044,130	1,005,570,876
Contribution and Subscription	15	41,185,214	40,589,013
Depreciation	3	5,370,070	15,786,269
Provision for reimbursement of Deposit Insurance to depositors	16	-	5,704,548,740
TOTAL EXPENSES		2,919,272,288	8,891,253,529
NET INCOME		86,219,027,114	76,500,551,708

NOTES 1 TO 26 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30TH JUNE, 2019

	DEPOSIT INSURANCE FUND	OTHER RESERVES	TOTAL
	TZS	TZS	TZS
Balance at 1 July 2018	433,997,215,426	-	433,997,215,426
Surplus (Deficit) during the period	86,219,027,114	-	86,219,027,114
Balance at 30 June 2019	520,216,242,540	-	520,216,242,540
Balance at 01 July 2017	357,496,663,718		357,496,663,718
Surplus (Deficit) during the period	76,500,551,708		76,500,551,708
Balance at 30 June 2018	433,997,215,426	-	433,997,215,426

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2019

DESCRIPTION	30-Jun-19 TZS	30-Jun-18 TZS
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Premium Payment	32,468,535,534	31,198,088,785
Payments for Operating & Administrative Expenses	(1,303,903,909)	(1,370,309,434)
Reimbursement to depositors of closed banks	(708,993,787)	(7,060,307,372)
Other Receipts and Payments		
Revenue grant (Cash)	-	216,607,500
Receipts from Penalty charges	230,965,335	67,680,915
Receipts from Refunds and Accounts Receivable	71,903,220	762,280,205
Payments ifo FBME and Mbinga liquidation accounts	(10,140,000)	(132,837,916)
NET CASH FLOW FROM OPERATING ACTIVITIES	30,748,366,393	23,681,202,683
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of Treasury Bills	203,887,000,000	163,006,800,000
Purchase of Treasury Bills	(204,523,567,500)	(208,529,782,352)
Receipts from Interest on T/Bonds	33,974,937,400	28,153,912,560
Redemption of Treasury Bonds	12,300,000,000	68,938,700,000
Purchase of Treasury Bonds	(78,466,689,000)	(84,055,950,100)
Purchase of Fixed Assets	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(32,828,319,100)	(32,486,319,892)
Net Decrease in Cash and Cash Equivalents	(2,079,952,707)	(8,805,117,209)
Cash and cash equivalent at the beginning of the period	6,298,995,889	15,104,113,098
Cash and cash equivalent at the end of the period	4,219,043,182	6,298,995,889

NOTES 1 TO 26 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

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
- 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.

PRINCIPAL ACCOUNTING POLICIES

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 premia are collected prior to commencement of the year of income. The premia are 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 amortised 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 recognised, 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 recognised 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%
Motor Vehicles	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.

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 Income Statement 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.

NOTE 3: PROPERTY, PLANT & EQUIPMENT

DESCRIPTION	OFFICE FURNITURE AND EQUIPMENT TZS	COMPUTERS TZS	TOTAL TZS
COST:			
Balance at 1 July 2017	54,176,737	112,541,131	166,717,868
Additions during the Year	-	-	-
Balance at 30 June 2018	54,176,737	112,541,131	166,717,868
ACCUMULATED DEPRECIATION:			
Balance at 1 July 2017	32,349,867	89,278,979	121,628,846
Depreciation Charge for the Year	4,878,969	10,907,300	15,786,269
Balance at 30 June 2018	37,228,836	100,186,279	137,415,115
NET BOOK VALUE AT 30 JUNE 2018	16,947,901	12,354,851	29,302,752
COST:			
Balance at 1 July 2018	54,176,737	112,541,131	166,717,868
Additions during the Year	-	-	-
Balance at 30 June 2019	54,176,737	112,541,131	166,717,868
ACCUMULATED DEPRECIATION:			
Balance at 1 July 2018	37,228,836	100,186,279	137,415,115
Depreciation Charge for the Year	4,126,593	1,243,477	5,370,070
Balance at 30 June 2019	41,355,429	101,429,756	142,785,185
NET BOOK VALUE AT 30 JUNE 2019	12,821,308	11,111,375	23,932,683

