



REPUBLIC OF KENYA



Kenya Deposit
Insurance
Corporation

Safer, Stronger, Together

Annual Report

and Financial Statements for Staff Mortgage & Car Loan Scheme for the Financial Year Ending June 30, 2023

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





KEY MILESTONES DURING THE 2018-2023 STRATEGIC PLAN PERIOD



Risk Management



KDIC conducted a comprehensive and implementation of its risk assessment framework (CAMEL) resulting in the successful implementation of a new Differential Premium System (DPS) for risk assessment, this was significant progress in the implementation of its early detection and intervention framework which involved the offsite surveillance on 53 member institutions as a proactive stance in monitoring and intervening where necessary.



Strategic Objective

To enhance early detection and timely intervention of risk exposure.



Implementation of its risk assessment framework (CAMEL)

1



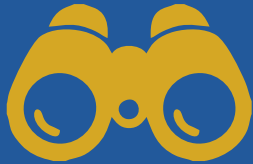
Early detection and intervention framework

2



53 Number of member institutions that had offsite surveillance

3



VISION

A reliable, effective
Deposit Insurer and
Resolution Authority.



MISSION

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



CORE VALUES

Customer Focus
Integrity
Professional
Fairness
Innovation
Team Work

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ACRONYMS AND GLOSSARY OF TERMS

IFRS	International Financial Reporting Standards
KDIC	Kenya Deposit Insurance Corporation
KDI	Kenya Deposit Insurance
DIF	Deposit Insurance Fund
KES	Kenya Shilling
PICFIT	Professionalism, Integrity, Customer Focus, Fairness, Innovativeness, and Teamwork
QMS	Quality Management System
CSR	Corporate Social Responsibility
PFM Act	Public Finance Management Act
ICT	Information, Communication Technology

KEY ENTITY INFORMATION

The Kenya Deposit Insurance Corporation is established by the KDI Act, 2012 as a State Corporation. The Salaries and Remuneration Commission issued circular SRC/023/12/2014 of 17th December 2014 which provides guidelines to facilitate establishment and management of Car Loan and Mortgage schemes for the public service.

In the financial year 2018 – 2019, KDIC received approval The National Treasury and Economic planning for both policy and budgetary allocation

to operationalize the scheme. The scheme was established and operationalised in 2018 - 2019 with approved seed money of KES. 747M. The primary objective of the staff car loans and mortgage scheme is to issue and administer loans to staff. The loans are issued to facilitate the purchase of private motor vehicles and ownership of private residential homes.

DIRECTORS

The Directors who served during the year ending 30th June 2023 were as follows;

1. Ms. Carol Musyoka

Chairperson (Term ended 20th January, 2023)

2. Mrs. Hannah W. Muriithi, EBS

Chairperson (Appointed 20th January 2023)

3. Hon. Amb. Ukur Yatani, EGH

Cabinet Secretary, The National Treasury & Planning (Term ended 27th September 2022)

4. Prof. Njuguna Ndung'u CBS

Cabinet Secretary, National Treasury & Economic Planning (Appointed 22nd September 2022)

5. Mr. John Njera

Alternate to Cabinet Secretary, The National Treasury & Planning

6. Hon. Paul Kariuki

Attorney General (Term ended November 2022)

7. Hon. Justin B. N. Muturi E.G.H

Attorney General (Appointed November 2022)

8. Mr. Mohamed Deiss Adow

Alternate to Attorney General Governor, Central Bank of Kenya (Term ended June 2023)

9. Dr. Patrick Njoroge

EBS, MBS, CBS Governor, Central Bank of Kenya (Appointed 19th June 2023)

10. Dr. Kamau Thugge

11. Mr. Gerald Nyaoma

12. Dr. Habil Olaka

13. Mr. John Benson Maina

14. Ms. Anne Agimba

15. Mr. Robert Murimi

16. Mr. Raphael Karbuali Kosen

17. Ms. Melissa Ng'ania

18. Ms. Anne Rimbaine Lengerded

19. Mr. James Agembe Akali

20. Mr. Joseph Kipkemai Ngetich

21. Mr. Mohamud A. Mohamud

22. Mrs. Hellen Chepkwony

Alternate to CBK Governor (Term ended June 2023)

Director, (C.E.O Kenya Bankers Association)

Director (Term ended 20th January 2023)

Director (Term ended 20th January 2023)

Director (Term ended 20th January 2023)

Director (Term ended 20th January 2023)

Director (Appointed 20th January 2023)

Director (Appointed 20th January 2023)

Director (Appointed 20th January 2023)

Chief Executive Officer (Ex-officio) (Term ended 9th February 2023)

Chief Executive Officer (Ex-officio) (Appointed in acting capacity on 29th December 2022/substantive appointment on 23rd April 2023)

Corporation Secretary

Mrs. Eunice Kitche - Odour
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:

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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



KEY MILESTONES DURING THE 2018-2023 STRATEGIC PLAN PERIOD



Deposit Insurance



KDIC has achieved year on year growth in premium income and investment income, with cumulative premiums collections of Kes.29.7 billion and investment income accumulating to 74.7 Billion within the previous strategic period.

This period also marked the successful implementation of the Electronic Data Warehouse (EDW) for effective and efficient information sharing and data analytics with member institutions; There has also been the review of the coverage limit from Kes. 100,000 to Kes. 500,000; and a fund balance of Kes. 187 billion at end of term.



Strategic Objectives

- To increase the ratio of fund to total deposit from 2.7% in 2018 to 3.4% by 2023.
- To increase the value of deposits covered from 8.75% in 2018 to 16% by 2023
- To ensure payment of protected deposits within 30 days



Kes.29.7B

One year growth in both areas, with cumulative premiums collections

1



Kes.74.7B

Investment income realized in year

2



**Kes.100,000
to
Kes.500,000**

Review of the coverage limit

3



Kes.187B

Fund balance at end of term

4

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.



Prof. Njuguna Ndung'u,
Cabinet Secretary, National
Treasury & Economic Planning

Prof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury & Economic Planning. He was appointed Cabinet Secretary by President William Samoei Ruto on September 27, 2022. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya

and the immediate former Governor, Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member

of the Advisory Committee of the Alliance for Financial Inclusion, that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.



**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. Justin B. N. Muturi E.G.H
The Attorney General

Hon. Justin B. N. Muturi E.G.H is the Attorney General of the Republic of Kenya and has been in office since November 2022.

Hon. Muturi joined the Office of the Attorney General with a distinguished career in public service and held several prominent leadership positions regionally and in Kenya. He is the immediate former Speaker of the National Assembly and Chair, Parliamentary Service Commission (PSC) for the period 2013-2022. During his tenure, he championed reforms in the administration of resources and efficiency of Committees of the House. He also issued key rulings and guidelines to the National Assembly to ensure full implementation of the constitutional mandate of the House.

Hon. Muturi worked as the Chairperson of the Centre for Multi-Party Democracy during the period 2011 – 2013 and his role was instrumental in initiating reforms for the management of political parties in Kenya in the quest for promoting democracy.

Hon. Muturi was a member of the National Assembly, Siakago Constituency, Embu County for the period 1999 – 2007 and played an instrumental role in the Constitutional review process culminating in the adoption of the 2010 among other key achievements in the Parliament.

Hon. Muturi served in the Judiciary for fifteen (15) years before retiring as Principal Magistrate at the Nairobi Law Courts. While holding this position, he

served as the Chairperson of the Kenya Judges and Magistrates Association.

Hon. Muturi has made significant contributions regionally where he held various leadership positions including the President of the Board of the African Parliamentarians Network Against Corruption (2018), and Chairperson of the Executive Committee of the Commonwealth Parliamentary Association (Africa Region) (2018).

Mr. Muturi holds a Bachelor of Law (LLB. Hons.) from the University of Nairobi, and a Postgraduate Diploma in Law, Kenya School of Law.



Mr. James Agembe Akali
Director

Mr. James Akali is a distinguished Senior Finance and Operations expert with over 15 years of valuable expertise in the public and private sectors, including NGOs and projects funded by reputable organizations such as USAID, PEPFAR, Global Fund, and World Bank. He has a demonstrable track record of implementing industry best practices in accounting, finance, operations, and administration.

Currently serving as the Finance and Administration Director at OGRA Foundation, Mr. Akali oversees various operational teams, including finance, grants, human resources, administration, procurement, logistics,

security, and information technology.

Mr. Akali is highly skilled in financial planning and budget management, contributing significantly to organizational goals. He is well-versed in implementation of financial policies and establishment of internal controls to ensure the proper utilization of resources as well as transparency.

Throughout his career, Mr. Akali has managed USAID-funded contracts, demonstrating comprehensive knowledge of USAID regulations and compliance. He possesses strong problem-solving abilities and adapts quickly to changing circumstances, providing innovative solutions to

complex issues. His ability to establish strong relationships with stakeholders enhances his effectiveness as a leader.

