

2024 ANNUAL REPORT

DEPOSIT INSURANCE SCHEME OF BOTSWANA



We guarantee the safety of your deposits



Preamble

The Deposit Insurance Scheme of Botswana (DISB) is required, under regulation 16 of the Bank of Botswana (Deposit Insurance Scheme) Regulations, 2023 (DISB Regulations) to submit to the Minister of Finance, by 31 March of each year, a report on the operations of the DISB, together with audited accounts.

In pursuit of this requirement, the DISB has the pleasure to present the 2024 Annual Report and Audited Financial Statements for the period ended 31 December 2024.

List of Abbreviations

ARC	Africa Regional Committee
BSE	Botswana Stock Exchange
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk
CIPA	Companies and Intellectual Property Authority
DIC	Deposit Insurance Committee
DISB	Deposit Insurance Scheme of Botswana
D-SIBs	Domestic Systematically Important Banks
GDP	Gross Domestic Product
IADI	International Association of Deposit Insurers
FISC	Finance and Investment Sub Committee
FSAP	Financial Sector Assessment Program
FSC	Financial Stability Council
FIA	Financial Intelligence Agency
IFRS	International Financial Reporting Standards
MoU	Memorandum of Understanding
MTP	Medium-Term Plan
NBFIRA	Non-Bank Financial Institutions Regulatory Authority

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Mission

To provide deposit protection for depositors, through building a sustainable deposit insurance fund, thereby enhancing public confidence in the safety of deposits and promoting stability of the domestic financial system.

Vision

A trusted world class deposit insurer that promotes the stability of the domestic financial system.

Core Values

- | | | |
|--------------------------------------|-----------------------------------|------------|
| • Trust and respect for stakeholders | • Openness and transparency | • Teamwork |
| • Excellence | • Good governance | |
| • Honesty and Integrity | • Confidentiality and objectivity | |

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Chairperson's Statement



On behalf of the Deposit Insurance Committee (Committee) and Management of the Deposit Insurance Scheme of Botswana (DISB), I am pleased to present the Annual Report and the audited financial statements for the year ended 31 December 2024. This is the second annual report following the coming into operation of the DISB on 21 July 2023. Indeed, the DISB has made significant progress in the 18 months of its existence. The celebrated milestones in the Annual Report would not have been possible without the support of the Ministry of Finance and the Bank of Botswana, who laid the groundwork for the establishment of the DISB. The Ministry of Finance was instrumental in the passing of the enabling legislation and the quick turnaround time in appointing the gender balanced and experienced Committee members to provide oversight on the operations of the DISB. The confidence and trust placed on Committee members to lead the DISB on its maiden voyage is commendable and it is indeed an even greater honour that I have been appointed the first chairperson of the DISB. I wish to also commend the Bank of Botswana for providing facilities and financial resources, including seconded officers to ensure that there is proper and efficient exercise of the functions of the Committee and purposes of the DISB.

Following the Committee members' appointment on 1 April 2024 by the Minister of Finance, the Committee embarked on an ambitious work programme to approve key policies in the shortest time possible to enable the DISB to function.

The Director and staff of the DISB have been working tirelessly during this formative period to draft the policies (and operating manuals) and presenting them for approval by the Committee. Let me also take this opportunity to thank Committee members for attending all scheduled Committee meetings and their great contributions during deliberations on strategic and other related matters of the DISB.

I wish to indicate that the DISB operates under a "paybox plus" mandate. This mandate allows for the pay out of deposits in the rare event of failure by a member institution, and involves additional functions, such as monitoring the condition of the banking industry to estimate the risk of loss to the Deposit Insurance Fund (Fund) and taking action to forestall such losses. All commercial banks that are licensed by Bank of Botswana as well as the Botswana Savings Bank have been registered as member institutions of the DISB. During the year under review, the DISB did not register any new member institutions, and neither did any of the existing member institutions show signs of distress and/or failure.

It is also important that the public is always informed that "the DISB guarantees repayment of a protected deposit up to a maximum of P250 000 per depositor per member institution".

Finally, the "paybox plus" mandate, also enables the DISB to play a key role in the resolution of failed banks and this mandate is deemed to be the most appropriate arrangement for Botswana because it is less costly and easy to administer. Furthermore, this mandate does not duplicate the functions of the existing prudential regulation and supervision authority.

I, therefore, look forward to a fulfilling partnership and cooperation with the existing domestic prudential regulation and supervisory authorities (i.e. other safety net participants) and all our stakeholders to ensure continued consumer protection and financial stability.


Claire Wathe-Lisenda

CHAIRPERSON

Message from the Director



Once again, the DISB has completed another exciting but challenging financial year. The 2024 Annual Report highlights these achievements and incomplete projects. We are proud to report that by year end 2024, the DISB was fully operational. The governing body, namely, the Deposit Insurance Committee (Committee) had been appointed by the Minister of Finance on 1 April 2024 and had by end of the reporting period approved a number of significant policies which enabled the DISB to make significant progress in its first year of operation; the Deposit Insurance Fund (Fund) had the first premium contributions paid into its account, thus the DISB could now cover its operating expenses from the Fund; Fund monies were invested in treasury bills and treasury bonds of varying maturities consistent with the Investment Policy objectives of preservation of Fund capital, maintenance of liquidity, return on investment and adequate risk management practices.

The Annual Report outlines the performance of the DISB with regards to achieving its mandate and fulfilling the expectations of its stakeholders in 2024.

Other major achievements for the year 2024 include the following:

- (i) The Governing Body approved several key policies such as the Premium Contributions Policy, the Investment Policy, the Public

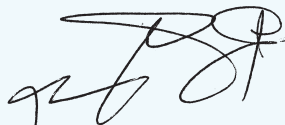
Awareness and Communications Policy and also passed a resolution delegating some of its functions to the Director of the DISB.

- (ii) The Committee established and appointed members of the Finance and Investment Subcommittee (FISC) and delegated some of its functions to the FISC. Some of the functions of the FISC include providing oversight on all finance and investment matters of the DISB and ensuring that the Fund is managed in a manner consistent with the policies approved by the Committee.
- (iii) The DISB prepared and submitted to the Minister of Finance its 2023 inaugural Annual Report in June 2024, following the first meeting of the Committee. The DISB also published the annual report as per the requirements of the DISB Regulations.
- (iv) The DISB applied and was admitted as a full member of the International Association of Deposit Insurers (IADI). The DISB has previously been participating in activities of IADI and its regional body, the African Regional Committee (ARC) as an associate member under the membership of the Bank. The benefits of IADI full membership include technical assistance, including capacity building, conferences and executive training; access to E-learning through Financial Stability Institute (FSI) connect, a web-based information resource and learning tool provided by the FSI of the Bank for International Settlements (BIS); strengthening of IADI member institutions' deposit insurance systems through the IADI collaborative contribution to global financial stability; access to wealth of information through IADI research on topics of interest to practitioners and other interested academic and policy experts.

The DISB's incomplete projects include the draft 2025-2029 Medium-Term Plan (MTP), which was presented for approval to the Committee at their end of year meeting, but they deferred it pending further discussions on the plan. The MTP articulates the vision and mission of the DISB, strategic initiatives and actions, as well as the specific goals and values that drive implementation, monitoring and review of the MTP. The statutory returns project, which was planned for completion by end of 2024 was delayed due to extended engagements with member institutions. Last but not least, the finalisation and signing of the Memorandum of Agreement between the Bank of Botswana and the DISB on collaboration and information sharing in fostering financial stability by effectively responding to the risk of, and actual failure of a member institution, was still outstanding by end of year.

The DISB expects to conclude all these outstanding projects as early as possible in the new year.

Finally, I wish to express great appreciation to the dedicated staff seconded to the DISB for implementing key projects on time. They are a small team, but all the achievements highlighted in this Annual Report reflect their commitment as they went about tasks with vigour. I wish them a rewarding year ahead and trust that they will continue to triumph against challenges associated with a start-up entity. To our stakeholders, I assure them that the DISB brand will grow in visibility. The DISB will ensure that the outreach programmes messages resonate well with each one of them personally and collectively. The DISB exists to guarantee the safety of customer deposits in the rare event of failure of a member institution.



Goememang Baattholeng
DIRECTOR

1. Management Discussion and Analysis

(i) DISB's Operating Environment

Economic Review

The DISB has a mandate to promote financial stability by enhancing public confidence in the safety of deposits and promoting the stability of member institutions. This function entails, monitoring the performance of member institutions under varying economic conditions, with a view to ensuring early detection of vulnerabilities that could lead to distress in some member institutions and to collaborate with the central bank to effectively respond to the risk of and actual failure of a member institution.