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4.0: INVESTMENTS IN LONG TERM MATURITIES - TREASURY BONDS

PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
2 - Years Bonds	-	17,535,637,400
5 - Years Bonds	77,674,404,594	77,674,404,594
7 - Years Bonds	50,337,236,566	50,337,236,566
10 - Years Bonds	127,922,877,680	91,633,102,680
15 - Years Bonds	21,794,550,000	-
20 - Years Bonds	20,382,364,000	-
Sub-Total	298,111,432,840	237,180,381,240
ADD: Accretion Bonds	17,400,211,853	11,181,228,247
TOTAL INVESTMENT	315,511,644,693	248,361,609,487

NOTE 5.0: OTHER ASSETS

Account Receivable and Prepayments		
Unspent balance at TPB for deposit insurance	553,672,098	143,804,381
FBME Liquidation Account (Encumbrance)	-	4,300,000
FBME Liquidation Account (Actual)	10,140,000	37,688,406,406
Mbinga Com.Bank Liquidation Account (Actual)	43,337,122	43,337,122
Penalty charge receivable (TIB Development Bank)	11,963,000	230,582,473
Prepaid IADI Annual Subscription fees	31,065,374	30,830,090
Subscription fees Refundable - IADI	28,008,622	-
Employees Earned Leave Receivable (BOT Staff)	62,544,064	74,541,510
TOTAL	740,730,280	565,083,982

NOTE 6.0: INVESTMENT IN SHORT TERM MATURITIES - TREASURY BILLS AND BONDS WITH MATURITY OF LESS THAN OR EQUAL TO ONE YEAR PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
182 - Treasury Bills	21,445,204,000	-
364 - Treasury Bills	183,078,363,500	190,262,660,027
Treasury Bonds Maturing within 1 year	17,535,637,400	10,013,184,000
Total T- bills & Bonds	222,059,204,900	200,275,844,027
Accrued Interest from T/Bonds	6,808,227,948	5,843,852,990
Accrued Interest from T/Bills	5,997,041,345	6,319,464,264
Accretion - Bonds	1,247,782,251	1,919,997,723
Sub-Total	14,053,051,544	14,083,314,977
TOTAL	236,112,256,444	214,359,159,004

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30THJUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7.0: CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash on hand and demand deposits. As at 30th June, 2019, the cash and cash equivalents for DIB were as shown in the table below:

PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
Bank Balances A/c 9924196801	4,219,043,182	6,105,447,339
Cash in Hand (Balance at FBME branches)	-	193,548,550
TOTAL	4,219,043,182	6,298,995,889

NOTE 8.0: 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. The DIB also invests the Fund resources in government securities and the interest income forms part of the Fund.

By 30th June, 2019 the Fund had grown to TZS 520,216.2 million as indicated in the table below.

PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
Balance at 1 st July	433,997,215,426	357,496,663,718
Net Income for the year	86,219,027,114	76,500,551,708
Balance at 30 th June	520,216,242,541	433,997,215,426
Initial Government Support	(1,500,000,000)	(1,500,000,000)
NET INCREASE IN THE FUND SINCE 1994	518,716,242,541	432,497,215,426

NOTE 9.0: CAPITAL GRANT

The 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.

PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
Balance as at 1 July	26,170,312	41,452,581
Grant received during the Year	-	-
Sub-Total	26,170,312	41,452,581
Less: Amortisation of capital grant	(4,866,069)	(15,282,269)
Balance at 30 June	21,304,243	26,170,312

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10.0: PREPAID PREMIUM ASSESSMENT

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 31,198.1 million. The amount realized during the year was TZS 31,198.1 million. The amount assessed and collected for the next financial year was TZS 32,468.5 million which remained unrealized as at 30th June, 2019 as indicated below.

PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
Unearned balance as at 1 st July	31,198,088,785	29,620,460,424
Assessment during the Year	<u>32,468,535,534</u>	<u>31,198,088,785</u>
Sub total (A)	63,666,624,319	60,818,549,209
Amount realized per month (on 1 st July balance)	<u>2,599,840,732</u>	<u>2,468,371,702</u>
Total amount realized for the year (B)	31,198,088,785	29,620,460,424
Unearned balance as at 30 June (A-B)	32,468,535,534	31,198,088,785

NOTE 11.0: OTHER LIABILITIES

Other liabilities include Earned Leave Payable, Accounts Payable, Provision for Audit Fees and Provision for Payout to depositors of banks placed under liquidation.

PARTICULARS	30-Jun-19 TZS	30-Jun-18 TZS
Earned Leave Payable	70,774,949	74,541,510
Account Payable	304,761,639	14,065,614
Un earned penalty charge	12,191,523	298,263,390
Provision for Audit Fees	60,000,000	55,000,000
TOTAL	447,728,111	441,870,514

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12.0: 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 55,883.4 million was earned as interest income as indicated below:

PARTICULARS	ACTUAL	ACCRUED	TOTAL AS AT	TOTAL AS AT
	TZS	TZS	30.06.2019	30.06.2018
			TZS	TZS
Treasury Bills 182 days	240,700,000	9,144,989	249,844,989	1,583,445,202
Treasury Bills 364 days	7,064,175,709	5,987,896,356	13,052,072,065	13,910,405,539
Treasury Bonds	28,135,934,434	6,808,227,947	34,944,162,381	29,053,876,403
Accretion Bonds	366,818,277	7,270,529,913	7,637,348,190	9,254,339,940
TOTAL	35,807,628,420	20,075,799,205	55,883,427,625	53,802,067,084

NOTE 13.0: PERSONNEL EXPENSES

Personnel expenses refer to salaries and related emoluments, seminars and conference and staff training expenses.

DESCRIPTION	30-Jun-19	30-Jun-18
	TZS	TZS
Salaries	703,506,794	747,693,239
PSSF Board's Contribution	107,025,002	133,442,247
Housing Allowance	81,878,846	108,128,500
Transport and Travelling	76,252,480	113,007,507
Medical Expenses	29,748,762,762	43,520,232
Leave pay	49,548,612	62,307,770
Employees Earned Leave	48,119,260	60,769,214
Seminars and Conference	52,222,093	37,953,433
Staff Training	114,303,038	24,235,256
TOTAL	1,262,604,887	1,331,057,398

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 (A): ADMINISTRATIVE EXPENSES

PARTICULARS	30.06.2019	30.06.2018
	TZS	TZS
Audit fees	75,023,840	47,801,360
Automation of DIB operations	11,480,000	-
Bank Examination Expenses	-	-
Board Expenses	316,696,478	-
DIB Chart of Accounts	6,037,600	-
Hospitality expenses	4,222,000	9,603,000
Legal Expenses	-	56,693,030
Meetings & Work Sessions (Regional & International Integration)	64,581,823	102,970,212
Office Cleaning	10,000,000	10,000,000
Printing and Publication	-	18,560,000
Public awareness Expenses	217,923,500	37,487,300
Refreshment	11,100,000	11,100,000
Rent Office Premises	357,163,466	355,597,320
Review of policies and manuals	59,335,680	22,828,000
Stationery, Office Supplies and News Papers	27,088,600	22,646,011
Telephone Charges	36,100,000	36,100,000
Water and Electricity	62,315,000	62,315,000
TOTAL	1,259,067,987	793,701,233

NOTE 14 (B): PAYOUT EXPENSES

PARTICULARS		
Payout expenses	351,044,130	1,005,570,876
TOTAL	351,044,130	1,005,570,876

NOTE 15.0: 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. DIB also contributes to the Tanzania Financial Stability Forum.

