


REPUBLIC OF KENYA



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REPORT BY:	Deputy Majority Whip Hon. Ng'omani Waggani
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REPORT

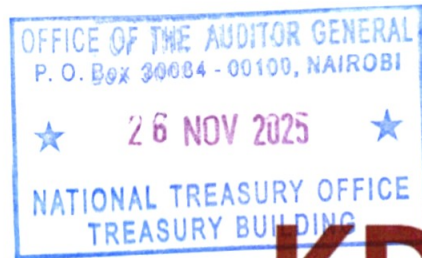
OF

THE AUDITOR-GENERAL

ON

**STAFF MORTGAGE AND CAR LOAN SCHEME -
KENYA DEPOSIT INSURANCE CORPORATION**

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



**Kenya Deposit
Insurance
Corporation**

Safer, Stronger, Together

KENYA DEPOSIT INSURANCE CORPORATION

Annual Report and Financial Statements for Staff Mortgage & Car Loan Scheme

for the Financial Year Ending June 30, 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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ACRONYMS AND GLOSSARY OF TERMS

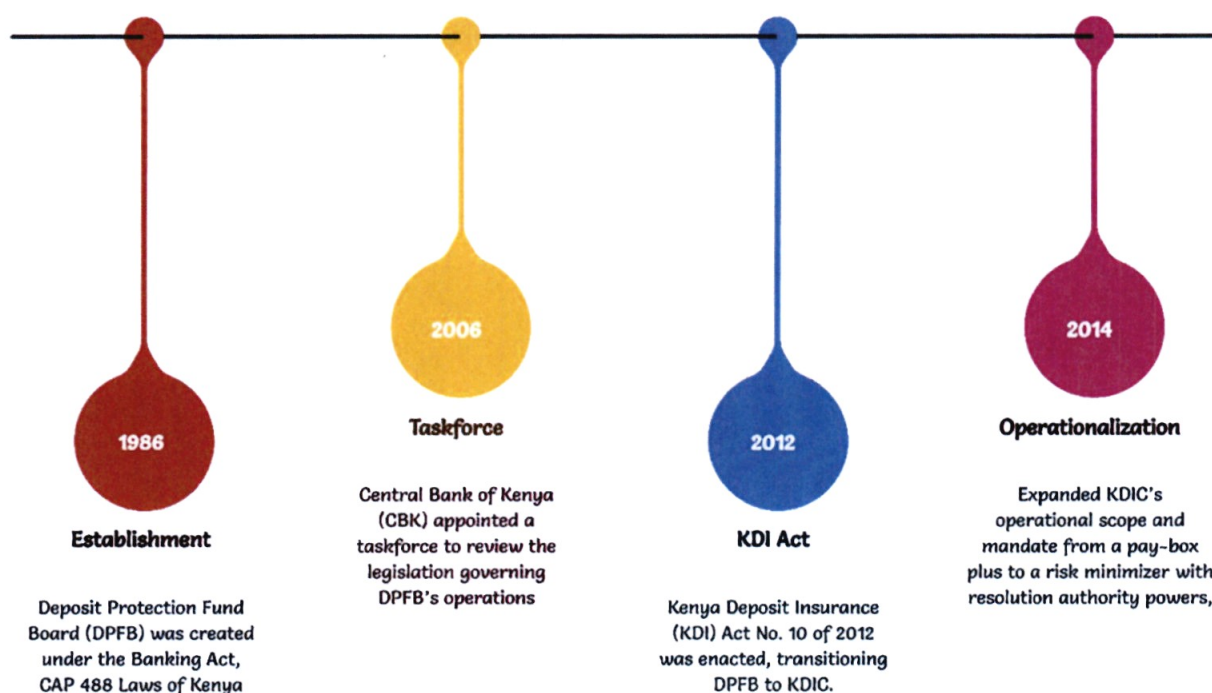
ATM	Automated Teller Machine
BCM	Business Continuity Management
BCP	Business Continuity Plan
CAJ	Commission on Administration of Justice
CAMEL	Capital Adequacy, Asset Quality, management, Earnings and Liquidity
CBK	Central Bank of Kenya
CSR	Corporate Social Responsibility
DIF	Deposit Insurance Fund
DPS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



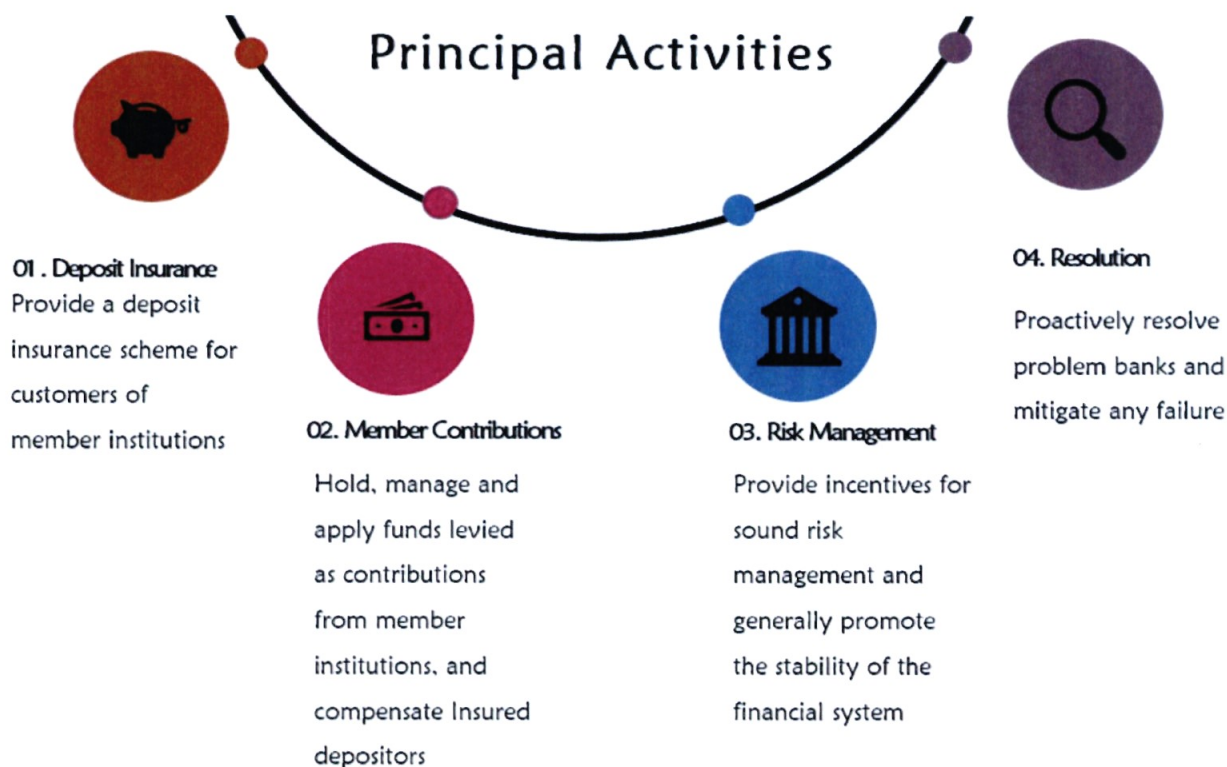
Initially, the DPFB functioned as a pay-box plus, focusing solely on deposit guarantees and bank liquidation. However, challenges in administering this framework led the Central Bank of Kenya (CBK) to appoint a taskforce in March 2006 to review the governance framework and operations in line with best 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.

