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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifth Annual General Meeting (AGM) of Equity Bank Limited will be held on **Thursday 26th March 2009 at the Kenyatta International Conference Centre (KICC) NAIROBI at 10.00 am**, to transact the following business:

1. The Company Secretary to read the notice convening the meeting.
2. To receive, consider and if thought fit, adopt the Annual Report and Audited Financial Statements for the year ended 31st December 2008 together with the Chairman's, Director's and Auditors' reports thereon.
3. To approve a first and final dividend for the year ended 31st December 2008 of Kshs. 3 (three only) per ordinary share of Kshs. 5 (five only), subject to withholding tax, where applicable.
4. Election of Directors:
 - a) Mr Ernest Nzovu retires by rotation in accordance with Article 100 of the Company's Articles of Association and being eligible, offers himself for re-election as a director;
 - b) Mr Peter Njeru Gachuba retires in accordance with Article 100 of the Company's Articles of Association and does not seek re-election;
 - c) Mr Linus Gitahi retires in accordance with Article 100 of the Company's Articles of Association and does not seek re-election;
 - d) Professor Shem Migot- Adholla having been appointed as a director by the Board on 12th February 2009, retires in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for election as a director;
 - e) Dr Ezekiel Alembi having been appointed as a director by the board on 12th February 2009 retires in accordance with Article 101 of the Company's Articles of Association and being eligible, offers himself for election as a director;
5. To approve the remuneration of the directors;
6. To note that the auditors Messrs Ernst & Young, being eligible and having expressed their willingness, will continue in office in accordance with section 159 of the Companies Act (Cap 486) and to authorize the directors to fix their remuneration;
7. As a Special Business, to consider and if thought fit, pass the following resolution which will be proposed as a Special Resolution:

THAT in accordance with Article 50(b) of the Articles of Association of the Company every ordinary share of Kshs 5/- (five shillings) each in the authorised and issued share capital of the Company

be, and is hereby sub-divided into ten ordinary shares of Kshs 0.50 (fifty cents) each in the authorised and issued share capital of the Company, and accordingly that the authorised and issued share capital of the Company immediately following the passing of this resolution be stated as Kshs 1,851,388,510 divided into 3,702,777,020 ordinary shares of Kshs 0.50 each.

8. Any other business of which notice will have been duly received.

By Order of the Board

Mary Wangari Wamae
Company Secretary
P.O. Box 75104 -00200
NAIROBI,

12th February 2009

Notes

- 1) A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a form of proxy must be duly completed by the member and lodged with the Company Secretary at the Company's Head Office situated at **NHIF BUILDING 14TH FLOOR, Upper Hill, Nairobi**, not later than **10.00 am on 24th March 2009** failing which it will be invalid. In the case of a corporate body the proxy must be under its common seal.
- 2) Subject to approval of shareholders, the Board of Directors has resolved to recommend to members at the forthcoming Annual General Meeting a dividend for the year ended 31st December 2008 of Kshs 3 per share being 60% of nominal value, to be paid to shareholders on the register of members of the Company at the close of business on **25th March 2009**. The dividend will be paid on or about **3rd April 2009**.
- 3) At a meeting of the Board of Directors held on Thursday 12th February 2009 the board approved a proposal to split the existing ordinary shares of the Bank from ordinary shares of Kshs 5 nominal value into ordinary shares of Kshs 0.50 nominal value. [The proposed share split is subject to the approval of the Capital Markets Authority and the Nairobi Stock Exchange]. The record date for the share split is 25th March 2009. Entitlement to the final dividend for the year ended 31st December 2008 will be calculated on the number of ordinary shares of Kshs 5 each held by members on such record date.



TANGAZO LA MKUTANO MKUU WA MWAKA

Ilani inatolewa hapa kwamba mkutano mkuu wa Tano wa Mwaka (AGM) wa Kampuni ya Equity Bank utafanywa tarehe 26 Machi 2009 katika jumba la Kenyatta International Conference Centre (KICC) Nairobi saa nne asubuhi kutekeleza shughuli zifuatazo:

1. Katibu wa kampuni kusoma ilani ya kuandaa mkutano
2. Kupokea, kutafakari na ikionekana inafaa, kuidhinisha ripoti ya mwaka na Taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika 31 Disemba 2008, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi wa Hesabu.
3. Kuidhinisha mgao wa faida wa kwanza na wa mwisho kwa mwaka uliomalizika 31 Disemba 2008 wa shilingi 3 (tatu) kwa kila hisa ya kawaida wa shilingi 5 (tano) kwa kutegemea kodi ya uhifadhi (withholding tax) inapohitajika.
4. Uchaguzi wa Wakurugenzi:
 - a) Bw, Ernst Nzovu anastaafu kwa zamu kulingana na kifungu 100 cha sheria za kampuni na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kama mkurugenzi;
 - b) Bw. Peter Njeru Gachuba anastaafu kulingana na kifungu 100 cha sheria za kampuni na hajajiwasilisha kuchaguliwa tena;
 - c) Bw. Linus Gitahi anastaafu kulingana na kifungu 100 cha sheria za kampuni na hajajiwasilisha kuchaguliwa tena;
 - d) Profesa Shem Migot-Adholla ambaye aliteuliwa kuwa mkurugenzi na Halmashauri tarehe 12 Februari 2009 anastaafu kulingana na kifungu 101 cha sheria za kampuni na kwa kuwa anahitimu anajiwasilisha kuchaguliwa kama mkurugenzi;
 - e) Dkt Ezekiel Alembi ambaye aliteuliwa kama mkurugenzi na Halmashauri tarehe 12 Februari 2009 anastaafu kulingana na Kifungu 101 cha sheria za kampuni na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa kama mkurugenzi.
5. Kuidhinisha malipo ya wakurugenzi
6. Kubaini kwamba wakaguzi wa Hesabu Ernst & Young wakiwa wamehitimu na wamedhihirisha nia yao, wataendelea na kazi hiyo kuambatana na sehemu ya 159 ya sheria za makampuni (Cap 486) na kuidhinisha wakurugenzi kuweka malipo yao.
7. Kama shughuli maalum kufikiria na ikionekana inafaa, kupitisha azimio maalum:

KWAMBA kuambatana na kifungu 50(b) cha sheria za kampuni kila hisa ya kawaida ya shilingi 5 (shilingi tano) kila moja katika mtaji wa hisa ulioidhinishwa na kutolewa na kampuni iwe na hapa inagawanywa katika hisa kumi za kawaida za shilingi 0.50 (senti hamsini/sumuni) kila moja katika mtaji wa hisa ulioidhinishwa na kutolewa wa kampuni na kulingana na hayo mtaji wa hisa wa kampuni ulioidhinishwa na kutolewa mara tu kufuatia kupitishwa Tangazo la Mkutano Mkuu wa Mwaka kwa

azimio hili uwe shilingi 1,851,388,510 na kugawanywa kwa hisa za kawaida 3, 702,777,020 za shilingi 0.50 kila moja.

8. Shughuli nyingine yoyote ambayo ilani yake itakuwa imepokelewa.

Kwa Amri ya Halmashauri

Mary Wangari Wamae
Katibu wa Kampuni
S.L.P 75104-00200
Nairobi

12 Februari 2009

Maelezo

- 1) Mwanachama yeyote anayeruhusiwa kuhudhuria na kupiga kura katika mkutano na ambaye hawezi kuhudhuria ana haki ya kumchagua mtu atakayehudhuria na kupiga kura kwa niaba yake. Mwakilishi sio lazima awe mwanachama wa kampuni. Ili ikubalike fomu ya uwakilishi inapaswa kujazwa kikamilifu na mwanachama na kufikishwa kwa katibu wa kampuni katika afisi kuu za kampuni zilizoko jengo la NHIF OROFA ya 14, Upper Hill, Nairobi, kabla ya saa nne asubuhi tarehe 24 Machi 2009 la sivyoo haitakubalika. Ikiwa uwakilishi ni wa shirika, sharti fomu iwe na muhuri wake.
- 2) Ikiubaliwa na wenyehisa, Halmashauri ya Wakurugenzi imeazimia kupendekeza kwenye mkutano mkuu ujao wa mwaka mgao wa faida wa mwaka uliomalizika 31 Disemba 2008 wa shilingi 3 kwa kila hisa ikiwa ni asilimia 60 ya thamani ya hisa inayopaswa kulipwa wenye hisa walio kwenye orodha ya usajili ya wenyehisa kufikia kufungwa kwa shughuli za kazi tarehe 25 Machi 2009. Mgao huo wa faida utalipwa tarehe au kufikia tarehe 3 Aprili 2009.
- 3) Kwenye mkutano wa Halmashauri ya Wakurugenzi uliofanywa Alhamisi tarehe 12 Februari 2009 Halmashauri iliidhinisha pendekezo la kugawa hisa za kawaida za kampuni zilizopo kutoka hisa za kawaida za thamani ya shilingi 5 na kuwa hisa za kawaida za thamani ya shilingi 0.50. [Pendekezo hilo la kugawa hisa linategemea idhini kutoka kwa Halmashauri ya Usimamizi wa Masoko ya Hisa na Soko la Uuzaji Hisa la Nairobi]. Tarehe iliyowekwa ya kugawanywa kwa hisa hizo ni tarehe 25 Machi 2009. Kiasi cha mgao wa faida wa mwisho kwa mwaka uliomalizika 31 Disemba 2008 kitahesabiwa kulingana na idadi ya hisa za kawaida za shilingi 5 (shilingi tano) kila moja zinazomilikiwa na wanachama kufikia tarehe hiyo.



Mr. Peter K. Munga, EBS



CHAIRMAN'S STATEMENT

The banking sector pre tax profit increased by 46.6 percent from Kshs 16.3 billion in June 2007 to Kshs 23.9 billion in June 2008.

It gives me great pleasure to present to you the Bank's *Annual Report* for the year ended 31st December 2008. The year 2008 was a truly historic one as we embarked on our regional expansion program by rolling out operations in Uganda. Equity Bank Uganda Limited, a wholly owned subsidiary of Equity Bank Limited is now operational, while plans to roll out in Sudan are at an advanced stage. Indeed, it gives me a lot of pride to inform you that your bank continued to register robust performance despite a very challenging operating environment.

OPERATING ENVIRONMENT

The year started on a slow economic pace. In 2008 the economy of Kenya slowed down significantly from 7.0 percent real GDP growth rate recorded in 2007 to around 2.2 percent. During the year under review, the 12 month overall inflation increased from 9.7 percent in December 2007 to 26.2 percent in December 2008. The increase was mainly on account of supply shocks resulting from adverse climatic conditions that led to food shortage the effects of the post election crisis, and, sharp increases in international crude oil prices. The underlying inflation was 7.3 percent in November 2008, which was above the 5 percent target by the Central Bank of Kenya.

The year saw a significant rise in short term interest rates with the bench mark 91 day and 182-day Treasury Bills rising to 8.4 percent and 9.06 percent from 6.98 percent and 7.89 percent, respectively. In the year under review, the shilling depreciated against the

major currencies falling from 63.20 to 78.04 against the US Dollar.

Although the year under review witnessed two significant Initial Public Offers, the capital market registered a bear run with the NSE 20 Share Index closing at 3521, down from 5445 in 2007. However the total market capitalization was nearly unchanged at Kshs 854 billion from Kshs 851 billion the previous year.

