CENTRAL SECURITIES CLEARING SYSTEM PLC

#CONNECTED POSSIBILITIES

2017 ANNUAL REPORT &
FINANCIAL STATEMENTS

VISION

TO BE THE GLOBALLY RESPECTED AND LEADING CENTRAL SECURITIES DEPOSITORY IN AFRICA

MISSION

WE CREATE VALUE BY PROVIDING SECURITIES DEPOSITORY, CLEARING, SETTLEMENT AND OTHER SERVICES, DRIVEN BY INNOVATIVE TECHNOLOGY AND HIGHLY SKILLED WORKFORCE.

CONTENTS

OVERVIEW

BUSINESS REVIEW

GOVERNANCE

FINANCIAL STATEMENTS

OTHER NATIONAL DISCLOSURES

SHAREHOLDERS' INFORMATION

2017 AT A GLANCE

FOR THE YEAR ENDED 31 DECEMBER 2017

THE GROUP N'000

TOTAL INCOME	TOTAL EXPENSES	PROFIT BEFORE TAX
8,691,558	3,009,994	5,664,177
41% FROM FY 2016	25% FROM FY 2016	52% FROM FY 2016

PROFIT AFTER TAX	NON-CURRENT ASSETS	CURRENT ASSETS (NET)
4,980,601	23,527,073	6,325,420
41% FROM FY 2016	14% FROM FY 2016	16% FROM FY 2016

TOTAL ASSETS	SHAREHOLDERS' FUND	SHARE CAPITAL
31,919,443	29,852,493	5,000,000
18% FROM FY 2016	14% FROM FY 2016	NIL CHANGE FROM FY 2016

THE COMPANY N'000

TOTAL INCOME	TOTAL EXPENSES	PROFIT BEFORE TAX
8,691,558	3,007,740	5,683,818
41% FROM FY 2016	26% FROM FY 2016	50% FROM FY 2016

PROFIT AFTER TAX	NON-CURRENT ASSETS	CURRENT ASSETS (NET)
5,000,242	23,632,322	6,303,031
39% FROM FY 2016	14% FROM FY 2016	16% FROM FY 2016

TOTAL ASSETS	SHAREHOLDERS' FUND	SHARE CAPITAL
32,012,303	29,935,353	5,000,000
18% FROM FY 2016	14% FROM FY 2016	NIL CHANGE FROM FY 2016

A

RATING BY THOMAS MURRAY DATA SERVICES

100%

DEMATERIALIZATION

85%

EMPLOYEE TRAINING COMPLETED

70k

DIVIDEND PER SHARE (COMPANY)

BASIC EARNINGS PER SHARE (GROUP)	BASIC EARNINGS PER SHARE (COMPANY)	NUMBER OF EMPLOYEES (GROUP, COMPANY)
100k	100k	101
2016: 71k	2016: 72k	

Strong performance despite challenging environment

Dear Shareholders, Board Members and Stakeholders in the Nigerian capital market, ladies and gentlemen, I welcome you to the 24th Annual General Meeting of our Company. In accordance with the mandate of my office as the Chairman of the Board, I am pleased to present an overview of your company's performance in 2017 in the context of the tough Nigerian economic reality, and our outlook for 2018.

2016 was characterized by economic headwinds and as such there was earnest expectation for change in 2017. At the beginning of 2017, despite the expectations, economy realities were not encouraging in light of plunging oil revenues and sustained shortage of hard currency in the Nigeria foreign exchange (FX) market. The FX crisis was pronounced as the Naira was under intense pressure, which saw Naira declining to an all-time low. The stock market was not spared as stock market indicators plummeted amidst sustained net capital outflows and poor ease-of-doing business ranking. In addition, inflation rate rose significantly, and the country's external reserves was depleted while defending the Naira. By the second quarter of 2017, hope was restored with the announcement that the Country had emerged from recession. Major economic indicators started recovering positively. Reports from the National Bureau of Statistics indicated that the economy expanded by 0.55 percent Year-on-Year, having shrunk by 1.5 percent in 2016 for its first annual contraction in 25 years. The second quarter did not only see the country exiting a biting economic recession, it witnessed the Central Bank of Nigeria's introduction of an Investors' and Exporters' FX window which made it easier for investors to meet their FX needs. Despite the tough economic experience at the beginning of 2017, we are happy to report a strong performance for the year across all metrics. We attribute our performance to better economic macro story, the Investors' and Exporters' FX Window, our sound corporate governance model, focus on implementing strategic initiatives, skilled workforce and technology. Below are relevant highlights of our performance.

41%	52%	18%	233%
GROWTH IN GROUP'S GROSS EARNINGS COMPARED TO 2016	INCREASE IN PROFIT-BEFORE-TAX (PBT) COMPARED TO 2016	INCREASE IN TOTAL ASSETS COMPARED TO 2016	INCREASE IN DIVIDEND PAYOUT COMPARED TO 2016

FINANCIAL SUMMARY

The Group's gross earnings grew to N8.7 billion in 2017 from N6.2 billion in 2016, which accounts for 41% Year-on-Year growth. This earning was driven by decent revenue numbers from our core business and proper management of our investment portfolio. Income from other non-core services amounted to N215 million, down from N340.7 million, a decrease of 37%. This decrease is driven partly by the Board and Management decision to exit some non-core services earlier in the year. The exited businesses had huge expenses tied to rendering services which were not justified by their annual income numbers. The Company's total operating expenses in the year stood at N3 billion compared to N2.4 billion in 2016, resulting in a 26% increase. This increase is largely driven by staff performance bonus (which is tied to attaining revenue targets), and payout provision for the company's defined benefit scheme (which was discontinued triggering entitlements to be paid to eligible staff). Other than one-time payments, the company's expense profile was flat when compared Year-on-Year. At the end of the year, Profit-before-tax stood at N5.66 billion in 2017 from N3.72 billion in 2016. Total assets stood at N32 billion in the year under review from N27 billion in 2016, representing a 18% growth Year-on-Year. Based on the Company's financial performance in the year, the Board of Directors have proposed a final dividend of 70K per share which amounts to a total dividend of N3.5 billion. This represents a 233% increase over last year's dividend payout of N1.05 billion.

ACHIEVEMENTS

Our goal of attaining financial, customer, operational and internal excellence is the motivating factor in the continuous improvement of our work environment and information technology infrastructure. To this end, we have made significant investments in our infrastructure to ensure our competitiveness in the capital market space and to maintain our acclaim of being one of the foremost Central Securities Depositories (CSD) in Africa.

As you are aware, we have been working on a project of changing our core CSD Platform from the legacy System, The Equator, to a more nimble and advanced CSD Platform. We picked TCS BaNCS, designed by renowned CSD Platform developers TATA Consultancy Services (TCS), and are pleased to inform you that we successfully went Live with TCS BaNCS on 23 October 2017. A development as significant as this is often accompanied with modifications to our procedures and processes as well as clear communication to our stakeholders about the change. We ensured that we followed this course of action and will continue to work with TCS to deliver on our promise to the Nigerian capital market to enhance our services and put ourselves in a position to support the introduction of new asset classes.

PARTNERSHIPS

Building a successful CSD model requires teamwork, partnerships, collaboration and strategic alliances both locally and internationally. To this end, we have, in accordance with our vision, established strategic partnerships with other CSDs in Africa to provide avenues for exchange of idea, talent acquisition and business improvement opportunities. The Company entered into a Memorandum of Understanding (MOU) with Morocco's CSD, Maroclear and continues to sustain a congenial relationship with STRATE in South Africa based on the MOU signed between CSCS and STRATE in 2015.

Also, on Partnerships, we remain a significant party in the West African Capital Markets Integration Council's (WACMIC) effort to create a linkage of Markets in the West African zone to provide cross border securities trading opportunities for citizens in the Economic Community of West African States (ECOWAS) region. The achievement of this linkage would indeed expand our CSD services beyond Nigeria. We believe we are in good position to serve as the preferred CSD because of our robust infrastructure and our long and remarkable credentials of providing CSD services in the Nigerian capital markets.

WE REMAIN FOCUSED ON OUR COMMITMENT TO SERVICE EXCELLENCE AND SUSTAINABLE BUSINESS PRACTICES.

In 2017, we also agreed with the Lagos Commodity and Futures Exchange to clear and settle its product offerings. We have since executed an MOU with the Promoters of the Exchange, the Association of Stockbroking Houses of Nigeria (ASHON).

BOARD OF DIRECTORS

I am proud of the Board composition which includes seasoned professionals and entrepreneurs with high rectitude and strong commitment to their fiduciary responsibilities. Amongst the Board's fiduciary responsibilities is the fundamental requirement of continuously ensuring good corporate governance practices in the Company. In 2017, the resolve to achieve this did not wane, as the Board acquired skills and knowledge on modern corporate governance practices, drawing from models developed by INSEAD Business School. These skills and knowledge informed key changes to board committee structures and the development of directors' goals. The directors' goals have been instrumental in measuring individual and collective performance of directors as well as providing strategic support to Management and establishing synergy between the Board and Management. Some achievements that have resulted from the goal setting are: diversification of the Company's income by investing in businesses such as the Central Counterparty Clearing House (CCP) Project; strengthening controls and processes especially around procurement and succession planning; and establishing a framework that allows for better stakeholders' relationship and alliances management. One qualitative achievement that is worthy of mention is the camaraderie of Board members which facilitated smooth deliberations/interaction during the year and the smart decisions which have led to the year-end performance we are presenting today.

During the year, there were board changes which I would like to use this opportunity to inform our shareholders. Mr. Obinna Nwosu retired from the Board effective April 2017 having resigned his appointment as the Deputy Managing Director (DMD) of Access Bank Plc. Mr. Nwosu was indeed a valuable member who contributed immensely to the growth of the Company during his tenure. We are grateful for his contributions to the development of the Board and the Company. Following Mr. Nwosu's exit, the Board appointed Mr. Roosevelt Michael Ogbonna in July 2017. Mr. Ogbonna is the current Deputy Managing Director (DMD) of Access Bank Plc. He brings on board over 18 years banking experience and I am confident his addition will serve to compliment the skills and diversity of the Board.

In December 2016, then Chief Executive Officer (CEO), Kyari Bukar took an early retirement and the Board decided to appoint Mr. Adebola Adeeko to serve as Interim CEO whilst the Board conducted an executive search for a new CEO to champion a new phase of the Company's progress. Mr. Adeeko held this position from 1 January 2017 to 30 October 2017 and indeed justified the Board's trust in his ability to steer the Company during the intervening period. We are very grateful to Mr. Adeeko for his performance and achievements in office. Our executive search led by PricewatershouseCoopers (PwC) was a very rigorous process which culminated in the appointment of Mr. Haruna Jalo-Waziri, who demonstrated during the interviews, the acumen and a clear understanding of what is required to move the company to the next phase of its journey. Mr. Jalo-Waziri is not new to the capital market and has enjoyed a strong career growth trajectory across various segments of the capital market. We are confident that Mr. Jalo-Waziri is suitable for the job and that he will create value for the Company's stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Our effort to fulfil our Corporate Social Responsibility (CSR) aligns with our Company's philosophy of contributing positively to our community. Hence, our Company respects the interests of its stakeholders—shareholders, employees, customers, suppliers, partners, and the wider community—and actively seeks out opportunities to improve the environment and contribute to the well-being of the communities in which we do business. Our 2017 CSR efforts focused on the welfare of indigent children and older persons;

community development; and improvement of the country's educational system.

OUTLOOK

We remain focused on our commitment to service excellence and sustainable business practices. Based on our continual commitment to excellence, we are one of the highest rated CSDs in Africa with an "A", which is a low overall risk rating (an improvement from the "A-" rating in 2016) from Thomas Murray, the world renowned CSD rating agency. Our target for 2018 is to improve our rating further by achieving an A+ rating. This new rating will support our market's quest to be the preferred investment hub in Africa. It will also highlight our business process improvements, as well as the resilience of our CSD in terms of financial stability and safety of assets in our custody. We have also unveiled our strategic business plan for 2018 -2020 period. The strategic objectives and initiatives in the plan are anchored on the following pillars – (i) Process Optimization; (ii) Customer Satisfaction; (iii) Technology improvement to deliver corporate goals; (iv) Partnerships through strategic alliances across businesses and stakeholders; (v) Revenue Growth. As you can tell from my statement, we have started leading initiatives to deliver on some of these pillars. More details of the objectives and initiatives are covered in the CEO's address in this annual Report to Shareholders. We are positive that achieving these strategic objectives and initiatives will solidify our Company's place as the globally respected and leading central securities depository in Africa.

CONCLUSION

The year under review was an amazing year for the Company. I therefore would like to again appreciate the efforts of my colleagues on the Board for their inestimable contributions. I also thank the Clients, Shareholders and Stakeholders of our Company for their trust and commitment. Finally, I appreciate the Management and staff of the Company who worked tirelessly to actualize our company goals and to deliver this year's excellent performance.

Opportunities continue to abound in the market infrastructure space, and I assure you that we will continue to scan our business environment for these opportunities. We shall continue to make business decisions following a risk-based approach to avoid endangering our assets or getting into regulatory hot water. We will ensure that we render best services and thereby raise the barrier to entry for potential competition. We will always welcome feedback from our stakeholders and ensure to implement suggestions which will improve the way we do business.

Thank you.

Oscar N. Onyema *OON,*
Chairman, CSCS

A strong dynamic platform for growth

It gives me great pleasure to have my first official meeting with you, distinguished shareholders as Chief Executive Officer since my resumption on 1 November 2017. I also have the honour of presenting a report on your Company's performance in the year under review.

2017 was considered a year of hope following the harsh macroeconomic realities experienced in 2016. It was however apparent that for hope to translate to restoration, there was a need to realign government policies to stimulate economic activities. Significant gains emanated from the Central Bank of Nigeria's (CBN) announcement of the creation of the Investors and Exporters (I&E) Foreign Exchange window which helped in ameliorating uncertainty and promoting liquidity and transparency around foreign exchange sourcing. Another milestone in the year was the achievement of steady oil production levels, which remains the major source of our foreign exchange earnings. Relative security appeared to have been restored in the North East, leading to the Nigerian Military's announcement of its technical defeat of Boko Haram insurgents. Security in the North meant the region was at the cusp of restoration; which also meant gradual commencement of socio-economic activities which had been somewhat paralyzed.

In the Nigerian Capital Market, The Nigerian Stock Exchange (NSE), recovered from the macroeconomic overhang of the commodity down cycle to become the third best performing market in 2017 globally, with a 42 percent return in the NSE All Shares Index (ASI). The NSE's performance was largely attributed to the Central Bank's (CBN) foreign exchange policies.

Equity market activities on the NSE skyrocketed from 2016 levels, as market turnover increased by 121% to N1.27 trillion from N0.58 trillion. Initial Public Offerings (IPOs) activity in the year remained mute, however, there were several other positive indicators including the revival of supplementary listings and the return of new bond issuances. The value of supplementary listings increased by 27%, bringing the total value of equity issues in 2017 to N408 billion.

The NSE fixed income market recorded mixed performance. New bond issuances increased over the previous year, while bond yields gradually moderated from 2016 levels amidst easing inflation and greater FX stability. Yields across various tenors declined between 0.4% and 1.5%, and market turnover declined by 24% in 2017, as investors sought higher returns in alternative product classes. However, supplementary issuances by the FGN boosted bond market capitalization, which increased by 34% year-on-year. The NSE's Exchange Traded Fund (ETF) market witnessed increased activity across key metrics in 2017, recording a 272% year-on-year growth in trade volumes, 33% growth in turnover and a 40% year-on-year increase in market capitalization to close the year at N6.69 billion.

Your Company continued to maneuver the challenges in the business environment and adapted very quickly to ensure attainment of decent financial results and other achievements in the course of the year.

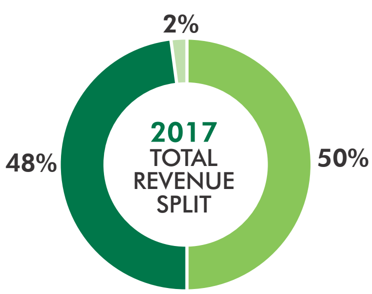
Premised on the above, please indulge me as I take you through the highlights of our performance and achievements in 2017.

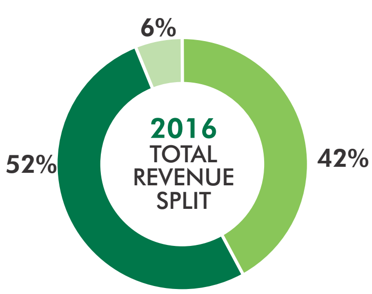
2017 FINANCIAL HIGHLIGHTS

The company had a profit before tax budget of N3.86 billion but surpassed this target to finish the year with a profit before tax of N5.66billion (a 46.63% favourable variance). This was driven by the confidence which returned to the capital market. Hence, actual earnings from our depository, clearing and settlement services, which constituted 49.63% (2016: 42.48%) of our total revenue increased by 64.49% in the current year.

Although the company planned to increase total revenue in 2017 from other income (through new businesses and alliances), a rebound in capital market activities increased the contribution ratio of depository, clearing and settlement fees in total revenue as compared with 2016 results.

The accounting adjustments for the discontinuation of the defined benefit plan (N181.89million) and the provision for 2017 performance bonus (N454.22million) accounted for the 42.35% increase in personnel expenses. Depreciation and Amortisation expenses increased by 27.36% because of the procurement of the





CSCS Operations and Market Review for 2017

Volume and value of trades cleared and settled

MARKETS	COUNT	VOLUME (UNIT)	VALUE (NAIRA)
NSE	949,192	101,781,773,738	1,274,548,932,798.42
NASD	2,785	960,623,988	4,359,073,219.44
TOTAL	951,977	102,742,397,726	1,278,908,006,017.86

Custody Record as at 31 December 2017

MARKETS	COUNT	VOLUME (UNIT)	VALUE (NAIRA)
NSE	172	973,678,885,430	13,052,572,276,232
NASD	31	41,131,521,764	124,884,487,369
TOTAL	203	1,014,810,407,194	13,177,456,763,600.80

Collateral Placements and New Accounts Created

MARKETS	COUNT
Collateral Placement	141
New Accounts - NSE	33,631
New Accounts - NASD	2,465

...WORKING WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC) AND REGISTRARS OF COMPANIES, WE SUCCESSFULLY ACHIEVED 100% DEMATERIALIZATION OF SECURITIES OF QUOTED COMPANIES.

new Central Securities Depository (CSD) technology platform, which went live on 23 October 2017.

NOTABLE ACHIEVEMENTS

In the year 2017, we recorded notable achievements particularly in the areas of our Information Technology and Operations; which form the core stratum of our business architecture.

Technology

We successfully completed the cut over from our legacy Central Securities Depository (CSD) Platform to a new and more robust Platform, TCS BaNCS developed by TATA Consultancy Services (TCS). The achievement is very special to us given the time and resource commitment that was involved in the project. Our Project Team defied the intricacies that usually attend a critical technological change of this nature, pulled on every ounce of physical and mental energy during the project to ensure we 'Go Live' on 23 October 2017. As with big System changes such as this, there have been post implementation issues to attend to. We have proactively taken up these issues and have kept close communications with our stakeholders with regards to every functional requirement and fixes we have done. Our business continuity and process automation models have also been improved to ensure availability of critical CSD applications. To this end, we achieved process efficiency in Registrars advice, Stock detachment portal, Portal for migration of stocks from Registrar's account to investors' accounts, Direct Cash Settlement (DCS) for sale proceeds, Issue Tracking solution for incidents management. We have also developed online portal for Legal Entity Identifier (LEI) registration, including validation of LEI codes before publishing on website, Tender Offer process, e-Rights trading & settlement, Data Exchange alignment to achieve STP in core CSD Application Management system and Vendor Management system (VMS).

Operations

We are pleased to report that your company, working with the Securities and Exchange Commission (SEC) and Registrars of Companies, successfully achieved 100% dematerialization of securities of quoted companies. The importance of this achievement is that it brings into effect the existence of a unified and comprehensive record of issued shares and the aforementioned companies' shareholders. As is applicable in other markets, this puts CSCS in the position of bona fide Custodian of the golden record of securities and a sub registry for all quoted companies.
Customer satisfaction/feedback with our service offerings means a lot to us. We have continued to improve our customer & stakeholder satisfaction index taking feedback from periodic customers' surveys we carry out. We also implemented a queue management system to improve service efficiency and Turn Around Time (TAT) at our Customer Care Centre (CCC)

Stakeholders' Relationship

At CSCS, we take interactions and engagements with our market participants and stakeholders very seriously. Our quarterly meetings with our participants provides us fora for listening to ideas on how to serve them better whilst we acquaint them on our plans for the market. These close engagements have been very productive and they enabled us strengthen our collaborations with the CBN, the Debt Management Office (DMO) and Nigerian Interbank Settlement System (NIBSS). Through these engagements, we have also had the opportunity of reinforcing the need for Legal Entity Identifier (LEI)

...WE ARE BUILDING AN ENTERPRISE ARCHITECTURE TO ENSURE PROPER ANALYSIS, PLANNING, AND IMPLEMENTATION FOR THE SUCCESSFUL DEVELOPMENT AND EXECUTION OF OUR STRATEGY.

registration for entities participating in the Nigerian Capital Market in a bid to ramp up identity management measures. We are happy to report that as at the end of 2017, we have handled 263 registrations and continue to conduct awareness programmes to emphasize the importance of this registration to market participants.

Risk Management

We take a risk-based approach in our business considerations and to this end, in the year under review, ramped up our fraud identification measures by implementing a whistle blowing reporting platform to promote intelligence gathering to forestall fraud and other related incidents. The result of this action has been very positive and has helped in exposing cases that could have resulted in losses to the Company. In 2017, we conducted a self-supervised International Standards Organization (ISO) surveillance audit for 2016 and 2017. This resulted in significant cost savings for the company as well as help ensure our readiness for a British Standards Institution (BSI) re-certification audit scheduled for this year 2018. A holistic review exercise of our operational processes was also done in 2017. The exercise saw the review of over 239 standard operating procedures (SOPs) linked to our business operations to identify gaps and eliminate inherent risks and reduce lead time in the delivery of our services.

Our People

Our people continue to remain the major headline of our brand. To this end, our philosophy is to ensure that we hire, train and retain competent employees to deliver premium services to our participants and stakeholders. We also encourage development outside our business to ensure that our employees are groomed for industry leadership and are a valuable resource for Capital Market assignments aimed at advancing causes that are beneficial to the Company and the Market in general. Along this line, we have provided representation on the Securities Exchange Commission led Committees for review of the Investments and Securities Act (ISA), the Companies and Allied Matters Act (CAMA) and Standardization of Registrars' Processes. We provide equal opportunity for employees irrespective of race, gender and religion. We aim to give all employees a sense of belonging and continue to assure that meritocracy shall remain the basis for acceleration.

LOOKING AHEAD

We are excited about the future for the Company and the opportunities that surround us. At the beginning of this year, we unveiled a three-year strategic plan for 2018 to 2020. The Plan rests on five pillars namely – (i). Process Optimization; (ii). Customer satisfaction; (iii). Technological Innovation to deliver corporate goals; (iv). Partnership through strategic alliances across businesses and stakeholders; (v). Revenue growth. From these pillars, we have further developed 51 initiatives which will reposition the Company for optimal service delivery.

I will quickly highlight some key initiatives and provide some context for each initiative. As the world embraces the fourth industrial revolution, we are focused on guiding the evolution around our business space to ensure that we seize the opportunities it presents. To this end, we are building an enterprise architecture to ensure proper analysis, planning, and implementation for the successful development and execution of our strategy. Furthermore, we intend to deliver an

WE TRUST THAT AS WE CONTINUE TO DELIVER VALUE TO OUR PARTICIPANTS AND STAKEHOLDERS, OUR MARKET DOMINANCE SHALL REMAIN UNCHALLENGEABLE.

Application Programming Interface (API) which will essentially provide a platform for virtual connectivity and interaction with our participants and stakeholder community. We shall also be redesigning our processes and procedures to ensure that it matches our strategy and the emerging new ways our stakeholders do business. We will work to achieve ratings and standards for our business.

Over the years, we have achieved good ratings from Thomas Murray, the renowned Central Securities Depositories (CSD) rating agency, and we are currently on an "A" rating. Our target for 2018 is to improve our rating and raise the rating bar to A+. We will also continue our annual vulnerability assessment and penetration testing exercise to safeguard our systems and shall ensure that we consistently meet and update on information security standards. On products, we have developed a pipeline of new products in response to market need and shall also reassess traditional products and services to ensure that our pricing model is smart, as well as guarantees our competitiveness. We trust that as we continue to deliver value to our participants and stakeholders, our market dominance shall remain unchallengeable. Resultantly, we anticipate that our revenues shall continue to grow, and we shall continually keep our promise of decent return on investments for our shareholders. I am grateful for your support and confidence in our abilities. I commit on behalf of the Management team, that we shall continue to do our best to deserve your trust.

Thank you.

Haruna Jalo-Waziri
Chief Executive Officer

BUSINESS REVIEW

ENTERPRISE RISK MANAGEMENT REPORT

Enterprise Risk Management (ERM) acts as an enabler of Central Securities Clearing Systems Plc.'s ("CSCS") strategic objectives by managing identified risks and exploiting value-added opportunities. At CSCS, risks are identified, managed and mitigated using the Board-approved Enterprise Risk Management (ERM) Framework.

The year 2017 was an eventful one for the risk management division. Various risk management initiatives, which supported CSCS in achieving its objectives, came to fruition during the year. Some of the achievements include:

- Optimizing CSCS' operational processes to achieve the company's efficiency objective;
- Improvement in the effectiveness of the internal control system of the company;
- Successful re-assessment of CSCS' compliance to ISO/IEC 27001:2013 Information Security Management standard by the British Standards Institution (BSI), a global and renewed leader of standards solution;
- Successful upgrade of CSCS' data centre from Tier II to Tier III which enhances the company's resilience to business disruption and provides assurance for disaster recovery and business continuity in the event of an extreme risk event.

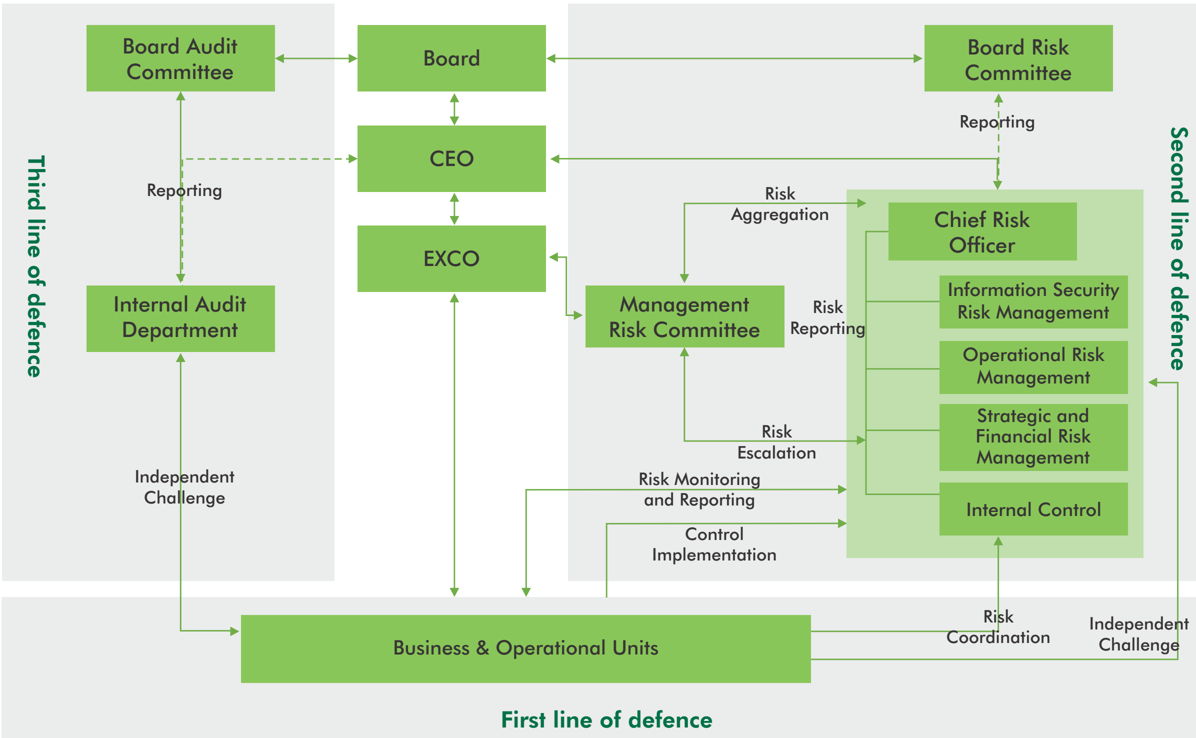
Enterprise Risk Management Philosophy

CSCS' enterprise risk management philosophy is centred on value creation for our esteemed stake-holders. This is done by building a culture of risk management which ensures that risks are proactively identified and managed across business units in a way that enhances the achievement of the company's strategic objectives. ERM also focuses on protecting reputation, enhancing compliance to regulatory standards and maximizing profits for the company.

Enterprise Risk Management Framework

To sustain our risk management culture, we adopted and ensured continuous compliance to Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework; it defines enterprise risk management as a process, effected by an entity's board of directors, management and other personnel, applied in a strategic setting, and across the enterprise, defined to identify potential events that may affect the entity, and manage risks to ensure they remain within the entity's risk appetite, to provide reasonable assurance regard-ing the achievement of the entity's objectives.

The framework consists of a comprehensive set of processes designed to identify, measure, monitor, mitigate and report significant current and emerging risk exposures across the company in a consistent and effective manner with emphasis on strategy and performance.



Enterprise Risk Governance

The board of directors is ultimately responsible for the governance of risk management at CSCS. The Executive Committee (ExCo) ensures there is a common and efficient process in place to assure the board of directors that risks are assessed and managed effectively in accordance with the approved ERM framework.

The company utilises the 'Three lines of defence' model as described below:

1) The first line of defence lies with business units having accountability for identifying risks inherent in their processes; then assessing, controlling and escalating such risks to ERM as appropriate.

2) The second line of defence consists of the centralized and independent ERM function headed by a Chief Risk Officer (CRO) who has the responsibility of risk management and internal control.

3) The Internal Audit functions as the third line of defence by providing independent assurance on the performance of control environment and risk management activities.

