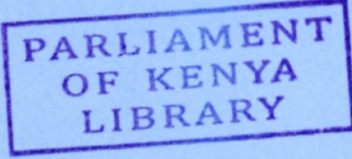


REPUBLIC OF KENYA



# REPORT

OF

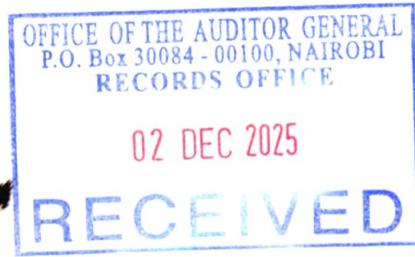
## THE AUDITOR-GENERAL

ON

### KENYA DEPOSIT INSURANCE CORPORATION

FOR THE YEAR ENDED  
30 JUNE, 2025

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 APR 2026	DAY: WEDNESDAY
TABLED BY:	HON. DR. ROBERT PUKOSE, MP
CLERK-AT THE-TABLE:	CHRISTINE NDIRITU



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KENYA DEPOSIT INSURANCE CORPORATION

Annual Report and Financial Statements

for the Financial Year Ending June 30, 2025

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Prepared in accordance with the International Financial Reporting Standards (IFRS)

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## ACRONYMS AND GLOSSARY OF TERMS

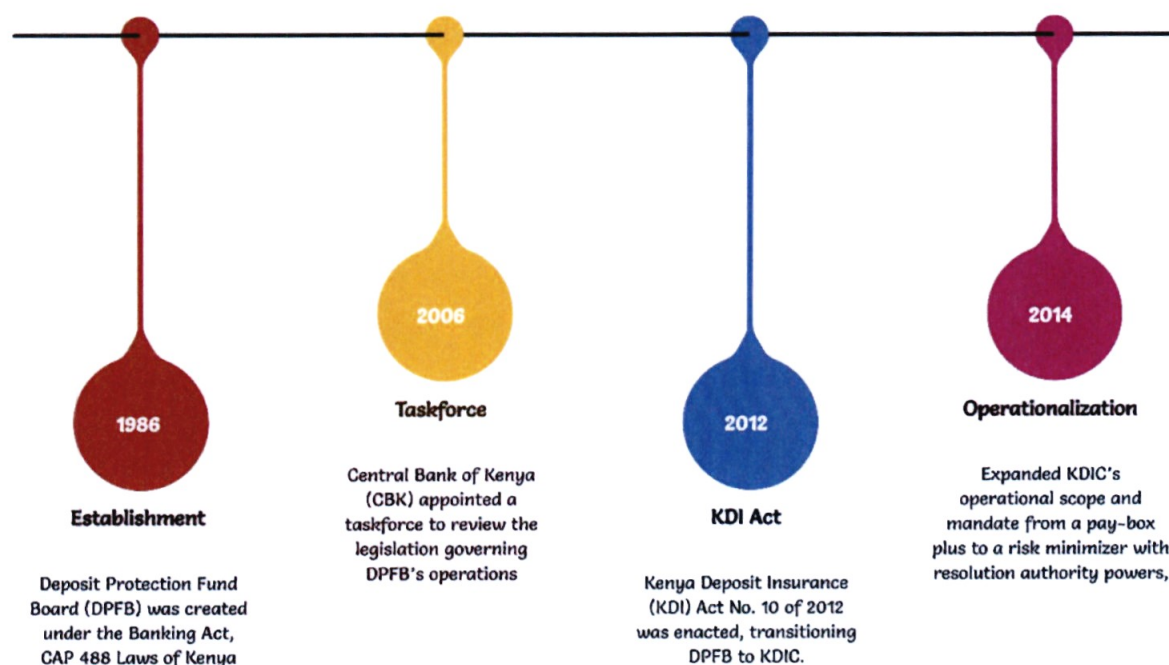
ATM	Automated Teller Machine
BCM	Business Continuity Management
BCP	Business Continuity Plan
CAJ	Commission on Administration of Justice
CAMEL	Capital Adequacy, Asset Quality, management, Earnings and Liquidity
CBK	Central Bank of Kenya
CSR	Corporate Social Responsibility
DIF	Deposit Insurance Fund
DPS	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.268 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 realises the assets of the failed banks.

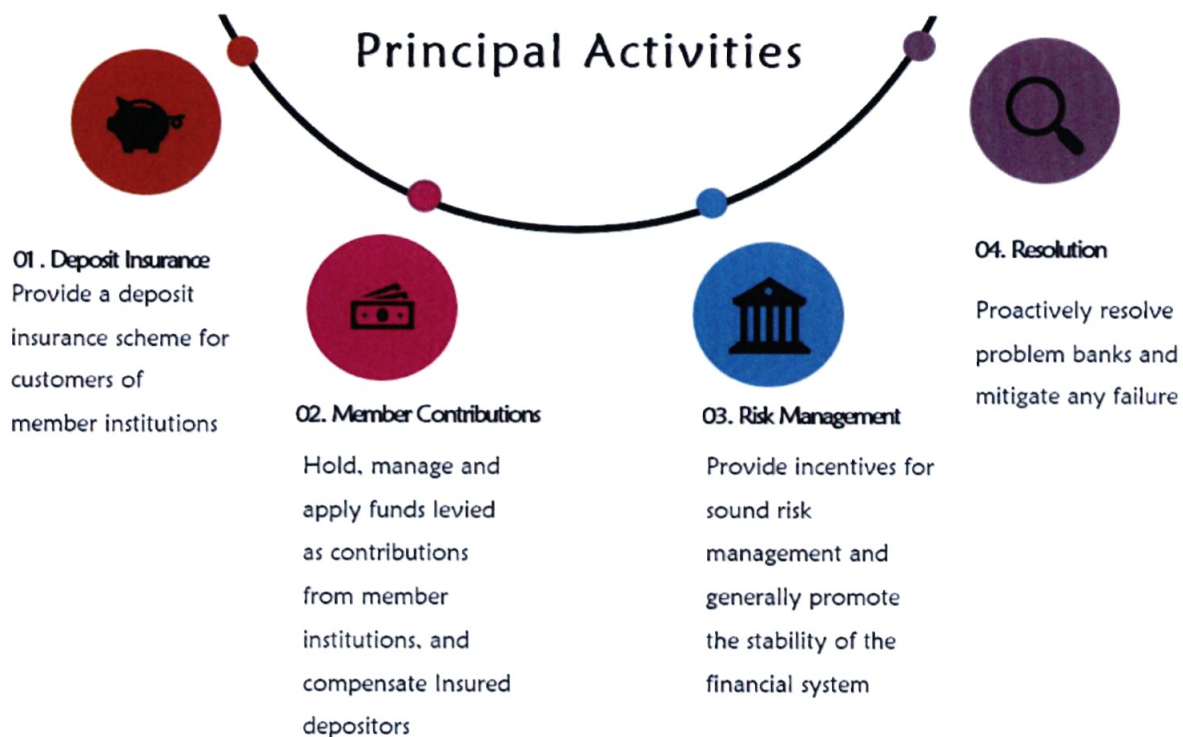
To preserve the Corporation's experience in the resolution of failed banks, the resolution experiences of six banks have so far been documented. This includes detailed accounts of each bank's journey before failure, covering aspects such as licensing, profile, role in the banking industry, and the weaknesses 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 30<sup>th</sup> June 2025 were as follows;

1. Mrs. Hannah W, Muriithi, EBS      Chairperson (Appointed 20<sup>th</sup> January 2023)
2. Dr. Chris K. Kiptoo, CBS      Principal Secretary, National Treasury & Economic Planning (Appointed 1<sup>st</sup> December 2022)
3. Mr. John Njera      Alternate to Cabinet Secretary, The National Treasury & Planning (Retired 2<sup>nd</sup> December 2024)
4. Mr. Orumoi T. Jonah      Alternate to Principal Secretary The National Treasury & Planning (Appointed 2<sup>nd</sup> 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 20<sup>th</sup> August 2024)
7. Mr. Mohamed Deiss Adow      Alternate to Attorney General
8. Dr. Kamau Thugge EBS, MBS, CBS      Governor, Central Bank of Kenya (Appointed 19<sup>th</sup> 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 20<sup>th</sup> January 2023 Retired 29<sup>th</sup> November 2024)
13. Ms. Anne Rimbaine Lengerded      Director (Appointed 20<sup>th</sup> January 2023)
14. Mr. James Agembe Akali      Director (Appointed 20<sup>th</sup> January 2023 Retired 29<sup>th</sup> November 2024)
15. Mr. Joseph Kipkemoi Ngetich      Director (Appointed 20<sup>th</sup> January 2023)
16. Ms. Anne Lokidor      Director (Appointed 29<sup>th</sup> November 2024)

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

**Corporation Secretary**

Eunice Kitche – Odour (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

23<sup>rd</sup> 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](mailto:customercare@kdic.go.ke)

Website: [www.kdic.go.ke](http://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 is the Attorney General of the Republic of Kenya since August 2024.



Hon. Dorcas Oduor  
The Attorney General

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 also showcased the same technology in Rwanda and made it the 2nd best solution after Kigali. The other project was building of a state-of-the-Art Data Centre that is currently being used as 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 K. Ng'etich  
Director

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 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 (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



Eunice Kitche-Oduor

Board Secretary & Director  
Legal Services

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 30<sup>th</sup> 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 <sup>nd</sup> March 2025)	Nelson Nyongesa
3	Head of Finance (from 3 <sup>rd</sup> March 2025)	Linda Gatakaa
4	Head of Procurement (up to 2 <sup>nd</sup> March 2025)	Stephen Kienjeku
5	Head of Procurement (from 3 <sup>rd</sup> 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"> <li>1. Mr. Joseph Ng’etich (Chairperson)</li> <li>2. Mr. Mohamed Adow</li> <li>3. Ms. Anne Lokidor</li> <li>4. Mr. Kennedy Abuga</li> <li>5. Mrs. Hellen Chepkwony</li> </ol>	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"> <li>1. Ms. Anne Lengerded (Chairperson)</li> <li>2. Mr. Joseph Ng’etich</li> <li>3. Mr. Mohamed Adow</li> <li>4. Mr. Raimond Molenje</li> <li>5. Mrs. Hellen Chepkwony</li> </ol>	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"> <li>1. Mr. Paul Orem (Chairperson)</li> <li>2. Mr. Jonah Orumoi</li> <li>3. Mr. Joseph Ng’etich</li> <li>4. Mr. Raimond Molenje</li> <li>5. Mrs. Hellen Chepkwony</li> </ol>	The Committee consider issues relating to Finance, Procurement and Performance Contracting in the Corporation
Board Audit Committee	<ol style="list-style-type: none"> <li>1. Ms. Anne Lokidor (Chairperson)</li> <li>2. Mr. Jonah Orumoi</li> <li>3. Ms. Anne Lengerded</li> <li>4. Mr. Kennedy Abuga</li> </ol>	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

Ladies and Gentlemen,

It is with great pride and gratitude that I present the Annual report for the year ended 30 June 2025. This financial year has been pivotal in reinforcing the Kenya Deposit Insurance Corporation's strategic mandate while demonstrating our continued commitment to effective governance, deposit protection, and financial sector stability.

### Macroeconomic and Sectoral Outlook

Kenya's economy remained resilient in the face of global headwinds. Growth was supported by strong agricultural performance and ongoing fiscal reforms, even as inflation and external pressures tested macroeconomic stability. The banking sector-maintained stability and recorded asset growth from KES 7.1 trillion in June 2024 to KES 7.8 trillion in June 2025, supported by increased lending and deposit mobilization. Loans and advances increased to KES 4.1 trillion, while deposit liabilities reached KES 5.8 trillion.

Importantly, this stable financial environment provided a strong foundation for KDIC's work ranging from early risk detection to resolution of failed institutions.

### Board Oversight and Governance

The Board of Directors remained resolute in steering the Corporation through prudent oversight and sound governance. During the year, we welcomed new members to the Board and successfully concluded induction programs to ensure continuity and institutional memory. Through regular meetings and committee engagements, the Board provided strategic direction on financial sustainability, policy implementation, and risk oversight.

We take pride in the strides made in enhancing corporate governance. The Corporation fully adhered to the Mwongozo Code, conducted legal and governance audits, and maintained compliance with the IADI Core Principles. Notably, the Board recorded a performance score of 92.17% in the State Corporations Advisory Committee (SCAC) evaluation, underscoring its effectiveness.

## **Strategic Milestones and Stakeholder Engagement**

The Board oversaw the second year of implementation of the 2023–2028 Strategic Plan. Particular attention was given to the Deposit Insurance Fund's growth, enhanced risk profiling, and the deployment of early warning systems. We also monitored progress in payouts to depositors of failed institutions and endorsed enhanced asset recovery measures. Specifically, the Corporation achieved a robust 19% growth in the Deposit Insurance Fund (DIF), while investment income rose to 34.3 billion from KES 26.9 billion, a 28% increase from the prior year. This financial stewardship ensures that the Corporation is well-positioned to meet future obligations and reinforces its ability to act decisively during episodes of systemic stress. Additionally, the Corporation enhanced its risk-based premium assessments through improved data collection and profiling of member institutions, supported by upgraded early warning indicators. Additionally, the Corporation continued to deliver results, with payouts of insured deposits and active recovery in institutions under liquidation.

As part of our public policy mandate, the Corporation amplified stakeholder engagement and public awareness efforts. These included strategic partnerships with regional peers and hosting of the IADI Africa Regional Committee (ARC) Conference, reaffirming KDIC's leadership role in the region.

## **Corporate Social Responsibility and Environmental Stewardship**

The Corporation continued to align with national development priorities. In support of the Presidential Directive on the National Tree Planting Campaign, KDIC participated in structured tree planting activities across the country, reaffirming its commitment to environmental conservation. Our CSR agenda also continued to support health and education initiatives, reinforcing our role as a responsible corporate citizen.

## **Organizational Capacity and Workplace Excellence**

The Board continued to champion the enhancement of human capital through capacity development, recruitment, and a performance-oriented culture. Key focus areas included training in crisis management and bank resolution simulation, positioning KDIC for operational readiness.

We commend management for sustaining a 100% staff retention rate and fostering a positive work environment.

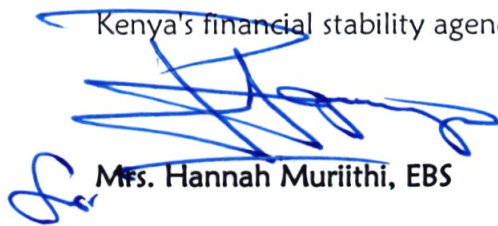
### **Enterprise Risk Management and Business Continuity**

During the year, the Board provided oversight on Enterprise Risk Management and Business Continuity Planning frameworks. We are satisfied with the integration of these frameworks into operations and the strides made in ensuring resilience in the face of evolving risks.

### **Closing Remarks**

On behalf of the Board, I extend appreciation to our stakeholders, member institutions, the National Treasury, the Central Bank of Kenya, and our international partners for their continued support. I also commend the management and staff for their commitment and professionalism.

With unity of purpose, KDIC remains committed to protecting depositors and contributing to Kenya's financial stability agenda. Together, we are building a safer and stronger financial system.



**Mrs. Hannah Muriithi, EBS**

Chairperson of the Board

## REPORT OF THE CHIEF EXECUTIVE OFFICER

I am honored to present the Annual Report for the financial year ended 30 June 2025. This year was marked by enhanced strategic execution, stakeholder collaboration, and improved resilience in our financial safety net.

### **Sector Stability and Policy Environment**

Kenya's banking sector remained stable amidst global macroeconomic volatility. The Corporation worked closely with the Central Bank of Kenya and other stakeholders to monitor risks and proactively engage institutions requiring support. On a year-on-year basis, total assets in the sector grew by 4.0%, from KES 7.6 trillion, reflecting steady balance sheet expansion. 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. However, challenges persisted around asset quality and rising non-performing loans.