During the period under review, the world got into recession arising from the Global Financial Crisis. However, I am glad to report that despite the unfavourable local and global macroeconomic environment, Kenya's banking sector remained stable, principally, because our banking system is not fully integrated into the troubled global financial network.

The performance of the Kenyan banking sector was overall rated as strong, with players achieving improved operational results. The sector also remained well capitalized. As of June 2008, shareholders funds, deposits and assets increased by 35.2 percent, 27.7 percent and 31.9 percent respectively. Liquidity, as measured by liquid assets as a proportion of total liabilities, stood at 42.4 percent, well above the statutory minimum requirement of 20 percent as of June 2008.

The banking sector registered rapid expansion with branch network increasing by 44.6 percent to 772 branches by June

2008. The combined balance sheet of the sector expanded over the same time period, with deposits at 82 percent of total liabilities driving the increase in the aggregate balance sheet. The banking sectors assets increased by 31.9 percent to Kshs 1,099.1 billion in June 2008. Loans and advances contributed 50.5 percent of the sector's total assets.

Government securities and placements contributed 17.8 percent and 15.0 percent of total assets respectively. The banking sector pre tax profit increased by 46.6 percent from Kshs 16.3 billion in June 2007 to Kshs 23.9 billion in June 2008.

PERFORMANCE OF EQUITY BANK

At Equity, we have continued to record phenomenal growth, and exemplary performance. The business model has passed the test of time, and has been validated as a tool of economic empowerment and social transformation for society. In this regard, I am pleased to inform you that we closed the year with 3 million bank accounts, constituting over 49 percent of all bank accounts in Kenya. During the same year, your bank received numerous accolades both locally and internationally, further confirming the success of the business model and its implementation strategy. At the international level, *Euromoney* rated your bank as the Best Bank in Kenya for the second year consecutively since 2007. While conferring the award, *Euromoney* made a special note of the bank's efforts in reaching out to Kenyans who previously did not have access to banking services.



Similarly, *Africa Investor (Ai)* rated Equity Bank the best-performing public listed company in Africa in 2008. According to *Africa Investor (Ai)*, the contributing factors to this outstanding performance included strong market capitalization, increased value of shares traded as a proportion of market capitalization, and the creation of value for investors. During the year under review, Equity Bank, which registered an overall change of 3.3 percent during the year, was the only company that closed on the positive end of the scale at the Nairobi Stock Exchange.

The 2008 *African Bankers Awards* named your bank as the Best Microfinance Bank in Africa. Equity was cited as a bank that has contributed most significantly to fighting poverty in Africa. In confirming the award, the *African Bankers Awards* considered among other factors, achievements, record earnings, innovative practices and commitment by financial institutions to corporate social responsibility and gender equality.

At the regional level, the annual *East African CEO's Most Respected Company Awards* named your bank as the most respected financial institution in East Africa and the third most respected company in Kenya. In the same year, the *Super brand* recognized your bank as the only banking *Super brand* in East Africa. Needless to say, this is a strong endorsement of our management structures, corporate governance and leadership, by our peers in the region.

At the national level, your bank was ranked as the Best Bank Overall by the Annual Bank Survey in Kenya as well as by the *Renaissance Capital Annual Bank Awards*. The Renaissance Capital Awards were informed by a survey that benchmarked against a series of twelve parameters. Your bank moved a step up from the 2007 awards to claim the first position in

a survey that involved all the banks in the country. Factors cited as contributing to this overall best performance included good asset quality, capital adequacy, high earnings and strong liquidity.

REGIONAL EXPANSION

Following your approval during the last Extra Ordinary General meeting held in June 2008 the bank rolled out its regional expansion plan by acquiring 100 percent stake in Uganda Microfinance Limited. Equity Bank Uganda Limited is now a wholly owned subsidiary of Equity Bank and is fully operational with great prospects. It was fully licensed as a commercial bank by the Bank of Uganda on 20th December, 2008. Your bank has also started initial preparations for expansion into Southern Sudan. The first branch in Juba is due to be operational later this year. An initial workforce has already been posted to Juba and a Chief Operating Officer is already on the ground.

CORPORATE GOVERNANCE

During the year under review, your board continued to serve with dedication and provided the strategic direction in line with the provisions of our Articles of Association. And in order to enhance diversity of skills and competence in the board, the Board of Directors approved the appointment of Professor Shem Migot-Adholla and Dr Ezekiel Alembi to the board on 12th February, 2009. More detailed statements in respect of your bank's commitment to good Corporate Governance and Social Responsibility are carried elsewhere in this report.

DIVIDEND

In terms of dividends, the Board is recommending a dividend of Kshs 3.00 per ordinary share of Kshs 5.00 for the year ended 2008, subject to your approval at this meeting.

FUTURE OUTLOOK

I should reiterate that your bank is more than ever before, geared towards growth and expansion. In the 2009 financial year, we shall continue to grow our business in Kenya while also expanding into the region. In order to accomplish these goals, we shall continue to put greater emphasis on more robust technological systems, competent human resources, as well as build more strategic partnerships with our stakeholders, all aimed at ensuring value-adding products and services by your bank and all its subsidiaries in Kenya and abroad.

CONCLUSION

On my behalf and that of the board, management and staff, we sincerely thank you for the support that you have continued to extend to the Bank. We are particularly grateful for the confidence that you have shown in your Bank. We will continue to count on your support in the new year. On our part, we reaffirm our commitment to delivering even greater value to your investment. We shall continue to focus on implementing the business model that has worked so well this far. Through this process, we shall continue to positively impact on the lives and livelihoods of our customers.

THANK YOU

Mr. Peter K. Munga, EBS
Chairman
Board of Directors



TAARIFA YA MWENYEKITI INAENDELEA

Faida kabla ya kutozwa ushuru ya sekta ya benki iliongezeka kwa asilimia 46.6 kutoka shilingi bilioni 16.3 mwezi Juni 2007 hadi shilingi bilioni 23.9 mwezi Juni 2008.

Nina furaha kuu kuwasilisha kwenu taarifa ya mwaka ya Benki hii kwa mwaka uliomalizika tarehe 31 Disemba 2008. Mwaka wa 2008 ulikuwa wa kihistoria kweli huku tukianzisha mpango wa upanuzi wa kanda kwa kuanzisha utekelezaji nchini Uganda. Equity Bank Uganda, ambayo ni kampuni tanzu inayomilikiwa na Benki ya Equity sasa inatekeleza shughuli zake. Mipango ya kuanzisha shughuli za benki hii nchini Sudan zimepiga hatua kubwa. Kwa kweli ninajivunia kuwafahamisha kwamba Benki yenu iliendelea kufanya vyema licha ya mazingira ya utendaji kazi yenye changamoto nyingi.

MAZINGIRA YA UTENDAJI SHUGHULI

Mwaka ulianza kwa mwendo wa polepole kiuchumi. Katika mwaka wa 2008, uchumi wa Kenya uliendelea chini kwa kiwango kikubwa kutoka kiwango halisi cha ukuaji wa pato la kitaifa la asilimia 7.0 hadi takriban asilimia 2.1. Wakati wa kipindi cha mwaka huo, kiwango cha jumla cha miezi 12 cha kupanda kwa gharama ya maisha kiliongezeka kutoka asilimia 9.7 mwezi Disemba 2007 hadi asilimia 26.2 mwezi Disemba 2008. Ongezeko hilo lilitokana haswa na matatizo ya ugavi yaliyosababishwa na uhaba wa chakula; athari za mzozo wa baada ya uchaguzi na ongezeko la juu la bei za kimataifa za mafuta ambayo hayajasafishwa. Kiwango cha chini cha kupanda kwa gharama ya maisha kilikuwa asilimia 7.3 mnamo mwezi Novemba 2008, ambacho kilikuwa cha juu zaidi ya kile cha asilimia 5 kilichotarajiwa na Benki Kuu ya Kenya.

Mwaka huo ulishuhudia viwango vya riba vya muda mfupi vikiongezeka kwa kiwango kikubwa huku alama za hati za thamani za serikali za siku 91 na siku 182 zikiongezeka kwa asilimia 8.4 na asilimia 9.06 kutoka asilimia 6.98 na 7.89 mtawalia. Katika kipindi cha mwaka unaochunguzwa, thamani ya shilingi ya Kenya ilipungua dhidi ya sarafu kuu, ikipungua kutoka 63.20 hadi 78.04 dhidi ya dola ya Marekani.

Ingawa mwaka huo ulishuhudia kutolewa kwa hisa za kampuni mbili kuu kwa mara ya kwanza yaani IPO, soko la hisa lilikabiliwa na upungufu wa biashara huku soko la hisa la Nairobi la alama ya kampuni ishirini likifikia 3521 kutoka 5445 mwaka wa 2007. Hata hivyo mtaji wa jumla wa soko haukubadilika sana ukiwa na shilingi bilioni 854 kutoka shilingi bilioni 851 mwaka uliotangulia.

Wakati wa kipindi cha mwaka unaoangaziwa, uchumi kote ulimwenguni ulizorota kutokana na mzozo wa kifedha duniani. Hata hivyo, nina furaha kutangaza kwamba licha ya hali ya kiuchumi isiyofaa nchini na ulimwenguni kote kwa ujumla, sekta ya benki nchini ilibakia thabiti kwa sababu mfumo wetu wa benki haujatanganishwa kikamilifu na ule wa mtandao wa kifedha duniani uliokumbwa na msukusuko.

Utendaji wa sekta ya benki nchini Kenya uliorodheshwa kuwa thabiti kwa ujumla huku wahusika wakiafikia matokeo bora ya uendeshaji shughuli. Sekta ya benki ilisalia

kuwa na mtaji bora. Kufikia Juni 2008, fedha za wenyehisa, akiba na rasilimali ziliongezeka kwa asilimia 35.2, 27.7 na 31.9 mtawalia. Uwezo wa kupata pesa kama unavyopimwa kupitia kwa rasilimali za pesa kama sehemu ya jumla ya madeni ilikuwa asilimia 42.4 kikiwa kiwango cha juu zaidi ya mahitaji ya chini ya asilimia 20 kufikia Juni 2008.

Sekta ya benki ilishuhudia upanuzi wa haraka huku matawi yakiongezeka kwa asilimia 44.6 hadi matawi 772 kufikia Juni 2008. Mizania ya pamoja ya sekta hiyo ilipanuka katika kipindi hicho huku akiba zikiwa asilimia 82 ya jumla ya madeni na kusukuma ongezeko kwenye mizania. Rasilimali za sekta za benki ziliongezeka kwa asilimia 31.9 na kufikia shilingi bilioni 1,099.1 mwezi Juni 2008. Mikopo ilichangia asilimia 50.5 ya jumla ya rasilimali za sekta hiyo. Thamana za serikali na hati nyinginezo zilichangia asilimia 17.8 na 15.0 ya jumla ya rasilimali mtawalia. Faida kabla ya kutozwa ushuru ya sekta ya benki iliongezeka kwa asilimia 46.6 kutoka shilingi bilioni 16.3 mwezi Juni 2007 hadi shilingi bilioni 23.9 mwezi Juni 2008.

