

ANNUAL REPORT

INTEGRATED REPORT & FINANCIAL STATEMENTS



「Seizing Opportunities
for Tomorrow」

Theme:

Seizing Opportunities for Tomorrow



Our Vision

A world of opportunities for your lifelong financial security.



Our Mission

To provide diversified, innovative, and sustainable financial solutions to our stakeholders in the region.



Core Values

Sustainability
Professionalism
Integrity
Respect
Innovativeness
Teamwork



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TRUSTEE AND PROFESSIONAL ADVISORS

Registered Office

CPF House, 7th floor.
Haile Selassie Avenue
P O Box 28938, 00200
Nairobi

Corporate Trustee

KCB Asset Management Limited
Moi Avenue,
P.O Box 48400, 00100
Nairobi

Administrators

CPF Financial Services Limited
CPF House, 7th floor.
Haile Selassie Avenue
P O Box 28938, 00200
Nairobi

Auditors

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
P O Box 40092, 00100
Nairobi

Investment Manager

Co-op Trust Investment Services Limited
Co-operative House
P O Box 43231, 00100
Nairobi

Globetech Asset Managers
1st Floor the Exchange Building
P O Box 19018.
Nairobi

Custodian

Equity Centre, Hospital Road
P O Box 75104, 00200
Nairobi.

HF Group
Rehani House, Koinange Street
P O Box 30088, 00100
Nairobi

Banker

KCB Bank Kenya Limited
Moi Avenue Branch
P O Box 30081, 00200
Nairobi

NOTICE OF THE 11TH ANNUAL GENERAL MEETING

TO MEMBERS OF CPF INDIVIDUAL PENSION SCHEME

Notice is hereby given that the **11th Annual General Meeting (AGM)** of **CPF INDIVIDUAL PENSION SCHEME** will take place both **virtually**, via electronic means, and physically, at **the Tourist Hotel, Bungoma County**, on **Thursday 3rd July 2025** starting from **8.30 A.M** to **1:00 P.M.**

Agenda

1. Introduction & Opening Remarks.
2. Reading of the Notice of the meeting.
3. Reading and taking note of the Minutes of the 10th Annual General Meeting held on 20th June 2024.
4. Presentation of the Investments Managers' Reports.
5. Presentation of the Scheme's Custodian Report.
6. Presentation of the Financial Statements and Audited Accounts for Year 2024.
7. Presentation of the Chairman's Report.
8. Presentation of the Administrator's Report.
9. Presentation by Stakeholders.
10. Address by Chief Guest.
11. Award Ceremony.
12. Question & Answer.
13. Vote of Thanks.

By order of the Board



DR. HOSEA KILI, MBS
GROUP MANAGING DIRECTOR/CEO
CPF FINANCIAL SERVICES LTD;
THE SCHEME CORPORATE ADMINISTRATOR
FOR & ON BEHALF OF THE TRUSTEES OF
CPF (INDIVIDUAL) PENSION SCHEME

CORPORATE ADMINISTRATOR'S TEAM



Dr. Hosea Kili, MBS
Group Managing Director/CEO

Dr. Hosea Kili, MBS is an accomplished advocate of the High Court of Kenya and a distinguished leader in the retirement benefits sector. He holds a Master of Business Administration from the Management College of Southern Africa (MANCOSA), is a Fellow of the Institute of Certified Public Secretaries of Kenya (ICPSK), a Fellow of the Kenya Institute of Management (KIM), and a member of the Law Society of Kenya (LSK). Dr. Kili also serves as a Council Member of the Africa Social Security Association (ASSA) and is the President of the Association of Pension Trustees and Administrators of Kenya (APTAK).

Over the years, Dr. Kili has earned wide recognition for his outstanding contributions to governance, public service, and institutional leadership. In 2025, he was named Overall Chief Executive Officer (CEO) of the Year at the Internal Audit and Risk Awards, a testament to his unwavering commitment to transparency, accountability, and performance excellence. On 12th December 2024, he was

honoured with the prestigious Moran of the Burning Spear (MBS) by H.E. Dr. William Ruto, CGH, President of the Republic of Kenya, in recognition of his service to the nation.

In 2024, he was recognized as Second Runners-up CEO of the Year at the Council of Governors (COG) Awards. A year earlier, in 2023, he was awarded CEO of the Year in the Retirement Benefits Sector at the Champions of Governance Awards. Dr. Kili is also a past recipient of the Presidential Order of the Grand Warrior of Kenya (OGW), conferred in 2011, and has received multiple accolades including 2nd Runners-up CEO of the Year at the 2012 COYA Awards, Personality of the Year at the 2017 Pension Awards, and CEO of the Year (2nd Runners-up) at the 2017 and 2018 Champions of Governance Awards.

Dr. Kili continues to be a respected voice in the social security and governance landscape, known for his visionary leadership, dedication to institutional transformation, and his enduring impact on the lives of retirees and beneficiaries across Kenya.



Joseph Rono
Senior, Group Executive Director

Joseph Rono is a Finance and Investments professional with over 18 years' experience in the private and public sectors within the East African region. His key areas of expertise include Strategy, finance, and Investments with a special interest in ICT, Strategy formulation, and implementation. Mr. Rono is a recipient of numerous awards, including "Chief Investment Officer of the Year" Award at the 2017 Pension Awards.

He is a Certified Public Accountant (CPA K) and holds a BSc. Mathematics and Computer from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and an MBA in Finance from the University of Nairobi. Mr. Rono was the recipient of the "Manager of the Year" award at the 2019 Company of the Year Awards.



George Okioma
Director, External Pension Administration

George is a Senior Pensions Professional with over 18 years' experience in the establishment, management, and administration of Pension Schemes in Kenya and in the African region. George has gained considerable experience in pensions, particularly in projects involving diagnostic reviews, developing pension policies, developing strategic restructuring plans, remuneration setting, and the administration and implementation of key pension policies.

He is a Member of the Institute of Actuaries (UK) and holds a BSc. Degree in Mathematics & Computer Science from the Jomo Kenyatta University of Agriculture & Technology (JKUAT) and an MSc in Actuarial Science from the University of Nairobi.

CORPORATE ADMINISTRATOR'S TEAM *(Continued)*



Christopher Mitei
Director, Pension & Client Experience

Christopher Mitei is a seasoned professional with 20 years of experience in the pension industry. He has extensive expertise in pension management, policy development, and strategic planning.

He holds an MBA in Strategic Management from the University of Nairobi and a BA in Economics and Business Studies from the Catholic University of Eastern Africa. He is currently pursuing a PhD in Entrepreneurship and Project Management at Jomo Kenyatta University of Agriculture and Technology (JKUAT).



Isaac Mitei
Group Head, Company Secretary & Legal Services

Isaac Mitei is currently the Group Company Secretary and Head of Legal with CPF Financial Services. An Advocate of the High Court of Kenya, Isaac Mitei, has over 15 years' experience in the Legal field. He holds an Honors Law Degree from Moi University and a Diploma in Law from the Kenya School of Law. Isaac is a member of the Law Society of Kenya (LSK) and the Institute of Certified Secretaries of Kenya (ICPSK).



Irene Mbonge
Group Head, Corporate Affairs

Irene is a Chartered Public Relations practitioner with over 14 years' experience in Communication & Corporate Affairs. She holds an MBA in Marketing from the University of Nairobi and a postgraduate diploma in Public Relations from the Chartered Institute of Public Relations (UK).

