CSCS
RC 201018
CENTRAL SECURITIES CLEARING SYSTEM PLC

CONNECTING IDEAS DELIVERING RESULTS

2018 ANNUAL REPORT & FINANCIAL STATEMENTS

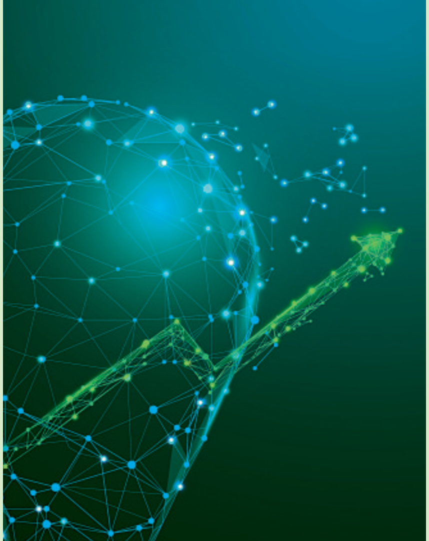
#connectedideas

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.



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OVERVIEW

2018 At a Glance

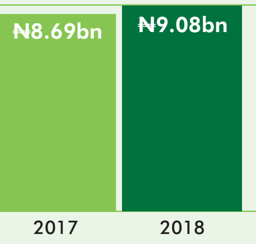
FOR THE YEAR ENDED 31 DECEMBER 2018

THE GROUP

GROSS EARNINGS

₦9.08bn

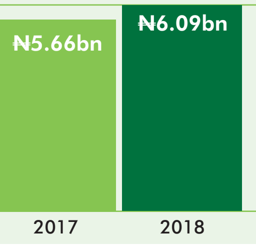
↑4% ON PRIOR YEAR



PROFIT BEFORE TAX

₦6.09bn

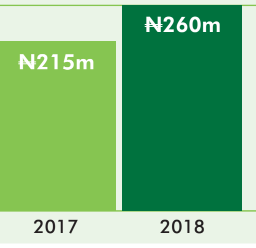
↑7% ON PRIOR YEAR



NON-CORE SERVICES INCOME

₦260m

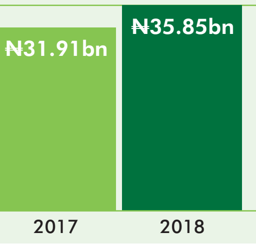
↑17% ON PRIOR YEAR



TOTAL ASSETS

₦35.85bn

↑11% ON PRIOR YEAR



RATING BY THOMAS MURRAY DATA SERVICES

94

NUMBER OF EMPLOYEES (GROUP, COMPANY)

70k

DIVIDEND PER SHARE (COMPANY)

AWARDS

2018 Most Compliant Security Award

2018 Most Active Stock Award

ASHON's Award for Sustained Trust and Integrity in the growth of the Nigerian Capital Market

2018 Award for Outstanding Contribution to the Capital Markets (Nigeria)

Chairman's Statement

"We will continue to stretch ourselves to ensure that our strategic objectives are met, so as to achieve long term value creation for our Shareholders and Stakeholders."

Oscar N. Onyema OON
Board Chairman

Dear Shareholders, Board Members and Stakeholders in the Nigerian Capital Market, Ladies and Gentlemen, I welcome you to the 25th 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 a review of the economy, an overview of your company's performance in 2018 and our outlook for 2019.

The Nigerian economy continued its moderate path of recovery, growing by 1.81% year-on-year (YOY) in real terms as at Q2' 2018. The recovery was enabled by improved stability in the macro environment with the Central Bank of Nigeria's (CBN) monetary policy stance; which focused on stemming inflation and boosting liquidity. The economic recovery however slowed down around Q3' 2018, mainly because of the general elections which resulted in sociopolitical uncertainties and capital flight.

The economy again showed signs of rebound in the last quarter of 2018 with growth accelerating to an over three-years high. According to figures by National Bureau of Statistics (NBS), Nigeria's Gross Domestic Product (GDP) expanded 2.4 percent (annualized) in Q4, a commendable growth compared to the 1.8 percent increase in Q3' 2018. The growth was induced by the non-oil sector of the economy which accelerated in the quarter at 2.7 percent annualized, while the oil sector remained weak. The year ended with a growth rate of 1.9 percent picking up notably from the 0.8% expansion in 2017.

In the capital market sector, the impressive trend in 2017 leading to the Nigerian Stock Exchange being ranked as one of the best performing Bourses on the African continent and the third best in the world continued in the first quarter of 2018 as the Nigerian Stock Exchange All-Share Index (NSE ASI) attained a 9 percent gain amid significant foreign interest. However, uncertainty surfaced in subsequent quarters with the ASI plunging 8 percent and 14 percent in Q2'19 and Q3' 19 respectively, driven largely by pre-election agitations, oil price volatility and economic slowdown, coupled with the delayed passage and assent of the 2018 budget. Foreign Portfolio Investment (FPI) flows dropped steadily during the year, with a decrease from N4.57 trillion in Q.1 2018 to N1.72 trillion in Q.3 2018. The market ended the year with a -17.8 percent loss.

GROUP (₦)

GROSS EARNING	INCOME FROM NON-CORE SERVICES	PROFIT BEFORE TAX	TOTAL ASSETS
9.08bn	260m	6.09bn	35.85bn
4% FROM FY 2017	17% FROM FY 2017	7% FROM FY 2017	11% FROM FY 2017

Despite the socio-economic developments and political agitations/instability, we are delighted to report that the business performed well as our financials show. We attribute this good performance to several factors including the primary market segment which witnessed the listing of two new companies, Notore Chemicals Industries Plc ('NOTORE') and Skyway Aviation Handling Company Plc ('SAHCO') and relatively strong secondary market activity on the Nigerian Stock Exchange; growth of our non-traditional products and services to drive auxiliary income as part of strategy implementation; our sound corporate governance model; skilled workforce and technology.

Financial Summary

The Group's gross earnings grew to N9.1 billion in 2018 from N8.7 billion in 2017, which implies a four percent (4%) 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 N260 million, up from N215 million thereby resulting in an increase of 17%. The reason for this increase is the fact that earlier in the year, the Board and Management had decided to engage more stakeholders on the non-core services. The Company's total operating expenses in the year stood at N3 billion as in 2017, hence maintaining the rate on this expense head. Other than one-time payments, the company's expense profile was less when compared Year on Year. At the end of the year, Profit-before-tax stood at N6.09 billion in 2018 from N5.66 billion in 2017. Total assets stood at N35.85 billion in the year under review from N31.91 billion in 2017 representing an 12% 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.

Achievements

We continuously strive to create value for our shareholders by developing products and services in addition to our core business. To this end, our marketing efforts have been re-energized to establish us as leaders in the document management services space with clientele across several business sectors and in Government. We have also founded an innovation hub. The hub will serve to nurture new ideas and develop exquisite solutions and services which will provide added value for our Clients and Stakeholders as well as help us to achieve revenue growth and business process improvements. As part of our strategy for sustaining standards, we subject our business to regular assessment by reputable CSD Rating Agency, Thomas Murray Data Services. We are happy to report that the rating outlook for the 2018 -2019 assessment is very favourable, and we are expecting an improvement in our rating from A to A+.

Partnerships

Creating a successful organization requires teamwork, cooperation, collaboration and strategic alliances. To this end, we have continued to advance our partnerships with peer Central Securities Depositories across the Region amongst which are Maroclear, Morocco and Strate, South Africa.

Our relationship with market participants- Stock Brokers, Custodians, Registrars of Companies,

"We will continue to ensure discipline in the management of our human and fiscal assets which sustains business continuity and growth of our company."

Settlement Banks and Exchanges has continued to improve. This has been made possible through regular interactions and meetings which have produced some impactful initiatives and have helped in building trust between us and these entities.

Board of Directors

In the year under review, Mr. Omokayode Lawal retired from the Board effective 31 August 2018. During his time on the Board, Mr. Lawal made very meaningful contributions to the deliberations of the Board and the Committees on which he served. We are committed improving to improve board effectiveness by maintaining a strong board of directors, evaluating performance, and investing in Board development to ensure that directors keep abreast with educational information and trends that are relevant for the performance of their fiduciary duties. An executive search is currently in progress to find individuals of high caliber with broad experience, integrity and credibility to be appointed to further strengthen the Board composition.

Corporate Social Responsibility

As a business, we understand societal demands and the need for us to serve a purpose that is beyond delivering financial performance. To this end, we are very mindful about making positive contributions to society and have channeled significant resources towards ensuring this cause is achieved. In 2018, we reviewed the Company's Corporate Social Responsibilities (CSR) philosophy to reinforce beliefs that are close to our corporate heart. Our 2018 CSR efforts focused broadly on the Community, Environment and People with activities ranging from donations to community development and Educational programs to welfare and support for participants at the Special Olympics.

Outlook

Strong Corporate Governance Standards and Strategy execution shall remain top of mind for the Board and Management in the coming years. We will continue to stretch ourselves to ensure that our strategic objectives are met, so as to achieve long term value creation for our Shareholders and Stakeholders. We will continue to ensure discipline in the management of our human and fiscal assets that help in sustaining business continuity and growth of our company. We will continue to improve on conditions for employment to ensure that we attract the best in class professionals to help support Management in strategy execution and to ensure that the Company has a robust succession pipeline.

Appreciation

I would like to use this opportunity to appreciate our esteemed Shareholders for your support during the year as well as our hardworking employees for their dedication towards achieving the corporate objective of creating sustainable value for our stakeholders. To my colleagues on the Board and Management, thank you for your invaluable contribution towards the continued progress of the Company. I also thank our government, regulators and other stakeholders for their contributions towards improving our operating environment.

Oscar N. Onyema OON
Board Chairman

Chief Executive Officer's Letter to Shareholders

"In the face of the deluge of operating environment challenges, I am pleased to report that your Company continued on the positive revenue growth trajectory."

Haruna Jalo-Waziri
Chief Executive Officer

Distinguished Shareholders and Capital Market Stakeholders, it is my pleasure to welcome you to the 25th Annual General Meeting of your Company. It is indeed a privilege to present to you a review of your Company's performance in the 2018 financial year, as well as highlights of notable activities in the period under review.

In my maiden letter to you - during the review of our 2017 financial year performance, and shortly after my resumption as Chief Executive Officer in November 2017, I spoke about our commitment with respect to the future for the Company, the envisaged opportunities around us, as well as the unveiling of a three-year strategic plan (2018 – 2020) to chart the course for the Company. At the time, I stated that our strategic thrust would be hinged on five core pillars: (i) Process Optimisation; (ii) Customer Satisfaction/ Experience; (iii) Technological Innovation to deliver corporate goals; (iv). Partnership through strategic alliances across businesses and stakeholders; and (v). Revenue growth. I am pleased to have this opportunity to discuss our achievements in 2018 in relation to these commitments and strategic goals

Revenue Growth and Financial Performance

As pre-election year typically go - 2018 was expected to be characterized by some degree of lull in business activities given inherent risk averseness that tends to permeate investor sentiment in the face of uncertainties in the country's political and policy environment. But the year in review was laden with much more volatility and surprise events than could have been envisaged. From jitters arising from US-China trade tensions and tariffs; Brexit uncertainties; desynchronized growth (and policy divergence) among developed economies; heightened geopolitical risks amid shifts between long established western allies – as well as apparent thawing in relations among non-allies; four US interest rate hikes and the attendant rising yield environment; a stronger dollar; capital flow reversals from Emerging and Developing Economies (EMDEs) - which fueled a currency rout in some of these economies (like Turkey and Argentina) – and a contagion effect in others; oscillation in oil prices – especially in H2-2018 – as Brent swung dramatically between a low of \$58.8/b and a peak of \$86.3/b following a more relatively stable in H1-2018 (which witnessed a high of \$79.8/b and a low of \$62.6/b); and the now-established impact of a "tweet-storm" on financial markets.

"...our capability to process trades has now significantly increased from hundreds of thousands of trades to millions of trades daily."

In all, 2018 was a tough year for global equities and EMFM debt markets. While the MSCI World Index recorded a -10.4% downturn in 2018, the MSCI EM Index shed 16.6% while the MSCI FM recorded -19.1% amid broad currency weakening. Sub-Saharan Africa equities were not alien to the rout as South Africa's FTSE/JSE Index posted -11.4%, Kenya's NSEASI recorded -18%, the Ghanaian benchmark index fell to 3.1% (relative to 52.7% recorded in 2017), and the comparable Nigerian (listed) equities index – NSEASI posted a -17.8% return. Beyond the election cloud hanging over the domestic business environment, overall economic growth momentum was also constrained by the escalation of farmer/herdsmen crises, resurgence of Boko Haram attacks, as well as congestion/gridlock at two functional ports in the country – Lagos Apapa and TinCan Island Ports – which impacted international trade, haulage, commuting and general business activities and confidence. On its part, the Nigerian fixed income market was not short of interesting themes as the concoction of political jitters, tighter monetary policy posture in the US, idiosyncratic issues in other emerging markets and frontier markets (EMFM), and a stronger dollar influenced the intensity of FPI sell-off from the market.

In the face of the deluge of operating environment challenges, I am pleased to report that your Company continued on the positive revenue growth trajectory – eking out a modest 4% year on year increase in total operating income and 7% year on year growth in earnings before tax in the period. The value of securities cleared and settled was down by 3% on a year on year basis driven by a c.5.6% drop in NSE value traded which was somewhat buffered by a 6x growth in NASD value traded on a year on year basis. A relatively steep moderation in the average treasury yield environment also presented a revenue squeeze on Company's interest income line in the period as the 364 day PMA average yield was lower by c.710 basis points year-on-year. Our renewed focused on growth and improved earnings quality helped to stave off the slip in these traditional revenue lifelines. Overall, fee based income grew by c.6.7% as new securities listings helped to buffer the slip in market valuations. Interest based income grew c.1.3% despite markedly lower yield environment as we improved treasury management to ride yield enhancement opportunities in the period. Importantly is the growth in other traditional CSD revenue sources that are potentially stickier in nature. We were able to grow other income contribution by c.21% y-o-y as we have renewed our focus on asset and digital service offerings to diversify our earnings. We continue to see exciting growth potential in these relatively untapped traditional CSD business lines with the potential to enhance earning quality, improve income stability, and bolster our business resilience into the future.

Technological Innovation and Process Optimization

Following the change of our legacy clearing and settlement software the Equator - to a more robust and agile CSD Software - TCS BaNCS - in 2017, we have continued to optimize the benefits of the new software in our commitment to efficiently support components and offerings for end-to-end trade and post-trade functions. In the period under review, we continued to stretch out the performance capabilities of the new platform in supporting our business processes and stabilized teething issues typical in new technology deployments. Overall, our capability to process trades has now significantly increased from hundreds of thousands of trades to millions of trades daily. This development ensures that we stay well positioned to deliver clearing and settlement services across current and future product offerings of the Stock Exchanges we render services to. As part of our technology optimization and to ensure alignment with overall strategic goals, we carried out a diagnostic review and redesign of our enterprise architecture framework to establish the conceptual blueprint for how our infrastructure should support the achievement of our objectives. We are confident that this will facilitate our ability to reposition our operational capabilities in line with our strategic outlook, as well as inform our ability to scale technology into the future to improve our offerings, performance and standards. The need for information technology security cannot be overemphasized hence we continue to make significant investments towards protecting our infrastructure and undertake continuous monitoring to ensure that we are resilient to internal and external attacks.

We identified opportunities for improvement in our data exchange with our participants and consequently created a data migration tool that enables integration of TCS BaNCS data into a staging database for generating reports. Several operations, settlement, trades related, and regulatory advice reports have been built into the system. With this, CSCS can deliver reports to its participants as required. We also improved controls around our account opening process and intermember process (i.e. transfer of an investor's account from a resident firm to a target firm) by developing a routine to send out e-mail notifications to investors upon creation of an account for them at CSCS or when an inter-member transfer is initiated with respect to their respective accounts.

We have continued to automate our processes to eliminate manual intervention and improve turnaround time. Amongst our automations is the payment of Federal Government of Nigeria (FGN) bond coupon. We have reviewed the time for computing of interest for investors to final advice on payment from 2 hours to 15 minutes. In addition, CSCS has optimized the Inter-member transfer process of transferring accounts from 'Regulatory Inactive' stockbroking firms to Active ones. This has been revised to ensure it becomes a fully digital process, to provide stakeholders the ability to initiate and execute inter member transfers on a digital platform; from any geographical location. Previously, this process was completed via a manual method which reduced CSCS' ability of executing numerous transfers. The proposed new process will ultimately improve the turn-around time on execution of these transfer processes along with other contingent activities. CSCS' view is to include other additional activities on her digital platform to further optimize the process.

Customer Satisfaction

Customer satisfaction remains our prime concern and we were deliberate in our execution of certain initiatives in 2018, simply because we wanted to reinforce this message. We started and completed the change of our company's domain name in the first phase of the remodeling of our online outlook. Our corporate website is undergoing an upgrade to make it more appealing and interactive for our target audience. We have also begun the process of setting up a world class contact centre for our customers to render feedback and lodge complaints via voice, e-mail, chat and social media channels. We are optimistic that the contact centre would help in bringing us closer to our customers and ultimately improve service efficiency and customer experience.

Partnership through strategic alliances across businesses and stakeholders

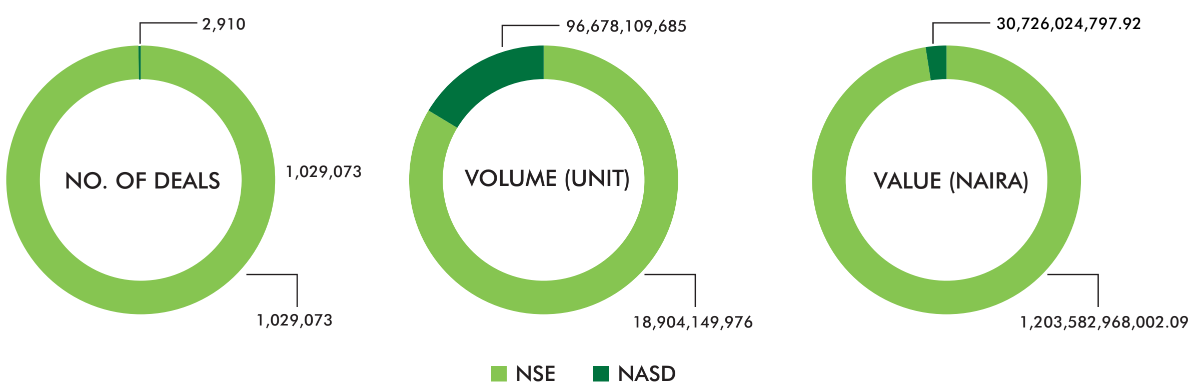
We have continued to strengthen our interaction and influence within and outside of the Nigerian capital market by cultivating and maintaining partnerships that promote similar interests and values. During the year, we were involved in various technical committee assignments instituted by the Securities and Exchange Commission (SEC) in respect to achieving the 10 (ten) year capital market master plan. We are happy to be part of the progress being made to actualize the 13 laudable objectives contained in the plan. We believe in the vision of a well-regulated market and the preferment of ours as the capital market of choice for both local and international investors. We have also kept a routine of consultation meetings and sessions with our participants and stakeholders to promote the flow of ideas and to build the right synergy amongst us. In our capacity as the recognized issuer of International Securities Identification Number (ISIN) and Legal Entity

Identifier (LEI), we have been involved in (i). discourse on improving standards for issuing ISIN codes across jurisdictions to guarantee security of symbol identification; (ii). The introduction of Association of National Numbering Agencies (ANNA) Services Bureau; with objects including sale and marketing of ANNA data to vendors; promoting innovation and development for the benefit of ANNA and its members; (iii). Reporting and monitoring; (iv). Disruptive Technology i.e. Artificial Intelligence, Robotics, Block Chain and Cloud Computing.

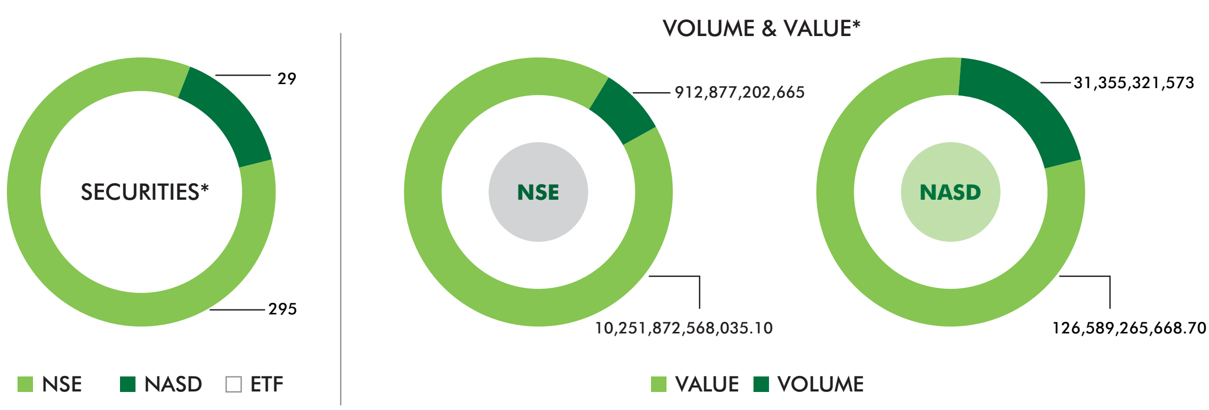
Operations Statistics

Below is the highlight of our operations statistics as at 31 December 2018

Trades Cleared & Settled



Custody Record as at 31 December 2018



Collateral Placements and New Accounts Created

127
COLLATERAL PLACEMENTS

179,647
NEW ACCOUNTS CREATED (NSE)

2,936
NEW ACCOUNTS CREATED (NASD)

"Our people are most critical assets and are indeed our security for the today and the future."

Looking Forward

Following the rapid digital transformation across industries including ours, we shall be exploring opportunities regarding emerging innovations with the potential of disrupting various aspects of our ecosystem. Already, we have taken one of such opportunities by leading efforts to leverage Distributed Ledger Technology (DLT) to drive efficiency in our business processes. We successfully commissioned a proof of concept in respect of DLT for corporate actions. Based on this success, we are inspired to consider other developments such as Robotic Process Automation (RPA), Artificial Intelligence; which available data confirms are trends that Central Securities Depositories are globally adopting.

Digital transformation also presents the consequential risk of cybersecurity threats hence we will continue to safeguard our network infrastructure and sustain our threshold of 99.9% data security. We will continue to improve and test our systems to ensure 99.9% availability of connection with the Stock Exchanges we render services to. Overall, we will not accept any compromise to our culture of risk-based approach to doing business and our values of S.E.C.U.R.E.

Cost pressures and an evolving regulatory compliance landscape make data management increasingly critical. Complying with regulations such as General Data Protection Regulation (GDPR) and the Nigerian Information Technology Development Agency (NITDA) Regulation are key to us and creates a demand for extensive data management and data processing. We are undertaking extended work on Data Governance that would further group and map data to business units, defines access rights for both internal and external stakeholders and design an authority and decision-making matrix of usage of each set of data. This body of work would also provide us with a better insight into markets and customers to improve consumer centricity and customer experience besides accurate business decisions and improved returns.