UTENDAJI WA BENKI YA EQUITY

Katika Benki ya Equity, tumeendelea kuafikia ukuaji mkubwa na utendaji bora. Kielelezo cha biashara kimefaulu jaribio la wakati, na kimedhihirishwa kama kifaa cha kuipa jamii uwezo wa kiuchumi na mageuzi ya kijamii. Kutokana na hayo, nina furaha kuwafahamisha kwamba tulifunga mwaka tukiwa na akaunti za benki milioni 3



zinazojumuisha asilimia 49 ya akaunti zote za benki nchini Kenya. Wakati wa mwaka huo, Benki yenu ilipata tuzo kadhaa nchini na kimataifa, hili likiwa dhihirisho wazi la ufanisi wa kielelezo cha biashara hii na mfumo wa utekelezaji katika kiwango cha kimataifa. *Euromoney* iliorodhesha Benki yenu kama Benki Bora Zaidi nchini Kenya kwa mwaka wa pili mfululizo tangu mwaka wa 2007. Ikitoa tuzo hilo *Euromoney* ilitaja juhudi za Benki hii za kuwafikia Wakenya ambao hapo awali hawakuweza kuafikia huduma za benki.

Kadhalika, *African Investor (Ai)* yenye makao yake huko Marekeni ilitaja Benki ya Equity kuwa kampuni ya umma iliyoorodheshwa inayotekeleza shughuli zake kwa ubora zaidi barani Afrika mnamo 2008. Kulingana na *African Investor (Ai)*, sababu zinazochangia utendaji huu bora ni pamoja na mtaji thabiti wa soko, kuongezeka kwa thamani ya hisa zinazouzwa kama sehemu ya mtaji wa soko, na kubuni thamani kwa wawekezaji. Wakati wa kipindi cha mwaka unaoangaziwa Benki ya Equity ambayo ilipata badiliko la ujumla la asilimia 3.3 wakati wa kipindi cha mwaka huo, ndio kampuni pekee iliyofunga mwaka kwa kupata ufanisi katika soko la uuzaji hisa la Nairobi.

Tuzo la *African Bankers Awards* la mwaka 2008 liliitaja Benki yenu kuwa Benki Bora Zaidi ya kifedha barani Afrika. Benki ya Equity ilitajwa kuwa benki iliyochangia zaidi katika kupambana na umasikini barani Afrika. Katika kuthibitisha tuzo hilo, *African Bankers Awards* ilichunguza miongoni mwa masuala mengine, shughuli bunifu na kujitolea kwa taasisi za kifedha kwa jukumu la mashirika kwa jamii na usawa wa jinsia.

Katika kiwango cha kanda, tuzo za Maafisa Wakuu wa eneo la Afrika Mashariki kwa Kampuni inayoheshimiwa zaidi liliitaja Benki yenu kuwa taasisi ya kifedha inayoheshimiwa zaidi eneo la Afrika Mashariki na kampuni ya tatu inayoheshimiwa zaidi nchini Kenya. Mwaka huo huo, *Super brand* ilitambua Benki yenye kama aina bora ya benki ya kipekee yaani *Super brand* katika eneo la Afrika Mashariki. Huku ni kukubalika kwa

hali ya juu kwa miundo yetu ya usimamizi, usimamizi wa shirika na uongozi na wenzetu katika eneo hili.

Katika kiwango cha kitaifa Benki yenu iliorodheshwa kama benki Bora zaidi kwa ujumla na uchunguzi wa kila mwaka wa Benki nchini Kenya pamoja na tuzo za *Renaissance Capital Annual Bank Awards*. Tuzo za *Renaissance Capital Awards* zilizingatia uchunguzi uliotilia maanani vipengee kumi na viwili. Benki yenu ilipanda hatua moja juu kutoka tuzo za 2007 na kutwaa nafasi ya kwanza katika uchunguzi uliohusisha benki zote za humu nchini. Sababu zilizotajwa kwa kuchangia utendaji huu bora ni pamoja na ubora wa rasilimali, kujitosheleza kwa mtaji, mapato ya juu na udthabiti wa uwezo wa kupata pesa.

UPA NUZI WA KANDA

Kufuatia idhini yenu wakati wa mkutano mkuu usio wa kawaida mnamo Juni 2008 Benki ilianzisha mpango wake wa upanuzi katika eneo hili kwa kupata asilimia 100 ya umiliki katika Uganda Microfinance. Equity Bank Uganda sasa ni kampuni tanzu inayomilikiwa kikamilifu na Benki ya Equity na inatekeleza shughuli zake kikamilifu ikiwa na matarajio makuu kama inavyodhihirishwa na hesabu za kifedha katika ripoti hii. Kadhalika ilipewa leseni ya kuhudumu kama benki ya kibiashara na Benki ya Uganda tarehe 20 Disemba 2008. Benki yenu pia imeanzisha matayarisho ya mwanzo katika eneo la Sudan Kusini. Tawi la kwanza huko Jubalinarajiwa kuanza kuendesha shughuli zake mwaka huu. Wafanyakazi pamoja na Afisi kuu wa utendaji tayari wamepelekwa huko Juba.

USIMAMIZI WA KAMPUNI

Wakati wa kipindi cha mwaka unaowangaziwa, wanachama wa Halmashauri waliendelea kuhudumu kwa kujitolea na kutoa mwelekeo wa kimkakati kuambatana na sheria za kampuni. Na kwa madhumuni ya kuimarisha maarifa mbalimbali na ujuzi katika halmashauri, Halmashauri ya Wakurugenzi iliidhinisha uteuzi wa Profesa Shem Migot-Adholla na

Dkt. Ezekiel Alembi kujiunga na Halmashauri tarehe 12 Februari 2009. Taarifa kamili kuhusu usimamizi wa kampuni na jukumu la kijamii zimechapishwa kwingineko katika ripoti hii.

MGAO WA FAIDA

Kuhusiana na mgao wa faida, Halmashauri inapendeleza mgao wa faida wa shilingi 3.00 kwa kila hisa ya kawaida ya shilingi 5.00 kwa mwaka uliomalizika 2007 kwa kutegemea idhini yenu katika mkutano huu.

HALI YA BAADAYE

Ninakariri tena kwamba Benki yenu imejiandaa kwa ukuaji na upanuzi zaidi. Katika kipindi cha matumizi ya fedha cha 2009 tutaendelea kukuza biashara yetu nchini Kenya huku tukiipanua katika kanda hii. Uzingatiaji maalum utawekwa katika kuimarisha utendaji bora wa tekinolojia, wafanyakazi walio stawi na kupitia kubuniwa kwa jukwaa la pamoja na huduma. Hii itawezesha utoaji bora zaidi wa huduma na Benki yenu, na matawi yake yote nchini Kenya na ng'ambo.

HITIMISHO

Kwa niaba yangu binafsi na kwa niaba ya Halmashauri ya wasimamizi na wafanyakazi, tunawashukuru kwa dhati kwa usaidizi ambao mmeendelea kuipa Benki hii. Hasa tunashukuru kwa imani ambayo mmeonyesha kwa Benki yenu. Tunaendelea kuthamini usaidizi wenu katika mwaka huu mpya. Kwa upande wetu, tunakariri kujitolea kwetu kuimarisha thamani ya rasilimali yenu. Tutaendelea kuzingatia utekelezaji wa kielelezo chetu cha biashara ambacho kimefanya kazi vyema sana kufikia sasa. Kupitia utaratibu huu, tutaendelea kuchangia ipasavyo maisha na hali ya kujikimu ya wateja wetu.

Asanteni

**Bw. Peter Munga, EBS
Mwenyekiti
Halmashauri ya Wakurugenzi**



CHIEF EXECUTIVE OFFICER (CEO) AND MANAGING DIRECTOR



Dr. James Mwangi, MBS



CEO AND MANAGING DIRECTOR'S STATEMENT

Your bank posted exceptional financial results, returning a pretax profit of Kshs 5.022 billion for the year ended 31st December 2008, up from Kshs 2.378 billion for the same period last year.

It is a great honour for me to present to you the Bank's report for the year ended 31st December 2008. During the year, the bank recorded phenomenal growth in all aspects of its business, resulting in even better value and prospects for all stakeholders.

VISION

To begin with, the bank realigned its vision to be, "... the champion of socio-economic prosperity of the people of Africa." Indeed, concerted efforts were directed at rebranding the Bank in order to enhance visibility and our customers' experience in the pursuit of our mission of, "...offering inclusive, customer focused financial services that socially and economically empower our clients and other stakeholders."

FINANCIAL REVIEW

Your Bank posted exceptional financial results, returning a pre-tax profit of Kshs 5.022 billion for the year ended 31st December 2008, up from Kshs 2.378 billion for the same period last year. This operational efficiency is attributed to massive economies of scale reaping from our robust ICT platform, which has allowed us to significantly up-scale operations at minimal incremental costs. The Group's audited profit before tax more than doubled, growing by 111 per cent before tax, compared to 31st December 2007, all, despite the prevailing global financial crisis. The global crisis was exacerbated by the economic down turn in our country as a result of the post-election violence, the effects of the prolonged drought and high international oil prices.

These external factors led Kenya's real GDP growth rate to tumble from a high of 7 percent in 2007 to a forecast 2.2 percent for the year just ended with inflation reaching its highest level in a decade at 26.2 percent.

I am pleased to report that while business performance slowed down in the fourth quarter due to the afore mentioned factors, we continued to record impressive results as we proactively balanced growth and risk while enhancing our operating environment and thus increased productivity.

Group total operating income went up by 116 percent to reach Kshs 12.6 billion, from Kshs 5.8 billion in the previous year, while operating expenses grew by 120 percent to Kshs 7.6 billion up from Kshs 3.5 billion. The acceleration in cost growth was due to the on-going local and regional expansion of the business and the enhanced provisioning on the loan book in order to maintain quality in light of the economic down turn.

The Bank's cost to income ratio remained constant, around 60 percent despite the acquisition of Uganda Micro Finance (now Equity Bank Uganda Limited) with a branch network of 31 (thirty one) and the addition of 28 new branches as well as one operating subsidiary in Kenya.

The group's consolidated loan book reached Kshs 44.1 billion up from Kshs 21.8 billion the previous year; a growth of 102 per cent. This growth was made possible through

the deployment of capital investment by Helios EB at the end of last year. Helios EB, one of the world's leading private equity funds acquired 24.99 percent shareholding in Equity Bank making Equity the largest Bank in the country in terms of core capital. Despite the growth in loans the Bank continued to reflect liquidity of 47 percent.

The growth trajectory was further complemented by the maintenance of a high quality asset portfolio with a portfolio at risk of only 6.0 percent against an industry average of 9.0 percent.

Group customer deposits reached Kshs 50.3 billion going up by 59 percent from the Kshs 31.5 billion reported the previous year. The number of Group deposit customer accounts has grown to over 3.3 million while the branch network has grown to 129 branches supported by 500 VISA branded ATMs and 2500 Point of Sale (POS).

This exceptional performance comes at a time when, as you have heard from the Chairman, Equity has been feted as the "Best Microfinance Bank in Africa during the annual African Bankers Awards ceremony held in Washington DC, USA in October, 2008 and having been named the "Best Performing Ai100 Company during the Africa Investor Awards (Ai) ceremony held at the New York Stock Exchange in September, 2008.