Irene is a member of the Public Relations Society of Kenya (PRSK), a Standing Committee member of the Africa Social Security Association (ASSA), and serves as a Board member at the ASSA Institute of Social Protection (EISP). She is a member of the Association of Pension Trustees & Administrators of Kenya (APTAK).



Sospeter Thiga
Group Head, Risk & Quality Assurance

Sospeter holds an MBA in Strategic Management and a BA. Economics & Sociology from the University of Nairobi. He is a Certified Public Accountant of Kenya CPA (K), a certified Risk Analyst (CRA), a certified Information System Auditor (CISA), and a Certified Change Management Practitioner (Prosci).

Sospeter is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). Sospeter's Risk experience spans over 15 years in Consultancy, Banking, Government, and Pension.

CORPORATE ADMINISTRATOR'S TEAM *(Continued)*



Joshua Moilo
Group Head of Finance

Joshua is a seasoned Finance Professional with over 20 years of experience in Finance and Audit, known for his strong expertise in financial management, strategic planning, and internal controls. He has successfully led the development and implementation of robust financial systems, budget monitoring frameworks, and risk-based control mechanisms.

He holds a Master of Business Administration (MBA) in Finance and a Bachelor of Commerce (Accounting) degree, both from the University of Nairobi. He is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Secretaries (ICS), and the Information Systems Audit and Control Association (ISACA), and a member of Chartered Institute for Securities & Investment (CISI).



Lucy Jerono
Group Head, Human Resource & Administration

Lucy holds an MBA in Human Resource Management from the University of Nairobi, a Bachelor of Arts Degree (Sociology & Economics Option) from Catholic University of Eastern Africa, and a Higher National Diploma in Human Resource Management from the Institute of Human Resource Management (IHRM).

She has over 15 years of comprehensive Human Resource Management experience and Administration. She is a full member of the Institute of Human Resource Management (IHRM) and a Full Member of the Kenya Institute of Management (KIM).



Cornelius Ndumai
Group Head Audit & Compliance

Mr. Ndumai is a Certified Public Accountant with over 15 years' experience in Banking, Finance & Auditing.

He holds an MBA in Finance from the University of Nairobi and a Bachelor of Arts in Accounting. He is an active Member of the Certified Public Accountants of Kenya (CPA-K), the Institute of Internal Auditors of Kenya (IIA-K), and the Information Systems Audit and Control Association (ISACA).

MESSAGE FROM THE CORPORATE ADMINISTRATOR

“

In a challenging economic environment, our purpose of fulfilling lives has taken on even greater significance — driving us to deliver not just long-term financial security, but real impact that improves lives today.

”

Dr. Hosea Kili, MBS

Group Managing Director/CEO

MESSAGE FROM THE CORPORATE ADMINISTRATOR *(Continued)*

I am pleased to present the Corporate Administrator's report for the CPF Individual Pension Plan (IPP) for the year ended 31 December 2024.

This report reflects our commitment to transparency and accountability in managing our members' retirement savings during a year marked by significant economic challenges and regulatory developments.

Operating Environment

In the year under review, the operating environment continued to evolve in response to macroeconomic adjustments and changing workforce dynamics.

Kenya's annual inflation rate declined to 3.0% in December 2024, compared to 9.0% in December 2023, driven largely by food and transport costs - signalling improved economic stability year-on-year.

Additionally, the expansion of the gig economy, now comprising a substantial share of Kenya's urban labour force, alongside increasing digital fluency, is transforming retirement planning. As of 2024, Kenya recorded over 65 million active mobile devices, supporting 27.4 million internet users and reflecting a 2.0% year-on-year growth in internet penetration to 48.0%. These figures highlight the growing need for mobile-first, tech-enabled pension solutions that match the lifestyle and expectations of today's workforce.

Furthermore, heightened regulatory focus on consumer protection and ESG compliance is influencing pension product design and member engagement. We proactively responded by integrating sustainability indicators into our operations and reinforcing our compliance frameworks. These efforts position us to meet rising member expectations in a pension industry that is increasingly driven by transparency, personalization, and digital convenience.

Economic Shifts in the Industry

In 2024, the Kenya shilling registered a strong recovery, appreciating by approximately 17.4% against the US dollar - closing the year at Kshs 129.3 compared to Kshs 157.4 in 2023; driven by improved foreign exchange reserves, increased diaspora remittances, and the successful Eurobond buyback that boosted investor confidence.

Despite the macroeconomic pressures, the pension sector demonstrated remarkable resilience, with industry-wide membership registrations continuing to grow as younger professionals increasingly recognized the importance of supplementary retirement savings. Digital adoption accelerated significantly, with mobile money integrations and online platforms facilitating easier contribution mechanisms for self-employed individuals and those in the informal sector, a transformation that we actively championed, processing most contributions through digital channels by year-end.

Government's Vision for Pension in Kenya

The government's commitment to strengthening Kenya's pension landscape remained unwavering throughout 2024. The National Treasury, in collaboration with the Retirement Benefits Authority (RBA), continued to implement reforms aimed at enhancing pension coverage and adequacy.

The introduction of tax incentives on member contributions, allowing for enhanced deductibility of contributions up to Ksh.30,000, and that of Post Retirement Medical Fund to Ksh.15,000, making retirement savings more attractive to middle-income earners. The government also fast-tracked the digitization of pension services, supporting the development of integrated platforms that enable seamless transfers between schemes and improved member experience.

Furthermore, the government's Vision 2030 Blueprint for pension reforms emphasized the critical role of Pension Funds in bridging the retirement savings gap, particularly for the growing gig economy and self-employed population. This strategic focus aligns with the broader financial inclusion agenda, positioning retirement schemes as vehicles for long-term wealth creation and economic stability. We are happy to have played a part in bridging the savings gap, fostering financial inclusion, and enabling personal financial resilience for every Kenyan who takes the bold step to plan for their tomorrow.

Performance in Perspective

The CPF Individual Pension Scheme achieved commendable growth in net assets, with total assets growing to Kshs 4,107,951,366 compared to Kshs 2,884,203,000 in the previous year, representing an impressive 42.4% increase. This growth was driven by both increased member contributions and strategic investment performance across our diversified portfolio.

Despite market volatility, the scheme delivered competitive returns of 10% interest while maintaining strict risk management protocols. Member satisfaction improved significantly, reflecting enhanced service delivery and communication initiatives implemented throughout the year.

Membership growth was a key highlight for the CPF Individual Pension Scheme in 2024. In this regard, we saw an increase in active members, with the total membership rising to 23,787 from 23,229 in the previous year, 2023. This growth demonstrates the growing appeal of saving for retirement among Kenya's workforce, with new contributors from diverse professional backgrounds joining our scheme.

MESSAGE FROM THE CORPORATE ADMINISTRATOR *(Continued)*

Delivering on Our Strategy

In the year under review, we leveraged Strategic partnerships, enhanced digital platforms, and targeted financial literacy initiatives to advance our strategic priorities. These efforts have expanded access to our pension solutions, strengthened member engagement, and reinforced our reputation as a reliable partner in long-term financial planning. Anchored on our current strategic plan theme of accelerating growth, we continue to innovate and scale inclusive solutions that meet the needs of an evolving and diverse workforce, positioning the CPF Individual Pension Plan as a vital tool for financial empowerment. Our purpose of fulfilling lives remains central to everything we do. By offering flexible, accessible, and member-centric pension solutions, we empower individuals to take control of their financial futures, regardless of their income level or employment type. In a challenging economic environment, this purpose has taken on even greater significance, driving our efforts to deliver impact not just in the long term, but in ways that improve lives today.