Compliance Risk Management

CSCS recognises that it is accountable to all its stakeholders by complying with all relevant laws, regulations, internal policies, procedures and ethical standards that bind their relationship. Compliance with all relevant laws and regulations prevents sanctions on CSCS from the regulators. In the year 2017, CSCS enhanced its compliance function which proactively ensures adequate compliance with regulatory requirements, thus preventing the company from incurring any penalties arising from regulatory infractions.

Conclusion

A risk management culture has been successfully integrated into CSCS's business; hence it is core to our strategy to continue the delivery of value-added services to the Nigerian Financial Market. It is the tool for making daily business decisions at all levels to sustain and enhance our shareholders' value. Therefore, mechanisms have been put in place to ensure continuous improvement on the gains made in 2017. The culture to pay attention to risk management initiatives and take on effective risk management strategy to reflect the realities of our operating environment on a continuous basis is now ingrained in us.

STRATEGY REPORT

Our business operating environment in the year under review was beclouded by macroeconomic headwinds similar to what other businesses within the local and global landscapes faced. This notwithstanding, we remained resolute in achieving our revised two-year strategic objectives with conclusion date set at December 2017.

CSCS's previous strategic plan was developed in October 2012 to cover a five-year term from 2013 to 2017. In 2015, the CSCS Board of Directors re-evaluated the strategic goals and objectives, taking into consideration ensuing changes in the company's business environment and notable practices learnt from peer CSDs and produced the 2016-2017 revised Strategy Plan.

The 2016-2017 Strategic Plan comprises three strategic objectives which are: (i) expand CSCS' revenue base; (ii) increase efficiencies in depository, clearing and settlement and (iii) develop strategic alliances across businesses and regions.

2016 - 2017 Strategic Objectives

- Central Counterparty (CCP)
- Annual PAT growth rate of 10% on existing business
- Pension Contribution Management System

- Deploy new CSD platform
- 100% connectivity with key stakeholders
- Fully comply with CPMI-IOSCO principles
- Achieve customer and stakeholder satisfaction
- Enhance technical proficiency & expertise of employees
- 80% productivity level across all departments

- Establish contractual relationship with other CSDs within the region
- Inter-operability within WACMI
- Enhance Africlear initiatives to promote market integration

Strategy Execution

Our long-term focus is to work towards being a globally respected and leading post-trade company in Africa. We believe that for any entity to be effective, strategy must be rooted in a desire to meet stakeholders' needs in order to create value for both the company and the stakeholders.

	OBJECTIVES	EXECUTION
Expand CSCS Revenue	Essential strategic initiatives to achieve revenue expansion comprise annual PAT growth rate of 10%, annual increase in contribution of sales and business development to PBT of 2% points over two years and diversifying products and service offering to improve revenue portfolio. Establishment of insurance Repository, set up Pension Contribution Management System, earning revenue annually from Africlear initiatives, provision of consultancy services to international counterparties, achieve 80% CCP business set-up.	In our drive to achieve annual PAT growth rate of 10%, CSCS was able to achieve EPS of 99% and ROE of 19% as at Q4, 2017. Our PAT growth rate stood at 39% year-on-year in 2017, which shows an improvement, compared to 2016 due to government economic recovery efforts. The annual contribution of sales and business development department stands at 1.51% while total contribution of other products in totality, outside clearing and settlement fees, stands at 2.71%. We met our target in operationalizing the CCP infrastructure.
Increase Efficiencies in Depository Clearing and Settlement	Our company has entrenched initiatives to strengthen market efficiencies during the year in depository, clearing and settlement to remain an FMI of high standard in Nigeria and Africa markets. Board and management agreed on the parameters listed below to ensure delivery of the objective to our stakeholders. Deploy new CSD platform & achieve 100% connectivity with core stakeholders, achieve and maintain 100% data security (CIA Triad), 80% productivity level across all departments, fully comply with CPMI-IOSCO principles, maintain operational efficiency of 24 hours turnaround time & at most 0.01% down time, achieve 80% minimum technical proficiency & expertise of employees.	For outstanding process optimization and technology improvement, CSCS invested in a new CSD application platform (TCS BaNCS) which went live on October 23 2017. Trend Micro Antivirus/anti-malware solution was deployed to ensure data security in our systems. The new CSD platform enables us maintain operational efficiency of 24 hours turnaround time and reduced downtime. We are fully compliant with CPMI-IOSCO principles by complying with all the 18 applicable CPMI-IOSCO principles to bring about market efficiency.
Develop Strategic Alliances across Businesses and Regions	It has been established in the business world that no business entity can operate in isolation without collaborating with stakeholders and industry peers. The company's leadership has put strategic drivers in place to ensure realization of this objective. These are: interoperability within West African Capital Markets Integration (WACMI) and other African countries; setting up of Central Counter Party (CCP) in conjunction with other capital market participants; establishing contractual relationship with other CSDs within the region; and providing Essential strategic initiatives to achieve revenue expansion comprising annual PAT growth rate of 10%, annual increase in contribution of sales and business development to PBT of 2% points over two years and diversifying products and service offering to improve revenue portfolio.	WACMI is the all-embracing market initiative to establish a harmonized framework and environment for issuance and trading of financial securities across the West African sub-region. Presently, there have been several transactions between Ghana and Nigeria. We have had a robust engagement with stakeholders including CBN and SEC and the entity called CCP has been registered. We have also signed MOU with Strate CSD of South Africa and CDSC of Kenya for staff exchange & learning opportunities.

OUR SUCCESS DEPENDS ON LOOKING AT THE WORLD FROM OTHERS' VIEWPOINT SO THAT WE CAN UNDERSTAND THEIR CURRENT AND FUTURE NEEDS.

Companies today are expected to engage in responsible business conduct. CSCS' Corporate Social Responsibility (CSR) activities reflect its philosophy of implementing sound business practices and innovations. At the same time, CSCS is engaged in ongoing efforts to contribute to society while enhancing corporate value.

CSCS currently promotes CSR initiatives in line with its CSR strategy which sets three key areas of focus with the aim of strengthening its operating foundation and continuously enhancing its corporate value: Community Engagement, Workplace, and Environment. Our objective is to operate ethically and responsibly while also improving the quality of life of our employees as well as the community we operate in.

Employee Engagement

Our goal is to engage our people so they feel inspired and supported. It is an important part of our business strategy and one of the ways we strive to differentiate CSCS as a great place to work. Just as we have a responsibility to our external stakeholders, we also have a responsibility to those within our company. We strive to be a responsible employer, offering competitive benefits and rewards packages; provide an enabling environment where success is celebrated; and adopt policies that support a healthy workforce.

To cultivate a highly skilled workforce, we:

- Work closely with employees to understand and respond to what matters to them.
- Provide opportunities for skill development and long-term career development.
- Involve our managers and leaders in helping to design and deliver a positive, inclusive work environment.
- Communicate openly and regularly about the company's vision, missions, and values, and encourage dialogue across the organization.

In 2017, 85% of employee training was conducted.

To encourage healthy living amongst staff, comprehensive medical check-ups were conducted for 100% of our employees.

Community Engagement

We are here to serve our customers and communities. This translates into helping in ways that enable the communities we live and work in prosper and lending a hand when needed.

Employee Volunteerism

Employee volunteering is an activity that positively impacts upon employees and the communities where they volunteer. Volunteering is a great way to give back to the community. It is humbling to learn of some of the

CSCS visit to Hearts of Gold Children's Hospice, Surulere

Visit to Adekunle Anglican Primary School, Makoko

CSCS participants at the Nigerian Stock Exchange Race Against Cancer event

challenges faced by those around us. At the same time, it is incredibly rewarding to discover the small or big things we can do to help others by volunteering.

Our employees are encouraged to participate and volunteer in all our CSR initiatives. As part of our community engagement initiatives, our employees visited the Hearts of Gold Children Hospice, a home for children born/or living with disabilities. The company spent some time with the children and made donations to the home.

Creating Value through Strategic Partnerships

We recognize that active partnerships are a central and fundamental element of our business. We, therefore, aim to promote the sharing of economic benefit created by our activities through the conduct of our community relationships. A key ingredient to the achievement of social responsibility is through effective partnerships.

Visit to Adekunle Anglican Primary School, Makoko

CSCS partnered with ***Slum2School,*** a non – governmental organization focused on providing and improving education for underprivileged children in the society. One of our key CSR initiatives is the ***"teach4change"*** initiative, which is focused on employees volunteering in schools, impacting knowledge, sharing life experiences and values. We visited Adekunle Anglican Primary School, Makoko and spent the day with the children doing all of these and more.

Corporate Challenge – Fight Against Cancer

We remain committed to supporting health initiatives that will benefit the community. One of our focus is the fight against cancer. CSCS sponsored and partnered with the Nigerian Stock Exchange Corporate Challenge "Race Against Cancer", which is focused on raising money to purchase mobile cancer centres. CSCS employees volunteered by participating in the mini-marathon.

WHEN WE PUT OUR STAKEHOLDERS FIRST, WE ENSURE OUR COMPANY CONTINUES TO BE AN IMPORTANT PART OF THEIR LIVES.

Our Focus in 2018

Our success depends on looking at the world from others' viewpoint so that we can understand their current and future needs. When we put our stake-holders first, we ensure our company continues to be an important part of their lives. We are focused on using our relationships, technology, and data to better serve our customers and increase value for our shareholders.

We operate in a dynamic, fast-changing world. We know it is important to be open to change and embrace new ways of thinking. While we are proud of what we have accomplished with our CSR initiatives, we know that there is more work to be done. We will continue to look for ways to reimagine, reinvent and raise the bar while remaining true to our core values that have always sustained the organization.

2017 EVENTS

L-R: Bayo Olugbemi, Bola Adeeko, Oscar Onyema, Charles Ojo, Ifueko Omoigui Okauru at 2017 Annual General Meeting

L-R: Bola Adeeko, Joseph Mekiliuwa, Oscar Onyema, Obinna Nwosu, Haruna Jalo-Waziri and Ayokunle Adaralegbe during the Send-Off Ceremony organised for Bola Adeeko and Obinna Nwosu

L-R: Haruna Jao-Waziri, Bola Adeeko, Oscar Onyema, Ifueko Omoigui Okauru at 2017 AGM

L-R: Vincent Ukoh, Peter Ashade, Ms Jane Ijegbulem, Bola Adeeko, Taiwo Otiti at 2017 Investors Forum

Participants at 2017 Investors Forum

L-R: Taiwo Otiti, Uche Ike, Haruna Jalo-Waziri, Ayokunle Adaralegbe during the Send-Off Ceremony organised for Bola Adeeko and Obinna Nwosu

L-R: Ariyo Olushekun, Bola Adeeko, Kyari Bukar, Ndi Okereke-Onyiuke *OON*, Haruna Jalo-Waziri, Oscar Onyema, Joseph Mekiliuwa, Eric Idiahi, Onyewuchi Asinobi at CSCS 20th Anniversary.

L-R: Aigboje Aig-Imoukhuede, Haruna Jalo-Waziri, Maimuna Jalo-Waziri, Taiwo Otiti, Gbenga Oyebode at CSCS 20th Anniversary.

E-Insurance...

Forward Thinking

At Insurance Repository (Nigeria) Limited, our goal is to develop electronically innovative and forward thinking ideas to improve all stakeholders' experiences with insurance policies.

GOVERNANCE

OSCAR N. ONYEMA, OON
Chairman, Board of Directors

Mr. Onyema is the chairman of Central Securities Clearing System PLC (CSCS), a role he assumed in late 2011. He has been CEO and member of the National Council of The Nigerian Stock Exchange since April 2011, where he is responsible for superintending the general working of The Exchange.

He is the President of African Securities Exchanges Association (ASEA) and Chairman of the subsidiaries of The Exchange. He has served as a Council member of Chartered Institute of Stockbrokers (CIS); Global Agenda Council member of World Economic Forum (WEF); board member of FMDQ OTC PLC and National Pension Commission of Nigeria (PENCOM).

Prior to relocating to Nigeria, Mr. Onyema served as Senior Vice President and Chief Administrative Officer at American Stock Exchange (Amex). He also ran the NYSE Amex equity business after the merger of NYSE Euronext and Amex in 2008.

He holds the Nigerian National honor of Officer of the Order of the Niger (OON); is a Fellow of the Institute of Directors (IOD); and member of London Stock Exchange (LSEG) Africa Advisory Group. Forbes listed him as one of the ten most powerful men in Africa in 2015.

Mr. Onyema completed the Harvard Business School Advanced Management Program (AMP) in 2015. He got his MBA from Baruch College, New York in 1998; and BSc from Obafemi Awolowo University, Ile-Ife, in 1991. He is an associate member of the Chartered Institute of Stock brokers (CIS) of Nigeria.

HARUNA JALO-WAZIRI
Managing Director/Chief Executive Officer

Mr. Haruna Jalo-Waziri is the Chief Executive Officeran Executive Director of the Central Securities Clearing System Plc. Mr. Haruna Jalo-Waziri is an economist with over 20 years of Capital Market and Investment Management experience covering Regulation, Deal Origination, Execution as well as Fund Management. He has been involved in various successful ground-breaking deals such as Heineken Euro Bond, and British American Tobacco M&A, among others.

Until his appointment, he was the Executive Director, Capital Markets at The Nigerian Stock Exchange. He had also held the position of MD/CEO at UBA Asset Management Limited. Prior to this, he worked at the Securities and Exchange Commission (SEC) and Afrinvest West Africa (formerly SECTRUST).

Jalo-Waziri commenced his career at The Nigerian Stock Exchange. He also worked at Kakawa Discount House Ltd, where he started the Asset

Management Department and rose to become Head of Asset Management; the department eventually transformed to become Kakawa Asset Management Limited. Mr Jalo – Waziri after undergoing several rigorous interviews was appointed the MD/ CEO of Central Securities Clearing System Plc. Mr. Jalo-Waziri is a graduate of the University of Maiduguri, an alumnus of Lagos Business School and the Venture Capital Institute of America.

BAYO OLUGBEMI

Non-Executive Director

Mr. Bayo Olugbemi is the Managing Director and Chief Executive Officer of First Registrars & Investor Services Limited. He has extensive experience in the areas of Investment Banking, Capital Market Operations, Treasury and Portfolio/Investment Management.

Mr. Olugbemi began his Investment Banking career in the Registrars Department of Union Bank of Nigeria Plc. (now GTL Registrars Limited) and has pioneered many Registrar outfits such as RIMS (Lighthouse) Registrars, United Securities Limited, Diamond Bank (Centurion) Registrars and NAL (Sterling Bank) Registrars Limited (now PACE Registrars) among many others.

Mr. Olugbemi is a fellow of many professional bodies such as: The Chartered Institute of Bankers of Nigeria (CIBN), Institute of Capital Market Registrars (ICMR), National Institute of Marketing of Nigeria (NIMN), Certified Institute of Pensions of Nigeria (CIPN), Institute of Directors, Nigeria (IoD), the Chartered Institute of Taxation of Nigeria (CITN) and Association of Enterprise Risk Management Professionals (AERMP). He is also an Associate member of Nigerian Institute of Management (NIM) as well as a member of the Chartered Institute of Stockbrokers (CIS), Certified Institute of Investment Analysts (CIIA), Chartered Institute of Personnel Management (CIPM), Chartered Institute of Secretaries and Administrators (CISA) and Global Association of Risk Professionals (GARP).

Mr Olugbemi obtained his first degree, BSc (Honours), in Accounting from the University of Lagos, Akoka, Yaba. He also holds a Master's Degree in Business Administration (MBA) from Lagos State University with specialisation in International Business Management and a Master of Science Degree (MSc) in Corporate Governance from Leeds Beckett University (formerly Leeds Metropolitan University) in the United Kingdom.

Mr Olugbemi has received management and executive trainings from some of the top management schools across the world among which are the Lagos Business School (CEP 11), the Harvard Business School in Boston (AMP 179), the IMD in Lausanne Switzerland, the INSEAD in Singapore & France, the Wharton Business School, Pennsylvania, USA and the Stanford Business School, California, USA.

He is an experienced trainer in Management, Capital Market Development, Share Registration and Corporate Governance & Ethics. He is also a motivational speaker of high repute and a Senior Pastor of The Redeemed Christian Church of God.

SOLA ADEEYO

Independent Director

Mr. Sola Adeeyo is the Chairman/CEO Astral Waters Limited; a leading producer of table water for home and general consumption.

Mr. Adeeyo is also a Director and the owner of Oakwood Park Hotel, Lekki/Epe Way. In 1991, Mr. Adeeyo founded Asset & Investment Limited, a financial service company whose activities includes trade finance and marketing consultancy for major international companies in the petroleum, construction industries and banks.

The Company also engaged in the business of funds management. He was the Managing Director/CEO of the Company from its inception in 1991 to 2001.

From 1989 to 1991, Mr. Adeeyo was Director/Group Head Treasury of Investment Banking & Trust Company (IBTC) Limited. He was part of the founding management/owner group that nurtured the bank from inception in 1989.

IFUEKO M. OMOIGUI OKAURU, MFR, MON

Independent Director

Mrs Okauru is the Managing Partner of Compliance Professionals Plc., a strategy, change and compliance management consulting firm. She is also a Commissioner in the Independent Commission for the Reform of International Corporate Taxation (ICRICT). Previously she spent 12 years at Arthur Andersen & Co. where she became National Partner of the firm's strategy practice. Mrs. Omoigui Okauru has served as Executive Chairman of Nigeria's Federal Inland Revenue Service, Chairman of Nigeria's Joint Tax Board, and part-time member of the United Nations Committee of Experts on International Cooperation in Tax Matters.

She is a founding member of the Board of Trustees of DAGOMO Foundation Nigeria, a family-based non-governmental organization currently focused on facilitating aging and dying with dignity within the community. She serves on several boards, including Central Securities Clearing System (CSCS) Plc. (Independent non-Executive Director and Chairman, Risk Committee); Lagos State Employment Trust Fund (Chairman of the Board of Trustees); Nigerian Breweries Plc. (Independent non-Executive Director) and Seplat Petroleum Development Company Plc. (Independent non-Executive Director).

MR. OMOKAYODE LAWAL
Non-Executive Director

Mr. Omokayode Lawal started his career with former Nigbel Merchant Bank (NBM) Limited where he worked from 1987 till 2005. During this period, he excelled in various marketing roles and was subsequently appointed as the bank's Treasurer.

Following the consolidation exercise and the emergence of Sterling Bank in 2006, he was again assigned to Marketing, to head various regions in Lagos, a testament to the confidence placed in his abilities in the field. Mr. Omokayode Lawal is an Executive Director at Sterling Bank Plc.

He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and has professional qualifications from the Chartered Institute of Taxation of Nigeria (CITN) and Chartered Institute of Bankers of Nigeria (CIBN). He is also an alumnus of the Lagos Business School, Columbia University Graduate School of Business and University of Oxford.

EMEKA MADUBUIKE
Non-Executive Director

Mr. Emeka Madubuike is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Stockbrokers of Nigeria (CIS). He is also an authorized dealing clerk of the Nigerian Stock Exchange and a member of the Chartered Institute of Taxation (CIT). He holds a BSc (Hons) in Agricultural Economics from the University of Nigeria, Nsukka.

Mr. Madubuike has garnered over 25 years of experience in the Capital and Money markets which began at CSL Stockbrokers Limited. In 2007, he left International Standard Securities Limited to establish and manage Compass Investments and Securities Limited.

Mr. Madubuike is the current Chairman of the Association of Stockbroking Houses of Nigeria (ASHON) and a member of the Council of the CIS. He was a member of the National Council of The Nigeria Stock Exchange as well as a former Director of NSE Consult Limited – a subsidiary of The Nigerian Stock Exchange. He also served as Chairman of the Investigation Panel of The Nigerian Stock Exchange.

Mr. Madubuike has been a member of committees set up by the Securities and Exchange Commission (SEC) and is currently the Vice Chairman of Annual Capital Market Retreat Committee of the Capital Market Committee. He also served on the Ministerial Committee for the Resuscitation of the Capital Market set up by the Minister of Finance.

ARIYO OLUSHEKUN
Non-Executive Director

Mr. Ariyo Olushekun is a Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Stockbrokers and the Institute of Directors. He is also an Associate of the Chartered Institute of Taxation and The Nigerian Institute of Management. He is an Authorized Dealing Clerk of The Nigerian Stock Exchange and NASD Plc. He holds MBA (Marketing) from the University of Lagos as well as HND (Upper Credit) in Accountancy from Yaba College of Technology. He is an Alumnus of the Advance Management Program (AMP) of IESE Business School, Barcelona, Spain. He has also participated in Executive and Professional Development programs at Harvard Business School, Boston, USA, INSEAD Business School, Fontainebleau, France and New York Institute of Finance.

Mr. Olushekun has about 30 years' experience of active participation in various aspects of Investment Banking. He is a Past President and Chairman of the Governing Council of the Chartered Institute of Stockbrokers. He has served on the National Council of The Nigerian Stock Exchange and is currently serving on the Boards of Central Securities Clearing System Plc, NASD Plc - the Over-The-Counter Trading Platform of the Nigerian Capital Market, Unity Registrars Limited, Co-Link Investment Management Limited and Applied Logic Limited, operators of BroadStreetLagos.com, a Stock market Research Portal. He was a member of the Business Support Group of The Nigerian Vision 20:2020 as well as the Federal Government Capital Market Resuscitation Committee. He recently served as the Chairman of the Capital Market Literacy Master Plan Committee and is currently a member of the Capital Market Master Plan Implementation Council (CAMMIC) of the Securities & Exchange Commission. He also serves on the Nigerian Green Bond Advisory Group.

UCHE IKE
Non-Executive Director

Mr. Uche Ike holds a first degree in Accountancy and a Master of Business Administration. He is also an Associate Member of The Institute of Chartered Accountants of Nigeria. He has over 27 years banking experience covering Banking Operations, Audit, Compliance and Risk Management. He is presently the Executive Director Risk Management, Compliance and Corporate Governance for United Bank for Africa Plc.

ERIC IDIAHI
Non-Executive Director

Mr. Eric Idiahi is the Deputy Managing Director and Co-Founder of Verod. Before co-founding Verod, Mr. Idiahi was the Co-Founder and Managing Partner of Fountainhead Media Group, an independent investment and advisory firm focused on the Technology, Media and Telecoms (TMT) sector in Nigeria.

At Fountainhead Media, Mr. Idiahi was responsible for several major TMT transactions. Prior to that, he worked independently on acquisitions in the Consumers Goods sector. He has also worked at Financial Derivatives Company and ChevronTexaco. He has an Economics background having graduated from the University of Houston in Houston, Texas. He is a Director of Union Trustees Ltd, and RotoPrint Ltd.

ROOSEVELT MICHAEL OGBONNA
Non-Executive Director

Mr. Roosevelt Michael Ogbonna is the Group Deputy Managing Director, Access Bank Plc. He served as Executive Director, Commercial Banking Division of the company between December 2, 2013 and April 20, 2017.

Until December 2, 2013, Mr. Ogbonna served as General Manager, Divisional Head, Commercial Banking Division within the company.

He started his banking career at Lead Merchant Bank as Money Market Dealer and moved to GTBank Plc in 1997 where he worked in Institutional Banking. He was Team Leader of one of the business units in GTBank, a position he held until 2002 when he joined Access Bank Plc.

Mr. Ogbonna has attended various training programmes both locally and internationally on Leadership, Credit and Risk Management including the Harvard Business School Management course on Financial Instruments and Markets, Citibank New York training on Advanced Credit Analysis, Euromoney Asset and Liability Management course, Euromoney Derivative Boot Camp and the INSEAD.

He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He got a Bachelor of Science Degree in Finance and Banking from the University of Nigeria, Nsukka in 1996. He is a member of the Board Credit and Finance Committee of Access Bank Plc.

MANAGEMENT TEAM

1. **Haruna Jalo-Waziri**
   MD/CEO
2. **Joseph Mekiliuwa**
   Div. Head, Business Development & Corporate Services
3. **Taiwo Otiti**
   Div. Head, Operations & IT
4. **Vincent Ukoh**
   Chief Financial Officer
5. **Ayokunle Adaralegbe**
   Chief Risk Officer
6. **Ihuaru Akachukwu**
   Head, Collateral & Settlement
7. **Lateef Lawal**
   Head, Depository & Customer Care
8. **Isqil Adeniji**
   Head, Infrastructure & Network Services
9. **Anthony Ezugbor**
   Head, Application &Database Services
10. **Cletus Igah**
    Head, Human Resources
11. **Charles I. Ojo**
    Company Secretary
12. **Temitope Sanni**
    Head, Project Management Office
13. **Isioma Lawal**
    Head, Internal Control
14. **Abiodun Owoeye**
    Head, Internal Audit
15. **Theodore Anyanwu**
    Head, Sales
16. **Charles Igiehon**
    Acting Head, Admin.
17. **Olawale Alabi**
    Acting Head, Corporate Strategy

DIRECTORS, OFFICERS & PROFESSIONAL ADVISERS

Board of Directors:	Mr. Oscar N. Onyema OON	Chairman
	Mr. Haruna Jalo-Waziri *	Managing Director
	Mrs. Ifueko M. Omoigui Okauru MFR	Independent Director
	Mr. Sola Adeeyo	Independent Director
	Mr. Bayo Olugbemi	Non-Executive Director
	Mr. Obinna Nwosu **	Non-Executive Director
	Mr. Omokayode Mudathir Akintola Lawal	Non-Executive Director
	Mr. Emeka Madubuike	Non-Executive Director
	Mr. Ariyo Olushekun	Non-Executive Director
	Mr. Uche Ike	Non-Executive Director
	Mr. Eric Idiahi	Non-Executive Director
	Mr. Roosevelt Ogbonna ***	Non-Executive Director
Registered Office:	Central Securities Clearing System Plc 1st Floor, The Nigerian Stock Exchange Building No. 2/4, Custom Street Marina, Lagos	
Company's registration number:	201018	
Company secretary:	Charles I. Ojo	
Independent auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island PMB 40014, Falomo Lagos	
Bankers:	Guaranty Trust Bank Plc Zenith Bank Plc Fidelity Bank Plc United Bank for Africa Plc Stanbic IBTC Bank Plc Access Bank Plc First Bank of Nigeria Limited Sterling Bank Plc Union Bank of Nigeria Plc	
Registrar:	Africa Prudential Registrars Plc 220B Ikorodu Road Palmgrove Lagos	
Actuary:	O & A Hedge Acturial Consulting (Actuaries & Chartered Insurers) Suite 28, Motorways Centre, 1 Motorways Avenue Opposite 7up Bottling Plant Alausa Ikeja, Lagos - Nigeria FRC/2016/00000015764	

*Mr. Haruna Jalo-Waziri was appointed as the Managing Director with effect from 1 November 2017
**Mr. Obinna Nwosu resigned from the Board with effect from 30 April 2017.
***Mr. Roosevelt Ogbonna was appointed to the Board with effect from 12 July 2017

The Directors present their report on the affairs of Central Securities Clearing System Plc ("the Company" or "CSCS") and its subsidiary ("the Group"), together with the annual financial statements and independent auditor's report for the year ended 31 December 2017.

Legal form

The Company was incorporated in 29 July 1992 as a Private Limited Liability Company and effectively commenced business operations on 14 April 1997. The Company transmuted to a Public Company following the resolution of its shareholders at its Annual General Meeting of 16 May 2012.

Principal activity and business review

The Central Securities Clearing System Plc is a Financial Market Infrastructure (FMI) Company that undertakes the business of depository, clearing and settling of securities traded in the Nigerian Capital Market. The Company was licensed by the Securities and Exchange Commission and operates a computerized depository, clearing, settlement and delivery system for transactions in shares listed/traded on the Nigerian Stock Exchange. CSCS also provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market. The Company also acts as a depository for Federal Government of Nigeria (FGN) Bonds, Municipal and Corporate Debt instruments. The Company has one (1) subsidiary company namely: Insurance Repository Nigeria Limited. The Company also has interest in NG Clearing Limited which it co-promoted with the Nigerian Stock Exchange.

Operating results

Highlights of the Group and Company's operating results for the year are as follows:

In thousands of Naira	Group 31 December 2017	Company 31 December 2017	Group 31 December 2016	Company 31 December 2016
Total operating income	**8,691,558**	**8,691,558**	**6,174,003**	**6,174,003**
Profit before tax	5,664,177	5,683,818	3,724,196	3,787,415
Income tax	(683,576)	(683,576)	(191,240)	(191,240)
Profit for the year	**4,980,601**	**5,000,242**	**3,532,956**	**3,596,175**
Other comprehensive income, net of income tax	(162,105)	(162,105)	32,851	32,851
Total comprehensive income	**4,818,496**	**4,838,137**	**3,565,807**	**3,629,026**
Basic and diluted earnings per share (kobo)	100k	100k	71k	72k

Ownership structure

The issued and fully paid-up share capital of the Company was 5,000,000,000 ordinary shares of N1 each as at 31 December 2017 (31 December 2016: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date is as shown below:

	31 December 2017		31 December 2016	
Shareholders	*Number of Shares*	*Shareholding Percentage*	*Number of Shares*	*Shareholding Percentage*
The Nigerian Stock Exchange	1,362,108,950	27.24%	1,362,108,950	27.24%
Artemis Limited	650,641,902	13.01%	621,371,503	12.43%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
Ecobank Nigeria Limited	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.36%
Ess-ay Investments Limited	250,152,043	5.00%	250,000,000	5.00%
Others with shareholdings less than 5%	1,718,597,105	34.37%	1,748,019,547	34.96%
	5,000,000,000	**100%**	**5,000,000,000**	**100%**

Directors and their interests

The following directors of the Company held office during the year and represented the Company's shareholders. The directors have direct and indirect interests in the issued share capital of the Company as recorded in the register of directors' shareholding as noted below:

	31 December 2017			31 December 2016		
Director	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Mr. Oscar N. Onyema	500,000	-	500,000	500,000	-	500,000
Mr. Haruna Jalo-Waziri *	200,000	-	200,000	-	-	-
Mr. Kyari Bukar **	-	-	-	2,884,585	-	2,884,585
Mr. Bayo Olugbemi	-	500,000	500,000	-	500,000	500,000
Mr. Emeka Madubuike	-	6,750,000	6,750,000	-	6,750,000	6,750,000
Mr. Ariyo Olushekun	-	1,540,000	1,540,000	-	1,500,000	1,500,000
Mr. Sola Adeeyo	-	-	-	-	-	-
Mrs. Ifueko M. Omoigui Okauru	-	-	-	-	-	-
Mr. Obinna Nwosu ***	-	-	-	-	-	-
Mr. Omokayode M. Lawal	-	-	-	-	-	-
Mr. Uche Ike	-	-	-	-	-	-
Mr. Eric Idiahi	-	650,641,902	650,641,902	-	621,371,503	621,371,503
Mr. Roosevelt Ogbonna ****	-	-	-	-	-	-

* Mr. Haruna Jalo-Waziri was appointed as the Managing Director with effect from 1 November 2017
** Kyari Bukar retired from the Board with effect from 31 December 2016
*** Mr. Obinna Nwosu resigned from the Board with effect from 30 April 2017.
****Mr. Roosevelt Ogbonna was appointed in the Board with effect fron 12 July 2017

Directors' interests in contracts

Mr. Sola Adeeyo is a director of AXA Mansard Health Limited, whose services are utilised by CSCS. Except as disclosed above, no other director has notified the Company, for the purposes of Section 277 of the Companies and Allied Matters Act of Nigeria, of any interest in contracts during the year.

