

PRESS COMMUNIQUÉ
10th MEETING OF THE EAST AFRICAN SECURITIES EXCHANGES ASSOCIATION
(EASEA) HELD ON 26th APRIL 2008 AT THE MILLE COLLINES HOTEL KIGALI,
RWANDA

The Dar-es- Salaam Stock Exchange (DSE), the Nairobi Stock Exchange (NSE) and the Uganda Securities Exchange (USE) and the Capital Markets Advisory Council (CMAC), Rwanda held their tenth (10th) Consultative meeting under the auspices of EASEA on April 26th 2008 at the Mille Collines Hotel, Kigali, Rwanda.

Following the decision of the Consultative meeting, the Association would like to announce that today (April 26th 2008), it admitted as a member, the Capital Markets Advisory Council, Rwanda. To formalize the decision, the members signed a Memorandum of Understanding (MoU) with the Capital Markets Advisory Council, Rwanda.

The meeting was chaired by Mr. Chris Mwebesa, Chairman EASEA and Chief Executive, Nairobi Stock Exchange (NSE), and attended by Mr. Simon Rutega, Chief Executive, Uganda Securities Exchange (USE), Mr. Jonathan Njau, Chief Executive Officer, Dar-es-Salaam Stock Exchange (DSE), and Mr. Robert Mathu, Executive Director, Capital Markets Advisory Council, Rwanda together with other representatives of the four (4) markets. The Chairman EASEA recognized the presence of Dr. James Nolahiro, non executive director of the Capital Markets Advisory Council, Rwanda.

Representatives from the four (4) markets presented reports on activities in their markets since the last meeting held on December 15th 2008 in Arusha, Tanzania. The key highlights are as follows:-

Kenya

The Safaricom IPO closed on April 23rd 2008. The Government of Kenya intends to raise Kshs. 50.0 billion by offering to the public twenty five (25) percent, equivalent to 10.0 billion shares at Kshs. 5.00 each, valuing the firm at Kshs. 200.0 billion. The shares are expected to list on the NSE on Monday June 9th 2008. For the first time, members of the East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) were able to invest in the Safaricom IPO as local investors. Members of the East African Community can now buy into the forty (40) per cent portion of an IPO that is reserved for local investors. Further East Africans pay withholding tax of five (5) percent on dividend income; whilst foreign investors pay ten (10) percent withholding taxes. All investors pay fifteen (15) percent withholding taxes on interest income.

During the period that the Safaricom IPO was open, all treasury bill auctions suffered massive under subscription on performance (as low as fifty (50) percent subscription) as funds were redirected towards the Safaricom IPO. Total turnover in the equity market as at April 12th 2008 stood at Kshs. 24.0 billion against Kshs. 88 billion posted for the whole of 2007.

In the first quarter of 2008, the Government of Kenya issued one 15 year fixed interest treasury bond, two 5 year fixed interest treasury bonds and one zero coupon treasury bond.

Bond turnover as at April 12th 2008 stood at Kshs. 24.0 billion against Kshs. 85 billion posted in 2007. The NSE adopted trading of bonds using the clean pricing methodology as opposed to dirty pricing methodology (accrued interest in the bond price). In this respect and working with the Market Leaders Forum (MLF) hosted by the Central Bank of Kenya, the Exchange introduced a separate price list for bonds carrying the yields and clean prices of listed bonds. These initiatives are expected to increase secondary market liquidity by enhancing the visibility of the bond market and increasing the ease with which prices of bonds can be obtained.

The NSE trading system migrated from floor-based centralized trading, to a Wide Area Network (WAN) on December 17th 2007. Further, in line with international best practice, the Exchange installed an electronic trading display board on the trading floor in mid December. Effective February 4th 2008, the daily trading session is six (6) hours, from 09:00 am to 3:00 pm from Monday to Friday.

On February 25th 2008, introduced the NSE All-Share Index (NASI); backdated to January 1st 2008, and complementary to the NSE 20-Share Index. All securities listed in the Main Investment Market Segment (MIMS) and the Alternative Investment Market Segment (AIMS) of the NSE will be eligible for inclusion in the NASI. Newly listed shares will also be included in NASI. The NASI's calculation is based on market capitalization, implying that the index level will reflect the total market value of the constituent stocks. The index will be reviewed quarterly. It creates an opportunity for the development of Exchange Traded Funds and derivative instruments.

Kenya Commercial Bank will be initiating a rights issue to raise Kshs. 5.0 billion to fund the expansion of its branch network and shore up its capital. It will also request its shareholders to approve its plans to cross list on the Dar-es-Salaam Stock Exchange and the Uganda Securities Exchange before the end of the second quarter of 2008. The Cooperative Bank of Kenya has indicated that they will commence an IPO before the end of 2008. They intend to raise Kshs. 5.0 billion.