Our people are most critical assets and are indeed our security for the today and the future. We therefore will continue to construct the ideal workplace, both in concept and physical structure, that inspires creativity, emphasizes our shared values and purpose and promotes our well-being.

On behalf of Management, I thank our Board of Directors for the commitment and friendship over the years. Thank you to our Shareholders, Stakeholders and our Regulator for the support and appreciation of what we do.

I undertake that your collective confidence in the Management of our company shall always be upheld and we shall continue to do our best to sustain financial growth and shall not stop offering our contributions to the improvement of our capital market.

Haruna Jalo-Waziri
Chief Executive Officer

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BUSINESS REVIEW

Strategy Report

Development of New Strategy

Consequent to the expiration of CSCS's 2-year strategic plan in December 2017, the CSCS Board of Directors and Management put together a new set of strategy that would enable CSCS compete favourably within the sub-region and in the global landscape in the nearest future.

During the strategy preparation and development, the Board of Directors considered the current trends and degree of changes in the clearing and settlement space around the world. We hold a firm belief that the success of our transformation would be determined by the continuous review and evaluation of our strategic goal and objectives, thereby injecting some dynamism into our overall strategy to enable us take advantage of impending opportunities as they emerge.

In order to actualize the next phase of our growth process, the Board of Directors and Management put together a 3-Year Strategic Plan around the following pillars; Process Optimization, Customer Satisfaction, Improvement of Technology to Achieve Corporate Goals, Partnerships through Strategic Alliances across Businesses and Stakeholders and ultimately to Grow Revenue.

Our Strategic Pillars

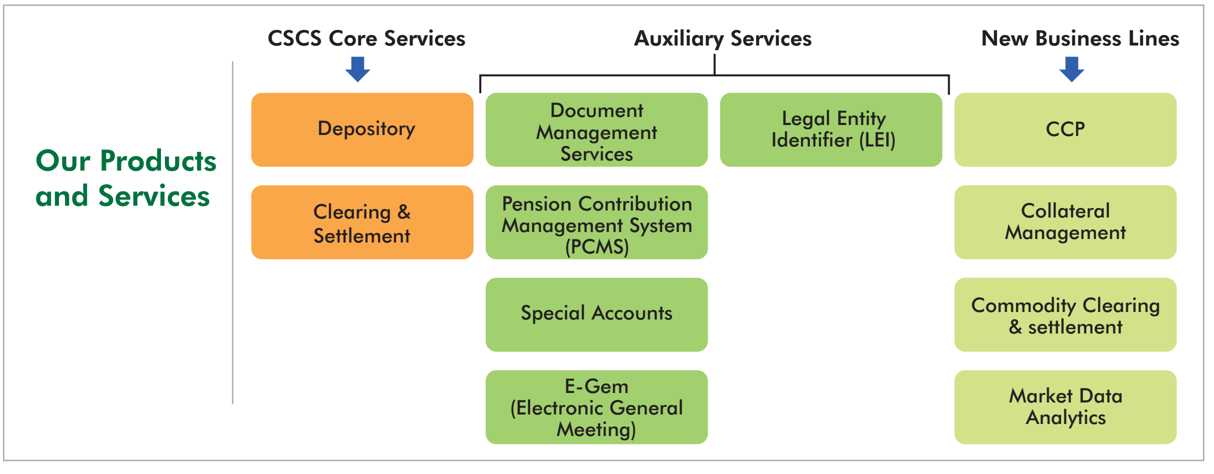
Process Optimization:
CSCS has deemed it important to improve all its processes and flows of information in the form of interfaces, documents, and many more to generate efficiencies in its processes and achieve comprehensive optimization, working from the current towards the desired future processes though business process reengineering.

Customer Satisfaction:
Customer satisfaction is a major pillar in CSCS's corporate strategy in order to become truly customer-centric and boost commercial excellence. We are also poised to ensure seamless relationships with all stakeholders.

Improve Technology to achieve corporate goals:
In this era of fourth industrial revolution and artificial intelligence, CSCS has realized that improving our business through technology can help meet our business objectives. We hope to optimize the use of Innovative technology by embracing new and disruptive technologies to institute STPs across all touch points of our business.

Partnerships across businesses and stakeholders:
Our experience over the years has shown that an essential part of a business's success is having strong relationships within and outside its ecosystem. We remain focused on strengthening relationships with all our stakeholders including regulators, brokers, custodian bank, registrars, investors among others.

Revenue Growth:
As a Public Liability Company, it is incumbent on us to grow shareholders value to improve return on equity and add value to our shareholders by maintaining a consistent record of dividend payment.



CSCS Ecosystem

Market	Products			
Nigerian Stock Exchange	Equities	Bonds	ETFs	Mutual Funds
NASD OTC	Equities	-	-	-
FMDQ OTC	Bonds	T-Bills	CPs	-
Nigerian Commodity Exchange (NCX)	Commodities	-	-	-

Our Major Stakeholders

Custodians

Brokers

Settlement Banks

Exchanges

Regulators

Registrars

Our Strengths

Technology

- TCS BaNCS
- E-Verification
- Data-Exchange
- Biometrics

Skilled Workforce

Partnership

AMEDA

ANNA

ISSA

WACMIC

ASEA

Backup Philosophies

- Strong Risk Management
- Robust Internal Business Processes
- Well-conceived Strategy
- Stakeholder Engagement
- Strengthening the Core

Our Performance Overview in 2018

Our long-term objective is to be a leading Central Securities Depository and Post-Trade Company in the West Africa sub-region and in the Sub-Sahara Africa at large. We will continue to build on our success in process optimization to further improve our efficiency, satisfy our customers, adopt technology to help achieve our corporate goals, strategic partnerships and revenue drive to enhance shareholders' value.

Strategy Report

STRATEGIC PILLARS	MILESTONES
Pillar 1: Process Optimization	
	Optimize Enterprise Architecture: Current enterprise architecture was evaluated, and various forward-thinking initiatives were recommended for rollout in the governance framework. **Business Processes Re-engineering:** Efforts were made during the year to automate our internal and external processes. Most of our interactions with market participants such as registrars and brokers have been automated with Straight Through Processes (STPs). **Improved Risk Management:** CSCS achieved ISO 27001:2013 Information Security recertification during the year.
Pillar 2: Customer Satisfaction	
	Seamless Relationship with Stakeholders: To achieve seamless relationship with all our stakeholders including our customers, we created a full-fledged department to respond to the needs and aspirations of all our stakeholders and participants. **Achieve customer activities on all touch points:** In order to actualize this, we have commenced the build of a new and interactive website to provide necessary information feeds to our customers. **Become truly customer-centric and boost commercial excellence:** Upgrade of our current voice solution from an analog PBX to an IP PBX has been completed. This is critical for the successful introduction of our Customer Contact Centre. We have leveraged on Customer Relationship Management (CRM) tool to **manage** and analyse our customer interactions with the goal of improving **customer** service **relationships**
Pillar 3: Improve Technology to Achieve Corporate Goals	
	Embrace new and disruptive technologies: CSCS, TATA Consultancy Services and Standard Bank of South Africa/Stanbic IBTC carried out a successful POC on Blockchain Technology in September 2018 for possible adoption of some use cases in different aspects of our operations. CSCS is also a member of ISSA CSD Working Group on Distributed Ledge Technology. **Optimize the use of Innovative technology:** We have put plans in place to adopt e-learning platform to support capacity building internally and among our participants. We have begun to institute STPs across all touch points with technology in our organization.
Pillar 4: Partnerships across businesses and stakeholders	
	Expand the capital markets ecosystem: Since inception, CSCS has been pivotal to enhancing integrity, efficiency and investor participation in the Nigerian Capital Market ecosystem. We have entered into a market-centric agreement with Lagos Commodity Exchange as part of our strategies to expand the capital market ecosystem during the year. **Create feedback mechanism to all stakeholders:** A resolution team has been put in place for the market to ensure prompt resolution of all complaints received, respond to complaints both in writing and verbal, investigates and follow up on all complaints from market participants to ensure quick resolution.
Pillar 5: Revenue Growth	
	Achieve 5% contribution of new businesses to revenue: Significant effort has been geared towards restructuring our capital market products and drive sales to ensure that these products become major contributors to overall CSCS revenue. **Double-down on new and fast-growing opportunities:** Product Development department has been incorporated into the company's organizational structure. This unit has been mandated to develop new and fast-growing products to shore-up the revenue of the company.

Enterprise Risk Management Report

Central Securities Clearing System (CSCS) in its role as a Central Securities Depository (CSD), facilitates the delivery (transfer of securities from seller to buyer) and settlement of securities executed on all approved Nigerian Securities Exchanges. Hence the need for transaction processing assurance cannot be over-emphasized.

Our robust Enterprise Risk Management (ERM) framework is designed to give this assurance by integrating our strategic objectives with risk management by identifying, assessing, treating, monitoring and reporting risks to key business goals and business performance.

Introduction

ERM continuously assesses CSCS's post trade services compliance with CPMI-IOSCO requirement and disclose to stakeholders in line with its strategic objectives. ERM plays a significant role in facilitating the achievement of CSCS's business goals and objectives in 2018 by building a risk culture that enabled prompt and proactive response to risk events and enabling the achievement of a safe and efficient capital market.

Enterprise Risk Management Philosophy

Enterprise Risk Management philosophy provides CSCS with superior capabilities to identify, assess and manage the full spectrum of risks faced by CSCS thereby creating value for stakeholders by protecting reputation, strengthening accountability, maximizing profits, and enhancing compliance to regulations and standards.

Enterprise Risk Management Framework

The Risk Management function has a comprehensive Enterprise Risk Management (ERM) framework that is approved annually by the CSCS Board of Directors along with other policies, considering relevant regulatory standards.

ERM framework establishes clear and robust risk governance arrangements; ensures open and transparent identification, analysis, management, monitoring and reporting of risks – including root causes, potential impacts and incidents from across the organization; embeds risk appetite in management decision-making, thereby ensuring an appropriate balance between risk and reward is maintained.

Enterprise Risk Governance

The three lines of defense model operated within CSCS, facilitates the effective operation of the ERM framework. Each line plays a distinct role in providing management and the Board with assurance on CSCS's likely achievement of its key goals through the effective management of risks.

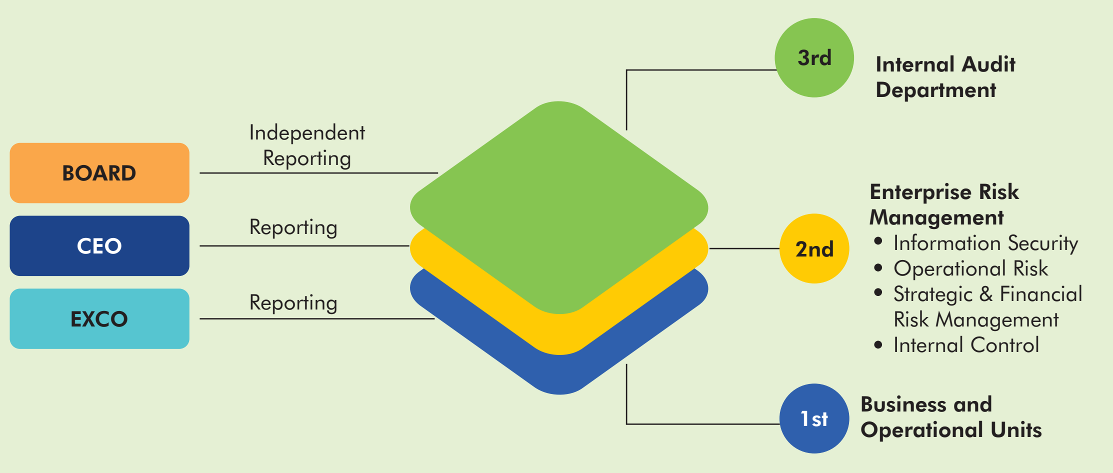
The 'three lines of defense' are:

1) **First line of defense:** The first line (business units) is responsible for taking acceptable risks in line with CSCS's risk appetite. Management uses the ERM framework to help identify, assess and control/mitigate risks that might impact the achievement of CSCS's key goals or are outside of the risk appetite.

2) **Second line of defense:** The Risk Management function, headed by the Chief Risk Officer (CRO) provides robust independent oversight of management of risks through a combination of continuous risk monitoring and independent risk assessments. In doing so, Risk Management establishes, maintains, facilitates and assesses the effective operation of CSCS ERM framework; constructively advises the management and the Board on identification, assessment, mitigation and reporting of risks; provides the Board and Risk Committee with an independent view of risk capacity, appetite and profile, key and emerging risks, and likely achievement of key goals.

3) **Third line of defense:** The Internal Audit function provides comprehensive assurance based on the highest levels of independence and objectivity within the organization, in order to support the Board and Management in reaching their objectives. Internal Audit's scope is unrestricted and provides assurance on the adequacy and effectiveness of CSCS governance, risk management and internal controls.

THREE LINES OF DEFENSE



Compliance Risk Management

Compliance function monitors non-compliance with laws, rules, regulations, agreements, prescribed practices or ethical standards which can lead to fines, damages and/or the voiding of contracts and reputational damage. In the year under review, we self-assessed to ensure compliance to GDPR and Data protection compliance framework.

CSCS has a Code of Corporate Governance which provides a robust framework for the governance of the Board and the company. CSCS follows the best standards of corporate governance, including the most important principles and recommendations set out in the Securities and Exchange Commission's Code of Corporate Governance. CSCS corporate governance framework is based not only on the SEC Code, but also on best practices, which is an evidence of a rather mature level of corporate governance at the company.

Internal Control System

Internal Control activities are benchmarked to the COSO standards. Procedures are reviewed to optimise effectiveness and efficiency of controls. Controls are implemented to mitigate risks of errors, duplication and omissions that could affect the integrity of data in CSCS depository and reliability of the financial statement. Internal controls systems are embedded in all the procedures in CSCS through restricted access, segregation of duties and end of day checks. These controls allow for review, validation and approval of transactions, not only mitigating the risk of fraud but also preventing transaction errors. Control activities ensure that the financial information is complete, accurate and valid.

In 2018, we conducted two Vulnerability Assessment and Penetration tests (VAPT) as part of activities to ensure we reduce information security risks. We conducted awareness sessions and engaged stakeholders as part of our strategic objective to improve risk management.

Business Continuity Management

Central Securities Clearing System (CSCS) Plc being a Financial Market Infrastructure (FMI) benchmarks itself with CPMI-IOSCO requirements on business continuity to ensure that it can manage business disruption in an extreme and plausible scenario. To this end, CSCS established Business Continuity and Disaster Recovery Plan. This plan is tested quarterly to continually improve the process for assurance while Bi-annual Market-wide tests are carried out in collaboration with the NSE and Capital market participants. In the test conducted in May 2018, CSCS was able to achieve recovery for a scenario where trading and/or settlement processing was disrupted intraday while all connections were re-routed from the NSE and CSCS Headquarters (HQ) to their respective Disaster Recovery (DR) sites. CSCS was able to continue post-trade activities from its BCP site.

CSCS performs functional as well as company and market-wide business continuity tests to ensure its continued readiness to respond to crisis. Some of the tests carried out include; Disaster Recovery testing, crisis management exercises, switch to a recovery office and dual sites testing; testing of agreed arrangements with the Nigerian Stock Exchange - participation in market wide exercises whenever they are organised and building evacuation exercises.

Conclusion

Enterprise Risk Management function is an enabler of the business. This has contributed significantly to CSCS achieving its strategic objectives. CSCS now has a robust BCP site complemented with a Tier 3 disaster recovery facility. CSCS was recertified for ISO 27001 Information Security and has a significantly improved risk culture. Great effort and improved stakeholder engagements in 2018 resulted in an improved Thomas Murray Risk rating upgrade.

The Risk Management function will continue to serve as an enabler of business to CSCS and provide value-added services to the Nigerian Capital Market.

Corporate Social Responsibility Report

As the world we live in grows more complex, we face several challenges and threats that communities and governments do not have the abilities to solve on their own. CSCS recognizes that it is increasingly becoming the responsibility of businesses to show real compassion and commitment to social and environmental issues while playing a leading role in resolving them.

With the revision of our 3-year (2018-2022) strategy, CSCS seeks to distinguish herself through a renewed and focused approach to Corporate Social Responsibility (CSR) that is designed to have a sustained, positive impact on people, communities, the environment, and society.

For 2019 and beyond, CSCS will be focusing on CSR initiatives where we believe we can make the greatest positive impact:

- Community
- Environment
- People

Our focus is to grow responsibly, enhancing the quality of life of our employees, connecting with our stake-holders and the community. Our CSR approach will continue to support our business model and core values essentially driving CSCS to be the most socially responsible organisation in Nigeria.

EMPLOYEE WELL-BEING

At CSCS, the health and the safety of our employees are of paramount importance, we will continue to organise health programmes for our staff in 2019:

- Health awareness programmes covering the health issues that are relevant to our staff.
- In continuation to her promise of promoting a health-conscious workforce, CSCS will organise an annual comprehensive medical screening for all employees.

EMPLOYEE EMPOWERMENT

CSCS employee development programmes will continue to provide employees with the support and tools that will enable them to perform their duties to the highest standards and develop their careers.

Gender equality is at the forefront of our Corporate Social Responsibility strategy. We will continue to promote diversity and remain focused on empowering our female employees and supporting them to develop into leadership roles.

COMMUNITY ADVANCEMENT AND SUPPORT

CSCS intends to advance our community in partnership with local and global NGOs. We intend to invest in sustainable initiatives that will improve the quality of life within our community.

- **Special Olympics Nigeria:** We have partnered with the Special Olympics (SO) Nigeria in the "Inclusion Revolution" - an initiative that provides opportunities for People with Intellectual Disabilities (PWID) to participate and compete in sports, empowering them to become accepted and valued members of their communities. With this partnership, CSCS intends to break the barrier of cultural inhibitions as regards the issue of intellectual disabilities.

- **Care for the Little Heroes Initiative:** We plan to reach out to children living with various disabilities, particularly children living with Cerebral Palsy. We will partner with the relevant NGOs that focus on improving the quality of life for those children.

ENVIRONMENT

A sustainable earth is important to every human on the planet. We intend to be more environmentally friendly and ecologically responsible as an organisation.

- **Recycle Drive:** This campaign aims to encourage recycling and reduce the amount of waste sent to landfills. CSCS intends to promote the culture of recycling within our organisation. To strengthen this campaign, we will be partnering with a recycling company for collecting and recycling waste materials. To motivate and train staff to recycle waste materials, awareness sessions will be organised.

STRATEGIC PARTNERSHIPS

In line with our Strategic objectives, we will continue collaborating with other organisations and individuals by connecting ideas and delivering results in areas of shared interest and mutual benefit.

Stakeholder engagement is an integral part of our business model. We will continue to create positive, memorable customer experiences for all our stakeholders and pledge to uphold their trust by staying true to our S.E.C.U.R.E values and proactively attending to their needs.

CSCS
RC: 201018
CENTRAL SECURITIES CLEARING SYSTEM PLC

Document Management Services (DMS)

This product is designed for the management of your documents (Past, Present & Future) for easy retrieval and safety. It involves Conversion of Paper Documents to Electronic Format and for Records Management. You can also develop Business Process and Workflow Management using this service.

Product Features

Stage 1: Physical Archiving – sorting, classification, boxing, referencing etc.

Stage 2: Digitization – classification sorting/indexing preparation – scanning – Digitalization

Stage 3: Electronic Document Management & Workflow on Real-time - from the point of receipt to the processing of the document and eventual archiving.

Benefits

- Efficient preservation of documents
- Paperless environment
- Easy retrieval of documents
- Timely document access and distribution of work flow
- Security and access control
- Reclamation of space, etc.

Who is this for?

- All Corporate entities and Individuals

How to get this service

Contact us @ products@cscsnigeriaplc.com or call +234 1 903 3551
www.cscsnigeriaplc.com

3
GOVERNANCE

The Board

OSCAR N. ONYEMA, OON

Chairman, Board of Directors

Mr. Oscar N. Onyema is the Chairman of Central Securities Clearing System (CSCS) PLC, the clearing house for the Nigerian capital market. He assumed the role in 2011 after his resumption as Chief Executive Officer of The Nigerian Stock Exchange, and member of the National Council in April 2011. Before this, he gained experience for over twenty (20) years in both the United States financial markets and the Nigerian information technology sector. He serves on the boards of all four subsidiaries of The Nigerian Stock Exchange. Mr. Onyema is also the President of the African Securities Exchanges Association (ASEA), and a board member of the National Pension Commission of Nigeria (Pencom).

He has served as the Senior Vice President and Chief Administrative Officer at the American Stock Exchange (Amex), which he joined in 2001. He was the first person of colour to hold that position and was instrumental in integrating the Amex equity business into the New York Stock Exchange (NYSE) Euronext equity business after the latter's acquisition of Amex in 2008. He then managed the NYSE Amex equity trading business, which he helped position as a premier market for small and mid-cap securities.

In 2014, Onyema was made an Officer of the Order of the Niger (OON) in "recognition of his contribution to economic development, the transformation of The Nigerian Stock Exchange and the Nigerian capital markets". Mr. Onyema is an alumnus of Harvard Business School having completed its Advanced Management Program. He has an MBA from Baruch College, New York and BSc from Obafemi Awolowo University, Ile-Ife.

HARUNA JALO-WAZIRI

Managing Director/Chief Executive Officer

Mr. Haruna Jalo-Waziri is an experienced Financial Markets Expert, his award-winning career spanned over twenty-five years in Capital Markets. He has vast experience in Deal Origination, Investment Management, Securities Trading and Regulation.

He started his career at the Nigeria Stock Exchange and subsequently moved to the Securities and Exchange Commission, the apex regulatory organization of the Capital Markets in Nigeria. He worked with Afrinvest West Africa (formerly SECTRUST) and Kakawa Discount House Ltd where he started the Asset Management Department, which he later transformed to a full fledge company "Kakawa Asset Management Limited" (now FBN Merchant Bank). He later joined the services of First Alliance Pension & Benefits Limited (Now ARM Pensions Limited) in partnership with Mcube South Africa.

In 2007, he was appointed MD/CEO of UBA Stockbrokers Limited, a subsidiary of United Bank for Africa (UBA Plc) which he successfully made one of the top 5 securities trading companies in Nigeria. He thereafter became the MD/CEO of UBA Asset Management Ltd.

Haruna Jalo-Waziri was appointed the Executive Director, Capital Markets in 2012 with a primary responsibility for the overall capital market developments. He implemented key initiatives such as; Capital markets partnership agreement with the London Stock Exchange Group, Developed the Sovereign Green Bond, Introduction of Federal Government Retail Savings Bond, Launched the NSE Premium Board, MSCI Index Partnership- GICS Adoption and the 1st dual listing on the NSE and LSE Main Board amongst others.