And for the second year running, *Euromoney* voted Equity as the best bank in Kenya in June 2008. These international accolades



CEO AND MANAGING DIRECTOR'S STATEMENT CONTINUED

were re-echoed back home when the bank emerged the overall best bank in Kenya at the *Renaissance Capital Bank awards* in August 2008 and cited locally as the only stock that returned positive shareholder value during the year 2008 at the Nairobi Stock Exchange.

BUSINESS DEVELOPMENT

As part of our dedication to deliver value-adding and innovative products to our customers, we continued to aggressively rollout our existing products and services all over the country and to introduce new ones, especially through Alternative Business Channels. In 2008, we installed many state-of-the-art ATMs throughout our branch network and ATM lobbies. Similar effort was also focused on POS terminals to assist our partnering organizations in eliminating the need for cash transaction within their ecosystems. Other areas of focus by the Bank in the year was our Cash Back product, Visa debit card, EAZZY 24/7, all aimed at facilitating our customers to have a faster, secure, and more convenient access to financial services round the clock and anywhere.

In our determination to establish a one-stop financial services hub, the Bank, through its wholly owned subsidiary, Equity Insurance Agency, rolled out insurance products to our customers. The Bank was also licensed by the Capital Markets Authority and the Retirement Benefits Authority to offer Custodial Services. Through these services, we continue to enhance our customers' experience as most of their financial services needs can now be met under one roof.

Your Bank is also aligned to the long term aspirations of the country as espoused in the *Kenya Vision 2030* national policy blueprint, as well as to the economic development plans of all the countries where we have presence. In this regard, we shall continue to work closely with the government and

other key international and local partners in championing the socio-economic transformation of the African continent.

STAFF DEVELOPMENT

The bank continued to be the employer of choice by attracting some of the best skills and expertise in the market. In the year under review, the staff complement increased by 1600, to 4036. The recruitment of new talent was complemented by a strategic capacity-building and staff development program for existing staff. In the year under review, the bank completed the first phase of its leadership development program where all staff in management positions went through the training. This training was meant to create a leadership pool of staff who mentor and guide the new and younger staff members into Equity's corporate culture, professionalism and the integration of Equity's brand values. Training on project management was also rolled out and will continue to be offered to staff in order to equip them with all-encompassing management skills.

Besides, specific technical and strategy training was offered to different cadres of staff. The Bank invested heavily in staff development and capacity building in recognition of their role in the growth and development of the business. Among some of the main courses that staff have attended were at the Harvard Business School, IESE Business School and Strathmore Business School. As part of integrating and up scaling staff's capacity in customer delight, a strategy on customer experience was launched and all staff in the Bank sensitized on it.

The Bank also invested in a bonding and team building retreat for all business units. This exercise was aimed at energizing staff and focusing them on the importance of team spirit in setting and meeting targets, as well as in growing the business.

BUSINESS CONTINUITY PROGRAMME

Events in recent times continue to show that an ideal work environment can no longer be assumed and any organization that does not prepare an effective mechanism to respond to crisis conditions, does so at its own peril. Equity Bank has developed an enterprise wide Business Continuity Programme (BCP) that covers its operations in both Kenya and in the region. Based on best global and industry practice, the Programme provides a structured framework for responding to incidents that would threaten the continuity of the Bank's operations. The Bank's management is committed to ensuring expedient service recovery in the unlikely event of a crisis.

FUTURE OUTLOOK

The combined effect of the second round of the global economic crisis and the drought being experienced in Kenya are expected to hamper the recovery of the Kenyan economy in 2009. We shall, however, continue to balance risk, efficiency and controls with calculated growth in order to continue enhancing share holder value. Our business in Uganda coupled with the maturity of our recently opened branches will be the engine for growth in the coming year.

CONCLUSION

In conclusion, let me state that your Bank is in great shape and is well-positioned to continue with the good performance. With your support, that of our customers and with the commitment of our staff, we rededicate ourselves to deliver even greater value in 2009.

THANK YOU

Dr. James Mwangi, MBS
Chief Executive Officer and Managing Director



Benki yenu ilipata matokeo ya hali ya juu ya kifedha na kupata faida ya shilingi bilioni 5.022 kabla ya kutozwa ushuru kwa mwaka uliomalizika 31 Disemba 2008, kutoka shilingi bilioni 2.378 katika kipindi sawa na hicho mwaka uliopita.

Ni furaha na heshima kuu kwangu kuwasilisha kwenu ripoti ya Benki ya mwaka uliomalizika tarehe 31 Disemba 2008. Wakati wa kipindi cha mwaka huo, benki iliafikia ukuaji mkubwa katika vipengee vyote vya biashara na kupelekea kupatikana kwa thamani bora zaidi na matarajio kwa washika dau wote.

MAONO

Kwanza, Benki hii iliweka upya maono yake kuwa "...bingwa wa ufanisi wa kijamii na kiuchumi wa watu wa Afrika". Juhudi kabambe zilielekezwa katika kuunda upya chapa ya benki kuendeleza tajriba ya wateja katika kuafikia wito wetu wa "...kutoa huduma jumuishi za kifedha zinazozingatia wateja na ambazo zinawapa uwezo wa kifedha wateja wetu na washika dau wengine.

UCHUNGUZI WA KIFEDHA

Benki yenu ilipata matokeo ya hali ya juu ya kifedha na kupata faida ya shilingi bilioni 5.022 kabla ya kutozwa ushuru kwa mwaka uliomalizika 31 Disemba 2008, kutoka shilingi bilioni 2.378 katika kipindi sawa na hicho mwaka uliopita. Utendaji huu bora unatokana na mpango wetu madhubuti wa tekinolojia ya habari na mawasiliano ambao umetuwzesha kuimarisha uendeshaji shughuli zetu kwa gharama ya chini.

Faida ya hesabu zilizokaguliwa ya Kundi la kampuni iliongezeka mara dufu kabla ya kutozwa ushuru ikilinganishwa na 31 Disemba 2007, licha ya mzozo wa kifedha uliopo kwa wakati huu ulimwenguni kote. Mzozo huo wa kimataifa ulizidishwa humu nchini kutokana na ghasia za baada ya uchaguzi, athari za ukame wa muda mrefu na bei za juu za mafuta ya kimataifa. Changamoto hizi zilipelekea kiwango cha

pato halisi la kitaifa la Kenya kupungua kutoka asilimia 7 mnamo 2007 hadi kiwango kinachobashiriwa cha asilimia 2.2 kwa mwaka uliomalizika hivi punde ilhali kiwango cha kupanda kwa gharama ya maisha kilifikia kiwango cha juu zaidi katika kipindi cha mwongo mmoja kwa kufikia asilimia 26.2.

Nina furaha kutangaza kwamba ingawa utendaji wa biashara ulienda chini katika robo ya nne ya mwaka kutokana na sababu zilizotajwa hapo juu, tuliendelea kupata matokeo mema kwani tulisawazisha ukuaji na hali ya mashaka na kuimarisha mazingira ya uendeshaji na hivyo basi kuongeza utoaji.

Mapato ya jumla ya uendeshaji shughuli ya Kundi la kampuni yaliongezeka kwa asilimia 116 na kufikia shilingi bilioni 12.6 ilhali gharama za uendeshaji zilikuwa kwa asilimia 120 na kufikia shilingi bilioni 7.6 kutoka shilingi bilioni 3.5. Ongezeko la gharama lilitokana na mpango wa upanuzi wa biashara unaoendelea humu nchini na katika kanda hii na kuimarishwa kwa utaratibu wa utoaji wa mikopo kudumisha ubora ikizingatiwa kudidimia kwa uchumi.

Kiwango cha gharama ya benki ikilinganishwa na mapato kilibakia thabiti kikiwa takriban asilimia 60 licha ya kununuliwa kwa Uganda Microfinance (ambayo sasa ni Equity Bank Uganda Ltd) yenye mtandao wa matawi 31 na kuongezwa kwa matawi mapya 28 na tawi moja tanzu la uendeshaji nchini Kenya.

Daftari ya utaratibu wa pamoja wa mikopo ya Kundi ilifikia shilingi bilioni 44.1 kutoka shilingi bilioni 21.8 mwaka uliotangulia; huu ukiwa ukuaji wa asilimia 102. Ukuaji huu

uliwezekana kupitia uenezaji wa rasilimali za mtaji wa Helios mwishoni mwa mwaka uliopita. Helios EB, mojawapo ya hazina kuu za kifedha za kibinafsi ilinunua asilimia 24.99 ya hisa katika Benki ya Equity na kuifanya Equity kuwa benki kubwa zaidi nchini kulingana na mtaji wa kimsingi. Licha ya ukuaji katika utoaji mikopo Benki iliendelea kudhihirisha uwezo wa kupata pesa wa asilimia 47.

Ukuaji huo pia uliongezewa na udumishaji wa rasilimali za ubora wa hali ya juu zenye hali ya mashaka ya asilimia 6.0 pekee dhidi ya kiwango cha wastani katika sekta hiyo cha asilimia 9.0.

Akiba za wateja wa Kundi zilifikia shilingi bilioni 50.3 huku zikiongezeka kwa asilimia 59 kutoka shilingi bilioni 31.5 zilizoripotiwa mwaka uliotangulia. Idadi ya akaunti za akiba za wateja za Kundi imeongezeka na kuwa zaidi ya milioni 3.3 ilhali mtandao wa matawi umeongezeka na kufikia matawi 129 yakiungwa mkono na mitambo 500 ya ATM za aina ya VISA na POS 2500.

Utendaji huu wa hali ya juu umetokea wakati Equity imetunukiwa heshima ya kuwa "Benki Bora ya Kifedha barani Afrika wakati wa sherehe ya tuzo za kila mwaka za *African Bankers Awards* iliyofanyika Washington DC, nchini Marekani mwezi Oktoba 2008 na baada ya kutajwa kuwa "kampuni Bora ya Utendaji - Best Performing Ai100" wakati wa sherehe ya tuzo ya *Africa Investor Awards* iliyofanywa katika Soko la hisa la New York mwezi Septemba 2008.

Na kwa mwaka wa pili mfululizo, *Euromoney* iliitaja Equity kama benki bora zaidi nchini Kenya mwezi Juni 2008. Tuzo hizo zote za



TAARIFA YA AFISA MKUU NA MKURUGENZI MTENDAJI INAENDELEA

kimataifa zilirejelewa humu nchini wakati benki hii ilipoibuka benki bora zaidi nchini Kenya kwenye tuzo za *Renaissance Capital Bank* mwezi Agosti 2008 na kutajwa nchini kuwa hisa ya pekee iliyoleta thamani ifaayo kwa wenyehisa wakati wa mwaka wa 2008 katika soko la uuzaji hisa la Nairobi.