CONTRIBUTION AND SUBSCRIPTION

PARTICULARS	30.06.2019	30.06.2018
	TZS	TZS
IADI Annual Subscription	41,185,214	40,589,013
TOTAL	41,185,214	40,589,013

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16.0: PROVISION FOR REIMBURSEMENT OF DEPOSIT INSURANCE

During the year ending 30th June, 2019 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 3,950.8 million as amount payable to the depositors of those banks as at 30th June 2019 after a total of TZS 497.0 million was paid to depositors during the year, as shown in the table below:

SUMMARY OF PAYMENT TO DEPOSITORS FOR THE YEAR 2018/2019		TZS
01-Jul-18	Opening balance	3,950,806,077
	Payments during year 2018/2019	
	FBME Bank Ltd (under liquidation) - Cash payments at FBME Kinondoni	59,171,138
	TPB Paid depostors from October 2018 to 30 June 2019	114,269,761
	Various Transfers from DIF	7,580,968
	Amounts payable to TPB as a result of depositor's reimbursement	172,182,975
	Utilisation of unspent funds by TPB as at 30.06.2018, which were advanced for deposit insurance payment	143,804,381
	Sub-Total	497,009,223
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	Total Reimbursement Payable at the end of the period	3,453,796,854

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17: CONTRIBUTION FROM THE BANK OF TANZANIA

DESCRIPTION	30-Jun-19 TZS	30-Jun-18 TZS
Salaries	569,785,578	709,608,689
PPF/ NSSF Board's Contribution	89,246,290	127,729,564
Housing Allowance	72,001,784	104,320,045
Medical Expenses	29,748,763	43,520,232
Leave pay	41,317,727	57,595,502
Employees Earned Leave	39,888,375	57,595,501
Board Expenses & Directorship fees	304,112,476	-
Telephone Charges	36,100,000	36,100,000
Transport & travelling	76,252,480	113,007,507
Water & Electricity	62,315,000	62,315,000
Stationery, News Papers and Magazine	27,088,600	27,088,600
Rent office premises & Cleaning	365,597,320	365,597,320
Refreshments	11,100,000	11,100,000
Cash (from Budget Envelope)	29,099,140	238,417,500
TOTAL	1,753,653,533	1,953,995,460

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

NOTE 18.0: OTHER INCOME

S/No.	BANK/FINANCIAL INSTITUTION	PENALTY CHARGE (TZS)
1	NMB Bank Plc.	183,579,619
2	Equity Bank Tanzania Limited	16,755,837
3	Azania Bank Limited	6,558,772
4	Akiba Commercial Bank Ltd	7,701,002
5	Maendeleo Bank Plc	1,933,581
6	Bank M Tanzania Public Limited Company	79,637,429
7	Tanzania Women's Bank Public Limited Company	2,097,150
	TOTAL	298,263,390

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19.0: 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, 2019, DIB had paid TZS 7,557.3 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.

NOTE 20.0: OUSTANDING COMMITMENTS

DIB had outstanding commitment of TZS 3,453.8 million in respect of deposit insurance payment to depositors of the closed banks as at 30th June, 2019.

NOTE 21.0: CONTINGENT LIABILITIES

DIB had no contingent liabilities which require disclosure as at 30th June 2019.

NOTE 22.0: RETIREMENT/ PENSION FUNDS ARRANGEMENT

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

NOTE 23.0: RELATED PARTY DISCLOSURES

23.1 PAYMENTS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

PARTICULARS	30-Jun-2019 TZS	30-Jun-2018 TZS
Board expenses (Directorship fees)	86,470,588	-
Emoluments for Management Personnel: Salaries	224,205,120	333,591,760
TOTAL	310,675,708	333,591,760

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note:

There were no board expenses incurred during the financial year 2017/2018 because Board of Directors was not in place during that period. The new Board was appointed in August 2018.