Estimates from the Ministry of Finance indicate that Botswana's economy contracted by 3.1 percent in 2024, a marked slowdown from 3.2 percent growth registered in 2023. The contraction in GDP was mainly due to the downturn in the diamond industry, driven by weak global demand. The domestic economy is anticipated to grow below its potential at 3.3 percent in 2025. Monetary policy also remains largely accommodative, given the projections for inflation being low into the medium term, therefore, conducive for financing of economic activity, and enabling traction of economic transformation and policy reforms. In 2024, the exchange rate policy was implemented in line with the objective of maintaining price competitiveness of local producers for similar products in both the domestic and international markets. On fiscal policy, it was announced in the 2025/2026 Budget Speech, that the Government will continue to run budget deficits during the Transitional National Development Plan, financed through fiscal savings, external and domestic borrowing. Looking ahead, there is Government commitment to rebuild fiscal buffers and restore budget sustainability through enhanced mobilisation of domestic revenue resources.

At the global level, the economy remained subdued in 2024 on account of the lagged effects of restrictive monetary policies implemented in 2023, increasing geo-economic fragmentation, extreme weather conditions and low underlying productivity growth. Consequently, growth remained low and uneven across countries and regions. Hence, global economic growth is estimated to have expanded by 3.2 percent in 2024, slightly lower than the 3.3 percent in 2023.

Although the DISB operated in a challenging macroeconomic environment during the period under review, the Financial Stability Council (FSC) to which the DISB is a member, determined that the domestic financial system remained resilient, robust, safe, sound and unconstrained in supporting economic activity. This resilience is underpinned by appropriate policy frameworks, effective regulatory and supervisory measures, as well as resultant sustained profitability and solvency of banks and non-banks. The FSC noted the uncertain macroeconomic environment, characterised by a subdued fiscal position and slow economic growth, as a potential source of risk to financial stability. In the circumstances, the FSC will continue to vigilantly monitor credit exposures and risks to inform timely intervention, as warranted, to safeguard financial stability.


Regulatory review

During the period under review, there were no significant developments on legal and regulatory reforms that could impact on the business of the DISB.

(ii) DISB Membership

Membership of the DISB is mandatory for all commercial banks and deposit taking institutions licensed by Bank of Botswana. As of 31 December 2024, the total number of member institutions of the DISB remained at 10 (ten), which included all commercial banks licensed by the Bank of Botswana, as well as Botswana Savings Bank, which is a state-owned bank (Figure 1.1). All the member institutions have membership certificates (Figure 1.2) which they are required to display in a conspicuous place in all their branches and outlets.

Figure 1.1: List of Members of the DISB as at 31 December 2024



LIST OF MEMBERS OF THE DEPOSIT INSURANCE SCHEME OF BOTSWANA

- Absa Bank Botswana Limited
- Access Bank Botswana Limited
- Bank of Baroda (Botswana) Limited
- Bank Gaborone Limited
- BBS Bank Limited
- Botswana Savings Bank
- First Capital Bank Limited
- First National Bank of Botswana Limited
- Stanbic Bank Botswana Limited
- Standard Chartered Bank Botswana Limited.

Figure 1.2: A sample of the membership certificate



CERTIFICATE NO.....

Sample *Sample*

MEMBERSHIP CERTIFICATE:

This is to certify that

.....

Licence No:

Is a member of the Deposit Insurance Scheme of Botswana and that the deposits of each depositor in this member institution are protected to the maximum amount provided by the Bank of Botswana (Deposit Insurance Scheme) Regulations, 2023.

Sample *Sample*

Director
Deposit Insurance Scheme of Botswana

iii) **Administration of the Deposit Insurance Fund (Fund)**

P55 000 000 in Treasury bills and Treasury bonds of varying maturities.

The responsibility of the DISB relating to administration of the Fund is the assessment and collection of premium contributions from member institutions. The DISB's Premium Contributions Policy, which guides on the rate, calculation and how the premium contributions are to be collected, was approved by the Committee at its May 2024 meeting. Subsequent to the approval of the Policy, the DISB collected a total of P31 214 759 from member institutions as first premium contributions for the year 2024. These funds were invested in Treasury bills and Treasury bonds as captured below.

Deposit Protection Coverage and other Expenses of the Fund

The DISB's coverage limit is set at P250 000 per depositor per member institution in the rare event of failure of a member institution. The DISB protects deposits held by natural persons as well as legal entities, whether they are from Botswana or from other countries. The set limit is standard across all different types of deposits. The set limit, which is higher compared to that of other African deposit insurers, is expected to cover even deposits of small, micro and medium enterprises (SMMEs).

Investment of Fund Monies

The DISB is mandated by regulation 13(2)(a) to invest in Government treasury bills and bonds to preserve the Fund capital and for maintenance of liquidity. However, the DISB may invest in other securities, as may be determined by the Committee. The DISB's Investment Policy that outlines the parameters for investment of Fund monies, the risk appetite and overall investment objectives, was approved by the Committee in September 2024. As at 31 December 2024, the DISB had participated in two Government Securities Auctions and invested a total of

The current coverage limit remains adequate and will be revised as and when is necessary, guided by macroeconomic trends, Fund size, and the public policy objectives, in particular, to ensure that most small and unsophisticated depositors in the member institutions are fully covered, while leaving a substantial number of deposits exposed to market discipline, in line with International Association of Deposit Insurers (IADI) recommendations on coverage. At this coverage limit, it is estimated that 77.5 percent of small retail depositors are fully covered, whereas in terms of value 12.3 percent of the total deposits are estimated to be covered. (Table 1.1)

Table 1.1: Deposit Distribution Data as at 31 December 2024

What if Deposit Insurance Coverage was (amounts in Pula)?	Report the total number of depositors up to and including this level (Pula)	CUMULATIVE Report the total number of depositors fully covered at this level	Report the percentage of fully covered depositors (USING CUMULATIVE) (Column D as a percentage of total number of depositors in the bank)	Report the number of depositors whose total deposits exceed this level (total depositors less column D)	Report the percentage of the amount of deposits covered at this level to total deposits at the bank (column C as a percentage of the total amount of deposits in the bank)
100,000	10,449,725	1,802,493	81.9%	399,278	8.8%
150,000	11,550,504	1,694,650	77.0%	507,121	9.7%
200,000	13,122,930	1,701,224	77.3%	500,547	11.1%
250,000	14,564,316	1,705,990	77.5%	495,781	12.3%
300,000	15,740,659	1,709,126	77.6%	492,645	13.3%
350,000	16,825,558	1,711,596	77.7%	490,175	14.2%
400,000	17,877,061	1,713,672	77.8%	488,099	15.1%
500,000	19,497,623	1,716,245	77.9%	485,526	16.4%
>500,000	99,225,304	2,201,771	100.0%	-	83.6%
Total	118,722,926	2,201,771		-	100%

Source: Commercial Banks deposit data

Monies payable to a protected depositor as compensation in the rare event of failure of a member institution is the major expense of the Fund. Other incidental expenses to be paid out of the Fund include: the day-to-day management expenses of the DISB; administration and management expenses of the Fund; repayment of monies borrowed by the DISB as well as costs associated with resolution or liquidation of a member institution.

(iv) Data Collection, Risk Analysis and Surveillance

Deposit Data Collection and Premium Assessment

During 2024, the DISB collected detailed data on deposits by ownership category; deposit distribution for determining coverage levels as well as total deposit liabilities of each member institution for the period 31 January 2024 to 31 December 2024 (i.e. period preceding the date of notice to pay premiums for 2025). For purposes of assessment of premium contributions for 2025, average total deposit liabilities for the 12 months, amounting to P72.7 billion (i.e. total insured deposits) were used as the assessment base. At its last meeting of the year on 12 December 2024, the Committee approved the 2025 annual premium rate of 0.1 percent of total insurable deposits payable by member institutions. The premiums levied using this rate will be payable on a quarterly basis or annually effective April 2025.

On a related matter, the statutory returns project including the single customer view (SCV) deposits templates, which were planned for completion by end of 2024 was delayed due to extended engagements with member institutions.

Risk Analysis and Surveillance of Member Institutions

Bank performance review

During the period under review, the DISB carried out assessment on the safety and soundness of its member institutions, using the detailed analysis of data obtained from statutory returns, and reports of on-site examinations, that were shared by the Bank of Botswana (Bank). The Bank shared the results of its CAMELS (Capital adequacy, Asset quality, Management, Earnings and profitability, Liquidity and funding, and Sensitivity to market risk) ratings with the DISB on a quarterly basis during 2024. The analysis of this data enables the DISB to estimate the potential risk of loss to the Fund should anyone of the member institutions become distressed or non-viable (Table 1.2).