MAENDELEO YA KIBIASHARA

Kama sehemu ya kujitolea kwetu kutoa bidhaa zinazongeza thamani na bunifu kwa wateja wetu, tuliendelea kuimarisha bidhaa na huduma zetu zilizopo kote nchini na kuanzisha mpya haswa katika biashara badalia yaani Alternative Business Channels. Katika mwaka wa 2008, tuliweka mitambo mipya 150 ya ATM kwenye mtandao wa matawi yetu na kumbi za ATM. Juhudi sawa na hizo zilielekezwa katika vituo vya POS kusaidia mashirika tunayoshirikiana nayo kuondolea mbali biashara ya pesa taslimu katika maeneo yao. Maeneo mengine yaliyozingatiwa na Benki katika kipindi cha mwaka huo ni bidhaa ya Cash Back, kadi za pesa za Visa, EAZZY 24/7, ambayo yalinuiwa kuwezesha wateja wetu kupata huduma za kifedha kwa haraka, kwa njia salama na kwa urahisi zaidi wakati wowote, popote, saa ishirini na nne.

Katika uamuzi wetu wa kuanzisha kituo kimoja cha huduma za kifedha, Benki kupitia kwa kampuni yake tanzu inayoimiliki, Equity Insurance Agency, ilianzisha huduma za bidhaa za bima kwa Wakenya. Benki pia ilipewa leseni na Halmashauri ya usimamizi wa Masoko ya Hisa na Halmashauri ya Marupurupu ya uzeeni kutoa huduma za kusimamia fedha. Kupitia kwa huduma hizi, tunaendelea kuimarisha matarajio ya wateja wetu kwani mengi ya mahitaji yao ya kifedha sasa yanaweza kushughulikiwa katika kituo kimoja. Benki yenu pia imefungamana na malengo ya nchi hii ya muda mrefu kama yalivyofafanuliwa katika sera ya maongozi ya kitaifa ya Ruwaza ya maendeleo ya 2030 pamoja na mipango ya maendeleo ya nchi zote ambako tunatekeleza shughuli zetu. Kuhusiana na jambo hili tutaendelea kufanya kazi kwa ushirikiano na serikali na washirika wengine wa humu nchini na wa kimataifa

katika kupigania mageuzi ya kijamii na kiuchumi ya bara la Afrika.

USTAWI WA WAFANYAKAZI

Benki iliendelea kuwa mwajiri anayependwa kwa kuvutia wafanyakazi wenye ujuzi na maarifa zaidi kwenye soko. Katika kipindi cha mwaka unaoangaziwa, idadi ya wafanyakazi iliongezeka kwa 1600 na kufikia 4036. Kuajiriwa kwa wafanyakazi wenye vipawa vipya kuliungwa mkono na mpango wa kimkakati wa kuimarisha utendaji kazi na kustawisha wafanyakazi waliopo. Katika mwaka huo, Benki ilikamilisha awamu ya kwanza ya mpango wa kustawisha uongozi ambapo wafanyakazi wote wenye nyadhifa za uongozi walihudhuria mafunzo hayo. Mafunzo hayo yalinuiwa kubuni kundi la wafanyakazi viongozi ambao watashauri na kuongoza wafanyakazi wapya na wa umri wa chini katika utamaduni wa kitaaluma wa kampuni na uadilifu wa thamani ya aina ya bidhaa za kampuni. Mafunzo kuhusu usimamizi wa miradi pia yalianzishwa na yanaendelea kutolewa kwa wafanyakazi ili kuwa na maarifa na ujuzi kamili wa usimamizi.

Kando na hayo mafunzo maalum ya kiufundi na mkakati yalitolewa kwa wafanyakazi wa viwango mbalimbali. Benki iliwekeza kiasi kikubwa katika ustawishaji wafanyakazi na kuwapa uwezo kwa kutambua jukumu muhimu wanalotekeleza katika ukuaji na ustawishaji wa biashara. Miongoni mwa baadhi ya mafunzo muhimu ambayo wafanyakazi walihudhuria yalikuwa katika vyo vya Harvard Business School, IESE Business School na Strathmore Business School. Kama sehemu ya utangamano na uimarishaji uwezo wa wafanyakazi katika kuhudumia wateja, mkakati kuhusu uzoefu wa wateja ulizinduliwa na kuhamasishwa kwa wafanyakazi wote wa benki.

Benki pia iliwekeza katika mapumziko ya kutangamana na kuimarisha ufanyaji kazi kwa pamoja kama kundi kwa vitengo vyote vya biashara. Zoezi hili lilinuiwa kuwatia motisha wafanyakazi na kuwafanya kuzingatia umuhimu wa moyo wa ushirikiano kama kundi katika kuweka na kutimiza malengo, pamoja na kukuza biashara.

MPANGO WA UENDELEZAJI BIASHARA

Matukio katika siku za hivi majuzi yanaendelea kuonyesha kwamba mazingira bora ya kufanya kazi hayawezi kupuuzwa na shirika lolote lile ambalo halitayarishi mfumo mwafaka wa kukabiliana na hali wakati wa mzozo linajihatarisha lenyewe. Benki ya Equity imestawisha mpango mpana wa uendelezaji biashara, Business Continuity Programme (BCP) ambao unajumuisha shughuli zake zote nchini Kenya na katika eneo hili. Mpango huo wenye msingi katika utendaji bora duniani na katika sekta hii unatoa mfumo madhubuti wa kukabiliana na matukio ambayo yangetishia kuendelea kwa shughuli za Benki. Wasimamizi wa Benki wamejitolea kuhakikisha ya kwamba iwapo mzozo utatokea kwa bahati mbaya, huduma za benki zinarejelewa haraka iwezekanavyo.

HALI YA BAADAYE

Mchanganyiko wa athari ya duru ya pili ya mzozo wa kiuchumi duniani na ukame unaokumba Kenya unatarajiwa kutatiza ufufuzi wa uchumi wa Kenya katika mwaka wa 2009. Tutaendelea kusawazisha hali ya mashaka, utendaji bora, na udhibiti wa ukuaji uliokisiwa ili kuendelea kuimarisha thamani ya umiliki hisa. Biashara yetu nchini Uganda pamoja na kukomaa kwa matawi yetu yaliyofunguliwa majuzi zitakuwa msukumo wa ukuaji katika mwaka ujao.

HITIMISHO

Kwa kumaliza, Benki yenu iko katika hali nzuri na nafasi bora ya kuendelea na utendaji wake bora. Kwa usaidizi wenu na ule wa wateja na wafanyakazi tunajitolea upya kuleta mafanikio bora zaidi mwaka wa 2009.

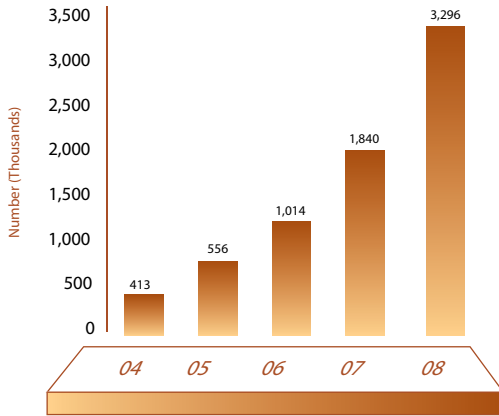
Ahsante

Dr. James Mwangi, MBS
Afisa Mkuu na Mkurugenzi Mtendaji

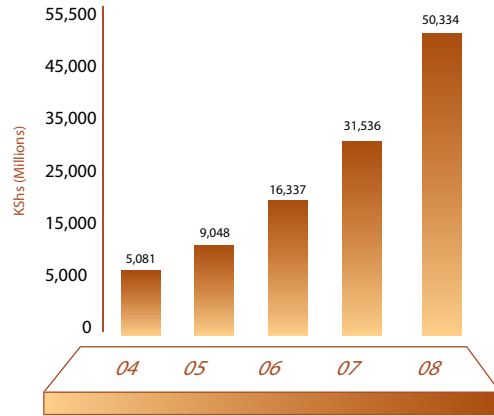


FINANCIAL HIGHLIGHTS

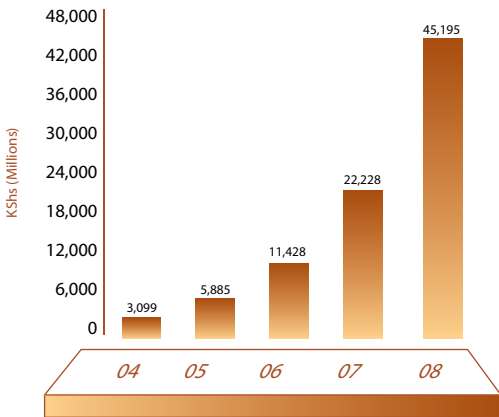
GROWTH IN CUSTOMER NUMBERS
Ukuaji katika idadi ya wateja



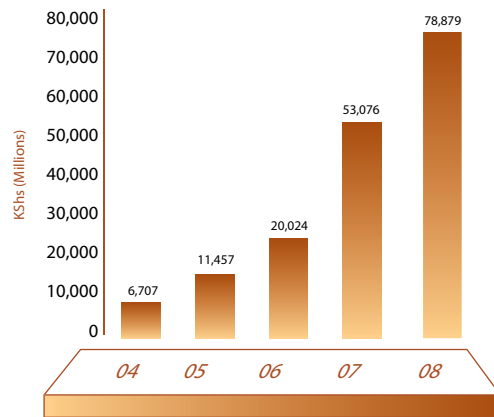
GROWTH IN CUSTOMER DEPOSITS
Ukuaji katika akiba za wateja



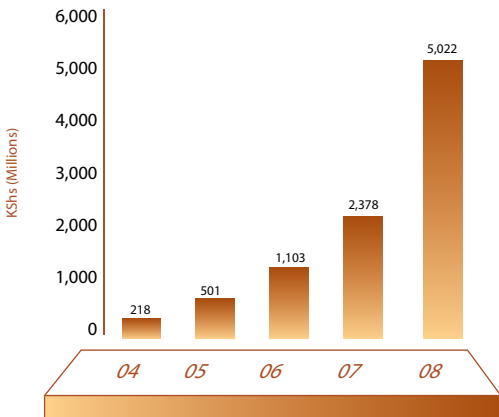
GROWTH IN GROSS LOAN PORTFOLIO
Ukuaji katika jumla ya mikopo



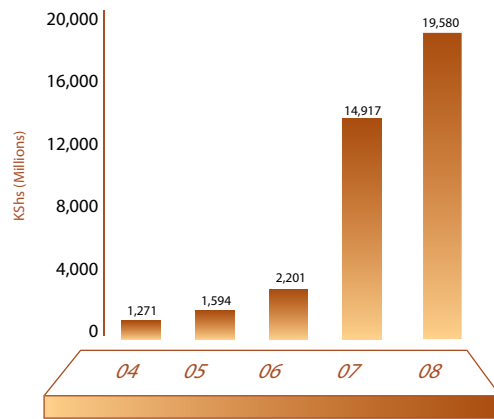
GROWTH IN TOTAL ASSETS
Ukuaji katika jumla ya rasilimali