He has served on several Boards including FSDH Merchant Bank, Nigeria German Chemical Plc, Oakwood Protea Hotel, Central Securities Clearing System Plc and Coral Properties Limited. He is currently on the Board of Special Olympics Nigeria. He is also the current Vice President of the AIFA Reading Society, an NGO that focuses on promotion of a reading culture and the attainment of a sustainable educational development across Africa.

Haruna Jalo-Waziri is a graduate of Economics from the University of Maiduguri and holds an MBA from Abubakar Tafawa Balewa University Bauchi. He has throughout the course of his career attended various courses and seminars on Capital Markets Operations, Management and Leadership, both locally and internationally. He is an alumnus of Lagos Business School and the Venture Capital Institute of America. He is also a life member of the Institute of Directors.

BAYO OLUGBEMI

Non-Executive Director

Mr. Bayo Olugbemi is the MD/CEO of First Registrars & Investor Services Limited. He has extensive experience in the areas of Investment Banking and Portfolio Management.

Bayo Olugbemi is a graduate of Accounting from the University of Lagos. He holds an MBA from the Lagos State University and an MSc in Corporate Governance from Leeds Beckett University in the UK. Mr. Olugbemi is an alumnus of some of the World's top management schools like the Lagos Business School, Harvard Business School, INSEAD France, IMD Switzerland, Wharton Business School and Stanford Business School amongst others.

He is regarded as a pioneer in the Nigerian Share Registration industry, having pioneered several Capital Market Registrar Companies. He currently serves on the Governing Councils of several professional bodies such as The Chartered Institute of Bankers of Nigeria, Institute of Capital Market Registrars and Lagos

Chamber of Commerce & Industry as well as on the boards of several Corporate Organizations.

He is a trainer in Leadership, Management, Corporate Governance and Ethics, Business Formation, Capital Market Development and Share Registration as well as being a Motivational Speaker of high repute. He is an avid reader and author of three published books: Advancing Through Adversity; Economic & Financial Stewardship and When Tomorrow Comes. He also has to his credit many unpublished works.

Mr. Olugbemi is a Senior Pastor in The Redeemed Christian Church of God and serves as the Pastor-In-Charge of Lagos Province 21, Victory Chapel, Magodo.

SOLA ADEEYO

Independent Director

Mr. Sola Adeeyo is the Chairman/CEO Astral Waters Limited. Astral waters produce bottled process water in the large 20 litre bottles for sale along with hot and cold dispensers to the public particularly the corporate niche market. Astral was the first to be certified and approved by NAFDAC in this segment of the industry and remains the leader in quality water delivery.

Mr. Adeeyo is also a Director and the owner of Oakwood Park Hotel, Lekki/Epe Way; a 65 room 4 Star international hotel brand managed by Protea Hotel Group of South Africa. In 1991 Mr. Adeeyo founded Asset & Investment Limited, a financial service company whose activities included 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.

The Board

IFUEKO M. OMOIGUI OKAURU, MFR, MON

Independent Director

Mrs. Ifueko M. Omoigui 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).

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 was once the 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.

The Board

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 Idiahi is a Co-founder and Partner of Verod Capital Management Limited.Prior to founding Verod Capital, Eric was the managing partner of Fountainhead Media Group. Eric previously worked at Financial Derivatives Company Limited.

He is a Director of Union Trustees Ltd, RotoPrint Ltd, African Lifestyle Limited, EMZOR Pharmaceutics Industries Limited, Greensprings Educational Services Limited, and on the Board of Regents of Harris Manchester College, Oxford University. He received a B.Sc in Economics from the University of Houston, Texas and an MBA from Saïd Business School, University of Oxford, Oxford, England

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.

The Board

TINUADE T. AWE
Non-Executive Director

Ms. Tinuade Awe is the Executive Director, Regulation at The Nigerian Stock Exchange. She is responsible for providing effective leadership to ensure that The Exchange's policies, business operations, and its relationships with regulators, its members, issuers, and other stakeholders are in compliance with all applicable laws and regulations. In addition, she served as Secretary to the Council of The Exchange from January 2011 to October 2015. During this period, she was instrumental in building the governance structure of The Exchange.

Ms. Awe has a wealth of experience and a solid track record across organizations on three continents, including with the United Nations International Criminal Tribunal for the former Yugoslavia, in The Hague, the Netherlands; the United Nations Compensation Commission in Geneva, Switzerland; and top tier law firms in Nigeria and New York. Ms. Awe has been involved in major regulatory initiatives, including as Project Director of the CBN-SEC Joint Task Force on the Intervened Banks from April to August 2010 and as a key player in The Exchange's interface with the investigators that conducted the forensic investigation of The Exchange in 2010. She was a member of the Board of the Financial Reporting Council of Nigeria from May 2013 until July 2015 and currently serves as a Trustee of the Investors' Protection Fund of The Exchange.

For seven (7) years, she was an attorney with the New York office of Simpson Thacher & Bartlett, a leading law firm with global presence. At Simpson Thacher, her clients included global financial institutions and capital markets players. She also represented regulated entities in their dealings with their regulators, including the Office of the Comptroller of Currency and the Securities and Exchange Commission in the United States.

During 2007 and 2008, Ms. Awe took time off from the law to indulge her passion for education as Anglophone West Africa Associate Director of Admissions for the African Leadership Academy in Johannesburg, South Africa, a two-year educational institution established to develop young African leaders in all genres of human endeavor. At the Academy, she assisted with the design and development of the Academy's student recruitment and public awareness strategy for Anglophone West Africa.

Ms. Awe has over twenty-three (23) years of professional experience. She is an alumnus of Obafemi Awolowo University from where she graduated as the Best Female Student in the Faculty of Law with a merit grade. She finished at the Nigerian Law School with First Class Honors, graduating as Best Overall Student. She also holds LL.M Degrees from Harvard Law School, where she was a Landon H. Gammon Fellow, and The London School of Economics and Political Science, where she graduated with Merit. She is admitted to both the Nigerian and New York Bars.

Her interests include education, travelling, African art, and gender and development.

Management Team

Haruna Jalo-Waziri
Chief Executive Officer

Ayokunle Adaralegbe
Chief Risk Officer

Akinwonuola Atitebi
Head, Treasury and Investments

Ihuaru Akachukwu
Head, Stakeholders Engagement

Charles I. Ojo
Head, Legal Services/
Company Secretary

Isqil Adeniji
Head, Information Technology

Anthony Ezugbor
Head, Technology Solutions

Temitope Sanni
Head, Corporate Services

Abiodun Owoeye
Head, Internal Audit

Isioma Lawal
Head, Internal Control

Olumide Jerome
Head, Project Management Office

Folagbade Adeyemi
Head, Clearing &
Settlement Operations

Theodore Anyanwu
Head, Client Network Coverage

Idibore Danlami Ali
Ag. Chief Financial Officer

Patrick Nri
Head, Product Development

Vivian Ashiogwu
Head, Contact Centre

Oladipo Oluyinka
Ag. Head, Human Resources

Olawale Alabi
Ag. Head, Corporate Strategy

Oluyemi Omodayo
Ag. Head, Compliance

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. 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
	Ms. Tinuade Awe **	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	

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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 an associate company called NG Clearing Limited.

Operating results

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

In thousands of Naira	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Total operating income	9,082,085	9,082,085	8,691,558	8,691,558
Profit before tax	6,091,344	6,109,749	5,664,176	5,683,817
Income tax	(1,269,014)	(1,269,014)	(683,576)	(683,576)
Profit for the year	**4,822,330**	**4,840,735**	**4,980,600**	**5,000,241**
Other comprehensive income, net of tax	15,453	15,453	(162,106)	(162,105)
Total comprehensive income	**4,837,784**	**4,856,188**	**4,818,494**	**4,838,136**
Basic and diluted earnings per share (kobo)	96k	97k	100k	100k

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 2018 (31 December 2017: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date is as shown below:

	31 December 2018		31 December 2017	
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	1,000,641,902	20.01%	633,051,503	12.66%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	375,000,000	7.50%
Ess-ay Investments Limited	251,452,248	5.03%	268,500,000	5.37%
ZPC/Leadway Insurance Prem .Coll. & Investment Account	250,000,000	5.00%	250,000,000	5.00%
Others with shareholdings less than 5%	1,492,296,900	29.85%	1,736,339,547	34.73%
	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 are noted below:

	31 December 2018			31 December 2017		
Director	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Mr. Oscar N. Onyema	500,000	-	500,000	500,000	-	500,000
Mr. Haruna Jalo-Waziri	-	-	-	-	-	-
Mr. Bayo Olugbemi	-	2,345,111	2,345,111	-	500,000	500,000
Mr. Emeka Madubuike	-	6,750,000	6,750,000	-	6,750,000	6,750,000
Mr. Ariyo Olushekun	1,800,000	1,540,000	3,340,000	-	1,540,000	1,540,000
Mr. Sola Adeeyo	-	-	-	-	-	-
Mrs. Ifueko M. Omoigui Okauru	-	-	-	-	-	-
Mr. Uche Ike	-	-	-	-	-	-
Mr. Eric Idiahi	-	1,000,641,902	1,000,641,902	-	633,051,503	633,051,503
Mr. Roosevelt Ogbonna	-	-	-	-	-	-
Ms. Tinuade Awe*	-	620,000	620,000	-	-	-

* Ms. Tinuade Awe was appointed to the Board with effect from April 13, 2018

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 2018 was as stated below:

Share range	*No of shareholders*	*Percentage of shareholding*	*No of holdings*	*Percentage holdings*
1 - 1,000	330	33.2%	138,634	0.00%
1,001 – 5,000	104	10.5%	286,808	0.01%
5,001 – 10,000	55	5.5%	441,877	0.01%
10,001 – 50,000	194	19.6%	5,144,024	0.10%
50,001 – 100,000	57	5.7%	4,446,682	0.09%
100,001 – 500,000	89	9.0%	29,315,096	0.59%
500,001 – 1,000,000	33	3.3%	27,503,450	0.55%
Above 1,000,000	132	13.3%	4,932,723,429	98.66%
	994	**100%**	**5,000,000,000**	**100%**

The shareholding pattern of the Company as at 31 December 2017was 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%**

Substantial interest in shares

According to the register of members at 31 December 2018, no shareholder held more than 5% of the issued share capital of the Company except the following:

	31 December 2018		**31 December 2017**	
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	1,000,641,902	20.01%	633,051,503	12.66%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
Ecobank Plc	-	0.00%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.36%
Ess-ay Investment Ltd	251,452,248	5.03%	250,000,000	5.00%
ZPC/Leadway Insurance Prem .Coll. & Investment Account	250,000,000	5.0%	-	0.0%

Donations and charitable gifts

The Company made contributions and donations to non-political organisations amounting to N31.032 million (31 December 2017:N18.193 million) during the year, as listed below:

Beneficiary	Purpose	Amount N'000
Chartered Institute Of Stockbrokers	Donation of grant-in-aid to the Institute	10,000
Chartered Institute Of Stockbrokers	New President & Chairman of Council	1,250
Chartered Institute Of Stockbrokers	Sponsorship of Annual Conference	500
Nigerian Economic Summit Group	2018 NESG Sponsorship	3,000
Third Observers Limited	Guest Seat at Dividend Award	35
The Nigerian Stock Exchange	NSE/LSEG Capital Market Conference	1,500
Business Day	2018 Business Day Capital Market Forum	1,000
Nigeria Bar Association	Business Law Conference Sponsorship	1,000
The Nigerian Stock Exchange	Market Data Workshop	300
TCC Creative Counsel	2018 Pearl Award Sponsorship	200
Capital Market Correspondent of Nigeria	Annual Workshop Sponsorship	500
Lagos Motor	2018 Independence Dinner Sponsorship	5,000
Adekunle Primary School, Makoko	Teach for Change (Slum to School Initiative)	227
Fintech Associates Ltd	Support for Fintech Conference	320
Rotary International District	Sponsorship of 2018 Youth Leadership Awards	100
Apostle Hayford Alile	Funeral Support	500
Rescue The Scholars (RTS)	Sponsorship of Youth Rescue & Care Initiative	100
Association of Asset Custodians of Nigeria	2017 Annual Investors Conference	500
African Securities Exchange Association	2018 ASEA Conference Sponsorship	5,000
		31,032

(i) The Company did not make donation to any political party during the year ended 31 December 2018 (31 December 2017: 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 2017: 70 kobo per share) from the retained earnings account as at 31 December 2018, 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 N402.6 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 2018.

Payment of dividends is subject to withholding tax at a rate of 10%.

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
13 March 2019

Corporate Governance Report

CSCS is committed to implementing effective corporate governance principles in its daily operations and business. This is so, because CSCS recognizes that good corporate governance practice increases the board effectiveness and its independence, promotes capital efficiency and encourages Investors' confidence.

The Board of Directors (The Board) is responsible for establishing the corporate governance structure of CSCS and playing a supervisory role in ensuring that the Company delivers sustainable value to the society, its shareholders and the Capital Market. The Board recognizes that for CSCS to survive and flourish in its eco- system, CSCS must conduct its affairs with efficiency, excellence, integrity, tenacity, transparency and accountability. The Board acknowledges that strict adherence to effective corporate governance principles will drive CSCS business strategy and lead to sustainable value. Conversely, a flawed corporate governance culture, will impede CSCS strategic outcomes, erode business performance, diminish customer satisfaction and loyalty, and would lead to reputational damage and could dampen the morale of employees.

Hence, CSCS adheres strictly to the tenets of Securities and Exchange Commission (SEC) code of Corporate Governance, the Companies and Allied Matters Act as well as global best standards. These Principles are enshrined in the Company's Staff Handbook, Board Charter and its Memorandum and Articles of Association.

Significant Shareholders

CSCS top 5 (Five) significant shareholders as at 31st December 2018 are listed below:

Shareholder	No. of Shares	% Holding
The Nigerian Stock Exchange	1,362,108,950	27.4
Artemis Limited (Verod Capital)	1,000,641,902	20.01
Access Bank Plc.	375,000,000	7.50
United Bank for Africa Plc.	268,500,000	5.37
Ess-Ay Investments Limited	251,452,248	5.03

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

At the end of the 2018 financial year, CSCS complied with all its regulatory and financial reporting requirements within the stipulated time frame. There was no fine or penalty against CSCS.

Board Performance and Evaluation

The Board continually appraises itself and employs the services of an independent 3rd party to conduct an annual appraisal of the Board and individual directors with specific focus on the Board structure and composition, responsibilities, proceedings and relationships, individual director's competences and respective roles in the performance of the Board.

The Board's appraisal covering the 2017 financial year to December 2018 was conducted by an independent consultant, JK Randle Professional Services. The consultant's report shows that the Board's composition and the constitution of its Committees meet the requirements of the SEC Code for Corporate Governance and that the Board possesses the requisite expertise and experience for effective management of the Company.

Director Nomination Process

The Board Corporate Governance and Remuneration Committee (CG&RC) is responsible for initiating the process of identifying and nominating suitable candidates to occupy Board vacancies. In identifying suitable candidates, the Committee considers candidates on merit against subjective criteria and with due regard to gender, skills diversity and relevant experience.

Induction of new Directors and Board Training for continuous professional Development

CSCS recognises that a Company is only as good as its people. To promote continuous professional development and enhance directors' performance on the Board, CSCS arranges board development programmes for its directors geared at enhancing their skills and knowledge on relevant issues affecting the CSCS eco-system and the global economy.

Also, as part of CSCS onboarding process for 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 the 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 all board activities for the period.

Chairman of the Board

The Chairman of CSCS Board of Directors is a Non-Executive Director. He is the highest-ranking officer on the Board and he presides over board meetings.

Chief Executive Director

The Company has a Chief Executive Director who oversees the Company's daily operations. His responsibilities include making corporate decisions within the ambit of the powers delegated to him by CSCS Board of Directors and driving the company's strategic objectives within the organization. He is the bridge between Management and the Board of Directors.

Non-Executive Directors

The Company's Non – Executive Directors consist of professionals of diverse business background. These individuals made invaluable contributions to the success of the Company in the year under review. They brought to fore their wealth of knowledge and shared their valuable experiences with the Board in the interests of the Company and its shareholders. The Non-Executive Directors made significant contributions to their respective committee assignments. The standard is that most of our Non-executive directors are appointed under a fixed term of 6 years, split into 2 terms of 3 years. Upon completion of the final term, a director shall retire in accordance with provisions of CSCS Memorandum and Articles of Association.

Remuneration of Directors

Each Director is entitled to a director's fee which is determined by the Board with authorization granted by the shareholders at the Company's annual general meetings. Company Secretariat Department assists the Corporate Governance and Remuneration Committee by providing relevant remuneration data and market conditions for the Committee's consideration. The remuneration of Executive Directors and Senior Management of the Company is determined with reference remuneration benchmarks in the industry and the prevailing market conditions.

Appointment, Retirement and Re-election of Directors

In line with best global corporate practices and to ensure that the Board appointments are properly conducted, there is rigorous vetting process that ensures that individuals with the appropriate skill set are appointed as directors. On the Board, room has also been made to Stakeholders with in-depth industry experience and influence to be appointed to the Board to ensure the right mix.

Ms. Tinuade Awe was appointed as a Director on 13th April 2018 to fill one of the Nigerian Stock Exchange's board slots that had become vacant following the appointment of Mr. Haruna Jalo-Waziri as Chief Executive Officer, who was a Non-Executive Director until his appointment. Ms. Tinuade Awe's appointment helped to further improve gender diversity on the Board. The appointment was subsequently ratified by shareholders at 24th Annual General Meeting of CSCS.

Mr. Omokayode Lawal[1] resigned as member of the Board on 31st August 2018. Before this Annual General Meeting (AGM), Mrs. Ifueko M. Omoigui Okauru's and Mr. Sola Adeeyo's tenures on the Board of CSCS elapsed on 22nd February 2018 and 28th February 2018 respectively following the completion of their full terms. Both individuals had brought to bear very rich experience which were particularly valuable to the Board and Management of CSCS. Messrs. Ariyo Olushekun and Emeka Madubuike, members of Chartered Institute of Stockbrokers (CIS) and Association of Stockbroking Houses of Nigeria (ASHON) respectively would also be leaving the Board following their resignation which becomes effective on 30th April 2019. The Board has received nominations for Mr. Oluseyi Emmanuel Abe and Mr. Onyenwechukwu P. Ezeagu to represent CIS and ASHON respectively on the Board of CSCS. Their appointments have been approved by the Board subject to shareholders' ratification at the 25th Annual General Meeting of CSCS

THE ACTIVITIES CONDUCTED IN 2018 BY THE VARIOUS ORGANS OF THE COMPANY

There are several organs of the Company that are responsible for enforcing CSCS corporate governance strategy and enhancing stakeholder value:

- Board of Directors
- Board Committees
- Executive Management Committee
- Management Committee

The Board

In the year under review, the Board comprised 12 (Twelve) directors made up of an executive director and (Eleven) non-executive directors, of which 2 (two) were independent directors. The Board consists of diverse range of individuals, who have distinguished themselves in their chosen fields. They bring to the Board diverse skill sets ranging from expertise in Capital market, Central Securities Depository (CSD) Operations, Finance, Risk Management, information technology, Banking, Insurance and Taxation.

Members of the Board engage in continuous self-development, training and education. The benefits of these developmental activities have proved rewarding during Board and Committee meetings where intellectual stimulating and constructive discussions, critical thinking and collegial debates have enhanced stake holder value, corporate social responsibility, operational efficiency and asset management.

Major Responsibilities of The Board

- Defining CSCS's business strategy and objectives
- Approval of policies that strengthen CSCS operations and ensure the development of the company
- Approval of CSCS full year financial statements
- Reviewing and monitoring the performance of the CEO/ MD and the executive team
- Ensuring the maintenance of ethical standard and compliance with relevant laws.
- Performance appraisal and compensation of Board members and Senior Executives.
- Appointment and removal of Directors and the Company Secretary

Conduct at Board Meetings

The Board met four (4) times during year ended 31, 2018 in accordance with agreed dates fixed in the Board calendar. The attendance is represented below:

[1] *Mr. Omokayode Lawal resigned as a member of CSCS Board on 31st August 2018*

Director Names	Total Meetings in Period	Number of Meetings Attended	% Board Meeting Attendance
Oscar N. Onyema	4	4	100%
Haruna Jalo - Waziri	4	4	100%
Ifueko Omoigui Okauru	4	4	100%
Sola Adeeyo	4	4	100%
Omokayode Lawal[2]	2	1	50%
Bayo Olugbemi	4	4	100%
Emeka Madubuike	4	4	100%
Ariyo Olushekun	4	4	100%
Uche Ike	4	4	100%
Ehimare Idiahi	4	4	100%
Roosevelt Ogbonna	4	3	75%
Tinuade Awe[3]	3	3	100%

[2] *Mr. Omokayode Lawal resigned as a member of CSCS Board on 31st August 2018*
[3] *Ms. Tinuade Awe became a member of the Board on 13 April 2018, her first Board Meeting was in 28 May 2018*

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 (or 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 allowed to vote.

BOARD OBJECTIVES AND ACHIEVEMENT

At the beginning of 2018, the Board in its effort to drive CSCS corporate strategy, agreed to a set of objectives to enable the Board to measure its contributions to the achievement of the Company's strategic goals. These objectives are listed below:

BOARD OBJECTIVES	DELIVERY STATUS
Optimization of Returns	Delivery of qualitative returns to shareholders is key. In addition to the Company's traditional income, the need to establish new income sources is essential for optimizing returns. Below are some of the products that were conceptualized by Management and are various stages of development, to ensure that the objective is achieved: **CSCS Mobile Application -** The mobile application project was borne out of the need to provide access/interactive medium for investors. They will have access to CSCS service offering at a click of a button on their phones after the downloading the Application. The Mobile app will Go-live in April 2019.

