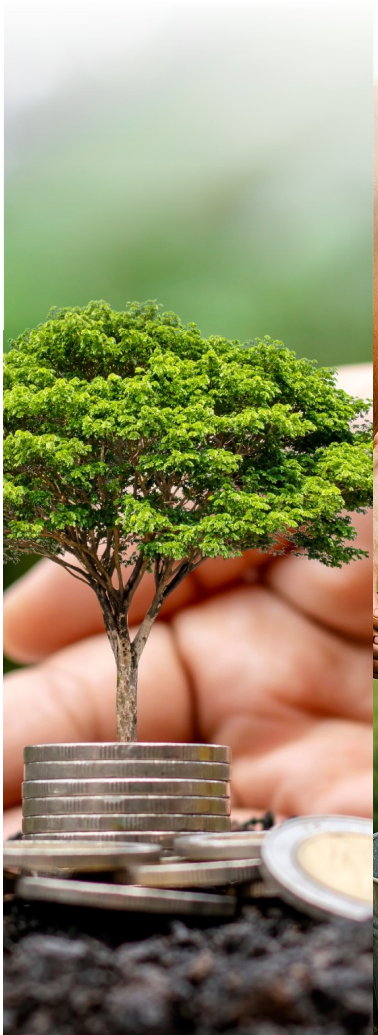
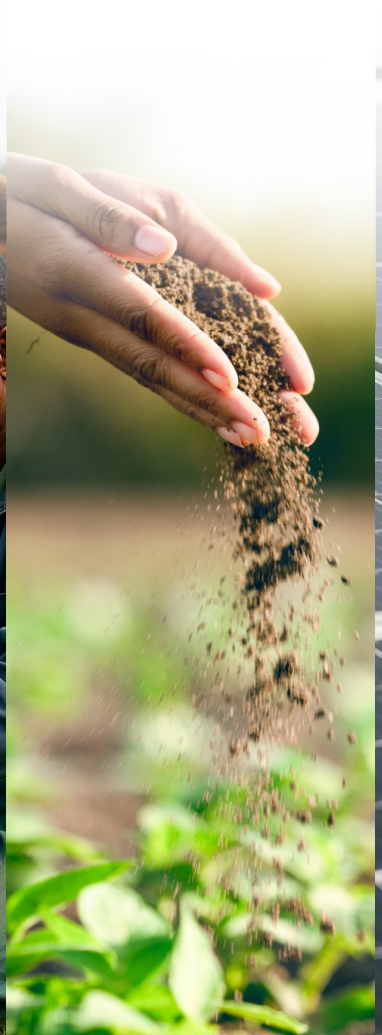
Caritas
MICROFINANCE BANK
Twaimarisha Jamii

SUSTAINABILITY REPORT 2025






OUR THEME

Sustainability in Action:

Community Empowerment



TABLE OF CONTENTS

Report Overview	4
Board of Directors	5
CEO’s Statement	6
Introduction	9
Who We Are	11
Our ESG Strategy	12
Our ESG Framework	13
Our Key Strategic Initiatives	15
2025 Sustainability Highlights	16
Sustainability at a Glance	17
Environmental	18
Social	27
Governance	38
Our 2026 Sustainability Lens	43

REPORT OVERVIEW

Scope and Purpose

This report highlights how Caritas MFB translates its mission into measurable impact for customers and communities. It presents a balanced view of our 2025 ESG performance, risks, and opportunities, while outlining the Bank's outlook on key financial, social, economic, and governance priorities.

Sustainability at Caritas MFB is **impact-driven.** Using an **impact pathway** *(theory of change)* **approach**, the report demonstrates how financial resources, staff capacity, and partnerships support lending, savings, and institutional financing to strengthen livelihoods, institutions, and inclusive growth.

Reporting Period & Boundary

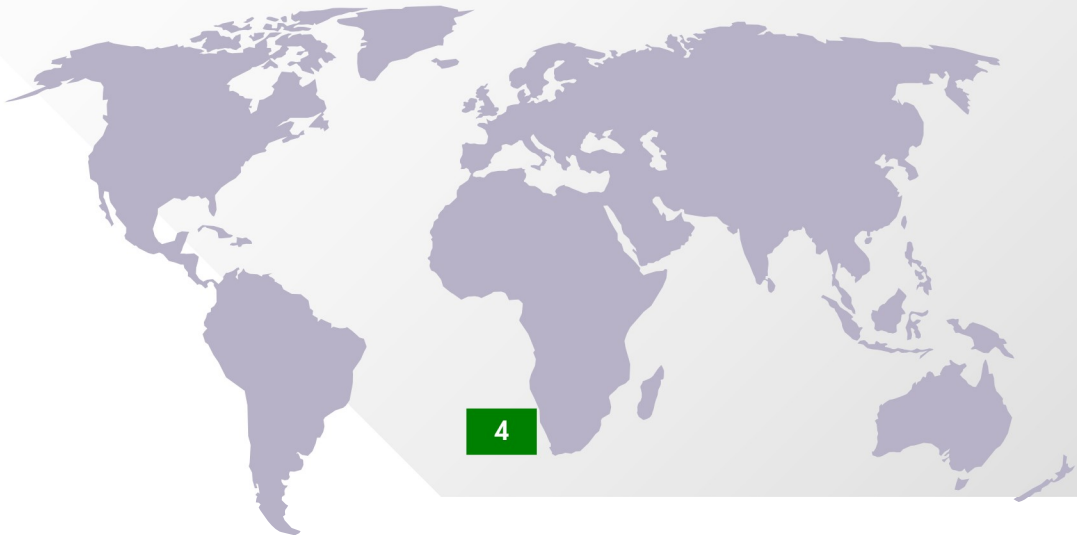
This report covers the period from **January 1st 2025 to December 31st 2025,** the report offers a transparent account of our non-financial performance, showcasing our ongoing efforts to create positive impacts on the **Society, Environment, and Economy (SEE)**.

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.

Reporting Framework

This Report has been informed by the **GRI 2 Standards**, aligned with the **United Nations Sustainable Development Goals (SDGs),** and structured using an **impact pathway approach** to clearly communicate outcomes and long-term value creation.
By aligning our efforts with the SDGs, Caritas MFB seeks to meet stakeholder expectations, foster trust and loyalty, and ensure that our financial success is balanced with our responsibility to all stakeholders.



BOARD OF DIRECTORS



CPA Patrick Kinyori
Chairman



Fr. CPA Simon Ng'ang'a
Director



Dr. AnneMary Nkirote
Director



Ms. Naomi Wanjiru Matheri
Director



Mr. Graham Waliaula
Director



Dr. Tom Muchiru Kahigu
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 **second Sustainability Report – year 2025**, a reflection of our commitment to sustainable and responsible banking. The theme for 2025, ***Community Empowerment,*** underscores our promise to support communities, strengthen local institutions, and drive inclusive growth across all the regions we serve.

This year, we strengthened our sustainability framework in line with the *Central Bank of Kenya (CBK) Sustainable Finance Initiative (SFI)* and the U*N Sustainable Development Goals (SDGs)*. We focused on three priorities: ***green finance expansion, inclusive growth,*** and ***governance excellence.***

Despite a challenging macroeconomic environment, we made measurable progress, channelling more funding towards environmentally responsible projects, deepening financial inclusion, and embedding ESG principles into our core decision-making processes.

This report highlights our key achievements in the past year, demonstrating how we have not only embraced ESG but have actively embedded it into the fabric of our operations.

ESG Achievements in 2025

- **Environmental Sustainability**

i) Green Finance Growth

In 2025, our commitment to expanding *green financing* continued to gain momentum. Through our partnership with the **Mutitu Water Project,** we advanced the *Water, Sanitation & Hygiene (WASH)* agenda by disbursing Kes 10.6 Million for the purchase of ***301 water tanks***, directly benefiting ***279 customers.*** This partnership has made significant progress in improving community access to safe and reliable water across Nyeri, Nyandarua, and Laikipia counties.

We also promoted *clean energy adoption* by increasing our *biogas financing* to Kes 1,077,000. Working alongside the **Micro-Enterprise Support Programme Trust (MESPT)** and **Caritas Dairy**, we significantly grew our *green loan book*, supporting sustainable agricultural practices. Key achievements include financing Kes 44.7 Million for dairy farming and supporting *44 clients* in *irrigation farming* with Kes 10.6 Million to enhance climate-resilient food production.

ii) Energy Efficiency

The Bank took a significant step towards promoting green energy by introducing a dedicated **solar financing product for Catholic-owned institutions**, delivered in partnership with reputable solar providers from China. This initiative goes beyond energy access, it is a core pillar of our ***Parish Empowerment Program***, designed to support parishes in becoming more *self-sustaining, resilient, and environmentally responsible*.

Through Parish Solarization, the Bank is reducing the operational burden on parishes by enabling access to clean, affordable energy. With discounted installation packages and flexible financing, institutions are cutting energy costs, lowering their carbon footprint, and reducing reliance on the national grid.

In 2025, Kes 8 Million was disbursed under the Solarization initiative and in addition, the Bank also disbursed Kes. 32.1 Million for **electric vehicles,** stamping its authority as the premier microfinance bank in this sector.

CEO'S STATEMENT

iii) Climate Action

As part of our commitment to delivering impactful services for both the environment and the social fabric of our communities, the Bank marked Mazingira Day On 10th October 2025, *by planting* **100 tree seedlings** at the Little Sisters of St. Francis of Assisi (St. Francis Hospital, Kasarani) through parish and community greening initiatives.

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

- **Social Sustainability**

i) Community Development

Our commitment to social sustainability is demonstrated through targeted investments in community development under the **Parish Empowerment Programme (PEM).** Through this initiative, the Bank extended financial services and capacity-building support across the church ecosystem, empowering parishes, congregations, and church-led projects to achieve long-term self-sufficiency. In 2025, a total of Kes. 500 Million was disbursed to support parish initiatives, with an additional Kes. 219 Million advanced through the Mchungaji Loan product, strengthening pastoral and community-based development.

