



Caritas
MICROFINANCE BANK
Twaimarisha Jamii

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2024

SUSTAINABILITY REPORT



OUR THEME



Sustainability In Action:



Bridging Purpose & Profit



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REPORT OVERVIEW

Scope and purpose

This report is intended for internal use and underscores our commitment to advancing environmental responsibility, social accountability, and economic resilience.

It offers a balanced and accurate reflection of our ESG performance, risks, and opportunities in 2024, while also providing insights into Caritas Microfinance Bank's future outlook regarding key financial, economic, social, and governance issues.

Reporting Period & Boundary



This report covers the period from **January 1st 2024 to December 31st 2024**, the report offers a transparent account of our non-financial performance, showcasing our ongoing efforts to create positive impacts **on the Society, Environment, and Economy (SEE)**.

Reporting Framework



Inspired by the **Sustainable Development Goals (SDGs)**, this report demonstrates Caritas Microfinance Bank's commitment to creating positive Environmental, Social, and Governance (**ESG**) change.

By aligning our efforts with the SDGs, Caritas MFB aims to meet stakeholder expectations, promoting trust and loyalty by aligning our financial success with our responsibility to all stakeholders.



Our Target Audience

This report is primarily addressed to Caritas Microfinance Bank's **stakeholders, board of directors and employees**. It presents information transparently, adhering to various local and international frameworks governing sustainability reporting and disclosure.

OUR BOARD COMPOSITION



CPA Patrick Kinyori
Chairman



Fr. CPA Simon Ng'ang'a
Director



Dr. AnneMary Nkirote
Director



Prof. Peter Kiriri
Director



Mr. Graham Waliaula
Director



Ms. Joyce Njeri Munene
Director



Fr. Peter Kiarie
Director

CEO'S STATEMENT



David Mukaru
CEO

Dear Esteemed Stakeholders,

I am honored to present **Caritas Microfinance Bank's inaugural Sustainability Report**, a reflection of our commitment to sustainable and responsible banking.

The establishment of our ESG Department in January 2024 marked a significant step in our journey, laying the foundation for a future where financial services drive lasting social and environmental impact.

At Caritas Microfinance Bank, our purpose extends beyond profit. We are driven to deliver financial solutions that uplift lives while upholding the highest ethical standards. Our inaugural Sustainability Report 2024 reflects our commitment to measuring and understanding the impact of our actions.

The formal integration of **Environmental, Social, and Governance (ESG)** into our operations in 2024 marked an important step, evolving from a functional consideration to a core mindset that now influences every decision we make.

We recognize that our purpose extends beyond merely providing financial services; we are dedicated to **promoting a financially healthy population**. Through responsible lending practices, support for green finance initiatives, and empowerment of the communities we serve, we strive to ensure our impact is both meaningful and lasting.

This report details our progress in these key areas.

ESG Achievements in 2024

The year 2024 has been a stepping stone in our journey to embed '**Impact Thinking**' across the organization.

We have deepened our understanding of the consequences of our actions, particularly within key sectors, to better serve our clients.

We achieve this through robust risk management strategies and close collaboration with our clients and partners.

• Environmental Sustainability

i) Green Initiatives

In 2024, through our partnership with **Micro-Enterprise Support Programme Trust (MESPT)** and **Caritas Dairy** we have significantly expanded our **green loan book** by delivering loans that support sustainable agricultural practices and environmentally friendly businesses.

Our tailored financial solutions have enabled farmers and agribusinesses to invest in **climate-smart technologies**, such as **solar-powered irrigation systems** and **biogas** financing products, supporting the adoption of renewable energy in agriculture.

We continue to advance financial inclusion, environmental conservation, and responsible lending, ensuring that our impact extends beyond banking to creating lasting, positive change in our community.

CEO'S STATEMENT

As part of our commitment to delivering impactful services for both the environment and the social fabric of our communities, *Caritas MFB, in collaboration with Ruiru Prisons Staff Training College, Children's Environmental Rescue (CER), and Kenya Industrial Estates*, observed **National Tree Growing Day on May 10th, 2024**, by planting **more than 1,000 trees**.

This initiative underscores our dedication to environmental conservation and aligns with the national agenda on climate change mitigation.

- **Social Sustainability**

i) Community Development

As a bank deeply rooted in the church, we launched the **Parish Empowerment Model (PEM)** to extend financial services and literacy through the church ecosystem. This model ensures self-sustainability within parishes by supporting church-related projects, including schools, commercial buildings, and agricultural ventures.

One notable example is our support for **Mama Lyla**, a group of smallholder farmers under **Meru Parish**. Through our financial literacy training and tailored financing solutions, we have empowered farmers to expand their businesses, increasing their income and stability.

ii) Financial Literacy Program

Understanding that financial literacy is key to economic empowerment, **we trained 25 staff members** in a **Trainer of Trainers (ToT) program in September 2024**. These trainers are now equipped to train our customers on savings, budgeting, and debt management, ensuring that customers make informed financial decisions.

Through this initiative, we have reinforced our commitment to building a financially savvy customer base, ultimately enhancing financial resilience within the communities we serve.

iii) Operational Efficiency

a) Driving Progress through Digitization

- In 2024, **98% of Caritas MFB transactions were conducted digitally**, reinforcing our status as a **digital bank**.

In June 2024, we launched a **bouquet of digital solutions**, aimed at delivering seamless digital banking experience.

They are: *Lipa na Caritas, Caritas Pay Portal, Caritas Chama, Pesalink Integration, Mobile Money Transfers and Caritas Digital Account*

- A key milestone in 2024 was the successful **integration of Caritas Nairobi's system with the bank's system**, ensuring seamless fund transfers by self-help group members to their savings and loan accounts.