He is a member of Chartered Institute of Public Accountants of Kenya (ICPAK) and currently pursuing a PhD. (Finance) and ACCA Certification. Mr. Akali who is currently pursuing his Ph.D in Finance, holds an MBA in Business Administration – (Finance) from Maseno University, a Bachelor's degree in Business Administration (BBA-Finance) from Maseno University, a Diploma in Business Management as well as a Certificate in Project Management from Metropolitan School of Business and Management, United Kingdom.



Ms. Melissa Ng'ania
Director

Ms. Melissa Ng'ania is an outstanding legal professional with excellent personal competencies and an impressive career spanning over 10 years.

She has been actively involved in various legal firms and boards, contributing her legal expertise to matters of public interest. Ms. Ng'ania is deeply devoted to community service and has served as the legal advisor to All Saints' Cathedral Nairobi since 2019, offering valuable guidance on legal matters impacting the Church.

Ms. Ng'ania is also a dedicated trainer with the Red Cross Society, where she provides pro bono

legal training on the rights of key populations and persons living with HIV and AIDS. As such, she has been involved in mentorship programs through the Law Society of Kenya, actively contributing to the development of young lawyers.

As a member of the Environment and Land Court Bar Bench under the Law Society of Kenya, Ms. Ng'ania played a vital role in providing recommendations and guidelines on court proceedings during the Covid-19 pandemic. She is currently serving as the Managing Partner at Ng'ania and Company Advocates, a private legal practice based in Nairobi, Kenya.

As a committed legal professional, Melissa is an active member of the Law Society of Kenya, LSK Court of Appeal Bar Bench and LSK Practice Standard & Ethics committee. Additionally, she holds a membership with the Chartered Institute of Arbitrators and is a certified mediator trained by the Mediation Training Institute.

She is currently pursuing a Doctor of Philosophy (PhD) in Law at the University of Nairobi. Ms. Ng'ania holds a Master of Laws (LLM) with specialty in Law, Governance and Democracy from the University of Nairobi, a Bachelor of Laws (LLB) from Makerere University and a Post-Graduate Diploma from the Kenya School of Law.



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.



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).



Dr. Habil Okunda Olaka
Director (Chief Executive
Officer of the Kenya Bankers
Association)

Dr. Olaka was appointed as Chief Executive Officer of the Kenya Bankers Association (KBA) in October 2010. He is responsible for the strategic direction of the Association, covering industry advocacy, development, and sustainability. Previously he was the Director of Operations of the East African Development Bank (EADB) based in Kampala after serving as the Resident Manager in Kenya. He earlier served the Bank as the Head of Risk Management and as the Chief Internal Auditor.

Before joining the Bank, Dr. Olaka had been with Banque Indosuez (now Bank of Africa) as the Internal Auditor. He started his career at the

PricewaterhouseCoopers, Nairobi in the Audit and Business Advisory Services Division. He sits on a number of boards representing the KBA. These are Kenya Deposit Insurance Corporation (KDIC), Higher Education Loans Board (HELB), National Research Fund (NRF), Federation of Kenya Employers (FKE), and the Anti-Money Laundering Advisory Board (AMLAB) as alternate to KBA Chairman. He is the National President of the Federation of Kenya Employers and the Chairman of the board of the Centre for Corporate Governance (CCG). He also sits on the board of the National Housing Corporation (NHC).

Dr. Olaka holds a Doctor of

Business Administration from USIU-Africa, a First-Class Honours BSc degree in Electrical Engineering from the University of Nairobi, and an MBA in Finance from the Manchester Business School in the UK. His DBA dissertation was on the influence of strategic leadership on the implementation of strategy in the commercial banks in Kenya.

He is a member of the Institute of the Certified Public Accountants of Kenya (ICPAK). He is an alumnus of the Strathmore School of Accountancy, a Certified Executive Coach and has a good command of the French language.



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 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.



Mrs. Hellen Chepkwony
Chief Executive Officer

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

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

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

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

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

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

Having begun her career at the then Ministry of Finance, now The National Treasury and Economic Planning, Mrs. Chepkwony has served in various capacities including her latest posting at the Central Bank of Kenya, prior to her appointment as KDIC's acting Chief Executive Officer.

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



KEY MILESTONES DURING THE 2018-2023 STRATEGIC PLAN PERIOD



Prompt Resolution



KDIC introduced a mobile application that enables debtors of institutions in liquidation to conveniently pay their debts. The application works through e-citizen by use of short messaging systems (SMS) to communicate with depositors seamlessly, enhancing the overall debt recovery process. KDIC implemented use of Alternative Dispute Resolution (ADR) methods, which has led to increased recoveries from 18% in 2018 to 45.3% in 2023.



Strategic Objectives

- To ensure a decision is made on the most appropriate resolution option within 60 days by 2023 for non-systematic institutions
- To ensure effective and efficient receivership/liquidations
- To increase the debt recovery rate from 20% in 2018 to 30% by 2023



e-citizen

Enables debtors of institutions in liquidation to conveniently pay their debts

1



Use of (SMS) to communicate with depositors seamlessly

2



18% to 45.3%
Implementation of alternative dispute resolution increased recoveries

3

SENIOR MANAGEMENT



Mrs. Hellen Chepkwony
Chief Executive Officer

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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, Risk & Examination

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 Agriculture 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, Resolutions

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.



Robert Mbarani Ingasira;
Director, Corporate Services

Mr. Robert Mbarani heads the Directorate of Corporate Services. With a career spanning over 20 years, Mr Mbarani has gained immense experience in Finance, Accounting, Human Resource and project management, having worked with various organizations in the Public Sector.

As the head of Corporate Services function, Mr. Mbarani offers strategic leadership to the Finance, Human Resource, Communications and Information Technology divisions of the Corporation. He holds an MBA in Finance from Moi University and a Bachelor of Arts (Mathematics and Economics) from the University of Nairobi.

In addition, Mr. Mbarani holds a higher Diploma in Human Resource Management. He is a member of the Institute of Human Resource Management (IHRM) as well as Institute of Certified Accountants of Kenya (ICPAK).

Mr. Mbarani has successfully attended various management courses on Corporate Governance, Risk Management and Strategic Management.



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).

STAFF LOANS COMMITTEE

The Staff Mortgage and Car Loans Scheme is administered by the Staff Loans Committee which is a committee of 8 staff selected from within the Corporation and appointed by the Chief Executive Officer. The membership of the committee is as follows:

1. Robert Mbarani, Director Corporate Services -Chair
2. Mohamed Doo, Deputy Director Human Resources and Administration -Secretary
3. Eunice Kitche, Director Legal Services and Board Secretary - Member
4. Lawrence Shoona, Deputy Director Strategy and Compliance - Member
5. Stephen Kienjeku, Principal Officer Procurement - Member
6. Mogeni Ong'era, Deputy Director Finance - Member
7. Nelson Nyongesa, Deputy Director Risk and Surveillance -Member
8. Dorcas Wanjala, Principal Officer Resolution – Member

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.



KEY MILESTONES DURING THE 2018-2023 STRATEGIC PLAN PERIOD



Stakeholder Engagement



KDIC conducted targeted public awareness campaigns to inform and educate the public about its role and functions in the deposit insurance system which increased the public awareness index from 9% in 2018 to 14% in 2023.



Strategic Objectives

- To increase public awareness levels from 9% in 2018 to 40% by 2023.
- To strengthen complaints handling and consumer protection.
- To embrace best practices.



**9% to
14%**

Increased the
public awareness
index

1



REPORT OF THE **CHAIRPERSON**

The National Treasury approved seed capital of Kes 747 million to Staff House mortgage and car loan scheme. The uptake of the mortgage and car loan has been on an increase and the Corporation continues to institute measures and support mechanisms for optimal uptake of the staff loans.

Dear Stakeholders,

On behalf of the Board of Directors and Management, I am pleased to present to you the Annual Report and Financial Statements of the Staff Mortgage and Car Loans Scheme for the year ended 30th June 2023.

KDIC is committed towards continuously improving the welfare of its staff through implementation of various talent management strategies that enhance staff welfare such as Staff Mortgage and Car Loan Scheme. The Scheme is implemented in line with Salaries and Remuneration Commission Guidelines and established Staff Mortgage and Car Loan Policies and guidelines at KDIC. This has resulted in enhanced talent management, hence contributing to attraction and retention of staff.

The National Treasury approved seed capital of Kes 747 million to Staff House mortgage and car loan scheme. The uptake of the mortgage and car loan has been on an increase and the Corporation continues to institute measures and support mechanisms for optimal uptake of the staff loans. Some of the

measures include equity release, construction loan among others. KDIC appreciates Government support on approval of the Scheme. I further wish to state the uptake of the facility has a direct impact in supporting the Government's Big Four Agenda on affordable housing.