We continued to support education and healthcare as critical pillars of societal well-being. During the year, the Bank financed 12 health centres to a value of Kes 360.7 Million and 25 schools with a total of Kes 200.2 Million, reinforcing access to quality healthcare and education within the communities we serve.

In line with this commitment, we accelerated the rollout of **CARIMED**, an affordable, faith-based healthcare cover designed to improve access to quality medical care for *households, groups, and individuals.* The product caters to *faith-based groups, organized community groups*, and *registered institutions*. To support effective uptake, we trained 18 Trainers of Trainers (TOTs), onboarded 71 *CARIMED youth agents*, and successfully insured 617 customers, providing healthcare cover valued at Kes 12.2 Million.

ii) Economic Inclusion

We are committed to promoting economic inclusion and empowering all segments of society. We have financed Kes 508.39 Million to *youth enterprises* and Kes 601.97 Million to *women-owned businesses*, providing support for entrepreneurship and financial independence.

In partnership with **HURU International**, we continue to uplift vulnerable girls and women through financial literacy programs and entrepreneurship initiatives.

Our impact extends to ***rural communities***, where we have channeled Kes 618.7 Million to expand opportunities for the underbanked and drive sustainable growth.

With a strong financing footprint across ***urban areas***, totaling Kes 1.8 Billion, and we remain dedicated to ensuring equitable financial access and empowering our customers wherever they are.

iii) Operational Efficiency

The Bank continues to strengthen its position as a **digital bank**, with ***99% of our transactions*** now conducted digitally. Both our B2C and C2B platforms recorded a total transaction value of Kes. 20.3 Billion from Kes. 6.3 Million transactions, underscoring strong customer adoption of digital banking solutions.

Our mobile loan product, ***Cari Cash***, has continued to gain traction, growing to Kes. 251.4 Million, with beneficiaries having borrowed a total of 26,058 loans reflecting increased demand for convenient digital credit. In addition, ***agency banking*** expanded to 156 agents, facilitating transactions worth Kes. 372.9 Million, while ***IMTS and Internet Banking*** processed Kes 13.2 Million and Kes 46.2 Million respectively, further widening our customer reach.

These digital innovations have enhanced accessibility and convenience, enabling customers to transact securely and seamlessly from the comfort of their homes, while reinforcing the Bank's commitment to inclusive and technology-driven financial services.

CEO'S STATEMENT

iv) Employee Welfare

The Bank's workforce comprises ***188 employees***, with a balanced gender distribution of *52% male and 48% female,* reflecting our commitment to inclusivity and gender equity. This parity positions Caritas Microfinance Bank favorably within the private sector, particularly in advancing women's representation in the workplace.

In 2025, the Bank prioritized employee well-being by organizing dedicated staff wellness sessions, known as Conclaves, for both male and female employees. These forums provided safe spaces for open dialogue on mental health, peer support, and personal development, reinforcing the Bank's commitment to fostering a healthy, supportive, and inclusive work environment.

- **Governance and Ethical Banking**

i) Board Sustainability Oversight

Strong governance remains a cornerstone of the Bank, vital for long-term stability and continuity. The Board has been deliberate in selecting leaders for our oversight functions and ensuring they are supported by robust systems and structures.

In 2025, we strengthened the composition and effectiveness of our subsidiary boards and board committees by appointing new members with expertise in critical areas. We welcomed ***Ms. Naomi Wanjiru Matheri*** and ***Dr. Tom Muchiru Kahigu*** to our Board, which currently observes the two-thirds gender rule with a composition of ***3 females and 5 males.***

The Board also actively participated in the **annual board evaluation**, reinforcing accountability and continuous improvement in governance practices.

As we conclude SP2 and **transition into SP3**, our focus will be on embedding Sustainability and ESG initiatives at the heart of our operations. The Board continued to provide robust oversight, with the Audit and Risk Committee receiving quarterly updates on ESG initiatives, which were subsequently discussed and adopted by the full Board. Senior management escalations ensured continuous monitoring of the ESG framework's implementation.

In 2025, we maintained compliance with ***Anti-Money Laundering (AML)***, ***Combating the Financing of Terrorism (CFT), Countering Proliferation Financing (CPF)*** and data protection standards, reinforcing the strength and resilience of our Enterprise Risk Management Framework.

To enhance accountability, our **whistleblowing platform** now allows customers to discreetly report unusual activity, and our newly approved **Anti-Bribery and Corruption policy** provides clear guidance for managing related issues among staff and customers.

ii) Revamped Brand Strategy

In 2025, we undertook a comprehensive revamp of our brand strategy, engaging our Board, staff, and customers through worKesops to align our market visibility and strengthen our distinct identity. This initiative led to the refinement of our guiding **philosophies:**

- **Purpose:** Accelerating household-driven prosperity across Africa.
- **Vision:** To become the household prosperity bank by 2040.
- **Mission:** Leading the ethical transformation of financial services in Africa.
- **Core Values:** Ethical, Trustworthy, Honest, Inclusive, Customer-Centric, Stewardship.

Looking Ahead

Caritas Microfinance Bank remains committed to proactively managing ESG-related risks through innovative practices and data-driven insights, demonstrating that responsible banking is both ethical and commercially sound. Our sustainability journey has strengthened stakeholder trust, enhanced operational efficiency, and positioned the Bank as a leader in Kenya's green finance ecosystem. As we move forward, we remain focused on delivering shared prosperity by balancing purpose with performance for the benefit of people, planet, and long-term growth.

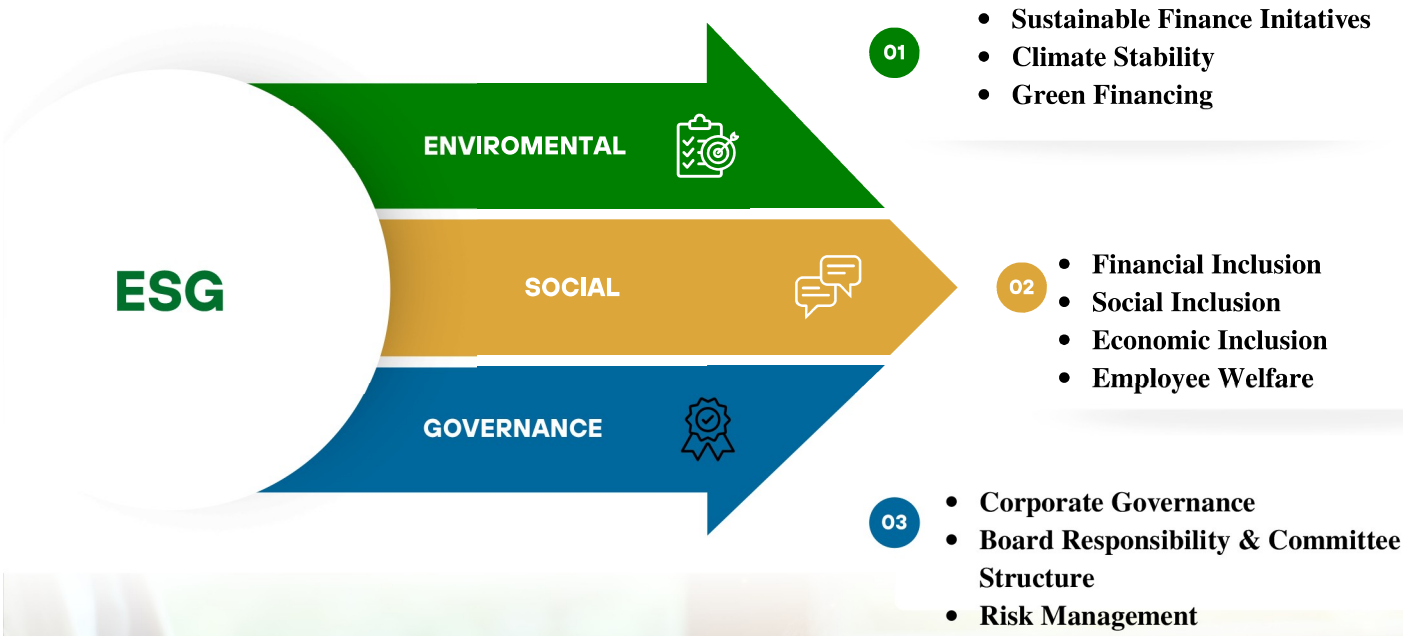
Thank you and God Bless you All.