Analysis of shareholding

The shareholding pattern of the Company as at 31 December 2017 was as stated below:

Share range	*No of shareholders*	*Percentage of shareholding*	*No of holdings*	*Percentage holdings*
1 - 1,000	207	25.3%	98,478	0.00%
1,001 – 5,000	77	9.4%	213,227	0.00%
5,001 – 10,000	54	6.6%	442,438	0.01%
10,001 – 50,000	176	21.6%	4,631,473	0.09%
50,001 – 100,000	47	5.8%	3,554,934	0.07%
100,001 – 500,000	90	11.0%	30,316,817	0.61%
500,001 – 1,000,000	34	4.2%	29,091,700	0.58%
Above 1,000,000	132	16.2%	4,931,650,933	98.64%
	817	**100%**	**5,000,000,000**	**100%**

The shareholding pattern of the Company as at 31 December 2016 was as stated below:

Share range	*No of shareholders*	*Percentage of shareholding*	*No of holdings*	*Percentage holdings*
1 - 1,000	115	15.7%	60,862	0.00%
1,001 – 5,000	56	7.7%	164,353	0.00%
5,001 – 10,000	49	6.7%	394,905	0.01%
10,001 – 50,000	186	25.4%	5,126,094	0.10%
50,001 – 100,000	49	6.7%	3,798,134	0.08%
100,001 – 500,000	96	13.1%	32,092,534	0.64%
500,001 – 1,000,000	33	4.5%	28,140,350	0.56%
Above 1,000,000	147	20.1%	4,930,222,768	98.61%
	731	**100%**	**5,000,000,000**	**100%**

Substantial interest in shares

According to the register of members at 31 December 2017, no shareholder held more than 5% of the issued share capital of the Company except the following:

	31 December 2017		**31 December 2016**	
Shareholders	*Number of shares held*	*% of Shareholding*	*Number of shares held*	*% of shareholding*
The Nigerian Stock Exchange	1,362,108,950	27.24%	1,362,108,950	27.24%
Artemis Limited	650,641,902	13.01%	621,371,503	12.43%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
Ecobank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.36%	268,500,000	5.36%
Ess-ay Investment Ltd	250,152,043	5.00%	250,000,000	5.00%

Donations and charitable gifts

The Company made contributions and donations to non-political organisations amounting to N18.193 million (31 December 2016:N35.058 million) during the year, as listed below:

Beneficiary	**Purpose**	**Amount N'000**
Chartered Institute of Stockbrokers	Donation of grant-in-aid to the Institute	8,000
Chartered Institute of Stockbrokers	2017 Annual Conference	1,500
The Nigerian Stock Exchange	Donation for Corporate Challenge Event	1,000
The Nigerian Stock Exchange	Legal, Risk Derivative & CCP Sponsorship	500
The Nigerian Stock Exchange	Fact Book Sponsorship	500
The Nigerian Stock Exchange	Borno State IDP School Initiative Support	1,300
Association of Stockbroking Houses of Nigeria	ASHON Capital Market Summit sponsorship	1,500
Capital Market Correspondent of Nigeria	Annual Workshop Sponsorship	500
Heart of Gold Orphange	Support Initiative for Children with deformities	2,133
Adekunle Primary School, Makoko	Teach for Change (Slum to School Initiative)	760
Association of Asset Custodians of Nigeria	2017 Annual Investors Conference	500
		18,193

(i) The Company did not make donation to any political party during the year ended 31 December 2017 (31 December 2016: Nil).

Human resources

(i) Employment, Employee Training and Development
Employment at CSCS follows a very thorough process that focuses on merit. The Group ensures that the most qualified persons are recruited for appropriate levels regardless of their state of ethnicity, religion or physical condition. Training and development of staff is an uncompromised strategy of the Group towards ensuring that staff are properly skilled and re-skilled to undertake their respective assignments. The Group did not employ any disabled person during the year under review.

(ii) Health, safety and welfare of employees
The Group takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, top health care providers have been carefully selected under a managed care scheme to look after the health care needs of employees and their dependents.

Property and Equipment

Information relating to changes in property and equipment is given in Note 15 to the financial statements. In the opinion of the Board of Directors, the market value of the Group's properties is not significantly different from the value shown in the Annual Report.

Events after reporting date

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Dividends

During the period, the Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a final dividend of 70 kobo per share (31 December 2016: 21 kobo per share) from the retained earnings account as at 31 December 2017, pending the approval of the shareholders at the 2018 Annual General Meeting.

If the proposed dividend is approved by the shareholders, the Company will be liable to pay additional corporate tax estimated at N590.22 million, which represents the difference between the tax liability calculated at 30% of the dividend approved and the tax charge reported in the statement of profit or loss and other comprehensive income for the year ended 31 December 2017.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

Auditor

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Mr. Charles I. Ojo
Company Secretary
Central Securities Clearing System Plc
FRC/2014/NBA.00000006051
28 February 2018

CORPORATE GOVERNANCE REPORT

The Board is responsible for the overall corporate governance of the company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the company and oversees its business strategy. This includes approving the strategic goals of the company, considering and approving an annual business plan as well as a budget.

The Board is committed to maximizing performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the company. With these objectives, the board conducts the company's business, ensuring it is properly managed to protect and enhance shareholder interests while providing an appropriate environment of corporate governance where its directors, officers and employees can operate and thrive in. Accordingly, the Board has created a framework for managing the company, adopting relevant internal controls, risk management processes and corporate governance policies and practices - which it believes is appropriate for the company's business and designed to promote its responsible management and conduct.

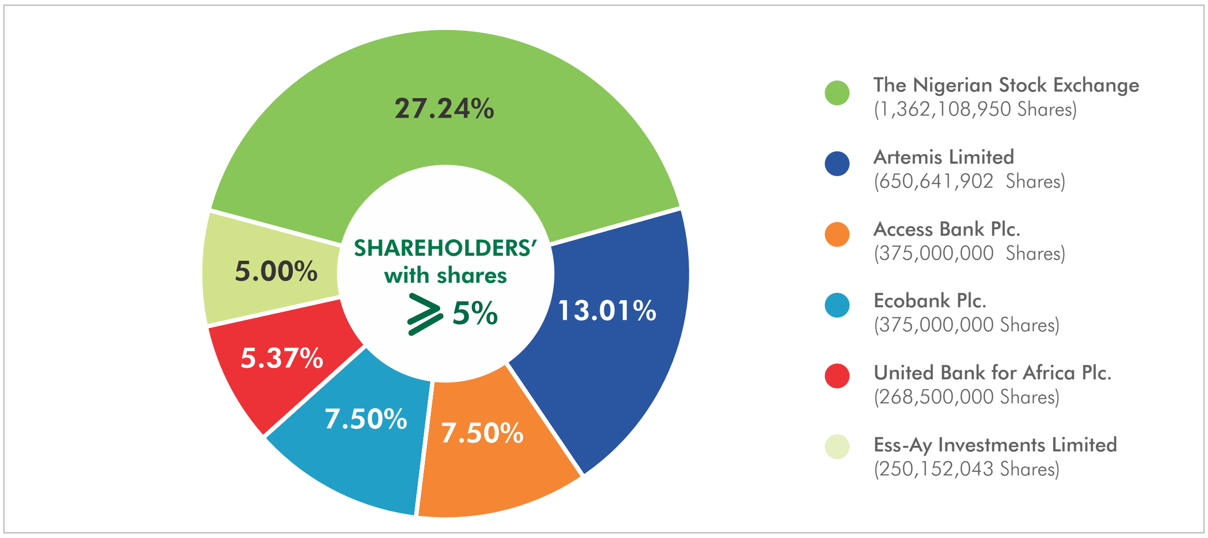
The company constantly reviews its governance practices to guarantee alignment with global best practices and local laws and to ensure transparency in our business delivery. Our deck of governance documents includes the CSCS Board Charter, Board Committee Charters, CSCS Code of Governance for Directors, the Human Resources Manual for CSCS Staff (Handbook) and the company's Articles of Association. These documents provide clear directions on the governance practice for the company.

Corporate Governance Practices

The Board is committed to maintaining a high standard of corporate governance practices within the company which overall contributes to one of our broad objectives of creating value for our shareholders. We believe that sound and effective corporate practices are fundamental to the smooth and transparent operations of a company, and its ability to attract investment and increase shareholder value.

Significant Shareholders

Based on the register of members, no shareholder, other than the under-mentioned, held more than 5% of the issued share capital of the company as at 31 December 2017.



Cross-Shareholding

CSCS does not hold shares or rights in any entity that is a shareholder of CSCS; hence we have no incident of cross shareholding.

Compliance with Statutory Reports

The Board ensured that all regulatory reports for 2017 - Annual Returns, Annual Reports, Half Year Returns and Quarterly Returns - were filed with the company's regulators and other required agencies within the stipulated time frame.

Board Performance and Evaluation

The Board's performance on corporate governance is continually appraised by conducting an independent annual evaluation. JK Randle Professional Services performed the board appraisal exercise covering 2016 financial year to December 2017. The Board believes that the use of an independent consultant promotes objective and dynamic evaluation of the Board's performance. Overall, the consultants' report shows that the Board composition and the constitution of its committees met the requirements of the SEC Code for Corporate Governance. The expertise and experience of the Board members were noted to be adequate for the effective management of the Company.

Director Nomination Process

The Board Corporate Governance and Remuneration Committee (CG&RC) has the responsibility of initiating the process for Board appointments, and for identifying and nominating suitable candidates for board approval following a merit-based process. The committee also take into cognizance factors such as gender, skills diversity and relevant experience, in its review of nominations to the Board.

Induction of new Directors and Board training for continuous professional development

Orientation is provided to a newly appointed director immediately upon his/her appointment. He/ She will receive a director's board pack from the company secretary which contains orientation materials on the operations and businesses of the company, information relating to the duties and responsibilities of directors and minutes of previous meetings (which serve to apprise the director of company matters that have been considered at the said meetings) as well as the board calendar for the year which specifies activities for the period.

To promote continuous professional development, the company organizes annual board development programmes for its directors and senior executives to enhance their skills and update their knowledge on relevant issues affecting the business environment. Board development programmes in 2017 centred on corporate governance and strategic management, consequence of disruptive technology and trends in capital market infrastructure Industry.

Non-executive Directors

The non – executive directors consist of professionals from diverse business backgrounds. They are appointed under a fixed term of six years, split into two terms of three years each. Upon completion of the final term, a director shall retire in accordance with provisions of CSCS Memorandum and Articles of Association. In the year under review, these individuals made significant contributions to their assigned committees' deliberations and, ultimately, to the success of the company.

Remuneration of Directors

Each director is entitled to a fee which is determined by the board upon authorization granted by shareholders at the company's annual general meeting. The company's Human Resources Department assists the Corporate Governance and Remuneration Committee by providing relevant remuneration data and market conditions for the committee's consideration. The same reference and relevant benchmarks are also applied to the remuneration of the executive directors and senior management.

Appointment, Retirement and Re-election of Directors

Appointments to the Board

In the year, Board committees were restructured, and new directors appointed to improve governance and grow the business. Below are details of these appointments:

i. Mr. Haruna Jalo- Waziri was appointed CEO/ MD of CSCS on 1st of November 2017 following a thorough CEO recruitment process. Mr. Jalo-Waziri replaced Mr. Bola Adeeko who had served as Interim CEO during the intervening period before a new CEO was appointed.

ii. Mr. Roosevelt Ogbonna was appointed a non-executive director of CSCS on 12 July 2017. He replaced Mr Obinna Nwosu who resigned his appointment as a director of CSCS on 30th April 2017.

Retirement and Re-election of the Directors

Pursuant to the provisions of the Articles of Association, Messrs. Emeka Madubuike and Ariyo Olushekun have both served a term of three years and are eligible for re-election. They have signified their interest to stand for re-election. These individuals have demonstrated their commitment as non-executive directors and have added immense value to the company.

THE ACTIVITIES CONDUCTED IN 2017 BY THE VARIOUS ORGANS OF THE COMPANY

THE BOARD

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the company and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the company. In the course of discharging its duties, the Board ensures it exercises good faith, due diligence and care, as well as sees to it that the best interest of the company and its shareholders is served.

Directors of the company possess the right balance of skills and competence to supervise management in the running of the company's operations. This creates the needed synergy as both Board and management assiduously work to achieve the company's set objectives.

The board comprises of 11 directors – one executive director and 10 non – executive directors, two of whom are independent. There is a code of conduct for the directors which sets the standard of business management for the Board. The chairman of the Board is the code administrator for the Board.

Day-to-day operation of the businesses of the company is delegated to the management who are led by the executive committee. They are closely monitored by the Board and are accountable for the performance of the company as measured against the corporate goals and business targets set by the Board.

Conduct at Board Meetings

The Board meets at quarterly intervals and holds additional meetings as and when appropriate. The Company Secretary prepares the minutes of meetings to cover discussions had and decisions reached at each meeting. The draft minutes of each meeting is sent to the Board Chairman for review before same minutes is reviewed by the Board at a following meeting where the reading and review of the said minutes is taken. The Board Chairman and Company Secretary sign the minutes after directors' review, as endorsement of it as final copy of the minutes of meeting.

At each Board meeting in the year, the Chief Executive Officer (CEO) presented his report to the Board. The CEO's report covers various aspects of the business including the operational statistics, financial performance, human resource matters, update on the Management's risk assessment of the company and other matters requiring Board's attention.

Throughout 2017, directors of the company also participated in the consideration and approval of matters of the company. Board papers, required for effective decision-making, were uploaded on the Board's electronic portal for review. The use of a board portal aligns with the company's interest in leveraging technology to enable business activities, thereby cutting costs and promoting environmental sustainability.

Pursuant to the Board charter and sound corporate governance practices, a director, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the company declares the nature of his or her interest at a Board meeting in response to the fundamental question of conflict of interest. Furthermore, a director shall not vote (nor be counted in the quorum) on any resolution of the directors in respect of any contract or arrangement or proposal in which he or she or any of his or her associate(s) is, to his or her knowledge, materially interested. Matters to be decided at Board meetings are decided by a majority of votes from directors.

In line with best practice, the chairman and chief executive officer roles are assumed by different individuals. This ensures the balance of power and authority. The Board can reach impartial decisions as its non-executive directors are a blend of independent and non-independent directors with no shadows/alternate directors, thus ensuring independent thought is brought to bear on decisions. The effectiveness of the Board derives from the diverse range of skills and competencies of the executive director and non-executive directors who have exceptional skills and experience in capital market operations, banking, insurance, taxation and finance. The Board met seven times - six Board meetings and one Annual General Meeting - in 2017 and had a productive Board retreat at the end of the year. The annual calendar of board and committee meetings is approved in advance during the 1st quarter of the year. The annual calendar of Board activities includes a retreat at an offsite location to consider strategic matters and as well as review the opportunities and challenges facing the institution.

Functions, key achievements and attendance of the Board of Directors at board meetings

Members	Mr. Oscar N. Onyema (Chairman of the Board), [1]Mr. Adebola Adeeko (Interim CEO), [2]Mr. Haruna Jalo-Waziri (CEO/MD), Mr. Obinna Nwosu, Mrs. Ifueko M. Omoigui Okauru, Mr. Sola Adeeyo, Mr. Omokayode Lawal, Mr. Bayo Olugbemi, Mr. Emeka Madubuike, Mr. Ariyo Olushekun, Mr. Uche Ike, Mr. Eric Idiahi, Mr. Roosevelt Ogbonna
Major responsibilities	• Defining CSCS's business strategy and objectives • Approval of policies that strengthen CSCS's operations and ensure its development • Approval of quarterly, half yearly and full year financial statements • Approval of major acquisitions, divestments of operating companies • Reviewing and monitoring the performance of the CEO/ MD and the executive team • Ensuring the maintenance of ethical standards and compliance with relevant laws. • Performance appraisal and compensation of Board members and senior executives. • Ensuring effective communication with shareholders • Appointment and removal of directors and the company secretary
Key Achievements of 2017	• Appointment of the new CEO/MD, Mr Haruna Jalo-Waziri • Review of Staff Compensation • Approval of CSCS's Procurement Policy, CSCS Information Technology policy. • Appointment of the Head, Internal Audit • Review and approval of CSCS's Dividend Policy • Review and approval of 239 Standard operating Procedure (SOP) of CSCS • Deployment of a new clearing, settlement and depository application, TCS BaNCS and a new accounting software - ERP Solution (SAP B1) • Support to ensure proper operationalization of new products initiatives such as Insurance Repository and Pension Contribution Management System (PCMS)

[1] Mr. Adebola Adeeko was appointed as the interim MD/CEO of CSCS on 8/12/16 with effective date of resumption as 1/01/17. His tenure ended on 1/11/ 17.
[2] Mr. Haruna Jalo-Waziri resigned as a non- executive director of CSCS on 3/10/17, and was appointed as the MD/CEO of CSCS on 1/11/17 after emerging as the preferred candidate following rigorous CEO recruitment.

ATTENDANCE AT BOARD MEETINGS

NAMES	4 Mar 2017	9 May 2017	14 Jun 2017*	12 Jul 2017	5 Oct 2017	15 Nov 2017	13 Dec 2017
	BOARD MEETINGS HELD						
Oscar N. Onyema	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
Adebola Adeeko	In attendance	In attendance	In attendance	In attendance	In attendance	Retired/Resigned	Retired/Resigned
[3]Mr. Obinna Nwosu	In attendance	Tenure Elapsed	Tenure Elapsed	Tenure Elapsed	Tenure Elapsed	Tenure Elapsed	Tenure Elapsed
Haruna Jalo-Waziri	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
Ifueko Omoigui Okauru	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
'Sola Adeeyo	Absent	In attendance	Absent	In attendance	Absent	In attendance	In attendance
Omokayode Lawal	Absent	In attendance	In attendance	In attendance	In attendance	Absent	In attendance
'Bayo Olugbemi	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
Emeka Madubuike	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
Ariyo Olushekun	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
Uche Ike	In attendance	Absent	In attendance	Absent	In attendance	In attendance	In attendance
Eric Idiahi	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance	In attendance
Roosevelt Ogbonna	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Absent	In attendance	In attendance

In attendance   Not yet appointed   Retired/Resigned   Absent   Tenure Elapsed

BOARD GOVERNANCE STRUCTURE

Board Committees

The Board delegates its powers and authorities, from time to time, to committees to ensure operational efficiency and that specific issues are handled with relevant expertise. Four Board committees and the audit committee, which is a creation of statute and a requirement for public companies, have been established. The Board committees are

- Corporate Governance and Remuneration Committee (CG&RC),
- Technical Committee (TC),
- Risk Committee (RC), and
- Finance and Stakeholders Relationship Committee (F&SRC).

Each committee presents regular reports on its activities to the Board at every meeting. The committees' specific duties and authorities are set out in their respective committee charters. The charters outline the standards and functions of these committees according to the provisions of the Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies and Companies Allied Matters Act 1990.

.

Process for Committee Meetings

Notice and draft agenda for committee meetings are prepared by the company secretary and agreed with respective board committee chairmen before they are circulated to other members ahead of each meeting. The agenda and Board papers are uploaded on the Board portal for members to access before the meeting holds.

[3] Obinna Nwosu resigned as a representative of Access Bank Plc on CSCS's board on 30/4/2017.
* Annual General Meeting 2017

At every meeting, members are given an opportunity to include, in the agenda, other matters necessary to consider, and which falls within the committee's scope of responsibilities. For each meeting to take place, a quorum of members is required to be met. At each meeting during the year under review, this requirement was met every time a committee meeting held.

Corporate Governance and Remuneration Committee (CG &RC)

The purpose of this committee is to assist the Board in fulfilling its oversight responsibility relating to the general affairs of the Board.

Mr. Sola Adeeyo is the chairman of this committee.

Members:

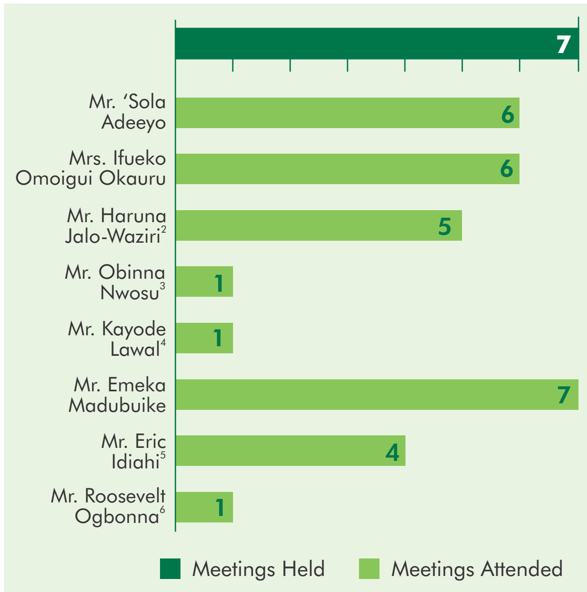
- Mr. Sola Adeeyo (Chairman)
- Mrs. Ifueko M. Omoigui Okauru
- Mr. Haruna Jalo-Waziri[1]
- Mr. Obinna Nwosu
- Mr. Kayode Lawal
- Mr. Emeka Madubuike
- Mr. Eric Idiahi
- Mr. Roosevelt Ogbonna

Major Responsibilities:

- Establish the criteria for board and board committees' memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board;
- Prepare a job specification for the Board chairman's position including an assessment of time commitment required by the candidate in performing his or her duty;
- Periodically evaluate the skills, knowledge and experiences required on the Board;
- Make recommendations on experience required by Board committee members, committee appointments and removal, operating structure, reporting and other operational committee matters;
- Ensure the Board conducts a board evaluation annually;
- Review and make recommendations to the Board for approval of the company's organizational structure and any proposed amendments
- To consider matters of remuneration of staff and the Board, if found in Charter.

Key Achievements:

- Appointment of the new CEO /MD, Mr Haruna Jalo-Waziri
- Review of staff compensation
- Review and restructuring of CSCS organogram



Technical Committee

The purpose of this committee is to assist the Board in fulfilling its oversight responsibility relating to the integrity and viability of the company's clearing and settlement software, information technology systems and processes.

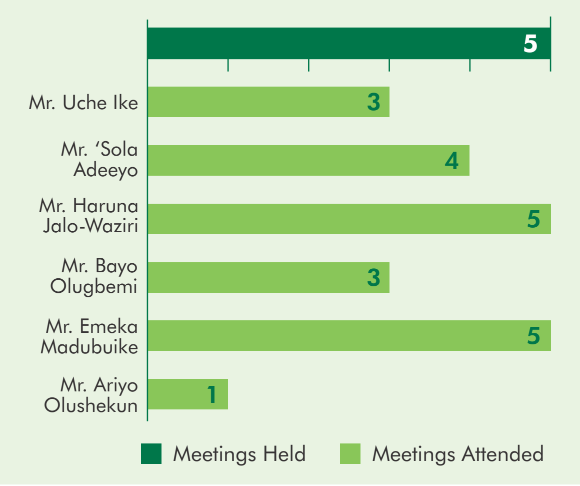
[1] As a non-executive director, Mr. Haruna Jalo-Waziri was a member of this committee albeit since his appointment as CEO; he has ceased to be a member and only attends the meetings on standing invitation.
[2] Mr. Haruna Jalo-Waziri attended five meetings before he ceased to be a member of Corporate Governance and Remuneration Committee on 9/10/17.
[3] Mr. Obinna Nwosu attended one Corporate Governance and Remuneration Committee meeting on 11/4/17 before he resigned as a director of CSCS on 30/4/17.
[4] Mr. Kayode Lawal attended one meeting before he ceased to be a member of Corporate Governance and Remuneration Committee on 9/10/17 following the restructuring of committee assignments for proper alignment with individual skillsets and increased effectiveness.
[5] Mr. Eric Idiahi was appointed a member of the Corporate Governance and Remuneration Committee on 5/7/ 17. This was his first committee assignment after his board appointment. He was also appointed to the Finance and Stakeholder Relationship Committee.
[6] Mr. Roosevelt Ogbonna was appointed a member of Corporate Governance and Remuneration Committee on 9/10/17 hence his attendance at only one committee meeting.

Mr. Uche Ike is the chairman of this committee.

Members:
- Mr. Uche Ike (Chairman)
- Mr. Sola Adeeyo
- Mr. Haruna Jalo-Waziri[7]
- Mr. Bayo Olugbemi
- Mr. Emeka Madubuike
- Mr. Ariyo Olushekun[8]

Major Responsibilities:
- Provide strategic direction for the company's information technology and network-related infrastructure and services;
- Provide guidance on significant emerging technology issues that may affect the company, its business and strategic direction;
- Provide guidance on the company's technology innovations and acquisitions as well as the resulting decision-making process for these developments;
- Provide guidance on the company's technology competitiveness, including the effectiveness of its technological efforts and investments in developing new products and businesses;

Key achievements:
- Deployment of a new CSD application, TCS BaNCS
- Deployment of a new accounting application, ERP Solution (SAP B1)



The Risk Committee

This committee is tasked with the responsibility of setting and reviewing the company's risk policies to ensure its risk framework and controls are intact. The coverage of supervision includes the following:

(a) reputational risk,
(b) operational risk,
(c) technological risk,
(d) market and rate risks,
(e) liquidity risk and other pervasive risks as the company may be posed to, resulting from events in the industry at any point in time.

The committee also ensures compliance with established policies through periodic review of management's reports and the appointment of qualified officers to manage the risk function. It evaluates the company's risk policies on a periodic basis to accommodate major changes in internal or external environment. During the period under review, the committee considered and recommended some policies to the Board for approval. It also received reports on potential risk areas across the business as well as external environmental factors that could possibly impact the business.

Mrs. Ifueko M. Omoigui Okauru is chairman of this committee.

Members:
- Mrs. Ifueko M. Omoigui Okauru (Chairman)
- Mr. Haruna Jalo-Waziri
- Mr. Obinna Nwosu
- Mr. Kayode Lawal
- Mr Ariyo Olushekun
- Mr Bayo Olugbemi
- Mr. Roosevelt Ogbonna

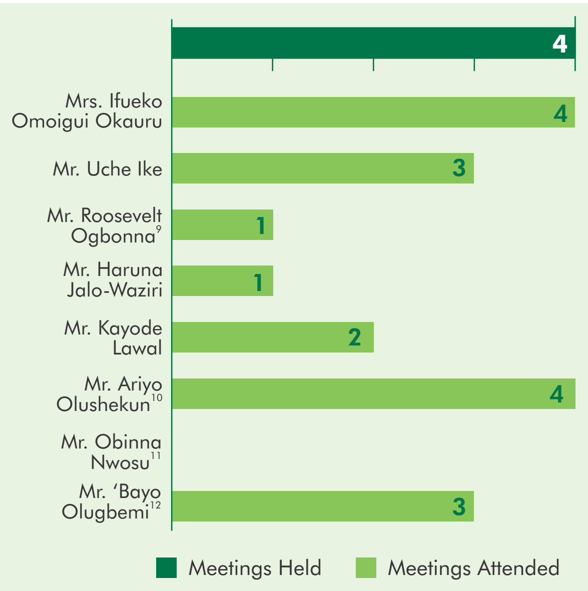
Major responsibilities:
- Review and approval of the company's risk management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of the company's risk management and controls;

[7] Mr. Haruna Jalo-Waziri was the member of the Technical Committee and indeed the committee Chairman before his appointment as CEO. As CEO, the Technical Committee stands as one of the committees Mr. Jalo-Waziri is a member of; hence he has continued as such.
[8] Mr. Ariyo Olushekun was appointed a member of Technical Committee on 9/10/17

- Review of the company's compliance level with applicable laws and regulatory requirements which may impact on the company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company;
- Review policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process as well as the company's major financial risk exposures;
- Oversee management's process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- Discuss policies and strategies with respect to risk assessment and management

Key achievements:

- Appointment of the internal auditor
- Review of internal audit plans and internal audit charter
- Review and approval of CSCS's dividend policy
- Review and approval of CSCS's information technology
- Revision of key policies including the company's information security and procurement policies.



The Finance and Stakeholders Relationship Committee

This committee's responsibilities include interfacing with the company's stakeholders and the wider capital market group to ensure that CSCS continues to take and incorporate their feedback in its business & service offerings.

Mr. Kayode Lawal is the chairman of the committee.