Through **CO-BANK+**, we have transformed financial services for our customers, enhancing accessibility and bridging the financial inclusion gap. By simplifying transactions, we have made savings more accessible and encouraged a stronger savings culture among our customers.

- To further financial inclusion, we introduced **Insta-Logic, a revolutionary credit-scoring system for mobile loans**. This system allows us to assess customers' creditworthiness based on account activity, ensuring responsible lending. By aligning with CBK's consumer protection principles, we have created a model that provides customers with accessible credit while safeguarding them against over-indebtedness.

This innovation has empowered small business owners by providing them with timely credit to support and grow their enterprises.

CEO'S STATEMENT

iv) Customer Empowerment Initiatives

To enhance customer experience, we introduced a **QR code system** and a **dedicated customer experience function** significantly enhancing our ability to collect and respond to customer feedback.

This has led to improved service delivery and product development tailored to customer needs.

- **Governance and Ethical Banking**

i) Risk Management Approach

We have strengthened our risk management approach by integrating ESG principles into our daily business operations. Every decision made at Caritas Microfinance Bank is guided by ethics and a commitment to sustainability. We are keen on assessing ESG-related risks and have adopted a comprehensive risk management framework that ensures all financial activities align with our sustainability objectives.

By embedding ESG considerations into our risk assessment processes, we mitigate potential negative impacts while promoting long-term business resilience and ethical banking practices.

ii) Awards and Industry Recognition

Our partnerships with **MESPT and Caritas Dairy** have enabled us to deliver targeted financial solutions to dairy farmers, a critical segment of the agricultural sector. As a result, **Caritas Microfinance Bank was recognized as the Best Microfinance Bank in Agriculture and Livestock at the Think Business Awards 2024.**

This accolade highlights our commitment to bridging financial gaps in agriculture and supporting farmers with tailored financial solutions.

Understanding our impacts is crucial for several reasons. Firstly, it provides invaluable insights into our effects on stakeholders, both positive and negative. This understanding allows us to proactively address and minimize negative impacts.

Secondly, it helps us identify and capitalize on opportunities to amplify our positive contributions, particularly through targeted lending initiatives.

At Caritas Microfinance Bank, we understand that impact is not just about numbers; it represents a fundamental shift in organizational culture. It is about integrating impact considerations into every decision we make – ensuring a positive contribution to our bank and stakeholders.

Looking Ahead

This year, Caritas MFB remains steadfast in its commitment to proactively addressing ESG-related risks by implementing innovative risk management practices and leveraging advanced analytics to anticipate emerging challenges

We also focus on **financial literacy**. While Kenya ranks as the 5th leading nation in formal financial access, financial mismanagement remains a key challenge, leading to unsustainable financial habits.

I am immensely proud of what we accomplished in 2024. This report reflects our dedication to transparency, accountability, and continuous improvement. We are committed to building a financial ecosystem where sustainability and business success are linked. Looking forward, we will continue to forge new paths, working closely with our stakeholders to shape a future where ethical banking is not just a choice, but the standard.

Thank you and God Bless you All.

DAVID MUKARU
CEO-CARITAS MICROFINANCE BANK LTD

ESG OFFICER STATEMENT



Anjela K. Otsembo
-ESG Officer-

Dear Stakeholders,

In 2024, Caritas Microfinance Bank reaffirmed its commitment to sustainability, recognizing that long-term business resilience depends on environmental stewardship, social impact, and strong governance. Over the past year, we have embedded **Environmental, Social, and Governance (ESG)** principles into our operations, building a solid foundation for responsible banking.

Our sustainability strategy emphasizes transparency, accountability, and alignment with credible global goals. In this regard, our impact reporting is inspired by the **Sustainable Development Goals (SDGs)**, ensuring our activities contribute meaningfully to people, planet, and prosperity.

Additionally, we have begun implementing new **IFRS S1 and S2** disclosure requirements, strengthening our ability to assess climate-related financial risks and opportunities.

We continue to adopt recognized sustainability practices and are progressively aligning with responsible banking principles, including internationally recognized standards such as **ISO 14000 (Environmental Management Systems)** and **ISO 31000 (Risk Management Guidelines)**, to promote best practices in environmental risk management, transparency, and accountability across our operations.

Beyond financing, we actively supported community-driven initiatives through **Corporate Social Responsibility (CSR) programs**, promoting social inclusion and environmental conservation. Our efforts to institutionalize diversity and inclusion have ensured equitable representation at all levels, including senior leadership. A key milestone was the successful segregation of data, allowing us to track financing in key areas such as women, youth, green finance, and social inclusion—enhancing our ability to tailor financial solutions.

Looking ahead to 2025, we see greater opportunities to deepen our sustainability agenda. We plan to expand our **Parish Empowerment Model (PEM)** to provide churches with sustainability-driven financial solutions, fostering long-term self-sufficiency. Additionally, we will align with the newly released **Sustainable Development Impact Disclosures (SDID)** to ensure our impact reporting meets the highest standards of credibility and relevance.

Caritas Microfinance Bank remains committed to integrating sustainability into every facet of our business, driving meaningful impact for our stakeholders while ensuring financial stability and growth.

-Pamoja Twaimarisha Jamii-

ANJELA OTSEMBO
ESG OFFICER.