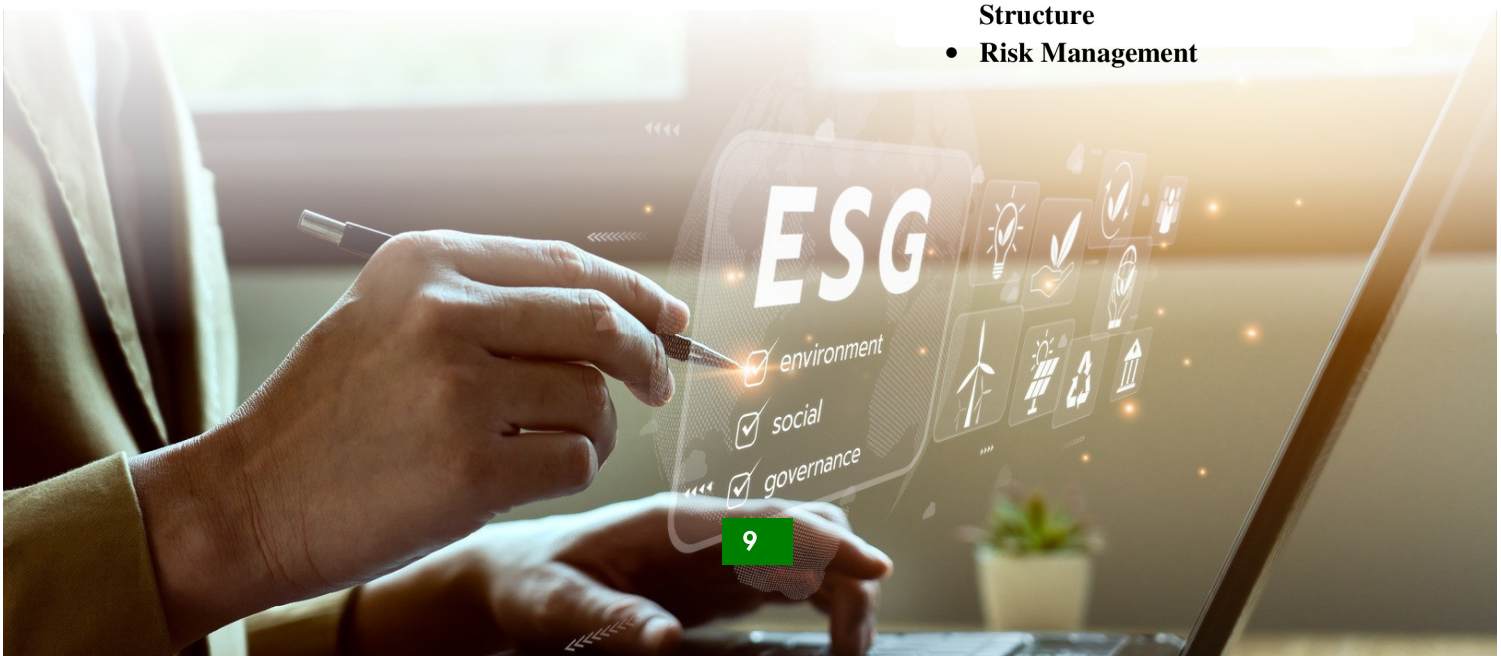
DAVID MUKARU
CEO-CARITAS MICROFINANCE BANK LTD

INTRODUCTION

Our impact is rooted in our commitment to **Environmental, Social, and Governance (ESG)** principles. Through these pillars, we strive to create long-term value, promote responsible banking practices, and contribute meaningfully to the communities we serve.

During the reporting period, Caritas MFB operated in an environment marked by rising economic pressures, business disruptions arising from protests, and increasing vulnerability among low-income households and community institutions.
These conditions underscored the critical role of **inclusive and responsible finance** in strengthening resilience and supporting sustainable development.







WHO WE ARE

Vision

To be the preferred bank for household prosperity.



Mission

Driving ethical transformation through sustainable financial services.



Our Footprint

10 Branches

2 Marketing Offices

13,681 Merchants

4,341 ATM Cards

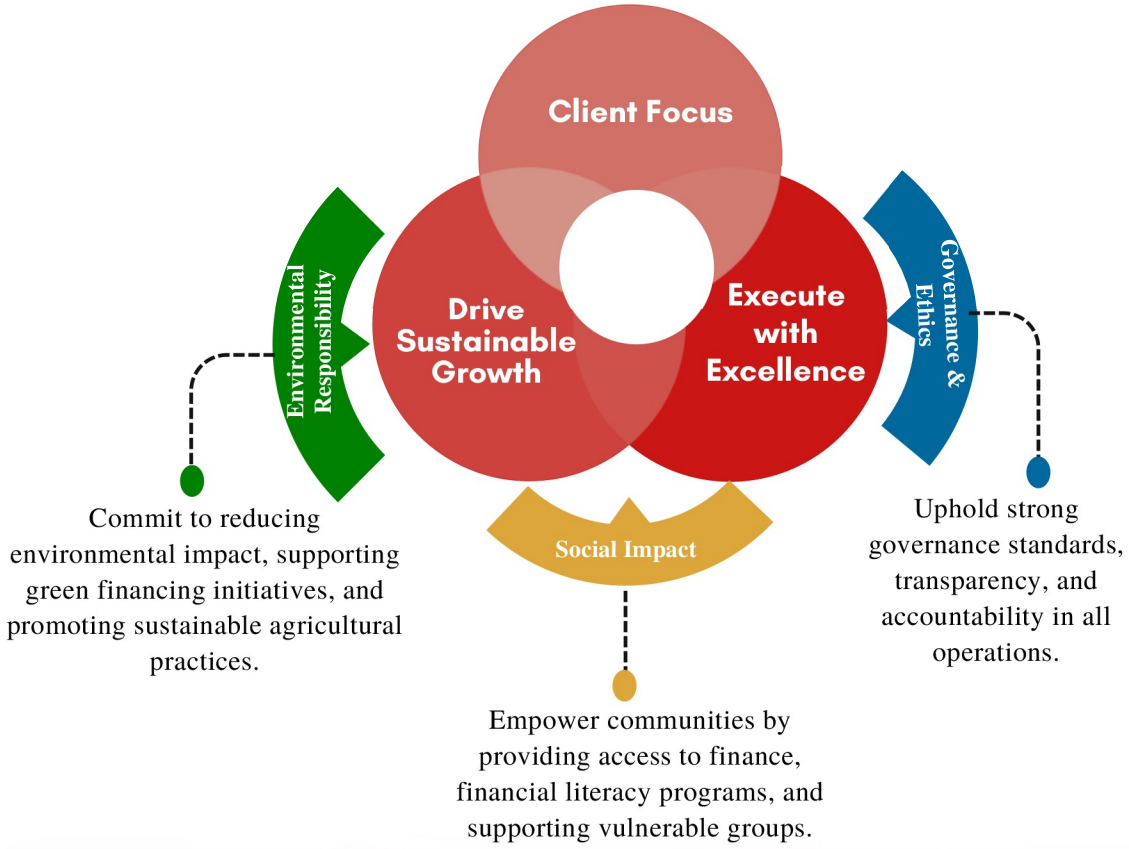
155 Agents Outlets

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.





The Board of Directors and Senior Management during the launch of Caritas Microfinance Bank's 2024 Sustainability Report.



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*

SUSTAINABILITY & IMPACT



For Caritas MFB, sustainability is inseparable from mission delivery. The Bank recognises that financial exclusion, poverty, and climate vulnerability are interconnected. By providing inclusive financial services, the Bank contributes to improved resilience, social inclusion, and long-term economic participation.

The Bank aligns its impact priorities with the below **SDGs** using an impact pathway to link activities to outcomes and long-term change.



Impact Framework and Methodology

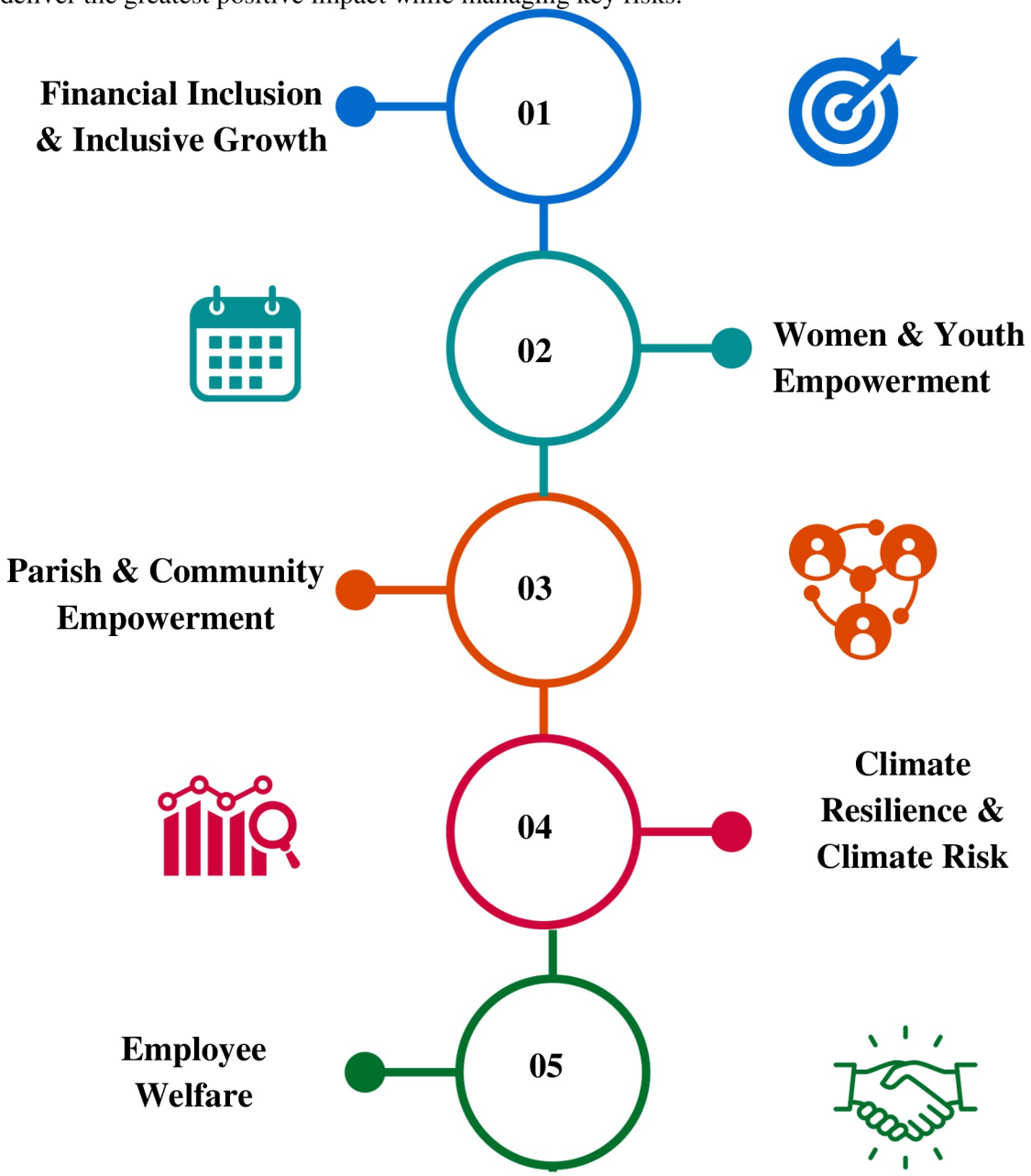
The Bank defines impact as the meaningful and lasting change experienced by customers, institutions, and communities. Impact measurement currently combines portfolio data, gender and youth indicators, and qualitative insights. Over time, the Bank aims to deepen outcome-level measurement aligned to SDG targets.

