

2024

ANNUAL REPORT



COUNTY PENSION FUND



SEIZING OPPORTUNITIES FOR TOMORROW

County Pension Fund

INTEGRATED REPORT & FINANCIAL STATEMENTS

THEME:

Seizing Opportunities for Tomorrow



OUR VISION

A world of opportunities for your life long financial security.



OUR MISSION

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



OUR VALUES

Sustainability
Professionalism
Integrity
Respect
Innovativeness
Teamwork

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Trustees and Professional Advisors

Registered Office

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

Corporate Trustee

KCB Asset Management Limited
Harambee Avenue,
P.O Box 72866, 00200

Administrators

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

Auditors

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

Investment Managers

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

CIC Asset Managers Ltd
CIC Plaza, Mara Road
P. O Box 59485, 00200, Nairobi

African Alliance Kenya Asset
Management Limited
Kenya RE Towers, Upper Hill
Box 27639-00506, Nairobi

Gen Africa Asset Managers
14 Riverside Business Park
Off Riverside Drive
PO Box 79217-00200, Nairobi

Trustees and Professional Advisors

Custodians

Equity Bank Limited
Custody Services
Equity Centre, Hospital Road
P O Box 75104, 00200, Nairobi

KCB Custody Services
Kencom House, Moi Avenue
P O Box 30664, 00100, Nairobi

NCBA Bank Custodial Services
Mara road, Upper hill
Tel: 020 2888000, Nairobi

Stanbic Bank Limited
Stanbic Centre, Westlands
PO BOX 30550-00100, Nairobi

Bankers

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

Lawyers

Mboya Wangongu & Waiyaki Advocates
Lex Chambers
Maji Mazuri Road, Off James Gichuru Road
Lavington Nairobi
P O Box 74041 - 00200, Nairobi

J. M Njenga & Co Advocates
Teleposta Towers, 5th Floor
Kenyatta Avenue,
P.O Box 1297 -00100
Nairobi.

Kiplagat & Co. Advocates
NSSF Building, 11th Floor
Block A, Eastern Wing
P O Box 3642, 00200
Nairobi

Notice of the 12th Annual General Meeting

To members of the County Pension Fund

Notice is hereby given that the **12th Annual General Meeting (AGM)** of the **COUNTY PENSION FUND** 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 the Notice of the meeting.
3. Reading and taking note of the Minutes of the 11th Annual General Meeting held on 20th June 2024.
4. Presentation of the Investments' Managers' Reports.
5. Presentation of the Schemes' Custodian Report.
6. Presentation of the Financial Statements and Audited Accounts for Year 2024.
7. Presentation of the Administrator's Report.
8. Presentation of the Chairman's Report.
9. Presentation by a select list of Stakeholders.
10. Address by Chief Guest.
11. Award Ceremony.
12. Question & Answer.

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 the County Pension Fund

Message from the Corporate Administrator

It gives me great satisfaction to present the County Pension Fund's Annual Report for the year ended December 31, 2024. As we reflect on another successful year, I extend my heartfelt gratitude to all our stakeholders whose unwavering support and trust have been instrumental in our continued growth and success. Together, we continue to create shared value, drive positive change, and remain steadfast in our purpose of fulfilling lives.

”

Dr. Hosea K. Kili, MBS

Group Managing Director/CEO
CPF Financial Services



Message from the Corporate Administrator

Macroeconomic Landscape

The global economic conditions remained volatile, influenced by rising geopolitical tensions, ongoing regional conflicts, and the breakdown of integrated trade systems. These dynamics led to widespread supply chain disruptions, inflationary surges, and declining investor sentiment. Central banks reacted with stringent monetary policies, further tightening liquidity and increasing the cost of borrowing.

In Kenya, the ripple effects of these global shifts were compounded by domestic fiscal pressures, including the rising public debt burden and a slower than expected economic recovery. The GDP growth decelerated to 4.7% from 5.7% in 2023, reflecting the impact of floods, civil unrest, and constrained public spending.

Inflation eased to an annual average of 3.0%, down from 7.7% in the previous year, offering some relief to households and businesses. However, high interest rates and elevated government bond yields, averaging 14.74%, reflected persistent investor concerns over fiscal sustainability. These dynamics significantly influenced the pension environment, affecting asset valuations, investment decisions, and the capacity of county governments to meet their statutory pension obligations.

Pension Sector Resilience

In fiscal year 2024, Kenya's pension industry accelerated its exploration of alternative asset classes to enhance portfolio diversification, overcoming the traditionally cautious approach driven by perceived uncertainties. Despite these challenges, the sector displayed impressive resilience, with total Assets Under Management (AUM) reaching Kshs. 2.25 trillion by December 2024, serving over 4.45 million members. This growth was fueled by strong investment returns and increased member contributions, supported by a more stable macroeconomic environment in the latter half of the year, marked by declining inflation, stabilized exchange rates, and a continued downward trend in interest rates.

Additionally, legislative reforms, including amendments to the NSSF Act 2013 and changes in pension tax laws, have

positively impacted the sector. Notably, contributions to registered pension schemes by both employers and employees have become tax-deductible up to specified limits. This tax incentive has encouraged higher retirement savings through formal pension arrangements, reinforcing the industry's long-term sustainability.

Overview of the Scheme

The County Pension Fund achieved remarkable growth, with net assets rising significantly to **Kshs 51,669,552,000** from **Kshs 36, 966,122,000** in the year ended December 31st, 2023.

We are particularly proud to have delivered a competitive interest rate of 8.8% to our members, ensuring sustained value for their retirement savings. While our Salih Fund experienced some fluctuation with net assets adjusting to Kshs 1,111,588,000 from Kshs 1,503,205,000 in the year 2023, our Post-Retirement Medical Fund (PRMF) continued its trajectory, growing to Kshs 55,220,000 from Kshs 32,809,000 in the year 2023.

Membership Growth

Our membership base continued to expand significantly. The County Pension Fund welcomed 17,523 new active members, ending the year with 94,116 members compared to 76,593 in 2023. Our Sharia-compliant Salih Fund also experienced growth, with membership rising to 9,895 from 9,131 members. The Post-Retirement Medical Fund, introduced in 2022, demonstrated momentum with membership growing to 464 from 370 members.

Membership



Message from the Corporate Administrator

The year under review was not without its challenges, particularly regarding delayed employer remittances, growing pension debt, and inadequate contribution rates across counties. To address these, a task force was established to develop practical debt settlement strategies, including project swaps, long-term bonds in lieu of cash, and phased budget allocations for repayments. Additionally, the proposed rollout of the HRIS-Kenya Payroll Self-Service Portal aims to improve transparency and prevent the voiding of pension contributions by counties.

Operational Excellence and Governance

Over the years, we have enhanced service delivery through targeted process improvements that have also reduced op-

erational costs. Prioritizing operational efficiency allowed us to keep administrative expenses low and maximize returns for our members. We maintained rigorous compliance with all regulatory requirements, working closely with authorities to stay aligned with evolving pension sector regulations, including the NSSF Act 2013 and updated tax laws. This involved upgrading our systems, implementing member education programs, and collaborating with regulators to ensure smooth execution. Member engagement remained a key focus, with training sessions on pre-retirement, webinars, and targeted communications designed to equip members with the knowledge needed to make informed financial decisions and secure their retirement.



Sustainability Report

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 techni-

Message from the Corporate Administrator

cal training were delivered, 200 employees completed the Sustainability Leadership Program, 140 emerging leaders underwent leadership development, and 300 staff were up-skilled 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:

1. 47 whistle-blower reports handled through our confidential system
2. 89% resolution rate within 30 days
3. Zero significant data breaches
4. 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.