INTRODUCTION

»» WHO WE ARE

»» OUR STRATEGY



WHO WE ARE



Vision

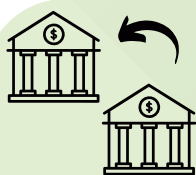
To be a function within Caritas MFB that enhances operational efficiency and sustainability while ensuring that our financial products and services provided deliver value to all stakeholders.



Mission

Enhancing an approach to our sustainable purpose and forming the basis of our decisions by focusing on business ethics and compliance, people, governance, and community involvement.

Our Footprint



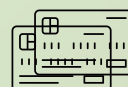
9 Branches



1 Marketing Office



2 Marketing Desks



3,665 ATM Cards



133 Agents Outlets

OUR ESG STRATEGY



Our Core Values are:



Integrity



Responsibility



Community Focus



Excellence

Our Purpose is: To embed sustainability in Caritas Microfinance Bank's operations, ensuring the bank's growth is aligned with ethical, environmental, social, and governance principles.



CMFB's Strategic Focus (SP2)

Our Corporate Strategic Plan 2020-2025 emphasizes a growth and resource efficiency model. Through Pillar 7 of our strategy, we are committed to driving ethical practices while ensuring positive outcomes for the economy, society, and the environment.



OUR APPROCH TO SUSTAINABILITY



- »» OUR ESG FRAMEWORK
- »» OUR KEY STRATEGIC INITIATIVES
- »» IMPLEMENTING OUR ESG STRATEGY
- »» SUSTAINABILITY AT A GLANCE



OUR ESG FRAMEWORK

Caritas Microfinance Bank is committed to advancing financial inclusion and fostering economic empowerment in a responsible and sustainable manner. Our ESG strategy aligns with our mission to support individuals, businesses, and communities in achieving financial growth while upholding ethical and sustainable banking practices.

Our sustainability approach integrates social, economic, and environmental considerations into our operations and product offerings. Through responsible lending, green financing, and financial literacy programs, we strive to create long-term value for our stakeholders while mitigating risks and leveraging opportunities that contribute to a sustainable future.

We actively engage with communities, clients, and partners to drive sustainable impact. By embedding sustainability principles into our business model, we ensure that our operations contribute to economic resilience, social well-being, and environmental stewardship.

Our ESG strategy is built on a three-pronged approach focused on **Economic, Social, and Governance** impact. The **Governance** pillar is overseen by our Board of Directors, who champion the implementation of responsible banking policies aligned with regulatory requirements and global best practices in sustainability.

Environmental

Promote environmental sustainability by integrating eco-friendly financial solutions, services, and initiatives.

Sustainable Finance

Empowering Farmers

Social

Foster inclusive economic growth through our financial services, community support programs, responsible sourcing, and employment opportunities.

Financial Inclusion

Social Inclusion

Economic Inclusion

Employee Welfare

Governance

Strengthen business resilience by embedding ESG principles into our corporate strategy and decision-making processes.