STAKEHOLDER ENGAGEMENT, MATERIALITY & IMPACT FOCUS AREAS

The Bank engages customers, institutions, employees, regulators, community partners, and suppliers through continuous and practical engagement mechanisms. Feedback gathered informs product design, risk management, and sustainability priorities.

Stakeholders consistently highlight the importance of affordable finance, financial literacy, institutional support, climate resilience, and ethical conduct areas that directly shape the Bank's strategy.

Using a ***pragmatic materiality approach***, Caritas MFB identified priority areas where it can deliver the greatest positive impact while managing key risks:



SUSTAINABILITY AT A GLANCE

CUSTOMER HIGHLIGHTS

NO OF CUSTOMERS
65K
2024 | 58K

LOANS ISSUED
3.86Bn
2024 | 3.03Bn

CUSTOMER DEPOSITS
5.36Bn
2024 | 4.14Bn

ENVIROMENT HIGHLIGHTS

No of trees Planted
100 Seedlings

Irrigation Financing
10.6Mn
2024 | 7.2Mn

Agribusiness lending
263Mn
2024 | 129Mn

No of Customers
774 Customers

WASH
10.6Mn

SOCIAL HIGHLIGHTS

Community Development Financing

Mchungaji Loan
219Mn

12 Health Centers
360.7Mn

25 Schools
200.2Mn

CARIMED
Insured 617 customers
12.2Mn

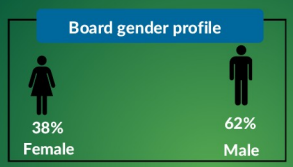
Education Financing
200.2Mn *for 25 Schools*

MSMEs Financing
864Mn

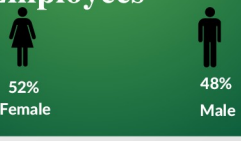
Digital Lending
251.4 Mn

No of Customers
26,058 Loans

PEOPLE HIGHLIGHTS



No of Employees
188 Employees



ENVIROMENTAL

- SUSTAINABLE FINANCE INITIATIVES
- GREEN FINANCING



ENVIRONMENTAL STEWARDSHIP

In 2025, the Bank reinforced its commitment to environmental sustainability by expanding its green finance, climate-smart agriculture, and reforestation initiatives.



Dairy Farming Financing

Through our ongoing partnership with **MESPT(Micro-Enterprises Support Program Trust) and Caritas Dairy**, we disbursed **Kes 160.5 Million** in agricultural loans to **722 farmers** to enable agricultural growth and resilience.

Biogas Financing:



The Bank continued to promote renewable energy in agriculture through its Biogas Financing Product, **supporting 9 customers** with a total disbursement of **Kes 1,077,000.** The initiative enables households to reduce reliance on traditional fuels while embracing cleaner, sustainable energy sources.

Irrigation Practices



Kes. 10.7 Million was disbursed in the year 2025 towards irrigation practices to a total of **44 customers.**

Smart Agric Training



In 2025, the Bank conducted **five agricultural training sessions** across its branches: two at **Nakuru Branch**, training 50 farmers; one at **Karuri Branch**, reaching 25 farmers; one at **Nyeri Branch**, with 31 farmers trained; and an additional 39 customers trained at **Kawangware Branch**.

Beyond agriculture, we extended our financial literacy and sustainability training to more than 5,000 dairy farmers and non-bank micro-entrepreneurs, empowering them to make informed financial decisions, strengthen their enterprises, and drive inclusive economic growth.



Climate Action

Tree Planting and Conservation

On ***10th October 2025***, the Bank marked *Mazingira Day* by planting 100 tree seedlings at the *Little Sisters of St. Francis of Assisi* (St. Francis Hospital, Kasarani) through parish and community greening initiatives.

This activity supports Kenya's 15-billion-tree campaign and reaffirms the Bank's commitment to combating climate change through grassroots environmental action.

STRENGTHENING CLIMATE-SMART AGRIBUSINESS THROUGH THE CARITAS DAIRY PARTNERSHIP

By Wilson Nduti – Relationship Manager, Agribusiness Segment

The partnership between **Caritas MFB and Caritas Dairy** stands as a cornerstone collaboration driving the development of **climate-smart, inclusive, and sustainable dairy value chains.**
Through this collaboration, Caritas MFB is strengthening sustainable dairy ecosystems by **providing targeted and affordable financing**, technical linkages, and climate-resilient solutions tailored for smallholder farmers. Dairy farmers remain a key beneficiary group under the Bank's **agribusiness and rural inclusion strategy,** making this partnership a practical demonstration of **ESG** in action, where economic inclusion, environmental responsibility, and social impact intersect.

The Genesis of the Caritas Dairy Partnership

The partnership was born out of a clear gap within the dairy sector: ***access to affordable and empowering financing***. Many dairy farmers were constrained by high-cost credit in the market, limiting their ability to invest, grow, and sustain their farming activities.
Recognizing this challenge, Caritas MFB sought a model that would go beyond conventional lending. Through the partnership, the Bank introduced affordable financing at 10% reducing balance, enabling farmers to access capital without the burden of prohibitive costs.

Caritas Dairy emerged as the ideal partner due to its **scale, reach, and ecosystem-based approach**. Operating across large parts of *Kiambu County* and *lower Nyandarua,* the project reaches approximately **10,000 households**, offering a unique opportunity to empower communities at scale while ensuring structured engagement with organized dairy farmers.



Wilson Nduti, Agribusiness Relationship Manager, conducting a training fot dairy farmers in Nyandarua.

Purpose and Strategic Intent

At its core, the partnership was designed to reach and empower households, improve standards of living, and **drive long-term sustainability**. Beyond increasing productivity, the collaboration aims to uplift families holistically, enabling better housing, improved nutrition, and the ability to educate children.

> ***"This partnership allows us to go beyond conventional lending and finance dignity, resilience, and sustainability for dairy farming households"***

Unlike traditional agribusiness financing that focuses solely on the producer, the Caritas Dairy partnership adopts a **full value-chain approach**.

> ***"Our focus is not just the farmer, but the entire dairy value chain, because when the chain works, the producer benefits the most"***

Through this model, farmers are empowered to deliver milk directly to processing facilities rather than relying on brokers. This direct market access unlocks multiple benefits, including **access to quality animal feeds, improved breeds, extension and veterinary services, and more predictable income streams.** When the value chain functions effectively, farmers benefit more equitably and sustainably.



Impact on Agribusiness Customers

The partnership has had a transformative impact on dairy farmers' lives. A key pillar of this impact is ***capacity building through financial literacy and extension services.***

Caritas MFB provides training on financial management and agribusiness planning, while Caritas Dairy complements this with technical training on veterinary care and extension services. This two-way literacy model equips farmers to make ***better-informed financial and production decisions***, improving productivity and resilience.

> ***"Additionally, the partnership offers price stability for dairy produce. Through the Caritas Dairy ecosystem, farmers are protected from extreme price fluctuations, ensuring more stable and predictable incomes."***

Unlike open markets, where milk prices fluctuate sharply during periods of glut or shortage, farmers within the Caritas Dairy ecosystem experience relatively stable pricing. This protects them from losses that often arise when market prices fall below production costs, ensuring more consistent and reliable incomes.

Impact on the Organization

For Caritas MFB, the partnership has delivered measurable organizational benefits. The Bank has successfully onboarded new customers through account openings, expanded ***its rural and agribusiness footprint, and grown its loan book, and enabled market penetration across multiple segments.***

More than **5,000 dairy farmers** have benefited from financial literacy and extension training under this initiative, while **over 1,000 households** have been directly empowered through financing to enhance their farming activities and achieve sustainability.

Through products such as the **Imarisha Kilimo Loan**, the Bank continues to provide tailored financial solutions that support farmers along their growth journey, reinforcing Caritas MFB's position as a trusted partner in sustainable agribusiness finance.

Looking Ahead

Looking to the future, the Caritas Dairy partnership will continue to play a strategic role in ***advancing climate-smart agriculture, rural inclusion, and sustainable value-chain financing***. The Bank envisions scaling the partnership to reach more households, deepen farmer resilience, and integrate complementary solutions such as renewable energy, water access, and advanced agribusiness training.

As the partnership evolves, it will remain a powerful example of how purposeful collaboration can drive shared prosperity, transforming dairy farming into a pathway for sustainable livelihoods, resilient communities, and inclusive economic growth.



CHAMPIONING CLEAN WATER

In 2025, Caritas Microfinance Bank, through its **partnership with the Mutitu Water Project,** made remarkable strides in improving community access to safe and reliable water.

The Bank financed **279 customers** for the installation of **301 water tanks,** with total disbursements amounting to **Kes 10.6 Million.**

This initiative continues to support households and smallholder farmers in semi-arid regions to access affordable water storage solutions enhancing livelihoods, productivity, and climate resilience.



CASE STUDY : JOSEPH GATHARI'S JOURNEY WITH CLEAN WATER ACCESS



Joseph Gathari, a 54-year-old farmer from Kieni, Nyeri County has for years faced immense challenges managing his *orange and onion farm* due to Kieni's dry climate and unreliable water supply.

Like many farmers in the area, he relied on unpredictable rainfall and water trucking, which made farming both costly and unsustainable.







Joseph Gathari's orange and onion farm in Kieni, Nyeri County

Through Caritas Microfinance Bank's partnership with the Mutitu Water Project, Joseph was able to access affordable financing to acquire a *large-capacity water tank.* This financing enabled him to store adequate water for both irrigation and household use, providing greater stability for his farm operations and family's daily needs.

