Caritas
MICROFINANCE BANK
Twaimarisha Jamii

2023
ANNUAL REPORT & FINANCIAL STATEMENTS

Celebrating 9 Years of Empowering Households!



Caritas Microfinance Bank opened its doors in June 2015, dedicated to providing ethical financial solutions. Over the past 9 years, we've remained committed to our mission of empowering every household.

Thank you for being part of our journey!

-Twaimarisha Jamii-



ABOUT THIS REPORT

Scope and purpose

The Caritas Microfinance Bank Annual Report and Financial Statements is our principal reporting disclosure for 2023. The goal of this report is to provide our stakeholders with a complete and integrated view of how Caritas MFB operates.

Offering a condensed overview of Caritas MFB's business model, strategy, governance, growth, and financial performance, this report serves as a key resource for stakeholders seeking insights into our operations.

In addition to this report, we provide various departmental periodic publications to cater to the varied information requirements of our stakeholders. These include:

Risk Management, Compliance & Assurance Framework — Page 16

Our Sustainability Report — Page 20

Our People & Culture — Page 26

ICT Innovations & Update — Page 30

Institutional Banking Report — Page 34

Bancassurance Report — Page 38

ALCO Highlights — Page 42

Consolidated financial statements — Page 46

Our Digital Solutions — Page 104

Our Audience

This report primarily is addressed to our shareholders, but we have also included information relevant to our other stakeholders including employees, customers, regulators, partners, and the society.

Employees | Customers | Regulators | Partners | The Society

SNAPSHOT OF CARITAS MFB

Caritas Microfinance Bank was founded by the Catholic Archdiocese of Nairobi and launched in June 2015 as a deposit taking microfinance institution.

We exist to provide up scaled financial services to our customers enabling them to safe guard their future and be able to take care of their financial needs.

We have grown to become one of the leading & fastest growing microfinance banks, offering a range of services, including current and savings accounts, term loans and asset finance, LPO finance, insurance and foreign exchange solutions.

Vision

The household financial services provider that adds value to all



Mission

We provide ethically driven financial solutions to achieve distinctive customer experience in a convenient and innovative way while growing our stakeholders value



Our Core Values

Customer Centric
We strive to exceed our clients' expectations with every service delivery.

Accountability & Professionalism
We emphasize responsible conduct and high standards in our work.

Reliability
We prioritize consistency and dependability in all our services and operations.

Integrity
We prioritize honesty, transparency, accountability, and adherence to ethical principles and regulations in all our responsibilities

Teamwork
We promote team effort, emphasizing collaboration, interdependence, and trust to achieve strategic objectives.

Accessible & Responsive
We are committed to being accessible to our stakeholders and promptly addressing their needs.

Stewardship
We uphold responsible management and conservation of resources entrusted to us.



WAYS TO DO BANKING

As the fastest growing Microfinance Bank in Kenya, our dedication lies in providing financial solutions and adding value for our customers and the community. This commitment spans across both our physical branches and digital channels, ensuring a seamless banking experience for our customers.

Mobile Banking

Our USSD- *810#

Caritas Pay App

Account-to Account instant transfers through **Pesa Link** on our Caritas Pay App

Digital Platforms

Caritas Chama - is a user-friendly software aimed to enhance efficiency, transparency, communication and fostering financial growth for Chamas.

Caritas Digital Account - you can effortlessly access and open the Account from our Caritas Pay App.

Internet Banking - Experience efficiency & convenience for your account through our secure and user friendly internet banking platform.

Agency Banking - You can access your account conveniently through our agency networks including: deposits, withdrawals, account enquiries, account opening.

Digital ways to make payments

CaritasPay Portal - is your one-stop solution for all your payment needs.
A secure and efficient digital payment solution that allows customers enjoy hassle-free loan disbursements, swift salary payments, seamless bulk transactions, and more.

Lipa Na Caritas - is a Digital Payment solution that allows you to receive Mpesa payments directly to your Caritas MFB account, Free of charge!

Pesa-Link Services - one can Seamlessly transfer funds from account-to-account using Pesa Link on our Caritas Pay App

Mobile Money Transfers - Easily send and receive funds to your loved ones from abroad the country through Western Union, MoneyGram, RapidTransfer, and Ria money transfer.

Customer Service

24/7 Call Center - For general inquiries, feedback or any assistance, our Customer Service personnel are available around the clock, 24/7. Feel free to reach out at any time

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Bank Information

Principal place of business

Cardinal Otunga Annex
Cardinal Otunga Street
P.O. Box 15352-00100
Nairobi, Kenya

Registered Office

LRNO 209/13626, Nairobi
Kaunda, Street
P.O. Box 14231-00800
Nairobi, Kenya

Company Secretary

Image Registrars Limited
Certified Public Secretary (K)
P.O. Box 9287-00100
Nairobi, Kenya

Independent Auditor

Mazars LLP
The Green House, 3rd Floor, Suite 8
P.O. Box 61120-00200
Nairobi, Kenya

Principal Bankers

NCBA Bank Kenya Plc
Wabera Branch
P.O. Box 44599-00100
Nairobi, Kenya

Cooperative Bank of Kenya
City Hall Branch
P.O. Box 48231-00100
Nairobi, Kenya

Family Bank Ltd
Fourways- Corprate Branch
P.O. Box 74145-00200
Nairobi, Kenya

Board of Governance

The bank is managed by a board of professionals with extensive corporate expertise.

They have diverse backgrounds and years of experience across different sectors.

The Board Members are:-



CPA Patrick Kariuki Kinyori
Chairman



Fr. CPA Simon Ng'ang'a
Director



Sr. Mary Mbaci
Director



Dr. AnneMary Nkirote
Director



Prof. Peter Kiriri
Director



Mr. Graham Waliaula
Director



Mr. George Thogo
Director



Ms. Joyce Njeri Munene
Director

Management of the Bank

The bank is run by a dedicated management team, led by the Chief Executive Officer, and supported by an experienced senior management team



David Mukaru
Chief Executive Officer



CHRP Everlyne Mutuku
Head of HR & Admin



CPA Amon Kariuki
Head of Finance& Strategy



CPA Geoffrey Bundi
Head of Audit, Risk& Compliance



Davies Muriuki
Ag. Head of ICT



FA Sospeter Wafula Sitati
Head of Credit



Dennis Nderitu- AKIB
Head of Operations



Moses Ng'ang'a
Ag. Head of Institutional Banking

CHAIRMAN'S SPEECH



CPA Patrick Kariuki Kinyori

Chairman

Dear Esteemed Shareholders

On behalf of the Board of Directors, I am delighted to welcome you to Caritas Microfinance Bank's 9th Annual General Meeting.

The country's economic performance strengthened in 2023 despite continued challenges with real GDP growth accelerating from 4.8% in 2022 to 5.5% in 2023.The improved growth performance is attributed to a strong rebound in agriculture sector in 2023 which faced a persistent and severe drought as well as a moderate growth in the service sector.

The economy however, continued to face several challenges to sustain its growth momentum such as heightened fiscal and external vulnerabilities manifested through high public debt , elevated cost of living, exchange rate pressures, global economic uncertainties and tight global financial condition.

In the banking sector, the industry remained stable and resilient in 2023 characterized by strong capital and liquidity buffers.

The sector recorded improved performance against a backdrop of a challenging macro-economic environment.

This improved performance was supported by a 20.6% growth in net interest income coupled with 16.4% growth in non-funded income (NFI). The growth in non-funded income (NFI) was partly driven by the increase in foreign exchange income recorded by the banks during the period as a result of increased dollar demand in the country.

However, this growth in incomes was also marred by an industry increase in non-performing loans which increased to 15% at the end of the third quarter of 2023.

It is anticipated that an array of challenges will weigh on borrowers credit worthiness and create difficult operating conditions for the sector through 2024.

Retail loans were significantly impacted by the decline in real disposable incomes as a result of the recent tax increases by the government. It is therefore against this backdrop that the 2023 financial performance should be viewed.

Financial Performance

The performance in assets grew by 14.51% from Ksh.3.35 Billion in 2022 to Ksh.3.84 Billion in 2023 while profit before tax grew by 5.38% from Ksh.39.55 Million to Ksh.41.68 Million. This small increase in profitability was as a result of an increase in NPL which was occasioned by provision made on two customers who faced delayed payments by the government.

It is worth noting ,that out of 12 deposit taking Microfinance banks authorized by central Bank of Kenya, only 4 returned a profit; Caritas bank being among the four.

The loan book grew from Ksh.2.2 Billion in 2022 to Ksh.2.7 Billion in 2023. While deposit also grew from Ksh2.8 Billion in 2022 to Ksh.3.2 Billion in 2023.

Business Strategy

The bank business strategy is anchored in the strategic framework developed by the 2021 -2025 Strategic plan.

However in recognition of a dynamic and evolving business environment, a midterm review was conducted in 2023 which resulted in a strategic realignment of our institutional and retail business to ensure effectiveness.

The revised Strategic Plan prioritizes stakeholder support across the business environment, social and governance spectrum, close partnership with the church and improved customer accessibility both in brick and mortar, and digitally.

In the future, I envision a Caritas microfinance bank fully digitized providing a comprehensive suite of digital banking services tailored to the needs of our nationwide clientele.

Expansion/Outreach

To enhance customer accessibility, the Bank has expanded its physical footprint through the establishment of new branches in **Nakuru, Nyeri,** and **Githurai.** Additionally, a new marketing office has been opened in **Homabay** and plans to open another office in Kisumu City before the end of the year are in progress. Furthermore, the Bank has undertaken a comprehensive modernization program to elevate he aesthetics of our existing

CHAIRMAN'S SPEECH

branches, a good example is our **Cardinal Otunga Branch** which new look was blessed by His Grace, Archbishop Philip Anyolo early this year .
It is worth noting that the **Nyeri Branch** was opened on 1st May 2024 at the Irene Nyaatha Plaza a modern Building owned by the Archdiocese of Nyeri.

These branch expansions and modernization demonstrates our commitment to serving a wider clientele and fostering financial inclusion across Kenya.

Caritas Bancassurance Intermediary Limited
Caritas Bancassurance, our insurance services intermediary arm, is profitably operational having received its licence from Insurance Regulatory Authority(IRA).
This exciting development allows us to offer a wider range of financial products and services, including retirement planning solutions. This expansion strengthens our commitment to providing holistic financial solutions for all stages of life. The financial performance of the Bancassurance for 2022 and 2023 periods are detailed in the consolidated audited financial statements.

Corporate Governance
Am happy to announce the on boarding of a new Director **Ms. Joyce Munene** as part of our commitment to create a diverse and balanced board composition.
Joyce is an advocate of the High Court of Kenya and an expert in Corporate Governance.
She has over 19years of experience in corporate legal field having worked for various corporates such as Equity Bank, Kenya Breweries, among others. She brings a strong corporate governance experience and will be an invaluable addition to the bank as we continue to implement our 2021-2025 Strategic Plan.

Capacity Building
To strengthen the capacity of the Board to undertake its functions, the board attended various training during the year.
The training focused on emerging and important areas such as ESG and climate Risk Management, Governance, IFRS9 and Global Auditing Standards.
In compliance with the CBK the board conducted its performance evaluation exercise and identified arrears that should be strengthened going forward.

Shareholding
As a Board, we appreciate the support we are getting from our shareholders in strengthening our bank's capital base. In 2023, the shareholders injected an additional capital to the bank bringing total paid up capital to Ksh.700 Million. An additional Ksh.300 Million is expected to be paid up in 2024. Allotment letters to the existing shareholders were sent out early in 2024 and we are hopeful that funds will be available by end of June 2024 to fund the banks customer outreach.

Award-Winning Recognition
Caritas MFB dedication to excellence has been recognized at the **Think Business Awards 2024**. We received the following awards:

- **Best Microfinance Bank in Digital Innovation:** This award validates our commitment to developing cutting-edge technology solutions that empower our clients.
- **Best Microfinance Bank in Agriculture and Livestock:** This recognition highlights our dedication to supporting the backbone of Kenya's economy – the agricultural sector.
- **First Runner-up: Overall Best Microfinance Bank in Kenya: Securing** this position reflects our comprehensive approach to providing exceptional financial services to all Kenyans.

These awards are significant achievements for Caritas MFB, and we dedicate them to all our stakeholders for continued support and trust.

Building on Success
Looking ahead, the Board is confident that Caritas MFB is well-positioned for continued success. We shall focus on financial inclusion and deepening, and developing innovative services to reach the unbanked and under banked Kenyans.

Conclusion
In conclusion, I want to express my sincere gratitude to the shareholders for their continued and unwavering support and goodwill , the Board of Directors for their commitment to serve, the management and staff for their hard work and dedication. Together, we have built a strong and successful financial institution that is making a positive difference in the lives of Kenyans.

May God bless you and our great Bank!

CPA PATRICK KINYORI, FKIM
CHAIRMAN-BOARD OF DIRECTORS

CEO'S STATEMENT



David Mukaru
CEO

Distinguished members of the Board, esteemed guests, and valued shareholders.

I am honored to present to you the Caritas Microfinance Bank's consolidated Annual Report 2023 and welcome you to the 9th Annual General Meeting.

The year 2023 was exceptional for Caritas Microfinance Bank. We achieved remarkable milestones, embraced innovation, and solidified our commitment to empowering our customers.

Banking Industry Highlights

Kenya's 2023 economic performance was a mixed bag. The agricultural sector rebounded strongly, driving moderate growth of around 5.5%.

However, inflation remained high at 8.6%, prompting the Central Bank to raise interest rates.

Despite these challenges, the banking sector displayed resilience with stable capital levels. While credit to the private sector increased slightly, rising costs and interest rates put pressure on bank profitability.

On a positive note, the trend towards digital banking solutions continued to grow.

Caritas Microfinance Bank Performance

The bank registered a 5.3% growth in profit before tax (PBT) from Ksh.39.5 Million in 2022 to Ksh.41.7 Million in 2023.

The performance was driven by:

- Growth in the bank's revenue from Ksh.511 Million in 2022 to Ksh.574 Million in 2023.
- Customer deposits grew by 13% from Ksh.2.8 Billion in 2022 to Ksh.3.2 Billion in 2023.
- Customer loans and advances grew by 20% from Ksh.2.2 Billion in 2022 to Ksh.2.7 Billion in 2023.
- The Bank disbursed Ksh.1.9 Billion in 2023, up from Ksh.1.6 Billion in 2022.

The bank maintained a positive and healthy position on all prudential ratios being above the minimum required.

Bank Business Strategy

In 2023 the bank carried out its midterm SP review that aligned our strategies to the changing needs of our customers and the current industry environment.

i. Accessibility

Our customers and stakeholders can access our services at various physical branches, including Cardinal Otunga-Nairobi CBD, Kawangware, Donholm, Thika, Karuri, and Karen. We've also established an agency network within and outside of Nairobi to be within reach of our customers. The number of bank agents grew to 134. Additionally, we are accessible through mobile banking.

To enhance customer accessibility, the Bank has expanded its physical footprint by establishing new branches. In 2023, we opened our first branch outside Nairobi County in **Nakuru**. In 2024, we continued our expansion with new branches in **Githurai**, Kiambu County, and **Nyeri** in Nyeri County. Additionally, a new marketing office has been opened in **Homabay**.

Furthermore, the Bank has undertaken a comprehensive modernization program to elevate the aesthetics of our existing branches, exemplified by our **Cardinal Otunga Branch**. These branch expansions and modernization efforts demonstrate our commitment to serving a wider clientele and fostering financial inclusion across Kenya

ii. Driving Progress Through Digitization

Currently, **97% of Caritas MFB transactions occur digitally**, allowing our customers to access our bank services from the comfort of their mobile devices. Thus, we proudly consider ourselves a **digital bank**. We believe that financial technology is a powerful tool for inclusion and growth.

This year, we spearheaded the development of several digital solutions:

- **Lipa na Caritas**: A mobile payments platform tailor-made for business owners, groups and organization that allows for seamless transactions through their bank accounts.
- **Caritas Pay Portal:** A platform designed to serve groups and organizations through seamless payments to members. .

CEO'S STATEMENT

- **Caritas Chama:** This innovative platform streamlines management of investment groups (chamas), fostering financial discipline and collective success.
- **Pesalink Integration:** Enables seamless interbank transfers.
- **Mobile Money Transfers:** We have partnered with Ecobank to offer Western Union, Rapid transfer, Ria and Money Gram to allow transfers locally and internationally.
- **Caritas Digital Account**: One can now open an account via their mobile phone without visiting the bank.

These digital innovations have transformed the way our clients interact with their finances. They have simplified transactions, expanded our reach, and empowered our clients with greater control over their financial well- being.

iii. Building Bridges, Fostering Relationships

We firmly believe that strong relationships are the cornerstone of success. We actively fostered communication and collaboration by organizing **breakfast meetings** with our branches and surrounding stakeholders.

These meetings were key in Strengthening our Business Relationships as well as gaining valuable insights to better serve the communities we operate in.

By fostering a collaborative environment and actively listening to our stakeholders, we gain crucial insights that will continue to shape the future of Caritas MFB.

iv. Sustainability

Caritas Microfinance Bank has demonstrably embraced Environmental, Social, and Governance **(ESG)** principles within its daily operations. 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.

We have further undertaken a strategic initiative to integrate ESG considerations throughout the Bank's corporate culture, with a continued emphasis on implementation and measurable outcomes.

v. Strategic Partnerships for Shared Success

Strategic partnerships with parishes, hospitals, schools, health institutions, self-help groups, and church associations have significantly contributed to the Bank's success. We have cultivated a network of key collaborations designed to enhance the value proposition for our esteemed clientele.

Notably, the Bank's enduring partnership with the church remains a cornerstone of our commitment to stakeholder well-being.

Furthermore, our collaboration with Ecobank facilitates seamless money transfers, while our partnerships with MESPT and Caritas Dairy empower us to deliver targeted financial solutions to dairy farmers, a vital segment of the agricultural sector. This collaboration led to our recognition as the **Best Microfinance Bank in Agriculture and Livestock** at the **Think Business Awards in 2024**.

Additionally, we have partnered with Optiven Limited to offer real estate solutions to our customers. We will continue to onboard more partnerships to empower all our stakeholders.

Our Appreciation

Your unwavering confidence serves as a constant motivator for our pursuit of exceptional customer service.

Through collaborative efforts, we shall endeavor to achieve even greater success in the years to come.

We remain steadfast in our commitment to seizing opportunities for growth and refinement, all while prioritizing the continued advancement of your experience with Caritas Microfinance Bank.

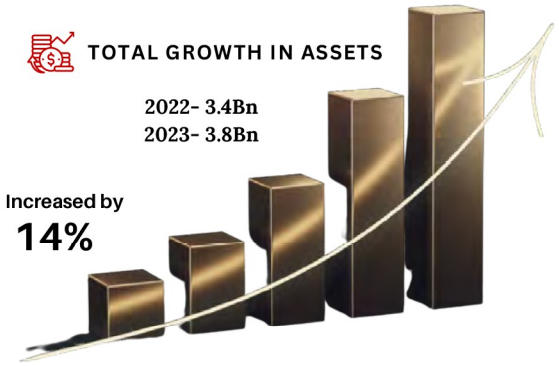
Caritas Twaimarisha Jamii

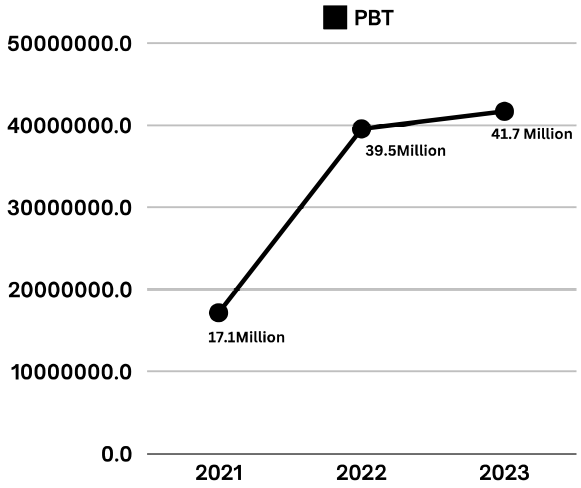
Thank you and God Bless you All.