A review of quarterly banking sector off-site surveillance reports and on-site examination reports based on CAMELS, showed that overall, the banking industry was adequately capitalised, liquid and profitable during the period ended 31 December 2024. Both the industry capital adequacy ratio (CAR) and liquid asset ratio (LAR) were above the prescribed minimum thresholds of 12.5 percent and 10 percent, at 19.6 percent and 16.2 percent, respectively. The Common Equity Tier 1 (CET 1) capital to Risk-Weighted Assets ratio was 12.1 percent, well above the minimum threshold of 4.5 percent, reflecting strong foundation of the banking industry in high-quality CET 1 capital. However, it is worth noting that, at 81.2 percent, the industry average intermediation ratio was slightly above the 50–80 percent preferred range. In addition, all commercial banks reported positive earnings in December 2024 with an aggregate profit after-tax of P4.1 billion, an increase of 32.8 percent from the P3.1 billion reported in December 2023. Compared to September 2024 and November 2024, the industry profit after-tax increased minimally by 1.4 percent and 0.2 percent, respectively.

Deposit trends analysis

Total customer deposits held by member institutions increased by 4.8 percent, from P106 528 million in December 2023 to P111 619 million in December 2024. In December 2023, deposits held by Domestic Systemically Important Banks accounted for 41.5 percent of total deposits held by member institutions. Notwithstanding the foregoing, there was a significant slowdown in growth of deposits at commercial banks, from 14.5 percent in 2023 to 3 percent in 2024. Within this overall decrease, household deposits grew by 12.9 percent, following a 19.2 percent increase the previous year, while business deposits (excluding parastatals) saw a sharp drop, from 8.4 percent to 0.5 percent. However, deposits in foreign currency accounts increased by 23.6 percent in the same period. Despite the overall slowdown in deposit growth, the financial intermediation ratio - representing the relationship between bank lending and deposits - slightly increased to 81.2 percent in December 2024, from 78.6 percent in December 2023, indicating that banks increased their utilisation of deposits to support lending, even amidst a period of subdued economic activity. Thus, total assets of member institutions recorded an increase of 9 percent over the 12 months period, from P136 971 million in December 2023 to P149 239 million in December 2024. Loans and advances accounted for the largest share of the total assets of member institutions at 61.4 percent and grew by 8.8 percent over the review period.

Table 1.2: Member Institutions Performance Indicators: 31 December 2024

Indicator	2024	2023	Indicator	2024	2023	Indicator	2024	2023
	(P'000)			Percentage (%)			Number	
Total deposits	111 619	106 517	Liquid assets/ Uninsured deposits	51	51	Total number of member institutions	10	10
Total domestic deposit	88 273	87 745	Core deposits/Total deposits	9	10	Number of member institutions in distress	nil	nil
Total foreign currency deposits	23 346	18 772	Estimated Insurable deposits/Total deposits	60	59	Number of member institutions with NPL ratio high than the industry average	4	4
Core deposits	9 937	8 773	Large deposits/Total deposits	39	41	Number of unprofitable member institutions	Nil	2
Estimated Insured deposits	72 745	63 150	Large exposures/ Total loans and advances	30	32	Total number of branches and sub- branches of member institutions	171	170
Total Large Deposits	44 069	43 790	Average NPL Ratio	3.4	3.7	Total number of member institutions employees	5 078	4 894
Total assets of unprofitable member institutions	-	8 455	Fund balance/ Insured deposits (Target fund ratio)	0.08	0.04	Number of member institutions that failed	Nil	Nil
Tier 1 Capital/ Total assets	8	9	Tier 1 Capital/Total Risk- weighted assets	12.6	13.1	Tier 1 Capital/Gross Interest Income	111	115
Total assets of distressed member institutions	Nil	Nil	<p>Key Highlights</p> <p>Target fund ratio is still very low when compared to the minimum 2 percent recommended as best practice.</p> <p>All member institutions are profitable, and none are considered distressed.</p> <p>Large deposits make up approximately 40 percent of total deposit liabilities. These large deposits are volatile especially during conditions of stress.</p> <p>Core deposits, which are usually considered a stable source of funding make up only 9 percent of total deposits.</p>					
Total Capital and Reserves	11 416	14 368						
Total Large Exposures	26 063	26 021						
Total Assets	149 239	136 959						
Total Liabilities	137 823	122 591						
Deposit Insurance Fund Balance	56.2	25						

(v) Public Awareness Campaigns

The DISB conducted public awareness campaigns in 2024 through the national television and a privately owned radio station. Furthermore, the Committee approved the Public Awareness and Communications Policy of the DISB at its meeting held on 5 September 2024. The Policy will help ensure the effectiveness of the DISB in delivering its public policy objectives of protecting depositors and contributing to financial stability; as well as strengthening and maintaining its credibility. The Public Awareness and Communication Policy will also ensure that the DISB commits to a systematic approach to public awareness and communication with external stakeholders based on provision of accurate and timely information, transparency and accountability. Public education campaigns (through various communication channels) will continue to be the mainstream activity of the DISB, and sufficient annual budget allocations will be made to ensure that a target level of public awareness about the DISB is maintained. The DISB public awareness activities will be monitored on an on-going basis and independent evaluations of their effectiveness arranged on a periodic basis.

(vi) Domestic and International Collaboration

As a start-up, the DISB prioritises collaboration with well-established deposit insurers and institutions or organisations within or outside Botswana that perform functions similar to those of the DISB or that have objects similar to those of the DISB or that perform functions related to the regulation and supervision of deposit taking institutions.

Domestic Collaboration

The DISB attended meetings of the Regulatory Policy Committee (RPC) with the Bank of Botswana on 28 November 2024, where the Draft Guidelines on Large Exposures and a paper on Methodology for Identifying Top 100 Non-Financial Corporates in Botswana were presented. The RPC is one of the Bank's internal Committees in which the DISB is represented by the Director. The DISB also continued to collaborate with the Bank of Botswana on the risk analysis and surveillance of the member institutions to ensure the safety and soundness of member institutions. The finalisation and signing of the Memorandum of Agreement between the Bank of Botswana and the DISB on collaboration and information sharing in fostering financial stability by effectively responding to the risk of, and actual failure of a member institution is expected to be concluded in early 2025.

In addition, the DISB attended all scheduled Financial Stability Council meetings (in April and November 2024) where the Financial Stability Reports (FSRs) for May 2024 and October 2024, respectively, were discussed and approved for publication. The FSR provides an assessment of vulnerabilities and risks to the stability and resilience of Botswana's financial system. The Reports indicated that the domestic financial system was resilient and effective in providing financial services to the economy due to strong capital and liquidity buffers within the banking sector, coupled with an enabling and robust regulatory environment. The banking sector was assessed to be liquid, profitable, and well-capitalised. The DISB also contributed articles in the FSR on progress towards its full operationalisation for both the April 2024 and the November 2024 editions.

International Relations and Collaboration

Internationally, the DISB was admitted into full membership of IADI effective November 2024 following the approval of its application for IADI membership by the Executive Council of IADI. The DISB is also a member of the Africa Regional Committee (ARC) of IADI. During the year under review, the DISB participated in meetings of both IADI (annual meeting and conference held in Tokyo, Japan) and the ARC (virtual meetings). The ARC is a Regional Committee of IADI which has been created for Africa specifically to reflect regional interests and common issues through the sharing and exchange of information and ideas. The ARC performs its functions to further the objectives of IADI and acts in the best interest of IADI.

The DISB also celebrated the official launch of the Malawi Deposit Insurance Corporation on 10 October 2024 by sharing a video congratulatory message made by its staff.

2. Financial Performance Review

Financial Highlights

2024 is the DISB's first full year of operations. The Fund's inaugural audited financial statements cover an 18-month period from commencement of operations on 21 July 2023 to 31 December 2024.

Comprehensive Income

During the 18 months period ended 31 December 2024, the DISB earned a total comprehensive income of P30,98 million.

Premium contributions

Premium contributions are the DISB's main source of revenue. The DISB started collecting premium contributions from member institutions in 2024. This was guided by the Premiums Policy approved by the Committee that sets the rate, method of calculation and the manner in which the premiums will be collected. The 2024 premium contributions were charged at a flat rate of 0.1 percent of average insurable deposits held by each member institution as at 31 December 2023. However, since the DISB had only been in operation for six months in 2023, the contributions were pro-rated for this period. Hence premium revenue for the year ended 31 December 2024 was P31,21 million.

Investments

The DISB is mandated by regulation 3(2)(a) to invest in Government treasury bills and bonds to preserve the Fund capital and for maintenance of liquidity. It may also invest in other securities, as may be determined by the Committee.

The Investment Policy in place sets out investment objectives, guidelines, eligible instruments, strategic asset allocation and the Risk Management Framework. This Policy was approved by the Committee at its meeting held on 5 September 2024, with an effective date of 1 October 2024. The DISB first officially participated in Government securities auction on 25 October 2024 and was allotted a 3-months, 6 months and 12-months treasury bills and a short-term treasury bond at P16 million, P11 million, P11 million and P10 million, respectively.

