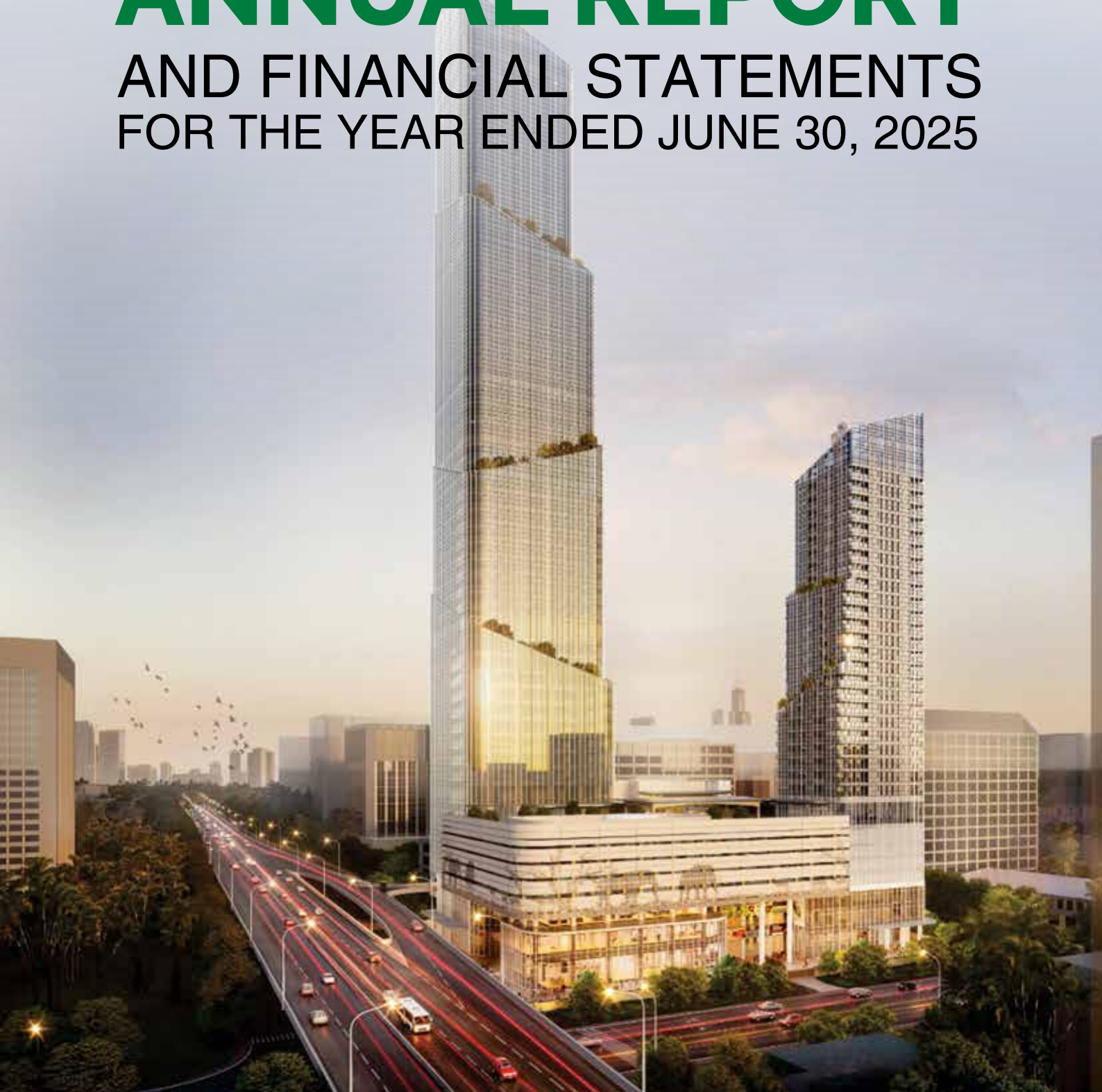
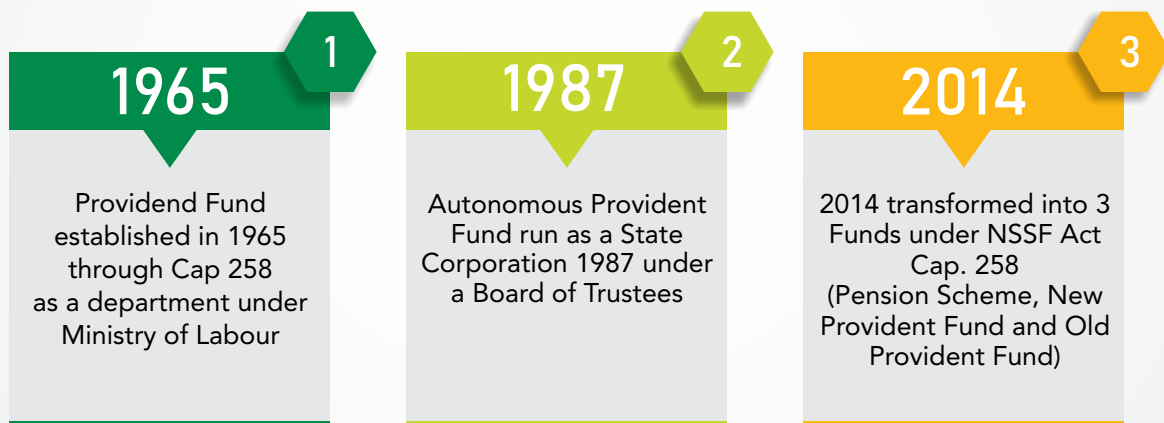


ANNUAL REPORT

AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

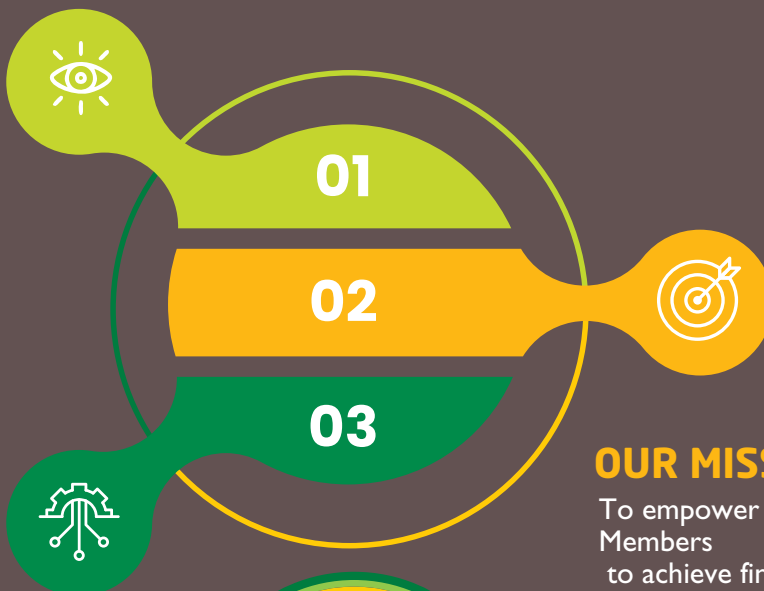


The Fund's Journey



OUR VISION

To be the Trusted Social Security Provider delivering exceptional value to our Members



CORE VALUES

- Member - Centric
- Integrity
- Innovation
- Collaboration



OUR MISSION

To empower our Members to achieve financial security through prudent investments and value adding solutions

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1

ACRONYMS AND GLOSSARY OF TERMS

AUC	Asset Under Construction
CEO	Chief Executive Officer
CGU	Cash Generating Unit
DCF	Discounted Cash Flow
DG	Director General
ECL	Expected Credit Loss
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KCB	Kenya Commercial Bank
MT	Managing Trustee
NSSF	National Social Security Fund
NT	National Treasury
OCI	Other Comprehensive Income
OTC	Over the Counter
PFM	Public Finance Management
PPE	Property, Plant and Equipment
PSASB	Public Sector Accounting Standards Board
RBA	Retirement Benefits Authority
SDG	Sustainable Development Goals
USD	United States Dollar

2

KEY ENTITY INFORMATION

(a) Background information

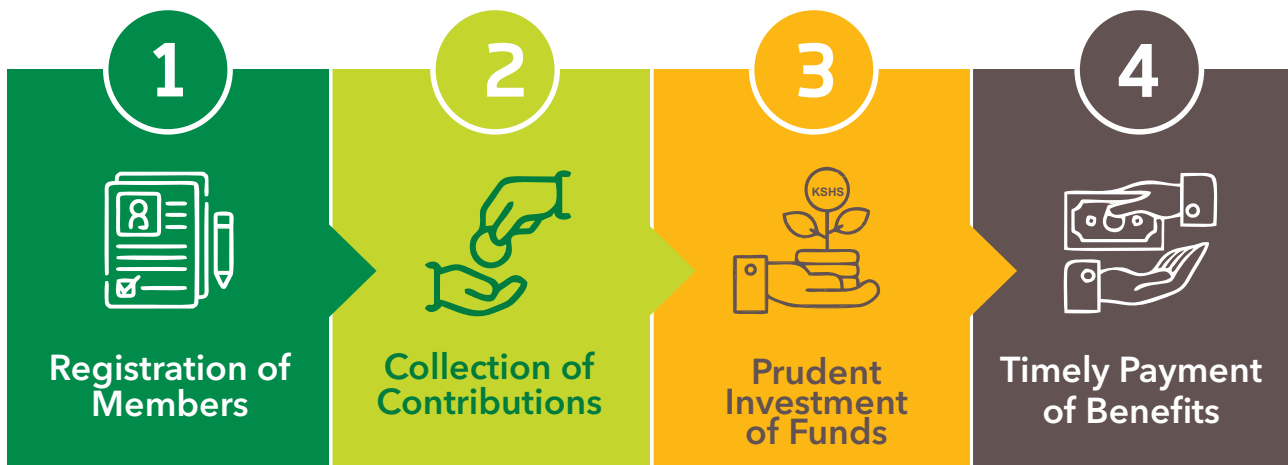
The National Social Security Fund (NSSF) is established under the National Social Security Fund Act Cap 258 Laws of Kenya. At the Cabinet level, NSSF is represented by the Cabinet Secretary in charge of Labour and Social Protection. The Fund is governed by a Board of Trustees constituted as per the NSSF Act, with a tripartite representation from the most representative workers' organization, the most representative employers' organization and the Government of Kenya (through the Ministry of Labour and Social Protection, and the National Treasury). The Board is responsible for the general policy and strategic direction of the Fund.

(b) Principal Activities

The principal activity of the Fund is to provide social security to Kenyan workers. We achieve this by registering members, receiving their contributions, investing the funds prudently, and processing benefits to pay out to eligible members or their dependants when their claims become due.

- **The Vision** of the Fund is to be the Trusted Social Security Provider delivering exceptional value to our members.
- **Mission statement** is to empower our members to achieve financial security through prudent investments and value adding solutions.
- **The Core Values** of the Fund are: Member-Centric; Integrity; Innovation; Collaboration.

MANDATE



Branch Network Map



Branch Network and Contact Information

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(c) Trustees

No.	Trustee	Position	Appointment
1	Hon. David Kariuki Njeru	Board Chairman	13.03.2024
2	Mr. Shadrack Mwangolo Mwadime, EBS	PS Labour & Skills Development	05.10.2023
3	Dr. Chris K. Kiptoo	PS, National Treasury	01.12.2022
4	FCPA Dr. Anne Owuor, EBS	Trustee representing FKE	28.03.2025
5	Mr. Isaac Mbingi Okello	Trustee representing COTU	28.11.2024
6	Ms. Rose Omamo	Trustee representing COTU	11.07.2025
7	Dr. Isaac Kaberia Kubai	Independent Trustee	24.02.2023
8	Dr. Musa Nyandusi	Alternate to PS Labour	06.03.2023
9	Mr. Amos Cheptoo	Alternate to PS Treasury	24.03.2023
10	Dr. Milkah Chebii	Independent Trustee	24.02.2023
11	Mr. Michael Macharia	Trustee representing FKE	17.05.2023
12	FA David Tito Koross, MBS	Managing Trustee/CEO	26.05.2023

(d) Corporate Secretary

Ms. Kellen Njue
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(e) Corporate Headquarters and Registered Office

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--	--

(f) Corporate Bankers

1.	KCB Bank Kenya Limited	6.	National Bank of Kenya
2.	Co-operative Bank of Kenya	7.	Equity Bank Kenya
3.	Diamond Trust Bank	8.	Stanbic Bank Kenya
4.	Standard Chartered Bank	9.	E Citizen
5.	Mpesa		

(g) Independent Auditors

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--

(h) Principal Legal Advisor

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3

THE BOARD OF TRUSTEES



Hon. David Kariuki Njeru
Chairman

Hon. Njeru is the Chairman of the Board of Trustees. He holds an MBA (Entrepreneurship) from Kenyatta University, and a Bachelor's Degree in Business Administration (Accounting & Finance) from Kenya Methodist University, a Diploma in Human Resource Management from the Kenya Institute of Management. He is a Certified Public Accountant (CPA) and currently pursuing a PhD in Entrepreneurship at the Jomo Kenyatta University of Agriculture and Technology. He is a goal-driven business management professional with a wealth of experience in finance, business administration and human capital management. Hon. Njeru has held various C-Suite positions in several institutions. He is the immediate former Deputy Governor of the County Government of Embu. Before then, he was the Chief Executive Officer of the Winas Savings and Credit Cooperative Society Limited.



Mr. Michael Macharia
Trustee Representing FKE

Mr. Macharia is currently pursuing a Masters Degree in Law, is the holder of a Bachelors Degree in law from the University of London as well as Bachelor of Science, Hospitality Management from Almeda College and University in the US. He is a seasoned hospitality and labour sector professional with over 20 years of experience and has been involved in shaping and influencing policy in various areas over the years.

He is currently the Chief Executive Officer of the Kenya Association of Hotelkeepers & Caterers (KAHC) as well as the National Vice President of the Federation of Kenya Employers (FKE). He is a Member of National Labour Board and Chairman of the Board Boma International Hospitality College (BHC). He served on the Board of the Kenya Private Sector Alliance (KEPSA) and among other honorary assignments.



Dr. Musa Nyandusi
*Alternate to PS State
Department for Labour & Skills
Development*

Dr. Nyandusi is the alternate member to the Principal Secretary- State Department for Labour & Skills Development in the Ministry of Labour and Social Protection.

He is the Secretary, Occupational Safety and Health- Directorate of Occupational Safety and Health Services (DOSHS) Safety in the Ministry of Labour and Social Protection. Prior to that, he served in the directorate in various positions. He participated in the drafting of the Code of Practice on Occupational Safety and Health in the construction Sector, as well as the Bill raising Occupational Safety and Health as a Fundamental Worker's Right at the International Labour Organization.

A medical doctor by profession, Dr. Nyandusi holds a Masters' Degree in Medicine from the University of Nairobi and a Bachelor of Medicine Degree from Moi University.



Mr. Isaac Okello Mbingi
Trustee Representing COTU

Mr. Mbingi is an Advocate of the High Court of Kenya and a holder of a Bachelor of Laws Degree from The University of Nairobi. He also holds a Bachelor of Commerce and a Master of Commerce degree in Business Administration and Management from The University of Indore. He is the Administrative Secretary-Central Organization of Trade Unions-Kenya with over 30 years' experience in both Board and management practice specializing in Human Resource Management, Leadership and Administration and Law.

He is a Member and Vice Chairman of the Employment and Labour Relations Court Rules Committee, Member of the Mediation Accreditation Committee of the Judiciary. He is a Member of the Law Society of Kenya, the Kenya Institute of Management and the Institute of Human Resource Management.



Dr. Milkah Kimonda Chebii
Independent Trustee

Dr. Chebii holds a PhD in Business Administration, a Masters and Bachelor's Degree in Marketing. Dr. Chebii is an Independent Consultant with interest in Financial inclusion, Social Protection, Gender & Women's Economic Empowerment (WEE), Climate change, government, private sector and community engagement. She has had a distinguished career in the banking and financial services sector, with over 20 years of experience driving innovative financial solutions across various disciplines such as retail banking operations, risk management, and change management. She possesses a wealth of experience in designing and implementing social protection programs and payment solutions, leveraging private sector partnerships to deepen financial inclusion in Kenya. Dr. Chebii led the development and successful implementation of the Inua Jamii choice-based social payments delivery models in Kenya. A certified Executive Coach involved in academic pursuits and community activities. She is passionate about using policy to address the needs of vulnerable and excluded populations, working towards a sustainable and inclusive growth. Dr. Chebii has authored several publications.



Dr. Kaberia Isaac Kubai
Independent Trustee

Dr. Kubai holds a Doctor of Philosophy (PhD) in Religious Studies & Ethics, a Master of Philosophy in Theological Studies and Bachelor of Theology. He has specialized in political ethics. He is a certified ISO Auditor (QMS and ISMS). He has extensive training in audit, risk management and human resource management. He is a Senior University Lecturer with over 14 years' experience, currently teaching at the University of Embu. He is a Member of the Board of the Karumo Technical Training Institute and Member of the Kenya Methodist University Council.



Dr. FCPA Anne Elizabeth Owour Ph.D., EBS, HSC-
Trustee Representing FKE

Dr. Owour is an accomplished professional with a PhD in Leadership and Management, and advanced degrees an MBA in Finance and an MSc in Audit Management and Consultancy. She is also a Certified Internal Auditor, Fellow Certified Public Accountant, Certified Risk Management Assurance Professional, and a Certified Forensic Investigator. She has undertaken numerous leadership-training courses from esteemed institutions such as Cranfield Management School, Harvard Business School, and Strathmore Business School amongst others. Her experience spans the public sector, including roles as a Commissioner in the Salaries and Remuneration Commission, Board Member at the Public Sector Accounting Standards Board and various managerial positions at Kenya Power and Lighting Company as well as in the civil service. She also served in various boards both nationally and internationally, Including the International Public Sector Accounting Standards Board and the international Institute of Internal Auditors. The President of Kenya has recognized her with the Elder of the Burning Spear (EBS) and Head of State Commendation (HSC) for her contributions. Currently she is a Board member at the Federation of Kenyan Employers and is an accomplished Consultant.



Ms. Rose A Omamo
Trustee Representing COTU

Ms. Omamo is the current General Secretary of Amalgamated Union of Kenya Metal Workers. She has over 28 years' experience on Collective Bargaining, Dispute resolution and Social Dialogue. She is the Deputy General Secretary of the International Trade Union Confederation Africa and the Vice President of Industrial Global Union working to ensure that Labour standards are upheld. She is a Board Member of the Central Organization of Trade Unions Kenya and a Member of the National Labour Board. She represents Africa in the ACP-EU Follow up committee that monitors the implementation of Agreements and partnerships between ACP Countries and the EU and plays an advisory role.



Mr. Amos Kipronoh Cheptoo
Alternate to PS National Treasury

Mr. Cheptoo is a holder of Master of Science Degree in Economic Policy Analysis and holds a Bachelor of Arts Degree in Economics and Sociology. He has in attended many professional courses globally on macroeconomic policy management. He has worked for over 30 years as a public sector economist and international civil servant. He is currently serving as the Director for Resource Mobilization Department at the National Treasury. Prior to this position, he had served as the Executive Director at the African Development Bank representing countries in Eastern Africa, after having served as Senior Advisor to the Board of the same Bank Group. He also worked previously as a Programme Officer and Manager at the Macroeconomic & Financial Management Institute of Eastern and Southern Africa (MEFMI) and the Central Bank of Kenya as an Economist.



FA David Koross, MBS
Managing Trustee / CEO

Mr. Koross is a Masters in Public Policy & Management from Strathmore University and a holder of Bachelor of Arts (Economics) from University of Nairobi. He has participated in the Global Leadership Program at Gordon Institute of Business of Science, University of Pretoria. He is the immediate former Chief Executive Officer of LAPFUND having served in that position for 10 years. He has a wealth of experience in the Pension and Banking Sectors spanning over 26 years. Mr. Koross comes to the Fund with extensive exposure and specialized skills in pension administration, regulation and supervision, customer service, investment management and custody operations.



Ms. Kellen Njue
*General Manager/
Corporation Secretary/Legal
Services*

Ms. Njue is an advocate of the High Court of Kenya of 18 years standing. She has over 15 years' experience in public service. She is a Certified Public Secretary, Certified Legal Auditor and a Certified Trustee. She holds a Master of Laws Degree (LLM) (UON), Bachelor of Laws Degree (LLB)(UON), Postgraduate Diploma in Law (KSL), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG). She is a member of the Law Society of Kenya, EastAfrica Law Society and the Institute of Certified Public Secretaries in good standing. She joined the Fund on 12 February, 2024.

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KEY MANAGEMENT TEAM



FA David Koross
Managing Trustee / CEO

Mr. Koross is a Masters in Public Policy & Management from Strathmore University and a holder of Bachelor of Arts (Economics) from University of Nairobi. He has participated in the Global Leadership Program at Gordon Institute of Business of Science, University of Pretoria. He is the immediate former Chief Executive Officer of LAPFUND having served in that position for 10 years. He has a wealth of experience in the Pension and Banking Sectors spanning over 26 years. Mr. Koross possesses extensive exposure and specialized skills in pension administration, regulation and supervision, customer service, investment management and custody operations. He was appointed Chief Executive Officer and Managing Trustee of NSSF on 26th May 2023.



CPA Ronald Nyamosi
*General Manager, Finance
& Investment*

CPA Nyamosi holds a BCom degree (Accounting Option) First Class Honors from Kenyatta University and MBA degree from the same University. He is currently pursuing a PhD. in Entrepreneurship at JKUAT. He is a CPA(K) and member of ICPAK. He is also a Certified Productivity and Engagement Coach and a member of the International Coaching Federation (ICF). He has undergone various training programs including Corporate Governance, Strategic Leadership, Bullet Proof Manager among others. He has over 23 years of extensive experience in the fields of finance, investments, and pension management having held senior leadership positions in several prestigious organizations among them Equity Insurance Group, Liberty Insurance Group, ICEA LION and Jubilee Insurance. He has impressive experience in the Insurance and Pension industry. His robust skill set includes Managerial Finance, Financial Analysis, Accounting, Strategic Planning, Risk Management and more. In his career he has made tremendous contribution and valuable insights to the industry. He Joined the Fund on 12th February 2024.



Ms. Millicent Awiti
*General Manager
Strategy, Research and Risk*

Ms. Awiti joined the Fund in 2011 and is currently the General Manager, Strategy, Research and Risk. She holds a Masters of Business Administration degree from the University of Nairobi and a Bachelor of Education in English and Literature degree from Catholic University of Eastern Africa. She is currently pursuing a Doctor of Philosophy in Business Administration at the University of Nairobi. She was appointed in her current role 12th February 2024.



Ms. Kellen Njue
*General Manager/
Corporation Secretary/
Legal Services*

Ms. Njue is an advocate of the High Court of Kenya of 18 years standing. She has over 15 years' experience in public service. She is a Certified Public Secretary, Certified Legal Auditor and a Certified Trustee. She holds a Master of Laws Degree (LLM) (UON), Bachelor of Laws Degree (LLB)(UON), Postgraduate Diploma in Law (KSL), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG). She is a member of the Law Society of Kenya, EastAfrica Law Society and the Institute of Certified Public Secretaries in good standing. She joined the Fund on 12th February, 2024.



CPA Paul Mwaura
General Manager Audit

CPA Mwaura joined the Fund in February 2024. In his capacity, he oversees the operations of the Internal Audit Division. He holds an MSc in Finance & Investments, an MBA in Accounting and a Bachelor of Commerce degree Accounting option, all from The University of Nairobi. He is a Certified Public Accountant of Kenya CPA(K), a Certified Information Systems Auditor (CISA) and a member of the Institute of Internal Auditors (IIA), Institute of Certified Public Accountants of Kenya (ICPAK), and the Information Systems Audit and Control Association (ISACA). He has also undertaken certifications in Management and Leadership from Kenya School of Government and in ISO 9001 QMS audit. Mr. Mwaura has extensive experience in the audit profession both in public and private sectors. He joined the Fund in his current role on 12th February, 2024.



Mr. Evans Ombui
*General Manager Social
Security*

Mr. Ombui, is a career social security practitioner, with over 30 years of experience. He holds a Masters of Business Administration degree from Kenyatta University and a Bachelor of Arts degree from University of Nairobi. He is a member of the Institute of Human Resource Management (IHRM) and holds various post graduate qualifications in governance, leadership, business administration and human resource management. His key responsibility is the formulation, coordination and implementation of social security policies and strategies for achieving the Fund's mandate. He was appointed in his current role 12th February, 2024.



Ms. Hellen N. Wasike
*General Manager Human
Resource & Administration*

Ms. Wasike holds an MSc. Human Resource Management (JKUAT) and a Bachelor of Arts from University of Nairobi. She is also a Certified Public Secretaries (CPS) and Certified Human Resource Professional (CHRP). She also has qualifications in Public Policy and in Project Management from the Strathmore Business School. She is a Practicing Member of the Institute of Human Resource Management (IHRM). She has over 20 years senior management in the corporate world and public sector (specifically in state corporations). Ms. Wasike has strategic leadership experience in overseeing startups, turnarounds and growth/transformation focused organizations having worked with the Kenya Trade Network Agency (KenTrade), The Kenya Vision 2030 Delivery Secretariat (VDS) and The Coffee Development Fund (now Commodities Fund) amongst others. She is passionate about leadership, governance and service to humanity hence also an active member of the Women on Boards Network (WOBN) and the Rotary International (RI). She joined the Fund on 12th February, 2024.

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

No.	Designation	Name
1.	Managing Trustee/CEO	Mr. David Koross
2.	General Manager, Finance & Investment	Mr. Ronald Nyamosi
3.	General Manager Legal & Corporate Services	Ms. Kellen Njue
4.	Finance Manager	Ms. Marietta Mutinda
5.	Manager, Supply Chain	Mr. Bethuel Chemitei

Fiduciary Oversight Arrangements

The National Social Security Fund being a retirement benefits scheme exists to protect the interest of its members who have entrusted their savings with the Fund. The Board of Trustees holds the overall fiduciary responsibility of approving major financial and risk-related decisions. The Board uses the following fiduciary oversight arrangements in achieving this responsibility: -

Audit and Risk Committee of the Board

The Audit and Risk Committee provides independent oversight of the Fund's financial reporting, internal controls, risk management, and compliance with laws and regulations.

The Committee:

- Reviews financial statements and audit findings.
- Monitors the effectiveness of internal and external audit functions.
- Oversees risk management frameworks and ensures key risks are identified and managed appropriately.
- Ensures follow-up on audit recommendations and internal control issues.

Finance and Investment Committee of the Board

The Finance and Investments Committee oversees the financial health and strategy of the organization.

The Committee:

- Reviews and recommends budgets, financial plans, and financial policies.

- Monitors financial performance, including income, expenditures, and forecasts.
- Assesses financial sustainability and resource allocation.
- Supports strategic investment decisions and reviews major procurement or capital expenditure proposals.

Other Oversight Arrangements

Other mechanisms that contribute to fiduciary oversight in the Fund include:

- Internal Audit division which provides ongoing, independent assurance on governance, risk, and controls.
- External Auditors who offer independent assessment of financial statements and compliance with regulations.
- Regulatory Bodies (RBA, SCAC, CMA, CBK) that ensure adherence to laws, financial regulations, and ethical standards.



FA David Koross, MBS
Managing Trustee / CEO

Mr. Koross is a holder of Masters degree in Public Policy & Management from Strathmore University and Bachelor of Arts (Economics) degree from University of Nairobi. He has participated in the Global Leadership Program at Gordon Institute of Business of Science and University of Pretoria. He is the immediate former Chief Executive Officer of LAPFUND having served in that position for 10 years. He has a wealth of experience in the Pension and Banking Sectors spanning over 26 years. Mr. Koross possesses extensive exposure and specialized skills in pension administration, regulation and supervision, customer service, investment management and custody operations. Mr. Koross is the CEO and Accounting officer of the Fund and Secretary to the Board of Trustees. He reports to the Board of Trustees.



CPA Ronald Nyamosi
*General Manager, Finance
& Investment*

CPA Nyamosi holds a BCom degree (Accounting Option) First Class Honors and MBA degree both from Kenyatta University. He is currently pursuing a PhD. in Entrepreneurship at JKUAT. He is a CPAK and member of ICPAK. He is also a Certified Productivity and Engagement Coach and a member of the International Coaching Federation (ICF). He has undergone various training programs including Corporate Governance, Strategic Leadership, Bullet Proof Manager among others. He has over 23 years of extensive experience in the fields of finance, investments, and pension management having held senior leadership positions in several prestigious organizations among them Equity Insurance Group, Liberty Insurance Group, ICEA LION and Jubilee Insurance. He has impressive experience in the Insurance and Pension industry. His robust skill set includes Managerial Finance, Financial Analysis, Accounting, Strategic Planning, Risk Management and more. In his career he has made tremendous contribution and valuable insights to the industry. He Joined the Fund on 12th February 2024. CPA Nyamosi is the overall head of Finance and Investment.



Ms. Kellen Njue
General Manager/
Corporation Secretary/
Legal Services

Ms. Njue is an advocate of the High Court of Kenya of 18 years standing. She has over 15 years' experience in public service. She is a Certified Public Secretary, Certified Legal Auditor and a Certified Trustee. She holds a Master of Laws Degree (LLM) (UON), Bachelor of Laws Degree (LLB)(UON), Postgraduate Diploma in Law (KSL), Strategic Leadership Development Programme (KSG), Senior Management Course (KSG). She is a member of the Law Society of Kenya, EastAfrica Law Society and the Institute of Certified Public Secretaries in good standing. She joined the Fund on 12th February, 2024.



Ms. Marietta Mutinda
Manager, Finance

Ms Marietta Mutinda is a holder of MBA degree (Finance) from Kenyatta University and a Bachelor of Commerce degree (Accounting Option) from the same University. She is a Certified Public Accountant CPA(K), a Member of ICPAK and a SAP FICO Certified Application Associate. She holds a Strategic Leadership Development Programme Certificate from Kenya School of Government. Ms. Marietta has served in different capacities within Finance Department at NSSF for over 25 years. Currently, she is the head of Finance Department.



Bethuel Bett Chemitei
Manager Supply Chain
Management

Mr. Chemitei holds a MSC degree in Procurement and Logistics from JKUAT, a BCom degree (Procurement and Supplies Management Option) from UON, a Diploma in Procurement and Supply (CIPS), a Diploma in Sales and Marketing from Technical University of Kenya. He is a member of Kenya institute of Supplies Management (KISM) in good standing and Chartered institute of Purchasing and Supplies (CIPS). He has over 23 years working experience in the public sector, specifically in state corporations managing procurement and supply chain systems including procurement planning, supply chain management, contracting among others. He is passionate in supporting the vulnerable in the society and service to humanity hence a Board Member and Trustee of Mwangaza Rehabilitation Centre(MRC) which is a charitable Non-Governmental organization supporting the street Children. Mr. Chemitei is the head of Supply Chain Management Department.

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CHAIRMAN'S STATEMENT



Hon. David Kariuki Njeru
Chairman, National Social Security Fund



We upheld the highest standards of corporate governance, guided by the principles of ethical leadership, risk management, and compliance with statutory obligations.

It is with great pride and a deep sense of responsibility that I present the Chairman's Statement for the financial year 2024/2025. This year has been one of transformative, resilience, and progress for the National Social Security Fund. Amid evolving economic conditions and rising expectations from our members and stakeholders, the Fund has remained steadfast in its mission to provide reliable and sustainable social security for all Kenyans. Our performance this year reflects not only sound governance and strategic foresight but also the collective commitment of our Board of Trustees, Senior Management, staff, and partners to deliver value and impact.

Governance and Oversight

The Board of Trustees continued to provide strong governance and oversight throughout the 2024/2025 financial year, ensuring that the Fund operated with integrity, transparency, and accountability. We upheld the highest standards of corporate governance, guided by the principles of ethical leadership, risk management, and compliance with statutory obligations. Our board committees remained active in providing strategic direction, monitoring performance, and ensuring that the Fund's operations aligned with its mandate and the expectations of our stakeholders.

Strategic Direction

This year marked the second year of implementing our Corporate Strategic Plan 2023-2027, which is anchored on four themes: Organizational Resilience, Operational Excellence, Financial Sustainability & Growth and Customer Experience. We made

significant progress in aligning our initiatives with this roadmap, including the rollout of digital platforms, expansion of informal sector coverage, and enhancement of internal capabilities. These efforts are designed to position NSSF as a modern, efficient, and inclusive social security institution.

Financial Performance

The Fund recorded robust financial performance in FY 2024/2025. Total assets under management grew to Kshs 575 billion reflecting a growth of 43%, driven by increased member contributions and strong investment returns. Member contributions rose by 35%, reaching Kshs 83.97 billion from previous year Kshs. 62.29 billion, a clear indication of growing public confidence in the Fund. Net investment income grew by 152% to reach Kshs. 105 billion, supported by a diversified portfolio across fixed income, equities, real estate, and alternative assets. Administrative expenses were maintained within the statutory ratio of 1.47% of total assets, reflecting prudent financial management and operational efficiency.

Stakeholder Engagement

We deepened our engagement with key stakeholders—including members, employers, regulators, and strategic partners—through regular consultations, digital outreach, and service delivery improvements. This commitment to transparency and responsiveness has strengthened trust and collaboration across the board. In particular, stakeholder engagement forums have proven essential in enhancing compliance with the NSSF Act, Cap.258 by fostering awareness and providing a platform to educate employers


and members on their legal obligations, clarify policy changes such as the revised contribution structure, and address compliance challenges. We also expanded our outreach to the informal sector, leveraging mobile platforms and community partnerships to onboard new members and promote a culture of saving for retirement. By encouraging open dialogue and incorporating stakeholder feedback, the Fund continues to improve service delivery and ensure its operations align with both regulatory requirements and member expectations.

Looking Forward

As we look ahead, we remain focused on delivering the objectives of our strategic plan while adapting to emerging economic, technological, and demographic trends. Our priorities include enhancing member value, accelerating digital innovation, strengthening risk management, and exploring sustainable investment opportunities. We are also committed to aligning our operations with national development agenda and global best practices in social protection.

Conclusion

On behalf of the Board of Trustees, I extend my sincere appreciation to our members, staff, partners, and stakeholders for their continued support and dedication. The achievements of this financial year reflect our shared commitment to building a secure and dignified future for all Kenyans. Together, we will continue to grow the Fund for Good.