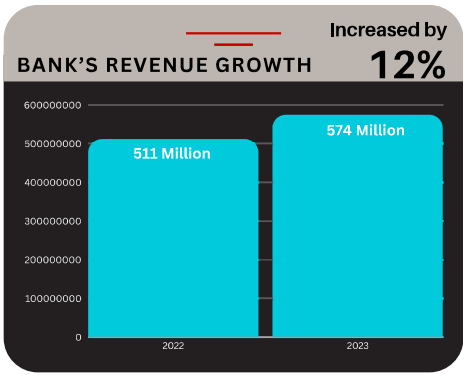
DAVID MUKARU
CEO-CARITAS MICROFINANCE BANK LTD

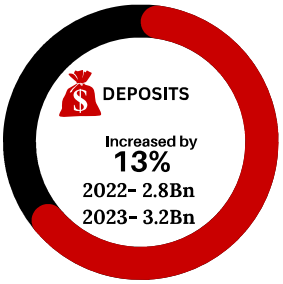
OUR 2023 PERFORMANCE AT A GLANCE

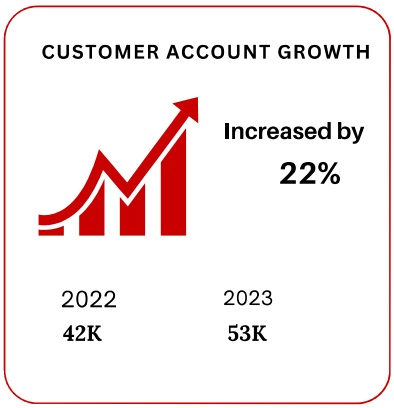
Key Financial Highlights

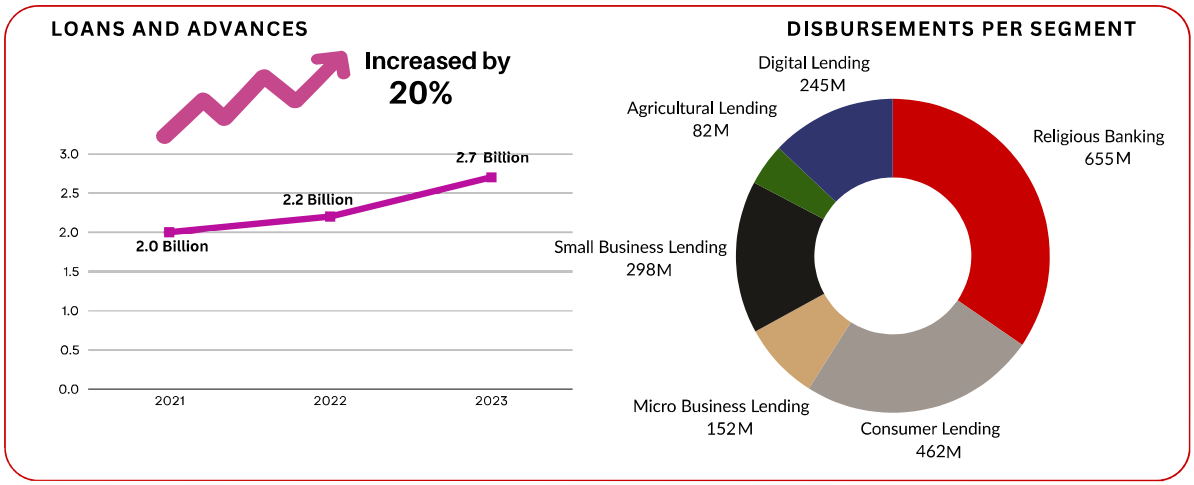












HOW WE EMPOWER

At Caritas MFB, we recognize the critical role of our stakeholders as catalysts for delivering on the bank's strategic objectives and achieving our targets in the dynamic financial landscape. To empower our stakeholders and drive business growth, we have implemented several key initiatives aimed at enhancing customer experience, improving service quality, and fostering innovation.

1

Improving Customer Service

Our staff undergo continuous training and development to enhance the level of customer service.

2

Effective Communication

We leverage social media and other channels to effectively communicate our product and service offerings to customers.

3

Enhancing Convenience

We prioritize digitization to increase customer convenience and accessibility.

4

Adapting to Customer Needs

We develop products and services that evolve with changing customer preferences and requirements.

5

Encouraging Innovation

Embracing innovation allows us to develop creative solutions that keep us competitive and relevant in the market.

-Twaimarisha Jamii-



RISK MANAGEMENT, COMPLIANCE & ASSURANCE FRAMEWORK

ENTERPRISE RISK MANAGEMENT (ERM)

Financial institutions are faced with a myriad of risks.
The types and degree of risks an organization may be exposed to depend upon several factors such as its **size, complexity, business activities,** and **volume.**

To effectively address its risk profile, the bank established the Risk and Compliance Function which has prepared a comprehensive Risk Management Framework tailored to the bank's needs and circumstances under which it operates. The function is independent from those who take or accept risks but works collaboratively with all other department.

1

RISK APPETITE AND TOLERANCE

Caritas MFB is exposed to a broad range of risks. In support of effective governance and risk-informed decision-making, the bank has set out a risk appetite and tolerance statement covering its principal risk exposures. The risk appetite specifies the types of risk the Bank is willing to accept in the pursuit of its objectives and its approach to their management and on-going oversight.

2

RISK GOVERNANCE

The governance of risk management starts with Caritas Board and cascades down to the management. The board is responsible for approving the Enterprise Risk Management (ERM) framework and the Board has ultimate accountability for the management of the risks.

The Management is responsible for the implementation of its risk management framework. This is further cascaded to the risk owners who are assigned the responsibility for the management of one or more specific risks daily guided by the set risk appetite level.

At Caritas Bank, the risk management function oversees the implementation of the ERM framework. This is an independent function seated at the second line of defense.

3

RISK MANAGEMENT

The Bank's risk management approach comprises a wide range of measures for identifying and assessing risk, implementing, and monitoring the adequacy of control measures, managing incidents and breaches, and reporting the status of risk, control, and remedial actions to the Bank's Board risk committees. These risks are identified, assessed, and managed at both an enterprise level ('top down') and business level ('bottom-up').

The Caritas Board of Directors has established the Board Audit & Risk Committee (BARC) who provides overall governance of risk and audit related matters across the Bank. The BARC maintains oversight of risk management and compliance within the Bank. This Committee meets at least four times a year and provides a report on its activities to the Board.

A 'three-lines-of-defence' approach is used to allocate risk management responsibilities to areas of the Bank.

4

RISK CULTURE

Our risk culture is a collection of values, skills and habits that equip our employees to understand the risks and make sound judgements towards achievement of objectives of the bank. Risk culture is, therefore, a key driver to ensure risk and return trade off and managing of the risks and capital levels.

One of the pivotal steps we've taken to enhance our risk culture is the nomination of Risk Champions across each branch and department. These individuals serve as torchbearers, embodying a commitment to risk awareness and mitigation within their respective spheres. Furthermore, we're amplifying our focus on defining and communicating our Risk Appetite Statement. This serves as a guiding beacon, aligning our risk-taking decisions with our overarching business objectives.

Our Commitment

Risk management is continuous. By crystallizing our risk appetite, we ensure that every action and initiative undertaken is in harmony with our strategic vision, minimizing uncertainties and managing emerging riskslike the Climate related risks. This is by looking at the bigger picture, the trends and how the Bank can benefit from.

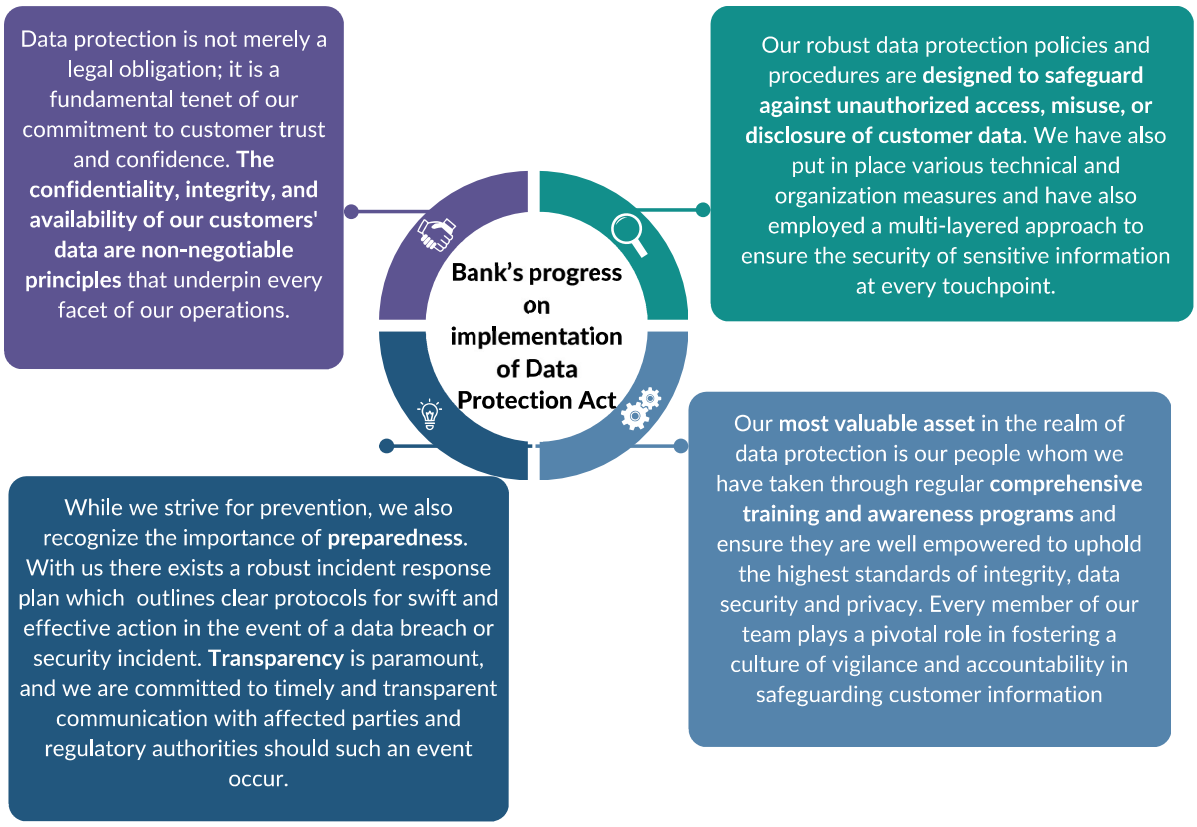
We are strengthening our risk management infrastructure by refining and enhancing our risk registers. These registers will assist in identifying potential risks and their mitigating measures. By improving the accuracy of our risk registers, we equip ourselves with the foresight needed to anticipate and proactively address emerging threats.

DATA PROTECTION

Safeguarding Your Information

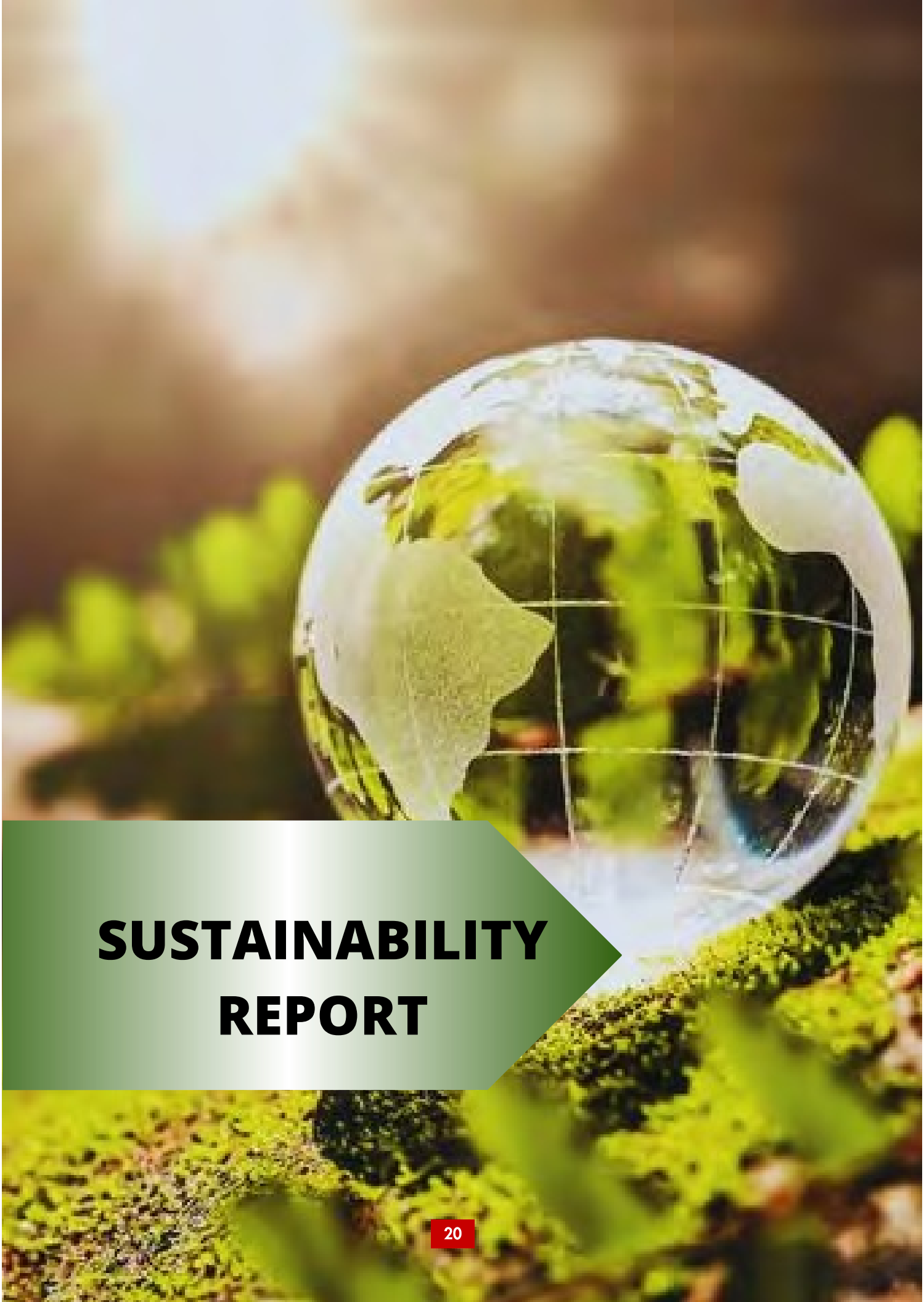
As we convene for another Annual General Meeting, it is paramount that we reflect on the cornerstone of trust upon which our institution is built. Central to this trust is our commitment to safeguarding the sensitive data entrusted to us by our valued customers. In an era defined by rapid digital transformation and heightened privacy concerns, our dedication to data protection remains unwavering.

We live in era where data is regarded as the new oil, meaning data is a valuable commodity hence stringent regulations have been put forth globally to safeguard data. Our bank operates within a regulatory landscape shaped by stringent data protection laws and regulations. We proudly adhere to the principles outlined in the Data Protection Act, 2019 and other relevant legislation, ensuring that our practices align with the highest standards of privacy and security.



As technology continues to evolve, so too do the challenges and opportunities in the realm of data protection. From the proliferation of artificial intelligence to the advent of quantum computing, we remain vigilant in anticipating and addressing emerging threats to data security. Our proactive approach to innovation is guided by a steadfast commitment to the privacy and security of our customers' data.

We are in that regard, our dedication to data protection is not merely a legal obligation; it is a moral imperative and a testament to our unwavering commitment to customer trust and confidence. As we navigate the complexities of the digital age, rest assured that safeguarding your information remains our highest priority.



SUSTAINABILITY REPORT

How Caritas is Committed to Sustainability

Integrating sustainability into our profit-making endeavors offers a range of benefits that align with our values and long-term vision. The bank has a function called ESG which has a role of driving compliance with sustainability standards to ensure long-term success. ESG stands for Environmental, Social, and Governance, which is a framework for the bank to consider the impact of our business on the world and its stakeholders.

ESG function in Caritas MFB advocates for sustainable development through aligning of our profits and purpose. This has been achieved by inclusive growth that focuses on stakeholder economic wellbeing, environment protection and a good governance structure. Caritas believes that creating a shared value for all our stakeholders can catalyze **Social Economic** and **Environmental** (SEE) impact to achieve sustainability. Thus, across our operations we have introduced new standards and guidelines to help enable the integration of Environmental Social and Governance strategy into decision making.

Our Environmental Strategy

Our environmental strategy ensures transformation from unsustainable practices to a more sustainable-focused growth. This we have achieved through sustainable lending, responsible resource use and community engagement practices including tree planting.



Sustainable Lending

The bank has factored in environmental risks and opportunities when evaluating loan applications. This involves assessing a borrower's impact on the environment, pollution control measures, and climate change vulnerability. We are focused on reducing our financed emissions through our policies, and procedures. This includes working with our clients to transition to a clean economy in a manner that is sustainable.

The green finance is part of Caritas MFB newly established ESG Framework, which defines the different categories for all the loans that may be considered green.

Bridge your Financial Gap with Imarisha Kilimo Loan



Are you a farmer or a value chain player in the Agribusiness?
At Caritas MFB, we provide financial solutions to support you through our Imarisha Kilimo Loan.

PURPOSE > Working Capital Needs | Development Loan | Asset Financing | Green Financing

Responsible Resource Use

To reduce waste and for resource efficiency, the bank has proactively adopted a 3Rs Model: **Reduce Recycle and Re-use.**

This has in return resulted in using less paper, electricity, water and diesel.



REDUCE, REUSE, RECYCLE

Community Engagement

The bank has Supported and participated in local environmental initiatives, such as **tree planting**, clean-up drives, and conservation projects.





Our Social Strategy

We aim to build trust and loyalty by offering innovative products and services with an excellent customer experience. We continue to understand our stakeholders' expectations and aspirations and develop products and services to support them including during difficult economic conditions.

Our social strategy not only focuses on our relationship with our various stakeholders but also the support that we give to them.

Relationship with our customers

Caritas MFB regularly engages with customers building our understanding of their evolving needs to help develop appropriate customer focused products and services. We hold these engagements in a wide variety of ways, including running regular **feedback surveys**, analyzing customer complaints, direct interaction in forums such as bank-customer **breakfast discussion sessions**.

Our bank has also made significant strides in incorporating digital platforms and alternative banking channels and streamlining our services to enhance customer experience. These initiatives are part of our broader strategy to provide accessible, efficient, and sustainable banking solutions to our clients, ensuring that we meet their evolving needs in a digital way.



Our Customer Support

Our aim at Caritas MFB is to offer accessible, ethical, and inclusive service to our customers, including to those who may typically face barriers to accessing banking. We support vulnerable customers and provide responsible and inclusive banking in an extensive range of services including **lending to the micro businesses.**

In 2023, we delivered a number of key measures to support the financial resilience of our customers against a challenging economic backdrop, including reaching out via breakfast forums to offer a free conversation about cost of living-related and financial worries.

We also recognize the importance of financial literacy for our customers' well-being as part of our sustainability strategy. We are running **financial education programs** for our customers equipping them with the knowledge and tools they need to make informed financial decisions. The main aim of our financial education programs is to make our customers be better equipped to manage their finances effectively, more likely to achieve their financial goals, and be less susceptible to predatory financial practices.

The bank also offers **Graduate Internship Programs** to the young graduates to provide them with the necessary exposure to work environment.



Relationship with our Employees.

Our bank has a diverse talent pool of **190 staff members** which is composed of a young and energetic team with **over 84% being under 40 years**. This has provided a livelihood to thousands of families and positive contribution to our economy. We engage in regular dialogue with our staff to understand what is working well and where there are opportunities to improve. These engagements are done through **townhalls meetings**, and **team buildings.**

Consulting with our employees on major change issues impacting them is becoming part of our culture, and we have worked hard to equip everyone with the right skills to achieve success, while rewarding progress. We also began updating our processes for attracting, retaining, and developing talent, planning for succession, and recognizing and rewarding performance.

Our Governance Strategy

Caritas MFB is committed to upholding the highest standards of Environmental, Social, and Governance (ESG) practices. Our ESG policy outlines our commitment to strong corporate governance principles that drive responsible decision-making, transparency, and accountability across all our operations.

Our Commitment to Good Governance

Board Composition and Oversight:

Our Board provides effective oversight of management activities, ensures compliance with relevant laws and regulations, and sets the strategic direction for the bank's ESG initiatives.

Transparency and Disclosure:

We are committed to transparent and regular communication with our stakeholders on ESG performance. The bank does disclosure reporting in accordance with relevant reporting standards.



