



WINNING TOGETHER

2020 ANNUAL REPORT & FINANCIAL STATEMENTS

Thank You

...Without you, our participants, this would not have been possible





VISION

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



MISSION

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

Contents

OVERVIEW

2020 At a Glance	05
Chairman's Statement	06
CEO's Letter to Stakeholders	12

BUSINESS REVIEW

Enterprise Risk Management Report	18
Corporate Social Responsibility Report	21

GOVERNANCE

The Board	24
Management Team	30
Professional Advisors	33
Directors' Report	34
Corporate Governance Report	39
Statement of Directors' Responsibilities	50
Audit Committee Report	51
Statement of Corporate Responsibility	52
Independent Auditors' Report	53

FINANCIAL STATEMENTS

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	58
Consolidated and Separate Statements of Financial Position	59
Consolidated and Separate Statements of Changes in Equity	60
Consolidated and Separate Statements of Cash flows	62
Notes to the Consolidated and Separate Financial Statements	63
Value Added Statement	121
Five Year Financial Summary	123

SHAREHOLDERS INFORMATION

Notice of Annual General Meeting	127
E-Dividend Mandate Form	129
Full Dematerialization Form for Migration	130
Share Portal Application Form	131
E-Service/Data Update Form	132
Proxy Form	133

CORPORATE INFORMATION

Office Locations	136
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THE GROUP

TOTAL INCOME (₦)



12.09bn

UP 31.3% FROM FY2019
(2019: 9.21bn)

INVESTMENT INCOME (₦)



7.44bn

UP 61.4% FROM FY2019
(2019: 4.61bn)

PROFIT BEFORE TAX (₦)



7.39bn

UP 22.3% FROM FY 2019
(2019: 6.04bn)

PROFIT FOR THE YEAR (₦)



6.93bn

UP 41.8% FROM FY2019
(2019: 4.90bn)

TOTAL ASSETS (₦)



41.42bn


UP 13.1% FROM FY 2019
(2019: 36.61bn)

EARNINGS PER SHARE (KOBO)



139k

UP 41.8% FROM FY 2019
(2019: 98k)

A professional portrait of Oscar N. Onyema, Chairman of the Board. He is a Black man with a shaved head and a goatee, wearing a blue pinstriped suit jacket, a white dress shirt, and an orange patterned tie. He is standing with his hands in his pockets against a neutral, light-colored background.

Oscar N. Onyema, OON
Chairman of the Board

THRIVING IN CHALLENGING TIMES

“...despite the challenges in 2020, your company has emerged stronger, delivering outstanding growth in top and bottom-lines, and executing far-reaching initiatives that would sustainably strengthen the competitiveness and resilience of the business.”

Dear Shareholders, Board Members, Stakeholders in the Nigerian Capital Market, Ladies and Gentlemen, I am delighted to welcome you to the 27th Annual General Meeting of your company and to present a review of the Global and Nigerian economy, an overview of the company's performance in 2020 and its outlook for 2021.

Macroeconomic Outlook – Global

Globally, 2020 was an unprecedented year. The COVID-19 (C-19) pandemic caused grave economic and health shocks which adversely affected both advanced and emerging economies. Whilst \$26 trillion worth of crisis support and the arrival of vaccines have fueled a faster recovery than many anticipated, the legacies of stunted education, the destruction of jobs, war-era levels of debt and widening inequalities amongst races, genders, generations and geographies will leave lasting scars, most of them in the poorest nations.

Macroeconomic Outlook – Domestic

Despite concerted efforts, the Nigerian economy slipped into another recession as GDP contracted in Q2 and Q3-2020. This was the second recession since 2016. According to analysts, the impact of the 2020 recession on individuals and businesses was more severe because of its nature. Businesses were forced to close due to lockdown and social distancing measures in line with extant COVID-19 protocol. This had a huge impact on household income, profitability of small and

medium sized enterprises, as well as government revenue and spending. Inflation galloped to 14.89% y/y in November 2020, amid sharp food price increases and currency market volatilities. In Q3 2020, whilst inflation was at 13.7%, the GDP growth rate plummeted to -3.6%. Also, the CBN imposed administrative measures to curb the depletion of the external reserves, which slid to \$35.4bn in December-2020. As such, the parallel market foreign exchange rate rose to circa N500 to the US Dollar in Q4-2020 while foreign direct investments and diaspora remittances hit rock bottom. Trade deficit also worsened due to high demand for imports and lower exports, reaching N2.4 trillion in Q3 2020.

Nigerian Capital Market

The performance of the equity market in Q1 2020 closed in the red with a negative return (20.65%), as against a negative return of (1.24%) in the first quarter of 2019. The market capitalisation of the Nigerian Exchange Limited (NGX) which represents the market value of all listed companies, lost about N2 trillion in Q1 2020.

Foreign participation in the capital market weakened in the year. First quarter of 2020 in particular saw severe capital flight as foreign investors divested due to drained confidence in the Nigerian economy. Despite the negative performance of the NGX All Share Index in Q1 2020, the market capitalisation rose by N896 billion as of April 30, 2020, from an opening value of N11.101 trillion on April 1, 2020, to

close at N11.997 trillion. In May 2020, the month-on-month performance closed at 9.76 per cent as against 8.08 per cent gain recorded in April 2020. This performance was occasioned by investors bargain hunting even though all these trades were executed remotely.

Regardless of the gains in April and May, the Stock Market experienced sustained bearish condition up until June 2020 as the market witnessed renewed sell pressure. The NGX All Share Index (NGXASI) dipped by -3.12% as against +9.76% gain recorded in the month of May 2020 while the NASD Unlisted Securities Index (USI) closed with +3.48% gain recorded at the end June as against -1.32% loss in May 2020. In all, the NGXASI ended Q2 2020 in positive territory with +14.92% gain recorded as against -3.46% loss in Q2 2019 while the NASD USI also closed the quarter with +3.29% gain recorded as against -1.51% loss in Q2 2019. For Q3 2020, the Nigerian Equities Market closed again in positive territory with +9.61% gain as against +14.92% gain in Q2 2020 and -20.65% loss in Q1 2020 while the NASD USI closed Q3 2020 in positive territory with +2.55% gain as against +3.29% gain in Q2 2020 and -0.69% loss recorded in Q1 2020.

The news of a viable vaccine against the C-19 virus fed into global equities markets in Q4 2020 and saw stock prices edge up in different countries, including Nigeria. The Nigerian equity market rose as foreign investors renewed appetite for Nigerian equity market even as concerns around the liquidity of the foreign exchange market undermined foreign portfolio inflows. Also, CBN administrative policy around accessibility of the OMO market for domestic investors reinforced investors' capital allocation into equities and other asset classes.

The NGX ASI rose by +50.3% in December 2020. This represented perhaps the highest equities market returns for any of the global stock markets in 2020, leading to the NGX being named as the best-performing stock market among the 93 equity indexes being tracked by Bloomberg across the world.

On the regulatory and investors protection space, the Securities and Exchange Commission (the SEC' or 'the Commission') issued some clarifications to facilitate effective compliance with its new Collective Investment Scheme Rules. The Commission also exposed its proposed new rules on Collateral Management and Crowdfunding while sundry amendments to its rules on Registrable functions, risk management, sub-broker and records of transactions with clients were also proposed. In September 2020, the SEC exposed an Interoperability Framework for Central Securities

Depositories (CSD). The Framework will redefine the competitive landscape for CSDs by liberalising trading and settlement activities as well as giving investors priority to determine which platform to use for deposit and settlement of their securities. For us, these rules are very important hence we have been developing our responses to them to secure our market relevance and position ahead of competition. We also note that the formulation of these rules by the SEC and Capital Market Stakeholders will further concretize the position of the Nigeria Capital Market as a centre of excellence in the African Markets.

Financial Summary

Your company's total income in 2020 stood at N12.09 billion resulting in a 31.3% YoY growth when compared against prior year's income of N9.21 billion. Investment income stood at N7.44 billion in 2020 FY with an impressive 61.4% YoY growth compared to N4.61 billion earned in 2019 FY. Operating expenses in the year was N4.72 billion compared to N3.23 billion in 2019 FY resulting in a YoY increase of 46.0%. This partly reflects investments in technology and human capital to ensure continuous delivery in the company's business objectives. Profit Before Tax stood at N7.39 billion with a 22.3% YoY growth compared to N6.04 billion in 2019 FY. Profit After Tax was N6.93 billion compared to N4.90 billion in 2019 FY thereby resulting in a 41.4% YoY growth. Return on Average Equity was 20.3% compared to 15.3% in 2019 FY. Earnings Per Share stood at 139 kobo against 98 kobo in 2019 FY thereby representing 41.8% YoY growth. Total Assets as at 31 December 2020 was N41.42 billion compared to N36.61 billion as at corresponding period in 2019 with a 13.1% YoY growth. Property, Plant and Equipment (plus intangibles) grew 25.0% YoY to N1.35 billion, reflecting continued investments in infrastructure to enhance operational efficiency and resilience. Shareholders' Funds stands at N35.49 billion, up 7.9% YoY reflecting strong capacity for organic capital growth.

It is exciting to report these stellar results. It is apparent from the results that despite the challenges in 2020, your company has emerged stronger, delivering outstanding growth in top and bottom-lines, and executing far-reaching initiatives that would sustainably strengthen the competitiveness and resilience of the business. Growing profit by over 41% in such a challenging year to deliver 20.3% return on average equity, the Board of Directors is more than ever upbeat on the value accretive prospects of CSCS. More importantly, we are enthusiastic on the progress made thus far in repositioning the business to efficiently play a more active and leading role in deepening the Nigerian capital market. With continuous investments in new technologies, talent, and work environment, we expect

Chairman's Statement

our productivity to grow, as we continue to work with Management to exceed stakeholders' expectations. The Board is therefore recommending a dividend of N5.85 billion or dividend per share of N1.17, representing a growth of 36% over the N0.86 dividend per share paid from the 2019 financial year earnings.

Board of Directors

During the financial year ended December 31, 2020, the Board appointed Mrs. Tairat Tijani, a representative of Ess-Ay Investment Limited as a Non-Executive Director effective October 21, 2020. Mrs. Tijani has garnered significant experience as an operator in the Capital Market, participating in several landmark transactions which have contributed immensely towards the development of the Nigerian Capital Market. She was formerly the Head, Capital Markets Division of FBN Capital (a subsidiary of FBN Holdings Plc- formerly First Bank of Nigeria Plc) where she had oversight responsibility for deal origination and transaction execution. Mrs. Tijani is a Non-Executive Director of Sterling Bank Plc and sits on the Boards of other Public and Private Companies. Mrs. Tijani graduated from the Lancaster University with Honours in Accounting, Finance & Economics. She also graduated with a Distinction in MBA, International Business from the University of Birmingham. She is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Secretaries & Administrators of Nigeria. Necessary regulatory approvals have been obtained for her appointment ahead of her presentation to Shareholders for ratification at this Meeting.

Achievements

During the year, the Board provided governance for the company and guidance to Management towards the implementation of the company's strategic objectives. I am happy to report that we made significant progress in implementing our strategic objectives, which are organized under five core pillars including: improving technology, optimizing operational processes, building strategic alliances, improving stakeholder engagements, and growing revenue. Notable achievements are as follows:

- Improved Corporate Governance standards with reconstitution of Board Committees and their leadership as well as redefinition of responsibilities in accordance with recognized codes of corporate governance.
- Robust and structured engagements with the Regulator and Stakeholders group in the Capital Market Community resulting in the collaborative efforts at building systems and processes to improve efficiencies and optimize product offerings in the financial markets.
- Delivery of robust Enterprise Architecture.
- Development and implementation of a fully functional company mobile application to provide an additional touch point for connectivity with market participants and stakeholders.
- Development and activation of Application Programming Interface (APIs) Portals for Investors, Exchanges, Stockbrokers, Settlement Banks and Registrar Companies.
- Expansion in client coverage for company's non-core products with the provision of Electronic Document Management Services (EDMS) to states, corporates and other institutions.

We are proud of these achievements and are inspired to continue to raise the bar to sustain the progress of your company.

Corporate Social Responsibility

Working with the SEC and other Capital Market Operators in the fight against COVID-19, your company demonstrated its commitment to this cause. With a board approval of N100 million, the company was able to purchase and donate a fully equipped and insured state-of-the-art Ambulance to the Capital Market Support Committee for COVID-19 (CMSCC). In addition, CSCS made a cash donation to the CMSCC Initiative to support the distribution of reusable facemasks to the most vulnerable and low – income households across the country.

Outlook for 2021

Prospects for the global economy are uncertain, and several growth outcomes are possible. According to the World Bank baseline forecast, global GDP is expected to expand 4 percent in 2021, predicated on proper pandemic management and effective vaccination to limit community spread of COVID-19 in many countries. The forecast expects continued monetary policy accommodation accompanied by diminishing fiscal support.

Nigeria's GDP growth may rebound by 1.7% to 2.0% in 2021 because of increased economic activities and improvements in the global crude oil market. Crude oil is an important driving force of Nigeria's economic performance. Despite the declining share of oil revenue in total revenue, the oil sector will play a major role in ensuring economic recovery. This is in view of the sector's key role in generating Forex for the economy.

In 2021, the performance of the equity market would depend on a number of factors, including the direction of monetary policy, particularly in relation to the yield environment. Analysts predict that in 2021, domestic interest rates, fueled by dividend expectations, is likely to sustain the market rally in Q1-2021. However, with relatively weak, foreign investor participation, the rally may be subdued, thus reinforcing the need to build a strong domestic investor base, capable of leading sustainable growth of the Nigerian capital market. On the other hand, if Nigeria's External Reserves position improves, foreign investor participation in Nigerian capital market may likely also improve.

The Fixed Income Market is expected to experience increased activities, partly driven by the proactive financing measures of the Debt Management Office, which continues to fund government deficit to ensure full and effective implementation of the 2021 budget.

Regardless of the above, as a company, please be assured that we are well positioned to take advantage of any opportunities in the markets and segments in which we operate and will continue to return value to our esteemed shareholders. We contracted the services of Oliver Wyman to work with the Board and Management in developing a robust 2021 + strategy playbook. The thrust of our new Strategy will be to double down on our core depository, clearing and settlement services whilst seeking new growth opportunities in our bouquet of ancillary businesses as well as making strategic investments to expand our enterprise foot prints.

Conclusion

In no particular order, we thank our shareholders for your support; employees for their dedication and hard work towards achieving exciting results this particularly difficult year; and regulators for continuing to provide an environment that allows us to thrive; and clients for your continued and loyal patronage. We intend to position CSCS to leverage on the change occasioned by COVID-19 pandemic in driving sustainability and innovation, whilst also deepening collaboration and partnerships with our stakeholders with a view to winning together.

Finally, I thank my fellow board members for bringing to bear your intellect, diversity and support as we navigated each decision point.

Sincerely,



Oscar N. Onyema OON

Chairman of the Board

FRC/2013/IODN/00000001802

“...WE ARE WELL POSITIONED TO **TAKE ADVANTAGE OF OPPORTUNITIES IN THE MARKETS AND SEGMENTS IN WHICH WE OPERATE** AND WILL CONTINUE TO RETURN VALUE TO OUR ESTEEMED SHAREHOLDERS.”

A professional portrait of Haruna Jalo-Waziri, a middle-aged man with a shaved head and glasses, wearing a dark suit, white shirt, and blue tie. He is sitting in a black chair, leaning forward with his hands clasped. A small green logo is visible on his lapel.

Haruna Jalo-Waziri
Managing Director/CEO

WINNING TOGETHER... IN A YEAR LIKE NO OTHER

“...we are excited at the strong foundation we have built over the past three years, as it reinforces our confidence in catalyzing sustainable growth and diversification of the business in the years ahead.”

Esteemed Shareholders, Distinguished Participants and Capital Market Stakeholders, I am indeed excited to welcome you to the 27th Annual General Meeting of your company, Central Securities Clearing System Plc (CSCS), and I am pleased to present the 2020 financial year performance to you. More importantly, I appreciate the opportunity to discuss the exciting outlook on your company, as we work under the oversight of the Board in consolidating on the progress made thus far in repositioning CSCS as the leading infrastructure for the Nigerian capital market, whilst also diversifying the business for sustainable long-term growth and value creation.

Introduction

What a year! A year like no other - 2020 was definitively historic and unprecedented, as COVID-19 pandemic defied science, challenged rationality, and confronted social norms. It's an unforgettable twin threat to life and livelihood – tipped many economies (developed and developing) into the worst recession in a century, and shattered social engagements to the stone-age. The pandemic halted many productive activities; factories were shut globally for weeks, and airlines grounded for months. Oil traded at negative prices and financial markets turned volatile than ever. The International Monetary Fund (IMF) estimates suggest the world's economy

shrank by 3.5% in 2020, even so it projects a vaccine-dependent strong recovery of 5.5% in 2021. The World Bank is less bullish, expecting global Gross Domestic Product (GDP) to rise barely 4.0% this year, with an uneven recovery, as the pace of recovery in emerging and frontier markets is expected to be cowed by relatively low fiscal stimulus and weak capital flows. Home to our business, Nigeria slipped into recession, albeit strong output in the telecommunications industry and the resilient agriculture sector provided green shoots, as the economy exited recession in the last quarter of the year, growing 0.11%. Nonetheless, 2020 GDP growth remained negative at -1.92%, due to the shocks in the first three quarters of the year. The weak economic performance partly reflects a few economic and social fundamentals that undermined productive activities in the year; 1. the consequence of “lockdown” measures aimed at enforcing social distancing required to stem the spread of coronavirus; 2. the impact of the civil unrest that disrupted business activities in the last quarter of the year; 3. relatively low fiscal spending, following the shock to both oil and non-oil revenue sources and; 4. weak household and business consumption, due to lower income and macro uncertainties. The fore exacerbated the effect of relative insecurity, especially in the agrarian North East part of the country, where concerns on insurgency continue to undermine productivity. Notwithstanding, fiscal and monetary policy measures aimed at stimulating output

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growth and the low-base effect, Nigeria's economy remains very weak, with bleak outlook, as reflected in the International Monetary Fund's revised 2021 GDP growth projection of barely 2.5%, compared to stronger expectations from bigger emerging economies of China, India, and Russia, which are projected to grow national output by 8.4%, 12.5% and 3.8% respectively.

Business Performance...Unprecedented results, defying odds

Interestingly, the capital market remained active through the pandemic; thanks to the collaborative approach of all key stakeholders in upholding the significance of the market as a veritable source of liquidity for investors and issuers. On behalf of my colleagues, I would like to use this opportunity to express our profound gratitude to all esteemed participants for our seamless transition to a full digital operation. In spite of the roller-coaster ride, which saw the Nigerian All-Share Index plunged 18.8% at the peak of the equity sell-off in February 2020, it was a positive year for investors in Nigerian equities, with benchmark index grossing 50.0% return in the year, the best equity market performance in the world and an impressive recovery from the two-year bearish streak of 2018 and 2019. Primary market activity was dominated by the issuance of commercial papers and corporate bonds, as investment-grade corporates sought to take advantage of the historic-low interest rate environment in leveraging their balance sheet. Even so, the primary market for equities was largely quiet, the secondary market was active, especially in the first and last quarters of the year – whilst the first quarter was characterized by the bearish sell-off, the bullish return of investors stimulated liquidity in the last quarter of the year, when our clearing and settlement operation recorded an average of N5.9billion daily transaction. Despite weak trading activity in the second and third quarters of the year, overall clearing and settlement activity in 2020 was some 13% stronger year-on-year, even so it was 8.0% shy of the N4.8 billion average daily value of clearing and settlement recorded in 2018. Hence, we grew transaction fees by 17.4% year-on-year, a feat which compensated for the relatively weak depository fee of N1.24 billion, some 14.7% decline, when compared to the higher depository fee of N1.45 billion recorded in 2019. The lower depository fee reflected the decline in depository size occasioned by the bearish valuation

of assets as at 01 January 2020, following the plunge in prices of equity assets in 2019.

That been said, I am pleased to report that we broke the N10 billion ceiling, recording a total operating income of N12.1 billion, a sterling 31.3% year-on-year growth when compared to our 2019FY performance of N9.2 billion. This impressive performance is partly driven by the ingenuity of our treasury management, as we turned what would have otherwise been a major challenge to our earnings capacity into an opportunity, delivering incredible return on our investment portfolio. Notably, the investment income grew 61.4% to N7.4 billion, as we leveraged market volatilities occasioned by COVID-19 and other factors to profitably trade our portfolio. I am pleased that we defied the general macro distortions occasioned by the pandemic, which had notable impact on our non-core offerings, as reflected in the subtle performance of this segment of our business – we recorded N485million earnings from ancillary services, some 4% of our total operating income. Even as we made notable investments in new technologies aimed at strengthening our core and enhancing our network security, we sustained our cost efficiency drive, closing the year with a 39.0% cost-to-income ratio. More importantly, I am pleased to report that we achieved a 41.4% growth in profit after tax to N6.93 billion, translating to 20.3% return on average equity.

...and beyond the financials

Notwithstanding the challenges of COVID-19 pandemic, we furthered the execution of our 2018 -2020 strategy plan, with c.87% execution rate. Whilst deferring four of the 51 initiatives for varying reasons, we are excited at the strong foundation we have built over the past three years, as it reinforces our confidence in catalyzing sustainable growth and diversification of the business in the years ahead. Notably, with the transition to a fully digital service operation, we strengthened our business continuity plans and overhauled the information technology architecture, with particular focus on strengthening our network security against threats of cyberattacks whilst also enhancing system capacity to support new challenges associated with remote connections. As an FMI, we are conscious of our ultimate responsibility of ensuring safekeeping of your value assets and upholding the integrity of the capital market. Hence, we continue to invest in requisite

“I would like to reiterate our commitment to the philosophy “winning together”, with the ultimate objective of deepening the Nigerian capital market for the goal of enhancing our mutual prosperity and the development of our dear country, Nigeria. ”

technologies to sustain our superior capabilities in identifying, assessing, and managing the full risks associated with our CSD, as well as Clearing and Settlement, operations. I must commend our esteemed participants and Exchange stakeholders, whose understanding and partnership ensured seamless transition and continuous service efficiency through the pandemic, especially as we reckon the teething challenges associated with the remote operation in the early weeks of transition.

In demonstration of our commitment to enhance all participants' operation and ensure seamless access to our services, we have developed a number of Application Programming Interfaces (APIs). In our bid to facilitate the deployment and market adoption of the APIs, we have dedicated each API to different stakeholder group, with the objective of improving the turnaround time of participants' operation and reducing service cost across the market. More so, some of the APIs are expected to stimulate new offerings and enhance the integration of the capital market to other segments of the financial system, as we look forward to strengthening our partnership with different stakeholders in deepening capital market penetration, especially at the retail segment of the market, where we see notable prospect for driving secondary market liquidity and growing youthful participation. In line with the directive of the Securities and Exchange Commission, we initiated the mandatory Investor Data Update, leveraging on a proprietary application interface with our brokerage participants. As we work closely with our participants in accelerating the process and breaking some of the identified barriers to updating outstanding investor accounts, we are excited at the progress of the exercise, which reflects the collegiate approach we adopted in executing this regulatory directive. Similarly, we have recently invested in some initiatives aimed at extending a number of self-service platforms to our clients and I am excited at the early feedbacks from the tests being conducted by different stakeholders at this experimental phase of the initiative. Being a financial market infrastructure (FMI), our history and indeed structure, reinforce our uniqueness as a public interest entity, with market-oriented philosophies. Therefore, our strategy, the investments we have made and the decisions we continue to take are geared towards improving market efficiency and the operations of our participants. It's a reinvigorated culture

and philosophy of Winning Together for shared prosperity are upbeat than ever on the prospect of our reinvigorated collaboration with stakeholders in driving market efficiency and penetration, which are pertinent pillars of the capital market master plan, aimed at repositioning the capital market as an effective enabler and driver of inclusive growth and development of the Nigerian economy.

Reflecting the trust and loyalty of our esteemed participants, I am pleased to report that the Nigerian Investor Value Award adjudged your company, CSCS as the “Markets Choice of the Year”. We are excited at this recognition and my colleagues and I are immensely grateful to our participants and broader stakeholders, who have made this possible through their continued support and collaboration with us. On behalf of my colleagues, I would like to reiterate our commitment to the philosophy of “winning together”, with the ultimate objective of deepening the Nigerian capital market for the goal of enhancing our mutual prosperity and the development of our dear country, Nigeria.

New opportunities for growth

Distinguished stakeholders, I am excited to report the operational take-off and strong prospect of our Commodities Exchange partner, the Lagos Commodities and Futures Exchange (LCFE). We are equally optimistic on the ongoing efforts of the Central Bank of Nigeria and the leadership of the Nigerian Commodities Exchange (NCX) in repositioning the institution for enhanced operation. We believe it's a great time for the commodities ecosystem, as we expect the activities of these Exchanges to stimulate new investment opportunities in the commodities ecosystem, enhance youthful participation, accelerate the flow of formal private capital to the agricultural sector and ultimately stimulate non-oil sector growth. Whilst recognizing the teething structural challenges to the operations of these Exchanges, we are excited at the progress and as the CSD partner to these Exchanges, we are upbeat on the opportunity that these developments portend in growing our depository assets and upscaling our clearing and settlement operations. Similarly, we see strong prospect in our new collaborative efforts with the non-conventional asset managers in the market, as we hope to work with all relevant stakeholders in formalizing and developing untapped but

CEO's Letter to Stakeholders

critical segments of the market, as these have notable integration and implications for our country's economic growth and development agenda. Interestingly, with the demutualization of the Nigerian Exchange Group Plc, we are upbeat on the prospect for new and enhanced offerings. Whilst still early days, I must say that we are very confident in the structure and leadership of the NGX Group, as we are excited at the agility and enhanced bandwidth. To this end, we are reinvigorating our strategic partnership, with optimism of consolidating on the gains of the Exchange in broadening market access, with diversified offerings. Similarly, the NASD-OTC made strong incursions last year and indeed recently onboarded the shares of NGX Group, which has been impressively liquid over the past few weeks of its listing on the NASD-OTC. Fellow stakeholders, I must say that it's an interesting time working with our partner Exchanges.

In exploring the exciting opportunities ahead, we engaged the services of renowned global consultants to develop a new strategy plan that would guide our strategic investments and initiatives over the medium term. Following rigorous engagements with different stakeholders, especially our Board of Directors and Executive Management team, we now have a new playbook, which we are upbeat would enhance our competitive positioning within and outside the capital market ecosystem but more importantly strengthen collaboration with our esteemed participants and stakeholders, as we look forward to enhancing investor experience and confidence, as key strategies for deepening the market.

Many thanks to our esteemed participants and stakeholders.

I would like to thank the leadership of the Securities and Exchange Commission (SEC), our dear regulator, for the enhanced strategy of engaging the market. With the commitment of all capital market operators, under the leadership of the SEC, we are positive on our collective ability in resolving some of the legacy challenges undermining the development of the Nigerian capital market, for the greater good of delivering on the aspiration of the SEC in transforming the capital market as a core catalyst for inclusive growth and development of the Nigerian economy. On behalf of my colleagues, I like to express our profound gratitude to the

Board of Directors, under the Chairmanship of Mr. Oscar Onyema, OON, for their selfless oversight and unflinching support. I appreciate the confidence reposed in the Executive Management and echo our commitment to delivering on the Board-approved strategic objectives. To our esteemed shareholders, we remain resolute in our mission to delivering superior and sustainable returns to you over the foreseeable future. We like the strong 36% growth in our dividend this year, which complements the stellar performance of our stock, as reflected in the 19% gain in the over-the-counter (OTC) price. Notably, the share price has rallied 183.5% since I assumed my role as the CEO of this great company less than 43 months ago. That been said, I would like to reiterate our pledge to diligently create wealth for you and continue to beat expectations. We cherish your investment in CSCS and value your confidence in us.

To all our distinguished stakeholders, Securities Exchanges, Brokerage Firms, Custodians, Issuing Houses, Registrars, Pension Fund Administrators (PFAs), Pension Fund Custodians (PFCs), Global Network Managers, Banks, Asset Management Firms, Insurance Companies and the broader investor community, I thank you immensely for your support and loyalty. We appreciate your patronage and feedback. We would never take your age-long partnership for granted and I assure you that we will always listen to you, even as we continue to proactively meet your anticipatory needs, as we commit to continuously invest in our mutual prosperity. To my colleagues, thank you for your doggedness and tenacity, even in the face of adversity and challenges. As we relish the successes made thus far, let's be conscious that it's a long haul and as you know our aspirations are great. More so, market expectations from us are high and we must deliver and exceed those expectations, as the FMI committed to being the catalyst for market efficiency and growth. So, let's do more!