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

As outlined in its Strategic Plan 2023–2028, the Corporation has identified Institutional Capacity as a key result area essential to advancing KDIC's core mandate. A central focus within this area is the enhancement of talent management, aimed at attracting, developing, and retaining skilled personnel to strengthen service delivery. In support of this objective, the Corporation has established a range of staff benefits, including staff mortgage and car loan facilities.

To operationalize the Staff Mortgage and car loan facility benefit, KDIC established the scheme in alignment with the Salaries and Remuneration Commission (SRC) Circular No. SRC/023/12/2014 dated 17th December 2014, as well as the Public Service Car Loan and Mortgage Scheme Guidelines governing the management and operation of the scheme. To

facilitate implementation, the Corporation developed a loan management policy, which received formal approval from both the KDIC Board and the National Treasury. Subsequently, KDIC secured budgetary approval amounting to KES 747 million from the National Treasury during the 2018–2019 financial year.

Directors

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

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

17. Mr. Paul Orem Director (Appointed 29th November 2024)
18. Mrs. Hellen Chepkwony Chief Executive Officer (Appointed 23rd 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
23rd Floor UAP Old Mutual Towers, Upper Hill
P.O. Box 45983 – 00100
Nairobi, Kenya

Corporate Contacts:

Telephone: +254 20 66770000, +254 709 043000
E-mail: customercare@kdic.go.ke
Website: www.kdic.go.ke

Corporate Banker:

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

Independent Auditors:

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

Principal Legal Advisers:

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

THE BOARD OF DIRECTORS



Mrs. Hannah W. Muriithi, EBS
Chairperson

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

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

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

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

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

She is revered for her outstanding leadership skills,

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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



Hon. Dorcas Oduor
The Attorney General

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

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

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

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

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



Her achievements in the public sector included implementing a World Bank Project for Kenya Municipal Technology which was implemented over a period of

Ms. Anne Kamais Lokidor
Director

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 to 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).



Ms. Anne Rimbaine Lengerded
Director

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

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)

Raymond 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 KES. 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.

SENIOR 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.

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She holds M.A and B.A degrees in Economics, both from the

University of Nairobi and is a member of the Institute of Risk Management.



Paul Manga

Director, Deposit Insurance
and Bank Surveillance

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

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



David Irungu
Director, Bank Resolution

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

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



Eunice Kitche-Oduor
Board Secretary & Director
Legal Services

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

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

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



Mary Kiragu
Director, Internal Audit

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

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

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

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

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

FIDUCIARY MANAGEMENT

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

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

FIDUCIARY OVERSIGHT ARRANGEMENTS

During the year under review, the Staff Loans committee provided fiduciary oversight over the Schemes operations.

STAFF LOANS COMMITTEE

The Staff Mortgage and Car Loans Scheme is administered by the Staff Loans Committee in line with the Mortgage and Car Loan Policy. The committee comprises of 8 staff members selected from within the Corporation and appointed by the Chief Executive Officer. The membership of the committee is as follows:

1. Lawrence Shoona, Deputy Director Strategy and Compliance – Chair (June 2025)
2. Peter Ibrae, Deputy Director Human Resources and Administration -Secretary
3. Humprey Moimbo -Acting Director Legal Services and Board Secretary – Member
4. Linda Gatakaa- Deputy Director Finance-Member
5. Priscah Bett -Deputy Director Supply Chain Management-Member
6. Wilson Mburu- Assistant Director Investigations-Member
7. Andrew Rutto-Deputy Director, Bank Resolution-Member
8. Julie Nkirote -Deputy Director, Deposit Insurance and Bank
9. Eunice Kitche, Director Legal Services and Board Secretary – Member (Up to June 2025)
10. Lawrence Shoona, Deputy Director Strategy and Compliance – Member (Up to June 2025)
11. Nelson Nyongesa, Deputy Director Risk and Surveillance -Chair (Up to June 2025)
12. Stephen Kienjeku, Principal Officer Procurement – Member (Up to June 2025)
13. Dorcas Wanjala, Principal Officer Resolution – Member (Up to June 2025)

The terms of reference of the committee are to:

- i. Receive, process and approve loans in accordance with the existing terms and conditions of borrowing and sanction the disbursement of the loans.
- ii. Oversee the management of the fund.

