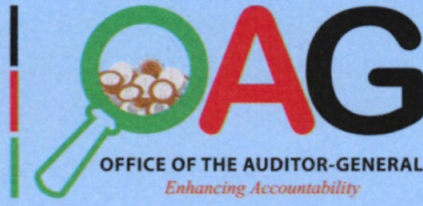


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA DEPOSIT INSURANCE CORPORATION
DEPOSIT INSURANCE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 01 APR 2026

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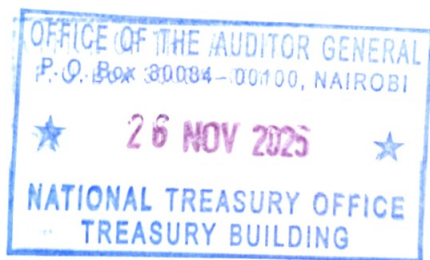
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BY:

Hon. Naomi Waga
Deputy Majority Whip

CLERK-AT
THE TABLE:

Mado Miriam



KENYA DEPOSIT INSURANCE CORPORATION

Annual Report and Financial Statements for Deposit Insurance Fund

for the Financial Year Ending June 30, 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

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ACRONYMS AND GLOSSARY OF TERMS

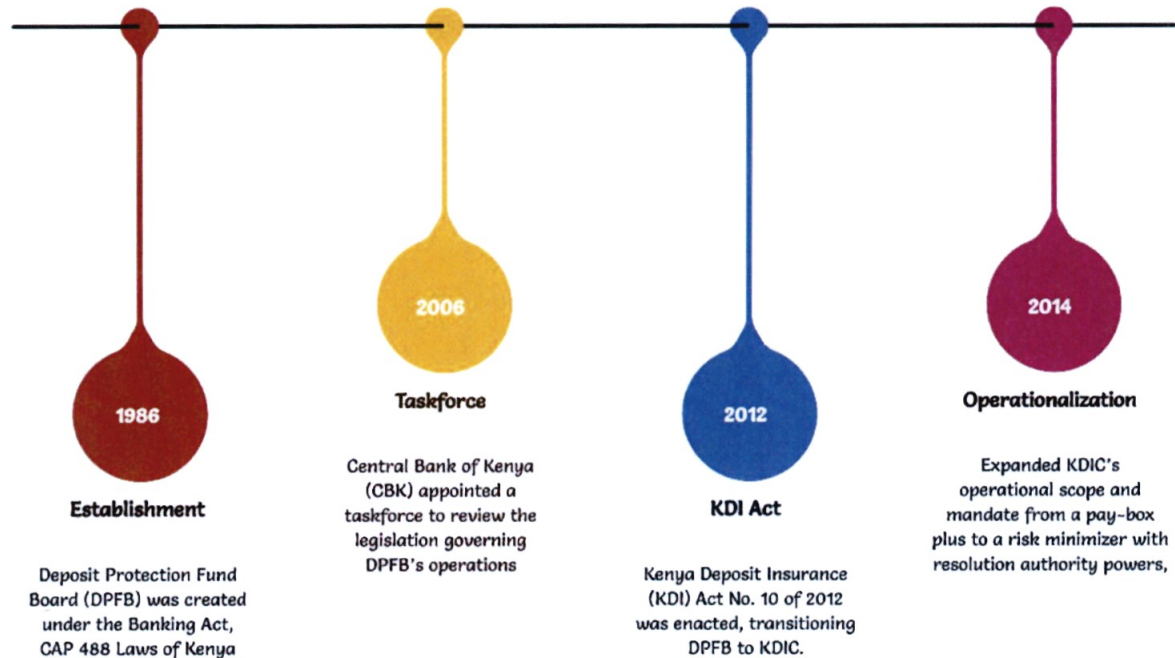
ATM	Automated Teller Machine
BCM	Business Continuity Management
BCP	Business Continuity Plan
CAJ	Commission on Administration of Justice
CAMEL	Capital Adequacy, Asset Quality, management, Earnings and Liquidity
CBK	Central Bank of Kenya
CSR	Corporate Social Responsibility
DIF	Deposit Insurance Fund
DPS	Differential Premium System
EACC	Ethics and Anti-Corruption Commission
EDRMS	Electronic Data and Records management System
EDW	Electronic Data Warehouse
EDW-BI	Electronic Data Warehouse and Business Intelligence
ERM	Enterprise Risk Management
ERM	Enterprise Risk Management
FDIC	Federal Deposit Insurance Corporation
IADI	International Association of Deposit Insurers
ICT	Information, Communication Technology
IFRS	International Financial Reporting Standards
IL	In Liquidation
IR	In Receivership
ISO	International Standard Organization
KDI	Kenya Deposit Insurance
KDIC	Kenya Deposit Insurance Corporation
KES	Kenya Shilling
PFM Act	Public Finance Management Act
QMS	Quality Management System
QMS	Quality Management System
SCV	Single Customer View
SP	Strategic Plan
WHO	World Health Organization

KEY ENTITY INFORMATION

Background Information

The Kenya Deposit Insurance Corporation (KDIC) was established under the Kenya Deposit Insurance Act, Cap 487C. As a State Corporation and the country's Resolution Authority, KDIC manages the Deposit Insurance Fund and handles the receivership, liquidation and winding-up of any failing member institutions. It plays a crucial role in promoting financial system stability by minimizing risks within the banking sector.

Kenya's deposit protection framework has a rich history spanning over 38 years. In 1986, the Deposit Protection Fund Board (DPFB) was created under the Banking Act, CAP 488 Laws of Kenya, with an initial capital of KES. 300 million provided by the National Treasury. The Board's mandate was to offer deposit protection to customers of member institutions and restore confidence and stability in the financial sector.



Initially, the DPFB functioned as a pay-box plus, focusing solely on deposit guarantees and bank liquidation. However, challenges in administering this framework led the

Central Bank of Kenya (CBK) to appoint a taskforce in March 2006 to review the governance framework and operations in line with best practice of deposit insurance and effective resolution of failed banks. This taskforce reviewed the legislation governing DPFb's operations and recommended a new legal framework to expand its mandate, ensure its autonomy, and enhance its corporate governance structure.

As a result, the Kenya Deposit Insurance (KDI) Act No. 10 of 2012, Cap 487C, was enacted, transitioning DPFb to KDIC. The Act became operational in July 2014, marking a new era of deposit protection in Kenya. It expanded KDIC's operational scope and mandate from a pay-box plus to a risk minimizer with resolution authority powers, aligning its operations with international best practices.

Key Milestones

In the 39 years of its existence, the Corporation has achieved the following milestones around its key focus areas;

a. Deposit Insurance Fund

The Corporation's goal is to offer a deposit insurance scheme for customers of its member institutions. Currently, the Corporation includes 38 Commercial Banks and 14 Micro-Finance Banks. As of June 2025, these member institutions held total deposits of KES. 5.8 trillion.

KDIC oversees the country's Deposit Insurance Fund, which has grown from an initial capital of KES. 300 million to KES.266.6 billion as of June 30, 2025. The Fund is financed through annual premiums paid by member institutions and Investment income from the Fund's investments. Each depositor is insured up to KES. 500,000 per bank.

b. Risk Minimization

The Kenya Deposit Insurance Corporation (KDIC) is tasked with encouraging sound risk management among its member institutions. To achieve this, KDIC has introduced the Risk-Based Premium Assessment model, also known as the Differential Premium System. Under this system, the premium contributions of member institutions are determined by their

total deposit volumes and risk profiles. Essentially, banks with strong and effective risk management systems benefit from lower premium rates, while those with higher risk profiles face higher premiums. This approach aims to motivate banks to maintain sound risk management systems that align with their risk appetite. Additionally, KDIC has established an early detection and intervention framework to ensure a proactive response if a member institution encounters distress.

c. Resolution of Problem Banks

As the country's Resolution Authority, the Corporation is mandated to promptly receive, liquidate and wind-up failed banks, to restore confidence in and promote stability of the banking system. Problem banks cause strain to the financial system by causing panic amongst depositors and other players in the banking system.

Currently, the Corporation is overseeing the liquidation of 19 institutions, while 9 have been wound-up to date. This has seen to the payment of protected deposits for all of the institutions in liquidation, and the regular payment of payouts to depositors once the Corporation realizes the assets of the failed banks.

To preserve the Corporation's experience in the resolution of failed banks, the resolution experiences of six banks have so far been documented. This includes detailed accounts of each bank's journey before failure, covering aspects such as licensing, profile, role in the banking industry, and the weaknesses that led to their collapse. This documentation aims to maintain institutional memory of resolutions and serve as a valuable resource for capacity development in the future.

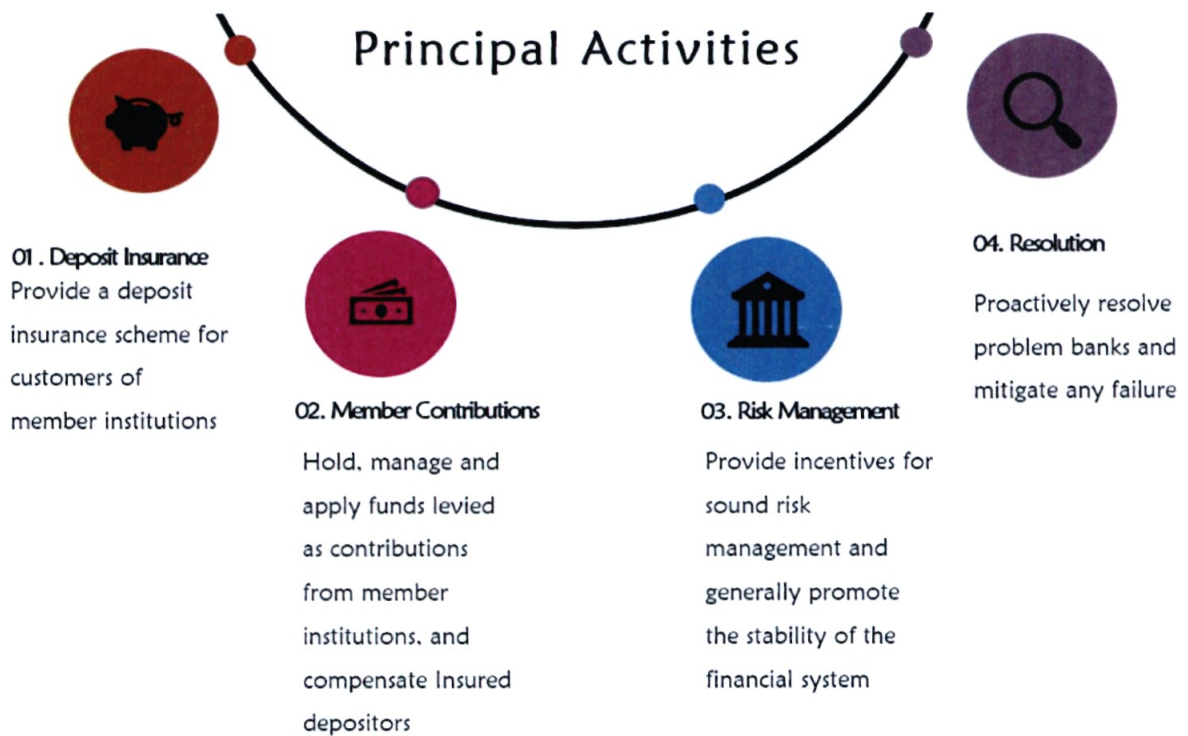
d. Institutional Capacity Development

This focus area is designed to support the Corporation in achieving its primary mandates. Firstly, it involves refining the legal framework to enhance deposit insurance, minimize risks, and ensure the prompt resolution of problematic banks. Another key deliverable is improved talent management, aimed at attracting and retaining skilled personnel to bolster service delivery. This is complemented by fostering a robust organizational culture focused on high performance and the achievement of strategic objectives. Lastly, this focus area ensures enhanced operational efficiency and the promotion of good corporate

governance practices. To enhance institutions capacity development, the Corporation has implemented a robust Enterprise Risk Management framework, Quality Management System (ISO 9001:2015), and an effective Performance Management System.

Principal Activities, Our Vision, Mission and Strategic Themes

The Corporation’s Principal activities as mandated by the KDI Act is to;



MISSION



To protect depositors and enhance public confidence in the financial system by promoting sound risk management and timely resolution.

VISION



A reliable, effective deposit insurer and resolution authority

Our Strategic Themes

1

Deposit Insurance

Build and sustain financial strength

2

Risk Minimization

Enhance early detection and timely intervention

3

Resolution of problem banks

Enhance efficiency in receivership, liquidation and winding up of member institutions

4

Institutional Capacity Development

Strengthened Institutional capacity for effective service delivery

Our Values



Teamwork
We commit to work together to achieve the Corporation's strategic goals



Accountability
We shall take responsibility for decisions taken and be able to explain, clarify and justify actions



Innovativeness
We shall endeavour to harness new ideas to achieve organizational transformation.



Integrity
We commit to do the right thing with honesty and transparency



Customer Focus
We promise to consistently deliver an experience that exceeds the customers' needs and expectation



Professionalism
We commit to be strategic, efficient and deliver quality service.

Directors

The Directors who served during the year ending 30th June 2025 were as follows;

1. Mrs. Hannah W, Muriithi, EBS Chairperson (Appointed 20th January 2023)
2. Dr. Chris K. Kiptoo, CBS Principal Secretary, National Treasury & Economic Planning (Appointed 1st December 2022)
3. Mr. John Njera Alternate to Cabinet Secretary, The National Treasury & Planning (Retired 2nd December 2024)
4. Mr. Orumoi T. Jonah Alternate to Principal Secretary The National Treasury & Planning (Appointed 2nd December 2024)
5. Hon. Justin B. N. Muturi E.G.H Attorney General (Appointed November 2022 retired July 2024)
6. Hon. Dorcas Oduor Attorney General (Appointed 20th August 2024)
7. Mr. Mohamed Deiss Adow Alternate to Attorney General
8. Dr. Kamau Thugge EBS, MBS, CBS Governor, Central Bank of Kenya (Appointed 19th June 2023)
9. Mr. Kennedy Abuga Alternate to CBK Governor
10. Dr. Habil Olaka Director representing the Kenya Bankers Association (Retired September 2024)
11. Mr. Raimond Molenje Director representing the Kenya Bankers Association (Appointed January 2025)
12. Ms. Melissa Ng'ania Director (Between 20th January 2023 Retired 29th November 2024)
13. Ms. Anne Rimbaine Lengerded Director (Appointed 20th January 2023)
14. Mr. James Agembe Akali Director (Appointed 20th January 2023 Retired 29th November 2024)
15. Mr. Joseph Kipkemoi Ngetich Director (Appointed 20th January 2023)
16. Ms. Anne Lokidor Director (Appointed 29th November 2024)

- | | |
|---------------------------|---|
| 17. Mr. Paul Orem | Director (Appointed 29 th November 2024) |
| 18. Mrs. Hellen Chepkwony | Chief Executive Officer (Appointed 23 rd April 2023) |

Corporation Secretary

Eunice Kitche-Oduor (Mrs.)

P.O. Box 45983-00100

Nairobi

Acting Corporation Secretary

Mr. Humphrey M. Moimbo

P.O. Box 45983-00100

Nairobi

Registered Office and Corporate Headquarters:

Kenya Deposit Insurance Corporation

23rd Floor UAP Old Mutual Towers, Upper Hill

P.O. Box 45983 – 00100

Nairobi, Kenya

Corporate Contacts:

Telephone: +254 20 66770000, +254 709 043000

E-mail: customercare@kdic.go.ke

Website: www.kdic.go.ke

Corporate Banker:

Central Bank of Kenya
Central Bank of Kenya Building
Haile Selassie Avenue
P.O. Box 60000 – 00200
Nairobi, Kenya

Independent Auditors:

Auditor General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 – 00100
Nairobi, Kenya

Principal Legal Advisers:

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 – 00200
Nairobi, Kenya

THE BOARD OF DIRECTORS



Mrs. Hannah W, Muriithi, EBS
Chairperson

Mrs. Hannah Waitherero Muriithi, EBS is an astute and proactive legal mind with a profound background in law, management, and strategic leadership. She possesses a remarkable track record in various positions of responsibility, showcasing her exceptional abilities in governance, legal auditing, and managing Boards of Directors both in the private and public sectors.

