CSCS

RC 201018

CENTRAL SECURITIES CLEARING SYSTEM PLC

25 YEARS *of* Proven Resilience

2021 ANNUAL REPORTS
& FINANCIAL STATEMENTS


BUSINESS DAY
MARKETS CHOICE AWARD
Presented to
MR. HARUNA JALO-WAZIRI
Managing Director/CEO, CSCS Plc.

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 a highly skilled workforce

Vison & Mission

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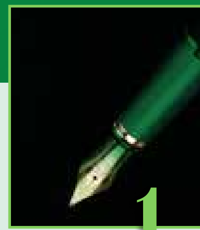

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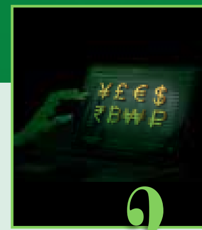

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Overview

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Proven
Resilience

CSCS
RC 201018
CENTRAL SECURITIES CLEARING SYSTEM PLC

Directors, Officers and Professional Advisers

Board of Directors:

Mr. Oscar N. Onyema OON	-	Chairman
Mr. Haruna Jalo-Waziri	-	Managing 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

Registered Office:
Central Securities Clearing System Plc
1st Floor, The Nigerian Exchange Group Building
No. 2/4, Customs Street, Marina, Lagos

Companys registration number:
201018

Company secretary:
Charles I. Ojo

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

Bankers:
Access Bank Plc
Citibank Nig Plc
Coronation Merchant Bank Limited
Ecobank Nigeria Plc
Fidelity Bank Plc
First Bank of Nigeria Limited
FSDH Merchant Bank Limited
First City Monument Bank Limited
Guaranty Trust Bank Plc
Greenwich Bank Limited
Globus Bank Limited
Keystone Bank Limited
Nova Merchant Bank Limited
Providus Bank Limited
Rand Merchant Bank
Stanbic IBTC Bank Plc
Sterling Bank Plc
SunTrust Bank Nigeria Limited
Titan Trust Bank
Union Bank Plc
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc

Registrar:
Africa Prudential Plc
220B Ikorodu Road
Palmgrove
Lagos

Actuary:
O & A Hedge Actuarial Consulting
(Actuaries & Chartered Insurers)
Suite 28, Motorways Centre, 1 Motorways
Avenue Alausa Ikeja, Lagos - Nigeria

2021 At a Glance

Gross Earnings

2020
12.1bn

2021
10.5bn
GROWTH RATE: -13.2%

Revenue From Non-Core Activities

2020
0.5bn

2021
1.9bn
GROWTH RATE: 280%

Revenue Contribution From Non-Core Activities

2020
4.0%

2021
18.1%

Total Assets

2020
41.2bn

2021
42.2bn
GROWTH RATE: 2.4%

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 investors may have forgotten or may not be aware of.
- The service provider up-to-date information about the capital market and more importantly, assets owned by investors, thereby helping them to monitor 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

/CSCS Nigeria Central Securities Clearing System PLC www.cscs.ng

Central Securities Clearing System Plc [CSCS] is Nigeria's Central Securities Depository (CSD) licensed to carry on the depository, clearing and settlement of all transactions in the Nigerian Capital Market. As the country's premier Financial Market Infrastructure (FMI), CSCS processes securities in electronic book-entry form, ensuring safe and efficient transaction processing within the ecosystem whilst also pioneering innovative solutions to deepen and enhance the efficient functioning of the market. We provide an effective single access point for all post-trade services in the Nigerian financial market, covering all forms of capital and money market securities including: equities, treasury bills, bonds, commodities, mutual funds, exchange traded funds and cash. With an "A+" CSD rating from Thomas Murray, CSCS ranks amongst the best rated financial services firms in Nigeria and one of the best rated FMI in Africa.

For more than two decades, CSCS has continuously partnered with other stakeholders to redefine the structure and operations of the Nigerian Capital Market, leveraging new technologies to extract efficiencies across the transaction life cycle whilst providing assurance in post-trade execution.
With the support of the Securities and Exchange Commission (SEC), other financial market regulators and collaboration with market participants, CSCS actualized the full dematerialization of share certificates in the Nigerian equity market, thus facilitating the full transition of the Nigerian equity market to the automated trading system. CSCS serves as the post trade agent for transactions on Securities Exchanges in the Nigerian Capital Market.