In 2008, the Exchange shall sponsor the NSE Smart/Youth Investment Challenge targeting university students in all private and public Kenyan universities. The Challenge is an online investment game based on a direct simulation of the activities that happen around investing in securities listed on the NSE. The objective of the challenge is (i) "Edutainment – education and entertainment", to occupy the minds of the youth positively; (ii) encourage the culture of thrift and saving funds amongst our youth; and (iii) encourage the youth to invest their savings in the capital markets.

Tanzania

For the quarter ending March 31st 2008, market capitalization increased by 3.95 percent from Tzs. 3.15 billion to Tzs. 3.28 billion. The increase is attributed to the appreciation in the share prices of Tanga Cement (Simba), Tanzania Portland Cement Company (Twiga), Tanzania Cigarette Company, Tanzania Oxygen Ltd. (TOL) Gases, Swissport and Tanzania Breweries. Total turnover improved by seventeen (17) percent from Tzs. 3.71 billion in the previous quarter to Tzs. 4.33 billion. The volume of shares increased twenty two (22.01) percent to 4,059,930 shares from 3,327,449 shares traded in the previous quarter.

In the same period the DSE approved an application from the National Investment Company Ltd. (NICOL) to list 150,504,684 shares with a market capitalization of Tzs. 45.2 billion. NICOL is a strategic investor in the National Micro Finance Bank (the largest bank in Tanzania by assets), in which the Government of Tanzania will be offering a twenty one (21) percent stake to the public. The application for the Dar-es-Salaam Community Bank was also approved. The main shareholders of the Dar-es-Salaam Community Bank are municipalities of the City of Dar-es-Salaam.

Uganda

The Uganda Securities Exchange All Share Index (USE ALSI) closed at 987.66 for the period ending March 2008. The Cabinet approved the Uganda Securities Central Depositories Bill for the implementation of the Central Depository System of the USE. The Capital Markets Authority (Uganda) will conduct a sensitization workshop on the draft bill for the Parliamentary Sessional Committee prior to the presentation of the Bill to Parliament for debate. The USE has also submitted a proposal to the World Bank for the funding of the Automated Trading System (ATS). The resources will be drawn from a fund that requires Parliamentary approval. The CDS and ATS will be operated under one institution.

Uganda Clays successfully concluded the first ever rights issue on the Uganda Securities Exchange. The new shares were listed on April 23rd 2008. New Vision is expected to shortly commence a rights issue.

The USE completed the development of the Bourse Game, a computer based, public education programme and will share the Bourse Game with the other members of EASEA.

The Uganda Securities Exchange will host the twelfth (12th) African Securities Exchanges Association (ASEA) annual general meeting and annual conference in Kampala, Uganda from November 10 – 11th 2008. The membership of the ASEA is open to any Stock Exchange or nascent Stock Exchange located in the African region. The Association has been holding annual conferences, which are hosted by different members each year where issues relevant to the growth of the regional capital markets are addressed. The membership of the Association now stands at twenty (20) full member exchanges.

Rwanda

The Capital Markets Advisory Council (CMAC) was established by the Prime Minister's decree of March 2007, to guide in the development of a capital market in Rwanda. CMAC is comprised of two segments, the Board of Directors which consists of 11 non executive directors representing the public and private sector and appointed by the Minister of Finance, and a Secretariat headed by an executive director, which oversees day-to-day operations of the market. CMAC operates as a self regulatory organization; it runs the market and is the regulator with the ultimate aim of demerging the two roles in the future. The Rwanda OTC market allows for negotiated trades off market and they also conduct a 3 hour daily trading session (9:00 am – 12 Noon) where trades are conducted via open outcry system on the trading floor. The settlement is T+3 and T+5 for bonds and equities respectively. Seven members from Rwanda and the region have been admitted.

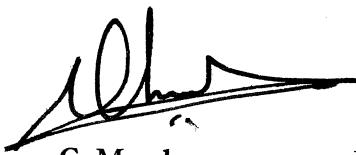
Trading operations commenced on January 31st 2008 on the Rwanda OTC market and the launch of the capital market operations. To date, the bond market transacted a total turnover

of Rwanda francs 272,100,000 (two hundred seventy two million one hundred thousand) in twenty eight (28) deals.

Currently there are two, 2-year government treasury bonds that will mature in 2010 with periodic interest of eight (8) percent per annum and a three year treasury bond paying 8.25 percent per annum. BCR Bank has listed the first tranche of a 10-year BCR bond, worth Rwanda francs 1.0 billion. BCR Bank will continue to issue note series for their Rwf. 5.00 billion bonds. The notes will mature in 2017 with periodic interest of nine (9) percent.

The Government of Rwanda will shortly be selling a stake in the national insurance company - SONARWA. The company has commenced the process of procuring transaction advisors and expects the IPO process and subsequent listing to be finalized by the end of the second quarter of 2008.

The next EASEA meeting shall be held in Nairobi, Kenya in the second quarter of 2008.



C. Mwebesa
Chief Executive
NSE



R. Mathu
Executive Director
CMAC



J. Njau
Chief Executive
DSE



S. Rutega
Chief Executive
USE