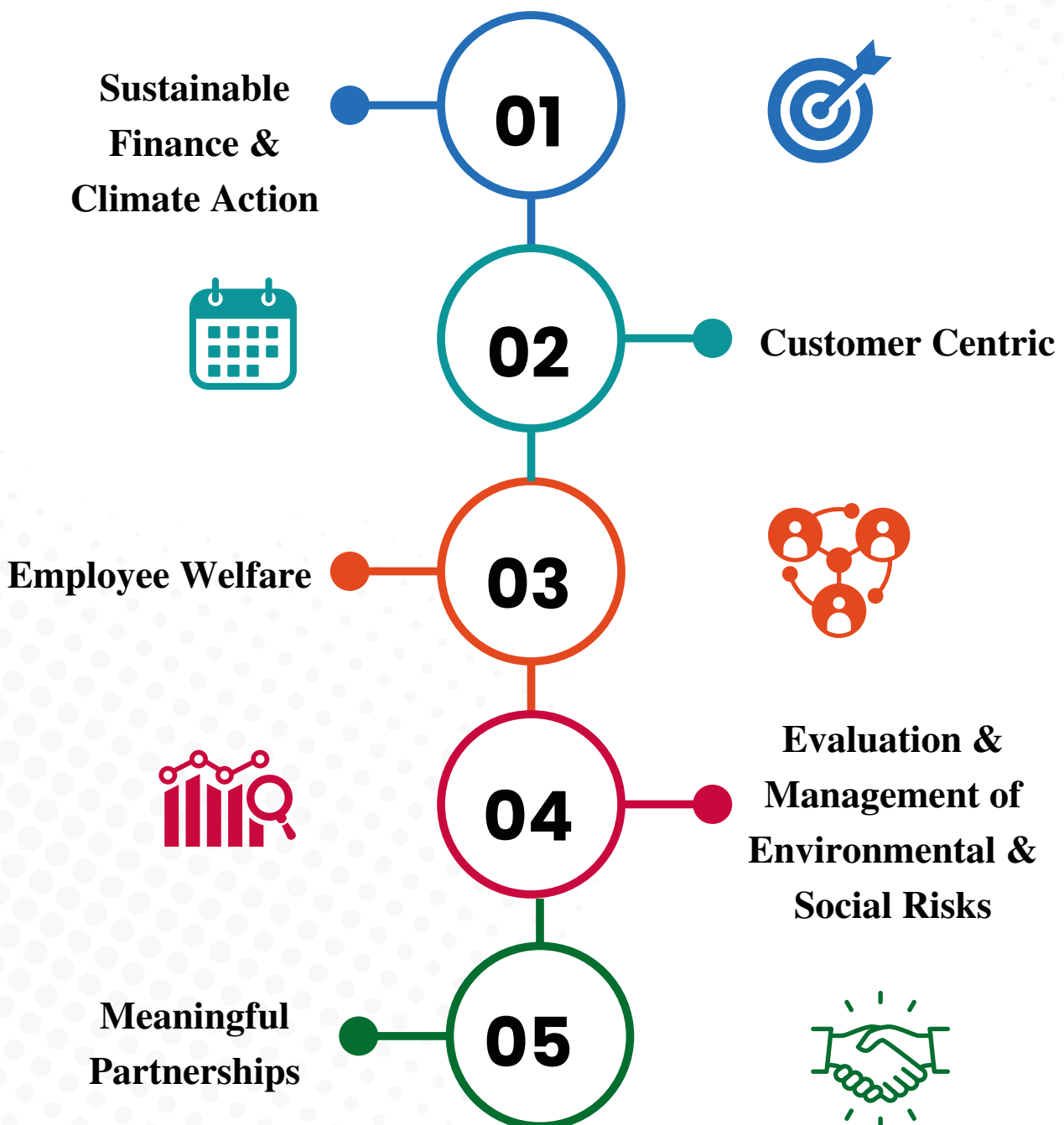
Board Commitment

Risk Management

KEY ESG STRATEGIC INITIATIVES

The ESG function's main objective is to ensure that Caritas MFB shall be able to protect its assets, shareholders, clients, and other stakeholders and support sustainable development of the environment.

This will be achieved through the following actions.



IMPLEMENTING OUR ESG STRATEGY



Environmental

Sustainable Finance Initiatives

- Supporting climate-smart agriculture to enhance food security and mitigate climate risks.
- We support climate-smart agriculture, promote renewable energy solutions, and finance green projects such as biogas systems and tree planting.

Empowering Farmers

- We champion climate-smart solutions by offering agricultural loans, strengthening dairy farming, and funding irrigation projects to ensure sustainable food production



Social

Financial Inclusion

- Providing accessible financial solutions to underserved and marginalized communities.
- Supporting smallholder farmers with tailored loan products, including the Imarisha Kilimo Loan.
- Offering affordable credit facilities for women, youth, and self-help groups.
- Expanding access to banking services through digital platforms and partnerships.

Social Inclusion

- Empowering communities through financial literacy programs.
- Creating opportunities for education financing via Hekima Education Loan
- Supporting health and wellness initiatives through bancassurance products.
- Partnering with local organizations for Corporate Social Responsibility (CSR) activities.

Economic Inclusion

- Promoting economic empowerment through microfinance solutions for small and medium enterprises (SMEs).
- Providing investment loans for agribusiness and green energy projects.
- Supporting government-led affordable housing initiatives via tailored credit options.



Governance

Board Commitment

- Our governance structure is designed to foster strategic oversight while ensuring that Environmental, Social, and Governance (ESG) risks and compliance remain at the core of our business operations.

Risk Management

- Risk management is integrated into our strategic and operational framework through a comprehensive Enterprise Risk Management (ERM) framework.

SUSTAINABILITY AT A GLANCE

CUSTOMER HIGHLIGHTS

NO OF CUSTOMERS

58K

2023 | 53K

LOANS ISSUED

3.03Bn

2023 | 2.55Bn

CUSTOMER DEPOSITS

4.13Bn

2023 | 3.1Bn



ENVIROMENT HIGHLIGHTS

No of trees Planted

2,400 Seedlings

Bigas Loans

Issued 9

Smart Agric Training

255 Farmers

Agricultural Lending

129Mn

2023 | 82 Mn

No of Customers

405 Customers

MESPT Financing

56 Mn

2023 | 12.9 Mn



SOCIAL HIGHLIGHTS

Community Development Financing

350 Mn

Education Financing (Hekima Education Loan)

475K

MSMEs Financing

635 Mn

Digital Lending

302 Mn

No of Customers

17K Customers



PEOPLE HIGHLIGHTS

No of Employees

183 Employees

The gender profile stands at:



52%
Female



48%
Male



ENVIROMENTAL

»» SUSTAINABLE FINANCE INITIATIVES

»» EMPOWERING FARMERS



Empowering Farmers Through Climate-Smart Solutions



Training Farmers



In 2024, the bank amplified its support for sustainable agriculture by training **255 farmers** in climate-smart agricultural practices. This is an impressive leap from the previous year's average of **160**.

Agricultural Loans



Through the **MESPT (Micro-Enterprises Support Program Trust) Loan** category, **273 loans** totaling **Ksh. 56 Million** were disbursed to enable agricultural growth and resilience.



Dairy Farming

Additionally, the bank strengthened rural livelihoods by extending **Ksh. 36 Million** in financing to **218 dairy farmers** under the Caritas Dairy Scheme, marking a remarkable **18% growth** from 2023.

Irrigation Practices



Ksh. 7.2 Million was disbursed in the year 2024 towards irrigation practices



2 ZERO HUNGER



These achievements highlight the bank's unwavering commitment to fostering innovation in farming, ensuring food security, and uplifting rural communities while achieving **SDG 2**.

Sustainable Finance Initiatives

MESPT Loan Financing

273 Loans - Ksh. 56 Million

2023 | 95 Loans- Ksh. 12.9 Million ▲

Number of trees planted

2,400 seedlings

Smart Agric Training

255 Farmers

2023 | 160 Farmers ▲

Biogas Loans

Issued 9

2023 | Issued 7 ▲

Dairy Farming

Financed 218 Dairy Farmers

Ksh. 36 Million

OUR IMPACT

Climate Action (SDG 13)



- **Tree Planting Campaigns:** Planted 2,400 seedlings in 2024 as part of the Net Zero Conservation initiative.
- **Green Financing:** Integrated climate risk assessments into lending practices to promote environmentally responsible growth.