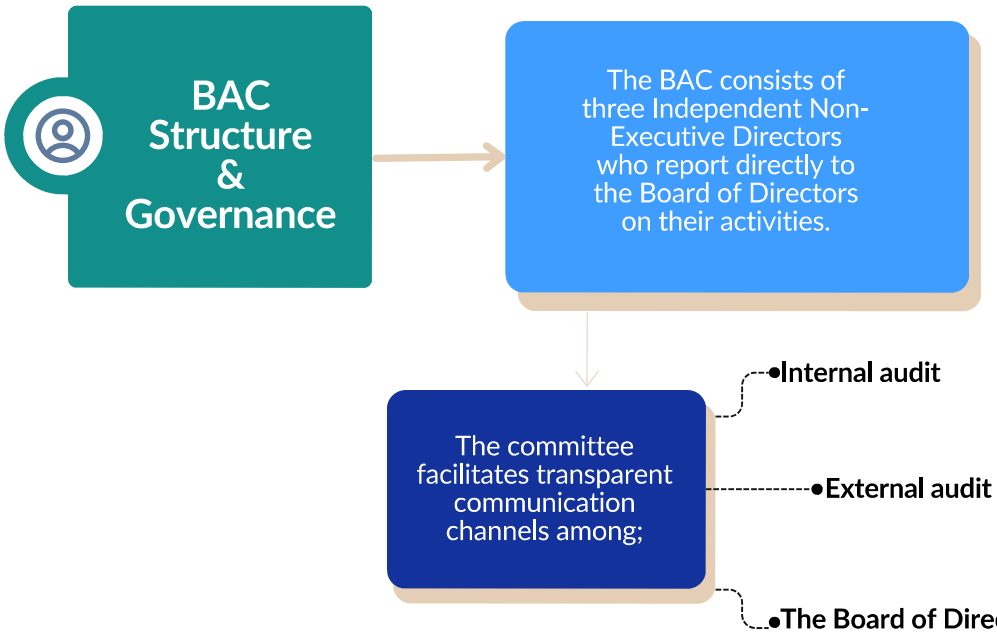
Ethical Conduct::

We foster a culture of integrity and ethical conduct throughout the bank's operations. This includes adherence to a comprehensive Code of Ethics that guides the behavior of all employees and directors.

Risk Management Framework:

We have a robust risk management framework that identifies, assesses, and mitigates potential Environmental Social and Governance risks alongside other financial risks.

QUALITY ASSURANCE REPORT



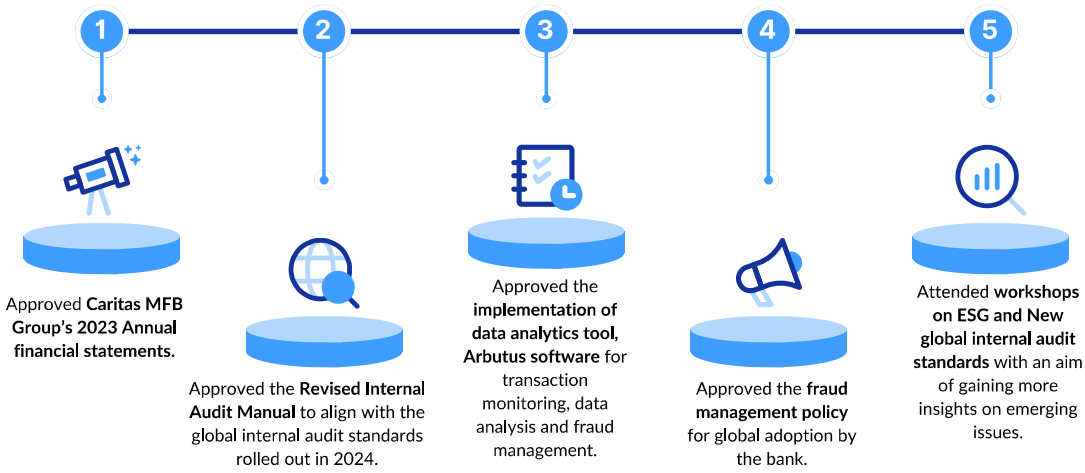
The Committee has complied with their governance responsibilities as outlined in the internal audit mandates and board charter.

Oversight over the Internal Audit function.

The BAC reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programs, and budget of the Bank's internal audit function. Additionally, it examined the internal audit work plans and budgets and concluded that they were sufficient to address all significant risks facing the Bank.

Activities undertaken by Board Audit Committee

The BAC held four quarterly meetings. The members' attendance records are disclosed in the Corporate Governance Statement. During the year 2023 and 2024 the Audit Committee, among other matters, undertook the following activities:



Independence of External Auditor

The BAC is mandated to monitor the independence of the external auditor to ensure objectivity in auditing the financial statements. The Committee received confirmation from and discussed with Mazars on its independence and objectivity. The Committee reviewed Mazars statutory audit scope and approved its fees. The committee is therefore satisfied that Mazars is independent of the Caritas MFB Group.

KEY PRODUCTS AND SERVICES

The Bank offers a full range of products and services, including the following;

Our Core Market Segments

- Personal Banking
- Micro & Small Business Banking
- Agribusiness Banking
- Institution Banking
- Investment Group Banking
- Bancassurance

Current & Savings Accounts

- Nawiri Savings Account
- Maono Savings Account
- Imarisha Junior Account
- Baraka Business Current Account
- Caritas Pamoja Account
- Salary Account

Loan Products

- Salary Check Off loan
- Salary Finance Loan
- Mshahara Loan
- Boresha Biashara Business Loan
- Imarisha Kilimo Loan
- Jitegemee Business Loan
- Asset Finance Loan
- Hekima Education Loan
- Rent Milele Loan
- Plot Purchase & Construction Loan



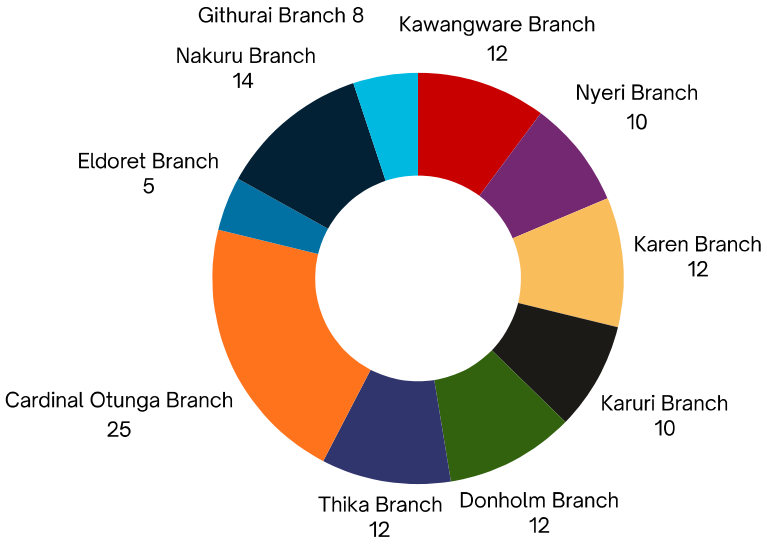
OUR PEOPLE & CULTURE

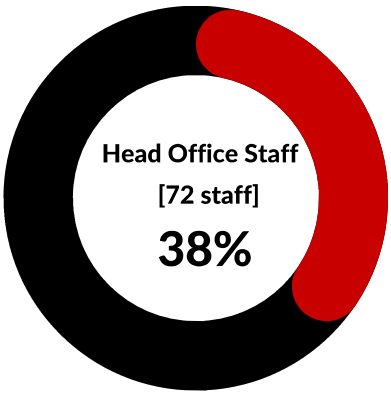
OUR PEOPLE & CULTURE

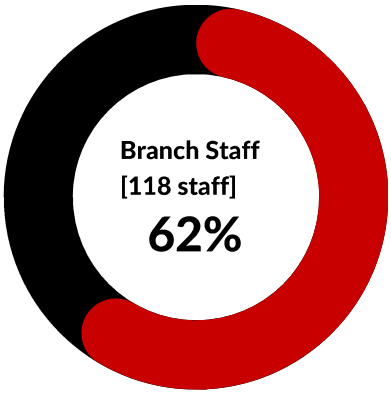
Our team forms the cornerstone of Caritas Microfinance Bank's success. Their vibrant and diverse backgrounds fuel a relentless drive for excellence, and their dedication to collaboration ensures we achieve our shared goals. We are steadfast in our commitment to continually upskill our workforce, providing them with the competitive edge needed to thrive.

Currently, Caritas Microfinance Bank boasts a total headcount of 190 employees, with a gender profile of 54% female and 46% male. Our diverse and dynamic talent pool is characterized by a young and energetic team, with over 84% of our staff being under 40 years old.

Number of Staff Per Branch







The gender profile stands at:

54%
[102]
Female

46%
[88]
Male

OUR PEOPLE & CULTURE

Training and Development

In 2023, our primary focus revolved around enhancing Customer Service Excellence, Sales Skills, Business Etiquette, and AML/KYC training for tellers and DSRs, demonstrating our dedication to improving customer experience and compliance.

The following are some of the internal virtual training sessions conducted during the year:

- **Financial literacy, First Aid, Health and Safety, Business Etiquette, and Personal Branding**
- **Product Knowledge and Sales Skills**
- **ABC Trainings and Improved Induction Program**
- **Data Analytics**
- **Customer Risks Classification**
- **Information Security and Data Protection**
- **Global Internal Auditing Standards**
- **Men in HR Conference - HR Business Partner**
- **Advanced Banking Operations and Service Training for Tellers and Customer Service Advisors**
- **Introduction to ESG and Climate Risk Management in Microfinance**
- **Board Governance Training**
- **Environmental, Social & Corporate Governance**

Performance and Rewards

Caritas Microfinance Bank emphasizes using performance as the primary means to fulfill its short, medium, and long-term business goals. Accordingly, its reward systems are designed to enhance performance and tangible contributions aligned with the bank's objectives. Core activities of the bank's performance system include **setting objectives, monitoring performance, evaluating achievements**, and **recognizing results,** all crucial for sustained success. Employees surpassing objectives will be duly rewarded following the bank's policy, while consistent poor performance will prompt appropriate action from the Bank.





OUR PEOPLE & CULTURE

Health and Well Being

Caritas Microfinance Bank remains committed to fostering the well-being of its staff by implementing a robust **Medical Insurance Scheme** in collaboration with **Pacis,** ensuring round-the-clock medical coverage for employees and their dependents without requiring any contributions. The scheme encompasses comprehensive coverage for both in-patient and out-patient treatments, extending to the employee's spouse and up to four children. Benefits of the scheme include a spouse and upto four children.



Financial Enablement



Caritas Microfinance Bank empowers its employees financially by offering various staff loan products and benefits, such as **Personal Unsecured Salary Loans, Personal Secured Loans, Car Loans, Education Loans,** and **Mortgages.** These loan options are integrated into the overall remuneration package, providing staff members with access to loans at preferential rates. The aim of this staff loan program is to ensure that eligible employees can obtain loans at competitive and affordable interest rates.

However, it's important to note that the granting of staff loans is considered a benefit rather than an automatic entitlement. The decision to provide loans is solely at the discretion of Caritas Microfinance Bank, regardless of meeting eligibility criteria. Staff lending is always conducted in accordance with the bank's credit policy and local statutory regulations governing insider lending.

Promotions

Caritas MFB is committed to offering career advancement opportunities for its employees, encouraging them to develop and unleash their potential while acknowledging exceptional performance.

Both the Microfinance Bank and individuals benefit from encouraging employees to pursue advancement opportunities within the organization. While management retains the authority to select the most suitable candidate for any position, whether internal or external, Caritas MFB prioritizes internal promotions whenever feasible. The fundamental principles governing promotions at Caritas MFB include equal opportunities, non-discrimination, and selecting the most qualified individual for the role based on merit. This approach ensures the establishment of clear and stable career development pathways, facilitating the progression and retention of high-caliber staff members.

ICT & INNOVATIONS UPDATE



ICT & INNOVATIONS UPDATE

Foreword

The Information Technology space keeps evolving, month on month, year by year. The very testament of the saying that the only constant item in life is change. This mantra is vivid and categorical to the ICT space in amplified mode. Institutions world over are battling to chase the latest in ICT and as soon as they think they have arrived a new one is released just like a mirage. This chase is on and we at Caritas have not been left behind and indeed we are constantly chasing this moving target however infinite it portends.

While the target is moving, we can currently confirm that **97% of Caritas transactions are now happening digitally.** With the introductions of **Lipa na Caritas, Caritas APP, Internet banking** and **the Caritas Pay portal**, the bank is gaining momentum in this digital space to the higher mark. We have not gotten to the level we envisage as Caritas MFB, where we can measure, pound for pound with the big players in the banking industry, but we are moving in the right trajectory.

One thing we can assure our shareholders is that the chase to the higher mark in technology is so that we can harness efficiencies and customer satisfaction that comes with technology. These benefits cannot be over-emphasized among other benefits that come with technology but on the flip side, we have the dark side. The major dark side is the hacking side, as many people may refer.

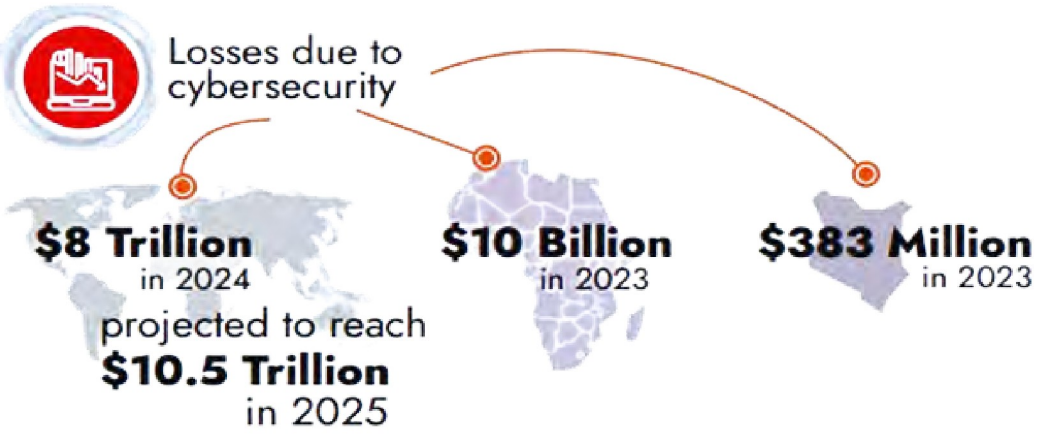
Indeed, hacking which can be explained as the unlawful theft of customer's information and or data for malicious gain, has increased in the Kenyan banking space.

Hacking at a Glance in the Global & Kenyan Sphere

According to The **Africa Annual Cybersecurity Report - Kenya, 2023;** "Financial services and loss of funds have maintained the lead as the most affected while insiders have also remained the biggest source of cybercrime. Mobile devices, despite facilitating higher digital penetration, emerged as the largest platform for financial fraud. The cyber intelligence section computes the number of vulnerabilities and exploits, with remote code execution emerging as the most preferred method that threat actors utilize to gain access to systems and infiltrate networks."

The top eight (8) cyber security threats, while the list is not exhaustive, outlines the most prevalent attacks over the past 12 months that include, **social engineering and phishing attacks.**
These two common methods that hackers use have sustained their veracity and increased in intensity, registering the volumes of attack at 76% and 88% respectively.

The global financial cost of cyber security continued to mount losses at an upward trajectory, rising to an estimated USD 8 trillion in 2024 and projected to reach USD 10.5 trillion in 2025. Africa's losses are estimated to be USD 10 billion in 2023 while Kenya's costs may gross USD 383 million.



ICT & INNOVATIONS UPDATE

As the Africa Cyber Security Report shows, organizations are increasing their use of ICT tools in their operations. This is illustrated by the rise in use of mobile devices and various operating systems. On the application front, payment systems in Kenya that are increasingly mobile led and with it we see it has led to marked increase in mobile fraud across the country.

The country's mobile internet ecosystem is thriving. Most firms in Kenya, including microbusinesses, have access to mobile phones. More than 50 percent of businesses with five or more workers have computers with internet, rising to 80 percent for medium and large firms.

The picture is far from being all gloomy. Digital payments, are important entry points to digitalization, with 62 percent of firms using advanced digital technologies for payments. However, many are slow to deploy digital solutions for other business functions. The findings indicate that digital technology is becoming an indispensable tool for enterprises of all sizes, smaller ones especially, helping them to expand markets, obtain information, and connect with suppliers and customers.

Security is Our Priority

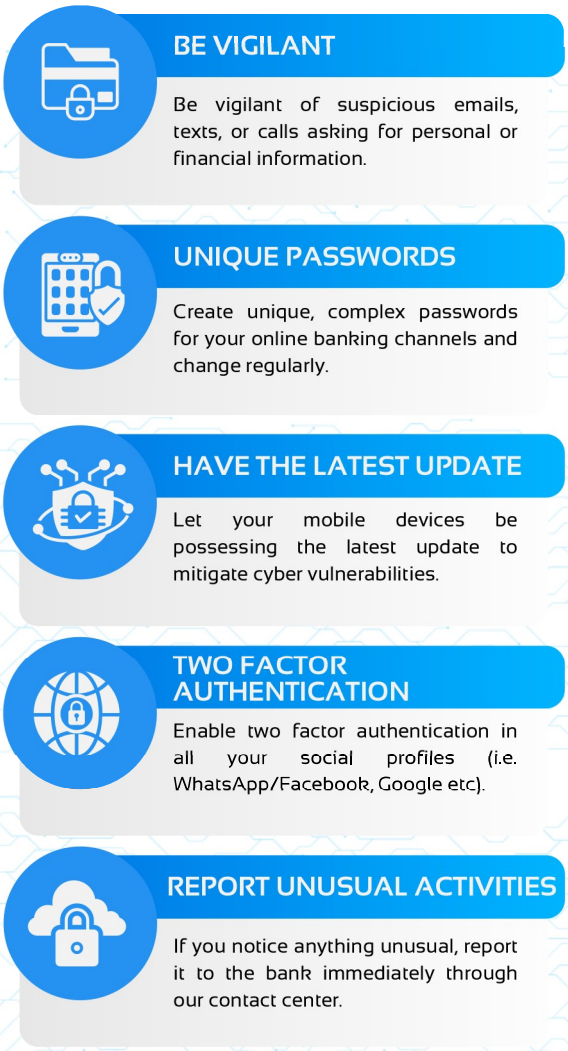
Coming back home, the investments at Caritas Microfinance Bank in the digital space has increased in the past year, in order to offer efficient services to our customers whilst giving shareholders their value. The shareholders value still remains to be the primary goal. The ICT department, therefore, has towards this end, created a Cyber Security unit that is constantly looking at the real-time threats as well as emerging threats. Cyber threats shall always be, but how we mitigate the threats proactively is the differentiator. The advances that have been made in our mobile channels are significant, and in order to build on that foundation, we endeavor to continuously invest in purpose driven technologies that meet our dynamic customer's need.

While we cannot eliminate all risks, we are confident in our ability to detect and respond effectively to any threats. We invest in the latest security technologies, regularly review our procedures, and continuously improve our systems.

What You Can Do to be safe

Cybersecurity is a shared responsibility with our customers.

Here are a few tips to protect yourself as consumers of our services;



At Caritas Microfinance Bank, we are unwavering in our commitment to protecting your financial information and providing a secure banking experience. We will continue to invest in cybersecurity measures to ensure your peace of mind.

Much more needs to be done with concerted efforts from all stakeholders, but as the African saying goes, the journey of 1000 miles starts with one.

CARICASH MOBILE LOAN



This is a short-term facility exclusive to Caritas MFB customers. It is applied for & processed through your phone.
Funds are disbursed directly to your Caritas MFB Account.

FEATURES/ BENEFITS

- Easy and Convenient way access to funds
- Favorable interest rate
- Application: Dial *810# and select the loans menu
- Requirements: Operated an active account with Caritas MFB for at least 3 Months
- Minimum Loan amount- Ksh 100
- Maximum Loan amount- Ksh 70,000



INSTITUTIONAL BANKING UPDATE

INSTITUTIONAL BANKING REPORT

The Institutional Banking (IB) Department of Caritas Microfinance Bank is dedicated to providing ethical financial services to various sectors, including Dioceses, Associations and Commissions, Parishes and Priests, the Health sector, the Education sector, Religious Congregations, and Self Help Groups. This report highlights our achievements and ongoing initiatives within these sectors.

Education Sector

Under the IB Arm the Education Sector supports schools within and beyond the Archdiocese of Nairobi (ADN) both financially and socially. Our active participation in the Annual Education Day Walks organized by the Archdiocese in Kiambu and Thika demonstrates our commitment to education and solidarity among teachers and students.
We also attend various prize-giving ceremonies, celebrating students' academic achievements.



Currently, we are planning a financial literacy seminar for pupils, piloting with five schools within the ADN. This training aims to cultivate a savings culture and entrepreneurial skills among students, with projects such as kale farming, chicken rearing, and pig farming.

Financially, we have banked 254 out of 500 schools within the ADN, with cumulative deposits of Ksh.177,225,364. To address the low adoption rate among the remaining schools, we have developed strategies to ensure we bank the entire school ecosystem within the Catholic Church;

01 Enhanced Outreach
Intensifying awareness about our banking services through educational seminars, marketing campaigns, and partnerships

02 Tailored Products and Services
Developing specialized financial products to meet the unique needs of educational institutions.

03 Relationship Management
Maintaining quality relationships with educational institution heads, managed by Relationship Managers at Head Office and Branch Managers

Self Help Groups

Through our partnership with Caritas Nairobi, we offer ethical financial services tailored specifically to self-help groups and their members. We developed the Caritas Pamoja Program, which allows SHG members to access group link savings accounts and loan facilities.
We have provided a platform for self-help group members to open accounts and access tailored banking products.