Thank you.



Haruna Jalo-Waziri

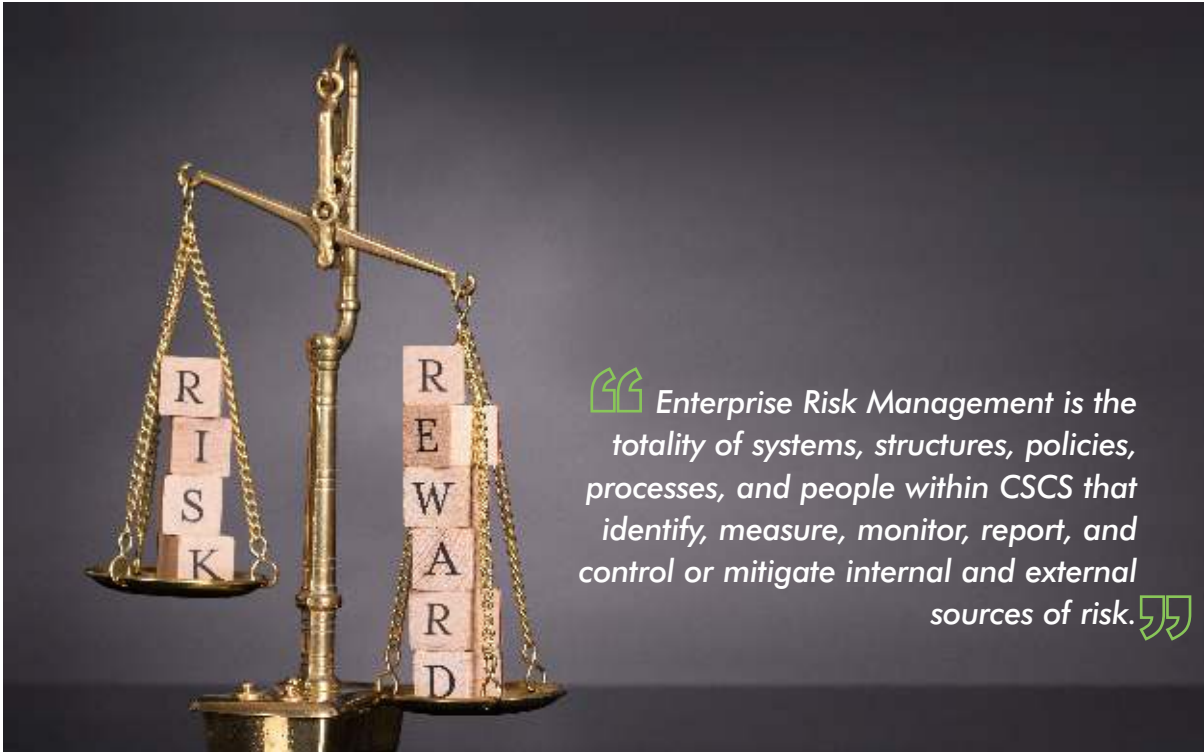
Chief Executive Officer

FRC/2017/IODN/00000017488



BUSINESS REVIEW

Enterprise Risk Management Report



Enterprise Risk Management is the totality of systems, structures, policies, processes, and people within CSCS that identify, measure, monitor, report, and control or mitigate internal and external sources of risk.

Enterprise Risk Management (ERM) in CSCS includes the methods and processes used by the organisation to manage risks and seize opportunities related to the achievement of set strategic objectives.

It also provides a framework for risk management, incorporating Financial Market Infrastructures (FMIs) principles, issued by the CPMI-IOSCO which typically involves identifying events or circumstances relevant to the CSCS objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress. By identifying and proactively addressing risks and opportunities, the organisation protects and creates value for its stakeholders, including owners, employees, customers, regulators, and the overall society.

Enterprise Risk Management is the totality of systems, structures, policies, processes, and people within CSCS that identify, measure, monitor, report, and control or mitigate internal and external sources of material risk. The risk management framework assesses the adequacy of our capital and liquidity in relation to our risk profile and macroeconomic conditions.

Enterprise Risk Management Philosophy

Our 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

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 through the Risk Appetite Framework, thereby ensuring that an appropriate balance between risk and reward is maintained.

CSCS ERM framework, which forms the second line of defense, is an independent and centralized function responsible for independent and objective review, oversight, monitoring and reporting in relation to CSCS' material risks. ERM designs and oversees the implementation of the risk management framework. ERM is structured into specialist functions and employs an integrated approach to risk analysis and management across risk classes. ERM's assessment and monitoring of risks involves a collaborative effort across the divisions that make up CSCS to ensure a holistic analysis takes place both at the individual and aggregate risk level.

ERM's oversight of risk is based on the following five principles:

1. **Independence:** ERM is independent of CSCS' Operations and Business Development Divisions. The Head of ERM, as CSCS' CRO, reports directly to the CEO with a secondary reporting line to the Board's Audit and Risk Management Committee. ERM approval is required for all material risk acceptance decisions.
2. **Centralized Risk Management:** ERM's responsibility covers the whole of CSCS. It assesses risks from a company-wide perspective and provides a consistent approach across CSCS.
3. **Approval of all new business activities:** The Operation and Business Development Divisions cannot undertake new businesses activities or initiatives, offer new products, enter new markets, or undertake significant projects without first consulting ERM. ERM reviews and assesses risk and sets limits. Where appropriate, these limits are approved by the Executive Committee and the Board.
4. **Continuous assessment:** ERM continually reviews risks to account for changes in market conditions and developments within CSCS' business and the economy at large.
5. **Frequent monitoring and reporting:** The risk profile of CSCS is monitored by ERM on an ongoing basis. Centralized systems exist to allow ERM to monitor financial risks daily. Reports on all material risks is provided to Executive Management and the Board.

Enterprise Risk Governance

The Audit and Risk Management Committee of the CSCS Board of Directors plays a critical role in providing oversight of risk management and ensuring that our risk appetite, risk culture and risk profile are consistent and, support our strategy to deliver long-term and sustainable growth.

In line with global best practice and Nigerian Code of Corporate Governance, the Management Risk Committee was constituted to, amongst other things, review the effectiveness of CSCS' overall risk management strategy at the enterprise level and identify, evaluate new potential risks and agree on suitable mitigating actions.

Membership of the Management Risk Committee includes the Managing Director/Chief Executive Officer, Executive Committee Members, Chief Risk Officer, the Head of Internal Audit, and the Head of Internal Control. The risk milieu keeps evolving and requires regular reviews of the effectiveness of each enterprise risk management component. It is in the light of this that the CSCS' ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in the following ways:

- Through continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit, as well as through independent evaluation by external auditors, examiners, and consultants.

Internal Control Activities

Control activities are logical steps in response to risks identified through management's risk assessment in accordance with CPMI-IOSCO principles. Policies and procedures are developed and 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 control systems are embedded in all the procedures in CSCS through restricted access, segregation of duties and authorization workflows. These controls allow for review, validation, and approval of transactions, not only mitigating the risk of fraud but also preventing and detecting transaction errors. Control activities ensure that the financial information is complete, accurate and valid.

Business Continuity Management

CSCS has a robust business continuity plan (BCP) and disaster recovery (DR) processes in place which serves as assurance to the capital market and its stakeholders. This has been demonstrated and proven efficient and effective during the Covid-19 pandemic.

We conducted our H1 2020 BCP/DR test in March, 2020 with a cross section of market participants and it was successful.

We have reinforced the capacity of the BCP/DR infrastructure by providing Hyper Convergence boxes which reduces the potential data loss from 1 day to 30 mins. This will assist in having a fall back of 30 mins on all API transactions, Straight Through Processes and other transactions done online in case of any disruption.

We have also made provision for cloud storage via the Microsoft platform which is available in four (4) different countries and three (3) different continents to prevent data loss.

The work from home (WFH) platform has enhanced our Business Continuity Planning (BCP) so that it is not attached to a particular location/site but a creation of multiple BCP channels directed to our IT infrastructure seamlessly. All staff can work from different locations. For us in CSCS, BCP is no longer a place/location but a connection. Consequently, work can continue when disruptions occur where staff cannot reach the BCP site albeit we have maintained a warm BCP site in case of an emergency.

We still maintain our Tier 4 Disaster recovery site with an outsourced vendor. The organisation mitigates business continuity risks by conducting regular reviews and tests of recovery procedures, in addition to regular awareness campaigns. These are used to drive a business continuity culture in CSCS.

Information Security

In recent times, cybersecurity threats and attacks have increased in number and sophistication as information technology is used to expedite the flow of data among entities. In this regard, threats such as ransomware, targeted phishing attacks and Advanced Persistent Threats (APT), have become prevalent, demanding that institu-

tions remain resilient and take proactive steps to secure their critical information assets including customer information that are accessible from cyberspace.

Cybersecurity risk is associated with Cyber-attacks from external criminals or internally disgruntled employees. CSCS has developed and implemented an Information Security Management Framework that is in line with international best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information.

The industry requires a safe and secure environment to operate, hence the platform on which information is processed and transmitted must be adequately safeguarded to ensure the confidentiality, integrity, and availability of information as well as the avoidance of financial loss and reputational risk amongst others. As we all are as strong as our weakest link, CSCS champions an annual Cyber Security Seminar for the Nigerian Capital Market to ensure that there is awareness and that market participants can work together to safeguard the market.

CSCS got recertified in the globally recognised Information Security Standards - ISO 27001 (Information Security Management System) in 2018. In line with the requirements for maintaining the certification, a successful surveillance audit was conducted in November 2020.

Conclusion

The ERM function is an enabler of the business. This has contributed significantly to CSCS achieving its strategic objectives. We prioritise the guarantee of the safety and efficiency of the Nigerian capital markets, hence significant awareness has been created around risks that emerge in the constantly evolving environment. This also culminated in the improved rating of CSCS from A to A+ by Thomas Murray - a leading provider of data, risk assessments and analytics on global capital markets and financial counterparties. 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.

At Central Securities Clearing System Plc (CSCS), we strongly believe that for an organization to be successful over the long term and create value for its shareholders, it must also create value for its stakeholders and society at large.

In line with this, we have contributed immensely in improving livelihoods in communities where our business operations reside thereby touching lives across our business value chain. Our focus still remains to grow responsibly, enhance the quality of life of our employees, connect with our stakeholders and the community. This is why at CSCS, our CSR are primarily focused on these pillars highlighted below:

- People
- Community
- Environment

People

Our employees remain our greatest assets considering the role they play in pushing through our strategic business objectives. At CSCS, the health and safety of our employees are our utmost priority considering the pandemic that bedeviled the year. These following initiatives were put in place to ensure they are safe amid the health crisis.

- To minimize exposure to the COVID-19 virus due to its high transmission risks and ensure the safety of their health, we partnered with our health care provider on the provision of telemedicine services to our employees.
- Furthermore, to ensure they are in full compliance with the Federal Government's directive on the use of facemasks in public places, we distributed facemasks and hand sanitizers to our employees and their dependents.
- Also, we organized mental health awareness sessions to entreat them on the need to be mentally healthy as we recognize the pressure they undergo on their job and the home front due to remote working activities that were initiated as part of our business continuity plan in response to the restriction in movement placed by the Federal Government.

Community

We remain on track in growing with our business community. This translates into helping in ways that enable us to win together with our stakeholders as we lend a helping hand when needed. We achieved this through:

- Our COVID-19 support, which we joined other capital market operators to donate to the Securities and Exchange Commission's led Capital Market Support for COVID-19 as we donated a fully equipped and insured state-of-the-art ambulance with a cash donation to complement

the efforts of the Federal Government in stemming the virus spread.

- We joined the Nigerian Exchange Group Plc led efforts tagged "Mask for All" initiative through the donation of 50,000 branded (washable) face masks. This is to provide support to low-income earning communities to ensure their full compliance with the Presidential directive on mandatory use of face masks in public and reduce the spread of the virus as reputable health organizations have maintained that the use of face masks in public places slows the transmission risks of the virus. Furthermore, we made face mask donations to other capital market operators which align with our CSR objective of investing in impactful and sustainable initiatives.
- Furthermore, we organized a webinar tagged "Cybersecurity & Information During the Pandemic" to intimate our stakeholders on the need to invest in protecting their digital assets against phishing attacks as their exposure to such attacks can undermine our business operations. This became necessary considering that the health pandemic transformed the nature of work as organizations expanded their remote access activity and cloud capabilities to unprecedented levels.

Environment

At CSCS, we recognize that our management of environmental issues are important and fundamental to the long-term sustainability of the Organization.

- We empowered children with special needs to make them feel accepted and valued amongst their peers. Sustaining our partnership with the Special Olympics of Nigeria in their inclusion revolution, which is an initiative that provides opportunities for people with intellectual disabilities to compete in sports as we made a cash donation to the NGO.
- We donated face masks (washable) to the Lagos State Ministry of Education to be distributed to students to protect themselves. Also, face masks (washable) were donated to two State Government to distribute to the inner cities where they could not afford quality face masks to protect themselves and curb the spread of the virus.

While we are proud of what we have accomplished with our CSR initiatives, we know that there is more work to be done. Going forward, we will continue to distinguish ourselves through our Corporate Social Responsibility (CSR) engagements as we actively manage our commitments to environmental and social sustainability, and ensure that our activities comply with national regulations and our core values and principles.



GOVERNANCE

The Board



Mr. Oscar N. Onyema is the Chairman of Central Securities Clearing System (CSCS) PLC, the clearinghouse for the Nigerian capital market. He assumed the role in April 2011 after his resumption as Chief Executive Officer of The Nigerian Stock Exchange and member of the National Council. He also serves as Chairman of the Boards of all subsidiaries of The Exchange and is the pioneer chairman of NG Clearing Limited. He has served as a Council member of Chartered Institute of Stockbrokers (CIS); Board member of FMDQ OTC PLC; and Board member of the National Pension Commission of Nigeria (PENCOM).

At a regional level, Mr. Onyema was the immediate past President of African Securities Exchanges Association (ASEA) and a former chairman of West African Capital Market Integration Council (WACMIC), where he supports efforts to integrate securities markets in the West African sub-region.

On the International front, he sits on the London Stock Exchange Group Africa Advisory Group (LAAG) as well as the Thomson Reuters Africa Advisory Network. He has served as a member of World Economic Forum (WEF) Global Agenda Council on the Future of Financing and Capital.

Mr. Onyema's remarkable achievements have earned him numerous awards and recognitions including the Special Recognition Award for transformational leadership in the Nigerian Capital Markets at Business Day Top 25 CEOs Award 2018; the Top 10 Most Powerful Men in Africa recognition by Forbes Magazine in 2015; the Most Innovative CEO of the Year 2014 accolade by the Abuja Chamber of Commerce. Also, in 2014 Mr. Onyema received the national honour of Officer of the Order of the Niger ("OON") from the Federal Government of Nigeria in recognition of his contribution to economic development, the transformation of the Nigerian Stock Exchange and the Nigerian capital markets.

Prior to relocating to Nigeria, he served as Senior Vice President and Chief Administrative Officer at American Stock Exchange (AMEX), which he joined in 2001. He was the first person of colour to hold that position. After the merger of NYSE Euronext and AMEX in 2008, he ran the NYSE AMEX

equity business, which he helped to position as a premier market for small and mid-cap securities. He started his Wall Street career at the New York Mercantile Exchange (NYMEX) in 1997.

Mr. Onyema is an alumnus of Harvard Business School (Advanced Management Program), The Wharton School, University of Pennsylvania (Board of Directors Development Program) and INSEAD International Directors Programme. He has an MBA from Baruch College, New York and a BSc from Obafemi Awolowo University, Ile-Ife. He is a Fellow of the Institute of Directors ("IoD") Nigeria, Fellow of the Chartered Institute of Stockbrokers (CIS), Associate of the Chartered Institute for Securities & Investment (CISI) in the UK, and holds FINRA Series 7, 24, 63 qualifications in the United States.



Mr. Haruna Jalo-Waziri is the Managing Director and Chief Executive Officer of Central Securities Clearing System Plc (CSCS), a position he assumed in November 2017. He has overall responsibility for delivering on the company's vision and mission. Since taking over at the helm, he has driven a number of strategic initiatives, leading to notable efficiency gains and repositioning the company for sustainable growth.

Mr. Jalo-Waziri has three decades hands-on experience across multiple financial disciplines, with a career spanning Investment Banking, Securities Trading, Pension Funds Administration and conventional Asset Management, Business development and Regulation. He is an award-winning Executive, with reputable track record in leading successful start-ups and business transformations.

Prior to being appointed Chief Executive Officer of CSCS Plc, he was Executive Director, Capital Markets at the Nigerian Stock Exchange, with primary responsibility for deepening the market through products, market structure innovation and new listings, as well as generating order flow across all asset classes. Under his stewardship, the partnership between the NSE and the London Stock Exchange was established, an alliance which has birthed a number of dual listings on these Bourses. He led the launch of the Premium Board on the NSE, distinguishing value companies with strong governance

The Board

practices and creating enhanced liquidity flow for the counters. He also led the introduction of the Nigerian Sovereign Green Bond as well as the Federal Government Retail Savings Bonds. Mr. Jalo-Waziri previously served as Managing Director/Chief Executive at both UBA Stockbrokers Limited and UBA Asset Management Limited, transforming the businesses to becoming top-5 in their respective segments. He also pioneered the asset management business of Kakawa Discount House Limited (now FBN Merchant Bank) and previously worked at the Securities and Exchange Commission.

Mr. Jalo-Waziri is a Director on the Board of NG Clearing Limited and the Board of Special Olympics Nigeria. He is on the Advisory Board of Business Day and currently serves as Vice President of the AIFA Reading Society, an NGO, which focuses on promotion of a reading culture and sustainable development of the educational system in Africa. He has served on the Boards of several companies, including FSDH Merchant Bank Limited, Nigeria-German Chemicals Plc, Protea Oakwood Hotel Limited, Coral Properties Limited, UBA Stockbrokers Limited and UBA Asset Management Limited to mention a few. He is a life member of the Institute of Directors.

Mr. Jalo-Waziri is an economist, and an alumnus of reputable institutions, including the Lagos Business School and Venture Capital Institute of America. He holds a first degree and MBA from the University of Maiduguri and the Abubakar Tafawa Balewa University respectively.



Mr. Bayo Olugbemi is the MD/CEO of First Registrars & Investor Services Limited. He has extensive experience in the areas of Investment Banking, Portfolio Management, Treasury Operations, Securities Depository and Pensions Fund Administration.

Mr. Olugbemi is a graduate of Accounting from the University of Lagos. He holds an MBA in International Business Management from 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 & Singapore, Institute of Management Development (IMD) Switzerland, Wharton Business School, Stanford Business School, New York Institute of Finance amongst others. He is a Fellow of many Professional Bodies such as the Chartered Institute of Bankers of Nigeria, Institute of Capital Market Registrars, Chartered Institute of Taxation of Nigeria, Certified Institute of Pensions of Nigeria, Institute of Directors, Nigeria, Association of Enterprise Risk Management Professionals, Nigerian Institute of Training & Development as well as Associate Member of Nigerian Institute of Management and Institute of Chartered Secretaries & Administrators of Nigeria.

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 (1st Vice President), Institute of Capital Market Registrars (President/Chairman of Council) and Lagos Chamber of Commerce & Industry (Immediate Past Treasurer) as well as on the boards of several Corporate Organizations and NGOs.

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 one of the biggest Churches in Nigeria.



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.

The Board



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

He is a Director of African Lifestyle Limited, EMZOR Pharmaceuticals 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 Ogbonna is the Group Deputy Managing Director of Access Bank PLC. He has over 20 years of experience in banking cutting across treasury, commercial, corporate and investment banking. Prior to his appointment, he was the Executive Director, Wholesale Banking Division of Access Bank PLC.

He is a Fellow of the Institute of Chartered Accountants of Nigeria, a Senior Executive Fellow of Harvard Kennedy School, an alumnus of Harvard Business School and a CFA charter holder. He holds a Master's degree in Business Administration from IMD Business School, an Executive Master's degree in Business Administration from Cheung Kong Graduate School of Business and a Bachelor's degree in Banking and Finance from University of Nigeria, Nsukka. In 2015, he was selected as one of the Institute of International Finance (IIF) Future Global Leaders.

Roosevelt sits on the board of a number of institutions including, Africa Finance Corporation, Access Bank UK Limited, Access Bank (Zambia) Ltd and Central Securities Clearing System PLC.



Tinuade Awe is the Executive Director, Regulation at The Nigerian Stock Exchange (The Exchange). Prior to her current position, she was the General Counsel and Head of the Legal and Regulation Division of The Exchange. She served as Secretary to the National Council of The Exchange from January 2011 to October 2015. As Executive Director, Regulation, she has responsibility for the regulation of the two primary stakeholder groups of The Exchange, i.e., the Dealing Members that trade on The Exchange and issuers that have securities listed on The Exchange. Her team is responsible inter alia, for rule making and interpretation, monitoring, inspections, market surveillance, investigations, regulatory technology, and enforcement.

She also serves as a Trustee of the Investors' Protection Fund of The Exchange and is a member of the Board of the Financial Reporting Council of Nigeria (FRC). She Chairs the Corporate Governance Committee of the FRC Board. Additionally, she is a Non-Executive Director of the Central Securities Clearing System Plc.

She previously worked with Banwo & Ighodalo, a law firm in Lagos; the United Nations International Criminal Tribunal for the former Yugoslavia in The Hague; the United Nations Compensation Commission in Geneva; and the New York office of Simpson Thacher & Bartlett, a law firm with global presence. She has a wealth of experience spanning over twenty-five (25) years.

She has an LL.B Degree from the Obafemi Awolowo University, Ile Ife, graduating as the Best Female Student in the Faculty of Law. She finished at the Nigerian Law School with First Class Honours, graduating as Best Overall Student. She also holds LL.M Degrees from Harvard Law School, where she was a Landon H. Gammon Fellow, as well as The London School of Economics and Political Science (LSE), where she graduated with Merit. At the LSE, she was a British Council Scholar. She is admitted to both the Nigerian and New York Bars.

The Board

She is the recipient of a number of awards and honours, including The African Legal Awards 2018, General Counsel of the Year; Law Digest Africa Awards, General Counsel of the Year 2018, and Esq. Nigeria Legal Awards, General Counsel of the Year 2017.

Ms. Awe's interests include education, travelling, African art, and gender and development.



Chief Ezeagu graduated from Liverpool John Moores University, Liverpool, UK; University of Lagos, Nigeria and University of Nigeria, Nsukka where he obtained M.Sc. Governance & Finance, MBA Finance and B.Sc. Management degrees respectively. He is a Fellow of Chartered Institute of Stockbrokers and a Fellow of Institute of Direct Marketing of Nigeria. His career spans Consultancy, Banking, Finance and Capital Market.

Chief Ezeagu is a member of the Technical Committee of the West African Capital Markets Integration Council (WACMIC). He was a Member of Finance Committee, Chartered Institute of Stockbrokers and served as a member, Investment Management Sub-Committee of the Capital Market Committee of the Securities & Exchange Commission (SEC). He also served and still serving in various Committees of both SEC and the Nigerian Stock Exchange to promote the ideals of the Nigerian Capital Market. Chief Ezeagu has been registered with SEC and has been actively operating in the Capital Market since 1994.

He is currently the Chairman of Association of Securities Dealing Houses of Nigeria (ASHON), the Managing Director/CEO of Solid-Rock Securities & Investment Plc and on the Board of the Lagos Commodities and Futures Exchange Ltd among others.

Chief Ezeagu is widely travelled and has attended many executive management training programs both locally and internationally. He is a member of the prestigious Lagos County Club 1949 (served on the Club's Investment Committee) and PENA Club of Nigeria (its former President).



Oluwaseyi Abe is currently the Managing Director / CEO of Magnartis Finance & Investments Limited — one of the most structured players in the Nigerian Capital Market with regional market operations that cut across emerging African markets. Prior to this engagement, Mr. Abe (on secondment from Magnartis Finance & Investments Limited) was the Chief Investment Officer of Aiico Pension Managers Limited.

One of the thoroughbred investment banking careerists in his generation; Mr. Abe started his career with Leadbank Group in January 1990. In August of the same year, he was seconded to Nigerian Stockbrokers Limited - a subsidiary of NAL Bank Plc for one-year training in stockbroking and investment management.

He returned to Leadbank Group in January 1992 after a successful training program and qualification as a professional Stockbroker. On his return to Leadbank Group, he commenced trading on the floor of the Nigerian Stock Exchange for the bank and acted in many capacities as investment manager and-advisor. He was involved in capital raising exercise for many companies amongst which are FBN Plc, UBA Plc, IBL Plc, UBN Plc. and Wema Bank Plc. etc. He participated in packaging several Initial Public Offers, (IPO), Rights Offers etc. Mr. Abe was also involved in both local and foreign treasury dealing activities. For several years, he played leading roles in the marketing of the bank's treasury / capital market products. He at different times headed various functional units of the bank such as Investment Banking, Private Banking; Issuing House; Corporate Finance; Transaction Banking, Treasury Marketing and Product Development. He also had a stint in the commercial & consumer banking group.

Further, Mr. Abe was very instrumental to the development of the bank's asset management business and deployment of same across the bank's branches nationwide. He rose to the position of Chief Operating Officer for Lead Securities and Investments Limited-a stockbrokerage and asset management company and member of the Nigerian Stock Exchange. Mr. Abe Left Lead Capital in September 2006 for Magnartis Finance & investments Limited (Member of the Nigerian Stock Exchange).

The Board

Mr. Abe is an accomplished Investment Banker, a serial investor and very active operator in the financial market landscape. He rose to the peak of the stockbroking profession and is currently the immediate past President / CIC of the Chartered Institute of Stockbrokers of Nigeria.

He attended the University of Ife, Ile-Ife where he bagged a Second Class (Upper) Honors Degree in Social Sciences and finished as the Institutions best graduating student in Sociology and Anthropology for the year 1988. He obtained a M.Sc. Degree in Marketing from the University of Lagos, Akoka in 1996 and an MBA from Ondo State University, Ado-Ekiti in 1998. He also attended the prestigious Senior Management Program of the Lagos Business School (Pan African University).

Mr. Abe presently on the board of Kingspride Group, Insight Microfinance Bank Limited, Magnartis Finance & Investments Ltd (Member of the Nigerian Stock Exchange), D2RS Group, Pure Imagination Limited (South Africa) and Astrocraft Consulting (UK).

Mr. Abe is widely travelled and has an uncanny networking capability.



Mrs Chinelo Anohu is an Independent Non-Executive Director in CSCS Plc. She graduated with an LL.M in Computer and Communications Law Studies from the London School of Economics, England after obtaining and an LL.B from the University of Nigeria, Enugu Campus, Nigeria. She was called to the Nigeria Bar in 1997.

Prior to her current position, Mrs Anohu was the Director General National Pension Commission Abuja, Nigeria from October 2014 to April 2017 after Acting as the Director General from December 2012 to October 2014 and Secretary/Legal Adviser from December 2004 to December 2012, National Pension Commission Abuja. She was also the Legal Advisor, Telecommunications Sector Reform, BPE and Legal Adviser/Marketing Executive, AS Financial Services Wembley, UK from March 2001 to June 2002.

She is a member of the Chartered Institute of Arbitrators, London; London Stock Exchange Africa Advisory Group (LAAG), London, United Kingdom; and the International Advisory (IAB) University of Edinburgh Business School Edinburgh, Scotland December 2018 - Date

Her interests include active participation in charitable programmes and she enjoys reading novels and travelling.



Mr. Ibrahim Dikko is an Independent Non-Executive Director in CSCS Plc. He graduated with an LL.M [Corporate & Commercial Law] degree from Queen Mary & Westfield College, University of London, England after obtaining his LL.B from the University of Buckingham, England. He was called to the Nigeria Bar in 1990.

Mr. Dikko has worked in a variety of roles in banking, information technology and telecommunications. He worked on the team responsible for setting up the first Discount House in Nigeria and later rose to become Chairman of the Discount House from 2002 to 2012. He was a partner and director at Resourcery Plc where he led business development.

Mr. Dikko was also a pioneer member of the team that set up EMTS Ltd (trading as Etisalat Nigeria) in 2007 and was Vice President for Regulatory and Corporate Affairs until he left in 2017. He has a keen interest in competition regulation as well as the interplay between technology and regulation in the fast-changing Fintech/Regtech space. His interests also cover Corporate Governance and he is an independent director on the boards of Custodian Investments Plc, Baker Hughes Company Limited and The Society for Corporate Governance Nigeria.