The DISB also participated in the 22 November 2024 Government securities auction, where it was allotted a short-term bond of P7 million.

In 2023, the DISB participated in the Government securities auction held by the Bank of Botswana on 29 December 2023, and was allotted a 3-months treasury bill of P7 million. During the period under review, total investment income earned from these investments amounted to P449,562.

Grant Income

In order to set up the DISB, the Bank of Botswana generously funded the administrative expenses of the DISB for commencement of its operations. For the 18 months period ended 31 December 2024, the total grant income contributed by the Bank of Botswana amounted to P2.94 million. Major expenses covered by the grant income included training and travel costs incurred on benchmarking activities and related conferences and seminars. The costs also included part of the Committee sitting expenses.

Fund Balance

In the 18 months period to 31 December 2024, the DISB had a total Fund balance of P40,98 million, comprising of P10 million membership fees and P30,98 million in retained surplus.

Non-Current Liabilities

As at 31 December 2024, non-current liabilities amounted to P15 million. This related to refundable seed capital advanced by the Government to set-up the Fund.

Income Tax

The DISB's income is exempt from corporate income tax. The DISB is covered by the exemption under the Second Schedule to the Income Tax Act, and therefore, falls within the ambit of exempt persons for income tax purposes. DISB is also excluded from Withholding Tax that accrues to it. Persons paying DISB are therefore not required to withhold any tax unless on the written instruction of the Botswana Unified Revenue Services.

3. Corporate Governance, Enterprise Risk Management and Human Capital Developments

Composition and Role of Deposit Insurance Committee

The DISB has been established as an operationally independent entity with the Deposit Insurance Committee (Committee) as its governing body. The Committee is responsible for providing oversight on the administration of the Fund and the management of the DISB generally.

The Committee established in terms of regulation 5 of the DISB Regulations, provides for constitution of its membership as follows;

- (a) Four members who are not public officers, one of whom is a representative of member institutions; a chairperson is appointed from amongst these members; and
- (b) Three ex-officio members being
 - (i) Permanent Secretary in the Ministry of Finance

- (ii) Governor of the central bank
- (iii) Director of the DISB.

In terms of regulation 5(2)(b), the ex-officio members, except for the Director, may designate representatives to be a member of the Committee on their behalf. Members of the Committee are appointed based on their knowledge, skills and experience in disciplines relevant for the functions of the Committee. The members bring independent judgement to the deliberations and decisions of the Committee.

In fulfilling their duties, the Committee is guided by the DISB Regulations, the Committee Charter and the Terms of Reference for the Finance and Investment Subcommittee. The Committee's composition as the end of the year is shown in the Table 3.1 and Figure 3.1.

Table 3.1: Deposit Insurance Committee Members

Committee Member	Nature of Membership	Date of Appointment
Ms. Clair Mathe-Lisenda	Chairperson	1 April 2024
Ms. Priscillah Ndadi	Member	1 April 2024
Dr. Jairos Josiah	Member	1 April 2024
Mr. Oabile Mabusa	Member (Bankers Association Botswana Representative)	1 April 2024
Ms. Patrinah Masalela	Ex-Officio Member (MoF Representative)	1 April 2024
Ms. Sheila Sealetsa	Ex-Officio Member (BoB Representative)	20 May 2024
Mr. Goememang Baattholeng	Director (Ex-Officio Member)	1 January 2023

Subcommittees

The DISB Regulations empower the Committee to establish sub-committees to assist it in discharging its functions. The Committee has in this regard established a Finance and Investment Subcommittee (FISC).

The FISC supports the Committee with regard to Fund management to ensure compliance to policies approved by the Committee and to manage risk attendant on the Fund. Membership of the FISC for the year ended December 2024 is as shown in Table 3.2.

Table 3.2: FISC Members

FISC Member	Position
Ms. Priscillah Ndadi	Chairperson
Dr. Jairos Josiah	Member
Ms. Sheila Sealetsa	Member

Committee and Subcommittee Meetings

The Committee and the FISC are expected to meet at least once in each quarter. The Committee met three

times during the period under review, while the FISC met twice. Table 3.3 and 3.4 detail the Committee Meetings intervals and attendance for 2024.

Table 3.3: Main Committee Meeting

Member	Quarter 2 23 May 2024	Quarter 3 5 September 2024	Quarter 4 12 December 2024	Total
Ms. Clair Mathe-Lisenda	√	√	√	3
Ms. Priscillah Ndadi	×	√	√	2
Dr. Jairos Josiah	√	√	√	3
Mr. Oabile Mabusa	√	√	√	3
Ms Patrinah Masalela	√	√	√	3
Ms. Sheila Sealetsa	√	√	√	3
Mr. Goememang Baatlholog	√	√	√	3

Table 3. 4: Finance and Investment Committee Meetings

Member	Quarter 2 26 June 2024	Quarter 3	Quarter 4 22 November 2024	Total
Ms. Priscillah Ndadi	√	No meeting	√	2
Dr. Jairos Josiah	√	No meeting	√	2
Ms. Sheila Sealetsa	√	No meeting	√	2

Figure 3.1: Deposit Insurance Committee Members



Chairperson
Ms. Claire Mathe-Lisenda
CEO, BIFM
Experience: Over 20 years' experience in investment management



FISC Chairperson
Ms. Priscillah Ndadi
Group CEO, Old Mutual Botswana
Experience: Over 20 years' experience in fund administration, asset management and insurance



Dr. Jairos Josiah
Snr Lecturer Accounting University of Botswana
Experience: Over 20 years in Accounting, Governance and Ethics



Mr. Oabile Mabusa
CEO, Bankers Association Botswana
Experience: Over 30 years in financial and regulatory environment



Ms. Patrinah P. Masalela

Director, Insurance

Experience: 40 years' experience in Finance and Policy Analysis and Determination



Ms. Sheila M. Sealetsa

Advisor, Banking, Currency and Settlement Department (Bank of Botswana)

Experience: 34 years in Central Banking and Commercial Banking, specialising in Treasury Operations.



Mr. Goememang Baatholeng

Director, DISB

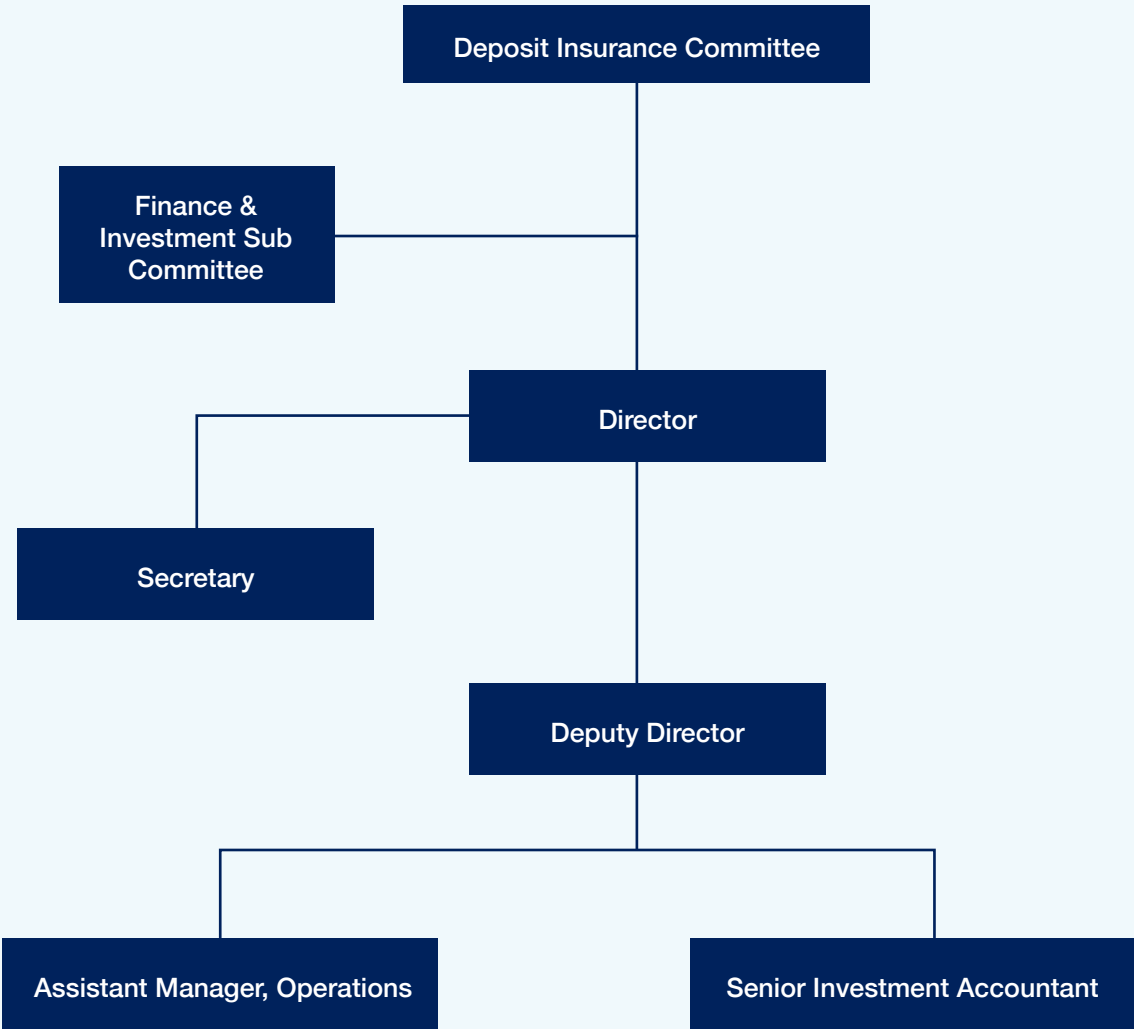
Experience: 28 years' experience in central banking, focusing on banking supervision, AML/CFT and macroprudential policy implementation