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.



KARIKA donation drive



Message from the Corporate Administrator



Murang'a tree planting



WORLD EARTH DAY CELEBRATIONS at Kamkunji

Future Outlook

Our mission remains steadfast in safeguarding and growing financial wealth for future generations through prudent and responsible fund management. As we move forward, we are committed to sustaining our upward growth trajectory while remaining responsive to the evolving economic landscape and regulatory environment.

We remain optimistic about the future, building on the strong foundation established in 2024. Our focus will continue to be on delivering superior returns, expanding our membership base, enhancing operational efficiency, and maintaining the highest standards of governance and compliance.

Acknowledgements

I wish to express our deepest appreciation to our sponsors and members. Your confidence in us is invaluable, and your unwavering support and commitment continue to be the cornerstone of our success. We are equally grateful to our dedicated service providers. Your professionalism, technical expertise, and steadfast partnership have been instrumental in ensuring the efficient management and sustained growth of the Scheme.

I would also like to extend our sincere thanks to our regulator, the Retirement Benefits Authority (RBA), for your continued guidance and support, as well as to all our stakeholders who contribute to the strength and stability of our scheme.

To our valued members, I encourage you to consider increasing your voluntary contributions. Investing more in your retirement today is not only a wise financial move

but also an empowering step toward securing a dignified future. The more you contribute now, the higher your salary replacement in retirement, ensuring long-term financial security and peace of mind.

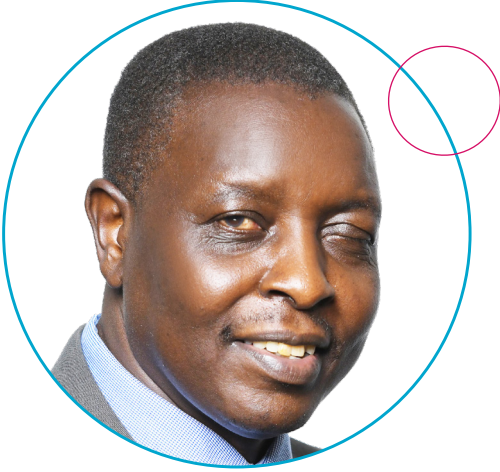
Thank you for your continued trust, confidence, and partnership. Together, let us remain committed to our shared mission of securing a dignified and financially sustainable retirement for all.

Yours sincerely,

Dr. Hosea K. Kili, MBS

Group Managing Director/CEO
CPF Financial Services Ltd.
The Scheme Corporate Administrator

Corporate Administrator's Team



Dr. Hosea Kili, MBS

Group Managing Director/CEO

Dr. Hosea Kili 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 Re-

tirement 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 22 years experience in 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.



Corporate Administrator's Team



George Okioma

Director, External Pension Administration (DEPA)

George is a Senior Pensions Professional with over 22 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.

Christopher Mitei

Director, Pension & Client Experience (DPCE)

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 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).

Corporate Administrator's Team



Irene Mbonge
Group Head, Corporate Affairs

Irene is a Chartered Public Relations practitioner with over 14 years' experience in 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 (AISP).

Joshua Moilo
Group Head, Finance

Joshua is a seasoned Finance Professional with over 20 years of experience in the finance and audit industry, 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), the Information Systems Audit and Control Association (ISACA) and a member of Chartered institute for Securities & Investment (CISI)



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



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).



Corporate Governance Statement

A Defined Contribution (DC) Scheme is an employer-sponsored retirement plan whereby Individual accounts are set up for employees and benefits are based on the amounts credited to these accounts (through employer contributions and employee contributions) plus any investment earnings on the money in the account.

Features of the CPF DC Scheme

- It is a long-term retirement savings plan that provides the member with flexibility in contributions and benefits.
- The members can monitor their savings through account statements issued quarterly, or through online access via the website.
- It is designed to allow members to make additional voluntary contributions to achieve their retirement dream.
- Upon retirement, members may elect to receive the entire account balance including investment return or take the pension option.
- The Pension is calculated in line with the provisions of the RBA Rules and Regulations (2000).

The Retirement Benefits Authority (RBA), established by the Retirement Benefits Act of 1997, plays a pivotal role in regulating and supervising the pension industry in Kenya. The RBA's mandate includes protecting the interests of pension scheme members, promoting the development of the retirement benefits sector and advising the government on matters related to retirement benefits.

The Retirement Benefits Authority in 2018 issued guidelines on good governance practices for pension schemes to adhere to. The Board of the County Pension Fund DC Scheme endeavors to ensure that good governance principles are consistently applied in the Scheme operations. The Trustees are committed to ensuring that the Scheme policies and practices reflect high standards of corporate governance practices, which include embracing the following principles:

- Observation of high standards of ethical and moral behavior.
- Acting in the best interests of members and stakeholders
- To recognize the legitimate interests of all 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.
- Establishment of a functional Internal Audit System by the Administrator.
- Having policies on data protection and conflict of Interest in place for observation by the Trustees, employees and service providers.
- Understanding and complying with Retirement Benefits laws, tax laws, and any other relevant regulations.

The Administrator acknowledges that good governance in pension schemes is crucial to ensure that the retirement savings of individuals are managed effectively, transparently and securely. Kenya's pension system has undergone significant reforms focused on enhancing governance structures. These reforms are essential for fostering trust among contributors, enhancing the sustainability of pension schemes and ensuring that retirees receive their due benefits.

The Board is responsible to the Scheme Members, Sponsors, and other Stakeholders and has embraced corporate governance as one of the key pillars in the management of the Scheme affairs.

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.

Corporate Governance Statement

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

	Period	Date of Meeting
1.	Q4 2023	25.03.2024
2.	Special Meeting	20.03.2024
3.	Q1 2024	11.06.2024
4.	Q2 2024	29.08.2024
5.	Q3 2024	10.12.2024

The Trustees present their annual report together with the audited financial statements for the year ended 31 December

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.

The Chairperson leads the Board whereas the Corporate Administrator handles the day-to-day management of the Scheme.

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 and Capacity Building

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. 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.

Training and capacity-building programs for trustees are given highest priority by the Administrator. These programs are aimed at equipping them with the necessary skills and knowledge to manage pension funds effectively and ethically.

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

Corporate Governance Statement

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.

Member Education Initiatives

Educational initiatives aimed at improving financial literacy among scheme members are being promoted by the scheme Administrator. This includes workshops, seminars, and the provision of educational materials to help members understand their pension benefits and make informed decisions.

Risk Management Statement

Enterprise risk management remains a cornerstone of the CPF DC Scheme's resilience, enabling the anticipation and response to the evolving operational and financial challenges. In 2024, the Scheme continued to employ robust risk identification, measurement, and mitigation strategies to safeguard member interests and ensure long-term sustainability.

Emerging Issues in 2024

Proposed Reduction of Retirement Age to 55 Years: The debate on lowering the mandatory retirement age from 60 to 55 years gained momentum in 2024, driven by efforts to create employment opportunities for younger professionals. While this proposal aimed to rejuvenate the workforce, it posed significant risks to the Scheme, including:

1. Shorter Contribution Periods:

Reduced working years would lead to lower accumulated savings for members.

2. Extended Payout Periods:

Longer retirement durations would strain the Scheme's payout obligations.

3. Lower Monthly Benefits:

Members may face diminished retirement incomes, necessitating enhanced financial planning tools and education campaigns. The Scheme actively engaged policymakers to advocate balanced reforms while preparing contingency plans, such as incentivizing voluntary contributions and promoting annuity products.