- iii. Monitor and evaluate the performance of the fund.
- iv. Recommend the investment of any surplus funds not immediately required in government securities for the purposes of realizing the objects and purpose for which the fund is established.
- v. Cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the fund.
- vi. Receive any gifts, donations, grants or endowments made to the fund.
- vii. Consider and recommend approval for the financial statements to the officer administering the fund.
- viii. Recommend to the Chief Executive Officer for KDIC Board approval on any updates of the KDIC Staff Mortgage and Car Loan Policies in view of any policy or gaps or improvements in line with any changes in government regulations, guidelines and best practice.
- ix. May issue guidelines with the consent and approval of the Chief Executive Officer to ensure smooth loan processing in line with the set approved regulations and rules.
- x. Develop Terms of Reference for service providers/panel of professionals including but not limited to Lawyers, Valuers, Quantity Surveyors, Architects and any other necessary for the smooth running of this scheme, and upon their recruitment carry out periodical appraisal of their performance.

REPORT OF THE CHAIRPERSON

Dear Stakeholders,

On behalf of the Board of Directors and Management, I am pleased to present the Annual Report and Financial Statements for the Staff Mortgage and Car Loans Scheme for the financial year ended 30th June 2025.

In line with its mandate and strategic vision, KDIC remains steadfast in its commitment to attract, retain, and empower high-performing team. As part of this commitment to staff welfare, the Corporation operationalized the Staff Mortgage and Car Loan Scheme—an initiative anchored in the Salaries and Remuneration Commission (SRC) Guidelines and implemented through KDIC Human Resource Policies.

We extend our sincere appreciation to the National Treasury for its instrumental support in approving seed capital of KES 747 million, which laid the foundation for the establishment of the Scheme. This facility enables KDIC employees' staff, to access affordable financing for home ownership and purchase of cars. In doing so, the Corporation actively contributes to the realization of the Government of Kenya's Bottom-Up Economic Transformation Agenda, particularly its focus on affordable housing and sustainable settlement.

As KDIC embarks on its second year of its strategic plan period, we reaffirm our unwavering dedication to strengthening organizational capacity and cultivating a workplace culture that values excellence, innovation, and inclusivity. The Staff Mortgage and Car Loan Scheme stands as a testament to our long-term investment in human capital.

Appreciation

Finally, we extend heartfelt gratitude to the Board, management, staff, and all stakeholders whose continued support and guidance have been pivotal in advancing KDIC's mandate and in the operations of the Scheme.



Mrs. Hannah Muriithi, EBS

Chairperson of the Board

REPORT OF THE CHIEF EXECUTIVE OFFICER

Dear Stakeholders,

I present the Annual Report and Financial Statements for KDIC's Staff Mortgage and Car Loans Scheme for the financial year ended 30th June 2025. This report outlines the Scheme's operational and financial performance, highlighting its contribution to human capital development.

Governance of the Mortgage and Car Loan Scheme

KDIC remains committed to sound financial stewardship and transparent reporting, in accordance with the Public Finance Management Act (PFMA) 2012, Public Financial Regulations 2015, and International Public Sector Accounting Standards (IPSAS). The Scheme has been administered efficiently and effectively, achieving its intended objectives.

Oversight and implementation of the Scheme is entrusted to the Staff Mortgage and Car Loan Scheme Committee, which works in close coordination with external professional service providers pre-qualified by the Corporation. These prequalified service providers ensure that KDIC's interests in the mortgage and car loans disbursed are properly registered and safeguarded. The Committee convenes regularly to review and process loan applications, and in a bid to strengthen governance and independence of its operations, the Corporation operationalized a dedicated bank account to manage the Scheme's finances during the year.

Performance Overview

The Scheme continues to be a cornerstone of KDIC's strategy to foster a supportive and enabling work environment. A total of nine (5) Mortgage loan applications of KES.37M were processed during the year 2024/2025 and 1 car loan applications were processed and disbursed. Uptake of the Scheme has steadily increased, driven by targeted interventions such as equity release and construction loan options. These enhancements reflect KDIC's proactive approach to optimizing staff access to affordable financing solutions.

As we implement our Strategic Plan for 2023–2028, KDIC remains resolute in its commitment to attract, develop, and retain top talent. We will continue to assess and address barriers to loan uptake, while introducing incentives to make the Scheme more accessible and appealing to both existing and newly recruited staff.

Appreciation

As we implement the second year of the strategic plan (2023-2028) strategic cycle, the Board and Management reaffirm their collective commitment to advancing KDIC’s people agenda. I extend heartfelt appreciation to the Board, management, and staff for their unwavering dedication, which is clearly reflected in the success of the Scheme. I also wish to acknowledge all stakeholders—especially our staff—whose active participation and support have been instrumental in achieving the Scheme’s strategic objectives.

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

CORPORATE GOVERNANCE STATEMENT

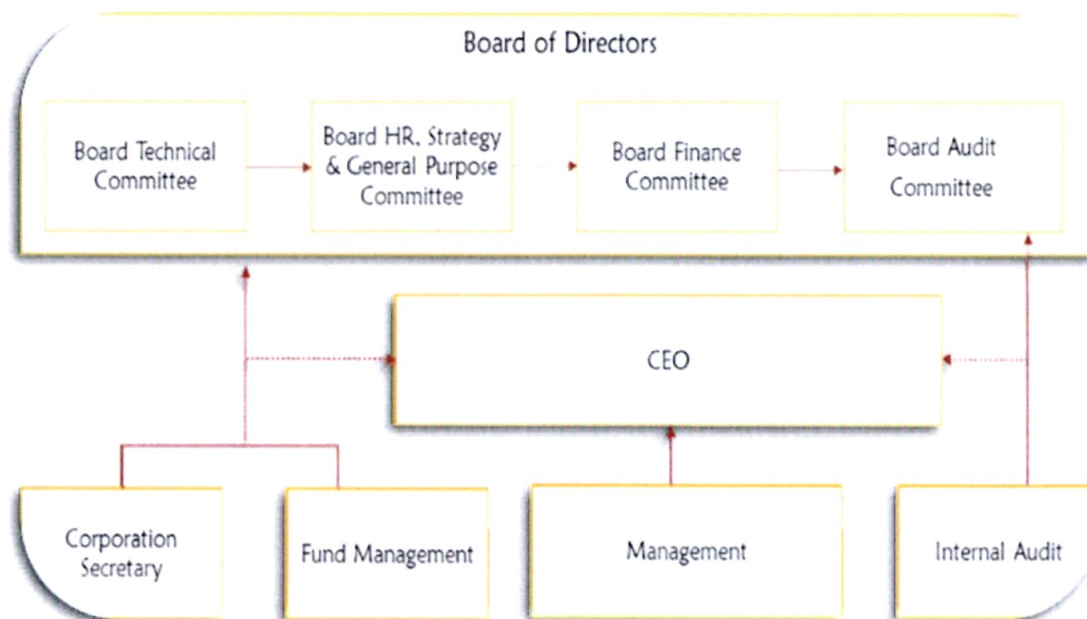
Corporate governance is the framework of systems, policies and processes by which the Corporation operates and through which members of the Board, management team and employees are empowered and held accountable for making decisions that affect its mandate, operations, depositors and stakeholders.