DISB Officers, Training and Development

The DISB staff establishment remained at 5 (five) in 2024 as in the previous year (Figure 3.2). In the year under review, the staff members attended courses offered by reputable institutions, namely, Fund Investment Management for Deposit Insurance Schemes on March 2024; IFRS 9: Financial Instruments Recognition and Measurement in April 2024; Crisis management in May 2024 offered by Toronto Centre; Dealing with Problem Banks Seminar in August 2024; An Introduction to Deposit

Insurance, and Bank Supervision, and Resolutions Information in October 2024. The DISB will continue to ensure that its staff acquires and supplements their skills and competency needs.

Figure 3.2: DISB’s Organisational Structure



Enterprise Risk Management

The DISB currently leverages on the Bank's already established structures for enterprise risk management until such a time that it is fully operationally independent from the Bank. In this regard, service level agreements with the concerned departments of the Bank are being drafted and will be signed during the course of 2025.

During the period under review, staff of DISB participated in risk management activities conducted by the Department during the 2024 Risk Awareness week held under the theme "Risk management powered by Artificial Intelligence". These activities included risk management

quizzes answered by interacting with Artificial Intelligence tools. The Risk champion of the DISB attended two courses on risk management organised by the Strategic Planning and Risk Management Department of Bank of Botswana. The Risk Management Framework relating to investments was embedded in the Investment Policy that was approved by the Committee on 5 September 2024. The DISB continues to embed risk management in all its activities and to identify and monitor risks attendant on its operations.

4. Annual Financial Statements



Deposit Insurance Fund

**Financial Statements
for the 18 months ended 31 December 2024**

Deposit Insurance Fund

Annual Financial Statements for the 18 months ended 31 December 2024

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Deposit insurance
Committee Members	Ms. Clair Mathe-Lisenda Mr. Oabile Mabusa Ms. Priscillah Ndadi Dr. Jairos Josiah Ms. Patrinah P. Masalela Ms. Sheila M. Sealetsa Mr. Goememang Baattholeng
Registered office	Plot 17938 Khama Crescent Gaborone, Botswana
Business address	Plot 17938 Khama Crescent Gaborone, Botswana
Bankers	Bank of Botswana
Auditors	Deloitte & Touche 2nd Floor Twin Towers, East Building Plot 2883, Fairgrounds Office Park Gaborone, Botswana

Deposit Insurance Scheme of Botswana

Annual Financial Statements for the 18 months ended 31 December 2024

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Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Committee Members' Responsibilities and Approval

The Members are required in terms of the Bank of Botswana (Deposit Insurance Scheme) Regulations (SI No. 86 of 2023) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Deposit Insurance Fund(Fund) as at the end of the financial 18 months and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards as issued by the International Accountin Standards Board. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Members acknowledge that they are ultimately responsible for the system of internal financial control established for the Fund and place considerable importance on maintaining a strong control environment. To enable the Members to meet these responsibilities, the Members set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout Fund activities and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across all activities of the Fund. While operating risk cannot be fully eliminated, the Deposit Insurance Scheme of Botswana (DISB) endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Members have reviewed the Fund's cash flow forecast for the 12 months to 31 March 2026 and, in light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's financial statements. The financial statements have been examined by the Fund's external auditors and their report is presented on pages 6 to 7.

The financial statements set out on pages 8 to 24, which have been prepared on the going concern basis, were approved by the Deposit Insurance Committee on 27 March 2025 and were signed on their behalf by:

Signed on behalf of the Deposit Insurance Committee by:



Ms. Clair Mathe-Lisenda
Chairperson



Mr. Goemang Baatjholeng
Executive Director

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Committee Members' Report

The Members have pleasure in submitting their report on the financial statements of Deposit Insurance Fund for the 18 months ended 31 December 2024.

1. Incorporation

The financial statements presented are for the Deposit Insurance Fund (Fund) which is administered by the DISB. The Deposit Insurance Scheme of Botswana is a deposit insurer established under Section 43A of the Bank of Botswana (Amendment), 2022 and operationalised through the Bank of Botswana (Deposit Insurance Scheme) Regulations, (2023), that came into effect on 21 July 2023. The Fund operates in Botswana.

2. Nature of business

The Fund administered by the deposit insurer is mandated to provide deposit protection for depositors, through building a sustainable deposit insurance fund, thereby enhancing public confidence in the safety of deposits and promoting stability of the domestic financial system.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Section 43A of the Bank of Botswana (Amendment), 2022.

- For the 18 months ended 31 December, the Fund has generated revenue from premium contributions of **P31,214,759**.
- The Fund recorded a net surplus for the 18 months ended 31 December 2024 of **P 30,981,332**.
- The Fund has an accumulated Fund of **P 30,981,332** with net assets worth **P 40,981,332** as at 31 December 2024.
- The Fund has generated cash flows from operating activities amounting to **P 30,878,734** for the 18 months ended 31 December 2024.
- Cash and cash equivalents of the Fund amount to **P 18,320,867** as at 31 December 2024.

4. Membership

Issued	2024	2024
	P	Number of memberships
Memberships	10,000,000	10

Membership of the DISB is mandatory for all commercial banks and deposit taking institutions licensed by the Bank of Botswana (the Bank). As at December 31, 2024, the total number of member institutions of the DISB was 10 (ten), which included all commercial banks licensed by the Bank, as well as Botswana Savings Bank, which is a statutory bank.

Refer to note 7 of the financial statements for detail of the movement in authorised and issued membership.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Committee Members' Report

5. Committee

The Members in office at the date of this report are as follows:

Members	Office	Designation	Nationality	Changes
Ms. Clair Mathe-Lisenda	Chairperson	Non-executive	Motswana	Appointed Monday, 01 April 2024
Mr. Oabile Mabusa	Member	Non-executive	Motswana	Appointed Monday, 01 April 2024
Ms. Priscillah Ndadi	Member	Non-executive	Motswana	Appointed Monday, 01 April 2024
Dr. Jairos Josiah	Member	Non-executive	Motswana	Appointed Monday, 01 April 2024
Ms. Patrinah P. Masalela	Ex-officio Member	Non-executive	Motswana	Appointed Monday, 01 April 2024
Ms. Sheila M. Sealetsa	Ex-officio Member	Non-executive	Motswana	Appointed Monday, 20 May 2024
Mr. Goememang Baatholeng	Executive Director	Ex-officio Member	Motswana	Appointed Sunday, 01 January 2023

6. Events after the reporting period

The Members are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Members believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The Members have satisfied themselves that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Members are not aware of any new material changes that may adversely impact the Fund. They are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DEPOSIT INSURANCE SCHEME OF BOTSWANA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deposit Insurance Fund set out on pages 8 to 24, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in fund balance for the year and the statement of cash flows for the 18 months then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Deposit Insurance Fund as at 31 December 2024, and its financial performance and cash flows for the 18 months then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

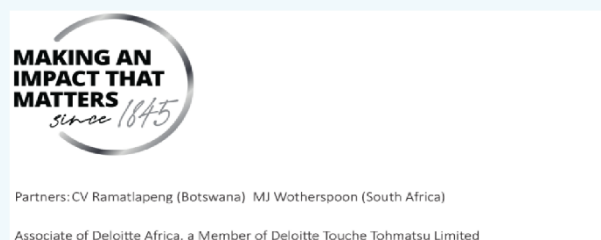
Other Information

The committee members are responsible for the other information. The other information comprises the General Information, Committee Members' Responsibilities and Approval, Committee Members' Report and the Detailed Income Statement. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF DEPOSIT INSURANCE SCHEME OF BOTSWANA

Responsibilities of the Committee Members for the Financial Statements

The committee members are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the committee members determine 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, the committee members are responsible for assessing the fund'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 the committee members either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

The committee members are responsible for overseeing the fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We 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 our 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 fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the committee members' 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 fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund 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.