4. Regulatory Reforms and Compliance:

New pension regulations introduced in 2024 emphasized transparency, member protection, and sustainable investing. While these reforms aligned with global best practices, they required operational adjustments and increased administrative diligence. The Scheme prioritized compliance to avoid penalties and maintain stakeholder trust.

Top Significant Risks for 2024

1. Escalating Contribution Arrears:

- Sponsor delinquency remained a critical issue, with arrears growing due to economic pressures on employers. The Scheme intensified its recovery efforts

through Stakeholder Collaboration, partnering with labor unions and regulators to enforce compliance.

2. Market and Investment Volatility The interplay of global and local factors exacerbated financial risks:

- Currency Depreciation:** The Kenyan Shilling hit historic lows against the USD, increasing costs for foreign investments and imports. The Scheme expanded its hedging strategies and diversified into stable-currency assets.
- Inflation and Interest Rates:** Elevated inflation and rising interest rates eroded real returns. The portfolio was rebalanced toward inflation-linked bonds and infrastructure projects.
- Equity Market Turbulence:** Political uncertainty and corporate earnings volatility dampened NSE performance. The Scheme reduced exposure to high-risk equities and favored dividend-paying blue chips.

3. Member Dissatisfaction and Retention Challenges: Competition from newer pension products and member expectations for higher returns pressured the Scheme. Key actions included:

- Digital Transformation:** Launched a member portal for real-time access to statements and performance reports.
- Educational Workshops:** Conducted nationwide seminars on retirement planning and Scheme benefits.
- Customer Service Upgrades:** Implemented a 24/7 helpline and AI-driven chatbots for instant query resolution.

Proactive Risk Management

Considering these challenges, the Board of Trustees remained steadfast in their commitment to safeguarding the Scheme's stability through adoption of a proactive stand towards managing risks. The focus has been on promptly addressing outstanding debts, which are vital for sustaining the Scheme's financial well-being. Quarterly reports on risk mitigations within the established thresholds, to ensure the Scheme's continued resilience.

Report of the Trustees

The Trustees present their annual report together with the audited financial statements for the year ended 31 December 2024.

Establishment, nature, and purpose of the Fund

The County Pension Fund was established under the Retirement Benefits Authority (RBA) Act and was registered with the Retirement Benefits Authority.

The Fund is a Defined contributions Scheme and provides, under the rules of the Fund, retirement benefits for the staff of local authorities, associated organizations, and approved reciprocating bodies as provided in the Fund's rules.

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

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

County Pension fund registered with Retirement Benefit Au-

thority a new product called Salih in the year 2018 as per the RBA rules and regulations and the trust guidelines to cater for members who will prefer to invest in Sharia compliant products.

The RBA Act was amended through finance bill 2021/2022 to permit retirement schemes establish Post-Retirement Medical Fund referred to as PRMS individuals wishing to save towards medical coverage upon retirement. County Pension fund registered PRMS as a new product with RBA on 25th January 2022.

The report for 2024 therefore presents both the conventional fund, Salih fund and PRMS Fund.

Incorporation

County Pension Fund was formed in response to Treasury Circular No. 18/2010 of November 2010 which requires all public sector retirement schemes to close Defined Benefits (DB) schemes to persons aged 45 and below and establish Defined Contribution (DC) schemes.

The scheme was registered by the RBA, Certificate No. 01305 of 27 May 2011 and started operations on 1 July 2015.

Financial review

The results for the Fund's for the year ended 31 December 2024 are analysed as follows:

	County Pension Fund		Salih Fund		PRMS Fund	
	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Increase in net asset during the year	14,703,430 =====	6,063,868 =====	1,111,588 =====	1,503,205 =====	55,220 =====	32,809 =====

	County Pension Fund		Salih Fund		PRMS Fund	
	2024	2023	2024	2023	2024	2023
	11.40% =====	4.57% =====	7.15% =====	5.61% =====	14.11% =====	12.54% =====
Proposed declared interest to members						

Report of the Trustees

Membership

The Fund has 194 sponsors with 86,512 employees. The rate of employee and employer contributions varies between sponsors.

The Fund's membership was as follows:

	Conventional Fund		Salih Fund		PRMS Fund			
	2024	2023	2024	2023	2024	2023	2024	2023
Contributing or active members:								
						Active	Deferred	
At beginning of the year	76,593	68,280	9,131	9,086	370	108	7	1
Non-Contributing members	7,604	-	428	-	36	-	-	-
New members	10,633	9,079	425	124	87	268	29	6
Leavers	(714)	(720)	(89)	(79)	(29)	(6)	-	-
Data Clean up -Merged records	-	(46)	-	-	-	-	-	-
At 31 December	94,116	76,593	9,895	9,131	464	370	36	7

Contributions

The contribution rates are expressed as a percentage of the employees' basic salary and housing allowance. Rates applicable for the year 31 December 2024 and 31 December 2023 varies from one sponsor to another.

Investment of funds

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 Trustees.

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

Report of the Trustees

The Fund's net assets position as at 31 December 2024 was as follows:

Categories of assets	2024 Shs'000	% Holding	RBA% Limits	2023 Shs'000	% Holding
Consolidated Fund	Consolidated Fund			Consolidated Fund	
Cash & cash equivalents	452,579	0.82%	5%	158,103	0.40%
Short term deposit	4,471,242	8.14%	30%	7,345,504	18.80%
Government securities	32,675,910	59.50%	90%	24,728,325	63.28%
Quoted investments	4,450,395	8.10%	70%	3,004,925	7.69%
Unquoted Investments	1,430,161	2.60%	5%	439,671	1.27%
Corporate bond	3,399,519	6.19%	20%	198,947	0.51%
Offshore Investments	472,383	0.86%	15%	551,905	1.41%
Reits	2,461,052	4.48%	30%	904,898	2.32%
Private Equity Fund	1,165,516	2.12%	10%	544,085	1.39%
Investment property	3,937,352	7.17%	30%	1,145,000	2.93%
Total Assets	54,916,109 =====			39,021,363 =====	

Report of the Trustees

SCHEME GOVERNANCE

1. Trustees in office

In 2024 the financial year the corporate trustee who served in the County Pension Fund is as indicated below:

Corporate 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	Four	Yes	N/A	N/A

2. Trustees

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

3. Meetings

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

Period	Date of Meeting
Q4 2023	12.3.2024
Q1 2024	11.6.2024
Q2 2024	29.8.2024
Q3 2024	10.12.2024

4. Fiduciary responsibility statement

The trustee of the County Pension Fund 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

Report of the Trustees

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.

5. 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 role of corporate trustee is to ensure long-term wealth and prosperity of the Scheme for the benefit of members/customers, employees, sponsors, and other stakeholders.

The corporate trustee 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.

6. 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.

7. Members' sensitization

Channel/ Methodology Used	Date Held	No of Mem- bers	County	Comments
Physical meeting	20 th -24 th May 2024	530	Siaya county	Sensitization and Recruitment
Physical meeting	5 th -9 th August 2024	4900	Homabay County	Sensitization and Recruitment
Physical Meeting	17 th -21 st March 2024	140	Kisumu county	Sensitization and Recruitment
Physical Meeting	12 th -16 th August 2024	200	Nyamira county	Sensitization and Recruitment
Physical Meeting	1 st -5 th July 2024	100	West Pokot County	Sensitization and Recruitment
Physical Meeting	19 th -23 rd February 2024	600	Uasin-Gichu County	Sensitization and Recruitment
Physical Meeting	22 nd -26 th April 2024	300	Elgeyo Marakwet County	Sensitization and Recruitment
Physical Meeting	9 th May 2024	150	Turkana County	Sensitization and Recruitment
Physical Meeting	30 th -2 nd February 2024	1200	Kisii County	Sensitization and Recruitment

Report of the Trustees

8. Trustees' Remuneration Policy

The corporate trustee is paid professional fees for their services based on the assets held by the scheme and is contractual at a rate of 0.10%.