As an ardent believer in good governance and accountability, Mrs. Muriithi's impeccable integrity sets her apart. Her dedication to ethical practices led her to become an accredited Governance and Legal Auditor, ensuring the highest standards of transparency and compliance in organizational processes.

Mrs. Muriithi's legal prowess particularly in emerging areas of law is unmatched. Her expertise in Commercial and Research Law has been instrumental in guiding organizations through complex legal challenges and facilitating strategic decision-making processes.

Her leadership acumen extends beyond the legal domain, as she is also proficient in strategic leadership at both executive and management levels. She possesses a keen eye for efficiency and effectiveness, enabling successful implementation of strategic plans.

Having experienced diverse environments in both the public and private sectors, Mrs. Muriithi is well-grounded acquiring in-depth understanding of government systems, objectives, and policies. Her persuasive negotiation skills and dynamic leadership make her an exceptional team player with a fast-learning curve, adapting swiftly to changing circumstances.

She is revered for her outstanding leadership skills, ensuring that deliverables are of exceptional quality and always on time. She has proven her talent as a change manager, successfully orchestrating organizational restructuring efforts that align with the organization's goals.

This dedication and commitment to duty has seen Mrs. Muriithi bestowed with positions of responsibility. She was the Founder Chairperson of the Board of Kenya National Highways Authority (KeNHA), where she spearheaded the operationalization of the organization from inception to become one of the revered parastatals in the Country. Further, she served as the Chairperson of the National Hospital Insurance Fund (NHIF) and the Agriculture, Fisheries, and Food Authority (AFFA).

Mrs. Muriithi's invaluable contributions and accomplishments have garnered recognition, thus receiving the prestigious Presidential Award of 'Order of the Elder of the Burning Spear' (EBS), for her role in the successful implementation of the upgraded Nairobi-Thika (A2) Superhighway.

Mrs. Muriithi is an active member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya, where she contributes her expertise to the legal and corporate governance communities.

She holds a Master's degree in Business Administration from Moi University, a Bachelor of Law (LLB. Hons.) from the University of Nairobi, and a Diploma in Law, Kenya School of Law. She is also a Certified Public Secretary of Kenya, an Accredited Governance and Legal Auditor, and serves as a Commissioner for Oaths and Notary Public.



Dr. Chris K. Kiptoo, CBS
Principal Secretary, The
National Treasury

Dr. Chris Kiptoo is the Principal Secretary, The National Treasury. He was appointed Principal Secretary on 1st December 2022. Since his appointment, Dr Kiptoo has been at the forefront in implementing Fiscal consolidation, debt management including the Eurobond, expenditure rationalization, revenue mobilization as well as reform of state-owned enterprises (SOEs).

Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa.

Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.



Dr. Kamau Thugge EBS, MBS,
CBS
Governor, Central Bank of
Kenya

Dr. Kamau Thugge C.B.S., is the tenth Governor of the Central Bank of Kenya (CBK), and has been in office since June 19, 2023.

Dr. Thugge joined CBK after a long and distinguished career in the international and Kenyan public service. He worked in the International Monetary Fund (IMF) in both policymaking and non-policymaking departments. These include the Policy Review and Development Department and the Trade Policy Division. In these roles, Dr. Thugge helped to design the Highly Indebted Poor Countries Initiative (HIPC) as well as other policy initiatives. He also worked on various Article IV missions. Dr. Thugge also served as Mission Chief to Botswana and Lesotho in the wake of the Global Financial Crisis.

Dr. Thugge has held various senior roles in Kenya, including as the Head of the Fiscal and Monetary Affairs Department at the National Treasury, as Economic Secretary and as Senior Economic Advisor. Dr. Thugge also served as Principal Secretary at the National Treasury, and lately as Senior Advisor to the President and Head of Fiscal and Budget Affairs. Dr. Thugge helped to design and implement various laws including the Public Finance Management Act, the Commission on Revenue Allocation Act, the Independent Officers (Appointment) Act, the Public Procurement and Disposal of Assets Act, and many more. In these roles, he also served on various boards including that of the Central Bank of Kenya, the Monetary Policy Advisory Committee (and later the Monetary Policy Committee), the Kenya Revenue Authority and the Capital Markets Authority.

The Governor holds a Bachelor's Degree from the Colorado College, and Master's and PhD Degrees in Economics from Johns Hopkins University in the United States.



Hon. Dorcas Oduor
The Attorney General

Hon. Dorcas Oduor is the Attorney General of the Republic of Kenya since August 2024.

Hon. Oduor joined the Office of the Attorney General with a distinguished career spanning thirty years as a lawyer, serving in the State Law Office and the Office of the Director of Public Prosecutions. She was the Secretary of Public Prosecutions until her appointment. During her years in service, she has prosecuted high-profile cases which include a fraud case against Deputy Chief Justice Philomena Mwilu and a murder case against police officer Edward Kirui from the 2007-2008 post-election violence in Kisumu

Hon. Oduor has served as the chairperson of the Board of Review on Mentally Insane (Criminal Psychiatric), Assisting Counsel in the Akiwumi Commission of Inquiry on Land Clashes, the Bosire Commission on the Goldenberg Affair and the Kiruki Commission on the Artur Brothers, Joint Secretary of the Police Reform Commission (Ransley Commission), chair of the board on Criminal Psychiatry (on behalf of the Attorney General), and a member of the National Task Force on Money Laundering and Terrorist Financing.

Hon. Oduor completed a law degree in 1990, and a postgraduate diploma at the Kenya School of Law in 1991. She was admitted to the Bar in 1992 as an advocate of the High Court. She also has a Master of Arts in International Conflict Management from the University of Nairobi.

Ms. Anne Kamais Lokidor is an IT Consultant with over 13 years' experience in public service and 5 years a consultant in the field of technology, communication and media and marketing. She has previously worked with the Ministry of Agriculture at the National Cereals and Produce Board, Nairobi City County Government and Endeleva Sports Limited. She holds a Bachelor's degree in Computer Science and an MBA from University of Nairobi and is a member of Computer Society of Kenya



Ms. Anne Kamais Lokidor
Director

Her achievements in the public sector included implementing a World Bank Project for Kenya Municipal Technology which was implemented over a period of three years that included Applications and infrastructure projects. One of the projects of E-payment system called Ejiji pay was awarded first position in 2016 at the Kenya customer service week as the best innovative solution to ease provision service to the public. We alter showcased the same technology in Rwanda and made to 2nd best solution after Kigali. The other project was building of a state-of-the-Art Data Centre that is currently being used a source of revenue by the County Government. The other projects over the years included unified communication system that includes email system and structured cabling for the provision of WAN and LAN services and an interactive website. She was also instrumental in the Nairobi County Education Taskforce that culminated in implementation of Governor's Scholarship that makes a provision to provide scholarship to bright needy students in secondary school as well as providing meals to the ECDE centers in the county. She was also responsible for resource mobilization especially looking for partners to collaborate with to help improve school infrastructure in public schools and 5 new schools were built in existing schools. She has worked in public policy formulation after exiting public service.

Ms. Lokidor has been recognized in the field of sports notably for the role played as the Vice Chairperson of the Local Organizing Committee of IAAF for the World under 18 Athletics Championship, A member of Local Organizing Committee of CHAN 2017, Chairperson of the Organizing Committee Nairobi Governor's Cup Football Tournament

Chairperson of the County Organizing Committee Nairobi of National Maisha League 2017 by the National Aids Control Council. She also has experience in sports management and sports policy formulation. She has sat in Several Boards notably Nairobi County Education Board, Nairobi Technical College Board and

Nairobi County Liquor Licensing and Control Board and Member of Kenya Memory of the world expert committee (UNESCO). She's A member of 2020 Cities, a club of urban leaders and CIO's and an Official at World E Government Organization



Mr. Paul Ogwayo Orem
Director

Mr. Paul Ogwayo Orem has held various senior positions in asset management, investment banking, and corporate finance across reputable institutions.

He holds Bachelor of Commerce majoring in Finance from University of Nairobi, Nairobi, Kenya, Postgraduate Diploma in Project Finance, Middlesex University, London, UK. He is also a Certified Financial Analyst having passed CFA Level I examination and currently a candidate for CFA Level II at CFA Institute (Formerly AIMR), USA. He is currently pursuing Postgraduate studies in Master of Applied Finance & Investment at Charles Sturt University, Bathurst Campus, Australia

Mr. Orem completed a course on "Unlocking Investment and Finance in Emerging Markets & Developing Economies (EMDEs)" (2017 - 2018) from World Bank Group Open Learning Campus

He has played a key role in his career in various institutions. Mr. Orem introduced KITEA Group's acquisition of a majority stake in Furniture Palace Limited, marking KITEA's first acquisition in East Africa (2022). Advised Tana Africa Capital on acquiring a minority stake in Africa Protein Holdings Ltd (2021). He Contributed as Co-Manager in Kenya's inaugural International Sovereign Debt issuance, raising US\$2.0 billion (June 2014). Played a key role in advising on KENGEN's US\$5 billion energy projects and restructuring Kenya Power & Lighting Company's balance sheet, enabling enhanced funding access. He has successfully led multiple corporate bond issues, including Centum Investments and Britam, with significant oversubscription rates.

Mr. Orem has wealth of experience in various institutions. As Managing Partner / CEO & Co-Founder at Chiromo Capital Partners Limited, he has Lead business development, stakeholder relationship management, and corporate advisory transactions, specializing in debt and equity financing, project finance advisory, and wealth management services.

Having worked at ABC Capital Limited as a General Manager, he spearheaded corporate advisory, led capital raising efforts, and developed strategic marketing initiatives to expand client relationships.

He has also held various senior positions in asset management, investment banking, and corporate finance across reputable institutions, including Dyer & Blair Investment Bank Limited, Nairobi, Kenya as Chief Executive Officer / Executive Director where he Directed the strategic and operational management of the bank, with a focus on growth and profitability in all business units. NIC Bank Limited, Nairobi, Kenya as Senior Relationship Manager where he developed strong corporate client relationships, focusing on public sector institutions and cross-selling products. Other institutions include Bank of Africa, CFC Stanbic Financial Services, and Madison Insurance Company.

Mr. Orem also brings on board international experience having worked at the International Executive Service Corps (IESC), Washington, US as an Independent Consultant (2017 - 2018)

Mr. Joseph Ng'etich is a dedicated and accomplished professional, with a passion for People Management and Human Resource (HR) Development. With a remarkable career spanning over two decades, Mr. Ng'etich has honed his expertise in various disciplines, including Performance Management, Leadership, Talent Development, Strategy, Planning, Business Growth, Change Management, and Procurement. His dedication to excellence is evident in his pursuit of



Mr. Joseph K. Ng'etich
Director

higher education and continuous professional development.

Currently engaged with Third-Eye Consulting Ltd as a Human Resource Management consultant, his invaluable insights and strategic thinking have contributed significantly to organizations seeking to optimize their HR practices and talent management. Mr. Ng'etich's expertise has thus led to documented successful resolution of complex HR challenges in the institutions he has worked with.

Throughout his career, Mr. Ng'etich has achieved several notable accomplishments, showcasing his leadership skills and problem-solving abilities. Specifically, Mr. Ng'etich played a pivotal role in developing the Risk Management Framework for the State Department of Social Services under the Ministry of Labour in 2021. He also served as a facilitator in Governance training for Kajiado county government and the County Assembly of Wajir in 2019 and 2020 respectively, contributing to the capacity building and talent development within these organizations.

With strong interpersonal skills and a team-oriented approach, he is adept at getting the best out of available resources and fostering a motivated work environment. His attention to detail and strong communication skills enables him to execute projects with precision and effectiveness.

Away from his consultancy work, Mr. Ng'etich holds various memberships in professional associations. These include the Institute of Human Resource Management (IHRM), the Kenya Institute of Management (KIM), and the Institute of Directors. He currently chairs the Kapsabet Nandi Water and Sewerage Company (KENAWASCO) making a positive impact on governance and administration.

Mr Ng'etich boasts of an impressive academic background and is pursuing a Doctorate degree in Leadership and Organizational Development at United

States International University-Africa (USIU-A).

Prior to this, he achieved a double concentration - Master of Business Administration degree in Strategic Management and Human Resources Management from United States International University (USIU). He also holds a Bachelor's degree in Business Administration from the esteemed University of Eastern Africa Baraton and a Higher Diploma in Human Resource Management from the prestigious Institute of Human Resource Management (IHRM).

Anne Lengerded is an accomplished professional with a bias in policy development and analysis as well as supplies chain management.



Ms. Anne Rimbaine Lengerded
Director

Her impressive educational background, complemented by her professional qualifications, has been the driving force behind her exceptional career in her area of expertise. With her unwavering dedication to knowledge and growth, Ms. Lengerded continues to make immense contributions to various organizations and committees, leaving a lasting impact on Kenya's vital sectors.

Ms. Lengerded is a member of the esteemed Chartered Institute of Purchasing Supplies (CIPS) and the Kenya Institute of Supplies Management (KISM), a clear testament to her commitment to staying abreast of industry best practices and continuous professional development.

She holds a Master's degree in Public Policy and Analysis from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Arts degree in Commerce from Kenyatta university among her other academic qualifications.



Raimond Molenje
Director (Chief Executive
Officer of the Kenya Bankers
Association)

Steers KBA's strategic direction, covering banking industry advocacy, development and sustainability. Industry capacity building and stakeholder relationships. Has served at KBA since 2018, as Director Legal, Human Resources & Policy Advocacy before his appointment as CEO in 2024. Has 20 years' experience in legal and regulatory practice, human resources leadership, policy advocacy and stakeholder engagement.

Served in senior leadership roles in leading business member organizations, banking, energy and manufacturing sectors as corporate legal counsel, human resources advisor, industrial & employee relations specialist. Before joining KBA, he worked at De LaRue, Equity Bank, Federation of Kenya Employers, Rural Electrification & Renewable Energy Corporation. Started his career in private legal practice in civil and commercial litigation.

He serves on several boards representing the banking industry including KDIC, Auctioneers & Licensing Board and Mediation Accreditation Committee. He is firmly committed to the economic empowerment and development of individuals and businesses to enhance their financial health.

Raimond is an Advocate of the High Court of Kenya, Commissioner for Oaths and Notary Public. He is a practicing member with both the Law Society of Kenya (LSK) and the Institute of Human Resource Management (IHRM). He is an alumnus of the University of Nairobi, Kenya School of Law and Cambridge International College, UK.



Mrs. Hellen Chepkwony
Chief Executive Officer

Mrs. Hellen Chepchumba Chepkwony is an astute professional with a demonstrable progressive track record in strategic leadership and management, spanning over twenty years. She is a distinguished economist and risk management professional with extensive exposure in both the public and private sectors.

Mrs. Chepkwony's illustrious career has seen the University of Nairobi alumna gain tacit knowledge, which has been instrumental in the creation and management of highly productive teams.

She has thus achieved remarkable successes in her transformative agenda, striking a balance between cost reduction, efficiency and high productivity through the savvy implementation of process improvements.

As a passionate, and service-oriented thought leader, Mrs. Chepkwony has proven ability to direct and enhance operations across dynamic environments, combining exceptional skills with a proactive work ethic and commitment to achieve organizational success.

Mrs. Chepkwony has been instrumental in sector engagements, taking a lead role in the formulation of requisite financial policies through extensive research, immensely contributing to the entrenchment of Kenya's economic blue-print and engagement in regional trade, fostering financial stability and more fundamentally, the overall economic agenda of the country.

Specific highlights include her contribution to the Financial Sector Assessment Program with the International Monetary Fund, formulation of key frameworks that saw among others, KDIC's transition into a fully-fledged State Corporation and deposit insurer, resolution of problem banks as well as the upward review of the Corporation's coverage limit of Ksh. 500,000.