BOARD OBJECTIVES	DELIVERY STATUS
Optimization of Returns	**Repackaging of Collateral Management** - The CSCS Collateral Management Services, which has lien services as its pioneer product, has been repackaged to offer more services regarding use of assets as collateral. To this end, the Services now include granting, verifying, and giving advice to financial institutions on their collateral positions to prevent credit exposures. **Pension Contributions Management System (PCMS)**- The Pension Contributions Management System (PCMS) is an automated solution aimed at improving pension remittance, reconciliation, and general enquiry. It will also aid wider collection of pension funds and transfers to PFC/PFA. The Solution which was originally designed for proprietary purposes has now been offered to CSCS Clients. Currently, we have onboarded 2 clients with a potential to add 5 additional Clients before mid-year. **Repackaging of Document Management Services (DMS)** – CSCS specializes in providing expertise for the deployment of end-to-end document management services. The product is being deployed in three phases; Physical Archiving; Digitization and; Electronic Document Management Solution (EDMS). The Sales team has embarked on an intensive sales drive, targeted at all sectors of the economy for more income generation. **LEI Subscription** – CSCS on 23 January 2018 was accredited as a LEI issuer by Global Local Entity Identifier Foundation (GLEIF); which is the governing body of Legal Entity Identifier (LEI) administration. LEI is a unified global alpha-numeric reference code, used in identifying every legal identity participating in financial transactions. CSCS Plc is the only approved company in Nigeria that offers the service of assigning LEI codes to legal entities involved in financial transactions. It is an income generating service.
Enterprise Architecture	The Board in 2018, embarked on an exercise to remodel and restructure its Enterprise Architecture. The objective of the exercise was to facilitate the efficient adoption and stabilization of a fit-for-purpose Enterprise Architecture (EA) to support the execution of CSCS's business strategy: **Change of CSCS Domain name** - CSCS domain name was changed to ensure simplicity in the naming convention used for CSCS e-mail addresses and for better brand perception **CSCS Data Warehousing** - To improve our reporting and data analysis and retrieval process, the idea of having a data warehouse was conceived. This solution will serve as the core component for business intelligence for the future.
Human Resource and Talent Management	In recognition of the importance for an Organization to have people with the right competencies, the Board led efforts in conducting a Human Capital transformation exercise. The exercise led to the following action: • Enterprise skill gap analysis to assess available competencies and recommend opportunities for improvement as well as staff actions; which included new recruitments and re-deployment of staff within the company;

BOARD OBJECTIVES	DELIVERY STATUS
Human Resource and Talent Management	• Review staff compensation structure to reflect company's pay philosophy and to ensure commensurate incentive for staff of CSCS; • A review of CSCS recruitment policy; • Institution of Succession plan across the enterprise.
Customer Centric	The Board recognizes that a business can never place too much emphasis on its customers. The customer is the foundation of any business' success and the needs of customers must be considered to ensure greater customer satisfaction and increase its long-term goal of repeat business. To achieve customer satisfaction, the Board embarked on the following projects: **Development of STP platform with registrars** - The Solution is designed to develop a Straight Through Processing (STP) Platform for reconciliation with Registrar; **Upgrade of CSCS Website** - The Company's website is currently undergoing an upgrade to ensure that it is interactive, efficient, fast and easily accessible to all users. The website should Go Live in 2019.
Global Competitiveness	CSCS vision is to be the globally respected and leading Central securities depository in Africa. CSCS took giant strides in this area in 2018 and has the following accomplishments to show for this: **(ISO 22301:2012) recertification** - In 2018, CSCS implemented the necessary strategies to ensure its certification to the globally reputed standard for Business Continuity Management System (ISO 22301:2012). CSCS was ISO Recertified by BSI in 2019; **CFI Awards -** CSCS received an award for 'Outstanding Contribution to the Capital Markets in Nigeria for 2018', which was presented to CSCS by Capital Finance International.
Risk Management	The pervasiveness of risk in everyday business means that Boards must factor risk as an internal part of organizational strategy. Based on this mindset, CSCS Board oversees risks matters and ensures that Management develops adequate policies and procedures around risk that are consistent with the organization's strategy and risk appetite. To this end, the Board's objective around risk included: • Implementing and testing of CSCS Business continuity plans; • Review and approval of CSCS ISMS policies - An information security management system (ISMS) is a set of policies and procedures for systematically managing an organization's sensitive data

BOARD GOVERNANCE STRUCTURE

Board Committees

The Board delegates its powers and authorities from time to time to committees to ensure the operational efficiency and that specific issues are handled with relevant expertise. 4 (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 (a). Corporate Governance and Remuneration Committee (CG&RC), (b). Technical Committee (TC), (c). Risk Committee (RC), and (d). Finance and Stakeholders Relationship Committee (F&SRC). Each Board Committee presents regular reports on its activities to the Board at every Board meeting. The Committees' specific duties and authorities are set out in their respective Committee Charters. The Charters outline 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.

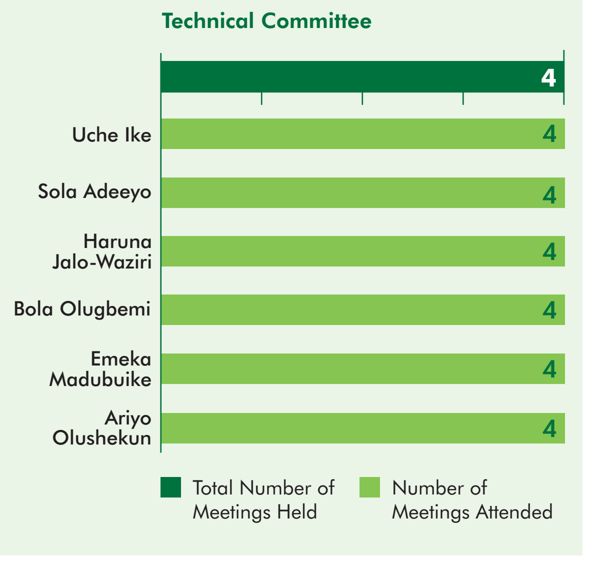
Process for Committee Meetings

Notice and draft agenda for Committee meetings are prepared by the Company Secretary and agreed with respective board committee chairman's before they are circulated to other committee members ahead of each meeting. The agenda and Board papers are uploaded on the Board portal for Committee members to access before the Committee meeting holds.

At every meeting, Committee members are given an opportunity to include other matters that are necessary to consider, and which falls within the Committee's scope of responsibilities, in the agenda. For each Committee meeting to hold, there is the requirement for a quorum of members that should be met.

Board Technical Committee (TC)

This Committee is a six (6) member team constituted by the Board to assist in fulfilling its oversight responsibility relating to the integrity and viability of the Company's Clearing and Settlement Software, information technology systems and processes. The Committee met four (4) times in the 2018 financial year. Mr. Uche Ike is the Chairman of this Committee and other members of the Committee include Mr. Sola Adeeyo, Mr. Haruna Jalo-Waziri, Mr. Bayo Olugbemi, Mr. Emeka Madubuike and Mr. Ariyo Olushekun.



Major Responsibilities

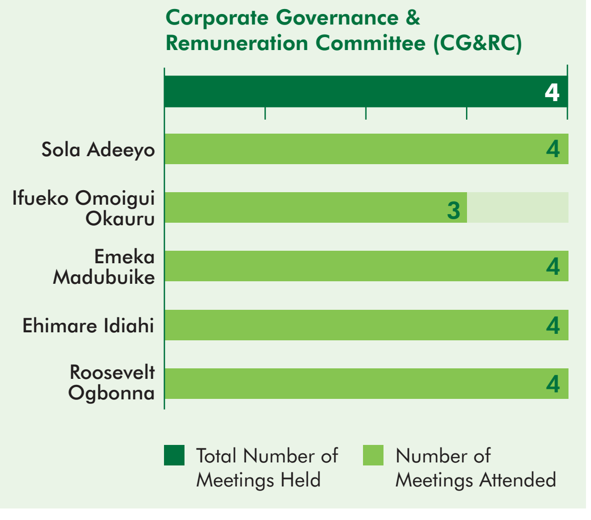
- Provide strategic direction on the Company's technology innovations and acquisitions as well as the resulting decision-making process for these developments;
- Provide guidance on the Company's technology competitiveness, including the effectiveness of its technological efforts and investments in developing new products and businesses.

Committee Achievements

- Restructuring and Realignment of CSCS enterprise Architecture to align the company's IT infrastructure with the company's business processes and organizational structure;
- Market sensitization of Block Chain Technology for corporate action announcement;
- Deployment of Unified Threat Management Security Solution for detection and deterring suspicious traffic and advanced threats to CSCS enterprise network.

Corporate Governance and Remuneration Committee (CG&RC)

This Committee is a five (5) member team constituted by the Board to assist in fulfilling its oversight function of enforcing corporate governance principles within CSCS, enforcing CSCS code of conduct on directors and staff, staff welfare, renumeration and appraisal of Board members and Executive management. The Committee met four (4) times in the 2018 financial year. Mr. Sola Adeeyo is the Chairman of this Committee and other members of the Committee include Mrs. Ifueko M. Omoigui Okauru, Mr. Emeka Madubuike, Mr. Ehimare Idiahi and Mr. Roosevelt Ogbonna.



Major Responsibilities

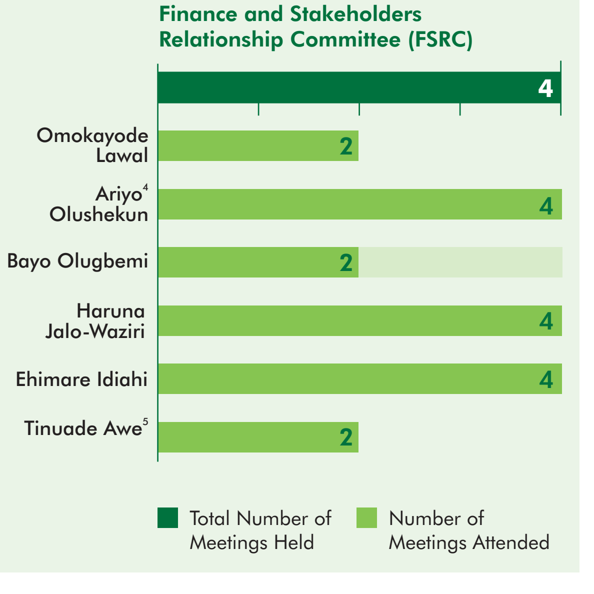
- Establish the criteria for board and board committees' memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board;
- Prepare a job specification for 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 experience required on the Board;
- Make recommendations on experience required by Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Review and make recommendations to the Board for approval of the company's organizational structure and staff welfare.

Committee Achievements

- Review of Staff Compensation Framework to act as an incentive to staff
- Corporate restructuring for more efficient performance of the organization and to drive CSCS 2017-2020 strategic objective
- Pioneered CSCS Human Capital transformation exercise, that led to identification of skill gaps in CSCS, strategy hire of key resource and review of CSCS organogram

The Finance and Stakeholders Relationship Committee (F&SRC)

This Committee is a five (5) member team constituted by the Board to assist in fulfilling its oversight function of 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 The Committee met four (4) times in the 2018 financial year. Mr. Omokayode Lawal is the Chairman of this Committee and other members of the Committee include Mr. Bayo Olugbemi, Mr. Ariyo Olushekun, Mr. Haruna Jalo-Waziri Mr. Ehimare Idiahi and Ms. Tinuade Awe.



[4] *Mr. Ariyo Olushekun was appointed the Chairman of the Finance and Stakeholders Relationship Committee following the resignation of Mr. Omokayode Lawal as a member of the Board on 31st August 2018.*
[5] *Ms. Tinuade Awe was appointed a member of the FSRC on 9th October 2018, hence she attended only two (2) meetings during the 2018 financial year*

Major Responsibilities

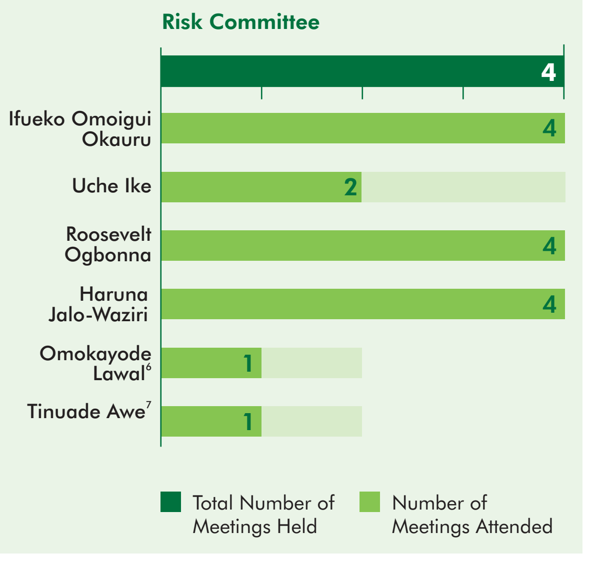
- Assist the board in its assessment of potential partnership and alliances with organizations of mutual interest;
- Recommend to the Board, CSCS dividend pay out
- Review and validate new product releases being offered by CSCS to the Nigerian capital market and other cross border markets;
- Support and influence capital market regulations and legislations that would affect the wellbeing of CSCS;
- Consideration of CSCS financial budgets and accounts
- Consideration of CSCS investments policy and long-term investments to be contracted by the Company; and
- Review with the Chief Financial Officer on an annual basis 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

Committee Achievements

- Review and ensuring the approval of CSCS Investment Principles, Policy and Guidelines;
- Review of framework for CSCS to operate as a Self-Regulatory Organization (SRO);
- Review of 2018 budget and financials

Risk Committee

This Committee is a five (5) member team constituted by the Board to assist in reviewing the Company's risk policies to ensure that the Company 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. The Committee also ensures compliance with established policies through periodic review of management's reports and ensures the appointment of qualified officers to manage the risk function. During the period under review, the Committee considered and recommended some policies to the Board for approval. The Committee received quarterly reports from CSCS Enterprise Risk Management and Internal Audit on potential risk areas across the business as well as external environmental factors that could possibly impact the business. The Committee met four (4) times in the 2018 financial year. Mrs. Ifueko M. Omoigui Okauru is the Chairman of this Committee and other members of the Committee include Mr. Haruna Jalo-Waziri, Mr. Omokayode Lawal, Mr. Uche Ike, Mr. Roosevelt Ogbonna and Ms. Tinuade Awe.



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;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact 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; and
- Oversee management's process for the identification of significant risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place.

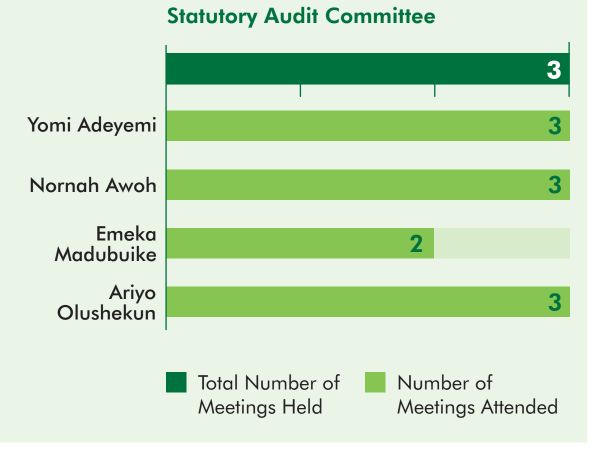
[6] Mr Omokayode Lawal resigned as a member of the Board on 31st August 2018
[7] Ms Tinuade Awe became a member of the Board in April, her first Risk Committee Meeting was 10 October 2018. She was absent during the Risk Meeting of 12 December 2018

Committee Achievements

- Review of risk framework and recommendation for board approval;
- Review and recommendation of Internal Audit Plan for board approval;
- Review of CSCS case log and litigation strategy for each case involving the Company;
- Review and recommendation of CSCS Information Security Management System (ISMS) Policy for board approval

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 responsible for the selection and appointment of the External Auditors as well as for the approval of their terms of engagement and fees. 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 (twenty-one) days before the AGM. The Committee met three (3) times in the 2018 financial year.



Major Responsibilities

- Review the activities, findings, conclusions and recommendations of the external auditors relating to CSCS annual audited financial statements;
- To review the Management Letter of the External Auditor and Management's response thereto;
- To review the appropriateness and completeness of the CSCS' statutory accounts and its other published financial statements; and
- To oversee the independence of the external auditors

Committee Achievements

- Approval of external audit plan;
- Review of internal audit and internal control matters;
- Review of financials to ensure integrity

Company Secretary

The Company Secretary of the Company is a qualified lawyer with requisite knowledge and experience to discharge the functions of the company secretary as prescribed by the SEC Code and CAMA. The Company Secretary reports directly to the Chief Executive Officer and has a dotted reporting line to the Chairman and the Board.

Major Responsibilities

- Filing annual returns at the Corporate Affairs Commission.
- Arranging Board meetings and Committee Meeting. This responsibility involves the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.
- Organizing CSCS Annual General Meeting
- Ensuring that CSCS and the Board meet all regulatory requirements
- Filing of Board Changes at Corporate Affairs Commission and Securities and Exchange Commission
- Ensuring the security of the company's legal documents, including for example, the certificate of

incorporation and memorandum and articles of association.

- Maintaining custody of Company's statutory books and shareholders register
- Maintaining custody of the Company's seal and using the seal in accordance with CSCS company seal policy and memorandum and articles of Association
- Advising directors on their duties and ensuring that they comply with corporate legislation and the articles of association of the company

Achievements of the Company Secretary

- The Company Secretary was responsible for the efficient administration of the Board, particularly with regard to ensuring compliance with statutory and regulatory requirements of SEC Code and CAMA
- The Company Secretary ensured that Board decisions were implemented, hence contributing to the overall success of the Board and management of the Company.
- The Company Secretary played a key role in ensuring that the provisions of the Board charters and Committee Charters were strictly adhered to.

Organs of the Company responsible for the Daily Affairs of the Company

Executive Committee

The Committee consists of CEO and the Divisional Heads. The Committee headed by the CEO, ensures that CSCS strategic object as set by the Board are achieved and operations are optimized. Executive Committee meet weekly and is responsible for the day-day operations of CSCS.

Management Committee

This Committees comprises senior management staff of CSCS. The Committee is responsible for executing the strategic initiatives of CSCS. The Committee identifies, resolves and makes recommendations to the Executive Committee on risks arising from the daily operations of the CSCS.

Statement of Directors' Responsibilities

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors accept responsiblity 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
13 March 2019

Mr. Haruna Jalo-Waziri
Managing Director/CEO
FRC/2017/IODN/00000017488
13 March 2019

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:

- That we have reviewed the audit plan and scope, and the Management letter on the audit of accounts of the Company.
- That the audit plan and scope for the year ended 31 December 2018 are adequate in our opinion.
- That the accounting and reporting policies of the Company conform to legal requirements and ethical practices.
- That the Internal Control and Internal Audit functions were operating effectively.

Mr. Yomi Adeyemi FCA
Chairman, Audit Committee
FRC/2014/CISN/00000005607
13 March, 2019

Members of the Committee

Mr. Yomi Adeyemi - Chairman
Mr. Nornah Awoh - Member
Mr. Ariyo Olushekun - Member
Mr. Emeka Madubuike - Member

The Company Secretary acted as a Secretary to the Committee

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, 2018

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 performance for the year ended 31st December, 2018 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 2018. During the year, one Non-Executive Director resigned and another Non-Executive Director was appointed onto the Board in order to fill a prior existing vacancy. As at 31st December 2018, 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 backgrounds 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, revised the Company's 2018 budget and strategy in line with emerging realities in order to ensure that the Company remained focused on achieving its long-term strategic objectives. It monitored the implementation of the Company's 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. Accordingly, the frequency of Board meetings met the minimum requirement of the SEC Code. The Board held four 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 engaged the services of a Consultant to review the Company's succession plan in order to ensure that it is aligned with current realities. The Board also strengthened the governance structures by reviewing the terms of reference of some Board Committees – in particular, the Board Risk Management Committee, and the Statutory Audit Committee. 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 review of the existing dividend policy in line with shareholders' demands. Its major decisions during the year ended 31st December, 2018 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 in our 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 ensure that regulators are carried along regarding the launching of new products in order to obtain their consent expeditiously. We also recommended that the Board should strengthen the Succession Plan in order to ensure seamless transition when vacancies exist, especially at key Management levels.

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

Dated 4thth April, 2019

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

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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 System Plc ("the Company" or "CSCS") and its subsidiary (together, "the"), which comprise the consolidated and separate of financial position as at 31 December, 2018, 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 notes, comprising significant accounting policies and other explanatory information, as set out on pages 60-134

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, 2018, 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Classification and measurement of investment securities

Investment securities account for over 85% of the Group's total assets and interest income derived from these securities account for 47% of total operating income in the current year. Due to the significance of investment securities in the context of the financial position and financial performance of the Group, as well as new classification and measurement requirements of IFRS 9 which became effective as at 1 January 2018, the classification and measurement of investment securities is considered to be an area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our

Procedures

Our procedures with respect to the classification and measurement of investment securities included the following:

- We reviewed the appropriateness of the Group's classification of investment securities by:
  - Checking whether the cashflows of the investment securities are strictly payments of principal and interest; and
  - Assessing the Group's business model by considering whether it holds the investment securities to collect cashflows or to sell and make short term gains.
- We tested the design and implementation of controls that are relevant to the classification and measurement of investment securities.
- For all investment securities, we reviewed the amortized cost using the contractual cashflow information on the instrument.
- 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 requirements of IFRS 9.
- We performed a recalculation of the amortized cost of the investment securities using effective interest rates.
- For investment securities measured at fair value, we checked the parameters used in computing the fair value by agreeing these parameters to independent sources.

The Group's accounting policy on classification and 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 which comprises the Directors' Report, Statement of Directors' responsibilities, Corporate Information, and Other National Disclosures, which we obtained prior to the date of this auditors' report, but does not include the consolidated and separate financial statements and our audit report thereon. Other information also includes 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

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 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 have 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate 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 the 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements

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regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the 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
25 March, 2019 2019
Lagos, Nigeria

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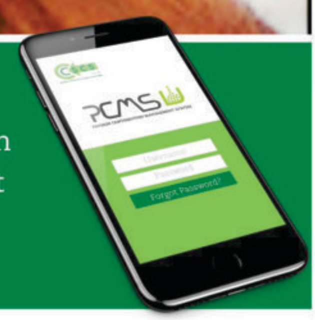

CSCS Pension Contribution Management System (CSCS-PCMS) is designed to provide pension services to the formal and informal sector in line with The Pension Reform Act (PRA) 2014. It is a web-based system that enables users manage their pension remittances efficiently.