- 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.

NOTE 24.0: APPROPRIATION OF NET INCOME

The Net Income for the year was TZS 86,219.0 million. The entire amount has been transferred to the Deposit Insurance Fund.

NOTE 25.0: 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:

25.1 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.

25.2 Liquidity Risk

The following is the liquidity profile of DIB at 30th June 2019:

Description	Up to 1 month TZS	1 to 3 month TZS	3 to 6 Month TZS	6 to 12 month TZS	Over 1 year TZS	Total TZS
Financial Assets						
Cash and cash equivalents	4,219,043,182	-	-	-	-	4,219,043,182
Investment in Treasury Bills/Bonds	43,325,595,422	24,561,089,728	55,759,894,517	112,465,676,777	315,511,644,693	551,623,901,137
Other assets	603,783,720	-	-	-	136,946,560	740,730,280
Property, plant and equivalent	-	-	-	-	23,932,683	23,932,683
Total financial assets	48,148,422,324	24,561,089,728	55,759,894,517	112,465,676,777	315,672,523,936	556,607,607,282
Financial liabilities						
Unearned Premium Income	2,705,711,295	5,411,422,589	8,117,133,884	16,234,267,767	-	32,468,535,534
Reimbursement of deposit insurance payable	89,356,509	178,713,019	268,069,528	536,139,056	2,381,518,742	3,453,796,854
Other Liabilities	316,953,163	-	60,000,000	70,774,949	-	447,728,111
Total Financial Liabilities	3,112,020,966	5,590,135,608	8,445,203,412	16,841,181,772	2,381,518,742	36,370,060,499
Net liquidity gap	45,036,401,357	18,970,954,120	47,314,691,105	95,624,495,006	313,291,005,195	520,237,546,783

DEPOSIT INSURANCE BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

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

25.3 Interest Rate Risk

The following is the liquidity profile of DIB at 30th June 2019:

	Total	Non Interest	Up to 1 month	1-3 month	3-6 Month	6-12 month	Over 1 year
	TZS	TZS	TZS	TZS	TZS	TZS	TZS '000
Financial Assets							
Cash and cash equivalents	4,219,043,182	4,219,043,182	.	.	.	.	.
Investment in Treasury Bills/Bond	551,623,901,137	.	43,325,595,422	24,561,089,728	55,759,894,517	112,465,676,777	315,511,644,693
Total financial assets	555,842,944,319	4,219,043,182	43,325,595,422	24,561,089,728	55,759,894,517	112,465,676,777	315,511,644,693
Financial liabilities							
Unearned Premium Income	32,468,535,534	32,468,535,534	.	.	.	.	.
Interest rate sensitivity gap	523,374,408,785	(28,249,492,352)	43,325,595,422	24,561,089,728	55,759,894,517	112,465,676,777	315,511,644,693

25.4 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 2019 was as follows:

Description	Total	USD	GBP	EURO	TZS
	TZS	TZS	TZS	TZS	
Financial Assets					
Cash and cash equivalents	4,219,043,182	0	0	0	4,219,043,182
Investment in Treasury Bills/Bonds	551,623,901,137	0	0	0	551,623,901,137
Other assets	740,730,280	0	0	0	740,730,280
Total Financial assets	556,583,674,599	0	0	0	556,583,674,599
Financial liabilities					
Unearned Premium Income	32,468,535,534	0	0	0	32,468,535,534
Reimbursement of deposit insurance paya	3,453,796,854	0	0	0	3,453,796,854
Other Liabilities	447,728,111	0	0	0	447,728,111
Total Financial liabilities	36,370,060,499	0	0	0	36,370,060,499
Net position	520,213,614,100	0	0	0	520,213,614,100

NOTE 26.0: COMPARATIVE FIGURES

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