The governance and management of the scheme is as set out in the Staff Mortgage and Car Loan Scheme Policies and Regulations and as per the guidelines issued by Salaries and Remuneration Commission.

As we conclude this strategic plan cycle, we are eager to embark on the next phase of our journey. Our commitment to attraction and retention of talent for excellence remains unwavering, and we are in the process of shaping a new strategic plan that will guide us through the coming years. KDIC continues to focus on staff welfare as part of organizational capacity development.

In closing, I extend my heartfelt gratitude to our Board, management, staff and all our stakeholders who have been instrumental in our journey so far. Your unwavering support and

dedication have been the driving force behind our achievements.

As we turn the page to a new strategic plan cycle, we do so with optimism, determination, and a steadfast commitment to delivering value and making a positive impact.



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



REPORT OF THE CHIEF EXECUTIVE OFFICER

REPORT OF THE CHIEF EXECUTIVE OFFICER

It is with pleasure that I present the KDIC's Staff Mortgage and Car Loans Scheme Annual report and financial statements for the period ended June 2023. The Financial Statements presented comprise of the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Net Assets, Statement of Cash Flow and Statement of Comparison of Budget and Actual Performance. The report highlights the performance of the Scheme and the impact of the activities with a view to promote organizational capacity development

KDIC ensures prudent financial management and reporting in line with Public Finance Management Act (PFMA)2012, Public Financial Regulations, 2015 and International Public Sector Accounting Standards (IPSAS). As a result, the administration of the scheme has been efficient and effective in meeting the intended objective.

The implementation and administration of the scheme is overseen by a Staff Mortgage and Car Loan Scheme Committee in liaison with external professional service providers contracted by

the Corporation. The Committee meets regularly to consider and process loans applications. The Board of Directors through concurrence of The National Treasury is in the process of approving a separate bank account for management of the scheme's finances. During the period under review, 8 staff mortgages were processed. The total amount disbursed during the financial year under review to facilitate staff mortgage was Kes. 60 million. Since the first loan issuance in March 2020, the scheme has issued 35 loans of Kes. 211 million and six (6) have been fully repaid

The scheme continues to meet its objective of creating an enabling environment for enhanced talent by providing a competitive loan scheme for members of Staff. The Scheme has been beneficial to staff and has enhanced staff welfare. I urge all staff to utilize the opportunity to improve on their wellbeing as well as that of their families.

Appreciation

The subsequent sections of this report contain the impact of major activities of the Corporation

in the year ended June 2023. As I welcome you to engage in the details of this report, I wish to express sincere gratitude to the Corporation's Board, management and staff for their commitment and dedication that are well evident in the outlined achievements. Additionally, I appreciate all stakeholders, specifically staff, who played a critical role towards the achievement of the strategic goals.

As we look back at the 2018 to 2023 strategic plan cycle, we are proud to report that we have achieved many of the ambitious goals we set for our organization through our various stakeholders including our staff. As we embark in our journey of the new strategic plan cycle, we remain committed to having our talent management strategies as one of our key result areas.

While we celebrate our successes, we also acknowledge the challenges we faced along the way. The strategic plan cycle was not without its obstacles, vulnerabilities in the global economic systems exacerbated by the pandemic resulted in slowed growth. However, these challenges have taught us

resilience, adaptability, and the importance of agility in an ever-evolving world.



Hellen Chepkwony
Chief Executive Officer



KEY MILESTONES DURING THE 2018-2023 STRATEGIC PLAN PERIOD



Organizational Capacity



During the strategic period, the Corporation deployed a culture change program aimed at achieving our desire to build a sustainability culture amongst our employees; KDIC maintained a staff retention rate of 96.6% with a diversity mix of 67% male and 33% female employees. The Corporation continued to entrench a performance management system to assist in the realization of objectives and align all sections to the achievement of the strategic plan.



Strategic Objectives

- To review the legal and regulatory framework
- To enhance talent management
- To entrench a robust organizational culture
- To enhance operational efficiency
- To promote good corporate governance practices



Maintained a staff retention rate of
96.6%

1



Staff diversity mix
33%

2



Staff diversity mix
67%

3



Entrenchment of performance to align all sections to the achievement of the strategic plan.

4

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

KDIC's performance objectives are defined in its Strategic Plan (2018 - 2023). Further, as a government agency, KDIC signs annual Performance Contract with the parent ministry, The National Treasury and Economic Planning.

The performance objectives defined in the Strategic Plan and the Performance Contract do not affect the staff loan fund and have been captured in the financial statements of the Corporation and the Deposit Insurance Fund.

CORPORATE GOVERNANCE STATEMENT

Staff Mortgage & Car Loan Scheme is governed through the existing structures of KDIC. The Corporation has incorporated a corporate governance framework which defines its systems, processes and policy structure that enhances its efficiency and accountability in decision making on issues that affects its mandate, operations and key stakeholders. This framework ensures that the Corporation employs ethical decision-making processes in relation to the Board, Management, staff and key stakeholders of the Corporation.

The Corporation upholds the principles of governance for sound governance enshrined in the Constitution 2010. The Board applies good governance

practices in compliance with the, *Mwongozo* Code, which is the Code of Governance for State Corporations, the Kenya Deposit Insurance Act, No. 10 of 2012 and the State Corporations Act No. 11 of 1986, Public Finance Management Act No. 18 of 2012, international best practices amongst other laws key in the administration of State Corporations.

The Board adheres to the governance principles incorporated in the Board Charter. The Board members are committed in upholding high standards of ethical and moral behaviour, action in best interest of the Corporation, recognition of the legitimate interests of all

stakeholders and good corporate citizenship.

The Board has developed the necessary policies, processes, systems and procedures that continue to guide operations of the Corporation. The Board undertakes periodic reviews of the policies and its governance practices to take into account statutory developments, best practices in corporate governance and the prevailing practices to achieve the mandate of the Corporation.

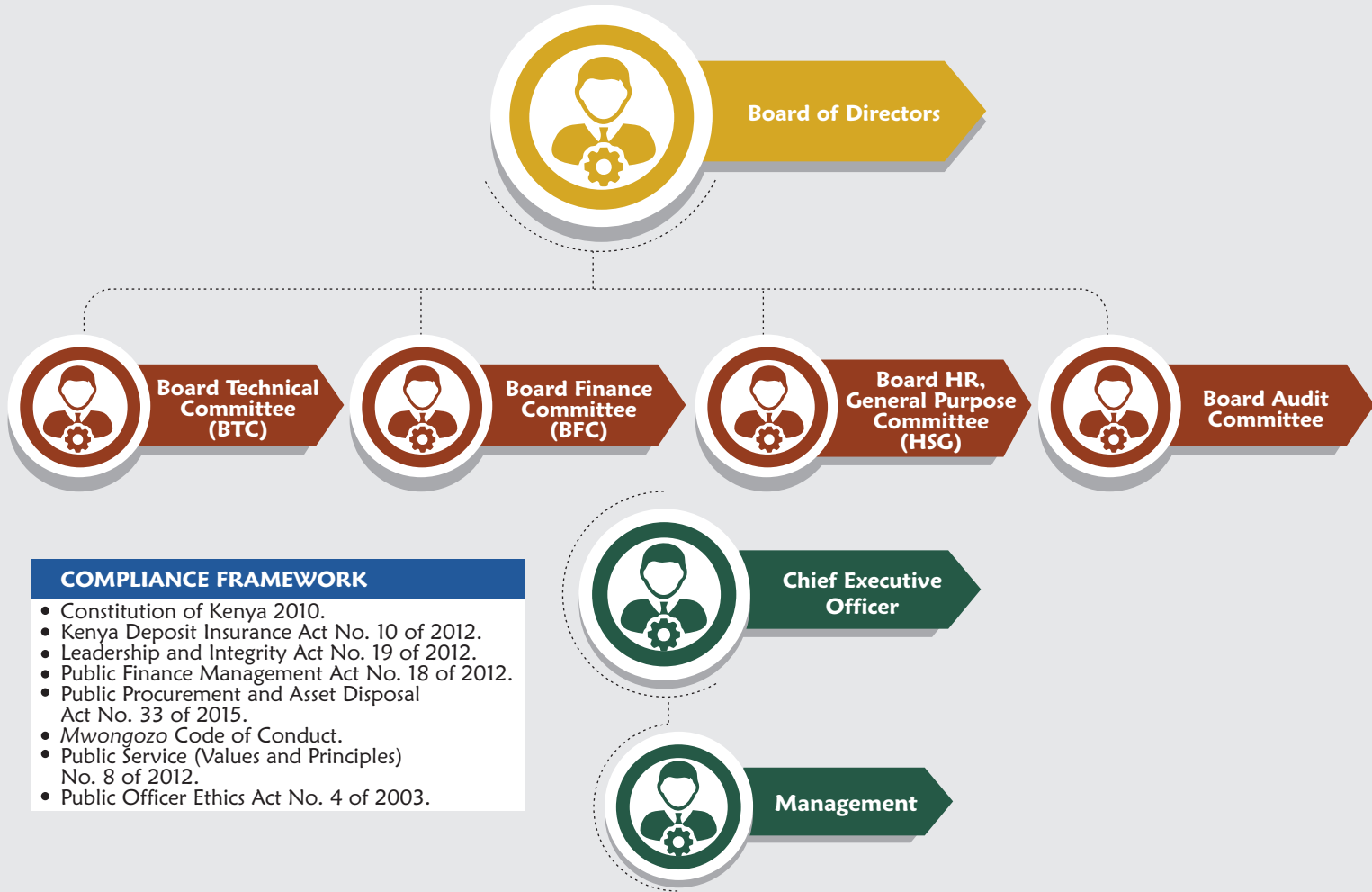
The Corporation is committed in ensuring that the Board is trained on specific governance related courses to empower them with high standards and practices