David Mukaru, CEO observing the National Tree planting day at Ruiru Prisons

Smart Agric Training (SDG 13)



In 2024, we empowered 225 farmers with climate-smart agricultural training, equipping them with the skills to enhance productivity and sustainability.

Beyond farming, we extended our financial literacy and sustainability training to 250+ customers and non-bank micro-entrepreneurs, ensuring that more businesses and individuals can make informed financial decisions and drive economic growth



Wilson Nduti, Agribusiness Relationship Manager, conducting a training for farmers in Narok.

Advancing Affordable & Clean Energy (SDG 7)



Empowering Green Energy Solutions:

In 2024, we launched a **Biogas Financing product**, providing targeted loans to support renewable energy adoption in agriculture. This initiative not only promotes sustainable farming but also helps households and businesses reduce reliance on traditional fuels.

Driving Energy Efficiency:

We are actively reducing our carbon footprint by integrating solar solutions across our branches and embracing responsible energy consumption. Through these efforts, we are creating a more sustainable and energy-efficient future for our customers and communities.

Championing Clean Water & Sanitation (SDG 6)



We are committed to transforming lives through access to clean water and sanitation. By financing **WASH (Water, Sanitation, and Hygiene)** projects, we empower communities with affordable and sustainable water solutions.

- 💧 **Tailored Loans for water tanks, latrines, and plumbing services**, ensuring safe and reliable water access.
- 🏠 **Reducing waterborne diseases** by supporting the development of clean water infrastructure.
- 🌍 **Promoting hygiene and sustainable water management** for healthier communities.



SOCIAL

»» FINANCIAL INCLUSION

»» SOCIAL INCLUSION

»» ECONOMIC INCLUSION

»» EMPLOYEE WELFARE

FINANCIAL INCLUSION

Access to Finance

Geographic Reach: No of Branches

2024 | 9
2023 | 7

The expansion of *Cardinal Otunga Retail Branch* and *Thika Branch* in 2024, along with the *opening of two new branches in Nyeri and Githurai*, aligns with the bank's strategy to enhance accessibility and better serve its customers.

A 40% increase, highlighting the success of the bank's onboarding efforts and growth in the customer base.

Number of New Accounts

2024 | 14,581
2023 | 10,442

Digital Transactions

2024 | 15.1Mn
2023 | 9.9Mn

Digital channels contributed **98%** of all our bank volume of transactions and **76%** in value of transactions

A massive **421%** increase, showcasing the success of the payment system in driving inclusive transactions

Lipa na Caritas

2024 | 3.2Bn
2023 | 613Mn

Caritas Chama

2024 | 3.4Bn
Deposits

1,224 transactions and **60 groups** engaged through the Chama system, indicating growing participation in collective savings schemes

A key step in improving financial inclusion, with the addition of **14 wallets** facilitating easier financial access for users.

Caritas Pay Portal

2024 | 14 New
Wallets

Active Agents

2024 | 111
2023 | 86

A **29% growth in active agents**, reinforcing the bank's drive to increase rural access and facilitate transactions

A **55% increase in mobile deposits**, enhancing financial inclusion with zero charges promoting wider usage.

C2B Mobile Deposits

2024 | 9.3Bn
2023 | 6Bn

CARITAS DIGITAL REVOLUTION

Access to finance has been brought about through payments facilitated by the digital revolution, utilizing the following innovations:

01

Lipa Na Caritas

- In 2024, **Lipa na Caritas** processed transactions worth **Ksh. 3.2 Billion**, highlighting its role in driving digital payments and financial accessibility.
- The solution promotes savings, offers a cost-effective method for transactions, and ensures easier access to funds.

02

Caritas Pay Portal

- The onboarding of **14 new wallets** under the **Caritas Pay Portal** has enabled faster and more inclusive payment systems.
- **78% of transactions** were completed through mobile wallets, reflecting a growing shift toward a cashless economy.
- The portal facilitates **bulk payments** such as salaries and supplier transactions, improving efficiency and accessibility.

04

System Integration

- Since the integration of *Caritas MFB* and *Caritas Nairobi* systems, transactions worth **Ksh. 656 Million** have been processed across **249,584 transactions**.
- Compared to the same period in 2023, which recorded **Ksh. 211 Million** and **54,904 transactions**, the integration has led to; **211% growth in deposits** and **355% increase in transactions**
- This expansion demonstrates improved accessibility and financial inclusion for customers.

05

Digital Banking Enhancements

- **Digital Lending** – In 2024, the Credit Department *revamped the Insta Logic system* for *CariCash Loan*, enhancing its efficiency and providing customers with quick and seamless access to credit.
- **Digital Customer Experience:** The **Customer Feedback QR Code** enables real-time feedback, enhancing service delivery.
- **Caritas Chama:** Supports registered groups by promoting savings, thereby increasing deposits.
- **ATMs:** Improved transaction turnaround time (**TAT**), ensuring faster and more efficient banking services.

OUR IMPACT

Reduced Inequalities



We are dedicated to bridging financial gaps and ensuring everyone has access to essential banking services.



Inclusive Banking:

We expanded our reach to **underserved communities**, growing our **active agent network by 29% to 111 in 2024**.

This means more rural and remote customers now have easier access to financial services, fostering economic inclusion.



Githurai Branch's Newest Agent, Located Directly Opposite St. Francis of Assisi Catholic Church, Ruiru.