Hon. David Kariuki Njeru

Chairman of the Board of Trustees

REPORT OF THE MANAGING TRUSTEE / CHIEF EXECUTIVE OFFICER



FA David Koross, MBS
Managing Trustee / Chief Executive Officer
National Social Security Fund



Despite a challenging economic environment, we have delivered robust performance, streamlined operations, and expanded our national coverage.

I am honoured to present the financial performance report of the National Social Security Fund for the financial year 2024/2025. This has been a remarkable year of transformation and resilience. Despite a challenging economic environment, we have delivered robust performance, streamlined operations, and expanded our national coverage. These achievements underscore our commitment to securing the future of every Kenyan worker through sustainable social protection. I thank our members, partners, and staff for the shared vision that has guided us forward.

Operational Efficiency and Service Delivery

The Fund achieved significant strides in operational efficiency through the digitization of member services, which notably reduced the turnaround time for claims processing from 30 days to just 10 days. Additionally, the automation of compliance monitoring enhanced employer registration and improved the tracking of contributions. Through effective cost optimization, administrative expenses continued on a downward trend closing at 1.47% of total assets, in line with statutory provisions. Leveraging digital transformation, mobile enrolment, and targeted outreach to the informal sector, the Fund successfully expanded its coverage, onboarding more new members into the social security system to an active membership of 3.5 million members.

The digitization of key services has been a cornerstone of the Fund's operational strategy, significantly enhancing service delivery by enabling members to access services more

conveniently, efficiently, and in real time. This transformation has streamlined internal processes, reduced service turnaround times, and improved overall member experience.

Financial Management and Investment

The Fund delivered strong financial results in the 2024/2025 financial year, marked by significant growth in both investment income and member contributions. We recorded Kshs. 83.97 billion in member contributions—a remarkable 108% budget achievement, reflecting the growing trust and confidence our members have in the Fund.

During the same period, the Fund disbursed Kshs. 8.78 billion worth of benefits to 91,851 exiting members. This is a 10% decline from the Kshs. 9.71 billion paid in the previous year. The decline is attributable to lower member claims received during the year. 128,836 claims were received in 2024/2025 compared with 148,326 received in 2023/2024, a decline of 13%. On the investment front, Fund's investments continued to deliver a double-digit return this time reaching 22% for its members, an upward trajectory from the 12% achieved in 2023/2024 financial year, while maintaining long-term sustainability and resilience in the face of market volatility.

To ensure long-term sustainability and resilience, the Fund continues to diversify its investment portfolio and as a result, the Fund's total assets grew to Kshs. 575 billion as of June 30, 2025 from Kshs. 402 billion in June 2024, recording a growth of 43%.

Strategic Initiatives & Investment Diversification

The Fund continued to diversify its investment portfolio to enhance returns and ensure long-term sustainability. Fixed income securities, particularly government bonds, remained the largest allocation, providing capital preservation

and consistent returns. In the equities segment, the Fund made strategic investments in listed companies on the Nairobi Securities Exchange (NSE) to capitalize on market growth. The real estate portfolio saw ongoing development in both commercial and residential properties, contributing to asset growth and income generation. Additionally, the Fund explored alternative assets, including infrastructure and private equity opportunities, aimed at boosting long-term performance and resilience against market volatility.

Compliance, Governance & Audits

The Fund received an unqualified audit opinion for the financial year 2024/2025 from the Office of the Auditor General, affirming the integrity of its financial statements. While the Auditor General flagged a few legacy issues, including matters related to land, idle properties, and rent arrears, the Fund has taken proactive steps to address them. In response, NSSF has strengthened internal controls and enhanced transparency to reinforce member confidence. Furthermore, the Fund maintained full compliance with all relevant statutory and regulatory frameworks, including the Retirement Benefits Authority (RBA) regulations, the Public Finance Management Act, and the NSSF Act Cap 258, particularly in areas concerning contribution remittance and timely benefit disbursement.

Opportunities & Forward Initiatives

We remain focused on expanding informal sector coverage through digital platforms, enhancing investment diversification portfolio, strengthening governance, member education, and regional pension integration.

Driving Performance through Human Capital

During the financial year 2024/2025, the Fund welcomed a cohort of newly recruited staff, injecting fresh energy, skills, and synergy into

our operations. This strategic investment in human capital significantly enhanced our operational efficiency, service delivery, and responsiveness to member needs. The new talent has played a pivotal role in supporting our digital transformation agenda, streamlining internal processes, and reinforcing a culture of performance and accountability across the Fund.

Looking forward

This financial year marks a turning point in NSSF's growth trajectory. We achieved record-breaking results in contributions, revenue, and coverage while simultaneously improving service delivery and embracing a forward-thinking investment strategy.

We are building a fund that not only safeguards retirement security but also contributes meaningfully to national development. Looking ahead, our focus remains on expanding informal sector coverage and participation, strengthening compliance, resolving legacy audit issues, and optimizing investment returns. With the momentum we have built, I am confident that NSSF is firmly on course to become a trillion-shilling institution and a benchmark for pension fund excellence in the region.

Conclusion

In conclusion, I wish to sincerely acknowledge the outstanding efforts of our staff, whose

unwavering commitment has been instrumental in delivering on the Fund's mandate. Their dedication continues to drive our success.

As we look to the future, we remain optimistic and confident in our ability to sustain our growth trajectory. The achievements of this financial year are a testament to our collective resolve and shared vision of securing a better future for all Kenyans.

We will continue to prioritize innovation, member-centric service delivery, and operational excellence to create sustainable value proposition for all our stakeholders.

I extend my heartfelt gratitude to our stakeholders, members, and strategic partners for their steadfast support and collaboration. The lessons we've learned this year will guide us as we enter the next phase of growth, ensuring we continue to meet and exceed the expectations of our members.

Together, we are building a stronger brand and a more prosperous future—true to our promise: Growing You. For Good.

Thank you, and may God bless you all.



FA David Koross, MBS
MANAGING TRUSTEE / CHIEF EXECUTIVE OFFICER

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

The National Social Security Fund has four strategic themes and four objectives within the current Strategic Plan for the FY 2023-2027. These strategic themes are as follows:

Theme 1: Customer Experience

Theme 2: Financial Sustainability and Growth

Theme 3: Operational Excellence

Theme 4: Organizational Resilience

NSSF develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly. During the period under review performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

CORPORATE SCORECARD

THEME	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	Weight	TARGET FOR 2024/2025	ACTUAL 2024/2025	REMARKS
Customer Experience	Customer Satisfaction	%	5	84	71.25	
	Interest declared	%	10	10		
	Benefits Turn Around Time	Working Days	10	10	9	
	Positive Brand Visibility (Media Tonality)	%	5	81	73.00	
	Weight Sub Total		30			
Financial Sustainability and Growth	Contributions Collected	KES (B)	10	78	83.97	
	Fund Value(B)	KES (B)	10	523	575	
	Return on Investments	%	5	13	22.23	
	Investment Income	KES (B)	5	40	105.30	
	New Member Registrations and activation	Number	10	650,000	611,037	
	Weight Sub Total		40			
Operational Excellence	Reduction in Contributions in Transit	%	2.5	30%	30%	
	Admin Cost as a percentage of Fund Value	%	2.5	1.4	1.47	

THEME	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	Weight	TARGET FOR 2024/2025	ACTUAL 2024/2025	REMARKS
	ICT Projects Milestone Completion Rate	%	10	50	50	
	Weight Sub Total		15			
Organizational Resilience	Employee Engagement	%	2.5	68	73	
	Productivity Index	Number	2.5	3.92	3.41	
	Training and Development Participation Rate	%	2	50	43	
	Performance Contract Rating	Number	2	2.9	2.68	
	Closure of legacy audit queries	%	2	100	76	
	Legal and Governance Audit	%	2	N/A	N/A	
	Operationalization Framework for NSSF Act No. 45 of 2013	%	2	N/A	50	
	Weight Sub Total		15			
Total	Weight Total		100			

SUMMARY OF 2023-2027 CORPORATE STRATEGIC PLAN



VISION

To be the Trusted Social Security Provider delivering exceptional value to our members



MISSION

To empower our members to achieve financial security through prudent investments and value adding solutions



STRATEGIC THEMES

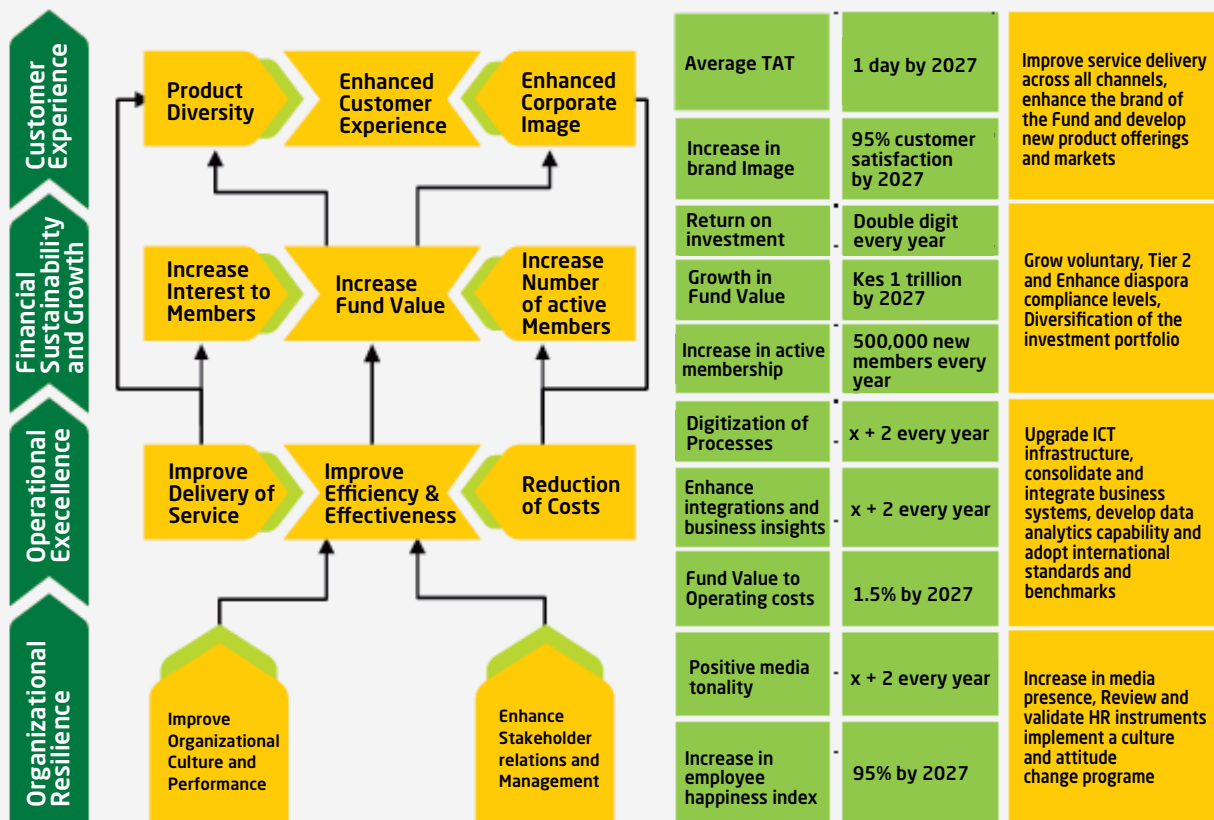
1. Customer Experience
2. Financial Sustainability and Growth
3. Operational Excellence
4. Organizational Resilience



STRATEGIC RESULTS

1. Increased Customer Lifetime Value
2. Create a Solid Foundation for Long-term Success
3. Create a High Performance Organization
4. Inspire Stakeholder Confidence

Strategic Outcomes and Strategy Map



Member Centricity Innovation Integrity Collaboration



National Social Security Fund (HQ) P.O. Box 30599 - 00100, Nairobi, Kenya
Main Line: (020) 2729911, 2710552, Toll Free: 0800 2212744
Cell Phone: 0709-583000, 0730-882000
Office of the Ombudsman: complain@ombudsman.go.ke
Email: info@nssfkenya.co.ke, Website: www.nssf.or.ke

AMEMBER AS OF 2024



The Fund sets corporate governance at the centre of its activities to ensure that its operations align with the interests of its stakeholders. This governance model is inspired by the NSSF Act Cap 258 and Mwongozo the code of governance for State Corporations. At the top of the governance structure of the Fund lies the Board of Trustees which is constituted in a tripartite fashion with membership drawn from the most representative workers' union, employers' federation, and government. The board of 10 members, including the CEO, is responsible for the effectiveness of Board itself, transparency and disclosure practices of the Fund, accountability, risk management, internal controls, ethical leadership and good corporate citizenship of the Fund.

Appointment of Trustees

The Board of Trustees is fully constituted with nine Trustees' and the Managing Trustee/CEO as the ex-officio member of the board, the appointment of which consists of the Principal Secretary in the Ministry for the time being responsible for social security, the Principal Secretary responsible for matters relating to Finance, and seven persons appointed by the Cabinet Secretary responsible for matters relating to Social Security.

The seven persons include two nominated by the most representative employers' organization with knowledge and experience in matters relating to employers, other two nominated by the most representative workers' organization by virtue of their knowledge and experience in matters relating to employees, and three appointed by the Cabinet Secretary by virtue of their knowledge and experience in matters relating to administration of scheme funds, actuarial science, insurance, accounting and auditing or law. The Cabinet Secretary appoints the Chairperson from amongst these three Trustees.

Roles and Functions of Trustees

The Board of Trustees is mandated to acquire, control, and supervise the assets of the Fund to promote its mission. It lays down policies and guidelines for the proper operations and management of all the funds collected by the Fund. Moreover, the board hires senior staff approves contracts and other activities undertaken by the Management on behalf of the Fund whose value requires Board approval.

The board may appoint agents to perform any of its functions, including investing of funds that are not immediately required for Fund activities, opening and operating bank accounts for the Fund, and setting up and supporting Fund employee welfare system. The Board is also responsible for legal and ethical conduct of its Trustees, including on matters of conflict of interest, due diligence, and good corporate governance practices.

Succession Planning and Board Charter

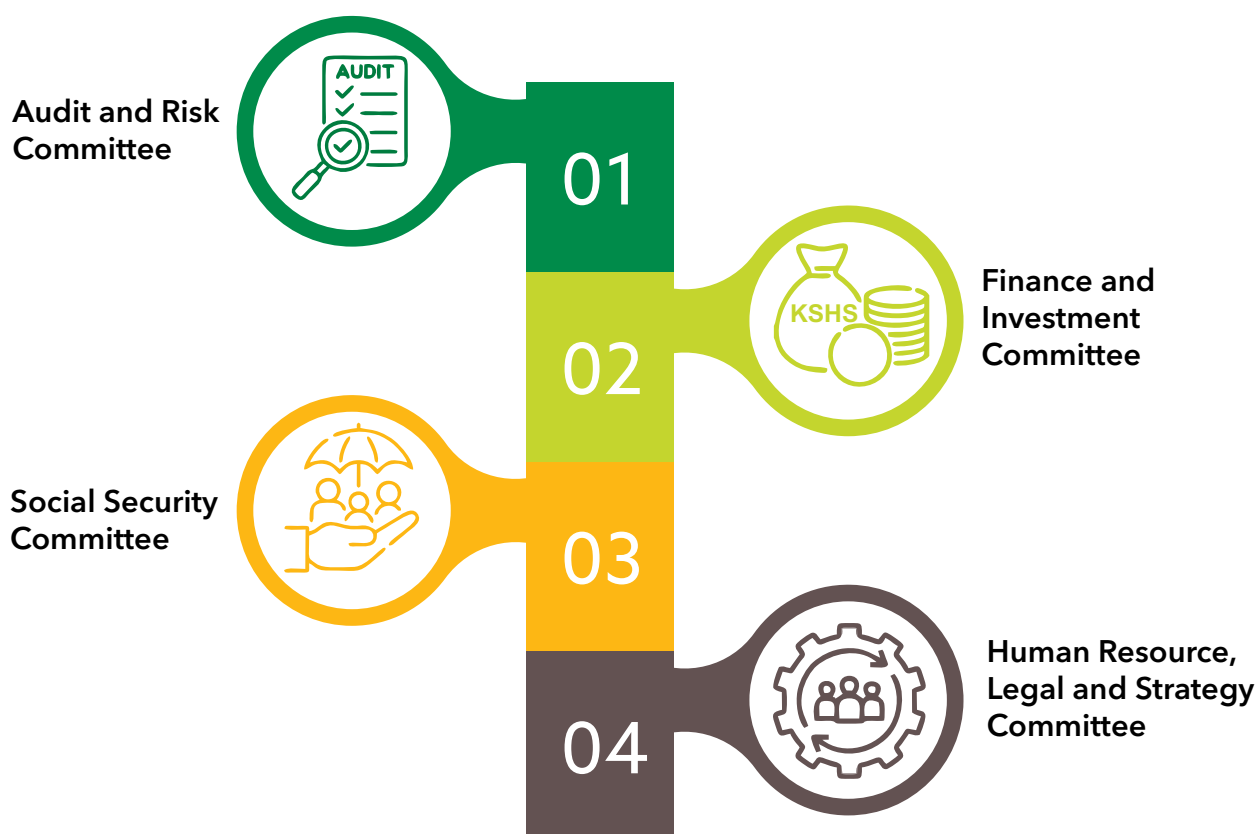
Members of the board are appointed in a staggered manner, with a two-month hiatus. This provides stability in oversight of the Fund by ensuring that there is always a proportion of trustees on the board with requisite institutional memory concerning, not only the business of the Fund, but also its long-term strategic perspective. The board has a Board Charter and an approved Governance Framework. These provide trustees with the guiding principles to enable the effective discharge of their duties in overseeing the affairs of the Fund.

Removal of Trustees

The Cabinet Secretary responsible for Social Security can remove a trustee on a number of reasons including absence from Board meetings without the permission of the chairperson, bankruptcy, operation of the law, infirmity, criminal offence that questions his integrity standing.

Committees of the Board

During the year under review, the Board of Trustees reviewed board committees and increased these from three to four principal committees namely:



The Board of Trustees also reviewed composition of the board committees to ensure Circular Ref: OP/CAB.9/1A dated March 11 2020 on Management of State Corporations. These committees meet under well-defined terms of reference set up by the full board. This is intended to achieve efficient decision -making by the Board of Trustees in discharging its duties and responsibilities.

Finance and Investment Committee Members

1. Dr. Milkah Chebii - Chairperson
2. Mr. Isaac K. Mbingi Okello
3. Mr. Amos Cheptoo
4. Dr. Musa Nyandusi
5. Mr. Michael Macharia

Responsibilities

Directing the investment and financial management function of the Fund. The committee also assists the Board in fulfilling its core mandate in customer care, marketing, registration, contributions, benefits payment, product development and investment policy oversight. Other responsibilities include review and approval of budgets, periodic performance, review and approval of financial statements, review and guide on ICT strategy and review and approval of accounting policies' and procedures.

Human Resource and Legal Committee Members

1. Mr. Isaac Mbingi Okello - Chairman
2. Mr. Amos Cheptoo
3. Dr. Milkah Chebii
4. Dr. Kaberia Isaac Kubai
5. FCPA Dr. Anne Owuor, EBS

Social Security

1. Mr. Michael Macharia - Chairman
2. Ms. Rose Omamo
3. Dr. Musa Nyandusi
4. Mr. Amos Cheptoo

Responsibilities

Direct the social security function of the Fund and assisting the Board in fulfilling its core mandate in customer care, marketing, registration, contributions, benefits payment, product development and investment policy oversight

Audit and Risk Committee members

1. Dr. Anne Owuor, EBS - Chairperson
2. Dr. Musa Nyandusi
3. Dr. Kaberia Isaac Kubai
4. Ms. Rose Omamo

Responsibilities

The Audit Committee is the only mandatory committee of the board as per the corporate governance provisions shown in Mwongozo. The committee is entrusted with the responsibility of ensuring overall compliance, governance and risk management. Specific roles include reviewing and approving the board charter, internal and external audit findings and preventive measures, systems and internal controls. The committee may also initiate special investigation of any allegations of malpractices within the Fund.

Annual General Meetings

The Fund is required to hold annual general meetings as part of its corporate governance practice and in compliance with the law and regulations as set up by the Retirement Benefits Authority.

Accountability and Audit

The Board of Trustees seats at the apex of the accountability and audit function through its Audit and Risk Committee. It approves the internal and external audit program, and reviews the findings, preventive measures, risk, systems and internal controls. The committee initiates special investigation on allegations on corruption and accountability

Capacity Building for Board of Trustees

During the year, Trustees were trained on the Code of Governance for State Corporations (Mwongozo) and induction was done for new trustees.

Internal Controls

The Board of Trustees has put in place adequate internal controls to ensure there is no loss or pilferage of Fund's resources / Assets. Risk mitigation strategies are incorporated into the control structures that include a functional internal audit department.

Integrated Management Policy Statement

The National Social Security Fund is committed to provide adequate income replacement to members through prudent investments and prompt payment of benefits. The Fund shall do this by:

1. Establishing integrated Management objectives at the beginning of every financial year based on the Corporate Strategic Plan, monitored and reviewed on quarterly basis.
2. Seeking to understand and satisfy the needs and expectations of customers and interested parties.
3. Continually measuring, analysing and evaluating the effectiveness and efficiency of the Integrated Management System for continual improvement.
4. Having committed Trustees and staff performing their roles and responsibilities with integrity and accountability.
5. Embracing best practice, innovation and appropriate technology in all operations
6. Ensuring that all activities are aligned to NSSF Act, Cap 258 Laws of Kenya and satisfy all applicable requirements.
7. Maintaining and improving information security with the aim of minimizing exposure to risk within the Fund, leading to provision of timely and reliable services.
8. Embracing a knowledge management culture by ensuring the right knowledge is available to the right people, at the right time.
9. Ensuring continuity in delivery of products and services in the event of any disruption.

Enterprise Risk Management

An effective enterprise risk management framework is essential to the survival of any organization and achievement of its objectives. The Board of Trustees and Management endeavours to manage risks to acceptable levels in all its activities. The Fund is committed to embedding risk management principles and practices into its strategic and operational plans, decision making process, all levels of the Fund, on major projects undertaken, and major transactions entered with third Parties.

Board's Work Plan

The Board of Trustees draws a work-plan that guides its annual work calendar. Special meetings are convened whenever an issue arises that need the board's attention outside the annual work-plan. The Fund has three board committees established as per the descriptions of the Board Charter. The trustees' remuneration is duly approved by the Cabinet Secretary responsible for Labour and Social Protection in compliance with the State Corporations Advisory Committee (SCAC) guidelines and the disclosure is in line with Mwongozo, the code of governance for State Corporations.

Board Attendance and Allowances for 2024-2025

Trustee	Board Position	FI	SS	HRLS	A & R	Full Board	Board Allowances	OTHER	TOTAL
Hon. David Njeru	Chairman					8	400,000	6,258,816	6,658,816
Mr. Shadrack Mwandime	PS Labour							945,000	945,000
Dr. Musa Nyandusi	Ps Labour Alternate	8	3		4	7	1,100,000	1,546,726	2,646,726
Mr. Amos Cheptoo	Ps Treasury Alternate	6	4	2		7	950,000	3,266,360	4,216,360
Dr. Anne Owuor	Member, FKE			1	2	6	450,000	4,363,120	4,813,120
Mr. Michael Macharia	Member, FKE	8	4			9	1,050,000	5,492,640	6,542,640
Mr. Isaac Okello	Member, COTU	8		4		9	1,050,000	4,708,320	5,758,320
Ms. Rose Omamo	Member, COTU		3		3	8	700,000	2,284,326	2,984,326
Dr. Isaac Kaberia	Member, Independent			5	4	9	900,000	7,008,319	7,908,319
Dr. Milkah Chebii	Member, Independent	8		3		8	950,000	7,171,300	8,121,300
Dr. Cecilia Wakahiu	SCAC, In attendance							100,000	100,000
Ms. Joanes Oyiemo	SCAC, In attendance							50,000	50,000
Sub Total							7,550,000	43,194,927	50,744,927
PS Treasury								600,000	600,000
PS Labour								600,000	600,000
Sub Total							-	1,200,000	1,200,000
Insurance								2,714,458	2,714,458
Other Board Expenses								16,896,642	16,896,642
Sub Total								19,611,100	19,611,100
Total							7,550,000	64,006,027	71,556,027

*Board Allowances include sitting allowances for committee meetings and other Trustee benefits include amounts paid to board members while attending official NSSF functions .

FI: Finance & Investments

SS: Social Security

HRLS: Human Resource, Legal and Strategy

A & R: Audit and Risk

The Funds Operational and Financial Performance

The Fund's operational and financial performance is based on the 2023-2027 strategic plan, Budget for 2024/2025, and the set targets as per 2024/2025 Performance Contract signed between the Board of Trustees and the Principal Secretary Department of Labour of the Ministry of Labour and Social Protection, cascaded down to the Board of Trustees, Managing Trustee and all staff.

(a) Summary financial performance

- During the financial year ending 30 June 2025, the Fund achieved member contribution of Kshs.83.97 billion, which is 8% performance above budget of Kshs. 78 billion, and 35% growth compared to Kshs. 62.21 billion achieved in 2023/2024 financial year.
- Benefits paid to exiting members amounted to Kshs.8.74 billion, which is 20% performance below budget of Kshs. 10.96 billion, and 10% reduction when compared with Kshs. 9.71 billion paid in the previous financial year.
- Net surplus from dealing with members of amounted to Kshs. 75.24 billion, which is 12% above budget and 43% higher when compared with performance achieved in 2023/2024 financial year. Net dealings represent the net funds which are deployed into investment.
- Net investment income amounted to Kshs.105.30 billion , which is 75% performance above budget and 152% growth compared with Kshs. 41.7 billion achieved in the previous financial year.
- The Fund recorded Kshs. 552 million other income which is Kshs. 59 million less than what was recorded in the previous financial year.
- Overall, the Fund managed to record total revenue from dealings with members, investments income and other income of Kshs. 191 billion compared to Kshs. 105 billion, from previous year which is an impressive 81% performance higher when compared with previous year's performance.
- The Fund managed to reduce the ratio of operating cost to total fund assets to 1.47% from the 1.72% recorded in the previous year. This means that the Fund has achieved the statutory threshold on ratio of operating cost to fund assets
- The Fund recorded a net increase in scheme funds of Kshs. 172.63 billion up from Kshs. 88.02 billion recorded 2023/2024 financial year.
- This enabled growth of fund assets to reach Kshs. 575 billion as at 30 June 2025, up from Kshs. 402 billion as at 30 June 2024.

Summary Performance Highlights

Parameter	2025	2024	Growth
Member Contribution	83,972,180,926	62,288,402,382	35%
Active Members	3,604,769	3,331,611	8%
Active Employers	77,764	78,009	(0.3%)
Benefits paid	8,736,065,966	9,713,289,277	(10%)
Members paid	91,851	103,744	(11%)
Investment Income	105,298,492,267	41,703,591,501	152%
Cost to fund value	1.47%	1.71%	14%
Return on Investment	22%	12%	85%
Increase in Net Assets	172,625,001,662	88,024,375,781	96%
Members' Funds	572,771,209,039	400,146,207,377	43%
Fund Assets	575,072,247,926	402,173,981,547	43%

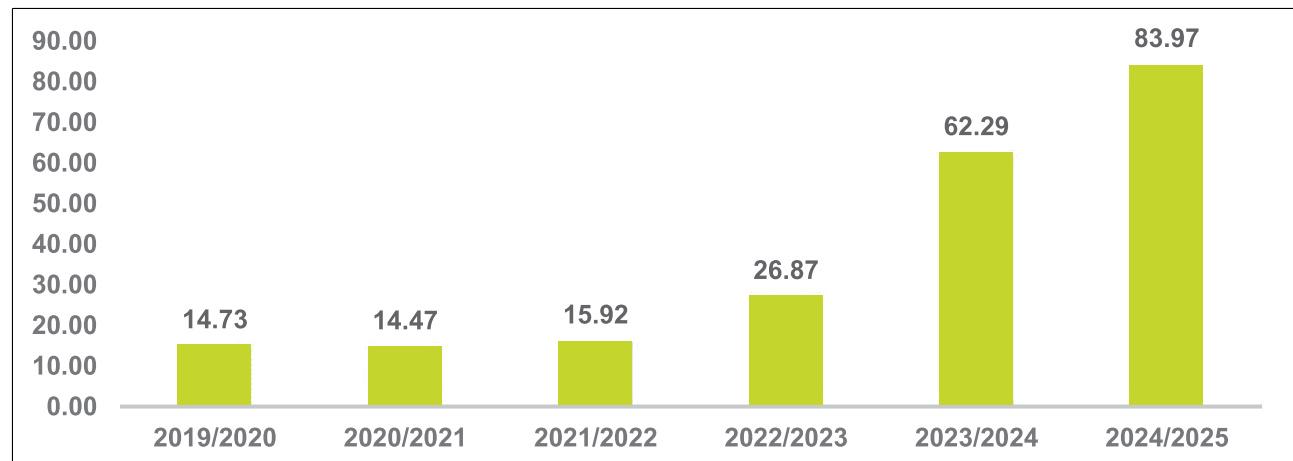
(b) Active Members, Employers and Contribution

Active Members and employers

Year Financial	Members No of active	Employers No. of active
2024/2025	3,604,769	77,764
2023/2024	3,331,611	78,009
2022/2023	2,961,677	78,549
2021/2022	2,604,199	76,907
2020/2021	2,390,820	73,237
2019/2020	2,461,986	74,368
2018/2019	2,502,239	73,308
2017/2018	2,629,701	73,896

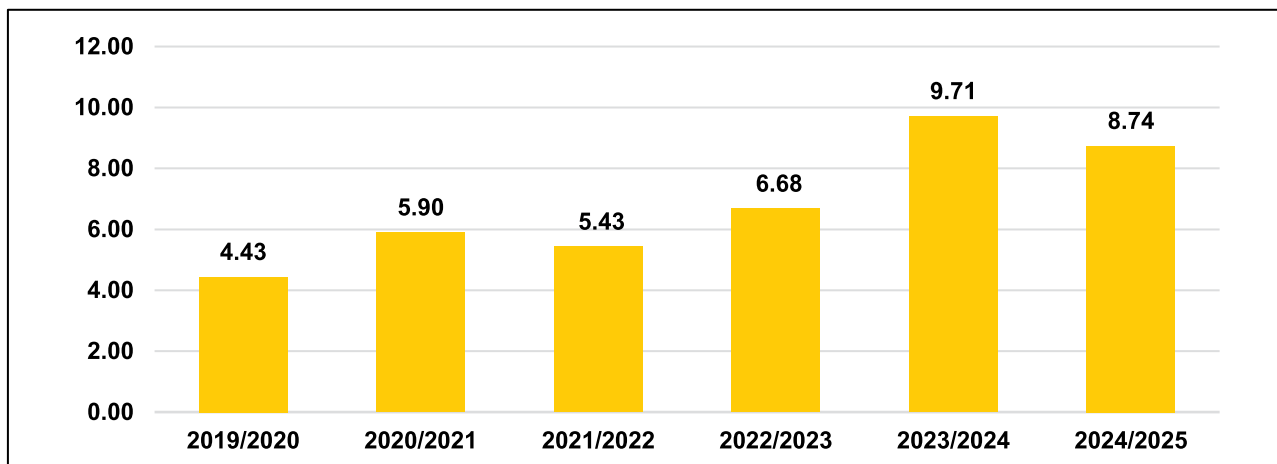
Fund active members increased by 273,158 in the 2024/2025 financial year which is a 8% increase in active membership. The increase is mainly attributed to registration of public servants who were previously not members of the Fund. During the same period, active employers reduced 254 employers to settle at 77,764 from 78,009. This reflects the economic environment that has led to closure of businesses.

Member Contribution in Billions



Member contribution increased to Kshs. 83.97 billion in 2024/2025 financial year from Kshs. 62.29 billion recorded in 2023/2024. This increase is attributed to the continued implementation of the NSSF Act Cap 258.

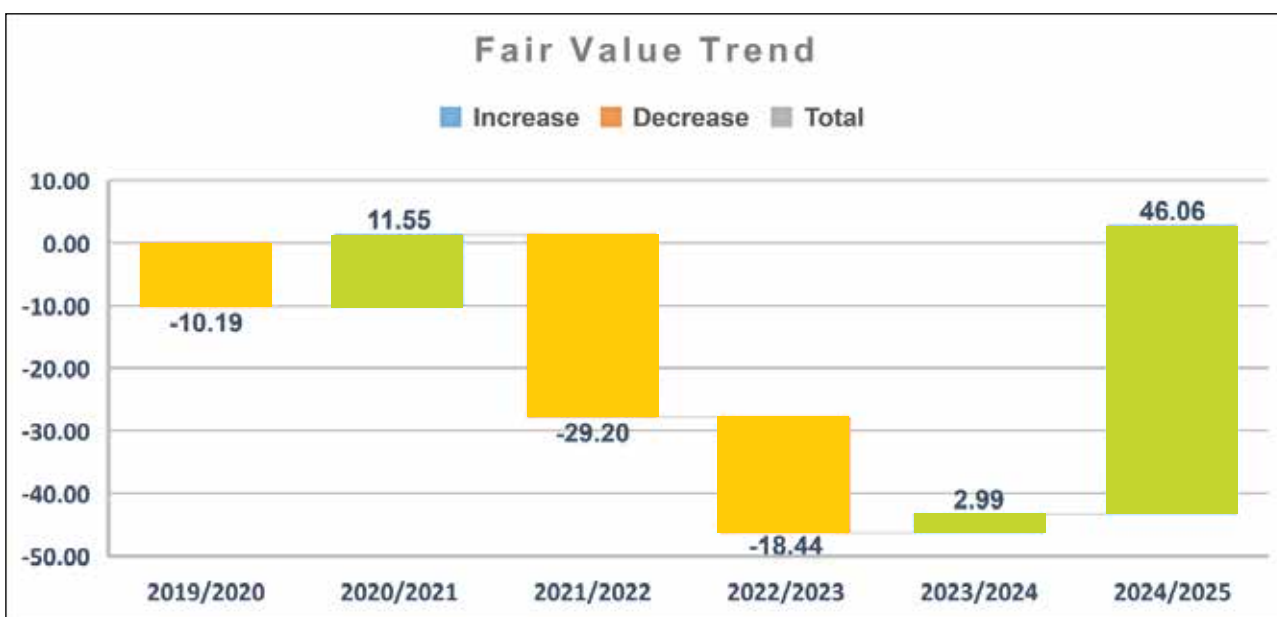
(c) Benefit Paid



Benefits paid to members annually has increased from Kshs. 4.43 billion paid in 2019/2020 financial year to Kshs. 8.74 billion paid in 2024/2025 financial year. In 2024/2025 financial year, there was a drop by Kshs. 997 million to close at Kshs. 8.74 billion. The drop was occasioned by a systems downtime as a result of a cyber security attack that ate into benefits processing time. The same has been resolved and enhanced security measures put in place to avert similar event taking place in the future.