Sustainability

Sustainability for the scheme is more than a corporate initiative; it is a strategic imperative central to our vision of building a resilient, inclusive, and sustainable future. Guided by three interconnected pillars- Environmental Stewardship, Social Responsibility, and Governance Excellence, our approach ensures that environmental, social, and governance (ESG) priorities are integrated into every aspect of our business model, operations, and customer experience.

Customer-Centric Sustainability & Financial Inclusion

Our sustainability journey is rooted in enhancing customer value through responsible innovation. The Scheme continues to ensure resonant channels of communication and value proposition to our members through innovations around our product offering.

Environmental Stewardship

The fund is committed to achieving net-zero carbon emissions by 2050, underpinned by science-based targets aligned with the global goal of limiting warming to 1.5°C.

Key 2024 environmental milestones:

- 78% renewable energy utilization across operations, up from 52% in 2023, a 50% year-on-year improvement
- 72% waste diversion rate from landfills, surpassing the annual 65% target
- Sustainability-linked KPIs integrated into operational scorecards

Social Responsibility

At CPF Group, we recognize that sustainable growth must benefit not just shareholders, but also our employees and communities. Through the CPF Group Foundation, we supported 10 community programs in 2024, reaching over 10,000 individuals.

2024 Foundation Impact:

- Kshs 9 million in aid to older persons welfare was realized.
- Focus areas: Social & Economic Empowerment, Research & Advocacy, Resource Mobilization & Institutional Development

Our people are central to delivering CPF Group's sustainability agenda, and in 2024, we made significant investments in their development. A total of 8,400 hours of technical training were delivered, 200 employees completed the Sustainability Leadership Program, 140 emerging leaders underwent leadership development, and 300 staff were upskilled in digital transformation.

We also achieved a 100% completion rate in safety and compliance training. These efforts were reflected in strong employee satisfaction levels: 91% expressed satisfaction with professional development opportunities, 86% were satisfied with work-life balance, and 93% felt their work contributed meaningfully to our sustainability goals. Women made up 52% of the workforce, with 35% holding leadership roles, and the overall employee satisfaction score stood at an impressive 87%. The disability inclusion rate stood at 1%, while the internal promotion rate was 73%, underscoring employee growth.

Our 2025 partnership with UNDP Kenya is a game-changing initiative to unlock pension capital for climate-smart investments, expand social protection, and promote green economic growth, directly supporting Kenya's Vision 2030 and the UN Sustainable Development Goals (SDGs).

Governance Excellence

Strong governance structures are critical to long-term sustainability. CPF operates under a robust Governance, Risk & Compliance (GRC) framework that reinforces transparency, accountability, and ethical conduct.

2024 Governance Metrics:

- 47 whistle-blower reports handled through our confidential system
- 89% resolution rate within 30 days
- Zero significant data breaches
- 100% compliance with data protection regulations

Our governance framework ensures board-level ESG oversight and monitors progress across ten key areas: climate risk, renewable energy, financial inclusion, ethical governance, diversity, equity and inclusion, employee health and safety, digital transformation, impact investing, stakeholder engagement, and data privacy.

MESSAGE FROM THE CORPORATE ADMINISTRATOR *(Continued)*

Sustainability(Continued)

Looking Ahead

Our focus remains on leveraging innovation, partnerships, and responsible investment to deliver long-term value. As custodians of pension assets, we believe in using our influence to catalyze sustainable national development, balancing profitability with environmental integrity and social equity. Together with our stakeholders, we are building a future that goes beyond pensions, empowering lives today while safeguarding generations to come.

Future Outlook

As we advance into 2025, we remain optimistic about the prospects for the scheme's growth. The anticipated stabilization of macroeconomic conditions, coupled with continued government support for pension reforms, creates a favorable environment for sustainable growth.

We expect increased adoption of technology-driven solutions to enhance member experience and operational efficiency. Our strategic priorities include expanding our digital capabilities, strengthening our investment management framework, and developing innovative products that address the evolving needs of our diverse membership base.

The regulatory environment is expected to become more supportive, with anticipated reforms in tax treatment and operational frameworks that will further enhance the attractiveness of Individual Pension Plans. We remain committed to maintaining our position as a leading provider of financial solutions, while ensuring the highest standards of fiduciary responsibility.

Our focus on environmental, social, and governance (ESG) investing will intensify, aligning our investment strategy with sustainable development goals while delivering competitive returns for our members. This approach positions us well to navigate future market dynamics while contributing to Kenya's broader economic development objectives.

Appreciation

I extend my heartfelt gratitude to our valued members for their continued trust and confidence in us. Your commitment to securing your financial future through consistent contributions, even during challenging economic times, is truly commendable and forms the foundation of our success.

We also acknowledge our key stakeholders, the Retirement Benefits Authority, for their support on matters of regulations and policy implementation, our fund managers for their prudent investment management, and our board of trustees for their strategic oversight and governance. The collaborative efforts of all stakeholders have been instrumental in achieving the strong performance results presented in this report. We are confident in our ability to continue delivering value to our members while contributing to the development of Kenya's retirement benefits landscape.



Dr. Hosea K. Kili, MBS
GROUP MANAGING DIRECTOR/CEO
CPF FINANCIAL SERVICES LTD
THE SCHEME CORPORATE ADMINISTRATOR

CORPORATE GOVERNANCE STATEMENT

CPF Individual Pension Plan (IPP) Scheme is a retirement pension plan registered with the Retirement Benefits Authority that allows individuals both employed and those in the informal sector as well as unemployed people to save for their old age.

The Board of the IPP Scheme has been keen in ensuring that its policies and practices reflect the highest standards of corporate governance practices, which include embracing the following principles:

- Providing clear and concise information to the Members, keeping them informed about the Scheme's performance, and making key documents available.
- Observation of high standards of ethical and moral behavior.
- Acting in the best interests of members and stakeholders by exercising diligence, care, and skill in managing the Scheme, and ensuring that the Scheme's purpose is carried out effectively.
- Overseeing and monitoring the scheme's workplace and economic behaviour, and environmental, social and governance matters related to the activities of the scheme.
- Establishment of formidable Risk Management, Internal Control and Compliance systems.
- Maintaining a risk register in which the Board records the identified risks, the Board's assessment of the risks and the measures implemented to manage the risks.
- Understanding and complying with Retirement Benefits laws, Trust Deed and Rules, Tax laws, and any other relevant regulations.
- Undertaking regular reviews of who the scheme's key stakeholders are and how their needs should be met.
- convening Annual General Meeting at which the members are be given reasonable opportunity to interrogate the scheme's affairs.

By adhering to these principles, the trust fund has ensured that it is operating effectively and responsibly, and that the Members are being served in the best possible way.

The Corporate Trustee

The Scheme is managed by a body corporate known as '**KCB Asset Management Limited**' which is duly registered with the Retirement Benefits Authority as a corporate Trustee. The Corporate Trustee is guided by the **Trust Deed and Rules** for the Scheme. The Scheme is capable of suing and being sued, acquiring, holding, charging and disposing of moveable and immovable property; borrowing money and entering contracts.