GROWTH IN PROFIT BEFORE TAX
Ukuaji katika faida kabla ya kutozwa ushuru

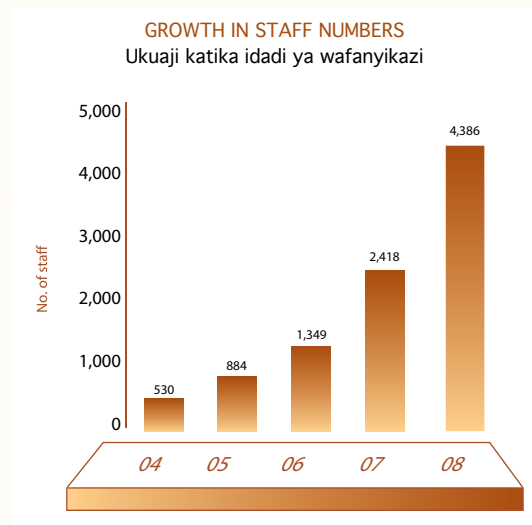
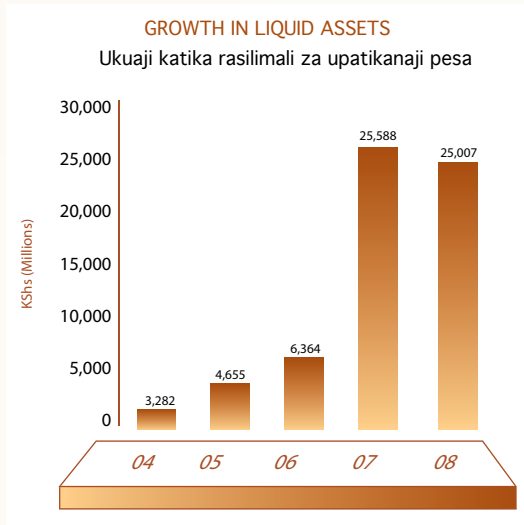


GROWTH IN SHAREHOLDERS FUNDS
Ukuaji katika fedha za wenye hisa

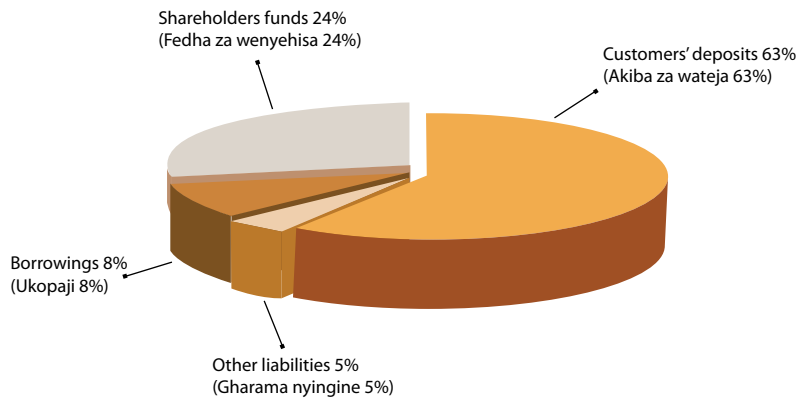




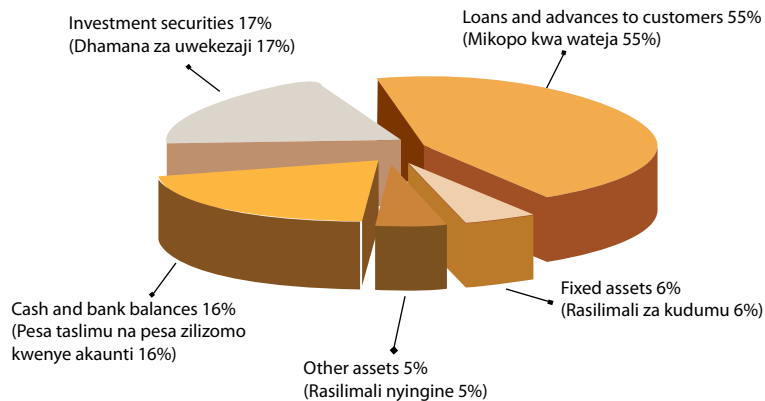
FINANCIAL HIGHLIGHTS



DISTRIBUTION OF LIABILITIES (UGAWAJI GHARAMA)



DISTRIBUTION OF ASSETS (UGAWAJI RASILIMALI)





BANK INFORMATION

PRINCIPAL PLACE OF BUSINESS:	14th Floor, NHIF Building P.O. Box 75104-00200 NAIROBI
REGISTERED OFFICE:	14th Floor, NHIF Building P.O. Box 75104-00200 NAIROBI
LAWYERS:	Coulson Harney Advocates 1st Floor, Block A Nairobi Business Park Ngong Road P.O. Box 10643-00100 NAIROBI
BANKERS:	Central Bank of Kenya P.O. Box 60000 - 00400 NAIROBI
AUDITORS:	Ernst & Young Kenya-Re Towers, Upperhill Off Ragati Road P.O. Box 44286 - 00100 NAIROBI
SECRETARY:	Mary Wangari Wamae 14th Floor, NHIF Building P.O. Box 75104-00200 NAIROBI

KEY ACHIEVEMENTS



Equity Bank staff celebrate after winning the overall best bank sports trophy 2008 among many other awards.

KEY ACHIEVEMENTS

AFRICAN BANKERS AWARDS 2008 - MICROFINANCE BANK OF THE YEAR

Equity Bank was named the Best Microfinance bank in Africa during the annual African Bankers Awards ceremony held in Washington DC, USA. According to the organizers, the award went to the micro finance lender who had contributed most to reduce poverty in Africa. The awards reward among other things achievements, record earnings, innovative practices and their commitment to corporate social responsibility and gender equality. They are designed to recognize the reforms, rapid modernization, consolidation, integration and expansion of the African Banking sector.



EQUITY BANK WAS BEST PERFORMING AI 100 COMPANY IN AFRICA 2008

The New York Stock Exchange recognized Equity Bank for its role in business and investment during the Africa Investor (Ai) Awards held in New York. Equity Bank was named the Best Performing Ai 100 Company. The Ai 100 awards recognize the best performing public listed company in Africa. Judges look out for market capitalization, value of shares traded as a proportion of market capitalization, and financial performance in terms of size and the ability of the company to create value for investors. The Africa investor Awards are unique Pan-African business and investment awards that recognize and reward the achievements of the private sector across wide-ranging sectors and disciplines. These awards attract the market leaders from across the continent and salute their achievements.



BANKING AWARDS 2008: BEST BANK IN KENYA

Equity Bank was voted the Best Bank in Kenya during the 2008 Renaissance Capital Awards in a survey benchmarked against a series of 12 parameters, chief of which included asset quality, capital adequacy, earnings and liquidity. The indicators are the standard measures internationally used by rating agencies to grade banks. The ratings included 41 commercial banks and two non-bank financial institutions in Kenya.



KEY ACHIEVEMENTS

BEST BANK IN KENYA (2007-8) BY EUROMONEY AWARDS FOR EXCELLENCE

For the second year running, Equity Bank was voted the best bank in Kenya during 2008 Euromoney Awards for Excellence. The Euromoney Awards for Excellence are to the financial services industry what the Oscars are to film.



CEO'S MOST RESPECTED COMPANY AWARDS FOR 2008: BEST BANK IN EAST AFRICA.

Equity Bank was voted the most respected bank in East Africa and the second runners up CEO's most company in Kenya. The most Respected Company survey is conducted annually by PriceWaterhouseCoopers (PWC) and The Nation Media Group.

SUPERBRAND AWARDS 2008:

Equity Bank was voted the only banking superbrand in 2008. This was in recognition of the remarkable achievement the bank has realized in making banking affordable and accessible to all. The bank is now home to over 49% of all the bank account holders in Kenya, making Equity Bank the largest bank, by customer base, in the region.





STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Equity's Vision is to champion the socioeconomic prosperity of the continent of Africa. To realize this vision, the Bank has focused on providing inclusive financial services to all consumers regardless of their race, gender, ethnic group, religious conviction or locality. Through its work, the Bank has transformed the lives of a large number of customers who had previously been excluded from the formal economic sector and given them hope, dignity and economic empowerment.

ERADICATION OF POVERTY, HUNGER AND THE PROVISION OF HUMANITARIAN AID



Equity Bank staff donate food to orphaned children's home in Ol Kalaou.

Equity Bank has partnered with both Government and non-governmental groups such as the Alliance for a Green Revolution in Africa (AGRA), the World Economic Forum (WEF) under the project Business Alliance Against Chronic Hunger (BAACH) and the Millennium Promise to make credit accessible to farmers and thereby helping improve food security and contributing to the eradication of poverty and hunger.

Equity Bank also supports communities in distress. Thus, following the post-election violence in January, 2008, the Bank, in conjunction with various stakeholders, supported the Internally Displaced Persons (IDPs) by providing aid valued at Ksh. 85 million through the 'Tumaini na Undugu'

initiative. Further, the Bank extended credit with flexible security and repayment terms as well as financial literacy programmes to help the victims regain their dignity and pick up their lives by starting small income generating activities individually or in groups.

EDUCATION

Over the years, Equity Bank has been a solid partner to the education sector. The Bank has a Memorandum of Understanding (MOU) with the Ministry of Education to disburse the Free Primary Education (FPE) funds and the Free Secondary Education (FSE) funds in support of the Free Primary and Free Secondary Education programmes. In addition, Equity Bank has invested in a number of other initiatives in the Education Sector. Key among these is the bank's Pre-University Programme, which has been running since 1998. The Programme extends University Education Sponsorship to the top male and female student in all the districts where the bank has a presence. To this end, the bank in 2008 spent some Kshs 112 Million on 186 students who excelled in the 2007 KCSE. The Bank has also been the main sponsor of the Kenya National Schools and Colleges Drama and Music Festivals as part of the mission to support and nurture

more talent among the youth of Kenya. In the year under review, the bank spent some Kshs 4 million in sponsorship for the two annual events. Finally, the Bank in conjunction with Kenyatta University, begun a community outreach programme. Through this programme university students live and work with local communities addressing local social and economic challenges through the initiation and implementation of development projects.



Equity Bank staff explaining to women about Fanikisha programme.

GENDER EQUALITY AND WOMEN'S EMPOWERMENT

Equity Bank promotes gender equality and women's empowerment. This is done through designing and delivering products suitable for women. For example, in partnership with the United Nations Development Programme (UNDP) the



Hon. Professor Onger-Minister for Education, Hon. Professor Olweny-Assistant Minister, Dr. James Mwangi-CEO Equity Bank, Peter Munga-Chairman Equity Bank and other dignitaries with 2007 Pre-University Programme beneficiaries.



STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

bank launched the *Fanikisha* Project, which provides access to financial services, information and financial literacy training to women entrepreneurs. As mentioned previously, Equity Bank also pursues gender equality by providing access to university education for both the best boy and best girl in the districts in which it operates.

HEALTH

Equity Bank invests in initiatives aimed at reducing the spread of HIV/AIDS, drugs and substance abuse. Through Community Outreach Programs, the Bank partnered with some public universities where the students worked with communities to create awareness and provide counselling on HIV/AIDS and substance abuse.

Employees of the bank have been supporting Orphans and Vulnerable Children in different parts of the country. Moreover, Equity Bank has partnered with such institutions as the Meru Hospice to provide access to financial services to HIV/AIDS infected and/or affected people.

ENVIRONMENTAL SUSTAINABILITY

Equity Bank remains committed to environmental protection and sustainability. In this regard, the Bank has invested in activities such as participating in tree planting, environmental cleanups, beautification and landscaping in areas where we operate.



Equity Bank staff helping in environmental clean up.