The initiative has not only helped Joseph improve his farming productivity but has also contributed to transforming Kieni's agricultural landscape. With more farmers accessing water storage solutions, the region is gradually shifting from being viewed as "dry and unproductive" to an emerging hub of small-scale agribusiness activity.

> *Gathari highlights how the initiative has changed his life:*
> *"Before accessing this water tank, I struggled to ensure enough water for my crops and family. Now, I can store sufficient water, maintain my farm, and meet my household needs efficiently. The initiative has also increased the value of our land, as Kieni is slowly being recognized as a productive farming area."*

Through this initiative, the Bank is advancing ***Sustainable Development Goal 6 (Clean Water and Sanitation)*** by improving access to safe and affordable water for households and farmers. The Mutitu Water Project demonstrates how inclusive financing can promote sustainable water management, enhance climate resilience, and empower rural communities to achieve long-term economic and environmental sustainability.

GREEN FINANCING



Kenya's green financing climate is active but faces a large funding gap, with major efforts to align finance with sustainability goals.

Caritas Microfinance Bank is addressing this gap by advancing green financing initiatives, focusing on ***renewable energy*** and ***sustainable transport solutions.***

SOLARIZATION OF INSTITUTIONS

The **Solarization of Institutions** initiative by Caritas Microfinance Bank demonstrates the Bank's commitment to ***sustainability, energy efficiency,*** and ***climate action.***

In 2025, the Bank introduced a solar financing product for institutions in partnership with leading solar providers from China. This initiative supports institutions in *generating clean energy* while *reducing operational costs* and environmental impact.

Alignment with the Sustainable Development Goals (SDGs)

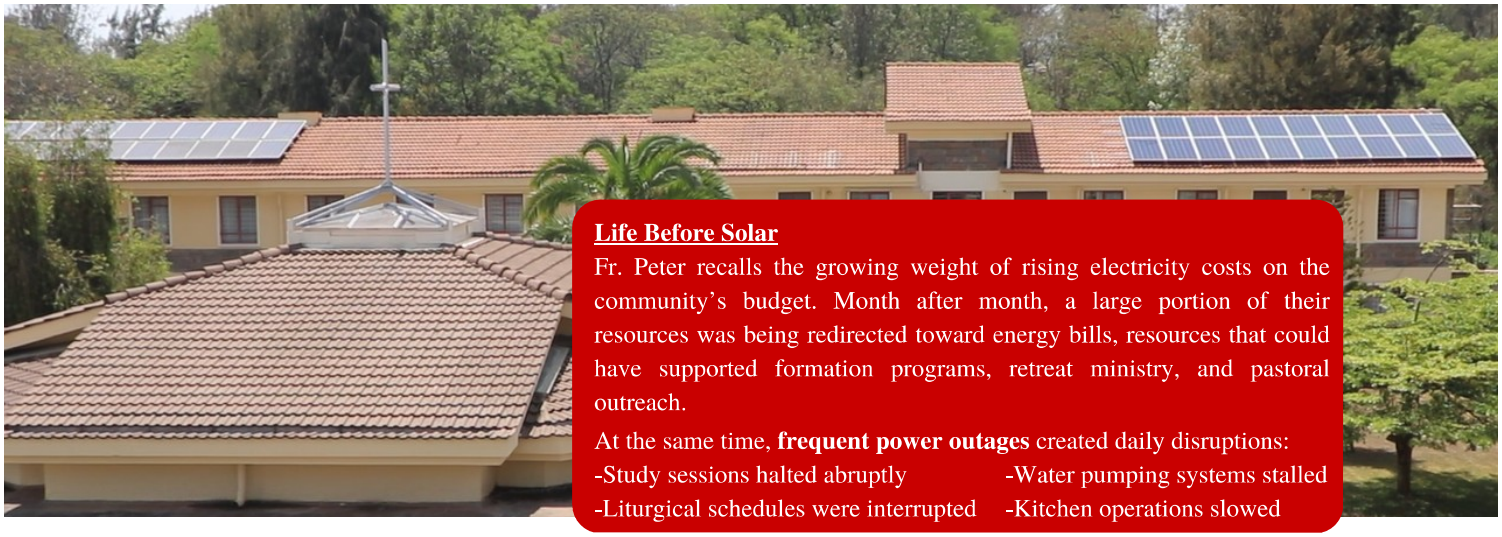
SDG	Impact
7 AFFORDABLE AND CLEAN ENERGY **Affordable and Clean Energy**	**Lower Operational Costs:** Solar solutions have lower maintenance and operational costs compared to diesel generators. **Stable Energy Supply:** Solar PV systems provide a more reliable and consistent energy source.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION **Responsible Consumption & Production**	**Reduced Fuel Costs:** Significant reduction in diesel consumption.
13 CLIMATE ACTION **Climate Action**	**Lower Emissions:** Reduced greenhouse gas emissions, helping to reduce institutional carbon footprint. **Commitment to Climate Action:** Enhances reputation among customers, partners, and stakeholders.



CASE STUDY: SOLARIZING THE CARMELITE FORMATION HOUSE

The story of the **Discalced Carmelite Friars** in Kenya is one rooted in contemplative prayer, communal life, and tireless service to God's people. At the heart of their mission stands the Carmelite Formation House, a sacred space where young men are prepared for a life of spiritual dedication. Here, future priests are shaped through theological instruction, spiritual direction, and the rhythm of prayer that defines the Carmelite tradition.

Guiding this mission is **Fr. Peter Canisius Otieno**, OCD, ***the Assistant Regional Superior and Regional Bursar***. With a dual responsibility for both spiritual leadership and the stewardship of the community's resources, Fr. Peter ensures that the Formation House remains a place where growth, learning, and service can thrive.



Life Before Solar

Fr. Peter recalls the growing weight of rising electricity costs on the community's budget. Month after month, a large portion of their resources was being redirected toward energy bills, resources that could have supported formation programs, retreat ministry, and pastoral outreach.

At the same time, **frequent power outages** created daily disruptions:

-Study sessions halted abruptly
-Water pumping systems stalled
-Liturgical schedules were interrupted
-Kitchen operations slowed

The breakthrough came when the **Carmelites partnered with Caritas Microfinance Bank** to explore solar energy as a long-term solution. From the very first engagement, Caritas demonstrated deep understanding of the unique financial dynamics of faith-based institutions, providing financing terms aligned with the community's cash flow and mission priorities.



Caritas MFB walked with the community through every step of the journey:

-Conducting a comprehensive energy assessment to understand their power needs.

-Connecting them with trusted solar installers who could deliver quality work, the Power All Team.

-Structuring financing that aligned perfectly with the community's budgeting cycles

Through a smooth, guided experience, the Formation House had transitioned to a reliable, cost-efficient solar system. The impact was immediate. Energy costs dropped dramatically and power stability was restored.

Through this solarization project, the Carmelite community now contributes meaningfully to **SDG Goal 7 – *Affordable and Clean Energy***. This single initiative has:

- Shifted the Formation House to clean, renewable energy
- Reduced reliance on the national grid and costly electricity
- Reinforced environmental stewardship within a faith-based setting
- Strengthened institutional sustainability for the future

The Carmelite Formation House now stands as a living example of how faith-based institutions can embrace renewable energy not only to reduce costs, but to advance their mission and strengthen their resilience.



ELECTRIC VEHICLES



REDUCING OUR CARBON FOOTPRINT THROUGH ELECTRIC VEHICLE (EV) FINANCING

The transport sector remains one of the largest contributors to greenhouse gas emissions, directly influencing Kenya's overall carbon footprint. Recognizing the interdependence between transport, power, and manufacturing systems, the Bank applies a systems-thinking approach to drive meaningful decarbonization.

To address these gaps, the Bank is supporting the growth of Kenya's emerging EV transition ecosystem. Through a strategic ***partnership with Moja EV Kenya Ltd,*** we are enhancing access to clean, affordable, and sustainable mobility solutions.

This partnership focuses on:

-Installation of EV charging stations in institutions
-Technical youth training programs in parishes and schools on EV servicing and mechanics
-Affordable EV financing solutions for customers



Far right: Our CEO, David Mukaru, alongside the CEO of Moja EV, during the signing of the partnership MoU

In 2025, a total of *Kes 32.1 Million* was disbursed under the EV Financing product line, demonstrating the Bank's commitment to reducing transport-related emissions and promoting low-carbon lifestyles.

Benefits of EV Adoption

- Reduced operating costs compared to fossil-fuel vehicles
- Lower carbon emissions, contributing to national and global climate goals
- Increased reliability, with fewer mechanical issues



CASE STUDY: ENHANCING BUSINESS OUTCOMES FOR AN UBER DRIVER



Joseph Njoroge, an uber driver, has been using his electric vehicle(EV) for *11 months* after being in the *Uber business for seven years.* He reports a significant reduction in operational costs and improved daily earnings.

Charging the vehicle typically costs about Kes 800 for 400 km, with opportunities for free charging at designated Kenya Power stations further reducing expenses compared to petrol vehicles.

The EV's comfort class rating on the Uber platform gives Joseph priority access to high-value trips, increases customer referrals, and boosts his overall turnover. With predictable costs and a flexible repayment plan, he is able to take home more income while contributing to a cleaner environment.

> *Njoroge highlights how using an EV has made him feel part of the solution. "There are no emissions, which gives me confidence that I am playing a part in reducing the country's carbon footprint."*

SOCIAL

- FINANCIAL INCLUSION
- SOCIAL INCLUSION
- ECONOMIC INCLUSION
- EMPLOYEE WELFARE



FINANCIAL INCLUSION

Access to Finance

For many of the Bank's customers, access to finance is not solely about business expansion, it is about stability, continuity, and resilience. Access to formal financial services enables businesses to remain operational, sustain household incomes, and avoid distress borrowing during periods of uncertainty.

By promoting inclusive finance, Caritas MFB supports not only growth but also the ability of customers to withstand economic shocks, maintain livelihoods, and participate meaningfully in the economy. Through this approach, the Bank contributes to inclusive economic participation and reduced vulnerability among low-income households and community institutions.