Members:

- Mr. Kayode Lawal (Chairman)
- Mr. Bayo Olugbemi
- Mr. Ariyo Olushekun
- Mr. Haruna Jalo-Waziri
- Mr. Eric Idiahi
- Mr. Obinna Nwosu

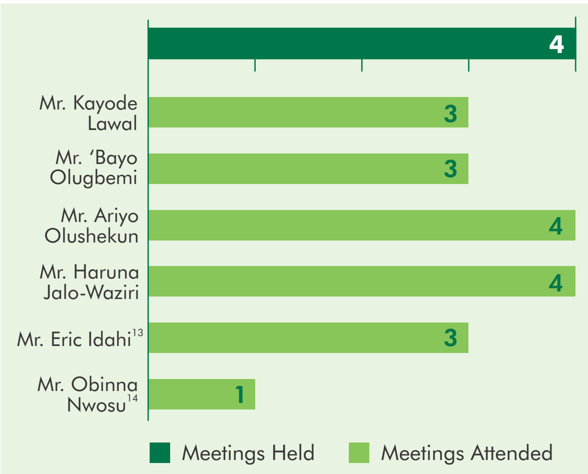
Major responsibilities:

- Assist the board in its assessment of potential partnership and alliances with organizations of mutual interest;
- Provide continuous guidance to the service levels for investors and participants, and to act as board supervisory committee as regards relationships between CSCS and its stakeholders;
- Review and validate new product releases being offered by CSCS to the Nigerian capital market and other cross border markets;
- Support and influence capital market regulations and legislations that would affect the wellbeing of CSCS;
- Consideration of annual budgets and accounts of the company;
- Review and approve long-term investments made on behalf of the company;
- Review business development proposals prepared by management;
- Review, with the chief financial officer, annually the significant financial reporting issues and practices of the company, and ensure that appropriate accounting principles are applied including financial controls relating to the "closing-of-the-books" process;

[9] Mr. Roosevelt Ogbonna was appointed a member of the risk committee on 9/10/17
[10] Mr. Ariyo Olushekun ceased to a member of the risk committee by virtue of restructuring carried on by the board chairman on 9/10/17
[11] Mr. Obinna Nwosu was absent at the committee's meeting held on 18 January 2017. He resigned from the Board before the committee's next meeting.
[12] Mr. Bayo Olugbemi ceased to a member of the risk committee on 9/10/17 following the restructuring of committee assignments for proper alignment with individual skill sets and increased effectiveness

Key achievements:

- Review and approval of the CSCS Dividend policy
- Instrumental to resolving the dispute between CSCS PLC and Wema Bank Plc and recovered the sum of N81,832,053.09 (Eighty-One Million, Eight Hundred and Thirty Thousand, Fifty –Three Naira, Nine Kobo). The suits LD/740CMW/2015 – CSCS PLC V. Wema Bank Plc. & 2 ORS and IST/LA/OA/03/2015— Wema Bank Plc V. CSCS were discontinued as result of the committee's intervention.



Statutory Audit Committee

The statutory audit committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP 20, 2004. The committee supports the Board in meeting its oversight responsibility relating to the integrity of the company's financial statements and the financial reporting process. The committee is also responsible for the selection, appointment, and approval of the terms of engagement and fees of external auditors. The committee is made up of non-executive directors and ordinary shareholders of the company. The non-executive directors who serve on the committee are determined by the Board. Shareholders elect their representatives at the Annual General Meeting (AGM). Any member may nominate a shareholder as a member of the committee by giving notice in writing of such nomination to the company secretary at least 21 days before the AGM.

Mr. Yomi Adeyemi is the chairman of the committee.

Members:

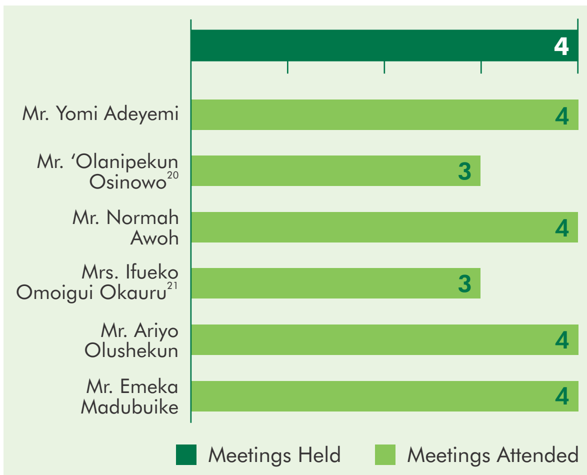
- Mr. Yomi Adeyemi (Chairman)
- Mr Olanipekun Osinowo[15]
- Mr. Nornah Awoh
- Mrs. Ifueko M. Omoigui Okauru[16]
- Mr. Ariyo Olushekun
- Mr. Emeka Madubuike

Major responsibilities:

- Review and discuss with management, the internal auditors, and the independent auditor the company's annual and half year financial statements prior to the first public release of the company's financial results for such year or period, and the company's annual report in advance of such filing;
- Assist in the oversight of the integrity of the company's financial statements, compliance with legal and other regulatory requirements.

Key achievements

- Review and recommendation of audited full year and interim financial statements.



Ad Hoc Committees

In the year under review, the Board thought it fit to constitute a legal committee to act on an ad-hoc basis. The committee's mandate was to review key legal cases/matters and circumstances surrounding them

[13] Mr Eric idiahi was appointed a member of the Finance and Stakeholders Relationship Committee on 10/7/ 17
[14] Mr. Obinna Nwosu attended one Finance and Stakeholders Relationship Committee meeting on 20/2/17 before he resigned as a director of CSCS on 30/4/17.
[15] Mr. Olanipekun Osinowo was a member of the committee until his resignation on 20/9/2017 having ceased to be an employee of Ecobank Plc, a shareholder, on whose behest he was nominated for shareholders' appointment to the Committee.
[16] Mrs. Ifueko M. Omoigui Okauru resigned as a member of the committee on 5 October 2017.
[17] Ibid. footnote 18

and recommend a course of action to the Board. The committee was inaugurated to assist the board by evaluating the risks in respect of material suits instituted against and by CSCS, and ways in which they could be mitigated. The legal committee met three times in 2017 before it was disbanded, and its responsibilities incorporated as part of the risk committee functions.

Members:

- Mrs. Ifueko Omoigui Okauru (Chairman)
- Mr. Sola Adeeyo
- Mr. Ariyo Olushekun
- Mr. Bayo Olugbemi
- Mr. Emeka Madubuike
- Mr. Eric Idiahi
-

Major responsibilities:

- A critical analysis of the suit instituted against CSCS in LD/2797CMW/2017- Arnold Onyekwere Ekpe and Central Securities Clearing System & Nigerian Stock Exchange;
- Review and make recommendations to the Board in respect to other matters pertaining to operational deficiencies and inadequate controls around process applications.

Key achievements

- Worked with management to select legal representation for CSCS as well as review and made inputs to legal strategy for the suit.

Executive Committee

The committee consists of CEO and the divisional heads.

Major responsibilities:

- Review, consider and, if appropriate, approve any decisions falling within delegated authority contained in the Board Charter;
- Set key performance indicators (KPIs) and monitoring overall business performance against these KPIs;
- Articulate and execute the strategic goals and objectives of the company as approved by the Board;
- Lead communication of the company's vision, strategy and culture throughout the business and undertaking other leadership activities.

Key achievements:

- Ensured that the goals set by the company and Board of Directors were achieved and there was optimized operations

Management Committee

The committee consists of heads of the various departments of the Central Securities Clearing System Plc (CSCS).

Major responsibilities:

- Monitoring the progress of CSCS's business towards the actualization of set targets by the ExCo;
- Formulating plans to ensure that every CSCS employee understands the company's vision and thereby strive towards the actualization of this vision in the performance of their day-to-day assignments;
- Improving strategies using available resources by various departments and units for the optimization of CSCS's business operations;
- Developing and outlining departmental rules and regulations to encourage members of each department and unit to strive towards optimal output that will ensure attainment and fulfilment of CSCS's vision;
- Creating detailed action plan aimed at divisional, departmental and team goals which will ultimately lead to CSCS's growth and visibility;
- Ensuring that the budgetary amount approved by the board is properly utilized for the growth, development and projection of the business of CSCS.

Key achievements:

- Ensured that the goals set by the company and executive management were achieved.

Company Secretary

The company secretary is a qualified lawyer as prescribed by the SEC Code. He also serves as the head of legal services. The company secretary reports directly to the Chief Executive Officer and has a dotted reporting line to the Chairman and the Board. Responsibilities of the office includes providing advice on corporate governance, company secretariat matters, regulatory and compliance, contractual and litigation matters.

[18] Ibid. footnote 19
[19] The committee had its inaugural meeting on 31/5/2017. It subsequently had two other meetings on 3/07/2017 and 4/07/2017 respectively.
[20] The suit concerned a stock brokerage firm's infraction leading to the misappropriation of a client's proceeds from sale of shares. The client alleged breach of controls at CSCS and the Nigerian Stock Exchange provided the avenue for the stock brokerage firm to commit the infraction, hence both entities are culpable.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Oscar N. Onyema OON
Chairman
FRC/2013/IODN/00000001802
28 February 2018

Mr. Haruna Jalo-Waziri
Managing Director/CEO
FRC/2017/IODN/00000017488
28 February 2018

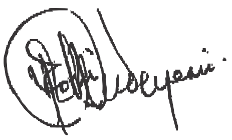
AUDIT COMMITTEE REPORT

TO THE MEMBERS OF CENTRAL SECURITIES CLEARING SYSTEM PLC

In line with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we the Audit Committee hereby state as follows:

1. That we have reviewed the audit plan and scope, and the Management letter on the audit of accounts of the Company.
2. That the audit plan and scope for the year ended 31 December 2017 are adequate in our opinion.
3. That the accounting and reporting policies of the Company conform to legal requirements and ethical practices.
4. That the Internal Control and Internal Audit functions were operating effectively.

Dated 21 February 2018



Mr. Yomi Adeyemi FCA
Chairman, Audit Committee
FRC/2014/CISN/00000005607

COMMITTEE MEMBERS

Mr. Yomi Adeyemi	Shareholders' representative
Mr. Olanipekun Osinowo[1]	Shareholders' representative
Mr. Nornah Awoh	Shareholders' representative
Mrs. Ifueko M. Omoigui Okauru[2]	Director
Mr. Ariyo Olushekun	Director
Mr. Emeka Madubuike	Director

The Company Secretary acted as a Secretary to the Committee at all its meetings.

[1] Mr. Olanipekun Osinowo was a member of the Committee until his resignation on 20 September 2017 having ceased to be an employee of Ecobank Plc, a shareholder, on whose behest, he was nominated for shareholders' appointment to the Committee.
[2] Mrs. Ifueko M. Omoigui Okauru resigned as a member of the Committeeon 5 October 2017.

J.K. RANDLE
INTERNATIONAL
Chartered Accountants
& Management Consultants

"X KPMG HOUSE"
One King Ologunkutere Street,
Park View, Ikoyi, Lagos.
P.O. Box 75429, Victoria Island, Lagos.
Tel: 234-7098820710 Telefax: 234-7098733613
E-mail: jkrandleandco.co.uk, jkrandleintuk@gmail.com
Website: www.jkrandleandco.co.uk

REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF CENTRAL SECURITIES CLEARING SYSTEM PLC FOR THE YEAR ENDED 31ST DECEMBER, 2017

The Board of Directors of Central Securities Clearing System Plc. (CSCS) renewed its mandate to J. K. Randle International to conduct the evaluation of its Board of Directors for the year ended 31st December, 2017 in accordance with the provisions of the Securities & Exchange Commission's Code of Corporate Governance (SEC Code).

The Board of CSCS was comprised of eleven Directors as at 31st December 2017. During the year, one Non-Executive Director resigned from the Board and a replacement was appointed. The tenure of the Interim Chief Executive Officer expired during the year. Consequently, a rigorous selection process was conducted. It led in the appointment of Mr. Haruna Jalo Waziri, who until his appointment was a non-executive director. As at 31st December 2017, the eleven Directors on the Board consisted of ten Non-Executive Directors and one Executive Director, who is also the Managing Director/Chief Executive Officer. Members of the Board remained conscious of their responsibilities in respect of the operations of the Board and the Company. They possess the requisite background to supervise the operations of the Company as well as the performance of Management. The composition of the Board conformed with the provisions of the SEC Code in respect of number of executive directors as a ratio to non-executive directors. The number of board committees conformed with the minimum required by the SEC Code.

The skills mix, experience base, and diversity were adequate for the effective performance of the Board's functions. We noted in particular, that the Board continued to review the performance of Management in line with the Company's strategy during the year. The Board, in consultation with Management, reviewed the Company's Strategy in line with emerging realities in order to ensure that the Company remained on course for the achievement of its long term strategic objectives. It approved a three-year strategic plan covering the period between 2018 and 2020.

We observed that the operations of the Board met the requirements of Best Practice and the SEC Code. Frequency of Board meetings surpassed the minimum requirement of the SEC Code. The Board held seven meetings, and the level of attendance was satisfactory. The conduct of the meetings followed conventional procedures in a conducive atmosphere where all members expressed their views freely. The agenda of the Board consisted of relevant strategic issues. The activities of the Board were well documented in its minutes book.

The Board performed all the functions that fell within the purview of its oversight responsibilities which arose during the period under review among which was sustaining the governance structures of the Company. In particular, the Board through the relevant Board Committee, considered the need to amend the Company's Memorandum & Articles of Association in order to incorporate specific clauses that would strengthen effectiveness and continuity on the Board. The Board also strengthened the governance structures by re-constituting the Committees of the Board in order to enhance effectiveness. It also commenced the process of formalizing the relationship between the Company and the NSE so as to establish much needed arm's length dealings between both organizations. The Board also performed other statutory responsibilities including rendering the accounts of the operations and activities of the Company to the shareholders. It approved a new dividend policy in line with the demands of shareholders. Its major decisions during the year ended 31st December, 2017 did not violate any principle of good corporate governance or the SEC Code in any material manner. To a large extent, the Board has implemented the recommendations of the last appraisal report. The performance of the Board is adjudged to be satisfactory.

At the conclusion of the exercise, we recommended that the Board of Directors of Central Securities Clearing System Plc. should address the issues highlighted in respect of Settlement Guarantee Fund, the Board Dynamics, Consideration for Outsourcing Self Regulatory Organization (SRO) functions, and strategy for the Insurance Repository Business. We also recommended that the Board should address the issues highlighted in respect of Foreign Exchange Risk Management, and Commitment by Board Members and Board Committees.

Bashorun J. K. Randle, FCA, OFR
Chairman/Chief Executive
FRC/2013/ICAN/00000002703

Dated 20th March, 2018

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Central Securities Clearing System Plc**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Central Securities Clearing Systems Plc ("the Company") and its subsidiary (together, "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 125.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December, 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis of Opinion

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

Key Audit Matters

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

The Key Audit Matter described below applies to the consolidated and separate financial statements.

Measurement of investment securities
Investment securities account for 85% of the Company's total assets and interest income derived from these securities account for 48% of total operating income in the current year. Due to the significance of the account balance, any potential misstatement to the existence, accuracy and valuation of the investment securities account could have a material impact on the Company's financial position and performance. This made the audit of the account balance a significant audit focus area.

Procedures
- Our audit procedures involved testing the design, implementation and operating effectiveness of manual controls that are relevant to computation of amortized cost of the investments using the effective interest rate. We obtained the relevant parameters (such as contractual rate, tenure etc.) required to determine the amortised cost of investment securities and agreed them to confirmation responses from banks and registrars.
- Our audit procedures involved testing the design, implementation and operating effectiveness of manual controls that are relevant to computation of amortized cost of the investments using the effective interest rate. We obtained the relevant parameters (such as contractual rate, tenure etc) required to determine the amortised coast of investment securities and agreed them to confirmation responses from banks and registrars.
- We reviewed management's estimation of the contractual cash flows on the investment securities by using the parameters in the confirmation responses to recalculate the expected cash flows on the respective cash flow dates.
- For investments whose contract terms had changed during the year, we evaluated the impact of the changes on the cash flows and effective interest rate in line with the relevant accounting standard.
- We performed a recalculation of the amortised cost of the investment securities using effective interest rate.
- We also recomputed the fair value of the investment securities as at year end using the market prices published for the asset.
- We evaluated whether the reclassification of the investments was appropriate in light of the disposal that occurred during the year.

The Company's accounting policy on measurement of investment securities and related disclosures on market risk are shown in notes 4 (l) and 6 (c) respectively.

Information Other than the Financial Statements and Audit Report thereon
The Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Directors' responsibilities, Corporate Information, and Other National Disclosures (but does not include the consolidated and separate financial statements and our audit's report thereon), which we obtained prior to the date of this auditors' report, and the Corporate Governance Report, Strategy Report, Governance Structure, Enterprise Risk Management Report, Audit Committee Report, Chairman's Address, Chief Executive Officer's Review, Notice of the Annual General Meeting, Board Appraisal Report (together "Outstanding reports") which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.
When we read the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

When we read the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group (and Company)'s internal control.
- Evaluated the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independences, and to communicated with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
29 March 2018
Lagos Nigeria

Manage Your PENSION With Ease

CSCS Pension Contribution Management System (CSCS-PCMS) is designed to provide pension services to the formal and informal sector in line with The Pension Reform Act (PRA) 2014. It is a web-based system that enables users manage their pension remittances efficiently.

Benefits:

- Prompt remittances of pension contributions; availability of schedules once payment is successful
- Seamless transfer of RSA account from resident PFA to preferred PFA
- Easy reconciliation and investigation with the use of reports generated from the system
- Improve oversight functions by PenCom
- Promote a sustainable Pension Industry
- Inter PFA transfer of RSAs by contributors

For more information please contact :
Central Securities Clearing System Plc 1st Floor ,Stock Exchange House, 2/4 Customs Street, Lagos, Nigeria
info@cscsnigeriaplc.com, www.cscsnigeriaplc.com +234 1 903 3551, +234 1 460 1900

CI PLUS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

In thousands of Naira	Notes	Group 2017	Company 2017	Group 2016	Company 2016
Revenue	9	4,313,721	4,313,721	2,622,543	2,622,543
Interest Income	10	4,162,744	4,162,744	3,210,756	3,210,756
Other Income	11	215,093	215,093	340,704	340,704
Total operating income		**8,691,558**	**8,691,558**	**6,174,003**	**6,174,003**
Personnel Expenses	12.1(i)	(1,496,084)	(1,493,879)	(1,050,977)	(1,048,613)
Other Operating Expenses	12.2	(1,316,588)	(1,316,539)	(1,303,974)	(1,286,469)
Depreciation and Amortisation	12.3	(192,184)	(192,184)	(150,900)	(150,900)
Impairment reversal/(loss) on financial assets	20	(5,138)	(5,138)	99,394	99,394
Total operating expenses		**(3,009,994)**	**(3,007,740)**	**(2,406,457)**	**(2,386,588)**
Share of loss of equity accounted investees (net of tax)	23	(17,387)	-	(43,351)	-
Profit before income tax		5,664,177	5,683,818	3,724,196	3,787,415
Income tax	13(a)	(683,576)	(683,576)	(191,240)	(191,240)
Profit for the year		**4,980,601**	**5,000,242**	**3,532,956**	**3,596,175**
Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Fair Value Loss - Financial Instruments	17.5	(153,529)	(153,529)	-	-
Remeasurement of defined benefit asset	29.2(i)	(12,252)	(12,252)	46,930	46,930
Tax	29.2(i)	3,676	3,676	(14,079)	(14,079)
Other comprehensive income for the year, net of tax		**(162,105)**	**(162,105)**	**32,851**	**32,851**
Total comprehensive income for the year		**4,818,496**	**4,838,137**	**3,565,807**	**3,629,026**
Total comprehensive income attributable to:					
Owners of the Company		4,818,496	4,838,137	3,565,807	3,629,026
Non-controlling interest		-	-	-	-
		4,818,496	**4,838,137**	**3,565,807**	**3,629,026**
Basic/diluted earnings per share (kobo)	14	**100k**	**100k**	**71k**	**72k**

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

In thousands of Naira	Notes	Group 2017	Company 2017	Group 2016	Company 2016
Non-current assets					
Property and Equipment	15	366,751	366,751	575,814	575,814
Intangible Assets	16	1,411,086	1,411,086	613,228	613,228
Intercompany receivables	22	-	34,511	-	32,247
Equity-accounted investee	23	1,762	62,500	19,149	62,500
Investment in subsidiary	24	-	10,000	-	10,000
Investment Securities	17(a)	21,709,176	21,709,176	19,138,043	19,138,043
Deferred Tax Asset	13(b)	38,298	38,298	20,020	20,020
Defined Benefit Plan Asset (Net)	29.2(ii)	-	-	248,101	248,101
Total Non-Current Assets		**23,527,073**	**23,632,322**	**20,614,355**	**20,699,953**
Current assets					
Investment Securities	17(b)	5,418,936	5,418,936	5,135,327	5,135,327
Trade Receivables	18(a)	15,550	15,550	15,522	15,522
Other Assets	19(a)	952,905	940,571	517,047	504,713
Cash and Cash Equivalents	21	2,004,979	2,004,924	783,088	783,043
Total Current Assets		**8,392,370**	**8,379,981**	**6,450,984**	**6,438,605**
Total Assets		**31,919,443**	**32,012,303**	**27,065,339**	**27,138,558**
Equity					
Share Capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained Earnings		25,006,022	25,088,882	20,924,284	20,987,503
Other Components of Equity		(153,529)	(153,529)	159,713	159,713
Equity attributable to owners of the Company		**29,852,493**	**29,935,353**	**26,083,997**	**26,147,216**
Non-controlling interest		-	-	-	-
Total Equity		**29,852,493**	**29,935,353**	**26,083,997**	**26,147,216**
Total Non-Current Liabilities		**-**	**-**	**-**	**-**
Current Liabilities					
Intercompany payables	26	-	10,000	-	10,000
Payables and Accruals	27	804,293	804,293	413,154	413,154
Current Tax Liabilities	13(c)	582,765	582,765	286,177	286,177
Other Liabilities	28(a)	679,892	679,892	282,011	282,011
Total Current Liabilities		**2,066,950**	**2,076,950**	**981,342**	**991,342**
Total Liabilities		**2,066,950**	**2,076,950**	**981,342**	**991,342**
Total Equity and Liabilities		**31,919,443**	**32,012,303**	**27,065,339**	**27,138,558**

The audited financial statements was approved by the Board of Directors on 28 February 2018 and signed on its behalf:

Mr. Oscar N. Onyema OON
Chairman
FRC/2013/IODN/00000001802

Mr. Vincent Ukoh
Chief Financial Officer
FRC/2013/ICAN/00000001744

Mr. Haruna Jalo-Waziri
Managing Director/CEO
FRC/2017/IODN/00000017488

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

THE GROUP

In thousands of Naira	Notes	Share Capital	Retained Earnings	Face value Reserve	Other Components of Equity	Total
Balance at 1 January 2017		5,000,000	20,924,284	-	159,713	26,083,997
Profit for the period		-	4,980,601		-	4,980,601
Other comprehensive income:						
Fair Value Loss - AFS Financial Instruments	17.5			(153,529)		(153,529)
Remeasurement of defined benefit asset	29.2(i)	-	(12,252)		-	(12,252)
Deferred tax impact	13(b)	-	3,676		-	3,676
Transfer to retained earnings			159,713		(159,713)	-
Total other comprehensive income		-	5,131,738	(153,529)	(159,713)	4,818,496
Transactions with equity holders:						
Dividends		-	(1,050,000)		-	(1,050,000)
Balance at 31 December 2017		**5,000,000**	**25,006,022**	**(153,529)**	**-**	**29,852,493**

THE COMPANY

In thousands of Naira	Notes	Share Capital	Retained Earnings	Face value Reserve	Other Components of Equity	Total
Balance at 1 January 2017		5,000,000	20,987,503	-	159,713	26,147,216
Profit for the period		-	5,000,242	-	-	5,000,242
Other comprehensive income:						
Fair Value Loss - AFS Financial Instruments	17.5			(153,529)	-	(153,529)
Remeasurement of defined benefit asset	29.2(i)	-	(12,252)		-	(12,252)
Deferred tax impact	13(b)	-	3,676		-	3,676
Transfer to retained earnings			159,713		(159,713)	-
Total comprehensive income		-	5,131,379	(153,529)	(159,713)	4,838,137
Transactions with equity holders:						
Dividends		-	(1,050,000)		-	(1,050,000)
Balance at 31 December 2017		**5,000,000**	**25,088,882**	**(153,529)**	**-**	**29,935,353**

THE GROUP

In thousands of Naira	Notes	Share Capital	Retained Earnings	Face value Reserve	Other Components of Equity	Total
Balance at 1 January 2016		5,000,000	18,691,328	-	126,862	23,818,190
Profit for the year		-	3,532,956		-	3,532,956
Other comprehensive income:						
Remeasurement of defined benefit asset	29.2(i)	-	-	-	46,930	46,930
Deferred tax impact	13(b)	-	-	-	(14,079)	(14,079)
Total comprehensive income		-	3,532,956		32,851	3,565,807
Transactions with equity holders:						
Dividends		-	(1,300,000)	-	-	(1,300,000)
Balance at 31 December 2016		**5,000,000**	**20,924,284**	**-**	**159,713**	**26,083,997**

THE COMPANY

In thousands of Naira	Notes	Share Capital	Retained Earnings	Face value Reserve	Other Components of Equity	Total
Balance at 1 January 2016		5,000,000	18,691,328	-	126,862	23,818,190
Profit for the year		-	3,596,175	-	-	3,596,175
Other comprehensive income:						
Remeasurement of defined benefit asset	29.2(i)	-	-	-	46,930	46,930
Deferred tax impact	13(b)	-	-	-	(14,079)	(14,079)
Total comprehensive income		-	3,596,175	-	32,851	3,629,026
Transactions with equity holders:						
Dividends		-	(1,300,000)	-	-	(1,300,000)
Balance at 31 December 2016		**5,000,000**	**20,987,503**	**-**	**159,713**	**26,147,216**

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

In thousands of Naira	Notes	Group 2017	Company 2017	Group 2016	Company 2016
Cash flows from operating activities					
Profit for the year		4,980,601	5,000,242	3,532,956	3,596,175
Adjusted for:					
Income tax expense recognised in profit	13(a)	683,576	683,576	191,240	191,240
Amortisation of intangible assets	12.3	87,560	87,560	24,109	24,109
Depreciation of property and equipment	12.3	104,624	104,624	126,791	126,791
Impairment (reversal)/loss on financial assets	20	5,138	5,138	(99,394)	(99,394)
Interest income	10	(4,162,744)	(4,162,744)	(3,210,756)	(3,210,756)
Share of loss of equity accounted investee, net of tax	23	17,387	-	43,351	-
Defined benefit charge	29.2(i)	181,891	181,891	16,775	16,775
Profit on disposal of property and equipment	11	(3,882)	(3,882)	(500)	(500)
		1,894,151	**1,896,405**	**624,572**	**644,440**
Tax paid	13(c)	(401,590)	(401,590)	(596,335)	(596,335)
Contribution to gratuity scheme	29.2(iii)	-	-	(14,660)	(14,660)
Changes in operating assets and liabilities					
Intercompany receivables	35(i)	-	(2,264)	-	(32,247)
Trade receivables	35(ii)	(5,166)	(5,166)	4,782	4,782
Other assets	35(iii)	(435,858)	(435,858)	(204,654)	(192,320)
Payables and accruals	35(iv)	391,139	391,139	(119,028)	(119,028)
Other liabilities	35(v)	397,881	397,881	(105,649)	(105,649)
Net cash flows from/(used in) operating activities		**1,840,557**	**1,840,547**	**(410,972)**	**(411,017)**
Cash flows from investing activities:					
Purchase of property and equipment	15	(139,193)	(139,193)	(376,525)	(376,525)
Purchase of intangible asset	16	(674,201)	(674,201)	(404,239)	(404,239)
Proceeds on disposal of property and equipment	35(vi)	36,297	36,297	500	500
Net proceeds on disposal of investments (treasury bills)	35(vii)	(165,961)	(165,961)	193,567	193,567
Net purchase of investment (bonds)	35(viii)	(2,842,303)	(2,842,303)	(3,647,520)	(3,647,520)
Interest received	35(ix)	4,211,451	4,211,451	3,133,927	3,133,927
Net cash flows used in investing activities		**426,090**	**426,090**	**(1,100,290)**	**(1,100,290)**
Cash flows from financing activities:					
Dividend paid	35(x)	(1,044,756)	(1,044,756)	(1,378,794)	(1,378,794)
Net cash flows used in financing activities		**(1,044,756)**	**(1,044,756)**	**(1,378,794)**	**(1,378,794)**
Net (decrease)/increase in cash and cash equivalents		1,221,891	1,221,881	(2,890,056)	(2,890,101)
Cash and cash equivalents, beginning of the year		783,088	783,043	3,673,144	3,673,144
Cash and cash equivalents, end of the year	21	2,004,979	2,004,924	783,088	783,043

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

1 Description of business

Central Securities Clearing System Plc (CSCS) operates a computerized depository, clearing, settlement and delivery system for transactions in shares listed on The Nigerian Stock Exchange or any other authorized/ organized Securities Trading Platform. CSCS facilitates the delivery (transfer of shares from seller to buyer) and settlement (payment for bought shares) of securities transacted on the floors of The Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform. It was licensed by the Securities and Exchange Commission as an agent for central depository, clearing and settlement of transactions in the Capital market. The Company is domiciled in Nigeria with its registered office at The Stock Exchange Building, 2/4, Customs Street, Marina Lagos.

The consolidated and separate financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiary (together referred to as the "Group") and the Group's interest in an equity accounted investee.

2 Basis of preparation

(a) Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in the manner required by Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011.

The financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018. Details of the accounting policies consistently applied by the Company for all years presented in the financial statements are included in Note 4.

(b) Functional and presentation currency

The consolidated and separate financial statements are presented in Nigerian Naira, which is the functional currency of the Group. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value through other comprehensive income.
- Plan assets are measured at fair value;
- Loans and receivables, held to maturity financial assets and liabilities are measured at amortised cost;

3 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 4 to all periods presented in these consolidated and separate financial statements.

(i) Disclosure Initiative (Amendments to IAS 7)

(ii) Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The above mentioned amendments to the IFRS standards, adopted on 1 January 2017, did not have any effect on the Group and Company's previously reported financial results or disclosures and had no material impact on the Group's accounting policies.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated and separate financial statements incorporate the assets, liabilities and performance results of Insurance Repository Nigeria Limited. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated and separate financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transaction.

(v) Interest in equity-accounted investee

The Group's interest in equity-accounted investee represents interest in a joint venture. A joint venture is an arrangement in which the Group has joint control whereby the Group has right to the net assets on arrangement basis rather than the right to its asset and obligations to its liabilities.

Interest in joint ventures are accounted for using the equity method. They are initially recognised at cost, which include transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investee, until the date on which the significant influence ceases.

Investment in subsidiaries and equity-accounted investees are measured at cost less impairment in the separate financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.Foreign currency differences are generally recognised in statements of profit or loss. (However, foreign currency differences arising from the translation of the available-for-sale equity investments are recognised in other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss)). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when fair value was measured. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Revenue recognition

(i) Revenue from rendering of services
Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts or rebates allowed by the Group.