Having begun her career at the then Ministry of Finance, now The National Treasury and Economic

Planning, Mrs. Chepkwony has served in various capacities including her latest posting at the Central Bank of Kenya, prior to her appointment as KDIC's acting Chief Executive Officer.

She holds M.A and B.A degrees in Economics, both from the University of Nairobi and is a member of the Institute of Risk Management.

Eunice Kitche-Oduor (Mrs) is a legal practitioner currently working with KDIC as the Corporation's Secretary and head of legal. She has practiced law for over 18 years, thus gaining hands-on experience and exposure in legal practice, leadership and management.



Eunice Kitche-
Board Secretary & Director
Legal Services

She has actively practiced litigation and conveyancing over the years. Before joining KDIC, Mrs. Oduor worked for 14 years as company secretary and head of legal in various state corporations. She has served in various capacities within government, boards and CEOs and in the process, accumulated a unique appreciation of government thinking and direction in the boards of State Corporations.

Eunice holds a Bachelor of laws degree (LLB), from the University of Nairobi, a diploma in law from the Kenya School of Law and a Masters of Business Administration in Strategic Management from Maseno University. She is also an advocate of the High Court of Kenya, a Certified Public Secretary CPS (K) and a member of Institute of Certified Secretaries in Kenya (ICS) in good standing.

KEY MANAGEMENT TEAM



Hellen Chepkwony
Chief Executive Officer

Mrs. Hellen Chepchumba Chepkwony is an astute professional with a demonstrable progressive track record in strategic leadership and management, spanning over twenty years. She is a distinguished economist and risk management professional with extensive exposure in both the public and private sectors.

Mrs. Chepkwony's illustrious career has seen her as being instrumental in the creation and management of highly productive teams.

She has thus achieved remarkable successes in her transformative agenda, striking a balance between cost reduction, efficiency and high productivity through the savvy implementation of process improvements.

As a passionate, and service-oriented thought leader, Mrs. Chepkwony has proven ability to direct and enhance operations across dynamic environments, combining exceptional skills with a proactive work ethic and commitment to achieve organizational success.

Mrs. Chepkwony has been instrumental in sector engagements, taking a lead role in the formulation of requisite financial policies through extensive research, immensely contributing to the entrenchment of Kenya's economic blue-print and engagement in regional trade, fostering financial stability and more fundamentally, the overall economic agenda of the country.

Specific highlights include her contribution to the Financial Sector Assessment Program with the International Monetary Fund, formulation of key frameworks that saw among others, KDIC's transition into a fully-fledged State Corporation and deposit insurer, resolution of problem banks as well as the upward review of the Corporation's coverage limit of

Ksh. 500,000.

She holds M.A and B.A degrees in Economics, both from the University of Nairobi and is a member of the Institute of Risk Management.



Paul Manga
Director, Deposit Insurance
and Bank Surveillance

Mr. Paul Manga heads the Directorate of Risk and Examination. He has 15 years of experience in the banking sector having worked with both local and international institutions. As a finance and risk professional, Mr. Manga has worked for seven years in the departments of Finance & Accounts, Treasury Operations and Market Risk functions at the Standard Chartered Bank, during which he made significant contribution to the institution's overall growth. In addition, Mr. Manga was a Senior Market Risk Analyst and Regional Business Manager (EA) at the Kenya Commercial Bank – Group Treasury, for a period of 8 years

He holds a BSc degree in Agricultural Engineering; MBA (Finance Option); Post Graduate Diploma in Business Management; Certified Investment and Finance Analyst-CIFA (K); ACI Dealing and ACI Operation for Treasury. He is a member of the Institute of Certified Investment and Finance Analyst (ICIFA).



David Irungu
Director, Bank Resolution

Mr. David Irungu heads the Directorate of Resolutions. He oversees the resolution process of the 18 institutions in liquidation and 1 bank in receivership.

Mr Irungu has a wealth of experience in strategy formulation and implementation, fundraising for debt and equity, business growth and development, sales and relationship management, Compliance and risk management, budgeting, financial planning and performance monitoring. He is the former Chief Executive Officer at KEY Micro Finance Bank Ltd. He also served as the Senior Business Growth & Development Manager- Supreme Banking at the Equity Bank (K) Limited – Operations Division. Mr. Irungu holds a Master of Science degree in Finance and Investments from Kenya Methodist University (KEMU), a Bachelor of Commerce (finance option) from the University of Nairobi and is a Certified Public accountant C.P.A (K) and PRINCE II practitioner.



Eunice Kitche-Oduor
Board Secretary & Director
Legal Services

Eunice Kitche-Oduor (Mrs.) is a legal practitioner currently working with KDIC as the Corporation's Secretary and head of legal. She has practiced law for over 18 years, thus gaining hands-on experience and exposure in legal practice, leadership and management.

She has actively practiced litigation and conveyancing for four years. Before joining KDIC, Mrs. Oduor worked for 14 years as company secretary and head of legal in various state corporations. She has served in various capacities within government, boards and CEOs and in the process, accumulated a unique appreciation of government thinking and direction in the boards of State Corporations.

Eunice holds a Bachelor of laws degree (LLB), from the University of Nairobi, a diploma in law from the Kenya School of Law and a Masters of Business Administration in Strategic Management from Maseno University. She is also an advocate of the High Court of Kenya, a Certified Public Secretary CPS (K) and a member of Institute of

Certified Secretaries in Kenya (ICS) in good standing.



Mary Kiragu
Director, Internal Audit

Mary Kiragu is a credible and a distinguished Professional with over 15 years of experience in Internal Auditing, Compliance and Risk Management drawn from both public and private sector organizations.

As an Audit and a Risk Professional, Mary has been instrumental in establishing Risk Management Functions in various organizations and implementing risk-based audits that has strengthened internal controls to distinguished levels.

As the Head of Internal Audit at KDIC, Mary provides independent and objective assurance to the Board and Management on the effectiveness of internal controls, governance and risk management processes. Additionally, Mary provides advisory services at KDIC, geared towards to adding value and improving risk management and control processes implemented.

Mary holds an MBA in Finance from Daystar University and a Bachelor of Education degree (Accounting and Economics) from the University of Nairobi. She is Certified Public Accountant, Certified Information Systems Auditor and a Certified Risk Analyst.

She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA) and Information Systems Audit and Control Association (ISACA).

FIDUCIARY MANAGEMENT

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

#	Designation	Name
1	Chief Executive Officer	Hellen Chepkwony
2	Acting Head of Finance (up to 2 nd March 2025)	Nelson Nyongesa
3	Head of Finance (from 3 rd March 2025)	Linda Gatakaa
4	Head of Procurement (up to 2 nd March 2025)	Stephen Kienjeku
5	Head of Procurement (from 3 rd March 2025)	Priscah Bett

FIDUCIARY OVERSIGHT ARRANGEMENTS

During the year under review, the following Board committees provided fiduciary oversight over the Corporation. The Board effected their mandate through the following committees:

Committee of the Board	Membership	Functions
Board Technical Committee	<ol style="list-style-type: none"> Mr. Joseph Ng’etich (Chairperson) Mr. Mohamed Adow Ms. Anne Lokidor Mr. Kennedy Abuga Mrs. Hellen Chepkwony 	The committee considers issues relating to the core functions of the Corporation, that is; Resolution and Deposit Insurance & Bank Surveillance.
Board Human resource Strategy and General-purpose Committee	<ol style="list-style-type: none"> Ms. Anne Lengerded (Chairperson) Mr. Joseph Ng’etich Mr. Mohamed Adow Mr. Raimond Molenje Mrs. Hellen Chepkwony 	The Committee considers issues relating to Board development programme, Human Resource, Strategy, ICT, Risk and Compliance in the Corporation
Board Finance Committee	<ol style="list-style-type: none"> Mr. Paul Orem (Chairperson) Mr. Jonah Orumoi Mr. Joseph Ng’etich Mr. Raimond Molenje Mrs. Hellen Chepkwony 	The Committee consider issues relating to Finance, Procurement and Performance Contracting in the Corporation
Board Audit Committee	<ol style="list-style-type: none"> Ms. Anne Lokidor (Chairperson) Mr. Jonah Orumoi Ms. Anne Lengerded Mr. Kennedy Abuga 	The Committee considers all issues relating to the Internal Audit Function within the Corporation.

Moreover, through quarterly reporting, the National Treasury, Public Procurement Regulatory Authority have facilitated in the fiduciary oversight of the Corporation. Parliamentary oversight has been provided through the Public Investment Committee and Public Accounts Committee of the National Assembly. The State Corporation Advisory Committee has through Board evaluations provided additional oversight to the Corporation.

REPORT OF THE CHAIRPERSON

It is with great pride that I present the annual report and financial statements for the Kenya Deposit Insurance Corporation (KDIC) for the financial year ending 30th June 2025. This year has been marked by significant advancements in the delivery of our mandate towards strengthening Kenya's financial safety net and enhancing public confidence in the banking sector.

Strategic Oversight and Governance

The Board of Directors continued to provide strategic leadership and oversight in line with the Corporation's mandate under the Kenya Deposit Insurance Act, Cap 487C. The Board held nine meetings and several committee sittings, ensuring effective governance and accountability.

We successfully implemented the second year of KDIC's 2023–2028 Strategic Plan, which aligns with Kenya Vision 2030, Medium Term Plan IV, and the Bottom-up Economic Transformation Agenda (BETA). The plan focuses on four key pillars: deposit insurance, risk minimization, resolution of problem banks, and institutional capacity development.

Performance and Financial Stewardship

KDIC recorded a surplus of KES 42.15 billion, up from KES 33.69 billion in the previous year. The Deposit Insurance Fund grew to KES 266.6 billion an increase of 19% from the KES 224 billion reported in the previous financial year, supported by premium collections of KES 9.2 billion and investment income of KES 34.3 billion.

The Corporation exceeded its targets in risk profiling and stakeholder engagement in key deposit insurance aspects, including the review of the coverage limit and development of a framework for the protection of Trust Accounts. KDIC also enhanced its public awareness initiatives, which saw the improved public awareness index from 14% to 32%. We also made strides in digital transformation and automation through the continued implementation of the Electronic Data Warehouse and Business Intelligence System (EDW)

– BI), and Electronic Documents and Records Management System (EDRMS) and onboarding of key processes to the e-Citizen platform for efficient service delivery

Corporate Governance and Risk Management

The Board maintained high standards of governance, achieving a performance score of 92.17% in the annual evaluation by the State Corporations Advisory Committee. We continued to uphold ethical conduct, transparency, and compliance with statutory frameworks.

Risk management remained a priority, with the Corporation enhancing its Enterprise Risk Management and Business Continuity Management Systems. The Board provided oversight on emerging risks, including cyber threats, strategic implementation gaps, and stakeholder collaboration.

Appreciation

I extend my sincere gratitude to the Board, Management, and Staff of KDIC for their dedication and professionalism. I also acknowledge the support of our stakeholders, including the National Treasury, Central Bank of Kenya, and member institutions.

KDIC remains committed to its mission of protecting depositors and promoting financial system stability.



Mrs. Hannah W. Muriithi, EBS

Chairperson of the Board

Kenya Deposit Insurance Corporation

REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the annual report and financial statements for the financial year ending 30th June 2025. This year has been transformative for KDIC as we advanced our strategic objectives and reinforced our role as Kenya's Resolution Authority.

Strategic Implementation

We successfully entered the second year of our 2023–2028 Strategic Plan, focusing on deposit insurance, risk minimization, resolution of problem banks, and institutional capacity development. Our efforts were guided by national development frameworks including Kenya Vision 2030 and BETA.

Key achievements in Deposit Insurance during the year in review include:

- Growing the Deposit Insurance Fund by 19% to KES 266.6 billion.
- Collecting KES 9.2 billion in premiums and KES 34.3 billion in investment income.
- Conducting 8 risk profiling assessments of member institutions, exceeding our annual target.

Operational Excellence

We automated 95 processes and digitized key records, improving efficiency and service delivery. Our performance contracting achievements included 113% premium collection, 131% dividend payout, and 100.9% loan recovery.

We also hosted major stakeholder engagements, including the IADI Africa Regional Committee AGM and the EAC MAC Crisis Simulation Forum, positioning KDIC as a regional leader in deposit insurance, crisis management and bank resolution..

Financial and Risk Management

We continued to monitor member institutions using the CAMEL rating model and conducted on-site visits to 13 banks. Our surveillance systems, including the Electronic Data Warehouse and Business Intelligence System, enabled timely interventions and enhanced sector resilience.

Further, we embarked on the process to review the deposit coverage limit, and the implementation of a framework for the coverage of Trust Accounts.

Looking Ahead

KDIC remains committed to protecting depositors, promoting financial stability, and enhancing institutional resilience. We will continue to innovate, collaborate, and uphold the highest standards of governance and service delivery.

I thank the Board, Management, Staff, and our stakeholders for their unwavering support and dedication.



Mrs. Hellen Chepkwony

Chief Executive Officer

Kenya Deposit Insurance Corporation

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR 2024/2025

KDIC got into the second year of the implementation of its 2023 – 2028 strategic plan. The strategic plan outlines the Corporation's path toward becoming a dependable, effective deposit insurer and resolution authority, in line with its mission to protect depositors and boost public confidence in the financial system through sound risk management and timely resolution. The plan also aims to strengthen the company culture, which is based on the values of teamwork, accountability, innovation, integrity, customer focus, and professionalism. Four key result areas for achieving our vision have been identified: deposit insurance, risk minimization, problem bank resolution, and institutional capacity building.



The plan is based on Kenya Vision 2030, Medium Term Plan IV (MTP-IV), and the Bottom-up Economic Transformation Agenda (BETA), which includes financial resilience as a key pillar. It builds on the previous strategic plan for the years 2018-2023, which served as a foundation for important achievements and lessons learned throughout implementation.

The strategic direction is backed by strategic objectives and subsequent actions that necessitate financial resources, human resources, and, most importantly, ongoing engagement and partnership with stakeholders. To enable the Corporation to follow the implementation of this strategy, a monitoring and evaluation structure based on a balanced score card model that focuses on outcome and timeliness will be critical, as illustrated in the strategic map below.



The Corporate Strategic Objectives for 2024/2025 are highlighted below.

Strategic Objectives for 2024/2025



- i. Prudent Management of the Deposit Insurance Fund by increasing the fund value by KES 28 billion.
- ii. Reduce the amount owed by debtors in financial institutions in liquidation by KES 850 million.
- iii. Improve public awareness from 14% to 20% by end of June 2025
- iv. Automate the 95 identified processes and digitize the identified records for digitization.
- v. Enhance Risk Minimization by undertaking quarterly profiling reports and 2 special reports by June 2025
- vi. Institutionalize performance management and staff productivity by improving the productivity index from the current 2.9 to 3.0 by June 2025.

PERFORMANCE CONTRACTING

Performance contracting in Kenya is a key tool used by the government to enhance public sector performance and service delivery. It involves setting targets, monitoring performance, and evaluating the achievement of set goals and objectives. The Corporation's Board of Directors signed a performance contract with the Government through the Ministry of National Treasury and Planning for the financial year 2024 – 2025.

The table below provides a summary of the Corporation's Performance Contract achievements:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Deposit Insurance	Prudent Management of the Deposit Insurance Fund	Amount of Premium Collected	1. Review the risk-based premium model framework	The Corporation collected premium KES 9.2 billion.
		Amount of revenue generated	1. Grow the investment income	The investment income grew from KES. 26.9 billion to KES 34.3 billion.
Risk Minimization	Enhance risk minimization	No of risk assessments done	<ol style="list-style-type: none"> 1. Enhance the Risk Profiling framework 2. Review the Risk-Based Premium Assessment Model / DPS Model 3. Develop and issue risk minimization guidelines to member institutions 	Based on the risk profiling framework, 8 risk assessment reports were developed against the annual target of 6 reports.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Resolution of problem banks	Reduce the amount owed by debtors in financial institutions in liquidation	Amount of Debt collected	Adopting alternative debt collection methods	Due to the adoption of alternative debt collection methods, KDIC has collected KES. 1.08 billion
	Implement the developed winding up frame- work	Amount of dividends declared to depositors and creditors	Profile the institutions in liquidation for purposes of winding up and declaration of dividends	The Corporation declared dividends of KES. 196 million
		No of institutions wound up	Wind up targeted institutions	KDIC is in the process of winding up 4 financial institutions that are currently in liquidation.
Institutional Capacity Development	To Attract, acquire and retain talent	No of staff recruited	Populate the staff establishment to optimum levels.	22 staff were recruited during the year
		No of youth opportunities created	Populate the staff establishment to optimum levels.	The Corporation engaged 34 interns and attaches during the year
	Enhance prudence in the utilization of resources	Level of Absorption	Plan and implement budget and workplan	The Corporation absorbed 80.6 % of its approved budget.
	Improve public awareness index from 14% to 28% by 2028	Level of Public awareness	Implement publicity campaigns	The level of public awareness grew to 32% within the year.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	To Institutionalize performance management and staff productivity	Productivity index	Develop and implement a staff productivity framework	The Corporation attained a score of 2.829 on the productivity index.