### **Deposit Insurance Fund Growth and Risk-Based Premium Model**

The Corporation's coverage remained at KES 500,000 per depositor per institution, protecting over 99.9% of deposit accounts. Insured deposits grew from KES 788.4 billion in June 2024 to KES 881.9 billion in June 2025. Premium income increased to KES 9.2 billion from 7.7 billion the previous year, while investment income surged to KES 34.3 billion from KES 26.9 billion the previous year. This drove the Deposit Insurance Fund to KES 266.6 billion, up from KES 224 billion in June 2024 testament to prudent financial management and a robust risk-based premium system. This growth was underpinned by robust fund management and our refined risk-based premium assessment model, which incentivizes sound risk practices.

### **Prompt Resolution and Recoveries**

The Corporation disbursed KES 1.18 billion in insured deposits to over 58,000 depositors from five failed institutions. KDIC also recovered KES 1.08 billion from legacy loan portfolios, with enhanced recovery strategies including use of debt collection agencies, negotiated settlements, and digital platforms.

The launch of the KDIC mobile app improved debtor accessibility and streamlined loan repayment processes. Digitization of 97% of depositor records enhanced payout readiness. Legal settlements and judgment enforcements further contributed to recovery efforts.

### **Risk Surveillance and Early Warning Systems**

We made meaningful progress in our surveillance capabilities, leveraging our Electronic Data Warehouse (EDW), refining risk and impact assessments, and issuing supervisory guidance informed by CAMEL ratings. These tools enabled us to act with precision and foresight. Our interactions with 13 member institutions through on-site engagements deepened our insights and allowed us to respond to vulnerabilities early.

### **Stakeholder Engagement and Public Awareness**

The Corporation hosted the 2025 IADI Africa Regional Committee Conference in Mombasa, attracting 21 member jurisdictions and over 150 participants. We also took part in the EAC MAC Crisis Simulation Working Group and supported domestic initiatives including the KBA Debate Circle and regional public education forums.

Through a deliberate and people-focused public awareness campaign, we saw a remarkable improvement in reach and engagement by recording an 18% growth, made possible through relatable radio programmes, interactive social media content, and community outreach events that created space for open conversations. These channels expanded our visibility and helped us build trust and stronger connections with the public. Additionally, customer awareness surveys showed a 9% increase in knowledge of KDIC's mandate.

### **Human Capital and Institutional Capacity**

The Culture Change Program was rolled out in Q1, reinforcing values of integrity, accountability, and innovation. Over 60 staff were trained on crisis preparedness, resolution planning, and payout simulation. A total of 18 new hires were made during the year, addressing capacity gaps. The staff retention rate remained at 100%, indicating improved job satisfaction and institutional loyalty.

## **Technology, Cybersecurity, and Data Protection**

During the year under review, ICT enhancements included new firewalls, biometric access controls, and implementation of a Security Operations Centre (SOC) framework. KDIC completed a Data Protection Impact Assessment (DPIA) and resolved over 90% of audit findings related to data privacy. Cyber drills and penetration tests were undertaken with no critical vulnerabilities identified.

## **Enterprise Risk Management and Business Continuity**

The Corporation's ERM and BCP frameworks were stress-tested against simulated macroeconomic shocks and operational scenarios. Risk registers were updated quarterly and embedded within all departmental work plans. Internal audit independently reviewed the BCP structure and found it compliant and operational.

## **Corporate Social Responsibility and Sustainability**

In alignment with our sustainability agenda, the Corporation continued to implement its commitment to the Presidential Tree Planting Campaign by planting over 7,000 trees across six counties. Additional CSR programs supported maternal health screenings, school sponsorships, and support for vulnerable groups in Nairobi and Mombasa.

## **Appreciation**

I sincerely thank the Board for its strategic guidance, the staff for their dedication, and our stakeholders for their trust. As we forge ahead, we remain committed to delivering on our mandate while reinforcing public confidence in the financial system.

We are Safer. Stronger. Together.



**Hellen Chepkwony (Mrs.)**

Chief Executive Officer

## 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. 9.2billion.
		Amount of revenue generated	1. Grow the investment income	The investment income grew from KES. 26.9 billion to KES. 34.3 billion.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Risk Minimization</b>	Enhance risk minimization	No of risk assessments done	<ol style="list-style-type: none"> <li>1. Enhance the Risk Profiling framework</li> <li>2. Review the Risk-Based Premium Assessment Model / DPS Model</li> <li>3. Develop and issue risk minimization guidelines to member institutions</li> </ol>	Based on the risk profiling framework, 8 risk assessment reports were developed against the annual target of 6 reports.
<b>Resolution of problem banks</b>	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.
<b>Institutional Capacity Development</b>	To Attract, acquire and retain talent	No of staff recruited	Populate the staff establishment to optimum during the year levels.	22 staff were recruited

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		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.
	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 the Financial Year.

### 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

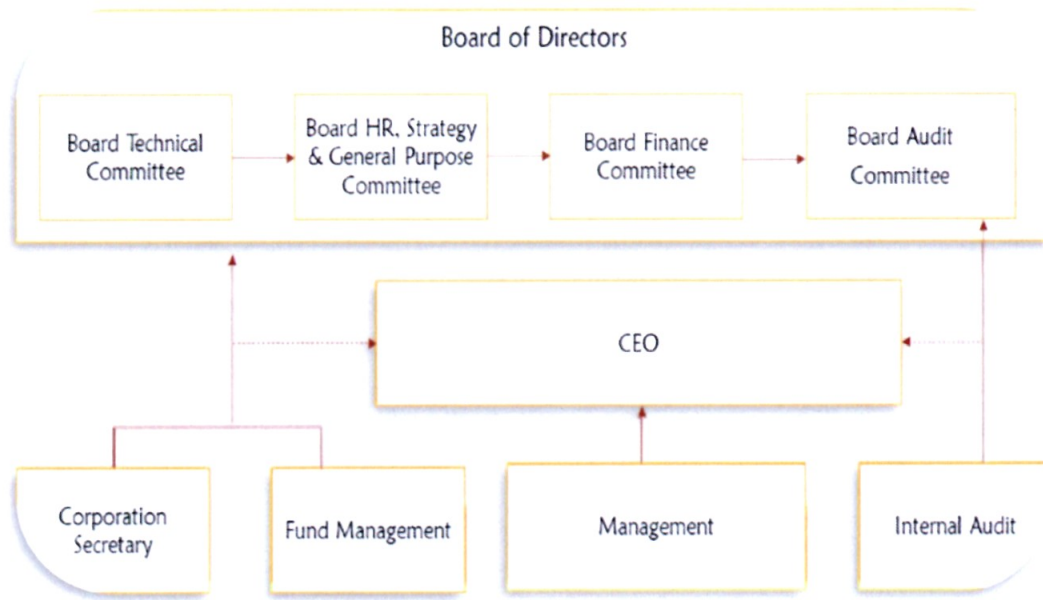
Corporate governance is the framework of systems, policies and processes by which the Corporation operates and through which members of the Board, management team and employees are empowered and held accountable for making decisions that affect its mandate, operations, depositors and stakeholders.

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.

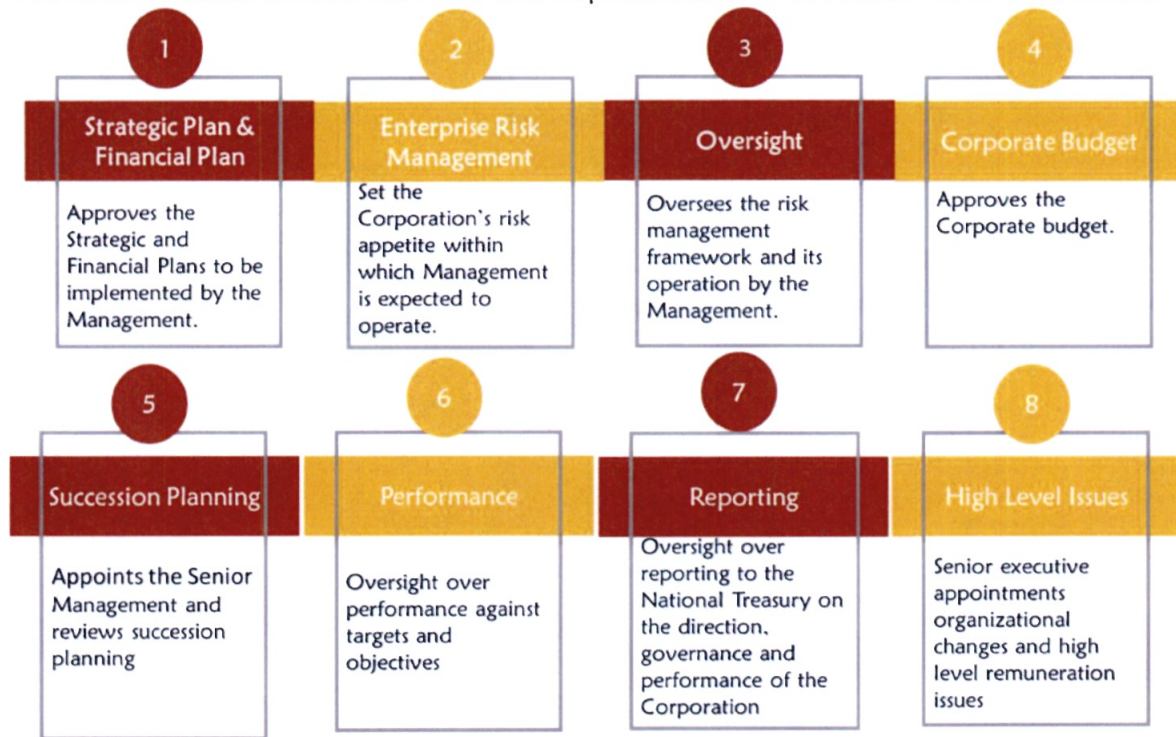
### Composition of the Board of Directors

Board Members under Section 7 of the Kenya Deposit Insurance Act



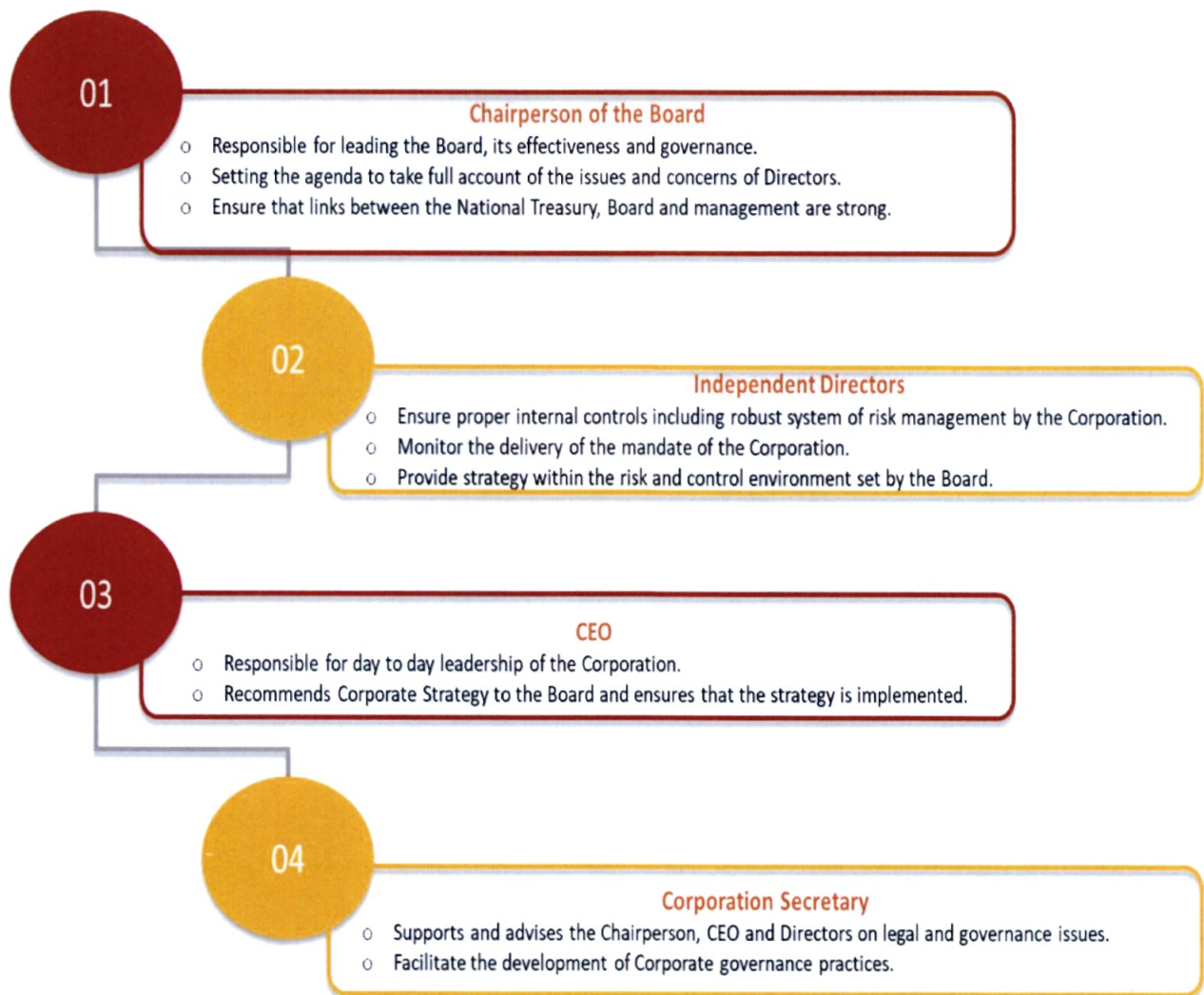
## Role of the Board

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



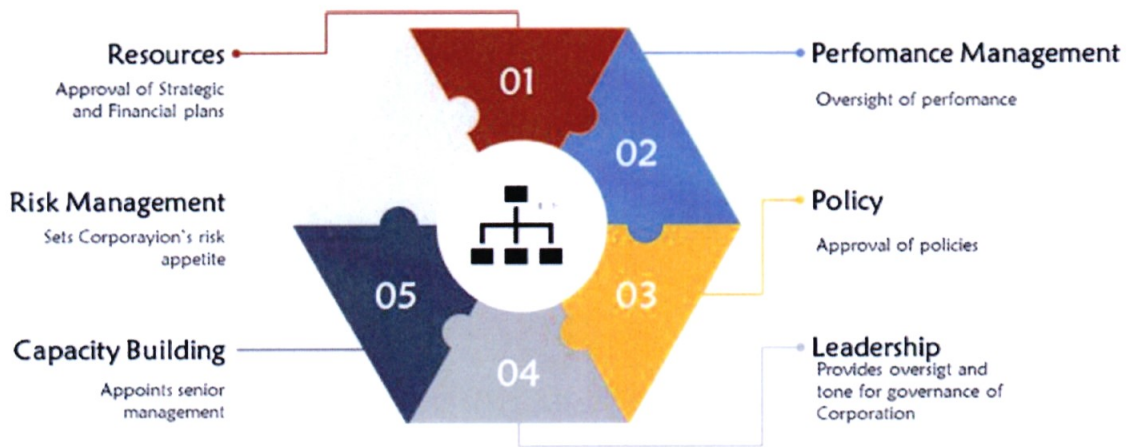
## Separation of Roles and Responsibilities

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

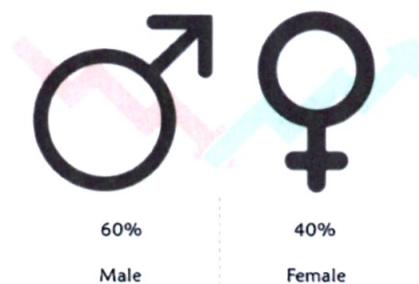
All newly appointed Board members participate in an induction program. The induction program includes a series of meetings with other Directors, the Chief Executive Officer and the Senior Management to enable new Directors familiarise themselves with the business of the Corporation. During the year under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

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



### Board Technical Committee

The committee considers issues relating to Bank Resolution and Deposit Insurance & Bank Surveillance.