1 Overview

Notice Of 28th Annual General Meeting of Central Securities Clearing System Plc

NOTICE IS HEREBY GIVEN that the Twenty-Eight Annual General Meeting of Central Securities Clearing System Plc will hold at The Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos State at 10.00 a.m. on Friday the 6th day of May 2022 to transact the following business:

ORDINARY BUSINESS

1. To present and consider the Group's Audited Accounts for the financial year ended 31st December 2021, the Reports of the Directors, Auditors and Audit Committee thereon.

2. To declare a dividend.

3. To elect/re-elect Directors.

4. To ratify the re-appointment of KPMG as External Auditors.

5. To authorize the Directors to fix the remuneration of the Auditors.

6. To elect members of the Audit Committee.

Dated this 8th day of April 2022.

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 Registrars, 220B Ikorodu Road, Lagos State not later than 24 hours before the time of holding the meeting. A proxy need not be a member of the company.

In view of COVID-19 pandemic, the restriction on mass gatherings in the Coronavirus Disease (COVID-19) Health Protection Regulations 2021 and in line with the Guidelines issued by the Corporate Affairs Commission on holding AGMs using proxies, attendance at the AGM shall be by proxy. Consequently, a member entitled to attend and vote at the AGM is advised to select from the underlisted proposed proxies to attend and vote in his / her stead.

a. Mr. Oscar N. Onyema. OON
b. Mr. Haruna Jalo-Waziri
c. Mr. Eric Idiahi
d. Mr. Uche Ike
e. Ms. Tinuade Awe
f. Mr. Roosevelt Ogbonna
g. Mrs. Chinelo Anohu
h. Mr. Ibrahim Dikko
i. Mrs. Tairat Tijani
j. Chief Onyenwechukwu Patrick Ezeagu
k. Mr. Nornah Awoh
l. Mr. Emeka Madubuike

A proxy form is attached to the Annual report.

All Shareholders are therefore requested to deposit their completed proxy forms appointing any of the listed proxies at the office of the Company's Registrars, Africa Prudential Registrars Plc, 220B Ikorodu Road, Lagos State or via e-mail, cxc@africaprudential.com, not later than 24 hours prior to the time of the meeting.

The Company has made arrangements to bear the cost of stamp duties on the instruments of proxy. Please note that the Proceedings will also be streamed live on CSCS' website and social media platforms.

Closure of Register of Members

The Register of Members and Transfer Books of the Company will be closed on Friday 29th April 2022, to enable the Registrar to prepare for the payment of dividend.

Dividend

If approved, the sum of 74k for every share held (bringing the total dividend payable to N3.7 billion) will be paid via e-mandate on the 6th day of May 2022, to shareholders whose names are registered in the register of members at the close of business on the 28th day of April 2022. Shareholders are advised to forward particulars of their account details to the Registrar to enable direct credit of their dividend on same day.

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 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 5th day of May 2022.

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 dividends 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 Registrars Plc, 220B Ikorodu Road, Lagos during normal working 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/CCS details to our Registrars, Africa Prudential Registrars Plc as soon as possible.

Profile of Directors

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

By Order of the Board

8th Day of April 2022

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

Oscar N. Onyema OON

Chairman, Board of Directors

A REVIEW OF THE GLOBAL AND NIGERIAN ECONOMY

Dear Shareholders, Board Members, and other Stakeholders in the Nigerian Capital Market, I am delighted to welcome you to the 28th Annual General Meeting of our Company. In my statement for this year, I will present a review of the Global economy and Nigerian capital market, as well as an overview of your company's performance in 2021 and outlook for 2022.

Global Macroeconomic Review

2021 brought hope for global economic growth, following the pandemic-induced downturn in 2020, when the global economy shrank by 3.1%. In the first half of 2021, the world struggled with the Delta variant of COVID-19, while the Omicron variant took the world by surprise in the second half of the year. Notwithstanding the resurgence of infections and spread of new variants, increased vaccination reinforced the confidence of policy makers in reopening economies, thus strengthening recovery of the global economy, which grew 5.9% in 2021 according to the International Monetary Fund.

Globally, there was a cautious reawakening to social and communal activities, as public facilities gradually reopened. Football stadia are almost at full capacity, movie premiers & concerts are back, corporates are back to office, with most operating at 60% of physical capacity and students are back to schools.