No of New Accounts:
By the end of 2025, this growth had propelled the Bank's client base to 65,617 customers.

2025 | 13.2K



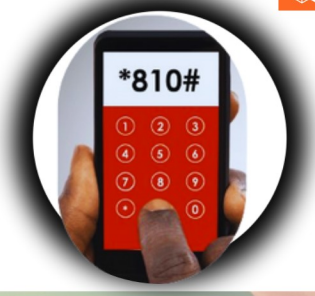
Education Financing:
Customers benefited from education financing totaling enabling parents and guardians to meet school fee obligations while supporting education institutions with much-needed financing.

2025 | Kes. 200.2Mn

Digital Transformation:
Digital channels continued to dominate, contributing **99% of total transaction volumes,** with *B2C and C2B transactions* reaching Kes 20.2 Billion, reflecting a **33%** increase from 2024.



Mobile Insta Loans:
Cari Cash, has continued to gain traction, growing to **Kes. 251.4 Million**, with beneficiaries having borrowed a total of **26,058 loans** reflecting increased demand for convenient digital credit.



INNOVATION FOR SUSTAINABLE DEVELOPMENT

The banking industry continues to evolve in response to changing customer needs, technological advancements, and the global shift toward sustainability. The Bank has remained steadfast in advancing sustainability by approaching it through the lens of product innovation and inclusivity. This strategic focus ensures that the Bank's offerings align with the *Environmental, Social, and Governance (ESG)* principles and contribute directly to ***Sustainable Development Goal 9*** – Industry, Innovation, and Infrastructure.

In June 2025, the Bank introduced a range of innovative products designed to promote financial inclusion and sustainable growth within its ecosystem:

- **Caritas Changa**: A digital solution that supports collective savings and fundraising, empowering groups and communities to achieve their financial goals.
- **Kanisa App**: A transformative platform enhancing digital accessibility for parishes and the broader church ecosystem by digitizing processes, records, and documentation for greater efficiency and transparency.
- **CWA and Youth Product**: A tailored financial solution aimed at empowering households and church groups, particularly women and youth, within the Catholic ecosystem, fostering economic participation and resilience.

Through these innovations, the Bank continues to build inclusive financial systems and resilient digital infrastructure that support sustainable community development.



The Board of Directors unveil new innovative products during Caritas Microfinance Bank's 10-Year Celebration held in June 2025.

SOCIAL INCLUSION

Socio-Economic Impact

Faith-based institutions play a critical role in delivering education, healthcare, and social services, particularly in underserved communities. Access to institutional financing enables institutions to undertake essential upgrades while maintaining financial stability.

Improved infrastructure translates into enhanced service delivery for the surrounding community, including safer facilities and improved operational efficiency. The broader impact of P***arish Empowerment Programme PEM*** is to strengthen institutional resilience as Caritas MFB supports the continuity and quality of essential community services that contribute to long-term social development.

Community development

Support was extended to parishes, church projects, and congregations as follows: **Churches Kes 304.08 Million**; **Congregations Kes 78.77 Million**; and **Dioceses Kes 117.50 Million.**

Moreover, **Kes. 218.99 Million** was advanced through the **Mchungaji loan** product.

Institutional Financing

Financing church-affiliated institutions included ;

-Kes. **116.2 Million** for Health Centers -Kes. **200.2 Million** for Schools.

Partnerships

With a footprint in **11 dioceses** and partnerships with **437 churches and parishes**, we have boosted deposits by **86%,** underscoring the Bank's role as a trusted financial partner for faith- based communities.



CHAMPIONING ACCESSIBLE HEALTHCARE THROUGH MICRO-INSURANCE

Healthcare remains one of the most pressing challenges for many Kenyan families. The cost of health insurance has traditionally been high, leaving a significant portion of the population without adequate medical coverage. This gap has been particularly evident among low and middle-income earners.

Recognizing this challenge, Caritas Microfinance Bank developed ***CARIMED***; an affordable health cover designed to make quality healthcare accessible to all. The product is underwritten by AAR Insurance and distributed through Caritas Bancassurance, a subsidiary of the Bank.

In 2025, the Bank recorded remarkable progress under this initiative, onboarding ***71 Carimed Youth Agents*** *and* ***18 ToTs*** who collectively covered ***617 insured customers,*** generating ***Kes 12.2 Million*** in premiums. This milestone underscored Caritas MFB's commitment to promoting social welfare and financial inclusion through accessible health solutions.

CASE STUDY:
MATHEWS MWANIA LINGE'S JOURNEY WITH CARIMED



Mathews Mwania Linge, a 60-year-old resident of **Kahawa Sukari** and a devoted member of **St. Joseph Catholic Church**, has dedicated much of his life to serving his parish and community. As the ***Parish Moderato***r and an active member of the ***Catholic Men Association (CMA),*** Mathews is passionate about initiatives that strengthen community well-being and uphold human dignity.

His journey with CARIMED began during one of the CMA's parish meetings, where a *Carimed Agent* visited to introduce both the *individual* and **group** health cover. The presentation not only addressed their healthcare concerns but also reflected shared values of faith and community care.

Transforming Access Through Partnership

Motivated by the presentation and recognizing the growing healthcare needs among parish members, the CMA members decided to be onboared onto Carimed. The onboarding process was swift and efficient, taking *less than two weeks* to complete.

Mathews recalls how seamlessly the experience unfolded,from registration to digital communication via **M-TIBA,** which sent instant notifications showing the amounts utilized and the remaining balance. For him, this transparency reflected efficiency and ethical integrity, values deeply aligned with the Church's mission.

Not long after joining, Mathews personally benefited from the cover at *St. Francis Level 5 Hospital*, where he was impressed by the seamless service delivery and professionalism of the partner healthcare providers.

> *"The onboarding process was smooth and efficient. When I used the cover at St. Francis Hospital, the experience was reassuring. Everything worked as promised, transparent, dignified and reliable."*

Sustainable Impact

For Mathews, CARIMED represents more than just a health cover,it is a community safeguard, ensuring that no one is left vulnerable in times of health crisis. The initiative embodies Caritas Microfinance Bank's mission to promote social justice, inclusivity, and financial empowerment through innovative solutions that enhance the dignity of life.

Through this health insurance solution, the Bank is directly contributing to **Sustainable Development Goal 3** – Good Health and Well-being, by expanding access to affordable and quality healthcare. It also strengthens partnerships between faith-based institutions and financial service providers, fostering sustainable community development and resilience.

ECONOMIC INCLUSION

Access to finance has enhanced economic agency and participation at both household and community levels. By providing appropriate and affordable financial solutions, the Bank has enabled ***young entrepreneurs, youth-led enterprises,*** and ***women-owned businesses*** to transition from informal activities into more stable and sustainable income-generating ventures. In doing so, Caritas Microfinance Bank continues to address structural barriers to financial inclusion while advancing inclusive and equitable economic growth.

01) CariCash-Mobile Loans

2025 | 251.4Mn

Number of CariCash (Mobile Loan) Customers 26,058



Total Amount Financed to MSMEs (Millions) 02

2025 | 864 Mn
2024 | 635 Mn

New focus area for 2025, with a significant allocation supporting MSMEs and contributing to economic resilience.



03) Total Amount Financed to Youths (Millions)

2025 | 508.39 Mn
2024 | 411 Mn

A notable 12% increase in youth financing, underscoring the bank's commitment to fostering youth entrepreneurship.



Total Amount Financed to Women (Millions) 04

2025 | 601.97 Mn
2024 | 344 Mn

Anotable increase of 54% in women's financing, potentially indicating shifting priorities or external factors affecting access.



03) Rural vs Urban Clients (Millions)

Rural | 618.7Mn
Urban| 1.8 Bn

We continue to channel significant financing into rural communities, expanding opportunities for the underbanked and driving sustainable growth



YOUTH & GENDER

TOWARDS EMPOWERING WOMEN OWNED ENTERPRISES

Women continue to create, build, and scale businesses on an equal footing with their male peers; unlocking jobs, fostering innovation, and driving economic growth. Yet despite their potential, women entrepreneurs still face disproportionate obstacles in accessing finance, resources, and business networks. Financial institutions play a critical role in closing these gaps by addressing the structural challenges that hinder women's economic participation.

Across Kenya, access to financial services remains a major barrier for millions of people and businesses. While progress has been made, many individuals ,particularly women, small business owners, and rural communities, still struggle to access affordable and appropriate financial products. Without secure ways to save, access credit, or insure themselves against risks, households find it difficult to build wealth, invest in opportunities, or recover from shocks.

To address these gaps, Caritas MFB has partnered with **Financial Sector Deepening (FSD)- Kenya** to:

- Improve loan uptake among women-owned enterprises.
- Collect and report WMSME-disaggregated data.
- Increase access to credit for women entrepreneurs.
- Analyze beneficiary data using gender-disaggregated insights to guide decision-making.

Through dedicated programmes, we have continued to empower women and youth, particularly in agribusiness. Our ***Imarisha Kilimo facility*** is one example of how we are enabling women in dairy and agricultural value chains to access capital and build resilient enterprises. In addition, the Bank has deepened its commitment to gender inclusion through ESG capacity-building initiatives, ensuring women can participate equally in economic opportunity.

Our Approach

Caritas Microfinance Bank remains fully committed to championing women's economic empowerment through targeted interventions that remove barriers and expand opportunities.

Our approach focuses on:

- Strengthening our *women-focused portfolio* to create meaningful, measurable impact.
- Providing *financial literacy and capacity-building programs* that equip women with the knowledge to grow and sustain their businesses.
- Contributing to the development of a *national gender-disaggregated database*, enabling stakeholders to better understand and serve women entrepreneurs.

Looking Forward

As we look ahead, the Bank aims to further strengthen its financial intermediation role by channeling more resources towards women-owned enterprises. Our focus remains on transforming the lives of underserved and unbanked communities, with special attention to women and youth, through inclusive products, tailored financing, and ongoing capability development.