The Corporate Trustee is the Scheme's governing body and is responsible for the governance of the Scheme. Under the Law of Trusts, the Trustees are the legal owners of the Assets of the Scheme on behalf of the members and other beneficiaries. The Scheme's Corporate Administrator M/s CPF Financial Services Limited undertakes the day to day running of the scheme under the delegated mandate of the Board.

The Board held four scheduled meetings during the year as tabulated below:

	Period	Date of Meeting
1.	Q4 2023	15.03.2024
2.	Special Meeting	20.03.2024
3.	Q1 2024	18.06.2024
4.	Q2 2024	05.09.2024
5.	Q3 2024	11.12.2024

Corporate Trustee Responsibilities

The trustees of the scheme are responsible for formulating and documenting the policies and procedures of the scheme. The primary role of the Board is to ensure long-term wealth and prosperity of the Scheme for the benefit of members/customers, employees, sponsors, and other stakeholders.

The Board is responsible for policy formulation; Investment of Scheme funds; Scheme Administration, Payment of benefits to persons entitled to such benefits under the Scheme Rules; Protection of the property and assets of the Scheme; supervising the management and administration of the Scheme.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Board Independence

The Board has set a structure and standards to ensure the Trustees are independent. The fundamental premise of the standards is that any Trustee is free of any business or other relationship that could materially interfere with exercising their independent judgment.

The roles of the Trustees and the Scheme Corporate Administrator are separate. The Scheme Corporate Administrator is responsible to the Board and takes responsibility for the effective and efficient management of the Scheme.

The Corporate Administrator has internal Departments for Audit and Risk Management for purposes of independent assurance on the effectiveness of risk management.

Information Sharing

Keeping up to date with key business developments is essential for the Trustees to maintain and enhance their effectiveness. From time to time the Board receives presentations from the Fund Managers, Custodians, Actuary, Administrator, Property Managers on matters of significance. The Corporate Strategy, Financial plans, including budgets and forecasts are regularly discussed at Board meetings.

The Corporate Trustees have also undergone the Mandatory Trustees Certification Training as per the Retirement Benefits Authority's requirements.

Conflict of Interest

The Board is committed to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders. A conflict of interest refers to a situation in which a Member of the Board of Trustees has competing interests that could potentially compromise their objectivity, professional judgment, or ability to act impartially. The Trustees are mandated to disclose to the Board any actual or potential conflicts of interest that may exist or might reasonably be thought to exist as soon as the situation arises.

If a Trustee has a personal interest in a matter before the Board of Trustees, he/she discloses the interest to the full Board prior to discussion as to such matter or deliberation, excuse himself or herself from participating in the discussion, and does not vote on the matter.

The policy requires that the trustees take such steps as are reasonably necessary to resolve any conflict of interest. All meetings of the scheme normally carry a standing agenda on declaration of Conflict of interest by Board Members as an enforcement to the policy. For the purposes of transparency and regulatory compliance, all reported conflicts and actions taken are accordingly documented.

RISK MANAGEMENT STATEMENT

At CPF IPP, we remain committed to strengthening the Scheme's resilience through proactive enterprise risk management. By anticipating and responding to changes in the operating environment, we ensure the sustainability and stability of the Individual Pension Plan. In 2024, the Scheme continued to employ comprehensive metrics and advanced analytical methods to measure, analyze, and mitigate risks, safeguarding the interests of our members.

Top Significant Risks for 2024

The year 2024 presented a complex and evolving risk landscape, shaped by global and local economic dynamics. The following key risks impacted the CPF IPP Scheme:

- 1. Persistent Global Economic Uncertainties:** The prolonged geopolitical tensions, including the Ukraine conflict and escalating trade disputes between major economies, continued to disrupt global financial markets. These uncertainties led to heightened market volatility, affecting the valuation of pension assets. Additionally, supply chain disruptions and energy price fluctuations further compounded inflationary pressures, necessitating agile adjustments to investment strategies.
- 2. Currency Depreciation and Exchange Rate Volatility:** The Kenyan Shilling remains highly volatile, reflecting persistent pressure from both global and domestic factors. Tightened global monetary policies, elevated external debt servicing obligations, and widening fiscal deficits contributed to sharp fluctuations in the currency market. Exchange rate risks remain key in impacting the Scheme's overall financial performance.
- 3. Rising Interest Rates and Bond Market Instability:** In 2024, central banks across the globe, including the Central Bank of Kenya (CBK), adopted aggressive monetary tightening measures to curb inflation, resulting in a sharp rise in interest rates. The CBK raised the Central Bank Rate (CBR) from **8.75% in January 2023 to 13.0% by December 2024**, marking a cumulative increase of **425 basis points** over the period (Source: Central Bank of Kenya, Monetary Policy Statement – December 2024). While higher interest rates enhanced returns on newly acquired fixed-income securities, they simultaneously triggered mark-to-market losses on the Scheme's existing bond portfolio due to declining prices of longer-duration instruments. In response, the Scheme strategically rebalanced its portfolio by shifting allocations toward shorter-duration bonds and diversifying into alternative fixed-income instruments to preserve capital and stabilize returns amid ongoing bond market volatility.
- 4. Equity Market Volatility:** The Nairobi Securities Exchange (NSE) faced another year of turbulence, influenced by corporate earnings fluctuations, regulatory changes, and investor sentiment shifts. Despite selective opportunities in resilient sectors, overall equity performance remained inconsistent. The Scheme responded by enhancing its stock-picking criteria and increasing exposure to defensive sectors.
- 5. Regulatory and Compliance Risks:** Evolving pension regulations and tax policies introduced new compliance requirements including the Anti-Money Laundering requirements on know-your-customer(KYC), and Data Protection which increased administrative burdens and operational costs. The Scheme prioritized adherence to these changes while advocating for member-friendly policies, ensuring alignment with legal frameworks.

Proactive Risk Management

In response to the prevailing market risks, the Board of Trustees consistently pursued a proactive risk management approach. Rigorous scrutiny of quarterly risk mitigation reports was conducted, informing the development of adaptive strategies tailored to navigate the ever-fluctuating landscape of volatile market conditions. Underscoring its commitment to sound governance, the Scheme remained unwavering in its adherence to all pertinent laws, regulations, and statutory requirements. Risk exposure was meticulously managed through strict compliance measures, ensuring it remained within the established risk appetite thresholds. This dedication to robust risk management practices safeguarded the Scheme's financial integrity and fostered resilience in the face of dynamic market forces.

REPORT OF THE TRUSTEE

The Trustee presents their report together with the audited financial statements for the period ended 31 December 2024.

Establishment, nature and purpose of the Scheme

The CPF Individual Pension Scheme was established under the RBA Act and was registered with the Retirement Benefits Authority.

The Scheme is a Defined Contributions Scheme and provides, under the rules of the Scheme, retirement benefits for persons ordinarily resident within the Republic of Kenya engaged in personal business, formal or informal professions, groups, societies, associations or any other person as may be agreed between the Founder and the Trustee from time to time.

It is a tax exempt approved Scheme under the Income Tax Act.

The principal objective of the Scheme is to provide pension and other retirement benefits to individual and associated members of the Scheme upon their retirement from service and relief for the dependents of the deceased employees.