Tree planting by Equity Bank Staff in Laare, Mount Kenya.

BANK LEADERSHIP'S VOLUNTARY SERVICE TO SOCIETY

The staff of Equity Bank, under the leadership of Dr James Mwangi, the Chief Executive Officer, volunteered their time and expertise for the benefit of society. In the year under review, staff spent time conducting financial literacy courses, mentoring and coaching people on the fundamentals of entrepreneurship and financial management.



Dr. James Mwangi, CEO Equity Bank at Clinton Global Initiative meeting in New York USA.

The leadership team has contributed time and expertise to several policy and advocacy forums at national, regional and international levels. For example, the team participated

in the drafting of the *Kenya's Vision 2030* between 2006 and 2008. The leadership has also participated in such fora as the *World Economic Forum* on Africa and AFRACA. At the international level, the bank leadership serves on several international advisory bodies such as the UN, UNEP, the Clinton Global Initiative, and the Global Economic Network.



Equity Bank staff explains a point to customers during a financial literacy session.

CONCLUSION

For Equity Bank, investing in the society and giving back is a key part of our corporate strategy. The bank will therefore continue to support corporate socially responsible initiatives.



BOARD OF DIRECTORS



**PETER MUNGA, EBS
CHAIRMAN**

Mr. Munga is a Certified Public Secretary with vast experience in both public and private sector management. He holds a diploma in Human Resources and Financial Management. Mr. Munga is a retired Deputy Secretary. He is the Chairman of National Oil Corporation and a director in Micro-Enterprise Support Programme Trust (MESPT), British American insurance Company, Rockefeller Foundation and Equatorial Nut Processors.



**DR. JAMES MWANGI, MBS
CEO & MD**

Dr. Mwangi holds an Honorary Doctorate in Business Administration (Honoris Causa), from Kenya Methodist University, Doctor of Humane Letters (Honoris Causa) Kenyatta University, and Doctor of Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology. He is also the holder of a Bachelor of Commerce degree (Accounting Option) from the University of Nairobi and is a Certified Public Accountant (CPA) (K). Dr. Mwangi is a graduate of Advanced Management Programme (Strathmore- IESE Business School, Barcelona Spain). He has wide experience in the banking industry spanning over 19 years



**BENSON WAIREGI,
VICE CHAIRMAN**

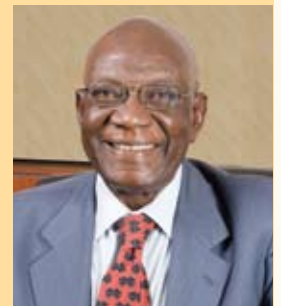
Mr. Wairegi holds a Masters of Business Administration degree and Bachelor of Commerce (Accounting option) degree from University of Nairobi and is a Certified Public Accountant – CPA (K). He is the Group Managing Director of British-American Investments Company (Kenya) Ltd. the parent company to British-American Insurance Company (K) Ltd and British-American Asset Managers Limited He is also a Director of Agricultural Finance Corporation.

Mr. Kipng'etich holds a Masters of Business Administration degree and a Bachelors of Commerce (Accounting option) degree from University of Nairobi. He is the Chief Executive Officer of Kenya Wildlife Service and was previously the Managing Director of Investment Promotion Centre.



JULIUS KIPNG'ETICH

Professor Migot-Adholla holds a Ph.D in Sociology of Development, Masters of Arts in Sociology both from University of California, Special Graduate Student in Agriculture Economics (Michigan State University) and a Bachelor of Arts. He is a consultant on agriculture and rural development, land policy reform and environmental issues. He is also the Chairman of the Board of Directors, Institute of Policy Analysis and Research (IPAR) Nairobi and sits on the Board of the Center for Corporate Governance. He previously served as Vice-Chairman, Board of Directors, Kenya Wildlife Service, Lead Specialist on Land Policy and Administration for Africa Region in the World Bank and also as Permanent Secretary, Ministry of Agriculture and Rural Development.



**PROFESSOR
SHEM MIGOT-ADHOLLA**



ERNEST NZOVU

Mr. Nzovu holds a Bachelor of Arts degree in Economics from the University of Navarra, Spain and a Diploma in International Affairs from the University of Ife, Nigeria. He has for many years been a consultant in human resources and is a Director of Hawkins and Associates, Know How International Limited and KHI Training



TEMITOPE LAWANI

Mr. Lawani holds a Masters of Business Administration degree and a Bachelor of Science - Chemical Engineering. He is a co-founder of Helios Investment Partners, a Board member of First City Monument Bank PLC, Africatel Holdings B.V., Corporate Development Analyst at Walt Disney Co and member of the Harvard Law School Dean's advisory Board.



BOARD OF DIRECTORS



BABATUNDE SOYOYE

Mr. Soyoye holds a Masters in Business Administration degree and Bachelors degree in Electrical Engineering. He is a co-founder of Helios Investment Partners, a Board member of Africatel Holdings B.V., and Manager of Business Development at Singapore Telcom International.



LINUS GITAHI

Mr. Gitahi holds a Masters of Business Administration degree from The United States International University (USIU) and Bachelors of Commerce (Accounting option) degree from University of Nairobi. He also holds a diploma in Management from the Kenya Institute of Management. He is the Chief Executive Officer of Nation Media Group and was previously the Managing Director, GlaxoSmithKline, West Africa.

Mr. Muchoki is a businessman with vast commercial experience. He is the Managing Director of Continental Business Systems and Presta Office Equipment Limited.



FREDRICK MUCHOKI

Mr. Gachuba holds a Masters of Science degree in International Business and a Bachelor of Science degree from University of Southern New Hampshire in the USA. He is an Investment Banker and is AfriCap's Partner responsible for East and South Africa.



PETER GACHUBA

Dr. Alembi holds a Ph.D from University of Helsinki in Finland, Master of Arts degree in Literature and a Bachelor of Education Arts degree from Kenyatta University. He is a senior lecturer at the Department of Literature at Kenyatta University, the National Chairman of the Kenya Schools and Colleges Drama Festival, the African President of the International Festival of Young Playwrights and also Vice President for the International Society for Folk Narrative Research in charge of Africa. He is the author of numerous articles and children's books and has won many awards including the Jomo Kenyatta Prize for Literature.



DR. EZEKIEL ALEMBI

Mr. Diouf holds a Masters of Business Administration degree from Georgia Institute of Technology (Atlanta) and a Bachelor of Science degree in Computer Science and Finance from Ecole Suprieure de Gestion (Paris). He is also the managing Partner of Africap, based in Dakar Senegal.



**WAGANE DIOUF
(ALTERNATE TO PETER
GACHUBA)**



**MARY WAMAE
SECRETARY TO THE
BOARD & COMPANY
SECRETARY**

Mrs. Wamae holds a LLB degree from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is a Certified Public Secretary (Kenya). She is a graduate of Advanced Management Programme (Strathmore- IESE Business School, Barcelona Spain) She is an Advocate of the High Court of Kenya and holds a Post Graduate Diploma in Gender and Development and has over 13 years private practice experience.



EXECUTIVE MANAGEMENT



Dr. James Mwangi, MBS Chief Executive Officer & Managing Director

Dr. Mwangi holds an Honorary Doctorate in Business Administration (Honoris Causa), from Kenya Methodist University, Doctor of Humane Letters (Honoris Causa) Kenyatta University, and Doctor of Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (Honoris Causa). He is also the holder of a Bachelor of Commerce degree (Accounting Option) from the University of Nairobi and is a Certified Public Accountant (CPA (K)). Dr. Mwangi is a graduate of Advanced Management Programme (Strathmore- IESE Business School, Barcelona Spain). He has wide experience in the banking industry spanning over 19 years.



Gerald Warui, Director of Operations & Customer Service

Gerald is a Certified Public Accountant (Kenya) and a graduate of Advanced Management Programme (Strathmore-IESE Business School, Barcelona Spain). He has over 14 years experience in the banking sector having previously worked with Fidelity Bank and 11 years at Equity Bank.



Mary Wamae, Director of Strategy & Company Secretary

Mary holds a LLB degree from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is a Certified Public Secretary (Kenya). She is a graduate of Advanced Management Programme (Strathmore-IESE Business School, Barcelona Spain). She is an Advocate of the High Court of Kenya and holds a Post Graduate Diploma in Gender and Development and has over 13 years of private practice experience.



Dr. Wahome Gakuru, Director of Marketing, Advocacy and Policy

Dr. Gakuru received his Ph.D from Arizona State University having majored in Public Administration and Policy. He also holds MBA degrees from Willamette University, USA, and the University of Nairobi. Before joining Equity Bank in 2008, he was the Acting Director in charge of the Kenya Vision 2030 and the Director of Social Sector Department at the National Economic and Social Council (NESC). Prior to joining NESC Dr. Gakuru was Head of Strategy Development at the National AIDS Control Council. He has over 15 years lecturing experience. Dr. Gakuru has many honors and awards including being a recipient of the prestigious Fulbright Scholarship.



Henry Karugu, Director of Product Development, Innovation and Research

Henry holds a Bachelors degree in Pharmacy from the University of Nairobi, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing (CIM). He has over 16 years working experience in marketing, having previously worked as Marketing Director, GlaxoSmithKline for East and West Africa having risen from Brand Manager and Marketing Manager of the same company.



John Njoroge, Director of Finance

John holds a Masters degree in Business Administration and is a member of ICPAK, and KIM. He has over 21 years of banking experience, having worked for Standard Chartered Bank as Head of Finance, Systems and Processes- Africa Region, Head of Finance, Shared Services Centre - East and Southern Africa Region, and Finance Director in Tanzania and Botswana.



Allan Waititu, Director of Projects

Allan is a Microsoft Certified Systems Engineer, a Novell Certified Network Engineer and a graduate of Advanced Management Programme (Strathmore-IESE Business School, Barcelona Spain). He has over 18 years experience in the information technology industry having previously worked for Trade Bank, Daima Bank and Phoenix Assurance.



EXECUTIVE MANAGEMENT

**Winnie Kathurima-Imanyara, Director of Leadership Development and Corporate Change**

Winnie holds a degree in Business Administration, Bachelors of Science in Industrial Psychology and Postgraduate Diploma in Human Resources. Winnie has over 22 years experience in senior management in different institutions across the globe. She has worked for Reckitt and Colman, SmithKline Beecham, Safaricom Kenya and Kenya Petroleum Refineries.

**Peter Makau, Director of Corporate Banking**

Peter is an Associate of the Chartered Institute of Bankers (London) and a career banker with over 21 years experience at senior level with major local and international banks including Citibank N.A., ABN Amro Bank N.V., Standard Chartered Bank Kenya Limited, Stanbic Bank Kenya Limited, and NIC Bank Limited. He is well versed in banking business with a bias in Corporate Banking and has responsibility for driving and managing the bank's Corporate Banking business.

**Mbaabu Muchiri, Director of Retail Banking**

Mbaabu holds a Masters in Business Administration (MBA) from the United States International University(USIU), a Bachelor of Education degree and is a Certified Public Accountant (Kenya), a Certified Public Secretary (Kenya) and a Certified Information Systems Auditor (CISA). He is a graduate of Advanced Management Programme (Strathmore-IESE Business School, Barcelona Spain). He has over 17 years of management experience having previously worked with Central Bank of Kenya and Coca-Cola Africa.