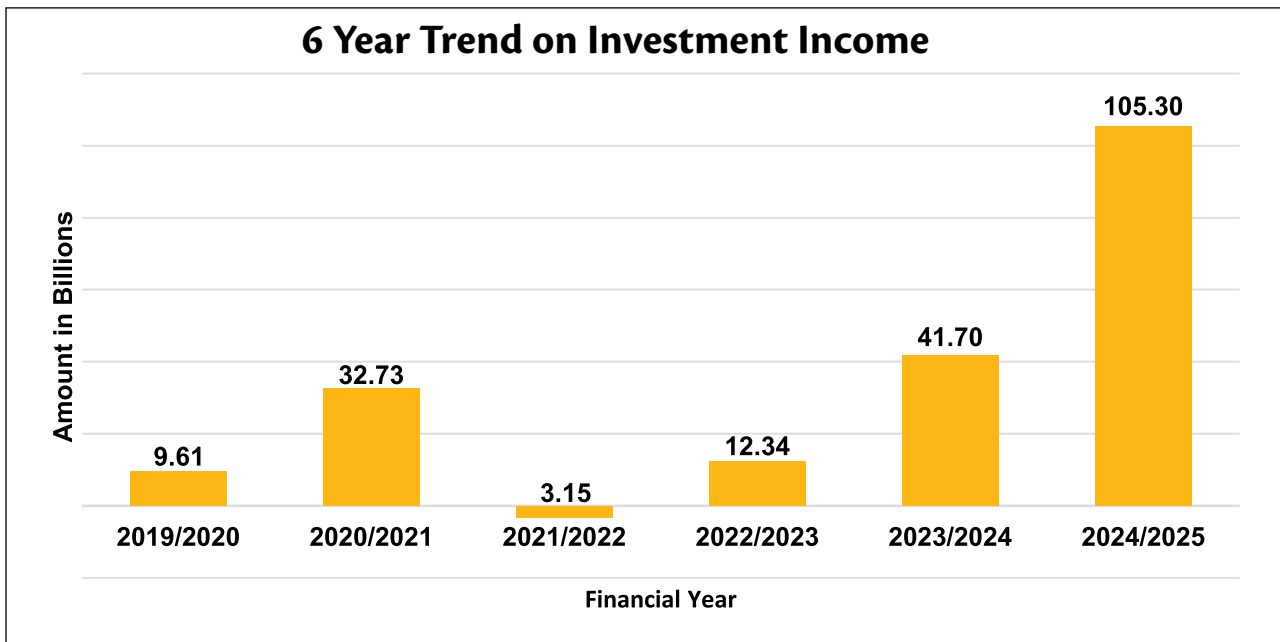
The Fund's investment income is on an upward trajectory and has remained consisted to the Fund's long-term strategy

(d) Unrealized/Fair Value Gain (Loss) on Valuation of Investments



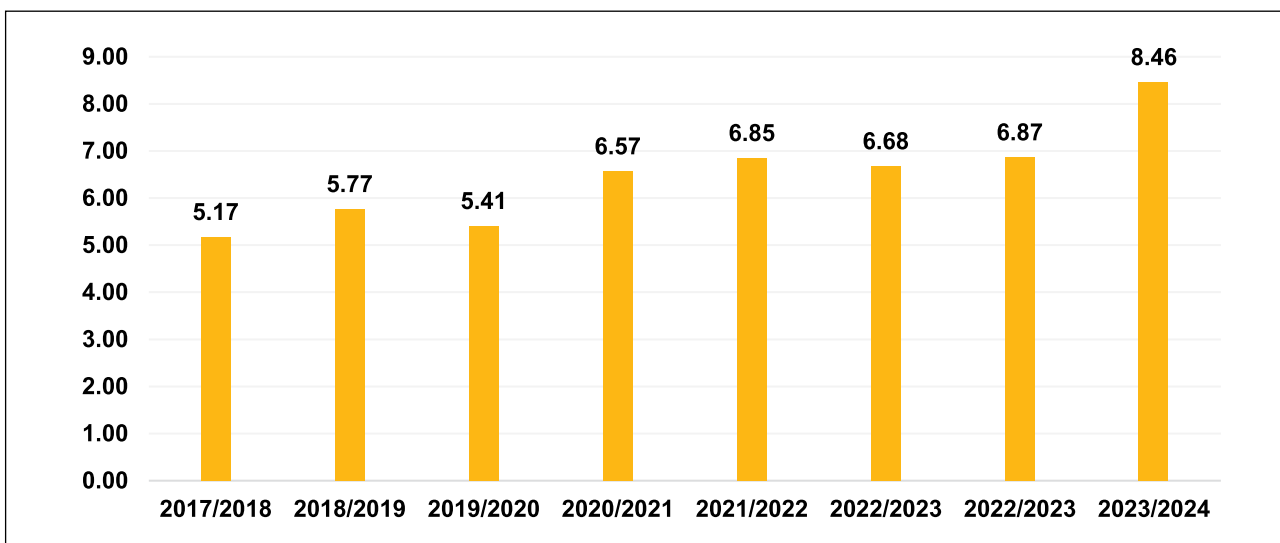
The Fund's investment assets fully recovered the paper losses booked in the last 6 years ensuring value retention and long-term growth.

(e) Total Investment Income



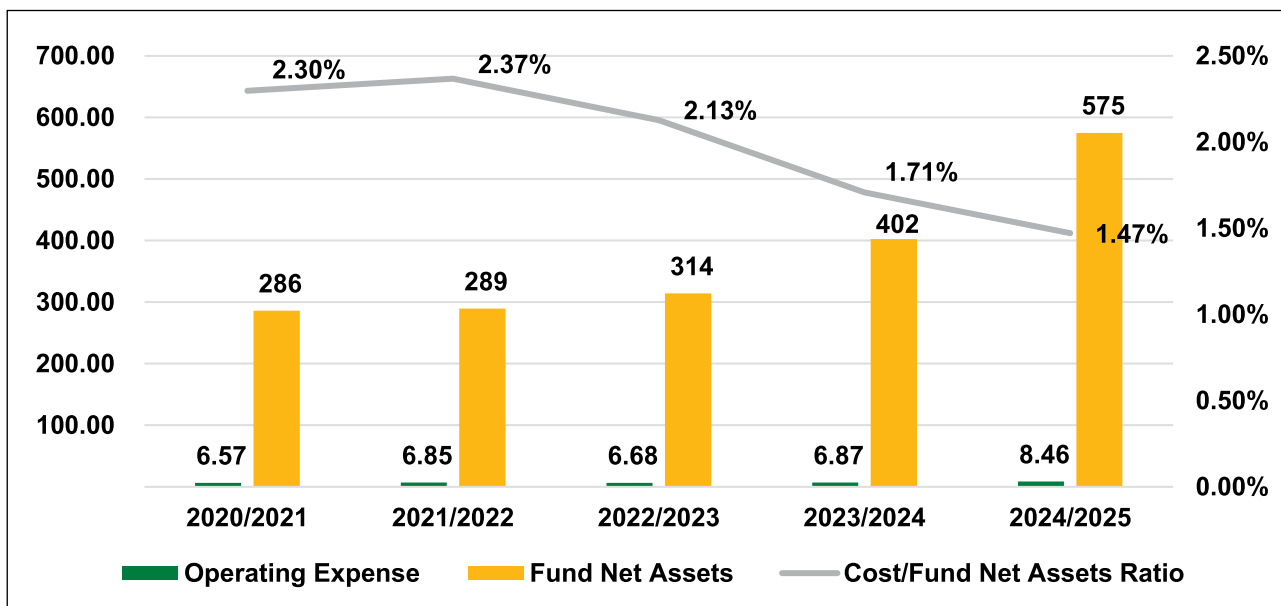
The Fund's investments continue to give an attractive return on investment and in 2024/2025, net investment income crossed the Kshs.100 billion mark which translates to a 22.23% ROI.

(f) Operating Cost



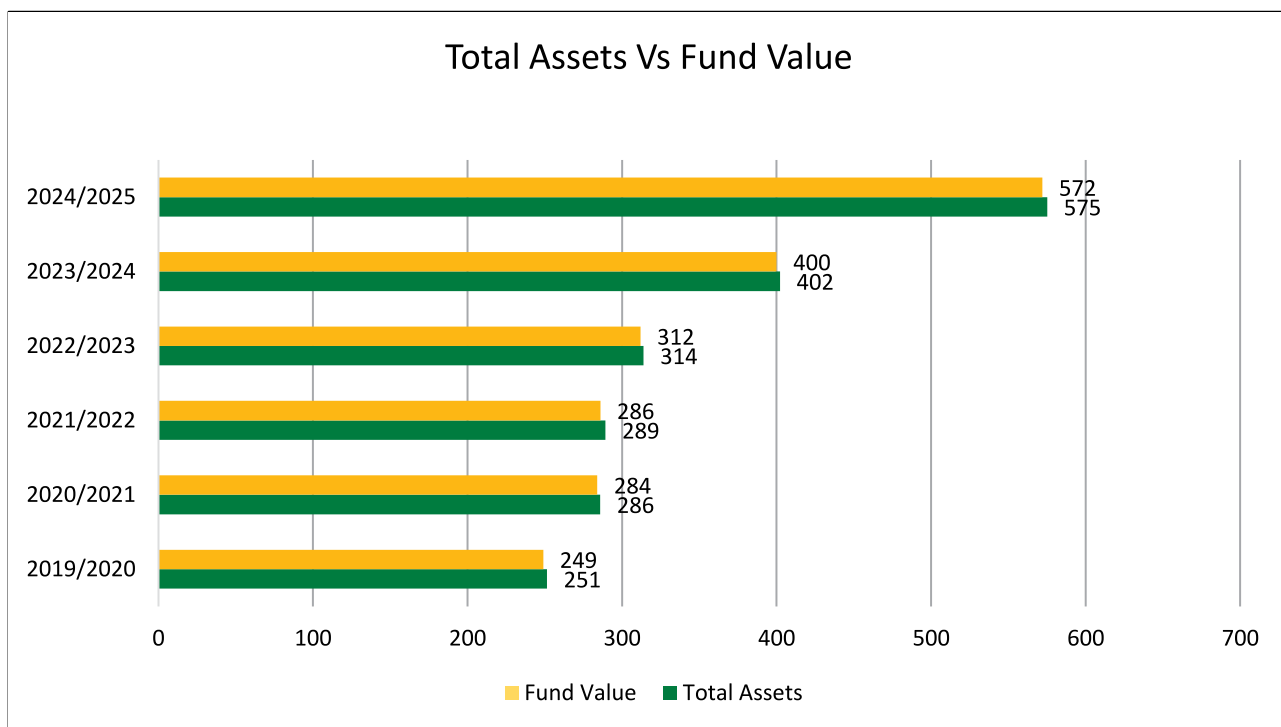
Operating cost increased to Kshs. 8.46 billion in 2024/2025 mainly due to the recruitment of staff to fill vacant positions in accordance with the approved staff establishment. For many years, many critical positions have remained vacant affecting the implementation of the Funds programmes.

(g) Operating Cost to Fund Assets Ratio



However, the operating cost to fund assets ratio has reduced from as high as 2.37% in 2021/2022 to 1.47% in 2024/2025 and therefore falling within the statutory threshold.

(h) Fund Assets



Fund assets crossed the 500 billion mark and are expected to reach Kshs. 1 trillion in 2027/2028.

Major Factors that contributed to the Financial Performance

1. Rollout of year 3 statutory contributions under the NSSF Act Cap 258.
2. Recruitment of Senior Management Staff.
3. Appreciation of the Kenya Shilling against major currencies.
4. Onboarding of public sector employees who previously were not members of NSSF.
5. Recovery of the Investment market resulting into unrealised gain and rise in interest rates for fixed income assets.

Challenges and Opportunities

However, despite the challenges the Fund has a lot of opportunities in voluntary contribution, wide coverage to all parts of the country, and development of the available land for investment income generation.

Procurement Policy Statement

The Fund procures goods, works and services as per the provisions of the Public Procurement and Asset Disposal Act 2015, other relevant laws and Government guidelines with the objective of optimal use of the Fund's resources.

All procurement complies with the relevant budget and the procurement plan.

Key Projects and investment decisions budgeted for in the 2024/2025 financial are as tabulated below:-

Key Projects and investment decisions

No	NSSF Details	Budget
1	EDMS (Electronic Document Management System)	100,000,000
2	Equipment	43,000,000
3	Furniture	45,000,000
4	Fitting & Finishing	10,000,000
5	Motor Vehicle	100,000,000
6	IT Equipment	75,000,000
7	Refurbishment - Other Investment Buildings	100,000,000
8	Field offices Renovation	150,000,000
9	Refurbishment - SSH Nairobi	700,000,000
10	Refurbishment - Hazina Polana	150,000,000
13	SAP/SSPAS Upgrade	170,000,000
14	Network upgrade	25,000,000
15	Kenyatta Avenue	1,000,000,000
16	Proposed Machakos Housing	700,000,000
17	Proposed Kisumu Housing	700,000,000
18	Hazina Village Mavoko	1,100,000,000
19	Software Defined Network (SDN)	150,000,000
20	Security Device refresh & air Gap with DNS & DHCP Security	180,000,000
21	Application Performance Monitoring	7,000,000
	Totals	5,505,000,000

Going Concern

The Fund is in the process of reviewing the Performance Measurement and Management System. The envisioned system will enhance and facilitate the evaluation of performance of the Fund through four perspectives namely: Financial, internal process, customer, and people & culture perspectives. This is in line with the requirement of Mwongozo that the going concern of an organization be measured using the Triple Bottom Line concept which focuses not only on profit, but also on people and the planet.

The implementation of the performance system will also facilitate the inculcation of performance-oriented culture among staff and based on various surveys carried out by external consultants, the trend of Fund repositioning positively is on the increase. During the year, performance reports were generated using the balance score card performance management system.

Code of Ethics and Conduct and Whistle-Blowing policy

The Board of Trustees and staff are committed to enhancing ethics and integrity in the Fund in accordance with Chapter 6 and Article 232 of the Constitution of Kenya on Leadership and Integrity and Values and Principles of Public Service respectively.

The commitment is demonstrated by formulation of the Leadership & Integrity Code and Whistle Blower Policy. The two policies have been posted in the NSSF website for all stakeholders to familiarize themselves with them. The aim of posting is to enlist support from the stakeholders in enhancing ethics and integrity in the Fund.

In addition, all employees are required to sign an Acknowledgement Form confirming that they have read, understood and will abide by the Code.

Compliance with statutory Requirements

The Fund is fully compliant with statutory requirements

Compliance with Retirement Benefits ACT

The NSSF Act Cap 258 provides that NSSF shall be subject to all the provisions of the Retirement Benefits Act. Rule 28 (2) of the occupational rules for a retirement benefit scheme requires the Fund to maintain an account under which all transactions should be recorded.

Key Exposure Risks

Based on the enterprise risk management framework, the following key exposure risks have been identified and strategies put in place to manage them:

- (a) Change of NSSF Act - the Fund is constantly lobbying for a stable legal environment that will enable achievement of mandate.
- (b) Competition of Tier II opting out- The Fund has embarked on an aggressive reengineering of its products, processes and delivery channels.
- (c) Legacy debts especially amount owed by government entities (contribution and tax refunds)- the Fund is aggressively lobbying government, and adoption of alternative dispute resolution methods and enhancement of debt monitoring system.

- (d) Market volatility- the Fund has ventured into alternative investments for diversification of assets and markets.
- (e) Low returns- the Fund has reviewed its contracts with investment service providers to be performance based and incorporation of strict performance monitoring.
- (f) Cybersecurity threats- the Fund is in the process of implementing holistic cyber security solutions to detect, deter and prevent intrusion.
- (g) Data integrity- the Fund is in the process of cleaning member databases to ensure correct ledgers and obligations
- (h) Culture- the Fund is currently implementing a culture change program that will address historical injustices and culture of conservatism, risk averseness and indecisiveness.
- (i) Frequent changes in Board membership and political interference- the Funds endeavors to adhere to good corporate governance practices

Material Arrears in Statutory and Other Financial Obligations

The Board of Trustees confirm that: -

- the Fund does not have any material pending bills, outstanding taxes, outstanding staff & pension obligations.
- The Fund does not have any actuarial deficit on its pension scheme obligation.
- The Fund operates under three schemes i.e. the Old provident Fund, New provident Fund and the Pension Fund as provided in NSSF Act Cap 258.

The National Social Security Fund (NSSF) exists to transform lives and protect Kenyans from old age poverty through its clearly defined mission: to empower members to achieve financial security through prudent investments and value-adding solutions.

As part of its commitment to sustainability, the Fund uses environmental and sustainability reporting to communicate its environmental impact, performance, and dedication to sustainable practices to both internal and external stakeholders. This reporting is typically submitted to key government bodies and other relevant statutory agencies. It also includes disclosures that reflect the Fund's transparency regarding its environmental practices and the measures taken to minimize its ecological footprint, in line with national sustainable development initiatives.

NSSF has made significant strides in promoting environmentally sustainable practices that deliver meaningful benefits to the communities targeted by these initiatives. This reporting further reinforces the Fund's accountability and ongoing efforts to champion sustainable development across its operations.

(i) Sustainability strategy and profile

The Fund's top management remains deeply committed to advancing sustainability as a strategic priority. This commitment is driven by the recognition that sustainable development is essential for improving the quality of life for current and future generations.

In line with this vision, the Fund has undertaken a broad range of initiatives that support environmental, social, and economic sustainability. These efforts are closely aligned with the United Nations Sustainable Development Goals (SDGs), which provide a global framework for addressing pressing development challenges.

(a) Contribution to Sustainable Development Goals

The Fund's operations and programs contribute both directly and indirectly to the achievement of several Sustainable Development Goals (SDGs). These include SDG 1, by supporting initiatives aimed at eradicating poverty in all its forms; SDG 3, through promoting access to quality healthcare and wellness programs for all age groups; and SDG 4, by enhancing access to inclusive, equitable, and quality education while promoting lifelong learning opportunities. The Fund also advances SDG 5 by promoting gender equality and empowering women and girls through targeted policies and programs. Additionally, it supports SDG 8 by fostering inclusive and sustainable economic growth, productive employment, and decent work for all, and contributes to SDG 11 by supporting the development of inclusive, safe, resilient, and sustainable urban environments.

(b) Upholding National Values and Governance Principles

In addition to its alignment with global sustainability goals, the Fund is steadfast in its implementation of the national values and principles of governance as outlined in Article 10 of the Constitution of Kenya. These principles—such as integrity, transparency, accountability, and sustainable development—are embedded in the Fund’s policies, operations, and stakeholder engagements.

This dual commitment to both international and national sustainability frameworks underscores the Fund’s role as a responsible and forward-looking institution.

(ii) Environmental performance

At the NSSF, we are committed to promoting sustainable development and minimizing our environmental footprint. Our environmental performance during the 2024/2025 financial year reflects our ongoing dedication to responsible climate action, in alignment with the Government’s directives.

Throughout the year, the Fund has actively participated in initiatives aimed at promoting environmental conservation and reducing ecological impact. Notably, NSSF continues to support tree-growing campaigns in collaboration with the Kenya Forest Service, schools, and other stakeholders. These efforts align with the Government’s national tree-planting agenda and demonstrate our commitment to long-term environmental stewardship.

We recognize the critical role we play in fostering a culture of environmental responsibility. By integrating sustainability into our operations, we aim to create lasting positive change for both current and future generations.

Looking ahead, we remain focused on enhancing our environmental performance. We are committed to making a meaningful contribution to the global fight against climate change through sustainable practices, strategic partnerships, and environmentally conscious investments.

In conclusion, our achievements in the 2024/2025 financial year have laid a solid foundation for a greener, more sustainable future. NSSF will continue to pursue environmental excellence, ensuring that our actions and investments reflect our unwavering commitment to environmental protection and climate resilience.

(iii) Employee welfare (Productivity Mainstreaming)

Productivity mainstreaming in the public service is a strategic approach aimed at embedding productivity principles into all aspects of organizational planning, policy-making, and service delivery. It involves the integration of efficiency, effectiveness, and performance measurement practices across public institutions to enhance value for citizens. NSSF being a public organization, productivity mainstreaming ensures that resources are utilized optimally, service delivery is continually improved, and operations align with national development goals, such as those outlined in Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA).

Productivity mainstreaming within NSSF is being integrated as part of broader public sector reforms aimed at enhancing service delivery and operational efficiency. Guided by the performance contracting guidelines and supported by the National Productivity and Competitiveness Centre (NPCC), NSSF has adopted the structured productivity management practices which includes the formation of productivity mainstreaming committees, training internal productivity champions, and sensitization of staff on the importance of measuring and improving productivity. The goal is to ensure that Fund's resources—labour, capital, and technology—are optimally utilized to deliver high-quality, cost-effective services to contributors and beneficiaries.

The Fund is on a transformative path to improve retirement savings and expand coverage, especially to the informal sector workers through the uptake of the Haba Haba product. This transformation includes phased increase in contributions as per the NSSF Act Chapter 258 following its full implementation, digital innovations, and broader inclusion of previously uncovered populations. By aligning these reforms with productivity mainstreaming efforts, NSSF is not only improving its financial sustainability but also enhancing transparency, accountability, and member centrisms. The integration of productivity indicators into its operations will help fast track efficiency, inform policy decisions, and foster a culture of continual improvement across the Fund.



The NSSF Senior Management team participated in a three-day sensitization workshop on Productivity Mainstreaming in Public Service, held at Lake Naivasha Resort, Naivasha County. Facilitated by the National Productivity and Competitiveness Centre (NPCC), the training focused on transitioning from activity-based to results-driven productivity reinforcing our dedication to efficiency, quality service, and value-driven outcomes for our members.

(iv) Market place practices

The Fund promotes responsible business practices through a number of areas:

Responsible competition practice

The Fund upholds responsible competition practices in its procurement activities by promoting fair competition among prospective suppliers of goods and services. Bid evaluations are conducted in accordance with the provisions of the Public Procurement and Asset Disposal Act, 2015, and other relevant legal frameworks that support the fight against corruption. To ensure fair competition within the pension industry, the Fund fully complies with the regulatory requirements of the Retirement Benefits Authority, the industry's governing body.

Responsible supply chain and supplier relations

The Fund upholds ethical and sound business practices in its dealings with suppliers by honouring contractual terms and adhering to agreed payment timelines.

Responsible marketing and advertisement

The Fund has made significant efforts to ensure that its members receive accurate and timely information through mainstream media, social media, and direct engagements with stakeholders. NSSF is committed to upholding transparency, trust, and credibility as core principles in its interactions with members and the public, with the aim of building and sustaining public confidence.

As part of this commitment, the Fund ensures that all marketing materials and advertisements accurately reflect the services offered and the benefits due to members. This emphasis on transparency and truthfulness helps prevent misinformation that could negatively impact potential members' understanding and decision-making.

Marketing communication plays a critical role in creating awareness and educating the public on the importance of social security and the value of saving for a secure future. The development of informative and targeted content is central to reaching and engaging the intended audiences effectively.

In line with responsible marketing practices, the Fund also considers the environmental impact of its campaigns. NSSF has embraced sustainable approaches—such as leveraging digital communication—to minimize the use of paper materials, thereby supporting environmental conservation through technology-driven solutions.

Product stewardship

The Fund is committed to protecting consumer rights and interests by implementing an internal whistleblowing policy and establishing clear reporting channels. These mechanisms enable members and other stakeholders to make inquiries or raise concerns regarding the services provided. Additionally, the Fund collaborates with government agencies such as the Office of

the Ombudsman, offering an external avenue for stakeholders to voice their dissatisfaction when service expectations are not met.

Furthermore, the National Social Security Fund (NSSF) has adopted a proactive approach to ensure that its products and services meet the highest standards of quality and transparency, in full compliance with the provisions of the NSSF Act Cap 258 Laws of Kenya. Through the adoption of product stewardship practices, NSSF demonstrates its commitment to delivering innovative and competitive retirement benefits. These efforts not only enhance the attractiveness of its offerings but also safeguard the interests of its members, significantly contributing to their financial security in retirement.

CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS

At NSSF, we recognize the vital role we play in enhancing the well-being and development of the communities and stakeholders we serve. We understand that responsible corporate citizenship extends beyond our core business operations, and we are deeply committed to making a meaningful impact on society through our Corporate Social Responsibility and Investment (CSR/CSI) initiatives and community engagement efforts.

Driven by a strong sense of duty to give back, we continuously strive to be a positive force in the communities we operate in. Our CSR/CSI activities are not mere formalities—they reflect our dedication to creating lasting, positive change in the lives of those we touch. The Fund has integrated social and environmental considerations into its business operations and stakeholder interactions, reinforcing our commitment to sustainable development.

Through active stakeholder engagement, the Fund has achieved improved returns on investment, evidenced by increased revenue from arrears, penalties, and membership growth. These outcomes are supported by numerous success stories that highlight the tangible impact of our initiatives.

During the financial year ending 30th June 2025, the Fund invested Kshs. 19,597,010 in CSR/CSI sponsorships across key pillars aligned with our CSR policy: education, social welfare, sports, health, and environmental conservation.

Education

NSSF is committed to enhancing access to quality education for disadvantaged and vulnerable communities in Kenya. The Fund recognizes that school children represent the future generation of contributors, and by supporting their education today, we help secure a more prosperous tomorrow.

The education sector in Kenya faces significant challenges due to limited resource allocation, which continues to hinder efforts to provide a conducive learning environment. In response, the Fund promotes education as a key Sustainable Development Goal through various corporate social responsibility initiatives. These include infrastructure development, library stocking, and the rehabilitation of sanitation facilities in schools across the country.

By investing in education, NSSF aims to empower young people with the knowledge and skills they need to build a better future for themselves, their families, and their communities.

Health

NSSF Kenya recognizes that a healthy population is essential for sustainable social and economic development. As such, the Fund actively supports healthcare initiatives aimed at improving access to essential medical services, particularly in marginalized and underserved communities.

To advance public health, NSSF collaborates with the Government and other reputable organizations to address key health challenges. These efforts focus on critical areas such as HIV/AIDS, malaria, malnutrition, reproductive health, and maternal and child health. The Fund also supports the creation and implementation of health awareness campaigns to educate and empower communities on these vital issues.

Sports

Kenyans strongly identify with sporting activities, particularly athletics and football. NSSF recognizes the important role of sports in promoting healthy lifestyles, nurturing talent, and fostering community cohesion through marathons.

The Fund's involvement in sports is driven by the need to instil a culture of social security within a sector that has historically had low uptake of social protection. Many sportsmen and women, despite enjoying celebrated careers, have retired into poverty due to lack of proper financial planning and savings.

Supporting sports also offers a strategic platform to engage with the youth and promote a saving culture within this largely untapped market segment.

As part of its commitment, the Fund has partnered with key stakeholders in the sports industry, including the Sports Personality of the Year Awards (SOYA), an annual event that honours outstanding athletes who have brought pride to the nation.

Social Welfare

NSSF is committed to promoting social welfare and inclusivity. The Fund has partnered with various local agencies and neighbouring communities to support vulnerable populations, including orphaned children, elderly individuals, and persons with disabilities. As part of these efforts, the Fund distributed food supplies to children's homes and families living in areas severely affected by poverty.

Many vulnerable individuals continue to suffer the harsh effects of socio-economic distress, which has led to a significant decline in their purchasing power and, consequently, a deterioration in their quality of life. Through its interventions, NSSF aims to alleviate these challenges and contribute to building more resilient and dignified communities.





Eldoret Branch Manager, Mr. Evans Tonui, and his team visited Jawabu Rehabilitation Centre for Children with Disabilities on 18th December 2024. They were warmly received by Pastor Korir, who runs the Centre and expressed his appreciation to the team for bringing joy and smiles to the children.

1. Environmental conservation

NSSF is committed to environmental conservation and sustainability. The Fund actively engages in initiatives aimed at protecting the environment and mitigating the effects of climate change. These efforts are focused on reducing greenhouse gas emissions, halting and reversing deforestation, and restoring 5.1 million hectares of deforested and degraded landscapes.

Key activities include nationwide tree-growing campaigns to restore and preserve forest cover, promoting proper waste management and recycling initiatives, and encouraging energy efficiency practices. By championing environmental responsibility, NSSF seeks to contribute to a greener, healthier, and more sustainable future for Kenya.

The Fund remains dedicated to playing a vital role in environmental conservation through its annual tree-planting initiatives and other related programs that aim to create long-lasting positive environmental impact.



Voi Branch Manager, Ms. Mariam Mohamed, and her team during a tree planting exercise in Voi.

2. Stakeholder Engagement

NSSF places strong emphasis on stakeholder engagement as a key strategic pillar. During the 2024/2025 financial year, the Fund conducted a series of stakeholder engagement forums in preparation for the second phase of the implementation of the NSSF Act, Cap. 258.

The Fund believes that effective and meaningful engagement with stakeholders is essential for developing impactful and sustainable initiatives. Stakeholder engagement enables NSSF to understand the diverse needs, expectations, and concerns of the individuals and communities it serves, ensuring that its strategic efforts are aligned with their priorities.

To guide this process, NSSF has mapped out its stakeholders based on their unique needs and expectations, in accordance with the Fund's Stakeholder Engagement Policy.



Mombasa Branch Manager, Ms. Ibtisam Mohamed, and her team conducted a stakeholder sensitization workshop on March 5, 2025, at Premier Inn Hotel, Mombasa. The workshop aimed to educate and sensitize stakeholders on the NSSF products and services.



The Nairobi Regional Manager, Ms. Alice Kamuri accompanied the Westlands Branch Manager, Ms. Lilian Siparo, and her team to conduct stakeholders sensitization workshop on March 6, 2025, at Jacaranda Hotel, Nairobi. The workshop aimed to educate and sensitize employers on the NSSF products and services.

Stakeholder Engagement



Labour and Social Protection Cabinet Secretary Alfred Mutua (centre) with the Secretary General of the International Social Security Association Marcelo Abi-Ramia Caetano, NSSF Board Chairman David Njeru, NSSF CEO David Koross, County Pension Group MD Hosea Kili, NSSF Uganda MD Patrick Ayota, Director General of NSSF Tanzania Masha Mshomba, Public Service Pension Fund CEO of Eswatini Masotja Vilakati and NSSF Trustee Mike Macharia during the International Social Security Association Technical Seminar in Nairobi.



The CEO of the Kenya Association of Hotel Keepers and Caterers (KAHC), Mr. Mike Macharia, engaged key stakeholders in the tourism industry to explore ways of unlocking Kenya's tourism potential. Mr. Evans Ombui, the NSSF General Manager for Social Security, delivered a thought-provoking presentation on the role of pension schemes in tourism development. H.E. Hon. Gladys Wanga, Governor of Homa Bay County, spoke and encouraged hotel owners to invest in Homa Bay County. This took place during the KAHC Annual Symposium held at Sarova Whitesands Beach Resort & Spa, Mombasa, from 26th to 28th June 2025.

The Board of Trustees submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the National Social Security Fund's affairs.

(i) Principal activities

The principal activities of the Fund, as provided under Section 4 of the NSSF Act Cap 258, are to register members, receive their contributions, invest the funds, process and ultimately pay out benefits to eligible members or their dependents.

Results

The results of the Fund for the year ended June 30, 2025 analysed as below: -

Parameter	2025	2024	Growth
Member Contribution	83,972,180,926	62,288,402,382	35%
Active Members	3,604,769	3,331,611	8%
Active Employers	77,764	78,009	(0.3%)
Benefits paid	8,736,065,966	9,713,289,277	(10%)
Members paid	91,851	103,744	(11%)
Investment Income	105,298,492,267	41,703,591,501	152%
Cost to fund value	1.47%	1.71%	14%
Return on Investment	22%	12%	85%
Increase in Net Assets	172,625,001,662	88,024,375,781	96%
Members' Funds	572,771,209,039	400,146,207,377	43%
Fund Assets	575,072,247,926	402,173,981,547	43%

(ii) Investment of funds

Fund managers are responsible for the day-to-day management of investment funds. However, the overall responsibility for investment and performance lies with the Board of 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. The Fund's net assets position as at 30 June 2025 was as follows:

Compliance with RBA Investment Requirements

Particulars	2025			2024		
Categories of as-sets	Value	%	RBA Max % Req	Value	%	RBA Max % Req
Investment Portfolio						
Cash and Demand Deposits	4,856,249,075	0.87%	5%	5,723,666,000	1.47%	5%
Fixed Deposits	13,350,712,539	2.39%	30%	5,720,825,210	1.47%	30%
GoK Securities	389,678,224,550	69.83%	90%	260,982,317,129	66.97%	90%
Corporate bonds	1,573,474,195	0.28%	20%	1,723,248,494	0.44%	20%
Quoted Equities	85,135,034,479	15.26%	70%	61,185,359,154	15.70%	70%
Unquoted equities	199,486,740	0.04%	5%	199,486,740	0.05%	5%
Immovable property	35,447,457,956	6.35%	30%	35,389,483,481	9.08%	30%
Real Estate Investment Trusts	1,584,707,271	0.28%	30%	928,539,454	0.24%	30%
Private Equity & Venture Capital	7,298,119,647	1.31%	10%	3,306,167,443	0.85%	10%
Debt instruments for the financing of 10% infrastructure or affordable housing projects		0.00%	10%		0.00%	10%
Offshore investment	2,605,317,531	0.47%	5%	1,063,938,283	0.27%	5%
Others	16,320,969,881	2.92%	10%	13,489,447,272	3.46%	10%
Investment Assets	558,049,753,864	100.00%		389,712,478,660	100%	
Other assets	17,022,494,063			12,461,502,887		
Total Assets	575,072,247,926			402,173,981,547		

(iii) Member interest

Section 2 of the NSSF ActCap 258 Laws of Kenya requires that investment income be credited to the accounts of individual members, at such rates as the Board may, in consultation with the Actuary or such other qualified person, determine and approve at least annually, having regard to the income on the Fund's assets. Interest declared and paid in the last five years is as follows:

Financial Year	Declared interest %
2017/2018	7
2018/2019	3
2019/2020	3
2020/2021	10
2021/2022	4
2022/2023	2.5
2023/2024	11

The 2024/2025 interest declaration will be done at the AGM to be scheduled after the audit of the financial statements by Auditor General and actuarial valuation.