Registration

The CPF Individual Pension Scheme (formerly LAPTRUST Individual Pension Scheme) has been registered by RBA, Certificate No. 01493 of 27 May 2015, previously Certificate No. 01416 of 3 December 2014 and started operations on 1 January 2014.

Results

The results for the Scheme for the year ended 31 December 2024 is analyzed as follows:

	2024 Shs'000	2023 Shs'000
Increase/(decrease) in net assets during the year	1,223,748	(260,367)

The Scheme's net assets position as at 31 December 2024 was Shs 4,107,951,366 (2023 Shs 2,884,203,000).

Proposed declared interest for the year 2024 was 7.06%.

	2024 Shs'000	%	RBA% maximum requirement	2023 Shs'000	%
ASSETS					
Cash and bank balances	123,368	2.83%	5%	94,682	3.11%
Short term deposits	438,485	10.05%	30%	212,423	6.97%
Government securities	1,397,318	32.01%	90%	1,725,043	56.60%
Eurobond	1,624,184	37.21%		173,948	5.71%
Corporate bond	47,772	1.09%	20%	47,740	1.57%
Quoted Equities	441,269	10.11%	70%	502,837	16.50%
Unquoted Equities	262,449	6.01%	5%	262,449	8.61%
Offshore Investment	29,976	0.69%	15%	28,716	0.94%
	4,364,820			3,047,838	

REPORT OF THE TRUSTEE *(Continued)*

REPORT OF THE TRUSTEE

Trustees in Office

Name of Trustee	Age	Category (Member- elected/ Sponsor-nominated/)	No. of meetings attended	Certified (Yes/No)	Highest qualification	Membership of other boards
KCB Asset Management Limited	N/A	Member Nominated	Five	Yes	N/A	

Trustees

The corporate Trustee is appointed by the Fund promoter in accordance with RBA Act and Fund rules and regulations. The name of the current Trustee is as shown on page 4.

Meetings

The board of trustees held four meetings during the year ended 31 December 2024. The meetings were held on the dates set out hereunder.

Period	Date of Meeting
Q4 2023	15.03. 2024
Q1 2024	18.06. 2024
Q2 2024	05.09. 2024
Q3 2024	11.12. 2024

Fiduciary responsibility statement

The trustee of the CPF Individual Pension Scheme believes that governance is a key issue and as such, strives to ensure that the highest governance standards are applied in its operations. It is committed to ensuring that its policies and practices reflect high standards of corporate governance practices, which includes embracing the following principles:

- Observation of high standards of ethical and moral behavior.
- Acting in the best interests of members and stakeholders
- Establishment of a formidable risk management system
- To ensure timely and accurate disclosure of all matters by a statutory Trust (Retirement Benefits Scheme) as being material
- The scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the scheme's business operations.
- The trustees have ensured that the fund manager has carried out all scheme investments and that all scheme assets and funds are held by the custodian.

Corporate Trustee Responsibilities

The trustee is responsible to the Scheme Members, Sponsors, and Stakeholders (including the regulator, service providers among others) and has embraced corporate governance as one of the key pillars in the management of the Scheme and accountability to all its stakeholders. The principles and standards adhered to by the Board have been developed with close reference to guidelines on corporate governance issued by the Centre for Corporate Governance, Institute of Certified Secretaries of Kenya (ICS), Mwongozo (the Code of Governance for State Corporations) and international best practices.

The corporate trustee has also been trained on the Mandatory Trustees Certification Training as per the Retirement Benefits Authority's requirements. The primary role of the Board is to ensure long-term wealth and prosperity of the Scheme for the benefit of members/customers, employees, sponsors, and other stakeholders.

The Board is responsible for policy formulation; Investment of Scheme funds; Scheme Administration, Payment of benefits to persons entitled to such benefits under the Scheme Rules; Protection of the property and assets of the Scheme; supervising the management and administration of the Scheme.

REPORT OF THE TRUSTEE *(Continued)*

ANNUAL GENERAL MEETING

The corporate trustees held a Hybrid (Virtual & Physical) annual general meeting on June 9th, 2024 in Nairobi County, with 749 Members in attendance and 1,542 online.

Members' sensitization

Channel/Methodology Used	Date Held	No of Members	Region	Remarks
Physical	4th -5th June 2024	48	Baringo	Membership recruitment
Physical	11th – 12th April 2024	50	Uasin Gichu	Member sensitization
Physical	18th October 2024	60	Kakamega	Member Training and Recruitment
Physical	6th – 9th May 2024	62	Nandi	Member sensitization
Physical	7th November 2024	10	Turkana	Membership sensitization
Physical	14th November 2024	64	Vihiga	Member sensitization

Trustees' remuneration policy

The corporate trustee charges a fee based on the asset held by the scheme and is contractual.

Board of trustee's evaluation

No evaluation was done for the corporate trustee in the year under review.

Membership

The Scheme's membership was as follows:

	2024 No	2023 No
Contributing or active members		
At 1 January	23,229	10,931
New members	4,758	19,919
Withdrawals	(4,200)	(7,621)
At 31 December	23,787	23,229

Contributions

The contribution rates are voluntary.

Assets management

The investment managers are responsible for the day-to-day management of investment funds. However, the overall responsibility for investment and performance lies with the Trustee.

We confirm that there is no self-investment, nor have any Scheme's assets been used as security or collateral on behalf of the employer or any connected business or individual.

Trustee

The Corporate Trustee was appointed by the scheme promoter in accordance with RBA Act and Scheme rules and regulations. The name of the current Trustee is as shown on page 2.

REPORT OF THE TRUSTEE *(Continued)*

Auditors

Deloitte & Touche LLP having, expressed their willingness, continue in office. The Trustee monitors the effectiveness, objectivity and independence of the auditor. The Trustee also approves the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

SIGNED ON BEHALF OF THE TRUSTEE



Trustee

2025

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Kenyan Retirement Benefits Act requires the Trustee to prepare financial statements for each financial year which show a true and fair view of the financial transactions of the Scheme for the year and of disposition at year end of its assets and liabilities. It also requires the Trustee to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the Kenyan Retirement Benefits Act and, for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustee accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board in the manner required by the Retirement Benefits Regulations. The Trustee is of the opinion that the financial statements show a true and fair view of the financial transactions of the Scheme and of the disposition of its asset and liabilities other than the liability to pay pensions and benefit falling due after the end of the period.

The Trustee further accept responsibility for:

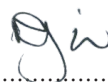
- Designing, implementing, and maintaining such internal control as they determine to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error,
- Selecting suitable accounting policies and applying them consistently; and
- Making accounting estimates and judgment that are reasonable in the circumstances.

Having made an assessment of the Scheme's ability to continue as a going concern, the Trustee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Scheme's ability to continue as going concern.

The Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibility.



Trustee



Trustee

2025

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CPF INDIVIDUAL PENSION SCHEME





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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CPF INDIVIDUAL PENSION SCHEME

Report on the financial statements

Opinion

We have audited the accompanying financial statements of CPF Individual Pension Scheme, set out on pages 24 to 39, which comprise the statement of net assets available for benefits as at 31 December 2024, the statement of changes in net assets available for benefits and the statement of cash flows for the year then ended, and a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2024 and of the disposition at that date of its assets and liabilities, other than liabilities to pay retirement and other benefits falling due after the end of the year in accordance with IFRS Accounting Standards as issued by the International Standards Accounting Board and the requirements of the Kenyan Retirement Benefits Act.