Key achievements on Performance Contracting are further defined below.

Financial Stewardship & Fiscal Discipline

- i. On Financial and stewardship Performance criteria, The Corporation had absorbed 80.6 % by end of Q4.

Service Delivery

- i. On service delivery performance criteria, The Charter has been displayed as appropriately both in English and Kiswahili. The Charter has also been customized to meet the unique needs of the customers. This had an achievement level of 100%.
- ii. On digitalization, two processes i.e. Premium payment and dividend payment processes have been identified for end-to-end re-engineering, digitalized and on-boarded to e-citizen awaiting roll out.

Core Mandate

- i. On Premium collection the Corporation managed to collect premiums amounting to KES. 9.2 billion in Quarter one as per Procedure. This is 113% of the annual target.
- ii. On Loan recoveries, the Corporation realized a total collection of KES 1.08 billion representing annual achievement of 100.9%.
- iii. On dividend payouts, a total of KES 196 million against target of KES 150 million was achieved. This is 131% of the target. This includes an approval to pay KES. 50.6 million on 30th June 2025 and an earlier approval of KES 146 million.

- iv. On institutions earmarked for winding up, by 30th June, the Corporation had approval to wind up 4 of them as per the PC commitment.
- v. On the risk profiling assessments, the Corporation collected data and compiled 8 CAMEL reports and risk and impact assessment reports. This was more than the 6 reports as per the PC commitment.
- vi. On the Sensitization of Stakeholders, the Corporation Engaged stakeholders on crisis simulation during the EAC MAC meeting held in Mombasa between September 9 to 13, 2024. The Corporation also engaged member institutions on coverage limit data requirements on November 27, 2024. Further the Corporation also held ARC IADI AGM and Conference from 16th to 19th June 2025.
- vii. On Productivity Improvement, the Corporation is implementing the developed strategy to improve on the 12 identified metrics and improve the index from the current 2.829.

Affirmative Action

- i. On Access to Government Procurement Opportunities, the Corporation awarded a total of KES 42 million to special groups translating to 140% of the annual target of KES 30 million.
- ii. On Promotion of Local Content in Procurement, the Corporation awarded KES 234 million to citizen contractors which is a 133% performance on the annual target.

Cross-Cutting

- i. On Asset Management the Corporation's inventory continues to be updated on a regular basis;
- ii. On Competence Development the Corporation has Undertaken staff training needs assessment and the report presented before HRMAC.
- iii. On youth internship, the Corporation provided (34); 20 interns in different departments and 14 attaches against a target of 30.
- iv. On National values, the Corporation has prepared a National Values Report with all activities on the 17 national values.

CORPORATE GOVERNANCE STATEMENT

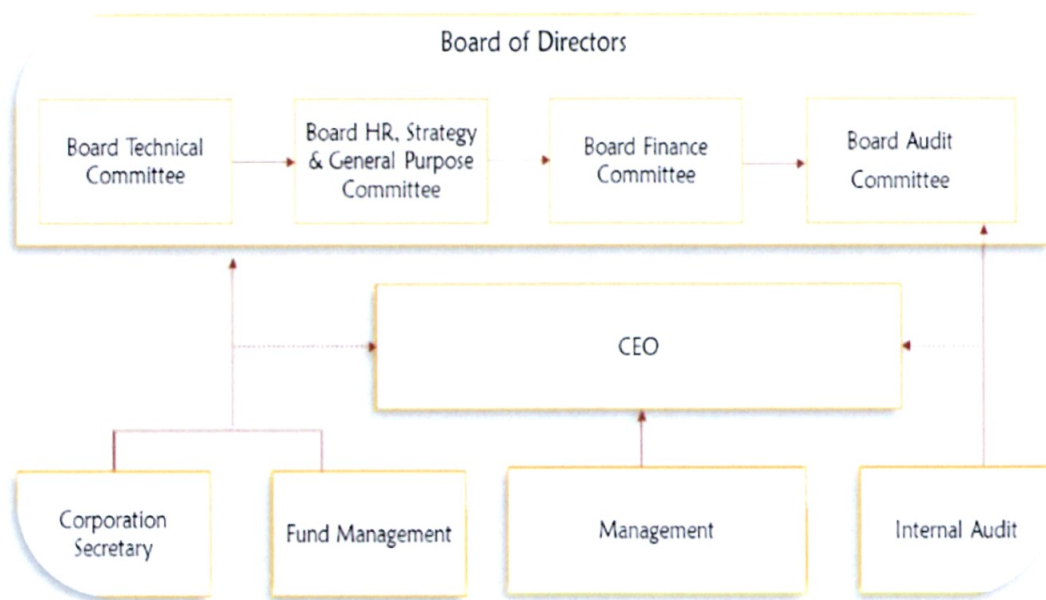
Corporate governance is the framework of systems, policies and processes by which the Corporation operates and through which members of the Board, management team and employees are empowered and held accountable for making decisions that affect its mandate, operations, depositors and stakeholders.

The Board has in place a Board Charter that defines governance principles that the Board adheres to. Board members are committed to acting in the best interest of the Corporation, upholding the high standards of ethical and moral behaviour, recognition of the legitimate interests of all stakeholders. The Board approved implementation of policies, processes, systems and procedures that continue to guide operations of the Corporation. Through periodic reviews, the Board ensures that these policies and applicable governance practices take into account statutory developments and best practices in corporate governance.

In adopting the best practices that foster corporate governance and sustainable development, the Corporation has embraced the use of Quality Management Systems and Enterprise Risk Management System as part of its processes.

Governance Structure and Framework

The Kenya Deposit Insurance Act CAP 487C, the *Mwongozo Code of Corporate Governance* and the Corporation's Board Charter has adopted the following governance structure: -

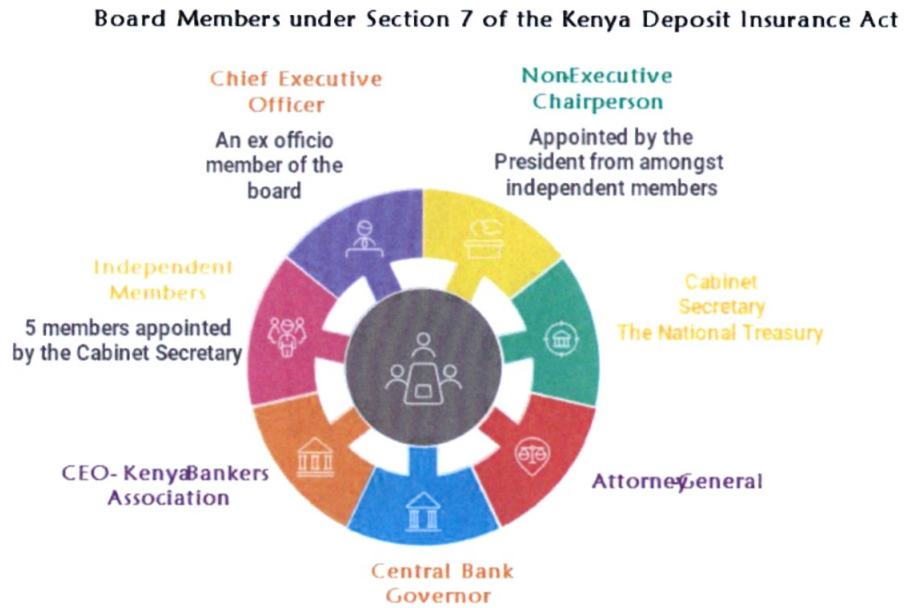


Statement of Compliance

In implementing Corporate Governance, the Corporation is guided by the principles of governance enshrined in the Constitution 2010, Mwongozo Code of Governance, which is the Code of Governance for State Corporations, the Kenya Deposit Insurance Act, CAP 487C and the State Corporations Act CAP 446, Public Finance Management Act CAP 412A, amongst other laws key in the administration of State Corporations and international best practices.

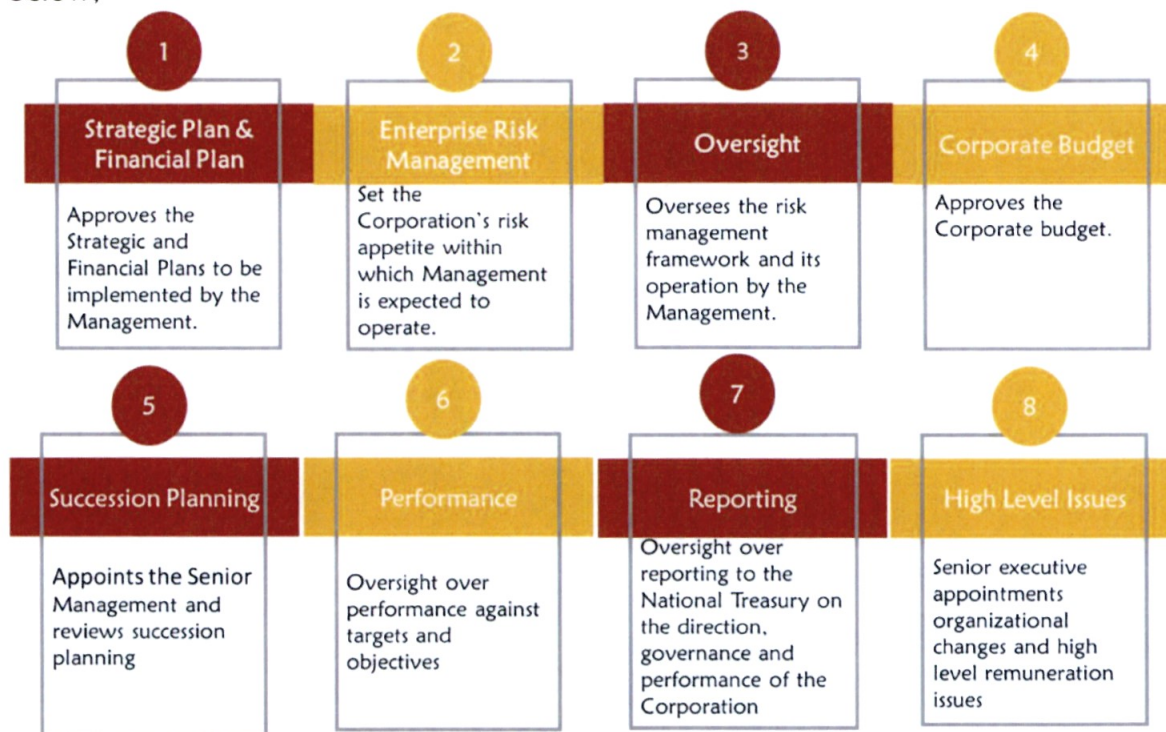


Composition of the Board of Directors



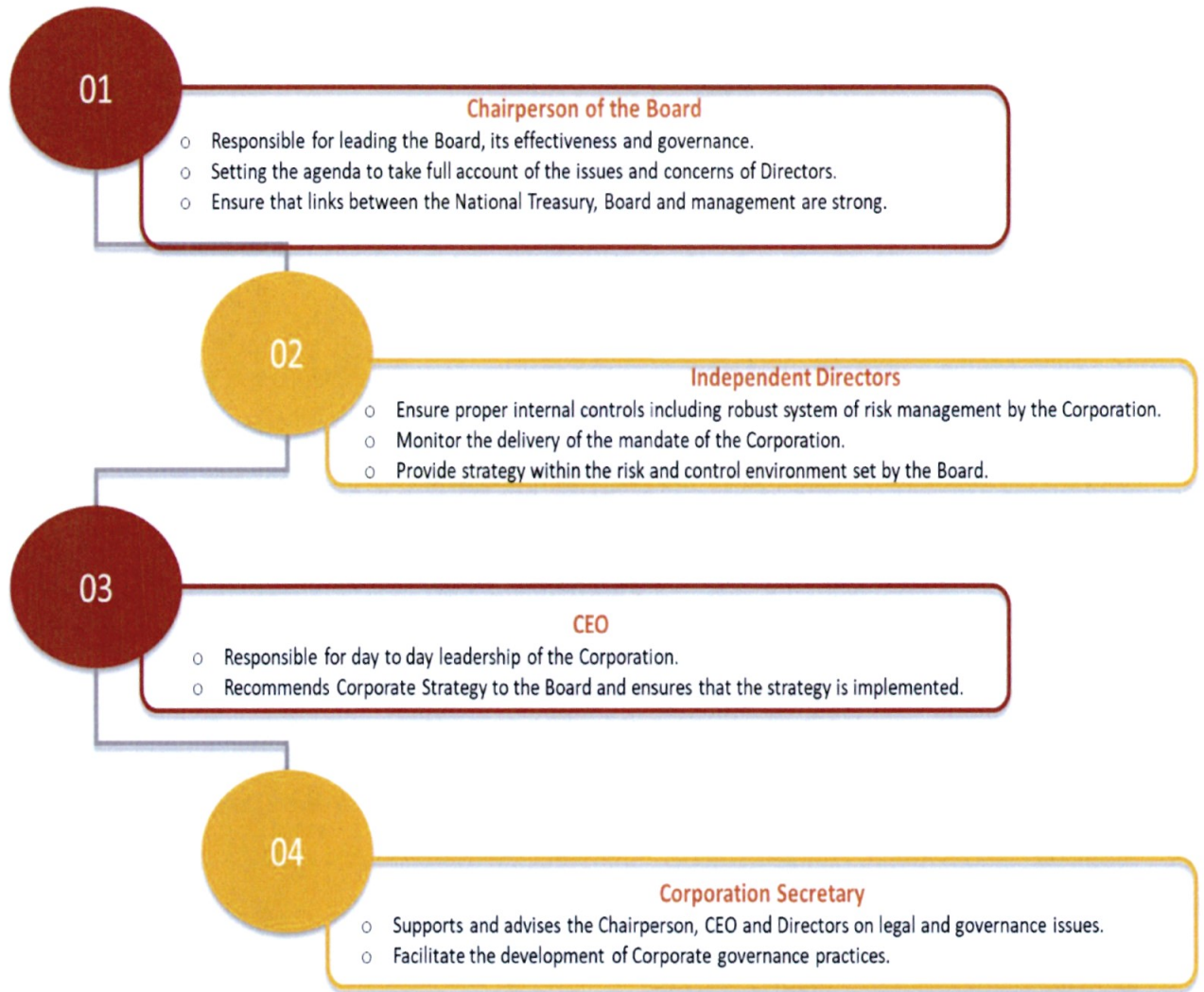
Role of the Board

The Board Charter defines the roles and responsibilities of the members as summarized below;



Separation of Roles and Responsibilities

The roles of the Chairperson, Independent Directors, Chief Executive Officer and the Corporation Secretary are distinct from each other and are performed by different individuals. The roles complement each other in decision making thereby facilitating achievement of the Corporation's mandate.