We communicate with the committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the committee members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte & Touche

Deloitte & Touche
Firm of Certified Auditors
Practicing Member: Tinomuonga Hove (CAP 0047 2025)

31 March 2025
Gaborone

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Statement of Financial Position as at 31 December 2024

Figures in Pula	Notes(s)	31 December 2024
Assets		
Non-Current Assets		
Government bonds	3	16,276,577
Current Assets		
Trade and other receivables	4	78,080
Government treasury bills	5	21,589,423
Cash and cash equivalents	6	18,320,867
		<u>39,988,370</u>
Total Assets		<u>56,264,947</u>
Fund balance and Liabilities		
Fund balance		
Membership	7	10,000,000
Accumulated fund		<u>30,981,332</u>
		<u>40,981,332</u>
Liabilities		
Non-Current Liabilities		
Paid up government seed capital	8	15,000,000
Current Liabilities		
Trade and other payables	9	283,615
Total Liabilities		<u>15,283,615</u>
Total Fund balance and Liabilities		<u>56,264,947</u>

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	18 months ended 31 December 2024
Revenue	10	31,214,759
Other operating income	11	3,393,027
Other operating expenses	16	(3,626,454)
Total comprehensive income for the period		30,981,332

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Statement of Changes in Fund balance for the year

Figures in Pula	Membership	Accumulated fund	Total fund
Total comprehensive income for the period	-	30,981,332	30,981,332
Membership issue	10,000,000	-	10,000,000
Total contributions by member institutions	10,000,000	-	10,000,000
Balance at 31 December 2024	10,000,000	30,981,332	40,981,332

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Statement of Cash Flows

Figures in Pula	Note(s)	18 months ended 31 December 2024
Cash flows from operating activities		
Surplus before taxation		30,981,332
Adjustments for non-cash items:		
Accrued interest		(308,133)
Adjust for items which are presented separately:		
Changes in working capital:		
Increase in trade and other receivables		(78,080)
Increase in trade and other payables		283,615
Cash generated from operations		30,878,734
Cash flows used in investing activities		
Purchases of government treasury bills	5	(21,474,970)
Purchase of government bonds	3	(16,082,897)
Net cash used in investing activities		(37,557,867)
Cash flows from financing activities		
Proceeds on membership issue	7	10,000,000
Receipt from government paid up seed capital	8	15,000,000
Net cash from financing activities		25,000,000
Total cash movement for the period		18,320,867
Cash and cash equivalents at the end of the period	6	18,320,867

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Material Accounting Policies

Corporate information

The financial statements presented are for the Deposit Insurance Fund (Fund) which is administered by the DISB. The Deposit Insurance Scheme of Botswana is a deposit insurer established under Section 43A of the Bank of Botswana (Amendment), 2022 and operationalised through the Bank of Botswana (Deposit Insurance Scheme) Regulations, (2023), that came into effect on 21 July 2023. The Fund operates in Botswana.

The financial statements for the 18 months ended 31 December 2024 were authorised for issue in accordance with a resolution of the Deposit Insurance Committee on 27 March 2025.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these financial statements.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards as issued by the International Accounting Standards Board and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Pulas, which is the Fund's functional currency.

No comparative amounts have been presented as these are the Fund's inaugural financial statements.

1.2 Financial instruments

Financial instruments are recognised when the DISB becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. The material accounting policies for each type of financial instrument held by the Fund are presented below:

Loans receivable at amortised cost

Management have assessed and classified government bonds as financial assets at amortised cost.

The amortised cost, calculated using the effective interest method, is the amount recognised initially, minus principal repayments, plus cumulative amortisation of interest, adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the loan in the application of the effective interest method. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Expected Credit Loss (ECL) is required for all financial assets measured at amortized cost or FVOCI. However, the Fund is restricted to investing in government bonds and treasury bills which are issued by a highly rated sovereign entity. They are generally considered to have low default risk. The expected credit losses (ECL) of this type of investments' impact are typically immaterial due to low credit risk, and no ECL provision is required under IFRS 9's low credit risk exemption.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Material Accounting Policies (continued)

1.2 Financial instruments (continued)

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

Investments in debt instruments at fair value through profit or loss

The Fund holds investments in government treasury bills which are measured at fair value through profit or loss. Although they are debt instruments, management have concluded that they do not qualify to be measured at amortised cost or fair value through other comprehensive income. Refer to note 5.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables include amounts which have been denominated in foreign currency. Foreign exchange gains or losses are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are classified as financial assets at amortised cost. Cash and cash equivalents are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these cash and cash equivalents give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on these cash and cash equivalents.

Derecognition

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Material Accounting Policies (continued)

1.3 Tax

Income tax

The Fund is formed and established through an amendment to the Bank of Botswana Act. As a creature of this statute, the Fund is covered by the exemption under the Second Schedule to the Income Tax Act and therefore falls within the ambit of exempt persons for income tax purposes. The Fund, albeit exempt, may have other tax obligations which if applicable is required to register for, such as Pay As You Earn (PAYE), Value Added Tax (VAT) and Other Withholding Tax (OWHT).

1.4 Employee benefits

Short-term employee benefits

The Bank of Botswana has seconded its staff members to implement operations of the Fund. As such all employees costs are borne by the Bank of Botswana.

1.5 Revenue from contracts with customers

The Fund recognises revenue from premium contributions billed to member institutions.

Premium contributions are recognised as revenue over time as the Fund provides continuous coverage to depositors. Revenue is recognized on a systematic basis that reflects the passage of time and the ongoing obligation to protect depositors. The Fund provides financial protection services to depositors, which represents a continuous service over the coverage period. As a result, revenue from premiums is recognized on a straight-line basis over the coverage period.

1.6 Provision for deposit claims

The Fund only recognises provisions for deposit claims at such time when a participating bank is deemed to be susceptible to failure. The Fund provides for probable deposit claims resulting from a member institution's failure at such a time where a CAMELS (Capital adequacy, Asset quality, Management capability, Earnings, Liquidity and Sensitivity to market risk) rating of the member institution shows signs of stress and probable failure. In accordance with regulation 27 (1), the Fund shall provide for a maximum claim of P250 000.00 of the aggregate credit balance of any deposit accounts maintained by the depositor with the respective member institution. Periodic adjustments to the claims provisions are made based on the CAMELS performance of member institutions.

1.7 Grants

Grants are financial assistance provided by the government and related entities in the form of transfers of resources to the Fund in exchange for compliance with certain conditions related to its operating activities. Grants are used to advance operations of the Fund. Grants relating to operating activities are recognised in profit or loss on a systematic basis over the periods in which the related expenses are incurred. These grants are presented as other income in the statement of profit or loss.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements

18 months ended 31 December

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current 18 months

In the current 18 months, the Fund has adopted the following standards and interpretations that are effective for the current financial 18 months and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">Amendments to IAS 1 Classification of Liabilities as Current or Non-current	01 January 2024	The impact of the standard is not material.
<ul style="list-style-type: none">Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	The impact of the amendment is not material.
<ul style="list-style-type: none">Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	The impact of the amendment is not material.
<ul style="list-style-type: none">Lease liability in a sale and leaseback	01 January 2024	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Fund has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Fund's accounting periods beginning on or after 01 January 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">IFRS 18 - Presentation and Disclosures in Financial Statements	01 January 2027	Not expected to impact results but may result in additional disclosure
<ul style="list-style-type: none">IFRS 19 - Subsidiaries without Public Accountability: Disclosures	01 January 2027	Unlikely there will be a material impact
<ul style="list-style-type: none">Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely	Unlikely there will be a material impact
<ul style="list-style-type: none">Lack of exchangeability - amendments to IAS 21	01 January 2025	Unlikely there will be a material impact

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

3. Government bonds

In current year, the Fund has participated in the following government bond issues:

- BOTSGB0929 government bond, purchased on 27 November 2024.
- BOTSGB0527 government bond, purchased on 1 November 2024.

Outstanding government bonds	Coupon rate	Nominal value	Discount	Purchase price	Interest accrued	Interest received
BOTSGB0929 (maturing on 5 September 2029)	4.80 %	7,000,000	830,571	6,169,429	108,597	-
BOTSGB0527 (maturing on 5 May 2027)	5.50 %	10,000,000	86,532	9,913,468	85,083	-
Bonds (carrying amounts)						16,276,577

The bonds carry a fixed interest rate per annum and their carrying amounts approximate their fair values.