Basis for Opinion

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

Other Information

The Trustee is responsible for the other information, which comprises the Report of the Trustee as required by the Kenyan Retirement Benefits Act. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustee for the Financial Statements

The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Standards Accounting Board and the requirements of the Kenyan Retirement Benefits Act, and for such internal controls as the Trustee determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

INDEPENDENT AUDITORS' REPORT *(Continued)*

TO THE MEMBERS OF CPF INDIVIDUAL PENSION SCHEME *(Continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner responsible for the audit resulting in this independent auditor's report is
FCCA Fred Aloo, Practicing certificate **No. 1537**.



For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

28 March 2025


STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2024 Shs '000'	2023 Shs '000'
CONTRIBUTIONS AND WITHDRAWALS			
Contributions	3	1,823,410	1,689,600
Withdrawals		(860,019)	(1,834,302)
Net surplus/(deficit) from dealings with members		963,391	(144,702)
RETURN ON INVESTMENTS			
Investment income	4	397,681	284,864
Fair value loss on investments	5	(62,839)	(333,280)
Other income	6	-	7,831
Net return/(loss) on investments		334,842	(40,585)
SCHEME EXPENSES	7	(74,486)	(75,080)
INCREASE/(DECREASE) IN NET ASSETS FOR THE YEAR		1,223,748	(260,367)
NET ASSETS AT 1 JANUARY		2,884,203	3,144,570
NET ASSETS AT 31 DECEMBER		4,107,951	2,884,203

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2024 Shs '000'	2023 Shs '000'
ASSETS			
Cash and bank balances	8(a)	123,368	94,682
Call deposits	8(b)	61,853	22,460
Fixed deposit	8(c)	376,632	189,963
Government securities – treasury bonds	9	1,330,838	1,550,542
Government securities- treasury bills	10	66,481	174,502
Corporate bond	12	47,772	47,740
Quoted equities	13	441,268	502,837
Unquoted equities	14	262,449	262,449
Eurobond Investment	11	1,624,184	173,948
Offshore investment	15	29,975	28,716
Other receivables and prepayments	16	1,945	2,119
Due from related parties	20(a)	56	38
		4,366,821	3,049,996
LIABILITIES			
Payables and accruals	20	(51,986)	(30,250)
Due to related parties	19(b)	(206,884)	(135,543)
		(258,870)	(165,793)
NET ASSETS		4,107,951	2,884,203
REPRESENTED BY FUND BALANCE		4,107,951	2,884,203

The financial statements on pages 24 to 39 were approved and authorized for issue by the Trustee on 28th March 2025 and were signed by:



 Trustee



 Trustee

STATEMENT OF CASH FLOWS

	Notes	2024 Shs '000'	2023 Shs '000'
CONTRIBUTIONS AND WITHDRAWALS			
Contributions received	3	1,823,410	1,689,600
Withdrawals paid		(860,019)	(1,834,302)
Administration expenses paid		(64,138)	(75,081)
Net increase /decrease in receivables		174	8,502
Net increase /decrease in payables		21,736	37,548
Related Party balances		71,323	1,572
Net cash generated from/(used in) operating activities		992,486	(172,161)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received		433,120	269,229
Proceed from disposal of short-term deposits		5,107,105	2,579,629
Purchase of short-term deposits		(5,306,449)	(2,582,814)
Proceeds from sale of treasury bonds	9	2,942,769	544,370
Purchase of treasury bonds	9	(2,648,240)	(299,964)
Proceeds from sale of treasury bills	10	173,206	-
Purchase of Eurobond	11	(1,687,068)	(175,597)
Proceed from sale of quoted equities	13	253,512	-
Purchase of treasury bills	10	(60,084)	(173,206)
Net cash (used in)/generated from investing activities		(792,129)	161,647
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		200,357	(10,514)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		307,105	317,619
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		507,462	307,105
CASH AND CASH EQUIVALENTS:			
Cash and bank balances (note 8(a))		123,368	94,682
Call deposit (Note 8 (b))		61,853	22,460
Fixed deposits maturing within 90 days (Note 8 (c))		322,241	189,963
	8 (d)	507,462	307,105

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards. Accounting Standards as issued by the International Accounting Standards Board

Adoption of new and revised International Financial Reporting Standards (IFRSs)

(i) Impact of relevant new standards

Several new and revised standards and interpretations became effective during the year. The Trustee has evaluated the impact of the new standards and interpretations and none of them had a significant impact on the scheme's financial statements.

(ii) New and amended standards and interpretations in issue but not yet effective in the current year

At the date of authorization of these financial statements, various standards and interpretations were in issue but not yet effective. The adoption of these standards and interpretations when effective will not result in changes in the Scheme's accounting policies or result in any material impact on the financial statements of the Scheme.

(iii) Early adoption of standards

The Scheme did not early adopt any new or amended standards in 2024.

Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issues by the International Accounting Standards Board. The measurement basis applied is the historical cost basis, except for financial assets measured at fair value as per section 'Financial instruments' below.

Revenue recognition

Contributions receivable are accounted for in the period in which they fall due.

Dividend income from investments is recognized when the Schemes' rights to receive payment as a shareholder have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable unless collectability is in doubt.

Benefits payable

Benefits payable are accounted for in the period in which they fall due.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Scheme in the management of its short-term commitments.

Financial instruments

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31ST DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Scheme to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

In particular, IFRS 9 requires the Scheme to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Scheme is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Further, at end of each reporting period, the Scheme reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recognized in the statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Scheme, are measured in accordance with the specific accounting policies set out below.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Fair value

For financial instruments traded in an organized financial market, fair value is determined by reference to quoted market prices.

Short term deposits

Short term deposits are classified as held to maturity and are stated at amortized cost.

Government securities

Government securities comprise treasury bills and treasury bonds, which are debt securities issued by the Government of Kenya. Treasury bills are classified as held to maturity and are stated at amortized cost while treasury bonds are classified as fair value through profit or loss and are stated at fair value.

Corporate bonds

Corporate bonds are classified as fair value through profit or loss and are stated at market value as at 31 December.

Equity shares

Quoted investments are classified as fair value through profit or loss and are stated at market value as at 31 December.

Unquoted equity investments

Unquoted equity investments are classified as fair value through profit or loss and are stated at market value as at 31 December.

Off-shore investments

The off-shore investments represent pooled investments in global stock markets. These investments are classified as fair value through profit or loss and are stated at market value.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Kenya Shillings at rates of exchange ruling at the end of each reporting period. Transactions during the year in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

Deferred benefits

Deferred benefits represent the Participating Employers' contributions for staff who have left employment. Staff are only entitled to these benefits upon retirement as per the normal retirement age defined in the Participating Employer's Special Rules.