All **12 zones** have opened accounts, and **140** out of **206** self-help groups are banking with us.
Our attendance at **95%** of group AGMs ensures individual attention to members, resulting in deposits of **194 million by December 2023.**





Our ongoing support includes attending and supporting group AGMs, encouraging members to open agencies to penetrate areas and cascade our new products such as:
Lipa na Caritas, Caritas Pay Portal, Caritas Chama, and Pesalink to groups and members.

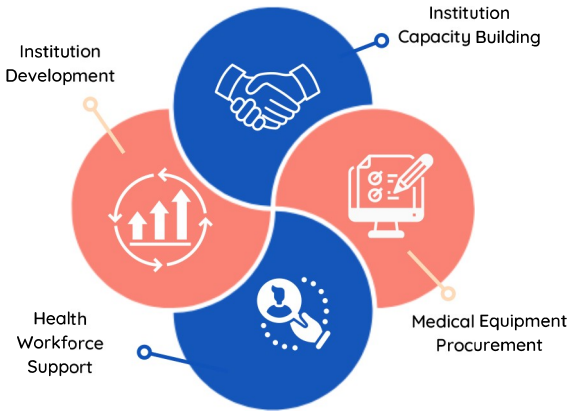
INSTITUTIONAL BANKING REPORT

Health Sector

The health segment of Institutional Banking (IB) is structured to serve health institutions affiliated with the Kenya Conference of Catholic Bishops (KCCB) and the Christian Health Association of Kenya (CHAK). Our goal is to become the health financing institution of choice by providing tailored solutions that address the critical needs of the health sector.

Based on the larger Caritas Microfinance Bank (MFB) growth strategy, the IB health segment has onboarded the first three dioceses: Nairobi with 60 health facilities, Nakuru with 26 health facilities, and Nyeri with 12 health facilities. The MOUs with these dioceses are at various stages of implementation.

The solutions under these MOUs include:



We are also developing a medical health insurance scheme to bridge the gap in healthcare financing within the church ecosystem. The three dioceses, through their respective health departments, have embraced this concept, and we are consolidating collection accounts from all health facilities in preparation for finalizing this scheme.



SUMMARY OF THE HEALTH FACILITIES

Name	Level 6	Level 5	Level 4	Level 3	Level 2
ADN Nairobi	1	2	10	21	24
CDN Nakuru	0	0	6	9	11
ADN Nyeri	0	1	3	1	6
TOTAL	**1**	**3**	**19**	**31**	**41**

The department participates in key events such as World Day of the Sick, Cancer Awareness Week, and Breastfeeding Month, alongside supporting our partner health institutions as part of our corporate social responsibility.

Our broad goal is to become a leader in delivering innovative, sustainable solutions to address health sector gaps for faith communities in Kenya and beyond, in line with our motto: *"Caritas MFB, your solution for a healthy community and sustainable health sector"*

Priests, Clergy, & Parishes Sector

Caritas MFB, as a Catholic-based institution, is committed to empowering priests, parishes, and the catholic ecosystem. By aligning our financial services with the unique needs and values of religious organizations, we aim to support the vital role these entities play in fostering community development and social cohesion.

Our dedicated efforts include integrating all priests and the entire church ecosystem by providing customized financial products that benefit both parties.

These offerings include **Mchungaji loans** and **savings accounts** specifically for Catholic priests, **asset finance**, **plot purchase** options, and **shepherd development loans**.

Our IB Loan book is at 1.3 Billion

Through these tailored solutions, we strive to enhance the financial well-being and sustainability of the church and its members.

INSTITUTIONAL BANKING REPORT

To achieve these goals, we have implemented several strategic initiatives:



Religious Congregations Sector

In the dynamic landscape of institutional banking, the Congregations sector stands as a pivotal segment, offering immense potential for growth and success. Recent performance indicators reveal a promising foundation, coupled with opportunities for strategic optimization and targeted initiatives to propel this sector to new heights.

As of 28th May 2024, the Congregations sector boasts an impressive total deposit base of Ksh. 59,211,366, a testament to the sector's financial strength and the bank's ability to cater to the unique needs of religious organizations. However, the true potential of this segment lies in the untapped opportunities that await.

While the sector has already secured 88 congregation accounts, the ultimate goal is to onboard an impressive 300 accounts, representing the vast ecosystem of 218 congregations within the region. It is crucial to recognize that a single congregation may have multiple accounts, underscoring the importance of comprehensively banking the entire ecosystem.

To unlock the true potential of the Congregations sector, a comprehensive approach is necessary, encompassing targeted marketing campaigns, enhanced relationship management, competitive product offerings, process optimization, strategic collaborations, and data-driven decision-making

Targeted Marketing Campaigns:

Implementing targeted marketing campaigns is crucial to reaching out to new congregations and religious organizations that are not currently part of the bank's client base.

Enhanced Relationship Management:

Strengthening relationship management efforts with existing congregations and religious organizations is paramount for us.

Competitive Product Offerings:

Continuously reviewing and enhancing product offerings to align with the evolving needs of the Congregations sector is essential eg a suggestion for a SHIRIKA bundle.

Process Optimization:

Streamlining internal processes and procedures is crucial to improving operational efficiency and enhancing the client experience

Data-Driven Decision Making:

Leveraging data analytics and business intelligence tools can yield deeper insights into client behavior, deposit patterns, and market trends.

By implementing these strategic initiatives and continuously monitoring performance, the bank can position itself as a preferred financial partner for the Congregations sector, fostering long-term relationships, increasing deposit mobilization, and achieving sustainable growth in this important segment of institutional banking.

Caritas
BANCASSURANCE INTERMEDIARY LTD
A SUBSIDIARY OF CARITAS MICROFINANCE BANK



BANCASSURANCE REPORT

CARITAS BANCASSURANCE INTERMEDIARY LIMITED

Our Journey

Caritas Bancassurance Intermediary Limited (CBIL) was incorporated on 3rd October 2016 under the Companies Act 2015 to provide insurance solutions to customers of Caritas Microfinance Bank. Initially it was known as Caritas Insurance Agency Limited until the year 2020 when insurance act was introduced.

In the act, it required that all insurance agencies associated with financial institution should change their names to Bancassurance Intermediary Limited. So, the process of complying with the act was done immediately and the name was changed from Caritas Insurance Agency Limited to Caritas Bancassurance Intermediary Limited (CBIL).

Caritas Bancassurance Intermediary Limited (CBIL) operates under the regulatory oversight of the Insurance Regulatory Authority (IRA). Our operating license is renewed annually in compliance with the requirements of insurance regulations.

Caritas
BANCASSURANCE INTERMEDIARY LTD
A SUBSIDIARY OF CARITAS MICROFINANCE BANK

Ownership of Caritas Bancassurance Intermediary Limited (CBIL)

Caritas Bancassurance Intermediary Limited (CBIL) is a subsidiary of Caritas Microfinance Bank, wholly owned in accordance with the Insurance Act of 2020.

Performance of Caritas Bancassurance Intermediary Limited (CBIL)

The performance of Caritas Bancassurance Intermediary Limited (CBIL) has demonstrated consistent improvement over the years. In the past two years, we have successfully break-even and generated profits, contributing positively to the overall profitability of the Caritas Microfinance Bank group.

The Board Members of Caritas Bancassurance Intermediary Limited (CBIL)



CPA Patrick Kinyori



Sr. Mary Mbaci



Fr. Eliud Mumo

CARITAS BANCASSURANCE INTERMEDIARY LIMITED

Our Products



Our Partners

We have established partnerships with numerous insurance companies to provide insurance products on their behalf. Some of the underwriters we collaborate with include Pacis Insurance Limited, Jubilee Insurance Limited, APA Insurance Limited, Old Mutual Insurance, Madison Insurance Limited, CIC Insurance Limited, Britam Insurance Limited, Pioneer Insurance Limited, and Heritage Insurance Limited.



Message from the Principal Officer

Josphat Cheruiyot

At Caritas Bancassurance, we are committed to delivering excellent customer service and providing innovative bancassurance products tailored to meet the diverse needs of our customers. We extend a warm welcome to all our customers to choose us as their insurance partner, assuring them of comprehensive coverage and peace of mind.

-Karibuni Tuimarishe Jamii Pamoja-


Caritas
BANCASSURANCE INTERMEDIARY LTD
A SUBSIDIARY OF CARITAS MICROFINANCE BANK
GET YOUR MOTOR INSURANCE TODAY!
Protect your car with Comprehensive Motor Insurance Cover from Caritas Bancassurance Intermediary LTD.
Enjoy the freedom of the open road with peace of mind by getting your Motor Insurance today!
TALK TO US 24/7
0729986331 or 0205151500 WhatsApp: 0729986331



2023 ALCO HIGHLIGHTS

ALCO HIGHLIGHTS

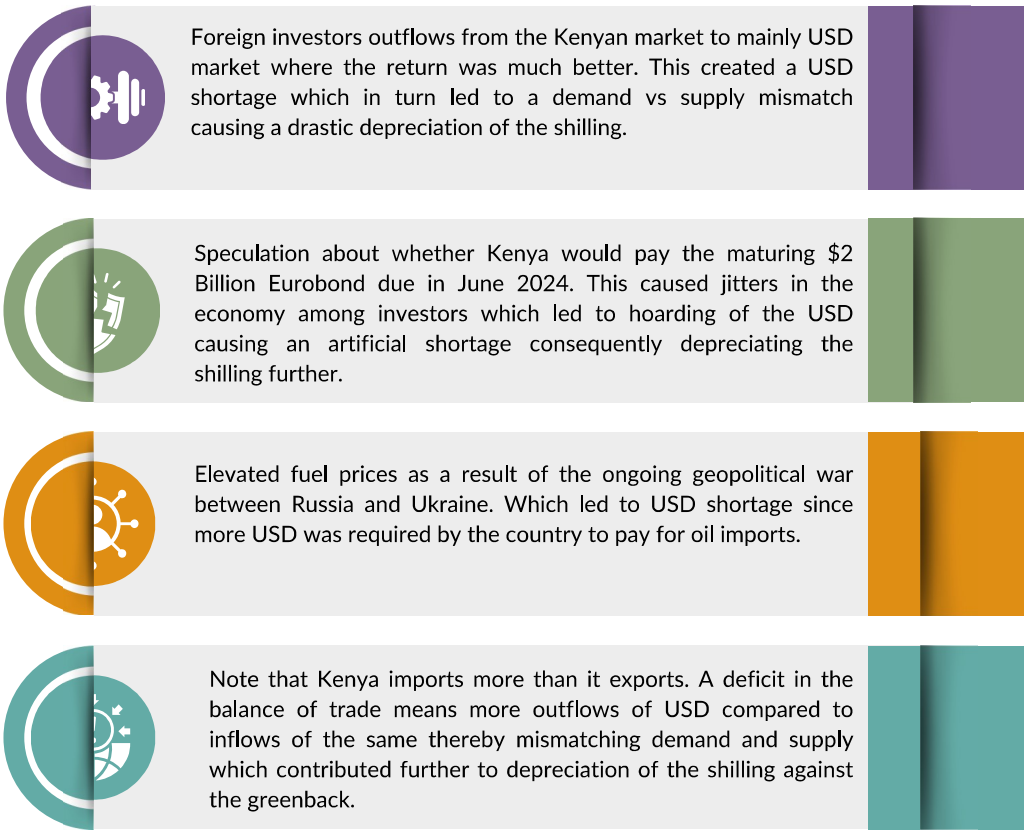
During the year 2023 rates were on an upward trajectory as a result of investors demanding higher returns on their investments and the Central Bank's monetary Policy Committee raising the CBR rate to 12.5% in an attempt to regulate the rate of inflation in the country to the desired limit of between 2.5% - 7.5%.

The continued rise in interest rates forced banks to raise rates to an average of 11.8% up from 7%.

The rate hikes in the country continue to have adverse effects on the Banking sector as it has forced banks to review their rates upwards which has grown interest expense on deposits significantly.

The high interest rates together with the new CBR rate have forced banks to raise their loan interest rates as a measure of protecting their bottom line. Caritas MFB was not left behind through ALCO responded to the CBR rate hike by raising loan interest rates by 2% which was effective on **January 20th, 2024.**

Inflation eased significantly during the year to close at 6.6% compared to 9.10% as at December 2022 due to tightening of monetary policy by the Central Bank of Kenya.
The KES depreciated against the USD in the year 2023 by 26.8% to close the year at 156.46 compared to 123.37 in December 2022.



Throughout the year 2023, Caritas MFB maintained a healthy liquidity position that was above the 20% Central Bank statutory minimum and 2023 minimum internal set limit of 25%, due to continuous and efficient assets and liabilities management.

Even though the business operating environment was not very friendly during the year due to the high interest rates, Caritas MFB remained resilient enough to post a profit.



AWARDS & RECOGNITIONS

Best Microfinance Bank in Agriculture & Livestock Financing
Think Business Awards 2024

Best Microfinance Bank in Product Innovation
Think Business Annual Awards 2024

Ist Runners Up for Overall Best Microfinance Bank In Kenya
Think Business Annual Awards 2024

Best Overall Microfinance Bank in Kenya
Think Business Awards 2023

Fastest Growing Microfinance Bank in Kenya
Think Business Annual Awards 2023

Most Efficient Microfinance Bank
1st Runners up 2023

Customer Satisfaction
1st Runners up 2023

Lifetime Achievement in Banking Award
David Mukaru (CEO) 2022

Fastest Growing Microfinance Bank in Kenya
Think Business Annual Awards 2022



JIJENGE NA CARITAS PAMOJA PROGRAM

This program grants members of Caritas Nairobi Self Help Groups exclusive access to specially tailored services and facilities;

- ✓ Caritas Pamoja-Jitegemee Business Loan (Maximum 24 months)
- ✓ Caritas Pamoja-Boresha Biashara Loan (Maximum 36 months)
- ✓ Caritas Pamoja-Plot Purchase (Maximum 96 months)
- ✓ Caritas Pamoja-Construction Loan (Maximum 120 months)
- ✓ Caritas Pamoja-Asset Finance Loan. (Maximum 36 months, vehicle up to 10yrs old)



SAVINGS MULTIPLIER MATRIX

Membership Years	Savings Multiplier	Maximum Amount
Up to 2 years	X3 Savings	Kes 500,000
2-5 years	X5 Savings	Kes 500,000
5-10 years	X8 Savings	Kes 750,000
10 years and above	X10 Savings	Kes 1,000,000
	40% Savings	Kes 2 Million

TALK TO US 24/7

0729986331 or 0205151500
WhatsApp: 0729986331



CONSOLIDATED FINANCIAL STATEMENTS

The directors present their report together with the audited financial statements of Caritas Microfinance Bank Limited (the "Bank") and its subsidiaries (together, the "Group") for the year ended 31 December 2023, which disclose its state of financial affairs.

1 Incorporation

The Bank is incorporated in Kenya under the Companies Act. It is a private limited liability company domiciled in Kenya. The address of the registered office is as shown on page 7.

2 Principal activity

The Bank and its subsidiary offers microfinance banking services and Bancassurance services. Its principal activity is lending and investments.

3 Business review

The results for the year are summarised below:-

	Group		Company	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
Profit before tax	41,676,201	39,548,942	38,661,059	38,866,023
Income tax expense	(933,004)	-	-	-
Profit for the year	40,743,197	39,548,942	38,661,059	38,866,023

The Board and management of the Group are pleased to report the following as some of the achievements and key milestones for the year ended 31 December 2023:

The board and management of the group are pleased to report the following as some of the achievements and key milestones for the year ended 31st December 2023:

i Improved capitalization

During the period the shareholders injected more capital to the bank of **Shs 3.4 million** to place the total paid-up capital to **Shs 700 million**.

ii Financial performance

Deposits-Customer deposits grew from Shs 2.8 billion in year 2022 to Shs 3.1 billion in year 2023 representing a 12% growth of ksh 335 million.
Asset base- The bank recorded a13% growth in total assets to Shs 3.7 billion as at 31st December 2023, from Shs 3.4 billion as at 31 December 2022.

iii Increased footprint

As part of growth and investment strategy, the group Opened a new branch in Nakuru town and commenced construction of two branches in Nyeri and Githurai. This is to extend the banking services to a wide range customer network.

iv Digitization and financial solutions

With the great interest in enhancing customer satisfaction and service delivery, the group invested in making sure that it offers excellent payment solutions that include:
· Caritas pay-To make sure that customers can swiftly pay for goods and services wherever they are.
· ***Lipa na caritas*** *- Using the merchant code, customers can use the lipa na caritas pay bill number and pay for merchandise through group onboarded merchants across the country.*
· ***Chama payment solution*** *- Self-Help Groups can make payments, disbursements and use the chama wallet in making personal transactions wherever they are. The issue of signatories having to meet physically for simple transactions is completely wiped out by this innovative payment solution.*
· ***Pesa link*** *- The group also has been able to make sure that customers can be able to move their funds from their bank account to other banks and microfinance banks. No need to fill in a physical bank transfer form or do an RTGS request.*

3 Business review (continued)

v. Market & Economic Highlights in Kenya

The Kenyan economy depicted a picture of an economy facing challenges but with signs of potential future growth. While inflation eased and business confidence improved, the Central Bank raised interest rates significantly (from 8.75% in 2022 to 12.5% in 2023) to combat inflation and a depreciating currency.
This led to higher borrowing costs and potentially strained customer deposits. On the other hand, this led to higher government bond yields, which attracted investors. Despite challenges, the year saw progress in areas like financial inclusion with new digital lenders and adoption of sustainable practices by financial institutions.
Financial institutions have shown great improvement in their participation fighting climate change by adopting climate finance in their sustainability strategies.
Similarly, there has been a shift towards risk mitigation strategies in the financial sector as institutions are driving towards a risk-free and fully compliant business environment.

4 Dividends

The directors do not recommend the payment of dividend in respect of the year ended 31st December 2023 (2022: Nil)

5 Financial statement

At the date of this report, the directors were not aware of any circumstances which would have rendered the values attributed to the assets in the consolidated financial statements misleading.

6 Directors

The directors who held office during the year and to the date of this report are listed on page 8.

7 Board committees

The following committees of the board were in operation during the year

Audit, risk and compliance committee
Fr. CPA Simon Ng'ang'a - Chairman
Mr. George Kirigi Thogo
Ms. Joyce Njeri Munene

Credit committee
Dr. AnneMary Nkirote - Chairperson
Sr. Mary Wanja Mbaci
Mr. Graham Waliaula B. Soita

ICT and Operations committee
Mr. George Kirigi Thogo - Chairman
Fr. CPA Simon Ng'ang'a
Prof. Peter Ndung'u Kiriri

Business development committee
Prof. Peter Ndung'u Kiriri - Chairman
Sr. Mary Wanja Mbaci
Dr. AnneMary Nkirote
Mr. Graham Waliaula B. Soita

Finance and strategy committee
Mr. Graham Waliaula B. Soita - Chairman
CPA Patrick Kariuki Kinyori
Prof. Peter Ndung'u Kiriri

Human resources, procurement, and leadership committee
Sr. Mary Wanja Mbaci - Chairperson
Mr. George Kirigi Thogo
Ms. Joyce Njeri Munene

Introduction

Caritas Microfinance Bank Limited received its licence from the Central Bank of Kenya on 12 June 2015

The Bank recognises the need to conduct its business with integrity and in line with generally accepted corporate practice. The Bank will strive to maintain the highest standards of corporate governance.

7 **Board committees (continued)**

Shareholders' responsibilities

The shareholders' role is to appoint the Board of Directors and independent auditor. The role of the shareholders is to ensure that the Board is accountable for effective and efficient governance.

Board of directors

The Board of Directors is responsible for the governance of the Bank and to ensure that the Bank complies with the law and the highest standards of corporate governance and business ethics. The Board is responsible for the long-term growth and profitability of the Bank.

The Directors guide the management and maintain full and effective control over financial, strategic, operational and compliance issues of the Bank. The Board is chaired by a non-executive director and has six other non-executive directors. The Board meets regularly and holds special meetings as and when the situation demands.

Board attendance register

	No of meetings held during the year		
Board Members	**Meetings held**	**Meetings attended**	**% of meetings attended**
CPA Patrick Kariuki Kinyori	14	13	93%
Mr. David Mukaru	14	14	100%
Mr. George Kirigi Thogo	14	13	93%
Fr. CPA Simon Ng'ang'a	14	10	71%
Sr. Mary Wanja Mbaci	14	10	71%
Prof. Peter Ndung'u Kiriri Mr.	14	13	93%
Graham Waliaula B. Soita Dr.	14	14	100%
AnneMary Nkirote	14	13	93%
Ms. Joyce Njeri Munene	7	5	71%

The Board has appointed six committees - Credit; Audit and Risk Management; ICT and Operations; Business development; Finance and strategy; and Human resources, Procurement and Leadership Committee. These committees are guided by terms of reference and are mandated to meet at least every alternate month. These committees make recommendations to the Board on matters which fall under their mandates. All the committees are chaired by non-executive directors.