4. Trade and other receivables

Financial instruments:

Accrued interest income 78,080

Total trade and other receivables 78,080

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost 78,080

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

5. Government treasury bills

In the current year, the Fund has participated in the following government treasury bills issues:

- BOTSTB0425 government treasury bill, purchased on 1 November 2024.
- BOTSTB1125 government treasury bill, purchased on 1 November 2024.

Outstanding government bonds	Coupon rate	Nominal value	Discount	Purchase price	Interest accrued	Interest Received
BOTSTB0425 (maturing on 30 April 2025)	-	11,000,000	162,030	10,837,970	54,607	-
BOTSTB1125 (maturing on 5 November 2025)	-	11,000,000	363,000	10,637,000	59,846	-
	-	22,000,000	525,030	21,474,970	114,453	-

Debt investments at fair value through profit or loss 21,589,423

Designated at fair value through profit or loss:

Government treasury bills (carrying amounts) 21,589,423
The carrying amounts of the treasury bill approximate their fair values

Split between non-current and current portions

Current assets 21,589,423

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2,436,067
Government treasury bills (3-month maturity on principal amount only)	15,884,800
	<u>18,320,867</u>

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

Credit rating

BBB+/A-2	18,320,867
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All bank balances are held in local currency (Botswana Pula).

7. Membership

Issued

10 ordinary memberships fully paid up	10,000,000
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The Fund's membership comprises 10 member institutions, each having paid P1,000,000.00 to be a member the Fund.

8. Paid up government seed capital

Paid up government seed capital consists of a sum P15,000,000.00 lent by the Government of Botswana to the Fund for purposes of establishing the Deposit Insurance Fund. This is initial refundable seed capital, as may be determined by Government.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

9. Trade and other payables

Financial instruments:

Trade payables	280,615
Committee fees payable	<u>3,000</u>
	<u>283,615</u>

Financial instrument components of trade and other payables

At amortised cost	<u>283,615</u>
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Exposure to currency risk

The net carrying amounts, in Pula, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amount at the closing rate at the reporting date.

Pula Amount

Swiss Franc	<u>223,613</u>
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Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

10. Revenue

Revenue

Deposit insurance premiums	<u>31,214,759</u>
Disaggregation of revenue	
The Fund disaggregates revenue from customers as follows:	

Rendering of services

Deposit insurance premiums	<u>31,214,759</u>
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Timing of revenue recognition

Over time	
Deposit insurance premiums	<u>31,214,759</u>

11. Other operating income

Grant income	2,943,465
Interest income	<u>449,562</u>
	<u>3,393,027</u>

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

12. Related parties

The Fund's related parties include its key management, the Bank of Botswana and the Government of Botswana. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any Members (whether executive or otherwise) of the entity.

Relationships

Founder-contributor	The Government of Botswana
Inaugural administrator	The Bank of Botswana
Members of key management	Ms. Clair Mathe-Lisenda (Chairperson) Mr. Oabile Mabusa (Member) Ms. Priscillah Ndadi (Member) Dr. Jairos Josiah (Member) Ms. Patrinah P. Masalela (Ex-officio member) Ms. Sheila M. Sealetsa (Ex-officio member) Mr. Goememang Baatlholeng (Executive Director and Ex-officio member) Ms. Bonno Theleso (Deputy Executive Director)

Related party balances

Loan accounts – Owing to related parties

Government of Botswana-paid up government seed capital	<u>15,000,000</u>
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Refer to note 8 for details of the terms and conditions of the loan.

Amounts included in Trade Payable regarding related parties

Misallocated funds payable to Bank of Botswana	57,000
Committee fees payable to Bank of Botswana	<u>3,000</u>
	<u>60,000</u>

Related party transactions

Funds received from related parties

Grant income from Bank of Botswana	2,943,465
Paid up government seed capital	15,000,000

Compensation to Members and other key management

Committee sitting allowances*	<u>520,625</u>
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*As Bank of Botswana staff seconded to the Fund, the Directors' compensation is maintained by Bank of Botswana.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

13. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024

	Note(s)	Fair value through other comprehensive income - debt instruments	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Government treasury bills	5	-	21,589,423	-	21,589,423	21,589,423
Government bonds	3	16,276,577	-	-	16,276,577	16,276,577
Trade and other receivables	4	-	-	78,080	78,080	78,080
Cash and cash equivalents	6	-	-	18,320,867	18,320,867	18,320,867
		16,276,577	21,589,423	18,398,947	56,264,947	56,264,947

Categories of financial liabilities

2024

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	283,615	283,615	283,615
Paid up government seed capital	8	15,000,000	15,000,000	-
		15,283,615	15,283,615	283,615

Capital risk management

The Fund's objective when managing capital (which includes members' funds, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk. It also aims to safeguard the Fund's ability to continue as a going concern while taking advantage of strategic opportunities in order to preserve Fund capital and ensure that the safety of the portfolio's principal is never impaired or compromised.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

The capital structure and gearing ratio of the Fund at the reporting date was as follows:

Trade and other payables	9	283,613
Paid-up government seed capital	8	15,000,000
Total borrowings		15,283,613
Cash and cash equivalents	6	(18,320,867)
Net borrowings		(3,037,254)
Equity		40,981,332
Gearing ratio		(7)%

Financial risk management

Overview

The Fund is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Fund has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Deposit Insurance Committee has established the Finance and Investment Sub Committee, which is responsible for developing and monitoring the Fund's risk management policies. The Sub Committee reports quarterly to the Deposit Insurance Committee on its activities.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Fund is exposed to credit risk on bonds and treasury bills, trade and other receivables and cash and cash equivalents. Credit risk for exposures other than those arising on cash and cash equivalents, are managed through close monitoring prescribed in the Investment Policy. The Policy limits the Fund to investing in government bonds and treasury bills, as it only deals with a reputable counterparty, being a sovereign, specifically the Government of Botswana with consistent payment histories. Credit risk exposure arising on cash and cash equivalents is managed by the Fund through dealing only with its sole banker, the Bank of Botswana (a central bank, with high credit rating). The Fund is not allowed to place funds with financial institutions in the country.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

The maximum exposure to credit risk is presented in the table below:

		2024		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Government treasury bills	5	21,589,423	-	21,589,423
Government bonds	3	16,276,577	-	16,276,577
Trade and other receivables	4	78,080	-	78,080
Cash and cash equivalents	6	18,320,867	-	18,320,867
		56,264,947	-	56,264,947

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for government bonds is equal to the fair value because the credit loss allowance does not reduce the carrying amount. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Liquidity risk

Liquidity risk is the threat that the Fund will not be able to meet known and contingent short - term liabilities, as they fall due. DISB's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings.

The Fund manages its liquidity through its approved Investment Policy. To help retain the desired liquidity, no financial asset shall be purchased that is likely to have few market makers or poor market bids. Similarly, the investment portfolio of the Fund will remain sufficiently liquid to enable the Fund to assure swift payment of protected depositors within 21 days from the date of receipt of a claim from a protected depositor. The Fund shall be managed with the objective of generating a steady stream of interest income to grow the Fund by attaining a reasonable return given the risk tolerance and considering the principal objectives of safety and liquidity.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2024

		Less than 1 year	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
Non-current liabilities						
Paid-up government seed capital		-	-	15,000,000	15,000,000	15,000,000
Current liabilities						
Trade and other payables	9	283,615	-	-	283,615	283,615
		283,615	-	15,000,000	15,283,615	15,283,615
Non-current assets						
Government bonds		-	10,000,000	7,000,000	17,000,000	16,082,897
Current assets						
Government treasury bills		22,000,000	-	-	22,000,000	21,474,970
Cash		18,320,867	-	-	18,320,867	18,320,867
		40,320,867	10,000,000	7,000,000	57,320,867	55,878,734
		40,604,482	10,000,000	22,000,000	72,604,482	71,162,349

Foreign currency risk

The Fund is exposed to foreign currency risk as a result of certain transaction, mostly trade payables which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy, currencies are bought and sold without incurring undue costs, ensuring to provide flexibility in responding effectively to changing market conditions.

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The Fund is exposed to interest rate risk arising from its investment in government bonds with fixed coupon rates. Changes in market interest rates affect the fair value of these investments. While the Fund generally holds bonds to maturity, it faces reinvestment risk when bonds mature or when coupon payments are received. The Fund monitors interest rate trends and manages risk by diversifying bond maturities within the approved Investment Policy.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Note	Average effective interest rate	Carrying amount
	2024	2024

Fixed rate instruments:

Assets			
Government bonds	5	5.15 %	16,082,897
Fixed rate financial assets as a percentage of total interest bearing financial assets			100.00 %

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2024	2024
	Increase	Decrease
Increase or decrease in rate Impact on profit or loss:		
Government bonds 1%	38,094	38,094

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Notes to the Financial Statements (continued)

18 months ended 31 December

14. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Members believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The Members are satisfied that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Members are not aware of any new material changes that may adversely impact the Fund. The Members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

15. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the year end reporting date and the date of authorisation.