Forfeitures

Forfeitures represent amounts forfeited by the members who left the Fund prior to June 2020 and before working with the Sponsor for a period of over one year. Effective June 2020, the law on vesting period changed and now the employer portion of the fund vests with member immediately.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Scheme's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. CONTRIBUTIONS

	2024 Shs'000	2023 Shs'000
Employee	1,823,410	1,689,600

4. INVESTMENT INCOME

Interest on call deposits	28,541	17,071
Interest on government securities	202,015	194,138
Interest on corporate bonds	5,932	5,935
Interest on fixed deposit	23,781	7,279
USD call deposits interest	379	164
Eurobond Interest	113,214	5,752
Dividend Income	50,520	47,512
(Loss)/gain on sale of government securities (note 9)	(60,559)	5,717
Gain on sale of equities	25,120	-
Interest on Treasury bills	11,895	1,296
USD Fixed deposit interest	83	-
Foreign Exchange loss realised	(3,240)	-
	397,681	284,864

5. FAIR VALUE(GAIN/LOSS) ON INVESTMENTS

Government Securities (note 9)	135,384	(135,385)
Equity investments (note 13)	191,944	(228,348)
Offshore Investments (note 15)	1,260	13,253
Eurobond investments (note 11)	(236,832)	(7,401)
Foreign exchange loss on USD quoted assets	(154,595)	(1,890)
	62,839	(333,280)

6. OTHER INCOME

Reduction in accrued expense	-	7,831
	-	7,831

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

7. SCHEME EXPENSES

	2024 Shs'000	2023 Shs'000
Advertising and publicity expenses	-	2,343
Promotional materials	3,525	455
Administration fees	43,079	55,333
M-pension System support costs	1,282	690
RBA levy	7,039	3,356
Audit fees	759	733
Participation in stakeholder activities	890	500
Fund management fees	8,460	4,073
AGM & member conference	-	2,538
Custodial Fees	1,610	1,694
Subscriptions to professional bodies	100	100
Trustee expenses	4,086	2,469
Bank charges	393	700
Investment Transactions Expenses	1,009	96
Legal Fees	2,254	-
	74,486	75,080

8. CASH AND CASH EQUIVALENTS

(a) Cash and Bank Balances

Cash and bank balances	123,368	94,682
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(b) Deposits

Institution	Rate (%pa)	Maturity Date	2024 Value Shs'000	2023 Value Shs'000
Equity Bank Limited	10	On call	2,514	-
Cooperative Bank of Kenya	10.5	On call	2,016	-
Cooperative Bank of Kenya	11	On call	5,048	-
NCBA Bank	10	On call	1,503	-
Imperial Bank *			9,241	9,241
Housing Finance	10.5	On call	30,621	1,401
Housing Finance	10.5	On call	20,150	10,879
USD call deposit	5		-	10,180
			(9,241)	(9,241)
Provision for impairment				
			61,853	22,460

* The impairment loss noted above relates to a fixed deposit held at Imperial Bank Limited as at 31 December 2024. On 13 October 2015, the Central Bank of Kenya placed the Bank under the management and control of the state's Kenya Deposit Insurance Corporation because of unsafe and unsound business conditions at the Bank. The Trustee deems that the recoverability of the deposits placed in Imperial Bank is in doubt, hence the impairment loss booked.

(c) Fixed deposits

	2024 Shs'000	2023 Shs'000
Maturing within 90 days	322,241	189,963
Maturing after 90 days	44,312	-
USD Fixed Deposit	10,079	-
At 31 December	376,632	189,963

The weighted average interest rate as at 31 December 2024 was 15.19 % (2023: 12.63 %).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

8. CASH AND CASH EQUIVALENTS (Continued)

(d) Cash and cash equivalent

	2024 Shs'000	2023 Shs'000
Cash and Bank balance		
Cash and bank balance	123,368	94,682
Call deposit (Note 8 b)	61,853	22,460
Fixed deposit maturing within 90days (Note 8 c)	322,241	189,963
At 31 December	507,462	307,105

9. TREASURY BONDS

At 1 January	1,550,542	1,924,616
Purchases	2,648,240	299,964
Proceed on disposal	(2,942,769)	(544,370)
Add: fair value	135,384	(135,385)
(Loss)/gain on disposal	(60,559)	5,717
At 31 December	1,330,838	1,550,542

10. GOVERNMENT SECURITIES

TREASURY BILL

At 1 January	174,502	-
Less; accrued interest	(1,296)	-
Purchases	60,084	173,206
Maturities/Withdrawals	(173,206)	-
Add; accrued interest	6,397	1,296
At 31 December	66,481	174,502

Maturity analysis		
Maturing within one year	66,481	174,502
	66,481	174,502

11. EUROBOND INVESTMENT

Movements in Eurobond investment is analyzed as follows:

At 1 January	173,948	-
Purchases	1,687,068	175,597
Add: Fair value	(236,832)	(7,401)
At 31 December	1,624,184	173,948

12. CORPORATE BONDS

Movements in corporate bonds is analyzed as follows:

At 1 January	47,740	47,723
Less: accrued interest	(690)	(673)
Add: Accrued interest	722	690
At 31 December	47,772	47,740

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31ST DECEMBER 2024

13. QUOTED INVESTMENTS AT FAIR VALUE

Equities Summary	Number of shares	Market Price	Mkt value	Additions	Disposal	Change in	Mkt value
	(units),000	(units) ,000	31/12/ 2023 Sh,000	Sh,000	Sh,000	Fair value Sh,000	31/12/ 2024 Sh,000
KCB Bank	1,522	22	77,121	-	69,400	55,574	63,294
EABL	124	114	55,119	-	55,710	22,265	21,674
Standard Chartered	34	162	6,279	-	1,611	4,775	9,443
Equity	1,151	34	82,476	-	57,005	30,122	55,593
KenGen Ltd	800	2	3,015	-	2,100	1,997	2,912
Safaricom Limited	10,480	14	145,668	-	-	33,011	178,679
Co-operative Bank	4,999	11	91,186	-	40,050	31,094	82,230
Bamburi Cement	-	36	3,746	-	3,746	-	-
Diamond Trust Bank	280	45	21,624	-	9,840	7,536	19,320
ABSA kenya	450	11	16,603	-	14,050	5,570	8,123
	19,838		502,837	-	253,512	191,944	441,268

Market values for quoted equity investments are determined by reference to Nairobi Securities Exchange prices prevailing at the end of each reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31ST DECEMBER 2024

13. QUOTED INVESTMENTS AT FAIR VALUE *(Continued)*

Equities Summary	Number of shares	Market Price	Mkt value	Additions	Disposal	Change in	Mkt value
	(units),000	(units) ,000	31/12/ 2022 Sh,000	Sh,000	Sh,000	Fair value Sh,000	31/12/ 2023 Sh,000
KCB Bank	3,522	38	134,169	-	-	(57,048)	77,121
EABL	484	168	80,986	-	-	(25,867)	55,119
Standard Chartered	39	143	5,533	-	-	746	6,279
Equity	2,451	45	109,070	-	-	(26,593)	82,476
KenGen Ltd	1,500	3	4,830	-	-	(1,815)	3,015
Safaricom Limited	10,480	24	253,085	-	-	(107,417)	145,668
Co-operative Bank	7,999	12	98,385	-	-	(7,199)	91,186
Bamburi Cement	105	32	3,292	-	-	455	3,746
Diamond Trust Bank	480	50	24,000	-	-	(2,376)	21,624
ABSA kenya	1,450	12	17,835	-	-	(1,233)	16,603
	28,508		731,184	-	-	(228,348)	502,837

Market values for quoted equity investments are determined by reference to Nairobi Securities Exchange prices prevailing at the end of each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