Revenue is earned from depository fee, eligibility fee, transaction fee and participation fees.

- Depository fees represent the annual fees charged on companies quoted on the Nigerian Stock Exchange at a rate of market capitalisation.
- Eligibility Fees are charged on stock broking firms.
- Transaction fees are based on values of shares traded on the Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform charged on the investors at a percentage of sales.
- Over The Counter (OTC) transaction fee is charged on transactions relating to trading in bonds and commercial papers.

Revenue earned is recognized based on duration of the particular service or transaction. Any upfront fees or payment for services that are rendered over a period are treated as unearned income and recognized over the required period. These are warehoused in deferred income account.

(ii) Interest income
Interest income from a financial asset is recognised in income statement using the effective interest rate method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Collateral Management Fees
The Group provides lien services to lenders who have granted credit facilities to borrowers secured with securities deposited with the Company. Collateral Management fees and other incidental fees are charged and recognised in the statement of profit or loss once the lien service is performed.

(d) Share Capital

Incremental costs attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

(e) Dividends distribution

Dividend distributions to the Group's shareholders are recognised in the Group's consolidated and separate financial statements in the year in which the dividend is declared and approved by the Group's shareholders. Dividend paid is recognised gross of withholding tax (WHT) with the corresponding WHT remitted to the tax authorities.

(f) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(g) Employee benefits

(i) Short term employee benefits

Short term employee benefits, such as salaries, paid absences and other benefits are accounted for on an accrual basis over the year which employees have provided services in the year. Bonuses are recognised to the extent that the Company has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the statement of profit or loss as personnel expenses.

(ii) Retirement benefit costs

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting year. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The Company operates a funded contributory retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014 (as amended). The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contributory plan. The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the obligation of the Group to each staff in the current year in return for their service. The aggregate provision is such that at every point in time the plan has adequate funds with the Fund Managers for all obligations. The fund is managed by an independent fund manager. The plan entitles employees to 50% of total exit emoluments on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100%. Amounts contributed in each year into the plan are expensed in the year in which they are due. The calculation of defined benefit obligations is performed annually by an external actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statements of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(h) Taxation

(i) Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments established during the year for such years.

Total amount of tax payable under the Companies Income Tax Act (CITA) is determined on the higher of two components namely:

- company income tax (based on taxable income (or loss)) for the year; or
- minimum tax (determined based on the sum of 0.125% of revenue in excess of N500,000.00 and the highest of 0.25% of revenue of N500,000.00, 0.5% of gross profit, 0.25% of paid-up share capital and 0.5% of net assets)

Taxes based on taxable profit for the year are presented as current income tax in line with IAS 12, whereas taxes which are based on gross amount are outside the scope of IAS 12 and therefore are not presented as current income tax.

Minimum tax

The Group pays minimum tax in accordance with the Company Income Tax (Amendment) Act, 2007, where in any year of assessment, the ascertainment of total assessable profits from all sources of the Company results in a loss or where the Group's ascertained total profits results in no tax payable or tax payable is less than the minimum tax. Minimum taxes are recognised as a separate line item in the statement of profit or loss and other comprehensive income under taxation.

(ii) Deferred tax

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited into the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

(iii) Information technology levy

This represents 1% of profit before tax in accordance with the provision of section 12 (2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007.

(iv) Education tax

This represents 2% of assessible profit in accordance with the provision of the Education Tax (Amendment) Decree No 40 of 1998.

(i) Property and equipment

(i) Recognition and measurement

Property and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life. An impairment loss is recognized in addition if an asset's recoverable amount falls below its carrying amount.

The cost of acquisition comprises the acquisition price plus ancillary and subsequent acquisition costs, less any reduction received on the acquisition price. The cost of self-constructed property and equipment comprises the direct cost of materials, direct manufacturing expenses, and appropriate allocations of material and manufacturing overheads. Where an obligation exists to remove an asset or restore a site to its former condition at the end of its useful life, the present value of the related future payments is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

(ii) Subsequent expenditure

Expenses for the repair of property and equipment, such as on-going maintenance costs, are normally recognized in statement of profit or loss. The cost of acquisition or construction is capitalized if a repair (such as a complete overhaul of technical equipment) will result in future economic benefits to the Group.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment. Significant asset components with different useful lives are accounted for and depreciated separately.

The following depreciation years, based on the estimated useful lives of the respective assets, are applied throughout the Group:

• Computer Equipment	4 years
• Furniture and Fittings	8 years
• Motor vehicle	4 years
• Office Equipment	5 years
• Leasehold improvement	3 years
• Capital work in progress	Not depreciated

Depreciation begins when an asset (tangible) is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

Impairment losses are recognized for declines in value that go beyond regular depreciation. If the reasons for previously recognized impairment losses no longer apply, the impairment losses are reversed provided that the reversals do not cause the carrying amounts to exceed the depreciated cost of acquisition or construction.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount which is recognised as the operating income or expense respectively in statement of profit or loss.

(v) Capital Work in progress

Construction and other capital projects that are yet to be completed at the reporting date are classified as capital work in progress and posted in Work-in-progress account. They are transferred to relevant classes of property and equipment upon completion of the project and items are ready for use. Items classified as work in progress are not depreciated.

(j) Intangible assets

(i) Initial recognition and measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred, on the same basis as intangible assets that are acquired separately.

(iii) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.
Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, profit or loss account from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the

asset. The estimated useful lives for the current and comparative years are as follows:

Software License	Over License term
Software under development	Not depreciated

(iv) De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit or loss.

(v) Software under development

Software under development represents qualifying capital expenditure on software, which is yet to be completed at period end. They are transferred to intangible asset class upon completion. Items classified as software under development are not amortized.

Software under development is capitalised only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources and ability to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, software under development is measured at cost less accumulated amortisation and any accumulated impairment losses.

(k) Impairment of non-financial assets

The carrying values of all non-financial assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment tests are performed not only on individual items of intangible assets, property, plant and equipment, but also at the level of cash-generating units.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash-generating units are tested if there is an indication of possible impairment. Impairment testing involves comparing the carrying amount of each cash-generating unit or item of intangible assets, property or equipment to the recoverable amount, which is the higher of its fair value less costs to sell or value in use. If the carrying amount exceeds the recoverable amount, the asset is impaired by the amount of the difference.

Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in statement of profit or loss.

For the purpose of calculating the recoverable amount, both the fair value less costs to sell and the value in use are determined from the present value of the future net cash flows. These are forecast on the basis of the Company's current planning, the planning horizon normally being three to five years. Forecasting involves making assumptions, especially regarding future selling prices, sales volumes and costs. Where the recoverable amount is the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. Where the recoverable amount is the value in use, the cash-generating unit or individual asset is measured as currently used. In either case, net cash flows beyond the planning year are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information.

(l) Financial assets

(i) Investment securities

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity. Investment securities comprise treasury bills of original maturity of more than 90 days and Investment in Federal Government, State Government and Corporate Bonds. These are classified as held-to-maturity financial assets. A sale or reclassification of more than insignificant amount of the portfolio of held-to-maturity investments results in carrying the entire investments as available-for-sale (tainting), and would prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sale or reclassification in any of the following circumstances will not trigger a reclassification:- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's value.- Sales or reclassifications after the Company has collected substantially all of the asset's original principal; and - Sales or reclassifications that are attributable to non-recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

Investment securities are initially measured at fair value on the trade date plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue and subsequently measured at amortized cost.

(ii) Trade receivables

Trade receivables are carried at original invoice amount less any impairment for doubtful debts. Impairment allowances are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any impairment allowance available and then to profit or loss. Subsequent recoveries of amounts previously provided for are credited to statement of profit or loss. Long-term receivables are discounted where the effect is material.

Trade receivables are initially measured at fair value and subsequently measured at amortized cost.

(iii) Other receivables

Other receivables comprise staff debtors and other receivables. They are carried at original invoice amount less any impairment for doubtful receivables. Impairment allowances for doubtful receivables are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. Other receivables are initially measured at fair value and subsequently measured at amortized cost.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held for cash management purposes and to meet short term obligations. Cash and cash equivalents are initially measured at fair value and subsequently measured at amortized cost.

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in 'Interest income', with dividend income included in other operating income. When available-for-sale financial assets are sold or impaired, the cumulative gain or loss recognised in a separatere reserve in equity are reclassified to profit or loss through the other comprehensive income.

(vi) Impairment of non-derivative financial assets

At each reporting date, an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment

- whether the customer is more than 180 days past due;
- initiation of bankruptcy proceedings;
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- adverse changes in the payment status of borrowers or issuers;

Assets carried at amortized cost

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against the financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(m) Other assets

Other assets comprise mainly of prepayments, and sundry stocks. They are stated at cost less amortised amounts. They are amortized to expense by the straight-line method or according to performance of the underlying transaction.

(n) Financial liabilities

(i) Trade payables

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect of discounting is material. Trade payables are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument and subsequently measured at amortised cost.

(ii) Other liabilities

Accrued items and other liabilities are carried at amortized cost. They are charged to expense by the straight-line method or according to performance of the underlying transaction. Accrued items and other liabilities are carried at amortized cost. They are charged to expense by the straight-line method or according to performance of the underlying transaction. Other liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument and subsequently measured at amortised cost.

(o) Amortised cost concept

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

(q) Derecognition of financial assets and financial liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(r) Provisions

Provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.

Provisions are measured in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Provisions for litigations are recorded in the statement of financial position in respect of pending or future litigations, subject to a case-by-case examination. Such legal proceedings are evaluated on the basis of the available information, including that from legal counsel acting for the Group, to assess potential outcomes. Where it is more likely than not that a present obligation arising out of legal proceedings will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are considered to be reliably measurable. These provisions cover the estimated payments to plaintiffs, court fees, attorney costs and the cost of potential settlements. The evaluation is based on the current status of the litigations as of each closing date and includes an assessment of whether the criteria for recording a provision are met and, if so, the amount of the provision to be recorded.

Litigation and other judicial proceedings generally raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of currently pending and future proceedings therefore cannot be predicted. As a result of a judgment in court proceedings or the conclusion of a settlement, the Group may incur charges in excess of presently established provisions and related insurance coverage.

Where the time effect of money is material, balances are discounted to current values using appropriate rates of interest. The unwinding of the discount is recognized as a finance cost.

(s) Contingent assets and liabilities

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed in the financial statements when they arise. Contingent liability is the probable obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. However, they are recognised, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Contingent liabilities are disclosed in the financial statements when they arise.

(t) Other operating expenses

All other operating expenses are accounted for on accrual basis

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Information relating to segment reporting is presented in Note 7 to the financial statements.

(v) New standards and interpretations not yet adopted

A number of new standards, amendment to standards and interpretation are effective for annual years beginning after 1 January 2017, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early. Those which may be relevant to the Group are set out below.

(i) IFRS 15 Revenue from contracts with customers

On May 28, 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces the previous revenue standard IAS 18 Revenue, and the related Interpretations on revenue recognition. The standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards and provides a single principle based framework to be applied to all contracts with customers that are in scope of the standard. Under the new standard revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The standard introduces a new five step model to recognize revenue as performance obligations in a contract are satisfied. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments, and as such will impact the businesses that earn fee and commission revenue.

On April 12, 2016, the IASB issued amendments to IFRS 15 Revenue from Contracts with Customers. The amendments provide additional clarification on the identification of a performance obligation in a contract, determining the principal and agent in an agreement, and determining whether licensing revenues should be recognized at a point in time or over a specific period. The amendments also provide additional practical expedients that can be used on transition to the standard.

The Group will adopt the standard and its amendments in the financial year beginning on 1 January, 2018 and plans to use the modified retrospective approach. Under this approach, the Group will recognize the cumulative effect of initially applying the standard as an adjustment to the opening balances of retained earnings as of 1 January, 2018, without restating comparative periods. Additional disclosures will be required in order to explain any significant changes between reported results and results had the previous revenue standard been applied. The standard does not apply to revenue associated with financial instruments, and therefore, will not impact the Group's revenue from interest income and gains from trading financial instruments which are covered under IFRS 9 Financial Instruments. The implementation of the standard is led by the Finance Department in coordination with the business segments. The area of focus for the Group's assessment of impact is revenue from fees. While the assessment is not complete, the timing of recognition and measurement of the Group's revenue from fees within the scope of this standard is not expected to materially change. The Group is also evaluating the additional disclosures that may be relevant and required.

(ii) IFRS 9 Financial instruments

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will not have a significant impact on the Group which will include changes in the measurement basis of the Group's financial assets to amortised cost, fair value through profit or loss. Even though the measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model which is expected to increase the provision for bad debt recognised in the Group. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Estimated impact of the adoption of IFRS 9

The Group is required to adopt IFRS 9 Financial Instruments from 1 January 2018. The Group has assessed the estimated impact that the initial application of IFRS 9 will have on its consolidated financial statements. The estimated impact of the adoption of these standards on the Group's equity as at 1 January 2018 is based on assessments undertaken to date and is summarised below. The actual impacts of adopting the standards at 1 January 2018 may change because the new accounting policies are subject to change when the Group presents its first financial statement that include the date of initial application.

IFRS 9:

(1) **Classification:**

The Group currently measures its financial assets using either amortised cost or fair value depending on the classification. The Group does not expect any material impact in the measurement of its financial assets under IFRS 9.

Classification under IAS 39

In thousands of Naira	**HTM (amortised cost)**	**Loans and Receivables (Amortized cost)**	**AFS: Fair value through OCI**	**HFT: Fair value through profit or loss**
Assets				
Treasury bills		-	5,418,936	-
Bonds		-	21,709,176	-
Unquoted equities		-	-	-
Cash and Cash Equivalent		2,004,979	-	-
Other Receivables		773,995	-	-
		2,778,974	**27,128,112**	**-**

Intended classification under IFRS 9

In thousands of Naira	Held to Collect (amortized cost)	Fair value through profit or loss	Fair value through OCI
Assets			
Treasury bills	-	5,418,936	-
Bonds	-	21,709,176	-
Unquoted equities	-	-	-
Cash and Cash Equivalent	2,004,979	-	-
Other Receivables	773,995	-	-
	2,778,974	**27,128,112**	**-**

The above intended classification may change because of the outcome of continuous assessment of the requirements of the standard and review of business practices until the first set of financial statement under IFRS 9 is issued.

(2) Impairment

This will have significant impact as the group will now include forward looking information in its impairment determination for Treasury bills through the use of Expected Credit Loss (ECL) model. The group will adopt the simplified model for impairment assessment for its other receivable. The Group is discussing the most cost effective approach to development of the ECL model for its treasury bills.

The approach to impairment assessment under IFRS 9 will be determined by the final classification adopted in 2018.

(v) IFRIC 22: Foreign currency transactions and advance consideration (effective for periods beginning on or after 1 January 2018; early adoption is permitted).

The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when a Company pays or receives consideration in a foreign currency; and recognises a non-monetary asset or liability – e.g. non-refundable advance consideration – before recognising the related item.

The Group will adopt the amendments for the year ending 31 December 2018.

(vi) *IFRS 16: Leases (effective for periods beginning on or after 1 January 2019; early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16).*

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- depreciation of lease assets separately from interest on lease liabilities in the profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Group will adopt the standard for the year ending 31 December 2019.

5 Use of Judgements

In preparing these consolidated and separate financial statements, the directors have made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities and expenses. Actual reports may differ from these estimates.

Use of Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years. Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below.

(a) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2017 include:

i) *Impairment losses of financial assets*

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 4(l)(vi).

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. In assessing the impairment, the Group uses historical information on the timing of the recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. Actual results may differ from these estimates.

ii) Recognition of deferred tax asset/liability

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rate that is expected to apply in the year in which the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its liabilities. Significant management judgement is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

iii) Income tax

The Group is subject to income tax and estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes are to be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the year in which such detemination is made.

iv) Defined benefit obligation

The Group sponsored a defined benefit plan for its qualifying employees. The plan was terminated during the current year. The Group estimated its obligation to each staff in the current year in return for their service using the projected unit credit method. Also, the funding requirements were based on actuarial measurement which sets discount rates with reference to the expected long term rates of return on plan assets. Amounts contributed in each year into the plan were expensed in the year in which they were due.

b) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Board Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

(i) **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.

(ii) **Level 2:** Valuation techniques based on observable inputs, either directly - i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

(iii) **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair value. Availability of observable market prices and inputs varies depending on the product and market and is prone to changes based on specific events and general conditions in the financial markets.

6 Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Board Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Group through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board Risk Committee also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Risk Committee is assisted by Management Risk Committee and the Internal Audit which undertake both regular and ad hoc review of risk management controls and procedures, the results of which are reported to the Board Risk Committee.

The Group has exposure to the following risks arising from financial transactions:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet it contractual obligations, and arises principally from the Group's receivables from customers and held to maturity investments.

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Management Risk Committee has established a credit policy under which each of the Group's customers is analysed individually for creditworthiness before the Group standard and delivery terms and conditions are offered.

Receivables that are outstanding for more than 180 days are fully impaired as the Group considers collection of such receivables as doubtful. In monitoring customers credit risk, customers are grouped according to their credit characteristics, which includes bond dealers, legal entities or stockbroking firms.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. As at 31 December 2017, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

		Carrying amount		Carrying amount	
In thousands of Naira	**Notes**	**Group 2017**	**Company 2017**	**Group 2016**	**Company 2016**
Trade receivables					
Bond Dealers		3,674	3,674	3,676	3,676
Quoted Companies		68,336	68,336	270,555	270,555
Stock Broking Firms		26,305	26,305	76,697	76,697
Sales and Business Development		37,156	37,156	32,827	32,827
Settlement Banks		1,000	1,000	-	-
Total	18(a)	**136,471**	**136,471**	**383,755**	**383,755**
Allowance for doubtful trade receivables	18(b)	(120,921)	(120,921)	(368,233)	(368,233)
Total		**15,550**	**15,550**	**15,522**	**15,522**

In thousands of Naira	Notes	Carrying amount Group 2017	Company 2017	Carrying amount Group 2016	Company 2016
Other receivables					
Staff debtors		1,322	1,322	23,058	23,058
Fixed deposit		-	-	277,454	277,454
Deposit for shares-NG Clearing Ltd		670,500	670,500	-	-
Amount due from NG Clearing Ltd		44,865	44,865	-	-
Sundry receivables		57,308	57,308	36,773	36,773
Total	19(a)	**773,995**	**773,995**	**337,285**	**337,285**
Allowance for doubtful other receivables	19(b)	-	-	(196,739)	(196,739)
Total		**773,995**	**773,995**	**140,546**	**140,546**

The movement in the allowance for impairment in respect of trade and other receivables was as follows:

In thousands of Naira	Notes	Other receivables Group 2017	Company 2017	Company 2016	Trade receivables Group 2017	Company 2017	Company 2016
Balance as at 1 January		196,739	196,739	277,454	368,233	368,233	386,912
Movement in the year		(196,739)	(196,739)	(80,715)	(247,312)	(247,312)	18,679)
Balance as at year end		**-**	**-**	**196,739**	**120,921**	**120,921**	**368,233**
Movement in the year:							
Impairment charge on financial assets		-	-	1,117	25,651	25,651	47,769
Writeoffs on receivables	18/19(b)	(196,739)	(196,739)	-	(252,450)	(252,450)	-
Writebacks on receivables	18/19(b)	-	-	(81,832)	(20,513)	(20,513)	(66,448)
Balance as at year end		**(196,739)**	**(196,739)**	**(80,715)**	**(247,312)**	**(247,312)**	**(18,679)**

As at 31 December 2017, the ageing of trade receivables past due, but not impaired was as follows:

In thousands of Naira	Carrying amount Group 2017	Company 2017	Group 2016	Company 2016
Past due 1 - 30 days	50	50	45	45
Past due 31 - 90 days	1,463	1,463	1,450	1,450
Past due 91 - 180 days	14,037	14,037	14,027	14,027
Total	**15,550**	**15,550**	**15,522**	**15,522**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

(ii) Available For Sale (AFS)

The Group limits its exposure to credit risk by investing only in liquid money market instruments with counterparties that have a minimum credit rating of BB by reputable rating agency. Management actively monitors credit ratings and ensures that the Group has only made investment in line with the Investment Policy Manual as approved by the Board which provides target allocations in fixed tenured investments.

The Group held AFS investments of N27,128,112 at 31 December 2017 (31 December 2016: HTM-N24,273,260) which represents its maximum credit exposure on Federal Government Treasury Bills, Federal Government Bonds, State Government Bonds and Corporate Bonds. These investment were Held to Maturity as at the beginning of the year, but was later reclassified to AFS because some of the assets were traded on.

As at 31 December 2017, the maximum exposure to credit risk for investments was as follows:

		Carrying amount			
In thousands of Naira	Note	Group 2017	Company 2017	Group 2016	Company 2016
Treasury Bills	17(b)	5,418,936	5,418,936	5,135,327	5,135,327
Federal Government Bonds	17(a)	16,987,534	16,987,534	14,871,360	14,871,360
State Government Bonds	17(a)	3,441,061	3,441,061	2,968,581	2,968,581
Corporate Bonds	17(a)	1,280,581	1,280,581	1,297,992	1,297,992
Total		**27,128,112**	**27,128,112**	**24,273,260**	**24,273,260**

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of N2.00 billion at 31 December 2017 (31 December 2016: N783,088 million) which represents its maximum credit exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months, are held with local banks which are rated "BB" by reputable rating agency.

(iv) Total exposure to credit risk

The Group's exposure to credit risk was as follows:

In thousands of Naira	Note	Group 2017	Company 2017	Group 2016	Company 2016
Trade receivables	18(a)	15,550	15,550	15,522	15,522
Other receivables	19(a)	773,995	773,995	140,546	140,546
Investment securities	17(a)(b)	27,128,113	27,128,113	24,273,260	24,273,260
Cash and cash equivalents	21	2,004,979	2,004,924	783,088	783,043
		29,922,637	**29,922,581**	**25,212,416**	**25,212,371**

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group maintains the level of its cash and cash equivalents and other highly marketable debt investments in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows from trade receivables and other receivables together with expected cash outflows on trade and other payables. The expected receivables from maturing treasury bills with maturity profiles of less than 3 months as at 31 December 2017 was N97.9million (31 December 2016: N246.2 million). This excludes the potential impact of extreme circumstances that cannot reasonable be predicted, such as natural disasters.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial instruments at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting arrangements.

Maturity Analysis

THE GROUP
31 December 2017

In thousands of Naira	Note	Less than 3 months	3 months-6 months	6 months-1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets							
Investment securities	17(a)(b)	863,184	2,404,418	3,129,381	20,841,849	27,238,833	27,128,112
Trade receivables	18(a)		14,037	-	-	14,037	15,550
Other receivables	19(a)	773,995	-	-	-	773,995	773,995
Cash and cash equivalents	21	2,004,979	-	-	-	2,004,979	2,004,979
Total		**3,642,158**	**2,418,455**	**3,129,381**	**20,841,849**	**30,031,843**	**29,922,636**

In thousands of Naira	Note	Less than 3 months	3 months-6 months	6 months-1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial liabilities							
Payables and accruals	27	282,649	-	-	-	282,649	282,649
Other liabilities	28(a)	548,393	-	-	-	548,393	548,393
Total		**831,042**	**-**	**-**	**-**	**831,042**	**831,042**

THE COMPANY
31 December 2017

In thousands of Naira	Note	Less than 3 months	3 months-6 months	6 months-1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets							
Investment securities	17(a)(b)	863,184	2,404,418	3,129,381	20,841,849	27,238,833	27,128,112
Trade receivables	18(a)		14,037	-	-	14,037	15,550
Other receivables	19(a)	773,995	-	-	-	773,995	773,995
Cash and cash equivalents	21	2,004,924	-	-	-	2,004,924	2,004,924
Total		**3,642,103**	**2,418,455**	**3,129,381**	**20,841,849**	**30,031,789**	**29,922,581**
Financial liabilities							
Payables and accruals	27	282,649	-	-	-	282,649	282,649
Other liabilities	28(a)	548,393	-	-	-	548,393	548,393
Total		**831,042**	**-**	**-**	**-**	**831,042**	**831,042**

THE GROUP
31 December 2016

In thousands of Naira	Note	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets							
Investment securities	17(a)(b)	765,182	5,237,111	1,262,100	21,877,454	29,141,847	24,273,370
Trade receivables	18(a)	1,495	14,027	-	-	15,522	15,522
Other receivables	19(a)	140,546	-	-	-	140,546	140,546
Cash and cash equivalents	21	783,088	-	-	-	783,088	783,088
Total		**1,690,311**	**5,251,138**	**1,262,100**	**21,877,454**	**30,081,003**	**25,212,526**
Financial liabilities							
Payables and accruals	27	330,460	-	-	-	330,460	330,460
Other liabilities	28(a)	149,996	-	-	-	149,996	149,996
Total		**480,456**	**-**	**-**	**-**	**480,456**	**480,456**

THE COMPANY
31 December 2016

In thousands of Naira	Note	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets							
Investment securities	17(a)(b)	765,182	5,237,111	1,262,100	21,877,454	29,141,847	24,273,370
Trade receivables	18(a)	1,495	14,027	-	-	15,522	15,522
Other receivables	19(a)	140,546	-	-	-	140,546	140,546
Cash and cash equivalents	21	783,043	-	-	-	783,043	783,043
Total		**1,690,266**	**5,251,138**	**1,262,100**	**21,877,454**	**30,080,958**	**25,212,481**
Financial liabilities							
Payables and accruals	27	330,460	-	-	-	330,460	330,460
Other liabilities	28(a)	149,996	-	-	-	149,996	149,996
Total		**480,456**	**-**	**-**	**-**	**480,456**	**480,456**

(c) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return. The Group does not use derivatives to manage market risks.

(i) Currency Risk

The Group is minimally exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because its revenues, capital expenditures are principally based in Naira. A significant change in the exchange rates between the Naira (N) (functional and presentation currency) relative to the US dollar would have an insignificant effect on the Group's results of operations, financial position and cash flows. The Group does not enter into any forward exchange contracts to manage the currency risk fluctuations.

The table below summaries the Group's financial instruments at carrying amount, categorised by currency:

THE GROUP

Financial instruments by currency as at 31 December 2017

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17(b)	27,128,112	27,128,112	-	-	-
Trade receivables	18(a)	15,550	15,550	-	-	-
Other receivables	19(a)	773,995	773,995	-	-	-
Cash and cash equivalents	21	2,004,979	1,798,903	202,097	3,838	142
		29,922,636	**29,716,560**	**202,097**	**3,838**	**142**
Financial liabilities						
Payables and accruals	27	282,649	282,649	-	-	-
Other liabilities	28(a)	548,393	548,393	-	-	-
		831,042	**831,042**	**-**	**-**	**-**
Net Open Position		**29,091,594**	**28,885,518**	**202,097**	**3,838**	**142**

THE COMPANY

Financial instruments by currency as at 31 December 2017

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17(b)	27,128,112	27,128,112	-	-	-
Trade receivables	18(a)	15,550	15,550	-	-	-
Other receivables	19(a)	773,995	773,995	-	-	-
Cash and cash equivalents	21	2,004,924	1,798,847	202,097	3,838	142
		29,922,581	**29,716,504**	**202,097**	**3,838**	**142**
Financial liabilities						
Payables and accruals	27	282,649	282,649	-	-	-
Other liabilities	28(a)	548,393	548,393	-	-	-
		831,042	**831,042**	**-**	**-**	**-**
Net Open Position		**29,091,539**	**28,885,462**	**202,097**	**3,838**	**142**

THE GROUP

Financial instruments by currency as at 31 December 2016

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17(b)	24,273,370	24,273,370	-	-	-
Trade receivables	18(a)	15,522	15,522	-	-	-
Other receivables	19(a)	140,546	140,546	-	-	-
Cash and cash equivalents	21	783,088	780,971	1,058	926	133
		25,212,526	**25,210,409**	**1,058**	**926**	**133**
Financial liabilities						
Payables and accruals	27	330,460	330,460	-	-	-
Other liabilities	28(a)	149,996	149,996	-	-	-
		480,456	**480,456**	**-**	**-**	**-**
Net Open Position		**24,732,070**	**24,729,953**	**1,058**	**926**	**133**

THE COMPANY

Financial instruments by currency as at 31 December 2016

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investment securities	17(b)	24,273,370	24,273,370	-	-	-
Trade receivables	18(a)	15,522	15,522	-	-	-
Other receivables	19(a)	140,546	140,546	-	-	-
Cash and cash equivalents	21	783,043	780,926	1,058	926	133
		25,212,481	**25,210,364**	**1,058**	**926**	**133**
Financial liabilities						
Payables and accruals	27	330,460	330,460	-	-	
Other liabilities	28(a)	149,996	149,996	-	-	-
		480,456	**480,456**	**-**	**-**	**-**
Net Open Position		**24,732,025**	**24,729,908**	**1,058**	**926**	**133**

The following significant exchange rates have been applied:

	Average rate		Spot rate	
	2016	**2017**	**2016**	**2017**
USD	361	475	356	366
GBP	501	555	445	555
EUR	428	460	390	514

The Group sources its foreign currency needs from its bankers and parallel market. Based on history and evidence available,foreign currency needs are majorly sourced from the parallel market. Thus the weighted average rate was derived from a weighted average of the various official and autonomous sources rates' applicable at the reporting date.

Foreign exchange risk sensitivity analysis

The Group's exposure to foreign currency risk is largely concentrated in US Dollar. Movement in exchange rate between the US Dollar, and the Nigerian Naira affects reported earnings statement of financial position size through increase or decrease in the remeasured amounts of assets and liabilities denominated in US Dollars.

In thousands of Naira	31 Dec 2017	31 Dece 2016
US dollar effect of 10% up or down movement on profit before tax and balance sheet	20,210	106
US dollar effect of 10% up or down movement on equity, net of tax	20,210	106

(ii) **Interest rate risk**

The Group adopts a policy of ensuring that significant percentage of investable funds are invested into fixed rate financial assets (treasury bills, federal government bonds and other bonds) in line with its investment policy. The Group is exposed to interest rate shocks even though most of its investments are on fixed rate to maturity investment, however the Group could still be exposed to interest risk if rate increased higher than the fixed rate. Other areas the Group could be exposed to interest risk is the opportunity cost of market movement.

CSCS conducts sensitivity analysis to reveal or measure the sensitivity of its net interest rate income to shift of rates.