CASE STUDY:

Catherine Nguju Wangombe, a poultry farmer from Ruirie in Nyeri County, exemplifies the transformative power of financial inclusion. Catherine rears both broiler and layer chickens. She aspired to expand her poultry business but lacked the capital to do so.



Through Caritas Microfinance Bank, she accessed the *Imarisha Kilimo* financing she needed, enabling her to increase her stock to over fifty chickens. Today, Catherine is steadily growing her agribusiness, improving her household income, and contributing to local food production. Her journey reflects the resilience of Kenya's women entrepreneurs, and the significant role that accessible finance plays in unlocking their potential.



ECONOMIC GROWTH THROUGH INCREMENTAL HOUSING FINANCING

Kenya's housing finance landscape continues to evolve, with increased emphasis on ***affordable and green housing.*** Financial institutions are encouraged to design products that promote accessibility for low and middle-income earners. Despite these efforts, a significant housing gap remains. High interest rates, limited access to long-term mortgages, and rising construction costs have made home ownership or improvement a challenge for the majority of urban dwellers. For many Kenyans, especially those in informal employment, access to affordable and incremental housing finance remains out of reach.

To bridge this gap, Caritas Microfinance Bank has been at the forefront of providing incremental housing solutions through its ***Rent Milele Loan***, a tailored facility that enables customers to build or improve their homes in stages, based on available resources and repayment capacity.

In 2025, the Bank supported 206 customers, disbursing a total of KES 232.36Mn, helping low and middle-income households to construct, expand, and upgrade their homes

CASE STUDY: JANE GICHURU JOURNEY ON BUILDING PROSPERITY

Jane Gichuru, a 60-year-old entrepreneur from Kawangware, is a dedicated businesswoman in the rental housing sector. Jane began her journey modestly, managing just *five single-room units.* Her vision was to expand and provide decent, affordable housing to her community, but limited access to financing stood in her way.



Jane Muthoni Gichuru-a customer banking with Caritas MFB at Kawangware Branch

In 2018, Jane was introduced to Caritas Microfinance Bank, through her Self help Group, where she learned about the Rent Milele Loan facility.
The product's flexible structure and affordable terms offered her a pathway to achieve her dream of expanding her rental business. With the Bank's support, she secured financing to construct additional units and over time, as her income grew, the Bank continued to walk with her through *top-up loans* in *2018, 2022, and 2024.*

Today, Jane proudly manages 30 rental units, creating not only a steady source of income for her family but also offering affordable housing options to dozens of residents in her community.



Jane Gichuru's -Rental units at Kawangware

Through initiatives like the *Rent Milele Loan*, the Bank continues to promote *decent work and economic growth (SDG 8)* by empowering entrepreneurs like Jane to invest, create jobs, and contribute to Kenya's sustainable urban development.

ECONOMIC CONTRIBUTION THROUGH TAXES

The Bank plays an important role in supporting the economic wellbeing and aspirations of households, individuals, businesses and communities. Our contribution to national development extends beyond financial services, it includes fulfilling ***our tax obligations*** transparently and responsibly as part of our commitment to ethical business practices and sound governance.

We recognize that a sustainable and ethical approach to tax aligns with our purpose and values. Responsible taxation is a key pillar of our ***economic sustainability***, as it reflects how we generate, manage, and redistribute value within the economy. By complying with tax legislation, regulatory requirements, and best-practice standards, we help strengthen the socioeconomic systems that enable long-term stability and prosperity.



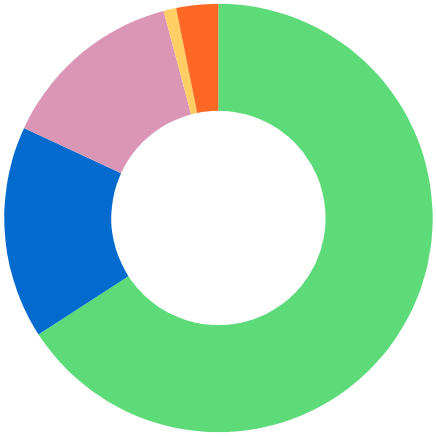
We remain intentional about maintaining transparent, accountable, and collaborative relationships with the Kenya Revenue Authority and other regulatory bodies. By doing so, we ensure that our operations consistently meet compliance expectations while contributing to the broader socioeconomic development of the country.

Through responsible taxation, Caritas Microfinance Bank continues to demonstrate its commitment to good governance and sustainable economic progress for present and future generations.

The Bank has contributed a total of *Kes 306 Million* in statutory taxes to the Government of Kenya. These contributions play a significant role in supporting public services, infrastructure development, and economic stability.

Our tax payments were made across various categories, including:

- **Income Tax - PAYE** - *Kes 208.3 Mn*
- **Excise** - *Kes 50.7 Mn*
- **Income Tax - Withholding** - *Kes 44.3 Mn*
- **Income Tax - Rent Incom...** - *Kes 3 Mn*
- **Income Tax - Company** - *Kes 10 K*











EMPLOYEE WELFARE

Employee welfare at the Bank primarily supports SDG 8 – (Decent Work and Economic Growth) by fostering an inclusive, healthy, and empowering work environment.

EMPLOYEE WELFARE

The Bank remains committed to fostering a positive, inclusive, and engaging workplace environment that promotes employee well-being, continuous learning, and team spirit.
In 2025, several initiatives were undertaken to strengthen staff morale, teamwork, and professional growth.

Employee Training

- Throughout 2025, the Bank implemented a series of training programs to build staff competence and foster professional growth.
- These included staff induction sessions for new employees and weekly training programs focused on skills development, leadership, and service excellence.
- The programs also strengthened alignment with the Bank's values and long-term sustainability objectives.



Our CEO presents Certificates of Participation to newly onboarded staff at the Staff Induction Training.

Caritas Sports Day



The Caritas MFB Team at Queen of Apostles Seminary, Ruaraka, during Caritas Sports Day.

- The Bank successfully held its annual Caritas Sports Day on 26th July 2025 at Queen of Apostles Seminary, Ruaraka.
- The event brought together staff from various branches and departments for a day of sporting activities and friendly competition.
- It promoted physical wellness, teamwork, and employee engagement

Interbanks Participation

- The Bank actively participated in the KBA Interbanks Sports Tournament held from 6th to 21st September 2025.
- The Bank's teams competed in multiple sporting disciplines, displaying skill, discipline, and collaboration.
- The Bank was awarded the ***Best Microfinance Bank (MFB)***, recognizing excellence in teamwork and employee participation.



The Caritas MFB Team at KSMS during the Interbanks Closing Ceremony – September 2025.





Ladies and Men's Conclave held at Elysian Resort

Ladies & Men's Forum

- The Bank continued to nurture employee welfare through the Men's Conclave and Ladies' Confrence, which serve as safe spaces for dialogue, mentorship, and peer support.
- These initiatives enhance emotional resilience, spiritual growth, and inclusivity, fostering a workplace culture rooted in empathy and mutual respect.

GOVERNANCE

- CORPORATE GOVERNANCE
- BOARD RESPONSIBILITY & COMMITTEE STRUCTURE
- RISK MANAGEMENT



GOVERNANCE

CORPORATE GOVERNANCE

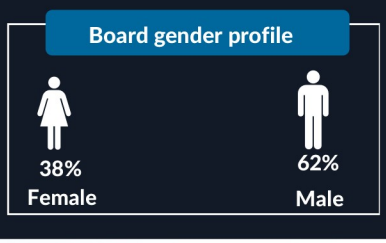
The Bank's Board composition is deliberately structured to facilitate effective oversight and aligns with the shareholders' objective of maintaining a well-diversified body. The Board is composed of individuals with a necessary mix of knowledge and expertise tailored to the Bank's size, strategy, risk profile, and complexity.

Current Structure and Compliance

The current Board has **8 members.** Regulatory compliance and structural objectives are maintained:

Diversity and Structure:

The Board observes the **two-thirds gender rule** with a composition of **3 Females & 5 Males**



Regulatory Compliance:

The composition adheres to:

- **Section 20** of the Microfinance Act.
- **Regulations 25 and 26** of the Microfinance Regulations.
- **Article 128** of the Companies Act 2015.
- **Article 16** of the Bank's Articles of Association.

Recent Appointments

2 new Board members were appointed by the Central Bank of Kenya (CBK) in 2025. One more member is currently undergoing the vetting process, which will bring the composition to the target structure of 9 members.



Ms. Naomi Wanjiru Matheri
Director

Ms. Naomi Wanjiru is a seasoned Economist with over 18 years of experience specializing in Public Finance. Her expertise covers critical areas including project planning, budgeting, financing, resource mobilization, debt analysis, and management. She holds a Master's degree in Economics and a Bachelor of Science in Statistics. Her professional development includes extensive training in Monitoring & Evaluation (M&E), Strategic Leadership, Project Management, and Financial Programming & Policies. Ms. Naomi joined the bank in September 2025.

Dr. Tom Muchiru is a distinguished IT Expert and Business Management Professional with over 30 years of corporate experience, culminating in a senior-level career in banking. He has held executive roles in IT and Enterprise Architecture, where he spearheaded critical innovative initiatives. Dr. Tom holds a Doctorate in Strategic Management and possesses professional certifications across Leadership, Risk Management, Governance, Enterprise Architecture, and Service Management. Since joining the bank in September 2025, he is uniquely positioned to drive innovation, mentorship, and research initiatives that enhance banking operations, digital transformation, and financial services



Dr. Tom Muchiru Kahigu
Director

Continuous Learning and Development

The Board emphasizes continuous learning to ensure members remain up to date with emerging industry trends and are well-equipped to align the Bank with the evolving needs of its customers.

Recent trainings include: *Corporate Governance, Leadership and Board Oversight on Strategy, Digital Transformation, and Effective Board Meetings.*



Annual Board Evaluation

The Board actively participated in the *annual evaluation process*, reinforcing accountability and continuous improvement in governance practices.