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

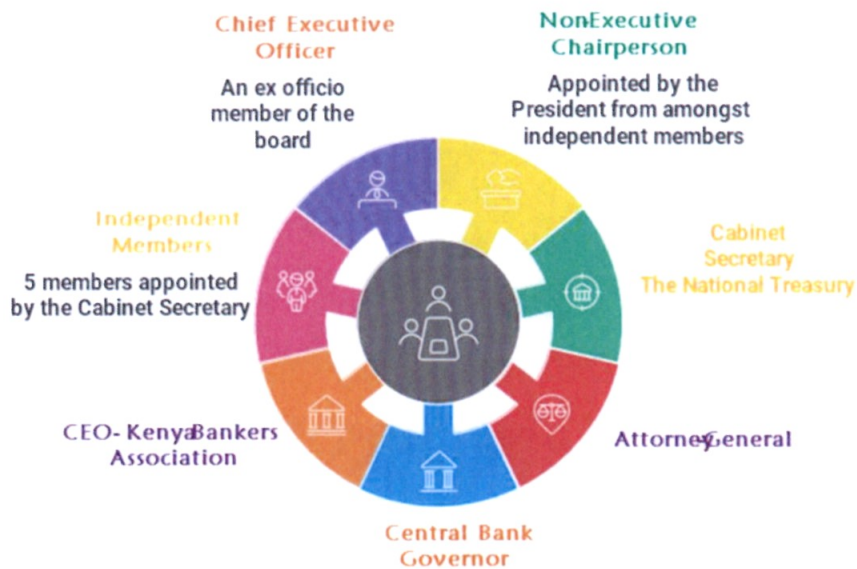
In implementing Corporate Governance, the Corporation is guided by the principles of governance enshrined in the Constitution 2010, Mwongozo Code of Governance, which is the Code of Governance for State Corporations, the Kenya Deposit Insurance Act, CAP 487C and the State Corporations Act CAP 446, Public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