in corporate governance. The Corporation conducts induction for every new member of the Board. The Board steers the implementation of the Governance Audit findings as par the *Mwongozo* Code.

Governance Structure and Framework

According to the Corporation's Charter and the requirements set forth under the *Mwongozo* Code, the Corporation has adopted the following governance structure: -

Governance Structure



Composition of the Board of Directors

The Board comprises of ten members including the Chairperson and the Chief Executive Officer who sits as an ex-officio member. The Members of the Board are drawn from diverse professional backgrounds of which five are independent members. The non-executive Directors are expected to have a clear understanding of the strategy of the Corporation as well as knowledge of deposit insurance. During the year under review, the Board had 5 independent members including the Board Chairperson.

In facilitating sustainability, the Board, through the SCAC conducts regular review the skills, knowledge, experience and diversity represented on the Board, against the skills and experience needed to deliver the strategy of the Corporation and continues to make efforts on diversifying the skill set.

The Corporation's Board membership structure is set under the Kenya Deposit Insurance Act No. 10 of 2012 including the qualifications and skill set of the Board Members. The membership is represented as follows;

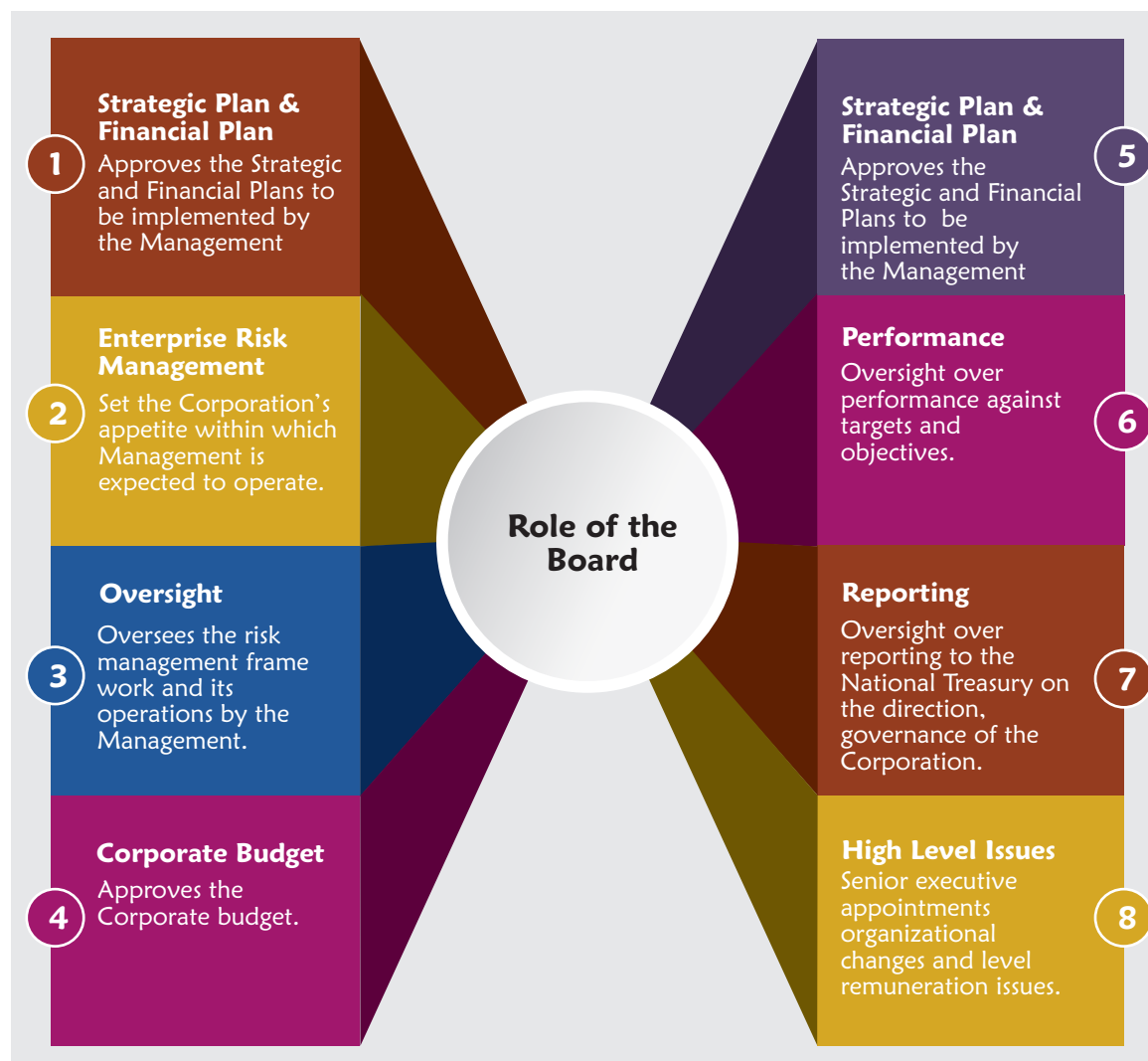


The Board composition is driven by the following principles: -

- The Composition complies with the Constitution of Kenya and applicable legislation.
- The Board must comprise of a majority of independent directors.
- The Board should consist of directors with a broad range of skills, experience and expertise from a diverse range of background with at least one member with expertise in financial management and accounting.
- The members of the Board can act independently.
- The Chairperson of the Board must be an independent director.

Role of the Board

The Board Charter approved and periodically reviewed ensures that the Board undertakes its mandate within the parameters of the law because it clearly defines the roles and responsibilities of the members as summarized below;