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 | https://www.cscs.ng | +234 1 903 3551, +234 1 460 1900

4

FINANCIAL STATEMENTS

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2018

In thousands of Naira	Notes	Group 2018	Company 2018	Group 2017	Company 2017
Revenue	9	4,604,629	4,604,629	4,313,721	4,313,721
Interest income	10	4,217,582	4,217,582	4,162,744	4,162,744
Other income	11	259,874	259,874	215,093	215,093
Total operating income		**9 ,082,085**	**9,082,085**	**8,691,558**	**8 ,691,558**
Personnel expenses	12.1(i)	(1,268,079)	(1,268,079)	(1,496,084)	(1,493,879)
Other operating expenses	12.2	(1,347,825)	(1,347,825)	(1,316,589)	(1,316,540)
Depreciation and amortisation	12.3	(483,244)	(483,244)	(192,184)	(192,184)
Impairment reversal/(loss) on financial assets	20	126,812	126,812	(5,138)	(5,138)
Total operating expenses		**(2,972,336)**	**(2,972,336)**	**(3,009,995)**	**(3,007,741)**
Share of loss of equity accounted investees (net of tax)	23	(18,405)	-	(17,387)	-
Profit before income tax		**6,091,344**	**6,109,749**	**5,664,176**	**5,683,817**
Income tax	13(a)	(1,269,014)	(1,269,014)	(683,576)	(683,576)
Profit for the year		**4,822,330**	**4,840,735**	**4,980,600**	**5,000,241**
Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Remeasurement of defined benefit asset	29.2(i)	-	-	(12,252)	(12,252)
Related Tax	29.2(i)	-	-	3,676	3,676
				(8,576)	(8,576)
Items that are or may be reclassified subsequently to profit or loss:					
Fair value gain/(loss) - FVOCI -debt	25(c)	15,453	15,453	(153,529)	(153,529)
		15,453	15,453	(153,529)	(153,529)
Other comprehensive income for the year, net of tax		**15,453**	**15,453**	**(162,106)**	**(162,105)**
Total comprehensive income for the year		**4,837,784**	**4,856,188**	**4,818,494**	**4,838,136**
Profit attributable to:					
Owners of the Company		4,822,330	4,840,735	4,980,600	5,000,241
Non-controlling interest		-	-	-	-
		4,822,330	**4,840,735**	**4,980,600**	**5,000,241**
Total comprehensive income attributable to:					
Owners of the Company		4,837,784	4,856,188	4,818,494	4,838,136
Non-controlling interest		-	-	-	-
		4,837,784	**4,856,188**	**4,818,494**	**4,838,136**
Basic/diluted earnings per share (kobo)	**14**	**96k**	**97k**	**100k**	**100k**

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

Consolidated and Separate Statements of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2018

In thousands of Naira	Notes	Group 2018	Company 2018	Group 2017	Company 2017
Non-current assets					
Property and equipment	15	595,575	595,575	366,751	366,751
Intangible assets	16	1,089,601	1,089,601	1,411,086	1,411,086
Intercompany receivables	22	-	34,511	-	34,511
Equity-accounted investee	23	591,357	670,500	1,762	62,500
Investment in subsidiary	24	-	10,000	-	10,000
Investment securities	17(a)	23,644,726	23,644,726	21,709,176	21,709,176
Deferred tax asset	13(b)	-	-	38,298	38,298
Total Non-Current Assets		**25,921,259**	**26,044,913**	**23,527,073**	**23,632,322**
Current assets					
Investment securities	17(b)	5,879,813	5,879,813	5,418,936	5,418,936
Trade receivables	18(a)	102,279	102,279	15,550	15,550
Other assets	19(a)	324,380	312,046	952,905	940,571
Cash and cash equivalents	21	3,626,868	3,626,813	2,004,979	2,004,924
Total Current Assets		**9,933,340**	**9,920,951**	**8,392,370**	**8,379,981**
Total Assets		**35,854,598**	**35,965,863**	**31,919,443**	**32,012,303**
Equity					
Share capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings		26,187,524	26,288,789	25,006,022	25,088,882
Fair value reserve	36(a)	(22,709)	(22,709)	(153,529)	(153,529)
Equity attributable to owners of the Company		**31,164,815**	**31,266,080**	**29,852,493**	**29,935,353**
Non-controlling interest		-	-	-	-
Total Equity		**31,164,815**	**31,266,080**	**29,852,493**	**29,935,353**
Non-Current Liabilities					
Deferred tax liabilities	13(b)	13,403	13,403	-	-
Total Non-Current Liabilities		**13,403**	**13,403**	**-**	**-**
Current Liabilities					
Intercompany payables	26	-	10,000	-	10,000
Payables and Accruals	27	872,873	872,873	804,293	804,293
Current Tax Liabilities	13(c)	652,577	652,577	582,765	582,765
Other Liabilities	28	3,150,930	3,150,930	679,892	679,892
Total Current Liabilities		**4,676,380**	**4,686,380**	**2,066,950**	**2,076,950**
Total Liabilities		**4,689,783**	**4,699,783**	**2,066,950**	**2,076,950**
Total Equity and Liabilities		**35,854,598**	**35,965,863**	**31,919,443**	**32,012,303**

The audited financial statements was approved by the Board of Directors on 13 March 2019 and signed on its behalf by:

Mr. Oscar N. Onyema OON	Mr. Haruna Jalo-Waziri	Mr. Idibore Danlami Ali
Chairman	Managing Director/CEO	Acting Chief Financial Officer
FRC/2013/IODN/00000001802	FRC/2017/IODN/00000017488	FRC/2013/ICAN/00000001745

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 2018

The Group

In thousands of Naira	**Notes**	**Share Capital**	**Retained Earnings**	**Fair value reserve**	**Other components of equity**	**Total**
Balance at 1 January 2018		5,000,000	25,006,022	(153,529)	-	29,852,492
Adjustment on initial application of IFRS 9		-	(140,828)	115,367	-	(25,461)
Restated Balance at 1 January 2018			24,865,194	(38,162)		29,827,032
Profit for the period		-	4,822,330	-	-	4,822,330
Other comprehensive income:						
Fair Value Loss - FVOCI Financial Instruments	17©	-	-	15,453	-	15,453
Deferred tax impact	13(b)	-	-		-	-
Total other comprehensive income		-	4,822,330	15,453	-	4,837,784
Transactions with equity holders:						
Dividends		-	(3,500,000)		-	(3,500,000)
Balance at 31 December 2018		**5,000,000**	**26,187,524**	**(22,709)**	**-**	**31,164,815**

The Company

In thousands of Naira	**Notes**	**Share Capital**	**Retained Earnings**	**Fair value reserve**	**Other components of equity**	**Total**
Balance at 1 January 2018		5,000,000	25,088,882	(153,529)	-	29,935,352
Adjustment on initial application of IFRS 9		-	(140,828)	115,367	-	(25,461)
Restated Balance at 1 January 2018			24,948,054	(38,162)		29,909,891
Profit for the period		-	4,840,735	-	-	4,840,735
Other comprehensive income:						
Fair Value Loss - FVOCI Financial Instruments	17(c)	-	-	15,453	-	15,453
Deferred tax impact	13(b)	-	-	-	-	-
Total comprehensive income		-	4,840,735	15,453	-	4,856,188
Transactions with equity holders:						
Dividends		-	(3,500,000)	-	-	(3,500,000)
Balance at 31 December 2018		**5,000,000**	**26,288,789**	**(22,709)**	**-**	**31,266,080**

Consolidated and Separate Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2018

The Group

In thousands of Naira	**Notes**	**Share Capital**	**Retained Earnings**	**Fair 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 year		-	4,980,600	-	-	4,980,600
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		-	5,131,738	(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**	**Other Fair value reserve**	**components of equity**	**Total**
Balance at 1 January 2017		5,000,000	20,987,503	-	159,713	26,147,216
Profit for the year		-	5,000,241	-	-	5,000,241
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		-	5,151,379	(153,529)	(159,713)	4,838,136
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 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 2018

In thousands of Naira	Notes	Group 2018	Company 2018	Group 2017	Company 2017
Cash flows from operating activities					
Profit for the year		4,822,330	4,840,735	4,980,600	5,000,241
Adjusted for:					
Income tax expense recognised in profit	13(a)	1,269,014	1,269,014	683,576	683,576
Amortisation of intangible assets	12.3	345,053	345,053	87,560	87,560
Depreciation of property and equipment	12.3	138,183	138,183	104,624	104,624
Impairment/loss on financial assets	20	10,444	10,444	5,138	5,138
Foreign Exchange loss	12.2	344	344	-	-
Interest income	10	(4,217,582)	(4,217,582)	(4,162,744)	(4,162,744)
Share of loss of equity accounted investee, net of tax	23	18,405	-	17,387	-
Movement in investment in Associate	23	(608,000)	(608,000)	-	-
Defined benefit charge	29.2(i)	-	-	181,891	181,891
Profit on disposal of property and equipment	11	(11,366)	(11,366)	(3,882)	(3,882)
		1,766,825	**1,766,825**	**1,894,150**	**1,896,40**
Tax paid	13(c)	(1,147,501)	(1,147,501)	(401,590)	(401,590)
Contribution to gratuity scheme	29.2(iii)	-	-	-	-
Changes in operating assets and liabilities					
Intercompany receivables	35(i)	-	-	-	(2,264)
Trade receivables	35(ii)	(97,173)	(97,173)	(5,166)	(5,166)
Other assets	35(iii)	628,525	628,525	(435,858)	(435,858)
Payables and accruals	35(iv)	68,580	68,580	391,139	391,139
Other liabilities	35(v)	2,471,038	2,471,038	397,881	397,881
Net cash flows from operating activities		**3,690,294**	**3,690,294**	**1,840,556**	**1,840,546**
Cash flows from investing activities:					
Purchase of property and equipment	15	(387,313)	(387,313)	(139,193)	(139,193)
Purchase of intangible asset	16	(23,568)	(23,568)	(674,201)	(674,201)
Proceeds on disposal of property and equipment	35(vi)	31,672	31,672	36,297	36,297
Net proceeds on disposal of investments (treasury bills)	35(vii)	(460,877)	(460,877)	(165,961)	(165,961)
Net purchase of investment (bonds)	35(viii)	(1,943,236)	(1,943,236)	(2,842,303)	(2,842,303)
Interest received	35(ix)	4,206,425	4,206,425	4,211,451	4,211,451
Net cash flows from investing activities		**1,423,103**	**1,423,103**	**426,090**	**426,090**
Cash flows from financing activities:					
Dividend paid	35(x)	(3,491,164)	(3,491,164)	(1,044,756)	(1,044,756)
Net cash flows used in financing activities		**(3,491,164)**	**(3,491,164)**	**(1,044,756)**	**(1,044,756)**
Net (decrease)/increase in cash and cash equivalents		1,622,233	1,622,233	1,221,890	1,221,880
Cash and cash equivalents, beginning of the year		2,004,978	2,004,923	783,088	783,043
Effect of movements in exchange rates on cash held		(344)	(344)	-	-
Cash and cash equivalents, end of the year	21	3,626,867	3,626,812	2,004,978	2,004,923

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

Notes to the Consolidated and Separate Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 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

"The financial statements have been prepared in accordance with IFRS.

(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 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 financial statements were authorised for issue by the Company's Board of Directors on 13 March 2019. 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) Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

(d) 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:

- Financial asset measured at fair value through other comprehensive income.
- Financial asset measured at amortized cost
- Defined benefit liability"

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.

(a) Revenue from Contracts with Customers (IFRS 15)
(b) Financial Instruments (IFRS 9)

The Group and Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have material effect on the Group and Company's financial statements.

Due to the transition methods chosen by the Group and Company in applying these standards, comparative information throughout these financial statement has not been restated to reflect the requirements of the new standards.

(a) IFRS 15 Revenue from Contract with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contract and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains controls of the goods or services. Determining the timing of the transfer of control - at a point in time or over time requires judgement.

The adoption of this standard does not have a significant impact on the Group and Company.

(b) IFRS 9 Financial Instruments

Effective 1 January 2018, the Group adopted IFRS 9 - Financial Instruments. Consequent upon application of IFRS 9, The Group and Company's accounting policies were changed in the areas outlined below, and these new policies became applicable from 1 January 2018. As permitted by the transition provisions of IFRS 9, we elected not to restate comparative period results.

Accordingly, all comparative period information is presented in accordance with our previous accounting policies, as described in our 2017 consolidated financial statements. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (1 January 2018) were recognized in opening retained earnings and other components of equity. New or amended interim disclosures have been provided for the current period, where applicable, and comparative period disclosures are consistent with those made in the prior year.

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information. The Group has also adopted the consequential amendment to IAS 1 - Presentation of Financial Statements which ammends the meaning of materiality.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings and reserves.

	Group	Company
In thousands of naira	**Impact of adopting IFRS 9 opening balance**	**Impact of adopting IFRS 9 opening balance**
Retained Earnings	25,006,022	25,088,882
Recognition of Expected Credit Loss (ECL) under IFRS 9:		
Debt financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)	(147,439)	(147,439)
Cash and cash equivalent	(49,078)	(49,078)
Other receivables	55,689	55,689
Impact at 1 January 2018	(140,828)	(140,828)
Retained Earnings as at 1 January 2018	**24,865,194**	**24,948,054**

(i) Classification and measurement of financial assets and financial liabilities

For an explanation on how the group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 4(I)(iii)

The following table and the accompanying notes below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

In thousands of naira	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassifi-cation re-surement	New carrying amount under IFRS 9
Financial assets					
FGN Bonds	Available for sale	FVOCI	3,150,103	-	3,150,103
FGN Bonds	Available for sale	Amortised cost	13,837,431	(20,308)	13,817,123
State Bonds	Available for sale	FVOCI	646,928	-	646,928
State Bonds	Available for sale	Amortised cost	2,794,133	(11,764)	2,782,369
Corporate Bonds	Available for sale	FVOCI	1,280,581	-	1,280,581
Treasury bills	Available for sale	FVOCI	5,418,936	-	5,418,936
Cash and cash equivalents	Loans and receivables	Amortised cost	2,004,924	(49,078)	1,955,846
Trade and other receivables	Loans and receivables	Amortised cost	15,522	55,689	71,211
Total			**29,148,558**	**(25,461)**	**29,123,096**

Treasury bills and bonds which were previously classified as available for sale, are now classified at FVOCI as these were held in a business model whose objective is achieved by both collecting the contractual cash flows and selling the securities.

In thousands of naira	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**Reclassifi-cation re-surement**	**New carrying amount under IFRS 9**
Financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	-	-	-
Other liabilities	Amortised cost	Amortised cost	131,499	-	131,499
Total			**131,499**	**-**	**131,499**

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2019.

In thousands of naira	**IAS 39 carrying amount as at 1 Jan 2018**	**Reclassifi-cation**	**Remeasure-ment**	**IFRS 9 carrying amount as at 1 Jan 2018**
Financial assets - amortised cost				
Cash and cash equivalents				
- Brought forward - Loans and receivables	2,004,924	-	-	-
- Remeasurement	-	-	(49,078)	-
- Carried forward - Amortized cost	-	-	-	1,955,846
FGN Bonds				
- Brought forward - Available for sale	16,987,534			
- Reclassified to FVTOCI	-	(3,150,103)	-	-
- Reclassified to Amortized cost	-	(13,837,431)	-	-
FGN Bonds - FVTOCI				
- Reclassified from Available for sale	-	3,150,103	-	
- Carried forward - FVTOCI	-	-	-	3,150,103
FGN Bonds - Amortized cost				
- Reclassified from Available for sale	-	13,837,431	-	-
- Remeasurement	-	-	(20,308)	-
- Carried forward - FVTOCI	-	-	-	13,817,123
State Bonds				
- Brought forward - Available for sale	3,441,061.00	-	-	-
- Reclassified to FVTOCI	-	(646,928)	-	-
- Reclassified to Amortized cost	-	(2,794,133)	-	-
State Bonds - FVTOCI				
- Reclassified from Available for sale	-	646,928	-	-
- Carried forward - FVTOCI	-	-	-	646,928
State Bonds - Amortized cost		-		
- Reclassified from Available for sale	-	2,794,133	-	-
- Remeasurement	-	-	(11,764)	-
- Carried forward - Amortized cost	-	-	-	2,782,369
Corporate Bonds				
- Brought forward - Available for sale	1,280,581	-	-	-
- Carried forward - FVTOCI	-	-	-	1,280,581
Treasury bills				
- Brought forward - Available for sale	5,418,936			
- Carried forward - FVTOCI	-	-	-	5,418,936
Trade and other receivables				
- Brought forward - Loans and receivables	15,522	-	-	-
- Remeasurement	-	-	55,689	-
- Carried forward - Amortised cost	-	-	-	71,211
	29,148,558	**-**	**(25,461)**	**29,123,096**

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract asset and debt investment at FVOCI, but not to investment in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS impairment model, impairment losses are generally expected to increase and become more volatile. The Group and Company have determined that the application of IFRS 9's impairment requirement at 1 January 2018 results in an additional credit loss as follows:

In thousands of naira	Group	Company
Loss allowance at 31 December 2017 under IAS 39		
Additional impairment recognized/ (reversed) at 1 January 2018 on:		
Trade and other receivables as 31 December 2017	(55,689)	(55,689)
Debt security at FVOCI	147,439	147,439
Cash and cash equivalents	49,078	49,078
Loss allowance at 1 January 2018 under IFRS 9	**140,828**	**140,828**

iii Transition

Changes to accounting policies resulting from the adoption of IFRS 9 have applied retrospectively, except as described below

- The Group and Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Difference in the carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and other componentes of equity as at 1 January 2018. Accordingly, the information presented in for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following reassessment have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that the credit risk of the asset had not increased significantly since its initial recognition.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all financial years presented in these consolidated and separate 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 incorporates 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. Investment in subsidiary is measured at cost in the separate financial statement.

(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 transactions.

(v) Interest in equity-accounted investee

The Group's interest in equity-accounted investees represents its interest in associates and a joint venture. Associates are those entities in which the Group and Company have significant influence, but not control or joint control, over the financial and reporting policies. 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 or joint control 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 profit or loss. (However, foreign currency differences arising from the translation of the investments measured at FVTOCI 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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

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 on 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 contract liability in line with IFRS 15 and recognized over the required period. These are presented in deferred income account.

(ii) Collateral Management Fees

The Group and Company 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 passed the five stage of revenue recognition in accrodance with IFRS 15.

(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 and Company'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 and Company'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 and Company 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 Group and Company by the weighted average number or 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 Group and Company has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the income statement 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 then-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 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 and Company 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 in the income statement, 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.

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 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 5 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. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(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 profit or loss.

When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as a gain or loss in other operating income or expenses, respectively.

(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 profit or loss on a straight-line basis over the estimated useful lives of intangible assets 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 amortized

(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 profit or loss.

(v) Software under development

Software under development represents qualifying capital expenditure on software, which is yet to be completed at the reporting date. 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 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 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 Group and 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 Instruments

(i) The Group and Company's financial assets comprise the following:

(a) 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 equivalent are initially measured at fair value and subsequently measured at amortized cost.

(b) Fixed deposits

Fixed deposits, comprising principally funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently re-measured to amortised cost using the effective interest rate method at each reporting date. Changes in carrying value are recognised in the Statement of Profit or Loss.

(c) Investment securities

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification. Prior to our adoption of IFRS 9, Investment securities were comprised of available-for-sale securities and loans and receivables.

(d) 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 using the expected credit loss model taking into account ageing, previous experience, general economic conditions and forward looking information. Other receivables are initially measured at fair value and subsequently measured at amortized cost.

(ii) Recognition and initial measurement

The Group and Company initially recognizes its financial assets and liabilities on the trade date, which is the date on which it becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

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

(iii) Classification and Subsequent Measurement

(a) Financial assets - Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI)-debt investment, FVOCI-equity investment, or fair value through profit or loss (FVTPL). Classification and measurement for debt securities is based on the Group and Company's business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL:

(a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and
(b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL:

(a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and
(b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.All other debt instruments are measured at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group and Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

(b) Business model assessment - Policy applicable from 1 January 2018

The Group and Company determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Group and Company's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

- How the economic activities of the Group and Company's businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- How managers of the portfolio are compensated; e.g whether compensation is based on the fair value of assets managed or the contractual cashflows collected;
- The significant risks affecting the performance of the Group and Company's businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
- Historical and future expectations of sales of securities portfolios managed as part of a business model.

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns:

- **Hold-to-Collect (HTC):** The objective of this business model is to hold securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- **Hold-to-Collect-and-Sell (HTC&S):** Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- **Other fair value business models:** These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

(c) Assessment of whether cashflows are solely payments of principal and interest - Policy application from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable - rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstand-ing, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(iv) Financial assets – Subsequent measurement and gains and losses:
Policy applicable from 1 January 2018

Financial asset at amortised cost	These assets are subsequently measured at amortised cost using effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
Financial assets at FVOCI	These assets are subsequently measured at fair value though other comprehensive income and using effective interest rate method in recognising interest income. Changes in fair value are recognized initially in Other Comprehensive Income (OCI). When the asset is derecognized or reclassified, changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at FVOCI having the same effect on profit and loss as if it were measured at Amortized Cost.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represent recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable before 1 January 2018
The Group classified its measurement and recognition of gains and losses into one of the following categories:

Financial asset at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held to maturity financial assets	Measured at amortised cost using effective interest rate method.
Loans and receivable	Measured at amortised cost using effective interest rate method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gains loss accumulated in equity was reclassified to profit or loss.

(v) Financial liabilities – Classification, subsequent measurement and gains and losses - Policy applicable to previous and current periods

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(vi) Derecognition

Financial assets

The Group and Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group and Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(viii) 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 and Company has access at the date. The fair value of a liability reflects its non-performance risk.

When available, the Group and Company 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 and Company uses valuation technique 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.

(ix) Amortised cost

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.

(m) Impairment

(i) Non-derivative financial assets - Policy applicable from 1 January 2018

Financial instruments

The Group and Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost and
- debt investments measured at FVOCI;

The Group and Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and Company's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group and Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group and Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and Company considers this to be B or BBB- or higher per Agusto & Co., Standard & Poor's, and Global Credit Rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the

12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and Company is exposed to credit risk.

(ii) **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group and Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group and Company on terms that it would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group and Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group and Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets.

For corporate customers, the Group and Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and Company's procedures for recovery of amounts due.

(n) Impairment - Policy applicable before 1 January 2018

Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. Objective evidence that financial assets were impaired include:

- default or delinquency by a debtor;

- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group and Company considered a decline of 20% to be significant and a period of nine months to be prolonged.

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

(o) 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. Trade-related provisions are recorded mainly for the obligations in respect of services already received but not yet invoiced.

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 finance cost.

(p) 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.

(q) Contingent assets and liabilities

A 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.

A contingent liability is a 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.

(r) Comparative information

Certain comparative amounts and disclosures in the statement of comprehensive income, statement of financial position and statement of cash flows have been reclassified and represented in order to ensure consistency and clear presentation in the financial statements.

(s) Other operating expenses

All other operating expenses are accounted for on accrual basis

(t) Standards issued but not yet effective

A number of new standards, amendment to standards and interpretation are effective for annual years beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Group and Company does not plan to adopt these standards early. Those which may be relevant to the Group and Company are set out below. For some of the new standards, the Group and Company has completed the assessment of their potential impacts while the evaluation of likely effect of the others are still ongoing.

(i) 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.

IFRS 16 introduces a single, on-balance sheet lease accounting model for leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its own obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standards - i.e lessors continue to classify leases as finance or operating leases.

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 and Company carried out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; The adoption of this standard does not have a significant impact on the Group and Company due to the current leased agreement of a one year short term lease with no right of renewal.

(ii) Other standards

The following amended standards and interpretation are not expected to have significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Tax Treatment.
- Prepayment Features with negative compensation (Amendments to IFRS 9).
- Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendments to IFRS Standards 2015-2017 Cycle - various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

5 Use of judgements and estimates

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31 December 2018 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below;

(i) Impairment losses of financial assets

In the application of the Group and Company'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 and Company use 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.

Financial assets accounted for at amortised cost and at fair value through other comprehensive income are evaluated for impairment on a basis described in accounting policy 4(n)(vi).

(ii) Recognition of deferred tax asset/liability

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group and Company's financial statements and the corresponding tax bases used in the computation of 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 in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

(iii) Income tax

The Group and Company 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 and Company 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 determination is made.

(iv) Defined benefit obligation

The Group and Company sponsored a defined benefit plan for its qualifying employees. The plan was terminated in 2017. The Group and Company 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.

(v) Measurement of fair values

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

The Group and Company has an established control framework with respect to the measurement of fair values. This includes a 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 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 Group and 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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

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 and Company 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.

Further information about the assumptions made in measuring fair values is included in note 8 to the financial statements.

6 Risk management framework

The Group and Company'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 and Company, 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 Group and Company's activities. The Group and Company 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.