(iv) Trustees

The members of the Board of Trustees who served during the year are shown on the table. In accordance with NSSF Act Cap 258, trustees serve for a maximum of two terms of three (3) years each subject to reappointment after the initial term.

(v) Fiduciary Responsibility Statement

The Board of Trustees 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 behaviour.
- Acting in the best interests of members and stakeholders.
- Establishment of a formidable risk management system.
- The scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the scheme's business operations.
- The trustees have ensured that the fund managers and custodians have carried out all scheme investments and that all scheme assets and funds are held by the custodians.

(vi) Auditors

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

By Order of the Board



.....
Ms. Kellen Njue
Corporation Secretary
Date

Section 81 of the Public Finance Management Act, 2012, National Social Security Fund Act Cap 258, the Retirement Benefits Act, 1997, and Section 14 of the State Corporations Act No. 446 require the Trustees to prepare financial statements in respect of the Fund, which give a true and fair view of the state of affairs of the National Social Security Fund for the financial year and the operating results of the Fund for that year. The Trustees are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Trustees are also responsible for safeguarding the assets of the Fund.

The Trustees are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Fund, (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Trustees confirm that, during the year under review, in the execution of their duties they have complied with all legal requirements and wish to confirm that:

- Adequate accounting records were kept inclusive of proper minutes of all resolutions passed by the Board of Trustees;
- They took such steps as were reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- Proper internal control systems were employed by or on behalf of the Fund;
- Adequate and appropriate information was communicated to the members including their rights, benefits and duties in terms of the rules of the Fund;
- Reasonable steps to ensure that contributions, where applicable, were paid timely to the Fund;
- Expert advice was obtained on matters where they lacked sufficient expertise;
- The rules, operation and administration of the Fund complied with all applicable legislation; and,
- Funds were invested and maintained in accordance with the Fund's investment policy statement.


Approval of the annual financial statements

The Trustees' accept responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act and the Retirement Benefits Act.

The Board of Trustees is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Board of Trustees further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Board of Trustees has assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of Trustees to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Fund's financial statements were approved by the Board on 19 August 2025 and signed on its behalf by:



.....
Hon. David Kariuki Njeru
CHAIRMAN, BOARD OF TRUSTEES



.....
FA David Koross, MBS
CEO/MANAGING TRUSTEE

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR 2025

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL SOCIAL SECURITY FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Social Security Fund set out on pages 1 to 93, which comprise of the statement of net assets available for benefits as at 30 June, 2025 and the statement of changes in net assets available for benefits, statement of changes in accumulated members' fund, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and

Report of the Auditor-General on National Social Security Fund for the year ended 30 June, 2025

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Social Security Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the National Social Security Fund Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final development budget of Kshs.5,505,000,000 and actual expenditure on comparable basis of Kshs.3,914,742,225 resulting to an underutilization of Kshs.1,590,257,775 or 29% of the budget.

The significant underutilization of the development budget affected the Fund's ability to implement planned activities and projects, may have impacted negatively on members' return through reduced investment income.

2. Revocation of Irregularly Issued Land Title Deed

The statement of net assets available for benefit and as disclosed in Note 24 to the financial statements reflects investment property balance of Kshs.35,447,457,956 net of provisions for the cost of undeveloped land located in Upper Hill Nairobi. The Fund purchased land from a private developer for Kshs.115,000,000. However, the title deed was revoked through Kenya Gazette Notice No. 3460 of 1 April 2010 on the grounds that though the title was allocated and issued to a private developer the parcel had been reserved for public purposes in accordance with the Constitution, Government Land Act (Cap 280) and the Trust Land Act (Cap.288). The Fund filed the case in court and is currently awaiting a determination.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved as at 30 June, 2025.

S/No.	Audit Issue
1	Long Outstanding Tax Receivable
2	Revocation of Irregularly Issued Land Title Deeds
3	Non-Performing Investments in Quoted Equities
4	Non-Performing Investments in Unquoted equities
5	Loss on Realization of Investments
6	Employees in Acting Capacity Beyond Stipulated Period
7	Delayed Construction of Boundary Wall at Plot in Bamburi

Other Information

The Management is responsible for the Other Information set out on page iii to liv which comprise of Key Entity Information and Management, The Board of Trustees, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Except for the effect of unachieved performance targets, I have nothing else to report in this regard.

Unachieved Performance Targets

Review of the strategic objectives indicated the following unachieved targets:

Report of the Auditor-General on National Social Security Fund for the year ended 30 June, 2025

Key Performance Indicator	Target 2024-2025	Actual 2024-2025	Underperformance
New member registration	650,000	611,037	38,963
Performance contract rating	2.9%	2.68%	0.22%
Closure of legacy audit queries	100%	76%	24%
Customer satisfaction	84%	71.25%	12.75%
Benefits turnaround	10%	9%	1%

Failure to achieve key performance targets may affect the Fund's ability to deliver on its mandate.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non- Performing Investments in Unquoted Equities

The statement of net assets available for benefits and as disclosed in Note 22a to the financial statements reflects unquoted equities balance of Kshs.199,486,740. Review of the investment ledger revealed that the Fund held 11,393,460 shares in unquoted equities valued Kshs.199,486,780 which have not appreciated over the past four (4) years. Management's failure to take remedial action regarding the non-performing investments such as addressing potential impairment or divestment affects the long-term financial sustainability of the Fund and limits value addition to the members' contributions.

In the circumstances, the value for money from the investment on unquoted equities amounting to Kshs.199,486,740 could not be confirmed.

2. Non-Performing Investments in Quoted Equities

The statement of net assets available for benefits and as disclosed in Note 23 to the financial statements reflects quoted equities of Kshs.85,135,034,479. The investments include shares held in three (3) companies with combined value of Kshs.401,818,470 as

at 30 June, 2025 whose value decreased by Kshs.47,083,730 or 10.5% from the previous valuation of Kshs.448,902,200 as at 30 June, 2024.

In the circumstances, value for money from the continued holding of the quoted investment of Kshs.401,818,470 in three (3) companies could not be confirmed.

3. Outstanding Taxes

The statement of net assets available for benefits, as disclosed in Note 34(a) to the financial statements reflects taxes payable of Kshs.13,063,846, which may be subject to penalties and interest. This was contrary to Regulation 23(2a) of the Public Finance Management (National Government) Regulations, 2015 which states that, an Accounting Officer shall comply with any tax, levy, duty, pension, commitments, and audit commitments as may be provided for by legislation.

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

4. Irregular Payment of Acting and Special Duty Allowances

Note 13 (a) to the financial statements reflects staff cost of Kshs.5,658,570,624. Review of the monthly payrolls revealed that the Fund paid acting allowance of Kshs.6,502,2275 and special duty allowances of Kshs.14,697,717 totalling to Kshs.21,199,945 paid to several employees who served for periods exceeding the stipulated six (6) months without Board's approval. This was contrary to Section C4 and C15 of the Public Service Commission Human Resource Policies, May 2016 and Section 4 of the National Social Security Fund Human Resource Policies and Procedures Manual dated February 2024 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

5. Fund's Premises Rented Out without Valid Lease Agreements

The statement of changes in net assets available for benefits and as disclosed in Note 8 to the financial statements reflects investment income amount of Kshs.55,774,467,944 which includes rent income of Kshs.1,007,336,723. Review of records revealed that eight (8) tenants objected the increment of rent, obtained court injunctions and have consistently underpaid and failed to pay rent regularly resulting to accumulated balance of Kshs.5,183,306. Further, other five (5) tenants were occupying the premises without signed lease agreements, despite the Fund's efforts to regularize the agreements. This has denied the Fund rent due for the use of its premises.

In the circumstances, the Fund has not realized full value for money from the continued occupancy of its office space by non-paying tenants.

6. Idle Properties in Nairobi Central Business District

The statement of net assets available for benefits as disclosed in Note 24 to the financial statements reflects investment property balance of Kshs.35,447,457,956. The balance

includes five (5) properties located within Nairobi's Central Business District, valued at Kshs.4,022,000,000 as at 30 June, 2025. The properties remained idle during the year under review, contrary to Section 1.5.2 of Fund Investment Policy statement, 2020 which requires that assets be structured and invested in a prudent manner at all times.

In the circumstances, Management was in breach of the law while beneficial ownership to the properties could not be confirmed.

7. Property, Plant and Equipment

The statement of assets available for benefit and as disclosed in Note 25 to the financial statement reflects property, plant and equipment balance of Kshs.470,954,966. The following unsatisfactory matters were however noted: -

7.1. Failure to Dispose Obsolete Assets

Review of property, plant and equipment records revealed the Fund holds obsolete assets amounting of Kshs.5,843,000 which were earmarked for disposal and a committee constituted but the disposal was not done. This was contrary to Regulation 180(1) and (2) of Public Procurement and Asset Disposal Regulations, 2020 provides that an Accounting Officer shall be primarily responsible for ensuring that the procuring entity fulfills its asset disposal obligations and that user departments identify items due for disposal and capture them in the annual disposal plan.

7.2. Delayed Construction of Boundary Wall at Plot in Bamburi

The statement of net assets available for benefits and as disclosed in Note 27 to the financial statements reflects assets under construction balance of Kshs.1,265,325,610 which includes construction of a boundary wall for a plot in Bamburi of Kshs.10,152,732. As previously reported, the initial contract was awarded at a contract price of Kshs.16,563,900 with an expected completion period of eight (8) weeks from 12 March, 2017. However, the works were suspended due to encroachment by a water pipeline and underground cables. Although the suspension was lifted on 21 March, 2018, the contract was terminated after achieving 81% completion since the contractor was unable to complete the project.

Subsequently, another contractor was engaged on 28 September, 2020 at a contract price of Kshs.6,233,094 to complete the remaining works within eight (8) weeks. However, as at the time of the audit in October, 2025, the construction of the wall had not been completed, eight years after the expected completion date. This was contrary to Section 9 of the contract, which allows the procuring entity to terminate the agreement in writing if the contractor fails to fulfil their obligations under the agreement.

Further, Management did not provide site inspection reports, minutes of meetings between the Contractor, the Fund's Management and the Project Manager or the project status report as at 30 June, 2025 for audit verification.

In the circumstances, the value for money spent on the boundary wall could not be confirmed.

8. Staff Mortgage and Loans

The statement of net assets available for benefit and as disclosed in Notes 29 and 30 to the financial statements reflects staff mortgage scheme deposits and staff loans of Kshs.1,329,439,690 and Kshs.135,217,038 respectively. The following unsatisfactorily matters were however noted: -

8.1. Failure to Prepare and Submit Financial Statements for Staff Mortgage Scheme and Staff Car Loan

The financial statements for the Staff Mortgage Scheme and Staff Car Loan have not been prepared and submitted to the Auditor-General for audit. This was contrary to Section 84(1) and (3) of the Public Finance Management Act, 2012, which requires that the administrator of a national public fund established by the Constitution or an Act of Parliament shall prepare financial statements for each financial year in a form prescribed by the Accounting Standards Board and Not later than three months after the end of each financial year, the administrator of a national public fund shall submit the financial statements prepared to the Auditor-General.

8.2. Operationalization of Staff Mortgage and Car Loan Fund without Regulations

It was noted that the Fund Administrator has not developed regulations to guide the implementation of the car loan and mortgage schemes as required by the Salaries and Remuneration Commission Circular Reference No. SRC/ADMI/CIR/1/13 VOL. III (128) of 17 December, 2014.

8.3. Lapsed Agreement with Mortgage Scheme Administrator

Included in Note 29 are long term deposits amounting to Kshs.681,992,097 held with a mortgage scheme administrator. The agreement with the mortgage scheme administrator was signed on 17 December, 2012 for an initial duration of five (5) years with an option to renew. However, after the lapse of the initial term on 16 December, 2017 there is no evidence of renewal. This was contrary to Section 68(2) of the Public Finance Management Act 2012, which requires that an Accounting Officer shall ensure that all contracts entered into by the entity are lawful and are complied with.

In the circumstances, Management was in breach of law.

9. Long Outstanding Advance Payment on Stalled Embakasi Scheme Project

The statement of net assets available for benefits and as disclosed in Note 31 to the financial statements reflects receivables and prepayments of Kshs.10,201,624,713. The balance includes deposits and prepayments balance of Kshs.291,319,174 of which Kshs.290,422,874 consists of advances and deposits to suppliers, including deposit of Kshs.215,883,806 paid to a contractor for Nyayo Estate Phase VI Construction Project.

Further, as previously reported, the contract for the construction of 324 units at Nyayo Embakasi was signed on 21 February 2013 for seventy-eight (78) weeks from 2 June,

2013 to 30 November, 2014 at a total cost of Kshs.2,155,407,742. However, the construction stalled. Although, Management explained that the project stalled due to lack of approval of change of user by Nairobi City County Government, no evidence was provided to support this explanation. As at the time of audit October, 2025, only forty-four (44) units had been constructed.

In addition, the works were certified at Kshs.274,675,066 yet the contractor had been paid Kshs.227,900,500 in addition to mobilization fee of Kshs.215,540,774, resulting to overpayment of Kshs.168,766,208. Management explained that the contractor had been requested to refund the overpayment, however, as at the time of audit in October, 2025 no refund had been received.

In the circumstances, Management was in breach of the law and the recovery of the advance payment appears doubtful.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Returned Benefits

Note 34(c) to the financial statements reflects an amount of Kshs.163,521,928 relating to returned benefits. Review of the schedules revealed unclaimed member benefits that have been outstanding for a long period with some dating to 1985. In addition, an increment of Kshs.5,044,358 with returned benefits was noted during the year under review. It was not clear why the returned benefits have remained outstanding for a long period without investigation, identification of beneficiaries and subsequent payment.

In the circumstances, long outstanding returned benefits reflects weak internal controls over reconciliation and underscores the urgent need for strengthened reconciliation and follow up to safeguard member funds.

2. Unallocated Member Contributions

Note 6a to the financial statements discloses contributions from members of Kshs.81,939,367,930 which includes Kshs.12,085,218 in member contributions received during the year that had not been allocated to the individual member accounts. As a result, the amount was being held in the suspense accounts.

In the circumstances, the risk of unallocated payments being irregularly applied is high.

3. Delays in Allocating Client Payments

The statement of net assets available for benefits, as disclosed in Note 31 to the financial statements, reflects net receivables and prepayments balance of Kshs.10,201,624,713. The balance includes clearing balances of negative Kshs.11,828,322. However, no explanation was provided for the delays in allocating the amounts to the relevant accounts. The existence of clearing accounts poses the risk of unauthorized reallocation of client payments.

In the circumstances, the controls over receipting of client payments are weak.

4. Long Outstanding Reconciliation Items

Note 34 to the financial statements discloses payables and accruals balance of Kshs.2,301,038,887 which includes payable due to vendors of Kshs.633,365,888 which further includes Goods Receipt (GR) and Invoice Receipt (IR) clearing account balances of Kshs.202,270,153. However, the balances have been long outstanding with some dating back to 2012/2013 financial year. Further, Management did not provide satisfactory explanations for the delay in clearing / settling the balances.

In the circumstances, the effectiveness of the internal controls over goods and invoice receipts clearing process could not be confirmed.

5. Lack of Account Receivables Management Policy

The statement of net assets available for benefit reflects and as disclosed in Note 31 to the financial statements reflects receivables and prepayment of Kshs.10,201,624,713. Further, Note 33 to the financial statements reflects total provisions on assets amounting Kshs.2,605,263,789 out of which provisions amounting Kshs.1,075,983,804 relate to doubtful accrued income and provision for doubtful debts. However, Management had not developed or approved accounts receivables policy to guide the control and management of receivables. This was contrary to Regulation 43(1)(d) of Public Finance Management (National Government) Regulations, 2015, which states that an Accounting Officer shall manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

In the circumstances, the effectiveness of internal controls on management of accounts receivables could not be confirmed.

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

Responsibilities of the Management and the Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require

that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

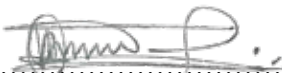
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR YEAR ENDED 30TH JUNE 2025

	Note	2025 Kshs	2024 Kshs
DEALINGS WITH MEMBERS FUNDS:			
Remitted member contribution	6a	81,939,367,930	59,143,557,370
Unremitted member contribution	6b	2,032,812,996	3,144,845,013
Contributions receivable		83,972,180,926	62,288,402,382
Benefits Paid	7	(8,736,065,966)	(9,713,289,277)
Net Surplus from dealings with members		75,236,114,959	52,575,113,105
INVESTMENT INCOME:			
Investment Income (realised)	8	55,774,467,944	39,617,489,184
FV gain/(loss) on revaluation of Investments	9	46,062,474,212	2,988,668,249
Gain/(loss) on realisation of investments	10	4,559,526,660	(215,684,206)
Investment Management Expenses	11	(1,097,976,550)	(686,881,726)
Net Investment Income		105,298,492,267	41,703,591,501
Other Income	12	552,293,199	611,518,345
Net Income		105,850,785,466	42,315,109,846
OPERATING COST:			
Administration cost	13	(8,151,426,240)	(6,950,213,769)
Provisions	14	(310,472,523)	84,366,599
Total operating cost		(8,461,898,763)	(6,865,847,171)
NET INCREASE IN THE FUND FOR THE YEAR		172,625,001,662	88,024,375,781
As previously reported		400,146,207,377	312,121,831,596
As restated		400,146,207,377	312,121,831,596
NET ASSETS AS AT 30 JUNE		572,771,209,039	400,146,207,377

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 30 JUNE 2025

	Note	2025 Kshs	2024 Kshs
INVESTMENT ASSETS:			
Term and Demand Deposits	15	18,002,961,614	11,444,491,210
Government Securities- (Treasury bills)	16	-	8,771,040
Government Securities- (Treasury bonds)	17	355,391,628,577	253,804,875,051
Eurobonds	18	34,286,595,973	7,168,671,038
Corporate bonds	19	1,573,474,195	1,723,248,494
Accrued Income	20	14,237,287,465	10,946,061,715
TPS Loans	21	2,083,682,416	2,543,385,556
Unquoted Equities	22a	199,486,740	199,486,740
Real Estate Investment Trusts (REITS)	22b	1,584,707,271	928,539,454
Private Equity	22c	7,298,119,647	3,306,167,443
Money Market Funds	22d	204,000,000	-
Offshore Investments	22e	2,605,317,531	1,063,938,283
Quoted Stocks	23	85,135,034,479	61,185,359,154
Investment property	24	35,447,457,956	35,389,483,481
Total Investment Assets		558,049,753,864	389,712,478,660
OTHER ASSETS:			
Property, plant and equipment	25	470,983,776	433,365,273
Intangible assets	26	-	-
Assets under construction	27	1,265,325,610	128,016,172
Inventory	28	26,026,958	45,257,906
Staff Mortgage Scheme	29	1,329,439,690	1,304,830,014
Staff Loans	30	135,217,038	158,331,610
Receivables and Prepayments	31	10,201,624,713	8,191,311,181
Cash and bank balances	32	3,593,876,278	2,200,390,732
Total Other Assets		17,022,494,063	12,461,502,887
Total Assets		575,072,247,926	402,173,981,547
REPRESENTED BY			
Payables and accruals	34	2,301,038,887	2,027,774,170
Total Liabilities		2,301,038,887	2,027,774,170
MEMBER LIABILITIES			
Unremitted Member Contribution	6b	5,177,658,008	3,144,845,013
Accumulated members' funds	35	457,323,098,156	353,693,475,456
Member reserve accounts	35	110,270,452,875	43,307,886,919
Total Member Liabilities		572,771,209,039	400,146,207,377
FUND BALANCE		575,072,247,926	402,173,981,547

The financial statements were approved by the Board on 19th August 2025 and signed on its behalf by:



Hon. David Kariuki Njeru
Chairman of the Board



FA David Koross
CEO/Managing Trustee



CPA Ronald Nyamosi
GM, Finance & Investment
ICPAK M/NO: 3849

STATEMENT OF CHANGES IN ACCUMULATED MEMBERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2025

	Members' Funds	Unremitted contribution Kes	Accumulated Reserves Kes	Total Kes
Balance as at 30 June 2019	181,323,190,499	-	53,747,612,588	235,070,803,089
Actuarial valuation adjustment as at 30 June 2020	41,878,212,590	-	(41,878,212,590)	-
Net Increase/(Decrease) in Net Assets	10,299,022,671	-	4,283,320,342	14,582,343,014
Balance as at 30 June 2020	233,500,425,763	-	16,152,720,340	249,653,146,103
Net Increase/(Decrease) in Net Assets	8,576,316,921	-	26,257,164,646	34,833,481,567
Balance as at 30 June 2021	242,076,742,683	-	42,409,884,987	284,486,627,670
Net Increase/(Decrease) in Net Assets	10,485,091,293	-	(9,248,854,023)	1,236,237,270
Balance as at 30 June 2022	252,561,833,976	-	33,161,030,963	285,722,864,940
Net Increase/(Decrease) in Net Assets	20,198,393,970	-	6,200,572,687	26,398,966,657
Balance as at 30 June 2023	272,760,227,946	-	39,361,603,650	312,121,831,596
Net Increase in Fund	49,430,268,093	3,144,845,013	35,449,262,676	88,024,375,781
Actuarial valuation adjustment for 2023	31,502,979,417	-	(31,502,979,417)	-
Balance as at 30 June 2024	353,693,475,456	3,144,845,013	43,307,886,909	400,146,207,377
Net Increase in Fund	73,203,301,964	2,032,812,996	97,388,886,703	172,625,001,662
Actuarial valuation adjustment for 2024	30,426,320,736	-	(30,426,320,736)	-
Balance as at 30 June 2025	457,323,098,156	5,177,658,008	110,270,452,875	572,771,209,039

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Kshs	2024 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in assets		172,625,001,662	88,024,375,781
Adjustments:			
Foreign exchange losses	8h	(35,946,845)	1,023,451,512
Fair value gain/(loss) on revaluation	9	(46,062,474,212)	(2,988,668,249)
Increase /(decrease) in provision for Pay in Lieu of Leave	13a	(5,498,089)	19,498,333
Increase/(decrease) in provisions	14	310,472,523	(84,366,599)
Depreciation on property, plant and equipment	25	203,122,253	217,985,926
Amortization of intangible assets	26	0	90,188,217
Operating surplus/(deficit) before working capital changes		127,034,677,292	86,302,464,921
Changes in Working Capital:			
Increase/(decrease) in TPS Loans	21	459,703,141	157,126,779
Decrease/(increase) in inventories	28	19,230,948	(14,011,271)
Increase/(decrease) in Staff Mortgage Scheme	29	(24,609,676)	(23,591,818)
Increase/(decrease) in Staff Loans	30	23,114,571	15,120,790
Decrease/(increase) in debtors & prepayments	31	(2,010,313,532)	(1,610,638,235)
Decrease/(increase) in accrued income	20	(3,291,225,749)	(3,362,379,517)
increase/(decrease) in payables and accruals	33	273,264,717	207,889,364
Net Changes in working capital		(4,550,835,579)	(4,630,483,909)
Net cash flows generated from operating activities		122,483,841,712	81,671,981,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement/withdrawal of deposits with financial institutions	15	(6,564,183,029)	2,854,969,579
Purchase/ redemption of Treasury bills	16	8,771,040	1,203,423,777
Purchase/sale or redemption of Treasury bonds	17	(74,772,089,525)	(66,156,324,471)
Purchase/sale or redemption of Eurobonds	18	(30,192,413,240)	(8,803,947,549)
Redemption of corporate bonds	19	169,294,084	18,598,267
Purchase/sale of unquoted equities	22	(6,076,991,555)	(4,991,670,225)
Purchase/sale of quoted equities	23	(2,481,734,116)	(4,739,652,176)
Purchase, development/sale of land and buildings	24	59,025,525	269,741,975
Additions to property, plant and equipment	25	(240,711,946)	(111,294,975)
Additions to assets under construction	27	(1,137,309,438)	(95,033,455)
Receipts from TPS and other loans		137,986,035	(117,824,195)
Net cash flows from investing activities		(121,090,356,166)	(80,669,013,448)
Net increase/(decrease) in cash and cash equivalents		1,393,485,546	1,002,967,564
Cash and cash equivalents as at 1 July 2024		2,200,390,732	1,197,423,167
Cash and cash equivalents as at 30 June 2025		3,593,876,278	2,200,390,732

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025

	Original budget 2024-2025 Kshs	Adjustments 2024-2025 Kshs	Adjusted 2024-2025 Kshs	Actual on comparable 2024-2025 Kshs	Performance difference 2024-2025 Kshs	%
Revenue:						
Contribution	78,063,297,000	-	78,063,297,000	83,972,180,926	5,908,883,926	108
Dividend income	4,657,380,201	-	4,657,380,201	6,773,284,027	2,115,903,826	145
Interest income	45,391,262,747	-	45,391,262,747	47,529,684,363	2,138,421,616	105
Rent income	1,291,692,158	-	1,291,692,158	1,241,395,624	(50,296,534)	96
TPS interest income	245,648,743	-	245,648,743	230,103,930	(15,544,813)	94
Unrealised gain on investments	9,398,798,376	-	9,398,798,376	46,062,474,212	36,663,675,836	490
Realised gain on investments	350,000,000	-	350,000,000	4,559,526,660	4,209,526,660	1303
Other income	50,000,000	-	50,000,000	552,293,199	502,293,199	1105
Net Revenue	139,448,079,225	-	139,448,079,225	190,920,942,941	51,472,863,716	137
Expenditure:						
Benefits	10,964,758,336	-	10,964,758,336	8,736,065,966	2,228,692,370	80
Management investment expense	1,274,000,000	-	1,274,000,000	1,097,976,550	176,023,450	86
Compensation of employees	6,544,660,520	-	6,544,660,520	5,658,570,624	886,089,896	86
Trustee' Emoluments	30,000,000	41,177,660	71,177,660	71,556,027	(378,367)	101
General administration cost	1,857,022,192	316,066,606	2,173,088,798	2,218,177,336	(45,088,538)	102
Depreciation & amortization	422,129,000	-	422,129,000	203,122,253	219,006,747	48
Provision	-	-	-	310,472,523	(310,472,523)	-
Total Operating Cost	21,092,570,048	357,244,266	21,449,814,314	18,295,941,279	3,153,873,036	85
Surplus for the period	118,355,509,177	357,244,266	117,998,264,911	172,625,001,662	54,626,736,751	146

Capital Budget Absorption 2024-2025

No	NSSF Details	Sources	Approved Budget	Supplementary	Totals	Commitment/ Actual	Variance	Absorption
1	EDMS(Electronic Document Management System)	Internal	100,000,000		100,000,000	100,000,000	-	100%
2	Equipment	Internal	43,000,000		43,000,000	35,177,043	7,822,957	82%
3	Furniture	Internal	45,000,000		45,000,000	7,857,388	37,142,612	17%
4	Fitting & Finishing	Internal	10,000,000		10,000,000	98,940	9,901,060	1%
5	Motor Vehicle	Internal	100,000,000		100,000,000	96,139,592	3,860,408	96%
6	IT Equipment	Internal	75,000,000	25,000,000	100,000,000	99,890,940	109,060	100%
7	Refurbishment - Other Investment Buildings	Internal	100,000,000		100,000,000	73,622,837	26,377,163	74%
8	Field offices Renovation	Internal	150,000,000		150,000,000	67,559,300	82,440,701	45%
9	Refurbishment - SSH Nairobi	Internal	700,000,000		700,000,000	294,750,258	405,249,742	42%
10	Refurbishment - Hazina Polana	Internal	150,000,000		150,000,000	122,210,400	27,789,600	81%
11	Server Upgarde	Internal	-	417,000,000	417,000,000	410,634,671	6,365,329	98%
12	SAP/SSPAS Upgrade	Internal	170,000,000		170,000,000	-	170,000,000	0%
13	Network upgrade	Internal	25,000,000		25,000,000	22,934,776	2,065,224	92%
14	Kenyatta Avenue	Internal	1,000,000,000		1,000,000,000	950,000,000	50,000,000	95%
15	Proposed Machakos Housing	Internal	700,000,000		700,000,000	-	700,000,000	0%
16	Proposed Kisumu Housing	Internal	700,000,000		700,000,000	697,448,225	2,551,775	100%
17	Hazina Village Mavoko	Internal	1,100,000,000	- 755,000,000	345,000,000	354,670,154	- 9,670,154	103%
18	Software Defined Network(SDN)	Internal	150,000,000		150,000,000	145,000,000	5,000,000	97%
19	Security Device refresh & air Gap with DNS & DHCP Security	Internal	180,000,000		180,000,000	151,845,682	28,154,318	84%
20	Application Performance Monitoring	Internal	7,000,000		7,000,000	-	7,000,000	0%
21	Biometric	Internal	-	313,000,000	313,000,000	284,902,020	28,097,980	91%
	Totals		5,505,000,000	-	5,505,000,000	3,914,742,225	1,590,257,775	71%

Budget Explanations

(a) Recurrent Budget

- (i) **Member Contribution** - The Fund collected Kshs. 83.97 billion compared with budget of Kshs. 78.06 billion which is 8% performance above budget. This performance is attributed to the implementation year two NSSF contribution rates as per the NSSF Act Cap 258.
- (ii) **Benefits** - The Fund paid out member benefits amounting to Kshs.8.73 billion compared to budget of Kshs. 10.96 billion which is 20% performance below budget. The lower than budget performance is attributable to low system challenges occasioned by cyber-attacks which took time to resolve leading to backlogs crossing to the next financial year.
- (iii) **Dividend Income** - The Fund earned dividend income amounting to Kshs.6.77 billion in the year under review compared with Kshs. 4.66 billion budget or 45% performance above budget. This improved performance is attributable to good dividend earned from investments in BAT, EABL, KPLC, EAPC, Coopbank, DTB, MTN Uganda, CRDB and Acorn I'REIT and D'REIT. However, reduced dividend was recorded from Absa bank, Safaricom and SCB.
- (iv) **Interest income** - The Fund's fixed income instruments earned Kshs. 47.5 billion against budget of Kshs.45.4 billion or 5% performance above budget. The performance is attributed to steady interest rates regime that reigned during the year.
- (v) **Rent Income** - The Fund's investment properties earned Kshs.1.24 billion rent income against budget of Kshs. 1.29 billion, or 8% performance below budget mainly due to low occupancy in the HTC building which was budgeted for.
- (vi) **TPS Interest** - The Fund earned Kshs. 230 million interest from TPS schemes against budget of Kshs.246 million or 6% performance below budget. The reduced interest from TPS scheme has continued to reduce because of early repayment of loans by tenants and the Fund's significant decrease in investment in housing projects under TPS.
- (vii) **Fair value gain on investments** - The Fund's investments experienced a fair value gain Kshs. 46 billion compared to Kshs.9.4 billion budget or 391% performance above budget. This is an impressive performance is attributable to the impressive performance of investments at the Nairobi Securities Exchange.
- (viii) **Realized gain on sale of investments** - The Fund earned capital gain of Kshs. 4.55 billion mainly from the sale of Bamburi shares and treasury bonds sold during the year. This performance is 1203% higher than budget of Kshs. 0.35 billion.
- (ix) **Other income** - The Fund earned Kshs. 0.55 billion other income mainly from fines and penalties levied on late remittance of employee contribution to NSSF by employers. This performance translates to 998% of budget of Kshs. 0.05 billion.

- (x) **Investment management expense**- The Fund incurred Kshs.1.1 billion on management expense against budget of Kshs. 1.27 billion, or 14% below budget.
- (xi) **Depreciation and amortization** - The Fund incurred Kshs. 203 million on depreciation of assets and amortization of software compared to budget of Kshs. 422 million. The under expenditure is attributed to failure to procure softwares that were planned to be procured during the year.
- (b) **Capital Expenditure**
 - (i) **EDMS (Electronic Document Management System)** - The budget was fully utilized as budgeted.
 - (ii) **Equipment** - The un absorbed budget was occasioned by delayed procurement of other office equipment.
 - (iii) **Furniture** - The un absorbed budget was occasioned by delayed procurement of other office furniture.
 - (iv) **Fitting & Finishing** -The un absorbed budget was occasioned by delayed procurement of office blinds after they are partitioned.
 - (v) **Motor Vehicle** -below budget absorption was attributed to reduction in number of vehicles to be procured due to high prices.
 - (vi) **IT Equipment** -The budget was fully utilized as budgeted.
 - (vii) **Refurbishment** - Other Investment Buildings - below budget uptake was due to delayed in procurement process on commercial buildings.
 - (viii) **Field offices Renovation** - below budget uptake was due to delayed in procurement process on earmarked branches.
 - (ix) **Refurbishment** - SSH Nairobi - below budget uptake was due to delayed in procurement process on earmarked partitions in various floors.
 - (x) **Refurbishment** - Hazina Polana - The project is a multi-year, still ongoing hence the unabsorbed amounts will be compensated in the incoming years.
 - (x) **Server Upgarde** - The budget was fully utilized as budgeted.
 - (xii) **SAP/SSPAS Upgrade** - none utilization was occasioned by delayed procurement of proposed ERPs (Upgrade of SAP) as a result of a non-responsive tender.
 - (xii) **Network upgrade** - The budget was fully utilized as budgeted.

- (xiv) **Kenyatta Avenue** - The project was tendered, evaluated and awarded as PPP. It's a multiyear project and the current year budget is fully committed.
- (xv) **Proposed Machakos Housing** - The proposed project was shelved to be undertaken in 2025/2026 hence budget was not absorbed.
- (xvi) **Proposed Kisumu Housing** - The project was tendered, evaluated and awarded. it being multiyear project. It's a multiyear project and the current year budget is fully committed.
- (xvii) **Hazina Village Mavoko** - The plot fencing is being finalized, below budget absorption is due to delayed procurement process for phase 1 construction.
- (xviii) **Software Defined Network (SDN)** - The project was fully committed and was within the budget
- (xix) **Security Device refresh & air Gap with DNS & DHCP Security** - The project was fully committed and was within the budget.
- (xx) **Application Performance Monitoring** - The project was rescheduled for 25/26.
- (xxi) **Biometric** - The project was fully committed and was within the budget.