9. Board of Trustees' evaluation

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

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office in accordance with section 34(3) of the Retirement Benefits Act and subject to Schemes Trust Deed and Rules. The trustees monitor the effectiveness, objectivity, and independence of the auditor. The trustees also approve the annual engagement letter, which sets out the terms of the auditor's engagement and the related fees.

SIGNED ON BEHALF OF THE TRUSTEES



Trustee
28th March 2025



Trustee
28th March 2025

Statement of Trustees' Responsibilities

The Retirement Benefits Scheme Regulations require the Trustees to prepare financial statements for each financial year, which give a true and fair view of the disposition of the Fund's assets and liabilities as at the end of the financial year and of the financial transactions of the Fund for that year. It also requires the Trustees to ensure that the Fund maintains proper accounting records that are sufficient to show and explain transactions of the Fund and disclose with reasonable accuracy the financial position of the Fund. The Trustees are also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other errors.

The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and, in the manner, required by the Retirement Benefits Act. They also accept responsibility for:

- *designing, implementing and maintaining such internal control as they determine necessary 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 judgments that are reasonable in the circumstances.*

Having assessed the Fund's ability to continue as a going concern, the Trustees are not aware of any material uncertainties related to events or conditions that may cast doubts upon the Fund's ability to continue as going concern.

The Trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.



.....
Trustee
28th March 2025



.....
Trustee
28th March 2025



Deloitte.

Independent Auditors' Report

To the Members of County Pension Fund

Independent Auditors' Report

To the Members of County Pension Fund

Deloitte.

Report on the financial statements.

Opinion

We have audited the accompanying financial statements County Pension Fund set out on pages 30 to 64, 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 policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of the Fund 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 IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the 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 Fund 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 Trustees are responsible for the other information, which comprises the Report of the Trustees which was obtained prior to the date of the auditors' report. 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 Trustees for the Financial Statements

The Trustees are 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 Accounting Standards Board and the requirements of the Retirement Benefits Act, and for such internal controls as the Trustees 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 Trustees are responsible for assessing the Fund's ability to continue as a going

Independent Auditors' Report

To the Members of County Pension Fund

Deloitte.

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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 Trustees;
- » Conclude on the appropriateness of the Trustees' 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 Fund'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; and
- » 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 the Trustees 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
CPA Fred Aloo, Practising certificate No. 1537.*



**For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya) Nairobi
28th March 2025**

Statement of Changes in Net Assets Available For Benefits

For the Year ended 31 December 2024

		Conventional Fund		Salih Fund		PRMS Fund	
	Notes	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
CONTRIBUTIONS AND WITHDRAWALS							
Contributions	3	10,734,016	8,794,750	1,194,717	1,202,054	38,914	30,482
Withdrawals and risk-based benefits		(1,225,301)	(630,226)	(90,118)	(81,210)	-	-
Net surplus from dealings with members		9,508,715	8,164,524	1,104,599	1,120,844	38,914	30,482
RETURN ON INVESTMENTS							
Investment income	4	5,070,770	3,738,581	639,101	388,383	9,987	3,183
Investment management expenses	5	(196,979)	(142,519)	(15,829)	(11,526)	(291)	(110)
Fair value gain/(loss) on revaluation of investments	6(a)	3,889,239	(2,975,673)	(81,369)	146,065	7,654	(497)
Gain/(loss) on sale/maturities of investments	6(b)	11,064	24,473	2,448	-	-	-
Other Income		(34,878)	1,899	-	-	-	178
NET RETURNS ON INVESTMENTS		8,739,216	646,761	544,351	522,922	17,350	2,754
FUND EXPENSES	7	(1,630,012)	(1,178,686)	(203,982)	(111,096)	(1,044)	(426)
PROVISION FOR DOUBTFUL DEBTS	8	(1,914,489)	(1,568,731)	(333,379)	(29,465)	-	-
INCREASE IN NET ASSETS FOR THE YEAR		14,703,430	6,063,868	1,111,588	1,503,205	55,220	32,809
NET ASSETS AT 1 JANUARY		36,966,122	30,902,256	5,429,919	3,926,714	47,347	14,537
NET ASSETS AT 31 DECEMBER		51,669,552	36,966,122	6,541,507	5,429,919	102,567	47,347

Statement of Net Assets Available for Benefits

As at 31 December 2024

		2024	2023	2024	2023	2024	2023
	Notes	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
		Conventional	Conventional	Salih	Salih	PRMS	PRMS
ASSETS							
Cash and bank balances	9	364,306	125,334	87,929	32,732	344	37
Government securities	10(a, b)	32,576,051	24,697,091	-	-	99,859	31,234
Fixed deposits	11	295,442	1,983,477	3,428,804	4,018,974	3,006	8,536
Call deposits	12(a, b)	743,990	1,333,041	-	-	-	1,520
Corporate bonds	13	1,788,066	198,947	1,611,453	-	-	-
Contributions receivable	15	1,576,818	1,205,445	82,872	529,259	4,227	6,794
Quoted Investments	20	4,450,395	3,001,340	-	3,585	-	-
Unquoted investments	14	1,430,161	439,671	-	-	-	-
Offshore Investments		78,896	75,584	393,487	476,322	-	-
Reits		2,390,831	836,143	70,221	68,755	-	-
Private Equity Fund		1,061,516	444,085	104,000	100,000	-	-
Due from related parties	23(a)	1,790,778	1,654,221	695,432	188,143	-	-
Investment Property	17	3,818,079	1,145,000	119,273	-	-	-
Other receivables	16	344,039	362,983	30,288	21,937	-	-
TOTAL ASSETS		52,709,368	37,502,362	6,623,759	5,439,707	107,436	48,121

Statement of Net Assets Available for Benefits

As at 31 December 2024

LIABILITIES							
Payables and accruals	18	(221,693)	(153,485)	(10,707)	(6,870)	(3,045)	(65)
Due to related parties	23(b)	(818,122)	(382,756)	(71,545)	(2,918)	(1,824)	(709)
TOTAL LIABILITIES		(1,039,815)	(536,241)	(82,252)	(9,788)	(4,867)	(774)
NET ASSETS							
		51,669,552	36,966,121	6,541,507	5,429,963	102,567	47,347
		=====	=====	=====	=====	=====	=====
REPRESENTED BY:							
FUND BALANCE		51,669,552	36,966,122	6,541,507	5,429,919	102,567	47,347
		=====	=====	=====	=====	=====	=====

The financial statements on pages **30** to **64** were approved and authorized for issue to the Board of Trustees on 28th March 2025 and were signed on behalf by:



Trustee



Trustee

Statement of Cash Flows

For the Year ended 31 December 2024

		2024	2023	2024	2023	2024	2023
	Notes	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES							
		Conventional Fund			Salih		PRMS
Contributions		6,317,852	8,794,750	1,194,717	1,202,054	41,481	30,482
Withdrawals paid		(1,225,301)	(630,226)	(90,118)	(81,210)	-	-
Administrative expenses paid		(1,826,991)	(1,217,825)	(219,811)	(113,262)	(1,517)	(710)
Net decrease/Increase in receivables and payables		(1,968,535)	(1,542,253)	(498,804)	1,707,638	4,095	4,892
Net cash generated from operating activities		1,297,025	5,404,476	832,371	2,715,220	44,061	34,664
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income received		4,497,932	3,727,746	517,804	358,186	9,327	3,391
Investment in property		(705,045)	-	(119,273)	-	-	-
Purchase of Treasury bonds	10	(5,616,131)	(5,196,724)	-	-	(56,052)	(22,968)
Purchase of Treasury bills		(69,608)	-	-	-	(16,928)	-
Investment in short term deposits		(22,300,783)	(28,574,016)	-	(18,779,571)	-	(87,200)
Purchase of corporate bonds		(1,480,000)	-	(1,611,453)	-	-	-
Purchase of quoted investments	20	(175,496)	(1,096,202)	-	-	-	-
Purchase of REITS		(1,567,205)	(606,703)	(1,466)	(24,064)	-	-
Purchase of Unquoted investments		(964,728)	-	-	-	-	-
Purchase of private equity investments		-	(32,267)	(4,000)	(100,000)	-	-
Proceeds from sale/maturity of government securities	10	459,507	226,626	-	-	12,450	3,002

Statement of Cash Flows

For the Year ended 31 December 2024

	2024	2023	2024	2023	2024	2023
Proceeds from sale/ maturity of short- term deposits	24,546,754	27,502,036	590,170	17,868,367	-	79,200
Proceeds from sale of corporate bonds	944	839	-	-	-	-
Proceeds from sale of offshore invest- ments	-	-	82,835	-	-	-
Proceeds from sale of quoted equities	20 38,001	200,215	3,585	-	-	-
Net cash used in investing activities	(3,335,857)	(3,848,450)	(541,798)	(677,082)	(51,203)	(24,575)
NET DECREASE/ IN- CREASE IN CASH AND CASH EQUIVALENTS	(2,038,833)	1,556,027	290,573	2,038,139	(7,143)	10,089
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,442,571	1,886,544	2,429,857	391,718	10,493	404
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9 1,403,738 =====	3,442,571 =====	2,720,430 =====	2,429,857 =====	3,350 =====	10,493 =====



For the Year ended 31 December 2024

Notes to the Financials Statements

For the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with IFRS 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 Trustees have 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 authorisation 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 fund 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 issued 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 receivables are accounted for in the period in which they fall due.

Dividend income from investments is recognized when the Funds' 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 payables 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 Fund 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 based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Notes to the Financials Statements

For the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES

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).

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss. The expected credit loss model requires the Fund 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 Fund 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 Fund 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 Fund 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 recognised in the income 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 amortised 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 Group, 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.

Notes to the Financials Statements

For the Year ended 31 December 2024

1 MATERIAL ACCOUNTING POLICIES

Short-term deposits

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

Off-shore investments

The offshore 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.

Investment properties

Investment properties comprise land and buildings and parts of buildings to be held to earn rentals and/or for capital appreciation. They are carried at fair value, determined by external independent valuers. Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset.

Investment properties are not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are included in the statement of net assets available for benefits in the year in which they arise.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of net assets available for benefits for the year.

Members' balances

Members' funds comprise the accumulated net surpluses or deficits realized from dealings with members' and surpluses or deficits from the Scheme are investing activities to the extent that they are not captured in the reserves.

Impairment of assets

The Scheme's assets are reviewed annually at the end of each reporting period to determine expected losses and the resulting impairment loss is treated as an expense in the statement of changes in net assets available for benefits.

Equipment

Equipment is stated at historical cost less accumulated depreciation and any impairment charges.

Depreciation

Depreciation on equipment is calculated on a straight-line basis to write-off the cost of the equipment over the expected useful life at the following annual rates of 50%.

Notes to the Financials Statements

For the Year ended 31 December 2024

Gain or loss arising on disposal of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of changes in net assets available for benefits.

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 APPLYING THE SCHEME'S ACCOUNTING POLICIES

In the process of applying the Scheme's accounting policies, Trustees have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments 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. These are dealt with below:

Held -to-maturity investments

The Fund follows the guidance of IFRS 9; Financial Instruments: Recognition and Measurement on classifying as held-to-maturity. Financial instruments are measured at amortized cost if both of the following conditions are met and the asset is not designated as FVTPL:

- *the asset is held within a business model that is Held-to-Collect (HTC), and*
- *the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).*

This classification requires significant judgement. In making this judgement, the Fund evaluates its intention and ability to hold such investments to maturity. If the Fund fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost

Impairment losses on financial assets

At each reporting period end, the Fund 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 recognised in the statement of changes in net assets whenever the carrying amount of the asset exceeds its recoverable amount

Contribution income

Some sponsors statements of members contributions are not received regularly i.e. on a monthly basis as stipulated. The Scheme management makes an estimate of the contributions income based on the latest statement ever received from the sponsor.

Notes to the Financials Statements

For the Year ended 31 December 2024

3 CONTRIBUTIONS

	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Employer	4,193,597	3,546,363	530,325	533,722	19,457	15,252
Employee	5,320,904	4,505,750	664,392	668,332	19,457	15,230
Penalties	1,219,515	742,637	-	-	-	-
	10,734,016 =====	8,794,750 =====	1,194,717 =====	1,202,054 =====	38,914 =====	30,482 =====

4 INVESTMENT INCOME

Interest on government securities	3,868,023	3,113,267	-	-	6,076	1,626
Interest on fixed deposits	89,454	100,874	524,103	346,148	1,484	799
Interest on call deposits	306,538	217,029	-	40,595	1,435	315
Interest on corporate bonds	135,177	25,296	111,453	-	-	-
REIT	63,318	8,488	2,998	1,565	-	-
Dividend Income	606,006	273,041	547	75	-	-
Treasury bills discount	2,254	586	-	-	991	443
	5,070,770 =====	3,738,581 =====	639,101 =====	388,383 =====	9,986 =====	3,183 =====

Notes to the Financials Statements

For the Year ended 31 December 2024

5 INVESTMENT MANAGEMENT EXPENSES

	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Fund management expenses	65,938	77,063	10,261	8,130	210	40
Custodian fees	35,935	29,729	4,305	3,396	81	70
Investment Transactions Expenses	62,863	18,539	1,263	-	-	-
Ground rate	1,672	-	-	-	-	-
Property valuation	4,723	142	-	-	-	-
Feasibility Studies	25,848	17,046	-	-	-	-
	196,979 =====	142,519 =====	15,829 =====	11,526 =====	291 =====	110 =====

6 CHANGES IN FAIR VALUE OF INVESTMENT

(a) Unrealised gain /(loss) on revaluation of investment

	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Fair value gain/(loss) on government securities	2,624,680	(1,917,798)	-	-	7,654	(497)
Fair value gain/(loss) on quoted investments	1,311,560	(1,088,928)	-	435	-	-
Change in Fair Value - Reits	(12,517)	2,651	-	-	-	-
Change in Fair Value - Offshore	3,312	34,863	(82,835)	143,591	-	-
Change in Fair Value - Unquoted Equities	25,762	5,393	1,466	2,039	-	-
Fair value gain on investment property	(65,045)	(11,854)	-	-	-	-
Change in Fair Value – Private Equity	1,487	-	-	-	-	-
	3,889,239 =====	(2,975,673) =====	(81,369) =====	146,065 =====	7,654 =====	(497) =====

Notes to the Financials Statements

For the Year ended 31 December 2024

(b) Realised gain/(loss) on disposal of investment

	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Fair value loss on government securities	(6,339)	(2,937)	-	-	-	-
Fair value gain on quoted investments	17,403	27,410	2,448	-	-	-
	11,064	24,473	2,448	-	-	-
	=====	=====	=====	=====	=====	=====