The Board Risk Committee also oversees how management monitors compliance with the Group and Company'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 the 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 and Company have 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 and Company if a customer or counterparty to a financial instrument fails to meet it contractual obligations, and arises principally from the Group and Company's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.
Impairment losses on financial assets in profit or loss were as follows.

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Impairment loss on trade receivables	75,677	75,677	65,232	65,232
Impairment loss on debt securities at amortised cost	34,382	34,382	44,162	44,162
Impairment loss on debt securities at FVTOCI	9,412	9,412	103,277	103,277
Impairment loss on cash and cash equivalent	15,467	15,467	49,078	49,078
	134,938	**134,938**	**261,749**	**261,749**

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

Trade 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 include bond dealers, legal entities or stockbroking firms.

The Group and Company establishes an allowance for impairment that represents its estimate of expected credit loss model in respect of trade receivables.

As at 31 December 2018, 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 2018**	**Company 2018**	**Group 2017**	**Company 2017**
Trade receivables					
Bond Dealers		7,180	7,180	3,674	3,674
Quoted Companies		110,245	110,245	68,336	68,336
Stock Broking Firms		26,112	26,112	26,304	26,304
Sales and Business Development		33,419	33,419	37,156	37,156
Settlement Banks		1,000	1,000	1,000	1,000
Total	18(a)	**177,956**	**177,956**	**136,471**	**136,471**
Impairment allowance for trade receivables	18(b)	(75,677)	(75,677)	(120,921)	(120,921)
Total		**102,279**	**102,279**	**15,550**	**15,550**

		Carrying amount		**Carrying amount**	
In thousands of Naira	**Notes**	**Group 2018**	**Company 2018**	**Group 2017**	**Company 2017**
Other receivables					
Staff debtors		1,827	1,827	1,322	1,322
Deposit for shares-NG Clearing Ltd		-	-	670,500	670,500
Amount due from NG Clearing Ltd		44,991	44,991	44,865	44,865
Sundry receivables		109,807	109,807	57,308	57,308
Total	19(a)	**156,625**	**156,625**	**773,995**	**773,995**
Impairment allowance for trade receivables	19(b)	(68,400)	(68,400)	-	-
Total		**88,225**	**88,225**	**773,995**	**773,995**

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

	Other receivable					Trade receivable	
In thousands of Naira	**Group 31-Dec 2018**	**Company 31-Dec 2018**	**Company 31-Dec 2017**	**Group 31-Dec 2018**	**Company 31-Dec 2018**	**Group 31-Dec 2017**	**Company 31-Dec 2017**
Balance as at 1 January	-	-	196,739	120,921	120,921	368,233	368,233
Adjustment on initial application of IFRS 9	-	-	-	(55,688)	(55,688)	-	-
Movement in the year	68,400	68,400	(196,739)	-	-	(247,312)	(247,312)
Balance as at year end	**68,400**	**68,400**	**-**	**65,233**	**65,233**	**120,921**	**120,921**
Movement in the year:							
Impairment charge on financial assets	68,400	68,400	-	-	-	25,651	25,651
Writeoffs on trade receivables	-	-	(196,739)	-	-	(252,450)	(252,450)
Writebacks on trade receivables	-	-	-	-	-	(20,513)	(20,513)
Net movement in the year	**68,400**	**68,400**	**(196,739)**	**-**	**-**	**(247,312)**	**(247,312)**

Expected credit loss assessment as at 1 January and 31 December 2018

The Group and Company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

The Group and Company use an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates approach was adopted for the ECLs of trade receivables evaluating its historical loss experience. Loss rates are based on actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group and Company's view of economic conditions over the expected lives of the receivables.

As at 31 December 2018, the ageing of trade receivables not impaired was as follows:

In thousands of Naira	**Weighted-average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit Impaired**
Trade receivables	43%	177,956	(75,677)	No
Other receivables*	43%	156,625	(68,400)	No
		334,581	**(144,077)**	

* Other receivables was individually assessed due to its nature of transaction and the impairment loss was in line with expected credit loss model.

	Carrying amount			
In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Neither past due nor impaired 1 - 30 days	329	329	50	50
Neither past due nor impaired 31 - 90 days	9,623	9,623	1,463	1,463
Neither past due nor impaired 91 - 180 days	92,327	92,327	14,037	14,037
Total	**102,279**	**102,279**	**15,550**	**15,550**

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) Debt Securities

The Group and Company limit their exposure to credit risk by investing only in debt securities 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 and Company held total investments of N29,547,862 (FVOCI - N7,193,947; Amortised Cost - N22,353,915) at 31 December 2018 (31 December 2017: AFS- N27,128,112) which represents its maximum credit exposure on Federal Government Treasury Bills, Federal Government Bonds, State Government Bonds and Corporate Bonds. These investment are measured in accordance with IFRS 9 from January 1, 2018.

As at 31 December 2018, the maximum exposure to credit risk for investments was as follows:

		FVOCI		Amortised cost		FVOCI	
In thousands of Naira	Notes	Group 31-Dec 2018	Company 31-Dec 2018	Group 31-Dec 2018	Company 31-Dec 2018	Group 31-Dec 2017	Company 31-Dec 2017
Treasury Bills	17(b)	5,879,813	5,879,813	-	-	5,418,936	5,418,936
Federal Government Bonds	17(a)	732,273	732,273	19,796,286	19,796,286	16,987,534	16,987,534
State Government Bonds	17(a)	416,307	416,307	2,523,247	2,523,247	3,441,061	3,441,061
Corporate Bonds	17(a)	176,613	176,613	-	-	1,280,581	1,280,581
Gross carrying amount		**7,205,006**	**7,205,006**	**22,319,533**	**22,319,533**	**27,128,112**	**27,128,112**
Impairment loss allowance		(9,412)	(9,412)	(34,382)	(34,382)	-	-
Total		**7,195,594**	**7,195,594**	**22,285,151**	**22,285,151**	**27,128,112**	**27,128,112**

Movement in allowance for impairment

	FVOCI		Amortised cost		FVOCI	
In thousands of Naira	Group 2018	Company 2018 12-month ECL	Group 2018	Company 2018 12-month ECL	Group 2017	Company 2017
Balance at 1 January under IAS 39	-	-	-	-	-	-
Adjustment on initial application of IFRS 9	44,162	44,162	103,277	103,277	-	-
Impairment loss /(reversal) for the year	(9,779)	(9,779)	(93,865)	(93,865)		
Total	**34,383**	**34,383**	**9,412**	**9,412**	**-**	**-**

There are two UBA senior unsecure bonds which matured during the year and hence significantly contributed to impairment reversal.

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of N3.64 billion at 31 December 2018 (31 December 2017: N2 billion) 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.

Impairment on cash and cash equivalents has been measured on 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial adoption of IFRS 9 on 1 January 2018, an impairment allowance of N49million was recognized as an adjustment to opening retained earnings. The impairment allowance on cash and cash equivalent for the year ended 31 December 2018 was N12.74 million.

(iv) Total exposure to credit risk

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

In thousands of Naira	Notes	Group 2018	Company 2018	Group 2017	Company 2017
Trade receivables	18(a)	102,279	102,279	15,550	15,550
Other receivables	19(a)	88,225	88,225	773,995	773,995
Investment securities	17(a)(b)	22,319,533	22,319,533	27,128,112	27,128,112
Cash and cash equivalents	21	3,626,868	3,626,813	2,004,979	2,004,924
		26,136,904	**26,136,850**	**29,922,635**	**29,922,581**

(b) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group and Company'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 and Company's reputation.

The Group and Company maintain 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 and Company 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 2018 was N198.18million (31 December 2017: N97.9 million).

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 2018

In thousands of Naira	Less than 3 months	3 months -6months	6 months -1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investment securities	3,253,019	635,646	2,789,018	22,870,178	29,547,862	29,547,862
Trade receivables	9,952	92,327	-	-	102,279	102,279
Other receivables	88,225	-	-	-	88,225	88,225
Cash and cash equivalents	3,626,868	-	-	-	3,626,868	3,626,868
Total	**6,978,063**	**727,973**	**2,789,018**	**22,870,178**	**33,365,233**	**33,365,233**
Financial liabilities						
Payables and accruals	405,457	-	-	-	405,457	405,457
Other liabilities	2,986,185	-	-	-	2,986,185	2,986,185
Total	**3,391,642**	**-**	**-**	**-**	**3,391,642**	**3,391,642**

The Company
31 December 2018

In thousands of Naira	Less than 3 months	3 months -6months	6 months -1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investment securities	3,253,019	635,646	2,789,018	22,870,178	29,547,862	29,547,862
Trade receivables	9,952	92,327	-	-	102,279	102,279
Other receivables	88,225	-	-	-	88,225	88,225
Cash and cash equivalents	3,626,813	-	-	-	3,626,813	3,626,813
Total	**6,978,008**	**727,973**	**2,789,018**	**22,870,178**	**33,365,179**	**33,365,179**
Financial liabilities						
Payables and accruals	405,457	-	-	-	405,457	405,457
Other liabilities	2,986,185	-	-	-	2,986,185	2,986,185
Total	**3,391,642**	**-**	**-**	**-**	**3,391,642**	**3,391,642**

The Group
31 December 2017

In thousands of Naira	Less than 3 months	3 months -6months	6 months -1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investment securities	863,184	2,404,418	3,129,381	20,841,849	27,238,833	27,238,833
Trade receivables	-	14,037	-	-	14,037	15,550
Other receivables	773,995	-	-	-	773,995	773,995
Cash and cash equivalents	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**	**30,033,358**
Financial liabilities						
Payables and accruals	282,649	-	-	-	282,649	282,649
Other liabilities	548,393	-	-	-	548,393	548,393
Total	**831,042**	**-**	**-**	**-**	**831,042**	**831,042**

The Company
31 December 2017

In thousands of Naira	Less than 3 months	3 months -6months	6 months -1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investment securities	863,184	2,404,418	3,129,381	20,841,849	27,238,833	27,238,833
Trade receivables	-	14,037	-	-	14,037	15,550
Other receivables	773,995	-	-	-	773,995	773,995
Cash and cash equivalents	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**	**30,033,302**
Financial liabilities						
Payables and accruals	282,649	-	-	-	282,649	282,649
Other liabilities	548,393	-	-	-	548,393	548,393
Total	**831,042**	**-**	**-**	**-**	**831,042**	**831,042**

(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 and Company'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 and Company do not use derivatives to manage market risks.

(i) Currency Risk

The Group and Company 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 and Company's results of operations, financial position and cash flows. The Group and Company do not enter into any forward exchange contracts to manage the currency risk fluctuations.

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

The Group

Financial instruments by currency as at 31 December 2018

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17	23,644,726	23,644,726	-	-	-
Trade receivables	18(a)	102,279	102,279	-	-	-
Other receivables	19(a)	88,225	88,225	-	-	-
Cash and cash equivalents	21	3,626,868	3,571,345	51,535	3,847	141
		27,462,098	**27,406,575**	**51,535**	**3,847**	**141**
Financial liabilities						
Payables and accruals	27	405,457	405,457	-		-
Other liabilities	28	2,986,185	2,986,185	-	-	-
		3,391,642	**3,391,642**	**-**		**-**
Net Open Position		**24,070,456**	**24,014,933**	**51,535**	**3,847**	**141**

The Company

Financial instruments by currency as at 31 December 2018

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17	23,644,726	23,644,726	-	-	-
Trade receivables	18(a)	102,279	102,279	-	-	-
Other receivables	19(a)	88,225	88,225	-	-	-
Cash and cash equivalents	21	3,626,813	3,571,290	51,535	3,847	-141
		27,462,043	**27,406,520**	**51,535**	**3,847**	**141**
Financial liabilities						
Payables and accruals	27	405,457	405,457	-	-	-
Other liabilities	28	2,986,185	2,986,185	-	-	-
		3,391,642	**3,391,642**	**-**	**-**	**-**
Net Open Position		**24,070,456**	**24,014,933**	**51,535**	**3,847**	**141**

The Group
Financial instruments by currency as at 31 December 2017

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Financial assets						
Investments	17	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	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						
Investment securities	17	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	548,393	548,393	-	-	-
		831,042	**831,042**	**-**	**-**	**-**
Net Open Position		**29,091,539**	**28,885,463**	**202,097**	**3,838**	**142**

The following significant exchange rates have been applied :

	Year end average rate 2018	2017	Year end spot rate 2018	2017
USD	363	475	360	366
GBP	507	555	458	555
EUR	462	460	410	514

The Group and Company 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 and Company'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 2018	31 Dec 2017
US dollar effect of 10% up or down movement on profit before tax and balance sheet	5,183	20,210
US dollar effect of 10% up or down movement on equity, net of tax	5,183	20,210

(ii) Interest rate risk

The Group and Company adopt 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 and Company is exposed to interest rate shocks even though most of its investments are on fixed rate to maturity investment, however the Group and Company could still be exposed to interest risk if rate increased higher than the fixed rate. Other areas the Group and Company 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	Note	Group 2018	Company 2018	Group 2017	Company 2017
Financial instruments					
Cash and cash equivalents	21	3,619,148	3,619,093	2,004,689	2,004,634
Investment securities	17	29,524,539	29,524,539	27,128,112	27,128,112
		33,143,687	**33,143,632**	**29,132,801**	**29,132,746**

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 2018	Company 2018	Group 2017	Company 2017
Increase in interest rate by 100 basis points (+10%)	331,437	331,436	291,328	291,327
Decrease in interest rate by 100 basis points (-10%)	(331,437)	(331,436)	(291,328)	(291,327)

(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'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 N31.5 billion as at 31 December 2018 (31 December 2017: N29.9 billion). This is well above the minimum capital requirement set by SEC.

7 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.

The Group has three (3) identifiable segments and the following summary describes the operations in each of the 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. **Product and Services:** 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 2018

In thousands of naria	Operations	Product and Services	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	4,604,629	153,070	4,217,582	-	8,975,281
Others	106,804	-		-	106,804
Segment revenue	**4,711,433**	**153,070**	**4,217,582**	**-**	**9,082,085**
Expenses:					
Personnel Expenses	(1,141,271)	(95,106)	(31,702)	-	(1,268,079)
Operating expenses	(1,246,738)	(67,391)	(33,696)	-	(1,347,825)
Depreciation and amortisation	(447,001)	(24,162)	(12,081)	-	(483,244)
Allowance for doubtful receivables	126,812	-	-	-	126,812
Segment Expense	**(2,708,198)**	**(186,659)**	**(77,479)**	**-**	**(2,972,336)**
Segment operating income before tax	2,003,235	(33,589)	4,140,103	-	6,109,749
Share of loss of equity-accounted investee	-	-	-	(18,405)	(18,405)
Income tax	-	-	-	(1,269,014)	(1,269,014)
Profit after tax	**2,003,235**	**(33,589)**	**4,140,103**	**(1,269,014)**	**4,822,330**

Assets and liabilities

31 December 2018

In thousands of naria	Operations	Product and services	Treasury	Unallocated segment	Total
Total assets	32,269,138	2,689,095	896,365	-	35,854,598
Total liabilities	4,220,805	351,734	117,245	-	4,689,783
Net asset	28,048,334	2,337,361	779,120	-	31,164,815

The Group

31 December 2017

In thousands of naria	Operations	Product and services	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)
Other operating expenses	(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	-	5,681,565
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**	**(700,963)**	**4,980,601**

Assets and liabilities

31 December 2017

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

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 2018

		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,879,813	-	-	5,879,813	5,879,813	-	-	5,879,813
- Federal Government Bonds	17(a)	732,273	19,796,286	-	20,528,559	20,528,559	-	-	20,528,559
- Corporate Government Bonds	17(a)	176,613	2,523,247	-	2,699,860	2,699,860	-	-	2,699,860
- State Government Bonds	17(a)	416,307	-	-	416,307	416,307	-	-	416,307
		7,205,006	**22,319,533**	**-**	**29,524,539**	**29,524,539**	**-**	**-**	**29,524,539**
Financial liabilities not measured at fair value									
- Cash and cash equivalent	21	-	3,626,868	-	3,626,868	3,626,868	-	-	3,626,868
- Other receivables	19(a)	-	88,225	-	88,225	-	-	-	-
- Payables and accruals	27	-	-	405,457	405,457	-	-	-	-
- Other liabilities	28	-	-	2,986,185	2,986,185	-	-	-	-
		-	**3,715,093**	**3,391,642**	**7,106,735**	**3,626,868**	**-**	**-**	**3,626,868**

The Company
31 December 2018

		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,879,813	-	-	5,879,813	5,879,813	-	-	5,879,813
- Federal Government Bonds	17(a)	732,273	19,796,286	-	20,528,559	20,528,559	-	-	20,528,559
- Corporate Government Bonds	17(a)	176,613	2,523,247	-	2,699,860	2,699,860	-	-	2,699,860
- State Government Bonds	17(a)	416,307	-	-	416,307	416,307	-	-	416,307
		7,205,006	**22,319,533**	**-**	**29,524,539**	**29,524,539**	**-**	**-**	**29,524,539**
Financial liabilities not measured at fair value									
- Payables and accruals	27	-	-	405,457	405,457	-	-	-	-
- Other liabilities	28	-	-	2,986,185	2,986,185	-	-	-	-
		-	**-**	**3,391,642**	**3,391,642**	**-**	**-**	**-**	**-**

The Group
31 December 2017

		Carrying amount				Fair value			
In thousands of Naira	Notes	Available for sale	Loans and receivables	Liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- 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	**-**	**-**	**27,128,113**	**27,128,113**	**-**	**-**	**27,128,113**
Financial liabilities not measured at fair value									
- 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	-	-	-	-
- Payables and accruals	27	-	-	282,649	282,649	-	-	-	-
- Other liabilities	28	-	-	548,393	548,393	-	-	-	-
		-	**2,778,974**	**831,042**	**3,610,016**	**2,004,979**	**-**	**-**	**2,004,979**

The Company
31 December 2017

		Carrying amount				Fair value			
In thousands of Naira	Notes	Available for sale	Loans and receivables	Liabilities at amortized cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- 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	**-**	**-**	**27,128,113**	**27,128,112**	**-**	**-**	**27,128,113**
Financial liabilities not measured at fair value									
- Payables and accruals	27	-	-	282,649	282,649	-	-	-	-
- Other liabilities	28	-	-	548,393	548,393	-	-	-	-
		-	**-**	**831,042**	**831,042**	**-**	**-**	**-**	**-**

9 Revenue

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Eligibility fees	27,111	27,111	24,622	24,622
Depository fees	1,260,625	1,260,625	905,988	905,988
Transaction fees	3,316,893	3,316,893	3,383,111	3,383,111
Total fees income	**4,604,629**	**4,604,629**	**4,313,721**	**4,313,721**

10 Interest Income

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Interest income from:				
Fixed deposits	100,726	100,726	40,388	40,388
Treasury bills	970,243	970,243	1,547,068	1,547,068
Federal Government bonds	2,506,013	2,506,013	1,877,510	1,877,510
Corporate bonds	144,953	144,953	184,665	184,665
State bonds	495,647	495,647	513,113	513,113
Total interest income	**4,217,582**	**4,217,582**	**4,162,744**	**4,162,744**

The total amount of interest income on instruments measured at amortized cost for the Group and Company is N2.892bn (2017: N40.4m)

11 Other income

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Settlement Banks Participation Fees	20,000	20,000	18,000	18,000
Collateral management fees	40,257	40,257	10,342	10,342
Statement of stock position fees	16,015	16,015	9,876	9,876
Special Accounts Fee	11,776	11,776	4,056	4,056
Miscellaneous Income	831	831	9,254	9,254
Profit on disposal of property and equipment	11,366	11,366	3,882	3,882
Data centre subscriptions	24,344	24,344	5,984	5,984
Website subscription fees	35,778	35,778	15,362	15,362
X-Alert Fee	3,226	3,226	9,162	9,162
Nominal fees	89,686	89,686	96,490	96,490
Staff loan interest	-	-	246	246
Gain on investment disposal	-	-	28,517	28,517
DMO Services - FG Saving	1,695	1,695	1,817	1,817
Legal Entity Identifier Subscription	4,900	4,900	2,104	2,104
	259,874	**259,874**	**215,093**	**215,093**

12 Expenses

12.1(i) Personnel Expenses

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Salaries and allowances	572,074	572,074	671,620	670,135
Staff training and development	64,557	64,557	38,154	38,154
Staff welfare and medical expenses	119,977	119,977	90,815	90,815
Performance Bonus (see note (i) below)	407,211	407,211	454,223	454,223
Defined Benefit Plan Expense(see note (ii) below)	34,299	34,299	181,891	181,891
Nigeria Social Insurance Trust Fund (NSITF)	2,539	2,539	2,150	2,150
Staff pension contribution (see note (iii) below)	67,422	67,422	57,231	56,511
	1,268,079	**1,268,079**	**1,496,084**	**1,493,879**

(i) Performance bonus accrual for 2018 was made because the year to date result was above the required threshold of 85% weighted performance as provided for in the revised board approved staff incentive bonus scheme for the year ended 31 December 2018.

(ii) Defined Benefit Plan is a terminal benefit (as approved by the Board) upon the expiration of the Managing Director's employment with the Group.

(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 Pension Fund Administrators 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 2018	Company 2018	Group 2017	Company 2017
Executive Directors	1	1	1	1
Management	2	2	4	4
Non-management	91	91	96	96
	94	**94**	**101**	**101**

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

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Chairman	12,083	12,083	12,500	12,500
Other non-executive directors	121,717	121,717	120,082	120,082
	133,800	**133,800**	**132,582**	**132,582**

The Directors remuneration as shown above includes:

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
The Chairman	12,083	12,083	12,500	12,500
The highest paid director	12,700	12,700	15,603	15,603

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

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
N1,000,000 - N5,000,000	1	1	-	-
N5,000,001 and above	11	11	11	11
	12	**12**	**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 2018	Company 2018	Group 2017	Company 2017
N60,000 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	12	12	42	42
N3,000,001 - N6,000,000	53	53	40	40
N6,000,001 - N9,000,000	12	12	3	3
N9,000,001 and above	17	17	16	16
	94	**94**	**101**	**101**

12.2 Other Operating expenses

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Maintenance expenses	28,285	28,285	26,285	26,285
Office Running Expenses (see note (a) below)	319,759	319,759	241,873	241,824
Business Development (see note (b) below)	327,218	327,218	295,397	295,397
Board of Directors fees	123,829	123,829	132,916	132,916
Board of Directors expenses	240,682	240,682	383,148	383,148
Donations	31,032	31,032	18,193	18,193
Professional Fees	207,469	207,469	103,826	103,826
Audit Fees	20,000	20,000	20,000	20,000
Other miscellaneous expenses (see note (c) below)	20,648	20,648	13,848	13,848
Bank charges	13,417	13,417	12,221	12,221
Loss on foreign exchange	344	344	64,565	64,565
Industrial Training Fund	15,142	15,142	4,317	4,317
	1,347,825	**1,347,825**	**1,316,589**	**1,316,540**

(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) **Business development expenses**

Business development expenses can be analysed as follows:

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Data centre/IT Maintenance	136,458	136,458	129,063	129,063
Travelling	41,497	41,497	28,049	28,049
Business promotion/development	12,000	12,000	-	-
Digital centre services expenses	19,046	19,046	47,111	47,111
Software license fees	115,368	115,368	79,129	79,129
Legal Entity Idenitifier remittance	2,849	2,849	3,271	3,271
Project meridian - incidental expenses	-	-	8,774	8,774
	327,218	**327,218**	**295,397**	**295,397**

(c) **Other miscellaneous expenses**

Other miscellaneous expenses can be analysed as follows:

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Filing fees	287	287	183	183
Entertainment	3,012	3,012	1,477	1,477
AGM expenses	13,849	13,849	10,071	10,071
Investor Relations Expense	3,500	3,500	2,116	2,116
Investor Protection Scheme	-	-	1	1
	20,648	**20,648**	**13,848**	**13,848**

12.3 Depreciation and Amortisation

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Depreciation of property and equipment (See (15))	138,191	138,191	104,624	104,624
Amortisation of intangible assets (See (16))	345,053	345,053	87,560	87,560
	483,244	**483,244**	**192,184**	**192,184**

13 Taxation

13(a) Income tax expense

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Corporate income tax	521,930	521,930	459,777	459,777
Excess dividend tax (see note (i) below)	595,682	595,682	147,318	147,318
Education tax	38,400	38,400	34,245	34,245
Information technology levy	61,301	61,301	56,838	56,838
Income tax	**1,217,313**	**1,217,313**	**698,178**	**698,178**
Reversal of temporary differences - deferred tax	51,701	51,701	(14,602)	(14,602)
	1,269,014	**1,269,014**	**683,576**	**683,576**

(i) During the year, the Company was liable to excess dividend tax of N595.7 million representing 30% of N3.5 billion dividend paid over the income tax of N459.8 million recognized as tax expense in 2017.

