



**THE WELCOME REMARKS OF THE NAIROBI SECURITIES EXCHANGE CHIEF
EXECUTIVE
MR. PETER MWANGI
DURING THE CEREMONY TO MARK THE LISTING AND SUBSEQUENT
TRADING OF THE NIC BANK LIMITED SUBORDINATED MEDIUM TERM
NOTE
SEPTEMBER 17, 2014**

Mr. James P M Ndegwa, the Chairman, NIC Bank;
Mr. John Gachora, the Group Managing Director, NIC Bank;
Mr. Bob Karina, the Vice- Chairman, Nairobi Securities Exchange;
Mr. Wycliffe Shamiah, Director Market Operations, Capital Markets Authority (CMA);
Mr. Maurice Opiyo, the Managing Director, NIC Capital;
Ms. Catherine Karita, the General Manager, NIC Securities;
The Members of the Board of NIC Bank present;
The Members of the Board of the Nairobi Securities Exchange present;
Distinguished Guests;
Members of the Media;
Ladies and Gentlemen;
Good Morning.

Welcome to the Exchange.

Two years ago in October 2012, NIC Bank concluded a very successful Rights Issue. It was oversubscribed by 238 percent after shareholders and other investors applied for over Ksh.7 billion worth of new shares compared to the targeted amount of Ksh.2 billion. The total subscription performance rate was 338 percent.

Today we celebrate another milestone for NIC Bank. The Bank is listing the first Tranche of Kshs.5.0 Billion NIC Bank Subordinated Medium Term Note (MTN), under their Kshs.8.0 Billion Subordinated MTN Programme.

The size of the Bond issue was increased to Kshs.5.0billion from Kshs.3.0 billion. It received offers of Ksh6.5billion. Institutional investors offered to take up 90 percent of the issue, while retail investors accounted for the remaining 10 percent of the bond issue. The bank accepted Ksh5.5billion. The NIC Bank subordinated MTN shows the growing popularity of listed, corporate debt as a source of funding for Kenyan Companies.

Ladies and Gentlemen;

Last Tuesday, the shares of the NSE began trading on the Exchange. In our IPO, we sought to raise Kshs.627 million. Our shareholders gave us Kshs. 4.789 billion. The recent capital raising transactions that have listed on the Exchange have been extremely well received by the market. They demonstrate the depth of our market and the willingness by both local and foreign investors to participate in well structured transactions. It is a great time to come to market and take advantage of the numerous opportunities available.

Ladies and Gentlemen;

We know that investors value liquid markets, as it reduces the risk of holding an asset. We first automated the trading of Government of Kenya Treasury Bonds in 2009. Current bond market turnover as at the end of August 2014 is about 34%.

In August, we advanced trading and settlement of Government of Kenya treasury bonds increasing the number of settlements done in a day to three (3). Before this, settlement took place only at market closure at 3:00pm. It now also takes place at 11.00 a.m. and 1.00 p.m. Investors can now buy a treasury bond and sell it on the same day.

We are working with the Central Depository and Settlement Corporation (CDSC), the Central Bank of Kenya (CBK) to extend this facility to corporate bonds.

Steady progress is being made to introduce the bond trading system which will allow reporting of bond prices by yield. It will be much easier for the investor to compare the

pricing of listed debt securities. Decision making will be faster and this should spur further liquidity in the bond market. The new system will also allow the trading of bonds denominated in different currencies. This will make it possible for the Government of Kenya Sovereign Bond which is currently listed on the Irish Exchange to be cross-listed on the NSE.

Increased liquidity will boost investor appetite for debt securities that list on the Exchange. This in turn will assure the success of well-structured capital raising transactions where the issuer raises capital by issuing and listing a debt security.

Ladies and Gentlemen;

In conclusion, ladies and gentlemen, on behalf of the management of the Nairobi Securities Exchange, I once again heartily congratulate NIC Bank Limited on the successful listing of your Kshs.5.0 Billion subordinated Medium Term Note. With these few remarks, it is now my pleasure to invite Mr. Maurice Opiyo, Managing Director of NIC Capital, to make his remarks.

**PETER MWANGI
CHIEF EXECUTIVE**