7 FUND EXPENSES

	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000	2024 Shs'000	2023 Shs'000
	Conventional		Salih		PRMS	
Bank charges	660	399	32	60	5	1
Professional fees	61,924	21,368	10,062	-	-	-
RBA levy	4,355	4,399	640	598	6	3
Administrative fees	806,937	649,210	11,554	87,117	1,032	420
Corporate trustees' fees	47,639	30,061	118,529	21,413	-	-
Audit fees	2,190	2,185	319	299	3	2
Branch operational costs	66,680	41,512	156	-	-	-
Promotional materials	30,328	52,166	1,050	1609	-	-
Advertising & publicity	3,573	7,889	-	-	-	-
AGM & member conference	15,130	11,004	2,045	-	-	-
Agency force expenses*	111,928	35,887	18,294	-	-	-
Market Outreach activities	51,586	54,657	3,817	-	-	-
Brand Management	5,905	-	-	-	-	-
Debt Management (collection cost and engagement of sponsors cost)	421,177	267,949	37,485	-	-	-
	1,630,012	1,178,686	203,982	111,096	1,046	426
	=====	=====	=====	=====	=====	=====

Notes to the Financials Statements

For the Year ended 31 December 2024

*Agency force expenses are expenses incurred in the recruitment of members

	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS

8 PROVISION FOR IMPAIRMENT

Provision for doubtful contributions	1,914,489	1,568,731	333,379	29,465	-	-
	=====	=====	=====	=====	=====	=====

9 CASH AND CASH EQUIVALENTS

Cash and bank balances	364,306	125,334	87,929	32,732	344	37
Call deposits	743,990	1,333,360	-	1,185	-	1520
Fixed deposits maturing within 90 days	295,442	1,983,877	2,632,501	2,178,180	3,006	8536
Cash and cash equivalents - disclosed in the cash flow statement	1,403,738	3,442,571	2,720,430	2,429,857	3,350	10,093
	=====	=====	=====	=====	=====	=====

10 GOVERNMENT SECURITIES

(a) TREASURY BONDS

	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
At 1 January	24,697,091	21,647,728	-	-	18,502	8,481
Purchase during the year	5,616,131	5,196,724	-	-	56,052	10,518
Proceeds from sale	(427,010)	(226,626)	-	-	-	-
Loss/on disposal	(6,703)	(2,937)	-	-	-	-
Add: fair value loss/gains	2,624,680	(1,917,798)	-	-	7,654	(497)
Government securities –Treasury bonds	32,504,189	24,697,091	-	-	82,208	18,502
	=====	=====	=====	=====	=====	=====

Notes to the Financials Statements

For the Year ended 31 December 2024

(b) TREASURY BILLS

	2024 Shs'000 Conventional	2023 Shs'000 Conventional	2024 Shs'000 Salih	2023 Shs'000 Salih	2024 Shs'000 PRMS	2023 Shs'000 PRMS
At 1 January	-	-	-	-	12,732	3,138
Less: Accrued interest 2023	-	-	-	-	(282)	(136)
Purchase during the year	69,608	-	-	-	16,928	12,450
Proceeds from sale	-	-	-	-	(12,450)	(3,002)
Add: Accrued interest	2,254	-	-	-	722	282
Government securities -Treasury bills	71,862	-	-	-	17,650	12,732
	=====	=====	=====	=====	=====	=====

11 FIXED DEPOSIT

Fixed deposit						
Maturing within 90 days	90,345	1,983,477	212,874	4,018,974	3,006	8,536
Maturing after 90 days	205,097	-	3,215,930	-	-	-
Add: accrued Interest	-	-	-	-	-	-
At 31 December	295,442	1,983,477	3,428,804	4,018,974	3,006	8,536
	=====	=====	=====	=====	=====	=====

The weighted average interest for the fixed deposit is 15.99% ,2024 (13.17,2023) for the conventional fund, 16.25 %, 2024 (10.02%,2023) for the Salih fund, 15.27% () and for PRMS 16.46 % 2024 (12.49%, 2023).

Notes to the Financials Statements

For the Year ended 31 December 2024

12 CALL DEPOSITS

a) CONVENTIONAL FUND

	Rate (%)		2024
			Shs '000
Bank of Africa	14.5	On call	1,234
Cooperative Bank of Kenya	10	On call	10,022
Cooperative Bank of Kenya	10	On call	126
Cooperative Bank of Kenya	11	On call	16,154
Cooperative Bank of Kenya	11	On call	6,038
Cooperative Bank of Kenya	15.5	On call	1,430
Cooperative Bank of Kenya	15.5	On call	1,241
Cooperative Bank of Kenya	17.6	On call	25,287
Cooperative Bank of Kenya	17.6	On call	22,421
Equity Bank	10	On call	2,011
Equity Bank	16	On call	209,819
Imperial Bank Kenya		On call	56,383
NCBA Bank	10	On call	1,904
NCBA Bank	10	On call	9,000
NCBA Bank	17.5	On call	557
National Bank of Kenya	10.8	On call	15,463
National Bank of Kenya	12.3	On call	101
National Bank of Kenya	14.8	On call	1,319
Kenya Commercial Bank	10	On call	235,000
Kenya Commercial Bank	12.3	On call	2,514
Imperial Bank Impairment			(56,383)

561,640

=====

Notes to the Financials Statements

For the Year ended 31 December 2024

The weighted average interest rate as at 31 December 2024 was 15.69 % (2023: 15.52 %).

b) USD CALL DEPOSITS

CONVENTIONAL FUND

	Rate (%)		2024 Shs '000
Cooperative Bank of Kenya	5.5%	On call	149,323
Equity Bank	5.5%	On call	33,026
			182,349
			=====

a) CONVENTIONAL FUND

	Rate (%)		2023 Shs '000
CFC Stanbic Bank	15.5	On call	145,873
Cooperative Bank of Kenya	15.5	On call	1,997
Cooperative Bank of Kenya	15.3	On call	2,013
Cooperative Bank of Kenya	15.5	On call	16,002
Cooperative Bank of Kenya	15.5	On call	118,481
Equity Bank	14.5	On call	14
Equity Bank	15.5	On call	50,511
Equity Bank	15.5	On call	50,532
Equity Bank	15.5	On call	50,531
Equity Bank	15.5	On call	53,543
Imperial Bank Kenya		On call	56,383
NCBA Bank	15.3	On call	285
NCBA BANK	16	On call	3,583
NCBA BANK	15.5	On call	50,511
NCBA BANK	15.5	On call	50,532
NCBA BANK	15.7		611,198
Stanbic Bank	16.5	On call	981
Stanbic Bank	15.5	On call	50,320
Imperial Bank Impairment			(56,383)
			1,256,909
			=====

Notes to the Financials Statements

For the Year ended 31 December 2024

The weighted average interest rate as at 31 December 2023 was 15.52 % (2022: 7.16 %).

b) USD CALL DEPOSITS

CONVENTIONAL FUND

	Rate (%)		2023 Shs '000
Equity Bank	15.5	On call	76,132
			76,132 =====

13 CORPORATE BONDS

a) CONVENTIONAL FUND

Average Interest rate

		2024 Shs'000 Conventional	2023 Shs'000 Conventional
Family Bank Kenya	13%	72,684	72,632
Family Bank Kenya	13%	63,548	63,503
East African Breweries MTN	12.50%	44,366	44,337
East African Breweries MTN	12.50%	10,399	10,393
Kenya Mortgage Refinance Company	12.50%	7,103	8,082
Linzi Sukuk	11.13%	1,589,967	-
		1,788,066 =====	198,947 =====