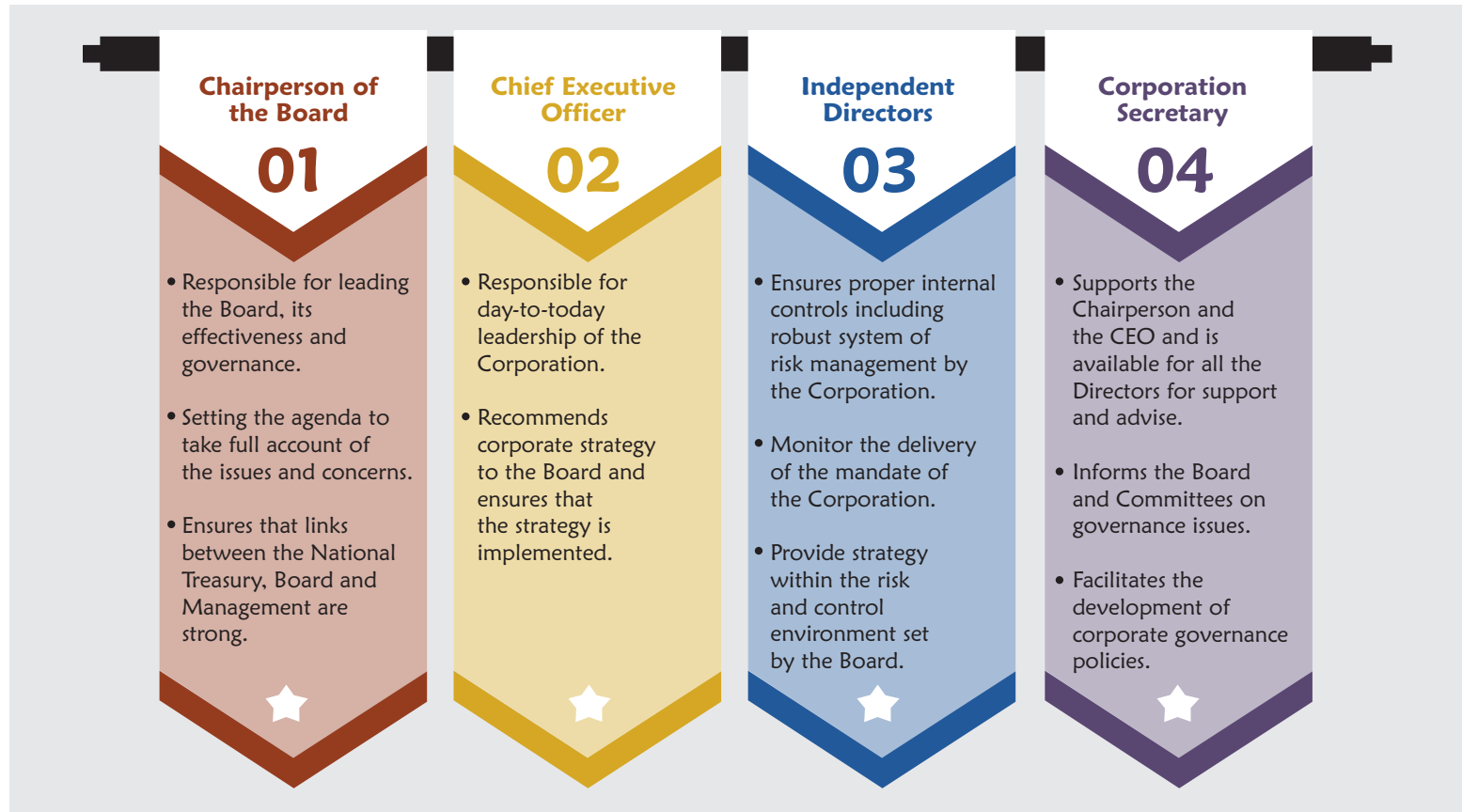


Separation of Roles and Responsibilities

The roles of the Chairperson, Independent Director, Chief Executive Officer and the Corporation Secretary are distinct from each other and

ensures that no single person dominates in decision-making but rather their roles complement it each other in steering the Corporation in achieving its statutory mandate.

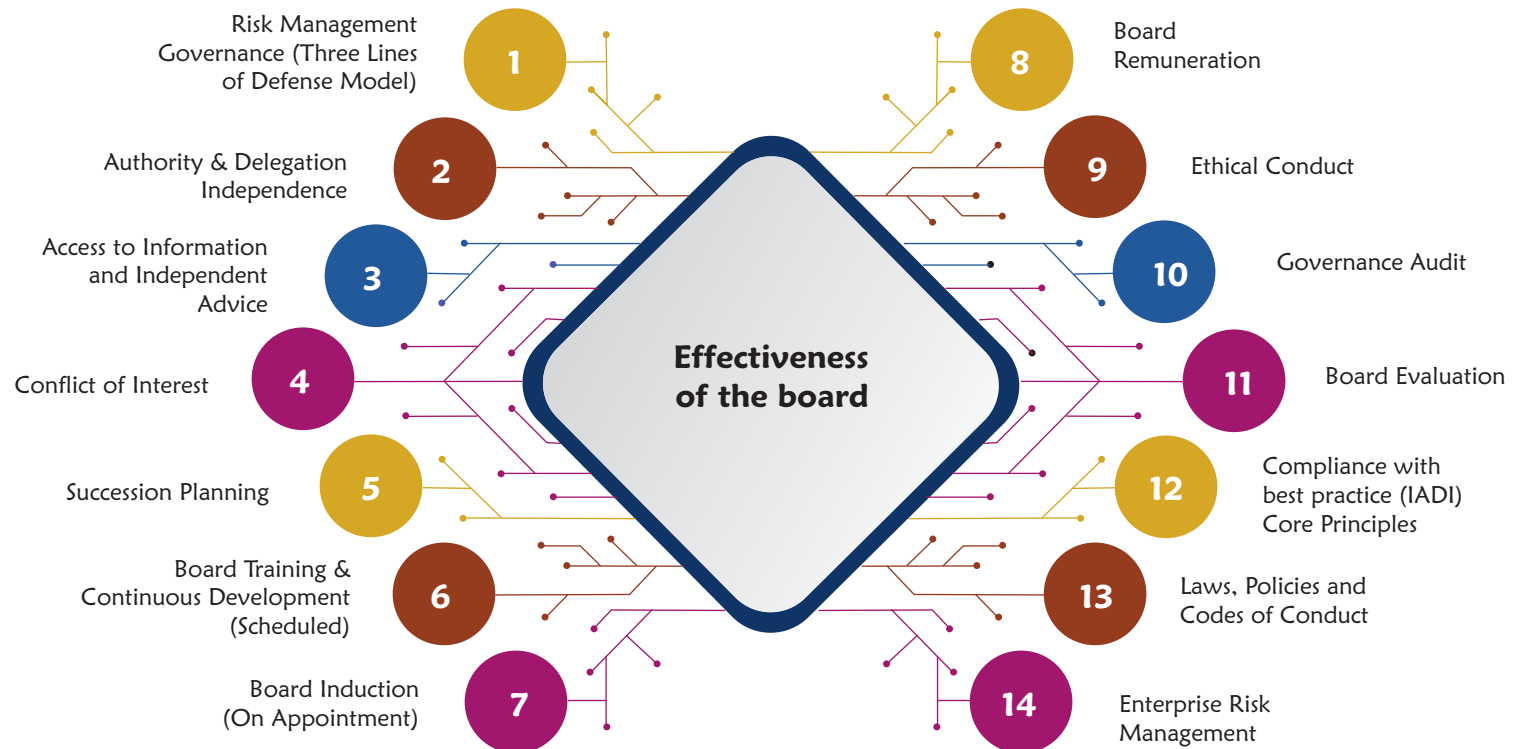
Figure 5: Roles and Responsibilities



Effectiveness of the Board

The effectiveness of the Board is defined by the corporate governance tools set in the Board Charter and the Mwongozo Code of Governance.

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



Authority and Delegation

The Board Charter sets out the authority and matters reserved for determination and approval by the Board and those to be performed by the Committees and the Management. These include decisions concerning strategy and long-term objectives of the Corporation, financial planning and financial budgets, significant contracts and various statutory and regulatory approvals.

Matters related to the approval of the remuneration policy, resource management, risk management framework and risk appetite are also Board reserve matters. To assist it in discharging these responsibilities, the Board has established Board Committees to give detailed consideration to key issues.

Independence of the Board

The Kenya Deposit Insurance Act No. 10 of 2012 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, the Board members are considered to be independent when they are separated from the Management, and are not conflicted to the extent of interfering with the management of the affairs of the Corporation, or any other members capacity to act independently on issues that are in the best interest of the Corporation.

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

The Board of Directors of the Corporation must avoid any situation which might give rise to a conflict between their personal interest and that of the Corporation. The Directors are each responsible to notify the Chairman and the Corporation Secretary of any actual or potential conflict of interest situations 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 and subsequently at the commencement of every Board meeting. The Corporation maintains a conflict-of-interest register that is regularly reviewed 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. During the year 2022/2023, except for the directorship held by the Cabinet Secretary, National Treasury, the Attorney General and the Governor Central Bank of Kenya, CEO, Kenya Banker's Association all other Directors of the Corporation were considered independent. No incidences of material conflict of interest were identified for any of the independent 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 and other applicable laws. In making the appointment, the Cabinet Secretary considers skills, knowledge and experience of the applicants.

The key terms and conditions of a Director's appointment are documented in a letter of appointment. The KDI Act stipulates that independent Board Members are expected to serve a term of three years, renewable once. To ensure that there is continuity, the appointments of the Board Members is conducted in a manner which ensures that the terms of the independent Board Members do not end at the same time. The Corporation promptly notifies the Cabinet Secretary of any vacancy in the Board.

The Corporation trained the Board Members on business continuity planning which includes succession planning to ensure that the Members are appraised on current trends to support the Corporation. The Corporation is keen on implementing staggered recruitment and termination of the independent Board members to ensure continuity of the business of the Corporation.