Interest rate profile

At the end of the reporting year the interest rate profile of the Group's interest bearing financial instruments as reported to the Management of the Group are as follows:

In thousands of Naira	Notes	Group 2017	Company 2017	Group 2016	Company 2016
Financial instruments					
Cash and cash equivalents **	21	2,004,689	2,004,634	783,088	783,043
Investment securities	17	27,128,112	27,128,112	24,273,370	24,273,370
		29,132,801	**29,132,746**	**25,056,458**	**25,056,413**

** Cash in hand has been deducted as it is not subject to interest rate risk

Interest rate sensitivity:
The table below shows the impact on the Company's profit before tax if interest rates on financial instruments had increased or decreased by 100 basis points, with all other variables held constant.

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Increase in interest rate by 100 basis points (+1%)	291,328	291,327	250,565	250,564
Decrease in interest rate by 100 basis points (-1%)	(291,328)	(291,327)	(250,565)	(250,564)

(d) Capital Management
The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of its capital structure.

The capital structure of the Group consist of the following:
- Share capital
- Retained earnings
- Other reserves

Information relating to the Group's Capital Structure is disclosed in Note 25 to the consolidated and separate financial statements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and risks associated with share capital.

Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its capital structure. The capital structure of the Group consists of cash and cash equivalents and equity attributable to its equity holders, comprising issued capital, reserves and retained earnings as disclosed in note 25.The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Equity includes all capital and reserves of the company that are managed as capital. The Securities and Exchange Commission (SEC) sets and monitors capital requirements for all Securities Clearing and Settlement Companies (CSDs). SEC prescribes the minimum capital requirement for a Central Securities Depository (CSD) operating in Nigeria. The minimum capital requirement for a CSD is five hundred million naira (N500,000,000.00). The Group has a total equity of N29.9 billion as at 31 December 2017 (31 December 2016: N26.1 billion). This is well above the minimum capital requirement set by SEC.

7 Segment Reporting

The Group has three (3) identifiable segments and the following summary describes the operations in each of these segments.

i **Operations:** This Segment provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market.

ii **Sales and business development:** This segment provides secondary data storage and disaster recovery in event of data loss to companies. It also stores securities used as collateral for credit facilities by companies.

iii **Treasury:** This segment is responsible for investments and management of the Group's liquidity ensuring a balance between liquidity and profitability.

THE GROUP
31 December 2017

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	4,313,721	65,725	4,162,744	-	8,542,190
Others	122,200	23,286	3,882	-	149,368
Segment revenue	**4,435,921**	**89,011**	**4,166,626**	**-**	**8,691,558**
Expenses:					
Personnel Expenses	(1,346,476)	(112,206)	(37,402)	-	(1,496,084)
Operating expenses	(1,250,759)	(47,111)	(18,718)	-	(1,316,588)
Depreciation and amortisation	(163,356)	(28,828)	-	-	(192,184)
Allowance for doubtful receivables	(5,138)	-	-	-	(5,138)
Segment Expense	**(2,765,729)**	**(188,145)**	**(56,120)**	**-**	**(3,009,994)**
Segment operating income before tax	1,670,192	(99,134)	4,110,506	-	5,664,177
Share of loss of equity-accounted investee	-	-	-	(17,387)	(17,387)
Income tax	-	-	-	(683,576)	(683,576)
Profit after tax	**1,670,192**	**(99,134)**	**4,110,506**	**(683,576)**	**4,980,601**

31 December 2017
Assets and liabilities:

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Total assets	28,727,499	2,393,958	797,986	-	31,919,443
Total liabilities	1,860,255	155,021	51,674	-	2,066,950
Net assets	26,867,244	2,238,937	746,312	-	29,852,493

THE GROUP
31 December 2016

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	2,622,543	130,701	3,210,756	-	5,964,000
Others	205,032	4,471	500	-	210,003
Segment revenue	**2,827,575**	**135,172**	**3,211,256**	**-**	**6,174,003**
Expenses:					
Personnel Expenses	(869,693)	(167,339)	(11,581)	(2,364)	(1,050,977)
Operating expenses	(1,159,436)	(112,664)	(14,369)	(17,505)	(1,303,974)
Depreciation and amortisation	(118,243)	(30,994)	(1,663)	-	(150,900)
Other operating expenses	99,394	-	-	-	99,394
Segment Expense	**(2,047,978)**	**(310,997)**	**(27,613)**	**(19,869)**	**(2,406,457)**
Segment operating income before tax	779,597	(175,825)	3,183,643	(19,869)	3,767,547
Share of loss of equity-accounted investee				(43,351)	(43,351)
Income tax expense	-	-	-	(191,240)	(191,240)
Profit after tax	**779,597**	**(175,825)**	**3,183,643**	**(254,460)**	**3,532,956**

31 December 2016
Assets and liabilities

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Total asset	22,396,814	4,309,406	298,240	60,879	27,065,339
Total liabilities	812,069	156,252	10,814	2,207	981,342
Net asset	21,584,744	4,153,155	287,427	58,672	26,083,997

8 Accounting classifications and fair values of financial assets and liabilities

The table below shows the carrying amounts and fair values of financial instruments measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

THE GROUP
31 December 2017

		Carrying amount				Fair value			
In thousands of Naira	Notes	Available for Sale	Loans & receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets									
- Cash and cash equivalent	21	-	2,004,979	-	2,004,979	2,004,979	-	-	2,004,979
- Other receivables	19(a)	-	773,995	-	773,995	-	-	-	-
- Treasury Bills	17(b)	5,418,936	-	-	5,418,936	5,418,936	-	-	5,418,936
- Federal Government Bonds	17(a)	16,987,534	-	-	16,987,534	16,987,534	-	-	16,987,534
- Corporate Government Bonds	17(a)	1,280,581	-		1,280,581	1,280,581	-	-	1,280,581
- State Government Bonds	17(a)	3,441,061	-	-	3,441,061	3,441,061	-	-	3,441,061
		27,128,112	**2,778,974**	**-**	**29,907,086**	**29,133,091**	**-**	**-**	**29,133,091**
Financial liabilities									
- Payables and accruals	27	-	-	282,649	282,649	-	-	-	-
- Other liabilities	28(a)	-	-	548,393	548,393	-	-	-	-
		-	**-**	**831,042**	**831,042**	**-**	**-**	**-**	**-**

THE COMPANY
31 December 2017

		Carrying amount				Fair value			
In thousands of Naira	Notes	Available for Sale	Loans & receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets									
- Treasury Bills	17(b)	5,418,936	-	-	5,418,936	5,418,936	-	-	5,418,936
- Federal Government Bonds	17(a)	16,987,534	-	-	16,987,534	16,987,534	-	-	16,987,534
- Corporate Government Bonds	17(a)	1,280,581	-	-	1,280,581	1,280,581	-	-	1,280,581
- State Government Bonds	17(a)	3,441,061	-	-	3,441,061	3,441,061	-	-	3,441,061
		27,128,112	**-**	**-**	**27,128,112**	**27,128,112**	**-**	**-**	**27,128,113**
Financial liabilities									
- Payables and accruals	27	-	-	282,649	282,649	-	-	-	-
- Other liabilities	28(a)	-	-	548,393	548,393	-	-	-	-
		-	**-**	**831,042**	**831,042**	**-**	**-**	**-**	**-**

THE GROUP
31 December 2016

		Carrying amount				Fair value			
In thousands of Naira	Notes	Held to maturity	Loans & receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets									
- Cash and cash equivalent	21	-	783,088	-	783,088	783,088	-	-	783,088
- Other receivables	19(a)	-	140,546	-	140,546	-	-	-	-
- Treasury Bills	17(b)	5,135,327	-	-	5,135,327	5,156,241	-	-	5,156,241
- Federal Government Bonds	17(a)	14,871,360	-	-	14,871,360	10,922,878	-	-	10,922,878
- Corporate Government Bonds	17(a)	1,297,992	-	-	1,297,992	1,304,205	-	-	1,304,205
- State Government Bonds	17(a)	2,968,581	-	-	2,968,581	3,506,721	-	-	3,506,721
		24,273,260	**923,634**	**-**	**25,196,894**	**21,673,134**	**-**	**-**	**21,673,134**
Financial liabilities									
- Payables and accruals	27	-	-	330,460	330,460	-	-	-	-
- Other liabilities	28(a)	-	-	149,996	149,996	-	-	-	-
		-	**-**	**480,456**	**480,456**	**-**	**-**	**-**	**-**

THE COMPANY
31 December 2016

		Carrying amount				Fair value			
In thousands of Naira	Notes	Held to maturity	Loans & receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets									
- Cash and cash equivalent	21	-	783,043	-	783,043	783,043	-	-	783,043
- Other receivables	19(a)	-	140,546	-	140,546	-	-	-	-
- Treasury Bills	17(b)	5,135,327	-	-	5,135,327	5,156,241	-	-	5,156,241
- Federal Government Bonds	17(a)	14,871,360	-	-	14,871,360	10,922,878	-	-	10,922,878
- Corporate Government Bonds	17(a)	1,297,992	-	-	1,297,992	1,304,205	-	-	1,304,205
- State Government Bonds	17(a)	2,968,581	-	-	2,968,581	3,506,721	-	-	3,506,721
		24,273,260	**923,589**	**-**	**25,196,850**	**21,673,089**	**-**	**-**	**21,673,089**
Financial liabilities									
- Payables and accruals	27	-	-	330,460	330,460	-	-	-	-
- Other liabilities	28(a)	-	-	149,996	149,996	-	-	-	-
		-	**-**	**480,456**	**480,456**	**-**	**-**	**-**	**-**

9 Revenue

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Eligibility fees	24,622	24,622	12,365	12,365
Depository fees	905,988	905,988	958,336	958,336
Transaction fees	3,383,111	3,383,111	1,635,809	1,635,809
OTC (Fixed Income) Transaction fees (a)	-	-	16,033	16,033
Total fees income	**4,313,721**	**4,313,721**	**2,622,543**	**2,622,543**

(a) In 2017 the OTC transaction fees which were fees from the FMDQ OTC Market were reclassified to transaction fees which reflects fees from the three markets (NSE, NASD, FMDQ) serviced by CSCS.

10 Interest Income

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Fixed deposits	40,388	40,388	60,192	60,192
Treasury bills	1,547,068	1,547,068	535,688	535,688
Federal Government bonds	1,877,510	1,877,510	1,979,346	1,979,346
Corporate bonds	184,665	184,665	153,512	153,512
State bonds	513,113	513,113	482,018	482,018
Total interest income	**4,162,744**	**4,162,744**	**3,210,756**	**3,210,756**

11 Other income

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Settlement Banks Participation Fees	19,000	19,000	18,000	18,000
Collateral management fees (see note (a) below)	24,646	24,646	118,534	118,534
Statement of stock position fees	11,385	11,385	13,550	13,550
Special Accounts Fee	13,176	13,176	11,433	11,433
Miscellaneous Income(see note (b) below)	9,254	9,254	2,179	2,179
Profit on disposal of property and equipment	3,882	3,882	500	500
Data centre subscriptions (see note (c) below)	27,279	27,279	99,619	99,619
Website subscription fees (See note (d) below)	38,446	38,446	31,082	31,082
X-Alert Fee	9,162	9,162	-	-
Commission received on FGN Bonds	-	-	19,346	19,346
Other fees (See note (e) below)	23,286	23,286	17,997	17,997
Staff loan interest	246	246	1,555	1,555
Gain on investment disposal	28,517	28,517	-	-
DMO Services - FG Saving	1,817	1,817	-	-
Legal Entity Identifier Subscription	4,997	4,997	6,909	6,909
	215,093	**215,093**	**340,704**	**340,704**

(a) Collateral management fees represent fees charged for services rendered to investors and corporates who have offered securities as collateral for credit facility. The Company transfers such securities into a dormant account to restrict the investor (borrower) from assessing the securities.

(b) Miscellaneous income comprises signature mandate card fees, customer identity card fee and token issuance fees.

(c) Data centre subscriptions represent fees charged for data storage services rendered to companies for serving as a secondary data storage and disaster recovery in event of data loss.

(d) Website Subscription fees represent all the fees paid for online access to individual accounts.

(e) Other fees

Other fees can be analysed as follows:

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Public offer of shares fees	-	-	837	837
Consolidation of shares fees	-	-	12,689	12,689
Symbol and ISIN Code Creation fees	23,286	23,286	4,471	4,471
	23,286	**23,286**	**17,997**	**17,997**

12 Expenses

12.1(i) Personnel Expenses

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Salaries and allowances	671,620	670,135	788,736	786,580
Staff training and development	38,154	38,154	69,409	69,409
Staff welfare and medical expenses	90,815	90,815	110,412	110,204
Performance Bonus (see note (i) below)	454,223	454,223	-	-
Defined Benefit Plan Expense(see note (ii) below)	181,891	181,891	16,775	16,775
Nigeria Social Insurance Trust Fund (NSITF)	2,150	2,150	2,908	2,908
Staff pension contribution (see note (iii) below)	57,231	56,511	62,737	62,737
	1,496,084	**1,493,879**	**1,050,977**	**1,048,613**

(i) Performance bonus provision for 2017 was made because the year to date result was above the required threshold of 85% of weighted performance for the year ended 31 December 2017.

(ii) Defined Benefit Plan Expense represents net cost to profit or loss. It comprises the current service cost which is actuarially determined and the net interest income. Information relating to the actuarial valuation of the staff long term benefit pay is disclosed in note 29.2(i). However, the defined benefit scheme was terminated on 14 November 2017 by resolution of the Board.

(iii) The Company operates a funded defined contribution retirement scheme for its employees under the provision of the Pension Reform Act of 2014. The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary. The Company does not have any additional legal or constructive obligation to pay further contributions if the PFAs do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

12.1(ii) Employee Information:

(a) The average number of persons employed during the year were as follows:

	Group 2017	Company 2017	Group 2016	Company 2016
Executive Directors	1	1	1	1
Management	4	4	4	4
Non-management	96	96	101	100
	101	101	106	105

(b) The directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) were:

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Chairman	12,500	12,500	33,482	33,482
Other directors	120,082	120,082	347,210	347,210
	132,582	**132,582**	**380,692**	**380,692**

The Directors remuneration as shown above includes:

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
The Chairman	12,500	12,500	33,482	33,482
The highest paid director	15,603	15,603	74,484	74,484

(c) The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges were:

	Group 2017	Company 2017	Group 2016	Company 2016
N1,000,000 - N5,000,000	-	-	-	-
N5,000,001 and above	11	11	11	11
	11	**11**	**11**	**11**

(d) The employees of the Group, other than directors, who received remuneration in the following range (excluding pension contributions and other benefits) were:

	Group 2017	Company 2017	Group 2016	Company 2016
N60,000 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	42	42	46	45
N3,000,001 - N6,000,000	40	40	38	38
N6,000,001 - N9,000,000	3	3	4	4
N9,000,001 and above	16	16	18	18
	101	**101**	**106**	**105**

12.2 Operating expenses

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 201
Maintenance expenses	26,285	26,285	25,892	25,892
Office Running Expenses (see note (a) below)	241,873	241,824	290,006	290,006
Business Development (see note (c) below)	295,397	295,397	352,205	352,205
Board of Directors expenses (see note (b) below)	516,063	516,063	434,801	434,801
Donations	18,193	18,193	35,058	35,058
Professional Fees	103,826	103,826	90,750	83,663
Audit Fees	20,000	20,000	18,000	18,000
Other operating expenses (see note (d) below)	13,848	13,848	26,373	26,373
Insurance Repository - Pre-operational expenses	-	-	10,417	-
Bank charges	12,221	12,221	13,280	13,280
Loss on foreign exchange	64,565	64,565	-	-
Industrial Training Fund	4,317	4,317	7,191	7,191
	1,316,588	**1,316,539**	**1,303,974**	**1,286,469**

(a) Office running expenses represents expenses incurred in running the business efficiently which comprise rent and rates expense, subscription, insurance, printing and stationery, marketing and brand communication expense, and other administrative expenses.

(b) The increase in Directors' expenses was principally accounted by the higher exchange rate related to holiday allowances and overseas training. Other activities that impacted directors' expenses were the processes and activities of the Board towards the recruitment of a substantive MD/CEO during the year.

(c) **Business development expenses**

Business development expenses can be analysed as follows:

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Data centre	129,063	129,063	91,679	91,679
Travelling	28,049	28,049	110,983	110,983
Business development	-	-	3,384	3,384
Digital centre services expenses	47,111	47,111	56,941	56,941
Software license fees	79,129	79,129	78,408	78,408
Legal Entity Identifier remittance	3,271	3,271	2,801	2,801
Project meridian - incidental expenses	8,774	8,774	8,009	8,009
	295,397	295,397	352,205	352,205

(d) **Other operating expenses**

Other operating expenses can be analysed as follows:

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Filing fees	183	183	1,081	1,081
Entertainment	1,477	1,477	2,237	2,237
AGM expenses	10,071	10,071	6,740	6,740
Investor Relations Expense	2,116	2,116	4,059	4,059
Investor Protection Scheme	1	1	8,286	8,286
Other operating expense	-	-	3,970	3,970
	13,848	**13,848**	**26,373**	**26,373**

12.3 Depreciation and amortisation

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Depreciation of property and equipment	104,624	104,624	126,791	126,791
Amortisation of intangible assets	87,560	87,560	24,109	24,109
	192,184	**192,184**	**150,900**	**150,900**

13 Taxation

13(a) Income tax expense

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Corporate income tax	459,777	459,777	167,682	167,682
Excess dividend tax (see note (i) below)	147,318	147,318	-	-
Education tax	34,245	34,245	13,406	13,406
Information technology levy	56,838	56,838	37,874	37,874
Income tax	**698,178**	**698,178**	**218,962**	**218,962**
Reversal of temporary differences				
- deferred tax	(14,602)	(14,602)	(27,722)	(27,722)
	683,576	**683,576**	**191,240**	**191,240**

(i) During the year, the Company was liable to excess dividend tax of N147.3 million representing the excess of 30% of N1.05 billion dividend paid over the income tax of N167.6 million recognized as tax expense in 2016.

Reconciliation of effective tax rate

THE GROUP

In thousands of Naira	31 December 2017 Tax rate	31 December 2017 Amount	31 December 2016 Tax rate	31 December 2016 Amount
Profit before tax		5,664,177		3,724,196
Income tax using the domestic corporation tax rate	30.00%	1,699,253	30.0%	1,117,259
Non-deductible expenses	0.10%	5,458	0.08%	3,000
Non taxable income	-22.08%	(1,250,732)	-24.96%	(926,204)
Education tax	0.60%	34,245	0.35%	13,406
Impact of NITDA Levy	1.00%	56,838	1.00%	37,874
Excess Dividend Tax	2.60%	147,318	0.00%	-
Changes in estimates related to prior years	-0.16%	(8,804)	-1.43%	(54,095)
	12.22%	**683,576**	**5.04%**	**191,240**

THE COMPANY

In thousands of Naira	2017 Tax rate	2017 Amount	2016 Tax rate	2016 Amount
Profit before tax		5,683,818		3,787,415
Income tax using the domestic corporation tax rate	30.00%	1,705,145	30.0%	1,136,224
Non-deductible expenses	0.10%	5,458	0.08%	3,000
Non taxable income	-22.11%	(1,256,624)	-24.96%	(945,169)
Education tax	0.60%	34,245	0.35%	13,406
Impact of NITDA Levy	1.00%	56,838	1.00%	37,874
Excess Dividend Tax	2.59%	147,318	0.00%	-
Changes in estimates relate to prior years	-0.15%	(8,804)	-1.43%	(54,095)
	12.03%	**683,576**	**5.04%**	**191,240**

13(b) Deferred tax assets/(liabilities):

Deferred tax assets/(liabilities) attributable to the following:

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Property and equipment, and software	(54,474)	(54,474)	(39,596)	(39,596)
Trade receivables	114,189	114,189	114,189	114,189
Defined benefit plan	(21,417)	(21,417)	(54,573)	(54,573)
	38,298	38,298	20,020	20,020

Movement in deferred tax balances:

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/ (liabilities)
31 December 2017					
Property and equipment	(39,596)	(14,878)	-	(54,474)	(54,474)
Trade receivables	114,189	-		114,189	114,189
Defined benefit plan	(54,573)	29,480	3,676	(21,417)	(21,417)
Tax assets/(liabilities)	**20,020**	**14,602**	**3,676**	**38,298**	**38,298**

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/ (liabilities)
31 December 2016					
Property and equipment	(48,711)	9,115	-	(39,596)	(39,596)
Trade receivables	116,074	(1,885)	-	114,189	114,189
Defined benefit plan	(60,986)	20,492	(14,079)	(54,573)	(54,573)
Tax assets/(liabilities)	**6,377**	**27,722**	**(14,079)**	**20,020**	**20,020**

13(c) Taxation payable

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Balance, beginning of year	286,177	286,177	663,550	663,550
Charge for the year (see note 13(a) above)	698,178	698,178	218,962	218,962
Payments during the year	(401,590)	(401,590)	(596,335)	(596,335)
Balance, end of period	**582,765**	**582,765**	**286,177**	**286,177**

14 Basic/Diluted earnings per share

The calculation of basic/diluted earnings per share at 31 December 2017 was based on the profit attributable to ordinary shareholders of N4.98 billlion for the Group and N5.00 billion for the Company (31 December 2016: N3.53 billion for the Group and N3.60 billion for the Company) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2016: 5,000,000,000).

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Profit attributable to ordinary shareholders	4,980,601	5,000,242	3,532,956	3,596,175
In thousands of unit				
Weighted average number of ordinary shares (basic/diluted)	5,000,000	5,000,000	5,000,000	5,000,000
Earnings per share (basic/diluted)- Kobo	100k	100k	71k	72k

15 Property and equipment

THE GROUP

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improve -ment	Work-in -progress	Total
Cost							
Balance at 1 January 2016	223,780	121,547	139,056	799,699	59,448	6,068	1,349,598
Additions	22,000	10,303	24,848	11,161	12,737	295,476	376,525
Reclassification from WIP	-	-	5,624	444	-	(6,068)	-
Disposals	-	-	(5,528)	-	-	-	(5,528)
Balance as at 31 December 2016	**245,780**	**131,850**	**164,000**	**811,304**	**72,185**	**295,476**	**1,720,595**
Balance at 1 January 2017	245,780	131,850	164,000	811,304	72,185	295,476	1,720,595
Additions	90,000	910	26,754	18,245	3,284	-	139,192
Reclassification from WIP	-	-	-	84,259	-	(84,259)	-
Reclassification to Intangible	-		-	-	-	(211,217)	(211,217)
Disposals	(71,700)	(1,226)	(33,942)	-	-	-	(106,868)
Balance as at 31 December 2017	**264,080**	**131,534**	**156,812**	**913,808**	**75,469**	**-**	**1,541,702**
Accumulated depreciation and impairment							
At 1 January 2016	109,296	85,619	107,077	707,033	14,493	-	1,023,518
Depreciation for the year	50,774	10,088	13,754	30,569	21,606	-	126,791
Disposals			(5,528)	-	-	-	(5,528)
Balance as at 31December 2016	**160,070**	**95,707**	**115,303**	**737,602**	**36,099**	**-**	**1,144,781**

Accumulated depreciation and impairment							
At 1 January 2017	160,070	95,707	115,303	737,602	36,099	-	1,144,780
Depreciation for the year	23,411	7,807	15,560	33,328	24,518	-	104,624
Disposals	(41,165)	(895)	(32,393)	-	-	-	(74,453)
Balance as at 31December 2017	**142,316**	**102,619**	**98,470**	**770,930**	**60,617**	**-**	**1,174,952**
Carrying amount as at 31 December, 2016	**85,710**	**36,143**	**48,697**	**73,702**	**36,086**	**295,476**	**575,814**
Carrying amount as at 31 December, 2017	**121,764**	**28,915**	**58,342**	**142,878**	**14,852**	**-**	**366,751**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2016: Nil)

(b) There were no capital commitments

THE COMPANY

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improve -ment	Work-in -progress	Total
Cost							
Balance at 1 January 2016	223,780	121,547	139,056	799,699	59,448	6,068	1,349,598
Additions	22,000	10,303	24,848	11,161	12,737	295,476	376,525
Reclassification from WIP	-	-	5,624	444	-	(6,068)	-
Disposals	-	-	(5,528)	-	-	-	(5,528)
Balance at 31 December 2016	**245,780**	**131,850**	**164,000**	**811,304**	**72,185**	**295,476**	**1,720,595**
Balance at 1 January 2017	245,780	131,850	164,000	811,304	72,185	295,476	1,720,595
Additions	90,000	910	26,754	18,245	3,284	-	139,193
Reclassification from WIP	-	-	-	84,259	-	(84,259)	-
Reclassification to Intangible	-	-	-	-	-	(211,217)	(211,217)
Disposals	(71,700)	(1,226)	(33,942)	-	-	-	(106,868)
Balance as at 31 December 2017	**264,080**	**131,534**	**156,812**	**913,808**	**75,469**	**-**	**1,541,703**
Accumulated depreciation and impairment							
At 1 January 2016	109,296	85,619	107,077	707,033	14,493	-	1,023,518
Depreciation for the year	50,774	10,088	13,754	30,569	21,606	-	126,791
Disposals			(5,528)	-	-	-	(5,528)
Balance at 31 December 2017	**160,070**	**95,707**	**115,303**	**737,602**	**36,099**	**-**	**1,144,781**

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improve -ment	Work-in -progress	Total
At 1 January 2017	160,070	95,707	115,303	737,602	36,099	-	1,144,780
Depreciation for the year	23,411	7,807	15,560	33,328	24,518	-	104,624
Disposals	(41,165)	(895)	(32,393)	-	-	-	(74,453)
Balance at 31 December 2017	**142,316**	**102,619**	**98,470**	**770,930**	**60,617**	**-**	**1,174,952**
Carrying amount as at 31 December, 2016	**85,710**	**36,143**	**48,697**	**73,702**	**36,086**	**295,476**	**575,814**
Carrying amount as at 31 December, 2017	**121,764**	**28,915**	**58,342**	**142,878**	**14,852**	**-**	**366,751**

(a) There were no capitalized borrowing costs related to the acquisition of property and equipments during the year (2016: Nil)

(b) There were no capital commitments

16 Intangible assets

THE GROUP

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance at 1 January 2016	2,070,596	200,941	2,271,537
Additions	55,181	349,058	404,239
Disposals	-	-	-
Balance as at 31 December 2016	**2,125,777**	**549,999**	**2,675,776**

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance as at 1 January 2017	2,125,777	549,999	2,675,776
Additions during the year	674,201	-	674,201
Reclassification from PPE	-	211,217	211,217
Reclassification during the year	742,818	(742,818)	-
Balance as at 31 December 2017	**3,542,796**	**18,398**	**3,561,194**
Accumulated Amortisation:			
Balance as at 1 January 2016	2,038,439	-	2,038,439
Amortisation charge for the year	24,109	-	24,109
Disposals	-	-	-
Balance as at 31 December 2016	**2,062,548**	**-**	**2,062,548**

In thousands of Naira	Software	Software under development	Total
Accumulated Amortisation:			
Balance as at 1 January 2017	2,062,548	-	2,062,548
Amortisation charge for the year	87,560	-	87,560
Balance as at 31 December 2017	**2,150,108**	**-**	**2,150,108**
Carrying amount:			
At 31 December 2016	**63,229**	**549,999**	**613,228**
At 31 December 2017	**1,392,688**	**18,398**	**1,411,086**

THE COMPANY

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance at 1 January 2016	2,070,596	200,941	2,271,537
Additions	55,181	349,058	404,239
Disposals	-	-	-
Balance as at 31 December 2016	**2,125,777**	**549,999**	**2,675,776**
Balance as at 1 January 2017	2,125,777	549,999	2,675,776
Additions during the year	674,201	-	674,201
Reclassification from PPE	-	211,217	211,217
Reclassification during the year	742,818	(742,818)	-
Balance as at 31 December 2017	**3,542,796**	**18,398**	**3,561,194**
Accumulated Amortisation:			
Balance as at 1 January 2016	2,038,439	-	2,038,439
Amortisation charge for the year	24,109	-	24,109
Disposals	-	-	-
Balance as at 31 December 2016	**2,062,548**	**-**	**2,062,548**
Balance as at 1 January 2017	2,062,548	-	2,062,548
Amortisation charge for the year	87,560	-	87,560
Balance as at 31 December 2017	**2,150,108**	**-**	**2,150,108**
Carrying amount:			
At 31 December 2016	**63,229**	**549,999**	**613,228**
At 31 December 2017	**1,392,688**	**18,398**	**1,411,086**

(a) There were no capitalized borrowing costs related to the acquisition of the intangible assets during the year.

(b) Software under development represents the qualifying capital expenditure incurred on the SAP Business One ERP which when completed shall replace the current Accounting software, Sage Pastel Evolution.

The Company reached an agreement with Tata Consulting Services India for the implementation of a new CSD Application and this has been registered with the National Office for Technology Acquisition and Promotion (NOTAP) with the following details: Registration Certificate Numbers: CR 005876 & CR 005950 & CR 006379; Certificate Date: 18 September 2015 & 5 February 2016 and 28 July 2017; Registered Amount : USD2,555,556.00;Subject Matter: Software License; NOTAP File Number: NOTAP/AG/FI/1797/1/274; Certificate Expiry Date : 31 December 2017.

17 Investment Securities

Investments can be analyzed as follows:

17(a) Non-current investment securities

In thousands of Naira	Group 2017 Available for Sale	Company 2017 Available for Sale	Group 2016 Held to Maturity	Company 2016 Held to Maturity
Federal Government bonds (See note 17.1 below)	16,987,534	16,987,534	14,871,360	14,871,360
Corporate bonds (See note 17.2 below)	1,280,581	1,280,581	1,297,992	1,297,992
State Government bonds (See note 17.3 below)	3,441,061	3,441,061	2,968,581	2,968,581
Total non-current available for sale	**21,709,176**	**21,709,176**	**19,137,933**	**19,137,933**
Available for sale equity	**Group**	**Company**	**Group**	**Company**
In thousands of Naira	**2017**	**2017**	**2016**	**2016**
NSE Consult Limited	-	-	10	10
NSE Nominees Limited	-	-	100	100
Total non-current available for sale equity (See note (i) below)	-	-	110	110
Total non-current investment securities	**21,709,176**	**21,709,176**	**19,138,043**	**19,138,043**

(i) The Board approved the write-off of the equity investment in NSE Consult Ltd and NSE Nominees Ltd during the year as these could not be substantiated.