The Board



**OLUSEYI
OWOTURO**
Non-Executive Director

Mr. Oluseyi Owoturo is a Non-Executive Director at CSCS Plc. He is also the Managing Director of United Securities Limited (USL), a foremost registrar firm in Nigeria and the current President and Chairman of the Council of the Institute of Capital Market Registrars.

He was the Group Chief Financial Officer of Hamilton Hammer & Co. ("HH", now ARM Securities Limited). Prior to joining HH, he was the Head of Management Information Systems at F&C Securities Limited (now FCSL Asset Management Company Limited) which he joined from Venture Capital Partners Limited where he was the Head of Financial Control & Risk Assets. Mr Owoturo had a four-year stint at Access Bank as part of the agreement reached between Access Bank and HH for continuity in the management of USL when Access Bank acquired USL from HH in December 2007.

A former member of the Capital Market Committee (Sub Committee) on Market Infrastructure and Technology, Mr Owoturo is a technology enthusiast and possesses significant experience working with IT professionals in developing bespoke solutions. He has over 20 years' experience in the financial services industry which spans Venture Capital, Financial Advisory, Stockbroking, Banking and Registrar Services.

Mr. Owoturo is a graduate of Accounting from the Obafemi Awolowo University, Ile-Ife and a Chartered Accountant. He is also an alumnus of the Lagos Business School and has attended several management trainings including at IMD, Lausanne and Cambridge Judge Business School.



TAIRAT TIJANI
Non-Executive Director

Mrs. Tijani graduated from the Lancaster University with Honours in Accounting, Finance & Economics. She also graduated with a Distinction in MBA, International Business from the University of Birmingham. She is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Secretaries & Administrators of Nigeria.

Mrs. Tijani has garnered significant experience as an operator in the Capital Market, participating in several landmark transactions which have contributed immensely towards the development of the Nigerian Capital Market. She was formerly the Head, Capital Markets Division of FBN Capital (a subsidiary of FBN Holdings Plc- formerly First Bank of Nigeria Plc) where she had oversight responsibility for deal origination and transaction execution. Mrs. Tijani is a Non-Executive Director of Sterling Bank Plc as well sits on the Boards of other Public and Private Companies.

Executive Management Team



**Haruna
Jalo-Waziri**
Managing Director/CEO



**Adeyinka
Shonekan**
Divisional Head,
Business Development



**Onome
Komolafe**
Divisional Head,
Shared Services



**Peter
Medunoye**
Chief Financial Officer



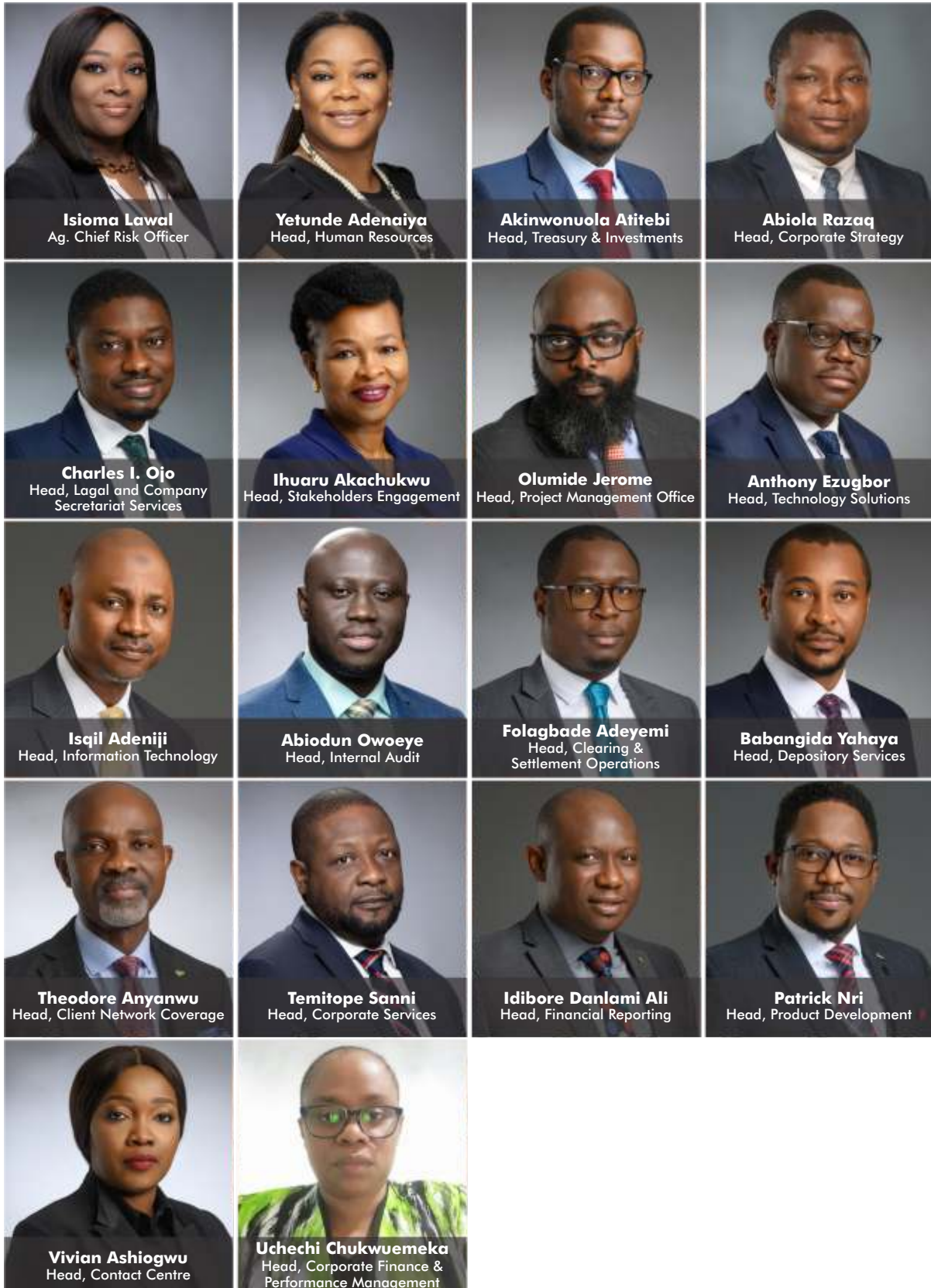
**Tobe
Nnadozie**
Divisional Head,
Technology and Innovations



**Femi
Onifade**
Chief Strategy Officer



Management Team



Document Management Service (DMS)

CSCS Document Management Services (DMS) is the solution that helps to streamline operations in publishing, indexing, storage, and retrieval of electronic data resources in your organization

Product Features



Digitization

Classification sorting/indexing preparation - scanning - digitalization.



Physical Archiving

Sorting, classification, boxing, referencing etc.



Electronic Document Management & Workflow in Real-time

From the point of receipt to the processing of the document and eventual archiving

Product Benefits

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



Contact Us

✉ productsales@cscs.ng

☎ 0700 2255 2727

Directors, Officers & Professional Advisers

Board of Directors:	Mr. Oscar N. Onyema OON	Chairman
	Mr. Haruna Jalo-Waziri	Managing Director
	Mr. Bayo Olugbemi*	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
	Chief Onyenwechukwu Patrick Ezeagu	Non-Executive Director
	Mr. Oluwaseyi Abe	Non-Executive Director
	Mrs. Chinelo Anohu	Independent Director
	Mr. Ibrahim Dikko	Independent Director
	Mr. Oluseyi Owoturo**	Non-Executive Director
	Mrs. Tairat Tijani***	Non-Executive Director

*Mr. Bayo Olugbemi retired from the Board on the 28th of April 2020 (effective Friday, 22 May 2020).

**Mr. Oluseyi Owoturo joined the Board on Friday, 22 May 2020.

***Mrs. Tairat Tijani joined the Board on Wednesday, 21 October 2020.

Registered Office:	Central Securities Clearing System Plc 1st Floor, Nigerian Exchange Group House No. 2/4, Customs Street Marina, Lagos
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Company's registration number:	201018
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Company Secretary:	Charles I. Ojo
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Independent Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island PMB 40014, Falomo Lagos
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Bankers:	Access Bank Plc	Nova Merchant Bank Limited
	Citibank Nig. Plc	Providus Bank Limited
	Coronation Merchant Bank Limited	Rand Merchant Bank
	Ecobank Nigeria Limited	Stanbic IBTC Bank Plc
	Fidelity Bank Plc	Sterling Bank Plc
	First Bank of Nigeria Limited	SunTrust Bank Nigeria Limited
	FSDH Merchant Bank Limited	Titan Trust Bank
	FCMB Plc	Union Bank Plc
	Guaranty Trust Bank Plc	United Bank for Africa Plc
	Keystone Bank Limited	Wema Bank Plc
		Zenith Bank Plc

Registrar:	Africa Prudential Plc 220B Ikorodu Road Palmgrove Lagos
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Actuary:	O & A Hedge Actuarial Consulting (Actuaries & Chartered Insurers) Suite 28, Motorways Centre, 1 Motorways Avenue Opposite 7up Bottling Plant Alausa Ikeja, Lagos - Nigeria FRC/2016/00000015764
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Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

Legal form

The Company was incorporated on 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

CSCS is a Financial Market Infrastructure (FMI) 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 and fixed income securities listed/traded on the Nigerian Stock Exchange, NASD OTC Exchange or any other authorized/organized Securities Trading Platform in the Nigerian Capital Market. CSCS keeps and maintains an electronic book-entry record of all securities to facilitate the safekeeping and easy transfer of securities between parties during a trade.

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 and one (1) associate Company - NG Clearing Limited.

Operating results

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

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Total operating income	12,087,177	12,087,177	9,206,140	9,206,140
Profit before tax	7,392,696	7,334,741	6,042,434	5,986,837
Income tax	(464,361)	(464,361)	(1,141,755)	(1,141,755)
Profit for the year	6,928,335	6,870,380	4,900,679	4,845,082
Actuarial gain on long term incentive scheme	1,169	1,169	1,216	1,216
Other comprehensive income, net of tax	(42,441)	(42,441)	340,590	340,590
Total comprehensive income	6,887,063	6,829,108	5,242,485	5,186,888
Basic and diluted earnings per share (kobo)	139k	137k	98k	97k

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 2020 (31 December 2019: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date is as shown below:

Shareholders	31 December 2020		31 December 2019	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
The Nigerian Stock Exchange	1,459,555,913	29.19%	1,459,555,913	29.19%
Artemis Limited	830,641,902	16.61%	1,000,641,902	20.01%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.37%
Ess-ay Investments Limited	500,029,756	10.00%	317,142,674	6.34%
ZPC/Leadway Insurance Prem .Coll. & Investment Account	250,000,000	5.00%	250,000,000	5.00%
Others with shareholdings less than 5%	1,316,272,429	26.33%	1,329,159,511	26.58%
	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 represent the Company's shareholders. The directors which have direct and indirect interests in the issued share capital of the Company as recorded in the register of directors' shareholding are noted below:

Director	31 December 2020			31 December 2019		
	Direct	Indirect	Total	Direct	Indirect	Total
Mr. Oscar N. Onyema OON	-	-	-	-	-	-
Mr. Haruna Jalo-Waziri	-	-	-	-	-	-
Mr. Bayo Olugbemi*	-	2,345,111	2,345,111	-	2,345,111	2,345,111
Mr. Emeka Madubuiké****	-	-	-	-	6,750,000	6,750,000
Mr. Ariyo Olushekun*****	-	-	-	1,800,000	1,540,000	3,340,000
Mr. Uche Ike	-	-	-	-	-	-
Mr. Eric Idiahi	-	830,641,902	830,641,902	-	1,000,641,902	1,000,641,902
Mr. Roosevelt Ogbonna	-	-	-	-	-	-
Ms. Tinuade Awe	-	620,000	620,000	-	620,000	620,000
Chief Onyenwechukwu Patrick Ezeagu	-	525,000	525,000	-	525,000	525,000
Mr. Oluwaseyi Abe	-	-	-	-	-	-
Mrs. Chinelo Anohu	-	-	-	-	-	-
Mr. Ibrahim Dikko	-	-	-	-	-	-
Mr. Oluseyi Owoturo**	-	-	-	-	-	-
Mrs. Tairat Tijani***	-	-	-	-	-	-

*Mr. Bayo Olugbemi retired from the Board on the 28 of April 2020 (with effect on Friday, 22 May 2020).

**Mr. Oluseyi Owoturo joined the Board on Friday, 22 May 2020.

***Mrs. Tairat Tijani joined the Board on Wednesday, 21 October 2020.

**** Mr. Emeka Madubuiké resigned as a Non-Executive Director on April 30, 2019

***** Mr. Ariyo Olushekun resigned as a Non-Executive Director on April 30, 2019

Directors' interests in contracts

Except as disclosed above, no director has notified the Company, for the purposes of Section 303 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 2020 was as stated below:

Share range	No of shareholders	Percentage of shareholding	No of holdings	Percentage holdings
1 - 1,000	425	36.4%	169,630	0.00%
1,001 – 5,000	157	13.4%	450,715	0.01%
5,001 – 10,000	71	6.1%	589,755	0.01%
10,001 – 50,000	211	18.2%	5,680,445	0.11%
50,001 – 100,000	56	4.8%	4,261,810	0.09%
100,001 – 500,000	97	8.3%	28,485,695	0.57%
500,001 – 1,000,000	28	2.4%	22,865,728	0.46%
Above 1,000,000	123	10.5%	4,937,496,222	98.75%
	1,168	100%	5,000,000,000	100%

The shareholding pattern of the Company as at 31 December 2019 was as stated below:

Share range	No of shareholders	Percentage of shareholding	No of holdings	Percentage holdings
1 - 1,000	410	36.7%	160,732	0.00%
1,001 – 5,000	133	11.9%	377,731	0.01%
5,001 – 10,000	64	5.7%	514,894	0.01%
10,001 – 50,000	200	17.9%	5,360,673	0.11%
50,001 – 100,000	59	5.3%	4,715,099	0.09%
100,001 – 500,000	92	8.2%	27,884,146	0.56%
500,001 – 1,000,000	32	2.9%	26,605,744	0.53%
Above 1,000,000	127	11.4%	4,934,380,981	98.70%
	1,117	100%	5,000,000,000	100%

Substantial interest in shares

According to the register of members at 31 December 2020, no shareholder held more than 5% of the issued share capital of the Company except the following:

Shareholders	31 December 2020		31 December 2019	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
The Nigerian Stock Exchange	1,459,555,913	29.19%	1,459,555,913	29.19%
Artemis Limited	830,641,902	16.61%	1,000,641,902	20.01%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.37%
Ess-ay Investment Ltd	500,029,756	10.00%	317,142,674	6.34%
ZPC/Leadway Insurance Prem .Coll. & Investment Account	250,000,000	5.0%	250,000,000	5.0%

Donations and charitable gifts

The Company made contributions and donations to non-political organisations amounting to N118.2 million (31 December 2019: N32.7 million) during the year, as listed below:

Beneficiary	Purpose	Amount N'000
SEC-led CMSCC Initiative	Ambulance Donation to Capital Market Support Committee for COVID-19	30,581
EAC Trustees/ Capital Market COVID-19	Donation to Capital Market Support Committee for COVID-19 (CMSCC)	30,000
CSCS Participants/Stakeholders Camcan Workshop	Other COVID-19 Donation - Face Masks & Hand Sanitizers Capital Market Correspondents Ass. of Nigeria (CAMCAN) Workshop Sponsorship	35,593 500
Association of Securities Dealing House True Nigeria Express Limited	Donation to Association of Securities Dealing House of Nigeria Nigeria @ 60 Signature Sponsorship	10,000 500
Dream Diary Limited	Sponsorship Law Digest	550
Duchlight Limited	Sponsorship Commodity Trading Ecosystem	3,000
Business Day Media	Investing & Capital Market Sponsorship	700
HR Expo African Limited	Virtual HR Expo Africa Sponsor	484
Business Media limited	2020 Digital Dialogue Sponsorship	500
Business Media limited	Nigeria Business Leadership Award	800
Special Olympics (SO) Nigeria	Special Olympics Sponsorship	5,000
		118,207

- (i) The Company did not make donation to any political party during the year ended 31 December 2020 (31 December 2019: 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

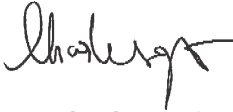
During the period, the Board of Directors, pursuant to the powers vested in it by the provisions of section 426 of the Companies and Allied Matters Act (CAMA), 2020 proposed a final dividend of 117 kobo per share (31 December 2019: 86 kobo per share) from the retained earnings account as at 31 December 2020, pending the approval of the shareholders at the 2020 Annual General Meeting.

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 401 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditor 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
24 March 2021

Corporate Governance Report

This report highlights our compliance with Corporate Governance standards as it affects the Company's corporate culture and the responsibilities and activities of the Board of Directors, Board Committees, the Executive Committee and Management Committee.

CORPORATE GOVERNANCE REPORT

The Board of Directors ("the Board") of CSCS maintains the highest standards of corporate governance practices, in line with all regulatory corporate governance requirements and global best practices. We appreciate the nexus between maintaining strong corporate governance standards and sustaining a company's competitive edge. As a result, the Board provides guidance to Management on the adoption of new corporate governance practices in accordance with regulatory requirements.

In July 2020, the Company reviewed its corporate governance practices to identify opportunities for improvement and to ensure alignment with new regulatory laws from the Securities and Exchange Commission (SEC) and the Federal Government of Nigeria. Some of the developments include the restructuring of various Board Committees and improvement in governance framework of the Board.

Impact of COVID-19 on Corporate Governance

Following the outbreak of the pandemic, it was difficult for Boards to adapt to the sudden changes facing everyone. Physical meetings which helped in fostering collegiate interactions and allowed for robust deliberations could no longer hold. The Board of CSCS was however quick to settle into the new reality of life and built strong governance around the performance of its fiduciary responsibilities. Along this line, the Board inaugurated the Committee on Existential Crisis chaired by the Chairman of the Board given the seriousness of the responsibilities of this Committee. Members of the Committee included the CEO and other members of the Board with experience in dealing with crisis situations. The Committee worked with Management in reviewing the Company's Business Continuity Plan and other contingency requirements for Board approval in response to COVID-19. Furthermore, the Board approved the upgrade of infrastructure to enable the Company activate Work from Home for its Staff. Considering the need for collaboration to prevent the spread of the pandemic, the Company donated a fully equipped and insured state-of-the-art Ambulance to the Capital Market Support Committee for COVID-19 (CMSCC) and made a cash donation for the purchase and the distribution of reusable facemasks to the most vulnerable and low – income households across the country.

Culture

CSCS has in the past year strengthened its new corporate culture by reinforcing leadership and the company's operational culture to be more reflective of a Market Culture. This has led to the efficient execution of the company's strategic objectives and the development of innovative solutions which has deepened and enhanced the efficient functioning of the market. Some of the key initiatives implemented by the Board to reinforce its leadership include the employment of a new executive management team consisting of individuals who possess solid credentials and strong industry knowledge to help in driving the objectives of the company and facilitating engagements with the company's internal and external stakeholders. The establishment of key decision-making committees within the company and empowering them to act independently given their levels of expertise and the parameters of their terms of reference has also fostered the company's leadership. In addition, these Board and Management Committees meet regularly and ensure the complete execution of tasks in a timely fashion. As a Financial Market Infrastructure, CSCS remains committed to using its corporate governance practices as a cultural tool in driving the company's productivity and creating value for shareholders and stakeholders of the Company. The strength of the Board of CSCS is exhibited in the quality of individuals with robust credentials and high moral capacity who provide conscientious and astute leadership for the company.

In addition to providing effective leadership and setting the strategic goals for our company, the Board is responsible for enforcing corporate governance practices within CSCS and ensuring that the Company delivers sustainable value to the society, its shareholders and the Capital Market. The Board considers ethos of efficiency, excellence, integrity, tenacity, transparency and accountability as critical success factors for a Board that wants to lead. CSCS also ensures strict adherence with the Nigerian Code of Corporate Governance by the Financial Reporting Council of Nigeria which is driven by sectoral Regulators including the Securities and Exchange Commission (SEC), the Companies and Allied Matters Act as well as global best standards.

Code of Corporate Governance for Public Companies

The Nigerian Code of Corporate Governance (NCCG) 2018 has been recognized as the Grund norm of corporate governance codes in the Country. The Code seeks to institutionalize corporate governance best practices in Nigerian companies. The Code is also to promote public awareness of essential corporate values and ethical practices that will enhance the integrity of the business environment. By institutionalizing high corporate governance standards, it is expected that the Code will rebuild public trust and confidence in the Nigerian economy, thus facilitating increased trade and investment. Companies with effective boards and competent management that act with integrity and that are engaged with shareholders and other stakeholders are better placed to achieve their business goals and contribute positively to society. In such well managed organizations, the interests of the Board and management are aligned with those of the shareholders and other stakeholders. By adhering to the principles articulated in the Code, companies will demonstrate a commitment to good governance practices and increase their levels of transparency, trust and integrity, and create an environment for sustainable business operations. In furtherance of the Company's strong focus on corporate governance standards, CSCS undertook a self-assessment of its level of compliance with the Code and proceeded to address the minimal gaps observed during the exercise. It is with a happy note that we report the successful filing of CSCS 2020 NCCG Report in accordance with the prescribed format and deadline.

Whistle Blowing

In line with global best practices and the SEC's corporate governance code of conduct, the Company has a robust whistle-blowing policy available to staff, other stakeholders and the general public. The Policy establishes an independent mechanism for reporting any illegal or unethical behavior within the company. The whistle-blowing mechanism includes parallel independent communication to the Board for staff to escalate issues and a technology-enabled whistle-blowing platform provided by Deloitte that can be accessed by all stakeholders. The Board remains responsible for reviewing the whistle-blowing policy and continues to provide leadership to the Company in this regard.

Significant Shareholder

CSCS top 5 (five) significant shareholders as at 31st of December 2020 are listed below:

Shareholder	No. of Shares	% Holding
The Nigerian Stock Exchange	1,459,555,913	29.19
Artemis Limited (Verod Capital)	830,641,902	16.61
Ess-Ay Investments Limited	500,029,756	10.00
Access Bank Plc.	375,000,000	7.50
United Bank for Africa Plc.	268,500,000	5.37

Cross-Shareholding

CSCS does not hold shares or ownership rights in any publicly traded entity that is a shareholder of CSCS. Hence, there is no incident of cross shareholding.

Compliance with Statutory Reports

At the end of the 2020 financial year, CSCS complied with all the applicable 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 annual Board appraisals of the Board. Typically, the scope of the evaluation includes assessing the board composition and its responsibilities, the adequacy or otherwise of skills available on the Board, the synergy and effectiveness of the Board. Thereafter, the findings of the evaluation is shared with the Chairman for continuous improvement of the effectiveness and performance of the Board

Director Nomination Process

The Board's 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.

Board Training for continuous professional Development and Induction of new Directors

CSCS recognises that its people across all levels are its assets. Therefore, the Company engages in continuous professional development of its directors to enhance their performance on the Board. Professional development is delivered through classroom learning programmes and study tours to peer

Central Securities Depositories (CSDs) considered as centres of excellence with the aim of observing the business operations and corporate governance practices of these entities. In 2020, the Board of CSCS undertook strategy training sessions facilitated by Oliver Wyman as part of the Firm's engagement to develop CSCS 2021 + Strategy Plan. The sessions were very enlightening, and they provided information on the future.

Also, as part of the Company's onboarding process for the newly appointed Directors, a Board pack containing 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 Directors of company matters that have been considered at the said meetings and a calendar which specifies activities for the year is provided to each of the newly appointed directors.

Chairman of the Board

The Chairman of CSCS Board of Directors, Mr. Oscar N. Onyema, is a Non-Executive Director. He is the highest-ranking officer on the Board and presides over the board.

Chief Executive Director

The Company's Chief Executive Director (CEO), Mr. Haruna Jalo-Waziri oversees the Company's daily operations alongside the Executive Committee. The CEO's responsibilities include making corporate decisions within the ambit of the powers delegated to him by the Board. He also serves as 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. Their qualifications and experience cut across Capital Markets, Banking, Finance, Law, Public Administration, Business Administration and Government Relations. 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 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 the Company's 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. The 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 referenced 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 provided to Stakeholders possessing in-depth industry experience and influence to be appointed to the Board to ensure the right mix.

The Board appointed two non-executive directors in 2020. The first director was Mr. Oluseyi Owoturo who was appointed on the 22nd of May 2020 to fill the vacant position formerly held by Mr. Bayo Olugbemi whose tenure on the Board of CSCS ended on the 22nd of May 2020 following the completion of his tenure on the Board. Mr. Owoturo's appointment was ratified at the 26th Annual General Meeting of CSCS in May 2020. The second non-executive director appointed in 2020 was Mrs. Tairat Tijani who was appointed as a new member of the Board on the 21st of October 2020. Her appointment has been approved by the Board subject to CSCS shareholders' ratification at the 27th Annual General Meeting of CSCS.

THE ORGANS OF CORPORATE GOVERNANCE

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 comprises 12 (twelve) directors at every time interval. The mix of directors include: one executive Director and 11 (eleven) non-executive directors. Two of the non-executive directors were independent non-executive Directors. The Board consists of a 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 and Banking.

Major Responsibilities of the Board

The Board is charged with the responsibility of:

- Determining the strategic objectives of the Company.
- 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 five (5) times during year ended December 31, 2020 in accordance with the collectively agreed dates in the Board calendar. The attendance is represented below:

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 majority votes from directors allowed to vote.

Board Meeting Attendance

Director Names	Total Meetings in Period	Individual Attended
Oscar N. Onyema	5	5
Haruna Jalo - Waziri	5	5
Bayo Olugbemi	5	2 ³
Uche Ike	5	4
Ehimare Idiahi	5	5
Roosevelt Ogbonna	5	5
Tinuade Awe	5	5
Onyenwechukwu Patrick Ezeagu	5	5
Oluseyi Abe	5	5
Chinelo Anohu	5	5
Ibrahim Dikko	5	5
Oluseyi Owoturo	5	4 ³
Tairat Tijani	5	1 ⁵

³ Mr. Bayo Olugbemi retired from the Board on the 28th of April. Hence, he attended 2 Board meetings.

⁴ Mr. Owoturo joined the Board on 22nd of May 2020. Hence, he attended only 3 Board meetings.

⁵ Mrs. Tairat Tijani joined the Board on the 21st of October 2020. She attended her first board meeting on Wednesday 16th of December 2020. Hence she only attended one board meeting in the year.