NOTE/ The delay in Budget approval for capital projects for year under review delayed the procurement processes hence late awards of contract which in turn led to carry over of the budgets to the current Financial year.

1. General Information

The National Social Security Fund was established by and derives its authority and accountability from the National Social Security Fund Act, 2013. The NSSF is wholly owned by workers who are members and contributors to the Fund. The Fund is domiciled in Kenya and its principal activity is a provision of social security to workers in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 2015, Income Tax Act (Revised) 2012 and the National Social Security Fund Act Cap 258 Laws of Kenya, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

3. Application of New and Revised International Financial Reporting Standards (IFRS)

- (i) **New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.**
- **Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022).**

The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- **Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)**

The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.

The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

- **Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022).**

The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

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

Application of New and Revised International Financial Reporting Standards (IFRS)

(ii) New and Amended Standards and Interpretations in Issue But Not Yet Effective in the Year Ended 30 June 2024.

IFRS 18 Presentation and Disclosure in Financial statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

The Board of Trustees do not plan to apply any of the above until they become effective. Based on

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

(ii) Early Adoption of Standards

The Fund did not early - adopt any new or amended standards in the financial year.

4. Summary of Material Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

(a) Member Contribution

Comprises statutory, voluntary and other payments by NSSF members and employers under the NSSF Act Cap 258, towards the Pension Scheme (Tier I, Tier II and enhanced contributions), Old Provident Fund, and the New Provident Funds. The Fund accounts for contribution when due.

(b) Grants from National Government

Grants from National Government are recognized in the year in which the entity actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

(c) FRS 15- Revenue Recognition

Revenue from Contracts With Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, sales taxes or duty, and amounts collected on behalf of third parties.

Revenue is measured based on the consideration to which the Fund expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer. The following are the revenues items: -

Interest Income

Interest income on all interest-bearing instruments is recognized using the effective interest method in statement of changes in net assets available for benefits. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts financial instruments estimated future cash payments or receipts through its expected life or, where appropriate, a shorter period to the net carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in interest income/expense calculated using the effective interest method.

Dividend income - is recognized in the Statement of Changes in Net Assets Available for Benefits in the year in which the right to receive the payment is established, which is generally after declaration of dividends and approval by the shareholders of investee companies.

Rental Income

Rental income from investment properties is recognized in the statement of changes in net assets available for benefits when it accrues, on the straight-line basis over the term of the lease.

Other Income

Other income relates to fines, penalties, recovered expenses from tenants, interest earned from staff loans and profit from disposal of the property, plant and equipment. It is recognized as it accrues.

Sale of Properties

The Fund sales undeveloped property and or develops and sells residential properties in cash or on TPS Scheme.

When property is sold in cash, revenue is recognized at a point in time when legal title has passed to the buyer. The Fund has arrangements for full or partial prepayment of consideration under its standard property sale contracts. A contract liability for the advance payment is recognized at the time of cash receipt. Revenue is recognized when the property sale is concluded as described above.

When sold under Tenant Purchase Scheme and Loan Advances - accrue when the Fund creates financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Fund provides loans, directly to debtors with no intention of trading the receivables. TPS loans and receivables fall under this category and are stated at amortized costs.

Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Fund performs by transferring properties to a customer before payment is due, a contract asset is recognised for the earned portion of the consideration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Significant Financing Component

The Fund receives advance rent payment from its customers in the normal course of business. Using the practical expedient in IFRS 15, the Fund does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Fund has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Fund transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Fund performs under the contract.

(d) Financial Instruments (IFRS 9: Financial Instruments)

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Fund becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is recognised when its extinguished, discharged, cancelled or expires.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. 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 other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Summary of Material Accounting Policies

Classification and Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- Amortised at cost
- Fair value through profit and loss (FVTPL), or
- Fair value through other comprehensive income (FVOCI).

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

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized 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).

In the period presented, the Fund does not have any assets categorised as FVOCI.

The classification is determined by both:

- the Fund's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets and are recognised in profit and loss are presented within investment income, or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent Measurement of Financial Assets

Financial Assets are Measured at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets held within different business model other than 'hold to collect' or hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedge accounting requirements of IFRS 13 'Fair Value Measurement'.

The Fund accounts for its investments at FVTPL where assets are measured at fair value with gains or losses recognised in profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial Assets at Fair Value Through other Comprehensive Income (FVOCI)

The Fund accounts for financial assets at FVOCI) if the assets meet the following:

- they are held under a business model whose objective it is 'hold to collect' the associated cash flows and, sell,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Impairment of Financial Assets

IFRS 9 requires the Fund to recognize a loss allowance for expected losses i.e. apply expected credit loss (ECL) model). Instruments within this scope of the requirements include: Debt investments – loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit and loss. Measured subsequently at amortized cost or at FVTOCI.

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.

At each balance sheet date, the Fund considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- (a) Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- (b) Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Benefits Paid to Members

Benefits to members are accounted for in the period in they are paid. However, member accounts accrue interest on a compound basis.

- **Age benefits** – payable to a member who has reached the retirement age of 60 years;
- **Withdrawal benefits** – payable to a member who has attained the age of 50 years, and is out of regular employment for one year;
- **Invalidity benefits** – payable to a member who because of illness or any occurrence develops incapacity to engage in gainful employment;
- **Survivors benefits** – payable to the dependents survivor(s) in the unfortunate event of member's death;
- **Emigration grants** – payable to a member who is leaving the country for good.

(e) Operating expenses

Operating expenses are recognised in the statement of changes in net assets available for benefits upon utilization of the service or as incurred.

(f) Property, Plant and Equipment (IAS 16: Property, Plant and Equipment)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

carrying amount of the items, and are recognized in Statement of Changes in Net Assets Available for Benefits.

(Where the scheme has elected to revalue items of PPE, it should be done in accordance with IAS 16, Property, Plant and Equipment)

Depreciation and Impairment of Property, Plant and Equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the Statement of Changes in Net Assets Available for Benefits on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life.

The annual rates in use are:

Annual Rates	%
Buildings and civil works	Nil
Freehold Land and Buildings	Revaluation
Motor Vehicles, including motorcycles	20
Computers and related equipment	33.33
Office Furniture	10
Office Equipment	12.5
Fittings and Furnishings	20
Low Value Assets	100

Depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal on prorata basis. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

(g) Accounting for Leases-(IFRS 16: Leases)

Leases under which the fund is the Lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Scheme recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Scheme is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Scheme's incremental borrowing rate is used. For leases that contain non- lease components, the Scheme allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease. Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

All right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities.

Depreciation is calculated using the straight-line method to write-down the cost of each asset to its residual value over its estimated useful life. If the ownership of the underlying asset is expected to pass to the Scheme at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

Leases under which the Fund is the Lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in the profit or loss account on a straight-line basis over the lease term.

(h) Intangible Assets (IAS 38: Intangible Assets)

Intangible assets value is stated at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated to write off the cost in line with the requirements of IAS 38-Intangible assets.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use;
- there is an ability to use the software product.
- it can be demonstrated how the software product will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over a period of 3 years which is the recognised useful life of software by Fund policy.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of net assets when the asset is derecognized.

(i) Investment Property (IAS 40: Investment Property)

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in surplus or deficit in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. When the use of property changes from owner occupied to investment property, the property is re-measured at fair value and reclassified as investment property.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Right-of-use assets that meet the definition of investment property are presented as investment property.

(j) Assets Under Construction

Assets Under Construction (AUC) relates to ongoing capital projects of investment or operational nature. Additions to AUC are initially recognised at cost and subsequently measured at fair value.

(k) Trade and Other Receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

(l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Fund makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Fund uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

The Fund assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 36 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

(m) Provision for Staff Leave Pay

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

(n) Impairment of Non-Financial Assets

The carrying amounts of the Fund's non-financial assets other than investment properties and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such condition exists, the asset's recoverable amount is estimated and an impairment loss recognized in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of changes in net assets available for benefits in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of changes in net assets available for benefits.

(o) Taxation Income Tax

The Fund is exempted from income tax under the Income Tax Act Cap 470 subject to compliance to the National Social Security Fund Exemptions Rules of 2002.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value, which are not considered investment assets. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

(q) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

(r) Retirement Benefit Obligations

(i) Gratuity

The Fund's terms and conditions of employment provide for gratuity to employees who are on contract equivalent to 31% of the monthly salary per year of service to the organization. This employment benefit is accrued on a monthly basis and paid at the point of exit or at the end of contract. The provision in the financial statements takes account of service rendered by employees up to the reporting date and is based on the calculated staff benefits payable.

(ii) Staff Pension Scheme

The entity operates a defined contribution scheme for all full-time employees. The scheme is administered under a separate pension scheme from the Fund run by an independent Board of Trustees and is funded by contributions from both the Fund and its employees.

The contributions payable to the plan are in proportion to the services rendered to the Fund by the employees and are recorded as an expense under 'staff costs' in the statement of changes in net assets available for benefits. Unpaid contributions are recorded as a liability.

(iii) Contribution to National Social Security Fund (NSSF)

The Fund also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Fund's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,140 per employee per month.

(s) Members' Funds

The Fund is funded through contributions from members and investment income. Members' funds (contributions and interest accrued) qualify as a financial liability as the Fund has a contractual obligation to pay cash benefits as claimed by members upon qualifying.

- The Fund recognises a liability to pay benefits to members composed of contributions declared on the account of each member and interest accumulated on each account in accordance with the obligations laid out in the NSSF Act.
- Interest is allocated to each members' account at the rate approved by the Board of Trustees with the advice of the actuary each year and is recognised in the statement of changes in accumulated members' funds.
- Interest payments to members: Interest payable on members' accumulated contributions is calculated based on the opening accumulated contributions (standard contribution plus interest) less benefits paid during the year. The effective

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- Interest rate used to compute interest accrued to members is approved by the of the Board of Trustees.
- The recognition of the expense and respective interest provision is based on the requirement under the NSSF Act to recognise member balances as a debt obligation.
- Benefits payments to members are made upon meeting criteria for payment as set out in the NSSF Act. Such payments recognised as a charge in the statement of changes in net assets available for benefits, and as a reduction from members' funds when paid.
- Contributions from members: Member contributions remitted by their employers are Received. Contributions due but not yet received at the end of the financial year are not accrued but accounted for and recognized in subsequent years when received.

(t) Accumulated Reserves

Accumulated reserves account is credited with net surplus for the year. The special contributions and fines and penalties are credited directly to the reserve account. After declaration of interest, the amount of interest is credited to members accounts by debiting the accumulated reserves and crediting members' funds.

(u) Exchange Rate Differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates

prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(v) Budget Information

The original budget for FY 2023-2024 was approved by the Principal Secretary, State Department for Labour and Skills Development on 3rd August, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 20 of these financial statements.

(w) Service Concession Arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

(x) Comparative Figures

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

(y) Events After the Reporting Period

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates. The accounting policies that involve high judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Provision for expected credit losses of financial assets – The Fund annually assess all financial assets for impairment i.e. Cash and cash equivalents, debt instruments and receivables. The Fund uses the simplified approach to impair receivables or groups of receivables as might be appropriate based on its average historical loss rate. Depending on the data, the Fund applies either of two ways of computing the loss rate per period.

A loss rate may be computed as the ratio of outstanding invoice amounts beyond the default period and raised invoices at the beginning of each period. In the case where payments are available, the recovery rate may be computed as a ratio of payments made on bills raised per time period before the default date. The loss rate is then obtained as $1 - \text{recovery rate}$. A common approximation is to cap recovery rates at 100% where payments exceed invoice amounts. The single loss rate is adjusted for forward-looking factors specific to the debtors and the economic environment using movements and forecasts for inflation rates, GDP and foreign exchange.

The single loss rate estimates are applied to each category of gross receivables. The Fund considers whether ECLs should be estimated individually for any period-end receivables, e.g. because specific information is available about those debtors.

The Fund has applied the simplified approach to all other financial assets recognized as other receivables e.g. dividends receivable, an approach that does not include an explicit probability of default as an input per se.

The loans and advances held by the Fund are mainly with corporate entities and has, therefore, used credit rating agency information rather than internal risk weighting methods. The information about the ECLs on the Fund's deposits with commercial banks, government treasury bills and bonds and corporate bonds and Loans and advances is disclosed in Notes 16, 19 and 21, respectively.

(i) Impairment of non-financial assets – Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Fund is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The Fund also assessed impairment for the assets and no additional impairments were required. The Fund's non-financial assets include investment properties, property and equipment, intangible assets inventories, assets Under Construction and inventory with carrying amounts as disclosed in notes 24, 25, 26, 27 and 28 respectively.

(iii) Property, plant and equipment – Critical estimates are made by the management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Subsequent changes in circumstances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Details of the Fund's property, plant and equipment are disclosed in note 25.

- (iv) Determining fair values** – The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Further information on determination of fair value is disclosed in Notes 25, and 40.
- (v) Provisions and contingencies** – A provision is recognized if, as a result of past events, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Management has made judgements in determining contingencies disclosed in Note 35.
- (vi) Valuation of investment properties** – The Fund carries its investment properties at fair value, with changes in fair value being recognized in surplus or deficit. Details of significant estimates and judgements made regarding the Fund's investment properties are disclosed in Note 24.

The preparation of the Fund's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6. Contribution from Members

	2025 Kes	2024 Kes
6a Contribution received		
Pension Tier I	28,806,205,875	24,213,741,144
Pension Tier II	52,535,717,497	34,173,151,301
Old provident	28,904,881	28,609,237
New Provident	568,539,677	648,318,592
Others	-	79,737,096
Total contribution received for the year	81,939,367,930	59,143,557,370
6b Unremitted member contribution		
Member contribution	1,016,406,498	1,572,422,506
Employers contribution	1,016,406,498	1,572,422,506
Total contribution accrued for the year	2,032,812,996	3,144,845,013
Contribution receivable for the year	83,972,180,926	62,288,402,382

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

With effect from 2023/2024 financial year, the Fund began accounting for contribution arrears in the financial statements. Previously contribution arrears were only disclosed in notes to financial statements. The Fund collected member contribution amounting to Kshs. 83.97 billion during the year under review. The contribution relates to amounts remitted in respect of the three funds under the NSSF Act Cap 258 (old provident fund, new provident fund and the pension fund). The Fund also accrued unremitted contributions amounting to Kshs. 5,177,658,008. These accrued arrears have attracted penalty amounting to Kshs. 11,622,536,851 which is not included in the financial statements because of prudence considerations. The Fund has instituted recovery efforts through alternative dispute resolution, court action, and Intergovernmental Relations Technical Committee (for cases involving defunct local authorities).

7. Benefits Paid To Exiting Members

	2025 Kes	2024 Kes
Age benefit	3,852,474,987	3,816,746,950
Survivors benefit	298,757,206	422,217,185
Invalidity benefit	11,945,124	19,192,543
Withdrawal benefit	867,361,547	1,064,221,238
Emigration benefit	33,362,882	24,114,914
Interest	3,672,164,220	4,366,796,448
Net benefits for the period	8,736,065,966	9,713,289,277

A total of 128,836 benefit claims were processed and paid to 91,851 exiting members during the year. The claims processed were 13% lower than the previous year whereas the members paid were 16% lower than the previous financial year 2023/2024.

8. Investment Income

	2025 Kes	2024 Kes
Interest Income (note 8a)	47,484,484,544	34,871,715,164
Dividend Income (note 8b)	6,773,284,027	4,198,497,148
Rent Income (note 8c)	1,007,336,723	979,781,168
Parking Fees (note 8e)	81,224,059	98,524,998
Notional Rent (8d)	141,348,600	141,348,600
Mast Rent (8f)	11,486,243	10,528,242
Interest on TPS loans (note 8g)	230,103,930	272,943,048
Other Investment Income (note 8h)	45,199,819	(955,849,185)
	55,774,467,944	39,617,489,184

The Fund's investments earned Kshs. 55.77 billion gross investment income, or 41% higher than the previous year. This was an impressive performance considering the effects of the Global geopolitics, rise of interest rates and volatility of the Kenyan currency. However, the Fund's management remains cautious and continues to monitor the situation going forward.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The various sources of interest income are analysed below: -

	2025 Kes	2024 Kes
8a Interest Income		
Treasury bonds	43,121,517,853	33,007,054,820
Euro bonds	2,928,856,040	-
Corporate bonds	204,850,451	219,427,466
Treasury bills	159,100	21,422,129
Term & Demand deposits	1,229,101,101	1,623,810,749
	47,484,484,544	34,871,715,164

Increase in interest earned is as a result of increased investment in treasury bonds and term and demand deposits.

	2025 Kes	2024 Kes
8b DIVIDEND INCOME		
Bamburi Cement Ltd	1,241,561,005	372,128,148
Absa Bank Kenya Plc	289,751,014	256,636,609
British American Tobacco Kenya Ltd	118,513,450	118,513,450
CFC Stanbic of Kenya Holdings Ltd	144,288,221	105,869,981
East African Breweries Ltd	251,833,997	81,475,705
E.A.Portland Cement Co. Ltd	24,300,000	-
I&M Holdings Ltd	11,539,200	9,808,320
Kenya Commercial Bank Ltd	977,202,576	-
Kenya Power Ord	49,954,803	-
Kenya Power 4% Pref 20.00	1,420	525
Kenya Power 7% Pref 20.00	525	1,420
NCBA Bank Ltd	95,844,440	82,774,716
Safaricom Ltd	1,423,348,596	1,311,315,099
The Co-operative Bank of Kenya Ltd	284,249,049	284,442,848
Jubilee Holdings Ltd	1,527,463	1,160,100
Kenya Re Insurance Corporation Ltd	27,173,799	27,173,799
Equity Bank Ltd	1,104,077,946	1,022,928,184
Diamond Trust Bank Kenya Ltd	60,176,083	51,579,500
KenGen Co. Ltd	127,949,239	61,920,446
Centum Investment Co Ltd	1,883,456	3,531,480
Standard Chartered Bank Kenya Ltd	444,243,023	284,115,520
ILAM FAHARI I-REIT	7,140,000	16,660,000
MTN Uganda	22,166,641	24,485,388
Umeme Ltd	19,216,181	50,421,925
CRDB Bank Plc	10,274,529	2,436,750
Acorn Students Association I-REIT	23,110,287	19,042,286
Acorn Students Association D-REIT	11,957,085	10,074,951
	6,773,284,027	4,198,497,148

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Dividend income for the year was higher by 61% as compared to the last 2023/2024 financial year. This improved performance is attributable special dividend paid by Bamburi Cement, good dividend earned from EABL, Kengen, KCB, KPLC, and SCB. However, reduced dividend was recorded from Umeme, MTN Uganda and Centum.

		2025	2024
8c	Rent Income	Kes	Kes
	SSH Nairobi	457,524,459	474,443,656
	SSH Mombasa	80,123,200	79,685,356
	Bruce House	144,400,808	143,036,553
	View Park Towers	72,784,625	88,027,234
	Hazina Towers	49,962,885	57,701,078
	Hazina Trade Centre	189,265,582	123,346,844
	Hazina South B	12,987,164	13,162,448
	Kisumu Milimani	288,000	378,000
		1,007,336,723	979,781,168

Rental income relates to income earned from investment properties. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements. Rental income is recognised over time.

During 2024/2025 financial year, rent income increased by 3% when compared to 2023/2024 financial year is attributable to increased occupancy of Hazina Trade Centre.

		2025	2024
8d	Parking Fees	Kes	Kes
	SSH Nairobi	28,851,800	40,100,481
	SSH Mombasa	4,793,340	5,978,921
	Bruce House	16,689,333	17,928,367
	View Park Towers	2,880,000	4,260,000
	Hazina Towers	2,879,206	4,953,000
	Hazina Trade Centre	25,130,380	25,304,228
		81,224,059	98,524,998

The 18% decline in parking fees is due to reduced walk in clients at the Parking Silo and HTC as a result of allotment of parking spaces to tenants who pay monthly rates which are lower than hourly rates.

		2025	2024
8e	Notional Rent	Kes	Kes
	SSH Nairobi	126,043,680	126,043,680
	SSH Mombasa	7,500,480	7,500,480
	Bruce House	7,123,200	7,123,200
	View Park Towers	389,760	389,760
	Hazina Towers	291,480	291,480
		141,348,600	141,348,600

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Notional rent relates to spaces occupied by NSSF for its operations and management within the investment properties as tabulated above.

		2025	2024
8f	Mast Income	Kes	Kes
	SSH Nairobi	6,957,157	990,000
	SSH Mombasa	720,000	3,534,732
	Bruce House	1,376,678	564,534
	View Park Towers	967,680	967,680
	Hazina Towers	949,998	3,954,802
	Hazina Trade Centre	514,730	516,494
		11,486,243	10,528,242

Mast income increased by 9% because new tenants at SSH Nairobi and Bruce House.

		2025	2024
8g	Interest from TPS Loans	Kes	Kes
	Staff	31,656,175	33,799,721
	Other Customers	198,447,756	239,143,327
		230,103,930	272,943,048

The reduction on interest earned from Tenant Purchase Scheme (TPS) of 16% is as a result of reduced TPS loans by 18 % as a result of repayment mainly Nyayo Embakasi Estate.

		2025	2024
8h	Other Investment Income	Kes	Kes
	Profit/(loss) from sale of houses	10,974,475	48,758,025
	Unrealized Forex gain(loss)	35,946,845	(260,500,561)
	Foreign exchange gain(loss)	(15,335,182)	(762,950,951)
	Other miscellaneous receipts	13,613,680	18,844,302
		45,199,819	(955,849,185)

The Fund earned Kshs. 45 million other investment income from selling of houses, unrealized forex gain and other miscellaneous receipts.

9. Fair Value Gain on Revaluation

		2025	2024
		Kes	Kes
	Treasury bonds (note 17)	23,989,859,981	1,296,617,921
	Euro Bonds (note 18)	(3,074,488,305)	(1,609,038,501)
	Corporate bonds (note 19)	19,519,785	(127,535)
	Unquoted equities (note 22)	200,615,424	(282,302,709)
	Quoted equities (note 23)	24,809,967,327	3,459,519,074
	Investment property (note 24)	117,000,000	124,000,000
		46,062,474,212	2,988,668,249

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Fund's investments experienced an improved fair value gain on valuation of treasury bonds, quoted equities and investment property, private equity and offshore investments. However, Eurobonds returned a loss on revaluation. Overall, the Fund investments recorded an impressive fair value gain of Kshs. 46 billion in 2024/2025, which is 1443% higher than the 2.99 billion recorded in the previous year.

10. Gain on Realisation of Investments

	2025 Kes	2024 Kes
T bonds	2,824,804,020	(233,083,273)
C bonds	6,952,919	8,574
Unquoted equities	106,327,608	852,907
Listed equities	1,621,442,113	16,537,587
	4,559,526,660	(215,684,206)

The realized gain of Kshs. 4.56 billion is mainly attributed to the sale of treasury bonds and Bamburi shares by Fund Managers.

11. Investment Management Expense

	2025 Kes	2024 Kes
Fund managers' fees	756,919,240	471,146,798
Custodian fees	181,316,952	124,216,722
Actuarial & investment management fees	69,999,072	45,358,043
Land rent & rates	12,796,235	(28,785,142)
Asset valuation expense	20,400,400	20,596,500
RBA Levy	5,000,000	5,000,000
Estate Management fees	47,070,734	49,116,806
Pre-feasibility study cost	4,473,916	232,000
	1,097,976,550	686,881,726

The Fund incurred Kshs. 1,097 million on investment management costs which translates to about 0.02% of the value of assets under management.

12. Other Income

	2025 Kes	2024 Kes
Miscellaneous Income	43,323,184	81,747,797
Interest on staff loans	33,109,409	32,296,072
Fines and penalties	467,001,873	489,065,754
Miscellaneous expenses recovered	3,360,644	6,485,496
Write back of returned benefits	5,498,089	1,923,227
	552,293,199	611,518,345

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other income represents miscellaneous receipts earned by the Fund mainly from penalties charged on late remittance of member contributions by employers, interest charged on staff loans, fines charged on customers who issue unpaid cheques and other miscellaneous receipts.

13. Administrative Cost

	2025 Kes	2024 Kes
Staff cost (note 13a)	5,658,570,624	4,585,675,718
Trustee' Emoluments	71,556,027	68,782,807
Meetings, travelling and subsistence	246,524,416	317,586,319
Motor vehicle running expenses	52,391,124	51,026,216
Rent expense	426,434,378	314,846,466
Staff Training	84,412,115	71,993,147
Printing, Stationery and Photocopying	64,999,392	40,563,357
Communication services and supplies	92,279,244	86,603,074
Electricity, Water, Security and Conservancy	109,871,672	118,341,929
Repairs and general maintenance	371,190,739	410,888,300
Consultancy & professional services	6,220,650	17,251,480
Legal fees	149,613,636	235,090,408
Audit fees	9,280,000	9,280,000
Bank charges	37,214,887	29,100,278
Policy development	37,404,649	19,307,937
General Insurance	45,512,121	37,742,566
AGM expense	20,990,896	923,720
Fringe benefit tax	34,987,756	66,493,249
ISO expense	18,751,189	25,003,432
Advertising, Exhibition and Marketing	83,055,764	101,902,829
CSR cost	20,092,185	16,520,545
Project claims	277,640,484	-
Other operating expenses	29,310,041	17,115,850
Depreciation and amortization	203,122,253	217,985,926
Amortization of softwares	0	90,188,217
	8,151,426,240	6,950,213,769

	2025 Kes	2024 Kes
13a Staff cost		
Salaries and allowances	4,595,435,424	3,679,925,494
Pension contribution	593,395,733	503,815,376
Staff Medical expense	357,855,989	284,830,188
Staff Welfare	76,057,368	48,035,782
Staff Insurance	35,826,109	49,570,546
Provision for Pay in Lieu of Leave	-	19,498,333
	5,658,570,624	4,585,675,718

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Kes	2024 Kes
Average number of employees at the end of the year was		
Contract - management	25	81
Permanent employees - Technical	980	482
Permanent employees - unionisable	585	515
Temporary and contracted employees	50	67
Total	1,640	1,145

14. Provisions/Adjustments

	2025 Kes	2024 Kes
Athi River Mining (note 33)	-	16,414,125
Outerring Ring road plot	181,089,600	-
Increase in provision for doubtful debts (note 33)	129,382,923	(100,780,724)
	310,472,523	(84,366,599)

15. Deposits

	2025 Kes	2024 Kes
Call deposits (note 15a)	4,652,249,075	5,723,666,000
Fixed deposits (note 15b)	8,406,949,888	2,490,146,000
Batian Fund (note 15c)	2,633,297,383	2,630,592,165
USD Denominated deposits (note 15 d)	2,310,465,268	600,087,045
	18,002,961,614	11,444,491,210
Movement		
Opening balance	11,444,491,210	14,930,219,070
Additions during the year	142,726,856,628	148,536,473,266
Reductions during the year	(136,162,673,598)	(151,391,442,845)
Exchange loss	(5,712,625)	(630,758,282)
Closing balance	18,002,961,614	11,444,491,210

	2025 Kes	2024 Kes
15 a Call & Demand Deposits		
Stanbic bank	40,849,075	105,000,000
Cooperative Bank Ltd	2,902,600,000	2,879,862,000
Equity Bank Ltd	-	132,018,000
KCB Bank Ltd	-	600,000,000
Housing Finance	500,000,000	500,000,000
I & M Bank	-	300,200,000
NCBA Bank Ltd	1,139,800,000	1,206,586,000
Diamond Trust Bank	69,000,000	-
	4,652,249,075	5,723,666,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2025	2024
15 b	Fixed & Term Deposits	Kes	Kes
	ABSA Bank Ltd	1,000,000,000	-
	Cooperative bank	1,906,629,294	423,400,000
	Equity bank	-	553,746,000
	Kenya Commercial Bank	2,192,424,445	-
	NCBA Bank Ltd	1,869,924,193	63,000,000
	Stanbic Bank Ltd	1,437,971,956	650,000,000
	Sidian Bank	-	800,000,000
	Imperial bank	206,126,260	206,126,260
		8,613,076,148	2,696,272,260
	Less: Provision for doubtful deposits	(206,126,260)	(206,126,260)
	Deposits net of provisions	8,406,949,888	2,490,146,000
	Maturity analysis:		
	Already due	206,126,260	206,126,260
	Maturing within 90 days	8,406,949,888	2,490,146,000
		8,613,076,148	2,696,272,260

The deposits are carried at amortised cost and are made for varying periods of between 1 and 365 days. The provision of Kshs. 206,126,260 relates to the remaining amounts of deposits placed in Imperial Bank. Imperial Bank was placed under statutory management by Central Bank of Kenya (CBK).

		2025	2024
15 c	Batian Fund	Kes	Kes
	Kenya Commercial Bank	-	900,000,000
	Cooperative bank	600,000,000	900,000,000
	Equity bank	-	830,592,165
	NCBA Bank Ltd	2,033,297,383	-
		2,633,297,383	2,630,592,165

		2025	2024
15d	USD Denominated	USD	Kes
	Equity bank	-	4,056,108
	Stanbic Bank	1,555,125	200,952,941
	Absa Bank Ltd	4,648,016	601,454,581
	Cooperative bank	11,667,700	1,508,057,746
		17,870,841	2,310,465,268
		4,623,608	600,087,045

16. Treasury Bills (Summary and Movement)

	2025 Kes	2024 Kes
Balance at the beginning of the year	8,771,040	1,212,194,817
Additions	-	18,685,260
Proceeds on maturity/disposals	(8,771,040)	(1,222,109,037)
Balance at the end of the year	-	8,771,040
Maturity Analysis:		
Between 0 and 90 days	-	8,771,040
Between 91 and 120 days	-	-
Between 121 and 180 days	-	-
Between 181 and 365 days	-	-
	-	8,771,040

17. Treasury Bonds (Summary and Movement)

	2025 Kes	2024 Kes
Balance at the beginning of the year	253,804,875,051	186,564,962,441
Purchase during the year	113,675,760,218	74,712,206,954
Disposal/Redemptions during the year	(38,903,670,693)	(8,555,882,483)
Foreign exchange loss	-	(213,029,782)
Realised gain on sale	2,824,804,020	-
Add: Fair value gain/(loss)	23,989,859,981	1,296,617,921
Balance at the end of year	355,391,628,577	253,804,875,051
Maturity Analysis:		
Within 1 year	4,244,007,333	7,471,874,517
Between 1 and 3 years	28,052,510,743	13,555,641,293
Between 3 and 5 years	62,448,174,699	48,833,089,669
Between 5 and 10 years	108,358,266,554	83,184,040,956
Between 10 and 20 years	138,163,193,743	94,888,755,159
More than 20 years	14,125,475,506	5,871,473,456
	355,391,628,577	253,804,875,051

Treasury bonds represent 64% of the Fund's investment assets and earned 94% of total investment income. The Fund increased its Fixed Income exposure to mitigate the equity fluctuation that eroded value because of a poor run at the Nairobi Securities Exchange.

18. Eurobonds (Summary and Movement)

	2025 Kes	2024 Kes
Balance at the beginning of the year	7,168,671,038	-
Purchase during the year	30,192,413,240	9,636,206,661
Disposal/Redemptions during the year	-	(832,259,112)
Foreign exchange loss	-	(26,238,010)
Add: Fair value gain/(loss)	(3,074,488,305)	(1,609,038,501)
Balance at the end of year	34,286,595,973	7,168,671,038
Maturity Analysis:		
Between 5 and 10 years	10,044,935,764	1,625,504,009
Between 10 and 20 years	182,943,429	-
More than 20 years	24,058,716,781	5,543,167,029
	34,286,595,973	7,168,671,038

19. Corporate Bonds

	2025			2024		
	Nominal Value	Price	Market Value	Nominal Value	Price	Market Value
Imperial 5.25YR FXD Bond	132,200,000	100	132,200,000	132,200,000	100	132,200,000
REALPPLE5Y-RFXD Bullet Note	183,750,000	100	183,750,000	183,750,000	100	183,750,000
FXDCHASE2015	534,700,000	100	534,700,000	534,700,000	100	534,700,000
Family Bank 5.5yr Bond	904,500,000	101	911,091,996	904,500,000	100	904,210,560
KMRC Fixed Bond	95,007,167	104	99,117,747	131,146,537	100	131,086,078
EABL_MTN_2021_Note	560,510,105	100	563,264,452	704,970,105	100	706,669,083
	2,410,667,272		2,424,124,195	2,591,266,642		2,592,615,721
Less: Provision for doubtful bonds						
Imperial 5.25YR FXD Bond	132,200,000	100	132,200,000	132,200,000	100	132,200,000
FXDCHASE2015	534,700,000	100	534,700,000	534,700,000	100	534,700,000
REALPPLE5Y-RFXD Bullet Note	183,750,000	100	183,750,000	183,750,000.00	100	183,750,000.00
Sub-total	850,650,000		850,650,000	850,650,000		850,650,000
	1,560,017,272		1,573,474,195	1,740,616,642		1,741,965,721

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025	2024
Movement	Kes	Kes
Balance at the beginning of the year	2,573,898,494	2,592,615,721
Purchases	-	-
Disposal/redemption	(169,294,084)	(18,598,267)
Foreign exchange gain	-	8,574
Add: Fair value gain/(loss)	19,519,785	(127,535)
	2,424,124,195	2,573,898,494
Less: Provision for doubtful bonds	850,650,000	850,650,000
	1,573,474,195	1,723,248,494

Provision relates to Imperial bank, Chase Bank and RealPeople bonds which have been assessed as doubtful investments following the placement of the two banks and the micro finance under statutory management by CBK and subsequent suspension of the respective securities from trading at the NSE.