Credit Committee

Dr. AnneMary Nkirote, a non-executive director chairs the committee. Sr. Mary Wanja Mbaci, a non-executive director, Mr. Graham Waliaula B. Soita, a non-executive director, the CEO, Head of Credit, Head of Operations, Head of Finance & Strategy and Head of Business development are the other members of the committee. Credit proposals are placed before the credit committee for sanction. The committee also reviews the credit limits sanctioned, as per the credit policy approved by the board.

Audit and risk management committee

This committee is chaired by Fr. CPA Simon Ng'ang'a, a non-executive director. Ms. Joyce Njeri Munene, a non-executive director, Mr. George Kirigi Thogo, a non-executive director, and the Head of audit, risk & compliance are the other members of this committee. The committee reviews the audit reports presented to it by the internal and external auditors, and based on these reports, also recommends review of various operational areas of the bank. The committee is responsible for the setting of the tone of the bank on risk management. The committee also reviews the observations made by the bank supervision department of the Central Bank of Kenya in its inspection reports.

7 Board committees (continued)

Business development committee

Prof. Peter Ndung'u Kiriri, a non-executive director, chairs this committee. Sr. Mary Wanja Mbaci,a non - executive director, Dr. AnneMary Nkirote, a non - executive director, Mr. Graham Waliaula B. Soita, a non - executive director, the CEO, Head of Business development, Head of Operations, Head of Finance, Head of Credit, Institutional Banking RO and the Head of ICT are the other members of this committee. The responsibilities of the committee are growth of the overall business of the Bank and implementation of the strategic plan including Bank's expansion

ICT and operations

Mr. George Kirigi Thogo, a non - executive director, chairs this committee, Fr. CPA Simon Ng'ang'a, a non-executive director, Prof. Peter Ndung'u Kiriri, a non-executive director, the CEO, Head of Operations, Head of Human resources and administration and the Head of ICT are the other members of this committee. The responsibilities of the committee are identification of operational areas where automation is necessary, undertaking new automation projects, procurement of hardware and software and monitoring ICT projects implementation, providing directions to the it and operations department on implementation issues and review of systems and operations audit reports.

Finance and strategy committee

Mr. Graham Waliaula B. Soita, a non - executive director, chairs this committee, CPA Patrick Kariuki Kinyori, Chairman, Prof. Peter Ndung'u Kiriri, a non - executive director, the CEO, Head of Operations, Head of Credit, Head of Finance & strategy, Head of ICT and the Head of Business development are the other members of this committee. The responsibilities of the finance and strategy committee are monitoring and review of the implementation of the financial strategy and performance of the bank, approval and monitoring the implementation of the budget, oversight over alco management committee and approval of all banking arrangements and

Human resources, procurement, and leadership committee

The human resources committee is chaired by Sr. Mary Wanja Mbaci who is a non-executive director, Ms. Joyce Njeri Munene, a non - executive director, Mr. George Kirigi Thogo, a non - executive director, the CEO, the Head of Human resources and administration, Head of Operations, Head of Business development and the Head of Finance & strategy are the other members of this committee. The committee facilitates recruitment of staff members, their placement, promotions, transfers, training, and benefits to the employees. The committee also monitors and sanctions procurements, logistics and other general administration of Bank.

Assets and liability management committee (ALCO)

This committee is chaired by the Chief executive officer. The Head of finance & Strategy, Head of credit, Head of operations, Head of ICT, Head of business development are the other committee members. This committee monitors the liquidity position of the bank and regulatory compliance with regards to statutory liquidity ratio, cash reserve ratio and foreign exchange exposure as per the prudential guidelines of the Central Bank of Kenya. The committee decides on investments in various securities to maximise returns. It also analyses all risks including the interest rate risk and fixes the interest rates in line with the market trends.

8 Statement as to disclosure to the company auditor

Each of the persons, who was a director at the time the report was approved, confirms that:

a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware;

b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information to establish that the company's auditor is aware of that information.

9 Terms of appointment of the auditor

Mazars LLP was appointed during the year and have expressed their willingness to continue in office in accordance with Regulation 44 of the Microfinance Act and Regulations (2008) and Section 719 of the Kenyan Companies Act, 2015. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to statement of comprehensive income in the year.

By order of the board

V. Cherotich

Company Secretary

Nairobi 25 MARCH 2024



The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that: (a) show and explain the transactions of the company; (b) disclose, with reasonable accuracy, the financial position of the company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
(ii) selecting suitable accounting policies and applying them consistently; and
(iii making accounting estimates and judgements that are reasonable in the circumstances.

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

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

Approved by the board of directors on 25 MARCH 2024 and signed on its behalf by:

Sign:

CPA. Patrick Kariuki Kinyori
Director

Sign:

Fr. CPA. Simon Ng'ang'a
Director

Sign:

Mr. David Mukaru
Chief Executive Officer

Opinion

We have audited the accompanying financial statements of Caritas Microfinance Bank Limited (the "Bank") and its subsidiary (together, the "Group") set out on pages 58 to 103, which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis of our opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Credit risk assessment and determination of expected credit losses on loans and advances at amortised cost

As explained in Note 1 and 2 of the consolidated financial statements, determining expected credit losses on loans and advances is complex, judgmental and involves significant estimation uncertainty. IFRS 9, Financial Instruments, requires the directors to measure expected credit losses on a forward-looking basis reflecting a range of future economic conditions. The standard adopts a 3-stage model approach where the loans and advances are categorised in stage 1, 2 and 3 depending on whether the facilities are performing, have experienced significant increase in credit risk or are in default.

Changes to the assumptions and estimates used by management could generate significant fluctuations in the Group's financial results and materially impact the valuation of the portfolio of loans and advances. In addition, the evolving economic impact of the COVID-19 pandemic has heightened the general risk of credit default and significant increase in credit risk, increasing the uncertainty around the management judgements and estimation process.

The calculation of the expected credit losses involves complex mathematical models that are prone to data integrity or configuration errors, or mathematical formulaic errors.

Key audit matters (continued)

(i) Credit risk assessment and determination of expected credit losses on loans and advances at amortised cost (continued)

Our audit procedures focused on the following areas that have a significant impact on the calculation of the expected credit losses:

- the judgments made to determine the categorisation (staging) of individual loan and advances accounts in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk ("SICR") and Default requires consideration of quantitative and qualitative criteria. This is a key area of judgement as this determines whether a 12-month or lifetime PD is used;
- the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD) for the various segments of loans and advances, including any adjustments in relation to COVID-19 overlays;
- the appropriateness of forward-looking information used in the models; and
- the conceptual logic, soundness and accuracy of the expected credit losses models used by the Group.

How our audit addressed the key audit matter

Reviewed the Group's methodology for determining expected credit losses, including enhancements in the year, and evaluated this against the requirements of IFRS 9, Financial Instruments.

Tested the Group applied the system extracts of 'days past due (DPD)' report in categorising the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model and agreed these to the DPD reports from the IT systems and the respective

Reviewing judgments applied in the staging of loans and advances; Tested the completeness of restructured loans listing and, on a sample basis, assessed the rationale for the restructures and the appropriateness of their subsequent measurement in accordance with IFRS 9 requirements.

Obtained an understanding of the basis used to determine the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD), including the post write-off recovery rates for unsecured facilities and the COVID-19 impact overlays.

We tested the completeness and accuracy of the historical data used in derivation of PDs, LGDs and EADs, and re-calculated the outcomes on a sample basis. For LGD, we tested the assumptions on the timing of the cash flows based on historical empirical evidence. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuer reports.

On a sample basis, we tested the reasonableness of EADs for both on and off-balance sheet exposures, including the applied cash conversion factors.

We corroborated the assumptions used for determination of forward- looking information (FLI) in the models using publicly available information.

We reviewed and assessed adequacy of the disclosures in the consolidated financial statements on the key judgements and assumptions in accordance with the requirement of IFRS 9.

Key audit matters (continued)

(ii) Information Technology systems and controls over financial reporting

The Group's financial accounting and reporting processes are dependent on complex information technology systems and applications. Specifically, the calculation, recording and financial reporting of financial transactions and balances are significantly dependent on automated processes.

Weaknesses in the design and operating effectiveness of the automated accounting procedures and related IT dependent manual controls could result in material errors in the financial information.

Our audit focus on information technology systems and applications and controls over financial reporting included the following areas:

- management of logical access to critical systems including privileged access and developer access to production environment;
- controls over changes of programs and systems developments;
- automated application controls relating to processing of transactions, accounting and financial reporting; and

How our audit addressed the key audit matter

We assessed and tested the design and operating effectiveness of the controls over the integrity of information technology (IT) systems and applications that are relevant for financial accounting and reporting.

We tested controls over programs development and changes, access to programs and data and IT operations including compensating controls where necessary. We also tested certain aspects of the security of the IT systems including logical access management and segregation of duties.

Where, either design or operating effectiveness control deficiencies were identified, we altered our audit approach to test the compensating controls or increased the level of our tests of detail. These additional procedures mitigated the deficiencies or provided the additional audit comfort.

We validated any manual adjustments to information generated by the IT systems and applications and assessed the appropriateness of the adjustments.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

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

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 47 - 51 is consistent with the consolidated financial statements.

The engagement partner responsible for the audit resulting in this independent audit report is CPA Alphonse Karungu P/No. 856.

For and on behalf of Mazars
Certified Public Accountants (K)
Nairobi.

25 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Bank	
		2023	2022	2023	2022
Income		Kshs	Kshs	Kshs	Kshs
Interest income	4	530,703,756	488,036,131	530,703,756	488,036,131
Interest expense	5	(142,301,278)	(128,469,972)	(142,301,278)	(128,469,972)
Net interest Income		388,402,478	359,566,159	388,402,478	359,566,159
Fees and commissions income	6	36,013,436	21,660,416	28,333,908	17,139,084
Fees and commissions expense	7	(587,357)	(1,864,108)	(587,357)	(1,864,108)
Net fees and commission income		35,426,079	19,796,308	27,746,551	15,274,976
Other operating income	8	8,021,064	1,749,812	8,021,064	1,749,812
Credit impairment losses	18	(35,463,212)	(48,147,680)	(35,463,212)	(48,147,680)
Net operating income		396,386,409	332,964,599	388,706,881	328,443,267
Expenses					
Employee benefits	9	(166,710,886)	(128,209,649)	(164,099,281)	(125,974,476)
Depreciation and amortisation	10	(40,697,637)	(36,486,764)	(40,577,778)	(36,339,067)
Administration expenses	11	(147,301,685)	(128,719,244)	(145,368,763)	(127,263,701)
		(354,710,208)	(293,415,657)	(350,045,822)	(289,577,244)
Profit before tax		41,676,201	39,548,942	38,661,059	38,866,023
Income tax expense	12	(933,004)	-	-	-
Profit for the year		**40,743,197**	**39,548,942**	**38,661,059**	**38,866,023**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Fair value gain on financial instruments held at FVOCI		-	(8,287,636)	-	(8,287,636)
Items that will not be reclassified to profit and loss					
Gain on revaluation of motor vehicle		-	1,670,000	-	1,670,000
		-	(6,617,636)	-	(6,617,636)
Total comprehensive income for the year attributable to owners of the bank		**40,743,197**	**32,931,306**	**38,661,059**	**32,248,387**

Consolidated Statement of Financial Position as at 31 December 2023

		Group		Bank	
		2023	2022	2023	2022
Assets	**Note**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Property and equipment	13	53,752,469	57,349,933	53,326,405	57,047,009
Right-of-use assets	14	74,146,410	71,718,634	74,146,410	71,718,634
Intangible assets	15	23,967,551	8,453,886	23,967,551	8,453,886
Government securities	16	433,228,754	425,022,810	433,228,754	425,022,810
Cash and bank	17	576,905,508	543,170,651	576,905,508	543,170,651
Loans and advances	18	2,547,335,171	2,154,459,167	2,547,335,171	2,154,459,167
Receivables and prepayments	19	127,024,414	90,167,167	121,063,576	88,594,148
Investments in subsidiary	20	-	-	5,000,000	5,000,000
Total assets		**3,836,360,277**	**3,350,342,248**	**3,834,973,375**	**3,353,466,305**
Reserves and liabilities					
Liabilities					
Customer deposits	21	3,182,853,576	2,850,176,100	3,189,526,016	2,854,159,531
Other liabilities	22	35,676,301	26,625,344	29,952,505	25,556,170
Current tax payable	12	300,987	-	-	-
Borrowings	24	90,909,090	-	90,909,090	-
Deferred tax asset	23	21,177	-	-	-
Lease liability	25	82,005,464	81,190,129	82,005,464	81,190,129
		3,391,766,595	2,957,991,573	3,392,393,075	2,960,905,830
Share capital and reserves					
Share capital	26	700,000,000	696,600,000	700,000,000	696,600,000
Statutory reserve		86,800,227	39,418,304	86,800,227	39,418,304
Accumulated losses		(343,876,545)	(337,378,863)	(345,889,927)	(337,169,063)
Revaluation reserve		1,670,000	1,670,000	1,670,000	1,670,000
Other reserves		-	(7,958,766)	-	(7,958,766)
Equity attributable to owners of the parent company		444,593,682	392,350,675	442,580,300	392,560,475
Total reserves and liabilities		**3,836,360,277**	**3,350,342,248**	**3,834,973,375**	**3,353,466,305**

The financial statements on pages 58 to 103 were approved for issue by the directors on 25 MARCH 2024 and signed on its behalf by:-

Sign: _____
CPA. Patrick Kariuki Kinyori
Director

Sign: _____
Fr. CPA Simon Ng'ang'a
Director

Sign: _____
Mr. David Mukaru
Chief Executive Officer

Consolidated Statement of Changes In Equity

a) Group	Note	Share capital Kshs	Accumulated losses Kshs	Statutory reserve Kshs	FVOCI reserve Kshs	Revaluation reserve Kshs	Total Kshs
At 1 January 2022		683,000,000	(371,877,508)	34,368,007	328,870	-	345,819,369
Transfer to statutory reserves		-	(5,050,297)	5,050,297	-	-	-
Issue of shares		13,600,000	-	-	-	-	13,600,000
Profit for the year		-	39,548,942	-	-	-	39,548,942
Other comprehensive income for the year		-	-	-	(8,287,636)	1,670,000	(6,617,636)
At 31 December 2022		696,600,000	(337,378,863)	39,418,304	(7,958,766)	1,670,000	392,350,675
At start of year							
As previously stated		696,600,000	(337,378,863)	39,418,304	(7,958,766)	1,670,000	392,350,675
Prior year adjustment	23	-	141,044	-	-	-	141,044
Prior year adjustment	16	-	-	-	7,958,766	-	7,958,766
As restated		696,600,000	(337,237,819)	39,418,304	-	1,670,000	400,450,485
Transfer to statutory reserves		-	(47,381,923)	47,381,923	-	-	-
Issue of shares	26	3,400,000	-	-	-	-	3,400,000
Profit for the year		-	40,743,197	-	-	-	40,743,197
Other comprehensive income for the year		-	-	-	-	-	-
At 31 December 2023		700,000,000	(343,876,545)	86,800,227	-	1,670,000	444,593,682

Consolidated Statement of Changes In Equity

b) Bank	Note	Share capital Kshs	Accumulated losses Kshs	Statutory reserve Kshs	FVOCI reserve Kshs	Revaluation reserve Kshs	Total Kshs
At 1 January 2022		683,000,000	(370,984,789)	34,368,007	328,870	-	346,712,088
Transfer of statutory reserves		-	(5,050,297)	5,050,297	-	-	-
Issue of shares		13,600,000	-	-	-	-	13,600,000
Profit for the year		-	38,866,023	-	-	-	38,866,023
Other comprehensive income for the year		-	-	-	(8,287,636)	1,670,000	(6,617,636)
At 31 December 2022		696,600,000	(337,169,063)	39,418,304	(7,958,766)	1,670,000	392,560,475
At 1 January 2022							
At start of year							
As previously stated		696,600,000	(337,169,063)	39,418,304	(7,958,766)	1,670,000	392,560,475
Prior year adjustment	16	-	-	-	7,958,766	-	7,958,766
As restated		696,600,000	(337,169,063)	39,418,304	-	1,670,000	400,519,241
Transfer of statutory reserves		-	(47,381,923)	47,381,923	-	-	-
Issue of shares	26	3,400,000	-	-	-	-	3,400,000
Profit for the year		-	38,661,059	-	-	-	38,661,059
Other comprehensive income for the year		-	-	-	-		-
At 31 December 2023		700,000,000	(345,889,927)	86,800,227	-	1,670,000	442,580,300

Consolidated Statement of Cash Flows

	Note	Group 2023 Kshs	Group 2022 Kshs	Bank 2023 Kshs	Bank 2022 Kshs
Cash flows from operating activities:					
Profit before tax		41,676,201	39,548,942	38,661,059	38,866,023
Adjusted for:					
Depreciation of property and equipment	13	18,105,688	17,364,124	17,985,828	17,216,427
Depreciation of right-of-use assets	14	19,834,793	18,361,644	19,834,793	18,361,644
Amortisation of intangible assets	15	2,757,157	760,996	2,757,157	760,996
Impairment of loans and advances	18	35,463,212	48,147,680	35,463,212	48,147,680
Impairment of property and equipment		-	(1,343,340)	-	-
Interest on lease liabilities	5	3,087,943	7,130,345	3,087,943	7,130,345
Interest on borrowing		-	-	3,250,000	-
Write off on loans and advances		-	(10,391,734)	-	(10,391,734)
Operating profit before working capital changes:		120,924,994	119,578,657	121,039,992	120,091,381
Working capital changes:					
Increase in loans and advances		(428,339,216)	(240,077,240)	(428,339,216)	(240,077,240)
Increase in receivables and prepayments		(36,857,247)	(27,619,141)	(32,469,428)	(26,046,121)
Investments in subsidiary		-	24,960	-	-
Increase in customer deposits		332,677,476	345,935,806	335,366,485	349,919,237
Increase in other liabilities		9,050,957	6,841,965	4,396,335	5,772,790
Increase in financial assets held at FVOCI		(8,205,944)	(309,328,069)	(8,205,944)	(309,328,069)
Fair value gain on Government securities		7,958,766	-	7,958,766	-
Cash used in operating activities		(2,790,214)	(104,643,062)	(253,010)	(99,668,022)
Tax paid	12	(469,796)	-	-	-
Net cash used in operating activities		(3,260,010)	(104,643,062)	(253,010)	(99,668,022)
Cash flows from investing activities:					
Purchase of property and equipment	13	(14,508,224)	(15,790,968)	(14,265,224)	(15,790,968)
Purchase of intangible asset	15	(18,270,822)	(2,618,227)	(18,270,822)	(2,618,227)
Acquisition of subsidiary		-	-	-	(75,040)
Investment in subsidiary		-	-	-	(4,900,000)
Net cash used In investing activities		(32,779,046)	(18,409,195)	(32,536,046)	(23,384,235)
Cash flows from financing activities:					
Proceeds from issue of shares	26	3,400,000	13,600,000	3,400,000	13,600,000
Increase in borrowing	24	90,909,090	-	90,909,090	-
Payments of principal portion of the lease liability	25	(24,535,177)	(21,518,244)	(24,535,177)	(21,518,244)
Interest on borrowings		-	-	(3,250,000)	-
Net cash generated from financing activities		69,773,913	(7,918,244)	66,523,913	(7,918,244)
Increase/(decrease) in cash and cash equivalents		33,734,857	(130,970,501)	33,734,857	(130,970,501)
Movement in cash and cash equivalents					
At the start of the year		543,170,651	674,141,152	543,170,651	674,141,152
Increase/decrease) during the year		33,734,857	(130,970,501)	33,734,857	(130,970,501)
At end of the year	17	**576,905,508**	**543,170,651**	**576,905,508**	**543,170,651**

Notes

1 Material accounting policy information

The accounting policy information considered material in the preparation of these general purpose consolidated financial statements are set out below:

a) Basis of preparation

The consolidated financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenyan Shillings, which is also the functional currency (see (c) below).

The financial statements comprise a profit and loss account (statement of comprehensive income), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the company at the end of the reporting period during which the change occurred.

Notes (continued)

1 Material accounting policy information (continued)

b) New and revised standards

i) Adoption of new and revised standards

One new Standard and five Amendments to standards became effective for the first time in the financial year beginning 1st January 2023 and have been adopted by the Group.

Of the five amendments, the Group had applied the following three Amendments early, in 2021:

Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February 2021)
The amendments introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)
The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)
The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Neither the new Standard nor the other three amendments have had an impact on the Group's financial statements.

ii) New and revised standards that have been issued but are not yet effective

The Group has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2023, and the directors do not plan to apply any of them until they become effective. Shown below is the lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Group's financial statements in the period of initial application is as shown below.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)
The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)
The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)
The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Notes (continued)

1 Material accounting policy information (continued)

b) New and revised standards (continued)

i) Adoption of new and revised standards (continued)

Amendments to IAS 7 and IFRS 7 titled Supplier Finance Arrangements (issued in May 2023)
The amendments, applicable to annual periods beginning on or after 1st January 2024, require an entity to provide additional disclosures about its supplier finance arrangements

ii) New and revised standards that have been issued but are not yet effective (Continued)

Amendments to IAS 21 titled Lack of Exchangeability (issued in August 2023)
The amendments, applicable to annual periods beginning on or after 1st January 2025, require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Group operates), which is Kenyan Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary assets measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

d) Interest income and expenses

Interest income and interest expense for all interest bearing financial instruments are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income. Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are also presented in net trading income included in the profit or

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest that was used to discount the future cash flows for purposes of measuring the allowance for impairment.