Compliance Framework



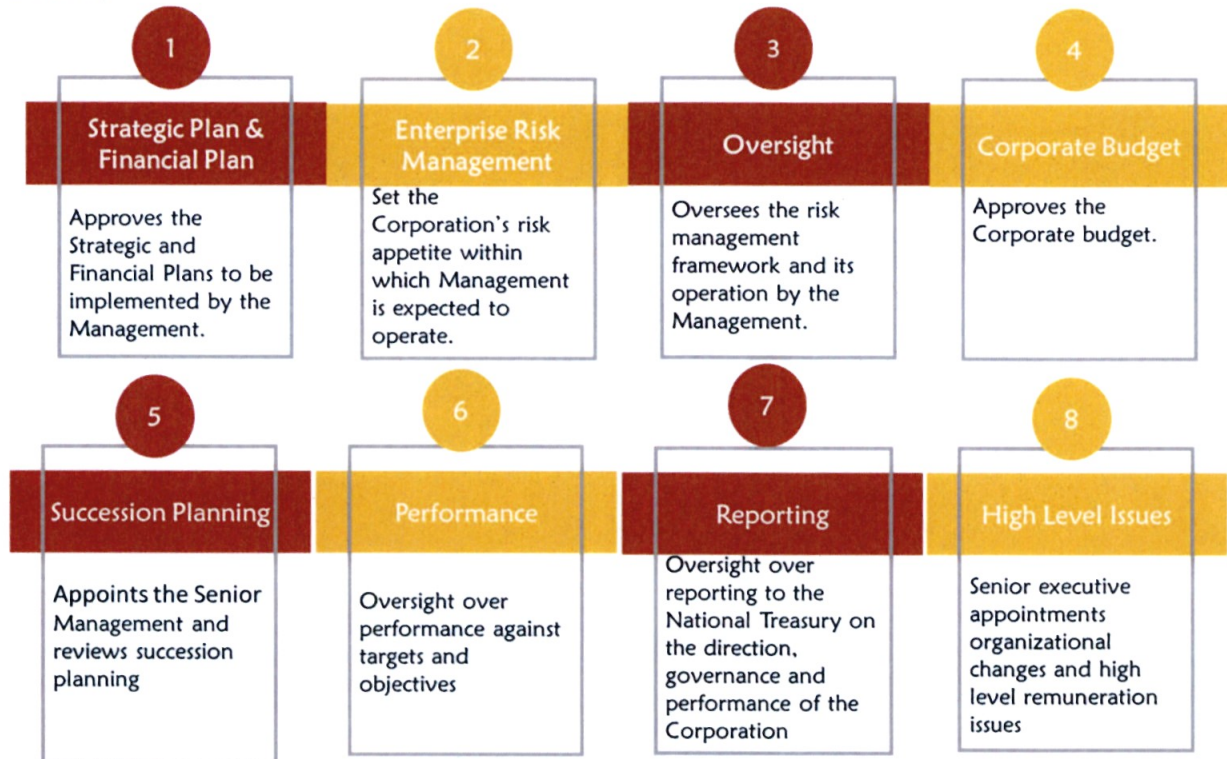
Composition of the Board of Directors

Board Members under Section 7 of the Kenya Deposit Insurance Act



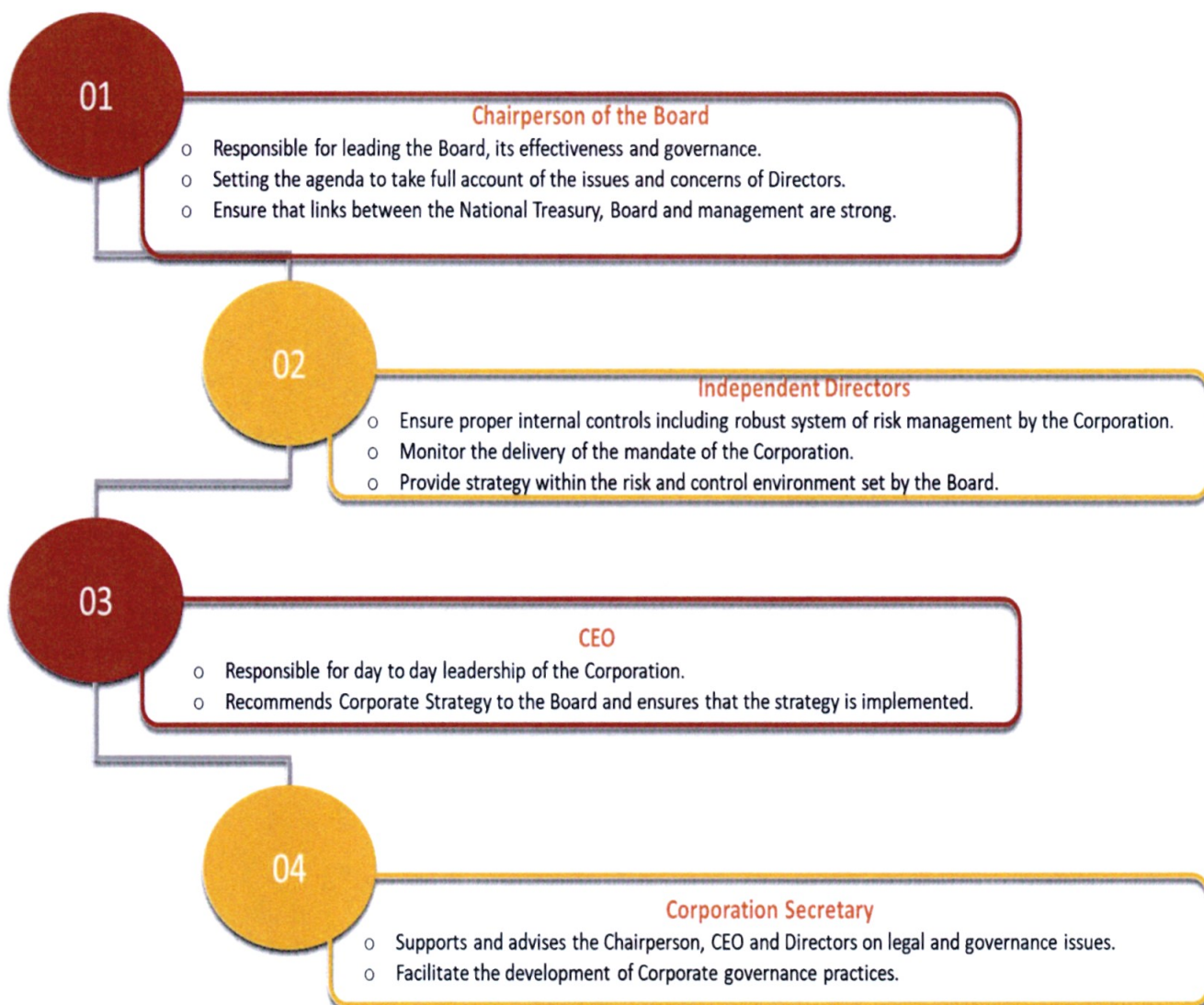
Role of the Board

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

Independence of the Board

Mwongozo Code of Governance defines independence to mean that Board members, including those nominated by stakeholders, should recognize that they owe their duties to the organization and not their nominating stakeholder. The Kenya Deposit Insurance Act CAP 487C requires that the Corporation should have at least five independent Board

members appointed by the Cabinet Secretary based on their professional experience in banking, finance, insurance, commerce, law, accountancy or economics. Accordingly, during the year under review, the constitution of the Board included five independent Board Members. Further, all other Directors of the Corporation were considered independent except for the directorship held by the Cabinet Secretary, National Treasury, the Attorney General, the Governor Central Bank of Kenya and CEO, Kenya Bankers Association.

Access to Information and Independent Advice

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

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

Conflict of Interest and Declaration of Interest

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

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

Board Succession Planning

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

Board Capacity Development

Induction

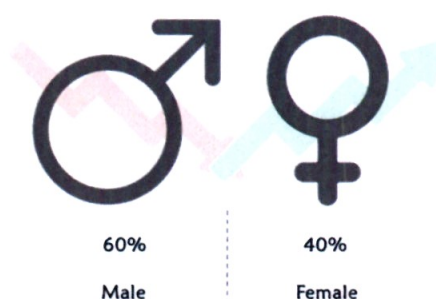
All newly appointed Board members participate in an induction program. The induction program includes a series of meetings with other Directors, the Chief Executive Officer and the Senior Management to enable new Directors familiarise themselves with the business of the Corporation. During the year under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

Board development programmes

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

Gender Diversity

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



Legal and Governance Audit

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

Board Evaluation

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

Communication Policy

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

Board Committees

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

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

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

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
				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.