20. Accrued Income

	2025	2024
	Kes	Kes
Accrued Dividend Income (20 a)	1,135,601,767	1,523,761,041
Interest from T. bills and bonds (20b)	13,000,501,641	9,289,157,137
Interest from Call and Fixed Deposits (20c)	63,763,716	105,818,272
Batian Fund deposits (20d)	5,055,223	7,582,251
USD Deposits (20e)	15,969,397	-
Interest from Corporate Bonds (20e)	19,633,981	22,981,275
Interest from Imperial and Chase bank	260,445,135	260,445,135
REALPPLE5YRFXD Bullet Note	12,540,938	12,540,938
Total accrued income	14,513,511,798	11,222,286,048
Less: Provision for doubtful interest		
Interest from Imperial and Chase bank	(260,445,135)	(260,445,135)
REALPPLE5YRFXD Bullet Note	(12,540,938)	(12,540,938)
Uchumi Supermarket	(1,095,510)	(1,095,510)
Scangroup	(2,142,750)	(2,142,750)
Total provisions	(276,224,333)	(276,224,333)
	14,237,287,465	10,946,061,715

20a. Accrued Dividend Income

	2025	2024
	Kes	Kes
Bamburi Cement	-	372,128,148
Jubilee Holdings Ltd Ord 5.00	1,111,763	966,750
Diamond Trust Bank Kenya Ltd Ord 4.00	-	51,579,500
Equity Bank Ltd Ord 0.50	1,104,077,946	1,022,928,184
MTN Uganda	-	12,496,421
Kenya Re-insurance Corporation	27,173,799	27,173,799

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Kes	2024 Kes
Umeme	-	33,249,979
Uchumi Supermarket	1,095,510	1,095,510
Scangroup	2,142,750	2,142,750
	1,135,601,767	1,523,761,041
Less: Provision for doubtful debt		
Uchumi Supermarket	(1,095,510)	(1,095,510)
Scangroup	(2,142,750)	(2,142,750)
	(3,238,260)	(3,238,260)
	1,132,363,507	1,520,522,781

	2025 Kes	2024 Kes
20b Accrued Interest from Govt bonds		
Treasury bonds	11,723,386,328	9,011,216,295
Treasury bills	-	1,069,860
Eurobonds	1,277,115,313	276,870,982
	13,000,501,641	9,289,157,137

	2025 Kes	2024 Kes
20c Accrued Interest from Call and Fixed Deposits		
ABSA Bank Ltd	1,438,356	-
Coop Bank Ltd	34,370,514	39,234,097
DTB Bank Ltd	369,801	-
Equity Bank Ltd	-	8,356,260
I&M Bank Ltd	-	4,605,808
Housing Finance	8,198,630	2,760,274
KCB Bank Ltd	9,169,075	2,876,712
NCBA Bank Ltd	7,167,956	25,972,825
Sidian Bank Ltd	-	10,489,041
Stanbic Bank Ltd	3,049,383	11,523,253
	63,763,716	105,818,272

	2025 Kes	2024 Kes
20d Accrued Interest from Batian Fund Deposits		
Stanbic (Batian Fund)	-	2,389,375
KCB (Batian Fund)	-	2,589,041
NCBA (Batian Fund)	1,615,497	
Coop (Batian Fund)	3,439,726	2,603,836
	5,055,223	7,582,251

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2025	2024
		Kes	Kes
20e	Accrued Interest from Corporate Bonds		
	EABL-FXD 02/2017/005	12,449,792	15,421,221
	Family Bank 5.5yr Bond	3,203,806	2,883,426
	KMRC Fixed Bond	3,980,383	4,676,628
		19,633,981	22,981,275

		2025	2024
		Kes	Kes
20f	Accrued USD Deposits		
	Absa Bank Ltd	12,607,702	-
	Co-op Bank Ltd	805,020	-
	Stanbic Bank	2,556,676	-
		15,969,397	-

21. TPS Loans

		2025	2024
		Kes	Kes
	TPS Loans-held by NSSF Employees	541,443,950	600,512,233
	TPS Loans-held by Public	1,542,238,466	1,942,873,324
		2,083,682,416	2,543,385,556

Reduction of 18% in TPS loans is due to repayment by homeowners.

22. Private Equity and Other Unlisted Securities

	2025			2024		
Unquoted Equities	No of Shares	Price	Value	No of Shares	Price	Value
Consolidated Bank Ord. Shares	2,225,000	3.74	8,321,500	2,225,000	3.74	8,321,500
Consolidated 4% Cumulative Pref.	8,050,000	3.74	30,107,000	8,050,000	3.74	30,107,000
UAP Holdings Limited	1,118,460	144.00	161,058,240	1,118,460	144.00	161,058,240
			199,486,740			199,486,740

22a

	2025			2024		
Real Estate Investment Trusts (REITS)	No of Shares	Price	Value	No of Shares	Price	Value
BATIAN INCOME FUND	2,900,000	100.00	290,000,000			
Acorn Students Association Dev't Reit	14,738,856	26.68	393,232,678	11,071,375	24.54	271,691,543
Acorn Students Association Investment Reit	39,348,520	22.91	901,474,593	29,816,065	22.03	656,847,912
			1,584,707,271			928,539,454

22b

	2025			2024		
Private Equity	No of Shares	Price	Value	No of Shares	Price	Value
Africa Finance Corporation	22,122,508	326.96	7,233,236,694	11,300,000	289.96	3,220,041,220
FANISI FUND II	687,749	94.34	64,882,952	653,459	131.80	86,126,223
			7,298,119,647			3,306,167,443

22c

	2025			2024		
Money Market Fund	No of Shares	Price	Value	No of Shares	Price	Value
Apollo Money Market Fund	200,000,000	1.02	204,000,000	-	-	-
			204,000,000			-

22d

22e	2025			2024		
	Offshore Investments	No of Shares	Price	Value	No of Shares	Price
	Franklin Templeton	545,445	4,777	2,605,317,531	245,049	4,342
		-	-	2,605,317,531	-	-
		-	-	11,891,631,189	-	-

Movement	2025		2024	
	Kes		Kes	
Balance at beginning of the year	5,498,131,920		787,911,498	
Purchases during the year	7,980,156,365		5,016,253,357	
Sale/Redemption during the year	(1,903,164,810)		(24,583,132)	
Foreign exchange gain	9,564,681		852,907	
Realised gain on sale	106,327,608		-	
Less: Fair Value gain/(loss) on valuation	200,615,424		(282,302,709)	
Balance at end of the year	11,891,631,189		5,498,131,920	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Consolidated Bank was valued in 2012 at a point when there was an expression of interest to purchase the Fund's stake. Given the nature of the bank, and the prevailing market conditions, it is prudent that it is retained at cost as opposed to reflecting the values obtained in 2012. Fanisi Fund II is a private equity fund. Private Equity investments are made in a manner such that the Fund made a commitment to invest \$1 Million and the funds are only drawn down as Fanisi makes investments. The valuation can therefore only be carried out after the Fund has finalized making investments. The amount in the financial statements is therefore what has been drawn down. UAP shares have been revalued using Over the Counter (OTC) price as at 30th June 2025.

The investment of Kshs. 7,980,156,365 constitute investments in private equities both local and offshore are depicted below.

Asset	Location	Units	Value	Currency
Purchases				
Acorn Students Association Dev't Reit	Local	3,667,481	89,999,984	Kes
Acorn Students Association Investment Reit	Local	9,532,455	209,999,984	Kes
AFRICA FINANCE CORPORATION	Offshore	10,822,508	3,228,551,364	USD
Apollo Money Market Fund	Local	200,000,000	200,000,000	Kes
BATIAN INCOME FUND	Local	4,200,000	441,509,906	Kes
FANISI FUND II	Local	41,158	5,379,626	Kes
FRANKLIN TEMPLETON	Offshore	492,477	3,506,855,501	USD
GenAfrica Money Market Fund	Local	297,860,000	297,860,000	Kes
Total Purchases		526,616,079	7,980,156,365	
Disposals				
BATIAN INCOME FUND	Local	1,300,000	136,672,354	Kes
FANISI FUND II	Local	6,868	888,743	Kes
FRANKLIN TEMPLETON	Offshore	192,081	1,455,574,402	USD
GenAfrica Money Market Fund	Local	297,860,000	310,029,311	Kes
Total sales		299,358,949	1,903,164,810	
Net additions during the year		227,257,130	6,076,991,555	

23. Quoted Equities

Company	2025			2024		
	Shares	Price	Value	Shares	Price	Value
Athi River Mining	2,957,500	5.55	16,414,125	2,957,500	5.55	16,414,125
Bamburi Cement	6	54.00	324	68,030,740	41.80	2,843,684,932
Barclays Bank of Kenya	165,572,008	19.20	3,178,982,554	165,572,008	14.00	2,318,008,112
British American Tobacco Kenya	2,370,269	361.00	855,667,109	2,370,269	353.75	838,482,659
CFC Stanbic of Kenya Holdings	6,957,002	164.50	1,144,426,829	6,957,002	114.25	794,837,479
I&M Holdings	3,846,400	35.75	137,508,800	3,846,400	21.55	82,889,920
Diamond Trust Bank Kenya	8,596,583	77.25	664,086,060	8,596,583	46.50	399,741,123
E.A.Portland Cement	24,300,000	35.65	866,295,000	24,300,000	4.99	121,257,000
East African Breweries	29,627,529	184.50	5,466,279,101	29,627,529	146.75	4,347,839,881
Sameer Africa	2,838,776	4.48	12,717,716	2,838,776	2.05	5,819,491
Housing Finance	190,452,461	7.50	1,428,393,459	20,535,539	4.03	82,758,223
Centum Investment	5,885,800	11.70	68,863,860	5,885,800	8.72	51,324,176
Jubilee Holdings	96,675	225.00	21,751,875	96,675	179.00	17,304,825
KCB Bank	331,874,192	46.60	15,465,337,347	321,734,192	31.25	10,054,193,500
KPLC	55,505,337	11.50	638,311,376	55,505,337	1.66	92,138,859
Nation Media Group	5,009,580	13.00	65,124,542	5,009,578	16.90	84,661,860
NCBA Bank	17,426,262	59.50	1,036,862,579	17,426,262	41.10	716,219,361
Standard Chartered Bank	9,839,668	299.75	2,949,440,340	9,839,668	194.00	1,908,895,499
KenGen	196,844,983	7.46	1,468,463,573	206,401,483	2.39	493,299,544
Equity Bank	259,783,046	48.90	12,703,390,949	255,732,046	42.25	10,804,678,944
K.P.L.C 4% Pref	3,550	4.10	14,555	3,550	4.00	14,200
K.P.L.C 7% Pref	750	6.00	4,500	750	6.00	4,500
Kenya Re Insurance Corporation	181,158,662	1.97	356,882,564	181,158,662	1.42	257,245,300
Safaricom	1,211,748,830	25.00	30,293,720,750	1,179,248,830	17.20	20,283,079,876
The Co-operative Bank of Kenya	197,499,366	17.90	3,535,238,651	189,628,566	12.70	2,408,282,788

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Company	2025			2024		
	Shares	Price	Value	Shares	Price	Value
British-American Investments	230,564,205	8.06	1,858,347,492	230,564,205	6.04	1,392,607,798
Umeme Ltd(kenya)	15,459,547	17.85	275,952,914	15,459,547	15.45	238,850,001
STANLIB FAHARI I-REIT	23,800,000	11.00	261,800,000	23,800,000	6.46	153,748,000
CRDB Bank Plc	1,140,000	39.01	44,476,089	1,140,000	25.66	29,250,961
MTN UGANDA	27,919,524	9.38	262,015,575	47,824,637	5.94	283,848,546
UMEME UGANDA LTD	5,005,735	14.92	74,678,353	5,005,735	16.06	80,391,794
			85,151,448,962			61,201,773,279
Movement						
Balance at beginning of the year			61,201,773,279			52,986,064,443
Purchases during the year			2,166,109,531			4,800,486,518
Sales during the year			(4,647,843,647)			(60,834,343)
Foreign exchange gain			-			16,537,587
Realised gain on sale			1,621,442,113			
Add: Fair Value gain/(loss) on valuation			24,809,967,327			3,459,519,074
			85,151,448,604			61,201,773,279
Less: Provisions (ARM) (note 33)			(16,414,125)			(16,414,125)
Balance at end of the year			85,135,034,479			61,185,359,154

24. Investment Property

Investment Property	Fair value 30.06.2025 Kes	Additions Kes	Disposal Kes	Fair value adjust- ments Kes	Balance 30 .06.2024 Kes
Investment Property					
a) Developed Property					
Social Security House Nairobi L.R. No: 209/13920	8,780,000,000		-	30,000,000	8,750,000,000
Social Security House Mombasa L.R. No: Block XXV/123	1,570,000,000	-	-	20,000,000	1,550,000,000
Bruce House L.R. 209/6776 (I.R. No: 21769)	2,980,000,000		-	10,000,000	2,970,000,000
Hazina Trade Centre L.R. No. 209/6708 (I.R.No.21457)	4,430,000,000		-	10,000,000	4,420,000,000
View Park Towers L.R.No: 209/8595 (I.R.No: 29601)	2,582,000,000		-	6,000,000	2,576,000,000
Hazina Towers L.R.No: 209/10567(I.R.No:43170)	1,594,000,000	-	-	6,000,000	1,588,000,000
Hazina South B L.R. No: 92/1598,1599,1600	369,000,000	-	-	3,000,000	366,000,000
Hazina Plaza- Polana Mombasa L.R. MSA/Block XX/328&329	430,000,000	-	-	5,000,000	425,000,000
Kisumu Estate-Kisumu L.R. No. Kisumu/Mun/Block 8/258	220,000,000	-	-	-	220,000,000
Milimani Executive Apartments	1,630,245,756	-	59,025,525	-	1,689,271,281
Nyayo Estate Embakasi	273,947,415	-	-	-	273,947,415
Sub-total	24,859,193,172	-	59,025,525	90,000,000	24,828,218,697
b) Undeveloped Land					
Kenyatta Avenue Plots L.R. No: 209/11331,11412,12287,12219,12220	4,022,000,000	-	-	-	4,022,000,000
Mavoko-Sabaki Plots L.R. 20305,24578,24577,24574,26472,20355,24579,20694,24575	4,220,000,000	-	-	-	4,220,000,000
L.R.20181,20183,20184,20201,20205,20206,20207	140,000,000		-	-	140,000,000
Bamburi Plots L.R. No: MN/1/2535,2537,2538,2539,2540	1,152,000,000	-	-	22,000,000	1,130,000,000
L.R. No: MN/982-Mombasa	605,000,000	-	-	5,000,000	600,000,000
L.R. 20589-Makutano Junction	425,000,000	-	-	-	425,000,000
Forest Edge	160,000,000	-	-	-	160,000,000
L.R.209/11642-Upperhill-Nairobi	115,000,000	-	-	-	115,000,000
Lamu/Mukowe New Township/1168	4,000,000	-	-	-	4,000,000
Tassia Estate	20,264,784	-	-	-	20,264,784
Outering Ring road plot	181,089,600				

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment Property	Fair value 30.06.2025 Kes	Additions Kes	Disposal Kes	Fair value adjust- ments Kes	Balance 30 .06.2024 Kes
Sub-total	11,044,354,384	-	-	27,000,000	10,836,264,784
Total Investment Property	35,903,547,556	-	59,025,525	117,000,000	35,664,483,481
Less: Provision for Impairment					
Outering Ring road plot	181,089,600				
L.R.209/11642-Upperhill-Nairobi	115,000,000	-	-	-	115,000,000
Forest Edge	160,000,000	-	-	-	160,000,000
Total provision for impairment	456,089,600	-	-	-	275,000,000
Net Investment Property	35,447,457,956	-	59,025,525	117,000,000	35,389,483,481

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment properties comprise land and buildings held to earn rental income and/or capital appreciation. The fair values of each investment properties were assessed by at least one of the independent certified professional valuers including Ebony Estates Limited, Value Line Consulting Limited and Legend Management Limited as at 30 June 2025.

The valuations were carried out in accordance with the International Valuation Standards, with regard to relevant local statutes, customs and market practice. In determining the fair values of investment properties especially in the case of undeveloped land, the valuer used the market approach by reference to the open market value which is the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of assessment. The valuers also utilised the income capitalisation approach by reference to the net cashflows/annual incomes from commercial property (majorly buildings) where the buildings were set up primarily for rental purposes unless the approach did not reflect reasonable estimates based on current market conditions.

In instances where the market value of a property could not be ascertained due to lack of information, the valuers adopted the cost approach which is based on the depreciated replacement cost. With this method, the values for buildings and other improvements are determined by calculating the present-day replacement cost of putting up a similar and functional structure ready to provide the same facilities at the same place but depreciating them accordingly.

Changes in fair values are recognised in the statement of changes in net assets available for benefits. The impact of revaluing investment properties on surplus for the year is Kshs.117 million as disclosed in the table below which also shows the reconciliation of the movement in the carrying amount of the investment property between the opening and closing dates.

	2025	2024
24 Movement	Kes	Kes
Opening balance	35,664,483,481	35,810,225,456
Additions during the year	181,089,600	-
Reduction/disposal during the year	(59,025,525)	(269,741,975)
Gain/(loss) on revaluation	117,000,000	124,000,000
Transfer to Asset under Construction	-	-
	35,903,547,556	35,664,483,481
Less: Impairment	(456,089,600)	(275,000,000)
	35,447,457,956	35,389,483,481

Reduction represent sale of Milimani Executive Apartments house units and Nyayo Embakasi. Impairment relates to Forest Edge plot and Upper Hill Plot whose title was revoked by the National Land Commission. Valuation of Land and buildings was carried out by independent valuers on income capitalization and comparison approach. These amounts were adopted on 30th June 2025.

25. Property, Plant and Equipment

	Motor Vehicle	ICT	Furniture	Equipment	Fittings	Totals
	Kes	Kes	Kes	Kes	Kes	Kes
Cost/Valuation						
Closing carrying value as at 30 June 2023	582,365,710	1,278,013,422	292,459,058	395,887,945	183,121,979	2,731,848,114
Opening carrying value as at 1st July 2023	582,365,710	1,278,013,422	292,459,058	395,887,945	183,121,979	2,731,848,114
Additions During the year	21,380,000	12,991,057	36,340,392	32,325,771	8,257,755	111,294,975
Transfer from AUC		36,303,303				36,303,303
Disposal						-
Closing carrying value as at 30 June 2024	603,745,710	1,327,307,782	328,799,450	428,213,716	191,379,734	2,879,446,392
Opening carrying value as at 1st July 2024	603,745,710	1,327,307,782	328,799,450	428,213,716	191,379,734	2,879,446,392
Additions During the year	96,139,592	119,013,012	6,961,330	18,598,012	-	240,711,946
Transfer from AUC	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Closing carrying value as at 30 June 2025	699,885,302	1,446,320,794	335,760,780	446,811,728	191,379,734	3,120,158,338
Depreciation						
Closing balance as at 30 June 2023	480,993,248	1,073,945,927	223,557,362	318,743,563	129,861,975	2,227,102,075
Opening balance as at 1st July 2023	480,993,248	1,073,945,927	223,557,362	318,743,563	129,861,975	2,227,102,075
Disposal						-
Charge for the year	45,556,869	107,002,823	15,676,434	23,997,686	25,752,115	217,985,926
Adjustment prior year (Low asset value)		993,118				993,118
Closing balance as at 30 June 2024	526,550,117	1,181,941,868	239,233,795	342,741,249	155,614,090	2,446,081,119
Opening balance as at 1st July 2024	526,550,117	1,181,941,868	239,233,795	342,741,249	155,614,090	2,446,081,119
Disposal	-	-	-	-	-	-
Charge for the year	41,777,882	104,130,376	16,521,323	26,459,597	14,233,075	203,122,253
Adjustment prior year (Low asset value)	-	-	-	-	-	-
Closing balance as at 30 June 2025	568,327,999	1,286,072,244	255,755,119	369,200,846	169,847,165	2,649,203,372
Net Book Value						
NBV as at 30 June 2024	77,195,593	145,365,914	89,565,655	85,472,467	35,765,644	433,365,273
NBV as at 30 June 2025	131,557,303	160,248,550	80,005,661	77,610,882	21,532,569	470,954,966

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Fully depreciated property, plant and equipment

Property plant and Equipment includes the following assets that are fully depreciated:

Movement	Cost Valuation	Normal Annual Depreciation charge
	Kshs	Kshs
Motor Vehicles	969,507,419.33	193,901,484
ICT Hardware	363,481,362.79	121,160,454
Furniture	225,231,248.62	22,523,125
Equipment	160,387,643.81	20,048,455
Fittings	117,833,637.79	23,566,728
Softwares	1,247,498,635	415,832,878
Total	3,083,939,947	797,033,124

26. Intangible Assets

	2025	2024
Description	Kshs	Kshs
Cost		
At July 1	1,247,498,635	1,247,498,635
Additions	-	-
Disposals	-	-
At June 30	1,247,498,635	1,247,498,635
Amortisation		
At July 1	1,247,498,635	1,157,310,418
Charge for The Year	-	90,188,217
Disposals	-	-
Impairment Loss	-	-
At June 30	1,247,498,635	1,247,498,635
Net Book Value		
At June 30	-	-

27. Assets Under Construction

	2025	2024
	Kes	Kes
Tassia Scheme Project	105,158,476	105,158,476
Bamburi Plot	10,152,732	10,152,732
Electronic Document Management System	197,811,405	49,800,000
Viewpark Towers Lift Installations	38,861,096	16,659,413
Data Recovery Centre	137,322,017	-
SS Hse Cctv	150,671,728	-
Sd Wan	59,781,200	-
Bank Recon Module	62,050,000	-
Mavoko Fencing and Gatehouse	390,798,688	-
Refurbishment of Hazina Plaza Msa-Polana	122,210,400	-
Ukunda Branch Office Repair Works	1,668,058	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Kes	2024 Kes
SSH Nairobi Wall & Gatehouse	8,699,340	-
Kisumu Milimani Project	9,986,403	-
Kitui Branch Office Partition	541,489	541,489
Kabarnet Branch Office Renovations	4,365,158	4,365,158
Kerugoya Branch Office Renovations	3,799,750	3,799,750
Ssh Renovations & Repairs	2,086,886	-
Kitengela Renovation	2,037,037	-
Nssf Nandi Hills Office Renovation	1,139,820	1,139,820
Field Offices Partitioning	35,575,466	15,790,872
Renovation of Hazina Polana	1,408,400	1,408,400
Bulk Filers	24,358,538	24,358,538
Net Amount	1,370,484,086	233,174,648
Movement		
Opening balance	233,174,648	145,137,161
Additions during the year	1,137,309,438	95,033,455
Transfer of complete assets	-	(6,995,968)
	1,370,484,086	233,174,648
Less: Provision (Tassia Project)	(105,158,476)	(105,158,476)
Closing balance	1,265,325,610	128,016,172

28. Inventory

	2025 Kes	2024 Kes
General office stationery	18,175,669	28,942,905
Office and computer accessories	5,071,749	9,722,189
Tools and electrical accessories	199,518	704,231
Safety materials and clothing	374,282	909,806
Hospitality materials	2,159,108	4,869,975
Motor vehicle spares	46,633	108,800
	26,026,958	45,257,906

Stores and supplies represent the value of items of stationery, consumables and other materials held in the stores as at 30 June 2025. A stock-take to ascertain the value is carried at the end of every financial year and reconciliation carried out.

29. Staff Mortgage Scheme Deposits

	2025 Kes	2024 Kes
KCB Bank	142,611,077	140,745,777
Housing Finance	681,922,097	668,762,970
National Bank of Kenya	504,906,517	495,321,267
	1,329,439,690	1,304,830,014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Long-term deposits are made up of staff mortgage security deposits and balances of mortgage revolving funds bank accounts. The Fund has a staff mortgage scheme advanced at 5% interest to staff. All cadres of staff enjoy the facility according to the Human Resource Policy.

30. Staff Loans

	2025 Kes	2024 Kes
Car loans	130,985,060	153,421,544
Insurance loans	3,801,462	4,479,550
Other Loans	430,516	430,516
	135,217,038	158,331,610

31. Receivables and Prepayments

	2025 Kes	2024 Kes
TPS Debtors (note 31 a)	1,656,314,581	1,626,320,643
Rent Debtors	1,374,942,789	1,563,936,265
Deposits and prepayments (note 31 b)	291,319,174	275,193,480
Tax recoverable (note 31 c)	943,128,304	940,336,114
Staff advances (note 31 d)	50,921,674	43,216,478
Service charge debtors	1,501,266,746	1,112,975,232
Contributions debtors	5,177,658,008	3,144,845,013
Legacy debtors	14,389,969	14,389,969
Contribution Unpaid Cheques	3,271,259	50,397,305
Rent and TPS Unpaid Cheques	-	-
Clearing balances	(11,828,322)	90,077,228
	11,001,384,183	8,861,687,728
Less: Provision for doubtful debts	799,759,470	670,376,547
	10,201,624,713	8,191,311,181

31a. TPS Debtors

	2025 Kes	2024 Kes
Public	1,542,876,871	1,521,495,814
Staff TPS Debtors	113,437,709	104,818,150
	1,656,314,581	1,626,313,965

31b. Deposits and prepayments

	2025 Kes	2024 Kes
Other deposits	896,300	896,300
Advances and deposits to suppliers	290,422,874	274,297,180
	291,319,174	275,193,480

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31c. Tax recoverables

	2025 Kes	2024 Kes
Tax refund due from KRA (1996, 1997)	936,633,434	933,841,244
Low interest tax	6,494,870	6,494,870
	943,128,304	940,336,114
	943,128,304	940,336,114

Out of the tax receivable of Kshs 936,633,434, Kshs 904,903,717 relates to an income tax return of Kshs 1,067,606,204 filed in 1996 later established that an amount of Kshs 493,257,328 was overpaid and a further Kshs 411,646,389 income tax inadvertently paid to KRA in 1997 when the Fund had become income tax exempt in accordance with Section 45 of the First schedule of Income Tax Act Cap 470 which came into effect on 18 June 1996. The incidental refund of the same has remained outstanding and in 2019/2020 financial year, the same continues to be recognised as a debt.

Year	Amount (Kshs)	Comment
1996	493,257,328	Overpayment based on draft accounts
1997	411,646,389	Overpaid based on the Finance Bill 1996 which was different from Finance Act 1996. KRA is yet to refund incompliance to Section 90 (1)
	904,903,717	

31d. Staff advances

	2025 Kes	2024 Kes
Car Loans Debtors	15,171,474	15,181,924
Car Insurance Debtors	797,375	894,562
Mortgage Loan Debtors	6,917,601	6,917,601
Other Staff Loan Debtors	409,458	434,749
Salary Advances	5,411,304	8,030,790
Staff Imprests	14,079,382	3,819,564
Staff Medical Advance	5,296,615	4,836,969
Staff Vehicle Insurance Advance	-	55,139
Meal Allowance	- 3,400	28,000
Staff Household Advance	2,841,867	3,017,180
	50,921,674	43,216,478

Provision for doubtful debts

General provisions		
TPS Debtors	33,123,656	32,526,413
Rent Debtors	16,838,730	20,354,455
Total general provisions	49,962,386	52,880,867
Specific provisions		
Various vacated tenants	725,640,986	546,213,535
Staff pension debtor	4,587,969	4,587,969

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Kes	2024 Kes
Mutula Kilonzo	5,015,000	5,015,000
Lloyd Masika Ltd	4,787,000	4,787,000
Bounces cheques	3,271,259	50,397,305
Low interest tax	6,494,870	6,494,870
Total specific provisions	749,797,084	617,495,679
Total Provisions	799,759,470	670,376,547

The provision relates to long outstanding items whose recoverability has been judged to be doubtful. Effort to recover is ongoing but the provision is to ensure that the financial statements do not overstate the financial position of the Fund.

31e	Contribution debtors	2025 Kes	2024 Kes
	Opening balance	3,144,845,013	-
	Increase during the year	2,032,812,996	3,144,845,013
	Reduction during the year	-	-
	Outstanding contribution debtors as at 30 June	5,177,658,008	3,144,845,013

31f	Legacy Debtors	2025 Kes	2024 Kes
	Mutula Kilonzo	5,015,000	5,015,000
	Lloyd Masika Ltd	4,787,000	4,787,000
	Staff pension debtor	4,587,969	4,587,969
		14,389,969	14,389,969

31g	Service Charge Debtors	2025 Kes	2024 Kes
	Opening	1,112,975,232	1,073,043,233
	Increase in the year	388,291,514	39,931,999
	Decrease in the year	-	-
	Prior year adjustment	-	-
		1,501,266,746	1,112,975,232

32. Cash and Bank Balances

	2025 Kes	2024 Kes
Cash balances	831,143	1,201,110
Stanbic Bank	55,915,525	4,404,294
Cooperative Bank	2,205,858,594	392,368,711
Kenya Commercial Bank	855,563,342	1,412,940,547
Diamond Trust Bank	171,988,113	-
National Bank of Kenya	140,440,556	326,795,476
Mpesa	24,965,223	-
Equity Bank	593,015	132,757
Ecitizen	58,655,119	42,872,835
Standard Chartered Bank	79,065,649	19,675,002
	3,593,876,278	2,200,390,732

The Fund utilizes the services of several commercial banks to collect contributions from employers each month. Funds are transferred from collection accounts to custodian accounts in KCB, Standard Chartered Cooperative and Stanbic. Balances held in collection accounts earn interest at agreed rates. The Fund has also complied with government directive for collection of revenues through Ecitizen. The fair value of the cash and bank balances is equal to their carrying amount. For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash and bank balances above.

33. Provision for Doubtful Assets

	2025 Kes	2024 Kes
Imperial 5.25YR FXD Bond (Note 19)	132,200,000	132,200,000
FXDCHASE2015 (Note 19)	534,700,000	534,700,000
REALPPLE5YRFXD Bullet Note (Note 19)	183,750,000	183,750,000
Athi River Mining (Note 23)	16,414,125	16,414,125
L.R.209/11642-Upperhill-Nairobi (Note 24)	115,000,000	115,000,000
Forest Edge (Note 24)	160,000,000	160,000,000
Imperial bank (Note 15)	206,126,260	206,126,260
Doubtful accrued income (Note 20)	276,224,334	276,224,334
Provision for doubtful debts (Note 31 d)	799,759,470	670,376,547
Outering Ring road plot (Note 24)	181,089,600	-
	2,605,263,789	2,294,791,266

34. Payables and Accruals

	2025	2024
	Kes	Kes
Payables due to Vendors	633,365,888	252,281,676
Rental Deposits	268,063,157	266,757,400
House Purchase deposits	99,773,431	124,543,946
TPS Creditors	732,938,769	795,554,477
Tassia infrastructure deposits	178,214,314	185,920,873
Taxes Payable (note 34 a)	13,063,846	59,714,401
Sundry creditors and accruals (note 34 b)	56,020,231	55,409,965
Returned benefits (note 34 c)	163,521,928	158,477,570
Provision for gratuity	51,112,515	18,650,964
Provision for pay in lieu of leave (note 34 d)	104,964,808	110,462,898
	2,301,038,887	2,027,774,170

34a. Taxes Payable

	2025	2024
	Kes	Kes
Withholding income tax	10,168,385	5,030,112
VAT on rent	5,756,923	53,482,991
Withholding VAT tax	(2,861,463)	1,201,299
	13,063,846	59,714,401

34b. Sundry Creditors and Accruals

	2025	2024
	Kes	Kes
Prepaid rent	43,962,040	44,884,212
Unknown rent debtors	1,138,780	1,138,780
Provision for audit fees	8,830,000	9,280,000
TPS Sundry Creditors	(1,788,490)	(1,788,490)
Salary payable (Net pay)	3,879,299	1,896,526
Rounding off difference	(1,399)	(1,063)
	56,020,231	55,409,965

34 c. Returned benefits

	2025	2024
	Kes	Kes
Legacy balances	157,864,145	158,477,570
Bounced EFT	5,657,784	-
	163,521,928	158,477,570

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2025 Kes	2024 Kes
34d. Provision for leave pay	110,462,898	90,964,564
Increase during the period		19,498,333
Reduction in Provision leave pay	5,498,089	-
	104,964,808	110,462,898

35. Member Liabilities

	2025 Kes	2024 Kes
(a) Accumulated Member Funds		
At start of the year	353,693,475,456	272,760,227,946
Contributions received during the year	81,939,367,930	59,143,557,370
Interest allocation	30,426,320,736	31,502,979,417
Benefit paid during the year	(8,736,065,966)	(9,713,289,277)
Members' fund liability before benefit payments	457,323,098,156	353,693,475,456
Benefits paid during the year		
Age benefit	(3,852,474,987)	(3,816,746,950)
Survivors benefit	(298,757,206)	(422,217,185)
Invalidity benefit	(11,945,124)	(19,192,543)
Withdrawal benefit	(867,361,547)	(1,064,221,238)
Emigration benefit	(33,362,882)	(24,114,914)
Interest	(3,672,164,220)	(4,366,796,448)
Total benefits payments	(8,736,065,966)	(9,713,289,277)
(b) Interest allocated to members		
Interest allocation as per actuarial valuation	30,426,320,736	31,502,979,417
	30,426,320,736	31,502,979,417
(c) Member reserve accounts		
At the start of the year	43,307,886,909	39,361,603,650
Allocation of interest	(30,426,320,736)	(31,502,979,417)
Net Increase in Fund for the year	97,388,886,703	35,449,262,676
at 30 June	110,270,452,875	43,307,886,909
(d) Unremitted member contribution		
Contribution arrears accrued	3,144,845,013	3,144,845,013
Increase during the year	2,032,812,996	
Increase during the year		
	5,177,658,008	3,144,845,013

36. Taxation

According to Section 45 of the First schedule of Income Tax Act Cap 470 effective 18 June 1996, the Fund is exempted from taxation. According to Income Tax (National Social Security Fund (Exemption) Rules 2002, effective 1 July 2002 the Fund should comply with certain regulations for it to remain exempted.

37. Compliance with Retirement Benefits Act

In compliance with Retirement Benefits Act, NSSF maintains employer contribution clearing accounts where total contributions are posted from employers to the credit of member accounts for benefits payment upon qualification as per the Act. During the year, contribution in transit decreased from Kshs. 4,320 million as at 30 June 2024 to Kshs. 116 million as at 30 June 2025. Management endeavours to ensure all member accounts are updated with contributions received in good time.

38. Related Party Disclosures (IAS 24)

The Fund is controlled by Government of Kenya pursuant to powers conferred upon it in the NSSF Act, including the power to appoint members of the Board of Trustees, to approve investments of the Fund and to approve its annual budget. The is also related to Consolidated Bank, East African Portland Cement and Bamburi Cement ordinary and preference shareholdings and directorships.

The following transactions were carried out with related parties with which the Fund holds ordinary shares.