Effectiveness of the Board

The governance parameters defining the Corporation's Board effectiveness are summarized below;

The effectiveness of the board is achieved through implementation of the following principles:

Board Effectiveness Principles



Authority and Delegation

The Board Charter has enumerated the authority and mandate of the Board, its Committees and Management. The authority and mandate extends to decisions concerning strategy and long-term objectives of the Corporation, financial planning and financial budgets, significant contracts and various statutory and regulatory approvals. The Board through its committees reserve the authority to consider and approve the remuneration policy, resource management, risk management framework and risk appetite

Independence of the Board

Mwongozo Code of Governance defines independence to mean that Board members, including those nominated by stakeholders, should recognize that they owe their duties to the organization and not their nominating stakeholder. The Kenya Deposit Insurance Act CAP 487C requires that the Corporation should have at least five independent Board members appointed by the Cabinet Secretary based on their professional experience in banking, finance, insurance, commerce, law, accountancy or economics. Accordingly, during the year under review, the constitution of the Board included five independent Board Members. Further, all other Directors of the Corporation were considered independent except for the directorship held by the Cabinet Secretary, National Treasury, the Attorney General, the Governor Central Bank of Kenya and CEO, Kenya Bankers Association.

Access to Information and Independent Advice

The Board is entitled to seek any information it requires from any employee or from any other source. Procedures are in place, through the Board Chairperson and the Corporation Secretary, enabling the Directors to have access, at reasonable times, to all relevant corporate information and to Senior Management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions.

The Directors in discharging their mandate, are also entitled to obtain independent legal, accounting or other professional advice at the Corporation's expense. The Board may conduct or direct any investigation to fulfil its responsibilities and can retain, at the Corporation's expense, any legal, accounting or other services that it considers necessary from time to time to fulfil its duties. Directors are expected to strictly adhere to the provisions of the statute applicable to the use and confidentiality of information.

Conflict of Interest and Declaration of Interest

The Board of Directors of the Corporation must avoid any situation which might give rise to a conflict between their personal interest and the interests of the Corporation. The Directors are individually responsible for notifying the Chairman and the Corporation Secretary of any actual or potential conflict of interest as soon as they arise.

All members of the Board are required to register any areas of conflict of interest on first appointment to the Board. Additionally, declaration of interest is a standing agenda for all Board and Committee meetings. The Corporation maintains a conflict-of-interest register that is regularly reviewed and updated by the Board. Any Director with a material personal interest in any matter being considered during any Board or Committee meeting will not vote on the matter or be present when the matter is being discussed and considered. No incidences of conflict of interest were declared by any of the Directors.

Board Succession Planning

The Board considers the succession planning of the Corporation as a key governance parameter. The appointment of independent Directors is undertaken by the Cabinet Secretary (National Treasury) in line with the KDI Act, CAP 487C and other applicable laws. The KDI Act stipulates that independent Directors serve a term of three years, renewable once. The Corporation promptly notifies the Cabinet Secretary of any vacancy in the Board.

Board Capacity Development

Induction

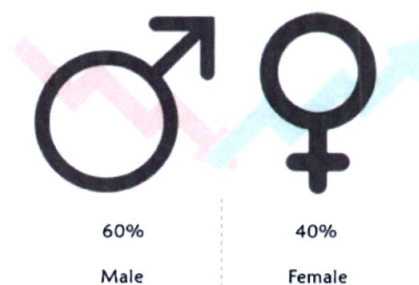
All newly appointed Board members participate in an induction program. The induction program includes a series of meetings with other Directors, the Chief Executive Officer and the Senior Management to enable new Directors familiarise themselves with the business of the Corporation. During the year under review, the Corporation facilitated induction of Board members in the 4th Quarter following reconstitution of the Board in the 2nd Quarter of the year.

Board development programmes

In order to facilitate the Board effectively discharge its mandate, the Chairperson in consultation with the relevant Board Committee regularly reviews the professional development needs of each Director and recommendations are made on how best to address gaps.

Gender Diversity

The Board upholds gender diversity enshrined under the Constitution 2010 which requires that the Corporation implement the two-third gender rule.



Legal and Governance Audit

The Legal and Compliance Audit is undertaken to ascertain the level of adherence to applicable laws and establish compliance with statutory, regulatory and policy requirements. The Board, through the relevant Board Committee, monitors implementation of the legal and governance audit recommendations to ensure closure of the findings and promote compliance with applicable laws and policies.

Board Evaluation

The Board annually undertakes an evaluation of its performance and that of the Board Committees, individual Directors and the Corporation Secretary. The State Corporations Advisory Committee (SCAC) evaluated the Board's performance during the year under review where it is observed that the Board obtained a score of 4.61 representing 92.17%.

Communication Policy

Communication within the board operates within two levels. Internally, between the Board and Management and externally, with external stakeholders. Internally, the communication of board decisions is undertaken by the Corporation Secretary through preparation of board action points. Reporting on management progress on implementation of decisions is undertaken through the Corporation Secretary and CEO by presentation of board papers to the Board and its Committees. Externally, the board has delegated to the CEO the mandate of being the official spokesperson for the Corporation.

Board Committees

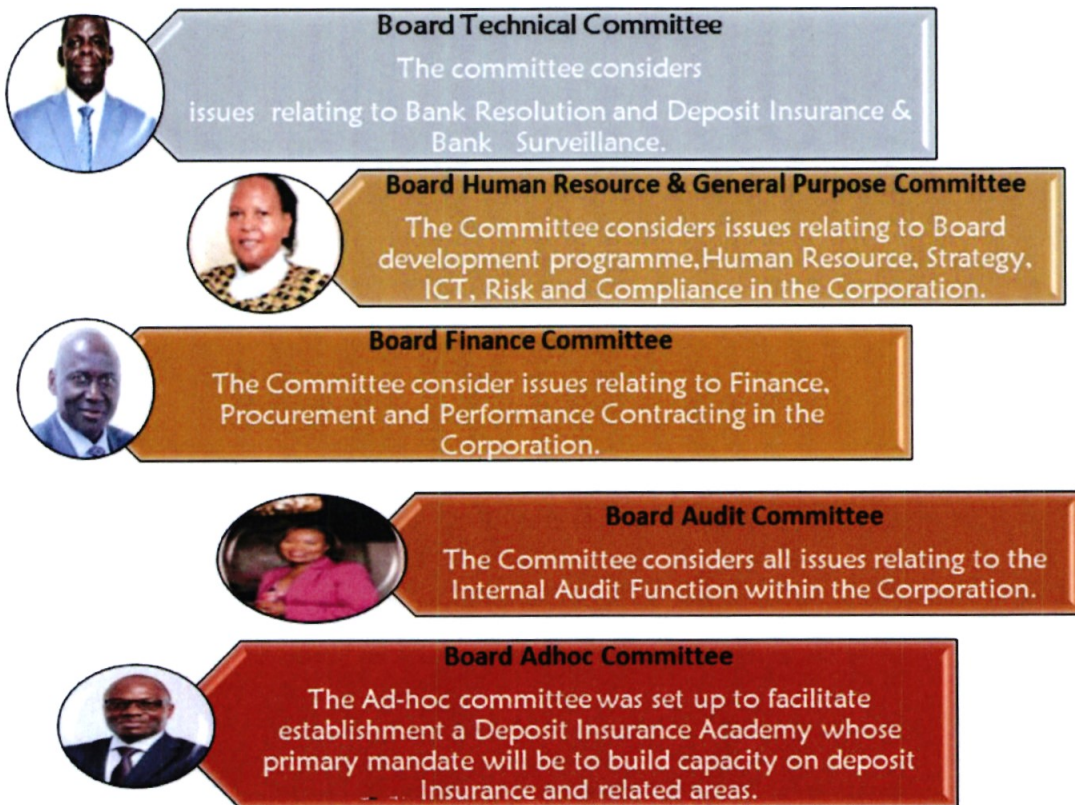
The Board, during the year under review, had in place four standing committees and an Ad hoc Committee with specific delegated mandates. The membership of the Committees is drawn from the range of skills across the Board and shared responsibilities.

The committee membership as at the end of the year under review;

Kenya Deposit Insurance Corporation – Deposit Insurance Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Board Technical Committee (BTC),	Board Finance Committee (BFC)	Board HR, Strategy & General-Purpose Committee (BHSGPC).	Board Audit Committee (BAC),	Board Ad hoc - Committee, Establishment of the KDI Academy
Mr. Joseph Ng'etich (Chairperson)	Mr. Paul Orem (Chairperson)	Ms. Anne Lengerded (Chairperson)	Ms. Anne Lokidor (Chairperson)	Mr. Raimond Molenje (Chairperson)
Mr. Mohamed Adow	Mr. Jonah Orumoi	Mr. Joseph Ng'etich	Mr. Jonah Orumoi	Mr. Jonah Orumoi
Ms. Anne Lokidor	Mr. Joseph Ng'etich	Mr. Mohamed Adow	Ms. Anne Lengerded	Ms. Anne Lokidor
Mr. Kennedy Abuga	Mr. Raimond Molenje	Mr. Raimond Molenje	Mr. Kennedy Abuga	Mr. Mohamed Adow
Mrs. Hellen Chepkwony	Mrs. Hellen Chepkwony	Mrs. Hellen Chepkwony		Mr. Paul Orem
				Mrs. Hellen Chepkwony

Committee Terms of Reference & Chairpersons



Meetings of the Board and the Committees of the Board

The Board has in place an Annual Work Plan and Almanac that sets out the Board activities in every financial year. The Board meets at least once every quarter, and additionally, when necessary. The Annual Work Plan and Almanac are prepared at the beginning of the financial year and the Board papers and agenda are circulated in advance of each meeting.

During the year ending under review, the Board held a total of nine meetings and various Committee sittings as shown in the table:

Board Director	Board Meetings	Board Technical Committee (BTC)	Board Finance Committee (BFC)	Board HR, Strategy & General Purpose Committee (HSG)	Board Audit Committee (BAC)	Board Adhoc Committee, Establishment of the KDI Academy
Mrs. Hannah Muriithi, EBS (Chairperson)	7	N/A	N/A	N/A	N/A	N/A
Mr. John Njera	4	N/A	2	1	N/A	N/A
Mr. Mohamed Adow	7	4	N/A	N/A	N/A	-
Mr. Kennedy Abuga	6	4	N/A	5	2	N/A
Dr. Habil Olaka	3	1	2	N/A	N/A	-
Mr. Joseph Ng'etich	6	4	5	4	N/A	-
Mr. James Akali	5	2	N/A	3	1	N/A
Ms. Anne Lengerded	7	N/A	5	5	3	N/A
Ms. Melisa Ng'ania	4	2	N/A	N/A	1	-
Mr. John Orumoi	-	N/A	-	N/A	2	-
Ms. Anne Lokidor	3	2	N/A	N/A	2	-
Mr. Raimond Molenje	3	N/A	3	3	N/A	-
Mr. Paul Orem	3	N/A	3	N/A	N/A	-
Ms. Grace Mwaniki	2	2	1	1	2	-
Ms. Hellen Chepkwony (CEO KDIC)	4	4	5	5	N/A	-

* N/A - not a member of the committee.

Risk Management Framework

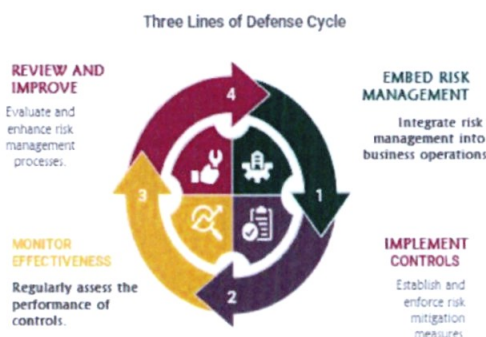
The Corporation, being a key player in the financial sector, is faced with a myriad of challenges in its operations and the effective management of risk is a fundamental enabler of its Strategic Plan. The strategy employed for the management of risks is aimed at ensuring protection of depositors of member institutions and enabling sustained performance.

The Corporation is committed to having risk management policies, processes and practices that support a high standard of governance. This enables management to undertake prudent risk-taking activities. The Board oversees the risk management strategy and framework taking into account the risk appetite, requirements of the Kenya Deposit

Insurance Act CAP 487C and strategic and mandate of the Corporation. The Board regularly reviews the Corporations risk registers as per Enterprise Risk Management Policy framework.

The Corporation has adopted a ‘three lines of defense’ model for risk management. The overarching principle of the model is that the risk management capability must be embedded within the business to be effective. The Corporation undertakes continuous training and awareness on the enterprise management framework as a safeguard for risk management.

The framework act as the foundation for effective risk management across KDIC. The Risk Management Framework covers all systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk. The Risk Management Framework is regularly reviewed in light of emerging risks arising from the changing business environment, better practice approaches and regulatory expectations.



Policies and Standard Operation Procedures

The Corporation has in place policies that capture not only our legal obligations, but also the reasonable expectations of the stakeholders, including customers. These policies apply to all employees and

Directors of KDIC, and anyone working on the Corporation's behalf, including contractors and consultants. The Corporation adopts zero tolerance to all forms of corruption, bribery and unethical business practices.

Ethical Conduct

The Corporation's Code of Ethical Conduct adopts the ethical standards under the Constitution and applicable standards for public officers. It covers a range of areas including personal conduct, integrity, honesty, transparency, accountability, fairness and prevention of corruption. It emphasizes the importance of making the right decisions and behaving in a manner that builds respect and trust in the organization. The Code sets out clear behavioral requirements and consequences where these are not met. The Corporation has in place a number of policies and practices to promote a culture of compliance, honesty and ethical behavior.

Board Remuneration

The remuneration of the Board is guided by SCAC and the applicable laws. The Chairperson receives a monthly honorarium while Board members are paid sitting allowances based on the number of meetings attended and are reimbursed any expenses incurred in the line of duty including mileage.

Membership to Professional Bodies

The Corporation's Board of Directors are members of diverse professional associations and the Corporation ensures that its directors remain in good standing through continuous professional development training provided by the respective professional bodies.

Compliance with IADI Core Principles for Effective Deposit Insurance Systems

The International Association of Deposit Insurers is the umbrella body that promotes guidance and international cooperation on deposit insurance, globally. KDIC is one of the inaugural members of the association which was founded in 2002, and has a current

membership of 86 deposit insurers. The IADI Core principles (16 in number) for effective deposit insurers are developed for adoption by jurisdictions considering the adoption or reform of their deposit insurance systems.

The Corporation continuously aligns its operations and legal framework to the guidance of these principles, and was voted the best deposit insurer in the world, in 2016.

Core Principles for Effective Deposit Insurance Systems



The Corporation is compliant with a number of the IADI Core Principles of Deposit Insurance. The Corporation has thirteen (13) core principles that are fully compliant, two (2) principles that are partially compliant and one (1) principle that is not applicable in undertaking its core mandate.

MANAGEMENT DISCUSSION AND ANALYSIS

DEPOSIT INSURANCE AND BANK SURVEILLANCE

Macroeconomic Environment

According to the Kenya National Bureau of Statistics (KNBS), Global economic growth remained resilient in 2024, with world GDP expanding by 3.2% despite high costs and tight monetary policies. OECD economies grew by 1.7%, while Emerging Markets and Developing Economies saw a 4.2% growth. Sub-Saharan Africa and the EAC posted gains of 3.8% and 5.4%, respectively.

Kenya's economy remained resilient in the first quarter of 2025, recording a GDP growth of 4.9% mirroring the growth achieved in the same quarter of 2024. This performance was largely driven by strong agricultural output and a notable recovery in industrial activity, though the services sector registered a slowdown.

On the inflation front, overall inflation remained stable at 3.8% in both May 2025 and June 2025, remaining within the Central Bank's target range. Core inflation, which excludes volatile food and fuel prices, edged up slightly to 3.0% in June 2025 from 2.8% in May 2025, indicating modest underlying price pressures. Non-core inflation, influenced largely by food and energy prices, stood at 6.2% in June 2025, up from 6.0% in May 2025, reflecting seasonal and global price dynamics.

Banking sector

Regulatory environment

Under the Business Laws (Amendment) Act, 2024, CBK raised the core capital requirement from KES 250 million to KES 10 billion, with a transition period ending December 31, 2029. The incremental targets include: KES 3 billion by end-2025, and gradually rising to KES 10 billion by 2029. As of December 2023, 27 out of Kenya's 39 banks had already met or exceeded the new threshold via retained earnings, equity






issuance, or strategic partnerships. CBK required the remaining 24 banks below KES 3 billion to submit board-approved capital build-up plans by April 1, 2025, detailing how they'd comply with the phased targets. As at June 2025, 27 banks were fully compliant, while the rest continue to implement capital planning strategies ahead of the 2029 deadline.