16. Operating expenses

Advertising	162,328
Annual meetings and conferences	975,743
Committee allowances and related costs	533,159
Consulting and professional fees	289,780
Entertainment	5,266
General office expenses	64,093
Printing and stationery	16,017
Subscriptions	441,472
Training	445,628
Workshops and seminars	692,968
	3,626,454

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Detailed Income Statement

18 months ended 31 December

Revenue

Premium contributions 31,214,759

Other operating income

Grant income 2,943,465

Interest income 449,562

11 3,393,027

Expenses (Refer to page 24) (3,626,454)

Total comprehensive income for the 18 months 30,981,332

* The supplementary information presented does not form part of the financial statements and is unaudited

Deposit Insurance Fund

Financial Statements for the 18 months ended 31 December 2024

Detailed Income Statement (continued)

18 months ended 31 December

Other operating expenses

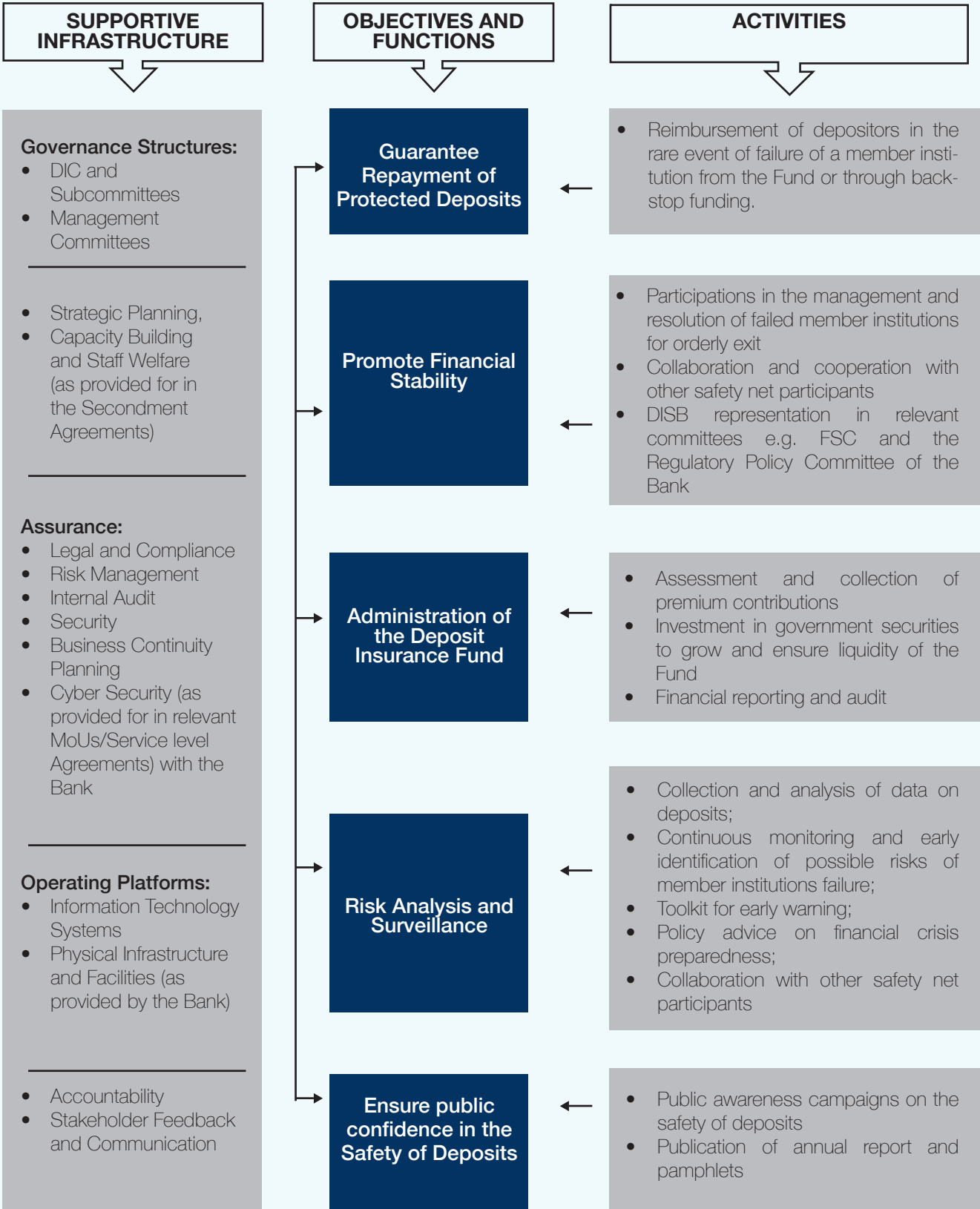
Advertising	(162,328)
Annual meetings and conferences	(975,743)
Committee allowances and related costs	(533,159)
Consulting and professional fees	(289,780)
Entertainment	(5,266)
General office expenses	(64,093)
Printing and stationery	(16,017)
Subscriptions	(441,472)
Training	(445,628)
Workshops and seminars	(692,968)

(3,626,454)

* The supplementary information presented does not form part of the financial statements and is unaudited.

Appendix

Figure A1: Objectives, Strategies and Supportive Structures



GLOSSARY OF TERMS

Banking Act

The Act of Parliament making provision for the licensing, regulation and supervision of banks and deposit-taking institutions and to promote safety and soundness of banks and for connected matters.

Bank of Botswana Act

The Act of Parliament making provision for establishment of the DISB.

Bank of Botswana (Deposit Insurance Scheme) Regulations, 2023

The subsidiary legislation operationalising the DISB and setting out its objects, powers and functions.

Central Bank

Bank of Botswana established under the Bank of Botswana Act

Coverage Limit

The maximum payment the DISB can make out of the Deposit Insurance Fund to a depositor should a member institution fail. The coverage limit and rules of coverage are prescribed under the DISB Regulations.

Deposit

A sum of money paid by one person to another person, subject to an agreement in terms of which an equal amount or any part thereof may be conditionally or unconditionally repaid by the person to whom the money has been paid, with or without interest or premium, either on demand or at specified or unspecified time, and in circumstances agreed by or on behalf of the persons making the payments and the person receiving such payment. However, it does not include money paid which is referable to the provision of property or services, or the giving of security.

Deposit Insurance Fund

A Fund established under the DISB Regulations for purposes of financing the Scheme and to reimburse depositors in the rare event of failure of a member institution.

Deposit Insurance Scheme of Botswana

A public scheme set up for purposes of compensating depositors' money when a bank or deposit taking institution has failed. Membership of the Scheme is mandatory for all banks and deposit-taking institutions licensed by the Bank of Botswana, including the Botswana Savings Bank.

Depositor

A person entitled, or prospectively entitled, to repayment of a deposit, or a portion of a deposit, whether made by him or not.

Non-viable

A member institution is non-viable if:

- (a) it becomes insolvent, that is to say, a winding up order has been made by a court against that institution; or
- (b) there exists in relation to the institution any condition precedent to the exercise of resolution measures by the Central Bank in the interest of and for the protection of depositors, to take such steps or apply such sanctions as authorised under the Banking Act;
- (c) the institution has failed to satisfy prudential criteria and minimum solvency standards prescribed under the Banking Act; or
- (d) it is unable to pay its liabilities in full on a timely basis.

Premium Assessment Rate

The rate set by the Deposit Insurance Committee, which is applied to the protected deposits to determine premium contributions payable by member institutions to the DISB.

Premium Contributions

Amount paid by member institutions into the Deposit Insurance Fund in accordance with the requirements of the DISB Regulations.

Protected Deposits

Total deposit liabilities of a member institution, less excluded deposits specified in the DISB Regulations.

Financial Safety Net Participants

The institutions that comprise a country's Financial System Safety Net, who work together to ensure that a robust regulatory framework is in place to promote and maintain financial stability. In Botswana, financial safety net participants are the Ministry of Finance, the Bank of Botswana, Non-Bank Financial Institutions Regulatory Authority, the DISB and the Financial Intelligence Agency and the Botswana Stock Exchange.

Resolution

The exercise of powers and the application of tools by the Central Bank in respect of a failing or failed member institution, and which are designed to restore a financial institution before it is balance sheet insolvent with a view to maintaining financial system stability while minimising the resort to public funds. Resolution may also involve the reimbursement of protected deposits to depositors and the winding up of a failed bank with a view to maximizing recoveries.