BOARD OBJECTIVES	DELIVERY STATUS
<p>Optimization of Returns</p>	<p>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 at various stages of development, to ensure that the objective is achieved:</p> <p>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.</p> <p>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.</p> <p>Legal Entity Identifier (LEI) Subscription – LEI is a unified global alpha-numeric reference code, used in identifying every legal identity participating in financial transactions in global markets. CSCS Plc is the approved Nigerian local operating unit with the role of assigning LEI codes to legal entities involved in financial transactions in Nigeria. As at end of 2020, total count of issued LEIs to capital market operators stood at over 300.</p>
<p>Technology Improvements and Customer Centric</p>	<p>Enterprise Architecture (EA) is meant to support the execution of Company's digital strategy. To this end, 31 out of 32 components of the Enterprise Architecture were activated as at end of December 2020. The EA will apply architecture principles and practices to guide CSCS through its business, information, process, and technology changes necessary to strategy execution. CSCS has aspirations of providing connectivity for various financial market stakeholder groups, including FINTECHs thereby improving customer experience and business efficiencies.</p> <p>IT Service Desk: To enhance IT service delivery to CSCS internal and external customers, fully functional Service Desk was deployed and integrated with a service account to ensure proper tracking of all requests. This helps with monitoring of turn-around-time (TAT) and service level objectives associated with all requests/issues raised, provides insights into various incidents and also gives room for improvement of CSCS service delivery.</p> <p>Hyper-Converge Infrastructure (HCI) Implementation: The Hyper-Converged Infrastructure was deployed in 2020 to improve IT infrastructure efficiency, reduce CAPEX on procurement of stack of physical servers and enables a future-proof IT environment that allows CSCS to scale up and scale out to easily meet specific application needs. The implementation has also enabled rapid progression with other projects depended on the HCI.</p> <p>Application Programming Interface (API) Deployments: To increase touchpoints with the capital market, CSCS has developed and implemented APIs for Investors, Exchanges, Stockbrokers, Settlement Banks and Custodians. The APIs for the Exchanges will facilitate real time integration and intra-day management of positions between CSCS</p>

BOARD OBJECTIVES	DELIVERY STATUS
Technology Improvements and Customer Centric	and the Exchanges. The stock detachment API was designed to allow custodians to effect real time detachment of stock via a straight through process.
Human Resource and Talent Management	With a focus of Staff continuous education and capacity building, an Online Learning Portal was deployed, and Staff are required to undertake regular courses on leadership, strategy, improving customer experience. Established a monthly Knowledge Exchange Programme. The Company's Talent Management Programme flagged off. Periodic staff town hall engagements which have helped to sustain employee engagement.
Risk Management	<p>The pervasiveness of risk in the working of 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:</p> <ul style="list-style-type: none"> • 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 the committees to ensure the operational efficiency of the Company and that specific issues are handled with relevant expertise. 4 (Four) Board Committees and the Statutory Audit Committee, which is a creation of statute and a requirement for public companies exist in CSCS. The Board Committees are (a) Corporate Governance, Nominations and Remuneration Committee (CGNRC), (b) Technical Committee (TC), (c) Risk Management Committee (RMC), and (d) Finance and Stakeholders Relationship Committee (F&SRC). Each Board Committee meets at least once every quarter and thereafter presents 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

Notices and draft agendas for Committee meetings are prepared by the Company Secretary upon approval from the respective board committee chairmen before they are circulated to other committee members ahead of each

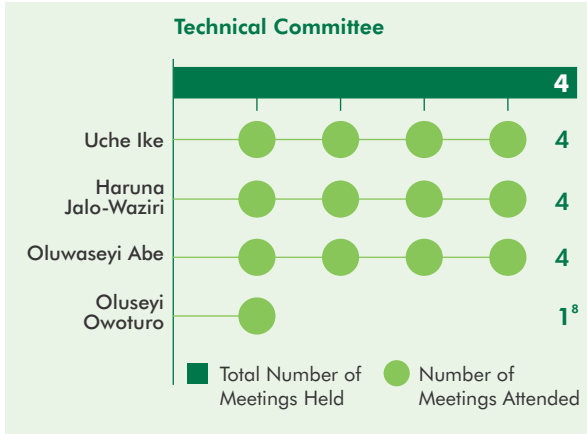
meeting. The Meeting Agenda and Board papers are uploaded on the Company's Board portal for Committee members to access before the commencement of the meetings.

At every meeting, other matters which fall within the Committee's scope of responsibilities and are deemed necessary for consideration are included in the meeting agenda and considered by the Committee members. For each Committee meeting to hold, the Committee must meet the required quorum.

A summary of the roles, responsibilities, compositions and frequency of meetings of each of the Committees are as stated hereunder:

Board Technical Committee (TC)

This Committee is a four (4) member team constituted by the Board. The Committee was reconstituted once during the year under review albeit the team count was reduced by one membership. Its terms of reference include, 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 2020 financial year. Mr. Uche Ike is the Chairman of the Committee. The other members of the Committee are Mr. Haruna Jalo Waziri, Mr. Bayo Olugbemi, Mr. Onyenwechukwu Patrick Ezeagu, Mr. Oluwaseyi Abe and Mr. Oluseyi Owoturo.



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 competitiveness as a provider of services using technology, including the effectiveness of its technological efforts and investments in developing new products and businesses.

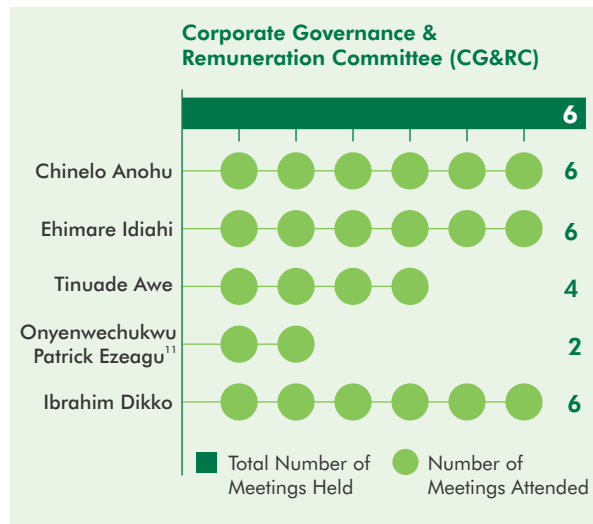
Committee Achievements

- 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 Nominations and Remuneration Committee (CGNRC)

This Committee is a five (5) member team constituted by the Board. The Committee was reconstituted once during the year under review with an additional the team member. Its terms of reference include 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, remuneration and appraisal of Board members and Executive management. The Committee met six (6) times in the 2020 financial year. Mrs. Chinelo Anohu is the Chairman of the Committee. The other members of the Committee are Mr. Ehimare Idiahi, Ms. Tinuade Awe, Mr. Onyenwechukwu Patrick Ezeagu and Mr. Ibrahim Dikko.



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.

⁶ Mr. Uche Ike became the Chairman of the Technical Committee with effect from the 35th meeting of the Committee held on Tuesday, 01 December 2020.

⁷ Mr. Bayo Olugbemi retired from the Board on the 28th of April 2020 (with effect on Friday, 22nd of May 2020) and ceased to be a member of the Technical Committee (TC).

⁸ Mr. Oluseyi Owoturo became a member of the Technical Committee (TC) with effect from the 35th meeting of the Committee held on Tuesday, 1st of December 2020. Hence, he attended only 1 TC meeting.

⁹ Mrs. Chinelo Anohu became the Chairman of the Corporate Governance Nominations and Remuneration Committee with effect from the 38th meeting of the Committee held on Thursday, 12th of November 2020.

¹⁰ Ms. Tinuade Awe ceased to be the Chairman of the Corporate Governance, Nominations and Remuneration Committee with effect from the 38th meeting of the Committee held on Thursday, 12th of November 2020.

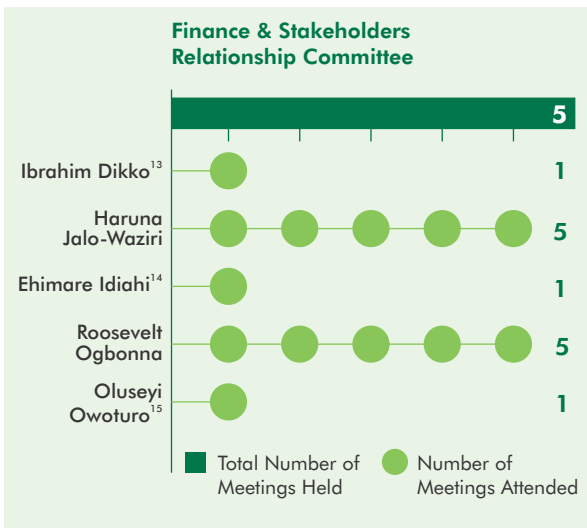
¹¹ Mr. Onyenwechukwu Ezeagu joined the Corporate Governance, Nominations and Remuneration Committee (CGNRC) with effect from the 38th meeting which held on Thursday, 12th of November 2020. Hence, he attended only 2 CGNRC meetings.

Committee Achievements

- Review of Staff Compensation Framework to act 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 regarding finance, accounting and investment matters of the Company, interfacing with the Company's stakeholders and the wider capital market group to ensure that CSCS continues to listen and incorporate their feedback in its business & service offerings. The Committee met five (5) times in the 2020 financial year. Mr. Ibrahim Dikko is the Chairman of the Committee. Other members of the Committee include Mr. Haruna Jalo-Waziri, Mr. Ehimare Idiahi, Mr. Roosevelt Ogbonna¹² and Mr. Oluseyi Owoturo.



¹² Mr. Roosevelt Ogbonna ceased to be the Chairman of the Finance and Stakeholders Relationship Committee with effect from the 17th meeting of the Committee held on Tuesday, 08 December 2020.

¹³ Mr. Ibrahim Dikko joined the Finance and Stakeholders Relationship Committee (FSRC) as the Chairman with effect from the 17th meeting of the Committee held on Tuesday, 8th of December 2020. Hence, he attended only 1 FSRC meeting.

Major Responsibilities

- setting long range-financial goals for the Company along with funding strategies to achieve them.
- review of budgets and accounts initially prepared by the Company, to help develop appropriate procedures for budget preparations, and to ensure consistency between the budget and the organization's plans.
- monitor the implementation of approved budgets.
- ensure regular and accurate monitoring and accountability for funds and report to the Board on any financial irregularities and concerns.
- recommend financial guidelines to the Board (such as to establish a reserve fund or to obtain a line of credit for a specified amount).
- work with staff to design financial reports and ensure that reports are accurate and timely.
- oversee short and long-term investments and review significant relationships with analysts, banks and investment Banks where the Company's money is being maintained.
- Recommend to the Board, CSCS dividend payout.
- Assist the board in its assessment of potential partnership and alliances with organizations of mutual interest.
- 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 annually the significant financial reporting issues and practices of the Company and ensure that appropriate accounting principles are applied including financial controls relating to the "closing of the books" process.

Committee Achievements

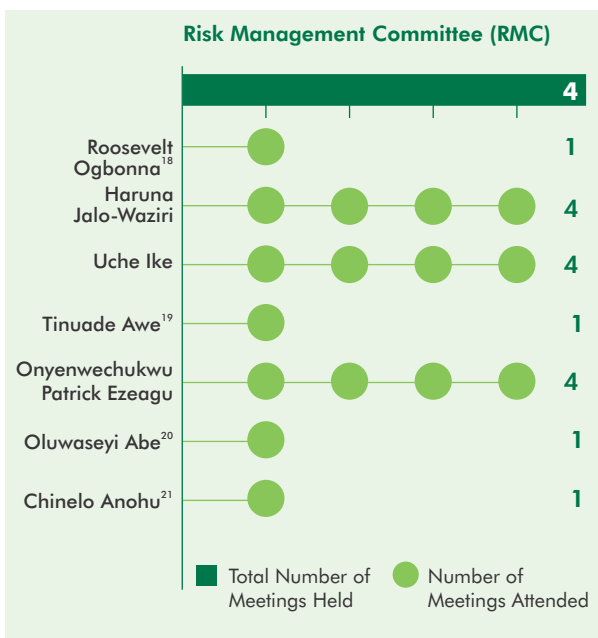
- Review and ensuring the approval of CSCS Investment Principles, Policy and Guidelines.
- Review of framework for CSCS to operate as a Self-Regulatory Organization (SRO).
- Review of 2020 budget and financials.

¹⁴ Mr. Eric Idiahi became a member of the Finance and Stakeholders Relationship Committee (FSRC) with effect from the 17th meeting of the Committee held on Tuesday, 8th of December 2020. Hence, he attended only 1 FSRC meeting.

¹⁵ Mr. Oluseyi Owoturo became a member of the Finance and Stakeholders Relationship Committee (FSRC) with effect from the 17th meeting of the Committee held on Tuesday, 8th of December 2020. Hence, he attended only 1 FSRC meeting.

Risk Management Committee (RMC)

This Committee is a seven (7) member team constituted by the Board to assist in reviewing the Company's risk policies to ensure that the Company's risk framework and controls adequately address existing and emerging risks in the Company's business. The Committee's coverage of supervision includes (a) reputational risk, (b) operational risk, (c) technological risk, (d) market risk, and (e) financial risk. The Committee also ensures compliance with established risk management policies through periodic review of management reports and ensuring the appointment of qualified individuals to manage the Company's risk function. In 2020, the Committee considered and recommended some policies to the Board for approval whilst monitoring 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 2020 financial year. Mr. Roosevelt Ogbonna¹⁶ is the Chairman of the Committee. The other members of the Committee are Mr. Haruna Jalo-Waziri, Mr. Uche Ike¹⁷, Ms. Tinuade Awe, Mr. Onyenwechukwu Patrick Ezeagu, Mr. Oluwaseyi Abe and Mrs. Chinelo Anohu.



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.

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.
- Review of Information Security Management System (ISMS) policies.

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 business practices and financial reporting. The Committee is responsible for the selection and appointment of the External Auditors, including reviewing and approving their terms of engagement and fees. The Committee comprises Non-Executive Directors and elected ordinary

¹⁶ Mr. Roosevelt Ogbonna joined the Risk Management Committee (RMC) as the Chairman with effect from the 23rd meeting which held on Wednesday, 2nd of December 2020.

¹⁷ Mr. Uche Ike ceased to be the Chairman of the Risk Management Committee (RMC) with effect from the 23rd meeting of the Committee held on Wednesday, 2nd of December 2020.

¹⁸ Mr. Roosevelt Ogbonna joined the Risk Management Committee (RMC) with effect from the 23rd meeting which held on Wednesday, 2nd of December 2020. Hence, he attended only 1 RMC meeting.

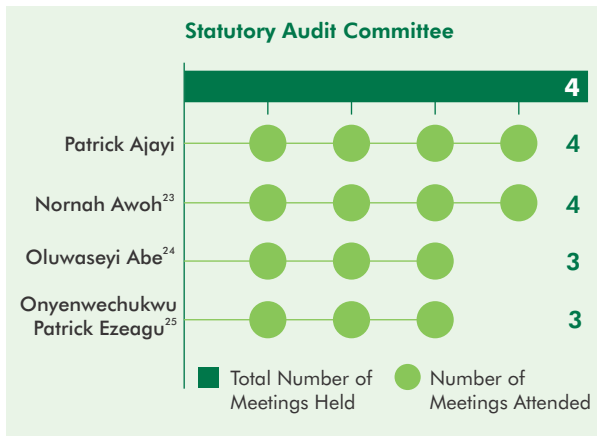
¹⁹ Ms. Tinuade Awe became a member of the Risk Management Committee (RMC) with effect from the 23rd meeting of the Committee held on

Wednesday, 2nd of December 2020. Hence, she attended only 1 RMC meeting

²⁰ Mr. Oluwaseyi Abe became a member of the Risk Management Committee (RMC) with effect from the 23rd meeting of the Committee held on Wednesday, 2nd of December 2020. Hence, he attended only 1 RMC meeting.

²¹ Mrs. Chinelo Anohu became a member of the Risk Management Committee (RMC) with effect from the 23rd meeting of the Committee held on Wednesday, 2nd of December 2020. Hence, she attended only 1 RMC meeting.

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 (4) times in the 2020 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 responses thereto and ensure that the observations noted are resolved.
- 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.

ORGANS OF THE COMPANY RESPONSIBLE FOR THE DAILY AFFAIRS OF THE COMPANY

The Company Secretary

The Board and the Board Committees are supported by the Company Secretary, Mr. Charles I. Ojo. He is a qualified lawyer with cognate experience required for the role as prescribed by the SEC Code and CAMA. He serves as liaison between Management and the Board, support the Board to achieve the Company's strategic objectives and to drive enforcement of good Corporate Governance principles within the Company. He reports directly to the Chief Executive Officer and has a dotted reporting line to 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.

²² Mr. Ajayi was appointed to the Audit Committee by the Shareholders at the 26th AGM of 22nd May 2020.
²³ Mr. Awoh was appointed to the Audit Committee by the Shareholders at the 26th AGM of 22nd May 2020.
²⁴ Mr. Abe was appointed to the Audit Committee by the Shareholders at the 26th AGM of 22nd May 2020 by which time, the Committee had already had one of its four committee meetings of the year.
²⁵ Mr. Ezeagu was appointed to the Audit Committee by the Shareholders at the 26th AGM of 22nd May 2020 by which time, the Committee had already had one of its four committee meetings of the year.

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 the 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.

Executive Committee

The Executive Committee consists of the CEO and the Divisional Heads. The Committee led by the CEO, ensures that CSCS strategic objectives as set by the Board are achieved and that the Company's operations are optimized. The Committee meets weekly and is responsible for the day-to-day operations of CSCS. Members of the Committee include:

- The Chief Executive Officer - Mr. Haruna Jalo-Waziri
- The Divisional Head, Business Development - Mr. Adeyinka Shonekan
- The Divisional Head, Shared Services – Mrs. Onome Komolafe
- The Chief Strategy Officer - Mr. Femi Onifade
- The Divisional Head, Information Technology - Mr. Tobe L. Nnadozie.
- The Chief Financial Officer - Mr. Peter Medunoye.

Management Committee

This Committee 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. The Committee meets monthly and is responsible for the day-to-day operations of CSCS. Members of the Committee include:

- Acting Chief Risk Officer - Mrs. Isioma Lawal.
- Head, Human Resources - Mrs. Yetunde Adenaiya²⁶
- Head, Treasury and Investments - Mr. Akinwonuola Atitebi.
- Head, Corporate Strategy - Mr. Abiola Rasaanq.
- Head, Legal and Company Secretariat Services - Mr. Charles I. Ojo.
- Head, Stakeholders Engagement - Mrs. Ihuaru Akachukwu.
- Head, Technology Solutions - Mr. Anthony Ezugbor
- Head, Information Technology - Mr. Isqil Adeniji.
- Head, Internal Audit - Mr. Abiodun Owoeye.
- Head, Clearing & Settlement Operations - Mr. Folagbade Adeyemi.
- Head, Depository Services - Babangida Yahaya.
- Head, Internal Control- Mrs. Isioma Lawal²⁷
- Head, Client Network Services- Mr. Theodore Anyanwu.
- Head, Corporate Services - Mr. Temitope Sanni.
- Head, Corporate Communications - Ms. Yemisi Ipaye²⁸.
- Head, Financial Reporting - Mr. Idibore Danlami Ali.
- Head, Product Development - Mr. Patrick Nri.
- Head, Contact Centre - Mrs. Vivian Ashiogwu.
- Head, Corporate Finance & Performance Management – Uchechi Chukwuemeka.

²⁶ Mrs. Adenaiya joined CSCS on 1 April 2020. In the year, she had oversight responsibility for the Company's Corporate Communications Department following the exit of the substantive Head of Corporate Communications, Ms. Yemisi Ipaye.

²⁷ Since Mr. Adaralegbe's retirement, Mrs. Lawal is the Acting Chief Risk Officer.

²⁸ Ms. Ipaye's resignation was effective from 6 June 2020.

Statement of Directors' Responsibilities

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 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 (CAMA), 2020 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 the 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
24 March 2021




Mr. Haruna Jalo-Waziri
Managing Director/CEO
FRC/2017/IODN/00000017488
24 March 2021

Audit Committee Report

TO MEMBERS OF CENTRAL SECURITIES CLEARING SYSTEM PLC

In line with the provisions of Section 404(7) of the Companies and Allied Matters Act (CAMA), 2020 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 2020 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. Nornah Awoh

Chairman, Audit Committee
FRC/2021/003/00000022526
24 March, 2021

Members of the Committee

Mr. Nornah Awoh - Chairman
Mr. Patrick Adebayo Ajayi - Member
Mr. Oluwaseyi Abe - Member
Chief Onyenwechukwu Patrick Ezeagu - Member

The Company Secretary acted as a Secretary to the Committee

Statement of Corporate Responsibility

FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief financial Officer, hereby certify the financial statements of the Central Securities Clearing System Plc for the year ended 31 December 2020 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of the Company for the year ended 31 December 2020.
- b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2020.
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiary is made known to the officer by other officers of the companies, during the period end 31 December 2020.
- e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited consolidated and separate financial statements, and certify that the Company's internal controls are effective as of that date.
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- g) That we have disclosed the following information to the Company's Auditors and Audit Committee:
 - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
 - (ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.



Mr. Haruna Jalo-Waziri
Managing Director/CEO
FRC/2017/IODN/00000017488
24 March 2021



Mr. Peter Medunoye
Chief Financial Officer
FRC/2019/001/00000020289
24 March 2021



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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") and its subsidiaries (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December, 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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 subsidiaries as at 31 December, 2020, 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 (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for 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 International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

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Partners

Adekunle A. Oyeleke	Chibuzo N. Anyanwachi	Mattias I. Arge	Chibuzo I. Ogunowo
Adekunle A. Babalola	Chineme J. Nwajia	Mohammed M. Adams	Oluwafemi D. Akosoye
Adetola P. Adekunle	Elijah O. Odehinde	Naka C. Ejuma	Oluwafemi A. Obag
Adeyemi K. Akin	Goodluck C. Olu	Chibuzo S. Akintola	Tayo I. Ogunsehin
Afolabi O. Oluwalana	Isidore M. Akintola	Olufemi I. Salau	Tamilola A. Oniru
Akinwale A. Akinwale	Leone T. Emezie-Ezigo	Osaka I. James	Toluwalope A. Oluwalana
Akinwale L. Salami	Joseph C. Tofo	Oluwafemi A. Babalola	Victor U. Oluwalana
Adekunle A. Soyinka	Kuba O. Oluwalana	Dunstan C. Oluwalana	
Ayodele H. Dinkins	Lawrence C. Akintola	Olufemi A. Salau	

Classification and measurement of investment securities

Investment securities account for over 47% of the Group's total assets and interest income derived from the investment securities account for 62% of total operating income in the current year. Due to the significance of these financial assets in the context of the financial position and the financial performance of the Group, as well as the requirements of IFRS 9: Financial Instruments as regards classification and measurement of investment securities, the classification and measurement of investment securities was an area that had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

How the matter was addressed in our audit

Our procedures in this area included the following:

- We tested the design and implementation of controls that are relevant to the classification and measurement of securities.
- We assessed the appropriateness of the Group's classification of investment securities by determining whether the cashflows of the investment securities are strictly payments of principal and interest and also assessing the Group's business model for changes relating to the classification and measurement of investment securities during the year.
- For investment securities measured at amortised cost, we performed a re-calculation of the carrying amounts of the investments.
- For investments whose contracts terms had changed during the year, we evaluated the changes made by management to the cash flows and effective interest rate to determine whether they are in accordance with Group's accounting policy.
- For investment securities measured at fair value, we tested the appropriateness of the market inputs used in computing the fair value by comparing them to independent data.

The Group's accounting policy on classification and measurement of investment securities and related disclosures on financial risks are in notes 4(l) and 6 respectively.

Information Other than the Financial Statements and Audit Report thereon

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

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we review the outstanding reports, 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 (CAMA), 2020 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 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.

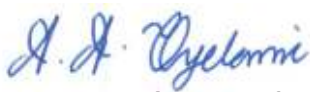
We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. 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;



Adegoke A. Oyelami, FCA
FRC/2012/ICAN/0000000444
For: KPMG Professional Services
Chartered Accountants
31 March 2021
Lagos, Nigeria





**FINANCIAL
STATEMENTS**

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

FOR THE YEAR ENDED 31 DECEMBER 2020

<i>In thousands of Naira</i>	Notes	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Revenue	9	4,603,513	4,603,513	4,588,807	4,588,807
Investment income	10	7,443,495	7,443,495	4,612,237	4,612,237
Other income	11	40,169	40,169	5,096	5,096
Total operating income		12,087,177	12,087,177	9,206,140	9,206,140
Personnel expenses	12.1(i)	(2,051,082)	(2,051,082)	(1,317,186)	(1,317,186)
Other operating expenses	12.2	(1,837,027)	(1,837,027)	(1,268,438)	(1,256,104)
Finance cost	12.3	(74,234)	(74,234)	(48,546)	(48,546)
Depreciation and amortisation	12.4	(616,289)	(616,289)	(547,906)	(547,906)
Impairment (loss)/reversal on financial assets	20	(139,293)	(173,804)	(49,561)	(49,561)
Total operating expenses		(4,717,925)	(4,752,436)	(3,231,637)	(3,219,303)
Share of profit/(loss) of equity accounted investees (net of tax)	23	23,444	-	67,931	-
Profit before tax		7,392,696	7,334,741	6,042,434	5,986,837
Income tax	13(a)	(464,361)	(464,361)	(1,141,755)	(1,141,755)
Profit for the year		6,928,335	6,870,380	4,900,679	4,845,082
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss:</i>					
Actuarial gain on long term incentive scheme	29.2(i)	1,169	1,169	1,216	1,216
Related Tax	29.2(i)	(351)	(351)	(365)	(365)
		818	818	851	851
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Fair value (loss)/ gain - Debt investment at FVOCI	25(c)	(43,259)	(43,259)	339,739	339,739
		(43,259)	(43,259)	339,739	339,739
Other comprehensive income/(loss) for the year, net of tax		(42,441)	(42,441)	340,590	340,590
Total comprehensive income for the year		6,885,894	6,827,939	5,241,269	5,185,672
Profit attributable to:					
Owners of the Parent		6,928,335	6,870,380	4,900,679	4,845,082
Non-controlling interest		-	-	-	-
		6,928,335	6,870,380	4,900,679	4,845,082
Total comprehensive income attributable to:					
Owners of the Parent		6,885,894	6,827,939	5,241,269	5,185,672
Non-controlling interest		-	-	-	-
		6,885,894	6,827,939	5,241,269	5,185,672
Basic/diluted earnings per share (kobo)	14	139k	137k	98k	97k


The summary of significant accounting policies form an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position

AS AT 31 DECEMBER 2020

<i>In thousands of Naira</i>	Notes	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Non-current assets					
Property and equipment	15	1,354,103	1,354,103	1,083,510	1,083,510
Intangible assets	16	585,705	585,705	785,471	785,471
Intercompany receivables	22(a)	-	-	-	34,511
Equity-accounted investee	23	1,553,669	1,541,437	725,475	736,687
Investment in subsidiary	24	-	10,000	-	10,000
Investment securities	17(a)	19,570,294	19,570,294	21,960,972	21,960,972
Total Non-Current Assets		23,063,771	23,061,539	24,555,428	24,611,151
Current assets					
Investment securities	17(b)	-	-	5,005,511	5,005,511
Trade receivables	18(a)	160,450	160,450	177,043	177,043
Other assets	19(a)	424,482	424,482	181,877	181,877
Cash and cash equivalents	21	17,773,624	17,773,569	6,691,545	6,691,490
Total Current Assets		18,358,556	18,358,501	12,055,976	12,055,921
Total Assets		41,422,327	41,420,040	36,611,404	36,667,071
Equity					
Share capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings		30,216,538	30,204,251	27,588,203	27,633,871
Fair value reserve	36(a)	273,770	273,770	317,029	317,029
Actuarial reserves		1,670	1,670	851	851
Equity attributable to owners of the Parent		35,491,978	35,479,691	32,906,083	32,951,751
Non-controlling interest		-	-	-	-
Total Equity		35,491,978	35,479,691	32,906,083	32,951,751
Non-Current Liabilities					
Deferred tax liabilities	13(b)	63,485	63,485	6,747	6,747
Long term incentive scheme	29.2	125,551	125,551	77,012	77,012
Total Non-Current Liabilities		189,036	189,036	83,760	83,760
Current Liabilities					
Intercompany payables	26	-	10,000	-	10,000
Payables and Accruals	27	1,533,907	1,533,907	727,368	727,368
Current tax liabilities	13(c)	436,529	436,529	652,254	652,254
Other liabilities	28	3,770,877	3,770,877	2,241,938	2,241,938
Total Current Liabilities		5,741,313	5,751,313	3,621,560	3,631,560
Total Liabilities		5,930,349	5,940,349	3,705,320	3,715,320
Total Equity and Liabilities		41,422,327	41,420,040	36,611,404	36,667,071

The audited financial statements was approved by the Board of Directors on 24 March 2021 and signed on its behalf by:


Mr. Oscar N. Onyema OON
 Chairman
 FRC/2013/IODN/0000001802


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


Mr. Peter Medunoye
 Chief Financial Officer
 FRC/2019/001/00000020289

The summary of significant accounting policies form an integral part of these financial statements.