### Board Human Resource & General Purpose Committee

The Committee considers issues relating to Board development programme, Human Resource, Strategy, ICT, Risk and Compliance in the Corporation.



### Board Finance Committee

The Committee consider issues relating to Finance, Procurement and Performance Contracting in the Corporation.



### Board Audit Committee

The Committee considers all issues relating to the Internal Audit Function within the Corporation.



### Board Adhoc Committee

The Ad-hoc committee was set up to facilitate establishment a Deposit Insurance Academy whose primary mandate will be to build capacity on deposit Insurance and related areas.

## 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.

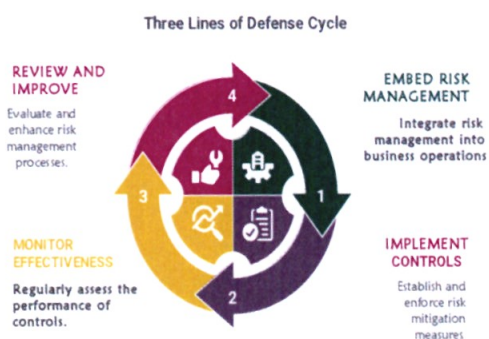
The Corporation is committed to having risk management policies, processes and practices that support a high standard of governance. This enables management to undertake prudent risk-taking activities. The Board oversees the risk management strategy and framework taking into account the risk appetite,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

Enhancing Financial Stability



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.

## BANK RESOLUTION

### PROMPT RESOLUTION OF FAILED BANKS AND MICROFINANCE BANKS

In order to guarantee that depositors and creditors of the failed financial institutions receive their funds on time, the Corporation continues to ensure that the receivership, liquidation and winding up process is completed effectively and efficiently. Increasing public trust and promoting financial stability are the primary goals of timely bank resolution.

#### Resolution Process

Bank resolution occurs when Central Bank of Kenya , the banking sector regulator, determines that, rather than allowing a failing financial institution to go through the ordinary insolvency process, a bank resolution is necessary to protect financial stability, safeguard depositors, and minimize reliance on public funds.



Kenya Deposit Insurance Corporation (KDIC) is designated as the sole and exclusive Receiver of any financial institution that is placed under receivership by the Central Bank of Kenya (CBK).

Upon appointment, KDIC evaluates all possible resolution tools to apply in order to restore the institution's viability. If receivership is no longer feasible, KDIC may advise the CBK to proceed to put the institution in liquidation.

However, if liquidation proves unviable, KDIC will apply to the High Court for an order to wind up the institution under the provisions of the KDIC Act Cap 487C.

Throughout the resolution process, KDIC is committed to ensuring that all resolution actions are undertaken in an effective, efficient, and transparent manner, thereby contributing to the stability of the Kenyan financial system.

### **1. Receivership**

To maintain the integrity and financial stability of the financial sector, KDIC efficiently manages a problem bank which has been put in receivership by the CBK. It ensures that depositor funds are safeguarded and that the failed financial institution is closed down as smoothly as possible while causing the least amount of disturbance to the broader financial system. According to the KDI Act, the KDIC has in place procedures and guidelines for conducting receivership in order to safeguard the interests of depositors and the public at large. In the fiscal year 2024–2025, KDIC did not place any institutions into receivership.

### **2. Liquidation**

Liquidation is the process of closing a bank and selling its assets in order to pay off its debts and obligations to creditors, including depositors, employees, and other stakeholders. CBK revokes the license of the failed bank and appoints KDIC as the liquidator to take control of the bank, sell its assets, collect outstanding debts, and distribute the proceeds to claimants according to the priority as set out in the KDI Act. Liquidation occurs when a bank is insolvent, meaning that it cannot meet its financial obligations or it cannot continue operating in a safe and sound manner.

There are currently nineteen (19) institutions in liquidation under the Corporation's management.

### 3. Winding up

In order to undertake the final stage of resolving the failed institutions, the Corporation has reviewed and amended its Winding Up policy which guarantees adherence to the pertinent applicable statutes and outlines the essential steps of the procedure to guarantee caution and an effective winding up of the target institution.

During the financial year, winding up procedures were initiated for following banks:



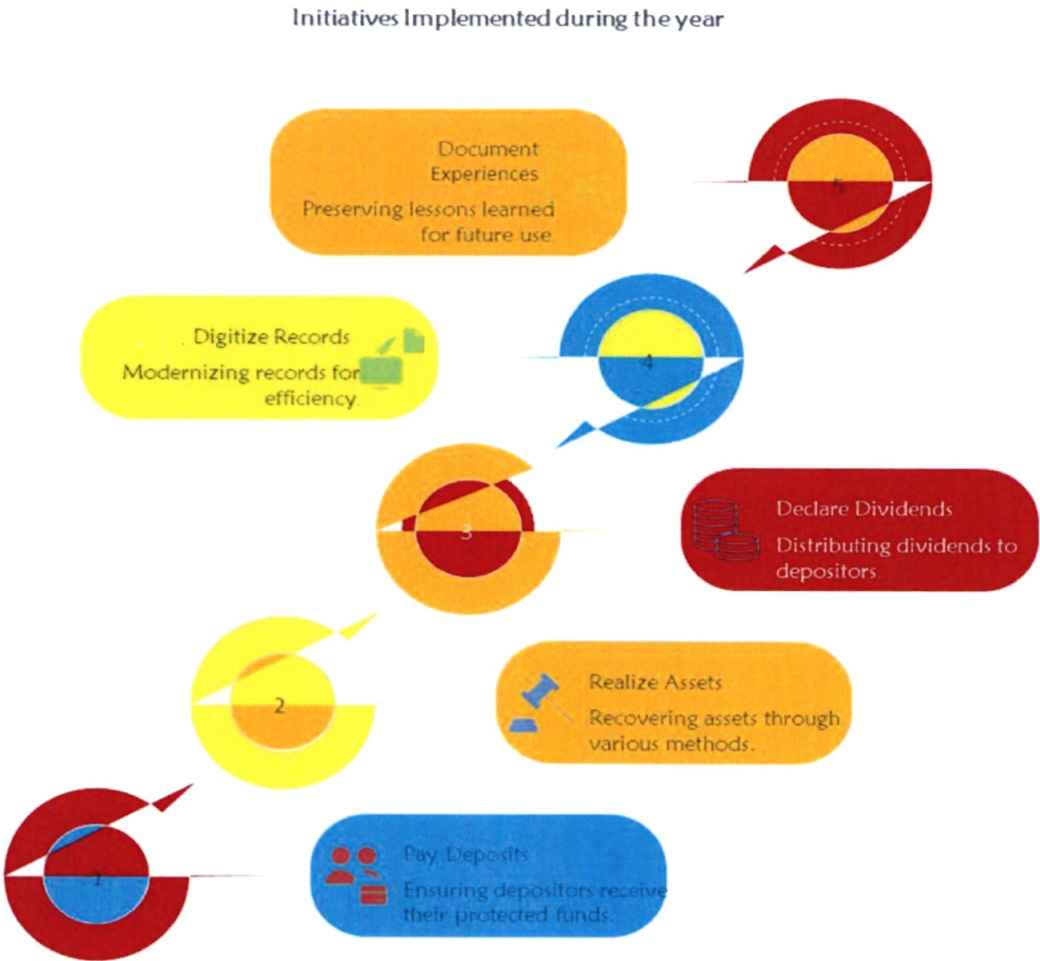
The Corporation has wound up nine Institutions to date as detailed below.

No.	Institution	Liquidation Date	Date Wound up
1	Allied Credit Ltd	20-Aug-93	06-Nov-07
2	International Finance Ltd	16-Apr-93	06-Nov-07
3	Trade Finance Ltd	18-Aug-93	23-Sep-08
4	Diners Finance Co. Ltd	20-Aug-93	07-Nov-08
5	Nairobi Finance Ltd	20-Aug-93	16-Aug-10
6	Inter-Africa Credit Finance Ltd	31-Jan-93	07-Sep-12
7	Central Finance Ltd	19-May-93	07-Sep-12

No.	Institution	Liquidation Date	Date Wound up
8	Heritage Bank Ltd	13-Sep-96	22-Nov-14
9	Fortune Finance Co. Ltd	14-Sep-00	15-Feb-19

**Initiatives implemented during the year**

To ensure timely resolution of the institutions in liquidation, the Corporation implemented several initiatives as illustrated in the diagram below;



**a. 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.

**b. Realization of the assets of institutions in Liquidation**

In order to realize the assets of the institutions in liquidation, the Corporation proceeded to use various recovery techniques throughout the year. This included recovery by debt collecting firms, employing out of court settlements e.g. ADR, and selling charged properties by way of public auction resulting to cumulative loan collections of KES. 1.018 billion from borrowers of the 19 institutions in liquidation.

Notwithstanding the successes, the resolution process has encountered a number of obstacles, such as drawn-out legal proceedings and attempts by interested parties to interfere with the ownership of the assets held by the institutions in liquidation, including attempted fraudulent transfers of ownership.

The Corporation reviewed and revamped the Debt Negotiation and Asset Realization (DNARC) and Alternative Dispute Resolution (ADR) policies to support in debt recovery. The ADR strategy was critical because it offered a quick and affordable way to settle debtor issues and disputes outside of the usual drawn-out judicial proceedings, promoting prompt resolutions and lowering legal costs. A consistent understanding of the asset realization and debt negotiation processes was amplified by the DNARC policy. The policy assisted in establishing the values and rules that would direct the Corporation's operations and choices about the unpaid obligations of the defunct institutions.

For the benefit of creditors and depositors, the Corporation is still working tirelessly to maximize the realization of the institutions' remaining assets in liquidation in an efficient and effective way.

**c. Declaration and payment of dividends/payouts to depositors of five institutions in liquidation**

The Corporation announced the sixteenth and sixth dividend to Postbank Credit Ltd (IL) and Kenya Finance Bank Ltd (IL) depositors during the period under consideration amounting KES 100 million and KES 105 million respectively. The Corporation also continued to process depositor claim forms for Trade Bank (IL), Thabiti Bank (IL), and Daima Bank (IL) during the year. The Corporation coordinated with Central Bank of Kenya (CBK) branches to expedite receiving of claim forms by allowing depositors to submit their claim forms at the closest CBK branch. Additionally, depositors were able to expedite payment by submitting their claim forms online using email platform. KES. 72.1 million was paid out as dividends for the year ended 30<sup>th</sup> June 2025.

**d. Digitization of Critical Records and use of the Mobile Application**

In order to guarantee prompt and effective service delivery to the public, KDIC progressed with digitization of its vital records. This is consistent with the government's digitalization initiative, which has directed the use of digital technologies to improve the general quality of life for its residents while modernizing public services, increasing efficiency, and fostering transparency.

In the 2024/2025 financial year, 18 institutions' active credit files were digitized while the charged securities of all the 19 banks under liquidation were digitized. The continuous digitization of records will improve retrieval and guarantee preservation of institutional documents.

The mobile app continued to be used by debtors of the institutions in liquidation to make loan repayments. Customers who previously had to pay outstanding debts in person at their banks or through CBK branches found this to be convenient and time-saving.

The Corporation will continue to onboard more debtors on the mobile app through sensitization and registration that will result in increased debt recovery. In addition, the Corporation commenced the automation of depositor claim forms which would result in shorter turnaround time in processing their claims. The Corporation is working on integration of the claim forms into the Mobile app to make future payments to depositors of the failed institutions.

**e. Documenting experiences of two institutions in Liquidation**

In an effort to speed up the process of resolving the failed banks and preserve experiences gained, the Corporation documented resolution experiences five institutions in liquidation i.e. Reliance Bank Ltd (IL), Bank Corporation Ltd (IL), Chase Bank Ltd (IL), Prudential Bank Ltd (IL), Trust Bank Ltd (IL) and Prudential Bank Ltd (IL). This was done in order to build a database of the resolution experiences to facilitate decision-making and for future use.

**Milestones Achieved during the financial year ending 30<sup>th</sup> June 2025**

For year under review the following achievements were noted;

- i. Payment of protected deposits: Payments totaling KES.1.18Billion were made to depositors of Imperial Bank Ltd (IL) and Chase Bank Ltd (IL).
- ii. Loan recoveries: We managed to recover KES. 1.018 billion from debtors of the 19 institutions in liquidation as result of robust debt collection strategies.
- iii. Declaration and payment of Dividends. Declaration and commencement of payment of Dividends for two institutions in liquidation namely Pan African Ltd (IL) and Euro Bank Ltd (IL) was declared in year under review. However, KDIC continued to make dividend payouts amounting to KES.72.1Million to three institutions that had declared dividend payout the previous year. The additional institutions are; Kenya Finance Bank Ltd (IL), Trade Bank Ltd (IL) and Daima Bank Ltd (IL).

## Key Financial Milestones Achieved during the financial year



### Payment of Protected Deposits

Ensuring depositors receive their protected funds



### Loan Recoveries

Recovering loans from institutions in liquidation



### Dividend Payments

Distributing dividends to depositors of liquidated institutions

## Status update for the 19 Institutions in Liquidation:

S/N	INSTITUTION/BANK	Liquidation date	Total Loans at Liquidation "000"	Total Recoveries as Jun 2025 "000"	Total deposit Payouts as at Jun 2025 "000"
1	Postbank Credit Ltd.	20-May-93	3,605,000.00	2,052,435.00	2,270,000.00
2	Trade Bank Ltd.	18-Aug-93	3,955,000.00	882,767.46	806,911.88
3	Middle Africa Finance Ltd.	20-Aug-93	1,220,000.00	91,764.00	30,000.00
4	Pan-African Bank Ltd.	18-Aug-94	1,433,000.00	142,120.00	1,649,000.00
5	Pan-African Credit & Finance Ltd.	18-Aug-94	537,700.00	288,460.00	263,500.00
6	Thabiti Finance Co. Ltd.	19-Dec-94	905,000.00	138,582.00	588,407.00
7	Meridien BIAO Bank Ltd.	15-Apr-96	244,000.00	103,000.00	377,450.00
8	Kenya Finance Bank Ltd.	29-Oct-96	2,329,000.00	543,170.00	542,419.00
9	Ari Bank Corporation Ltd	5-Dec-97	637,000.00	147,600.00	57,800.00

S/N	INSTITUTION/BANK	Liquidation date	Total Loans at Liquidation "000"	Total Recoveries as Jun 2025 "000"	Total deposit Payouts as at Jun 2025 "000"
10	Prudential Bank Ltd.	5-May-00	1,257,000.00	86,140.00	203,660.00
11	Reliance Bank Ltd.	12-Sep-00	775,000.00	225,000.00	192,000.00
12	Trust Bank Ltd.	15-Aug-01	13,800,000.00	3,246,560.00	2,270,000.00
13	Euro Bank Ltd.	21-Feb-03	3,861,000.00	235,500.00	75,845.00
14	Prudential Building Society	18-Jan-05	3,283,000.00	330,610.00	219,000.00
15	Daima Bank Ltd.	13-Jun-05	802,000.00	498,500.00	319,606.50
16	Dubai Bank Ltd (IL)	24-Aug-15	4,403,000.00	664,538.00	134,119.80
17	Chase Bank Ltd (IL)	17-Apr-21	24,000,000.00	1,511,000.00	715,000.00
18	Charterhouse Bank Ltd(IL)	7-May-21	27,000,000.00	N/A	14,000.00
19	Imperial Bank Ltd(IL)	8-Dec-21	29,000,000.00	1,511,000.00	474,000.00
	<b>TOTAL</b>		<b>123,046,700.00</b>	<b>12,698,746.46</b>	<b>11,202,719.18</b>