	2025 Kes	2024 Kes
(a) Income Earned from Related Parties		
Dividend from Bamburi Cement	1,241,561,005	372,128,148
Interest from Treasury bonds	46,063,699,124	33,007,054,820
Interest from Treasury bills	159,100	21,422,129
Interest from staff loans	33,109,409	32,296,072
Rent Income from NSSF Sacco Ltd	7,127,897	7,127,897
	47,345,656,534	33,440,029,065
(b) Key Management and Trustees compensation		
Salaries and short-term benefits		
Trustees remuneration (note 13)	71,556,027	68,782,807
	71,556,027	68,782,807

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel and Board of Trustees.

Board expenses include costs for board meetings, consultancies, travel costs and trainings. The Board ascertains to continuously avail value to the Fund through offering strategic direction. The

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

costs disclosed above provide the input required to ensure the Board meets its mandate within the approved budget thresholds and legal frameworks.

	2025 Kes	2024 Kes
(c) Loans and advances due from related parties		
Staff loans (note 30)	135,217,038	158,331,610
TPS Loans (note 21)	541,443,950	600,512,233
Staff advances (note 31 d)	50,921,674	43,264,192
Staff Mortgage Scheme	1,329,439,690	1,304,830,014
	2,057,022,352	2,106,938,049
(d) Dividends due from related parties		
Bamburi Cement	-	372,128,148
	-	372,128,148
(e) Debt instruments with related parties		
GOK Treasury Bills	-	8,771,040
GOK Treasury Bonds	355,391,628,577	253,804,875,051
GOK Eurobonds	34,286,595,973	7,168,671,038
	389,678,224,550	260,982,317,129

The Fund provides qualifying employees with car and housing loans on terms more favourable than the market rate. The benefits obtained by staff are subjected to income tax as required under the Kenya Income Tax Act.

39. Contingent Assets and Liabilities

(a) Contingent Assets

In the financial year 2012/2013, The Board of Trustees approved exclusion of impaired assets from the Financial Statements. The cases to recover the assets are being pursued in courts of law and the current status of the cases is as follows:

(i) Properties in Gazetted Areas

The Fund acquired investment properties in gazetted areas in New Muthaiga L.R. No.209/12274 measuring 18.41 hectares (located within Sigiria Block which is part of the Karura Forest Reserve), Ngong Road L.R.Nos.20840 and 20841 lying next to Lenana School (part of Ngong Forest).

New Muthaiga (Value of plots (Kshs. 850,000,000))

The Fund filed a case under (formerly 147 of 2004) NSSF Board of Trustees VS- Kitisuru Limited and Geoffrey Chege Kirundi, Mike Maina Kamau, Commissioner of Lands and Attorney General. The case is ongoing and is at hearing stage. EACC is currently investigating the matter.

Ngong Road Plot LR. Nos.20840 & 20841 Value of Plot (Kshs. 115,000,000)

The Fund filed a case in court under Milimani HCCC NO. 162 of 2005 NSSF vs Kerios Farm Ltd. The

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

case is ongoing. On 15 July 2014 EACC wrote to the Fund informing it that it is investigating the matter. The title to the property was revoked vide a Kenya Gazette Notice No.3640 dated 1 April 2010. As per the Gazette Notice revoking the title, the parcel of the land had been reserved for public purposes and the allocation was therefore illegal and unconstitutional. The Fund was not given a hearing or any formal notification of the revocation of title.

The Fund is engaging the Chairman, National Land Commission and the Commissioner of Lands seeking for the reinstatement of the title of L.R. No.209/11642 and no positive reply has been received to date. As at 30 June 2015, the valuation of the land stood at Kshs.115 million.

L.R.No.17645 situated in Mlolongo along Mombasa road

The land comprises the area where the Mlolongo weigh-bridge is situated. The government cancelled the title to parcel L.R.No.17645 situated in Mlolongo along Mombasa road valued at Kes. 27 million at the time of revocation of title. The Fund is therefore at a risk of losing Kes. 27 Million invested in purchasing the land.

The Fund filed an appeal against judgement of the Court delivered on 28 September 2023 in a matter where the Fund filed suit against the government decision to cancel the title under Civil Appeal No. 969 of 2023 NSSF Board of Trustees Vs. Hon. Attorney General (Arising out of HCCC No. 146 of 2011 NSSF Board of Trustees -vs- Hon. Attorney General). The Fund's Memorandum of Appeal has been filed. A hearing date is awaited.

The Fund's position is that a valid title was issued and even at the point of sale the Government valued the property and gave a value of Kes. 27 Million.

(ii) The amount of Kes.251,516,000.00 invested in Euro Bank

An amount of Kshs. 251, 516,000.00 invested in Euro Bank and expected to have matured on 28 February 2002 had not been redeemed, as the Bank was placed under receivership in 2003.

The Fund initially won the case against Shah Munge & Partners and was awarded Kshs. 258, 133,333.00. In 2013, the Fund identified 5,250,000 NSE shares valued at Kshs. 250,000,000.00 belonging to Shah Munge, but another company by the name Southern Bell Ltd went to court claiming ownership of the shares.

The company lost the case blocking the Fund from selling the 5,250,000.00 shares for Euro Bank valued at Kes.250, 000,000.00. The Fund sold the shares including a bonus of 17,500,000 shares for Kes. 92,681,284.40, out of which Kshs. 23,523,743.30 was retained and paid out as legal fees and other costs.

(iii) Discount Securities Ltd

The amount of Kes.1,201,143,000 in respect of shares purchased through Discount Securities Limited. The matter concluded and the culprits convicted. The Fund has now embarked on the process of recovery of the lost amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(iv) Cash Losses Westlands Branch Fraud (cash losses)

The amount of Kes.7,243,030 was lost through fraud at the Branch. The matter is before a court of law for determination though fully provided for in the Financial Statements for 30 June 2015. The case is ongoing.

(v) Contribution Penalties as at June 2025

Contributions penalties receivable estimated to be Kshs.11,622,536,851.68 have not been included in the financial statements. The penalties are estimated based on the time contribution was received from employers after the due date. The Fund is involved in recovery efforts through alternative dispute resolution, court action, and Intergovernmental Relations Technical Committee (for cases involving defunct local authorities).

(iv) High Court Income Tax Appeal No. 7 of 2014 NSSF Board of Trustees =VS= Commissioner of Domestic Taxes, KRA.

Kes. 904,903,717.00 being pending tax refund due and owing to NSSF from KRA pursuant to judgement delivered in High Court Income Tax Appeal No. 7 of 2014 on 29th June 2016. NSSF appointed Messrs SMK Business Consultants LLP as Consultants to lead a team from NSSF and that from KRA. One meeting was held and after deliberations, KRA sought time for further consultation and revert. The Fund has a high chance of success in recovering the money since KRA has admitted they owe NSSF the refund.

(v) ELC CASE E008 of 2025 - Hazina Plaza

Saif Said Al-Busaidy suing in his capacity as Administrator of the Estate of Khola Binti Mohamed Bin Seif and Azzah Binti Mohamed Bin Vs. East Coast Syndicate Limited, the Administrator of the Estate of the late Lawrence Regeru Wambaa, Fatemi Investments Limited, Warungu Holdings Limited, New Marewa Hotel Limited Mirema Investments Limited & Board of Trustees, National Social Security Fund

Hazina Plaza is a ten (10) storey commercial building and two (2) level basements situated along Muungano Street at the Junction of Msanifu Kombo and Haile Selassie Avenue in the Central Business District of Mombasa County. The property was purchased by the National Social Security Fund, Board of Trustees on 21 October 1994 from the Sub- Lessor M/s East Coast Syndicate Limited at a cost of Kes. 450 Million. The entire parcel measures approximately 0.32 acres where Mombasa/Block XX/328 is 0.14 acres and Mombasa/Block XX/329 is 0.18 acres.

The Fund's title is a leasehold interest for a term of seventy-nine (79) years & 4 months with effect from 1 July 1968 at an annual revisable ground rent of Kes.200.00 registered under the Registration of Titles Act, Cap. 281 (repealed by the Land Registration Act, No.3 of 2012) of the Laws of Kenya.

The Administrator of the Estate of Khola Binti Mohamed Bin Seif and Azzah Binti Mohamed Bin has filed suit in respect of Title Number Mombasa/Block XX/78 and all subdivisions made thereunder. The deceased Khola Binti Mohamed Bin Seif and Azzah Binti Mohamed Bin leased out Mombasa/

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Block XX/78 to the 1st Defendant, East Coast Syndicate Limited by way of an Indenture for a period of ninety-nine years with effect from 1 December 1948. The property measured 3.60 acres. The 1st Defendant defaulted sometime in 2018 payment of the stipulated monthly rent of Kenya Shillings Three Thousand.

The Administrator of the Estate of Khola Binti Mohamed Bin Seif and Azzah Binti Mohamed Bin has filed suit for the following prayers: declaration that the 1st Defendant is in breach of the Lease dated 1 December 1948 and that the same be forfeited and the said property and erected buildings thereon revert to the Plaintiff; a declaration that the Plaintiff is entitled to exclusive and unimpeded right of possession and occupation of all that piece of land known as Title Nos. Mombasa/Block XX/78 as subdivided into Title Nos Mombasa/Block XX/278,280,281,283,328,329&335 and the erected buildings and hereditaments thereon; a declaration that the 2nd to 7th Defendants whether by themselves or their servants or agents, subtenants or otherwise howsoever are wrongfully, illegally in occupation of the suit property Title Nos. Mombasa/ Block XX/ 278,280,281,283,328,329&335 and accordingly trespassers on the same; an injunction restraining the Defendant's whether by themselves or their servants or agents, tenants or otherwise howsoever from remaining or continuing in occupation of the suit properties; possession of the suit properties; manse profits monthly from 1st March 2024 for Mombasa/Block XX/278, 280, 281, 283, 328, 329 & 335 until possession is delivered; rent arrears from 2018 per month until possession is delivered ; general Damages for breach of contract and trespass; without prejudice and/or in the alternative to prayers c, d & e above, the court be pleased to order that the 2nd to 7th Defendants to execute fresh leases with the Plaintiff for the residue of the term of the lease with variation of rent payable to reflect the prevailing market conditions; interest on f, g and h and costs.

It is our position that the Fund is a bonafide purchaser for value of Mombasa/Block XX/328 & Mombasa/Block XX/329 acquired proper title. The Fund has enjoyed quiet possession of the property from over 31 years free from any interference and can claim adverse possession.

(b) Contingent Liabilities

The major cases that may give rise to contingent liabilities during the year are as follows:

(i) Nyayo Estate Embakasi Phase Six

Nyayo Embakasi Residents Association (NERA) instituted legal proceedings in the High Court of Kenya at Nairobi Environment and Land Division ELC NO.1170 of 2014 seeking to stop construction of the project because of environmental concerns. This has resulted in delay in completion of the works and this has led to the expiry of the Bank guarantee and the mobilization fee of Kes. 215, 540,774.00 is at risk. The value of work done is thus KES 274.7 million against the payment of Kes 227.9 million. This implied that the Fund's exposure is KES 168.7 which will be claimed based on the terms of the contract.

(ii) Nyayo Estate, Embakasi (Mugoya Construction)

Mugoya Construction Company Limited has sued the Fund claiming Kes.7.058 billion against a

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

counter claim by NSSF of Kes.9.873 billion. Included in project costs for Nyayo Estate, Embakasi and the counter-claim are questionable payments of Kes.324.356 million made to Mugoya Construction Company Limited without security. The Fund is of the opinion that the possibility of Mugoya Construction Company Limited succeeding is remote. These and other matters relating to dealings with Mugoya Construction Company Limited are under arbitration for determination. However, full provision of Kes. 324.36 million was made in the 2008/2009 Financial Statements. To date, the arbitration process is still ongoing.

(iii) Refurbishment of Social Security House, Block C ground floor and associated services

Arbitration between Centurion Engineers and Builders Limited Vs. NSSF Board of Trustees where the claimant filed seeking further payment of Kes.460,216,803.73 after settlement of final account allegedly for final accounts, interest on delayed payments and loss of investments. The matter was referred to arbitration and Architectural Association of Kenya appointed Lilian Gitonga- Kithinji as the sole arbitrator.

The Fund filed an objection challenging the jurisdiction of the Arbitral Tribunal to hear and determine the dispute. The Hon Arbitrator ruled that the Claimant had fully complied with the provisions of the contract in invoking the jurisdiction of the Arbitral Tribunal. The Fund's application was disallowed on 9th May 2024 and dismissed with costs to the Claimant.

(iv) Arbitration between LEVS Trading Company Limited T/A House of Leather -vs- The National Social Security Fund Board of Trustees.

The Claimant a former tenant at Hazina Trade Centre is seeking Kes. 37,575,625 allegedly for loss of business after they were evicted from the premises due to non-payment of rent arrears and service charge totalling to Kes. 15,688,335.99.

The Claimant fully settled the arrears and service charge of Kes. 15,688,335.99, leaving the claim for loss of business in court.

The arbitration is part heard before Aurthur Igeria of Igeria and Ngugi Advocates. Each of the parties is meeting the costs to the Arbitrator. The matter was heard on 16th May 2024 where the Expert Witness for the Claimant together with the Fund Witness were heard.

(v) Kisumu Court of Appeal Civil Application No. 3 of 2021 NSSF Board of Trustees -Vs- Keiyo Teachers Co-operative Savings & Credit Society, Andrew Ojal & 7 Others.

This matter relates to Eldoret/Municipality Block 101/176-179 which NSSF sold to the Petitioner (then Prime Time Sacco) for Kshs. 50,111,880.00. The Sacco was unable to take possession of the property as the land is being claimed by Prisons. Kenya gazette notice 6865 dated 17.7.2017 indicating that NSSF should compensate the Teacher's Sacco. The High Court delivered its ruling in Eldoret ELC No 253 of 2012 on 9 April, 2020. Judgement entered in favour of the Plaintiffs against the Fund for Kshs. 50,111,880.00 plus interest from the date of filing suit. Currently there are discussions with a view of exploring out of court negotiations.

(vi) Arbitration Matter Between Centurion Engineers and Builders Limited Vs. NSSF Board of Trustees

The Fund entered into an Agreement with the Claimant for refurbishment of Social Security House, Block C Ground Floor and Associated Services at Kes. 387,495,115.00. The Claimant was paid the total construction cost which was adjusted to Kes 398,251,338.28 upon issuance of the final certificate by the Project Consultant (Conte-Design). An opinion was sought from the State Department of Public Works (SDPW) on value for money invested on the project and it was on the basis of the report from SDPW that the final payment was made.

The Claimant sought a further payment of Kes. 460,216,803.73 allegedly for final accounts, interest on delayed payments and loss of investments. The claim was initially for Kes. 905,240,597.00 but later amended to Kes 5 Billion. The Fund has filed a counterclaim of Kes. 53 million being liquidated damages for delay in completion of the project by the Claimant. The matter was referred to Arbitration and Architectural Association of Kenya appointed Lilian Gitonga- Kithinji as the Sole Arbitrator.

The Fund filed a preliminary objection challenging the jurisdiction of the Arbitral Tribunal to hear and determine the dispute which dismissed by the Hon Arbitrator on 9 May 2024. The matter was heard on 11,12, & 16 June 2025 where the Claimant and Respondent's respective cases were closed. Parties have been given twenty-one days to submissions and the Claimant given the right of reply within 14 days of the Respondent filing its submissions. The Hon Arbitrator will deliver a ruling on whether Parties will highlight their submissions before she proceeds to deliver her judgement.

(vii) HCC ELC No. 1170 of 2014 as Consolidated With ELC Case No. E063 of 2020 Nakumatt Holdings Limited Vs. NSSF Board of Trustees

Nakumatt Holdings Limited former tenants at Hazina Trade Centre are claiming a sum of Kes. 2,200,000,000 as damages allegedly arising from disruption and loss of business when the Fund commenced construction of Hazina Trade Centre. The Fund filed a counterclaim for special damages of Kes. 871, 697,124.10.

The Fund management believes that the Fund was not at fault as the Lease Agreement provided for construction to carry on in the event the Fund intended to do so. The Fund further maintains that Nakumatt Holdings sub-leased the Fund's property without the Fund's authorization and therefore the loss of rental income does not arise. The matter has the potential to disrupt the operations of the Fund owing to the pecuniary interest sought by Nakumatt Holdings Limited.

(viii) HCCC No. E142 of 2024 Dinkar Kumar Ramanbhai Patel & 3 Others Vs. National Social Security Fund Board of Trustees

The Plaintiffs herein have instituted legal proceedings against the Fund seeking the following prayers: A declaration that NSSF is in breach of the five (5) sale agreements dated 3 May 2006 and are therefore liable to pay the purchase price paid and all subsequent an incidental expenses/ costs together with the current open market value of the suit properties which the Plaintiffs have

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

computed at KShs. 81,136,330; general damages for breach of contract and costs and interests from 3 May 2006 until payment. The Plaintiffs allege that NSSF sold them the land subject of suits from which judgment was delivered by Justice S. Okong'o in Nairobi ELC No. 237 of 2007 which declared that the above suit parcels were derived out of subdivision of LR No. 209/11881 which was public land (a road reserve) and were not available for alienation. The Fund bought the parcel LR No. 209/11881 sometime in 1995 from Hamco Kenya Limited for Kshs. 32,000,000 and Transfer registered in favour of the Fund on 29 May 1995. The Fund later sold the property to Nelson Mwangi Kamau t/a NEMKA Commercial Agencies vide an Agreement of Sale dated 27 February 2004 for Kshs. 33,500,000.00.

(ix) Mombasa Court of Appeal Civil Application No. E045 of 2020 National Social Security Fund Board of Trustees Vs. Microcity Computers Limited

The Court of Appeal awarded Kes 112,503,514 to Microcity Computers Limited following their Appeal challenging the judgement delivered on 30 April 2020 by Hon P.J. Otieno. The Fund's Advocates filed the application and are awaiting directions from the Supreme Court. The Fund is seeking interpretation from the Supreme Court on the judgement rendered by the Court of Appeal. The amount awarded by the Court of Appeal is exorbitant noting that no services were rendered or equipment installed by the Contractor.

(x) HC Misc No 67 of 2005 and Misc Application No E 121 of 2022 Kilonzo & Co Advocates Vs. National Social Security Fund Board of Trustees (A bill of Costs for Kes. 242,184,493.20 in Respect of HCCC No. 804/99 (Now 957/2000))

The Applicant filed a Bill of Costs dated 27 January 2005 in HC Misc Cause No 67 of 2005. The Bill was opposed by the Respondent on 29 July 2005 (replying affidavit on taxation). No response to the affidavit on taxation was filed by the Applicant. The taxation proceedings were left in abeyance until 8 October 2018 when the parties appeared before the taxing matter following a notice of taxation issued by the Court. Even though a date was reserved for delivery of the ruling on the bill of costs on 25 June 2019, the Applicant filed a Notice of Motion on 3 June 2019 for leave to amend the bill of costs. The ruling on the application for leave to amend the bill of costs was delivered on 14 October 2019 where the application was allowed and the Applicant granted leave to file submissions in response to the respondent's submission on taxation. Despite leave being granted, the Applicant is yet to file its submissions to date. The Applicant however informed the court that parties were negotiating, which the Respondent objected to through its Advocates. The Applicant proceeded to file its Notice of Motion Application (amended application) dated 30 October 2020 seeking an order for leave to amend the Bill of Costs. The Fund opposed the amended application and the Court agreed with the Fund's opposing arguments and dismissed the application on 3 February 2022.

The Applicant further filed *Misc Application No E121 of 2022*. The prayers sought in the application is veiled as an appeal to challenge the dismissal of the amended application. The Fund has opposed this application stating that the Applicant ought to have lodged an appeal setting out the grounds of appeal. *Misc Application No E 121 of 2022* will have to be dispensed with before the taxation of the bill of costs filed in High Court Misc Cause No 67 of 2005. The Fund has filed

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

grounds of opposition in response to the application filed by the Applicant. The Applicant has over the last 17 years unnecessarily and unjustifiably delayed taxation of their bill of costs.

The Fund filed written submissions in response and opposition to the Bill of Costs on 24 May 2019. The Applicant was granted leave to file its submissions on 14 October 2019, in response to the Respondent's submission on taxation, However, they have failed to do so.

The Fund has always been ready to proceed with the taxation but the Applicant is not desirous of progressing the matter. The Fund shall seek that the same be dismissed for want of prosecution.

(xi) Civil Appeal No E656 of 2022 National Social Security Fund Board of Trustees Vs. Kenya Tea Growers Association and 14 Others

The Applicants are seeking Certiorari & Prohibition orders against NSSF from collecting contributions from County Government workers. They are seeking a declaration that Sections 18, 19, 20 & 71 of the NSSF Act are inconsistent with Articles 24, 26, 28, 27, 36, 41 & 43 of the Constitution, a permanent injunction prohibiting the Fund from mandatory registration of employers and employees, remittance of contributions and a further declaration the NSSF Act is void and unconstitutional. They are further seeking orders to restrain implementation of the enhanced contribution in line with NSSF Act.

The Employment and Labour Relations Court rendered its decision in a judgment dated 19th September, 2022 as herein under: A declaration that the NSSF Act has implications on County Finances and therefore the Bill ought to have been tabled before the Senate prior to its enactment in terms of Article 205(1) and 110 of the Constitution and to this extent the Act is null and void; a declaration that the NSSF Act provisions are inconsistent with the provisions of Article 10 (1) (b) and of the Constitution as read with Section 3 of the Competition Act by giving the Fund a monopoly in the provisions of pension and social security services in the country and to this extent is unconstitutional, null and void; with regard to Section 13 of the NSSF Act to the extent that it requires the payment of allowances and fees approved by the Cabinet Secretary for Labour, a mandate of the Salaries and Remuneration Commission, the said section is in conflict with Article 230(4) of the Constitution and is therefore null and void; further, Section 19(2) of the NSSF Act requires access to public service upon membership of NSSF, the said subsection is in conflict with Articles 21(1), 47(1) and 232(1) of the Constitution and to that extent unconstitutional, null and void; Section 20 of the NSSF Act which makes it mandatory to register and contribute to the Fund and oblige the Petitioner's members (and other employees who have adequate alternative pension or social security schemes) to join the pension or social security schemes operated by the 1st Respondent violates rights of employees and employer's free choice contrary to Article 49 of the Constitution and is hereby declared null and void; an order of injunction is hereby issued restraining the 1st and 2nd Respondent from applying the NSSF Act on the Petitioners' members (or any other employees who have adequate alternative pension or social security schemes) unless they opt in; an order of injunction is hereby issued prohibiting and restraining the Respondents by themselves, their servants, agents, assigns or any person claiming through them or otherwise from demanding, compelling and or requiring mandatory registration, enrolment or listing of any employer or employee whether registered as a member of any retirement benefit scheme or not to register, enrol or list and contribute their earning or any part thereof in terms of the NSSF

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Act ; and for reasons outlined above, each party shall bear own costs.

The Fund appealed against the decision by moving to the Supreme Court and the Supreme Court on 21.2.2024 delivered its judgement in the following terms: Allowed the consolidated appeal on the narrow ground that the ELRC had jurisdiction to determine the constitutional validity of the NSSF Act; and remitted to the Court of Appeal to determine the substantive merits of the ELRC judgement on an urgent basis and directed Each Party to bear its own costs.

The NSSF Act is being implemented albeit the matter having been referred back to the Court of Appeal. Management is optimistic that the Court of Appeal will rule in favour of the Fund which is implementing a fundamental human right arising from Article 43(1)(e) of the Constitution through the NSSF Act. A judgement in favour of the Petitioners will reverse the gains made thus far with respect to enhanced contributions and benefits.

(xii) ELC No E183 OF 2025

Epcu Builders Limited Vs. Kenya Railways Corporation, National Social Security Fund Board of Trustees, Chief Land Registrar & Inspector General of Police

The Plaintiff contemporaneously filed an application and suit seeking the following;

- (a) A declaration that it is the legal and bonfide owner of Nairobi/Block34/306(formerly known as LR No. 209/6439 and Kenya Railways has no right over the property
- (b) A prohibitory injunction restraining Kenya Railways and their agents from claiming, entering into, occupying transferring, selling, encumbering or dealing with the suit parcel
- (c) An order restraining the defendant or anyone claiming under them from encroaching the suit parcel
- (d) General Damages
- (e) In the alternative NSSF to indemnify and compensate the Plaintiff to the full extent the value of the suit property as at the time of the Judgement pending valuation of the property together with stamp duty as paid
- (f) In the alternative the Chief Land Registrar to indemnify and compensate the Plaintiff to the full extent the value of the suit property as at the time of the Judgement pending valuation of the property together with stamp duty as paid
- (g) Exemplary damages against the Chief Land Registrar for betrayal of public trust bestowed upon them
- (h) Costs and interests of the suit
- (i) Any other relied as the Court may deem just and fit to grant.

The transaction dates back to 1996. NSSF entered into a sale agreement with Guardian International Company Limited for the sale of the above property known as L.R.NO. 209/6439 at Kes174,500,000.00. The property initially belonged to the Kenya Railways Corporation, which sold it to M/s Guardian International Company Limited owned by Dr. Sally Kosgei. The Fund sold the property to EPCO Ltd in 2007 at Kes 305,375,000.00 but completed the transfer in 2012 when a caveat lodged by the National Museums of Kenya was lifted. At the time of purchasing from Guardian International, the later represented that it had bought the parcel from Kenya Railways at

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Kes. 77,000,000 and transfer in their favour endorsed on the title.

The Funds position is that it passed a good title to EPCO Builders Limited. The Fund shall also enjoin Guardian International Limited and Dr. Sally Kosgei to protect its interest in the matter. In view of the damages sought, an amicable out of Court solution would be best preferred to mitigate costs and safeguard the Fund's interest.

(xiii) ELC No 70 of 2019 Safeway Hyper Supermarket Limited Vs. National Social Security Fund Board of Trustees

The claim is for Kes. 30,712,320 being refund of purchase price plus interest. The matter is scheduled for further defense hearing on 23 July 2025.

The genesis of the matter is that the Fund was the registered owner of L.R.No 209/11314 situated along Jogoo/ Outering Road. The Fund subdivided and sold the property to various individuals which included Safeway Hypermarket Limited. Safeway Hypermarket Limited purchased L.R.No 209/11314/2 measuring 2.570 acres from NSSF vide an Agreement for Sale dated 28 March 2006 for Kes. 30,712,320.

When Kenya Rural Urban Roads Authority (KURA) started the expansion of the Outering Road project, NLC placed an advertisement indicating that they were in the process of compulsorily acquiring 19 parcels of land for the purpose of road expansion. The purchasers of the Fund's parcel of land were concerned that the property was among those NLC earmarked for compulsory acquisition. After the process of review by NLC was completed, a determination was made that the title LR No, 209/11314 was among the parcels that were unlawfully acquired and the titles were recommended for revocation. The purchases were invited to make presentation, in the process of review of the grant to determine the propriety or legality.

In the end the matter was heard before the Environmental and Land Court at Milimani in ELC Petition No.175 of 2016 and the Court upheld the decision by NLC to revoke the titles. NLC cited records dating back to the 1980s which showed that the land had been reserved for future expansion of Outering and Jogoo Road. NLC further found out that the allocation of land to private entities was done through collusion of public servants. They also cited conflict of interest on the part of John Ohas who was the Director of Physical Planning in the Ministry of Local Government and a Director of Endesha Multi-purpose Co-operative Society who were finally allocated the land in question.

The Fund maintains that it passed good and valid title to the Plaintiff. Ogolla Okello & Company Advocates is on record for the Fund.

(xiv) In the Matter of Arbitration between Mugoya Engineering & Construction Ltd & National Social Security Fund Board of Trustees & Symbion International Ltd

The Contractor's filed Milimani HCCC No. 59 of 2005: Mugoya Construction & Engineering Co. Ltd Vs. NSSF & Another for Kes. 7,057,915,245, while the Fund filed a counter claim for Kes. 9,873,038,869.70. The suit was stayed to pave way for Arbitration. The Arbitration was part heard.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A new Arbitrator is yet to be appointed by the parties following the untimely demise of the Arbitrator Mr. Norman Mururu.

The Fund has a high chance of success in the Arbitration as the Contractor failed to complete the Nyayo Embakasi Estate project.

The firms of Macharia Mwangi & Njeru Advocates and Wamalwa & Co Advocates are on record for the Fund.

(xv) Mombasa HCCC No. 339 of 2008 Abellana Properties Vs. National Social Security Fund Board of Trustees and 3 Others

The Plaintiff's claim is for Kes. 100 million on account of lost economic profit, Kes. 4.5 million being legal fees incurred and exemplary damages among others. Following sale of Mbsa/Blk XX/143,144 & 152 to the Plaintiff through auction at Kes. 17 million, Mohansons, the owners of the property filed *Mbsa HCCC No 104 of 2005 Mohansons Properties Ltd -Vs- NSSF Board of Trustees*. The properties were security given for Hazina Plaza, Mombasa and were sold pursuant to judgement rendered in HCCC No. 59 A of 2004 NSSF Board of Trustees -Vs- Azania Hotels (K). The Court will determine the matter on its merits.

L.N. Momanyi & Co Advocates is on record for the Fund.

(xv). Civil Appeal No. E020 of 2021 National Social Security Fund Board of Trustees Vs. Peterkeen M. Kimweli & 47 Others

On 11 October 2018 the Claimants moved to the Employment and Labour Relations Court for the following orders among others;

- (a) All employees of the Fund still interested in joining the case be protected from any punitive action from the respondent as a result of filing and prosecuting the case
- (b) Temporary order of protection restraining the Fund from any orchestrated targeted and punitive transfer, pre-meditated, contrived and speculative disciplinary or administrative actions or practices including dismissals, harassments, unfair treatment, in retaliation to institution of their claim pending hearing and determination of the matter.
- (c) The job evaluation be stayed.

The Court ordered the Fund to adhere to all labour laws and its Act in conducting the job evaluation. The Claim was amended in 2019, the following being the issues in dispute;

- (a) Unfair, unlawful and wrongful non-payment of salary arrears to the claimants as a result of job evaluation by Pricewaterhousecoopers (PWC).
- (b) Unfair and unlawful underpayment of salaries to the claimants as a result of the job evaluation
- (c) Violation of the Claimant's right to fair administrative action, fair remuneration and fair labour practices and violation of the Claimants' right to legitimate expectation.

Judgment was delivered on 24 August 2020 and the following directions issued by the Court to

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the Fund:

- (a) NSSF to take the list of 48 claimants and tabulate the dues owing in underpayments with regard to salary by placing each claimant in grade 5 and 6 at the next step of salary notch. The tabulations to include adjustments in cost of living, pension with interest from due date until judgement date on court rates and underpaid annual leave allowance based on annual gross salary
- (b) No termination of employment
- (c) NSSF to file the tabulations in Court within working 14 days, failure to which the claimants to submit their own tabulation for adoption in Court.

The Fund did not file the tabulations as directed by Court leading to the Claimants filing their own tabulation of Kes. 165,121,848.2. which was adopted by Court. The Fund appealed against the ELRC Judgment. The Fund's Appeal was heard on 28 February 2023 and Ruling delivered on 2 June 2023 allowing the Appeal and setting aside the ELRC judgment. The Respondents being aggrieved with the Court of Appeal finding have instituted a further appeal at the Supreme Court. Once the Record of Appeal is filed, directions will be given and a hearing date taken. The Fund is yet to be served with the Memorandum and Record of Appeal. The Federation of Kenya Employers was on record for the Fund in the High Court and Court of Appeal matters.

40. Financial Risk Management (IFRS 7)

The Fund generates income for its members by investing in various income generating activities which involve trading and investing at the stock exchange, investing in government and unquoted securities, investment property and offshore investments. These activities expose the Fund to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. 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 Trustees together with the Fund managers and internal audit risk department under policies approved by the Board of Trustees. The fund managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks. The Board of Trustees provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity. The Fund also follows guidelines issued by the Retirements Benefits Authority in respect of maximum allowed investment in different types of investments.

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board of Trustees has established various Board committees, which are responsible for developing and monitoring the Fund's risk management policies in their specific areas.

All Board committees report regularly to the Board of Trustees on their activities. The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Fund, through its training and management policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Specifically, the Audit & Risk Committee is responsible for monitoring compliance with the Fund's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Fund. The Committee is assisted in these functions by Audit & Risk department which undertake reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Committee.

The Fund's financial risk management objectives and policies are detailed below:

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the Financial Statements.

(b) Financial Risk Factors

The Fund's overall risk management programme seeks to maximize the returns derived from the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's performance. The management of these risks is carried out by the Management and Fund Managers under investment policies approved by the Board of Trustees.

(c) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Board. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Receivables from exchange transactions	3,031,230,970	2,255,627,597	775,603,372	725,640,986
Receivables from non-exchange transactions	7,997,246,824	7,973,090,726	24,156,098	24,156,098
Bank balances	3,600,590,994	3,600,590,994	-	-
Total	14,629,068,788	13,829,309,318	799,759,470	749,797,084
At 30 June 2024				
Receivables from exchange transactions	3,190,256,908	2,591,162,506	599,094,402	546,213,535
Receivables from non-exchange transactions	5,671,430,820	5,600,148,675	71,282,144	64,787,275
Bank balances	2,200,390,732	2,200,390,732	-	-
Total	11,062,078,459	10,391,701,913	670,376,547	611,000,810

* Past due includes impaired.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from rent debtors.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(d) Foreign Currency Risk

The Fund holds substantial investments in foreign currency and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Ugandan Shilling UGX. Foreign exchange risk arises from investment in offshore investments and holding foreign currency denominated financial assets.

The fluctuations in currency exchange rates therefore expose the Fund to foreign currency risk. IFRS 7 considers the foreign exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Fund has transactional currency exposures that arise through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the Fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial assets:			
Investments	457,061,335,352	49,450,082,867	506,511,418,219
Cash	3,593,876,278	-	3,593,876,278
Debtors	10,201,624,713	-	10,201,624,713
Total	470,856,836,343	49,450,082,867	520,306,919,210
Financial liabilities:			
Trade and other payables	2,301,038,887	-	2,301,038,887
Borrowings	-	-	-
Total	2,301,038,887	-	2,301,038,887
Net foreign currency asset/(liability)	468,555,797,456	49,450,082,867	518,005,880,322

(e) Price risk

The Fund is exposed to securities price risk because of investments in quoted securities classified at fair value through profit or loss. The Fund is also exposed to the risk that the value of debt securities will fluctuate due to changes in market value. To manage its price risk arising from investments in equity and debt securities, the Fund diversifies its portfolio. For equities, the Fund has invested in companies in different sectors of the economy, while for debt securities, the Fund has invested in bonds with varying maturities. Diversification of the portfolio is done in accordance with Fund's investment policy which is approved by the Board of Trustees. Securities held by the Fund are traded on the Nairobi Securities Exchange (NSE) and Uganda Securities Exchange.