Notes to the Financials Statements

For the Year ended 31 December 2024

The weighted average interest rate as at 31 December 2024 was 12.36 % (2023: 12.60 %).

b) SALIH

	Average Interest rate	2024 Shs'000 Conventional	2023 Shs'000 Conventional
Linzi Sukuk	11.13%	1,611,453 =====	- =====

Notes to the Financial Statements

Notes to the Financials Statements

14 UNQUOTE EQUITY INVESTMENT

Number of shares	Additions	Number of shares	Market price	Description	Market price	Market value at	Revalua- tion gain	additions	Market Value at
'000	'000	'000	12/31/2022		12/31/2023	12/31/2022			12/31/2023
		31-Dec-23							
368	-	368	885	CPF Financial Services	885	325,680	-	-	325,680
-	7,124	7,124		Family Bank	16	-	5,393,150	108,598	113,991
368	7,421	7,492	325,680				5,393,150		439,671

Notes to the Financials Statements

For the Year ended 31 December 2024

15 CONTRIBUTIONS RECEIVABLE

	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Contribution receivable from sponsors	3,611,618	2,312,674	1,087,702	1,200,710	4,227	6,794
Interest on outstanding contributions	3,492,865	2,505,947	-	-	-	-

Provision for bad and doubtful receivables:

Outstanding contribution	(2,034,800)	(1,107,229)	(1,004,830)	(671,451)	-	-
Interest and penalties	(3,492,865)	(2,505,947)	-	-	-	-
	<u>1,576,818</u>	<u>1,205,445</u>	<u>82,872</u>	<u>529,259</u>	<u>4,227</u>	<u>6,794</u>
	=====	=====	=====	=====	=====	=====

Movement in provision for doubtful receivables:

At 1 January	3,613,176	2,044,444	671,451	323,317	-	-
Provision in the year	1,914,489	1,568,731	333,379	318,482	-	-
	<u>5,527,665</u>	<u>3,613,175</u>	<u>1,004,830</u>	<u>641,799</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====

Notes to the Financials Statements

For the Year ended 31 December 2024

16 OTHER RECEIVABLES

	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Prepayments	1,376,944	266,077	1,135	1,185	-	-
Benefit premium	57,035	67,413	29,153	20,752	-	-
Dividend receivable	1,625	414,110	-	-	-	-
	1,435,604	362,983	30,288	21,937	-	-
	=====	=====	=====	=====	=====	=====

17 INVESTMENT PROPERTIES

Mavoko Land LR 20222	125,000	125,000	-	-	-	-
Eldoret Land Block 8/63	320,000	320,000	-	-	-	-
Langata Land LR209/18568	650,000	650,000	-	-	-	-
Nandi/Chepterit/772	50,000	50,000	-	-	-	-
Masaba Road - Upperhill	640,000	-	-	-	-	-
Anderson KSM Development	518,079	-	-	-	-	-
Thika Land L.R 4953/2338/2339/2340	350,000	-	-	-	-	-
Nakuru Property	400,000	-	-	-	-	-
Kajiado Property Kaputie - North/28292	100,000	-	-	-	-	-
CPF House Annex Property	360,000	-	-	-	-	-
Mtwapa Kikambala Land	305,000	-	-	-	-	-
Salsabil Heights	-	-	119,273	-	-	-
	3,818,079	1,145,000	119,273	-	-	-
	=====	=====	=====	=====	=====	=====
Movement:						
At start of the year	1,145,000	1,095,000	-	-	-	-
Additions	2,738,124	50,000	119,273	-	-	-
Loss on revaluations	(65,045)	-	-	-	-	-
	3,818,079	1,145,000	119,273	-	-	-
	=====	=====	=====	=====	=====	=====

Notes to the Financials Statements

For the Year ended 31 December 2024

18 PAYABLES AND ACCRUALS

	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
Benefits payable	4	7,387	154	-	-	-
Accrued Expense	49,292	31,638	9,185	2,200	107	65
RBA Levy payable	5,000	5,000	-	-	-	-
Benefit Premium	-	-	-	-	-	-
Audit Fees	2,493	2,501	-	-	-	-
Other Creditors	164,904	107,115	1,368	4,624	2,938	-
Withheld Taxes	-	(156)	-	37	-	-
	221,693	153,485	10,707	6,870	3,045	65
	=====	=====	=====	=====	=====	=====

19 SCHEME BALANCE

At beginning of the year	36,966,122	30,902,255	5,429,919	3,926,714	47,746	14,537
Increase in net assets for the year	14,705,016	6,063,868	1,111,588	1,503,205	55,217	32,809
	-----	-----	-----	-----	-----	-----
At 31 December	51,671,138	36,966,122	6,541,507	5,429,919	102,564	47,346
	=====	=====	=====	=====	=====	=====

Notes to the Financials Statements

20 QUOTED INVESTMENTS AT FAIR VALUE

(a) CONVENTIONAL FUND

2024										
Number of units	Additions Units	Disposals Units	Number of Units	Description	Market value at	Additions	Disposal	Gain/ Loss on Disposal	change in fair Value	Market Value at
'000	'000	'000	'000		1-Jan-2024	Shs'000	Shs'000	Shs'000	Shs'000	31-Dec-2024
1-Jan-2024			31-Dec-2024							
670	-	670	-	Bamburi Cement	24,023					-
21,903	3,000	-	24,903	KCB Bank	479,684	-	-	-	-	1,035,981
22,158	-	-	22,158	Co-opera- tive bank	252,596	105,996	24,023	16,408	450,301	364,492
1,144	-	-	1,144	Diamond Trust Bank	51,544	-	-	-	111,896	78,946
18,430	-	-	18,430	Equity	620,166	-	-	-	27,402	890,164
3,600	-	1,100	2,500	Kengen Ltd	7,236	-	3,300	1,028	269,998	9,100
1,216	-	-	1,216	EABL	138,629	-	-	-	5,164	213,415
507	-	50	457	Standard Chartered	82,080	-	9,888	(43)	74,786	127,753
72,225	4,565	-	76,790	Safaricom Limited	1,003,923	69,500	-	-	55,560	1,309,264
913	-	-	913	NCBA Bank	35,561	-	-	-	235,841	44,007

Notes to the Financials Statements

20 QUOTED INVESTMENTS AT FAIR VALUE

(a) CONVENTIONAL FUND

2024									
Number of units	Additions Units	Disposals Units	Number of Units	Description	Market value at	Gain/ Loss on Disposal	change in fair Value	Market Value at	
'000	'000	'000	'000		1-Jan-2024	Disposal		31-Dec-2024	
1-Jan-2024			31-Dec-2024		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
9,709	-	-	9,709	ABSA Kenya	111,168	-	-	8,445	175,247
629	-	-	629	Stanbic Bank	68,404	-	-	64,079	86,330
310	-	2	308	British American Tobacco	126,325	-	790	(9,840)	115,695
153,414	7,565	1,822	159,156		3,001,340	175,496	38,001	17,403	4,450,395
=====	=====	=====	=====		=====	=====	=====	=====	=====