Reconciliation of effective tax rate

The Group

	31 December 2018		31 December 2017	
In thousands of Naira	Tax rate	Amount	Tax rate	Amount
Profit before tax		6,091,344		5,664,177
Income tax using the domestic corporation tax rate	30.00%	1,827,403	30.00%	1,699,253
Non-deductible expenses	0.09%	5,517	0.10%	5,458
Non taxable income	-62.30%	(3,794,736)	-22.08%	(1,250,732)
Education tax	0.63%	38,400	0.60%	34,245
Impact of NITDA Levy	1.01%	61,301	1.00%	56,838
Excess Dividend Tax	9.78%	595,682	2.60%	147,318
Changes in estimates relate to prior years	-0.14%	(8,582)	-0.16%	(8,804)
	-20.93%	**1,269,014**	**12.06%**	**683,576**

The Company

	31 December 2018		31 December 2017	
In thousands of Naira	Tax rate	Amount	Tax rate	Amount
Profit before tax		6,109,749		5,683,818
Income tax using the domestic corporation tax rate	30.00%	1,832,925	30.0%	1,705,145
Non-deductible expenses	0.09%	5,517	0.10%	5,458
Non taxable income	-62.20%	(3,800,257)	-22.11%	(1,256,624)
Education tax	0.63%	38,400	0.60%	34,245
Impact of NITDA Levy	1.00%	61,301	1.00%	56,838
Excess Dividend Tax	9.75%	595,682	2.59%	147,318
Changes in estimates relate to prior years	-0.14%	(8,582)	-0.15%	(8,804)
	-20.87%	**1,269,014**	**12.03%**	**683,576**

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

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

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Property and equipment, and software	(70,953)	(70,953)	(54,474)	(54,474)
Trade receivables	22,702	22,702	114,189	114,189
Defined benefit plan	34,848	34,848	(21,417)	(21,417)
	(13,403)	**(13,403)**	**38,298**	**38,298**

Movement in deferred tax balances:

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

In thousands of Naira	Balance, beginning of year	Recognized in profit or loss	Recognized in OCI	Balance, end of year	Deferred tax assets/ (liabilities)
31 December 2018					
Property and equipment	(54,474)	(16,479)	-	(70,953)	(70,953)
Trade receivables	114,189	(91,487)	-	22,702	22,702
Defined benefit plan	(21,417)	56,265	-	34,848	34,848
Trade receivables	-	-	-	-	-
Tax assets/(liabilities)	**38,298**	**(51,701)**	**-**	**(13,403)**	**(13,403)**

In thousands of Naira	Balance, beginning of year	Recognized in profit or loss	Recognized in OCI	Balance, end of year	Deferred tax assets/ (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**

13(c) Current Tax Liabilities

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Balance, beginning of year	582,765	582,765	286,177	286,177
Charge for the year (see note 13(a) above)	1,217,313	1,217,313	698,178	698,178
Payments during the year	(1,147,501)	(1,147,501)	(401,590)	(401,590))
Balance, end of period	**652,577**	**652,577**	**582,765**	**582,765**

14 Basic/Diluted earnings per share

The calculation of basic/diluted earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders of N4.82 billlion for the Group and N4.84 billion for the Company (31 December 2017: N4.98 billion for the Group and N5.00 billion for the Company) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2017: 5,000,000,000).

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Profit attributable to ordinary shareholders	4,822,330	4,840,735	4,980,601	5,000,242
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	96k	97k	100k	100k

15 Property and equipment

The Group

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in -progress	Total
Cost							
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 at 31 December 2017	**264,080**	**131,534**	**156,812**	**913,808**	**75,469**	**-**	**1,541,703**
Balance at 1 January 2018	264,080	131,534	156,812	913,808	75,469	-	1,541,703
Additions	160,324	9,658	212	51,089	-	156,030	387,313
Disposals	(91,935)	(14,693)	(37,866)	(57,287)	-	-	(201,781)
Balance as at 31 December 2018	**332,469**	**136,499**	**119,158**	**907,610**	**75,469**	**156,030**	**1,727,235**
Accumulated depreciation and impairment							
At 1 January 2017	160,070	95,707	115,303	737,602	36,099	-	1,144,781
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 31December 2017	**142,316**	**102,619**	**98,470**	**770,930**	**60,617**	**-**	**1,174,952**
Accumulated depreciation and impairment							
At 1 January 2018	142,316	102,619	98,470	770,930	60,617	-	1,174,952
Depreciation for the year	53,302	6,827	16,529	50,872	10,661	-	138,191
Disposals	(77,831)	(13,536)	(34,180)	(55,936)	-	-	(181,483)
Balance as at 31December 2018	**117,787**	**95,910**	**80,819**	**765,866**	**71,278**	**-**	**1,131,660**
Carrying amount as at 31 December, 2017	**121,764**	**28,915**	**58,342**	**142,878**	**14,852**	**-**	**366,751**
Carrying amount as at 31 December, 2018	**214,682**	**40,589**	**38,339**	**141,744**	**4,191**	**156,030**	**595,575**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2017: Nil)

(b) There were no capital commitments

The Company

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in -progress	Total
Cost							
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)
Disposals	(71,700)	(1,226)	(33,942)	-	-	-	(106,868)
Balance at 31 December 2017	**264,080**	**131,534**	**156,812**	**913,808**	**75,469**	**-**	**1,541,703**
Balance at 1 January 2018	264,080	131,534	156,812	913,808	75,469	-	1,541,703
Additions	160,324	19,658	212	51,089	-	156,030	387,313
Disposals	(91,935)	(14,693)	(37,866)	(57,287)	-	-	(201,781)
Balance as at 31 December 2018	**332,469**	**136,499**	**119,158**	**907,610**	**75,469**	**156,030**	**1,727,235**
Accumulated depreciation and impairment							
At 1 January 2017	160,070	95,707	115,303	737,602	36,099	-	1,144,781
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**
At 1 January 2018	142,316	102,619	98,470	770,930	60,617	-	1,174,952
Depreciation for the year	53,302	6,827	16,529	50,872	10,661	-	138,191
Disposals	(77,831)	(13,536)	(34,180)	(55,936)	-	-	(181,483)
Balance as at 31December 2018	**117,787**	**95,910**	**80,819**	**765,866**	**71,278**	**-**	**1,131,660**
Carrying amount as at 31 December, 2017	**121,764**	**28,915**	**58,342**	**142,878**	**14,852**	**-**	**366,751**
Carrying amount as at 31 December, 2018	**214,682**	**40,589**	**38,339**	**141,744**	**4,191**	**156,030**	**595,575**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2017: 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 2017	2,125,777	549,999	2,675,776
Additions	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**

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance as at 1 January 2018	3,542,796	18,398	3,561,194
Additions during the year	23,568	-	23,568
Reclassification during the year	2,700	(2,700)	-
Balance as at 31 December 2018	**3,569,064**	**15,698**	**3,584,762**
Accumulated Amortisation:			
Balance as at 1 January 2017	2,062,548	-	2,062,548
Amortisation charge for the year	87,560	-	87,560
Disposals	-	-	-
Balance as at 31 December 2017	**2,150,108**	**-**	**2,150,108**
Accumulated Amortisation:			
Balance as at 1 January 2018	2,150,108	-	2,150,108
Amortisation charge for the year	345,053	-	345,053
Balance as at 31 December 2018	**2,495,161**	**-**	**2,495,161**
Carrying amount:			
At 31 December 2017	**1,392,688**	**18,398**	**1,411,086**
At 31 December 2018	**1,073,903**	**15,698**	**1,089,601**

The Comapny

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance at 1 January 2017	2,125,777	549,999	2,675,776
Additions	674,201	-	674,201
Reclassification from PPE	-	211,217	211,217
Reclassification during the year	742,818	(742,818)	-
Disposals	-	-	-
Balance as at 31 December 2017	**3,542,796**	**18,398**	**3,561,194**
Balance as at 1 January 2018	3,542,796	18,398	3,561,194
Additions during the year	23,568		23,568
Reclassification during the year	2,700	(2,700)	-
Balance as at 31 December 2018	**3,569,064**	**15,698**	**3,584,762**
Accumulated Amortisation:			
Balance as at 1 January 2017	2,062,548	-	2,062,548
Amortisation charge for the year	87,560	-	87,560
Disposals	-	-	-
Balance as at 31 December 2017	**2,150,108**	**-**	**2,150,108**
Balance as at 1 January 2018	2,150,108	-	2,150,108
Amortisation charge for the year	345,053	-	345,053
Balance as at 31 December 2018	**2,495,161**	**-**	**2,495,161**
Carrying amount:			
At 31 December 2017	**1,392,688**	**18,398**	**1,411,086**
At 31 December 2018	**1,073,903**	**15,698**	**1,089,601**

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

17 Investment Securities

Investments can be analysed as follows:

17(a) Non-current investment securities

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Federal Government bonds	20,528,558	20,528,558	16,987,534	16,987,534
Corporate bonds	176,613	176,613	1,280,581	1,280,581
State Government bonds	2,939,554	2,939,554	3,441,061	3,441,061
Total non-current investment securities	**23,644,726**	**23,644,726**	**21,709,176**	**21,709,176**

at Amortised cost

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Federal Government bonds	19,796,286	19,796,286	-	-
State Government bonds	2,523,247	2,523,247	-	-
Total Amortised Cost Investment Securities	**22,319,533**	**22,319,533**	**-**	**-**

at Fair Value through Other Comprehensive Income

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Federal Government bonds	732,273	732,273	16,987,534	16,987,534
Corporate bonds	176,613	176,613	1,280,581	1,280,581
State Government bonds	416,307	416,307	3,441,061	3,441,061
Total Amortised Cost Investment Securities	**1,325,193**	**1,325,193**	**21,709,176**	**21,709,176**
Total non-current investment securities	**23,644,726**	**23,644,726**	**21,709,176**	**21,709,176**

17(b) Current investment securities

In thousands of Naira	Group 2018 Amortized cost & FVOCI	Company 2018 Amortized for sale FVOCI	Group 2017 Available for sale	Company 2017 Available
Treasury Bills	5,879,813	5,879,813	5,418,936	5,418,936
Total current investment securities	**5,879,813**	**5,879,813**	**5,418,936**	**5,418,936**

17(c) Fair Value through Other Comprehensive Income - Financial Instruments
Per statement of profit or loss and other comprehensive income

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Treasury Bills				
Fair Value	5,879,813	5,879,813	5,418,936	5,418,936
Carrying Amount	5,899,529	5,899,529	5,301,288	5,301,288
Fair Value (Loss)/Gain - See note 25(c)	**(19,716)**	**(19,716)**	**117,648**	**117,648**
Federal Government Bond				
Fair Value	732,273	732,273	16,987,534	16,987,534
Carrying Amount	709,488	709,488	17,150,098	17,150,098
Fair Value Loss	**(22,786)**	**(22,786)**	**(162,564)**	**(162,564)**
Corporate Bond				
Fair Value	176,613	176,613	1,280,581	1,280,581
Carrying Amount	171,083	171,083	1,298,977	1,298,977
Fair Value Gain/(Loss)	**5,530**	**5,530**	**(18,396)**	**(18,396)**
State Government Bond				
Fair Value	416,307	416,307	3,441,061	3,441,061
Carrying Amount	446,731	446,731	3,531,278	3,531,278
Fair Value Gain/(Loss)	**30,424**	**30,424**	**(90,217)**	**(90,217)**
Total fair value Gain/ (Loss) on Bonds -See note 25 (c)	**13,168**	**13,168**	**(271,177)**	**(271,177)**

The Investment Securities as at last year were classified as Available For Sale (AFS) but with the adoption of IFRS 9 are classified as Amortized Cost and Fair Value through Other Comprehensive Income. At the reporting date, all investment booked as FVOCI were marked to market and the change in fair value reported through Other Comprehensive Income.

18(a) Trade receivables

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Trade receivables (See note (i) below)	177,956	177,956	136,471	136,471
Allowance for doubtful trade receivables (See note 18(b) below)	(75,677)	(75,677)	(120,921)	(120,921)
Net Carrying amount	**102,279**	**102,279**	**15,550**	**15,550**
Current Assets	**102,279**	**102,279**	**15,550**	**15,550**

18(b) Impairment allowance on trade receivables

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Balance, beginning of year	120,921	120,921	368,233	368,233
IFRS 9 Transition adjustment	(55,688)	(55,688)	-	-
Charge during the year	10,444	10,444	25,651	25,651
Allowances no longer required	-	-	(20,513)	(20,513)
Net (reversal)/charge for the year	10,444	10,444	5,138	5,138
Write offs	-	-	(252,450)	(252,450)
Balance, end of year	**75,677**	**75,677**	**120,921**	**120,921**

19(a) Other assets

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Financial assets				
Staff Debtors	1,827	1,827	1,322	1,322
Amount due from NG Clearing Ltd	44,991	44,991	44,865	44,865
Deposit for shares-NG Clearing Ltd (see note (i) below)	-	-	670,500	670,500
Other receivables	109,807	109,807	57,308	57,308
Gross financial assets	**156,625**	**156,625**	**773,995**	**773,995**
Allowance for doubtful other receivables (see note 19(b) below)	(68,400)	(68,400)	-	-
Net financial assets	**88,225**	**88,225**	**773,995**	**773,995**
Non-financial assets				
Withholding tax recoverable	6,763	6,763	16,253	16,253
Stock Account	281	281	328	328
Prepayment	220,062	207,728	153,006	140,672
Sundry stock	9,049	9,049	9,323	9,323
Total non-financial assets	**236,155**	**223,821**	**178,910**	**166,576**
Total other assets	**324,380**	**312,046**	**952,905**	**940,571**

(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) Impairment allowance on other assets

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Balance, beginning of year	-	-	196,739	196,739
Charge during the year	68,400	68,400	--	
Write-off (see note (i) below)	-	-	(196,739)	(196,739)
Balance, end of year	**68,400**	**68,400**	**-**	**-**

(i) In 2017, the Board approved the write-off of some other assets as they were considered permanently impaired.

20 Impairment (reversal)/loss on financial assets

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Impairment (reversal)/loss on trade receivables (Note 18(b))	10,444	10,444	5,138	5,138
Impairment reversal on investment securities	(137,256)	(137,256)	-	-
	(126,812)	**(126,812)**	**5,138**	**5,138**

21 Cash and cash equivalents

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Cash at hand	7,720	7,720	290	290
Balances with banks	3,000,946	3,000,891	320,393	320,338
Fixed deposits	320,289	320,289	1,684,296	1,684,296
Treasury bills with original maturity period of 90 days or less	297,913	297,913	-	-
Carrying amount	**3,626,868**	**3,626,813**	**2,004,979**	**2,004,924**
Current Assets	**3,626,868**	**3,626,813**	**2,004,979**	**2,004,924**

22 Intercompany receivables

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Intercompany receivables (See note a)	-	34,511	-	34,511
Carrying amount	**-**	**34,511**	**-**	**34,511**
Non-current Assets	**-**	**34,511**	**-**	**34,511**

(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 investe

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Investment in Associate - NG Clearing Limited (See note 23(a) below)	1,762	670,500	19,149	62,500
Investment in Associate - NG Clearing Limited (See note 23(a) below)	608,000	-	-	-
Share of loss from joint venture(b)	(18,405)	-	(17,387)	-
Carrying amount	**591,357**	**670,500**	**1,762**	**62,500**
Non-current Assets	**591,357**	**670,500**	**1,762**	**62,500**

(a) Investment in Associate - NG Clearing Limited

NG Clearing Limited is an associate company in which the Company has 22.6% ownership interest (2017: 50%). 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 consolidation of NG Clearing Limited in the books of the group ceases to apply. The pre-operational expenses on behalf of NG Clearing Limited are accounted as receivables due from NG Clearing Limited. 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 2018	Company 2018	Group 2017	Company 2017
Share of loss from NG Clearing Limited	(18,405)	-	(17,387)	-
Carrying amount	**(18,405)**	**-**	**(17,387)**	**-**

(b) Share of loss from associate

In thousands of Naira	31 Dec 2018	31 Dec 2017
Percentage ownership interest	**22.6%**	**50%**
Total Asset	3,237,201	125,000
Total Liabilities	(226,475)	(145,064)
Net Asset (100%)	**3,010,726**	**(20,064)**
Groups's share of net asset	591,357	1,762
Carrying Amount of interest in associate	**591,357**	**1,762**
Total Expense	(81,438)	(34,774)
Group's share of accumulated loss	**(18,405)**	**(17,387)**

24 Investment in subsidiary

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
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 2018. 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 Naira	Group 2018	Company 2018	Group 2017	Company 2017
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

(b) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(c) Fair value Reserves

The fair value reserves comprises:

- the cummulative net change in the fair value of debt securities designated at FVOCI (2017: Available-for-sale financial assets) until the assets are derecognized or reclassified.

This amount is reduced by the amount of loss allowance.

Analysis of fair value reserves are as follows:

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Opening fair value reserves (loss)	153,529	153,529	-	-
Available for sale financial assets- net change in fair value	-	-	-	-
Debt Instruments at FVOCI -Reclassified to amortized cost (See note (i) below)	(12,090)	(12,090)	-	-
ECL on FVOCI at start of year	(103,277)	(103,277)	-	-
Adjustment on initial recognition of IFRS 9	**38,162**	**38,162**	**-**	**-**

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Fair value (gain)/loss on FVOCI Treasury Bills - See note 17(c))	19,716	19,716	271,177	271,177
Fair value (gain)/ loss on FVOCI Bonds - See note 17(c))	(13,168)	(13,168)	(117,648)	(117,648)
Reversal of prior year fair value gains on derecognition of FVOCI Assets	(115,867)	(115,867)	-	-
ECL on FVOCI at year end (see note (ii) below)	93,865	93,865	-	-
Debt Instruments at FVOCI- net change in fair value	**(15,453)**	**(15,453)**	**153,529**	**153,529**
Closing	**22,708**	**22,708**	**153,529**	**153,529**

i) The Company reclassified some of its bond investments from FVOCI to amortized cost due to the adoption of IFRS 9 . This resulted in reversal of previously recognized fair value losses.

Movement in opening balance

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Fair value loss on available for sale instrument bonds	-	-	199,940	199,940
Reversal of fair value loss on amortized cost bonds	(12,090)	(12,090)	-	-
	(12,090)	**(12,090)**	**199,940**	**199,940**

ii) This represents ECL adjustments on FVOCI financial assets

26 Intercompany payables

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
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 2018	Company 2018	Group 2017	Company 2017
Financial liabilities				
Sundry creditors	137,260	137,260	192,709	192,709
Accruals	249,612	249,612	14,065	14,065
NG Clearing Limited	-	-	62,500	62,500
Audit fees	18,585	18,585	13,375	13,375
Total other financial liabilities	**405,457**	**405,457**	**282,649**	**282,649**
Non-financial liabilities				
National Housing Fund	676	676	485	485
Staff pension fund	3,772	3,772	102	102
Staff productivity bonus	407,211	407,211	454,223	454,223
Unearned income	55,757	55,757	66,834	66,834
Total other non-financial liabilities	**467,416**	**467,416**	**521,644**	**521,644**
Total payables and accruals	**872,873**	**872,873**	**804,293**	**804,293**

28 Other liabilities

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Financial liabilities				
Unclaimed Dividends (see note (i))	63,926	63,926	55,090	55,090
Depository fee Suspense	28,943	28,943	-	-
Deposit for Repo	2,633,534	2,633,534	-	-
CSCS Individual Divestment	1,290	1,290	1,290	1,290
CSCS Share Buy-Back	32,901	32,901	365	365
Exchange Traded Fund Distribution Accounts	11,658	11,658	7,308	7,308
Amount due to Adonai Net	7,692	7,692	7,692	7,692
Amount due to Investment & Securities Tribunal (see note (ii))	89,751	89,751	118,072	118,072
Defined benefits liability (see note (iii))	116,158	116,158	358,344	358,344
Managed funds	332	332	232	232
	2,986,185	**2,986,185**	**548,393**	**548,393**
Indirect Tax				
PAYE liability	94,884	94,884	68,994	68,994
Withholding tax liability	16,788	16,788	13,240	13,240
Value Added Tax liability	53,073	53,073	49,265	49,265
Indirect Tax	**164,745**	**164,745**	**131,499**	**131,499**
	3,150,930	**3,150,930**	**679,892**	**679,892**

(i) The balance of the unclaimed dividend is fixed with Fidelity Bank Plc and a total of N5.212 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 2018.

(iii) The defined benefits liability is made up of:

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Gratuity (Terminated)	81,859	81,859	358,344	358,344
Terminal benefits	34,299	34,299	-	-
Total defined benefits	**116,158**	**116,158**	**358,344**	**358,344**

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 was N67.42million for the Group and N67.42million for the Company (2017: N57.23million for the Group and N56.51million for the Company) represent contributions payable to these plans by the Group and Company 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 concerned was N358.34million. As at 31 December 2018, the balance due to employees is N81.859 million.

However, the Managing Director is entitled to a terminal benefit (as approved by the Board) upon his exit and the expiration of his employment with the Group. The terminal benefit shall be 33% of his annual benefit which shall be set aside and reported in the Group's yearly Financial Account. As at 31 December 2018, the amount provided is N34.299.

The sum of the outstanding long- term severance benefit scheme and the terminal benefit provided for is N116.158 million and this has been included in Other liabilities above.