Board Induction and Training

All newly appointed Board members participate in an induction program. The induction

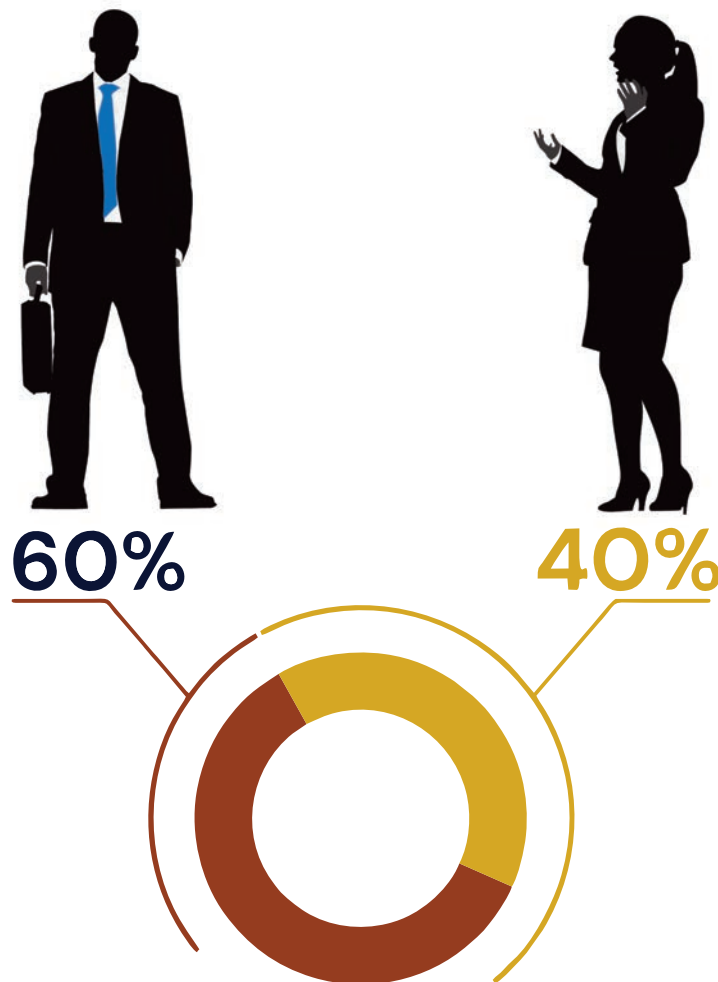
program includes a series of meetings with other Directors, the Chief Executive Officer and the Senior Management to enable new Directors familiarise themselves with the business of the Corporation.

The Chairperson regularly reviews the professional development needs of each Director. The program of continuing education ensures that the Board is kept up to date with developments in deposit insurance both locally and globally. It includes sessions with State Corporations Advisory Committee in the areas of general corporate governance and also in Corporation's core mandate.

The Board during the Financial Year 2022/2023 undertook education sessions touching on deposit insurance, risk management and corporate governance.

Gender Diversity

The Board upholds gender diversity enshrined under the Constitution 2010 which requires that the Corporation implement the two-third gender rule. The Board gender parity is represented as follows;



Governance Audit and Compliance Audit

The *Mwongozo* Code of Governance mandates the Board in State Corporations to undertake annual governance audit.

The Corporation, under the guidance of the Board has established implementation tools for the findings of governance audit and has since established a mechanism to address the gaps identified. The Corporation undertakes an annual self-assessment of its level of

compliance with the *Mwongozo* Code of Governance. The results are reviewed and corrective action is taken.

The Corporation is implementing the recommendations of the legal compliance audit to ensure compliance with all applicable laws and identify any new gaps that may pose a risk to the operations of the Corporation.

Board Evaluation

The Board has in place a procedure for assessment of its

performance and that of the Board Committees, individual Directors and the Corporation Secretary annually not only as a measure of their performance, but also to comply with the *Mwongozo* Code of Governance.

The State Corporations Advisory Committee (SCAC) evaluated the Board's performance and documented areas of improvement for implementation in the Financial Year 2023/2024.

Board Committees

The Board, in order to undertake

its mandate effectively and efficiently, has four committees, which exercises delegated authority to facilitate the Board in achieving its functions. The membership of the Committees is drawn from the range of skills across the Board and shared responsibilities.

For technical committees such as the Board Audit Committee, the Board ensures that at least one member has a background in accounting or expertise in finance and is a member of good standing with the Institute of Certified Public Accountants of Kenya.

Membership And Functions Of The Board Committees

Committee	Members of The Committee	Terms of Reference
THE BOARD TECHNICAL COMMITTEE (BTC)	<ul style="list-style-type: none"> i. Ms. Anne Agimba (Chairperson) (Term Ended 20th January 2023) ii. Mr. James Akali (Chairperson) (Appointed 20th January 2023) iii. Dr. Habil Olaka (C.E.O Kenya Bankers Association) iv. Mr. Mohamed Adow (Alternate to the Attorney General) v. Governor CBK vi. Mr. Mohamud Ahmed Mohamud – C.E.O (Term Ended 9th February 2023) vii. Mrs. Hellen Chepkwony – C.E.O (Appointed 23rd April 2023) viii. Ms. Melissa Ngania (Appointed 20th January 2023) 	<p>The Committee supports the Board in meeting the key mandate of the Corporation under the Kenya Deposit Insurance Corporation. The responsibilities of the Committee are summarized below;</p> <ul style="list-style-type: none"> i. The Committee make recommendation to the Board on the following core mandate of the Corporation; <ul style="list-style-type: none"> • Resolution. • Risk & Examination. ii. The Committee receives management reports/status updates on inspection, and management recommendations on prompt corrective actions for member institutions and provide their input before presentation to the Board.

Committee	Members of The Committee	Terms of Reference
		<ul style="list-style-type: none"> iii. The Committee considers and reviews reports from the receiver manager on the receivership process of institutions under - receivership before presentation to the Board. iv. The Committee reviews the status reports of Institutions in receivership and in liquidation prepared by the Management before recommending them to the full Board for relevant action.
FINANCE COMMITTEE (BFC)	<ul style="list-style-type: none"> i. Dr. Habil Olaka (Chairperson) ii. Mr. Mohamed Adow (Alternate to the Attorney General) iii. Mr. John Njera (Alternate to the CS, National Treasury and Economic Planning) iv. Mr. Mohamud Ahmed Mohamud – C.E.O (Term Ended 9th February 2023) v. Mrs. Hellen Chepkwony – C.E.O (Appointed 23rd April 2023) vi. Mr. Robert Murimi (Term Ended 20th January 2023) vii. Mr. Joseph K. Ngetich (Appointed 20th January 2023) 	<p>The Committee plays an oversight role on the finance and procurement in the Corporation and reports to the Board. Key responsibilities of the Committee are summarised below;</p> <ul style="list-style-type: none"> i. The Committee considers and make recommendation on policies documents relating to the following for Board approval: - <ul style="list-style-type: none"> • Finance • Procurement ii. The Committee reviews and make recommendation to the Board on the following reports: - <ul style="list-style-type: none"> • Budgets and procurement plans. • Annual accounts and thereafter submit to the Office of the Auditor General (OAG). The Committee has a duty to ensure that the accounts with supporting documentation are submitted to the OAG within three (3) months after the end of the financial year. • Quarterly financial and Performance Contract reports. iii. The Committee ensures compliance with Kenya Deposit Insurance Corporation Act, State Corporations Act, Financial Management Act 2012, Public Procurement and Asset Disposal Act 2015, Public Audit Act and other related legislation.

Committee	Members of The Committee	Terms of Reference
		<ul style="list-style-type: none"> iv. The Committee participates in the drafting, negotiation, vetting and evaluation of the Corporations Performance Contract. v. The Committee monitors and evaluates the GOK/ KDIC Annual Performance Contract.
BOARD HR, STRATEGY & GENERAL-PURPOSE COMMITTEE (BHSGPC)	<ul style="list-style-type: none"> i. Ms. Anne Agimba – Chairperson (Term Ended 20th January 2023) ii. Joseph K, Ngetich – Chairperson (Appointed 20th January 2023) iii. Mr. Mohamed Adow (Alternate to the Attorney General) iv. Mr. John Njera (Alternate to the CS, National Treasury and Economic Planning) v. Mr. John B. Maina (Term Ended 20th June 2023) vi. Mr. Mohamud Ahmed Mohamud – C.E.O (Term Ended 9th February 2023) vii. Mrs. Hellen Chepkwony -C.E.O (Appointed 23rd April 2023) viii. Raphael Karbuali Kosen (Term Ended 20th January 2023) ix. Ms. Anne Lengerded (Appointed 20th January 2023) 	<p>Human resource</p> <ul style="list-style-type: none"> i. The Committee ensures compliance with employment laws. ii. The Committee receives and considers Management reports on staff matters such as disciplinary cases, staff exits, recruitments, promotion, job evaluation, training, career progression salary reviews and other related matters. iii. The Committee reviews the monitoring and evaluation plan and tool for the effective implementation of the plans and continuous improvement of the corporation's performance management system. iv. The Committee ensures compliance with the various National workplace policies such as Gender & Equality, Persons with Disability, Alcohol and drug abuse, HIV/AIDS, and National Cohesion and Integration etc. <p>Strategy</p> <ul style="list-style-type: none"> v. The Committee guides the Board on the Corporation's strategic direction including the short, medium and long term plans of the corporation. vi. The Committee guide's the Management and Board on the development of and periodic review of the Strategic plan.