Consolidated and Separate Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

The Group

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2020		5,000,000	27,588,203	317,029	851	32,906,083
Profit for the period		-	6,928,335	-	-	6,928,335
Other comprehensive income:						
Fair value loss- FVOCI Financial instruments	25(c)	-	-	(43,259)	-	(43,259)
Actuarial gain on long term incentive	25(d)	-	-	-	1,169	1,169
Deferred tax impact	13(b)	-	-	-	(351)	(351)
Total comprehensive income		-	6,928,335	(43,259)	818	6,885,894
Transactions with equity holders:						
Dividends		-	(4,300,000)	-	-	(4,300,000)
Balance at 31 December 2020		5,000,000	30,216,538	273,770	1,670	35,491,978

The Company

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2020		5,000,000	27,633,871	317,029	851	32,951,751
Profit for the period		-	6,870,380	-	-	6,870,380
Other comprehensive income:						
Fair value loss- FVOCI Financial instruments	25(c)	-	-	(43,259)	-	(43,259)
Actuarial gain on long term incentive	25(d)	-	-	-	1,169	1,169
Deferred tax impact	13(b)	-	-	-	(351)	(351)
Total comprehensive income		-	6,870,380	(43,259)	818	6,827,939
Transactions with equity holders:						
Dividends		-	(4,300,000)	-	-	(4,300,000)
Balance at 31 December 2020		5,000,000	30,204,251	273,770	1,670	35,479,691

The summary of significant accounting policies form an integral part of these financial statements

Consolidated and Separate Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

The Group

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2019		5,000,000	26,187,524	(22,709)	-	31,164,814
Profit for the year		-	4,900,679	-	-	4,900,679
Other comprehensive income:						
Fair value gain- FVOCI Financial instruments	25(c)	-	-	339,739	-	339,739
Actuarial gain on long term incentive	25(d)	-	-	-	1,216	1,216
Deferred tax impact	13(b)	-	-	-	(365)	(365)
Total comprehensive income		-	4,900,679	339,739	851	5,241,269
Transactions with equity holders:						
Dividends		-	(3,500,000)	-	-	(3,500,000)
Balance at 31 December 2019		5,000,000	27,588,203	317,029	851	32,906,083

The Company

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2019		5,000,000	26,288,789	(22,709)	-	31,266,080
Profit for the period		-	4,845,082	-	-	4,845,082
Other comprehensive income:						
Fair value gain- FVOCI Financial instruments	25(c)	-	-	339,739	-	339,739
Actuarial gain on long term incentive	25(d)	-	-	-	1,216	1,216
Deferred tax impact	13(b)	-	-	-	(365)	(365)
Total comprehensive income		-	4,845,082	339,739	851	5,185,672
Transactions with equity holders:						
Dividends		-	(3,500,000)	-	-	(3,500,000)
Balance at 31 December 2019		5,000,000	27,633,871	317,029	851	32,951,751

The summary of significant accounting policies form an integral part of these financial statements

Consolidated and Separate Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

<i>In thousands of Naira</i>	Notes	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Cash flows from operating activities					
Profit for the year		6,928,335	6,870,380	4,900,679	4,845,082
Adjusted for:					
Income tax expense recognised in profit	13(a)	464,361	464,361	1,141,755	1,141,755
Amortisation of intangible assets	12.4	327,088	327,088	345,685	345,685
Depreciation of property and equipment	12.4	289,201	289,201	202,221	202,221
Impairment loss on financial assets	20	139,293	173,804	40,760	40,760
Foreign exchange loss	12.2	87,782	87,782	597	597
Interest income	10	(7,443,495)	(7,443,495)	(4,612,237)	(4,612,237)
Share of (gain)/loss of equity accounted investee, net of tax	23	(23,444)	-	(67,931)	-
Movement in investment in Associate	23	(804,750)	(804,750)	(66,187)	(66,187)
Defined benefit charge	29.2(l)	49,709	49,709	-	-
Profit on disposal of property and equipment	11	(1,080)	(1,080)	(4,263)	(4,263)
		13,000	13,000	1,881,079	1,893,413
Tax paid	13(c)	(623,699)	(623,699)	(1,112,460)	(1,112,460)
Changes in operating assets and liabilities					
Trade receivables	35(ii)	(110,479)	(110,479)	(115,524)	(115,524)
Other assets	35(iii)	(242,605)	(242,605)	142,503	130,169
Payables and accruals	35(iv)	806,539	806,539	(145,505)	(145,505)
Other liabilities	35(v)	1,570,289	1,570,289	(867,642)	(867,642)
Net cash flows used in/from operating activities		1,413,044	1,413,044	(217,549)	(217,549)
Cash flows from investing activities:					
Purchase of property and equipment	15	(559,794)	(559,794)	(701,032)	(701,032)
Purchase of intangible assets	16	(127,322)	(127,322)	(41,555)	(41,555)
Proceeds on disposal of property and equipment	35(vii)	1,080	1,080	15,138	15,138
Net proceeds on disposal of investments (treasury bills)	35(viii)	4,752,327	4,752,327	1,130,302	1,130,302
Net proceeds on disposal of investment (bonds)	35(ix)	2,607,167	2,607,167	1,695,236	1,695,236
Interest received	35(x)	7,395,243	7,395,243	4,656,647	4,656,647
Net cash flows from investing activities		14,068,701	14,068,701	6,754,736	6,754,736
Cash flows from financing activities:					
Dividend paid	35(x)	(4,270,534)	(4,270,534)	(3,430,562)	(3,430,562)
Lease payment	35(v)	(41,350)	(41,350)	(41,350)	(41,350)
Net cash flows used in financing activities		(4,311,884)	(4,311,884)	(3,471,912)	(3,471,912)
Net increase in cash and cash equivalents		11,169,861	11,169,861	3,065,275	3,065,275
Cash and cash equivalents, beginning of the year		6,691,545	6,691,490	3,626,867	3,626,812
Effect of movements in exchange rates on cash held		(87,782)	(87,782)	(597)	(597)
Cash and cash equivalents, end of the year	21	17,773,624	17,773,569	6,691,545	6,691,490

The summary of significant accounting policies form an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

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, NASD OTC Exchange or any other authorized/organized Securities Trading Platform. CSCS was licensed by the Securities and Exchange Commission as an agent for Central Depository, Clearing and Settlement of transactions in the capital market. CSCS keeps and maintains an electronic book-entry record of all securities to facilitate the safekeeping and easy transfer of securities between parties during a trade.

The Company also provides other business support services, such as LIEN Services, legal entity identifier issuance, document management and collateral management, to businesses. The Company is domiciled in Nigeria with its registered office at The Nigerian 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 2020 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 International Financial Reporting Standard.

(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 the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorised for issue by the Company's Board of Directors on 24 March 2020. Details of the accounting policies consistently applied by the Company for all years presented in the financial statements are included in Note 3

(b) Functional and presentation currency

The consolidated and separate financial statements are presented in Nigerian Naira, which is the functional currency of the Group and Company. 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 a historical cost basis except for the following material items in the statement of financial position:

- Debt and equity securities measured at FVOCI
- Defined benefit liability. This has been measured as the present value of the defined benefit obligation,

3 Changes to the Group and Company's accounting policies

New standards, interpretations and amendments adopted by the Group

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 but did not have any material impact on the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments do not have a material effect on the consolidated and separate financial statements because the Group has not acquired any subsidiaries during the year. However, the Group has amended its accounting policies for acquisitions on or after 1 January 2020.

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated and separate financial statements of the Group and Company.

4 Summary of 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) Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for

within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Investments in subsidiary are measured at cost less impairment in the Company financial statements.

(ii) 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.

(iii) 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.

(iv) 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.

(v) Non-controlling interests

Non-controlling interests 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.

(vi) Interest in equity-accounted investee

The Group's interest in equity-accounted investees represents its interest in associates. Associates are those entities in which the Group and Company have significant influence, but not control, over the financial and reporting policies. Interest in equity accounted investees are accounted for using the equity method. They are initially recognised at cost, which include transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investee, until the date on which the significant influence ceases. The Company invested in NG Clearing Limited. NG Clearing Limited is an associate company in which the Company has 24.7% ownership interest (2019: 22.6%). 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 commenced operations.

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

Revenue from rendering of services

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 to companies quoted on the Nigerian Stock Exchange at a rate of market capitalisation.
- Eligibility Fees represents annual fees charged to stock broking firms for trading. This fees makes the stockbroking firms eligible to trade.
- Settlement banks participation fee represents annual fees charged to banks through which the value of the trades on the Nigerian Stock Exchange trading floor settles to all related parties.
- Legal entity identifier represents annual fee charged to all market participants on an annual basis for a unique identification number to enable them trade internationally and attract foreign investors confidence.
- 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 stages of revenue recognition in accordance with IFRS 15.
- Special account fee represents annual fee charged to individuals, families, corporate and stockbroking firms who desire to have their shares secured in a special account for proper monitoring.
- Website subscription fee represents annual fee charged annually to individual, family, corporate and stockbroking firms to enable them view their transactions online.
- Data centre subscription is earned from electronic document management services rendered to different levels of customers on contract basis. This income is recognised either according to percentage-of-completion or the terms and conditions of the contract letter for the period of the contract.

Revenue earned is recognized over the duration of the particular service or revenue is overtime as services are rendered. 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 as unearned income.

The following revenue are recognised at a point in time:

- 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.
- Listing fee is a one-off charges on new issuance of equity and bond by the issuers. This is a percentage of the number number of shares multiplied by the market price.
- Nominal fees is charged to issuers or investors for block divestment and shares detachment at an arms length transaction.
- X-alert fee is charged to investors per transaction alerting them on transactions on their shares.
- DMO services fees are monthly charges to DMO on services rendered. For example: creation of ISIN codes, OTC transaction fees, etc

Notes to the Consolidated and Separate Financial Statements

Revenue	
At a point in time	Overtime
Transaction fees	Depository fee
Listing fees	Eligibility fees
Nominal fees	Settlement bank participation fees
X-alert fee	Legal Entity identifier
DMO Services	Collateral management
	Special account fee
	Website subscription fee

The Group and the Company apply practical expedient in considering income from contracts by not disclosing performance obligations that have duration of one year or less.

Contract Liability

IFRS 15 Revenue from Contracts with Customers establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

Contract liability is recognised when a payment for customer is due (or already received, whichever is earlier) before a related performance obligation is satisfied.

Contract liability include payment received for collateral management services rendered as well as collateral management and sales and business development fees which are yet to be earned as at the year end 31 December 2020.

(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 of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(g) Employee benefits

(i) Short term employee benefits

Short term employee benefits, such as salaries, paid absences and other benefits are accounted for on an accrual basis over the year which employees have provided services in the year. Bonuses are recognised to the extent that the 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 - Long term incentive scheme

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.

Valuation Methodology

- First, at the date of joining employment, Present value approach was used to determine the value of the expected future contributions at the proposed annual contribution rate by discounting at the assumed net of earnings discount rate over the period to retirement.
- Secondly the resulting value was adjusted for accumulation at the valuation rate of interest to the valuation date and thereafter, over the future years to retirement, from that date to give the projected lump sum.
- Finally, the projected cash sum was expressed as a proportion of the projected final total emoluments in the year of retirement to obtain the projected gross income replacement ratio.

(h) Taxation

Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits

- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(i) Property and equipment

(i) Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property and equipment are 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.

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment includes bearer plants related to agricultural activity.

(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) Derecognition

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 an 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 recognised in Work-in-progress account. They are transferred to relevant classes of property and equipment upon completion of the project when items are ready for use. Items classified as work in progress are not depreciated.

(i) 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) Derecognition

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.

(I) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

The Group and Company's major lease transactions are leases relating to the lease of its head office and Abuja branch.

(i) Definition of a lease

According to IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control. This standard distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

The Group and Company will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

(ii) The Group/Company is a lessee

Leases, under which the Group and Company possesses a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Group and Company's statement of financial position and recognised as a leased asset.

To assess whether a contract conveys the right to control, the use of an identified asset for a period time, the Group assesses whether throughout the period of use, it has both the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset, and
- (b) the right to direct the use of the identified asset.

As permitted by the standard, the Group and Company has elected not to recognise right-of-use asset and lease liability for lease of assets for less than 12 months (short-term leases) and lease of assets of a low value. Hence, the Group and Company recognises expenses associated with such leases as an expense on straight line basis over the lease period.

The Group and Company presents the right-of-use asset as a separate class under property, plant and equipment and depreciates over the life of the lease. It also presents lease liability in other liabilities in the statement of financial position.

(c) Policy applicable from 1 January 2019

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Group and Company recognises a right-of-use asset and a lease liability at commencement date of the lease. The right-of-use asset is initially measured at cost, and subsequently measured at cost less any accumulated depreciation and possible impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group and Company's incremental borrowing rate. Practically, the incremental borrowing rate of the Group and Company is used as the discount rate.

The lease liability is decreased by lease payment and increased by the interest cost on the lease liability. Remeasurement is done whenever there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group and Company has applied judgement to determine the lease term for its lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group and Company is reasonably certain to exercise such options impacts the lease term, which remarkably impacts the amount of right-of-use asset and lease liability recognised.

(I) 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 fair value through other comprehensive Income and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

(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) Financial assets classification

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.

(a) Business model assessment

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.

(b) Assessment of whether cashflows are solely payments of principal and interest

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 outstanding, 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

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.
Debt Investment at FVOCI	These assets are subsequently measured at fair value through 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.

(v) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as 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 amortized 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 measure 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

Non-derivative financial assets

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 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 Augusto & 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.

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) Provisions

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 litigation 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.

(o) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(p) 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.

(q) Other operating expenses

All other operating expenses are accounted for on accrual basis

(r) Standards issued but not yet effective

The standards and Interpretations that are issued, but not yet effective, up to the date of issuance of the Consolidated and separate financial statements are disclosed below. The Group and Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 - Insurance Contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

Classification of liabilities as Current or Non-current - Amendments to IAS 1

The amendments is applicable to annual periods beginning on or after 1 January 2023, aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The group have not early adopted this and are currently assessing impact on the Company's financial reporting. The group do not anticipate that the application of the amendments in the future will have a material impact on the financial statements.

5 Use of judgements and estimates

In preparing these consolidated and separate financial statements, the Directors have made judgement, 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.

Judgements

Management has exercised judgment in determining the lease term of lease contracts during the year.

Judgement has been applied to determine whether the Group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31 December 2020 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;

Impairment losses of financial assets

- (l) 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 the accounting policies.

(ii) Key actuarial assumptions

- Measurement of defined benefit obligations: key actuarial assumptions;

(iii) Defined benefit obligation

The Group and Company sponsored a defined benefit plan for the Managing Director. The Group and Company estimated its obligation to its Managing Director in the current year in return for 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. Note 29.1

(vi) 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 entirety 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 Company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework and practices. The board of directors has established the Board Risk Committee, which is responsible for developing and monitoring the company'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 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 Company's activities. The 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 Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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 transaction fails to meet its contractual/financial obligations under the transaction, 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.

The Impairment allowance on financial assets were as follows:

<i>In thousands of Naira</i>	Group 2020	Company 2020	Group 2019	Company 2019
Impairment loss on trade receivables	243,630	243,630	116,559	116,559
Impairment loss on debt securities at amortised cos	58,715	58,715	64,885	64,885
Impairment loss on debt securities at FVTOCI	6,017	6,017	3,097	3,097
Impairment loss on cash and cash equivalent	15,551	15,551	79	79
	323,913	323,913	184,620	184,620

Notes to the Consolidated and Separate Financial Statements

(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 2020, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

In thousands of Naira	Notes	Carrying amount		Carrying amount	
		Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Trade receivables					
Bond Dealers		14,422	14,422	22,899	22,899
Quoted Companies		37,167	137,167	93,634	93,634
Stock Broking Firms		22,366	22,366	20,705	20,705
Sales and Business Development		228,652	228,652	153,314	153,314
Settlement Banks		1,473	1,473	3,050	3,050
Total	18(a)	404,080	404,080	293,602	293,602
Impairment allowance for trade receivables	18(b)	(243,631)	(243,631)	(116,559)	(116,559)
Total		160,449	160,449	177,043	177,043

In thousands of Naira	Notes	Carrying amount		Carrying amount	
		Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Other receivables					
Staff debtors		1,823	1,823	2,243	2,243
Sundry receivables		69,943	69,943	76,830	76,830
Total	19(a)	71,766	71,766	79,073	79,073
Impairment allowance for trade receivables	19(b)	(68,400)	(68,400)	(68,400)	(68,400)
Total		3,366	3,366	10,673	10,673

Notes to the Consolidated and Separate Financial Statements

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

	Other receivables			Trade receivables			
	Group 31-Dec 2020	Company 31-Dec 2020	Company 31-Dec 2019	Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
<i>In thousands of Naira</i>							
Balance as at 1 January	68,400	68,400	68,400	116,559	116,559	75,799	75,799
Movement in the year	-	-	-	127,072	127,072	40,760	40,760
Balance as at year end	68,400	68,400	68,400	243,631	243,631	116,559	116,559
Movement in the year:							
Impairment charge on financial assets	-	-	-	127,072	127,072	40,760	40,760
Net movement in the year	-	-	-	127,072	127,072	40,760	40,760

Expected credit loss assessment as at 1 January and 31 December 2020

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 a provision 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. The expected loss rate is estimated based on the average loss rate over the observable periods of 8 years, these rates are then 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 2020, the ageing of trade receivables was as follows:

<i>In thousands of Naira</i>	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Trade receivables	39%	404,080	(243,631)	Yes
Other receivables	0%	71,766	(68,400)	No
		475,846	(312,031)	

<i>In thousands of Naira</i>	Carrying amount			
	Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Neither past due nor impaired 1 - 30 days	852	852	569	569
Neither past due nor impaired 31 - 90 days	24,942	24,942	16,657	16,657
Neither past due nor impaired 91 - 180 days	239,313	239,313	159,817	159,817
Credit impaired	138,973	138,973	-	-
Total	404,080	404,080	177,043	177,043

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.

Notes to the Consolidated and Separate Financial Statements

(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 N19,528,909 (FVOCI - N4,527,460; Amortised Cost - N15,001,449) at 31 December 2020 (31 December 2019: N26,652,942 (FVOCI - N5,193,939; Amortised Cost - N21,459,003)) which represents its maximum credit exposure on Federal Government Bonds, State Government Bonds, and Corporate Bonds. These investment are measured in accordance with IFRS 9 from January 1, 2020.

As at 31 December 2020, the maximum exposure to credit risk for investments was as follows:

In thousands of Naira	Notes	FVOCI		Amortised cost		FVOCI	
		Group	Company	Group	Company	Group	Company
		31-Dec 2020	31-Dec 2020	31-Dec 2020	31-Dec 2020	31-Dec 2019	31-Dec 2019
Treasury Bills	17(b)	-	-	-	-	5,005,511	5,005,511
Federal Government Bonds	17(a)	3,962,032	3,962,032	8,589,204	8,589,204	217,111	217,111
State Government Bonds	17(a)	-	-	3,631,709	3,631,709	117,343	117,343
Corporate Bonds	17(a)	1,089,920	1,089,920	2,256,044	2,256,044	129,414	129,414
Gross carrying amount		5,051,951	5,051,951	14,476,958	14,476,958	5,469,379	5,469,379
Impairment loss allowance		-	-	(58,715)	(58,715)	-	-
Total		5,051,951	5,051,951	14,418,243	14,418,243	5,469,379	5,469,379

Movement in allowance for impairment

In thousands of Naira	FVOCI		Amortised cost		FVOCI	
	Group	Company	Group	Company	Group	Company
	2020	2020	2020	2020	2019	2019
	12-month ECL		12-month ECL		12-month ECL	
Balance at 1 January	3,097	3,097	64,885	64,885	9,412	9,412
Impairment loss /(reversal) for the year	2,920	2,920	(6,171)	(6,171)	(6,315)	(6,315)
Total	6,017	6,017	58,715	58,715	3,097	3,097

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of N17.7 billion at 31 December 2020 (31 December 2019: N6.69 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. The impairment allowance on cash and cash equivalent for the year ended 31 December 2020 was N15.5 million because of additional impairment charge (2019: N79 thousand).

Notes to the Consolidated and Separate Financial Statements

(iv) Total exposure to credit risk

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

<i>In thousands of Naira</i>	Notes	Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Trade receivables	18(a)	404,080	404,080	177,043	177,043
Other receivables	19(a)	71,766	71,766	10,673	10,673
Investment securities	17(a)(b)	14,476,958	14,476,958	21,447,004	21,447,004
Cash and cash equivalents	21	17,758,018	17,758,018	6,691,545	6,691,490
		32,710,822	32,710,822	28,326,265	28,326,210

(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 2020 was Nil (31 December 2019: N1.189 billion).

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 2020

<i>In thousands of Naira</i>	Contractual cashflows					Total	Carrying amount
	Less than 3 months	3 months- 6 months	6 months - 1 year	Above 1 year			
Financial assets							
Investment securities	754,440	766,156	1,324,690	17,205,643	20,050,930	19,570,294	
Trade receivables	25,795	134,655	-	-	160,450	160,450	
Other receivables	3,366	-	-	-	3,366	3,366	
Cash and cash equivalents	17,773,569	-	-	-	17,773,569	17,773,624	
Total	18,557,170	900,812	1,324,690	17,205,643	37,988,315	37,507,734	
Financial liabilities							
Payables and accruals	259,790	-	248,645	-	508,435	509,935	
Other liabilities	1,605,102	-	1,677,045	-	3,282,147	3,282,147	
Lease liabilities	-	-	57,890	463,117	521,007	276,076	
Total	1,864,892	-	1,983,580	463,117	4,311,589	4,068,158	

**Notes to the Consolidated and
Separate Financial Statements**

**The Company
31 December 2020**

<i>In thousands of Naira</i>	Less than 3 months	3 months- 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	754,440	766,156	1,324,690	17,205,643	20,050,930	19,570,294
Trade receivables	25,795	134,655	-	-	160,450	160,450
Other receivables	3,366	-	-	-	3,366	3,366
Cash and cash equivalents	17,773,569	-	-	-	17,773,569	17,773,569
Total	18,557,170	900,812	1,324,690	17,205,643	37,988,315	37,507,679
Financial liabilities						
Payables and accruals	259,790	-	248,645	-	508,435	509,935
Other liabilities	1,605,102	-	1,677,045	-	3,282,147	3,282,147
Lease liabilities	-	-	57,890	463,117	521,007	276,076
Total	1,864,892	-	1,983,580	463,117	4,311,589	4,068,158

**The Group
31 December 2019**

<i>In thousands of Naira</i>	Contractual cashflows					Carrying amount
	Less than 3 months	3 months- 6 months	6 months - 1 year	Above 1 year	Total	
Financial assets						
Investment securities	1,929,829	505,075	5,358,102	24,169,350	31,962,356	26,916,383
Trade receivables	17,226	159,817	-	-	177,043	177,043
Other receivables	10,673	-	-	-	10,673	10,673
Cash and cash equivalents	6,691,545	-	-	-	6,691,545	6,691,545
Total	8,649,272	664,892	5,358,102	24,169,350	38,841,617	33,795,643
Financial liabilities						
Payables and accruals	118,954	-	124,649	-	243,603	243,603
Other liabilities	113,851	-	1,335,522	294,150	1,743,523	1,743,523
Lease liabilities	-	-	27,025	291,220	318,245	318,245
Total	232,805	-	1,487,196	585,370	2,305,371	2,305,371

**The Company
31 December 2019**

<i>In thousands of Naira</i>	Less than 3 months	3 months- 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	1,929,829	505,075	5,358,102	24,169,350	31,962,356	26,916,383
Trade receivables	17,226	159,817	-	-	177,043	177,043
Other receivables	10,673	-	-	-	10,673	10,673
Cash and cash equivalents	6,691,490	-	-	-	6,691,490	6,691,490
Total	8,649,218	664,892	5,358,102	24,169,350	38,841,562	33,795,589
Financial liabilities						
Payables and accruals	118,954	-	124,649	-	243,603	243,603
Other liabilities	113,851	-	1,335,522	294,150	1,743,523	1,743,523
Lease liabilities	-	-	27,025	291,220	318,245	318,245
Total	232,805	-	1,487,196	585,370	2,305,371	2,305,371

(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 (₦) (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 2020

<i>In thousands</i>	Note	Carrying amount		USD	GBP	Euro
		Naira	Naira			
Financial assets						
Investments	17	19,570,294	14,781,277	11,180	-	-
Trade receivables	18(a)	160,450	160,450	-	-	-
Other receivables	19(a)	3,366	3,366	-	-	-
Cash and cash equivalents	21	17,773,624	17,576,918	436	6	-
		37,507,734	32,522,011	11,616	6	-
Financial liabilities						
Payables and accruals	27	509,935	509,935	-	-	-
Other liabilities	28	3,282,147	3,282,147	-	-	-
		3,792,082	3,792,082	-	-	-
Net Open Position		33,715,652	28,729,929	11,616	6	-

The Company

Financial instruments by currency as at 31 December 2020

<i>In thousands</i>	Note	Carrying amount		USD	GBP	Euro
		Naira	Naira			
Financial assets						
Investments	17	19,570,294	14,781,277	11,180	-	-
Trade receivables	18(a)	160,450	160,450	-	-	-
Other receivables	19(a)	3,366	3,366	-	-	-
Cash and cash equivalents	21	17,773,569	17,576,863	436	6	-
		37,507,679	32,521,956	11,616	6	-
Financial liabilities						
Payables and accruals	27	509,935	509,935	-	-	-
Other liabilities	28	3,282,147	3,282,147	-	-	-
		3,792,082	3,792,082	-	-	-
Net Open Position		33,715,597	28,729,874	11,616	6	-

Notes to the Consolidated and Separate Financial Statements

The Group

Financial instruments by currency as at 31 December 2019

<i>In thousands</i>	Note	Carrying amount Naira	Naira	USD	GBP	Euro
Financial assets						
Investments	17	21,960,972	21,960,972	-	-	-
Trade receivables	18(a)	177,043	177,043	-	-	-
Other receivables	19(a)	10,673	10,673	-	-	-
Cash and cash equivalents	21	6,691,545	6,691,526	9	9	-
		28,840,233	28,840,214	9	9	-
Financial liabilities						
Payables and accruals	27	243,603	243,603	-	-	-
Other liabilities	28	2,061,768	2,061,768	-	-	-
		2,305,371	2,305,371	-	-	-
Net Open Position		26,534,862	26,534,843	9	9	-

The Company

Financial instruments by currency as at 31 December 2019

<i>In thousands</i>	Note	Carrying amount Naira	Naira	USD	GBP	Euro
Financial assets						
Investment securities	17	21,960,972	21,960,972	-	-	-
Trade receivables	18(a)	177,043	177,043	-	-	-
Other receivables	19(a)	10,673	10,673	-	-	-
Cash and cash equivalents	21	6,691,490	6,691,471	9	9	-
		28,840,178	28,840,159	9	9	-
Financial liabilities						
Payables and accruals	27	243,603	243,603	-	-	-
Other liabilities	28	2,061,768	2,061,768	-	-	-
		2,305,371	2,305,371	-	-	-
Net Open Position		26,534,862	26,534,843	9	9	-

The following significant exchange rates have been applied :

	Year end average rate		Year end spot rate	
	2020	2019	2020	2019
USD	410	368	410	365
GBP	516	485	516	483
EUR	467	410	467	409

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

Notes to the Consolidated and Separate Financial Statements

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, statements of financial position size through increase or decrease in the remeasured amounts of assets and liabilities denominated in US Dollars.

<i>In thousands of Naira</i>	31 December 2020	31 December 2019
US dollar effect of 10% up or down movement on profit before tax and balance sheet	477	333
US dollar effect of 10% up or down movement on equity, net of tax	477	333

(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:

<i>In thousands of Naira</i>	Note	Group 2020	Company 2020	Group 2019	Company 2019
Financial instruments					
Cash and cash equivalents	21	17,771,974	17,771,919	6,690,680	6,690,625
Investment securities	17	19,570,294	19,570,294	26,966,483	26,966,483
		37,342,268	37,342,213	33,657,163	33,657,108

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.

<i>In thousands of Naira</i>	Group 2020	Company 2020	Group 2019	Company 2019
Increase in interest rate by 100 basis points (+10%)	373,423	373,422	336,572	336,571
Decrease in interest rate by 100 basis points (-10%)	(373,423)	(373,422)	(336,572)	(336,571)

(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 N35.3 billion as at 31 December 2020 (31 December 2019: N32.9 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's Management has considered the nature of product and services in determining the reportable segment of the group.