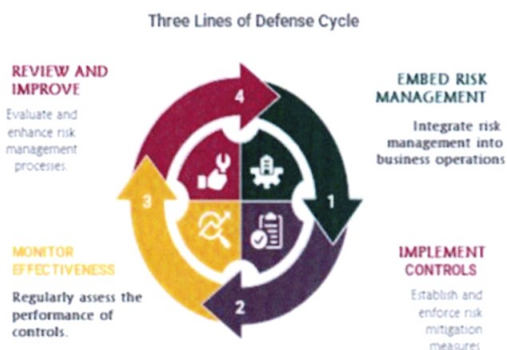
The Corporation is committed to having risk management policies, processes and practices that support a high standard of governance. This enables management to undertake prudent risk-taking activities. The Board oversees the risk management strategy and

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

Overview

The Kenya Deposit Insurance Corporation is established by the KDI Act, 2012 is a State Corporation and operates within various statutes and government directives. The Salaries and Remuneration Commission via circular SRC/023/12/2014 of 17th December 2014 established a Car Loan and Mortgage schemes for the public services and issued guidelines on the management and operation of such schemes. KDIC sought budgetary approval from the National Treasury to operationalize the scheme and an approval of KES. 747M was granted for the financial year 2018/2019.

Operational Performance

Since its inception in March 2020, the Staff Mortgage and Car Loans Scheme has grown steadily, supporting KDIC's strategic goal of enhancing staff welfare and institutional capacity. The Scheme has enabled employees to access affordable financing for housing and purchase of cars.

During the last 3years of operations, the funds of the Scheme were held by the Deposit Insurance Fund. The amount attributable to the Mortgage Scheme of KES.522M was transferred to the a dedicate bank account following the approval of the both KDIC Board and The National Treasury to open a bank account.

Other milestones achieved during the implementation period was equity release Facility to allow staff to access additional financing against existing property and construction loan to support staff building on owned land.

Financial Performance

Since the first loan issuance in March 2020, the scheme has issued 51 loans of KES. 343 million and six (10) have been fully repaid. The tabulation indicates the status of all loan disbursements as at 30th June 2025.

Type of Loan	Total No. of Loan applications processed as at 30th June 2025	Total No. of Loans fully paid as at 30th June 2025	Total Amount Processed (KES.)	Total Loanees as at 30th June 2025	Total Loan outstanding as at 30th June 2025(KES.)
Mortgage	35	2	314,368,206	33	251,573,817
Car Loan	16	8	29,194,942	8	7,480,054
Total	51	10	343,563,148	41	259,053,871

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. Interest earned on loans advanced was KES. 7.6M for the year ended 30th June 2025. The scheme earned finance income of KES.29M from investment in Government Securities. The investment is in short term securities and is guided by the approved investment policy.

Risk management and Mitigation

The Staff Mortgage and Car Loans Scheme faces key risks that management continues to monitor and mitigate proactively. Loan default risk remains a primary concern, particularly where may not be able to meet repayment obligations or upon exit of the service at the Corporation. To address this, the Corporation has enforced payroll-based deductions to ensure consistent loan servicing.

Secondly, property registration delays, often stemming from legal or administrative bottlenecks, are mitigated through engagement with pre-qualified legal service providers who expedite the registration process. Lastly, uptake bottlenecks—including low participation due to limited awareness or procedural complexity—are being tackled through staff sensitization initiatives and policy enhancements aimed at improving accessibility and responsiveness.

Future Outlook

The Corporation continues to populate its staff establishment and foresees growth of its loan book from onboarding of new employees upon completion of probation period.

Additionally, the review of the existing staff loans policy for enhancements that support a high uptake.

Conclusion

The Staff Mortgage and Car Loans Scheme remains a cornerstone of KDIC's institutional capacity strategy. Through prudent management and alignment with guidelines, the Scheme continues to deliver tangible value to staff and the Corporation.

Management remains committed to continuous improvement, transparency, and stakeholder engagement to ensure the Scheme's sustainability and impact.

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

REPORT OF THE DIRECTORS

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

Principal activities

The Scheme was established on 17th December 2014 in line with the Salaries and Remuneration Commission (SRC) Circular No. SRC/023/12/2014 as well as the Public Service Car Loan and Mortgage Scheme Guidelines governing the management and operation of the scheme. The key activities for the scheme is disburse and management of Staff Mortgage and Loans Scheme records.

Results

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

Directors

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

Auditors

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

By Order of the Board.



29th August 2025

Corporation Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme 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 Entity; (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 Scheme; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), 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 Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2025, and of the Scheme's financial position as at that date. The Directors further confirms the completeness of the accounting records

maintained for the Scheme, which have been relied upon in the preparation of the Scheme'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 Scheme's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Scheme 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 Staff Mortgage and Car Loan Scheme's financial statements were approved by the Board on 29th August 2025 and signed on the Board's behalf by:



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



Hellen Chepkwony(Mrs.)
Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2025 - KENYA DEPOSIT INSURANCE CORPORATION

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Staff Mortgage and Car Loan Scheme - Kenya Deposit Insurance Corporation set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, 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 Staff Mortgage and Car Loan Scheme - 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 Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Deposit Insurance Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Staff Mortgage and Car Loan Scheme - 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.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on pages iii to lvi which comprise of Key Entity Information, The Board of Directors, Senior Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Report of the Chairperson, Report of the Chief Executive Officer, 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 the Scheme's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) 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 Scheme'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 are responsible for overseeing the Scheme'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 FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025

	Note	2025 KES '000	2024 KES '000
REVENUE			
Interest on loans	6	7,671	6,198
Loan application fees	6	10	10
Finance Income	7	29,178	-
		<u>36,859</u>	<u>6,208</u>
		=====	=====
EXPENSES			
	8	-	-
		<u>-</u>	<u>-</u>
		=====	=====
SURPLUS FOR THE YEAR BEFORE TAXATION		36,859	6,208
Taxation	1(e)	-	-
		<u>-</u>	<u>-</u>
SURPLUS FOR THE YEAR AFTER TAXATION		36,859	6,208
Other comprehensive income		-	-
		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		36,859	6,208
		=====	=====

Kenya Deposit Insurance Corporation – Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended June 30, 2025