Committee	Members of The Committee	Terms of Reference
BOARD AUDIT COMMITTEE (BAC)	<ul style="list-style-type: none"> i. Ms. Anne Lengerded (Appointed 20th January 2023) ii. Mr. John Njera (Alternate to the CS, National Treasury and Economic Planning) iii. Governor CBK iv. Ms. Anne Agimba (Term Ended 20th January 2023) v. Mr. Mohamed Adow (Alternate to the Attorney General) vi. Mr. John B. Maina (Term Ended 20th January 2023) vii. Mr. Raphael Karbuali Kosen (Term Ended 20th January 2023) viii. Ms. Melissa N'gania (Appointed 20th January 2023) ix. Mr. James Akali (Appointed 20th January 2023) 	<p>The Committee provides oversight on the Corporation's risk management, governance and internal controls in accordance with the approved Board Audit Committee Charter. The Committee undertakes the following key activities;</p> <ul style="list-style-type: none"> i. Risk management and internal controls. ii. Financial reporting and disclosure matters. iii. External auditor oversight responsibilities. iv. Internal audit oversight responsibilities. <p>The Committee comprises of six (6) members with diverse skills and expertise in public policy, economics and finance. Two members of the Committee are Advocates with considerable legal skills. The other four members have considerable skills in public policy development, finance, economic and administration of public bodies.</p>

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 30th June, 2023, the Board held a total of eleven meetings and various Committee sittings. The increase in the number of the meetings was necessitated by the transition in the office of the Chief Executive Officer and appointment of new Board members. The meetings undertaken by the Board and its Committees in compliance with the requirements of Mwongozo Code are shown in the table below:-

Board Director	Board Meetings	Board Technical Committee (Btc)	Board Finance Committee (Bfc)	Board Hr, Strategy & General-Purpose Committee (Bhsgpc)	Board Audit Committee (Bac)
Ms. Carol Musyoka (Chairperson) (Term Ended 20th January, 2023)	6	N/A	N/A	N/A	N/A
Mrs. Hannah W. Muriithi, EBS (Chairperson) (Appointed 20th January 2023)	4	N/A	N/A	N/A	N/A
Mr. John Njera Alternate to the CS, National Treasury and Economic Planning	10	N/A	7	3	4
Mr. Mohamed Adow Alternate to the Attorney General	11	4	8	7	1
Dr. Patrick Njoroge Governor CBK (Term Ended June 2023)	5	N/A	N/A	N/A	N/A
Dr. Habil Olaka CEO Kenya Bankers Association	10	3	5	N/A	N/A
Ms. Anne Agimba (Term Ended 20th January 2023)	6	1	N/A	4	3
Mr. John B. Maina (Term Ended 20th January 2023)	5	N/A	N/A	3	3
Mr. Robert Murimi (Term Ended 20th January 2023)	1	1	2	N/A	N/A

Board Director	Board Meetings	Board Technical Committee (Btc)	Board Finance Committee (Bfc)	Board Hr, Strategy & General-Purpose Committee (Bhsgpc)	Board Audit Committee (Bac)
Mr. Raphael Karbuali Kosen (Term Ended 20th January 2023)	5	N/A	N/A	1	2
Mr. Gerald Nyaoma (Alternate To CBK Governor) (Term Ended June 2023)	2	1	N/A	N/A	3
Ms. Melissa Ng'ania (Appointed 20th January 2023)	5	2	N/A	N/A	1
Ms. Anne Rimbaine Lengerded (Appointed 20th January 2023)	5	N/A	N/A	4	2
Mr. James Agembe Akali (Appointed 20th January 2023)	5	2	N/A	N/A	2
Mr. Joseph Kipkemoi Ngetich (Appointed 20th January 2023)	6	N/A	4	4	N/A
Mr. Mohamud A. Mohamud C.E.O (Term Ended 9th February 2023)	3	1	3	4	N/A
Mrs. Hellen Chepkwony C.E.O (Appointed In Acting Capacity On 29th December 2023/Substantive Appointment On 23rd April 2023)	3	2	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 No. 10 of 2012 and strategic and mandate of the Corporation.

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 is paid a monthly honorarium as stipulated in the letter of

appointment. Board members are paid a sitting allowance that is based on the number of meetings attended. The Board members are reimbursed any expenses incurred in line of duty including mileage.

Membership to Professional Bodies

The Corporation's Board of Directors are members of diverse professional associations. The Corporation ensures that its directors are equipped with sufficient knowledge by undertaking relevant training on their development and certified courses from relevant professional bodies recognized in Kenya.

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.

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.

Core Principles for Effective Deposit Insurance Systems

Public policy objectives		Cross-border issues		Sources and uses of funds		Early detection and timely intervention	
Mandate and powers		Deposit insurer's role in contingency planning and crisis management		Public awareness		Failure resolution	
Governance		Membership		Legal protection		Reimbursing depositors	
Relationships with other safety net		Coverage		Dealing with parties at fault in a bank failure		Recoveries	

MANAGEMENT DISCUSSION AND ANALYSIS

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 how the schemes shall be run. 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. The scheme has since been established and has been operational.

Secondary to the guidelines issued by the Salaries and Remuneration Commission, the Corporation has developed Staff Policy on Mortgage Loan Scheme and the Staff Policy on Car Loan Scheme. Since the first loan issuance in March 2020, the scheme has issued 35 loans of Kes. 211 million and six (6) have been fully repaid. The tabulation indicates the status of loan disbursements as at 30th June 2023.

Type of Loan	Total No. of Loan applications processed as at 30th June 2023	Total No. of Loans fully paid as at 30th June 2023	Total Amount Processed (Kshs.)	Total Loanees as at 30th June 2023	Total Loan outstanding as at 30th June 2023 (Kshs.)
Mortgage	23	1	185,407,594	22	160,828,544
Car Loan	12	5	25,379,500	7	4,066,211
Total	35	6	210,787,094	29	164,894,755

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. Interest earned on loans advanced was Kes. 4.2M for the year ended 30th June 2023.

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. A total of nine (9) Mortgage loan applications of Kshs. 74M were processed during the year 2022/2023. No car loan applications were received. Interest earned on loans advanced was Kes. 4.2M for the year ended 30th June 2023. The table below provides a summary of the loans processed during the year under reporting.

Type of Loan	No. of Loan applications 2022/2023 FY	No. of Loans Approved 2022/2023 FY	No. of Loan applications Processed	Amount Processed (Kshs.)
Mortgage	9	9	8	73,880,000
Car Loan	-	-	-	-
Total	9	9	8	73,880,000

The funds held by the Deposit Insurance Fund attributable to the Mortgage Scheme of Kshs. 591M have been recognized in these financial statements as a receivable and in the Deposit Insurance Fund statement as a payable. The process to open a dedicated account for the staff loans fund is ongoing.

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 2023 which show the state of the Corporation's affairs.

Principal activities

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

Results

The financial results of the Corporation for the year ended 30th June 2023 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 1.

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 4 of this report.

Auditors

The Auditor General is responsible for the statutory audit of the Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended 30th June 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board.



Eunice Kitche - Oduor
27th September 2023
Corporation Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Staff House mortgage and car loan scheme established by Public Institutions shall prepare financial statements for the Staff House mortgage and car loan scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Board of Directors at KDIC ensure that Staff House mortgage and car loan 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 Board of KDIC is 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 Staff House mortgage and car loan scheme for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

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

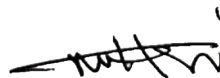
The Directors responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and Section 19 of Kenya Deposit Insurance Act, 2012

The Directors are of the opinion that the Corporation's financial statements give a true and fair view of the state of Corporation's transactions during the financial year ended June 30, 2023, and of the Corporation's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

Having assessed the Corporation's ability to continue as a going concern, nothing has come to the attention of the Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Corporation's financial statements were approved by the Board on 27th September 2023 and signed on the Board's behalf by:



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



Hellen Chepkwony
Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITORS ON KENYA DEPOSIT INSURANCE CORPORATION

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Website: www.oagkenya.go.ke

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON KENYA DEPOSIT INSURANCE CORPORATION FOR THE YEAR ENDED 30 JUNE, 2023

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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Deposit Insurance Corporation set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual performance for the year then ended, and a summary of significant

Report of the Auditor-General on Kenya Deposit Insurance Corporation for the year ended 30 June, 2023

accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Deposit Insurance Corporation as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Deposit Insurance Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,230,321,000 and Kshs.808,101,000 respectively, resulting to an under-funding of Kshs.422,220,000, or 34% of the budget. Similarly, the Corporation expended Kshs.808,101,000 against an approved budget of Kshs.1,230,321,000, resulting to an under-expenditure of Kshs.422,220,000, or 34% of the budget.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional 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.