Globally, there was a cautious reawakening to social and communal activities, as public facilities gradually reopened. Football stadia are almost at full capacity, movie premiers & concerts are back, corporates are back to office, with most operating at 60% of physical capacity and students are back to schools.

However, high energy prices and supply chain pressures spurred record high inflation. The pandemic has continued to reinforce the importance of Environmental, Social and Governance (ESG) imperatives. Globally, 2021 marked a seminal movement on the path to net-zero, with many governments and corporations pledging at the UN Climate Change Conference (COP26) held in Glasgow to consider alternatives to fossil fuels.

The Nigerian business environment

Average inflation rate remained high at 17.0% in 2021 relative to 13.2% recorded in 2020. This raised a concern amongst Nigerians, considering the erosion of purchasing power, especially with the rising prices of staple food and other consumer goods. The situation was not different for businesses, as corporates grapple with high production and service costs. These challenges were further accentuated by relative insecurity, constraints on financing infrastructure deficit and foreign exchange volatility, all of which have exacerbated the inflationary pressures in the country.

Nigeria's external reserves which opened the year at US$35.6 billion, rose to US$40.52 billion as at 31st December 2021, representing 14.5% year-on-year increase, partly reflecting the US$3.35 billion Special Drawing Rights (SDRs) from the International Monetary Fund (IMF) in August 2021 and US$4 billion raised from Nigerian Eurobond issuance in September 2021.

Despite much higher reserves, challenges of low crude oil production, limited investment inflows and high demand for foreign exchange were persistent. Consequently, the Naira remained under pressure, with analysts citing backlog demand for foreign currency as a reflection of the relatively weak fundamental of the local currency, despite the rising external reserves. In May, the Central Bank of Nigeria (CBN) adopted the NAFEX Fixing, which is the prevailing FX rate at the Investors and Exporters (I&E) Window, as the official exchange rate, as a measure towards converging the multiple exchange rates in the market, with hope of stabilizing the Naira. As at December 2021, exchange rate on the I&E Window stood at N414.80/US$, after an estimated 5.32% depreciation in 2021.

Nigeria's balance of trade remains negative in 2021, some USD4.67 billion, as reported by the National Bureau of Statistics. These statistics also explain the persistent weakness of the local currency, Naira, as import bills continue to outstrip foreign currency earnings from both oil and non-oil exports.

Review of the Nigerian Capital Market

Yields on Nigeria's fixed income securities rose in 2021 as the impact of the CBN's accommodative measures aimed at cushioning the effect of the pandemic faded. The average yield on FGN Bonds almost doubled in 2021, compared to 2020. Notably, the average yield on FGN Bonds increased from 6.29% in 2020 to 11.55% at the close of the market in December 2021. Similarly, the average yield on Treasury Bills stood at 4.48% at the close of market in December 2021, compared to an average yield of 0.46% in 2020. Whilst equity prices rallied further, with the NGX All Share Index gaining 6.1% in the year, investor sentiment was relatively modest compared to the bullish bias recorded in 2020. Analysts attributed the tapered appetite of investors for equities to the rising yield on fixed income securities, as higher yield on low-risk assets attract investors.

Broadly, both the equity and fixed income markets experienced relatively lower liquidity in the secondary market, especially as foreign

Chairman's Statement

investors' participation waned, on concerns of foreign currency scarcity.

Financial Summary

Against this global and national backdrop, the Company recorded Gross Earnings of N10.5 billion for the year ended December 2021, representing a budget performance of 87.9%. Top-line revenue performance was largely driven by the strong growth in ancillary income. Whilst Equities Market Average Daily Trade Value (ADTV) was N3.9 billion in 2021FY, 22% below budget of N5.0 billion which explains the 10.1% decline in transaction fee income to N2.6 billion (from N2.9 billion in 2020); Depository fee income grew 48.1% year-on-year to N1.8 billion (from N1.2 billion recorded in 2020) buoyed by higher market capitalization and new listings. Income from ancillary services recorded a significant boost, contributing N2.2 billion or 21.0% of total revenue in 2021 (from N525.6 million or 4.3% of revenue in 2020). This performance, which translates to a year-on-year growth of 316.7%, reflects the strong focus of the Board and Management on revenue diversification. Notwithstanding the volatile yield environment, Investment Income remained resilient and strong, reflecting disciplined portfolio management and governance. Overall, the Company posted Profit Before Tax of N6.1 billion, representing 85.1% budget performance.