Global Financial Access

In 2024, we launched **International Money Transfer services**—including *Western Union, Ria, MoneyGram, and Rapid Transfer*—to ensure our customers enjoy seamless, secure, and efficient cross-border transactions.

This initiative enhances **diaspora banking**, enabling Kenyans abroad to easily send money home, supporting their families and fostering business growth.



Strengthening Self-Help Groups:

60 Self Help Groups (SHGs) were onboarded in 2024, growing active membership to 471.

These groups collectively contributed **Ksh. 3.3 Million in deposits** across **1,198 transactions**, reinforcing our commitment to collective economic empowerment and financial inclusion.

SOCIAL INCLUSION

Socio-Economic Impact Metrics

In 2024, the bank worked closely with churches to drive community transformation:



Community development

Loans totaling over **Ksh. 350 Million** were disbursed for church-related projects, including constructing worship centers, Technical vocational Institutes, and sanitation facilities.

Institutional Financing

Financing church-affiliated institutions included ;

- Ksh. 109 Million** for Health Centers
- Ksh. 203 Million** for Schools.

Partnerships

Partnerships with **437 churches and parishes** boosted deposits by **86%**, underlining the bank's role as a trusted financial partner for faith-based communities.



OUR IMPACT



Handing Over of the Urafiki Carovana School Bus –
Financed by Githurai Branch

Number of asset finance to schools



Loans totaling over **Ksh. 350 Million** were disbursed for church-related projects, including constructing worship centers, Technical vocational Institutes, and sanitation facilities.

Loan amount to Dioceses

A disbursement of **Ksh. 70 Million** in 2024 to Support Growth and Development



Financed Meru Diocese to facilitate construction of an investment building-
Financed by Nyeri Branch.



Ongoing Construction Project at St. Justin De Jacobis, St. Vincent De Paul Parish – Financed by Donholm Branch

Amount of loans to church Parishes

Ksh. 772 Million was disbursed for parish development projects



Financing church affiliated institutions

109 health centers and **203 schools** we financed in 2024. Additionally, the bank has supported **church-affiliated hospitals** enabling them to expand and improve medical services for underserved communities.



Financed Ksh. 15 Million development loan to Nyamagwa Catholic Mission Hospital in Kisii to support the expansion of their hospital services.



Caritas Team at Clergy Home engaging with CWA leaders in a discussion on a tailor-made financial solution designed specifically for women.

Empowering Women Entrepreneurs



In 2024, Caritas MFB financed over **Ksh. 344 Million** to women, fostering their economic independence and supporting entrepreneurial ventures.

The bank continues to prioritize **women, youth, and rural populations**, ensuring they have **access to tailored financial solutions** that meet their needs.

ECONOMIC INCLUSION

Creating Value in the Economy

01) Total Loan Book (Billion)

2024 | 3.17 Bn

2023 | 2.69 Bn

A solid 14% increase, reflecting the bank's expanding reach and support for economic growth.



Total Amount Financed to MSMEs (Millions) 02

2024 | 635Mn

2023 | 411Mn

New focus area for 2024, with a significant allocation supporting MSMEs and contributing to economic resilience.



03) Total Amount Financed to Youths (Millions)

2024 | 411Mn

2023 | 271Mn

A notable 52% increase in youth financing, underscoring the bank's commitment to fostering youth entrepreneurship.



Total Amount Financed to Women (Millions) 04

2024 | 344Mn

2023 | 383Mn

A slight decrease of 10% in women's financing, potentially indicating shifting priorities or external factors affecting access.



OUR IMPACT

Empowerment Through Financing

The bank continued to demonstrate its commitment to underserved communities by growing its loan book to **Ksh. 3.08 Billion** in 2024.

Key achievements include:



Financing the Youth

- A significant increase in financing to **youth**, rising from **Ksh. 271 Million** in 2023 to **Ksh. 411 Million**.

Loan repayment rates,



- Enhanced loan repayment rates, with PAR for women improving from **23%** in 2023 to **21%** in 2024.
- For youth, the PAR moved from **26%** to **25%**.



Financial Literacy

On August 2nd, 2024, The Bank launched a **3-day Financial Literacy TOT program**, empowering staff with essential financial knowledge to support our literacy initiative.

Increase in Deposits



Deposits from **micro customers** increased by **26.8%**, reflecting improved financial well-being.



EMPLOYEE WELFARE

EMPLOYEE WELFARE

At Caritas Microfinance Bank, employee welfare is a key pillar of our sustainability strategy. We are committed to ensuring a supportive and inclusive work environment that encourages both personal and professional growth.

Employee well-being is central to our approach, *fostering a culture of respect, engagement, and development.*

Promotion Employee Volunteerism

In 2024, our staff visited **Familia Ya Ufariji Children's Home**, donating essential items and spending time with the children.

Impact:

- ✓ **Brand Pride** – Reinforced our core value of Charity, true to the meaning of "Caritas."
- ✓ **Community Support** – Provided essential resources to vulnerable children.
- ✓ **Employee Engagement** – Strengthened teamwork and social responsibility.



Team at Familia Ya Ufariji Children's Home,



Team at the Caritas Chama Training

Continuous Professional Development

We believe in empowering our employees by providing opportunities for continuous learning and growth. Through various capacity-building programs, we enhance employee skills and career progression, ensuring that they have the tools and support needed to thrive within the organization.

Cultivating a Culture of Respect and Engagement

At Caritas MFB, we foster a culture that values diversity, respect, and inclusion. We provide policies that promote work-life balance and support mental well-being, allowing our employees to excel both personally and professionally.