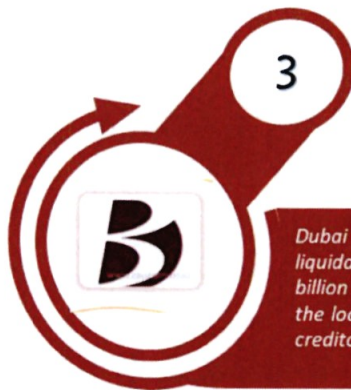
## Chase Bank Ltd (IL)

*Chase Bank Limited (IL) was placed in receivership in April 2016 and subsequently placed in liquidation in April 2021. As at liquidation, the institution held Kshs. 24 billion in total loans and Kes. 38.9Billion as the total deposits. The institution has recovered Kes. 1.511Billion of loans. The Institution declared Kes. 1.04Billion of protected deposits and has since paid Kes. 715Million which is 69% of the declared amount.*



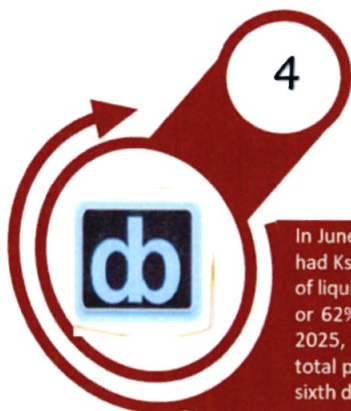
### Ari Bank Corporation Ltd (IL)

*Ari Bank Corporation Limited (IL) was placed in liquidation in December 1997. Total loans as at liquidation were Kshs.637 million of which Kshs.147.6 million has been recovered by June 2025. Total deposits as at liquidation were Kshs.295.4 million of which Kshs.57.8 million has been paid out to depositors as at June 2025. The Corporation has commenced winding up of the institution.*



### Dubai Bank Ltd (IL)


*Dubai Bank Limited (IL) was placed in liquidation in Aug 1st 2015. As at liquidation, the institution held Kshs. 4.4 billion in total loans and Kshs.1.3 billion in total deposits. The institution has recovered Kshs.664.5 million of the loans. The institution has paid out Kshs.134.1 million to depositors and creditors as at June 2025.*



### Daima Bank Ltd (IL)

*In June 2005, Daima Bank Limited (IL) went into liquidation. The institution had Kshs. 802 million in total loans and Kshs. 680 million in total deposits as of liquidation. Of the loans, the institution has recovered Ksh. 498.5 million, or 62% of the total debt recovered since the liquidation date. As of June 2025, the organization had distributed Kshs. 319.6 million, or 47% of the total payout since the moment of insolvency, and it was still paying out the sixth dividend*


5



### Prudential Bank Ltd (IL)

*Prudential bank limited (IL) was placed in liquidation in May 2000. Total loans as at liquidation were Kshs.1.257 million of which Kshs.86.14 million has been recovered by June 2025. As at liquidation, the institution held Kshs.598.4 million in total deposits, Kshs.219 million has been paid to depositors and creditors as at June 2025.*

6



### Imperial Bank Ltd (IL)

*Imperial Bank Limited (IL) was placed in liquidation in December 2021. The total loan book as at liquidation was 29Billion and the deposits were 56Billion. We commenced payment of protected deposit and paid Kes 42.5Million. However, a depositor moved to court temporarily stopping the payment of protected deposits, the issue was resolved in January 2024. We commenced payment of the protected deposits the Corporation has since*

7



### Reliance Bank Ltd (IL)

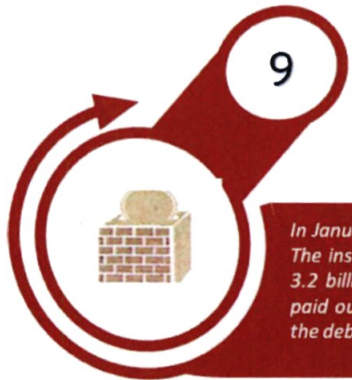
*Reliance bank limited (IL) was placed in liquidation in September 2000. As at liquidation, the institution held Kshs.969 million in total deposits and Kshs.775 million in total loans. As at June 2025, the institution had made loan recoveries totaling Kshs.225 million and payout to depositors of Kshs.192 million. The Corporation has commenced winding up of the Institution.*



8

### PanAfrican Credit & Finance Ltd (IL)

*In 1993, PanAfrican Credit and Finance Ltd was placed under statutory management. On August 18, 1994, the Deposit Protection Fund Board was named as the liquidator. At the time of insolvency, the bank had a loan book worth Kes. 537.7 million and deposits totaling Kes. 324 million. As of June 2025, the institution had paid out Ks. 263 million to depositors and recovered Ks. 288.1 million in loans.*



9

### Prudential Building Society Ltd (IL)

*In January 2004, Prudential Building Society Limited (IL) went into liquidation. The institution had total deposits of Kes. 2.063 billion and total loans of Kes. 3.2 billion as of liquidation. As of the end of June 2025, the institution had paid out Kes. 219 million to depositors and recovered Kes. 330.6 1million of the debts*



10

### Meridian Biao Bank Ltd (IL)

*Meridian Biao Bank Limited (IL) was placed in liquidation in April 1996. Total deposits as at liquidation were Kshs. 793 million against Kshs.224 million in total loans. Payments to depositors as at June 2025 amount to Kshs.377.45 million while loan recoveries were Kshs. 103 million.*

11



### Meridian Biao Bank Ltd (IL)

*Postbank Credit limited (IL) was placed under liquidation in May 1993. As at liquidation, the bank had Ksh. 3.32 billion in deposits, and loan advances totaling to Ksh. 3.6 billion. As at June 2025 the bank had paid depositors 16 dividend payouts totaling Kshs. 2.27 billion. As at June 2025 the institution has been able to make loan recoveries of Kes.2.05 billion.*

12



### Euro Bank Ltd (IL)

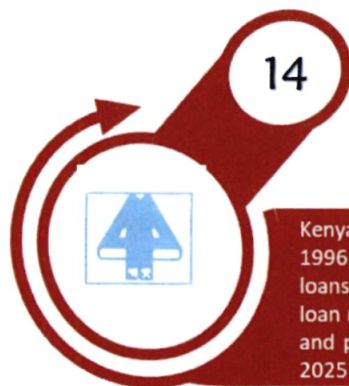
*Euro Bank Limited (IL) entered liquidation in February 2003. At the time of liquidation, total loans amounted to Kes. 3.86 billion. Total deposits recorded at Liquidation were Kes. 2.25 billion, with Kes. 75.8 million disbursed to depositors by the end of June 2025. The bank achieved cumulative loan recoveries of Kes. 235 million.*

13



### Trust Bank Ltd (IL)

*Trust Bank Limited (IL) was placed into liquidation in August 2001. At that time, the total amount of loans outstanding was Kshs. 13.8 billion. By the conclusion of the review period in June 2025, Kshs. 3.881 billion had been recovered. The total deposits at the time of liquidation amounted to Kshs. 8.3 billion, with Kshs. 2.27 billion having been disbursed to depositors to date*



### Kenya Finance Bank Ltd (IL)

Kenya Finance Bank Limited (IL) was placed in liquidation in October 1996. As at Liquidation, the institution had Kshs. 2.329 billion in total loans and Ksh. 1.951 billion in total deposits. The institution has made loan recoveries of Kshs. 543.17 million. It has also declared six dividends and paid depositor & creditors a total of Kshs.542.1 million as at June 2025 this represents a total dividend payout of 28.5%.



### Trade Bank Ltd (IL)

Trade Bank Limited (IL) was placed in liquidation in August 1993. Deposits as at liquidation were Kshs. 1.67 billion of which Ksh. 806.19 million has been paid out to depositors and creditors. The total loans as at liquidation were Kshs. 3.95 billion . As at June 2025 the total recoveries amount to Kshs.882.76 million.



### Middle Africa Finance Company Ltd (IL)

Middle Africa Finance Company Limited (IL) was placed in liquidation in August 1993. As at liquidation, the bank had Kshs. 242 million in deposits and loan advances amounted to Kshs. 656Million. As at June 2025 the institution has been able to make total loan recoveries of Kes. 91.564million

17



## Thabiti Finance Company Ltd (IL)

*Thabiti Finance Company Limited (IL) was placed in liquidation in December 1994. As at liquidation, the bank had Kshs. 899 million in deposits and loan advances amounted to Kshs. 905 Million. As at June 2025 the institution has been able to make total loan recoveries of Kes. 138.6million and paid out dividends to its depositors & creditors amounting to Kshs. 588.41*

18



## Prudential Bank Ltd (IL)

*Prudential Bank Limited (IL) was placed in liquidation in May 2000. Total loans as at liquidation were Kshs.1,257 million of which Kshs.86.14 million has been recovered as at end of year under review. The institution held deposits amounting to Kshs.598.4 million and a total of Kshs.203.66 million has been paid out.*

19



## Charterhouse Bank Ltd (IL)

*Charterhouse Bank Limited (IL) was placed in liquidation in May 2021. The institution paid out to its depositors Kes.14million of the protected deposits, however, the payment was stopped by a court order that is till in force.*

## ENTERPRISE RISK MANAGEMENT

The Corporation continued to Strengthen the implementation and maintenance of the Enterprise risk management (ERM) and business continuity management systems (BCMS) Framework. The ERM framework allows the Corporation to proactively identify, analyze, assess and mitigate risks that can negatively impact the achievement of its objectives. The Frameworks also enhances the capacity of organization to identify, analyze, assess and pursue the potential opportunities that the Corporation can leverage as areas of improvements.

Further the Corporation continues to enhance its preparedness and emergency response capability through the Business continuity framework by regularly undertaking the Business impact analysis including the call tree, nodal contacts, the recovery time objectives and recovery point objective to ensure they guarantee minimum disruption in case of a disruptions of the organizations public policy objective and mandate.

The Corporation has a risk management policy which provides the risk management governance framework. This includes the establishment of risk registers at departmental level whose content are reviewed and escalated to update the corporate risk register. The Corporate risk register is designed to include the identified high-risk areas that might affect the achievement of KDIC objectives and mandate. The following is a summary of identified corporate risks;

Risk Title	Risk Background
<b>Target Fund Risk</b>	This Risk is attributed to the amount of the potential gap, if any, on the DI's funds available for interventions and the funds required : interventions; The risk is also called "Funding Risk"
<b>Strategic implementation risk</b>	Insufficient resources to fund the initiatives, activities and programs as envisaged in the rolling strategic plan.
<b>Bank Failure Intervention Risk</b>	The risk that a bank fails, and the DI fails to intervene promptly resulting into bank runs and loss of deposits. This could also reduce the public confidence to the banking sector.
<b>Technology (Bank Digital product) Risk</b>	Evolution in Technology has resulted into transformations in the banking sector. The risk is attributed to loss of deposits as defined in our laws due to the change in bank products.

Risk Title	Risk Background
<b>Cyber risk</b>	The Risk can materialize if the Corporation fails to renew systems security licenses on time, failure to test data backups and failure to sensitize staff continually on Cyber security.
<b>Stakeholders Risk</b>	This risk can materialize when the Corporation fails to execute its mandate of Deposit Insurance, Risk minimization & timely resolution of problem Banks due to inadequate support and Poor collaboration from key stakeholders.
<b>Operational risk</b>	Operational risk manifests through flaws or failures in the organization's processes, policies, systems, or due to internal and external events that disrupt business operations. This risk encompasses challenges related to the adequacy of human capital and the effective management of human resources, both of which contribute significantly to operational disruptions.
<b>Litigation Risk</b>	This risk arises when Parties Move to Court to challenge the Mandate of KDIC when the Corporation is appointed to take over a troubled Member Institution and the Courts issue adverse Orders that negatively affect the resolution process of the troubled member Institution.
<b>Talent Risk</b>	This risk occurs when the corporation is losing the most productive staff through turnover
<b>Reputational Damage</b>	This risk can materialize due to sustained adverse bad press in both mainstream and social media platforms in relation to the Corporation's mandate.
<b>Political Risk</b>	This is the risk that can materialize arising from change in legislation and regulations related to the KDIC Act CAP 487C through amendments and changes sponsored by a private members bill or any other interested party.

## RESEARCH & INNOVATION

During the FY 2024/2025, the Corporation operationalized its research function. A number of activities were undertaken such as review of MoU with KIPPRA and two research topics identified for research jointly between the two institutions. These included Research on *Effect of Digital Currency on financial sector and Implications of Artificial Intelligence in Kenya's Financial Sector*. The Research policy was reviewed to accommodate emerging changes and provide a guiding framework for undertaking research activities within the Corporation.

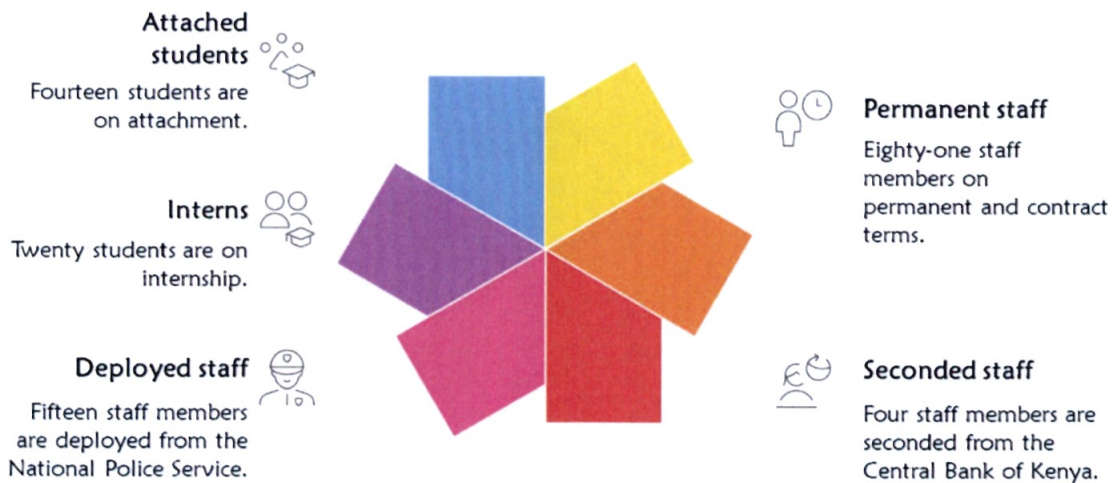
The capacity of the division was enhanced through identification of the ICT software research needs to undertake internal research work. Additionally, during the year, the Corporation continued to implement its Research Science Technology and Innovation (RSTI) Strategy and workplan as guided by the National Commission for Science, Technology and Innovation (NACOSTI). Going forward, a number of internal surveys and research work will be undertaken and results disseminated to the relevant stakeholders to enhance decision making.

## **OUR HUMAN RESOURCES**

The Corporation views its human capital as a crucial and essential component of all of its activities and is aware that any workplace depends on the happiness of its workers. In order to guarantee that every employee is engaged, healthy, safe, and productive, the corporation has implemented a number of employee welfare and management initiatives. The human resource strategies employed during the year competitive hiring, career promotion, training and development, performance management, employee motivation, wellness, and competitive pay. All human resource procedures are guided by the Corporation's extensive human resource policies. The rules are in compliance with the applicable human capital management laws, guidelines, and regulations.