**Rodney G. Schuster, Director of Regional Expansion**

Rodney holds a Masters of Arts in International Development and a Bachelor of Arts in Geography. He has over 10 years experience in microfinance and was founder member of Uganda Microfinance Ltd/Uganda Microfinance Union. He has also worked in West Africa in Sierra Leone and Togo. He joined Equity Bank in 2008.

**Samuel Kamiti, General Manager, Alternate Business Channels**

Sam holds a Bachelor of Science in Mathematics and Computer Science and Post Graduate Diploma in Computer Science from the University of Nairobi. He is a Certified Information Security Manager (CISM) and Certified Information Systems Auditor (CISA). He has over 28 years experience in the information and communication technology field and over 20 years experience in banking IT and operations having worked with CRDB in Tanzania, Central Bank of Kenya and Standard Chartered Bank Kenya Limited.

**Peter Gachau, General Manager, IT**

Peter holds a Bachelor of Education (Science) degree from Kenyatta University and a Post Graduate Diploma in Computer Science. He has over 15 years experience in Information Technology having previously worked for ABC Bank, ABN AMRO Bank among others.

**Bildard Fwamba - Head of Internal Audit**

Bildard holds a Bachelor of Commerce (Accounting option) degree from Kenyatta University and is a Certified Public Accountant (Kenya). He has over 11 years experience in audit having previously worked with Central Bank of Kenya and British America (K) Insurance Company.



REPORT OF THE DIRECTORS

AS AT 31ST DECEMBER 2008

The directors have pleasure in submitting their report together with, the Audited Financial Statements for the year ended 31st December 2008, in accordance with Section 22 of the Banking Act and Section 157 of the Kenyan Companies Act, which discloses the state of affairs of the Bank and its subsidiary companies.

1. Activities

The Bank is engaged in the business of banking and is licensed under the Banking Act. The Bank has also invested in six wholly owned subsidiaries whose activities are as shown under note 17(b).

2. Results

The group's results for the year are set out on page 32.

3. Dividends

The Board has recommended a dividend of KShs 3.00 (three) per share which represents 60% of paid up capital subject to the approval of shareholders at the Annual General Meeting.

4. Proposed Share Split

At a meeting of the Board of Directors of Equity Bank Limited (the Company) held on Thursday 12th February 2009 the Board approved a proposal to split the existing ordinary shares of the Company, from ordinary shares of Kshs 5/- (five) nominal value, into ordinary shares of Kshs. 0.50 nominal value. If approved, the revised nominal capital of the Company will be Ksh 1,851,388,510 divided into 3,702,777,020 ordinary shares of Kshs 0.50 each. The proposed share split is subject to the approval of the Capital Markets Authority and the Nairobi Stock Exchange (NSE). The resolution in respect of the split is contained in the Notice of Annual General Meeting which forms a part of this annual report

5. Directors

The directors who served during the year and to the date of this report are set out below:

Peter Kahara Munga**	- Chairman
Dr. James Njuguna Mwangi	- Chief Executive Officer/ Managing Director

Benson Irungu Wairegi	- Vice Chairman
Fredrick Mwangi Muchoki	
Peter Gachuba**	
Wagane Diouf *	
Julius Kangogo Kipng'etich**	
Linus Wang'ombe Gitahi	
Ernest Mattho Nzovu	
Babatunde Temitope Soyoye***	
Temitope Olugbeminiyi Lawani***	
Prof Shem Migot-Adholla ****	
Dr Ezekiel Alembi*****	

* Senegalese – Alternate to Peter Gachuba

** Retired by rotation on 27th June 2008 and were re-elected

*** British – elected on 27th June 2008

**** Appointed on 12th February 2009

Article 100 of the Memorandum and Articles of Association of the Bank provides for retirement of directors by rotation.

6. Auditors

The auditors, Ernst & Young, have indicated their willingness to continue in office in accordance with Section 159(2) of the Kenyan Companies Act and subject to Section 24(1) of the Banking Act.

7. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 12th February 2009.

By Order of the Board

Mary Wangari Wamae
Company Secretary
P.O. Box 75104 -00200
Nairobi,
12th February 2009



RIPOTI YA WAKURUGENZI KWA MWAKA ULIOMALIZIKA TAREHE 31 DISEMBA 2008

Wakurugenzi wana furaha kuwasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika 31 Disemba 2008 kulingana na Kifungu 22 cha Sheria za Benki na Kifungu 157 cha Sheria za Makampuni, ambacho kinafichua hali ya masuala ya Benki na kampuni zake tanzu.

1. Shughuli

Benki inajihusisha na biashara ya shughuli za benki na imepewa leseni chini ya Kifungu cha sheria za Benki. Benki pia imewezeza katika kampuni sita tanzu inazozimiliki kikamilifu ambazo shughuli zake ni kama ilivyoonyeshwa katika maelezo 17(b).

2. Matokeo

Matokeo ya Kundi la kampuni yamechapishwa katika ukurasa wa 32.

3. Mgao Wa Faida

Halmashauri imependekezwa mgao wa faida wa shilingi 3 (tatu) kwa kila hisa ambao unawakilisha asilimia 60 ya mtaji uliolipiwa kwa kutegemea idhini ya wenye hisa kwenye Mkutano Mkuu wa Mwaka.

4. Ugawaji Hisa Uliopendekezwa

Kwenye mkutano wa Halmashauri ya Wakurugenzi wa kampuni ya Equity Bank (Kampuni) uliofanywa Alhamisi tarehe 12 Februari 2009 Halmashauri iliidhinisha pendekezo la kugawanya hisa zilizopo za kawaida za kampuni kutoka hisa za kawaida za thamani ya shilingi 5/- (tano), hadi hisa za kawaida za thamani ya shilingi 0.50. Likipitishwa mtaji wa chini wa Kampuni utakuwa shilingi 1,851,388,510 na kugawanywa kwa hisa 3,702,777,020 za kawaida za shilingi 0.50 kila moja. Pendekezo hilo la kugawanya hisa litategemea idhini ya Halmashauri ya Usimamizi wa Masoko ya hisa na Soko la Uuzaji hisa la Nairobi (NSE). Azimio kuhusiana na kugawanywa kwa hisa limo kwenye Ilani ya Mkutano Mkuu wa Mwaka ambayo ni sehemu ya ripoti hii ya kila mwaka.

5. Wakurugenzi

Wakurugenzi waliohudumu wakati wa kipindi cha mwaka huo hadi kufikia sasa wameorodheshwa hapo chini:

Peter Kahara Munga**	- Mwenyekiti
Dkt. James Njuguna Mwangi	- Afisa Mkuu Mtendaji/ Mkurugenzi Mkuu

Benson Irungu Wairegi	- Naibu-Mwenyekiti
Fredrick Mwangi Muchoki	
Peter Gachuba**	
Wagane Diouf *	
Julius Kangogo Kipng'etich**	
Linus Wang'ombe Gitahi	
Ernest Mattho Nzovu	
Babatunde Temitope Soyoye***	
Temitope Olugbeminiyi Lawani***	
Dkt. Shem Migot Adhola****	
Dkt. Ezekiel Alembi****	

* Raia wa Senegal – Anayebadilishana na Peter Gachuba
 ** Alistaafu kwa zamu tarehe 27 Juni 2008 na kuchaguliwa upya
 *** Muingereza – alichaguliwa tarehe 27th Juni 2008
 **** Aliteuliwa tarehe 12th Februari 2009

Kifungu cha sheria nambari 100 cha Mkataba na Sheria za Kampuni za Benki kinatoa nafasi kwa wakurugenzi kustaafu kwa zamu.

6. Wakaguzi

Wakaguzi wa hesabu za fedha, Ernst & Young, wamedhihirisha nia yao ya kuendelea kutekeleza kazi hiyo kulingana na Kifungu 159(2) cha sheria za makampuni nchini Kenya na kuambatana na kifungu 24(1) cha sheria za benki.

7. Kuidhinishwa Kwa Taarifa Za Kifedha

Taarifa za kifedha ziliidhinishwa na Halmashauri ya wakurugenzi tarehe 12 Februari 2009.

Kwa Amri ya Halmashauri

Mary Wangari Wamae
 Katibu wa Kampuni
 S.L.P 75104-00200
 Nairobi
 12 Februari 2009



STATEMENT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST DECEMBER 2008

Equity bank has built its business on very strong corporate governance principles. There is a strong commitment to conduct its business in accordance with best business practices and ethics as envisioned by the following principles:

- **Compliance:** ensuring that the bank complies with all relevant laws, statutes, regulations and corporate commitments;
- **Profitability:** ensuring that the bank is profitable and provides a reasonable return on the assets it employs.
- **Leadership:** exercising leadership, enterprise, integrity and judgment in directing the bank so as to achieve continuing prosperity and acting in a manner based on transparency, accountability and responsibility;
- **Accountability and responsibility:** recognizing and differentiating accountability and responsibility linkages to stakeholders and establishing reporting mechanisms to support these linkages;
- **Checks and balances:** ensuring that no one person or block of persons has unfettered power and that there is an appropriate balance of power and authority on the board;
- **Strategy:** determining the corporation's purpose, values and strategy and implementing its values in order to ensure that it survives and thrives, and ensuring that procedures and practices are in place that protect the bank's assets and reputation;
- **Monitoring:** monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans;
- **Evaluation:** regularly reviewing processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times; regularly assessing its performance and effectiveness as a whole, and that of the individual directors including the chief executive officer;
- **Risk Management:** identifying key business risk areas, including technology and performance indicators of the business enterprise and monitoring these factors;

- **Disclosure:** providing shareholders and markets with necessary and timely information material to the company's performance and risks.

The Oversight Role of the Board Of Directors

The Board has attracted directors who have shown great commitment and enthusiasm in involving themselves in the affairs of the Bank and who have demonstrated the spirit and ethos of the organization. The Directors have supervised the delivery of dramatic growth over the years, with the Bank continuing to deliver strong financial performance. The Board has provided leadership to the Bank to become an all-inclusive bank providing accessible and affordable financial services and in the process, generating great shareholder value.

During the year, nine non-executive Directors and one executive director served on the Board. Five meetings were held during the period with attendance as follows:

Name of Director	Number of meetings attended
Peter Kahara Munga	5
James Njuguna Mwangi	5
Babatunde Temitope Soyoye	5
Temitope Olugbiniyi Lawani	2
Benson Irungu Wairegi	4
Frederick Mwangi Muchoki	5
Julius Kangogo Kipng'etich	5
Peter Gachuba	5
Linus Wang'ombe Gitahi	5
Ernest Mattho Nzovu	5

The board also conducts a self-evaluation exercise in keeping with highest international standards. The evaluation focuses on the role and responsibility of the Board, structure, composition, functions and processes; information and meetings, among other critical areas.

The board has established eight board committees to assist in guiding the direction of the Bank. These are Audit, Credit, Risk management, Governance, Nominations and Staff Remuneration, Systems & processes, Tendering & Procurement, Strategy & Investment, Executive Committees. All the committees are governed by charters setting out their mandates and authority.

Risk Management and Internal Controls

The Bank has developed a strategic plan to guide the growth, monitor progress and performance both on a short-term and long term basis.