17(b) Current investment securities

In thousands of Naira	Group 2017 Available for Sale	Company 2017 Available for Sale	Group 2016 Held to Maturity	Company 2016 Held to Maturity
Treasury Bills (see note 17.4 below)	5,418,936	5,418,936	5,135,327	5,135,327
Total current investment securities	**5,418,936**	**5,418,936**	**5,135,327**	**5,135,327**
Total investment securities	**27,128,112**	**27,128,112**	**24,273,370**	**24,273,370**

17.1 Analysis of Federal Government bonds

	31 December 2017				31 December 2016	
In thousands of Naira	Coupon rate	Maturity date	Face value	Carrying amount (Fair Value)	Face value	Carrying amount (Amortised Cost)
FGN bond (FGN bond Apr 2017)	15.10%	27-Apr-17	-	-	4,052,550	4,161,573
FGN bond (FGN bondJun 2019)	16.00%	29-Jun-19	535,000	546,978	535,000	593,864
FGN bond(FGN bondJan 2022)	16.39%	27-Jan-22	1,000,000	1,141,063	1,000,000	1,104,245
FGN bond(FGN bondFeb 2020)	15.54%	13-Feb-20	1,150,000	1,247,198	1,150,000	1,275,124
FGN bond(FGN bond Jan 2026)	12.50%	22-Jan-26	3,900,000	3,795,123	3,900,000	4,035,615
FGN bond(FGN bond Jul 2021)	14.50%	15-Jul-21	3,105,150	3,358,720	3,105,150	3,264,615
FGN bond(FGN bond Mar 2027)	16.28%	17-Mar-27	5,900,000	6,683,588	-	-
FGN bond(FGN Green bond Dec 2022)	13.48%	22-Dec-22	200,000	214,864	-	-
FGN bond(Local contractor's bond) 2017	Zero/16.5%	20-Apr-17	-	-	420,000	436,324
Total			**15,790,150**	**16,987,534**	**14,162,700**	**14,871,360**

17.2 Analysis of Corporate bonds

	31 December 2017				31 December 2016	
In thousands of Naira	Coupon rate	Maturity date	Face value	Carrying amount (Fair Value)	Face value	Carrying amount (Amortised Cost)
UBA Plc (Corporate Bond 2018)	14.00%	01-Oct-18	1,060,000	1,070,554	1,060,000	1,094,452
Forte Oil Plc (Corporate Bond 2021)	17.50%	24-Nov-21	200,000	210,027	200,000	203,540
Total			**1,260,000**	**1,280,581**	**1,260,000**	**1,297,992**

17.3 Analysis of State Government bonds

	31 December 2017				31 December 2016	
In thousands of Naira	Coupon rate	Maturity date	Face value	Carrying amount (Fair Value)	Face value	Carrying amount (Amortised Cost)
Lagos State Bond (Nov 2019)	14.50%	22-Nov-19	484,108	504,037	767,895	736,799
Lagos State Bond (Aug 2024)	16.75%	11-Aug-24	1,000,000	1,000,000	-	-
Gombe State Bond (Mar 2023)	16.00%	27-Mar-23	135,894	142,891	250,000	162,506
Niger State Bond (Dec 2021)	17.00%	12-Dec-21	307,048	302,178	650,000	404,042
Bauchi State Bond (Dec 2021)	15.50%	08-Dec-21	242,737	249,724	350,000	286,771
Plateau State Bond (Mar 2022)	17.50%	30-Mar-22	383,484	433,422	500,000	455,406
Zamfara State Bond (May 2022)	17.00%	19-May-22	534,743	534,743	700,000	616,057
Cross River State Bond (May 2022)	17.00%	27-May-22	267,372	274,066	350,000	307,000
Total			**3,355,386**	**3,441,061**	**3,567,895**	**2,968,581**

17.4 Treasury Bills

(a) Analysis of Treasury bills - 31 December 2017

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount (Fair Value)
Treasury Bills - 8 February 2018	311	18.55%	8-Feb-18	100,000	98,874
Treasury Bills - 26 April 2018	364	18.55%	26-Apr-18	550,000	527,204
Treasury Bills - 3 May 2018	363	18.55%	3-May-18	500,000	474,565
Treasury Bills - 3 May 2018	345	18.55%	3-May-18	220,000	208,808
Treasury Bills - 31 May 2018	353	18.55%	31-May-18	200,000	187,725
Treasury Bills - 14 June 2018	356	18.55%	14-Jun-18	335,000	312,896
Treasury Bills - 12 July 2018	356	18.52%	12-Jul-18	400,000	368,841
Treasury Bills - 28 June 2018	332	18.53%	28-Jun-18	100,000	93,097
Treasury Bills - 26 July 2018	364	18.53%	26-Jul-18	285,000	261,445
Treasury Bills - 7 June 2018	314	18.53%	7-Jun-18	165,000	154,700
Treasury Bills - 12 July 2018	356	18.50%	12-Jul-18	280,000	258,189
Treasury Bills - 9 August 2018	360	18.53%	9-Aug-18	180,000	163,916
Treasury Bills - 5 July 2018	332	18.53%	5-Jul-18	270,000	255,875
Treasury Bills - 16 August 2018	363	18.53%	16-Aug-18	140,000	127,309
Treasury Bills - 27 March 2018	194	17.90%	27-Mar-18	800,000	778,665
Treasury Bills - 14 June 2018	210	17.75%	14-Jun-18	100,000	93,402
Treasury Bills - 14 June 2018	210	17.75%	14-Jun-18	150,000	140,103
Treasury Bills - 21 June 2018	209	17.63%	21-Jun-18	280,000	261,817
Treasury Bills - 30 August 2018	255	14.90%	30-Aug-18	300,000	271,401
Treasury Bills - 23 August 2018	247	14.85%	23-Aug-18	120,000	108,849
Treasury Bills - 18 October 2018	294	14.60%	18-Oct-18	300,000	271,255
Total				**5,775,000**	**5,418,936**

(b) Analysis of Treasury bills - 31 December 2016

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount (Amortized cost)
Treasury Bills - 28 July 2017	365	18.45%	28-Jul-17	120,000	106,838
Treasury Bills - 20 July 2017	353	18.45%	20-Jul-17	290,000	259,301
Treasury Bills - 16 February 2017	188	17.95%	16-Feb-17	120,000	117,127
Treasury Bills - 16 March 2017	199	17.95%	16-Mar-17	450,000	432,872
Treasury Bills - 25 May 2017	259	17.95%	25-May-17	395,000	365,995
Treasury Bills - 14 September 2017	364	18.05%	14-Sep-17	750,000	651,957
Treasury Bills - 16 March 2017	182	17.00%	16-Mar-17	550,000	530,283
Treasury Bills - 14 September 2017	356	18.48%	14-Sep-17	615,000	532,809
Treasury Bills - 5 October 2017	363	18.45%	5-Oct-17	160,000	136,996
Treasury Bills - 29 June 2017	315	17.30%	29-Jun-17	1,000,000	911,780
Treasury Bills - 14 December 2017	359	18.50%	14-Dec-17	200,000	164,624
Treasury Bills - 24 August 2017	353	18.40%	24-Aug-17	160,000	140,358
Treasury Bills - 30 November 2017	364	18.45%	30-Nov-17	350,000	290,431
Treasury Bills - 14 December 2017	356	18.45%	14-Dec-17	600,000	493,956
Total				**5,760,000**	**5,135,327**

All the Company's investment securities previously classified as held-to-maturity were reclassified as available for sale portfolio upon tainting of the Held-to-maturity portfolio in December 2017.

18 Fair Value through Other Comprehensive Income - Financial Instruments

Per statement of profit or loss and other comprehensive income

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Treasury Bills				
Fair Value	5,418,936	5,418,936	-	-
Carrying Amount	5,301,288	5,301,288	-	-
Fair Value Profit/(Loss)	**117,648**	**117,648**	-	-
Federal Government Bond				
Fair Value	16,987,534	16,987,534	-	-
Carrying Amount	17,150,098	17,150,098	-	-
Fair Value Profit/(Loss)	**(162,564)**	**(162,564)**	-	-
Corporate Bond				
Fair Value	1,280,581	1,280,581	-	-
Carrying Amount	1,298,977	1,298,977	-	-
Fair Value Profit/(Loss)	**(18,396)**	**(18,396)**		
State Government Bond				
Fair Value	3,441,061	3,441,061	-	-
Carrying Amount	3,531,278	3,531,278	-	-
Fair Value Profit/(Loss)	**(90,217)**	**(90,217)**		
Total Fair Value Loss Through Other Comprehensive Income as at December 31, 2017	**(153,529)**	**(153,529)**	**-**	**-**

The Investment Securities which were initially Held to maturity (HTM) were reclassified to Available For Sale (AFS) in December 2017 when trading was initiated. At the reporting date, all investment were marked to market and the change in fair value reported through Other Comprehensive Income.

18(a) Trade receivables

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Trade receivables (See note (i) below)	136,471	136,471	383,755	383,755
Allowance for doubtful trade receivables (See note 18(b) below)	(120,921)	(120,921)	(368,233)	(368,233)
Net Carrying amount	**15,550**	**15,550**	**15,522**	**15,522**

(i) Total trade and other receivables

Trade receivables arise from the principal revenue generating activities of the Group which are explained below:

- Eligibility fees relate to annual fees paid by the stockbroking firms for trading in the Nigerian Stock Exchange and NASD, N25,000 & N15,000 respectively is paid annually and directly to CSCS.

- Depository fee relates to fees paid by the companies whose shares are listed for trading on the floor of the Nigerian Stock Exchange. It is charged based on 0.009% to 0.0125% of the company's market capitalization as at 1 December of the preceding year. Effective 2018, the market capitalization as a basis for depository fee shall be as at 31 December of the preceding year

- Settlement bank participation fees of N1,000,000 are paid annually by settlement banks to CSCS.

18(b) Allowances for doubtful trade receivables

In thousands of Naira	**Group 2017**	**Company 2017**	**Group 2016**	**Company 2016**
Balance, beginning of year	368,233	368,233	386,912	386,912
Charge during the year	25,651	25,651	47,769	47,769
Allowances no longer required	(20,513)	(20,513)	(66,448)	(66,448)
Net (reversal)/charge for the year	**5,183**	**5,183**	**(18,679)**	**(18,679)**
Write offs (see note (iii))	(252,450)	(252,450)	-	-
Balance, end of year	**120,921**	**120,921**	**368,233**	**368,233**

(i) Impairment on trade receivables is triggered when a trade receivables balance is outstanding for more than 180 days. Allowances against doubtful trade receivables are recognised based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

(ii) In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

(iii) The Board considered and approved the write-off of the sum of **N252.45 Million** being amount of trade debtors which are considered permanently impaired and irrecoverable.

19(a) Other assets

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Financial assets				
Staff Debtors	1,322	1,322	23,058	23,058
Amount due from NG Clearing Ltd	44,865	44,865	35,656	35,656
Deposit for shares-NG Clearing Ltd (see note (i) below)	670,500	670,500	-	-
Other receivables	57,308	57,308	278,571	278,571
Gross financial assets	**773,995**	**773,995**	**337,285**	**337,285**
Allowance for doubtful other receivables (see note 19(b) below)	-	-	(196,739)	(196,739)
Net financial assets	**773,995**	**773,995**	**140,546**	**140,546**
Non-financial assets				
Withholding tax recoverable	16,253	16,253	59,938	59,938
Stock Account- KYC Biometrics	328	328	244	244
Prepayment	153,006	140,672	306,766	294,432
Sundry stock	9,323	9,323	9,553	9,553
Total non-financial assets	**178,910**	**166,576**	**376,501**	**364,167**
Total other assets	**952,905**	**940,571**	**517,047**	**504,713**

(i) The Deposit for shares-NG Clearing Ltd represents the value of the total investment made in the company as at year end.

19(b) Allowances for doubtful other receivables

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Balance, beginning of year	196,739	196,739	277,454	277,454
Charge during the year	-	-	1,117	1,117
Write-back	-	-	(81,832)	(81,832)
Write-off (see note (i) below)	(196,739)	(196,739)	-	-
Balance, end of year	**-**	**-**	**196,739**	**196,739**

(i) The Board approved the write-off of the 2016 outstanding allowance as it is considered permanently impaired.

20 Impairment (reversal)/loss on financial assets

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Impairment (reversal)/loss on trade receivables (Note 18(b))	5,138	5,138	(18,679)	(18,679)
Net impairment (reversal)/loss on other receivables (Note 19(b))	-	-	(80,715)	(80,715)
	5,138	**5,138**	**(99,394)**	**(99,394)**

21 Cash and cash equivalents

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Cash at hand	290	290	250	250
Balances with banks	320,393	320,338	234,288	234,243
Fixed deposits	1,684,296	1,684,296	302,282	302,282
Treasury bills with original maturity period of 90 days or less (see note (i) below)	-	-	246,268	246,268
	2,004,979	**2,004,924**	**783,088**	**783,043**

(i) Analysis of Treasury Bills - 31 December 2017

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount
Treasury Bills - 14 Jan 2016	-	0.00%	-	-	-
Total				**-**	**-**

(I) Analysis of Treasury Bills - 31 December 2016

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount
Treasury Bills - 14 Jan 2016	41	16.50%	2/2/2017	250,000	246,268
Total				**250,000**	**246,268**

22 Intercompany receivables

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Intercompany receivables (See note a)	-	34,511	-	32,247
Carrying amount	**-**	**34,511**	**-**	**32,247**

(a) Intercompany receivables represent amount receivable from the Company's subsidiary, Insurance Repository Nigeria Limited for payments made by the Company with respect to the pre-operational expenses incurred on behalf of the subsidiary

23 Equity-accounted investee

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Investment in Joint Venture - NG Clearing Limited (See note 23(a) below)	19,149	62,500	62,500	62,500
Share of loss from joint venture	(17,387)	-	(43,351)	-
Carrying amount	**1,762**	**62,500**	**19,149**	**62,500**

(a) Investment in Joint Venture - NG Clearing Limited

NG Clearing Limited is a joint venture in which the Group has joint control and a 15% ownership interest by subscribing to its equity share capital at the sum of N670.5 million. It is principally established to operate clearing house(s) for the clearance and settlement of transactions in financial securities and derivatives contracts. The Company was incorporated in the year 2016 and has not commenced operations. The pre-operational expenses on behalf of NG Clearing are accounted as receivables due from NG Clearing. Note 23(b) summarises the financial information for NG Clearing Limited.

Total amount recognised in profit or loss is as follows

In thousands of Naira	**Group 2017**	**Company 2017**	**Group 2016**	**Company 2016**
Share of loss from joint venture in NG Clearing Limited	(17,387)	-	(43,351)	-
Carrying amount	**(17,387)**	**-**	**(43,351)**	**-**

(b) *In thousands of Naira*	**Group 2017**	**Company 2016**
Percentage ownership interest	50%	50%
Total asset	125,000	125,000
Total Liabilities	(121,476)	(86,702)
Net Asset (100%)	**3,524**	**38,298**
Groups's share of net asset	1,762	19,149
Carrying Amount of interest in associate	**1,762**	**19,149**
Total Expense	(34,774)	(86,702)
Group's share of accumulated loss	**(17,387)**	**(43,351)**

24 Investment in subsidiary

In thousands of Naira	**Group 2017**	**Company 2017**	**Group 2016**	**Company 2016**
Insurance Repository Nigeria Limited	-	10,000	-	10,000
Carrying amount	**-**	**10,000**	**-**	**10,000**

The Company has a 99.9% holding in Insurance Repository Nigeria Limited. Insurance Repository Nigeria Limited was incorporated in Nigeria and was yet to commence operations as at 31 December 2017. Its principal objective is to enhance the record keeping of insurance data and policies.

25 Capital and reserves

25(a) Share Capital

Share capital - Authorised

In thousands of Units	Group 2017	Company 2017	Group 2016	Company 2016
5,000,000,000 ordinary shares of N1 each	5,000,000	5,000,000	5,000,000	5,000,000
Share capital - in issue at 31 December - fully paid				
Ordinary share in issue and fully paid at 1 January	5,000,000	5,000,000	5,000,000	5,000,000
Ordinary share in issue and fully paid as at end of the year	**5,000,000**	**5,000,000**	**5,000,000**	**5,000,000**

26 Intercompany payables

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Insurance Repository Nigeria Limited (See note (a) below)	-	10,000	-	10,000
Carrying amount	**-**	**10,000**	**-**	**10,000**

(a) Intercompany payables represents amount payable to the Company's subsidiary, Insurance Repository Nigeria Limited for purchase of the subsidiary's shares.

27 Payables and accruals

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Financial liabilities				
Sundry creditors	192,709	192,709	128,141	128,141
Accruals	14,065	14,065	119,613	119,613
NG Clearing Limited	62,500	62,500	62,500	62,500
(NSE/CSCS) X- alert fees	-	-	8,461	8,461
Audit fees	13,375	13,375	11,745	11,745
CSCS Staff Multipurpose Co-operative	-	-	-	-
Total other financial liabilities	**282,649**	**282,649**	**330,460**	**330,460**
Non-financial liabilities				
National Housing Fund	485	485	604	604
Staff pension fund	102	102	9,283	9,283
Staff productivity bonus (see (b) below)	454,223	454,223	-	-
Unearned income (See (a) below)	66,834	66,834	72,807	72,807
Total other non-financial liabilities	**521,644**	**521,644**	**82,694**	**82,694**
Total payables and accruals	**804,293**	**804,293**	**413,154**	**413,154**

(a) Unearned income include payment received for lien services rendered to AMCON as well as collateral management and sales and business development fee which is yet to be earned as at the year end 31 December 2017.

(b) **Movement in staff productivity bonus accrual**

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Balance, beginning of year	-	-	263,985	263,985
Additional provisions made during the year	454,223	454,223	-	-
Payment to staff during the year	-	-	(263,985)	(263,985)
Balance, end of year	**454,223**	**454,223**	**-**	**-**

28(a) Other liabilities

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Financial liabilities				
Unclaimed Dividends (see note (i) below)	55,090	55,090	49,846	49,846
CSCS Individual Divestment	1,290	1,290	1,290	1,290
CSCS Share Buy-Back	365	365	54,106	54,106
Exchange Traded Fund Distribution Accounts	7,308	7,308	4,925	4,925
Amount due to Adonai Net	7,692	7,692	5,846	5,846
Amount due to Investment & Securities Tribunal (see note (ii) below)	118,072	118,072	33,751	33,751
Due to Employees	358,344	358,344	-	-
Managed funds (see note 28(b) below)	232	232	232	232
	548,393	**548,393**	**149,996**	**149,996**
Indirect Tax				
PAYE liability	68,994	68,994	60,374	60,374
Withholding tax liability	13,240	13,240	15,792	15,792
Value Added Tax liability	49,265	49,265	55,849	55,849
Indirect Tax	**131,499**	**131,499**	**132,015**	**132,015**
	679,892	**679,892**	**282,011**	**282,011**

(i) The balance of the unclaimed dividend is fixed with Fidelity Bank Plc and a total of N5.834 million was earned as interest income on amount during the period.

(ii) In October 2014, the Ministry of Finance directed that CSCS (including NSE and SEC) should contribute 10% of its transaction fees on trades executed on The Nigerian Stock Exchange to Investment and Securities Tribunal. The balance represents amount due for the last quarter of 2017.

28(b) Managed Funds

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Dumez-Divestment Fund	232	232	232	232
	232	**232**	**232**	**232**

29 Pension plan and other employment benefits

29.1 Defined contribution plan

All the employees of the Group qualify for the contributory pension scheme of Nigeria. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Pension contribution of a percentage of employees emoluments (10% by the employer and 8% by the employees) are made in accordance with the Pension Reform Act 2014.

The total expense recognized in profit or loss in 2016: N30.353 million represents contributions payable to these plans by the Group at the rates specified in accordance with the Pension Reform Act 2014 (amended).

29.2 Defined benefit plan

At its meeting of 7 November, 2012, the Board of Directors of the Company resolved to establish a Long Term Severance Benefit Scheme in order to make provisions for the terminal payments to staff upon exit from the employment of the Company. On 11 December, 2013, the Board approved the details of the Scheme as presented by the Management. The Scheme entitles employees to 50% of their Annual Total Emolument as at the date of retirement on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100% for years of service more than 10 years and 0% for years of services less than 5 years. Amount contributed in each year into the scheme is expensed in the year in which they are due. The defined benefit plan is administered by the Company but the funds are managed by Capital Express Assurance Company Plc. and UTIB Insurance Brokers Limited as Advisers. The fund administrators are legally separate from the Group. However, on 14 November 2017 the Board resolved to terminate the Scheme and approved that all provisions made for individual staff in employment as at that date be paid to them. As at that date the total amount in the Scheme was N420.56million while amount due to staff was N358.34million

Analysis of the amount charged to statement of profit or loss and other comprehensive income and statement of financial position for the prior year is shown below:

(i) Per statement of profit or loss and other comprehensive income

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Statement of profit or loss:				
Current service cost	(7,246)	(7,246)	(29,456)	(29,456)
Net interest income	24,019	24,019	12,681	12,681
Settlement loss on DBO	(198,663)	(198,663)		
Total	**(181,891)**	**(181,891)**	**(16,775)**	**(16,775)**

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Statement of other comprehensive income:				
Actuarial gains and losses arising from changes in financial assumptions and experience adjustments	(12,252)	(12,252)	46,930	46,930
Total	**(12,252)**	**(12,252)**	**46,930**	**46,930**
Deferred tax impact	3,676	3,676	(14,079)	(14,079)
Total in other comprehensive income	**(8,576)**	**(8,576)**	**32,851**	**32,851**
(ii) Per statement of financial position				
Fair value of plan assets (see note (iii) below)	-	-	483,228	483,228
Present value of funded defined benefit obligation (see note (iv) below)	-	-	(235,127)	(235,127)
Asset in statement of financial position	**-**	**-**	**248,101**	**248,101**

The amount recognised as planned asset in the statement of financial position is measured based on the fact that the Group has unconditional right to a refund. The Group has determined that, in accordance with the terms and conditions of the defined benefit plan, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit plan asset was necessary as at 31 December 2017 or 31 December 2016 because it has been terminated.

(iii) Movement in fair value of plan asset

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Balance, beginning of year	483,228	483,228	432,158	432,158
Interest income	36,389	36,389	30,764	30,764
Benefits paid	(83,624)	(83,624)	-	-
Remeasurement gains/(losses):				
Return on plan assets (excluding amounts included in net interest expense)	(19,387)	(19,387)	5,646	5,646
Contributions from the employer	-	-	14,660	14,660
Defined Benefit Obligation Termination	(416,606)	(416,606)		
Balance, end of year	**-**	**-**	**483,228**	**483,228**

(iv) Movement in the present value of defined benefit obligation

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016
Balance, beginning of year	235,127	235,127	228,872	228,872
Current service cost	7,246	7,246	29,456	29,456
Interest cost	16,325	16,325	18,083	18,083
Remeasurement gains/(losses):				
Actuarial (gains)/losses arising from changes in financial assumptions and experience adjustments	(7,135)	(7,135)	(41,284)	(41,284)
Payment to fund managers	(91,882)	(91,882)	-	-
Loss on settlement	198,663	198,663	-	-
Defined Benefit Obligation Termination	(358,344)	(358,344)	-	-
Balance, end of year	**-**	**-**	**235,127**	**235,127**

The defined benefit plan typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to long term investments. If the return on plan asset is below this rate, it will create a plan deficit. Currently the deposits from Central Security Clearing System (CSCS) is added to the pool of fund which is being managed as deposit administration, to which guaranteed rate of interest is agreed at the beginning of the year and based on this, return on investment is added to the fund at the end of the year.
Interest risk	A decrease in the long term investment interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is reinsured by an external insurance company.

No other post-retirement benefits are provided to these employees.

Actuarial assumptions

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Group 2017	Company 2017	Group 2016	Company 2016
Discount rate	16.3%	16.3%	16.4%	16.4%
Salary increase rate	7.5%	7.5%	7.5%	7.5%
Withdrawal and early retirement rate: within age 18 - 29	4.0%	4.0%	4.0%	4.0%
Withdrawal and early retirement rate: within age 30 - 44	3.0%	3.0%	3.0%	3.0%
Withdrawal and early retirement rate: within age 45 - 49	1.0%	1.0%	1.0%	1.0%
Withdrawal and early retirement rate: within age 50 - 54	2.0%	2.0%	2.0%	2.0%
Withdrawal and early retirement rate: within age 55 - 59	5.0%	5.0%	5.0%	5.0%
Withdrawal and early retirement rate: age 60	100.0%	100.0%	100.0%	100.0%

	Group 2017	Company 2017	Group 2016	Company 2016
Normal Retirement age				
Males	60	60	60	60
Females	60	60	60	60

The rate of mortality assumed for members in the Scheme are based on A49/52 Ultimate table published by the Institute of Actuaries of United Kingdom.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	31 December 2017		
In thousands of naira	Defined benefit obligation	+1%	-1%
Discount rate (movement)	159,681	146,838	174,254
Salary increase rate (movement)	159,681	174,565	146,418
		+1 year	- 1 year
Mortality rate (movement)	159,681	138,367	160,955

30 Events after the reporting date

There are no after the reporting date events that could have had a material effect on the financial position and performance of the Group as at 31 December 2017 which have not been adequately provided for or disclosed.

31 Contingent liabilities

There are pending litigations against the Group some of which the Group is only a nominal party. Contingent liability as at 31 December 2017 stood at N2,463,599,344.30 (31 December 2016: N2,937,245,095). However, the directors are of the opinion that the various suits will not succeed against the Group.

Included in the current year contingent liability is the Group's share of a claim of N 1.7 billion brought by Adonai Net Nigeria Limited (Adonai Net) against the Nigerian Stock Exchange and the Group in respect of intellectual Property (IP) rights on trade alert services. Adonai Net's contract of service as vendor for the provision of trade alert services was terminated on 30 September, 2014. Adonai Net subsequently challenged the request to surrender IP rights to the name 'NSE/CSCS Trade Alert' instead insisting that it deserves to be paid a fee in consideration of forfeiting its rights.

The claim is in the sum of N3.4 billion being the consideration for the transfer of the Copyright Trademark of Adonai Net in the NSE/CSCS Trade Alert to the Exchange and the Group. Parties to the suit are subject to the arbitration provision in the original agreement and are currently in the process of arbitrating the conflict failing which the matter shall revert to the Courts for litigation proceedings.

32 Capital commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into account in the preparation of the consolidated and separate financial statements.

33 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, as well as key management personnel.

Associate

Transactions with the Nigerian Stock Exchange also meet the definition of related party transactions, as Central Securities Clearing System Plc is an associate of the Nigerian Stock Exchange. The transactions includes: rent and trade alert handling charges held by CSCS on behalf of the Nigerian Stock Exchange.

In thousands of Naira			**31 December 2017**	**31 December 2016**
Name of company / Individual	Relationship	Transaction type	Amount	Amount
The Nigerian Stock Exchange	Associate	Expenses	57,890	74,262
The Nigerian Stock Exchange	Associate	Payables	931	8,461
The Nigerian Stock Exchange	Associate	Dividend paid	286,043	354,148
			344,864	**436,871**

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by those individuals in their dealings with the Group.

Key management personnel compensation

Compensation to the Group's key management personnel include salaries, non-cash benefits and contributions to the post-employment defined contribution plans.

Key management personnel compensation comprise:

In thousands of Naira	**31 December 2017**	**31 December 2016**
Executive compensation	13,333	86,050
Post-employment benefits	-	-
Directors sitting allowances	49,420	46,916
Directors allowances	453,310	301,835
	516,063	**434,801**

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (see notes 12.1 and note 29).