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 2018**	**Company 2018**	**Group 2017**	**Company 2017**
Statement of profit or loss:				
Current service cost	34,299	34,299	(7,246)	(7,246)
Net interest income	-	-	24,019	24,019
Settlement loss on DBO	-	-	(198,663)	(198,663)
Total in profit or loss	**34,299**	**34,299**	**(181,890)**	**(181,890)**
Actuarial gains and losses arising from changes in financial assumptions and experience adjustments	-	-	(12,252)	(12,252)
Remeasurement of planned assets	-	-	-	-
Total	**-**	**-**	**(12,252)**	**(12,252)**
Deferred tax impact	-	-	3,676	3,676
Total in other comprehensive income	**-**	**-**	**(8,576)**	**(8,576)**

30 Events after the reporting date

There are no events after the reporting date events that could have had a material effect on the financial position and performance of the Grpup and Company as at 31 December 2018 which have not been adequately provided for or disclosed.

31 Contingent liabilities

There are pending litigations against the Company some of which the Company is only a nominal party. Contingent liability as at 31 December 2018 stood at N2,509,592,928.50 (31 December 2017: N2,463,599,344.30). However, the directors are of the opinion that the various suits will not succeed against the Company.

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 and Company 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 x-alert handling charges held by CSCS on behalf of the Nigerian Stock Exchange.

In thousands of Naira			31 December 2018	31 December 2017
Name of company / Individual	Relationship	Transaction type	Amount	Amount
The Nigerian Stock Exchange	Associate	Expenses	70,742	57,890
The Nigerian Stock Exchange	Associate	Payables	1,226	931
The Nigerian Stock Exchange	Associate	Dividend paid	858,129	286,043
			930,096	**344,864**

Transactions with key management personnel

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

Executive directors are subject to a mutual term of notice of 3 months. Upon resignation at the Company's request, they are entitled to termination benefits of up to 12 months' total remuneration. If they resign on their own they receive 50% of their salary and an additional 20% for each year in service.

Key management personnel compensation comprise:

In thousands of Naira	31 December 2018	31 December 2017
Executive compensation	13,333	13,333
Post-employment benefits	-	-
Directors sitting allowances	49,420	49,420
Directors allowances	83,163	453,310
	145,916	**516,063**

Compensation of the Company'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 N223 million (31 December 2017: N170 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 2018 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 2018
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Eligibility fee	54	-
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	54	-
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	2,660	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	4,560	434
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	101,081	-
Seplat Petroleum Devlopment Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	37,048	-
United Bank of Africa Plc	Uche Ike	Director	Depository fee	36,987	1,868
Access Bank Plc	Roosevelt Ogbonna	Director	LEI Subscription	13	-
AXA Mansard Plc	Olusola Adeeyo	Director	LEI Subscription	13	-
Capital Assets Ltd	Ariyo Olushekun	Director	LEI Subscription	13	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Devlopment 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	-
Compass Securities Ltd	Emeka Chimezie Madubuike	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	Uche Ike	Director	Lien Placement	2	-
Capital Assets Ltd	Ariyo Olushekun	Director	Website Subscription	50	-
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Website Subscription	50	
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Commercial Paper	250	-
Access Bank Plc	Roosevelt Ogbonna	Director	OTC Transactions	51	-
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	-
				187,243	**2,302**

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	Roosevelt Ogbonna	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	Uche Ike	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
Access Bank Plc	Roosevelt Ogbonna	Director	OTC Transactions	320	260
Seplat Petroleum Development 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	Independent Director	Document Management	694	-
				170,037	**10,408**

Prepayments

Included in prepayment is an amount of N45.4 million (31 December 2017: N39.1 million) representing balances on prepaid transport allowances to directors.

Bank balances

Included in cash and cash equivalent is an amount of N325.7 million (31 December 2017: N609.21 million) representing current account balances belonging to CSCS with Banks in which certain Directors have interests.

The balances as at 31 December 2018 were as follows:

In thousands of Naira — **31 December 2018**

Name of company / Individual	Name of Directors	Relationship	Transaction type	Amount
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Current account	205,130
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Collection account	96
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Settlement Account	55,003
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Call Account	20
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Trade Alert	166
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Trade Alert - VAT	8
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Domicillary-USD	51,831
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Domicillary-GBP	3,894
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Domicillary-EURO	142
Sterling Bank Plc	Kayode Lawal	Shareholder/Director	Current account	388
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	21
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	1,153
Fidelity Bank Plc	Not Applicable	Shareholder	Current account	944
Fidelity Bank Plc	Not Applicable	Shareholder	Collection account	256
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Griffin ETF	1,571
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Banking ETF	331
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	113
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Collection account	33
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	3,588
Union Bank of Nigeria Plc	Not Applicable	Shareholder	Current account	1,019
				325,707

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
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-EURO	138
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

Investments

Included in investment securities is an amount of N10.71 billion as at 31 December 2018 (31 December 2017: N18.45 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 2018 were as follows:

In thousands of Naira				**31 December 2018**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Face value**
Guaranty Trust Bank Plc	Not Applicable	Shareholder	FGN Bonds	1,531,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	700,000
First Bank Ltd	Not Applicable	Shareholder	FGN Bonds	1,700,000
Sterling Bank Plc	Kayode Lawal Mudathir	Shareholder/Director	Fixed Deposit	75,498
First bank Ltd	Not Applicable	Shareholder	Treasury Bills	1,110,000
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Treasury Bills	4,380,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Treasury Bills	1,215,000
				10,711,498

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

There was no material impact on the Company's basic and diluted earning per share.

34 Condensed results of consolidated entity

Condensed results of the consolidated entities as at 31 December 2018, are as follows:

In thousands of Naira	Group balance	Intra -group eliminations	The Company	Repository Nigeria Limited
Operating income	9,082,085	-	9,082,085	-
Operating expenses	(3,099,148)	-	(3,099,148)	
Impairment reversal	126,812	-	126,812	-
Fair value loss on investment securities				
Operating surplus/(deficit) before tax	6,109,749	-	6,109,749	-
Share of loss of equity accounted investees	(18,405)	(18,405)	-	-
Tax expense	(1,269,014)	-	(1,269,014)	-
Operating surplus after tax	4,822,330	(18,405)	4,840,735	-

Condensed financial position

In thousands of Naira	Group balance	Intra -group eliminations	The Company	Repository Nigeria Limited
Total Non-Current Assets	25,921,259	(105,249)	26,044,913	-
Total Current Assets	9,933,340	(10,000)	9,920,951	22,388
Total assets	35,854,599	(115,249)	35,965,864	22,388
Total Equity	31,164,815	(89,142)	31,266,080	(12,122)
Total non current liabilities				
Total current liabilities	4,689,783	(44,511)	4,686,380	34,511
Total liabilities	**4,689,783**	**(44,511)**	**4,686,380**	**34,511**
Total equity and liabilities	**35,854,598**	**(133,653)**	**35,952,460**	**22,388**

35 Cash flow workings

	In thousands of Naira	Notes	Group 2018	Company 2018	Group 2017	Company 2017
(i)	**Changes in intercompany receivables**					
	Opening balance		-	34,511	-	32,247
	Closing balance	22	-	(34,511)	-	(34,511)
	Change during the year		**-**	**-**		**(2,264)**
(ii)	**Changes in trade receivables**					
	Opening balance	18(a)	15,550	15,550	15,522	15,522
	Impairment reversal/(charge)	20	(10,444)	(10,444)	(5,138)	(5,138)
	Closing balance	18(a)	(102,279)	(102,279)	(15,550)	(15,550)
	Change during the year		**(97,173)**	**(97,173)**	**(5,166)**	**(5,166)**
(iii)	**Changes in other assets**					
	Opening balance	19(a)	952,905	940,571	517,047	504,713
	Impairment reversal/(charge)	20	-	-	-	-
	Utilization of WHT		-	-		
	Closing balance	19(a)	(324,380)	(312,046)	(952,905)	(940,571)
	Change during the year		**628,525**	**628,525**	**(435,858)**	**(435,858)**
(iv)	**Changes in payables and accruals**					
	Opening balance	27	804,293	804,293	413,154	413,154
	Closing balance	27	(872,873)	(872,873)	(804,293)	(804,293)
	Change during the year		**(68,580)**	**(68,580)**	**(391,139)**	**(391,139)**
(v)	**Changes in other liabilities**					
	Opening balance	28	679,892	679,892	282,011	282,011
	Net write back of provision for productivity bonus		-	-	-	-
	Closing balance	28	(3,150,930)	(3,150,930)	(679,892)	(679,892)
	Change during the year		**(2,471,038)**	**(2,471,038)**	**(397,881)**	**(397,881)**
(vi)	**Changes in intercompany payable**					
	Opening balance	26	10,000	10,000	-	-
	Closing balance	26	-	(10,000)	-	-
	Change during the year		**10,000**	**-**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2018

In thousands of Naira	Notes	Group 2018	Company 2018	Group 2017	Company 2017
(vi) Proceeds from disposal of property and equipment					
Cost of property and equipment disposed	15	201,789	201,789	106,868	106,868
Accumulated depreciation	15	(181,483)	(181,483)	(74,453)	(74,453)
Profit on disposal of property and equipment	11	11,366	11,366	3,882	3,882
Proceeds during the year		**31,672**	**31,672**	**36,297**	**36,297**
(vii) Net changes in investment securities -treasury bills					
Balance, beginning of the year	17(b)	5,418,936	5,418,936	5,135,327	5,135,327
Fair value profit/(loss)		-	-	117,648	117,648
Balance, end of the year	17(b)	(5,879,813)	(5,879,813)	(5,418,936)	(5,418,936)
Change during the year		**(460,877)**	**(460,877)**	**(165,961)**	**(165,961)**
(viii) Net changes in investment securities - bonds					
Balance, beginning of the year	17(a)	21,753,586	21,753,586	19,138,043	19,138,043
Interest receivable		44,410	44,410	44,417	44,417
Fair value loss		(96,506)	(96,506)	(271,177)	(271,177)
Balance, end of the year	17(a)	(23,644,726)	(23,644,726)	(21,753,586)	(21,753,586)
Change during the year		**(1,943,236)**	**(1,943,236)**	**(2,842,303)**	**(2,842,303)**
(ix) Interest received					
Balance, beginning of the year		44,417	44,417	93,124	93,124
Interest income	10	4,217,582	4,217,582	4,162,744	4,162,744
Interest receivable on fixed deposits		(11,164)	(11,164)	0	0
Interest receivable on bonds		(44,410)	(44,410)	(44,417)	(44,417)
Interest received for the year		**4,206,425**	**4,206,425**	**4,211,451**	**4,211,451**
(x) Dividend paid					
Balance, beginning of the year	28	55,090	55,090	49,846	49,846
Dividend declared		3,500,000	3,500,000	1,050,000	1,050,000
Balance, end of year	28	(63,926)	(63,926)	(55,090)	(55,090)
Change during the year		**3,491,164**	**3,491,164**	**1,044,756**	**1,044,756**

36 Transitional Adjustments

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

(a) Fair Value Reserves

In thousands of Naira	Group 2018	Company 2018	Group 2017	Company 2017
Opening fair value reserves	(153,529)	(153,529)	-	-
Available for sale assets- net change in fair value		-	-	
Adoption of IFRS 9:				
Debt Investments at FVOCI -Reclassified to amortized cost	(12,090)	(12,090)	-	-
ECL on FVOCI at start of year	(103,277)	(103,277)	-	-
Adjustment on initial recognition of IFRS 9	(115,367)	(115,367)	-	-
Reversal of prior year fair value gain on FVOCI T-bills	(115,867)	(115,867)	-	
Fair value (gain)/ loss on FVOCI Treasury Bills	19,716	19,716	-	-
Fair value (gain)/ loss on FVOCI Bonds	(13,168)	(13,168)	-	-
ECL on FVOCI at year end (see note 25(c))	93,865	93,865	-	-
Total movement in Fair value Reserves	**(130,821)**	**(130,821)**	**-**	**-**
Closing Fair Value Reserves	**(22,708)**	**(22,708)**	**-**	**-**

(b) Retained Earnings

In thousands of Naira	Impact on Retained Earnings Group 2018	Impact on Retained Earnings Company 2018
Opening retained earnings	25,006,022	25,088,882
Additional (impairment)/write back recognized at 1 January 2018 on:		
Trade Receivables	55,689	55,689
Financial assets at fair value through other Comprehensive income	(103,277)	(103,277)
Financial assets at amortized cost	(44,162)	(44,162)
Cash and cash equivalents	(49,078)	(49,078)
Net Adjusments to opening retained earnings	**(140,828)**	**(140,828)**
Adjusted Opening retained earnings	**24,865,194**	**24,948,054**

OTHER NATIONAL DISCLOSURES

Other National Disclosures

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

In thousands of Naira	**Group 2018**	**%**	**Company 2018**	**%**
Gross earnings	9,082,085	115	9,082,085	115
Net impairment loss on trade receivables	126,812	2	126,812	2
Bought-in-materials and services	(1,366,230)	(17)	(1,347,825)	(17)
Value added	**7,842,667**	**100**	**7,861,072**	**100**
Distribution of Value Added		**%**		**%**
To Employees:				
Staff cost	1,268,079	16	1,268,079	16
To government				
Government as taxes	1,269,014	16	1,269,014	16
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation and amortisation	483,244	5	483,244	6
- Dividend to shareholders	3,500,000	45	3,500,000	45
- To augment reserve	1,322,330	18	1,340,735	17
	7,842,667	**100**	**7,861,072**	**100**

In thousands of Naira	**Group 2017**	**%**	**Company 2017**	**%**
Gross earnings	8,691,558	118%	8,691,558	118%
Net impairment loss on trade receivables	(5,138)	0%	(5,138)	0%
Bought-in-materials and services	(1,333,975)	-18%	(1,316,539)	-18%)
Value added	**7,352,445**	**100**	**7,369,881**	**100**
Distribution of Value Added		**%**		**%**
To Employees:				
Staff cost	1,496,084	20	1,493,879	20
To government				
Government as taxes	683,576	9	683,576	9
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation and amortisation	192,184	3	192,184	3
- Dividend to shareholders	1,050,000	14	1,050,000	14
- To augment reserve	3,930,601	54	3,950,242	54
	7,352,445	**100**	**7,369,881**	**100**

Other National Disclosures
FINANCIAL SUMMARY

In thousands of Naira	Company 2018	Company 2017	Company 2016	Company 2015	Company 2014
Assets					
Non current Assets					
Property and equipment	595,575	366,751	575,814	326,080	245,577
Intangible assets	1,089,601	1,411,086	613,228	233,098	84,941
Intercompany receivables	34,511	34,511	32,247		
Equity-accounted investee	670,500	62,500	62,500	-	-
Investment in subsidiary	10,000	10,000	10,000	-	-
Investments securities	23,644,726	21,709,176	19,138,043	15,397,399	13,548,150
Deferred tax asset	-	38,298	20,020	6,377	-
Defined benefit plan asset (Net)	-		248,101	203,286	-
Total non current assets	**26,044,913**	**23,632,321**	**20,699,952**	**16,166,240**	**13,878,668**
Current Assets					
Investment securities	5,879,813	5,418,936	5,135,327	5,328,894	6,188,507
Trade receivables	102,279	15,550	15,522	1,625	21,200
Other assets	312,046	940,571	504,713	231,678	237,884
Cash and cash equivalent	3,626,813	2,004,924	783,043	3,673,144	2,747,044
Total current assets	**9,920,951**	**8,379,982**	**6,438,606**	**9,235,341**	**9,194,635**
Total assets	**35,965,863**	**32,012,303**	**27,138,558**	**25,401,581**	**23,073,303**
Liabilities					
Current Liabilities					
Pension plan and other employment benefits	-	-	-	-	-
Intercompany payables	10,000	10,000	10,000	-	-
Payables, provisions and accruals	872,873	804,293	413,154	532,182	1,035,653
Current tax liabilities	652,577	582,765	286,177	663,550	1,108,442
Other liabilities	3,150,930	679,892	282,011	387,659	301,399
Total current liabilities	**4,686,380**	**2,076,950**	**991,342**	**1,583,391**	**2,445,494**
Non current liabilities					
Deferred tax liabilities	13,403	-	-	-	46,781
Total non current liabilities	**13,403**	**-**	**-**	**-**	**46,781**
Total liabilities	**4,699,783**	**2,076,950**	**991,342**	**1,583,391**	**2,492,275**
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	26,288,789	25,088,882	20,987,503	18,691,328	15,581,028
Other components of equity	(22,709)	(153,529)	159,713	126,862	-
Total equity	**31,266,080**	**29,935,353**	**26,147,216**	**23,818,190**	**20,581,028**
Non-controlling Interest					
Total equity and liabilities	**35,965,863**	**32,012,303**	**27,138,558**	**25,401,581**	**23,073,303**

In thousands of Naira	Company 2018	Company 2017	Company 2016	Company 2015	Company 2014
Total operating income	**9,082,085**	**8,691,558**	**6,174,003**	**7,601,777**	**8,241,938**
Profit before taxation	**6,109,749**	**5,683,817**	**3,787,415**	**5,015,717**	**5,759,951**
Profit after taxation	**4,840,735**	**5,000,241**	**3,596,175**	**4,460,300**	**4,622,045**
Earnings per share	97k	100k	72k	89k	92k
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

The entity began to issue consolidated financial statements in 2016. Hence, a five year summary for Group figures was not presented.

5

SHAREHOLDERS INFORMATION

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of members of **CENTRAL SECURITIES CLEARING SYSTEM (CSCS) PLC** will hold at The Lagoon, 1C, Ozumba Mbadiwe Street, Victoria Island, Lagos on Tuesday 30 April 2019 at 11:00 am, to transact the following businesses:

A. ORDINARY BUSINESS

1. To receive the group's Audited Financial Statements for the year ended 31 December 2018, 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 **3rd of April 2019**

BY THE ORDER OF THE BOARD

Charles I. Oja
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 the offices of the Registrars, No. 220 B, Ikorodu Road, Palmgrove, Lagos not later than 48 hours prior to the time of the meeting.

b) **Closure of Register**
The Register of Members will be closed from Wednesday 10 April 2019 to Tuesday 16 April 2019 (both days inclusive)

c) **Dividend**
A total dividend of **N3,500,000,000 (Three Billion Five Hundred Million Naira)** which 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 30 April 2019 to Shareholders whose names appear on the Company's Register of Members as at Tuesday 9 April 2019.

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**
ii. Mr. Oluseyi Emmanuel Abe and Mr. Onyenwechukwu Patrick Ezeagu are being proposed for election as Non-Executive Directors to fill existing vacancies on the Board.

ii. Approval has 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.cscs.ng**

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 **htt**

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:

CUT ALONG DOTTED LINE

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:

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

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS *(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHER'S MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
21. CSCS CLEARING HOUSE NO. (CHN) C

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."

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

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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 25th Annual General Meeting of the Company, to be held on the 30th day of April 2019 at 11 a.m. at The Lagoon, 1c Ozumba Mbadiwe Street, Victoria Island, 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 2018, the auditor's report and the audit committee report thereon		
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:

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.

Corporate Information

Head Office
Central Securities Clearing System Plc
1st Floor ,Stock Exchange House
2/4 Customs Street, Lagos
Lagos, Nigeria

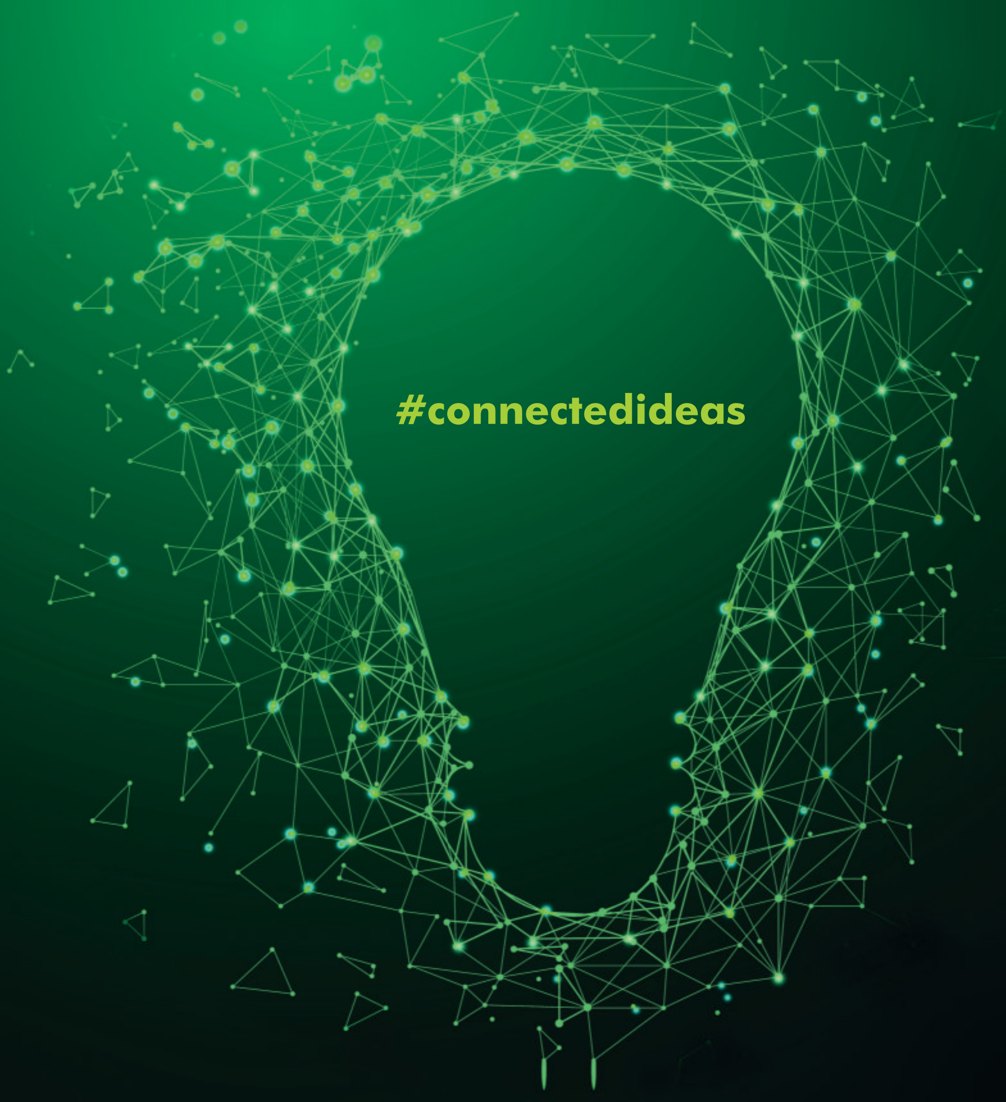
Phone: +234 1 903 3551, +234 1 460 1900

Abuja Office
Central Securities Clearing System Plc
5th Floor, Muktar El Yakub Place (UK Visa Application office building).
Plot 1129 Zakariya Maimalari Street,
Opp. War College or Beside Metro Plaza.
Central Business District, Abuja.

Phone: +234 9 290 9043, +234 9 290 8750

Email: **info@cscsnigeriaplc.com**

Website: **https://www.cscs.ng**



https://www.cscs.ng