### **Staff Statistics**

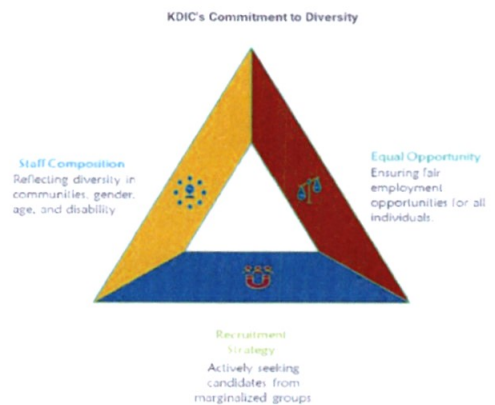
During the year under review, KDIC's staff compliment stood at one hundred and thirty-four (134), spread across the Chief Executive Officer's Office, five Directorates of Bank Resolution, Deposit Insurance and Bank Surveillance, Corporate Services, Corporation Secretary/Legal Services and Internal Audit; and two stand-alone Departments of Supply Chain Management; and Strategy and Planning. These staff number include eighty-one (81) staff on Permanent and Pensionable and Contract terms, four (4) seconded staff from the Central Bank of Kenya, fifteen (15) staff deployed from the National Police Service and twenty (20) students on internship and fourteen (14) students on attachment who were engaged at varied periods during the period under review.



**Diversity, Inclusivity and cohesion**



The Corporation is committed to diversity and inclusivity in its workforce and strives to be an equal opportunity employer. KDIC has thus put in place measures to promote equity and foster equality at the place of work. It’s recruitment strategy focuses on providing work opportunities to all groups and specifically endeavors to attract persons from marginalized groups. This has ensured that our staff composition reflects all communities, gender, age groups and persons with disability.



**Talent attraction and retention**

The Corporation has taken deliberate measures to ensure open and competitive staff recruitment anchored on its policies and guidelines. This ensures the acquisition of the right talent and skills geared towards the achievement of the Corporation’s mandate. KDIC has put in place robust employee retention strategies that include strong leadership, frequent feedback, employee

recognition, opportunities for advancement, competitive compensation packages, and a good work/life balance. This has enabled the Corporation to achieve an impressive staff retention rate of 100%.

### Gender Diversity

#### Gender Distribution



Male

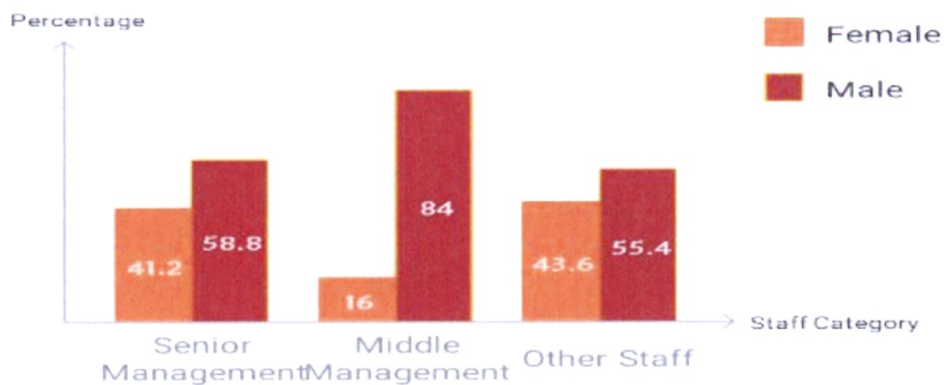
65.4%



Female

34.6%

The Corporation recognizes that ending all forms of gender discrimination is key to economic growth and development as per the Sustainable Development Goal 5. It is thus committed to the legal requirement on gender inclusivity and through targeted recruitment it has attained a gender composition of 65.4% male and 34.6% female employees among its regular staff. The Corporation is implementing deliberate strategies focused on mentoring its female staff to learn and grow in their chosen professions.



**KDIC Staff Composition by Gender**

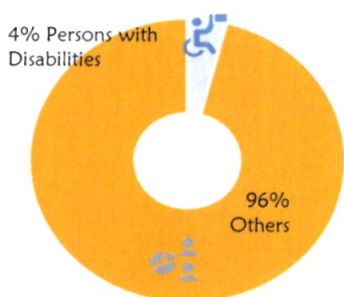
### Staff Cohesion and Organizational Culture



The Corporation endeavors to create a harmonious and cohesive working environment. To achieve this, the Corporation has put in deliberate measures to co-create and deliver exciting initiatives and engagements across the entire staff compliment that help to foster and drive the desired culture. In this way, culture can break down the boundaries between different groups, create a cohesive team, guide decision-making, and improve overall workflow. During the year, KDIC undertook several initiatives on building a favorable organizational culture;

- i. Staff Team Bonding: The Corporation’s held team bonding activities geared towards fostering collaboration, teamwork and bonding for the staff members.
- ii. Staff Engagement and Culture Surveys: The Corporation continues to implement the recommendations of the employee engagement surveys. This has enabled the Corporation to create a favorable environment where employees can thrive and succeed in their jobs.
- iii. CEO Engagement forums: The Corporation held an indoor engagement session during the team bonding event. The sessions served as an opportunity for the CEO to openly engage with the staff also serve to entrench a culture of open communication.

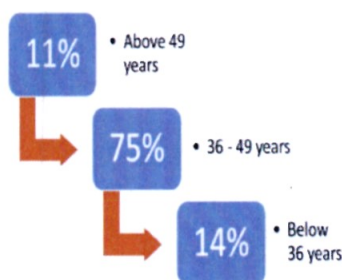
### Disability Mainstreaming



The Corporation is progressively implementing the legal requirement for employment of at least 5% persons living with disability. Currently the PWDs within the Corporation comprise 4% of the its workforce, which is in compliance with the legal requirement.

## Youth Empowerment

Kenya Government's Youth Policy aims at ensuring that youth issues are reflected in all sectors of national development and emphasizes affirmative action for the youth as a strategy of participation and empowerment. The Corporation, through deliberate recruitment strategies has ensured that a substantial part of its employees comprise of youth. The youth composition of the Corporation staff currently stands at 14%. Additionally, to support youth development and empowerment KDIC engaged 34 students on internship and attachment programs.



The Corporation has put in place a Coaching and Mentorship policy which is aimed at creating mentorship opportunities for its staff where senior and more experienced staff and paired with less experienced staff to help them in their professional growth.

## Ethnic and Regional Diversity

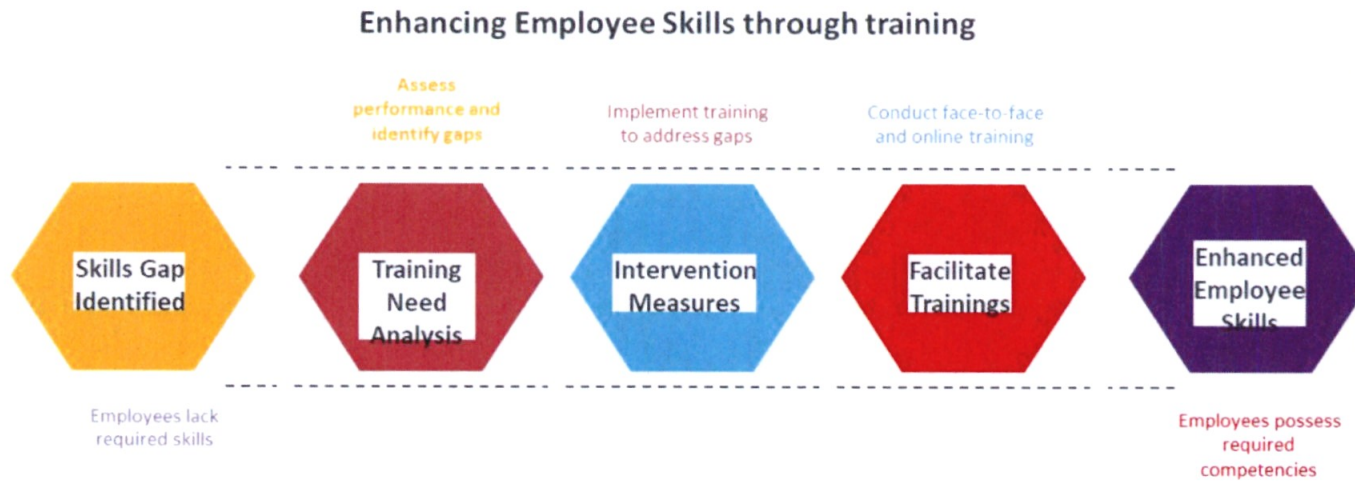
The Corporation is determined to give all people an opportunity to participate in activities including decision making in line with the National Values and Principles of Governance. In this regard it has ensured diversity of its workforce by deliberately focusing on providing opportunities to marginalized groups to ensure that its workforce reflects all the communities within the country. Opportunities are availed to each employee to enable them develop to their full potential irrespective of their region, race, ethnicity, religious belief and personal political affiliation.

## Staff Capacity Building

The Corporation aspires to build its employees' strengths and capabilities through learning and development based on its strategic objectives. It has therefore invested in employee learning and development to build and enhance technical and leadership competencies while supporting employees to attain their career goals and aspirations. In line with the prevailing Human Resource Development Policies all the employees of the Corporation were taken through the minimum requirement of 40 hours



program for training and development with a view to equipping them with skills and enhancing their productivity. The skills development program by the Corporation is based on a training need analysis/performance gap assessment conducted at the beginning of the financial year based on among other issues the annual performance assessment.



The gaps identified were collated and intervention measures, which include training were identified and measures taken to address the same. Based on the training plan developed, the Corporation facilitated trainings for all its staff. The Corporation has utilized both face to face and online learning platforms.

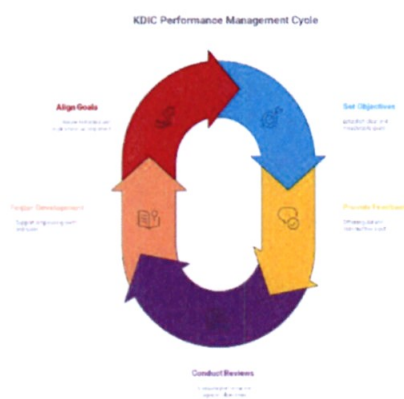


**Employee Welfare**

In recognition of the need to achieve Sustainable Development Goal number 3 on Health coverage the Corporation believes that the health and wellness of its employees is of paramount importance not only for optimum performance but also for individual employee wellbeing. KDIC endeavors to create an environment where the organization cares for its employees and individual employees care for each other and work towards achieving the success of the organization. KDIC is implementing the provisions of the Occupational Safety and Health Act (2007) by promoting safety in all its operational and work environments.

The Corporation has ensured that the employees have adequate work tools and resources to facilitate efficient service delivery in line with the Corporation’s mandate and service delivery charter. KDIC also maintains a robust staff medical, Group life and Group Personal Accident Insurance Schemes.

## Performance Management



KDIC has adopted a performance management system based on the Balanced Score Card approach which is key in monitoring employee performance at all levels where quarterly Staff Performance Appraisals are conducted. The Corporation continues to implement a culture of high performance where talent is well managed and rewarded. The Performance management system allows the Corporation to review and identify gaps at an individual and corporate level and devise measures to address the identified gaps.

## Productivity Management

In compliance with the guidelines on Productivity Mainstreaming in the Public Sector, the Management appointed a Productivity Mainstreaming Committee comprising of seven (7) members of staff to spearhead this process.

The Corporation has sensitized all staff, developed productivity metrics, collected data and computed a productivity index for the Corporation. In addition, the Corporation has developed a Monitoring and Evaluation framework to facilitate productivity mainstreaming.



## Employee Remuneration and Reward

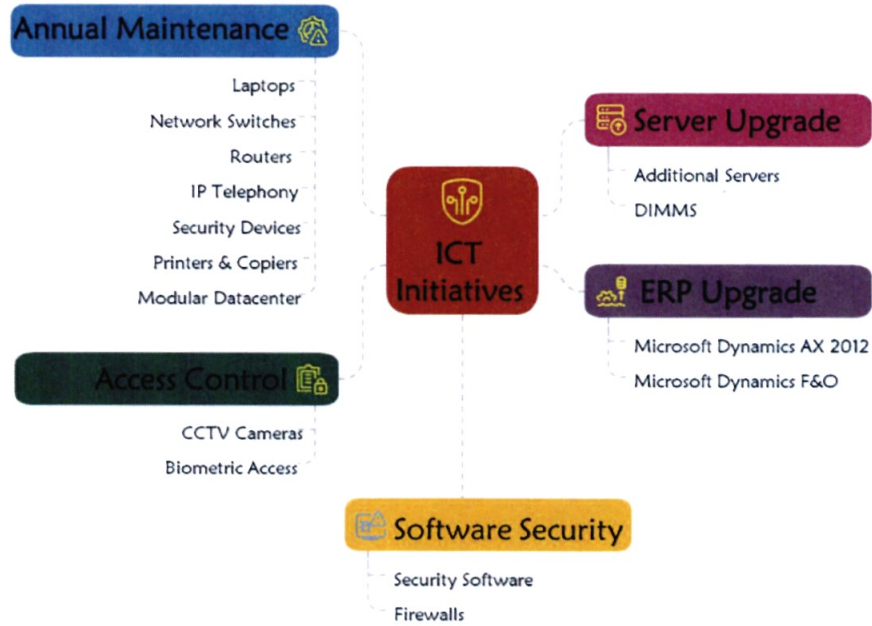
In recognition of the Sustainable Development Goal 10, the Corporation strives to remunerate its employees in a manner that supports the achievement of its mandate whilst attracting and retaining requisite skills and motivating high levels of performance. The remuneration policies adopted by the Corporation ensures fairness across diversity lines eliminating gender pay gaps and facilitating equal pay for equal work. This enables us to compete effectively in the labor market and to recruit and retain high calibre employees. This also ensures that remuneration is managed in an affordable and sustainable manner. The Corporation’s remuneration strategies have been developed in line with the guidelines provided by the Salaries and Remuneration Commission and The National Treasury. KDIC adopts a total rewards system with both financial and non-financial aspects being considered.

## INFORMATION COMMUNICATION AND TECHNOLOGY

The Corporation utilizes Information and Communication Technology (ICT) systems to fulfill its mission of protecting depositors and enhancing public confidence in the financial system by promoting sound risk management and timely resolution. These systems encompass various security measures and controls to protect sensitive information and ensure data integrity in compliance with data protection laws and regulations. Below are some of the key ICT initiatives that the Corporation implemented during the financial year;

1. **Upgrade of servers** – As the data size and number of systems increase, The Corporation acquired additional servers and Dual In-line Memory Module (DIMMS) to support the submission of data by member institutions and internal applications.
2. **Upgrade of ERP**– Microsoft Dynamics AX 2012 reached end of life and support from the vendor. This therefore required the Corporation to upgrade to the latest version. The Corporation is in the process of implementing the upgraded version, Microsoft Dynamics Finance and Operations (D365 F&O) and the system is scheduled for go live in quarter one of 2025/2026.
3. **Access Control** – The Corporation operates a godown with high value sensitive information and this required installation of CCTV cameras and biometric access control to ensure that only authorized individuals can access the sensitive information.
4. **Software Security** – The Corporation utilizes security and antivirus software to protect against malware and employs firewalls to prevent unauthorized access. It is crucial to keep this software updated to maintain optimal protection. This was achieved by ensuring continuous license renewals for the Firewalls and workstation endpoint licenses.
5. **Annual Maintenance of ICT related equipment.** - The corporation continues to maintain various ICT equipment over a period of time notably laptops, network switches, routers & IP Telephony, firewalls, biometric & CCTV security devices, printers & copiers and the Modular

Datacenter. The equipment is hosted in KDIC's head office and disaster recovery sites. To ensure good performance of the equipment and minimize breakdown, the equipment needs periodic servicing & maintenance.