In April 2025, the Central Bank of Kenya (CBK) formally issued its Guidelines on the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Leverage Ratio, to fortify banks' resilience to funding shocks. These guidelines emphasize: Mandatory internal liquidity risk frameworks and contingency funding plans; Regular stress-testing of liquidity buffers; and Proactive asset-liability management, especially given increased short-term liabilities and interbank activity. Following their issuance, banks have begun recalibrating their liquidity governance structures, updating policy frameworks, and investing in better forecasting tools to ensure compliance by year-end.

The continued monetary easing by the Central Bank of Kenya should lower the cost of borrowing and support credit uptake, thereby expanding loan books and interest earnings. Furthermore, the sector's adoption of risk-based pricing models is enabling more effective credit segmentation and pricing, enhancing both asset quality and returns. This trend is supported by improving capital buffers and a stable liquidity position across most bank categories, particularly among medium and large banks.

Financial Performance

Banking Sector Performance - 2025

Item	June 2024	June 2025
 Total Assets	KES 7.63 trillion	KES 7.94 trillion
 Balances with CBK	KES 288.2 billion	KES 331.5 billion
 Treasury Bonds and Bills	KES 1.90 trillion	KES 2.36 trillion
 Total Gross Loans	KES 4.04 trillion	KES 4.14 trillion
 Non-Performing Loans (NPLs)	KES 669.9 trillion	KES 739.9 billion
 Total Deposits	KES 5.63 trillion	KES 5.74 trillion

The banking sector exhibited continued resilience and moderate growth over the first half of 2025. Total assets expanded from KES 7.69 trillion in January 2025 to KES 7.94 trillion in June 2025, representing a 3.3% growth over the six-month period. On a year-on-year basis, total assets grew by 4.0%, from KES 7.6 trillion, reflecting steady balance sheet expansion despite a challenging macroeconomic environment. The growth in assets was largely funded by increased customer deposits and short-term borrowings, suggesting maintained public confidence in the banking system.

A closer review of asset composition reveals increased placements with the Central Bank of Kenya and sustained appetite for government securities. Balances with the CBK rose from KES 322.5 billion in January 2025 to KES 331.5 billion in June 2025, while holdings in Treasury Bonds and Bills expanded to a combined KES 2.36 trillion. This shift signals a continued preference for liquid and risk-free investments, which may indicate cautious lending by banks amid elevated credit risk perceptions. Total gross loans grew from KES

4.04 trillion in June 2024 to KES 4.14 trillion in June 2025, indicating a modest 2.4% expansion in credit. While this reflects a cautious lending approach, it also underscores a growing emphasis on preserving asset quality amid a complex credit environment. The total stock of non-performing loans (NPLs), rose from KES 669.9 billion in June 2024 to KES 739.9 billion in June 2025, representing a 10.5% year-on-year increase. As a share of total loans, the NPL ratio deteriorated from 16.6% to 17.9%, reflecting increasing stress in some loan portfolios.

On the liabilities side, deposit mobilization remained strong. Total deposits from all sources rose from KES 5.47 trillion in January 2025 to KES 5.74 trillion in June 2025, a 5.0% growth that reflects continued public trust in the sector. Net deposit liabilities and total short-term liabilities similarly recorded increases of 4.1% and 3.9% respectively, aligning with asset growth and suggesting a balanced funding structure.

Deposit Insurance Scheme

The Corporation serves as a safety net, protecting depositors in the rare event of a bank failure. Our Deposit Insurance Scheme (DIS) continues to play a vital role in safeguarding depositors and promoting financial stability. This is achieved through strengthened collaboration with regulatory authorities, enhanced surveillance mechanisms, and a proactive approach to emerging risks—while remaining attuned to the evolving financial landscape and upholding the integrity of the deposit insurance framework.

Membership

The Corporation manages the Deposit Insurance Fund whose membership is mandatory for all banks licensed and regulated by the Central Bank of Kenya under the Banking Act and the Microfinance Act. During the year, the membership was as follows;



Deposit Insurance Overview.

To promote public confidence and contribute to financial stability in the banking system, the Corporation continued to provide deposit insurance guarantee (coverage), which protects depositors against potential losses in the event of a bank failure. For effective protection of depositors, the Corporation operates a Deposit Insurance Fund (DIF) where members contribute in the form of premiums on an annual basis.

As of June 2025, the Deposit Insurance Fund balance had grown to KES 266.6 billion, up from KES 224 billion in June 2024. This growth was primarily driven by an increase in premium income, which grew from KES 7.74 billion in 2023/24 to KES 9.2 billion in 2024/25. Premium assessments were conducted using a risk-based model that categorizes banks into five tiers based on their CAMEL ratings.

Additionally, investment income grew by KES 7.4 billion from KES 26.9 billion in June 2024 to KES 34.3 billion in June 2025. The Fund ensures the availability of resources to promptly reimburse depositors in the event of a bank failure.

Total deposits represented 86% of the banking sector's liabilities, amounting to KES 5.8 trillion - an increase from KES 5.6 trillion recorded the previous year. However, insured deposits declined by KES 37.9 billion from KES 881.9 billion in June 2024 to KES 844 billion in June 2025. The total number of accounts also dropped by 33.8 million from 112.5 million in June 2024 to 78.7 million in June 2025, following a data clean-up

exercise by banks. Notably, accounts with balances below KES 500,000 decreased by the same number from 111.8 million to 77.9 million, indicating that all the accounts that were dropped fell under this category. The account clean-up was attributed to the rationalization of dormant or inactive accounts.

Deposit Insurance Fund (DIF) Adequacy:

To ensure sufficient resources for depositor protection in the event of a bank failure, the Corporation maintains a Target Fund (TF) ratio - defined as the proportion of the Deposit Insurance Fund (DIF) to Total Eligible Deposits in the banking sector. This target is designed to ensure the Fund is adequately capitalized to address potential failures.

During the review period, the Target Fund ratio reached 4.56%, marking a 0.65 percentage point increase from 3.91% in June 2024. Similarly, the ratio of the DIF to Insured Deposits rose from 24.93% to 31.68%, driven by a 19% growth in the Fund's size.

However, the ratio of insured deposits to total eligible deposits declined from 15.69% in June 2024 to 14.38% in June 2025 - a 1.31 percentage point drop. This ratio is a key indicator of the coverage level of the deposit insurance scheme. A higher ratio reflects broader protection and contributes positively to financial stability, while a lower ratio—particularly below 20% - suggests a significant portion of eligible deposits remains uninsured. Despite the decline in coverage by value, the proportion of accounts fully covered remained unchanged at 99.01%.

Risk Assessment and Bank Examination

In line with its mandate to promote financial system stability and protect depositors, the Corporation continuously monitors the financial soundness and risk profiles of its member institutions. This proactive oversight supports timely interventions and enhances the resilience of the banking sector.






During the review period, KDIC enhanced its capacity to detect both financial and emerging non-financial risks at an early stage. A key enabler of this capability is the Electronic Data Warehouse (EDW), which facilitates the receipt of monthly, quarterly, and annual financial and prudential data from all member institutions. These data streams are central to the Corporation's surveillance and risk assessment processes.

Leveraging this data, KDIC computed annual CAMEL ratings - evaluating Capital adequacy, Asset quality, Management quality, Earnings, and Liquidity - which serve as the foundation for determining risk-based premiums. The CAMEL framework offers an objective, forward-looking approach to risk profiling and helps identify institutions requiring closer supervision. Beyond routine surveillance, the Corporation developed comprehensive Risk and Impact Assessment Reports. These reports provided in-depth analysis of emerging threats, systemic vulnerabilities, and institution-specific issues, drawing on financial trends, peer benchmarking, and other risk analytics to inform strategic decision-making.

Where risks were identified, KDIC implemented pre-emptive interventions in collaboration with other financial sector regulators. These included structured engagements with institutional management and on-site visits to verify data integrity, assess governance structures, and provide early corrective feedback. During the year, KDIC conducted on-site visits to 13 member institutions as part of these targeted interventions.

Through continuous surveillance, data validation, and proactive supervisory actions, KDIC has strengthened its early warning capabilities and reinforced its role in maintaining public confidence in the banking sector. In support of this, the Corporation has engaged a consultant to assist in the development of a living will framework.

Bank Performance Metrics

Metric	Large Banks	Medium Banks	Small Banks	Microfinance Banks
 Capital Adequacy	17%	28%	18%	8%
 Asset Quality	6%	7%	16%	16%
 Management Efficiency	60%	70%	96%	112%
 Earnings Performance	2.08%	1.49%	0.16%	-2.50%
 Liquidity	56%	76%	59%	41%

During the period under review, the Corporation continued to assess the financial condition of member institutions using key prudential indicators. Capital adequacy - measured by the ratio of Core Capital to Total Risk-Weighted Assets (TRWA) - was highest among medium-sized banks at 28%, followed by small banks at 18%, and large banks at 17%. Microfinance banks registered an average of 8%.

Asset quality, evaluated through the net Non-Performing Loans (NPL) ratio, showed that large and medium-sized banks maintained relatively strong positions at 6% and 7%, respectively. In contrast, small and microfinance banks recorded higher NPL ratios of 16%, indicating elevated credit risk in those segments.

Management efficiency, reflected in the Cost-to-Income ratio, was weak among microfinance banks at 112% and small banks at 96%, while large and medium-sized banks posted more efficient ratios of 60% and 70%, respectively - highlighting structural cost differences across tiers.

Earnings performance, measured by profit before tax (PBT) to Total Assets, remained positive for large (2.08% on average) and medium-sized banks (1.49% on average).

Small banks showed marginal profitability at 0.16% on average, whereas microfinance banks reported negative returns (-2.50% on average), underscoring persistent profitability challenges in the microfinance sector.

Liquidity levels across all tiers remained above the statutory minimum, with medium-sized banks leading at 76%, followed by small banks (59% on average), large banks (56% on average), and microfinance banks (41% on average).

Stakeholder Engagement

During the year, the Corporation conducted a number of stakeholder engagements with member institutions, focusing on key operational themes such as reporting standards, protection of trust accounts, and deposit insurance awareness. These engagements served to strengthen collaboration and promote compliance with the Corporation's frameworks while enhancing institutional capacity within the financial sector.



The Corporation was also privileged to host delegations from the Bank of Uganda, Reserve Bank of Malawi, the Bank of Sierra Leone and Deposit Protection Corporation of Zimbabwe for a study visit and peer knowledge-sharing sessions. These visits provided a platform to exchange best practices in deposit insurance, resolution planning, and institutional governance, reaffirming KDIC's role as a regional center of excellence.

In its ongoing contribution to regional financial stability, the Corporation also hosted the EAC Monetary Affairs Committee (MAC) Sub-Committee Working Group on Crisis Preparedness and Simulation in Mombasa. The forum brought together key financial sector regulators from the East African Community to deliberate on cross-border crisis coordination frameworks and enhance readiness for systemic financial disruptions.

In its broader stakeholder outreach efforts, the Corporation participated in and provided support to the Eldoret Business Summit held from 26th to 28th April 2025, where it

engaged with entrepreneurs, SMEs, and financial institutions on issues relating to financial stability and deposit protection. Additionally, the Corporation collaborated with the Kenya Bankers Association by sponsoring and actively participating in the 2025 edition of the Debate Circle, a platform that brings together financial sector stakeholders to debate contemporary issues affecting the banking and financial ecosystem.

KDIC is an associate member of the Joint Financial Sector Regulators Forum (JFSRF), which includes the five domestic financial sector regulators. In view of this, The Corporation continued to support the JFSRF activities including attending and participating the joint board, technical committee and subcommittee meetings. KDIC is represented in various FSRF committees, including the Technical Committee, Research and Financial Stability, Prudential Supervision, and Fintech sub-committees. Further, the Corporation hosted the Research and Financial Stability sub-committee that engaged in capacity building for the Environment Social and Governance (ESG) thematic areas in line with the JFSRF work plan.

International Association of Deposit Insurers (IADI) Activities

As part of KDIC's membership in and commitment to the International Association of Deposit Insurers (IADI), the Corporation was proud to host the 2025 Annual General Meeting and Conference of the Africa Regional Committee (ARC) in Mombasa, Kenya. The event, held from 16 to 19 June 2025, convened over 150 delegates from across Africa and beyond, including representatives from deposit insurers, central banks, and other financial safety-net participants. Themed "Enhanced Bank Resolution Frameworks and the Vital Role of Deposit Insurance Systems in Bank Failure," the conference provided a platform for advancing regional dialogue on critical issues such as resolution planning, depositor protection, cross-border coordination, and crisis preparedness.

In addition, KDIC was selected as one of the pilot jurisdictions to participate in the IADI's key priority initiative of reviewing the Core Principles for Effective Deposit Insurance Systems, aimed at ensuring their continued relevance and effectiveness. Through this

engagement, KDIC provided technical input and country-level insights that will inform the global revision of the Core Principles and support their application in diverse financial sector contexts.

KDIC's leadership and active participation in IADI ARC activities reaffirm the Corporation's ongoing commitment to contributing to global deposit insurance dialogue and strengthening financial system resilience both regionally and internationally.

Payment of protected deposits

Following its appointment as the liquidator of Chase Bank Ltd. (IL) and Imperial Bank (IL), the Corporation proceeded to pay protected deposits in accordance with KDI Act Cap 487C section 33.

As of June 30, 2025, Imperial Bank Ltd. (IL) paid 987 depositors totaling to KES. 474 Million in protected deposits while Chase Bank Ltd (IL) paid KES.715 Million. Payment of protected deposits is still in progress for depositors lodging out of time depositor claims. Payment of Protected deposit is geared towards preserving depositor savings, foster economic stability, and maintain public trust in the financial industry.

REPORT OF THE DIRECTORS

The Directors of the Kenya Deposit Insurance Corporation submit their report together with the audited financial statements for the year ended 30th June 2025 which show the state of the Corporation's affairs.

Principal activities

The Corporation is established and administered under the Kenya Deposit Insurance Act, 2012. The Corporation commenced operations on 1 July 2016, with a transition period of two years, to 30th June 2018. The objectives of the Corporation are to provide deposit insurance scheme for depositors of member institutions, monitor the soundness of institutions through analysis, and undertake problem bank resolution through receivership, liquidation and winding up of collapsed bank institutions in accordance with the KDI Act, 2012.

Results

The financial results of the Corporation for the year ended 30th June 2025 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 1 of the financial statements.

Directors

The members of the Board of Directors who served during the year were appointed as guided by Section 7 (1) of the Kenya Deposit Insurance Act, 2012. The Directors who served during the period are shown on page 9 of this report.

Auditors

The Office of Auditor General is responsible for the statutory audit of the Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June 2025.

Kenya Deposit Insurance Corporation – Deposit Insurance Fund
Annual Report and Financial Statements for the year ended June 30, 2025



By Order of the Board.

29th August 2025

Corporation Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 19 of Kenya Deposit Insurance Act, 2012 require the Directors to prepare financial statements in respect of the Corporation, which give a true and fair view of the state of affairs and the operating results of the Corporation at the end of the financial year. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. Additionally, the Directors are also responsible for safeguarding the Corporation assets.