(f) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations attributable to its financial liabilities. The ultimate responsibility for the liquidity risk management rests with the Board of Trustees, which has established an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining strict cashflow management through continuous monitoring of forecast and actual cash flows.

The Fund is exposed to daily operational payments and payment to benefit claims payable balances. The Fund is required to make periodic payment in respect of benefit when members exit active employment 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 Fund sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand. The Fund's management monitors the Fund's liquidity on a regular basis and the Board of Trustees review it on a quarterly basis.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	656,507,704	-	-	656,507,704
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	104,964,808	-	51,112,515	156,077,323
Total	761,472,512	-	51,112,515	812,585,027
At 30 June 2024				
Trade payables	311,996,077	-	-	311,996,077
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	110,462,898	-	18,650,964	129,113,862
Total	422,458,975	-	18,650,964	441,109,939

(g) Market risk

The Board of Trustees has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance and Investment Division is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

(h) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund's interest-bearing assets are investments in treasury bonds, corporate bonds, treasury bills, commercial paper, fixed

deposits and TPS loans. All of these instruments are at fixed interest rates. The nature of financial instruments held, that is fixed interest instruments, mitigates risk exposure of the Fund. Fluctuations in interest rates will have an insignificant effect on the Fund's financial performance.

(i) Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(ii) Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

(iii) Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

At 30 June 2025	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial assets:				
Quoted equities	85,135,034,479	-	-	85,135,034,479
Treasury bonds	355,391,628,577	-	-	355,391,628,577
Eurobonds	34,286,595,973	-	-	34,286,595,973
Corporate bonds	1,573,474,195	-	-	1,573,474,195
Private Equity	9,838,554,225	1,359,590,224	199,486,740	11,397,631,189
Sub total	486,225,287,449	1,359,590,224	199,486,740	487,784,364,413
Non- financial assets:				
Investment property	-	-	35,447,457,956	35,447,457,956
Sub total	-	-	35,447,457,956	35,447,457,956
Total	486,225,287,449	1,359,590,224	35,646,944,696	523,231,822,369
At 30 June 2023				
Financial assets:				
Quoted equities	61,185,359,154	-	-	61,185,359,154
Treasury bonds	253,804,875,051	-	-	253,804,875,051
Eurobonds	7,168,671,038	-	-	7,168,671,038
Corporate bonds	1,723,248,494	-	-	1,723,248,494

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Private Equity		1,014,665,677	199,486,740	1,214,152,417
Sub total	323,882,153,737	1,014,665,677	199,486,740	325,096,306,154
Non- financial assets				
Investment property	-	-	35,389,483,481	35,389,483,481
Sub total	-	-	35,389,483,481	35,389,483,481
Total	323,882,153,737	1,014,665,677	35,588,970,221	360,485,789,635

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

41. Incorporation

National Social Security Fund is established under the National Social Security Fund Act Cap 258 and is domiciled in Kenya.

42. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

43. Currency

The financial statements are presented in Kenya Shillings (Kshs)

Appendices

Appendix 1: Implementation Status of Auditor-General prior year recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	REPORT ON THE FINANCIAL STATEMENTS			
	Emphasis of Matter			
1.	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects the net revenue budget and actual on a comparable basis of Kshs. 78,942,917,020 and Kshs. 105,290,393,953, resulting into an over performance of Kshs. 26,347,476,933 or 33% of the budget. The revenue overperformance is attributed to upward revision of the mandatory contribution to the Fund by the employers and the employees. However, this fact was not taken into account in formulating the revenue budgeting of the Fund. Similarly, the capital budget absorption for the year under review reflects final capital expenditure budget and actual on comparable basis of Kshs. 4,062,000,000 and Kshs. 206,328,431 resulting to an underutilization of Kshs. 3,855,671,569 or 95% of the budget.</p> <p>The underutilization of development budget affected the Fund's planned activities and projects may have impacted negatively on members returns by way of investment income.</p>	Resolved	Resolved	30 June 2025
2.	<p>Long Outstanding Tax Receivable</p> <p>Note 31 of the Financial Statements reflect tax recoverable balance of Kshs. 940,336,114 comprising of tax refund due from KRA (1996,1997), tax on interest earned from bank balances and low interest tax of Kshs. 904,903,717, Kshs. 28,937,527 and Kshs. 6,494,870 respectively. The tax refund due from KRA (1996,1997) relates to 1996- and 1997-income tax return amounts of Kshs.493,257,328 and Kshs.411,646,389 that were inadvertently paid to the Kenya Revenue Authority (KRA) after the Fund had become tax exempt. The</p>	Not resolved	Not resolved	30 June 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	balance of Kshs.35,432,397 relates to 2019/2020 withholding Income tax withheld by various banks. However, Management did not provide for audit review evidence of progress made in refund of the overpaid taxes.			
3.	Revocation of Irregular Issued land Title Deeds The statement of net assets available for benefit and as disclosed in Note 24 to the financial statements reflects investment property balance of Kshs.35,389,483,481 net of provisions for the cost of undeveloped land located in Upper Hill Nairobi. The land was purchased by the Fund from a private developer for Kshs.115,000,000. However, the title deed was revoked through the Kenya Gazette Notice No. 3460 of 1 April 2010 on the grounds that though the title was allocated and issued to a private developer the parcel was reserved for public purposes under the relevant provisions of the Constitution, Government Land Act (Cap 280) and the Trust Land Act (Cap.288). The Fund filed the case in court and is currently awaiting a determination.	Not resolved	Not resolved	30 June 2026
	Other Matters			
	Unresolved Prior Year Matters In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not fully resolved the issues as at 30 June, 2024.	Resolved	Resolved	31 March 2025
	Unachieved Performance Targets Review of the statement of performance against pre-determined objectives revealed a target return of 15% for members, however only 8% was achieved resulting to under performance by 7%. Further, the target for new member registrations was 650,000 but only 556,304 was achieved resulting to under performance of 93,696 or 14% below the target. Further, the performance targets for eight (8) items were not reflected in specific and measurable terms contrary to requirement of the reporting template which states that the management should outline the strategic pillars, activities aimed at achieving them and outputs under each strategic pillar.	Resolved	Resolved	31 March 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstances, Management did not achieve the pre-determined performance targets for the year.</p> <p>My opinion on the financial statements does not cover the Other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.</p>			
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES			
1.	<p>Non-Performing Investments in Quoted Equities</p> <p>The statement of net assets available for benefits and as disclosed in Note 23 to the Financial statements reflects quoted equities of Kshs.61,185,359,124. The investments include shares held in two (2) companies valued at Kshs.127,076,491 as of 30 June 2024 whose value decreased by Kshs.27,218,265 or 17.64% from Kshs.154,294,756 as at 30 June 2023.</p> <p>In the circumstances, the value for money from the continued holding of the quoted investment of Kshs.127,076,491 in two (2) companies could not be confirmed.</p>	Not resolved	Not resolved	30 June 2026
2.	<p>Non-Performing Investment in Unquoted Equities</p> <p>The statement of net assets available for benefits and as disclosed in Note 22 to the financial statements reflects private equity and other unlisted securities balance of Kshs.5,498,131,920 which includes value of shares held at a local bank of Kshs.38,428,500. However, the performance of the bank has been declining over the years and no return by way of dividend or capital appreciation was earned.</p> <p>In the circumstances, the value for money from the shares held at a local bank of Kshs.38,428,500 could not be confirmed</p>	Not resolved	Not resolved	30 June 2026
3.	<p>Loss on Realization of Investments</p> <p>The statement of changes in net assets available for benefits as disclosed in Note 10 to the financial statements reflects loss on realization of investment of Kshs.215,684,206 which includes loss of Kshs.233,083,273 on realization of treasury bonds which is an increase from loss of Kshs.77,927,393 reported in</p>	Not resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	2022/2023 financial year. This is contrary to Section 2.1 of the Fund's Investment Policy Statement, 2020 which states that the Board has a responsibility to invest the NSSF Assets in a responsible and prudent manner.			
4.	<p>In the circumstances, Management was in breach of the law.</p> <p>Fund's Premises Rented Out without Valid Lease Agreements</p> <p>The statement of changes in net assets available for benefits and as disclosed in Note 8 to the financial statements reflects investment income amount of Kshs.39,617,489,184 which includes rent income of Kshs.979,781,168. Review of records provided revealed that eight (8) tenants owed the Fund Kshs. 13,973,012 and have obtained court injunctions. Among these, two clients have been under paying their rent and not paying on a regular basis resulting to accumulated balance of Kshs.5,183,306. Further, other five (5) tenants were occupying the premises without lease agreements despite the Fund's efforts to have these tenants sign new lease agreements. This has denied the Fund rent due for the use of its premises.</p> <p>In the circumstances, the Fund has not realized value for money from the continued occupancy of the office space by non-paying tenants.</p>	Resolved	Resolved	30 June 2025
5.	<p>Payables and Accruals</p> <p>The statement of net assets available for benefits and as disclosed in Note 34 to the financial statements reflects payables and accruals balance of Kshs.2,027,774,170. The following unsatisfactory matters were however noted: -</p>			
5.1	<p>Long outstanding Taxes Payables</p> <p>Included in the payables and accruals balance are taxes payable to the Kenya Revenue Authority of Kshs.59,714,401 whose aging analysis indicated that Kshs.48,642,267 relate to the year 2020 and prior years. This was contrary to Section 19(1) and (2) of VAT Act, 2013, Regulation 23(2) (a) of Public Finance Management (National Government) Regulations, 2015 and Section 74(4) of Public Finance Management Act, 2012 which require payment VAT and other taxes due to be made promptly.</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5,2	<p>Long outstanding Trade Payables Included in the payables and accruals are payables amounting to Kshs.8,979,159 that had been outstanding for periods exceeding than two years. This was contrary to The National Treasury circulars dated 24 June, 2023 and 16 June, 2020 which require public entities to pay their creditors in a timely manner.</p> <p>In the circumstances, Management was in breach of law.</p>	Resolved	Resolved	30 June 2025
6.	<p>Staff Over Establishment and Employees in Acting Capacity Beyond Stipulated Period The statement of changes in net assets available for benefits and as disclosed Note 13 reflects administration cost of Kshs.6,950,213,769 which includes staff costs of Kshs.4,585,675,718. However, review of the Fund staff establishment revealed that some of the cadres had exceeded the approved staff establishment. Seven (7) job cadres had establishment for sixty-six (86) position while staff in post was eighty (80) exceeding resulting to an over establishment by fourteen (14). Further, review of the payroll and human resources records revealed that six (6) employees had been appointed in an acting capacity for periods exceeding six (6) months. This was contrary to Section 34 (3) of Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months. The affected staff were on acting appointment up until the time of audit in September, 2024.</p> <p>In the circumstances, Management was in breach of the law.</p>	Not resolved	Not resolved	30 June 2026
7.	<p>Administrative Costs The statement of changes in assets available for benefits and as disclosed in Note 13 to the financial statements reflects administrative costs of Kshs.6,950,213,769. The following unsatisfactory matters were however noted:</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.1	<p>Irregular Procurement of Conference Facilities</p> <p>The administrative costs amount include meetings, travelling and subsistence amount of Kshs.317,586,319 out of which Kshs.11,312,400 relates to conference facilities. The facilities were however procured through requests for quotations from non-registered Suppliers. This was contrary to Section 105(a) of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use a request for quotations from the register of suppliers' for procurement of the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum of Kshs.3,000,000 for using requests for quotations as prescribed in Regulations.</p> <p>Further, an amount of Kshs.3,337,000 was paid to a local hotel which exceeded the contracted value in the Local Purchase Order (LPO) of Kshs.1,000,000 resulting to over expenditure of Kshs.2,337,000. Management indicated that the over expenditure was due to extended duration in the hotel. However, there was no pre-approval to engage the Hotel for the extra service that was paid.</p> <p>In the circumstances, Management was in breach of law.</p>	Resolved	Resolved	30 June 2025
7.2	<p>Irregular Procurement of Fuel through Cash</p> <p>The administrative costs also include motor vehicle running expenditure of Kshs.51,026,216. However, review of the fuel ledger revealed cash purchase of fuel amounting to Kshs. 3,205,688 made through standing imprest. This was contrary to the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020 which sets the maximum value for low value procurement under goods at Kshs.50,000 per item per financial year. Although Management explained that they contracted a fuel dealer who had Framework Agreement from Ministry of Lands, Public Works and Urban Development, the dealer did not have fuel stations countrywide. However, audit verifications revealed that imprests issued were for high amounts and the Fund should have procured other fuel suppliers competitively to comply with the law.</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.3	<p>Irregularities in the Procurement of Renovation Works</p> <p>The administrative costs amount includes repairs and general maintenance amount of Kshs.410,888,300 out of which Kshs. 14,438,945 was spent on renovation works procured through request for quotations. However, a single committee was appointed to both open and evaluate the quotations contrary to Regulation 91(2)(a) and (b), (3) and (4) of Public Procurement and Asset Disposal Regulations, 2020, which states that Accounting Officer or such other person delegated in writing by that accounting officer shall, and for the purposes of the procurement process, appoint an ad hoc opening committee in accordance with Section 78 of the Act. and the ad hoc evaluation committee in accordance with Section 46 of the Act and Regulation 39 of these Regulations in addition, there was no evidence of preliminary and technical evaluation of the submitted quotations. Review of quotation and the opening minutes revealed several gaps in the process such as unsigned minutes by all the committee members and works that were either inspected nor accepted by committees immediately after completion.</p> <p>In the circumstances, Management was in breach of the law.</p>			
8.	<p>Investment in Government Bonds</p> <p>The statement of net assets available for benefits and as disclosed in Notes 17 and 19 to the financial statements reflects Government Securities; treasury bonds and corporate bonds balances of Kshs. 253, 804,875,051 and Kshs.1,723,248,494 respectively. The following unsatisfactory matters were however noted: -</p>			
8.1	<p>Purchase of Bonds at a Premium</p> <p>Review of the Fund's bank statements revealed that bonds which were purchased at a cost of Kshs. 12,000,300,000 were purchased at a premium of Kshs.500,711,695 without satisfactory explanations. Further, there was no analysis provided for audit comparing the premium paid which in some instances was higher than the coupon rates earned for the period before purchase. This contravenes Section 2.1 of the Fund Investment Policy Statement, 2020 which states that the Board has a responsibility to invest the NSSF Assets in a responsible and prudent manner.</p> <p>In the circumstances, the Fund assets investment may not have been undertaken prudently.</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8.2	Trading in Bonds			
8.2.1	<p>Sale of Bonds at Discount Price</p> <p>The schedule of treasury bond purchases, sales and redemption and bank statements reflects bonds purchased at a nominal value of Kshs.5, 108,450,000 were sold for Kshs.4,319,290,919 below the bond's par value by Kshs. 789, 159,081. This was contrary to Section 2.1 of Fund Investment Policy Statement, 2020 which states that the Board has a responsibility to invest the NSSF Assets in a responsible and prudent manner. It was noted that some bonds recorded high capital losses and the yield rate was minimal and Management did not compare the high capital losses with the yield rate for each bond.</p>	Resolved	Resolved	30 June 2025
8.2.2	<p>Bonds Purchased at Premium but Sold at Discount</p> <p>Audit verifications carried out revealed that similar bonds purchased and sold during the year under review were purchased at a premium at prices higher than the nominal price amounting Kshs.79,077,296 and sold at discounted prices amount of Kshs.192,967,771 resulting to a capital loss of Kshs.272,045,067. No satisfactory explanation was provided for the decision to purchase the bonds at a premium and sell at a discount within the same period. This contravenes Section 2.8 of the Fund Investment Policy Statement, 2020 which requires that investments shall be made with proper judgment and care under the circumstances prevailing which pursue prudence, discretion and intelligence exercise considering probable safety of the capital as well as the probable income to be derived.</p> <p>In the circumstances, the assets of the Fund might not have been invested prudently and safeguarded from decline in value.</p>	Resolved	Resolved	30 June 2025
9.	<p>Investment Property</p> <p>The statement of net assets available for benefits as disclosed in Note 24 to the financial statements reflects investment property balance of Kshs.35,389,483,481. The following inconsistencies were however noted: -</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
9.1	<p>Irregular Operations at Kisumu Investment Property Included in the investment property balance is Kisumu Estate Land of Kshs.220,000,000. Kisumu Municipal Council owed NSSF statutory deductions amounting to Kshs.228,769, 145 as at 6 October, 2011 for which the Council paid Kshs.69,500,000 leaving a balance of Kshs.159,269,145. During the Fund Board of Trustees meeting on 16 December, 2011 a debt swap was approved with the defunct Council which was subsequently adopted by the full Council in their meeting of 19 December, 2011. As previously reported there has been some interferences from the County Government of Kisumu. Further, physical verification carried revealed there was an Occupant on the land operating a garage. However, tenancy agreements for the occupancy were not provided for audit review contrary to Section 51(1) of National Social Security Fund Act, 2013 which states that the Board of Trustees shall cause to be kept all proper books of account and other books and records in relation to the Fund and to all the undertakings, funds, investments, activities and property of the Fund as the Board of Trustees may deem necessary.</p> <p>In the circumstances, Management was in breach of the law while beneficial ownership to the property could not be confirmed.</p>	Resolved	Resolved	30 June 2025
9.2	<p>Idle Properties in Nairobi Central Business District The balance includes value of five (5) properties located at Nairobi Central Business District valued at Kshs.4,022,000,000 as at 30 June, 2024 which remained idle during the year under review. This was contrary to Section 1.5.2 of Fund Investment Policy statement, 2020 which states that the Board had adopted the Investment Policy Statement to ensure that assets are structured and invested in a prudent manner at all times.</p> <p>In the circumstances, Management was in breach of the law while beneficial ownership to the properties Could not be confirmed.</p>	Resolved	Resolved	30 June 2025
10.	<p>Property, Plant and Equipment The statement of assets available for benefit and as disclosed in Note 25 to the financial statement reflects property, plant and equipment balance of Kshs.433,365,273. The following unsatisfactory matters were however noted: -</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
10.1	Management Failure to Dispose Obsolete Assets Assets review of the 2023/2024 annual procurement plan and annual operating plan revealed the Fund holds obsolete property, plant and equipment with a reserve price of Kshs. 5,843,000 which were earmarked for disposal and a disposal committee constituted but the disposal was not done contrary to Regulation 180(1) of Public Procurement and Asset Disposal Regulation, 2020 provides that an Accounting Officer shall be primarily responsible for ensuring that the procuring entity fulfils its asset disposal obligations.	Resolved	Resolved	30 June 2025
10.2	Unprocedural Procurement of Furniture Unprocedural Procurement of Desktop Reception Included in the property, plant and equipment balance is furniture additions of Kshs.36,340,392 which included Kshs.2,080,000 paid for quotation number NSSF/RFQ- 44/2023-2024. The procurement related to supply of reception desk awarded to a supplier at quoted sum of Kshs.2,080,000. However, review of the quotation opening minutes revealed that the quotation were opened and evaluated by the same committee on 5 December, 2023 and there were no quotation evaluation minutes provided for audit review which contravenes Section 78(1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement in accordance with the following requirements and such other requirements as may be prescribed which includes a requirement that the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.	Resolved	Resolved	30 June 2025
10.2.2.	Unprocedural Procurement of 8 Bay Bulk Filer Included in the furniture additions balance of Kshs.36,340,392 is Kshs.1,046,777 relating to quotation number NSSF/RFQ-79/2023-2024 paid to a supplier for supply of one 8-bay bulk Filer. Review of the procurement documents revealed as per the quotation analysis Sheet, the committee recommended the tender be awarded to the lowest bidder who had quoted amount of Kshs.980,000. However, audit review of the LPO revealed that the tender was irregularly awarded to the highest evaluated bidder at a quoted sum of Kshs.1,046,777 which contravenes Section 106 (3) of the Public Procurement and Asset Disposal	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Act, 2015 which states that the successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations. Further, evaluation of the procurement documents revealed that the quotation were opened and evaluated by the same committee on 7 February, 2024 and there were no quotation evaluation minutes provided for audit review which contravenes Section 78 (1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement in accordance with the following requirements and such other requirements as may be prescribed which include a requirement that the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.			
10.2.3.	<p>Unprocedural Procurement of 4 Bay Bulk Filer</p> <p>Included in the additions for furniture balance of Kshs.36,340,392 is an amount of Kshs.1,572,876 for quotation number NSSFIRFQ-7912023-2024 for supply of three 4-bay bulk filers awarded to a supplier at a quoted sum of Kshs.524,292 each. However, evaluation of the procurement documents revealed that the quotation was opened and evaluated by the same committee on 7 February 2024 and there were no quotation evaluation minutes provided for audit review which contravenes Section 78 (1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting Officer of a procuring entity shall appoint a tender opening committee specifically for the procurement and the committee shall have at least three members and at least one of the members shall not be directly involved in the processing or evaluation of the tenders.</p> <p>In addition, review of quotations analysis revealed that the evaluation committee recommended award of the contract to the lowest bidder at a cost Kshs.520,000 per item totaling to Kshs.1,560,000 for the three items. However, the tender was irregularly awarded to the highest bidder at a quoted amount of Kshs.524,292 for each item totaling to Kshs.1,572,876 which contravenes Section 106 (3) of the Public Procurement and Asset Disposal Act 2015 which states that the</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations. Although Management response to management letter indicates that physical visit to furniture stores of all bidders revealed that furniture from the lowest bidder was of low quality no evidence such as photo or reports from any of the procurement committees was provided to support this claim.</p> <p>In the circumstances, Management was in breach of the law.</p>			
11.	<p>Delayed Construction of Boundary Wall at Plot in Bamburi</p> <p>The statement of net assets available for benefits and as disclosed in Note 27 to the financial statements reflects assets under construction balance of Kshs. 128,016,172 which includes construction of a boundary wall of a plot in Bamburi of Kshs. 10,152,732. As previously reported, the construction of a boundary wall of a plot in Bamburi was awarded at a contract price of Kshs. 16,563,900 that was to be completed within eight (8) weeks from 12 March, 2017. The works were suspended due to encroachment by a water pipeline land and underground cables passing through the land an indication that the Fund had not conducted survey before contract award. The suspension was lifted on 21 March, 2018 but the contractor was unable to complete the work leading to contract termination after 81% of the works had been completed.</p> <p>Fund entered into a new contract with another contractor on 28 September, 2020 for completion of the remaining works at a contract price of Kshs.6,233, 094 which was to be completed within eight (8) weeks. However, as of the time of the audit in September, 2024, the construction of the wall had not been completed, seven years after the expected completion period, contrary to Section 9 of the contract document which WS the procuring entity to terminate the agreement in writing if the contractor fails to form any other obligation under the agreement.</p> <p>Further, Management did not provide for audit verification any site inspection reports, meeting minutes between the Contractor, the Fund's Management and the Project manager or the project status report as at 30 June, 2024. the circumstances, the value for money spent on the boundary wall could not be confirmed.</p>	Not resolved	Not resolved	30 June 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
12.	Staff Mortgage and Loans The statement of net assets available for benefit and as disclosed in Notes 29 and 30 to the financial statements reflects staff mortgage scheme deposits and staff loans of Kshs.1,304,830,014 and Kshs. 158,331,610 respectively. The following unsatisfactorily matters were however noted: -			
12.1	Non-Preparation and Submission of Financial Statements for Staff Mortgage Scheme and Staff Car Loan The financial statements for the Staff Mortgage Scheme and Staff Car Loan have not been prepared and submitted to the Auditor General for audit contrary to Section 84(1) and (3) of Public Finance Management Act, 2012 which states that The administrator of a national public fund established by the Constitution or an Act of Parliament shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board and Not later than three months after the end of each financial year, the administrator of a national public fund shall submit the financial statements prepared under this section to the Auditor-General.	Not Resolved	Not Resolved	30 June 2026
12.2	Maintenance of Separate Staff Mortgage and Car Loan Accounts Included in Note 29 is staff mortgage scheme deposit of Kshs.1,304,830,014 and included in Note 30 on staff loans balance of Kshs.158,331,610 which includes car loans of Kshs.153,421,544. Further, Note 31 on receivables and prepayments discloses staff receivables of Kshs.43,216,478 which further includes car loan debtors and mortgage loan debtors of Kshs. 15,181,924 and Kshs.6,917,601 respectively. However, no recovery was made on mortgage loan debtors and other staff loans balance of Kshs.6,917,601 which remained unchanged as at both 30 June, 2024 and 30 June, 2023.Despite the sufficient bank balances of Kshs.501,631,893 held in three banks for the staff mortgage and car loan scheme funds, it was not clear why staff were provided loans for mortgage and car purchase from the other NSSF operations. This is contrary to Regulation 54(1) of Public Finance Management (National Government) Regulations, 2015 which states that except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
12.3	Operationalization of Staff Mortgage and Car Loan Fund without Regulations Information provided for audit review revealed that the Fund Administrator has not developed appropriate regulations to guide the implementation of the car loan and mortgage schemes as required by the Salaries and Remuneration Commission circular reference No. SRC/ADM/CIR/1/13 VOL. III (128) of 17 December, 2014 and the loan policy provided which includes staff mortgage and car loan among other form of loans does not indicate approved amounts.	Resolved	Resolved	30 June 2025
12.4	Lapsed Agreement with Mortgage Scheme Administrator Included in Note 29 are long term deposits held with a mortgage scheme administrator of Kshs.668,762,970. However, the agreement with the mortgage scheme administrator was signed on 17 December, 2012 for an initial duration of five (5) years with an option to renew. However, after the lapse of the first term on 16 December, 2017 there was no evidence of renewal. This was contrary to Section 68 (2) of the Public Finance Management, Act 2012 which requires that an accounting officer shall ensure that all contracts entered into by the entity are lawful and are complied with. In the circumstances, Management was in breach of laws.	Resolved	Resolved	30 June 2025
13.	Receivables and Prepayments The statement of net assets available for benefits and as disclosed in Note 31 to the financial statements reflects receivables and prepayments of Kshs.8,191,311,181. The following unsatisfactory matters were however noted.			
13.1	Unrecovered Long Outstanding Staff Receivables The receivables and prepayments balance include staff advances of Kshs.43,216,478. However, no recovery was made on three staff receivables amounting Kshs.7,407,489 which include mortgage loan debtors of Kshs.6,917,601, other staff loan debtors of Kshs.434,749 and staff vehicle insurance advance of Kshs.55, 1 39, all of which were outstanding as at 30 June, 2023. This was contrary to Regulation 64(1) (a) and (b) of Public Finance Management (National Government) Regulation, 2015 which states that an Accounting Officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all national government revenue and	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>other public moneys relating to their Ministries, departments or agencies and that adequate measures, including legal action where appropriate, are taken to obtain payment.</p> <p>Further, Management did not explain why it had not recovered from the payroll of the affected staff for the long overdue staff receivables.</p> <p>In the circumstances, Management was in breach of the law.</p>			
13.2	<p>Long Outstanding Advance Payment on Stalled Embakasi Scheme Project</p> <p>The balance includes Kshs' deposits and prepayments balance.275, 193,480 which further includes advances and deposits to suppliers of Kshs.274,297, 180 which includes the deposit paid to a contractor of Nyayo Estate Phase VI Construction Project of balance of reflects Kshs.215,883,806. However, the schedule provided Kshs.215,883,806 differs with the balance reflected in previous year audit report of Kshs.215,540,774 resulting to a difference of Kshs.343,032.</p> <p>Further, as previously reported, the construction of 324 units at Nyayo Embakasi at a total cost of Kshs.2,155,407,742 by a contractor had stalled. The construction works which according to the contract signed on 21 February 2013 were to take seventy-eight (78) weeks from 2 June, 2013 to 30 November 2014. Although, Management explained that the project stalled due to lack of approval of change of user by Nairobi City County Government no evidence was provided for approval for construction by the County Government of Nairobi.</p> <p>As at the time of audit September, 2024, only forty-four (44) units had been constructed. Further, the work certified total amount of Kshs.274,675,066 and the contractor had been paid Kshs.227,900,500 on top of the mobilization fee of Kshs.215,540,774. Management explained that the contractor had been requested to refund Kshs.168,766,208 and that the Fund was exploring alternative dispute resolution mechanisms but the supporting correspondences were not provided. As at the time of audit in September, 2024, the Fund had not recovered the advance payment from the contractor of Kshs.168,766,208.</p> <p>In the circumstances, Management was in breach of the law and the recovery of the advance payment appear doubtful.</p>	Not resolved	Not resolved	30 June 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
13.3	<p>Un-Surrender of Imprest Included in the balance is staff advances of Kshs.43,216,478 which further includes staff imposts of Kshs.3,819,564 being amounts un surrendered by staff as at 30 June, 2024. Imprest amounting Kshs.1,149,000 had not been surrendered as at the time audit on 6 September, 2024. This was contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.</p> <p>In the circumstances, Management was in breach of law.</p>	Resolved	Resolved	30 June 2025
14.	<p>Operation of Irregular Custodial Bank Accounts The statement of net assets available for benefits and as disclosed in Note 32 to the financial statements reflects cash and bank balances of Kshs.2,200,390,732. Review of custodian bank statements revealed that the Fund has two bank accounts held in the name of a Company who was not one of the current contracted fund managers. It was also noted that the two bank accounts were active and had numerous transactions and had closing bank balances of in the year under review and Kshs.1,024,819 respectively as at 30 June, 2024.</p> <p>Audit had revealed that the Company in whose name the custodian bank account was held, had traded with the Fund years ago, however name change took place and a certificate of change of name was approved by the Registrar of Companies on 14 October, 2015. It was not clear why the names of the two bank accounts had not been updated or closed given that the Fund had several other bank accounts in the new business name which is contrary to Section 66(1) of Company's Act, 2015. The law Further, the Management of the Fund did not obtain the approval of The National Treasury to operate the two bank accounts contrary to Section 28(1) of Public Finance Management Act, 2012 which states that the National Treasury shall authorize the opening, operating and closing of bank accounts and sub accounts for all national government entities.</p> <p>In the circumstances, Management was in breach of law.</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
15	Board of Trustees			
15.1	<p>Irregular Composition of the Board Committees</p> <p>Review of the composition of the Board committees revealed that during the year under audit two (2) Board Members served in three committees without approval by the Cabinet Secretary in consultation with State Corporations Advisory Council. This was contrary to The Presidency, Executive Office of President Head of Public Service Circular dated 11 March, 2020 which states that board members can only sit in a maximum of two committees.</p>	Resolved	Resolved	30 June 2025
15.2	<p>Irregular Board Meetings</p> <p>The statement of changes in net assets available for benefit and disclosed in Note 13 to the financial statements reflects administrative cost of Kshs.6,950,213,769 which further includes Kshs.68,782,807 for trustee's emoluments. However, review of supporting documents including trustees' minutes and corporate governance statement revealed NSSF Board of Trustees held fourteen (14) full board meetings and nine (9) Finance, Investments and Social Security committee meetings which exceeded the maximum number of six meetings approved in Office of the President Circular Ref: OP/CAB.9/1A dated March 11, 2020. Further, the same circular states that approval for any extra board meetings (including special meetings) above the maximum number specified shall require requires that a change of a company's name has effect from the date on which the certificate of change of name is issued. a justification by the Board as to source of funds, and implications thereof, and reasons why the same cannot be adjudicated in regular meetings, which request shall be Submitted for approval by the relevant Cabinet Secretary, in consultation with State Corporations Advisory Council (SCAC).</p> <p>In the circumstances, Management was in breach of the law.</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE			
1.	<p>Delays in Allocating Client Payments</p> <p>The statement of net assets available for benefits and as disclosed in Note 31 to the financial statements reflects net receivables and prepayments balance of Kshs.8,191,311,181. The balance includes clearing balances of Kshs.90,077,228. However, no explanation was provided for the delays in allocating the amounts into the relevant accounts. Clearing accounts pose the risk of unauthorized reallocation of client payments.</p> <p>In the circumstances, the controls over receipting of client payments are weak</p>	Resolved	Resolved	30 June 2025
2.	<p>Lack of Account Receivables Management Policy</p> <p>The statement of net assets available for benefit reflects and as disclosed in Note 31 to the financial statements reflects receivables and prepayment of Kshs.8,191,311,181. Further, Note 33 to the financial statements reflects total provisions on assets amounting Kshs.2,294,791,266 out of which provisions amounting Kshs.946,600,881 relate to doubtful accrued income and provision for doubtful debts. However, review of the Fund's internal control systems and records revealed that the Fund had not developed and approved accounts receivables policy to guide on the controls and management of the receivables. This was contrary to Regulation 43(1)(d) of Public Finance Management (National Government) Regulation, 2015 which states that an Accounting Officer shall manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.</p> <p>In the circumstances, the effectiveness of internal controls on management of accounts receivables could not be confirmed.</p>	Resolved	Resolved	30 June 2025
3.	<p>Long Outstanding Reconciliation Items Goods and Invoice Receipts Clearing</p> <p>Note 34 to the financial statements discloses payables and accruals balance of Kshs.2,027,774,170 which includes payable due to vendors of Kshs.252,281,676 which further includes Goods Receipt (GR) and Invoice Receipt (IR) clearing account balances of Kshs.82,490,511. However, the balances have been long outstanding with some dating back to 2012/2013 financial year. However, Management has not provided satisfactory explanations for the delay in clearing / settling the balances.</p>	Resolved	Resolved	30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.	<p>In the circumstances, the effectiveness of the internal controls over goods and invoice receipts clearing process could not be confirmed.</p> <p>Incomplete Assets Register and Assets Tagging The statement of net assets available for benefit and as disclosed in Note 25 reflects property, plant and equipment balance of Kshs.433,365,273. However, most of the assets were not tagged with unique identifiers, Further, the assets register was not updated with details in respect to persons responsible, assets location and current market values.</p> <p>In the circumstances, the effectiveness of internal controls over assets management could not confirm.</p>	Resolved	Resolved	30 June 2025

Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury



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Name David Koross, MBS
Managing Trustee/CEO

Date

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