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.

Report of the Auditor-General on Kenya Deposit Insurance Corporation for the year ended 30 June, 2023

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The Standard requires 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 are in compliance, 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 overall 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Corporation's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Corporation or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Corporation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Corporation's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

Report of the Auditor-General on Kenya Deposit Insurance Corporation for the year ended 30 June, 2023

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
 - Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Corporation to cease to continue to sustain services.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Corporation to express an opinion on the financial statements.
 - Perform such other procedures as I consider necessary in the circumstances.
- I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.
- I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

Report of the Auditor-General on Kenya Deposit Insurance Corporation for the year ended 30 June, 2023

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2023 2023 Kes'000	2022 2022 Kes'000
REVENUE			
Interest on loans	6	4,194	3,530
Loan application fees	6	7	7
		4,201	3,537
EXPENSES	7	-	-
		-	-
SURPLUS FOR THE YEAR BEFORE TAXATION		4,201	3,537
Taxation	4(d)	-	-
SURPLUS FOR THE YEAR AFTER TAXATION		4,201	3,537
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		4,201	3,537

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 Kes '000	2022 Kes '000
ASSETS			
Non-current assets			
Staff Loans Receivable from staff	8	147,543	108,543
		147,543	108,543
Current assets			
Staff Loans Receivable from staff	8	17,352	16,860
Staff Loans Receivable from DIF	9	591,210	626,501
		608,562	643,361
TOTAL ASSETS		756,105	751,904
FUND BALANCE AND LIABILITIES			
Fund balance		756,105	751,904
Current liabilities		-	-
Non-Current Liabilities			
		-	-
TOTAL FUND BALANCE AND LIABILITIES		756,105	751,904

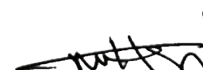
The financial statements were approved on 27th September 2023 and signed on its behalf by:



Chief Executive Officer
Hellen Chepkwony



Ag.Head of Finance
Nelson Nyongesa ICPAK M/NO: 3481



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

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	2023 Kes'000	2022 Kes'000
As at 1st July (Transfer of Accumulated reserve from Deposit Insurance Fund)	751,905	748,368
Surplus for the year	4,201	3,537
As at 30 June	756,105	751,905

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Kes'000	2022 Kes'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		4,201	3,537
<i>Adjustment for:</i>			
Changes in working capital;			
Staff Loans Receivables	8	-164,895	-125,403
Staff Loans Receivable from DIF	9	-591,210	-626,501
Net cash generated from operating activities		-751,904	-748,368
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Increase in the value of scheme received from DIF	9	-	-
Net cash generated from financing activities		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Staff loan scheme held by DIF	9	751,904	748,368
Net cash (used in)/generated from investment activities		751,904	748,368
Net (decrease)/increase in cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT 1 JULY 2022		-	-
CASH AND CASH EQUIVALENTS AT 30 JUNE 2023		-	-

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

		2022/2023 BUDGET Kes'000	ADJST Kes'000	FINAL BUDGET Kes'000	ACTUAL INCOME/ EXPENDITURE Kes'000	PERFORMANCE DIFFERENCE IN Kes'000	% UTILIZATION
Note	Revenue						
10	Interest Income	4,000	-	4,000	4,201	201	100.00%
Total Revenues		4,000	-	4,000	4,201	201	
	Expenditure						
10	Administration Expense	-	-	-	-	-	
Total expenditures		-	-	-	-	-	
Net Surplus		4,000		4,000	4,201	201	

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 entity's accounting policies.

The financial statements have been prepared on accrual 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 2023

IPSAS 41-Financial Instruments

The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a Fund's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- i. Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- ii. Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- iii. Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The Schemes financial assets mainly relate to loans disbursed to staff and are recovered through check off from the payroll, thus its application assessment of the amounts, timing and uncertainty is not expected to affect the scheme.

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments

- (a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

when IPSAS 41 was issued.

- (b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
- (c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.
- (d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

IPSAS 42-Social Benefits

The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:

- (a) The nature of such social benefits provided by the Fund;
- (b) The key features of the operation of those social benefit schemes; and
- (c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.

The directors have assessed the impact of this standard and have found that it will lead to additional disclosures when effected in the financial year ending 30th June 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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 2022/2023.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

- 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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, 2023.

(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.

(n) 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, 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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. 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 will operate a separate bank account to finance its operations.

The Scheme's financial assets amount to Kes. 165 Mn (2022 - Kes. 125Mn). The increase in financial assets has been occasioned by additional loans advanced during the year. The Scheme has no financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Other	Loans and financial liability Kes '000	Held to receivables Kes '000	Total maturity Kes '000	Fair carrying value Kes '000	value Kes '000
2023					
Financial assets					
Staff Loans receivable	-	164,895	-	164,895	164,895
	-	164,895	-	164,895	164,895
Financial liabilities					
Payables and accruals	-	-	-	-	-
	-	-	-	-	-
2022					
Financial assets					
Staff Loans Receivable	-	125,403	-	125,403	125,403
	-	125,403	-	125,403	125,403
Financial liabilities					
Payables and accruals	-	-	-	-	-
	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(a) Critical accounting estimates and assumptions

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

(b) Critical judgements in applying the entity's accounting policies

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

	2023 Kes'000	2022 Kes'000
Interest on loans	4,194	3,530
Loan Application fees	7	7
	4,201	3,537

Additionally, on application of the mortgage or car loans, staff pay Kes.1,000 as application fees.

7. EXPENSES

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

8. STAFF LOANS

The Scheme advanced staff loans as follows;

	2023 Kes'000	2022 Kes'000
Staff Loans Receivable as at 1st July	125,403	96,913
Staff loans advanced	60,025	44,070
Less: Repayments	-20,533	-15,580
Staff Loans Receivable as at 30th June	164,895	125,403
Comprised of:		
Receivable within 1 year	17,352	16,860
Receivable after 1 year	147,543	108,543
Total staff Loans Receivable	164,895	125,403

9. STAFF LOAN SCHEME RECEIVABLE FROM KDIC's DIF

The Deposit Insurance Fund owes Kes.591M out of total approval of Kes.747M after disbursement of loans on behalf of the staff loan Scheme. The balance receivable by the Scheme is as follows;

	2023 Kes'000	2022 Kes'000
Staff loans Fund Balance as at 1st July	751,905	748,368
Interest Received by KDIC	4,201	3,537
Staff loans advanced as at 30th June	-164,895	-125,403
Staff Loans Receivable as at 30th June	591,211	626,501

The Staff Loans receivable of Kes.591M relates to amounts accumulated through the Deposit Insurance Scheme (DIF). The Staff Mortgage and Car Loan Scheme was approved but all disbursements and repayments are done through the DIF.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Staff Mortgage and Car Loans Scheme had not budgeted administrative expenses since the scheme is managed by the Corporation.

10. INTEREST INCOME

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 Kshs. 4,000,000 against which it earned Kshs. 4,200,678 reflecting an overperformance of Kshs. 200,678.

11. ISSUED AND PROCESSED STAFF LOANS

Since the first loan issuance in March 2020, the scheme has issued 35 loans of Kes. 211 million and six (6) have been fully repaid. The tabulation indicates the status of all loan disbursements as at 30th June 2023.

Type of Loan	Total No. of Loan applications processed as at 30th June 2023	Total No. of Loans fully paid as at 30th June 2023	Total Amount Processed (Kshs.)	Total Loanees as at 30th June 2023	Total Loan outstanding as at 30th June 2023 (Kshs.)
Mortgage	23	1	185,407,594	22	160,828,544
Car Loan	12	5	25,379,500	7	4,066,211
Total	35	6	210,787,094	29	164,894,755

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. Interest earned on loans advanced was Kes. 4.2M for the year ended 30th June 2023.

The Corporation continued to support the implementation of the staff Mortgage and Car Loan Scheme. A total of nine (9) Mortgage loan applications of Kshs. 74M were processed during the year 2022/2023. No car loan applications were received. Interest earned on loans advanced was Kes. 4.2M for the year ended 30th June 2023. The table below provides a summary of the loans processed during the year under reporting.

Type of Loan	No. of Loan applications 2022/2023 FY	No. of Loans Approved 2022/2023 FY	No. of Loan applications Processed	Amount Processed (Kshs.)
Mortgage	9	9	8	73,880,000
Car Loan	-	-	-	-
Total	9	9	8	73,880,000

The funds held by the Deposit Insurance Fund attributable to the Mortgage Scheme of Kshs. 591M have been recognized in this financial statements as a receivable and in the Deposit Insurance Fund statement as a payable. The process to open a dedicated account for the staff loans fund is ongoing.

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

NOTES

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