Notes to the Financials Statements

20 QUOTED INVESTMENTS AT FAIR VALUE

(a) CONVENTIONAL FUND

2023										
Number of units	Additions Units	Additions Units	Number of Units	Description	Market value at	Additions	Disposal	Gain/ Loss on Disposal	change in fair Value	Market Value at
'000	'000	'000	'000		1-Jan-2023	Shs'000	Shs'000	Shs'000	Shs'000	31-Dec-2023
1-Jan-2023			31-Dec-2023							Shs'000
790	-	120	670	Bamburi Cement	24,888	-	3,780	(810)	2,915	24,023
15,636	6,267	-	21,903	KCB Bank	595,735	222,354	-	-	(338,405)	479,684
22,158	-	-	22,158	Co-operative bank	272,538	-	-	-	(19,942)	252,596
1,144	-	-	1,144	Diamond Trust Bank	57,207	-	-	-	(5,663)	51,544
12,139	6,291	-	18,430	Equity	540,172	252,776	-	-	(172,783)	620,166
3,600	-	-	3,600	Kengen Ltd	11,592	-	-	-	(4,356)	7,236
2,294	-	1,078	1,216	EABL	384,212	-	180,524	26,405	(65,058)	138,629
538	-	31	507	Standard Chartered	76,766	-	4,439	400	9,753	82,080

Notes to the Financials Statements

20 QUOTED INVESTMENTS AT FAIR VALUE

(a) CONVENTIONAL FUND

2023									
Number of units	Additions Units	Additions Units	Number of Units	Description	Market value at	Disposal	Gain/ Loss on Disposal	change in fair Value	Market Value at
'000	'000	'000	'000		1-Jan-2023				31-Dec-2023
1-Jan-2023			31-Dec-2023		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
38,673	33,552	-	72,225	Safaricom Limited	933,955	544,975	-	(475,007)	1,003,923
913	-	-	913	NCBA Bank	35,927	-	-	(365)	35,561
7,709	2,000	-	9,709	ABSA Kenya	94,821	25,379	-	(9,031)	111,168
720	-	91	629	Stanbic Bank	73,409	-	9,251	4,246	68,404
202	108	-	310	British American Tobacco	93,058	48,498	-	(15,231)	126,325
300	-	300	-	ILAM FAHARI IREIT	-	2,220	2,220	-	-
106,815	48,218	1,620	153,414	-	3,194,281	1,096,202	200,215	27,410	3,001,340
=====	=====		=====		=====	=====	=====	=====	=====

58

20 QUOTED INVESTMENTS AT FAIR VALUE

(b) SALIH

[illegible]

Notes:

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 Financials Statements

21 MANAGEMENT OF MEMBERS' FUNDS

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

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

22 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income-generating activities. These activities expose the Fund 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 Fund'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 Trustees under policies approved by the Trustees. 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 Fund's interest-bearing assets include treasury bonds, treasury bills, corporate bonds, fixed and calls deposits which are at variable and fixed interest rates.

At 31 December 2024, an increase/(decrease) of 1% on the equities investments, prices would have resulted in increase/(decrease) respectively in net increase of approximately Shs 4,378,046,896(2023 – Shs 3,031,353,127)

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 Trustees monitor and review information on significant investments.

2024	Fully performing	Past due	Impaired	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Bank balances	454,165	-	-	454,165
Call deposits	800,373	-	(56,383)	743,990
Fixed deposits	3,727,252	-	-	3,727,252
Contributions receivable	4,703,547	3,492,865	(6,532,495)	1,663,917
Related parties	2,486,210	-	-	2,486,210
	<u>12,171,547</u>	<u>3,492,865</u>	<u>(6,588,878)</u>	<u>9,075,534</u>
	=====	=====	=====	=====

Notes to the Financials Statements

Credit risk

2023	Fully performing	Past due	Impaired	Total
	Shs'000	Shs'000	Shs'000	Shs'000
Bank balances	158,103	-		158,103
Call deposits	1,334,562	-	(56,383)	1,390,945
Fixed deposits	6,010,986	-	-	6,010,986
Contributions receivable	2,312,674	2,505,947	(3,613,176)	1,205,445
Related parties	1,842,364	-	-	1,842,364
	11,658,689	(2,505,947)	(3,556,793)	10,607,843
	=====	=====	=====	=====

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

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 Fund is required to make payments in respect of pension payments when members withdraw or retire from the Fund 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 Fund's liquidity on a regular basis and the Trustees review it on a quarterly basis.

	Conventional		Salih		PRMS
	2024	2023	2024	2023	2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Other payables	(221,693)	(153,485)	(10,707)	(6,827)	(3,045)
Related parties	(818,122)	(382,756)	(71,545)	(2,918)	(1,827)
	(1,039,815)	(536,241)	(82,252)	(9,745)	(4,872)
	=====	=====	=====	=====	=====

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

Notes to the Financials Statements

22 FINANCIAL RISK MANAGEMENT

The amounts disclosed in the table below are the contracted undiscounted cash flows of the Fund's financial liabilities. 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 1	Level 2	Level 3	Total
	Shs'000	Shs'000	Shs'000	Shs'000
31-December 2024				
Quoted investments	4,450,395	-	-	4,450,395
Corporate bonds	-	3,399,519	-	3,399,519
Investment property	-	-	3,937,352	3,937,352
Government securities	32,675,910	-	-	32,675,910
Unquoted Equity investments	1,430,161	-	-	1,430,161
	38,556,466	3,399,519	3,937,352	45,893,337
	=====	=====	=====	=====

31 December 2023				
Quoted investments	3,004,925	-	-	3,004,925
Corporate bonds	-	198,947	-	198,947
Investment property	-	-	1,145,000	1,145,000
Government securities	24,728,325	-	-	24,728,325
Unquoted Equity investments	439,671	-	-	439,671
	28,172,921	198,947	1,145,000	29,516,868
	=====	=====	=====	=====

The Fund had no financial assets or liabilities measured at fair value as at 31 December 2024. There were no transfers between levels 1, 2 and 3 in the year (2023: none).

Notes to the Financials Statements

23 RELATED PARTY TRANSACTIONS

» **Level 3 fair value measurements are those derived from valuation techniques that include inputs for the**
The Fund transacts with its members, the various local authorities in Kenya. Amounts due from the sponsors represent con-

	2024	2023	2024	2023	2024	2023
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	Conventional	Conventional	Salih	Salih	PRMS	PRMS
a) Due from related parties						
Laptrust DB Scheme	1,646,321	1,595,148	176,309	119,858	-	-
CPF Financial Services	5,792	-	-	-	-	-
Amount due from IPP	65,281	24,718	37,699	-	-	-
DC Inter Scheme	-	-	481,424	81,895	-	-
PRMS Intercompany	1,828	709	-	-	-	-
Taifa Scheme	10	36	-	-	-	-
Salih Inter Scheme	71,546	13,609	-	(13,609)	-	-
Mwamba Trust Fund	-	20,000	-	-	-	-
	1,790,778	1,654,221	695,432	188,143	-	-
	=====	=====	=====	=====	=====	=====
b) Due to related parties						
Laptrust DB Scheme	(76,690)	(134,636)	-	-	-	-
CPF Financial Services	-	(6,439)	-	(163)	-	-
Amount due to IPP	(254,351)	(124,099)	-	-	-	-
DC Inter Scheme	-	-	(71,545)	-	(1,827)	(709)
PRMS	(668)	-	-	-	-	-
Laser Property Services	(2,349)	-	-	-	-	-
Salih Inter Scheme	(481,424)	(117,582)	-	(2,755)	-	-
External Schemes	(2,640)	-	-	-	-	-
	(818,122)	(382,756)	(71,545)	(2,918)	(1,827)	(709)
	=====	=====	=====	=====	=====	=====

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

Notes to the Financials Statements

24 FAIR VALUE

The Trustees 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.

25 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).

26 REGISTRATION AND INCORPORATION

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

27 CURRENCY

The financial statements are presented in Kenya Shillings (Shs).

Notes



COUNTY PENSION FUND

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