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. Revenue recognised in this segment are revenues from core activities in note 9 of the financial statements and other income.
- 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. Revenue recognised in this segment are revenues from non core activities in note 9 of the financial statements.
- 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 2020

<i>In thousands of naira</i>	Operations	Product and Services	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	4,118,040	485,473	7,443,495	-	12,047,008
Others	40,169	-	-	-	40,169
Segment revenue	4,158,209	485,473	7,443,495	-	12,087,177
Expenses:					
Personnel Expenses	(705,610)	(82,380)	(1,263,092)	-	(2,051,082)
Operating expenses	(631,971)	(73,783)	(1,131,273)	-	(1,837,027)
Finance cost	(25,538)	(2,982)	(45,715)	-	(74,234)
Depreciation and amortisation	(212,015)	(24,753)	(379,522)	-	(616,289)
Impairment (loss)/reversal on financial assets	(47,919)	(5,595)	(85,779)	-	(139,293)
Segment Expense	(1,623,052)	(189,492)	(2,905,381)	-	(4,717,925)
Segment operating income before tax	2,535,157	295,981	4,538,114	-	7,369,252
Share of profit of equity-accounted investee	-	-	-	23,444	23,444
Income tax	-	-	-	(464,361)	(464,361)
Profit after tax	2,535,157	295,981	4,538,114	(464,361)	6,928,335

Notes to the Consolidated and Separate Financial Statements

**31 December 2020
Assets and liabilities**

<i>In thousands of naira</i>	Operations	Product and Services	Treasury	Unallocated segment	Total
Total assets	14,250,035	1,663,699	25,508,593	-	41,422,327
Total liabilities	2,040,148	238,188	3,652,013	-	5,930,349
Net asset	12,209,887	1,425,510	21,856,581	-	35,491,978

**The Group
31 December 2019**

<i>In thousands of naira</i>	Operations	Product and Services	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	3,911,852	676,955	4,612,237	-	9,201,044
Others	5,096	-	-	-	5,096
Segment revenue	3,916,948	676,955	4,612,237	-	9,206,140
Expenses:					
Personnel Expenses	(1,185,467)	(98,789)	(32,930)	-	(1,317,186)
Operating expenses	(1,173,305)	(63,422)	(31,711)	-	(1,268,438)
Depreciation and amortisation	(48,546)	-	-	-	(48,546)
Allowance for doubtful receivables	(506,813)	(27,395)	(13,698)	-	(547,906)
Segment Expense	(2,963,692)	(189,606)	(78,338)	-	(3,231,637)
Segment operating income before tax	953,256	487,349	4,533,899	-	5,974,503
Share of loss of equity-accounted investee	-	-	-	67,931	67,931
Income tax expense	-	-	-	(1,141,755)	(1,141,755)
Profit after tax	953,256	487,349	4,533,899	(1,073,824)	4,900,679

**31 December 2019
Assets and liabilities**

<i>In thousands of naira</i>	Operations	Product and Services	Treasury	Unallocated segment	Total
Total asset	32,950,264	2,745,855	915,285	-	36,611,404
Total liabilities	3,334,788	277,899	92,633	-	3,705,320
Net asset	29,615,475	2,467,956	822,652	-	32,906,083

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 2020

In thousands of Naira	Notes	Carrying amount				Fair value			
		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)	-	-	-	-	-	-	-	-
Federal Government Bonds	17(a)	3,962,032	8,581,581	-	12,543,613	15,290,512	-	-	15,290,512
- Corporate Government Bonds	17(a)	1,089,920	2,216,645	-	3,306,565	3,372,776	-	-	3,372,776
- State Government Bonds	17(a)	-	3,620,016	-	3,620,016	4,582,958	-	-	4,582,958
		5,051,951	14,418,243	-	19,470,194	23,246,246	-	-	23,246,246
The Company 31 December 2020									
Financial assets measured at fair value									
- Treasury Bills	17(b)	-	-	-	-	-	-	-	-
- Federal Government Bonds	17(a)	3,962,032	8,581,581	-	12,543,613	15,290,512	-	-	15,290,512
- Corporate Government Bonds	17(a)	1,089,920	2,216,645	-	3,306,565	3,372,776	-	-	3,372,776
- State Government Bonds	17(a)	-	3,620,016	-	3,620,016	4,582,958	-	-	4,582,958
		5,051,951	14,418,243	-	19,470,194	23,246,246	-	-	23,246,246

The carrying amount of cash and cash equivalents, trade receivables and payables are reasonable approximation of their fair values.

The Group 31 December 2019

In thousands of Naira	Notes	Carrying amount				Fair value			
		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)	5,005,511	-	-	5,005,511	5,005,511	-	-	5,005,511
- Federal Government Bonds	17(a)	217,111	19,144,992	-	19,362,103	21,522,446	-	-	21,522,446
- Corporate Government Bonds	17(a)	129,414	2,302,012	-	2,431,426	2,650,131	-	-	2,650,131
- State Government Bonds	17(a)	117,343	-	-	117,343	117,343	-	-	117,343
		5,469,379	21,447,004	-	26,916,383	29,295,431	-	-	29,295,431
The Group 31 December 2019									
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,005,511	-	-	5,005,511	5,005,511	-	-	5,005,511
- Federal Government Bonds	17(a)	217,111	19,144,992	-	19,362,103	21,522,446	-	-	21,522,446
- Corporate Government Bonds	17(a)	129,414	2,302,012	-	2,431,426	2,650,131	-	-	2,650,131
- State Government Bonds	17(a)	117,343	-	-	117,343	117,343	-	-	117,343
		5,469,379	21,447,004	-	26,916,383	29,295,431	-	-	29,295,431

The carrying amount of cash and cash equivalents, trade receivables and payables are reasonable approximation of their fair values.

9. Revenue

<i>In thousands of Naira</i>	Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Revenue from core activities				
Eligibility fees	14,329	14,329	20,269	20,269
Depository fees	1,238,453	1,238,453	1,451,697	1,451,697
Transaction fees	2,865,258	2,865,258	2,439,885	2,439,885
	4,118,040	4,118,040	3,911,852	3,911,852
Revenue from non-core activities				
Collateral management fees	99,634	99,634	116,267	116,267
Data centre subscriptions	184,868	184,868	197,575	197,575
Nominal fees	110,142	110,142	262,151	262,151
Settlement banks participation fees	20,000	20,000	31,010	31,010
Statement of stock position fees	11,452	11,452	9,028	9,028
Special Accounts Fee	6,341	6,341	11,103	11,103
Website subscription fees	36,542	36,542	29,074	29,074
X-Alert fee	3,259	3,259	3,172	3,172
DMO Services - FG saving	5,709	5,709	10,964	10,964
Legal Entity Identifier subscription	6,326	6,326	6,611	6,611
Issuers portal	1,200	1,200	-	-
	485,473	485,473	676,955	676,955
Total revenue	4,603,513	4,603,513	4,588,807	4,588,807

10 Investment Income

<i>In thousands of Naira</i>	Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Interest income from:				
Fixed deposits	421,067	421,067	331,545	331,545
Treasury bills	407,203	407,203	1,033,149	1,033,149
Federal Government bonds	2,147,027	2,147,027	2,576,435	2,576,435
Corporate bonds	194,552	194,552	25,613	25,613
State bonds	550,531	550,531	458,134	458,134
Total interest income calculated using the effective interest method	3,720,380	3,720,380	4,424,876	4,424,876
Gain on disposal of Treasury bills	130,693	130,693	80,958	80,958
Gain on disposal of FGN bond	3,592,422	3,592,422	106,403	106,403
Profit on disposal of investment	3,723,115	3,723,115	187,361	187,361
Total investment income	7,443,495	7,443,495	4,612,237	4,612,237

The total amount of investment income on instruments measured at amortized cost for the Group and Company is N6.98bn

11 Other income

<i>In thousands of Naira</i>	Group 31-Dec 2020	Company 31-Dec 2020	Group 31-Dec 2019	Company 31-Dec 2019
Profit on disposal of property and equipment	1,080	1,080	4,263	4,263
Miscellaneous income	7,338	7,338	833	833
Other Income (Security Lending)	31,751	31,751	-	-
	40,169	40,169	5,096	5,096

12 Expenses

12.1(i) Personnel Expenses

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Salaries and allowances	1,087,973	1,087,973	801,448	801,448
Staff training and development	4,466	4,466	41,264	41,264
Staff welfare and medical expenses	108,844	108,844	125,976	125,976
Performance bonus (see note (i) below)	647,524	647,524	228,362	228,362
Long term incentive scheme expense(see note (ii) below)	49,709	49,709	44,054	44,054
Nigeria Social Insurance Trust Fund (NSITF)	54,866	54,866	2,601	2,601
Staff pension contribution (see note (iii) below)	97,700	97,700	73,481	73,481
	2,051,082	2,051,082	1,317,186	1,317,186

- (i) Performance bonus accrual for 2020 was made because the full year result was above the required threshold of 75% performance as provided for in the board approved staff incentive bonus scheme.
- (ii) Long Term Incentive Scheme is a defined benefit (as approved by the Board).
- (iii) The Company operates a funded defined contribution retirement scheme for its employees under the provision of the Pension Reform Act of 2014. The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary. The Company does not have any additional legal or constructive obligation to pay further contributions if the 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 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Executive Directors	1	1	1	1
Management	5	5	5	5
Non-management	114	114	113	113
	120	120	119	119

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

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Chairman	15,651	15,651	13,333	13,333
Other non-executive Directors	122,201	122,201	104,100	104,100
	137,852	137,852	117,433	117,433

The Directors remuneration as shown above includes:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
The Chairman	15,651	15,651	13,333	13,333
The highest paid Director	15,651	15,651	13,333	13,333

Notes to the Consolidated and Separate Financial Statements

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

	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
N1,000,000 - N5,000,000	3	3	8	8
N5,000,001 and above	10	10	6	6
	13	13	14	14

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

	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
N60,000 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	18	18	12	12
N3,000,001 - N6,000,000	54	54	66	66
N6,000,001 - N9,000,000	22	22	15	15
N9,000,001 and above	26	26	26	26
	120	120	119	119

12.2 Other operating expenses

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Maintenance expenses	30,373	30,373	27,831	27,831
Office running expenses (see note (a) below)	366,393	366,393	305,034	292,700
Business development (see note (b) below)	721,946	721,946	387,336	387,336
Board of Directors fees	137,852	137,852	117,433	117,433
Board of Directors expenses	210,716	210,716	233,939	233,939
Donations	118,207	118,207	32,700	32,700
Professional fees	91,774	91,774	91,139	91,139
Audit fees	20,000	20,000	20,000	20,000
Bank charges	4,822	4,822	13,151	13,151
Net loss on foreign exchange	87,782	87,782	597	597
Penalties	-	-	1,000	1,000
Industrial Training Fund (ITF)	37,789	37,789	13,274	13,274
Other miscellaneous expenses (see note (c) below)	9,373	9,373	25,004	25,004
	1,837,027	1,837,027	1,268,438	1,256,104

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

Notes to the Consolidated and Separate Financial Statements

(b) Business development expenses can be analysed as follows:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Data centre/IT Maintenance	183,063	183,063	100,449	100,449
Travelling	18,145	18,145	72,839	72,839
Business promotion/development	10,034	10,034	-	-
Digital centre services expenses	158,803	158,803	66,926	66,926
Software license fees	350,263	350,263	144,242	144,242
Legal Entity Identifier remittance	1,638	1,638	2,880	2,880
	721,946	721,946	387,336	387,336

(c) **Other miscellaneous expenses**

Other miscellaneous expenses can be analysed as follows:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Filing fees	42	42	128	128
Entertainment	444	444	3,575	3,575
Annual General Meeting (AGM) expenses	8,715	8,715	17,974	17,974
Investor relations expense	-	-	3,013	3,013
Investor Protection Scheme (see note (d) below)	172	172	314	314
	9,373	9,373	25,004	25,004

(d) Investor protection expenses represents cost to buy back stocks which had remained unsettled due to financial inability of specific stockbroking firms. The Company bought back the shares to avoid distortions in the market.

12.3 Finance Cost

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Lease interest	45,324	45,324	48,546	48,546
Interest expense on short-term borrowings	28,910	28,910	-	-
	74,234	74,234	48,546	48,546

12.4 Depreciation and amortisation

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Depreciation of property and equipment (See (15))	289,201	289,201	202,221	202,221
Amortisation of intangible assets (See (16))	327,088	327,088	345,685	345,685
	616,289	616,289	547,906	547,906

13 Taxation

13(a) Income tax expense recognised in profit or loss

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Corporate income tax	305,889	305,889	517,508	517,508
Excess dividend tax paid (see note (i) below)	-	-	534,070	534,070
Tertiary education tax	29,118	29,118	37,030	37,030
Information technology levy	72,621	72,621	59,868	59,868
Police trust fund	346	346	299	299
Income tax	407,974	407,974	1,148,775	1,148,775
Deferred tax expense				
Temporary differences - deferred tax	56,387	56,387	(7,020)	(7,020)
	464,361	464,361	1,141,755	1,141,755

(i) The Company has no excess dividend tax as at year end 2020 (2019: N534.07 million).

Reconciliation of effective tax rate The Group

<i>in thousands of Naira</i>	31 December 2020		31 December 2019	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		7,392,696		6,042,434
Income tax using the domestic corporation tax rate	30.0%	2,217,809	30.00%	1,812,730
Non-deductible expenses	3.4%	253,729	0.71%	42,901
Non taxable income	-28.53%	(2,109,261)	-23.65%	(1,428,962)
Tertiary Education tax	0.4%	29,118	2.00%	120,849
Impact of NITDA Levy	1.0%	72,621	0.99%	59,868
Excess Dividend Tax	0.0%	-	8.84%	534,070
Police trust fund	0.0%	346	0.00%	299
Recognition in previously unrecognised (derecognition of previously recognised)	-1.0%	(74,814)	0.00%	(154,163)
	5.27%	464,361	18.90%	987,592

The Company

<i>in thousands of Naira</i>	31 December 2020		31 December 2019	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		7,334,741		5,986,837
Income tax using the domestic corporation tax rate	30.00%	2,200,420	30.00%	1,796,051
Non-deductible expenses	3.46%	253,729	0.72%	42,901
Non taxable income	-28.52%	(2,091,874)	-23.57%	(1,411,171)
Tertiary Education tax	0.40%	29,118	2.00%	119,737
Impact of NITDA Levy	0.99%	72,621	1.00%	59,868
Excess Dividend Tax	0.00%	-	8.92%	534,070
Police trust fund	0.00%	346	0.00%	299
Recognition in previously unrecognised (derecognition of previously recognised)	-1.02%	(74,814)	0.00%	(154,163)
	6.33%	464,361	19.07%	1,141,755

Notes to the Consolidated and Separate Financial Statements

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

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

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Cash and cash equivalents	2,251	2,251	-	-
Investment securities	15,740	15,740	-	-
Property and equipment, and software	(124,758)	(124,758)	(64,453)	(64,453)
Trade receivables	-	-	34,967	34,967
Defined benefit plan	-	-	47,662	47,662
Other Receivable	-	-	(24,558)	(24,558)
Actuarial gain	(716)	(716)	(365)	(365)
Other liabilities	43,997	43,997	-	-
	(63,485)	(63,485)	(6,747)	(6,747)

Movement in deferred tax balances:

<i>In thousands of Naira</i>	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/ (liabilities)
31 December 2020					
Cash and cash equivalents	-	2,251	-	2,251	2,251
Investment securities	-	15,740	-	15,740	15,740
Property and equipment	(64,453)	(60,305)	-	(124,758)	(124,758)
Trade receivables	34,967	(34,967)	-	-	-
Defined benefit plan	47,662	(47,662)	-	-	-
Other Receivable	(24,558)	24,558	-	-	-
Actuarial gain	(365)	-	(351)	(716)	(716)
Other liabilities	-	43,997	-	43,997	43,997
Tax assets/(liabilities)	(6,747)	(56,387)	(351)	(63,485)	(63,485)

<i>In thousands of Naira</i>	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/ (liabilities)
31 December 2019					
Property and equipment	(70,953)	6,500	-	(64,453)	(64,453)
Trade receivables	22,702	12,265	-	34,967	34,967
Defined benefit plan	34,848	12,814	-	47,662	47,662
Other Receivable	-	(24,558)	-	(24,558)	(24,558)
Actuarial gain	-	-	(365)	(365)	(365)
Tax assets/(liabilities)	(13,403)	7,021	(365)	(6,747)	(6,747)

Notes to the Consolidated and Separate Financial Statements

13(c) Current tax liabilities

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Balance, beginning of year	652,254	652,254	652,577	652,577
Charge for the year (see note 13(a) above)	407,974	407,974	1,148,775	1,148,775
Payments during the year	(623,699)	(623,699)	(1,112,460)	(1,112,460)
Withholding tax credit utilised during the year	-	-	(36,638)	(36,638)
Balance, end of period	436,529	436,529	652,254	652,254

13(d) Income tax expense recognised in OCI

<i>In thousands of Naira</i>	Before tax 31 December 2020	Tax (expense)/benefit 31 December 2020	Net of tax 31 December 2020
Remeasurement of defined benefit liability	1,169	(351)	818

14 Basic/Diluted earnings per share

The calculation of basic/diluted earnings per share at 31 December 2020 was based on the profit attributable to ordinary shareholders of N6.93 billion for the Group and N6.87 billion for the Company (31 December 2019: N4.90 billion for the Group and N4.85 billion for the Company) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2019: 5,000,000,000).

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Profit attributable to ordinary shareholders	6,928,335	6,870,380	4,900,679	4,845,082
<i>In thousands of unit</i>				
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	139k	137k	98k	97k

15 Property and equipment

The Group

<i>In thousands of Naira</i>	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improvement	Building Right-of-use asset	Work-in-progress	Total
Cost								
Balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	-	156,030	1,727,235
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	356,287	-	356,287
Adjusted balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	356,287	156,030	2,083,522
Additions	-	1,588	5,786	33,528	-	-	303,835	344,737
Reclassification from WIP	45,355	-	-	-	-	-	(45,355)	-
Disposals/Transfers	(22,900)	(260)	(3,105)	(26)	-	-	(10,856)	(37,147)
Balance at 31 December 2019	354,924	137,827	121,839	941,112	75,469	356,287	403,654	2,391,112
Balance at 1 January 2020	354,924	137,827	121,839	941,112	75,469	356,287	403,654	2,391,112
Additions	412,852	83	35,246	24,434	-	-	87,178	559,793
Reclassification from WIP	96,490	-	-	-	-	-	(96,490)	-
Disposals/Transfers	(21,150)	-	-	-	-	-	-	(21,150)
Balance as at 31 December 2020	843,116	137,910	157,085	965,546	75,469	356,287	394,343	2,929,756
Accumulated depreciation								
Balance at 1 January 2019	117,787	95,910	80,819	765,866	71,278	-	-	1,131,660
Depreciation for the year	64,734	7,893	14,642	57,671	3,548	53,734	-	202,222
Disposals	(22,900)	(249)	(3,105)	(26)	-	-	-	(26,280)
Balance at 31 December 2019	159,621	103,554	92,356	823,511	74,826	53,734	-	1,307,602
Balance at 1 January 2020	159,621	103,554	92,356	823,511	74,826	53,734	-	1,307,602
Depreciation for the year	156,956	7,680	17,475	52,716	641	53,733	-	289,201
Disposals	(21,150)	-	-	-	-	-	-	(21,150)
Balance as at 31 December 2020	295,427	111,234	109,831	876,227	75,467	107,467	-	1,575,653
Carrying amount as at 31 December 2019	195,303	34,273	29,483	117,601	643	302,553	403,654	1,083,510
Carrying amount as at 31 December 2020	547,689	26,676	47,254	89,319	2	248,820	394,343	1,354,103

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2019: Nil)
- All items of property and equipment are non-current.
- There was no impairment losses on any class of property and equipment during the year (2019: Nil)
- There were no items of property and equipment pledged as security for borrowings as at 31 December 2020 (2019: Nil)
- Other WIP items totalling N376.8m are amount for office retrofit project, partially paid office equipment and computer equipment of N1m and N16.6m respectively.

Notes to the Consolidated and Separate Financial Statements

The Company

<i>In thousands of Naira</i>	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improve-ment	Building Right-of-use asset	Work-in-progress	Total
Cost								
Balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	-	156,030	1,727,235
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	356,287	-	356,287
Adjusted balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	356,287	156,030	2,083,522
Additions	-	1,588	5,786	33,528	-	-	303,835	344,737
Reclassification from WIP	45,355	-	-	-	-	-	(45,355)	-
Disposals/Transfers	(22,900)	-	(260)	-	(3,105)	(26)	(10,856)	(37,147)
Balance at 31 December 2019	354,924	137,827	121,839	941,112	75,469	356,287	403,654	2,391,112
Balance at 1 January 2020	354,924	137,827	121,839	941,112	75,469	356,287	403,654	2,391,112
Additions	412,852	83	35,246	24,434	-	87,178	559,793	-
Reclassification from WIP	96,490	-	-	-	-	-	(96,490)	-
Disposals/Transfers	(21,150)	-	-	-	-	-	-	(21,150)
Balance as at 31 December 2020	843,116	137,910	157,085	965,546	75,469	356,287	394,343	2,929,756
Accumulated depreciation								
Balance at 1 January 2019	117,787	95,910	80,819	765,866	71,278	-	-	1,131,660
Depreciation for the year	64,734	7,893	14,642	57,671	3,548	53,734	-	202,222
Disposals	(22,900)	-	(249)	-	(3,105)	(26)	-	(26,280)
Balance at 31 December 2019	159,621	103,554	92,356	823,511	74,826	53,734	-	1,307,602
Balance at 1 January 2020	159,621	103,554	92,356	823,511	74,826	53,734	-	1,307,602
Depreciation for the year	156,956	7,680	17,475	52,716	641	53,733	-	289,201
Disposals	(21,150)	-	-	-	-	-	-	(21,150)
Balance as at 31 December 2020	295,427	111,234	109,831	876,227	75,467	107,467	-	1,575,653
Carrying amount as at 31 December 2019	195,303	34,273	29,483	117,601	643	302,553	403,654	1,083,510
Carrying amount as at 31 December 2020	547,689	26,676	47,254	89,319	2	248,820	394,343	1,354,103

- There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2019: Nil)
- All items of property and equipment are non-current.
- There were no impairment losses of any class of property and equipment during the year (2019: Nil)
- There were no items of property and equipment pledged as security for borrowings as at 31 December 2020 (2019: Nil)
- Other WIP items totalling N376.8m are amount for office retrofit project, partially paid office equipment and computer equipment of N1m and N16.6m respectively.

16 Intangible assets

The Group

<i>In thousands of Naira</i>	Software	Software under development	Total
Cost:			
Balance at 1 January 2019	3,569,064	15,698	3,584,762
Additions	25,499	16,056	41,555
Reclassification during the year	24,246	(24,246)	-
Balance as at 31 December 2019	3,618,809	7,508	3,626,317
Balance as at 1 January 2020	3,618,809	7,508	3,626,317
Additions during the year	1,470	125,852	127,322
Balance as at 31 December 2020	3,620,279	133,360	3,753,639
Accumulated Amortisation:			
Balance at 1 January 2019	2,495,161	-	2,495,161
Amortisation charge for the year	345,685	-	345,685
Balance as at 31 December 2019	2,840,846	-	2,840,846
Balance as at 1 January 2020	2,840,846	-	2,840,846
Amortisation charge for the year	327,088	-	327,088
Balance as at 31 December 2020	3,167,934	-	3,167,934
Carrying amount:			
At 31 December 2019	777,963	7,508	785,471
At 31 December 2020	452,345	133,360	585,705

The Company

<i>In thousands of Naira</i>	Software	Software under development	Total
Cost:			
Balance at 1 January 2019	3,569,064	15,698	3,584,762
Additions	25,499	16,056	41,555
Reclassification during the year	24,246	(24,246)	-
Balance as at 31 December 2019	3,618,809	7,508	3,626,317
Balance as at 1 January 2020	3,618,809	7,508	3,626,317
Additions during the year	1,470	125,852	127,322
Balance as at 31 December 2020	3,620,279	133,360	3,753,639
Accumulated Amortisation:			
Balance at 1 January 2019	2,495,161	-	2,495,161
Amortisation charge for the year	345,685	-	345,685
Balance as at 31 December 2019	2,840,846	-	2,840,846
Balance as at 1 January 2020	2,840,846	-	2,840,846
Amortisation charge for the year	327,088	-	327,088
Balance as at 31 December 2020	3,167,934	-	3,167,934
Carrying amount:			
At 31 December 2019	777,963	7,508	785,471
At 31 December 2020	452,345	133,360	585,705

Notes to the Consolidated and Separate Financial Statements

- (a) There were no capitalised borrowing costs related to the acquisition of the intangible assets during the year (2019: Nil)
 (b) All intangible assets are non current.
 (c.) All intangible assets have a finite useful life and are amortized over the useful life of the assets.
 (d) No leased assets are included in the above intangible assets accounts (2019: Nil)
 (e) The Company has no capital commitment as at year end (2019: Nil)
 (f) No intangible assets was impaired as at 31 December 2020 (2019: Nil)

17 Investment securities

Investments can be analysed as follows:

17(a) Non-current investment securities

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Federal Government bonds	12,543,613	12,543,613	19,362,103	19,362,103
State Government bonds	3,620,016	3,620,016	2,419,355	2,419,355
Corporate bonds	3,306,565	3,306,565	129,414	129,414
Equity investments	100,100	100,100	50,100	50,100
Total non-current investment securities	19,570,294	19,570,294	21,960,972	21,960,972

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Federal Government bonds	8,581,581	8,581,581	19,144,992	19,144,992
State Government bonds	3,620,016	3,620,016	2,302,012	2,302,012
Corporate bonds	2,216,645	2,216,645	-	-
Total Amortised Cost Investment Securities	14,418,243	14,418,243	21,447,004	21,447,004

at Fair Value through Other Comprehensive Income (FVOCI)

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Federal Government bonds	3,962,032	3,962,032	217,111	217,111
State Government bonds	-	-	117,343	117,343
Corporate bonds	1,089,920	1,089,920	129,414	129,414
Total Fair Value through Other Comprehensive Income Investment Securities	5,051,951	5,051,951	463,868	463,868

Equity Investment

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
NSE Nominees Share Investments	100	100	100	100
Lagos Commodities & Futures Exchange	100,000	100,000	50,000	50,000
Total Fair Value through Other Comprehensive Income Equity Investment	100,100	100,100	50,100	50,100
Total non-current investment securities	19,570,294	19,570,294	21,960,972	21,960,972

Notes to the Consolidated and Separate Financial Statements

17(b) Current investment securities

	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
<i>In thousands of Naira</i>	FVOCI	FVOCI	FVOCI	FVOCI
Treasury Bills	-	-	5,005,511	5,005,511
Total current investment securities	-	-	5,005,511	5,005,511

17.1 Reclassification of financial assets

Financial assets fair value through OCI reclassified to amortised cost:

<i>In thousands of Naira</i>	FVOCI 31 December 2020	Amortised cost 31 December 2020	Cummulative (gain)/loss derecognised upon reclassification
State Government bonds	120,794	85,780	(35,014)
Corporate bonds	75,174	64,111	(11,063)
Total	195,968	149,891	(46,077)

17(c) Fair Value through Other Comprehensive Income - Financial Instruments

Per statement of profit or loss and other comprehensive income

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Treasury Bills				
Fair Value	-	-	6,194,814	6,194,814
Amortized cost	-	-	5,941,630	5,941,630
Fair Value (Loss)/Gain - See note 25(c)	-	-	253,184	253,184
Federal Government Bond				
Fair Value	3,962,032	3,962,032	217,111	217,111
Amortized cost	3,699,637	3,699,637	190,864	190,864
Fair Value Gain/(Loss)	262,395	262,395	26,247	26,247
State Government Bond				
Fair Value	-	-	117,343	117,343
Amortized cost	-	-	108,944	108,944
Fair Value Gain/(Loss)	-	-	8,399	8,399
Corporate Bond				
Fair Value	1,089,920	1,089,920	129,414	129,414
Amortized cost	1,089,748	1,089,748	130,626	130,626
Fair Value Gain/(Loss)	172	172	(1,212)	(1,212)
Total fair value Gain/ (Loss) on Bonds - See note 25(c)	262,567	262,567	33,434	33,434

At the reporting date, all investments booked as FVOCI were marked to market and the change in fair value reported through OCI.