The annual composition review considers rotation plans, tenure, succession, retirement, resignations, required skills, and insights from Board evaluation outcomes.

Anti-Bribery and Corruption Policy

Bank has an established *Anti-Bribery and Anti-Corruption Policy* that provides clear guidance for preventing, identifying, and managing bribery-related risks among staff and customers.

The policy is supported by training programs that raise awareness and strengthen adherence to anti-bribery and anti-corruption standards, processes, and controls designed to mitigate associated risks and threats.

Whistleblowing and Accountability

To enhance transparency and uphold ethical conduct, the Bank has a *Whistleblowing Policy* that provides a secure, confidential, and anonymous channel for reporting unethical behavior.

This policy ensures employees and stakeholders can voice concerns without fear of retaliation.

All reported breaches are handled through a structured whistleblowing process that supports accountability and timely resolution.

Board Responsibility and Committee Structure

The Board is strategically structured into the following committees, ensuring comprehensive support across all areas of the Bank, including ***Environmental, Social, and Governance (ESG) initiatives***

BOARD RESPONSIBILITY

- **HR, PROCUREMENT & LEADERSHIP**
  - Ensures **compliance in gender balance**.
  - Recommends budgets for **trainings and staff welfare** initiatives
- **FINANCE & STRATEGY**
  - Ensures proper **budgeting balance** to support the social and economic needs of customers.
  - Supports **partnership initiatives** that enhance growth, training, and financing for key sectors like *agriculture, youth, women, entrepreneurship, & Housing*
- **ICT & OPERATIONS**
  - Ensures the Bank stays current with **advancing technology.**
  - Instrumental in approving initiatives that have led to the Bank becoming a **digital bank** with over **99%** of all transactions happening online.
- **AUDIT, RISK & COMPLIANCE**
  - The **ESG role** is primarily situated with this Committee.
  - Provides the **framework for all ESG activities**, including: *tree planting programs , CSR activities, and literacy programs*
- **BUSINESS DEVELOPMENT**
  - Heavily **supports and invests in the financing of key community projects**, *such as Biogas Financing* and strategies for *Youth and Women Financing.*
  - Drives economic growth by **financing different segments through partnerships**.
- **CREDIT COMMITTEE**
  - Implements policies that support the **economic growth and financial health** of customers through needs-based financing and advisory.
  - Management of *Portfolio at Risk (PAR)* within acceptable levels is a clear indicator of **loan quality and customer welfare.**

Conclusion

The Bank's Board is well-structured to provide effective oversight and regulatory compliance, supported by diverse membership and specialized committees that advance digital transformation and integrate ESG principles. Through strong governance, community financing, and financial literacy initiatives, the Board continues to enhance the Bank's resilience and drive positive economic and social impact.

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:

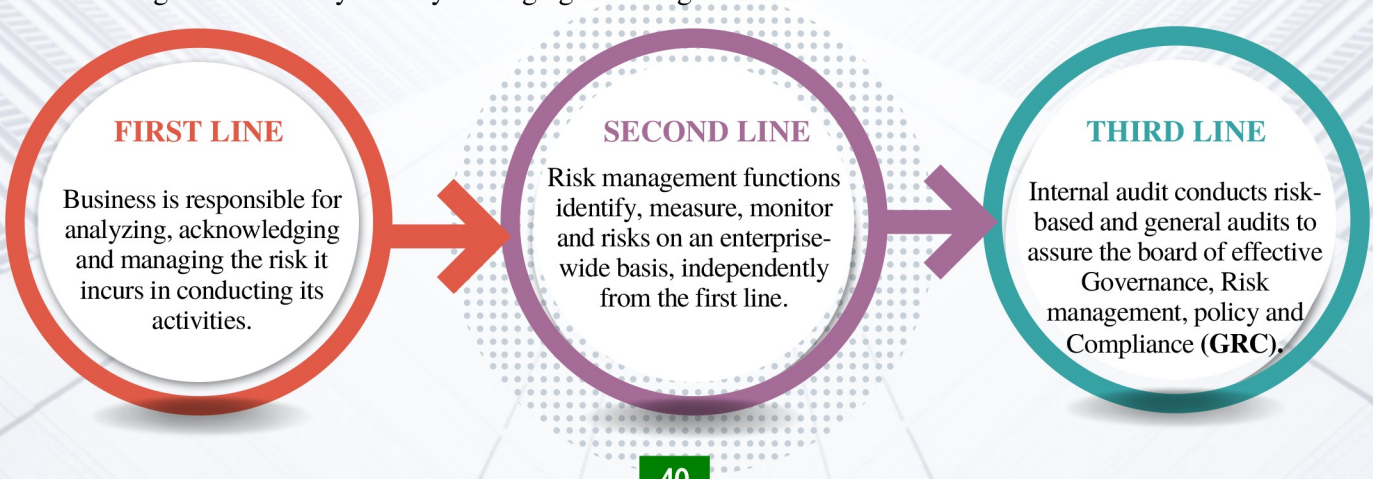
At Caritas Microfinance Bank, risk management is integrated into our strategic and operational framework through a comprehensive Enterprise Risk Management (ERM) framework.

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.

Three Lines Model

We apply the Three Lines Model to proactively identify, manage, and mitigate sustainability-related risks, with a deliberate focus on preventing the recurrence of issues. The Bank's Enterprise Risk Management Framework provides an overarching structure that clearly defines the roles and responsibilities within this model. Through this framework, our governance structure effectively manages sustainability risks by leveraging the strengths of each of the three lines.





OUR COMMITMENT TO SUSTAINABILITY IN 2026

EXPANDING OUR IMPACT

As we look ahead to 2026, Caritas Microfinance Bank remains steadfast in advancing sustainability across environmental, social, and governance dimensions. Our priorities are designed to directly contribute to the United Nations Sustainable Development Goals (SDGs), ensuring that our efforts create meaningful impact for our communities, customers, and the environment.

Focus Areas and Initiatives

Expanding Green Finance



We aim to grow our **green finance portfolio** by **40%** and increase sustainability-linked loan products, enabling institutions and businesses to adopt clean energy solutions and environmentally responsible practices.

Achieving 100% Renewable Energy Use



All branches will transition to fully **renewable energy**, reinforcing our commitment to *reducing carbon emissions* and *promoting sustainable operations.*

Enhanced Climate Reporting



We will publish our disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD), ensuring transparency and accountability in reporting climate-related risks and opportunities.

Nationwide Tree Planting Initiative



Our goal is to plant 50,000 trees across Kenya, contributing to climate mitigation, biodiversity preservation, and environmental stewardship.

Strengthening ESG Reporting



We will enhance our ESG reporting framework and build staff capacity, ensuring all employees are equipped to integrate sustainability principles into their work and decision-making.

GRI INDEX

This Report has been prepared with reference to the **Global Reporting Initiative (GRI) Standards**, with a focus on disclosures that are material to Caritas Microfinance Bank's mission, scale, and operating context. The Bank adopts a proportionate approach to sustainability reporting, with ongoing efforts to strengthen data availability and disclosure depth over time.

GRI Standards	Disclosure	Description	Report Section / Reference
GRI 1: Foundation 2021	1	Basis for reporting	*pg 4*
GRI 2: General Disclosures 2021	2-1	Organizational details	*pg 10,11*
	2-2	Entities included in the report	*pg 4*
	2-3	Reporting period & frequency	*pg 4*
	2-4	Restatements of information	*pg 4*
	2-5	External assurance	*pg 4*
	2-6	Activities, value chain, and business relationships	*pg 10, 11, 12*
	2-7	Employees	*pg 34*
	2-8	Workers who are not employees	*Not material at this stage*
	2-9	Governance structure and composition	*pg 37*
	2-10	Nomination and selection of highest governance body	*pg 37*
	2-11	Chair of the highest governance body	*pg 5*
	2-12	Role of the highest governance body in overseeing strategy	*pg 39*
	2-13	Delegation of responsibility for managing impacts	*pg 39*
	2-14	Role of the highest governance body in sustainability reporting	*pg 39*
	2-15	Conflicts of interest	*pg 36-40*
	2-16	Communication of critical concerns	*pg 36-40*
	2-17	Collective knowledge of the highest governance body	*pg 39*
	2-18	Evaluation of the performance of the highest governance body	*pg 39*
	2-19	Remuneration policies	*Not disclosed*
	2-20	Process to determine remuneration	*Not disclosed*
	2-21	Annual total compensation ratio	*Not disclosed*
	2-22	Statement on sustainable development strategy	*pg 6-8*
	2-23	Policy commitments	*pg 36-40*
	2-24	Embedding policy commitments	*pg 36-40*
	2-25	Processes to remediate negative impacts	*pg 36-40*
	2-26	Mechanisms for seeking advice and raising concerns	*pg 36-40*
	2-27	Compliance with laws and regulations	*pg 36-40*
	2-28	Membership associations	*Not disclosed*
	2-29	Approach to stakeholder engagement	*pg 20,22,24,29,31,32*
	2-30	Collective bargaining agreements	*Not material at this stage*
GRI 3: Material Topics 2021	3-1	Process to determine material topics	*pg 14*
	3-2	List of material topics	*pg 14*
	3-3	Management of material topics	*pg 14*
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	*pg 28*
	203-2	Significant indirect economic impacts	*pg 26, 30*
GRI 404: Training and Education 2016	404-1	Average hours of training per employee	*pg 53*
	404-2	Programs for upgrading employee skills	*pg 53*
GRI 413: Local Communities 2016	413-1	Operations with local community engagement	*pg 20,22,24,29,31,32*
	413-2	Operations with significant actual and potential impacts	*pg 20,22,24,29,31,32*
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning customer privacy	*pg 36-40*
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	*pg 30,33*
GRI 302 / 305 (Environmental)	-	Energy and emissions	*Not material at this stage*
GRI 306: Waste 2020	-	Waste management	*Not material at this stage*



SUSTAINABILITY IN ACTION