The Caritas MFB Choir performing at the Customer Service Week 2024 launch.



The Caritas MFB Team at their Team building program.

Health and Wellness Programs

The health and well-being of our employees are top priorities. Caritas Microfinance Bank offers comprehensive health and wellness programs that support physical, emotional, and mental well-being, helping our employees maintain a healthy work-life balance.



GOVERNANCE

»» BOARD COMMITMENT

»» RISK MANAGEMENT





GOVERNANCE

Strengthening Transparency and Accountability

At Caritas Microfinance Bank, corporate governance is at the core of our operations, aimed at enhancing business integrity and building trust with all stakeholders.

Our approach to governance is rooted in *ethics, responsibility, accountability, fairness, and transparency*, in line with industry standards and regulatory requirements.

Board of Directors Commitment



Governance and Accountability:

The Board of Directors ultimately holds responsibility for risk management, and we have established clear governance structures to ensure accountability and oversight at all. Our governance structure is designed to foster strategic oversight through the Board Risk and Compliance committee while ensuring that Environmental, Social, and Governance (ESG) risks and compliance remain at the core of our business operations.



Policies and Structures Governing Risk Management:

To strengthen our governance and risk management framework, we have implemented robust policies and structures that govern risk management. These policies outline our approach to identifying, assessing, and mitigating risks while ensuring integration across our operations.



Code of Conduct & Core Values:

Our Code of Conduct is central to our governance structure, ensuring that all employees and stakeholders operate with integrity, professionalism, and ethical responsibility. The bank's core values—, customer-centricity, Reliability, Integrity, Teamwork, Accessibility and Responsiveness - serve as guiding principles in every decision we make.



Whistleblowing Policy

To enhance transparency and uphold ethical behavior, our whistleblowing policy provides a secure and anonymous channel for reporting unethical practices, ensuring that employees and stakeholders can voice concerns without fear of retaliation.

We are committed to strengthening governance by embedding Environmental, Social, and Governance (ESG) principles across all levels of our organization.

To ensure the effective integration of ESG, we have established robust governance structures:



Dedicated ESG Function:

Operating under the Compliance Department, this function oversees our sustainability initiatives and continuously monitors ESG risks to ensure alignment with our long-term goals.



Regulatory Compliance & Reporting Structures

Regulatory compliance remains a top priority for the bank. We are fully committed to adhering to the Central Bank of Kenya's (CBK) Guidelines on Climate-Related Risk Management, ensuring that we integrate climate risk considerations into our decision-making processes.

Additionally, our risk management framework aligns with international standards, including *IFRS1 and S2* for financial reporting, as well as *ISO 31000* for risk management and *ISO 14000* for environmental management.

These global benchmarks reinforce our commitment to maintaining high standards of regulatory compliance and responsible banking.



Ethical Business Practices

» Commitment to Ethical Standards:

Caritas Microfinance Bank is committed to fostering a culture of ethical business practices, ensuring that all financial transactions and business dealings adhere to the highest ethical standards. Our ethical framework is embedded into every aspect of our operations, reinforcing trust and integrity across all stakeholder engagements.

» Anti-Corruption and Fair Competition

We maintain a zero-tolerance policy toward corruption and unethical behavior. Our internal control mechanisms ensure compliance with anti-corruption laws and fair competition principles, preventing conflicts of interest and promoting a level playing field for all market participants.

» Responsible Customer Engagement:

We prioritize transparency in all customer interactions, ensuring that financial products and services are offered in a responsible and ethical manner. This includes clear communication about loan terms, fees, and associated risks, aligning with best practices in consumer protection and financial literacy.

Through our governance, risk management, and ethical business initiatives, we continue to enhance our operational resilience, uphold ethical banking practices, and drive sustainable value creation for our stakeholders. As we look ahead, we remain dedicated to strengthening our governance structures and risk management systems to support our long-term sustainability ambitions.

Risk Management

Caritas Microfinance Bank upholds strong corporate governance by establishing an effective Board Committee structure and a robust risk management framework:



Enterprise Risk Management (ERM) Framework:

At Caritas Microfinance Bank, risk management is integrated into our strategic and operational framework through a comprehensive Enterprise Risk Management (ERM) framework.

This approach enables us to proactively identify, assess, and mitigate risks, ensuring business continuity and sustainable growth. This approach also entails a holistic approach to managing Environmental, Social, and Governance (ESG) factors alongside climate-related risks.

Our policy framework for ESG and climate-related risk is structured to proactively identify, evaluate, and mitigate ESG and Climate-related risks. This proactive approach enables us to uphold strong governance, reduce environmental impact, and foster social development, ultimately strengthening the bank's resilience and contributing to the sustained growth of both our organization and the communities we support.



Our 3 Lines of Defense

Our three lines of management model sets out the responsibilities of individuals and teams to ensure that risks are adequately considered and managed.

FIRST LINE

Business is responsible for analyzing, acknowledging and managing the risk it incurs in conducting its activities

SECOND LINE

Risk management functions identify, measure, monitor and risks on an enterprise-wide basis, independently from the first line.

THIRD LINE

Internal audit conducts risk-based and general audits to assure the board of effective governance, risk management, and policy compliance.

2025:
「+」 THROUGH OUR
「-」 SUSTAINABILITY
LENS

EXPANDING OUR IMPACT

Building on the foundation laid in 2024, Caritas Microfinance Bank is committed to deepening our sustainability efforts in 2025. This section outlines our key priorities and targets, demonstrating our dedication to tangible actions and measurable outcomes.