Key management personnel and director transactions

The value of transactions with key management personnel and entities over which they have control or significant influence were as follows:

Income

Included in income is an amount of N170 million (31 December 2016: N225 million) representing depository fees, eligibility fees, settlement participation fees and website subscription fees earned by CSCS from companies in which certain Directors have interests. The details of the income as well as the balances outstanding in receivables as at 31 December 2017 were as follows:

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2017
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Eligibility fee	25	25
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	25	-
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	2,244	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	2,606	3,043
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	102,062	5,103
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	20,287	-
United Bank of Africa Plc	Uche Ike	Director	Depository fee	16,418	1,617
Access Bank Plc	Roosevelt Ogbonna	Director	Depository fee	16,554	337
Sterling Bank Plc	Mudathir O. Lawal	Director	Depository fee	2,483	-
Access Bank Plc	Obinna Nwosu	Director	LEI Subscription	13	-
AXA Mansard Plc	Olusola Adeeyo	Director	LEI Subscription	13	-
Capital Assets Ltd	Ariyo Olushekun	Director	LEI Subscription	53	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Sterling Bank Plc	Mudathir O. Lawal	Director	LEI Subscription	13	-
UBA Plc	Uche Ike	Director	LEI Subscription	13	-
Access Bank Plc	Roosevelt Ogbonna	Director	Lien Placement	150	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Lien Placement	109	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Lien Placement	25	-
UBA Plc	Kennedy Uzoka	Director	Lien Placement	2	-
Capital Assets Ltd	Ariyo Olushekun	Director	Website Subscription	50	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Commercial Paper	250	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	OTC Transactions	21	21
AXA Mansard Plc	Olusola Adeeyo	Director	OTC Transactions	41	2
Sterling Bank Plc	Mudathir O. Lawal	Director	OTC Transactions	-	-
Access Bank Plc	Roosevelt Ogbonna	Director	OTC Transactions	320	260
Seplat Petroleum Devlopment Company	Ifueko Omoigui Okauru	Independent Director	OTC Transactions	1,531	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Settlement Bank Part Fees	1,000	-
Access Bank Plc	Roosevelt Ogbonna	Director	Settlement Bank Part Fees	1,000	-
United Bank of Africa Plc	Uche Ike	Director	Settlement Bank Part Fees	1,000	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Settlement Bank Part Fees	1,000	-
Verod Capital Ltd	Eric Idiahi	Director	Document Management	694	-
				170,037	**10,408**

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2016
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Eligibility fee	25	25
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	25	-
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	3,570	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	6,126	308
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	84,186	4,209
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	12,838	-
United Bank of Africa Plc	Kennedy Uzoka	Director	Depository fee	14,247	712
Access Bank Plc	Obinna Nwosu	Director	Depository fee	15,035	795
Sterling Bank Plc	Mudathir O. Lawal	Director	Depository fee	6,291	-
UBA Plc	Kennedy Uzoka	Director	Interest Income	16,465	16,465
Access Bank Plc	Obinna Nwosu	Director	Interest Income	50,893	50,893
Sterling Bank Plc	Mudathir O. Lawal	Director	Interest Income	10,203	10,203
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Access Bank Plc	Obinna Nwosu	Director	LEI Subscription	13	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Lien Placement	25	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Lien Placement	25	-
UBA Plc	Kennedy Uzoka	Director	Lien Placement	25	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	OTC Transactions	137	42
AXA Mansard Plc	Olusola Adeeyo	Director	OTC Transactions	2	2
Sterling Bank Plc	Mudathir O. Lawal	Director	OTC Transactions	81	-
Access Bank Plc	Obinna Nwosu	Director	OTC Transactions	208	14
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Settlement Bank Part Fees	1,000	-
Access Bank Plc	Obinna Nwosu	Director	Settlement Bank Part Fees	1,000	-
United Bank of Africa Plc	Kennedy Uzoka	Director	Settlement Bank Part Fees	1,000	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Settlement Bank Part Fees	1,000	-
Nigeria Breweries Plc	Ifueko Omoigui Okauru	Independent Director	Document Management	750	-
				225,194	**83,667**

Bank balances

Included in cash and cash equivalent is an amount of N609.21 million (31 December 2016: N127.54 million) representing current account balances belonging to CSCS with Banks in which certain Directors have interests. The balances as at 31 December 2017 were as follows:

In thousands of Naira				**31 December 2017**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Amount**
Guaranty Trust Bank	Not Applicable	Shareholder	Current account	215
Guaranty Trust Bank	Not Applicable	Shareholder	Collection account	11
Guaranty Trust Bank	Not Applicable	Shareholder	Settlement Account	6,365
Guaranty Trust Bank	Not Applicable	Shareholder	Call Account	344,012
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert	24
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert - VAT	1
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-USD	197,515
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-GBP	3,532
Sterling Bank Plc	Kayode Lawal	Shareholder/Director	Current account	50
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	692
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	2,366
Fidelity Bank Plc	Not Applicable	Shareholder	Current account	47,007
Fidelity Bank Plc	Not Applicable	Shareholder	Collection account	1,000
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Griffin Etf	216
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Banking ETF	331
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	762
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Collection account	608
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	2,445
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Depository Fee Collection	903
Union Bank of Nigeria Plc	Not Applicable	Shareholder	Current account	1,019
				609,212

In thousands of Naira				**31 December 2016**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Amount**
Guaranty Trust Bank	Not Applicable	Shareholder	Current account	22,003
Guaranty Trust Bank	Not Applicable	Shareholder	Collection account	147
Guaranty Trust Bank	Not Applicable	Shareholder	Settlement Account	19,636
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert	90
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert - VAT	4
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-USD	1,058
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-GBP	926
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-EURO	133
Sterling Bank Plc	Kayode Lawal	Shareholder/Director	Current account	2,487
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	1,663
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Collection account	813
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	931
Fidelity Bank Plc	Not Applicable	Shareholder	Current account	48,502
Fidelity Bank Plc	Not Applicable	Shareholder	Collection account	503
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Griffin Etf	132
Fidelity Bank Plc	Not Applicable	Shareholder	Lotus Etf	2
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Banking ETF	330
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	22,647
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Collection account	456
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	1,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Depository Fee Collection	3,054
Union Bank of Nigeria Plc	Not Applicable	Shareholder	Current account	1,019
				127,535

Investments

Included in investment securities is an amount of N18.45 billion as at 31 December 2017 (31 December 2016: N15.03 billion) representing treasury bills, federal government bonds and state government bonds belonging to CSCS and invested with Banks in which certain Directors have interests. The face value of the investments as at 31 December 2017 were as follows:

In thousands of Naira				31 December 2017
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Face value**
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	FGN Bonds	2,400,000
Fidelty Bank Plc	Not Applicable	Shareholder	FGN Bonds	2,500,000
Guaranty Trust Bank	Not Applicable	Shareholder	FGN Bonds	5,000,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	835,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	State Bonds	392,186
Fidelty Bank Plc	Not Applicable	Shareholder	State Bonds	1,267,372
Guaranty Trust Bank	Not Applicable	Shareholder	State Bonds	1,146,043
Fidelty Bank Plc	Not Applicable	Shareholder	Corporate Bonds	200,000
Guaranty Trust Bank	Not Applicable	Shareholder	Corporate Bonds	60,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Fixed Deposit	204,373
Fidelty Bank Plc	Not Applicable	Shareholder	Fixed Deposit	154,440
Guaranty Trust Bank	Not Applicable	Shareholder	Fixed Deposit	343,051
Sterling Bank	Kayode Lawal Mudathir	Shareholder/Director	Fixed Deposit	407,255
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Fixed Deposit	150,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Treasury Bills	100,000
Fidelty Bank Plc	Not Applicable	Shareholder	Treasury Bills	550,000
Guaranty Trust Bank	Not Applicable	Shareholder	Treasury Bills	2,465,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Treasury Bills	280,000
				18,454,720

In thousands of Naira				31 December 2016
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Face value**
Guaranty Trust Bank Plc		Shareholder	FGN Bonds	2,000,000
Access Bank Plc	Obinna Nwosu	Shareholder/Director	FGN Bonds	6,490,000
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	FGN Bonds	2,525,000
Guaranty Trust Bank		Shareholder	State Bonds	1,462,368
Access Bank Plc	Obinna Nwosu	Shareholder/Director	State Bonds	563,466
Guaranty Trust Bank		Shareholder	Treasury Bills	450,000
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Treasury Bills	650,000
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	Treasury Bills	350,000
Guaranty Trust Bank Plc		Shareholder	Fixed Deposit	270,000
Wema Bank Plc		Shareholder	Fixed Deposit	277,454
				15,038,288

The transactions with key management personnel as highlighted above were transacted at arms length. The fees were invoiced based on normal market rates for such transactions. No impairment losses have been recorded against balances outstanding during the year.

34 Condensed results of consolidated entity

Condensed results of the consolidated entities as at 31 December 2017, are as follows:

In thousands of Naira	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Operating income	8,691,558	-	8,691,558	-
Operating expenses	(3,004,856)	-	(3,002,602)	(2,254)
Impairment reversal	(5,138)	-	(5,138)	-
Operating surplus/(deficit) before tax	5,681,564	-	5,683,818	(2,254)
Share of loss of equity accounted investees	(17,387)	(17,387)	-	-
Tax expense	(683,576)	-	(683,576)	-
Operating suplus after tax	4,980,601	(17,387)	5,000,242	(2,254)

Condensed financial position

In thousands of naira	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Total Non-Current Assets	23,527,073	(105,249)	23,632,322	-
Total current assets	8,392,370	(10,000)	8,379,981	22,389
Total assets	**31,919,443**	**(115,249)**	**32,012,303**	**22,389**
Total equity	29,852,493	(70,737)	29,935,353	(12,122)
Total current liabilities	2,066,950	(44,511)	2,076,950	34,511
Total liabilities	2,066,950	(44,511)	2,076,950	34,51
Total equity and liabilities	**31,919,443**	**(115,249)**	**32,012,303**	**22,389**

35 Cash flow workings

	In thousands of Naira	Notes	Group 2017	Company 2017	Group 2016	Company 2016
(i)	**Changes in intercompany receivables**					
	Opening balance		-	32,247		-
	Closing balance	22	-	(34,511)		(32,247)
	Change during the year		**-**	**(2,264)**		**(32,247)**
(ii)	**Changes in trade receivables**					
	Opening balance	18(a)	15,522	15,522	1,625	1,625
	Impairment reversal/(charge)	20	(5,138)	(5,138)	18,679	18,679
	Closing balance	18(a)	(15,550)	(15,550)	(15,522)	(15,522)
	Change during the year		**(5,166)**	**(5,166)**	**4,782**	**4,782**

	In thousands of Naira	Note	Group 2017	Company 2017	Group 2016	Company 2016
(iii)	**Changes in other assets**					
	Opening balance	19(a)	517,047	504,713	231,678	231,678
	Impairment reversal/(charge)	20	-	-	80,715	80,715
	Closing balance	19(a)	(952,905)	(940,571)	(517,047)	(504,713)
	Change during the year		**(435,858)**	**(435,858)**	**(204,654)**	**(192,320)**
(iv)	**Changes in payables and accruals**					
	Opening balance	27	413,154	413,154	532,182	532,182
	Closing balance	27	(804,293)	(804,293)	(413,154)	(413,154)
	Change during the year		**(391,139)**	**(391,139)**	**119,028**	**119,028**
(v)	**Changes in other liabilities**					
	Opening balance	28(a)	282,011	282,011	387,660	387,660
	Closing balance	28(a)	(679,892)	(679,892)	(282,011)	(282,011)
	Change during the year		**(397,881)**	**(397,881)**	**105,649**	**105,649**
(vi)	**Proceeds from disposal of property and equipment**					
	Cost of property and equipment disposed	15	106,868	106,868	5,528	5,528
	Accumulated depreciation	15	(74,453)	(74,453)	(5,528)	(5,528)
	Profit on disposal of property and equipment	11	3,882	3,882	500	500
	Proceeds during the year		**36,297**	**36,297**	**500**	**500**
(vii)	**Net changes in investment securities -treasury bills**					
	Balance, beginning of the year	17(b)	5,135,327	5,135,327	5,328,895	5,328,895
	Fair value profit		117,648	117,648	-	-
	Balance, end of the year	17(b)	(5,418,936)	(5,418,936)	(5,135,327)	(5,135,327)
	Change during the year		**(165,961)**	**(165,961)**	**193,567**	**193,567**
(viii)	**Net changes in investment securities - bonds**					
	Balance, beginning of the year	17(a)	19,138,043	19,138,043	15,397,399	15,397,399
	Interest receivable		44,417	44,417	93,124	93,124
	Fair value loss		(271,177)	(271,177)		
	Balance, end of the year	17(a)	(21,753,586)	(21,753,586)	(19,138,043)	(19,138,043)
	Change during the year		**(2,842,303)**	**(2,842,303)**	**(3,647,520)**	**(3,647,520)**
(ix)	**Interest received**					
	Balance, beginning of the year		93,124	93,124	16,295	16,295
	Interest income	10	4,162,744	4,162,744	3,210,756	3,210,756
	Interest receivable on bonds		(44,417)	(44,417)	(93,124)	(93,124)
	Interest received for the year		**4,211,451**	**4,211,451**	**3,133,927**	**3,133,927**
(x)	**Dividend paid**					
	Balance, beginning of the year	28(a)	49,846	49,846	128,640	128,640
	Dividend declared		1,050,000	1,050,000	1,300,000	1,300,000
	Balance, end of year	28(a)	(55,090)	(55,090)	(49,846)	(49,846)
	Change during the year		**1,044,756**	**1,044,756**	**1,378,794**	**1,378,794**

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

In thousands of Naira	Group 2017	%	Company 2017	%	Group 2016	%	Company 2016	%
Gross earnings	8,691,558	118	8,691,558	118	6,174,003		6,174,003	
Net impairment loss on trade receivables	(5,138)	(0)	(5,138)	(0)	99,394		99,394	
Bought-in-materials and services	(1,333,975)	(18)	(1,316,539)	(18)	(1,347,324)		(1,286,469)	
Value added	**7,352,445**	**100**	**7,369,881**	**100**	**4,926,073**	**100**	**4,986,928**	**100**

Distribution of Value Added		%		%		%		%
To Employees:								
Staff cost	1,496,084	20	1,493,879	20	1,050,977	21	1,048,613	21
To government								
Government as taxes	683,576	9	683,576	9	191,240	4	191,240	4
For future replacement of assets, expansion of business and payment of dividend to shareholders:								
- Depreciation and amortisation	192,184	3	192,184	3	150,900	3	150,900	3
- Dividend to shareholders	1,050,000	14	1,050,000	14	1,300,000	26	1,300,000	26
- To augment reserve	3,930,601	54	3,950,242	54	2,232,956	46	2,296,175	46
	7,352,445	**100**	**7,369,881**	**100**	**4,926,073**	**100**	**4,986,928**	**100**

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY
AS AT 31 DECEMBER

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016	Company 2015	Company 2014	Company 2013
Assets							
Non current Assets							
Property and equipment	366,751	366,751	575,814	575,814	326,080	245,577	189,514
Intangible assets	1,411,086	1,411,086	613,228	613,228	233,098	84,941	56,181
Intercompany receivables	-	34,511	-	32,247			
Equity-accounted investee	1,762	62,500	19,149	62,500	-	-	-
Investment in subsidiary	-	10,000	-	10,000	-	-	-
Investments securities	21,709,176	21,709,176	19,138,043	19,138,043	15,397,399	13,548,150	11,123,954
Deferred tax asset	38,298	38,298	20,020	20,020	6,377	-	-
Defined benefit plan asset (Net)	-	-	248,101	248,101	203,286	-	-
Total non current assets	**23,527,073**	**23,632,321**	**20,614,355**	**20,699,952**	**16,166,240**	**13,878,668**	**11,369,649**
Current Assets							
Investment securities	5,418,936	5,418,936	5,135,327	5,135,327	5,328,894	6,188,507	6,059,906
Trade receivables	15,550	15,550	15,522	15,522	1,625	21,200	291,430
Other assets	952,905	940,571	517,047	504,713	231,678	237,884	110,707
Cash and cash equivalent	2,004,979	2,004,924	783,088	783,043	3,673,144	2,747,044	1,594,397
Total current assets	**8,392,369**	**8,379,981**	**6,450,984**	**6,438,606**	**9,235,341**	**9,194,635**	**8,056,440**
Total assets	**31,919,443**	**32,012,303**	**27,065,339**	**27,138,558**	**25,401,581**	**23,073,303**	**19,426,089**
Liabilities							
Current Liabilities							
Pension plan and other employment benefits		-	-	-	-	-	70,406
Intercompany payables	-	10,000	-	10,000	-	-	-
Payables, provisions and accruals	804,293	804,293	413,154	413,154	532,182	1,035,653	1,175,098
Current tax liabilities	582,765	582,765	286,177	286,177	663,550	1,108,442	1,079,811
Other liabilities	679,892	679,892	282,011	282,011	387,659	301,399	8,952
Total current liabilities	**2,066,950**	**2,076,950**	**981,342**	**991,342**	**1,583,391**	**2,445,494**	**2,334,267**
Non current liabilities							
Deferred tax liabilities	-	-	-	-	-	46,781	32,839
Total non current liabilities	**-**		**-**	**-**	**-**	**46,781**	**32,839**
Total liabilities	**2,066,950**	**2,076,950**	**981,342**	**991,342**	**1,583,391**	**2,492,275**	**2,367,106**
Equity							
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	25,006,022	25,088,882	20,924,284	20,987,503	18,691,328	15,581,028	12,058,983
Other components of equity	(153,529)	(153,529)	159,713	159,713	126,862	-	-
Total equity	**29,852,493**	**29,935,353**	**26,083,997**	**26,147,216**	**23,818,190**	**20,581,028**	**17,058,983**
Non-controlling Interest	**-**		**-**				
Total equity and liabilities	**31,919,443**	**32,012,303**	**27,065,339**	**27,138,558**	**25,401,581**	**23,073,303**	**19,426,089**

In thousands of Naira	Group 2017	Company 2017	Group 2016	Company 2016	Company 2015	Company 2014	Company 2013
Total operating income	**8,691,558**	**8,691,558**	**6,174,003**	**6,174,003**	**7,601,777**	**8,241,938**	**6,943,922**
Profit before taxation	**5,664,177**	**5,683,818**	**3,724,196**	**3,787,415**	**5,015,717**	**5,759,951**	**4,824,283**
Profit after taxation	**4,984,601**	**5,000,242**	**3,532,956**	**3,596,175**	**4,460,300**	**4,622,045**	**3,738,297**
Earnings per share	**100k**	**100k**	**71k**	**72k**	**89k**	**92k**	**75k**
Number of ordinary shares of N1 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY
AS AT 31 DECEMBER

In thousands of Naira	Group 2017	Group 2016
Assets		
Non current Assets		
Property and equipment	366,751	575,814
Intangible assets	1,411,086	613,228
Intercompany receivables	-	-
Equity-accounted investee	1,762	19,149
Investment in subsidiary	-	-
Investments securities	21,709,176	19,138,043
Deferred tax asset	38,298	20,020
Defined benefit plan asset (Net)	-	248,101
Total non current assets	**23,527,073**	**20,614,355**
Current Assets		
Investment securities	5,418,936	5,135,327
Trade receivables	15,550	15,522
Other assets	952,905	517,047
Cash and cash equivalent	2,004,979	783,088
Total current assets	**8,392,369**	**6,450,984**
Total assets	**31,919,443**	**27,065,339**
Liabilities		
Current Liabilities		
Pension plan and other employment benefits		
Intercompany payables	-	-
Payables, provisions and accruals	804,293	413,154
Current tax liabilities	582,765	286,177
Other liabilities	679,892	282,011
Total current liabilities	**2,066,950**	**981,342**
Non current liabilities		
Deferred tax liabilities	-	-
Total non current liabilities	**-**	**-**
Total liabilities	**2,066,950**	**981,342**
Equity		
Share capital	5,000,000	5,000,000
Retained earnings	25,006,022	20,924,284
Other components of equity	(153,529)	159,713
Total equity	**29,852,493**	**26,083,997**
Non-controlling Interest	**-**	**-**
Total equity and liabilities	**31,919,443**	**27,065,339**

In thousands of Naira	Group 2017	Group 2016
Total operating income	**8,691,558**	**6,174,003**
Profit before taxation	**5,664,177**	**3,724,196**
Profit after taxation	**4,980,601**	**3,532,956**
Earnings per share	100k	71k
Number of ordinary shares of N1 each	**5,000,000,000**	**5,000,000,000**

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY
AS AT 31 DECEMBER

In thousands of Naira	Company 2017	Company 2016	Company 2015	Company 2014	Company 2013
Assets					
Non current Assets					
Property and equipment	366,751	575,814	326,080	245,577	189,514
Intangible assets	1,411,086	613,228	233,098	84,941	56,181
Intercompany receivables	34,511	32,247			
Equity-accounted investee	62,500	62,500	-	-	-
Investment in subsidiary	10,000	10,000	-	-	-
Investments securities	21,709,176	19,138,043	15,397,399	13,548,150	11,123,954
Deferred tax asset	38,298	20,020	6,377	-	
Defined benefit plan asset (Net)	-	248,101	203,286	-	-
Total non current assets	**23,632,322**	**20,699,952**	**16,166,240**	**13,878,668**	**11,369,649**
Current Assets					
Investment securities	5,418,936	5,135,327	5,328,894	6,188,507	6,059,906
Trade receivables	15,550	15,522	1,625	21,200	291,430
Other assets	940,571	504,713	231,678	237,884	110,707
Cash and cash equivalent	2,004,924	783,043	3,673,144	2,747,044	1,594,397
Total current assets	**8,379,981**	**6,438,606**	**9,235,341**	**9,194,635**	**8,056,440**
Total assets	**32,012,303**	**27,138,558**	**25,401,581**	**23,073,303**	**19,426,089**
Liabilities					
Current Liabilities					
Pension plan and other employment benefits	-	-	-	-	70,406
Intercompany payables	10,000	10,000	-	-	-
Payables, provisions and accruals	804,293	413,154	532,182	1,035,653	1,175,098
Current tax liabilities	582,765	286,177	663,550	1,108,442	1,079,811
Other liabilities	679,892	282,011	387,659	301,399	8,952
Total current liabilities	**2,076,950**	**991,342**	**1,583,391**	**2,445,494**	**2,334,267**
Non current liabilities					
Deferred tax liabilities	-	-	-	46,781	32,839
Total non current liabilities	**-**	**-**	**-**	**46,781**	**32,839**
Total liabilities	**2,076,950**	**991,342**	**1,583,391**	**2,492,275**	**2,367,106**
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	25,088,882	20,987,503	18,691,328	15,581,028	12,058,983
Other components of equity	(153,529)	159,713	126,862	-	-
Total equity	**29,935,353**	**26,147,216**	**23,818,190**	**20,581,028**	**17,058,983**
Non-controlling Interest					
Total equity and liabilities	**32,012,303**	**27,138,558**	**25,401,581**	**23,073,303**	**19,426,089**

In thousands of Naira	Company 2017	Company 2016	Company 2015	Company 2014	Company 2013
Total operating income	**8,691,558**	**6,174,003**	**7,601,777**	**8,241,938**	**6,943,922**
Profit before taxation	**5,683,818**	**3,787,415**	**5,015,717**	**5,759,951**	**4,824,283**
Profit after taxation	**5,000,242**	**3,596,175**	**4,460,300**	**4,622,045**	**3,738,297**
Earnings per share	100k	72k	89k	92k	75k
Number of ordinary shares of N1 each	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**	**5,000,000,000**

SHAREHOLDERS' INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of members of CENTRAL SECURITIES CLEARING SYSTEM (CSCS) PLC will hold at the Federal Palace Hotel, 6-8 Ahmadu Bello Way, Victoria Island, Lagos at 11.00am on Monday, 28 May 2018, to transact the following businesses:

A. ORDINARY BUSINESS

1. To receive the group's audited financial statements for the year ended 31 December 2017, the auditor's report and the audit committee report thereon;
2. To declare a dividend;
3. To elect/ re-elect directors;
4. To authorize the directors to fix the remuneration of the auditors;
5. To elect/re-elect members of audit committee

Dated this day 23rd of April 2018

BY THE ORDER OF THE BOARD

Charles I. Ojo
Company Secretary
FRC/2014/NBA. 00000006051

NOTES:

a) Proxy
A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not also be a member. Shareholders can pick up a blank proxy form from our offices and/or the offices of the Company's Registrars, Africa Prudential Registrars Plc, No. 220 B, Ikorodu Road, Palmgrove, Lagos. All instruments of proxy should be duly stamped at the Stamp Duties Office and deposited at same offices of the Registrars not later than 48 hours prior to the time of the meeting.

b) Closure of Register
The Register of members will be closed from 16 May 2018 to 22 May 2018 (both days inclusive)

c) Dividend
A total dividend of N3,500,000,000 (Three Billion Five Hundred Million Naira) that is 70k (Seventy Kobo) per share has been recommended by the Board for approval. If approved by Shareholders at the Annual General Meeting, the payment will be made on 28 May 2018 to Shareholders whose names appear on the Company's Register of Members as at 15 May 2018.

d) Audit Committee Members
In accordance with section 359(5) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, any Shareholder may nominate another Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary/Legal Adviser, at least 21 days before the Annual General Meeting.

e) Election of Directors
i. Mr. Roosevelt Michael Ogbonna and Ms. Tinuade Awe are being proposed for election as Non-executive directors to fill existing vacancies on the Board. Messrs. Emeka Madubuike and Ariyo Olushekun, who serve as Non-executive directors are retiring and have offered themselves for reelection.

ii. Approvals have been sought from the Securities and Exchange Commission (SEC).

Biographical details of directors standing for (re) election are available in the Annual Report and the Company's website **http://www.cscsnigeriaplc.com**

f) Format of Annual Report
As part of efforts to reduce our carbon footprints, our annual reports are produced in electronic format and shall be available in CDs and a copy uploaded to our corporate website before the Annual General Meeting. Printed copies shall be made available to shareholders on demand hence kindly notify the Company Secretary in writing within 48 hours from the date of publication of this notice in the national dailies, so that a physical copy can be delivered to you at your registered address on our records, before the Annual General Meeting.

Website
A copy of this Notice and other information relating to the meeting can be found at Company's website provided above.

CUT ALONG DOTTED LINE

Africa Prudential
RC 649007

Affix Current Passport

USE GUM ONLY
NO STAPLE PINS

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐

Surname/Company's Name First Name Other Name

Address

City State Country

Previous Address (if any)

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, inciden tal, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	☑
1. AFRICA PRUDENTIAL PLC	☐
2. ABBEY MORTGAGE BANK PLC	☐
3. AFRILAND PROPERTIES PLC	☐
4. ALUMACO PLC	☐
5. A & G INSURANCE PLC	☐
6. A.R.M LIFE PLC	☐
7. ADAMAWA STATE GOVERNMENT BOND	☐
8. BECO PETROLEUM PRODUCTS PLC	☐
9. BUA GROUP	☐
10. BENUE STATE GOVERNMENT BOND	☐
11. CAP PLC	☐
12. CAPPA AND D'ALBERTO PLC	☐
13. CEMENT COY. OF NORTHERN NIG. PLC	☐
14. CSCS PLC	☐
15. CHAMPION BREWERIES PLC	☐
16. CWG PLC	☐
17. CORDROS MONEY MARKET FUND	☐
18. EBONYI STATE GOVERNMENT BOND	☐
19. GOLDEN CAPITAL PLC	☐
20. INFINITY TRUST MORTGAGE BANK PLC	☐
21. INVESTMENT & ALLIED ASSURANCE PLC	☐
22. JAIZ BANK PLC	☐
23. KADUNA STATE GOVERNMENT BOND	☐
24. LAGOS BUILDING INVESTMENT CO. PLC	☐
25. MED-VIEW AIRLINE PLC	☐
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	☐
27. NEXANS KABLEMETAL NIG. PLC	☐
28. OMOLUABI MORTGAGE BANK PLC	☐
29. PERSONAL TRUST & SAVINGS LTD	☐
30. P.S MANDRIDES PLC	☐
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	☐
32. PREMIER BREWERIES PLC	☐
33. RESORT SAVINGS & LOANS PLC	☐
34. ROADS NIGERIA PLC	☐
35. SCOA NIGERIA PLC	☐
36. TRANSCORP HOTELS PLC	☐
37. TRANSCORP PLC	☐
38. TOWER BOND	☐
39. THE LA CASERA CORPORATE BOND	☐
40. UACN PLC	☐
41. UNITED BANK FOR AFRICA PLC	☐
42. UNITED CAPITAL PLC	☐
43. UNITED CAPITAL BALANCED FUND	☐
44. UNITED CAPITAL BOND FUND	☐
45. UNITED CAPITAL EQUITY FUND	☐
46. UNITED CAPITAL MONEY MARKET FUND	☐
47. UNITED CAPITAL NIGERIAN EUROBOND FUND	☐
48. UNITED CAPITAL WEALTH FOR WOMEN FUND	☐
49. UNIC DIVERSIFIED HOLDINGS PLC	☐
50. UNIC INSURANCE PLC	☐
51. UAC PROPERTY DEVELOPMENT COMPANY PLC	☐
52. UTC NIGERIA PLC	☐
53. WEST AFRICAN GLASS IND PLC	☐

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.:

7. SEX: MALE FEMALE

8. ALTERNATE MOBILE NO.:
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

CUT ALONG DOTTED LINE

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. AFRICA PRUDENTIAL PLC
2. ABBEY MORTGAGE BANK PLC
3. AFRILAND PROPERTIES PLC
4. ALUMACO PLC
5. A & G INSURANCE PLC
6. A.R.M LIFE PLC
7. ADAMAWA STATE GOVERNMENT BOND
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. MED-VIEW AIRLINE PLC
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
27. NEXANS KABLEMETAL NIG. PLC
28. OMOLUABI MORTGAGE BANK PLC
29. PERSONAL TRUST & SAVINGS LTD
30. P.S MANDRIDES PLC
31. PORTLAND PAINTS & PRODUCTS NIG. PLC
32. PREMIER BREWERIES PLC
33. RESORT SAVINGS & LOANS PLC
34. ROADS NIGERIA PLC
35. SCOA NIGERIA PLC
36. TRANSCORP HOTELS PLC
37. TRANSCORP PLC
38. TOWER BOND
39. THE LA CASERA CORPORATE BOND
40. UACN PLC
41. UNITED BANK FOR AFRICA PLC
42. UNITED CAPITAL PLC
43. UNITED CAPITAL BALANCED FUND
44. UNITED CAPITAL BOND FUND
45. UNITED CAPITAL EQUITY FUND
46. UNITED CAPITAL MONEY MARKET FUND
47. UNITED CAPITAL NIGERIAN EUROBOND FUND
48. UNITED CAPITAL WEALTH FOR WOMEN FUND
49. UNIC DIVERSIFIED HOLDINGS PLC
50. UNIC INSURANCE PLC
51. UAC PROPERTY DEVELOPMENT COMPANY PLC
52. UTC NIGERIA PLC
53. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

CUT ALONG DOTTED LINE

FORM OF PROXY FOR ANNUAL GENERAL MEETING

PURSUANT TO SECTION 213 OF THE COMPANIES & ALLIED MATTERS ACT 2004

Name of the Member(s):____

Registered Address:____

Email Address:____

*CSCS Investor ID: ____

I/We,____(Name of Shareholder in block letters)

being members of the above-named company, hereby appoint the Chairman of the meeting or failing him

Name:____ E-mail: ______________________

Address:____

____ Signature:______________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on the 28th day of May 2018 at 11 a.m. at Federal Palace Hotel 6-8 Victoria Island, Ahmadu Bello Way, Lagos and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Resolution Ordinary Resolutions	For	Against
1.	To receive the Group's Audited Financial Statements for the year ended 31 December 2017, the Auditor's Report thereon and the Audit Committee Report		
2.	To declare a dividend		
3.	To elect/ re-elect Directors		
7.	To authorize the Directors to fix the remuneration of the Auditors		
8	To elect/re-elect members of Audit Committee		

NOTES:

1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the Registrar, AFRICA PRUDENTIAL, PLC, 220B IKORODU ROAD, LAGOS, not later than 48 hours before time of holding the meeting.
2. Where the appointer is a Corporation, this form shall be under seal or under the hand of any officer or attorney duly authorized.
3. This proxy will be used only in the event of a poll being directed or demanded
4. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders must be shown.

Central Securities Clearing System Plc.

1st Floor, Stock Exchange Building
No. 2/4, Custom Street
Marina, Lagos
Nigeria

info@www.cscsnigeriaplc.com

+234 1 903 3551
+234 1 460 1900
+234 1 903 3552-3
+234 1 460 1902-3

https://wwwcscsnigeriaplc.com

design & production | info@ahead-bydesign.com