Interest income includes interest on loans and receivables, placements with other banks and investments in government securities, and is recognized in the year in which it is earned.

Notes (continued)

1 Material accounting policy information (continued)

d) Interest income and expenses (continued)

The effective interest rate method

Interest incomeon interest bearingfinancial instrumentsis accountedfor in profitor loss usingthe effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrumentor, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premiumon acquisition, fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle. If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income.

The effective interest rate method (continued)

The adjustment is subsequently amortised through interest and similar income in profit or loss.

Interest on credit-impaired financial assets

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assetsother than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis. For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortized cost of the asset. The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost

e) Investment in subsidiaries/Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2023. Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company; has power over the investee; is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have the power of majority of the 'voting rights but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements.

When the company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes (continued)

1 Material accounting policy information (continued)

e) Investment in subsidiaries/Consolidation (continued)

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Assets, liabilities, income and expenses liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

- Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in the statement of changes in equity.

- Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

- Business combinations

The group applies the acquisition method to account for business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to/by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquire. Acquisition related costs are generally recognised in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that

Notes (continued)

1 Material accounting policy information (continued)

e) Investment in subsidiaries/Consolidation (continued)

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments' are recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is

f) Fees and commission income

In the normal course of business, the Group earns fees and commission income from a diverse range of services to its customers. Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

g) Property and equipment

Items of motor vehicles, furniture & fittings, computers and equipment are initially measured at cost. Cost includes the purchase price of an asset and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

All items of property and equipment are stated at historical cost or subsequently at valuation, less cumulated depreciation and any impairment in value.

The cost of replacing part of an item of motor vehicles, furniture & fittings and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of motor vehicles, furniture & fittings and equipment are recognized in profit or loss as incurred.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off carrying amounts of the property and equipment over their expected useful lives.

Computers	20.0%
Furniture and fittings	12.5%
Equipment	12.5%
Motor vehicles	25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Notes (continued)

1 Material accounting policy information (continued)

g) Property and equipment (continued)

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

h) Intangible assets

Computer software

The Group's intangible assets include the value of computer software. An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated Amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are amortized over their useful lives. The Amortisation period and the Amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the Amortisation period or method, as appropriate, and treated as changes in accounting estimates. The Amortisation expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset. The Group adjusted the useful life and the amortisation rates for the intangible assets (from 20% p.a to 10% p.a)

The Group's software is developed by external consultants and hence the Group does not incur any research and development costs.

Software in test mode stage is held as work in progress until it is certified as fully operational.

Intangible assets are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

i) Financial Instruments

i) Recognition

A financial asset or liability is recognised when the Group becomes party to the contractual provisions of the instrument.

ii) Classification and measurement

a) Financial assets

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; held- to- maturity investments; and available-for-sale investments. Management determines the appropriate classification of its investments at initial recognition.

Notes (continued)

1 Material accounting policy information (continued)

i) Financial Instruments (continued)

i) Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other operating income' line item in the profit or loss.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a borrower with no intention of trading the receivable. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be

iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occur other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

iv) Available-for-sale financial assets

(a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity, and are measured at fair values.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for sale equity instruments are recognised in the profit or loss when the Group's right to receive payment is established. Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

If it is probable that the Group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans and receivables, or held-to-maturity investments carried at amortized cost, an impairment or bad debt loss has occurred. The amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate (recoverable amount).

The carrying amount of the financial asset is reduced to its estimated recoverable amount through use of the provision for bad and doubtful debts account. The amount of the loss incurred is included in the profit or loss for the period. The Group reviews its loan portfolios to assess impairment regularly. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans, before a decrease can be identified with an individual loan in that portfolio.

Notes (continued)

1 Material accounting policy information (continued)

i) Financial Instruments (continued)

a) Financial assets (continued)

After initial recognition, the Group measures all financial liabilities including customer deposits other than liabilities held for trading at amortized cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.
This evidence may include observable data indicating that there has been an adverse

iii) Derecognition of financial liabilities

Financial liabilities are derecognized when and only when the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

j) Cash collateral

Cash collaterals represent payments made by loanees as security for loans taken. In accordance with the loan agreements, the amounts are refundable upon the successful repayment of loans by loanees and at the time a loanee leaves the loan scheme. The amounts are utilized to cover loans in the event of default.

k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

l) Payables

Payables are stated at their nominal value. Amounts received for the period after year end are classified as received in advance and are carried in the statement of financial position as part of trade and other

m) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

(i) Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

ii) Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or

Notes (continued)

1 Material accounting policy information (continued)

m) Income tax (continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount

n) Employee entitlements

i) Service awards and leave accrual

Employee entitlements to long service awards are recognised as a liability based on the service rendered by the employees up to the balance sheet date. The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

ii) Pension obligations

The Group and all its employees contribute to the National Social Security Fund (NSSF), which is a defined contribution scheme. Contributions are determined by a local statute and are currently limited at Kshs. 1,080 per employee per month, with the Group contributing a similar amount. In addition the Group has a pension scheme offered by CIC Insurance Group which is contributory at 5% of the basic pay.

The Group's contributions are charged to the statement of profit or loss in the year to which they relate.

o) Related parties

In the normal course of business the Group has entered into transactions with related parties. The related party transactions are at arm’s length.

p) Loans and provision for loan impairment

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation and it can be reliably estimated

q) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized but are disclosed unless they are remote.

Notes (continued)

1 Material accounting policy information (continued)

r) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGUs) fair value less costs of disposal and its value in use. Recoverableamount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Bank of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2 Significant judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Measurement of expected credit losses (ECL):**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Notes (continued)

2 Significant judgements and key sources of estimation uncertainty (continued)

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

The carrying amounts of the Group's financial assets that are subject to impairment assessment are disclosed in notes 3(a) and 15.

- **Useful lives, depreciation methods and residual values of property, plant and equipment, intangible assets and right-of-use assets**

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 18, 19 and 20, respectively.

- **Accounting for leases under IFRS 16**

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g.. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).

Notes (continued)

2 Significant judgements and key sources of estimation uncertainty (continued)

- **Accounting for leases under IFRS 16 (continued)**
  - Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

  Most extension options in offices and vehicles leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

  The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

  The carrying amounts of lease liabilities and right-of-use assets are disclosed in notes 12 and 23, respectively.

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

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amounts of property and equipment, right-of-use assets and intangible assets are disclosed in notes 11, 12 and 13, respectively.

Impairment of non-financial assets
Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

3 Risk management

a) Capital risk management

The Central Bank of Kenya sets and monitors capital requirements for Microfinance Bank Institutions as a whole. The Microfinance Bank regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, perpetual bonds (which are classified as innovative Tier 1 securities), retained earnings after deductions for intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

Notes (continued)

3 Risk management (continued)

a) Capital risk management (continued)

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 % of tier 1 capital.

There also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of Microfinance Bank and certain other regulatory items.

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-statement of financial position exposures.

The institution's aim is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Microfinance Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

In implementing current capital requirements, the Central Bank of Kenya requires each Microfinance Bank to maintain;

- A minimum level of regulatory capital of Shs 60 million.
- A ratio of core capital to the risk–weighted assets plus risk-weighted off-statement of financial position assets at or above the required minimum of 8%.
- Core capital of not less than 10% of total deposit liabilities.
- Supplementary capital of not less than 12% of risk weighted assets plus risk-weighted off-statement of financial position items.

The Microfinance Bank is committed to comply with all externally imposed capital requirements.

	Group		Bank	
Tier 1 capital	**2023**	**2022**	**2023**	**2022**
	Kshs	**Kshs**	**Kshs**	**Kshs**
Share capital	700,000,000	696,600,000	700,000,000	696,600,000
Accumulated losses	(343,876,545)	(337,378,863)	(345,889,927)	(337,169,063)
	356,123,455	359,221,137	354,110,073	359,430,937
Tier 2 capital				
Statutory reserve	86,800,227	39,418,304	86,800,227	39,418,304
Other reserves	-	(7,958,766)	-	(7,958,766)
	86,800,227	31,459,538	86,800,227	31,459,538
Total regulatory capital	442,923,682	390,680,675	440,910,300	390,890,475
Total risk-weighted assets	2,855,805,000	2,460,094,800	2,855,805,000	2,460,094,800
Capital ratios				
Total regulatory capital expressed as a percentage of total risk weighted assets (CBK minimum 12%)	15.51%	15.10%	15.44%	15.10%

Notes (continued)

3 Risk management (continued)

a) Capital risk management (continued)

	Group		Bank	
	2023 Kshs	2022 Kshs	2023 Kshs	2022 Kshs
Total tier 1 capital expressed as a percentage of total Risk weighted assets requirement (CBK Minimum 10%)	12.47%	13.50%	12.40%	13.50%
Total regulatory capital expressed as a percentage of total deposit liabilities (CBK minimum 8%)	11.99%	11.60%	11.99%	11.60%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes and activities is undertaken independently of those responsible for the operation, by Risk and Compliance and Credit, and is subject to review by the Board Credit Committee or ALCO as appropriate. Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Microfinance Bank Institution to particular operations or activities, it is not the sole basis

Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Microfinance Bank's longer term strategic objectives. The Microfinance Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Notes (continued)

3 Risk management (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure. The Credit Committee manages and oversees the overall lending policy of the Group. Measures to

i) Establishing the authorization structure for the approval and renewal of credit facilities.
ii) Establishment of IT controls to avoid unauthorized lending and to generate exception reports on new advance accounts.
iii Placing limits on the amounts of risk accepted in relation to one borrowers, or group of borrower, and to industry segments.
iv) Regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations.
v) Obtaining collateral and corporate/personal guarantees.
vi) Reviewing compliance with agreed exposure limits. Regular reports are provided to the Risk Committee on the credit quality of portfolios and appropriate corrective action is taken.

Management of credit risk

Concentrations of assets and off balance sheet items:

Details of significant concentrations of the Group's financial assets by loan portfolio are as detailed below:

	Bank			
	2023		2022	
Loans and advances to custo	**Kshs**	**%**	**Kshs**	**%**
Agriculture	35,956,448	1%	17,610,439	1%
Manufacturing	7,987,392	0%	15,838,245	1%
Building and construction	153,389,805	6%	11,498,358	1%
Electricity and water	411,745	0%	-	0%
Trade	1,608,240,558	60%	3,118,266	0%
Tourism, restaurant and hotels	85,133,559	3%	-	0%
Transport and communication	48,923,818	2%	10,691,910	0%
Real estate and home improven	34,109,309	1%	4,964,137	0%
Financial services	50,413,592	2%	24,018,218	1%
Consumer loans	644,445,524	24%	2,152,932,961	96%
	2,669,011,750	100%	2,240,672,534	100%

Maximum exposure to credit risk before collateral held

	Bank			
	2023		2022	
	Kshs	**%**	**Kshs**	**%**
Deposits and balances due from banking Institutions	160,659,485	5%	152,855,688	5%
Short-term bank deposits	386,193,949	11%	374,109,179	12%
Government Securities	433,228,754	12%	433,228,754	14%
Loans and advances to custome	2,547,335,171	72%	2,154,459,167	69%
Other assets	11,909,682	0%	19,853,544	1%
	3,539,327,041	100%	3,134,506,332	100%

Notes (continued)

3 Risk management (continued)

b) Credit risk (continued)

	Group			
	2023 Kshs	%	2022 Kshs	%
Deposits and balances due from banking Institutions	160,659,485	5%	152,855,688	5%
Short-term bank deposits	386,193,949	11%	374,109,179	12%
Government Securities	433,228,754	12%	433,228,754	14%
Loans and advances to custome	2,547,335,171	72%	2,154,459,167	69%
Other assets	17,766,345	1%	21,426,563	1%
	3,545,183,704	100%	3,136,079,351	100%

Type of credit exposure

Loans and advances to customers at amortised Cost:

	Stage 1 12-months ECL Kshs	Stage 2 Lifetime ECL Kshs	Stage 3 Lifetime ECL Kshs	Year 2023 Kshs	Year ended 2022 Kshs
Normal	2,339,979,000	-	-	2,339,979,000	1,991,868,000
Watch	-	81,827,000	-	81,827,000	52,548,000
Substandard	-	-	18,112,000	18,112,000	18,061,000
Doubtful	-	-	7,902,000	7,902,000	17,193,000
Loss	-	-	221,191,000	221,191,000	161,002,000
Gross carrying amount	**2,339,979,000**	**81,827,000**	**247,205,000**	**2,669,011,000**	**2,240,672,000**
Loss allowance	(11,533,000)	(1,912,000)	(108,231,000)	(121,676,000)	(86,213,367)
Carrying amount	**2,328,446,000**	**79,915,000**	**138,974,000**	**2,547,335,000**	**2,154,458,633**

The following table sets out information about the overdue status of loans and advances to customers in Stages 1, 2 and 3.

	Stage 1 Kshs	Stage 2 Kshs	Stage 3 Kshs	2023 Kshs	2022 Kshs
Current	2,339,979,000	-	-	2,339,979,000	1,991,868,000
Overdue < 30 days	-	81,827,000	-	81,827,000	52,548,000
Overdue > 30 days	-	-	247,205,000	247,205,000	196,256,000
Total	**2,339,979,000**	**81,827,000**	**247,205,000**	**2,669,011,000**	**2,240,672,000**

Notes (continued)

3 Risk management(continued)

b) Credit risk (continued)

Classification of loans and receivables

	Bank	
	2023 Kshs	2022 Kshs
Neither past due nor impaired	2,339,979,000	1,991,868,000
Past due but not impaired	81,827,000	52,548,000
Impaired	247,205,000	196,256,000
Gross	2,669,011,000	2,240,672,000
Less allowances for impairment	(121,676,000)	(86,213,367)
Net	2,547,335,000	2,154,458,633

Allowances for impairment

At each reporting date, the Bank recognizes loss allowances based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant movement in credit risk on the financial instrument since its initial recognition. The IFRS 9 transition is the amount arising by the reclassification of these financial assets from IAS 39, which reduced such amount in retained

31 December 2023

	Stage			
	1	2	3	Total
At 1 January 2022	4,728,266	1,077,947	42,651,208	48,457,421
Provision allowance	6,476,897	738,944	40,931,839	48,147,680
Financial asset derecognised	-	-	(10,391,734)	(10,391,734)
At 31 December 2022	11,205,163	1,816,891	73,191,313	86,213,367
At 1 January 2023	11,205,163	1,816,891	73,191,313	86,213,367
Provision allowance	327,797	95,168	35,040,247	35,463,212
At 31 December 2023	11,532,960	1,912,059	108,231,560	121,676,579

31 December 2022

	Stage			
	1	2	3	Total
At 1 January 2021	3,209,242	572,253	55,065,292	58,846,787
Provision allowance	1,519,024	505,694	50,810,904	52,835,622
Financial asset derecognised	-	-	(63,224,988)	(63,224,988)
At 31 December 2021	4,728,266	1,077,947	42,651,208	48,457,421
At 1 January 2022	4,728,266	1,077,947	42,651,208	48,457,421
Provision allowance	6,476,897	738,944	40,931,839	48,147,680
Financial asset derecognised	-	-	(10,391,734)	(10,391,734)
At 31 December 2022	11,205,163	1,816,891	73,191,313	86,213,367

Staging Criteria 12-month ECL (Stage 1)

As IFRS 9 does not distinguish between individually significant or not individually significant financial instruments, the Bank measures potential credit losses for all non-impaired operations (Stage 1 and Stage 2) on an individual operation basis based on the asset class. Their PD and LGD are multiplied by general market scenarios assigned within the IFRS impairment model/ tool. Provisions for impairment in Stage 1 are therefore not directly related to the specifics of any particular operation. They are meant to protect against potential risks that are considered present, or within a 12-month horizon, and derived from potentially adverse developments in operating

Notes (continued)

3 Risk management (continued)

b) Credit risk (continued)

Staging Criteria lifetime ECL (Stages 2 and 3)

When an operation deteriorates substantially in credit quality, it enters Stage 2 and an expected credit loss calculation is performed on a Lifetime Expected Credit Loss (LECL) basis. Stage 2 operations are those that have experienced an overall credit quality downgrade but are still performing. They are not considered credit impaired.

Stage 3 operations have objective evidence of impairment that immediately impacts the ECL.

Revolving facilities

Overdraft credit facilities have no fixed term and they can be cancelled at the discretion of the Bank at any point in time. These facilities are subject to, at a minimum, an annual credit review. In this regard, the date of the latest credit review provides the relevant date to assess if there is any increase in credit risk, as at that point in time. The Bank may amend the terms and conditions of the

c) Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company does not use derivative financial instruments to hedge risk exposures. Risk management is carried out by the holding company under policies approved by the board. Company management identifies and evaluates financial risks in close co-operation with the company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The company is exposed to the risk that it will encounter difficulty in raising funds to meet commitments associated with customer requirements. Liquidity risk is addressed through the

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines such as bank

The company's risk to liquidity is a result of the funds available to cover future commitments. The company 'manages liquidity risk through an ongoing review of future commitments and credit

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Liquidity risk is addressed through the following measures:

i) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes (continued)

3 Risk management (continued)

c) Financial risk management (continued)

i) Liquidity risk (continued)

Management of liquidity risk (continued)

The Group maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities and deposits with institutions, to ensure that sufficient liquidity is maintained within the company.

The Group has a well-defined contingency plan that is reviewed regularly as a way of ensuring that it's prepared for any eventualities at any one given time. All liquidity policies and procedures are subject to review and approval by board of directors.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers.

Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the year were as follows:

Year ended 31 December	2023	2022
Average for the year	34%	36%
Maximum for the year	37%	40%
Minimum for the year	29%	33%
Central Bank of Kenya required minimum	20%	20%

The table below represents the cash flows payable by the group under non- derivative financial liabilities by remaining contractual maturities at the end of the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Concentration by location for loans and advances, loan commitments and financial guarantees is based on the customer's country of domicile. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

Offsetting financial assets and financial liabilities

There were no financial assets and financial liabilities that were offset in the Bank's statement of financial position and none are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments.

Currency risk

The Group operates wholly within Kenya and its assets and liabilities are reported in the local currency. As at the end of trading period it had no currency risk pertaining to its operations.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate 'risk. During 2022, the Group's borrowings at variable rate were denominated in the Kenyan Shilling, Euro and US dollar.

Notes (continued)

3 Risk management (continued)

i) Liquidity risk (continued)

The following table summarizes the maturity profile of the undiscounted cash flows on the Group's financial assets and liabilities as at the reporting date:

Group

As at 31 December 2023	**<3 months**	**3 - 6 months**	**6 – 12 months**	**1 - 5 years**	**Total undiscounted Cashflows**
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Cash balances and deposits in financial institutions	576,905,508				576,905,508
Government Securities	-	-	-	425,269,988	425,269,988
Loans and advances to customers	320,076,942	71,822,514	112,530,934	2,042,904,781	2,547,335,171
Other assets	17,766,345	-			17,766,345
Total financial assets (expected maturity dates)	**914,748,795**	**71,822,514**	**112,530,934**	**2,468,174,769**	**3,567,277,012**
Deposits from customers	573,890,646	2,048,075,106	558,591,890	2,295,934	3,182,853,576
Lease liabilities	5,960,698	6,122,323	13,286,971	56,635,471	82,005,463
Medium term loan	-	-	-	90,909,090	90,909,090
Other liabilities	760,411	34,915,890	-	-	35,676,301
Total financial liabilities (contractual maturity dates)	**580,611,755**	**2,089,113,319**	**571,878,861**	**149,840,495**	**3,391,444,430**
Net Liquidity surplus/(gap)*	**334,137,040**	**(2,017,290,805)**	**(459,347,927)**	**2,318,334,274**	**175,832,582**

*The mismatch in the categories under 3-6 months and 6-12 months is due to the assumption that all the deposits falling due within these periods will be withdrawn, which is highly unlikely.