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2025 KES'000	2024 KES'000
ASSETS			
Non-current assets			
Staff Loans Receivable from staff	9	230,399	222,893
		<u>230,399</u>	<u>222,893</u>
Current assets			
Staff Loans Receivable from staff	9	28,655	16,506
Staff Loans Receivable from DIF	10	341,701	522,914
Cash and bank balances	11	198,418	-
		<u>568,774</u>	<u>539,419</u>
TOTAL ASSETS		<u>799,173</u>	<u>762,313</u>
		=====	=====
FUND BALANCE AND LIABILITIES			
Fund balance		799,173	762,313
Current liabilities			
		-	-
Non-Current Liabilities			
		-	-
TOTAL FUND BALANCE AND LIABILITIES		<u>799,173</u>	<u>762,313</u>
		=====	=====

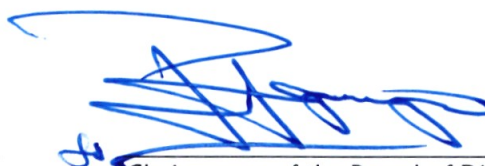
The financial statements were approved on 29th August 2025 and signed on its behalf by:



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

	2025 KES'000	2024 KES'000
As at 1st July	762,313	756,105
Surplus for the year	36,859	6,208
	<hr/>	<hr/>
As at 30 June	799,173	762,313
	=====	=====

Kenya Deposit Insurance Corporation – Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended June 30, 2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 KES'000	2024 KES'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		36,859	6,208
<i>Adjustment for:</i>			
Finance Income		-29,178	-
Interest income		-7,681	-
<i>Changes in working capital:</i>			
Increase in Staff Loans Receivables	9	-19,655	-239,399
Staff Loans Receivable from DIF(Investment)	10	181,213	-522,914
		<hr/>	<hr/>
Net cash generated from operating activities		161,558	-756,105
		=====	=====
CASH FLOWS FROM FINANCING ACTIVITIES			
		<hr/>	<hr/>
Increase in the value of scheme received from DIF		-	-
Net cash generated from financing activities		-	-
		=====	=====
CASH FLOWS FROM INVESTING ACTIVITIES			
Staff loan scheme Repayment by DIF-Investment	10	-	756,105
		<hr/>	<hr/>
Net cash (used in)/generated from investment activities		-	756,105
		=====	=====
Net (decrease)/increase in cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT 1 JULY 2024		-	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE 2025		198,417	-
		=====	=====

Kenya Deposit Insurance Corporation – Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended June 30, 2025

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 KES.	% UTILIZATION
Note	Revenue						
6	Interest Income	4,000,000	-	4,000,000	7,681,055	3,681,055	92.03%
7	Finance Income	-	-	-	29,178,369	29,178,369	100.00%
Total Revenues		<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>	<u>36,859,424</u>	<u>32,859,424</u>	
	Expenditure						
8	Administration Expense	-	-	-	-	-	
Total expenditures		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net Surplus		<u>4,000,000</u>		<u>4,000,000</u>	<u>36,859,424</u>	<u>32,859,424</u>	
		=====		=====	=====	=====	

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Staff Mortgage and Car Loan Scheme is established by Kenya Deposit Insurance Corporation and derives its authority and accountability from Kenya Deposit Insurance (KDI) Act 2012. The Scheme is wholly owned by KDIC and is domiciled in Kenya. The Scheme's principal activity is to process and disburse staff mortgage and Car Loans.

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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Scheme's accounting policies.

The financial statements have been prepared on accrual basis. However, the cashflow has been prepared on cash basis .

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Scheme 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 Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. APPLICATION OF NEW AND REVISED STANDARDS

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

There are no new standards effective in the FY.

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

IPSAS 43-Leases

The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Scheme. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The Scheme has not entered into any lease contracts.

IPSAS 44- Non- Current Assets Held for Sale and Discontinued Operations

The Standard requires that assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial

position and the results of discontinued operations to be presented separately in the statement of financial performance.

ii) **Early adoption of standards**

The Scheme 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**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period. Interest income is recognized in the profit or loss for all interest on staff mortgage and car loans advanced at an interest rate of 3% per annum.

b) **Budget Information**

The Scheme'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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of comparison of budget and actual financial performance presented together with these financial statements.

c) Translation of foreign currencies

No foreign currency transactions were carried out during the year.

d) 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 for the staff mortgage and car Loan Scheme

e) Rounding off Difference

The Staff Mortgage and Car Loan Scheme in preparation of the financial statements has rounded off its figures to the nearest thousand.

f) Financial assets and liabilities

(i) Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Fund determines the classification of its

financial assets at initial recognition. The assets are primarily loans issued to staff through the scheme.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

(iii) Impairment of financial assets

The scheme assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Fund is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Fund are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

(iv) Classification

The Scheme classifies its financial assets in the receivables category. The classification of its financial liabilities as measured at amortised cost.

(v) Other financial liabilities

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

(vi) Identification and measurement of impairment of financial assets

At each reporting date the Scheme 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.

(vii) Derecognition

The Scheme 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 Scheme is recognized as a separate asset or liability.

The Scheme 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.

g) Impairment for non-financial assets

The carrying amounts of the Scheme'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 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.

h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise bank balances.

i) Property ,Plant and equipment, Intangible assets

The Staff Mortgage and Car Loan Scheme operations are carried out by the Corporation that has acquired items of property plant and equipment (PPE) thus no PPE owned by the Scheme.

j) 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.

k) 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.

l) Subsequent events

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

m) 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. 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.

To enhance efficiency in internal audit process, the Corporation rolled out the use of Team Mate to align all documentation and tracking of issues on one platform in November 2020.

(a) Credit risk

Credit risk is the risk of financial loss to the Scheme if a staff fails to meet its contractual obligations, and arises principally from the Staff Loan Scheme receivables.

Kenya Deposit Insurance Corporation – Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended June 30, 2025

The Scheme's exposure to credit risk is influenced mainly by the individual characteristics of each staff on exiting from the Corporation.