**Notes to the Consolidated and
Separate Financial Statements**

18(a) Trade receivables

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Trade receivables	404,080	404,080	293,602	293,602
Allowance for doubtful trade receivables (See note 18(b) below)	(243,630)	(243,630)	(116,559)	(116,559)
Net Carrying amount	160,450	160,450	177,043	177,043
Current Assets	160,450	160,450	177,043	177,043

18(b) Impairment allowance on trade receivables

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Balance, beginning of year	116,559	116,559	75,799	75,799
Charge/(reversal) during the year	127,072	127,072	40,760	40,760
Balance, end of year	243,631	243,631	116,559	116,559

19(a) Other assets

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Financial assets:				
Ex-Staff Debtors	1,823	1,823	2,243	2,243
Other receivables	69,943	69,943	76,830	76,830
Gross financial assets	71,766	71,766	79,073	79,073
Impairment allowance on other assets (see note 19(b) below)	(68,400)	(68,400)	(68,400)	(68,400)
Net financial assets	3,366	3,366	10,673	10,673
Non-financial assets:				
Withholding tax recoverable	90,154	90,154	32,784	32,784
Stock Account	283	283	283	283
Prepayment	322,336	322,336	129,412	129,412
Sundry stock	8,343	8,343	8,725	8,725
Total non-financial assets	421,116	421,116	171,204	171,204
Total other assets	424,482	424,482	181,877	181,877

Current/non current classification to be included for other assets

19(b) Impairment allowance on other assets

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Balance, beginning of year	68,400	68,400	68,400	68,400
Charge/(reversal) during the year	-	-	-	-
Balance, end of year	68,400	68,400	68,400	68,400

20 Impairment loss/(reversal) on financial assets

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Impairment loss on trade receivables (Note 18(b))	127,072	127,072	40,760	40,760
Impairment loss/(reversal) on investment securities	12,221	12,221	8,801	8,801
Impairment loss/(reversal) on intercompany receivables	-	34,511	-	-
	139,293	173,804	49,561	49,561

21 Cash and cash equivalents

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Cash at hand	1,650	1,650	865	865
Balances with banks	10,064,606	10,064,551	5,501,373	5,501,318
Fixed deposits	7,707,368	7,707,368	5	5
Treasury bills with original maturity period of 90 days or less	-	-	1,189,302	1,189,302
Carrying amount	17,773,624	17,773,569	6,691,545	6,691,490
Current Assets	17,773,624	17,773,569	6,691,545	6,691,490

22(a) Intercompany receivables

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Intercompany receivables (See note a)	-	34,511	-	34,511
Impairment allowance on intercompany receivables (see note 22(b) below)	-	(34,511)	-	-
Net Carrying amount	-	-	-	34,511
Non-current Assets	-	-	-	34,511

22(b) Impairment allowance on Intercompany receivables

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Balance, beginning of year	-	-	-	-
Charge/(reversal) during the year	-	34,511	-	-
Balance, end of year	-	34,511	-	-

- (a) Intercompany receivables represent amount due 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. The amount was fully impaired as at 31 December 2020

23 Equity-accounted investee

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Investment in Associate - NG Clearing Limited (See note 23(a) below)	725,475	736,687	591,357	670,500
Additional investment during the year	804,750	804,750	66,187	66,187
Share of profit/(loss) from associate (b)	23,444	-	67,931	-
Carrying amount	1,553,669	1,541,437	725,475	736,687
Non-current Assets	1,553,669	1,541,437	725,475	736,687

(a) Investment in Associate - NG Clearing Limited

NG Clearing Limited is an associate company in which the Company has 24.7% ownership interest (2019: 22.6%). It is principally established as a central counterparty clearing house (CCP) for the clearing and settlement of derivative instruments across various asset classes, i.e., futures and options contracts on indices, equity shares, commodities, currency, rates etc. The Company was incorporated in the year 2016, as at 31st December 2020, NGCL had attained crucial milestones - recruiting key management staff (Chief Executive Officer, Chief Operating Officer, Company Secretary, Chief Financial Officer and Head, Technology and Innovation) and operationalising the Company. NGCL has signed an agreement with a leading software development firm, Mantissa Infotech Private Limited, to develop, implement, and maintain bespoke clearing and settlement technology for its operations.

Total amount recognised in profit or loss is as follows:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Share of profit/(loss) from NG Clearing Limited	23,444	-	67,931	-
Carrying amount	23,444	-	67,931	-

(b) Share of profit/(loss) from associate

<i>In thousands of Naira</i>	31 December 2020	31 December 2019
Percentage ownership interest	24.7%	22.6%
Current assets	2,190,717	3,543,613
Non-current assets	4,563,418	24,287
Current liabilities	(134,387)	(546,775)
Net Asset (100%)	6,619,748	3,021,125
Group's share of net asset	1,635,078	682,774
Carrying Amount of interest in associate	1,635,078	682,774
Revenue	578,660	380,597
Total Expense	(483,746)	(80,017)
Profit/(loss) from continuing operations	94,914	300,580
Group's share of accumulated profit/(loss)	23,444	67,931

24 Investment in subsidiary

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
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 2020. 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

<i>In thousands of unit</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
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 shares in issue and fully paid at 1 January	5,000,000	5,000,000	5,000,000	5,000,000
Ordinary share in issue and fully paid as at end of the year	5,000,000	5,000,000	5,000,000	5,000,000

25(b) Retained earnings

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

25(c) Fair value reserve

The fair value reserves comprises the cumulative net change in the fair value of debt securities designated at FVOCI until the assets are derecognized or reclassified.

Analysis of fair value reserves are as follows:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Opening fair value reserves	(317,029)	(317,029)	22,709	22,709
Fair value gain on FVOCI treasury bills -See note 17(c)	-	-	(253,184)	(253,184)
Fair value gain on FVOCI bonds- See note 17(c)	(262,567)	(262,567)	(33,434)	(33,434)
Reversal of prior year fair value gains/(loss) on derecognition of FVOCI assets	253,184	253,184	(59,436)	(59,436)
Fair value gain derecognised upon reclassification of FVOCI bonds	46,077	46,077	-	-
Exchange loss recognition on FVOCI bonds	9,485	9,485	-	-
ECL on FVOCI (see note (i) below)	(2,920)	(2,920)	6,315	6,315
Debt Instruments at FVOCI-net change in fair value	43,259	43,259	(339,739)	(339,739)
Closing fair value reserves	(273,770)	(273,770)	(317,029)	(317,029)

i) This represents ECL adjustments on FVOCI financial assets as at year end.

Notes to the Consolidated and Separate Financial Statements

25(d) Actuarial reserve

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Statement of other comprehensive income:				
Opening actuarial reserves	851	851	-	-
Actuarial gains/(losses) arising from changes in financial assumptions and experience adjustments	1,169	1,169	1,216	1,216
Deferred tax impact	(351)	(351)	(365)	(365)
Total	818	818	851	851
Closing actuarial reserves	1,670	1,670	851	851

25(e) Dividend

The Company has proposed a final dividend of 117 kobo per share from the retained earnings account as at 31 December 2020, pending the approval of the shareholders at the 2020 Annual General Meeting.

The following dividends were declared and paid by the Company:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
	Kobo	N'000	Kobo	N'000
Dividend	86	4,300,000	70	3,500,000

This represents the dividend proposed for the preceding year but paid in the current year.

26 Intercompany payables

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
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

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Financial liabilities				
Sundry creditors	117,617	117,617	124,649	124,649
Accruals	370,274	370,274	101,489	101,489
(NSE/CSCS) X- alert fees	544	544	-	-
Audit fees	21,500	21,500	17,465	17,465
Total other financial liabilities	509,935	509,935	243,603	243,603
Non-financial liabilities				
National Housing Fund	682	682	681	681
Nigeria Social Insurance Trust Fund	22,501	22,501	2,601	2,601
Staff pension fund	3,799	3,799	3,751	3,751
Staff productivity bonus	647,524	647,524	315,108	315,108
Contract liability	349,466	349,466	161,624	161,624
Total other non-financial liabilities	1,023,972	1,023,972	483,765	483,765
Total payables and accruals	1,533,907	1,533,907	727,368	727,368

28 Other liabilities

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Financial liabilities				
Unclaimed Dividends (see note (i))	162,830	162,830	133,364	133,364
Depository fee suspense	35,882	35,882	29,185	29,185
Fixed Asset Disposal	92	92	-	-
CSCS Individual Divestment	1,290	1,290	1,290	1,290
CSCS Share Buy-Back	29,521	29,521	111,800	111,800
Exchange Traded Fund Distribution Accounts	12,318	12,318	10,587	10,587
Amount due to Adonai Net	7,692	7,692	7,692	7,692
Amount due to Investment & Securities Tribunal (see note (ii))	120,479	120,479	98,293	98,293
CSCS Stamp Duty Account	2,896,253	2,896,253	1,335,522	1,335,522
Lease liability	276,076	276,076	318,245	318,245
CSCS FGN Green Bond	15,558	15,558	15,558	15,558
Managed funds	232	232	232	232
	3,558,223	3,558,223	2,061,768	2,061,768
Indirect Tax				
PAYE liability	57,084	57,084	76,294	76,294
Withholding tax liability	25,954	25,954	16,376	16,376
Value Added Tax liability	129,616	129,616	87,500	87,500
Indirect Tax	212,654	212,654	180,170	180,170
	3,770,877	3,770,877	2,241,938	2,241,938

- (i) The balance of the unclaimed dividend was invested in fixed placements and a total of N5.39 million was earned as interest income on the 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 (IST). The balance represents outstanding due to IST as at 31st December 2021.

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 N175.69 million for the Group and N175.69 million for the Company (2019: N73.48 million for the Group and N73.48 million 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 Long term incentive scheme

The Managing Director is entitled to a defined benefit (as approved by the Board) upon his exit and the expiration of his employment with the Group. The defined benefit shall be 33% of his annual benefit which shall be provided and reported in the Group's yearly financial account. As at 31 December 2020, the amount provided is N125.6 million.

The sum of the outstanding long- term severance benefit scheme and the terminal benefit provided for is N125.6 million and this has been included in long term incentive scheme liabilities below.

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

The long term incentive scheme liability is made up of:

<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Opening balance	77,012	77,012	116,158	116,158
Payment during the year	-	-	(81,859)	(81,859)
Addition in profit or loss during the year	49,709	49,709	43,929	43,929
Addition in other comprehensive income during the year	(1,169)	(1,169)	(1,216)	(1,216)
Total defined benefits	125,551	125,551	77,012	77,012
<i>In thousands of Naira</i>	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
Statement of profit or loss:				
Current service cost	36,019	36,019	35,516	35,516
Interest Cost	13,690	13,690	8,413	8,413
Total	49,709	49,709	43,929	43,929
Statement of other comprehensive income:				
Change in Economic Assumptions:				
Actuarial loss - Salary Growth rate	3,229	3,229	10,655	10,655
Actuarial gain- Economic experience	(4,399)	(4,399)	(9,439)	(9,439)
Total	1,169	1,169	1,216	1,216
Deferred tax impact	(351)	(351)	(365)	(365)
Total in other comprehensive income	818	818	851	851

Notes to the Consolidated and Separate Financial Statements

(ii) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group 31 December 2020	Company 31 December 2020
Future salary growth	1.97%	2.52%
Interest rate	12.50%	14.50%

Sensitivity analysis

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

<i>In thousands of naira</i>	31 December 2020		
	Defined benefit obligation	+1%	-1%
Interest rate (movement)	366,810	376,920	356,900
Salary increase rate (movement)	366,810	376,920	356,900

30 Events after the reporting date

Due to the uncertainty of the outcome of the current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future. Except as disclosed above, there are no other significant events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2020 that have not been adequately provided for or disclosed in these financial statements. The Company's operational response to COVID-19 is set out in the Enterprise Risk Management Report.

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 2020 stood at N2,759,948,900.34 (31 December 2019: N3,347,005,191). 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.

Notes to the Consolidated and Separate Financial Statements

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.

			Transaction values		Balance outstanding	
<i>In thousands of Naira</i>			31 December 2020	31 December 2019	31 December 2020	31 December 2019
Name of company / Individual	Transaction type	Secured/ Unsecured	Amount	Amount	Amount	Amount
The Nigerian Stock Exchange	Rent	Unsecured	62,231	52,449	-	1,172
The Nigerian Stock Exchange	Payment of dividend	Not applicable	1,255,218	953,476	-	-
			1,317,449	1,005,925	-	1,172

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.

Key management personnel compensation comprise:

<i>In thousands of Naira</i>	31 December 2020	31 December 2019
Executive compensation	352,677	329,433

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).

Notes to the Consolidated and Separate Financial Statements

Key management personnel and director transactions

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

Income

Included in income is an amount of N63.5 million (31 December 2019: N103.2 million) representing depository fees, eligibility fees, settlement participation fees, LEI 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 2020 were as follows:

In thousands of Naira

Name of company/Individual	Name of Directors related to the companies	Relationship	Position	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2020
United Bank for Africa	Uche Ike	Director	ED, Risk	Depository fee	25,675	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Depository fee	35,545	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	Eligibility Fee	26	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Eligibility Fee	26	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	LEI Subscription	13	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	LEI Subscription	13	-
United Bank for Africa	Uche Ike	Director	ED, Risk	LEI Subscription	13	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	Online Access	53	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Online Access	53	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	OTC Transactions	38	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Settlement Bank Participation Fees	1,050	-
United Bank for Africa	Uche Ike	Director	ED, Risk	Settlement Bank Participation Fees	1,050	-
					63,554	-

Notes to the Consolidated and Separate Financial Statements

In thousands of Naira

Name of company/Individual	Name of Directors related to the companies	Relationship	Position	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2019
United Bank for Africa	Uche Ike	Director	ED, Risk	Depository fee	29,518	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Depository fee	21,687	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	Eligibility Fee	26	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Eligibility Fee	26	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	LEI Subscription	13	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	LEI Subscription	13	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	LEI Subscription	13	-
United Bank for Africa	Uche Ike	Director	ED, Risk	LEI Subscription	13	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Lien Placement	21,687	-
United Bank for Africa	Uche Ike	Director	ED, Risk	Lien Placement	27,650	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	OTC Transactions	331	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Settlement Bank Part Fees	1,000	-
United Bank for Africa	Uche Ike	Director	ED, Risk	Settlement Bank Part Fees	1,000	-
Verod Capital Ltd	Eric Idiahi	Director	Managing Director	Document Management Services	255	-
					103,232	-

Prepayments

Included in prepayment is an amount of N196.1 million (31 December 2019: N27.8 million) representing balances on prepaid transport allowances to Directors.

Bank balances

Included in cash and cash equivalent is an amount of N2.15 billion (31 December 2019: N3.12 billion) representing current account balances of CSCS with Banks in which certain Directors have interests. The balances as at 31 December 2020 were as follows:

In thousands of Naira

Name of company / Individual	Name of Directors	Relationship	Transaction type	31 December 2020 Amount
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	2,001,840
Access Bank Plc-Dom Fee Collection A/c	Roosevelt Ogbonna	Shareholder/Director	Collection account	780
Access Bank Plc-LEI	Roosevelt Ogbonna	Shareholder/Director	Collection account	773
Access Bank Plc-USDollar Dom A/c	Roosevelt Ogbonna	Shareholder/Director	Collection account	137,819
UBA PLC-CSCS NASD Fee Collection A/c	Uche Ike	Shareholder/Director	Collection account	2,130
UBA PLC-CSCS NASD Vat Collection A/c	Uche Ike	Shareholder/Director	Collection account	1,478
UBA PLC-Stockbrokers Contract Stamp Duty Collection	Uche Ike	Shareholder/Director	Collection account	249
United Bank for Africa Plc-C/A	Uche Ike	Shareholder/Director	Current account	1,819
United Bank for Africa-Collection	Uche Ike	Shareholder/Director	Collection account	1,440
				2,148,328

Notes to the Consolidated and Separate Financial Statements

Name of Company/Individual	Name of Directors	Relationship	Transaction type	31 December 2019 Amount
Guaranty Trust Bank	Not Applicable	Shareholder	Current account	1,968,754
Guaranty Trust Bank	Not Applicable	Shareholder	Collection account	761
Guaranty Trust Bank	Not Applicable	Shareholder	Settlement account	47,173
Guaranty Trust Bank	Not Applicable	Shareholder	Call Account	5
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert	103
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert - VAT	5
Guaranty Trust Bank	Not Applicable	Shareholder	Domiciliary-USD	3,329
Guaranty Trust Bank	Not Applicable	Shareholder	Domiciliary-GBP	4,368
Guaranty Trust Bank	Not Applicable	Shareholder	Domiciliary-EURO	135
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	2
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	2,769
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Dom Fee Collection Account	500
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Legal Entity Identifier	330
Fidelity Bank Plc	Not Applicable	Shareholder	Collection account	12
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Griffin ETF	1,588
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Banking ETF	331
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	1,083,556
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Collection account	170
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	1,133
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Vat Collection account	241
				3,115,264

Investments

Included in investment securities is an amount of N11.01 billion as at 31 December 2020 (31 December 2019: N6.19 billion) representing treasury bills, federal government bonds and state government bonds belonging to CSCS and held in the custody of certain Banks which certain Directors have interests. The face value of the investments as at 31 December 2020 were as follows:

In thousands of Naira

Name of Company/Individual	Name of Directors	Relationship	Transaction type	31 December 2020 Face value
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	500,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	815,900
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	314,122
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	2,039,750
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	2,039,750
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	153,797
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	193,125
United Bank for Africa Plc	Uche Ike	Shareholder/Director	State Bonds	1,500,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Corporate Bonds	141,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Corporate Bonds	500,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Fixed Deposit	2,813,449
				11,010,893

In thousands of Naira

Name of company/Individual	Name of Directors	Relationship	Transaction type	31 December 2019 Face value
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	1,299,619
Guaranty Trust Bank	Not Applicable	Shareholder	Treasury Bills	1,375,465
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Treasury Bills	3,510,406
				6,185,490

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 entity as at 31 December 2020, are as follows:

<i>In thousands of naira</i>	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Operating income	12,087,177	-	12,087,177	-
Operating expenses	(4,578,632)	-	(4,578,632)	-
Impairment reversal	(139,293)	-	(173,804)	-
Fair value loss on investment securities				
Operating surplus before tax	7,369,252	-	7,334,741	-
Share of gain of equity accounted investees	23,444	23,444	-	-
Tax expense	(464,361)	-	(464,361)	-
Operating surplus after tax	6,928,335	23,444	6,870,380	-

Condensed financial position

<i>In thousands of naira</i>	Group balance	Intra-group eliminations	The Company	
Total Non-Current Assets	23,063,771	-	23,061,539	-
Total Current Assets	18,358,556		18,358,501	-
Total assets	41,422,327	-	41,420,040	-
Total Equity	35,491,978	-	35,479,691	-
Total non current liabilities	189,036	-	189,036	-
Total current liabilities	5,741,313	(10,000)	5,751,313	-
Total liabilities	5,930,349	(10,000)	5,940,349	-
Total equity and liabilities	41,422,327	(10,000)	41,420,040	-

35 Cash flow workings

	Notes	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
<i>In thousands of naira</i>					
(i) Changes in intercompany receivables					
Opening balance		-	34,511	-	34,511
Impairment reversal/(charge)		-	(34,511)	-	-
Closing balance	22(a)	-	-	-	(34,511)
Change during the year		-	-	-	-
(ii) Changes in trade receivables					
Opening balance	18(a)	177,043	177,043	102,279	102,279
Impairment reversal/(charge)	20	(127,072)	(127,072)	(40,760)	(40,760)
Closing balance	18(a)	(160,450)	(160,450)	(177,043)	(177,043)
Change during the year		(110,479)	(110,479)	(115,524)	(115,524)
(iii) Changes in other assets					
Opening balance	19(a)	181,877	181,877	324,380	312,046
Impairment reversal/(charge)	20	-	-	-	-
Closing balance	19(a)	(424,482)	(424,482)	(181,877)	(181,877)
Change during the year		(242,605)	(242,605)	142,503	130,169

**Notes to the Consolidated and
Separate Financial Statements**

	Notes	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
<i>In thousands of naira</i>					
(iv) Changes in payables and accruals					
Opening balance	27	727,368	727,368	872,873	872,873
Closing balance	27	(1,533,907)	(1,533,907)	(727,368)	(727,368)
Change during the year		(806,539)	(806,539)	145,505	145,505
(v) Changes in other liabilities					
Opening balance	28	2,241,938	2,241,938	3,150,930	3,150,930
Net write back of provision for productivity bonus		-	-	-	-
Lease payment during the year		(41,350)	(41,350)	(41,350)	(41,350)
Closing balance	28	(3,770,877)	(3,770,877)	(2,241,938)	(2,241,938)
Change during the year		(1,570,289)	(1,570,289)	867,642	867,642
(vi) Changes in intercompany payable					
Opening balance	26	-	10,000	10,000	10,000
Closing balance	26	-	(10,000)	-	(10,000)
Change during the year		-	-	10,000	-
(vii) Proceeds from disposal of property and equipment					
Cost of property and equipment disposed	15	21,150	21,150	37,155	37,155
Accumulated depreciation	15	(21,150)	(21,150)	(26,280)	(26,280)
Profit on disposal of property and equipment	11	1,080	1,080	4,263	4,263
Proceeds during the year		1,080	1,080	15,138	15,138
(viii) Net changes in investment securities -treasury bills					
Balance, beginning of the year	17(b)	5,005,511	5,005,511	5,879,813	5,879,813
Fair value profit derecognised		(253,184)	(253,184)	256,000	256,000
Balance, end of the year	17(b)	-	-	(5,005,511)	(5,005,511)
Change during the year		4,752,327	4,752,327	1,130,302	1,130,302
(ix) Net changes in investment securities - bonds					
Balance, beginning of the year	17(a)	21,960,972	21,960,972	23,644,726	23,644,726
Fair value profit/(loss)		262,567	262,567	11,482	11,482
Fair value gain derecognised upon reclassification		(46,077)	(46,077)	-	-
Balance, end of the year	17(a)	(19,570,294)	(19,570,294)	(21,960,972)	(21,960,972)
Change during the year		2,607,167	2,607,167	1,695,236	1,695,236
(x) Interest received					
Balance, beginning of the year		(48,252)	(48,252)	44,410	44,410
Interest income	10	7,443,495	7,443,495	4,612,237	4,612,237
Interest received for the year		7,395,243	7,395,243	4,656,647	4,656,647
(xi) Dividend paid					
Balance, beginning of the year	28	133,364	133,364	63,926	63,926
Additional dividend during the year		4,300,000	4,300,000	3,500,000	3,500,000
Balance, end of year	28	(162,830)	(162,830)	(133,364)	(133,364)
Net dividend paid during the year		4,270,534	4,270,534	3,430,562	3,430,562

During the year, dividend of N0.86 per share was approved and paid to shareholders on 2019 profits

Notes to the Consolidated and Separate Financial Statements

	Notes	Group 31 December 2020	Company 31 December 2020	Group 31 December 2019	Company 31 December 2019
<i>In thousands of naira</i>					
(xii) Purchase of PPE					
Balance, beginning of the year	15	1,083,510	1,083,510	595,575	595,575
Disposal: Cost		(21,150)	(21,150)	(37,155)	(37,155)
Disposal: Accumulated depreciation		21,150	21,150	26,280	26,280
Depreciation during the year		(289,201)	(289,201)	(202,222)	(202,222)
Additions: cash purchase		559,794	559,794	701,032	701,032
Closing carrying value		(1,354,103)	(1,354,103)	1,083,510	1,083,510

36 Change in presentation

Certain comparative amounts and disclosures in the statement of income and expenditure and statement of financial position have been re-presented in order to ensure inter-period comparability of financial information in order to assist users of the financial statements.

Group

<i>In thousands of naira</i>	Notes	Previously Reported Dec-19	Reclassification	Re-presented Dec-19
Revenue (see note 36 (a) below)	9	3,911,852	676,955	4,588,807
Investment income		4,612,237	-	4,612,237
Other income (see note 36 (a) below)	11	682,051	(676,955)	5,096
Total operating income		9,206,140	-	9,206,140
Personnel expenses		(1,317,186)	-	(1,317,186)
Other operating expenses		(1,268,438)	-	(1,268,438)
Depreciation and amortisation		(547,906)	-	(547,906)
Finance cost		(48,546)	-	(48,546)
Impairment reversal/(loss) on financial assets		(49,561)	-	(49,561)
		(3,231,637)	-	(3,231,637)
Share of loss of equity accounted investee		67,931	-	67,931
Profit before tax		6,042,434	-	67,931
Income tax		(1,141,755)	-	-
Profit after tax		4,900,679	-	67,931

Company

<i>In thousands of naira</i>	Notes	Previously Reported Dec-19	Reclassification	Re-presented Dec-19
Revenue (see note 36 (a) below)	9	3,911,852	676,955	4,588,807
Investment income		4,612,237	-	4,612,237
Other income (see note 36 (a) below)	11	682,051	(676,955)	5,096
Total operating income		9,206,140	-	9,206,140
Personnel expenses		(1,317,186)	-	(1,317,186)
Other operating expenses		(1,256,104)	-	(1,256,104)
Depreciation and amortisation		(547,906)	-	(547,906)
Finance cost		(48,546)	-	(48,546)
Impairment reversal/(loss) on financial assets		(49,561)	-	(49,561)
		(3,219,303)	-	(3,219,303)
Profit before tax		5,986,837	-	5,986,837
Income tax		(1,141,755)	-	-
Profit after tax		4,845,082	-	5,986,837

Notes to the Consolidated and Separate Financial Statements

- 36(a) In the current year, the Group presented income derived from its non-core activities under revenue in the Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income (2019: presented under revenue).

Income recognised on non-core activities are from contract with customers and are therefore accounted for using relevant guidance of IFRS 15 Revenue from contracts with customers.

The Group has therefore re-presented income from non-core activities to revenue in the current year to enhance inter-period comparability.