We recognize that sustainability is not a destination but a journey, and we are excited to share our progress with you.

Focus Areas and Initiatives

WASH (Water, Sanitation, and Hygiene):



- **Goal:** Increase lending for WASH products by **25% in 2025**.
- **Actions:** In 2024, we disbursed 150 WASH loans. In 2025, we will develop two new targeted loan products specifically for household water filtration systems and sanitation upgrades. We will partner with three local suppliers of affordable WASH products and launch a community outreach program in five key regions.
- **Impact Measurement:** We aim to disburse 188 WASH loans in 2025, reaching an estimated 940 individuals with improved sanitation and water access. We will track loan disbursement, product uptake, and conduct surveys to assess health outcomes.

Water Tanks in Schools:



- **Goal:** Install more than **50 water tanks** in schools in 2025.
- **Actions:** We have partnered with the Ministry of Education and identified 15 schools in need. A transparent selection process will be used to choose the final 10 beneficiaries. We will ensure proper installation and provide maintenance training to school staff.
- **Impact Measurement:** We will track the number of tanks installed, the number of students (estimated at 2,000) gaining access to clean water, and monitor school attendance rates.

Staff Volunteer Program:

- **Goal:** Launch a staff volunteer program.
- **Actions:** To promote a culture of ownership, the bank aims to establish a staff volunteer program to organize fundraising activities through programs such as internal campaigns. We will partner with two local schools to identify specific needs, such as access to clean water, sanitary towels for the girl child, mentorship programs for the teenagers etc.
- **Impact:** This is to promote Caritas MFB theme of charity while extending a helping hand to the less privileged in the society.

EXPANDING OUR IMPACT



Biogas and Clean Energy:

- **Goal:** Increase lending for biogas installations by **50% in 2025**.
- **Actions:** Leveraging our partnership with *GIZ Kenya*, we will expand our outreach program to farmers, emphasizing the benefits and affordability of biogas digesters. Currently a single small size biogas installation costs as low as Ksh. 60,000.
- **Impact Measurement:** *We aim to facilitate 70 biogas installations in 2025, reducing greenhouse gas emissions by an estimated 140 tonnes of CO2 equivalent. We will track loan disbursement, biogas digester installations, and conduct farmer surveys to assess cost savings (savings estimated at an average of Ksh. 15,000 per year per household).*

Women's and Youth Empowerment:

- **Goal:** *Establish a foundation to support women in tailoring and other income-generating activities in 2025.*
- **Actions:** We have conducted a needs assessment in two communities, identifying *tailoring, beadwork, and poultry farming* as viable income-generating opportunities. We are currently pursuing partnerships with a local vocational training center to develop a comprehensive technical vocational program.
- **Impact Measurement:** *We aim to support the training of over 100 women and youth in 2025, support the expansion of micro-businesses, and track the average increase in women's income (target: 20%).*

Parish Empowerment Model:

- **Goal:** Support all parishes within the Archdiocese of Nairobi in implementing the Parish Empowerment Model in 2025.
- **Actions:** The bank intend to *increase by over 50% outreach to parishes* within the Archdiocese of Nairobi with an aim to help them achieve sustainability. From lending to church projects to Support on sustainable management of church-owned assets e.g agricultural farms, rental properties, the bank pledges its support to church-owned income generating projects. In 2025, *the bank has signed an MOU with Mama Layla to form a foundation of supporting farmers withing the diocese with climate smart agricultural practices.*
- **Impact Measurement:** The bank targets to support more than 50 parishes in implementing sustainable projects, tracking the increase in revenue generated by the and the number of community members benefiting from these socio-economic projects.

EXPANDING OUR IMPACT

Financial Inclusion and Literacy:

- **Goal:** Enhance *financial literacy* and *access to financial services* for *underserved communities*.
- **Actions:** Increase the delivery of financial literacy training programs targeting women, youth, and rural communities. Partner with community-based organizations to reach wider audiences.
- **Impact Measurement:** Track the number of individuals trained, the number of new bank accounts opened by previously unbanked individuals, and the improvement in financial knowledge and behavior through pre- and post-training assessments.

Environmental Stewardship:



- **Goal:** Reduce the bank's environmental footprint, promote sustainable practices within our operations, and actively contribute to reforestation efforts.
- **Actions:** "One Tree for Every Loan" Campaign: Launch a tree planting campaign where one tree is planted for every loan disbursed by the bank. This initiative aims to participate in Kenya's tree growing agenda of Ksh. 15 Billion trees by 2050 and 30% tree cover. The bank will increase its partnership with a reputable environmental organization to implement the tree planting activities, ensuring proper selection of native species, community involvement, and long-term monitoring of the planted trees.
- **Impact Measurement:** Track the number of trees planted through the "One Tree for Every Loan" campaign, the survival rate of the trees, and the area of land reforested. We will also measure the engagement of staff and customers in the campaign.

As we step into 2025, Caritas Microfinance Bank remains steadfast in its commitment to sustainability, ensuring that our actions create lasting positive change. From expanding access to clean water and renewable energy to empowering women, youth, and faith-based communities, our sustainability agenda is built on impact, inclusivity, and innovation.

We recognize that sustainability is a shared responsibility, and through strategic partnerships, innovative financial solutions, and active community engagement, we are confident that our efforts will drive meaningful progress. With every loan, project, and initiative, we are shaping a future where financial growth and social responsibility go hand in hand—creating a resilient, empowered, and sustainable tomorrow for all.



**SUSTAINABILITY
IN ACTION**

SCAN HERE