(b) Currency risk

The Scheme 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 Staff Loan Scheme will encounter difficulty in meeting obligations on advancement of approved mortgages and car loans. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its arising liabilities when due. In the course of its operations, the Scheme operationalized a separate bank account to finance its operations.

The Scheme's financial assets amount to KES.254 Mn (2024 - KES. 239Mn). The increase in financial assets has been occasioned by additional loans advanced during the year. The Scheme has no financial liabilities.

Kenya Deposit Insurance Corporation – Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements for the year ended June 30, 2025

	Other financial liability KES '000	Loans and receivables KES '000	Held to maturity KES'000	Total carrying value KES '000	Fair value KES '000
2025					
Financial assets					
Staff Loans receivable	-	259,054	-	259,054	259,054
	-	259,054	-	259,054	259,054
Financial liabilities					
Payables and accruals	-	-	-	-	-
	-	-	-	-	-
2024					
Financial assets					
Staff Loans receivable	-	239,399	-	239,399	239,399
	-	239,399	-	239,399	239,399
Financial liabilities					
Payables and accruals	-	-	-	-	-
	-	-	-	-	-

(a) Critical accounting estimates and assumptions

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

(b) Critical judgements in applying the Scheme’s accounting policies

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

6 Interest on Loans

The staff Loans Scheme has an approved allocation of KES.747M as a revolving Scheme for staff mortgage and car loans as per the approved policy guidelines. Staff loans advanced are charged an interest rate of 3% over the tenure of the loan. During the year under review, total interest on staff loans is as follows:

	2025 KES'000	2024 KES'000
Interest on loans	7,671	6,198
Loan Application fees	10	10
	<u>7,681</u>	<u>6,208</u>

The loans issued to staff are issued at an interest as guided by the Salaries and Remuneration Commission. The Corporation budgeted for interest income of KES. 4,000,000 against which it earned KES. 7.6 M reflecting an overperformance of KES 3.6M. Additionally, on application of the mortgage or car loans, staff pay KES.1,000 as application fees.

7 Finance Income

The staff loan earned finance income from investment in Government securities. The income earned of Kshs. 29,178,369 was earned from the following treasury bills.

	KES'000
2594/091-S	11,725
2608/091-S	7,759
2549/364-S	9,694
	<hr/>
Total	29,178
	<hr/> <hr/>

8 Expenses

The Staff Loan Scheme has no expenses since all operations are carried out within KDIC.

9 Staff Loans

The Scheme advanced staff loans as follows;

	2025 KES'000	2024 KES'000
Staff Loans Receivable as at 1st July	239,399	164,895
Staff loans advanced	39,581	91,495
Interest earned for the year	7,671	
Less: Repayments	-27,597	-16,991
	<hr/>	<hr/>
Staff Loans Receivable as at 30th June	259,054	239,399
	<hr/> <hr/>	<hr/> <hr/>
Comprised of:		
Receivable within 1 year	28,655	16,506
Receivable after 1 year	230,399	222,893
	<hr/>	<hr/>
Total staff Loans Receivable	259,054	239,399
	<hr/> <hr/>	<hr/> <hr/>

10 Staff Loan Scheme Receivable from DIF

The Deposit Insurance Fund transferred KES.522M out of total approval of KES.747M after disbursement of loans on behalf of the staff loan Scheme during the financial year.

The balance receivable by the Scheme is as follows;

	2025 KES'000	2024 KES'000
Staff loans Fund Balance as at 1st July	522,914	756,105
Staff Loan Repayment by DIF	-522,914	-
Staff Loan Application fees	10	-
Interest Received by KDIC for the year	7,671	6,208
Staff Loan Repayment(Principal)	19,926	
Staff loans advanced by KDIC as at 30th June	-23,581	-239,399
	<hr/>	<hr/>
Staff Loans Receivable from KDIC as at 30th June	4,026	522,914
	<hr/> <hr/>	<hr/> <hr/>
Other Receivable	2025 KES'000	2024 KES'000
Receivable from Investment -T bills	329,174	-
Staff Loan	8,500	
	<hr/>	<hr/>
	337,674	-
	<hr/> <hr/>	<hr/> <hr/>
Total	341,701	522,914
	<hr/> <hr/>	<hr/> <hr/>

11 Cash and Cash Equivalents

As at 30th June 2025, the scheme held no cash and bank balances totalling KES. 207M (2024: NIL) at the Central Bank of Kenya. This is as a result of the scheme operationalising its bank account during the financial year. There was an unrepresented payment of Kshs. 8.5M which left the cashbook balance at Kshs. 198.4M.

Kenya Deposit Insurance Corporation – Staff Mortgage & Car Loan
Annual Reports and Financial Statements for the year ended June 30, 2025

Description	Account	2025 Kes'000	2024 Kes'000
Current Account			
KDIC Staff Mortgage Car Loan Scheme	1000741465	206,918	-
Grand Total		206,918	-

12 Issued and Processed Staff Loans

Since the first loan issuance in March 2020, the scheme has issued 51 loans of KES 343million and ten (10) have been fully repaid. The tabulation indicates the status of all loan disbursements as at 30th June 2025.

Type of Loan	Total No. of Loan applications processed as at 30th June 2025	Total No. of Loans fully paid as at 30th June 2025	Total Amount Processed (Kshs.)	Total Loanees as at 30th June 2025	Total Loan outstanding as at 30th June 2025 (Kshs.)
Mortgage	35	2	314,368,206	33	251,573,817
Car Loan	16	8	29,194,942	8	7,480,054
Total	51	10	343,563,148	41	259,053,871

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. Interest earned on loans advanced was KES. 7.6M for the year ended 30th June 2025.

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. A total of Five (5) Mortgage loan applications of KES.37M were processed during the year 2024/2025 and 1 car loan applications were processed and disbursed.

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)
Nil	Nil	Nil	Nil	Nil	Nil



Chief Executive Officer

Hellen Chepkwony (Mrs.)