The Directors are responsible for the preparation and presentation of the Corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Corporation;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Corporation;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors have ensured preparation of the Corporation's financial statements using appropriate accounting policies supported by reasonable and prudent judgements and

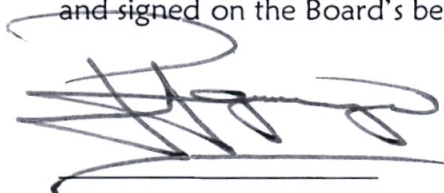
estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and Section 19 of Kenya Deposit Insurance Act, 2012


The Directors are of the opinion that the Corporation's financial statements give a true and fair view of the state of Corporation's transactions during the financial year ended June 30, 2025, and of the Corporation's financial position as at 30th June 2025. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

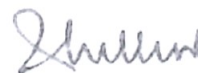
In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Corporation's financial statements were approved by the Board on 29th August 2025 and signed on the Board's behalf by:



 Mrs. Hannah W. Muriithi, EBS
Chairperson of the Board of Directors



Hellen Chepkwony (Mrs.)
Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON DEPOSIT INSURANCE FUND FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA DEPOSIT INSURANCE CORPORATION

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Deposit Insurance Fund set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in fund balance, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public

Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Deposit Insurance Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Kenya Deposit Insurance Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Deposit Insurance Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

Management is responsible for the Other Information set out on pages iii to lxxv which comprise of Key Entity Information, Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Report of the Chairperson, Report of the Chief Executive Officer, Statement of performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Report of the Directors, and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and, accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is 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 Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2025

	Note	2025 Kes'000	2024 Kes'000
REVENUE			
Assessment income	6	9,221,385	7,738,891
Investment income	7	34,276,404	26,963,480
Other Income	8	571	-
		<u>43,498,360</u>	<u>34,702,370</u>
		=====	=====
EXPENSES			
Transfer to KDIC expense	9	1,063,701	865,607
Finance Costs	10	277,755	147,928
		<u>1,341,457</u>	<u>1,013,535</u>
		=====	=====
SURPLUS FOR THE YEAR BEFORE TAXATION		42,156,903	33,688,836
Taxation	1(e)	-	-
		<u>42,156,903</u>	<u>33,688,836</u>
SURPLUS FOR THE YEAR AFTER TAXATION		42,156,903	33,688,836
Other comprehensive income		-	-
		<u>42,156,903</u>	<u>33,688,836</u>
TOTAL COMPREHENSIVE INCOME		42,156,903	33,688,836
		=====	=====

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2025 Kes'000	2024 Kes'000
ASSETS			
Non-current assets			
Government securities	11	173,837,179	153,153,581
		_____	_____
		173,837,179	153,153,581
		_____	_____
Current assets			
Government securities Maturing between 91 days & 364 days	11	60,516,784	48,994,067
Government securities Maturing Within 90 Days	11	26,479,233	17,746,493
Receivables	12	5,817,486	4,743,050
Cash and bank balances	13	323,117	214,116
		_____	_____
		93,136,619	71,697,727
		_____	_____
TOTAL ASSETS		266,973,798	224,851,308
		=====	=====
FUND BALANCE AND LIABILITIES			
Fund balance		266,628,620	224,328,394
Current liabilities			
Payables and accruals(Gratuity)	14	16,003	-
Payable to Staff Loan Fund	14	329,174	522,914
		_____	_____
		345,178	522,914
		_____	_____
Non- Current Liabilities			
		-	-
		_____	_____
		-	-
		_____	_____
TOTAL FUND BALANCE AND LIABILITIES		266,973,798	224,851,308
		=====	=====

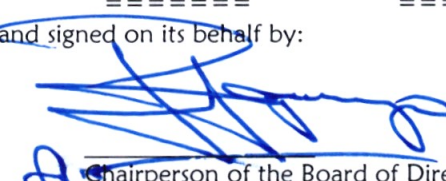
The financial statements were approved on 29/08/25 and signed on its behalf by:



Chief Executive Officer
Hellen Chepkwony



Head of Finance
Linda Gatakaa ICPAK M/NO: 10993



Chairperson of the Board of Directors
Mrs. Hannah W. Muriithi, EBS

STATEMENT OF CHANGES IN FUND BALANCE FOR THE YEAR ENDED 30 JUNE 2025

	2025	2024
	Fund balance	Fund balance
	Kes'000	Kes'000
As at 1st July	224,328,394	190,550,127
(Transfer of Accumulated Surplus from KDIC)	143,323	89,431
Surplus for the year	42,156,903	33,688,836
As at 30 June	266,628,620	224,328,394
	=====	=====

The prior year adjustment of Kes. 19.6 M mainly relates to adjustment to creditor balances resulting from non-delivery of various contracts and a further correction of Kes. 3.0M that arose from an asset having been over-depreciated over the past financial years.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Kes'000	2024 Kes'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		42,156,903	33,688,836
<i>Adjustment for:</i>			
Interest Income	7	-34,276,404	-26,963,480
Transfer to KDIC expense (Non-cash)	9	1,063,701	865,607
Cash transfers to KDIC		-900,000	-826,000
<i>Changes in working capital:</i>			
Receivables	12	-1,074,436	-916,469
Payables and accruals	14	-177,736	-68,296
		<hr/>	<hr/>
Net cash generated from operating activities		6,792,029	5,780,198
		=====	=====
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Government Securities	11	-138,540,897	-168,757,071
Proceeds from Disposal of Government Securities	11	107,733,300	144,114,600
Interest Received		33,679,302	17,816,551
		<hr/>	<hr/>
Net cash (used in)/generated from investment activities		2,871,705	-6,825,920
		=====	=====
CASH FLOWS FROM FINANCING ACTIVITIES			
		<hr/>	<hr/>
Net cash generated from financing activities		-	-
		=====	=====
Net (decrease)/increase in cash and cash equivalents		9,663,734	-1,045,722
CASH AND CASH EQUIVALENTS AT 1 JULY 2024		22,467,536	23,513,258
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE 2025	13	32,131,269	22,467,536
		=====	=====

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	2024/2025 BUDGET	ADST	FINAL BUDGET	ACTUAL INCOME/ EXPENDITURE	PERFORMANCE DIFFERENCE IN KSHS.	% UTILIZATION
NOTE Revenue				Kshs.000		
16(I) Assessment Income	8,511,777	-	8,511,777	9,221,385	709,609	108%
16(II) Investment Income	22,829,368	-	22,829,368	34,276,404	11,447,035	150%
16(III) Other Income	-	-	-	570,813.66	570,814	100%
Total Revenues	31,341,145	-	31,341,145	43,498,360	12,157,215	
Expenditure						
16(IV) Finance Cost	-	-	-	277,755	-277,755	0%
Sub-total				277,755	-277,755	
16(V) Transfer to KDIC- Opex	1,334,594	-	1,334,594	1,063,701	270,893	80%
16(VI) Transfer to KDIC - Capex	166,530	-	166,530	141,819	24,711	85%
Total expenditures	1,501,124	-	1,501,124	1,205,520	295,604	
Net Surplus	29,840,021		29,840,021	42,156,903	12,452,819	

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Deposit Insurance Corporation is established by and derives its authority and accountability from Kenya Deposit Insurance (KDI) Act 2012. This is a wholly owned by the Government of Kenya and is domiciled in Kenya. The Corporation's principal activity is to provide deposit insurance scheme to customers of member institutions.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements are prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, financial instruments at fair value and impaired assets at their estimated recoverable amounts. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements have been prepared on accrual basis. However, cash flow statement is not prepared using the accrual basis of accounting but cash basis of accounting.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Corporation rounded to the nearest thousand (KES'000).

The financial statements have been prepared in accordance with the Public Finance Management Act,2012, the Kenya Deposit Insurance Act,2012, the State Corporation's Act

(Cap.446) and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2025

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)

The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024.

IFRS 16- Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)

The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss. The amendments are effective for annual periods beginning on or after January 1, 2024.

ii) Relevant New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

IFRS 18 Presentation and Disclosure in Financial statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

iii) Early adoption of standards

The Corporation did not early – adopt any new or amended standards in year 2024/2025.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

The Corporation accrues its income through financing by the Deposit Insurance Fund equivalent to its expenditure for the year.

b) Property ,Plant and equipment

(i) Recognition and measurement

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as follows:

Long-term leasehold land	<i>over the lease period</i>
Buildings	2.5%
Computer equipment	20.00%
ICT equipment	20.00%
Office equipment, furniture and fittings	20.00%
Motor vehicles	25.00%
Intangible assets (Software)	25.00%

Depreciation methods, useful lives and residual values are reassessed and adjusted, if appropriate, at each reporting date. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are recognized in profit or loss in the year in which they arise.

c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Corporation does not have any internally generated intangible assets.

d) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs

relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Corporation has leased office space and the right of use of the asset have recognized an asset with subsequent depreciation over the period of the lease.

f) Inventory

Inventory comprises of stationery and other consumables. Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated total costs.

g) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

h) Taxation

The Corporation's income is not subject to corporation tax as it has been granted exemption by the statute(Section 72 of KDI Act). Therefore, no provision for current tax or deferred tax is made in the financial statements.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances.

j) Retirement Benefit Obligation

Employee entitlements are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The Corporation's employees are eligible for retirement benefits under a defined contribution plan. The defined contribution plan is funded by the Corporation as the sponsor. The Corporation recognizes contributions to the fund in the profit and loss account in the year to which they relate. The Corporation also contributes to a statutory defined contribution Pension Scheme, the National Social Security Fund (NSSF). The Corporation's contributions are also charged to the profit or loss in the year to which they relate. The Corporation has no obligation once the contributions have been paid.

k) Rounding off Difference

The Corporation in preparation of the financial statements has rounded off its figures to the nearest thousand.

l) Financial assets and liabilities

(i) Recognition

The Corporation's receivables are measured at amortised cost.

(ii) Classification

The Corporation classifies its financial assets in the receivables category. The Corporation classifies its financial liabilities as measured at amortised cost. Management determines the classification of its investments at initial recognition.

(iii) Other financial liabilities

Other financial liabilities are measured at amortised cost. These include other payables and amounts due to related companies.

(iv) Identification and measurement of impairment of financial assets

At each reporting date the Corporation assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the carrying amount.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses

are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

(v) Derecognition

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Corporation enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position.

(vi) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the

recognised amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a Corporation of similar transactions such as in the Corporation's trading activity.

(vii) Fair value of financial assets and liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability respectively in an orderly transaction between market participants at the measurement date.

m) Impairment for non-financial assets

The carrying amounts of the Corporation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Corporation that generates cash flows that largely are independent from other assets and Corporations. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Corporation of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows

are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

n) Related parties

In the normal course of business, the Corporation has entered into transactions with related parties. The related party transactions are at arm's length.

o) Grants

Other grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions. The grants are amortized at the rate of 20% per annum on a reducing balance over a useful life of 5 years. The Corporation's grant was amortized in the last financial year. No grant was received in the year.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

q) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date. Provisions made include provisions for leave, gratuity, audit fees, bad debts

r) Budget information

The budget for FY 2024-2025 was approved on 30th June 2025. The Corporation's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared at the beginning of the period on assumptions and projections for costs that have not been incurred. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

s) Translation of foreign currencies

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

t) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Corporation based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

The condition of the asset

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the assets

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. RISK MANAGEMENT

Structure and reporting

The Board of Directors are responsible for the overall risk management approach and for approving the risk management policy and strategies. There are other organs that monitor the assessment and management of risks within the Corporation including:

Board Audit Committee

The Audit Committee assists the Board in the fulfilment of its oversight responsibilities. The Committee guides and monitors the implementation of controls by the Corporation.

Internal Audit and Risk Management Unit

Internal audit department provides objective assurance and insight on the effectiveness and efficiency of risk management, internal control and governance processes in the Corporation. This is achieved by assessing the governance structures/practices in place, implementation of the Enterprise risk management framework and the level of compliance with the Kenya Deposit Insurance Act, documented policies and procedures and government guidelines issued from time to time.

Functionally, Internal Audit reports to the Board of Directors through the Board Audit Committee and administratively to the Chief Executive Officer. This dual reporting structure ensures that the independence and objectivity of the function is guaranteed.

The corporation conducts risk assessment on regular basis which informs the internal audit plan. The identification and management of risk is a continuous process linked to the achievement of the corporation's objectives. Risk based audits are carried out by the Internal audit department and reports on internal control and risk forwarded to the Board of Directors through the Board Audit Committee.

Having implemented Team Mate Software, the Corporation has enhanced its efficiency in the internal audit process through documentation of various reports and tracking of progress of audits.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the

Corporation’s receivables and cash and bank balances. The Corporation’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Corporation establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Corporations of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025 KES'000	2024 KES'000
Bank and cash balances	323,117	214,116
Government securities	260,833,195	219,894,142
	<u>261,156,312</u>	<u>220,108,258</u>
	=====	=====

The Corporation defines default on government securities as the central bank failure to meet its contractual payment obligations (interest or principal) when due. This definition aligns with the Corporation’s internal risk management framework and reflects a rare but material risk in case of default. KDIC has not recorded no provisions for government securities because there’s no evidence of risk and based on historical experience no default has occurred.

Also, The Fund defines default on cash and balances as the occurrence where the Central Bank of Kenya fails to honour withdrawal requests or suspends operations of the bank accounts due to financial distress. This definition is considered as rare but material in case

the failure impairs recoverability of the monies held. No defaults were recorded during the reporting period due to historical experience of access of funds as need arises.

(b) Currency risk

The Fund operates wholly within Kenya and its assets and liabilities are reported in the local currency. It does not transact in foreign currencies.

(c) Market Risk

(i) Interest rate risk management

Interest rate risk is the risk that the value and cash flows of a financial instrument will fluctuate due to changes in market interest rates. Excess funds held by the Corporation are invested in Treasury bills and Treasury bonds.

The following table sets out the carrying amount by maturity, of the Corporation’s financial instruments that are exposed to interest rate risk:

	Effective Interest Rate	Up to 1 year KES'000	1 – 5 years KES'000	6 – 10 years KES'000	10 years KES'000	Total KES'000
2025						
Investments held to maturity		86,996,016	37,555,150	96,642,250	39,639,779	260,833,195
Interest sensitivity gap at 30 June 2025	16.54%	86,996,016	37,555,150	96,642,250	39,639,779	260,833,195
2024						
Investments held to maturity		66,740,561	24,075,339	43,883,400	85,194,843	219,894,142
Interest sensitivity gap at 30 June 2024	16.76%	66,740,561	24,075,339	43,883,400	85,194,843	219,894,142

(ii) *Interest rate risk management*

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, on the Corporation's surplus. The sensitivity computations assume that financial assets maintain a constant rate of return from one year to the next. The assumptions used in this sensitivity analysis have not changed from those applied during the last financial year.

	2025 KES'000	2024 KES '000
Effect on surplus for the year of a +5% change in interest rates	2,107,716	1,684,442
Effect on surplus for the year of a -5% change in interest rates	-2,107,716	-1,684,442
	<hr/> <hr/>	<hr/> <hr/>

(d) Liquidity risk management

Liquidity risk is the risk that the Deposit Insurance Fund will encounter difficulty in meeting obligations from its financial liabilities. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. In the course of its operations, the Fund invests its capital in forms that vary in liquidity government securities that are readily convertible to cash. Simultaneously it carries current liabilities in form of provisions for protected deposits liabilities. The entity matches its current assets to the current liabilities falling due to mitigate the risk of low liquidity.

The Fund's financial liabilities amount to KES. 345Mn (2023 - KES. 522 million) and are all payable in the short term. The financial liability relates to amounts payable to staff mortgage and car loan scheme.

RISK MANAGEMENT (Continued)

e. Fair Value

The fair value of financial assets and liabilities is the same as the carrying amounts as shown in the statement of financial position:

	Other financial liability	Loans and receivables	Held to maturity	Total carrying value	Fair value
	KES '000	KES '000	KES '000	KES '000	KES '000
2025					
Financial assets					
Cash and bank balances	-	323,117	-	323,117	323,117
Government Securities	-	-	260,833,195	-	260,833,195
	-	323,117	260,833,195	323,117	261,156,312
Financial liabilities					
Payables and accruals	345,178	-	-	345,178	345,178
	345,178	-	-	345,178	345,178
2024					
Financial assets					
Cash and bank balances	-	214,116	-	214,116	214,116
Government Securities	-	-	219,894,142	-	219,894,142
	-	214,116	219,894,142	214,116	220,108,258
Financial liabilities					
Payables and accruals	522,914	-	-	522,914	522,914
	522,914	-	-	522,914	522,914

**Kenya Deposit Insurance Corporation – Deposit Insurance Fund
Annual Reports and Financial Statements for the year ended June 30, 2025**

a. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

b. Critical judgements in applying the entity's accounting policies

In the process of applying the Corporation's accounting policies, management has made judgements in determining whether assets are impaired.