Notes (continued)

3 Risk management (continued)

i) Liquidity risk (continued)

Group

As at 31 December 2022	**<3 months**	**3 - 6 months**	**6 – 12 months**	**1 - 5 years**	**Total Undiscounted Cashflows**
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Cash balances and deposits in financial institutions	543,170,651	-	-	-	543,170,651
Government Securities	-	-	-	425,022,810	425,022,810
Loans and advances to customers	250,116,685	24,984,676	10,788,580	1,868,569,226	2,154,459,167
Other assets	-	21,426,563	-	-	21,426,563
Total financial assets (expected maturity dates)	**793,287,336**	**46,411,239**	**10,788,580**	**2,293,592,036**	**3,144,079,191**
Deposits from customers	81,535,617	719,999,461	187,204,743	1,861,436,279	2,850,176,100
Lease liabilities	5,554,894	5,014,048	10,603,813	60,017,374	81,190,129
Other liabilities	26,625,345	-	-	-	26,625,345
Total financial liabilities (contractual maturity dates)	**113,715,856**	**725,013,509**	**197,808,556**	**1,921,453,653**	**2,957,991,574**
Net Liquidity surplus/(gap)*	**679,571,480**	**(678,602,270)**	**(187,019,976)**	**372,138,383**	**186,087,617**

*The mismatch in the categories under 3-6 months and 6-12 months is due to the assumption that all the deposits falling due within these periods will be withdrawn, which is highly unlikely.

Notes (continued)

3 Risk management (continued)

i) Liquidity risk (continued)

The following table summarizes the maturity profile of the undiscounted cash flows on the banks financial assets and liabilities as at the reporting date:

Bank

As at 31 December 2023	**<3 months**	**3 - 6 months**	**6 – 12 months**	**1 - 5 years**	**Total undiscounted Cashflows**
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Cash balances and deposits in financial institutions	576,905,508				576,905,508
Government Securities	-	-	-	425,269,988	425,269,988
Loans and advances to customers	320,076,942	71,822,514	112,530,934	2,042,904,781	2,547,335,171
Other assets	11,909,682	-	-	-	11,909,682
Total financial assets (expected maturity dates)	**908,892,132**	**71,822,514**	**112,530,934**	**2,468,174,769**	**3,561,420,349**
Deposits from customers	573,890,646	2,048,075,106	558,591,890	8,968,374	3,189,526,016
Lease liabilities	5,960,698	6,122,323	13,286,971	56,635,471	82,005,463
Medium term loan	-	-	-	90,909,090	90,909,090
Other liabilities	760,411	29,192,094	-	-	29,952,505
Total financial liabilities (contractual maturity dates**)**	**580,611,755**	**2,083,389,523**	**571,878,861**	**156,512,935**	**3,392,393,074**
Net Liquidity surplus/(gap)*	**328,280,377**	**(2,011,567,009)**	**(459,347,927)**	**2,311,661,834**	**169,027,275**

*The mismatch in the categories under 3-6 months and 6-12 months is due to the assumption that all the deposits falling due within these periods will be withdrawn, which is highly unlikely.

Notes (continued)

3 Risk management (continued)

c) Financial risk management (continued)

ii) Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Currency risk exposure

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group had no financial instruments denominated in foreign currencies during the year ended 31 December 2023 (2022: nil).

Interest rate risk exposure

Interest rate risk arises from the possibility that changes in the interest rates will affect future cash flows or the fair value of the financial assets. The Board has set limits on level of mismatch of interest repricing that may be undertaken. Consequently, the interest sensitivity effect on profit or loss would not be significant given the repricing frequency.

Notes (continued)

3 Risk management (continued)

c) Financial risk management (continued)

ii) Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Currency risk exposure

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group had no financial instruments denominated in foreign currencies during the year ended 31 December 2023 (2022: nil).

Interest rate risk exposure

Interest rate risk arises from the possibility that changes in the interest rates will affect future cash flows or the fair value of the financial assets. The Board has set limits on level of mismatch of interest repricing that may be undertaken. Consequently, the interest sensitivity effect on profit or loss would not be significant given the repricing frequency.

Notes (continued)

3 Risk management (continued)

v) Market risk (continued)

The following table analyses the Group's interest rate risk exposure on financial assets and liabilities. The group's assets and liabilities are included at carrying amount and categorized by maturity date.

	Maturing Less than one month Kshs. '000'	Between 1-3 months Kshs. '000'	Between 3-6 months Kshs. '000'	6 Months less than a year Kshs. '000'	1 year less than 3 year Kshs. '000'	3 year less than 5 year Kshs. '000'	Over 5 years Kshs. '000'	Non-interest bearing Kshs. '000'	Total Kshs. '000'
As at 31 December 2023									
Financial Assets									
Cash and bank balances	-	386,194	-	-	-	-	-	190,712	576,906
Government securities	-	433,229	-	-	-	-	-	-	433,229
Loan to customers (net)	-	2,547,335	-	-	-	-	-	-	2,547,335
Total financial assets	-	2,933,529	-	-	-	-	-	190,712	3,124,241
Financial Liabilities									
Borrowings	-	90,909	-	-	-	-	-	-	90,909
Customer Deposits	526,208	90,845	933,324	525,258	1,000	-	-	1,112,891	3,189,526
Total financial liabilities	526,208	181,754	933,324	525,258	1,000	-	-	1,112,891	3,280,435
Interest rate sensitivity Gap	(526,208)	2,751,775	(933,324)	(525,258)	(1,000)	-	-	(922,179)	(156,194)
As at 31 December 2022									
Total Financial assets	-	2,953,591	-	-	-	-	-	169,061	3,122,652
Total Financial liabilities	-	1,015,505	971,546	187,229	670	-	-	675,226	2,850,176
Interest rate sensitivity Gap	**-**	**1,938,086**	**(971,546)**	**(187,229)**	**(670)**	**-**	**-**	**(506,165)**	**272,476**

Notes (continued)

3 Risk management (continued)

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the institution's processes, personnel, technology, and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all the Group's operations and are faced by all business units. The Group cannot expect to eliminate all operational risks, through a control framework and monitoring and responding to potential risks, the Group is able to manage its risk. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

e) Fair value of financial instruments

Determination of fair value and fair values hierarchy

IFRS 7 and IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have been utilized to arrive at the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 **-** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 **-** inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The only assets carried at fair value are government securities at fair value through other comprehensive income **-** Fair value is estimated using last quoted closing price on their principal stock exchange.

Notes (continued)

3 Risk management (continued)

e) Fair value of financial instruments (continued)

The following table summarizes the carrying amounts and fair value of those assets and liabilities not held at fair value. The carrying amount of assets and liabilities held at amortised costs is considered to approximate the fair value of the assets and liabilities.

Group	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December 2023	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Assets					
Cash on hand and deposits held with other banks	576,905,508	576,905,508	-	576,905,508	-
Government Securities	425,269,988	425,269,988	425,269,988	-	-
Loans and advances	2,547,335,171	2,547,335,171	-	-	2,547,335,171
Other assets	127,024,414	127,024,414	-	-	127,024,414
Total assets	**3,676,535,081**	**3,676,535,081**	**425,269,988**	**576,905,508**	**2,674,359,585**
Liabilities					
Customer deposits	3,182,853,576	3,182,853,576	-	-	3,182,853,576
Lease liability	82,005,463	82,005,463	-	82,005,463	-
Medium term loan	90,909,090	90,909,090	-	-	90,909,090
Other liabilities	35,967,177	35,967,177	-	-	35,967,177
Total liabilities	**3,391,735,306**	**3,391,735,306**	**-**	**82,005,463.00**	**3,309,729,843**

Notes (continued)

3 Risk management (continued)

e) Fair value of financial instruments (continued)

Group

As at 31 December 2022	Carrying amount Kshs	Fair value Kshs	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs
Assets					
Cash on hand and deposits held with other banks	543,170,651	543,170,651	-	-	543,170,651
Government Securities	425,022,810	425,022,810	425,022,810	-	-
Loans and advances	2,154,459,167	2,154,459,167	-	-	2,154,459,167
Other assets	90,167,167	90,167,167	-	-	90,167,167
Total assets	**3,212,819,795**	**3,212,819,795**	**425,022,810**	**-**	**2,787,796,985**
Liabilities					
Customer deposits	2,850,176,100	2,850,176,100	-	-	2,850,176,100
Lease liability	81,190,129	81,190,129	-	81,190,129	-
Other liabilities	26,625,345	26,625,345	-	-	26,625,345
Total liabilities	**2,957,991,574**	**2,957,991,574**	**-**	**81,190,129**	**2,876,801,445**

Notes (continued)

3 Risk management (continued)

e) Fair value of financial instruments (continued)

The following table summarizes the carrying amounts and fair value of those assets and liabilities not held at fair value. The carrying amount of assets and liabilities held at amortised costs is considered to approximate the fair value of the assets and liabilities.

Bank As at 31 December 2023	Carrying amount Kshs	Fair value Kshs	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs
Assets					
Cash on hand and deposits held with other banks	576,905,508	576,905,508	-	576,905,508	-
Government Securities	425,269,988	425,269,988	425,269,988	-	-
Loans and advances	2,547,335,171	2,547,335,171	-	-	2,547,335,171
Other assets	127,024,414	127,024,414	-	-	127,024,414
Total assets	**3,676,535,081**	**3,676,535,081**	**425,269,988**	**576,905,508**	**2,674,359,585**
Liabilities					
Customer deposits	3,182,853,576	3,182,853,576	-	-	3,182,853,576
Lease liability	82,005,463	82,005,463	-	82,005,463	-
Medium term loan	90,909,090	90,909,090	-	-	90,909,090
Other liabilities	35,676,301	35,676,301	-	-	35,676,301
Total liabilities	**3,391,444,430**	**3,391,444,430**	**-**	**82,005,463**	**3,309,438,967**

Notes (continued)

3 Risk management (continued)

e) Fair value of financial instruments (continued)

Bank As at 31 December 2022	Carrying amount Kshs	Fair value Kshs	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs
Assets					
Cash on hand and deposits held with other banks	543,170,651	543,170,651	-	-	543,170,651
Government Securities	425,022,810	425,022,810	425,022,810	-	-
Loans and advances (Gross)	2,154,459,167	2,154,459,167	-	-	2,154,459,167
Other assets	90,167,167	90,167,167	-	-	90,167,167
Total assets	**3,212,819,795**	**3,212,819,795**	**425,022,810**	**-**	**2,787,796,985**
Liabilities					
Customer deposits	2,850,176,100	2,850,176,100	-	-	2,850,176,100
Lease liability	81,190,129	81,190,129	-	81,190,129	-
Other liabilities	26,625,345	26,625,345	-	-	26,625,345
Total liabilities	**2,957,991,574**	**2,957,991,574**	**-**	**81,190,129**	**2,876,801,445**

Notes (continued)		Group		Bank	
		2023	2022	2023	2022
4	**Interest income**	Kshs	Kshs	Kshs	Kshs
	Interest on loans and advances	422,521,006	389,586,526	422,521,006	389,586,526
	Interest on call deposits	1,983,541	4,406,926	1,983,541	4,406,927
	Interest on fixed deposits	48,827,231	64,770,249	48,827,231	64,770,249
	Interest on Government securities	57,371,978	29,272,430	57,371,978	29,272,430
		530,703,756	488,036,131	530,703,756	488,036,131
5	**Interest expenses**				
	Savings accounts	9,791,381	6,912,614	9,791,381	6,912,614
	Fixed deposits	126,171,954	114,427,013	126,171,954	114,427,013
	Lease expense	3,087,943	7,130,345	3,087,943	7,130,345
	Borrowings	3,250,000	-	3,250,000	-
		142,301,278	128,469,972	142,301,278	128,469,972
6	**Fees and commissions income**				
	Bank transactions	13,060,106	7,481,776	13,060,106	7,481,776
	Mobile banking commissions	15,273,802	9,657,308	15,273,802	9,657,308
	Insurance commission	7,679,528	4,521,332	-	-
		36,013,436	21,660,416	28,333,908	17,139,084
7	**Fees and commissions expense**				
	Fees and commissions expense	587,357	1,864,108	587,357	1,864,108
8	**Operating Income**				
	Bad debts recovered	4,938,479	-	4,938,479	-
	Other income	1,366,956	1,073,559	1,366,956	1,073,559
	Foreign exchange income	1,715,629	676,253	1,715,629	676,253
		8,021,064	1,749,812	8,021,064	1,749,812
9	**Employee benefits**				
	Salaries and wages	131,909,034	99,874,204	129,297,429	97,639,031
	Pension and gratuity expenses	9,433,146	7,033,695	9,433,146	7,033,695
	Staff medical, training and other expenses	25,368,706	21,301,750	25,368,706	21,301,750
		166,710,886	128,209,649	164,099,281	125,974,476
10	**Depreciation and amortisation**				
	Depreciation of property and equipment (Note 13)	18,105,687	17,364,124	17,985,828	17,216,427
	Depreciation on Right of use asset (Note 14)	19,834,793	18,361,644	19,834,793	18,361,644
	Amortisation of intangible assets (Note 15)	2,757,157	760,996	2,757,157	760,996
		40,697,637	36,486,764	40,577,778	36,339,067

Notes (continued)	Group		Bank	
	2023	2022	2023	2022
11 Operating expenses	Kshs	Kshs	Kshs	Kshs
AGM expenses	1,372,103	878,010	1,372,103	878,010
Auditor's remuneration	3,081,351	4,330,000	2,766,351	3,750,000
Bulk SMS expense	1,666,667	2,752,799	1,666,667	2,752,799
Business promotion and marketing	14,646,363	7,374,524	14,646,363	7,374,524
Cash in transit	630,139	877,085	630,139	877,085
Cheque book printing	804,257	517,213	804,257	517,213
Communication expense	6,949,576	6,870,409	6,947,826	6,870,409
Consultancy fees	2,897,138	3,969,750	2,854,138	3,969,750
Contribution to Deposit Protection Fund	4,676,640	3,905,163	4,676,640	3,905,163
Customer credit reference expense	868,992	644,504	868,992	644,504
Directors emoluments	12,788,306	5,559,162	12,310,444	5,374,997
Directors expenses	2,620,757	3,148,987	2,620,757	3,148,987
Electricity and water	3,570,430	2,492,264	3,570,430	2,492,264
General insurance	6,669,631	4,990,008	6,669,631	4,990,008
General office expenses	13,267,222	9,227,771	13,267,222	9,141,593
Mpesa and bank charges	17,336,145	22,666,000	17,326,629	22,660,566
Office security	10,965,790	9,487,594	10,965,790	9,487,594
Postage and courier	1,496,267	1,014,010	1,496,267	1,014,010
Repairs and maintenance	3,383,346	1,595,716	3,383,346	1,554,556
Service charge and expensed VAT on rent	5,377,554	6,306,454	5,040,864	5,878,414
Software maintenance costs	11,388,948	10,226,722	11,388,948	10,226,722
Stationery and printing	6,896,588	5,072,195	6,896,588	5,072,195
Subscription and donations	3,197,755	1,970,004	3,197,755	1,970,004
Travel, accomodation and meals	5,268,850	5,225,497	4,977,446	5,158,785
Other expenses	5,480,870	7,617,403	5,023,170	7,553,549
	147,301,685	128,719,244	145,368,763	127,263,701

12 Taxation

i) Tax expense

Current income tax	770,783	-	-	-
Deferred tax expense relating to the origination and reversal of temporary differences (Note 23)	162,221	-	-	-
Income tax expense	933,004	-	-	-

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate of 30% (2022: 30%) as follows:

Profit before income tax	41,676,201	39,548,942	38,661,059	38,866,023
Tax calculated at the statutory tax rate of 30% (2022: 30%)	12,502,860	11,864,683	11,598,318	11,659,807
Tax effect of:				
Over/(under) provision in prior years	28,462	(204,876)	-	-
Deferred tax asset not recognised	(11,598,318)	(11,659,807)	(11,598,318)	(11,659,807)
Income tax expense	933,004	-	-	-

Notes (continued)

12 Taxation	Group 2023 Kshs	Group 2022 Kshs	Bank 2023 Kshs	Bank 2022 Kshs
ii) Current tax liability				
At start of the year	-	-	-	-
Current income tax	770,783	-	-	-
Tax paid	(469,796)	-	-	-
	300,987	-	-	-

13 Property and equipment

a) Group	Computers Kshs	Equipment Kshs	Furniture & fittings Kshs	Motor vehicles Kshs	Total Kshs
Cost					
At 1 January 2022	43,025,745	33,874,195	67,986,092	2,513,129	147,399,161
Additions	5,049,540	2,813,289	7,928,139	-	15,790,968
Revaluation surplus	-	-	-	1,670,000	1,670,000
Disposal	(9,513,434)	-	-	(2,513,129)	(12,026,563)
At 31 December 2022	38,561,851	36,687,484	75,914,231	1,670,000	152,833,566
At 1 January 2023	38,561,851	36,687,484	75,914,231	1,670,000	152,833,566
Additions	12,916,227	118,000	1,473,997	-	14,508,224
At 31 December 2023	51,478,078	36,805,484	77,388,228	1,670,000	167,341,790
Depreciation					
At 1 January 2022	37,116,452	20,247,167	30,635,818	2,146,635	90,146,072
Charge for the year	1,834,245	4,853,497	10,309,888	366,494	17,364,124
Eliminated on disposal	(9,513,434)	-	-	(2,513,129)	(12,026,563)
At 31 December 2022	29,437,263	25,100,664	40,945,706	-	95,483,633
At 1 January 2023	29,437,263	25,100,664	40,945,706	-	95,483,633
Charge for the year	6,228,728	4,009,418	7,450,042	417,500	18,105,688
At 31 December 2023	35,665,991	29,110,082	48,395,748	417,500	113,589,321
Net book value					
At 31 December 2023	15,812,087	7,695,402	28,992,480	1,252,500	53,752,469
At 31 December 2022	9,124,588	11,586,820	34,968,525	1,670,000	57,349,933

Notes (continued)

13 Property and equipment (continued)

b) Company	Computers Kshs	Equipment Kshs	Furniture & fittings Kshs	Motor vehicles Kshs	Total Kshs
Cost					
At 1 January 2022	42,772,745	33,874,195	67,647,742	2,513,129	146,807,811
Additions	5,049,540	2,813,289	7,928,139	-	15,790,968
Revaluation surplus	-	-	-	1,670,000	1,670,000
Disposal	(9,513,434)	-	-	(2,513,129)	(12,026,563)
At 31 December 2022	38,308,851	36,687,484	75,575,881	1,670,000	152,242,216
At 1 January 2023	38,308,851	36,687,484	75,575,881	1,670,000	152,242,216
Additions	12,673,227	118,000	1,473,997	-	14,265,224
At 31 December 2023	50,982,078	36,805,484	77,049,878	1,670,000	166,507,440
Depreciation					
At 1 January 2022	37,021,577	20,247,167	30,589,964	2,146,635	90,005,343
Charge for the year	1,722,398	4,853,497	10,274,038	366,494	17,216,427
Eliminated on disposal	(9,513,434)	-	-	(2,513,129)	(12,026,563)
At 31 December 2022	29,230,541	25,100,664	40,864,002	-	95,195,207
At 1 January 2023	29,230,541	25,100,664	40,864,002	-	95,195,207
Charge for the year	6,108,868	4,009,418	7,450,042	417,500	17,985,828
At 31 December 2023	35,339,409	29,110,082	48,314,044	417,500	113,181,035
Net book value					
At 31 December 2023	15,642,669	7,695,402	28,735,834	1,252,500	53,326,405
At 31 December 2022	9,078,310	11,586,820	34,711,879	1,670,000	57,047,009

14 Right-of-use assets

	Group and Bank 2023 Kshs	2022 Kshs
At start of the year	71,718,634	74,998,903
Net additions	22,262,569	15,081,375
Depreciation charge	(19,834,793)	(18,361,644)
At end of the year	74,146,410	71,718,634

The Group leases various offices and branches. The leases of offices and branches are typically for periods of between 3 and 9 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

For information on the related lease liabilities, see Note 25.

Notes (continued)

		Group and Bank	
		2023	2022
15	**Intangible assets**	**Kshs**	**Kshs**
	Software costs		
	Cost		
	At 1 January	34,556,297	31,938,070
	Additions	18,270,822	1,018,227
	Additions - WIP	-	1,600,000
	At 31 December	52,827,119	34,556,297
	Amortization		
	At 1 January	26,102,411	25,341,415
	Charge for the year	2,757,157	760,996
	At 31 December	28,859,568	26,102,411
	Net Book Value		
	At 31 December	23,967,551	8,453,886

16 Goverment securities

Financial assets comprise investment in Treasury bonds.

The group has reclassified the financial asset above measured at fair value to amortised cost during the year. This was as a result of change in the business model from available for sale financial assets to held to maturity hence the reclassification which has been done prospectively.

		Group		Company	
		2023	2022	2023	2022
a)	**Amortised cost**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
	At start of year	-	-	-	-
	Reclassification	412,041,234	-	412,041,234	-
	Interest	13,228,754	-	13,228,754	-
	Prior year adjustment	7,958,766	-	7,958,766	-
	At end of year	**433,228,754**	**-**	**433,228,754**	**-**
	Amortised cost can be analysed as follows:				
	Maturing within 91 days	-	-	-	-
	Maturing after 91 days	433,228,754	-	433,228,754	-
	Total other financial assets	**433,228,754**	**-**	**433,228,754**	**-**

Notes (continued)

b) Fair value through other comprehensive income	Group 2023 Kshs	Group 2022 Kshs	Company 2023 Kshs	Company 2022 Kshs
At start of the year	-	123,982,377	-	123,982,377
Interest received	-	(3,585,681)	-	(3,585,681)
Additions	-	300,000,000	-	300,000,000
Fair value (loss)/gain	-	(8,287,636)	-	(8,287,636)
Accrued interest	-	12,913,750	-	12,913,750
At end of the year	-	425,022,810	-	425,022,810

None of the financial assets is either past due or impaired.