## ENVIRONMENTAL AND SUSTAINABILITY REPORTING

### Joint Sustainability Statement from the Chairperson and CEO

The Corporation places great importance on sustainability as it delivers on its mandate to minimize risk, insure deposits and resolve failing banks. KDIC acknowledges that the realization of climate-related risks could have adverse effects on the Deposit Insurance Fund and infrastructure. It could also disrupt the functioning and resilience of banks and the overall financial system, hindering the Corporation's ability to respond to bank failures promptly.

At KDIC, we are dedicated to actively participating in the pursuit of sustainability as an integral part of our daily operations while fulfilling our mission. Sustainability has become an inherent part of our fundamental values and strategic foundations, fostering accountability and continuous monitoring. Furthermore, it is reflected in our reporting, aligning with the UN Sustainable Development Goals (SDG), IADI Core Principles, and various local and global standards emphasizing Environmental, Social, and Governance (ESG) commitments.



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



Mrs. Hellen Chepkwony  
**Chief Executive Officer**

## RESPONSIBLE MARKET PLACE PRACTICES

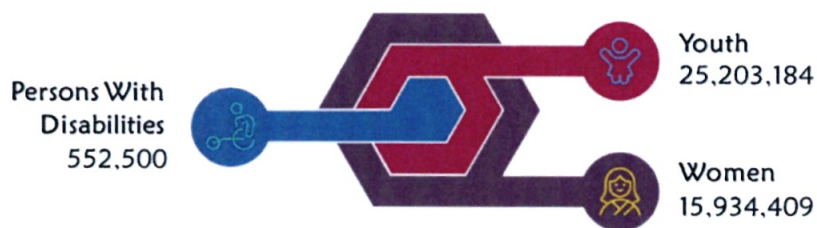
KDIC ensures responsible competition practices by putting in place strict anti-corruption measures, ensuring fair competition in tendering and outlining how the Corporation ensures improved service delivery practices. We have prominently displayed our service charter and this guides our stakeholders on their expectations during our engagements with us.

### Procurement Opportunities

Procurement at KDIC is guided by the following values and principles of the Constitution and relevant legislation: integrity under the Leadership and Integrity Act of 2012; promotion of local industry, sustainable development, and environmental protection; and promotion of citizen contractors. The Corporation is also bound by the Public Procurement and Asset Disposal Act of 2015.

The Corporation has been carrying out its procurement activities in accordance with the above-mentioned principles in a manner that allows maximum participation by the youth, women and people living with disability. During the period under review, the Corporation awarded opportunities valued at KES. 234 million to citizen contractors. The Corporation set aside KES. 30 million for the Access to Government Procurement Opportunities (AGPO) program which promotes the businesses of youth, women and people with disabilities. The Corporation exceeded the target and managed to award tenders valued at KES. 41 million to AGPO groups.

### Amounts Awarded to Special Groups



## CORPORATE SOCIAL RESPONSIBILITY

In keeping with our longstanding commitment to Corporate Social Responsibility (CSR), KDIC is unwavering in its commitment to promote ethical and sustainable business practices, making sure that our operations benefit the environment and community. We recognize that it is our duty as corporate citizens to make sure that our actions promote life sustainability and that we back initiatives that do so. To achieve this, the Corporation has defined six key pillars to guide its CSR initiatives.

### KDIC's Pillars of CSR



During the financial year, the Corporation engaged in initiatives covering the Health, Education and Environment pillars.

### Health

KDIC is committed to the Sustainable Development Goal 3 of Good Health and Well-Being's mission to "Ensure healthy lives and promote well-being for all at all ages". Towards the attainment of this goal, the Corporation purchased and donated baby warmers to Mbagathi Level

5 Hospital's new born unit. In the hospital's assessment, the equipment has led to a reduction in sepsis cases/the number of infections due to the non-sharing of equipment. There is also a reduction in patients' length of stay in admission due to the availability of treatment equipment. The equipment donated by KDIC also led to an increased paediatric capacity and the effect of this is that Mbagathi hospital is receiving more referrals from other hospitals over the last year.

KDIC initiated the process of purchasing medical equipment for Mama Lucy Kibaki Referral Hospital. Further, the hospital has struggled with patients acquiring respiratory diseases and they initiated a program to plant trees within the hospital compound for air clean up. During the financial year, KDIC initiated the purchase of tree seedlings at a cost of KES. 500,000. The tree seedlings were delivered in August 2025. Also initiated is an initiative to support the Nandi County Referral Hospital with medical equipment at a cost of KES. 2,500,000.

### **Education**

KDIC values Education as an important contributor to national development in many ways, including the development of the financial sector and economic empowerment. During the financial year, KDIC supported education initiatives through the donation of various equipment to Arap Moi Primary and Junior Secondary School in Kajiado and St. Mary's Kibuk Girls High School in Mt. Elgon.

Arap Moi Primary and Junior Secondary School had constructed a laboratory for use by the Junior Secondary learners. Due to lack of funding, the laboratory was not equipped and the learners were underperforming in science practicals. KDIC purchased and donated laboratory equipment worth KES. 1 million.



*The CEO KDIC Mrs. Hellen Chepkwony during the commissioning of the laboratory at Arap Moi Primary and Junior Secondary School equipped by the Corporation*

The Corporation also received a request from St. Mary's Kibuk Girls High School outlining the challenges that school faced due to poor proximity to water sources. KDIC supported the school by donating five water tanks of 10,000 litres each and a solar pumping system to enable the collection and distribution of the water.

## **Environment**

The Corporation is committed to the implementation of Sustainable Development Goal 13 that is towards limiting and adopting to climate change. In line with the goal's mission to "Take urgent action to combat climate change and its impacts", KDIC regularly allocates time and resources to various activities aligned to environmental conservation. During the financial year, KDIC participated in a record four tree growing and one river clean up exercise as highlighted below.

The Corporation participated in the Kaptagat Forest Annual Tree Growing Event that was held on 13<sup>th</sup> July 2024 at Our Lady of Glory Kaptagat Girls High School in Elgeyo Marakwet County. KDIC supported the event with a donation of KES. 1,000,000 that supported the planting of over 30,000 trees in the forest block.



*KDIC staff during the tree growing event held at Our Lady of Glory Kaptagat Girls High School*

KDIC also participated in two a tree-growing events spearheaded by our parent Ministry, The National Treasury and Economic Planning. On 4<sup>th</sup> October 2024, the KDIC team was in Ndaragwa forest to plant trees in an event led by Mr. James Muhati, PS of the State Department for Economic Planning. On 27<sup>th</sup> November 2024, the KDIC team was in Mumandu Forest in Machakos County as part of its contribution to the national tree growing efforts.



*The KDIC team lead by the CEO Mrs. Hellen Chepkwony during a tree growing event held on 4<sup>th</sup> October 2024 in Ndaragwa Forest.*

The Corporation continued with its collaboration with Nature Kenya where we planted 5,000 trees at the Hombe Forest Block of Mt. Kenya Forest. Our collaboration with Nature Kenya ensures that the planted seedlings will be cared for over the next 3 years at which point, the trees will have matured.

In the last tree growing event of the year, KDIC collaborated with the Kenya Forest Service to plant 33,000 trees in Sorget Forest in Kericho County. This is towards a call to reforestation of the previously rich forest block that is a pillar to the climatic conditions of the county and neighbouring counties.



*The KDIC team during a tree growing event on 7<sup>th</sup> June 2025 at Sorget Forest*

To close the financial year's CSR activities, KDIC staff participated in a clean-up exercise of the Ngong River at the Nairobi River section that crosses Mbagathi Way, demonstrating our commitment to environmental sustainability.

During the year, KDIC initiated a mega tree growing initiative with the Kenya Forest Service targeting to plant over 900,000 trees by the end of December 2025.

## 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> June 2025.

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

By Order of the Board.



.....

29<sup>th</sup> 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 30<sup>th</sup> 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 29<sup>th</sup> August 2025 and signed on the Board's behalf by:



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



\_\_\_\_\_  
Hellen Chepkwony  
**Chief Executive Officer**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

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

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### PREAMBLE

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

- A. Report on 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 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 Kenya Deposit Insurance Corporation set out on pages 1 to 45, 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 net assets, 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 Kenya Deposit Insurance Corporation 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 Kenya Deposit Insurance Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Deposit Insurance Corporation 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis of Kshs.1,334,594,000 and Kshs.1,065,045,000 respectively, resulting in under-funding of Kshs.269,549,000 or 20% of the budget. Similarly, the statement reflects budgeted expenditure and actual on comparable basis of Kshs.1,334,594,000 and Kshs.1,063,350,000 resulting in under performance of Kshs.271,244,000 or 20% of the budget.

The under-funding and under performance affected the planned activities and may have adversely affected service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, 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 cx 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, Environmental and Sustainability Reporting, Report of the Directors and Statement of Director's Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

In connection with my audit on Kenya Deposit Insurance Corporation 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, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else 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

#### Irregular Board Expenses

The statement of profit or loss and other comprehensive income reflects administration costs of Kshs.1,063,350,000 which includes directors' emoluments of Kshs.39,744,000 as disclosed in Note 10 (a) to the financial statements. Review of the expenditure revealed the following anomalies;

- (i) During the year under review, the Board held a total of nine (9) full board meetings. However, the guidelines issued through circular OP/CAB.9/1A provides for a maximum of six meetings and approval from the Cabinet Secretary for any additional meetings. No approval from the Cabinet Secretary was provided for the extra three meetings held contrary to the requirements of the circular.
- (ii) The Directors emoluments amount of Kshs.39,744,000 includes Kshs.7,223,600 and Kshs.5,209,200 both totalling Kshs.12,432,800 paid to two groups of Board members to visit Nigeria Deposit Insurance Corporation and Deposit Protection Fund of Uganda respectively, to undertake a peer learning exchange programme. Although travel approval was obtained from the Executive Office of the President, the visits negate the provisions of Part D (2) of Circular reference: OP/CAB.9/1A dated 11 March, 2020 on Management of State Corporations which requires, inter alia, that field/inspection visits, as well as international engagements are an executive function that fall in the domain of executive team led by the Chief Executive Officer.

In the circumstances, Management was in breach of the circular.

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, except for the effects of the matter described in the basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Weaknesses in the Management of Daily Subsistence Allowance**

Review of supporting schedules and payment vouchers on travelling and accommodation, training and core mandate activities revealed payment of unrealistic daily subsistence allowances to some members of staff. Analysis of the allowances indicated that some of the staff were away from their stations for periods of more than three (3) months cumulatively. This situation could be an indication that the current system on processing and approval of daily subsistence allowances is susceptible to abuse given the high cumulative number of days approved to be away from duty station.

In the circumstances, the effectiveness of Management control over processing and approval of subsistence allowances could not be confirmed.

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 the 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 Corporation'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 Corporation'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
<b>REVENUE</b>			
Transfer from DIF	7	1,063,701	865,607
Other Income	8	-	7,590
Finance Income	9	1,344	-
		<u>1,065,045</u>	<u>873,197</u>
		=====	=====
<b>EXPENSES</b>			
Administration Costs	10	1,063,350	872,605
Finance Cost	11	1,696	592
		<u>1,065,046</u>	<u>873,197</u>
		=====	=====
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>			
			-
Taxation	1(e)	-	-
		<u>-</u>	<u>-</u>
<b>SURPLUS FOR THE YEAR AFTER TAXATION</b>			
		<u>-</u>	<u>-</u>
Other comprehensive income		-	-
		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			
		<u>-</u>	<u>-</u>
		=====	=====

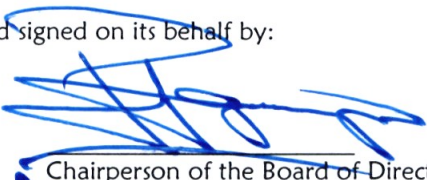
## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2025 Kes'000	2024 Kes'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	13	389,093	303,876
Intangible assets	14	94,497	142,349
Prepaid operating lease rentals	15	70,942	74,167
Right of Use of asset	16	246,627	298,008
		801,161	818,399
<b>Current assets</b>			
Receivables and prepayments	17	17,083	25,313
Inventories	18	3,033	2,768
Cash and bank balances	19	37,232	42,464
		57,348	70,545
<b>TOTAL ASSETS</b>		858,509	888,945
<b>RESERVE AND LIABILITIES</b>			
<b>Accumulated Reserve</b>			
		223,087	346,712
<b>Current liabilities</b>			
Payables and accruals	20	393,904	244,225
Lease Liability	21	53,613	55,898
		447,516	300,124
<b>Non-Current Liabilities</b>			
Lease Liability	21	187,905	242,110
		187,905	242,110
<b>TOTAL RESERVE AND LIABILITIES</b>		858,509	888,945

The financial statements were approved on .....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 NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	<b>2025</b> <b>Net Assets</b> <b>Kes '000</b>	<b>2024</b> <b>Net Assets</b> <b>Kes '000</b>
As at 1st July	346,712	436,143
Prior Year Adjustments	19,699	
Revaluation Reserve	-	-
Transfer of accumulated Fund balance to Deposit Insurance Fund	-143,323	-89,431
Surplus for the year	-	-
	<hr/>	<hr/>
As at 30 June	223,087	346,712
	=====	=====

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

		2025	2024
	Note	Kes '000	Kes '000
<b>Cashflows from operating activities</b>			
<b>Cash generated from/ (used in) operations</b>	19	307,307	173,069
Interest Received		-	-
Interest Paid		-	-
Taxation Paid		-	-
<b>Net cash (used in)/generated from operating activities</b>		<b>307,307</b>	<b>173,069</b>
		=====	=====
<b>Cash Flows from investing activities</b>			
Purchase of property plant & Equipment	13	-141,819	969
Purchase of intangible assets		-	148,074
Right of use of asset		-	-
Receivable from Investment-DIF	17	16,003	308,284
<b>Net cash (used in)/generated from investment activities</b>		<b>-125,815</b>	<b>-457,327</b>
		=====	=====
<b>Cash Flows from financing activities</b>			
Right of use of asset	16	-185,028	308,284
Principal on lease	21	-	55,455
Interest paid on lease	21	-1,696	592
<b>Net cash generated from financing activities</b>		<b>-186,724</b>	<b>252,238</b>
		=====	=====
<b>Increase/Decrease in cash and cash equivalents</b>		<b>-5,232</b>	<b>-32,021</b>
<b>Cash and Cash Equivalents at 1st July 2024</b>		<b>42,464</b>	<b>74,485</b>
		-----	-----
<b>Cash and Cash Equivalents at 30th June 2025</b>	19	<b>37,232</b>	<b>42,464</b>
		=====	=====

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

	2024/2025 BUDGET	ADJST	FINAL BUDGET	ACTUAL INCOME/ EXPENDITURE	PERFORMANCE DIFFERENCE IN KSHS.	% UTILIZATION	
	Kshs'000		Kshs'000	Kshs'000	Kshs'000		
<b>NOTE</b>	<b>Revenue</b>						
25(I)	Transfer from DIF- Recurrent	1,334,594	-	1,334,594	1,063,701	270,893	79.7%
	Other KDIC Income				-	-	
	Finance Income			1,344	1,344	-	
	<b>Total Transfer to DIF</b>	<b>1,334,594</b>	<b>-</b>	<b>1,334,594</b>	<b>1,065,045</b>	<b>272,237</b>	
	<b>Expenditure</b>						
25(II)	Compensation of Employees	396,036	-	396,036	392,622	3,414	99.1%
25(III)	Goods and Services	590,578	-	590,578	489,711	100,867	82.9%
25(IV)	Office Rent and Parking fees	80,000	-	80,000	18,986	61,014	23.7%
25(V)	Depreciation/Amortisation	267,980	-	267,980	162,030	105,949	60.5%
	<b>Total expenditures</b>	<b>1,334,594</b>	<b>-</b>	<b>1,334,594</b>	<b>1,063,350</b>	<b>271,244</b>	<b>79.7%</b>
25(VI)	Transfer from DIF-Capital	166,530	-	166,530	141,819	24,711	85.16%
	<b>Total Transfer from DIF</b>	<b>1,501,124</b>	<b>-</b>	<b>1,501,124</b>	<b>1,205,169</b>	<b>295,955</b>	
		=====		=====	=====	=====	

## 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, the cashflow statement is not prepared on accrual 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.