6 ASSESSMENT INCOME

	2025 KES'000	2024 KES'000
Total average deposits of institutions assessed as contributors	5,632,058,917	4,807,919,133
- Contributions from Commercial Banks	9,056,042	7,655,643
Contribution from Deposit Taking Microfinance	165,343	83,248
Total assessment income	9,221,385	7,738,892

In fulfilment of its Deposit Insurance mandate, the Corporation levies premiums on licenced member institutions using a Differential Premium System (DPS).

For the financial year ended 30th June 2025, the growth in premium income is primarily attributed to an increase in deposits held by member financial institutions. Compared to the previous year, the Fund recorded an increase in assessment income due to the continued application of the risk-based premium assessment model and growth of average deposits held by institutions.

7 Investment Income

The Corporation manages the Deposit Insurance Fund and enhances its value through investment in government securities issued by the Central Bank of Kenya. During the year under review, the Corporation registered an increase in finance income compared to the previous year, driven by improved yields on government securities and receipt of assessed premiums. The investment income earned from these securities during the year is detailed below:

Description	2025 Kes'000	2024 Kes'000
Interest Income from treasury bills	10,233,089	8,057,457
Interest Income from treasury bonds	24,043,314	18,906,023
	34,276,404	26,963,480

Detailed breakdown of finance income is as follows;

	2025 Kes'000	2024 Kes'000
(i) Interest Income from treasury bills		
Discount on 91-day treasury bills	425,440	2,444,166
Discount on 182-day treasury bills	2,513,472	2,728,967
Discount on 364-day treasury bills	7,294,178	2,884,324
	10,233,089	8,057,457
(ii) Interest earned on treasury bonds		
Interest on Treasury Bonds	23,897,715	18,779,043
Discount on purchase	145,599	126,980
Amortisation of premium	-277,755	-147,928
	24,043,314	18,906,023
Total finance income	34,276,404	26,963,480

8. OTHER INCOME

Member institutions are required to pay premiums within the stipulated timelines after receipt of premium notice. Any premiums received after such period; a penalty is levied for each day until payment is received.

	2025 KES'000	2024 KES'000
Penalty charges on late contributions	125	-
Wound up Institution	446	-
	<hr/>	<hr/>
	571	-
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During the year, one institution paid penalty on premiums on late contributions. Other income from wound institutions was on auction of old assets and scrap.

9. TRANSFER TO KDIC EXPENSES

The Kenya Deposit Insurance Fund supports the Corporation's operational expenditures, with disbursements aligned to the approved annual budgetary allocations. The breakdown of recurrent expenditures financed during the year is as follows:

	2025 Kes'000	2024 Kes'000
Transfer from DIF	1,063,701	865,607
	<hr/>	<hr/>
Total	1,063,701	865,607
	<hr/> <hr/>	<hr/> <hr/>

10. FINANCE COST

Finance costs are incurred from the acquisition of treasury bonds purchased at a premium, with the premium amortized over the bond's tenure. The increase in finance costs is

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attributable to the Fund's increased investment in bonds and elevated bond premiums, driven by higher coupon rates.

	2025	2024
	KES'000	KES'000
Treasury Bonds-Premium amortization	277,755	147,928
	<hr/>	<hr/>
	277,755	147,928
	<hr/> <hr/>	<hr/> <hr/>

11. (a) GOVERNMENT SECURITIES

The Corporation's investment portfolio in Government Securities issued by the Central Bank of Kenya comprises both short-term and long-term instruments, specifically treasury bills and treasury bonds, respectively. All government securities are carried at the amortized cost. The as outlined below:

	2025	2024
	KES'000	KES'000
Treasury bills Maturing within 90 days	23,886,289	17,746,493
Treasury bills maturing after 91 days from date of placement	55,497,034	44,304,933
Treasury bonds Maturing within 90 days	2,592,943	-
Treasury bonds maturing after 90 days but within 1 year	5,019,750	4,689,135
Treasury bonds maturing after 1 year	173,837,179	153,153,581
	<hr/>	<hr/>
	260,833,195	219,894,142
	<hr/> <hr/>	<hr/> <hr/>
Comprising:		
Maturing within 1 year	86,996,016	66,740,561
Maturing after 1 year	173,837,179	153,153,581
	<hr/>	<hr/>
	260,833,195	219,894,142
	<hr/> <hr/>	<hr/> <hr/>

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The investment is in line with our Investment Policy that requires that the investment portfolio mix for Government securities shall be balanced at 50% each between Treasury Bonds and Treasury Bills term securities with an allowable deviation of 20% on either side.

11 (b) Fixed Interest Investments;

A detailed breakdown of the fixed interest investments held by The Fund are as follows;

Description	2025 Kes '000	2024 Kes '000	Issuer
FXD1/2008/020	1,596,359	1,595,977	Central Bank of Kenya
FXD1/2008/20	829,506	828,991	Central Bank of Kenya
FXD1/2009/15	0	149,538	Central Bank of Kenya
FXD1/2010/15	0	300,529	Central Bank of Kenya
FXD1/2010/25	400,100	401,826	Central Bank of Kenya
FXD1/2011/20	380,002	372,658	Central Bank of Kenya
FXD1/2012/015	88,802	88,802	Central Bank of Kenya
FXD1/2012/015 C	1,072,620	1,074,277	Central Bank of Kenya
FXD1/2012/015B	1,547,793	1,549,171	Central Bank of Kenya
FXD1/2012/020	7,653,675	7,649,715	Central Bank of Kenya
FXD1/2012/020B	2,119,782	2,117,275	Central Bank of Kenya
FXD1/2012/020-B	760,258	759,580	Central Bank of Kenya
FXD1/2012/020-D	6,289,283	0	Central Bank of Kenya
FXD1/2012/15	579,579	575,159	Central Bank of Kenya
FXD1/2012/20	92,551	92,017	Central Bank of Kenya
FXD1/2013/015	3,719,757	3,707,230	Central Bank of Kenya
FXD1/2013/15	569,482	560,291	Central Bank of Kenya
FXD1/2013/15-C	546,031	545,134	Central Bank of Kenya
FXD1/2016/10	3,000,000	3,000,000	Central Bank of Kenya
FXD1/2017/010-2	3,468,204	3,451,799	Central Bank of Kenya
FXD1/2017/010-B	714,482	716,292	Central Bank of Kenya
FXD1/2017/10	2,001,538	2,002,157	Central Bank of Kenya
FXD1/2018/015 C	3,374,626	3,382,927	Central Bank of Kenya
FXD1/2018/10	5,000,000	5,000,000	Central Bank of Kenya
FXD1/2018/15	786,107	787,362	Central Bank of Kenya
FXD1/2019/010	418,124	420,313	Central Bank of Kenya
FXD1/2019/15	1,623,000	1,623,000	Central Bank of Kenya
FXD1/2020/005	354	533,612	Central Bank of Kenya
FXD1/2020/005-B	0	2,198,691	Central Bank of Kenya
FXD1/2020/015	2,018,000	2,018,000	Central Bank of Kenya
FXD1/2020/015-B	6,586,811	0	Central Bank of Kenya
FXD1/2020/15_3	401,960	0	Central Bank of Kenya
FXD1/2021/05	1,300,000	1,300,000	Central Bank of Kenya
FXD1/2022/003	16,545	6,769,878	Central Bank of Kenya
FXD1/2022/010	865,000	865,000	Central Bank of Kenya
FXD1/2022/010-C	452,141	452,829	Central Bank of Kenya
FXD1/2022/015	2,604,918	2,605,000	Central Bank of Kenya
FXD1/2022/015 B	2,432,612	0	Central Bank of Kenya

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Description	2025 Kes '000	2024 Kes '000	Issuer
FXD1/2022/015-B	2,538,967	2,540,251	Central Bank of Kenya
FXD1/2023/002-2	2,592,943	2,687,745	Central Bank of Kenya
FXD1/2023/003	4,003,875	4,007,463	Central Bank of Kenya
FXD1/2023/005	3,307,767	3,323,000	Central Bank of Kenya
FXD1/2023/005-2	2,576,547	2,583,547	Central Bank of Kenya
FXD1/2024/003	4,007,822	4,011,904	Central Bank of Kenya
FXD1/2024/003-2	3,732,970	3,732,970	Central Bank of Kenya
FXD1/2024/010-2	5,306,211	5,308,135	Central Bank of Kenya
FXD1/2024/010-3	976,103	0	Central Bank of Kenya
FXD1/2024/010-4	673,438	0	Central Bank of Kenya
FXD1/2024/010-5	13,723,726	0	Central Bank of Kenya
FXD2/2010/15	771,809	759,914	Central Bank of Kenya
FXD2/2010/15-V	12,662	10,173	Central Bank of Kenya
FXD2/2018/010	2,369,791	2,388,473	Central Bank of Kenya
FXD2/2018/010-D	2,315,733	2,319,205	Central Bank of Kenya
FXD2/2018/015	1,152,252	1,152,267	Central Bank of Kenya
FXD2/2018/015-C	732,492	733,500	Central Bank of Kenya
FXD2/2018/10	500,649	500,649	Central Bank of Kenya
FXD2/2018/10-B	1,509,500	1,509,500	Central Bank of Kenya
FXD2/2018/10-C	4,512,379	4,513,415	Central Bank of Kenya
FXD2/2018/15	3,495,263	3,495,263	Central Bank of Kenya
FXD2/2019/010	1,949,790	1,944,104	Central Bank of Kenya
FXD2/2019/015	452,268	451,027	Central Bank of Kenya
FXD2/2019/015B	1,686,869	1,687,928	Central Bank of Kenya
FXD3/2019/005	0	510,291	Central Bank of Kenya
FXD3/2019/005 B	16,596	4,029,305	Central Bank of Kenya
FXD3/2019/010	4,559,119	4,516,592	Central Bank of Kenya
FXD3/2019/010-B	11,213,112	11,219,300	Central Bank of Kenya
FXD3/2019/015	2,505,000	2,505,000	Central Bank of Kenya
FXD4/2019/010	5,714,580	5,714,580	Central Bank of Kenya
FXD4/2019/010-1	924,046	924,105	Central Bank of Kenya
FXD4/2019/010-B	271,525	270,420	Central Bank of Kenya
IFB 1/2022/014	499,223	499,376	Central Bank of Kenya
IFB 1/2023/007	4,970,626	4,970,626	Central Bank of Kenya
IFB 1/2023/6.5-2	3,824,334	0	Central Bank of Kenya
IFB 1/2024/8.5	6,000,000	6,000,000	Central Bank of Kenya
IFB1/2014/12	866,637	864,775	Central Bank of Kenya
IFB1/2015/12	73,836	73,525	Central Bank of Kenya
IFB1/2018/20	1,650,353	1,649,361	Central Bank of Kenya
IFB1/2018/20-A	493,149	492,700	Central Bank of Kenya
IFB1/2020/006	231,404	228,631	Central Bank of Kenya
IFB1/2023/017	3,204,388	0	Central Bank of Kenya
IFB1/2023/6.5	3,246,000	3,246,000	Central Bank of Kenya
SDB1/2011/30	971,254	970,391	Central Bank of Kenya
SDB1/2011/30-U	2,859	2,276	Central Bank of Kenya
Total	181,449,871	157,842,716	

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The movement in investment during the year is as follows;

Details of movement	2025	2024
	Kes '000	Kes '000
Balance at 1 July	157,842,716	133,955,875
Additions during the year	37,859,558	30,761,261
Interest accrued during the year	145,599	126,980
Investment maturities during the year	(14,398,000)	(7,001,400)
Balance at 30 June	181,449,873	157,842,716

12. RECEIVABLES

	2025 KES'000	2024 KES'000
Receivables-Accrued interest on Bonds	5,328,920	4,506,926
Receivables-Subrogated	488,566	236,124
Total	5,817,486	4,743,050

In accordance with the Kenya Deposit Insurance Act, 2012, the Corporation is subrogated upon making payments in respect of insured deposits. This entitles the Corporation to recover from the institution an amount equivalent to the insolvency payment made on behalf of any customer or depositor.

During the period under review, subrogated claims totalling Kes. 488 million comprise amounts recoverable from Imperial Bank (in liquidation) for protected deposit payments of Kes. 432 million, and Chase Bank (in liquidation) amounting to Kes. 56.4 million.

13. CASH AND CASH EQUIVALENTS

	2025	2024
Description	Kes'000	Kes'000
Cash at Bank	323,117	214,116
Cash at hand	-	-
Total	323,117	214,116

The cash at bank is held by Central Bank of Kenya who are the main bankers of the Deposit

**Kenya Deposit Insurance Corporation – Deposit Insurance Fund
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Insurance Fund in the various accounts as follows;

Description		2025	2024
Central Bank of Kenya	Account number	Kes'000	Kes'000
a) Current Account			
KDIC's Fund Corporation Investment Account	1000229713	103,082	23,190
KDIC'S Fund Investment Account	1000237929	220,035	190,925
Sub- Total		323,117	214,116
d) Others (Specify)			
Treasury Bills and Bonds Maturing within 90days	CDS Account 124935	31,808,153	22,253,420
Sub- Total		31,808,153	22,253,420
Grand Total		32,131,270	22,467,535

As at the reporting date, total cash and cash equivalents of KES. 32,131 million 2025(2024- KES. 22,468 million. The increase is primarily attributed to higher holdings in government securities maturing within 90 days, which rose to KES. 26,479 million from KES. 17,746 million in the prior year due to reduced issuance of long-term instruments.

Accrued interest on Treasury Bonds also increased to KES. 5,329 million, up from KES. 4,507 million, while cash and bank balances grew to KES. 323 million from KES. 214 million.

14. PAYABLES & ACCRUALS

	2025	2024
	KES'000	KES'000
Payable to Staff Loan Fund	329,174	522,914
Payable to KDIC	16,003	-
Total	345,178	522,914

Trade payables for the financial year 2024/2025 comprise of amounts invested in government securities on behalf of the staff loan fund, as well as gratuity provisions payable to staff upon completion of their contract terms. These investments are held in Treasury bills and are invested in accordance with the approved investment policy.

15. RELATED PARTY TRANSACTIONS

	2025 KES'000	2024 KES'000
Cash and balances held with Central Bank of Kenya	323,117	214,116
Investments in Government Securities through the Central Bank of Kenya	260,833,195	219,894,142
	261,156,312	220,108,258
	261,156,312	220,108,258

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Until 2014, the Deposit Insurance mandate of the Corporation was being performed by the Deposit Protection Fund, a department of the Central Bank of Kenya. Thus, all Cash and bank balances and investments held to maturity have been classified as related party transactions.

16. EXPLANATION OF PERFORMANCE ON THE STATEMENT OF BUDGET & ACTUAL COMPARISON

The total approved revenue budget for the year under review was KES. 31,341M being Kes. 8,512 M for assessment income and KES. 22,829 M for investment income. The utilization of the income has been appropriated to cater for approved Corporation's expenditure budget of KES. 1,501M.

- I. The assessed contributions from member Institutions were KES. 9.2 billion against a budget of KES. 8.5billion. This represents 8% achievement above the premium income budget for the year.
- II. Returns on investments in Government Securities were higher than the budget at Kes 34.3billion as compared to a budget of KES. 22.8billion this represents a growth of KES. 11,447 M or 50%. This was attributable to improved return on government securities, portfolio balancing and prudent investment. Further, investable funds from increase in premium received led to the growth of the total funds available for investments.
- III. Finance costs relate to premium charged on acquisition of treasury bonds at a premium. The premium is amortized over the tenure of the bond.
- IV. The Corporation's operations are fully funded by the income generated Deposit Insurance Fund. This funding is guided by the approved budgetary allocations annually. Despite the approvals, the Corporation exercise prudence in management of financial resources by drawing from the fund on a need basis. During the year, the Corporation's total expenditure financed was KES.1063M for recurrent expenditure and KES.141M for capital expenditure.

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 APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	No audit matters raised				



Chief Executive Officer

Hellen Chepkwony (Mrs.)