The fair values of the financial assets are categorised under Level 1 based on the information set out in accounting policy (l).

Credit risk primarily arises from the changes in the market value and the financial stability of the respective quoted companies, issuers of commercial bonds and investment funds.

Management monitors the credit quality of financial assets by:

- discussion at the management and board meetings;
- reference to external historical information available; and

The maximum exposure to credit risk as at reporting date is the carrying amount of the financial assets as disclosed above.

17 Cash and cash equivalent	Group and Bank 2023 Kshs	Group and Bank 2022 Kshs
For the purpose of the statement of cash flows, cash and cash equivalents comprise		
Short-term bank deposits (See below)	386,193,949	374,109,179
Cash at bank	21,294,405	34,022,665
Deposit with CBK	139,365,080	118,833,023
Cash in hand	30,052,074	16,205,784
	576,905,508	543,170,651
Short-term bank deposits		
Kingdom Bank Limited	213,086,822	38,932,581
Kenya Women Microfinance Bank	-	133,564,365
Family Bank Limited	95,557,012	21,700,000
Sidian Bank Limited	56,531,946	173,008,275
NCBA Bank Kenya Plc	14,141,911	-
Interest receivable	6,876,258	6,903,958
	386,193,949	374,109,179

The weighted average effective interest rate on short-term bank deposits for the year ended 31st December 2023 was 12.64% (2022: 17.31%).

The Group's cash and bank balances are held with major Kenyan financial institutions and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

Notes (continued)

		Group and Bank	
		2023	2022
18	**Loans and advances**	Kshs	Kshs
	Gross loans and advances	2,669,011,750	2,240,672,534
	Provisions on loans and advances	(121,676,579)	(86,213,367)
	Net loans and advances	2,547,335,171	2,154,459,167
	Provision for expected credit losses		
	At start of year	86,213,367	48,457,421
	Net provision expense for the year	35,463,212	48,147,680
	Loans writen off	-	(10,391,734)
	At end of year	121,676,579	86,213,367

		Group		Bank	
		2023	2022	2023	2022
19	**Receivables and prepayments**	Kshs	Kshs	Kshs	Kshs
	Prepaid expenses	44,334,724	15,396,410	44,230,549	15,396,410
	Prepaid taxes	64,370,145	52,790,994	64,370,145	52,790,994
	Accounts receivables	17,766,345	21,426,563	11,909,682	18,515,446
	Due from related party (Note 27 (iv))	-	-	-	1,338,098
	Prepaid ATM cards	553,200	553,200	553,200	553,200
		127,024,414	90,167,167	121,063,576	88,594,148

		2023	2022
20	**Investments in subsidiary**	Kshs	Kshs
	At 1 January and 31 December	5,000,000	5,000,000

Details of the investment in subsidiary is as shown below:

			Holding	
Subsidiary	**Country of incorporation**	**Principal activity**	**2023**	**2022**
Caritas Bancassurance Intermediary Limited	Kenya	Provision of insurance agency services	100%	100%

The Group financial statements include the results of the subsidiary, Caritas Bancassurance Intermediary Limited.

		Group		Bank	
		2023	2022	2023	2022
21	**Customers deposits**	Kshs	Kshs	Kshs	Kshs
	Current and demand accounts	527,089,120	502,870,049	533,761,560	506,853,481
	Savings accounts	1,128,864,513	1,015,505,109	1,128,864,513	1,015,505,109
	Fixed deposit accounts	1,526,899,943	1,331,800,942	1,526,899,943	1,331,800,941
		3,182,853,576	2,850,176,100	3,189,526,016	2,854,159,531
22	**Other liabilities**				
	Excise and stamp duty	760,411	1,042,080	760,411	1,042,080
	Leave accrual	1,361,585	2,597,606	1,361,585	2,597,606
	Other liabilities and accrued expenses	33,554,305	22,985,658	27,830,509	21,916,484
		35,676,301	26,625,344	29,952,505	25,556,170

Notes (continued)

23 Deferred tax

Deferred income tax is calculated using the enacted tax rate of 30%, except for capital gains, for which the enacted tax rate of 15% is used (2022: 30% and 15%). The capital gains tax rate was increased from 5% to 15% with effect from 1 January 2023.

Deferred tax assets/(liabilities), and the deferred tax charge/(credit) in the profit and loss account and in other comprehensive income (OCI) are attributable to the following items:

a) Group

At start of the year	**At start of year Kshs**	**(Credited)/ charged to profit or loss Kshs**	**At end of year Kshs**
As previously stated			-
Prior year adjustment			141,044
As restated			**141,044**
Property and equipment	-	(42,120)	(42,120)
Tax losses	-	(130,375)	(130,375)
Over provision in prior year	-	10,274	10,274
Prior year adjustment	-	-	-
Net deferred tax asset/(liability)	-	(162,221)	(21,177)
Year ended 31 December 2022			
Property and equipment	-	-	-
Tax losses	-	-	-
Over provision in prior year	-	-	-
Net deferred tax asset/(liability)	-	-	-

b) Company

Year ended 31 December 2023	**At start of year Kshs**	**(Credited)/ charged to profit or loss Kshs**	**At end of year Kshs**
Property and equipment	-	-	-
Net deferred tax asset/(liability)	-	-	-
Year ended 31 December 2022			
Property and equipment	-	-	-
Net deferred tax asset/(liability)	-	-	-

The deferred tax asset has not been recognized in deductible temporary differences and tax losses carried forward amounting to Kshs. 237,510,223 (2022: Kshs. 283,277,281) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilized.

Notes (continued)

		Group and Bank	
		2023	2022
24	**Borrowing**	Kshs	Kshs
	MESPT	90,909,090	-

The MESPT loan is secured as below:

MESPT:
Lien over Government Bond FXD1/2022/015 in the name of Caritas Microfinance Bank of KES 100,000,000.

		Group and Bank	
		2023	2022
25	**Lease liabilities**	Kshs	Kshs
	Current	29,567,020	32,335,307
	Non-current	52,438,444	48,854,822
	Lease liabilities	82,005,464	81,190,129

The total cash outflow for leases in the year was:

Payments of principal portion of the lease liability	24,535,177	21,518,244

In 2022, the Group recognised lease assets and lease liabilities only for those leases that were classified as finance leases under the accounting policy at that time.

For more information on the nature of the leases entered into and the related right-of-use assets, see Note 14.

26 Share capital

	Group and Bank	
Authorized:		
35,000,000 Ordinary shares of Kshs 20 each	700,000,000	700,000,000
Issued and fully paid		
At 1 January	696,600,000	683,000,000
Paid up during the year	3,400,000	13,600,000
At 31 December	700,000,000	696,600,000

27 Related party balances

The Group is related to other companies which are related through common shareholding or common directorships.

The following transactions were carried out with related parties

		Group		Bank	
		2023	2022	2023	2022
		Kshs	Kshs	Kshs	Kshs
i)	Loans due from employees				
	Employees	74,196,912	77,065,536	74,196,912	77,065,536
	Interest income earned	6,401,127	4,834,989	6,401,127	4,834,989

Notes (continued)

27 Related party balances (continued)

i) Loans due from employees (continued)				
Weighted average interest rate	8.00%	8.00%	8.00%	8.00%
ii) Key management and directors' compensation				
Remuneration to key management	28,936,045	26,234,904	28,936,045	26,234,904
Directors' emoluments	12,788,306	8,708,149	12,310,444	8,523,984
	41,724,351	34,943,053	41,246,489	34,758,888
iii) Deposits received from shareholders and employees				
Employees	3,872,171	2,678,865	3,872,171	2,678,865
Shareholders	539,000,000	511,049,119	539,000,000	511,049,119
	542,872,171	513,727,984	542,872,171	513,727,984
Interest expensed	16,517,178	21,323,750	16,517,178	21,323,750
Weighted average interest rate	13.20%	9.50%	13.20%	8.08%

	Bank	
	2023	2022
iv) Due from related parties	Kshs	Kshs
Caritas Bancassurance Intermediary Limited	-	1,338,098

28 Statutory reserve

The statutory reserve relates to the excess provisions for impairment of loans and advances as computed in accordance with the Central Bank of Kenya regulations over provisions for expected credit losses as computed in accordance with International Financial Reporting Standards. The statutory reserve is not distributable.

29 Events after the reporting period

The directors are not aware of any matters arising after 31st December 2023 that would significantly affect the operations of the Group.

30 Currency

These consolidated financial statements are presented in Kenya Shillings, which is also the functional currency.

CARITAS MFB DIGITAL SOLUTIONS



Empowering Households through Digital Banking

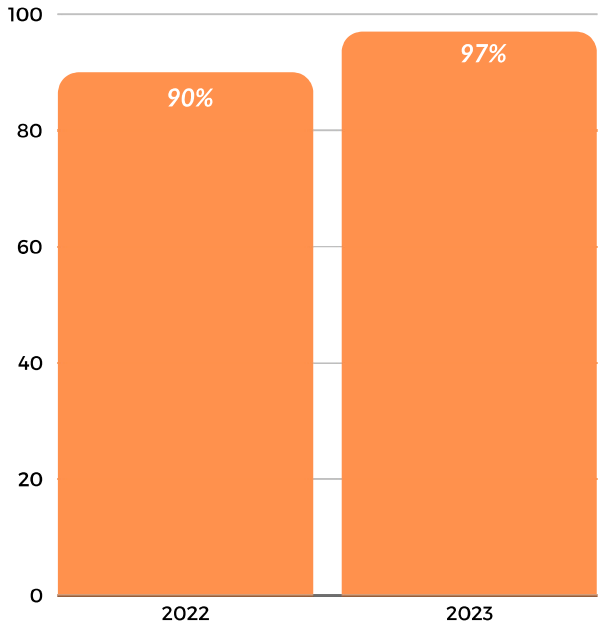
EXPANDING OPERATIONS THROUGH DIGITAL INNOVATION

At Caritas MFB, we are committed to expanding our operations by navigating the digital space. Our strategic investment in technology and innovative solutions has culminated in the introduction of new payment solutions, significantly transforming the way we serve our customers.

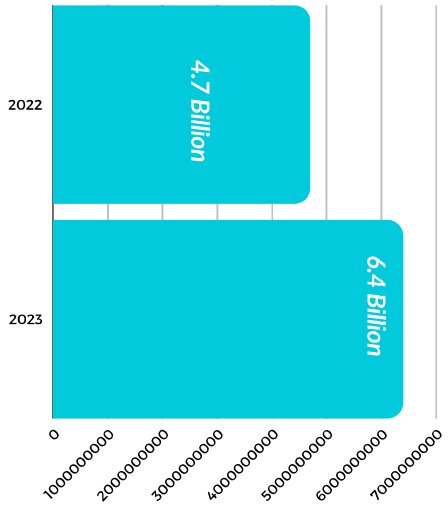
Digital Transformation and Growth

Our efforts in digitalization have yielded remarkable results.
The number of transactions conducted digitally has surged from **90% in 2022** to an impressive **97% in 2023** due to the introduction of the new digital solutions.

Additionally, the volume of deposits made via our digital channels has seen a tremendous increase, rising from 501,000 in 2022 to 1 Million in 2023.
Meanwhile, the value of deposits grew from **4.7 Billion in 2022** to **6.4 Billion in 2023**
These figures underscore our success in driving digital adoption and enhancing customer convenience.



Number of transactions Digitally



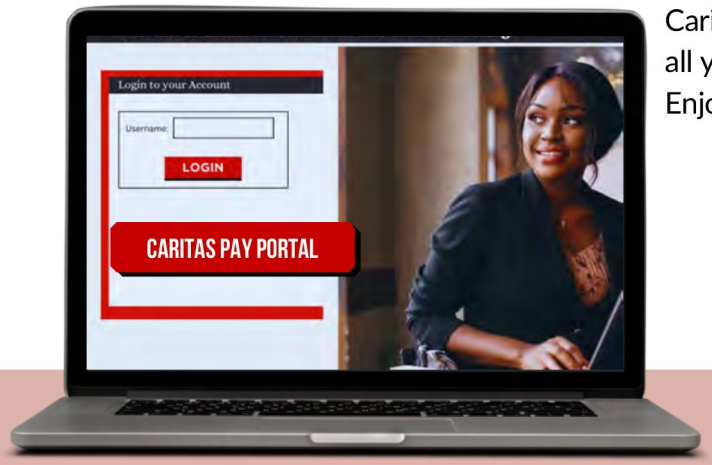
Value of deposits-Digitally

Enhancing Customer Engagement

These digital solutions are instrumental in driving customer onboarding and increasing the utilization of our accounts. By offering convenient, efficient, and secure banking options, we are empowering our customers to manage their finances with greater ease and flexibility.
At Caritas MFB, we believe in the power of innovation to transform banking experiences. We are excited about the future and remain committed to leveraging technology to better serve our customers.

INTRODUCING OUR DIGITAL SOLUTIONS

01 CARITAS PAY PORTAL



CaritasPay Portal is your one-stop solution for all your payment needs.
Enjoy hassle-free;

- Loan disbursements
- Swift salary payments
- Seamless bulk transactions
- Surplus payments
- Pension contributions
- Insurance premiums

And other Online Payments

02 LIPA NA CARITAS

Digital Payment solution that allows you to receive Mpesa payments directly to your Caritas Microfinance Bank account.

FEATURES

- Free of charge
- Instant Alerts
- Realtime Settlement
- An easy-to-remember Unique Code
- Allows access to loans for Merchants
- Ability to have narration during transaction payment (After the Short code put a hypen (-) or (#) then your narration)





MOBILE MONEY TRANSFERS 03

Easily send and receive funds to your loved ones from abroad through Western Union, MoneyGram, RapidTransfer, and Ria money transfer.

04 CARITAS CHAMA

A user-friendly software, fostering financial growth for Chamas and the bank and enhancing collaboration With Caritas Chama one can empower their chama's financial journey effortlessly managing finances from anywhere.

05

MAKE THE SWITCH TO INSTANT PAYMENTS - PESA LINK SERVICES

One can Seamlessly transfer funds from account-to-account using Pesa Link on our Caritas Pay App

DIGITALIZATION OF OUR SERVICES

The progress in digitalization of our products and services is reflected in the following key ways:

LIPA NA CARITAS	This solution allows our customers to receive Mpesa payments directly to their Caritas MFB account. Currently we have **5,500 Lipa na Caritas Merchants.**
INTERNET BANKING	The bank has embraced Internet banking since **2018,** and we continue to see a rise in the number of users.
CARITAS PAY PORTAL	During the end of 2023, the bank embarked on the digitization of all our stakeholders payments needs and we continue to see the growth of the platform.
CARITAS PAY APP	This is our mobile banking app which makes banking more convenient for our retail customers.
CARITAS DIGITAL ACCOUNT	This solution enables Caritas MFB prospective customers to be able to open for themselves an account seamlessly through our Caritas Pay App.
ATM CARDS	Currently the total number of the VISA Cards are **over 3500.**
AGENCY BANKING	Agency Banking network grew to 134 Agents and is expected to reach **1,200 by 2025.**

WHERE WE OPERATE

9 Branches

3 Marketing Offices

134 Agents



Currently, we have physical presence in,

- Cardinal Otunga Plaza (Retail Banking)
- Cardinal Otunga Annex (Corporate Branch)
- Kawangware
- Donholm
- Thika
- Karuri
- Karen Marketing Office
- Eldoret Marketing Desk
- Homabay Marketing Desk
- Nakuru
- Githurai
- Nyeri



On 17th August 2023 Caritas MFB joined hands with Caritas Nairobi, Caritas Dairy, and DSIK for the CRF Partnership Commissioning at The Address



On 18th September 2023, our CEO, David Mukaru and the Senior Management hosted a delegation of MPs from Uganda who paid a courtesy visit to the bank.



Principal Officer Josaphat Cheruiyot (far right), Sr. Rose Moraa-Insurance Officer, Head of Finance-Amon Kariuki and Our CEO David Mukaru receiving the Caritas Bancassurance IRA license



On November 16, 2023, our CEO, David Mukaru, shared his insights at the launch of Caritas Nairobi's new dairy processing unit. Caritas MFB and Caritas Dairy have joined forces to empower dairy farmers through the Imarisha Kilimo Loan



On 31st January 2024 and 5th February 2024, the Caritas MFB team engaged in a session with Self Help Group leaders during the Caritas SHP and Caritas MFB leadership meeting at the Queen of Apostles Church.



His Eminence John Cardinal Njue, His Grace Archbishop Philip Anyolo, and our esteemed Board Members flagging off the March at the Grand Reopening of Our Cardinal Otunga Branch



Board Chairman- CPA Patrick Kariuki (far left), His Eminence John Cardinal Njue, His Grace Archbishop Philip Anyolo and our CEO David Mukaru, at the Grand Opening of our Githurai Branch



Our CEO David Mukaru (far left) and Head of Institutional Banking Moses Ng'ang'a at the Religious Superiors Dinner at The Radix Hotel



Our CEO David Mukaru, Brand Ambassador David Maina and Institutional Banking Officer -Self Help Groups , James Kinyanjui at the Episcopal Ordination of Rt. Rev. Bishop Simon Peter Kamomoe and Rt. Rev. Bishop Wallace Ng'ang'a at St. Mary's Msongari grounds.



Rt. Rev. Bishop Simon Peter Kamomoe (far left), His Grace Archbishop Philip Anyolo and Rt. Rev. Bishop Wallace Ng'ang'a with the women who laid the foundation of Self help Groups in Kiriko Parish at the 4Oth Anniversary of the Self Help Program



Our Directors having a Cake cutting session at the Grand Opening of our Nyeri Branch



Davies Muriuki- Head of ICT (far left), our CEO David Mukaru, Geoffrey Bundi- Head of Audit Risk and Compliance and Patrick Murungi- Procurement & Admin Officer at Ruiru Prisons Training Staff College observing the National Tree Growing Day



On May 10th 2024, Caritas MFB team in partnership with Ruiru Prisons Staff Training College, Children Environmental Rescue (CER), and The Kenya Industrial Estates joined forces to observe the National Tree Growing Day together.



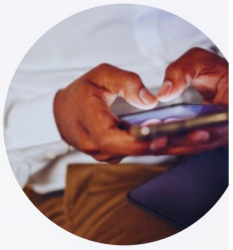
Caritas MFB Team receiving an award at Think Business Awards (2024)



Caritas MFB Trophies from the Think Business Awards 2024
-Best Microfinance Bank in Agriculture & Livestock Financing
-Best Microfinance Bank in Product Innovation



Caritas MFB Trophies from the Think Business Awards 2024
-Ist Runners Up for Overall Best Microfinance Bank In Kenya
-Best Microfinance Bank in Agriculture & Livestock Financing
-Best Microfinance Bank in Product Innovation

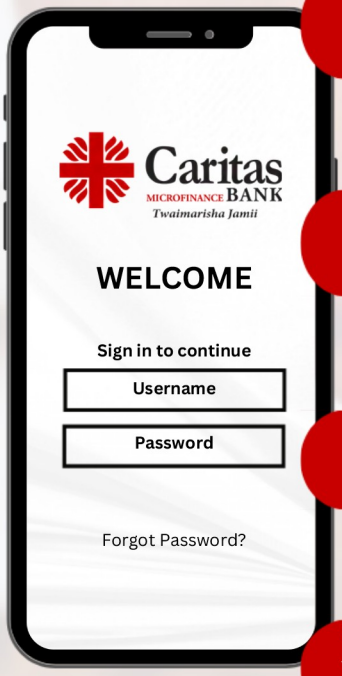


Download the **Caritas Pay App**
and open a **Caritas Digital Account** instantly from
your mobile phone.

All you need are soft copies of the documents below on your phone

- An Original ID
- Your Passport Photo
  Have a well-lit background to take a Selfie
- KRA PIN
- Signature

STEPS TO FOLLOW



1. Download Caritas Pay App (GET IT ON Google Play)
2. Click on OPEN ACCOUNT
3. Input your Phone Number & Click on GET OTP
4. Enter OTP & Click on CONTINUE
5. REGISTRATION Proceed to Input Id No. & Name as they appear on ID
6. Add other requirements: KRA Pin, Address etc.
7. Click on @ Icon to upload: Passport Photo, ID & Signature
8. Click on SUBMIT
9. STK Push will pop up requesting you to enter your Mpesa PIN to credit 200Ksh to your Account
10. ACCOUNT OPENED Your account will be opened and you'll get your account no

TALK TO US 24/7
0729986331 or 0205151500 WhatsApp: 0729986331

Caritas Micro-Finance Bank *@CaritasMFB*