The Directors have assessed the applicable standards and amendments. Based on their assessment of the impact of the application of the above, they do not expect that there will be a significant impact on the company's financial statements.

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

##### **Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7**

The amendments specify:

- i. When a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.

- ii. How to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and
- iii. New or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The amendments are effective for annual periods beginning on or after January 1, 2027

#### **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 receives its income from 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.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

***(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.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

***(iii) Depreciation***

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete projects.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the revalued amount to its residual value over its estimated useful life 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) Fixed interest investments (treasury bills)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. The Corporation holds treasury bills and these are measured at fair value through profit or loss.

**g) 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.

**h) 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.

**i) 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.

**j) 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.

**k) 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 jointly by the Corporation as the sponsor and the employees. The Corporation recognizes contributions to the fund in the profit and loss account in the year to which they relate. The Corporation has 13 staff on contract who are not in the defined contribution plant. They accrue gratuity during their term of service and this is recognised via 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.

**l) Rounding off Difference**

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

**m) 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.

**n) 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.

**o) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

**p) 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.

**q) Subsequent events**

There is an ongoing court case that is that is likely to have an impact on the financial statements for the year ended June 30, 2025.

**r) 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

**s) Budget information**

The budget for FY 2024-2025 was approved on 30<sup>th</sup> 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.

**t) 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.

**u) Comparative figures**

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

**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. The provisions raised during the year were as follows;

**Provision for leave**

The estimates for leave were computed based on basic pay payable at the end of the financial year and approved leave days accruing to staff at the end of financial year as per Human Resource policy.

**Provision for gratuity**

The Corporation provides for gratuity for senior management personnel based on contractual terms on appointment.

**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:

	<b>2025</b> <b>Kes'000</b>	<b>2024</b> <b>Kes'000</b>
Bank and cash balances	37,232	42,464
Receivables	17,083	25,313
	<hr/>	<hr/>
	54,315	67,777

	=====	=====
The aging of receivables at the reporting date was:		
Not past due	-	-
Past due 0 – 30 days	17,083	7,313
Past due 31 – 90 days	-	-
Past due above 90 days	-	18,000
	<hr/>	<hr/>
	17,083	25,313
	=====	=====

The Corporation defines default for receivables as occurring when a financial asset is more than 90 days past due or when there is evidence that the borrower is unlikely to pay its credit obligations in full on any contractual payment. This definition is consistent with provision of internal credit risk management practices. The borrower in the Context of the Corporation is an institution that has been placed under liquidation or wound up by a gazette notice. The rationale for this classification is due to historical experience on recoveries of the outstanding receivables due to slow asset realization and protracted legal cases. Further, the directors have considered future macroeconomic indicators which have predicted the Kenyan economy to grow at a stable rate

The Corporation maintains close monitoring of exposures to institutions under liquidation by ensuring that any asset realization prioritizes repayment of KDIC's debts and ascertains expected credit losses on delayed payment.

During the year as at 30<sup>th</sup> June 2025, the movement in credit losses recorded KES.20.9M, up from KES.1.2 M. The increase was evidenced by the 90 days past due of payment to protected deposits for the institution in liquidation that had not been settled as at 30<sup>th</sup> June 2025. The details are as follows;

	2025 KES'000	2024 KES'000
Provision for bad debts	20,884	1,243

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

**(c) Liquidity risk management**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations arising from its financial liabilities. The Corporation'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 Corporation has sundry receivables. Simultaneously it carries current liabilities in form of sundry payables and accruals. The entity matches its current assets to the current liabilities falling due to mitigate the risk of low liquidity.

The Corporation's financial liabilities amount to KES. 638 million (2024 - KES. 536 million) and are all short term. The financial liabilities relate to payables arising from amounts owed to vendors from supply of goods and services. To meet its obligations, KDIC is funded by the Deposit Insurance Fund in cases of insufficient liquidity.

**RISK MANAGEMENT (Continued)**

**c. 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 Kes'000	Loans and receivables Kes'000	Held to maturity Kes'000	Total carrying value Kes'000	Fair value Kes'000
<b>2025</b>					
<b>Financial assets</b>					
Cash and bank balances	-	37,232	-	37,232	37,232
Receivables	-	16,003	-	16,003	16,003
	-	<b>53,235</b>	-	<b>53,235</b>	<b>53,235</b>
<b>Financial liabilities</b>					
Amounts due to related parties	-	-	-	-	-
Lease Liability	241,518	-	-	-	241,518
Payables and accruals	393,904	-	-	393,904	393,904
	<b>635,421</b>	-	-	<b>393,904</b>	<b>635,421</b>
<b>2024</b>					
<b>Financial assets</b>					
Cash and bank balances	-	42,464	-	42,464	42,464
Receivables	-	25,313	-	25,313	25,313
	-	<b>118,197</b>	-	<b>118,197</b>	<b>118,197</b>
<b>Financial liabilities</b>					
Amounts due to related parties	-	-	-	-	-
Lease Liability	298,008	-	-	-	298,008
Payables and accruals	244,225	-	-	244,225	244,225
	<b>542,233</b>	-	-	<b>244,225</b>	<b>542,233</b>

**(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.

**(i) *Property and equipment***

Critical estimates are made by the management in determining depreciation rates for property and equipment. The rates used are set out in the accounting policy for property and equipment.

**(ii) *Impairment of receivables***

The Corporation reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable especially debts incurred by institutions under liquidation.

**(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.

## 7 TRANSFER FROM DEPOSIT INSURANCE FUND (DIF)

The Corporation finances its operational expenditures through allocations from the Deposit Insurance Fund, in line with the approved annual budget. For the year ended 30th June 2025, the Fund supported recurrent expenditure amounting to KES 1,064 million, up from KES 866 million in the previous year, reflecting increased activity in line with the implementation of budgeted activities. The KDIC's recurrent expenditure is as follows;

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

The funding from Deposit Insurance Fund is less finance income of Kes.1.3M earned by KDIC from investment in 91 -day Treasury bills. The funds invested relate to gratuity payable to contracts staff at the end of contract period.

## 8 OTHER INCOME

No other income was earned during the year by the Corporation.

	2025 KES'000	2024 KES'000
Other Income	-	7,590
	<u>-</u>	<u>7,590</u>

## 9 FINANCE INCOME

During the year, the Corporation generated finance income from investing gratuity payable to contract staff upon lapse of contract period as defined in the employment contracts. Each month, the gratuity payable at the end of the contract period is calculated and subsequently invested in government securities, in accordance with the Corporation's approved investment policy.

	2025 KES'000	2024 KES'000
Interest income from treasury bills	1,344	-
	<u>1,344</u>	<u>-</u>

## 10 ADMINISTRATION COSTS

The Corporation's administration expenses are highlighted in the table below.

### 10. (a) Administration Costs

Description	2025 Kes'000	2024 Kes'000
Staff Cost(a)	392,622	335,344
Directors Emoluments	39,744	30,080
Auditors' remuneration	1,500	1,500
Occupancy costs	18,986	29,091
Training Expenses	54,600	38,127
Consultancy expenses	12,264	8,592
Telephone and Postage	1,167	1,052
Printing costs	4,158	10,069
Provision for debts	19,642	-
General Office maintenance	1,852	9,905
Utilities-Electricity, Water & Security Services	9,425	10,672
Motor vehicle running expenses	6,987	7,050
Core Mandate Activities	148,366	42,078
Travel & Accommodation	37,849	33,507
Land rent & rates	173	174
Assets insurance expenses	7,220	8,974
Publicity Expenses	58,772	41,046
ICT Maintenance expenses	85,993	72,144
Depreciation	114,179	150,409
Amortization	47,851	43,384
	<u>1,063,350</u>	<u>873,197</u>

### 10.(b) Staff Costs

Description	2025 Kes'000	2024 Kes'000
Salaries and allowances of permanent employees	293,362	249,780
Wages of temporary employees	4,909	3,498
Medical insurance schemes	30,982	26,983
Employer's contributions to national social security schemes	2,781	1,414
Employer's contributions to pension scheme	18,850	18,529
Leave pay	3,180	3,105
Gratuity provisions	19,649	16,966
Fringe benefit tax	8,818	5,273
Staff welfare	10,091	9,796
	<u>392,622</u>	<u>335,344</u>

Staff costs increased during the period, primarily driven by the onboarding of new employees in March and April 2025, as well as annual salary increments in accordance with employment

contract provisions. Medical expenses also increased, reflecting annual premium payments for the newly added staff. Gratuity expenses recorded an increase due to the engagement of contract staff within the reporting period.

Fees to Directors represent remuneration paid for services rendered in their capacity as members of the Board which largely relates to sitting allowance and honoraria payable to Board Chairperson. Other Directors' Expenses include travel, accommodation, subsistence, and other costs incurred in the course of executing official duties. The increase in total Directors' expenses in the year ending 30th June 2025 reflects increase in related activities as per the approved Board of Directors calendar of activities.

Occupancy costs declined from KES 29 million to KES 19 million, attributed to the reduction in leased office space in line with the lease renewal effective May 2024.

Training expenses recorded an increase to KES 55 million from KES 38 million, reflecting planned capacity-building initiatives undertaken during the period. The increase was also driven by the additional staff recruited during the year.

Consultancy expenses primarily comprised legal services (KES 8.1 million), an information system security audit (KES 2.9 million), and an external quality assessment (KES 1.9 million). The Corporation had not undertaken significant consultancies in the prior year due to budgetary constraints thus the significant increment.

General office maintenance reduced from KES 7.3 million to KES 1.8 million. The Corporation undertook major repair works during the last financial year at the go-down facility thus reduced costs in the year under reporting.

A provision for bad debts totalling to KES 20.8 million was recognized for amounts outstanding from institutions under liquidation for more than 91 days. The increase in provision was driven by a change in the application of the provision policy where all

protected deposits paid are now considered receivables from the depositor's banks. Subsequently, a 5% provision of outstanding balances over 90 days is made on receivables.

Core mandate activities focused on bank resolution, risk minimization and Deposit Insurance, which are key result areas of KDIC's Strategic Plan (2023–2028). During the year, the Corporation advanced its efforts to enhance public confidence through stakeholder engagement on deposit protection for trust accounts and the associated guidelines. The Corporation also marked a major milestone of hosting the conference of International Association of Deposit Insurers. Key initiatives undertaken were as follows;

<b>Description</b>	<b>KES.</b>
Development of Living will	29,040
Hosting IADI Conference	16,904
Crisis Simulation Capacity building	10,365
Documenting of Resolution experiences	5,684
<b>Total</b>	<b>61,993</b>

Publicity expenses of KES 59 million were incurred to support public awareness campaigns. Given the focus of KDIC to increase its low public awareness index, targeted initiatives were implemented to bridge this gap. Other key activities include partnership with Kenya Forest Service for climate change related initiatives on growing trees as assigned by The National Treasury.

Travel and accommodation of KES.37 million were incurred to undertake the activities for statutory committees', initiatives as per the performance contract and annual corporate workplan activities. The increase was driven by the additional staff recruited during the year.

ICT maintenance expenses totalled KES 86 million, covering annual license renewals for existing software, hardware support, and system maintenance. The increase was largely driven by the acquisition of licenses for existing softwares for additional staff and the development of the Enterprise Resource Planning (ERP) system.

## 11 FINANCE COST

Interest expense relates to the accounting treatment of leased office space recognized as a right-of-use asset. A renewal of the office lease at Old Mutual Towers was executed effective May 2024, extending the lease for a further six years.

	2025 KES'000	2024 KES'000
Interest on lease liabilities	1,696	592
	<hr/>	<hr/>
	1,696	592
	<hr/> <hr/>	<hr/> <hr/>

The interest expense (finance cost) has significantly increased as the charge was lower in 2024 as the lease was lapsing in the financial year. The deemed principal outstanding was therefore lower. On renewal of the lease, the lease outstanding (deemed principal) was reinstated to the present value of contracted payments thus a higher finance cost.

## 12 OPERATING PROFIT/LOSS

The operating profit/(loss) is arrived at after charging/(crediting) the following expenditure items:

	2025 Kes'000	2024 Kes'000
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>		
Staff Costs (Note 12b)	392,622	335,344
Depreciation of property, plant and equipment	62,798	94,955
Depreciation of right-of-use asset	51,381	55,455
Amortization of intangible assets	47,851	43,384
Provision for bad and doubtful debts	19,642	-
Directors' emoluments – fees	39,744	30,077
Auditors' remuneration - current year fees	1,500	1,500
Interest receivable	1,344	-
Interest payable	-	-
	<hr/>	<hr/>
	616,882	560,714
	<hr/> <hr/>	<hr/> <hr/>

### 13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Furniture & Fittings	Computers	ICT Equipment	Office & Kitchen Equipment	Work in Progress	Total
<b>COST</b>	<b>Kes. '000'</b>							
At 1st July 2023	101,237	50,992	241,899	76,379	278,839	31,638	237,562	1,018,546
Additions	-	-	-	969	0	-	-	969
Revaluation	-	-	-	-	-	-	-	0
Adjustment	-	-	-	-	-	-	(100,412)	(100,412)
At 30th June 2024	101,237	50,992	241,899	77,348	278,839	31,638	137,149	919,102
At 1st July 2024	101,237	50,992	241,899	77,348	278,839	31,638	137,149	919,102
Additions	-	17,491	-	13,000	68,921	-	141,819	241,230
Revaluation	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-99,412	-99,412
At 30th June 2025	101,237	68,483	241,899	90,348	347,760	31,638	179,556	1,060,921
<b>DEPRECIATION</b>								
At 1st July 2023	9,794	40,088	189,136	50,628	204,901	27,455	-	522,002
Charge for the year	2,365	2,447	46,928	11,507	28,269	1,708	-	93,224
Adjustment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 30th June 2024	12,159	42,535	236,063	62,135	233,170	29,163	-	615,226
At 1st July 2024	12,159	42,535	236,063	62,135	233,170	29,163	-	615,226
Charge for the year	2,365	5,615	8,073	11,879	29,973	1,668	-	59,574
Adjustment	-	-	-2,972	-	-	-	-	2,972
Disposals	-	-	-	-	-	-	-	-
At 30th June 2025	14,524	48,150	241,165	74,014	263,142	30,831	-	671,828
<b>NET BOOK VALUES</b>								
At 30th June 2024	89,077	8,457	5,836	15,213	45,670	2,475	137,149	303,876
At 30th June 2025	86,712	20,332	734	16,334	84,618	806	179,556	389,093

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The increase in Property, Plant and equipment resulted from additions during the year of KES99M mainly comprises of the capitalization of laptops (KES.13M), Motor vehicle (KES.17M) and Storage Servers (KES.69M). The work in progress increase to KES.179M largely comprising of Various ICT systems mainly; Electronic Document and Record Management System (EDRMS), Enterprise Resource Planning System. Balance Score System tool that the Corporation is in the process of implementing. The systems will support the achievement of efficiency in its operations through timely processing of information.

The Additions to the Work in progress of KES.152M to relates to movement resulting from increased due to Enterprise Resource Planning System, Balance Score Card tool and other softwares and ICT equipment.