14. UNQUOTE INVESTMENT

2024

Number of Units	Additions Units '000	Number of units '000	Description	Market Value at 31-Dec-23 Shs'000	Market price 31-Dec-23	Revaluation gain Shs'000	Market Value at 31-Dec-24 Shs'000
31-Dec-23		31-Dec-24					
297	-	297	CPF Financial Services	262,449	885	-	262,449
297	-	297		262,449		-	262,449

2023

Number of Units	Additions Units '000	Number of units '000	Description	Market Value at 31-Dec-22 Shs'000	Market price 31-Dec-22	Revaluation gain Shs'000	Market Value at 31-Dec-23 Shs'000
31-Dec-22		31-Dec-23					
92	205	297	CPF Financial Services	81,420	885	-	262,449
92	205	297		81,420		-	262,449

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

15. OFFSHORE INVESTMENT

2024

Description	Number of shares 01/01/ 2024	Number of shares 12/31/ 2024 (units)	Stock Market price (USD) 12/31/ 2024	Exchange Rate Sh'000	Mkt value 31/12/ 2023 USD	Mkt value 31/12/ 2024 Sh	change in Fair Value Sh'000	Mkt value 12/31/ 2024 Sh'000
Franklin U.S. Opportunities Fund	2.2	2.2	52.33	156.46	14,326	14,866	541	14,866
Franklin Technology Fund	1.8	1.8	63.43	156.46	14,390	15,109	719	15,109
	4.0	4.0			28,716	29,976	1,260	29,976

2023

Description	Number of shares 01/01/ 2023	Number of shares 12/31/ 2023 (units)	Stock Market price (USD) 12/31/ 2024	Exchange Rate Sh'000	Mkt value 31/12/ 2024 USD	Mkt value 31/12/ 2023 Sh	change in Fair Value Sh'000	Mkt value 12/31/ 2023 Sh'000
Franklin U.S. Opportunities Fund	2.2	2.2	41.67	156.46	8,099	8,099	6,226	14,326
Franklin Technology Fund	1.8	1.8	49.92	156.46	7,362	7,362	7,028	14,390
	4.0	4.0			15,462	28,716	13,253	28,716

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

16. OTHER RECEIVABLES

	2024 Shs'000	2023 Shs'000
Dividend receivable	1,945	2,119
	1,945	2,119

17. PAYABLES AND ACCRUALS

Other creditors and accruals	43,566	22,373
RBA Levy	4,184	3,220
Audit fee payable	759	759
Benefit premium movement	3,477	3,898
	51,986	30,250

18. MANAGEMENT OF MEMBERS' FUNDS

The Scheme maintains an efficient structure of members' funds consistent with the Scheme's risk profile and the regulatory and market requirements of its operating environment.

The Scheme's objectives when managing members' funds are to safeguard the Scheme's ability to continue as a going concern to fulfill its obligations of paying retirement benefits when they fall due.

19. FINANCIAL RISK MANAGEMENT

The Scheme generates revenues for the members by investing in various income generating activities. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the investment managers and the Trustee under policies approved by the Trustee. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks.

Market risk

Interest rate risk

The Scheme's interest-bearing assets include treasury bonds, corporate bonds, fixed and call deposits which are at variable and fixed interest rates.

At 31 December 2024, an increase/(decrease) of 1% on the interest-bearing quoted equities' interest rate would have resulted in increase/(decrease) respectively in net increase of approximately Shs 441,269,021 (2023 –Shs 507,864,919)

Credit risk

Credit risk arises from cash and cash equivalents and receivables. As part of the credit risk management system, the investment managers and the Trustee monitor and review information on significant investments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2024

19. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The amount that best represents the Scheme's exposure to credit risk as at 31 December 2024 is made up as follows:

2024	Fully performing Shs'000	Past due Shs'000	Impaired Shs'000	Total Shs'000
Bank balances	123,368	-	-	123,368
Call deposits	71,093	-	(9,241)	61,853
Treasury bonds	1,330,838	-	-	1,330,838
Fixed deposits	366,553	-	-	366,553
Amount due from related parties	56	-	-	56
	1,891,909	-	(9,241)	1,882,668

2023				
Bank balances	94,682	-	-	94,682
Call deposits	22,460	-	(9,241)	13,219
Treasury bonds	189,963	-	-	189,963
Fixed deposits	1,550,542	-	-	1,550,542
Amount due from related parties	38	-	-	38
	1,847,685	-	(9,241)	1,838,444

The debts that are impaired are fully provided for. The debts that are past due are not impaired and continue to be paid. The Fund's management is actively pursuing these debts.

Liquidity risk

The Scheme is required to make payments in respect of pension payments when members withdraw or retire from the Scheme, and is therefore exposed to the risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The investment managers monitor the Scheme's liquidity on a regular basis and the Trustee review it on a quarterly basis.

The amounts disclosed in the table below are the contracted undiscounted cash flows of the Fund's financial liabilities.

	2024 Shs'000	2023 Shs'000
Payables and accruals	(51,986)	(30,250)
Related party	(206,884)	(135,543)
	(258,870)	(165,793)

The Fund's current liabilities are all payable within a year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31ST DECEMBER 2024

19. FINANCIAL RISK MANAGEMENT *(Continued)*

Liquidity risk *(Continued)*

Fair value of financial assets and liabilities

The table below shows an analysis of financial instruments at fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2024	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
31 December 2024				
Quoted investments	441,268	-	-	441,268
Corporate bonds	-	47,772	-	47,772
Treasury bonds	1,330,838	-	-	1,330,838
Treasury bills	66,481	-	-	66,481
Unquoted Equity	262,449	-	-	262,449
Eurobond investment	-	1,624,184	-	1,624,184
Offshore investment	29,975	-	-	29,975
	2,101,035	1,701,932	-	3,802,967
31 December 2023				
Quoted investments	502,837	-	-	502,837
Treasury bonds	1,550,542	-	-	1,550,542
Treasury bills	174,502	-	-	174,502
Unquoted Equity	262,449	-	-	262,449
Eurobond investment	-	173,948	-	173,948
Offshore investment	28,716	-	-	28,716
	2,490,330	232,640	-	2,722,970

20. RELATED PARTY TRANSACTIONS

The Fund transacts with its members, the various local authorities in Kenya. Amounts due from the sponsors represent contributions and related penalties outstanding at year end.

a) Due from related parties	2024 Shs'000	2023 Shs'000
Due from Local Authorities Pension Trust	18	-
Due from Trust Fund lady bag	38	38
	56	38
b) Due to related party		
Due to County Pension Fund	65,281	37,690
Due to County Pension Fund Salih	103,904	7,666
Due to CPF Financial Services Limited	-	2,481
Due to Local Authorities Pension Trust	37,699	87,706
	206,884	135,543

The related party balances are interest free, unsecured and have no fixed repayment period.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

FOR THE YEAR ENDED 31ST DECEMBER 2024

21. FAIR VALUE

The Trustee consider that there is no material difference between the fair value and the carrying value of the Fund's financial assets and liabilities where fair value details have not been presented.

22. CONTINGENT LIABILITIES

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Fund as at 31 December 2024 (2023 – Nil).

23. REGISTRATION AND INCORPORATION

The Scheme is registered in Kenya under the Retirement Benefits Act.

24. CURRENCY

The financial statements are presented in Kenya Shillings Shs'000'.

25. SUBSEQUENT EVENTS

As at statement dates there were no events subsequent to the year-end that require an adjustment or disclosure in the financial statements.

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