OTHER NATIONAL DISCLOSURES

Value Added

FOR THE YEAR ENDED 31 DECEMBER 2020

<i>In thousands of Naira</i>	Group 31 December 2020	%	Company 31 December 2020	%
Gross earnings	12,087,177	120	12,087,177	121
Net impairment loss on trade receivables	(139,293)	(1)	(173,804)	(2)
Bought-in-materials and services	(1,887,817)	(19)	(1,911,261)	(19)
Value added	10,060,067	100	10,002,112	100
Distribution of Value Added		%		%
To Employees:				
Staff cost	2,051,082	20	2,051,082	21
To government				
Government as taxes	464,361	5	464,361	5
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation and amortisation	616,289	6	616,289	6
- Dividend to shareholders	4,300,000	43	4,300,000	43
- To augment reserve	2,628,335	26	2,570,380	26
	10,060,067	100	10,002,112	100
<i>In thousands of Naira</i>	Group 31 December 2019	%	31 December 2019	Company %
Gross earnings	9,206,140	117	9,206,140	117
Net impairment loss on trade receivables	(49,561)	(1)	(49,561)	(1)
Bought-in-materials and services	(1,249,053)	(16)	(1,304,650)	(16)
Value added	7,907,526	100	7,851,929	100
Distribution of Value Added		%		%
To Employees:				
Staff cost	1,317,186	17	1,317,186	17
To government				
Government as taxes	1,141,755	14	1,141,755	15
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation and amortisation	547,906	6	547,906	7
- Dividend to shareholders	3,500,000	44	3,500,000	45
- To augment reserve	1,400,679	19	1,345,082	16
	7,907,526	100	7,851,929	100

Financial Summary

The Group	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
<i>In thousands of Naira</i>					
Assets					
Non current Assets					
Property and equipment	1,354,103	1,083,510	595,575	366,751	575,814
Intangible assets	585,705	785,471	1,089,601	1,411,086	613,228
Equity-accounted investee	1,553,669	725,475	591,357	1,762	19,149
Investments securities	19,570,294	21,960,972	23,644,725	21,709,176	19,138,043
Deferred tax asset	-	-	-	38,298	20,020
Defined benefit plan asset (Net)	-	-	-	-	248,101
Total non current assets	23,063,771	24,555,428	25,921,258	23,527,073	20,614,355
Current Assets					
Investment securities	-	5,005,511	5,879,813	5,418,936	5,135,327
Trade receivables	160,450	177,043	102,279	15,550	15,522
Other assets	424,482	181,877	324,380	952,905	517,047
Cash and cash equivalent	17,773,624	6,691,545	3,626,868	2,004,979	783,088
Total current assets	18,358,556	12,055,976	9,933,340	8,392,370	6,450,984
Total assets	41,422,327	36,611,404	35,854,598	31,919,443	27,065,339
Liabilities					
Current Liabilities					
Payables, provisions and accruals	1,533,907	727,368	872,873	804,293	413,154
Current tax liabilities	436,529	652,254	652,577	582,765	286,177
Other liabilities	3,770,877	2,241,938	3,150,930	679,892	282,011
Total current liabilities	5,741,313	3,621,560	4,676,380	2,066,950	981,342
Non current liabilities					
Deferred tax liabilities	63,485	6,747	13,403	-	-
Long term incentive scheme	125,551	77,012	-	-	-
Total non current liabilities	189,036	83,760	13,403	-	-
Total liabilities	5,930,349	3,705,320	4,689,783	2,066,950	981,342
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	30,216,538	27,588,203	26,187,524	25,006,022	20,924,284
Other components of equity	273,770	317,029	(22,709)	(153,529)	159,713
Actuarial reserves	1,670	851	-	-	-
Total equity	35,491,977	32,906,083	31,164,815	29,852,493	26,083,997
Non-controlling Interest					
Total equity and liabilities	41,422,327	36,611,404	35,854,598	31,919,443	27,065,339
	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Total operating income	12,087,177	9,206,140	9,082,085	8,691,558	6,174,003
Profit before taxation	7,392,696	6,042,434	6,091,344	5,664,177	3,724,196
Profit after taxation	6,928,335	4,900,679	4,822,330	4,980,601	3,532,956
Earnings per share	139k	98k	96k	100k	71k
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

Financial Summary

The Company

In thousands of Naira	31 December 31 2020	December 2019	31 December 2018	31 December 2017	31 December 2016
Assets					
Non current Assets					
Property and equipment	1,354,103	1,083,510	595,575	366,751	575,814
Intangible assets	585,705	785,471	1,089,602	1,411,086	613,228
Intercompany receivables	-	34,511	34,511	34,511	32,247
Equity-accounted investee	1,541,437	736,687	670,500	62,500	62,500
Investment in subsidiary	10,000	10,000	10,000	10,000	10,000
Investments securities	19,570,294	21,960,972	23,644,726	21,709,176	19,138,043
Deferred tax asset	-	-	-	38,298	20,020
Defined benefit plan asset (Net)	-	-	-	-	248,101
Total non current assets	23,061,539	24,611,151	26,044,913	23,632,322	20,699,953
Current Assets					
Investment securities	-	5,005,511	5,879,813	5,418,936	5,135,327
Trade receivables	160,450	177,043	102,279	15,550	15,522
Other assets	424,482	181,877	312,046	940,571	504,713
Cash and cash equivalent	17,773,569	6,691,490	3,626,812	2,004,924	783,043
Total current assets	18,358,501	12,055,921	9,920,950	8,379,982	6,438,605
Total assets	41,420,040	36,667,071	35,965,864	32,012,303	27,138,558
Liabilities					
Current Liabilities					
Intercompany payables	10,000	10,000	10,000	10,000	10,000
Payables, provisions and accruals	1,533,907	727,368	872,873	804,293	413,154
Current tax liabilities	436,529	652,254	652,577	582,765	286,177
Other liabilities	3,770,877	2,241,938	3,150,930	679,892	282,011
Total current liabilities	5,751,313	3,631,560	4,686,380	2,076,950	991,342
Non current liabilities					
Deferred tax liabilities	63,485	6,747	13,403	-	-
Long term incentive scheme	125,551	77,012	-	-	-
Total non current liabilities	189,037	83,760	13,403	-	-
Total liabilities	5,940,350	3,715,320	4,699,783	2,076,950	991,342
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	30,204,251	27,633,871	26,288,789	25,088,883	20,987,503
Other components of equity	273,770	317,029	(22,709)	(153,529)	159,713
Actuarial reserves	1,670	851	-	-	-
Total equity	35,479,690	32,951,751	31,266,081	29,935,353	26,147,216
Non-controlling Interest					
Total equity and liabilities	41,420,040	36,667,071	35,965,864	32,012,303	27,138,558
	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Total operating income	12,087,177	9,206,140	9,082,085	8,691,558	6,174,003
Profit before taxation	7,334,741	5,986,837	6,109,749	5,683,817	3,787,415
Profit after taxation	6,870,380	4,845,082	4,840,735	5,000,241	3,596,175
Earnings per share	137k	97k	97k	100k	72k
Number of ordinary shares of N1 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000



**SHAREHOLDERS
INFORMATION**



COLLATERAL

MANAGEMENT SERVICE

CSCS offers Collateral Management - Lien Service for the validation and holding of investors' assets, following a collateral transaction involving money lending from a credit provider, to mitigate the lender's credit risk.

As a value-add, our Collateral Management Service is optimized by a **COLLATERAL MANAGEMENT SYSTEM** which grants credit providers online access to initiate, manage, and monitor their portfolio.

FEATURES



A self-service portal



Collateral reporting and monitoring



Analytics on assets



Margin calls to credit provider and borrower



Real-time notifications and update on account activities

PRODUCT BENEFITS

- Convenience in executing lien transactions and receiving update.
- Business intelligence on active liens and entire portfolio
- Gain traction in your loaning facility due to improved efficiency
- Mitigate loss through real-time margin call when an active lien falls below an established threshold
- Full visibility of your portfolio and individual lien performance
- Improve your customers' experience through process automation

CONTACT

✉ productsales@cscs.ng

☎ 0700 2255 2727



/CSCS Nigeria



Central Securities Clearing System PLC



www.cscs.ng

Notice of Annual General Meeting



NOTICE OF 27TH ANNUAL GENERAL MEETING OF CENTRAL SECURITIES CLEARING SYSTEM PLC

NOTICE IS HEREBY GIVEN that the Twenty Seventh Annual General Meeting of **Central Securities Clearing System Plc** will hold at the Radisson Blu Hotel, Ozumba Mbadive Street, Victoria Island, Lagos State at 10.00 a.m. on Tuesday the 18th day of May 2021 to transact the following business:

ORDINARY BUSINESS

- To present and consider the Group's Audited Accounts for the financial year ended 31st December 2020, the Reports of the Directors, Auditors and Audit Committee thereon.
- To declare a dividend.
- To elect/reelect the following Directors:
 - Mrs. Tairat Tijani as Non-Executive Director (election)
 - Mr. Roosevelt M. Ogbonna as Non-Executive Director (retiring by rotation)
 - Mrs. Tinuade Awe as Non-Executive Director (retiring by rotation)
- To ratify the re-appointment of Messrs. KPMG as External Auditors.
- To authorize the Directors to fix the remuneration of the External Auditors.
- Disclosure of the Remuneration of Managers in the Company
- To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

- To insert additional business activity in main object clause of the company's memorandum and articles of association

To consider and, if thought fit, to pass with or without modification/s, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to sections 27,44,46,47,48 and 49 of the Companies and Allied Matters Act 2020 ("the Act") including any modification or reenactment thereof and other applicable provisions thereof, the Main Object clause of the Memorandum and Articles of Association of the Company be and is hereby altered and amended as follows:

That the following new paragraph shall be added:

'To carry on processing, authentication and verification of investors' data and other related services'.

Dated this 23rd day of April 2021.

NOTES

PROXY

A member of the company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his stead. All instruments of proxy should be completed, stamped and deposited at the office of the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos State not later than 24 hours before the time of holding the meeting. A proxy need not be a member of the company.

Shareholders should note that the Corporate Affairs Commission has in view of the COVID-19 pandemic and following the Government's restriction on public gathering approved that attendance to the Meeting shall only be by proxy to ensure public health and safety. Shareholders are therefore requested to submit their completed proxy forms appointing any of the listed proxies in line with the Corporate Affairs Commission's Guidelines to the office of the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos State not later than 17th May 2021 for stamping of the proxy forms and lodgment of same with the Registrars not later than 24 hours prior to the time of the meeting. The Proceedings will also be streamed live on CSCS' social media platforms. The proxies are as follows:

- Mr. Oscar N. Onyema. OON
- Mr. Eric Idiahi
- Mr. Patrick Ezeagu
- Mr. Roosevelt Ogbonna
- Ms. Tinuade Awe
- Mr. Nornah Awoh
- Mr. Haruna Jalo-Waziri
- Mr. Charles I. Ojo

Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed on Tuesday 11th May 2021, to enable the Registrar to prepare for the payment of dividend.

Dividend

If approved, the sum of N1.17k for every ordinary share held (bringing the total dividend payable to N5.85 billion) will be paid via e-mandate on the 18th day of May 2021, to shareholders whose names are registered in the register of members at the close of business on the 10th day of May 2021. Shareholders are advised to forward particulars of their account details to the Registrar to enable direct credit of their dividend on same day.

Statutory Audit Committee

In accordance with Section 404(6) of the Companies and Allied Matters Act, 2020, any shareholder may nominate another shareholder for appointment to the Statutory Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.

Right of Shareholders to ask Questions

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before the 17th day of May 2021.

Unclaimed Dividend Warrants and Share Certificates Shareholders

Pursuant to the Securities and Exchange Commission's (SEC's) directives to Companies to ensure resolution and payment of unclaimed dividends to their Shareholders, we have been working assiduously with our Registrars to achieve this. We have made significant progress in this regard and would like to inform all Shareholders that a list of all unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call at the office of our Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos State during business hours.

E-Dividend

Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend payment in line with the Securities and Exchange Commission's (SEC's) directives. Detachable application forms for e-dividend and e-bonus are attached to the Annual Report to enable all shareholders furnish the particulars of their bank accounts/CSCS details to our Registrars, Africa Prudential Plc as soon as possible.

Profile of Directors

The profile of all Directors are available for viewing on our website - www.cscs.ng.

BY ORDER OF THE BOARD

CHARLES I. OJO

Company Secretary

FRC/2014/NBA/0000006051



AUTOMATED

Account Opening API

CSCS Automated Account Opening is a service provided via API to Brokers for integration with CSCS' infrastructure to carry out account opening processes seamlessly with minimal human interventions and through a point-to-point Virtual Private Network (VPN).

The API will receive data from your authenticated and registered IP and expose endpoints with which status of received and processed transactions will be verified by your application.

- **OMS Integration:** Integration through your Order Management Systems (OMS) provider.
- **Direct Integration:** Integration with your in-house infrastructure.

Benefits of the Automated Account Opening API



Over 80% reduction in time required for account opening – from between 24 - 48 hours to less than 5 minutes.



Elimination of transposition, fat finger and related errors in account opening processes.



Speedy and accurate processing of account opening instructions.



Improved workflow and communication between your brokerage firm and CSCS.

Contact Us

✉ productsales@cscs.ng

☎ 0700 2255 2727



Affix
Recent Passport
Photograph
**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:

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male Female Date Of Birth

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) Name of Stockbroking Firm

Mobile Telephone 1 Mobile Telephone 2

E-mail Address

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:
Joint/Company's Signatories

Company Seal (if applicable)

Note: This service costs **N150.00** per form exclusive of VAT.

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

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
 2. ADAMAWA STATE GOVERNMENT BOND
 3. AFRILAND PROPERTIES PLC
 4. AFRICA PRUDENTIAL PLC
 5. A & G INSURANCE PLC
 6. ALUMACO PLC
 7. A.R.M LIFE PLC
 8. BECO PETROLEUM PRODUCTS PLC
 9. BUA GROUP
 10. BENUE STATE GOVERNMENT BOND
 11. CAP PLC
 12. CAPP 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. GLOBAL SPECTRUM ENERGY SERVICES PLC
 26. MED-VIEW AIRLINE PLC
 27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)
 28. NEXANS KABLEMETAL NIG. PLC
 29. LIVINGTRUST MORTGAGE BANK PLC
 30. PERSONAL TRUST & SAVINGS LTD
 31. P.S MANDRIDES PLC
 32. PORTLAND PAINTS & PRODUCTS NIG. PLC
 33. PREMIER BREWERIES PLC
 34. RESORT SAVINGS & LOANS PLC
 35. ROADS NIGERIA PLC
 36. SCOA NIGERIA PLC
 37. TRANSCORP HOTELS PLC
 38. TRANSCORP PLC
 39. TOWER BOND
 40. THE LA CASERA CORPORATE BOND
 41. UACN PLC
 42. UNITED BANK FOR AFRICA PLC
 43. UNITED CAPITAL PLC
 44. UNITED CAPITAL BALANCED FUND
 45. UNITED CAPITAL BOND FUND
 46. UNITED CAPITAL EQUITY FUND
 47. UNITED CAPITAL MONEY MARKET FUND
 48. UNITED CAPITAL NIGERIAN EUROBOOND FUND
 49. UNITED CAPITAL WEALTH FOR WOMEN FUND
 50. UNIC DIVERSIFIED HOLDINGS PLC
 51. UNIC INSURANCE PLC
 52. UAC PROPERTY DEVELOPMENT COMPANY PLC
 53. UTC NIGERIA PLC
 54. VFD GROUP PLC
 55. WEST AFRICAN GLASS IND PLC
- OTHERS:

CUT ALONG DOTTED LINE



HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.

PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.

TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@afriprudential.com | www.africaprudential.com | @afriprud



SCAN



To Download Shareholder Form

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in _____
 _____ "the company". I recognize this will invalidate any certificate(s) in my possession,
 or which might come into my possession in respect of my total holding(s) in this/this company.

Affix recent
passport
photograph

USE GUM ONLY
NO STAPLE PINS

SECTION A:

SHAREHOLDER'S FULL NAMES: _____
Surname First Name Middle Name

ADDRESS: _____

GSM NUMBER: _____ E-MAIL: _____

GENDER: Male Female DATE OF BIRTH: DD MM YYYY CSCS INVESTOR'S A/C NO.: _____

CLEARING HOUSE NUMBER(CHN): C _____ REGISTRAR'S ID NO (RIN): _____

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: _____ BANK: _____

BANK A/C NUMBER: _____ BVN: _____ AGE OF A/C: _____
Must be NUBAN Must be confirmed by bank Must be confirmed by bank

 Authorized Signature (1)
(and stamp of Stockbroker)

 Authorized Signature (2)
(and stamp of Stockbroker)

 Shareholder's Signature & Date

 Shareholder's Signature & Date (2)
(if applicable)

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Dated this _____ day of _____, 20____

Name: _____

Signature: _____

Joint (2) (if applicable): _____

Joint (3) (if applicable): _____

Company Seal

In the Presence of:

Name: _____ GSM NO: _____

Address: _____

Signature: _____

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of _____ Plc/Ltd, we hereby agree jointly and severally keep the company and/or the Registrar or other persons acting on their behalf fully indemnified against all action, proceedings, liabilities, claims, losses, damage, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom. We/I also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Authorised Signatory (1): _____

Authorised Signatory (2): _____

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.

PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.

TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@aficaprudential.com | www.aficaprudential.com | @afriprud



SCAN



To Download Shareholder Form

CUT ALONG DOTTED LINE



SHARE PORTAL 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.: 1. 2.

7. SEX: MALE FEMALE 8. *DATE OF BIRTH

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.:

11. NAME OF STOCKBROKER:

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal (if applicable)

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

CLIENTELE

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

CUT ALONG DOTTED LINE



HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.

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TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@afriprudential.com | www.afriprudential.com | @afriprud



SCAN



To Download Shareholder Form

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

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

19. BANK VERIFICATION NO. (BVN)

20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN)

DECLARATION

I/We 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.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal (if applicable)

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

CLIENTELE	
1. ABBEY MORTGAGE BANK PLC	<input type="checkbox"/>
2. ADAMAWA STATE GOVERNMENT BOND	<input type="checkbox"/>
3. AFRILAND PROPERTIES PLC	<input type="checkbox"/>
4. AFRICA PRUDENTIAL PLC	<input type="checkbox"/>
5. A & G INSURANCE PLC	<input type="checkbox"/>
6. ALUMACO PLC	<input type="checkbox"/>
7. A.R.M LIFE PLC	<input type="checkbox"/>
8. BECO PETROLEUM PRODUCTS PLC	<input type="checkbox"/>
9. BUA GROUP	<input type="checkbox"/>
10. BENUE STATE GOVERNMENT BOND	<input type="checkbox"/>
11. CAP PLC	<input type="checkbox"/>
12. CAPP AND D'ALBERTO PLC	<input type="checkbox"/>
13. CEMENT COY. OF NORTHERN NIG. PLC	<input type="checkbox"/>
14. CSCS PLC	<input type="checkbox"/>
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43. UNITED CAPITAL PLC	<input type="checkbox"/>
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45. UNITED CAPITAL BOND FUND	<input type="checkbox"/>
46. UNITED CAPITAL EQUITY FUND	<input type="checkbox"/>
47. UNITED CAPITAL MONEY MARKET FUND	<input type="checkbox"/>
48. UNITED CAPITAL NIGERIAN EURO BOND FUND	<input type="checkbox"/>
49. UNITED CAPITAL WEALTH FOR WOMEN FUND	<input type="checkbox"/>
50. UNIC DIVERSIFIED HOLDINGS PLC	<input type="checkbox"/>
51. UNIC INSURANCE PLC	<input type="checkbox"/>
52. UAC PROPERTY DEVELOPMENT COMPANY PLC	<input type="checkbox"/>
53. UTC NIGERIA PLC	<input type="checkbox"/>
54. VFD GROUP PLC	<input type="checkbox"/>
55. WEST AFRICAN GLASS IND PLC	<input type="checkbox"/>
OTHERS:	<input type="text"/>
	<input type="text"/>

CUT ALONG DOTTED LINE



Proxy Form

[PLEASE COMPLETE THIS FORM IN CAPITAL LETTERS]

The 27th Annual General Meeting of Central Securities Clearing System Plc. will be held at 10.00 am on Tuesday 18 May 2021 at the Radisson Blu Hotel, Ozumba Mbadiwe Street, Victoria Island, Lagos State, Nigeria.

I/We, of
being a member(s) of Central Securities Clearing System Plc (CSCS), hereby appoint either of the following individuals as my/our Proxy to attend and vote for me/ us and on my/our behalf at the 27th Annual General Meeting of CSCS to be held on Tuesday 18 May 2021.

A. Individuals designated for appointment as Proxy.

		Proxy: Tick ("X") against the name of the individual you are appointing
1.	Mr. Oscar N. Onyema OON Board Chairman	
2.	Mr. Eric Idiahi Non-Executive Director/Shareholder	
3.	Mr. Patrick Ezeagu Non-Executive Director	
4.	Mr. Roosevelt Ogbonna Non-Executive Director	
5.	Ms. Tinuade Awe Non-Executive Director	
6.	Mr. Nornah Awoh Shareholder	
7.	Mr. Haruna Jalo-Waziri Managing Director/Chief Executive Officer	
8.	Mr. Charles I. Ojo Company Secretary	

B. Items to vote on/against

Number of Shares:				
Resolutions		Vote in Favour	Vote Against	Abstain
Ordinary Business				
1	To present and consider the Group's Audited Accounts for the financial year ended 31st December 2020, the Reports of the Directors, Auditors and Audit Committee thereon.			
2	To declare a dividend which is N1.17k (One Naira, Seventeen Kobo) per share totalling N5,850,000,000.00 (Five Billion Eight Hundred and Fifty Million Naira).			
3a	To elect Mrs. Tairat Tijani as Non-Executive Director (election).			
3b	To re-elect Mr. Roosevelt M. Ogbonna as Non- Executive Director (retiring by rotation).			
3c	To re-elect Mrs. Tinuade Awe as Non-Executive Director (retiring by rotation).			
4	To ratify the re-appointment of Messrs. KPMG as External Auditors.			
5	To authorize the Directors to fix the remuneration of the External Auditors.			
6	Disclosure of the Remuneration of Managers in the Company.			
7	To elect members of the Statutory Audit Committee.			
Special Business				
8	To insert additional business activity in main object clause of the company's memorandum and articles of association To consider and, if thought fit, to pass with or without modification/s, the following Resolution as a Special Resolution: "RESOLVED THAT pursuant to sections 27,49,51,52,53 and 54 of the Companies and Allied Matters Act 2020 ("the Act") including any modification or re-enactment thereof and other applicable provisions thereof, the Main Object clause of the Memorandum and Articles of Association of the Company be and is hereby altered and amended as follows: That the following new paragraph shall be added: 'To carry on processing, authentication and verification of investors' data and other related services'.			

Please indicate with an "X" in the appropriate column how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her/its discretion.

CUT ALONG DOTTED LINE



Dated this day of, 2021 .

Shareholder's Signature

Name of Shareholder

Signature of the Person Attending (Proxy).....

Notes:

1. In view of COVID-19 and resulting preventive measures issued by Government and its Health Agencies, it is not advisable to send and receive physical copies of the Proxy Forms. To this end, electronic copies will suffice and we kindly request that you send a duly completed and signed copy of this Proxy Form and Admission Form to the Company Secretary, Mr. Charles Ojo (as in the Notice) by e-mail at cojo@cscs.ng or the Company's Registrars, Africa Prudential Registrars at cxc@africaprudential.com not less than 48 hours before the meeting.
2. In accordance with the guidelines issued by the Corporate Affairs Commission (CAC) on the conduct of Annual General Meetings via proxies in Nigeria (please refer to <https://www.cac.gov.ng/3956-2/>) as part of the measures to mitigate the negative effect created by the current Coronavirus (COVID-19) pandemic, the Central Securities Clearing System Plc (CSCS) requests every member who is entitled to attend and vote at the Company's 27th Annual General Meeting to appoint a proxy to attend and vote in his/her/its stead. Attendance of the 27th Annual General meeting shall be by proxy only.
3. In line with best practices, the names of Directors/Shareholders/Company Secretary of CSCS have been entered on the Proxy Form to ensure that someone attends and votes as your Proxy. But if you wish, you may insert in the blank space on the form (marked *) the name of the person you wish to attend the meeting and vote on your behalf instead of the Directors/Shareholders/Company Secretary of CSCS.
4. In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
5. If the Shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some of its officers or an attorney duly authorized.
6. In accordance with the provisions of the Stamp Duties Act, Cap. S8, Laws of the Federation of Nigeria, 2004, this Proxy Form must bear appropriate stamp duty.
7. The Proxy must produce the duly completed Admission Card sent with this Proxy Form to gain entrance to the meeting.



Please admit the duly appointed Proxy to the 27th Annual General Meeting of Central Securities Clearing System Plc to be held at the Radisson Blu Hotel, Ozumba Mbadiwe Street, Victoria Island, Lagos, Nigeria on Tuesday 18 May 2021 .

Name of Proxy attending.....

Name of Shareholder.....

No of Shares held.....

Signature:

Introducing CSCS

MOBILE APPLICATION

- On-the-go access to your portfolio.
- View all your shareholdings on a single platform.
- Get market notification updates.



FEATURES

-  Portfolio View
-  Quick Search
-  Manage Your Watchlist
-  Profile Personalisation
-  Get Notified
-  Account Security
-  News Updates
-  and many more



You can download here

<http://onelink.to/5ddm68>

You can also download the
CSCS Mobile
on your devices from



For more information, please contact: contact@cscs.ng or 0700 CALL CSCS

For support related queries, please contact productsales@cscs.ng

Corporate Information

Head Office

Central Securities Clearing System Plc
1st Floor, Nigerian Exchange Group House
2/4 Customs Street, Lagos
Lagos, Nigeria

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

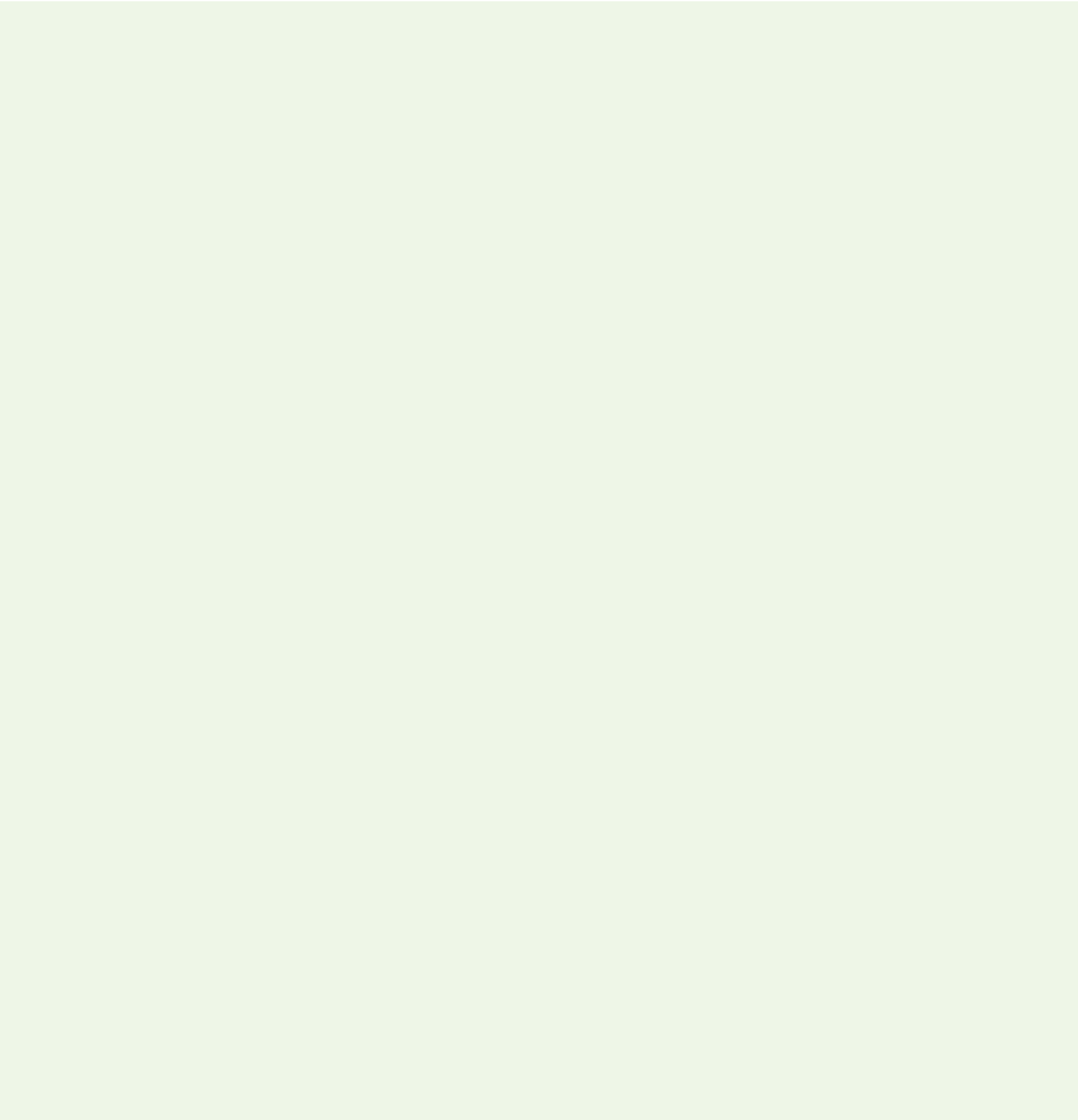
Abuja Office

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@cscs.ng

Website: <https://www.cscs.ng>





SINGLE PORTFOLIO VIEW

Provide flexibility for your customers, who are investors in the capital market, in referencing and interacting with their entire financial portfolio **ON A SINGLE PLATFORM** by Integrating your digital applications with our portfolio view service via an API.



Online view of capital market investments



Asset Valuation



Consolidated stock accounts

Benefits to Your Customers

- Oversight of their capital market holdings on of your online platforms.
- View of all their accounts with different stockbrokers on a single platform.
- Convenience in knowing their assets and net-worth – stocks, bonds, deposits, savings – at a glance.

Benefits to You

- Increase usage of your online applications by customers.
- Foster your relationship with the capital market.
- Serve as a means of introducing an innovative solution and staying competitive in the financial services industry.
- Easy validation of your customer's capital market investments as collateral for loan.
- Revenue generating opportunity.

Contact Us

✉ productsales@cscs.ng

☎ 0700 2255 2727



    /CSCS Nigeria

 Central Securities Clearing System PLC

 www.cscs.ng



GLOBAL

SEARCH SERVICE

The **Global Search** service allows investors to search for their investments in listed equities, bonds and other assets within CSCS depository, irrespective of the time the investment was made and/or the capital market operator that served as the brokerage agent.

Hence, the **Global Search** provides investors the opportunity to have a consolidated statement of all their investments in the capital market, subject to being in CSCS depository.

Who is this for?

All investors, corporate and individual investors, who at one time or the other invested in publicly quoted equities, Federal Government of Nigeria (FGN) Bonds, Bonds issued by State Governments and Corporate entities and any other financial asset within CSCS depository.

Benefits of Global Search

- It can be used by investors to trace investments made through either an existing or moribund capital market operators.
- It provides full details of investors' holdings in different financial assets held through different capital market operators, some of which the investor may have forgotten or may not be aware of.
- The service provides up-to-date information about the capital market and more importantly, assets owned by the investor, thereby helping investors to keep abreast of their investments.

How can I access Global Search?

Contact us directly through any of our channels below or through your stockbroker:

✉ contact@cscs.ng

☎ 0700 2255 2727