**Valuation**

Land and buildings were valued by Ministry of Lands and Physical Planning on market data comparison approach as the basis of valuation. The Corporation also valued its motor vehicles by Automobile Association of Kenya. These amounts were adopted on 1<sup>st</sup> July 2022

If the property, plant and equipment were stated on the historical cost basis the amounts would be as follows;

<b>Description</b>	<b>Cost KES'000</b>	<b>Accumulated Depreciation KES'000</b>	<b>NBV KES'000</b>
Land	4,522	(2,287)	2,234
Buildings	19,224	(8,319)	10,904
Motor Vehicles	17,402	(17,402)	-
	<b>41,147</b>	<b>(28,009)</b>	<b>13,139</b>

Property plant and Equipment include the following assets that have been fully depreciated;

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Description	Cost KES'000	Normal Annual Depreciation Charge KES'000
Office Equipment, Furniture & Fittings	268,515	53,703
Computer and Related Equipment	245,069	49,014
	<b>513,584</b>	<b>102,717</b>

**14 INTANGIBLE ASSETS**

Intangible assets held by the Corporation are various Computer Software as detailed in the fixed asset register. No additions during the year.

<b>COST</b>	<b>Kes'000</b>
At 1st July 2023	172,100
Additions	148,074
<b>At 30th June 2024</b>	<b>320,175</b>
At 1st July 2024	320,175
Additions	-
<b>At 30th June 2025</b>	<b>320,175</b>
<b>AMORTIZATION</b>	
At 1st July 2023	134,442
Charge for the Year	43,384
<b>At 30th June 2024</b>	<b>177,827</b>
At 1st July 2024	177,827
Charge for the Year	47,851
<b>At 30th June 2025</b>	<b>225,678</b>
<b>Net Book Value</b>	
At 30th June 2024	247,038
At 30th June 2025	94,497

## 15 PREPAID OPERATING LEASE RENTALS

The Corporation owns a parcel of land on which there is a go down. The land is leasehold and is depreciated over the term of the 75-year lease that lapses in 2047. The land was revalued effective 1<sup>st</sup> July 2022.

<b>COST</b>	<b>Kes.'000</b>
At 1st July 2023	79,621
Additions	-
Revaluation	-
<b>At 30th June 2024</b>	<b>79,621</b>
At 1st July 2024	79,621
Additions	-
Revaluation	-
<b>At 30th June 2025</b>	<b>79,621</b>
 <b>AMORTIZATION</b>	
At 1st July 2023	3,723
Charge for the Year	1,731
<b>At 30th June 2024</b>	<b>5,454</b>
At 1st July 2024	5,454
Charge for the Year	3,225
<b>At 30th June 2025</b>	<b>8,678</b>
 <b>NET BOOK VALUES</b>	
At 30th June 2024	74,168
At 30th June 2025	70,943

## 16 RIGHT OF USE OF ASSET

The Corporation previously held a 5.5-year lease for its office premises at Old Mutual Tower, which expired in April 2024. Following the expiry, the lease was renewed for an additional 6-year term effective May 2024.

In accordance with IFRS 16 – Leases, the renewed office lease has been recognized as a non-current right-of-use asset, with corresponding lease liabilities recorded to reflect the Corporation's financial commitments under the lease agreement.

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	Buildings - Office Lease	Total(Kshs.' 000)
<b>COST</b>		
At 1st July 2023	262,034	262,034
Additions	308,284	308,284
Revaluation	-	-
Adjustment	-	-
At 30th June 2024	570,318	570,318
At 1st July 2024	570,318	570,318
Additions	-	-
Revaluation	-	-
Adjustment	-	-
At 30th June 2025	570,318	570,318
<b>DEPRECIATION</b>		
At 1st July 2023	216,856	216,856
Charge for the year	55,455	55,455
Adjustment		
Disposals		-
At 30th June 2024	272,310	272,310
At 1st July 2024	272,310	272,310
Charge for the year	51,381	51,381
Adjustment	-	-
Disposals		-
At 30th June 2025	323,691	323,691
<b>NET BOOK VALUES</b>		
At 30th June 2024	298,008	298,008
At 30th June 2025	246,627	246,627

**17 RECEIVABLES & PREPAYMENTS**

The Corporation held the following prepayments and deposits under its current assets

Description	2025 Kes'000	2024 Kes'000
Prepayments & Deposits	602	549
Receivable from DIF- (Investment of Gratuity)	16,003	-
Other Receivables	21,362	26,006
Less: Provision for Bad Debts	-20,884	-1,243
<b>Net Trade Receivables</b>	<b>17,083</b>	<b>25,313</b>

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Prepayments and Deposits represent amounts paid in advance for credit facilities that enable the Corporation to access essential services, particularly fuel, telephone and motor vehicle maintenance.

Receivable from the Deposit Insurance Fund (DIF) represents funds invested on behalf of the Corporation for staff gratuity obligations.

Other Receivables primarily consist of billings to institutions in Liquidation currently under Liquidation and managed by KDIC. These receivables pertain to reimbursements for expenses incurred by the Corporation on behalf of the institutions, including staff-related costs for travel and operational expenditures. In accordance with the Kenya Deposit Insurance Act, 2012, the Corporation may also advance funds to institutions under its management, with such advances recognized as receivables.

A provision for doubtful debts amounting to Kes. 20 million has been made, relating to subrogated claims and other receivables outstanding for more than 91 days. The provision has been calculated at a rate of 5% as at year-end.

## **18 INVENTORIES**

Inventories as at 30th June 2025 amounted to KES. 3M, compared to KES. 2 M in the previous year. The increase reflects additional consumables (Printing and stationery) to support the increased Corporation's activities and staff complement. During the year, consumables of KES 2.8M was expensed through the Profit and Loss account.

<b>Description</b>	<b>2025 Kes'000</b>	<b>2024 Kes'000</b>
Stationery and general stores	5,820	11,233
Less: Inventory consumed through P&L	-2,787	-8,465
	<hr/>	<hr/>
	<b>3,033</b>	<b>2,768</b>
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<b>Description</b>	<b>2025 Kes'000</b>	<b>2024 Kes'000</b>
At the beginning of the year	2,768	1,776
Additional Inventory during the year	3,051	9,457
Inventory consumed through P&L	-2,787	-8,465
	<hr/>	<hr/>
	<b>3,033</b>	<b>2,768</b>
	<hr/> <hr/>	<hr/> <hr/>

**19 CASH AND CASH EQUIVALENTS**

As at 30th June 2025, the Corporation held cash and bank balances totaling KES. 37M (2024: KES. 42M) at the Central Bank of Kenya. The decrease in total cash and bank balances is primarily attributable to operational disbursements. The Cash and Bank balances are as follows:

<b>Description</b>	<b>2025 Kes'000</b>	<b>2024 Kes'000</b>
Cash at Bank	37,232	42,464
Cash at hand	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>37,232</b>	<b>42,464</b>
	<hr/> <hr/>	<hr/> <hr/>

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**Detailed Analysis of the cash and cash equivalents;**

Description	Account	2025 Kes'000	2024 Kes'000
<b>a) Current Account</b>			
KDIC's Corporation Transaction Acc.	1000215267	36,243	42,464
KDIC's Staff Gratuity Account	1000741473	989	-
<b>Sub-Total</b>		<b>37,232</b>	<b>42,464</b>

**Notes to the statement of Cash Flow;**

Description	2025 Kes'000	2024 Kes'000
<b>(a) Reconciliation of Operating Profit/(Loss) To Cash Generated From/ (Used In) Operations</b>		
Profit or Loss before tax	-	-
Depreciation	114,179	147,438
Amortisation	47,851	43,384
Operating Profit/(Loss) before Working Capital changes	162,030	190,822
(Increase)/Decrease in Inventories	-265	-992
(Increase)/Decrease in Trade and Other Receivables	8,230	18,400
Increase/(Decrease) in Trade and Other Payables	114,731	-38,724
Interest expense on Lease	1,696	592
Provision for bad debts	20,884	-
<b>Cash Generated from/ (used in) operations</b>	<b>307,307</b>	<b>173,069</b>
<b>(b) Analysis of Cash and Cash equivalents</b>		
Treasury Bills Maturing within 90 days	16,003	-

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Cash At Bank	37,232	42,464
<b>Balance at End of the Year</b>	<b>53,235</b>	<b>42,464</b>

**20 TRADE PAYABLES & ACCRUALS**

	<b>2025</b>	<b>2024</b>
	<b>Kes'000</b>	<b>Kes'000</b>
Provision for Staff Leave Days	5,160	4,575
Provision for Gratuity	33,868	20,093
Provision for audit fees	1,500	1,500
Payable to staff Loan Fund	4,026	-
Sundry payables and accruals	349,350	218,056
	<hr/>	<hr/>
	393,904	244,225
	<hr/> <hr/>	<hr/> <hr/>

The provision for gratuity amounting to KES. 33 million relates to gratuity obligations for staff employed on contract terms. The increase from the prior year is due to the onboarding of additional contract staff during the year.

Sundry payables and accruals represent trade payables with the year-on-year increase being primarily driven by increase in operational activity.

**21 LEASE (OFFICE SPACE)**

The Corporation previously held a 5.5-year lease for its office premises at Old Mutual Tower, which expired in April 2024. Following the expiry, the lease was renewed for an additional 6-year term commencing May 2024.

	<b>2025</b>	<b>2024</b>
	<b>Kes'000</b>	<b>Kes'000</b>
As at 1st July	298,008	37,606
Add: Lease Liability	-	308,284
Less: Lease Liability	(56,490)	(47,882)

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Total Lease Liability	241,518	298,008
Payable within one year	53,613	55,898
Payable after one year	187,905	242,110
As at 30th June	241,518	298,008

In accordance with IFRS 16 – Leases, the renewed office lease has been recognized as a right-of-use asset under non-current assets, with corresponding lease liabilities recorded to reflect the Corporation’s contractual obligations.

## **22 RETIREMENT BENEFIT OBLIGATION**

The Corporation provides retirement benefits to employees engaged on permanent and pensionable terms through a defined contribution plan. Under this arrangement, the Corporation contributes 20% of basic pay, while employees contribute 10%. Contributions are expensed to the profit and loss account in the period to which they relate. In addition, the Corporation makes contributions to the statutory defined contribution scheme administered by the National Social Security Fund (NSSF).

The increase in retirement benefit obligations during the year is attributable to contractual adjustments in basic pay and the implementation of revised NSSF rates in accordance with the NSSF Act.

**2025**  
**Kes’000**

**2024**  
**Kes’000**

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Employee Contribution (Defined Contribution Plan)	9,425	9,265
Employer Contribution (Defined Contribution Plan)	18,850	18,529
NSSF-Statutory Deduction	<u>2,781</u>	<u>1,414</u>
	<u>31,056</u>	<u>29,208</u>

Senior management personnel of the Corporation are engaged on contract terms and are not eligible for retirement benefits under the defined contribution plan. In line with the contractual agreements, KDIC does not provide post-employment benefits for senior management. Gratuity payable to the senior members on contract terms as at 30th June 2025 is KES.33.9M and the gratuity expense for the year KES.19.6M.

**23 RELATED PARTY TRANSACTIONS**

Related parties considered in preparation of these financial statements are those that have the ability to control, or exercise significant influence over, the financial or operational decisions of the Corporation.

Prior to 2014, the deposit insurance function was carried out by the Deposit Protection Fund, which operated as a department within the Central Bank of Kenya. Consequently, all cash and bank balances held with the Central Bank have been classified as related party transactions.

<b>2025</b>	<b>2024</b>
<b>Kes'000</b>	<b>Kes'000</b>

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**Directors' emoluments and senior management remuneration**

Fees to Directors	12,902	10,112
Other Directors' Expenses	26,110	19,968
Remuneration to senior management	93,249	65,524

**Cash and balances held with Central Bank of Kenya**

	37,232	42,464
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	170,225	138,068
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**24 CONTINGENT LIABILITIES**

The Corporation has an ongoing appeal of the court case reference; COACAPPL. No. E195 of 2024 & COACA/E311/2024: Kenya Deposit Insurance Corporation v ABSA bank Kenya PLC. The matter is an appeal against the ruling and orders of the High Court issued on 15<sup>th</sup> March, 2024. The Court entered judgment against the Corporation for a sum of KES. 215,346,841 at an interest rate of 14% from the date of judgement. Further, court ordered that the sum be applied prospectively towards offsetting the ABSA bank's annual premium contribution until full reconciliation. KDIC lodged a formal appeal in the Court of Appeal challenging the ruling of 15<sup>th</sup> March, 2024.

## 25. EXPLANATION OF PERFORMANCE ON THE STATEMENT OF BUDGET & ACTUAL COMPARISON

The Corporation's approved budget for the financial year 2024/2025 amounted to KES. 1,501Mn (KES. 1,335Mn-recurrent expenditure and KES.161Mn for capital expenditure) funded through transfers from the Deposit Insurance Fund (DIF). The actual expenditure for the year totalled KES. 1,063 Mn for recurrent expenditure, resulting in an overall performance variance of KES. 271 Mn and a utilization rate of 79.7%.

- I. 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 was financed KES.1070Mn for operational expenditure and KES.152Mn for capital expenditure.
- II. The Corporation had an approved budget of KES.396M for compensation to employees compared to KES.393M, a utilization of 99%. The performance improved compared to prior periods due to onboarding on staff during the period under reporting.
- III. The Corporation budgeted for KES. 590M for goods and services of which KES. 490M or 82.9% was utilized. The increase in utilization is attributed to implementation of the budgeted activities during the financial year.
- IV. The Rent and Parking fees was budgeted at KES. 80M compared to the actual of KES.77M. This is a utilization of 96%. However, in the financial statements, the rental expense is presented as KES. 18M due to the application of *IFRS 16: Leases* which requires recognition of rental of office premises as an asset that is subsequently amortized over the life of the lease.
- V. The Depreciation & amortization at KES.162M was below budget due to ICT systems that had been planned for commissioning early in the financial year but the implementation of the respective projects delayed. The acquisition of Enterprise Resource Planning (ERP) and EDRMS are in its final stages of implementation

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- VI.** Capital expenditure for the year was KES 141M, representing a utilization of 81% against a budget of KES.167M. The expenditure is largely on purchase of server and storage hardware, Motor vehicle and other ICT equipment.

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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)
1 – Emphasis of matter	<p>The statement of comparison of budget and actual amounts reflects an approved budgeted receipts and actual income amounts of KES.1,129,129,000 and KES.873, 197,000 respectively. resulting to under-funding of KES.255,932,000 or 23% of the budget. Similarly, the statement reflects actual expenditure of KES.873,197,000 against approved budget of KES 1,129,129,000 resulting to under-performance of KES 255,932,000 or 23% of the budget.</p> <p>The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>In line with Section 16 (c) of the Kenya Deposit Insurance Act, 2012, the operations of the Corporation are funded by a fraction of the income generated from the investments under Deposit Insurance Fund. The Corporation draws funds from the Deposit Insurance Fund on a need basis thereby allowing the balance to continue earning additional investment income. The budget is therefore funded on a need basis and full funding of the budget remained available throughout the financial year.</p> <p>The shortfall in funding directly impacted the implementation of planned activities, which may have adversely affected service delivery to the public. Management is taking steps to strengthen resource mobilization and improve budget execution through enhanced planning, prioritization of</p>	Linda Gatakaa Deputy Director, Finance	Not resolved	

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)
		<p>critical activities, and continuous engagement with stakeholders to ensure timely release of funds.</p> <p>These measures aim to mitigate future funding gaps and support the Corporation's mandate effectively.</p>			

*Hellen*

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Hellen Chepkwony (Mrs.)

Chief Executive Officer