In line with our promise to deliver strong and sustainable returns to our shareholders, the Board announced a dividend of 74 kobo per share subject to your approval at this AGM. This amounts to a total payout of N3.7 billion which is subject to appropriate withholding tax.

Despite much higher reserves, challenges of low crude oil production, limited investment inflows and high demand for foreign exchange were persistent. Consequently, the Naira remained under pressure, with analysts citing backlog demand for foreign currency as a reflection of the relatively weak fundamental of the local currency, despite the rising external reserves.

Board of Directors

I am proud of the quality of the Board of CSCS, and various contributions made by directors towards fulfilling our vision of being the globally respected and leading CSD in Africa. We maintained board stability and did not record any changes in the Board of Directors during the year.

Strategic Developments:

In 2021, the Board approved the Company's new five-year strategy plan (2021 to 2025); a plan which is transformative and seeks to revolutionize our service delivery to all stakeholders. I am happy to inform you that we hit the ground running with this plan and have already recorded the following early achievements:

Customer Relationship

- Dedicated and interactive Call Centre. In 2021, there were over 156,000 interactions with capital market participants via the company's channels of communications including e-mails, inbound and outbound calls, Online chats and social media.

- Over Forty (40) virtual engagements with the key external stakeholders including Exchanges, the Association of Stock Brokerage Houses of Nigeria (ASHON), Association of Assets Custodians of Nigeria (AACN), and the Institute of Capital Market Registrars (ICMR). These engagements provided the opportunity for effective collaboration with different participants and stakeholder groups, with the objective of deepening the capital market.

Financial

- • With a renewed focus on product and process innovation, the business is being repositioned to achieve the broad diversification objective aimed at ensuring sustainable growth of the business. In addition, our strategy is anchored on strategic partnerships towards enhancing capital market liquidity. We have an objective of leveraging expected increase in primary and secondary market activities to grow core revenue streams.

Internal Processes

- Launched CSCS' Digital transformation journey through the deployment of APIs, artificial intelligence, machine learning, and robotic process automation, with focus on extending straight through processing capabilities to external stakeholders.

Education & Growth

- Conducted intensive and functional trainings for both Board and Management to ensure effectiveness. Specifically, the Management and the Board were exposed to trainings relating to strategy development and execution, audit and risk management, governance, and leadership.

Outlook for 2022

We are optimistic about our outlook for 2022 despite the challenging business landscape. As we move into the second year of our strategic plan, we intend to accelerate execution of board approved strategic initiatives. We will consolidate our core offerings by extending our clearing, settlement and depository services to new Exchanges and other trading platforms. The recent announcement of our partnership with the Nigeria Commodity Exchange (NCX) lends credence to our capability to deliver on this initiative and the robustness of our depository and settlement technologies.

We are also exploring global partnerships and expansion opportunities, as we hope to increase the scale and scope of our operations. This will support efforts to broaden our services to the Nigerian capital market. Ultimately, we seek to enhance secondary market liquidity and overall growth of the capital market. In the last three years, we made strategic investments in two Infrastructures. These investments were aimed at promoting new offerings in the financial system whilst also optimizing our long-term earning capability, beyond

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Chairman's Statement

our business of serving as CSD to Exchanges in Nigeria. We believe these investments will provide incremental contributions to our bottom-line in the medium to long term. With these solid efforts, we are confident that our revenue and profit mix targets are achievable.

After the successful completion of the first phase of our office retrofit project, aimed at improving staff productivity, we are now in the second phase, and we hope to complete this project in 2022. This combined with our efforts at enhancing our staff compensation structure will ensure that we attract and retain the best talents to execute our company's objectives. Maintaining strong corporate governance is a value that we are not willing to compromise. We will continue to hold our Management Team and Board of Directors to the highest standards. The achievement of our annual board objectives will serve as the barometer of success for us as a team. We will continue to apply our knowledge and experiences in delivering on our oversight function, with the goal of delivering consistent and sustainable value to you, the shareholders. On behalf of fellow directors on the Board, I would like to reiterate our commitment in delivering on the company's vision.

Conclusion

Thank you, our shareholders, for the confidence you repose in the Board and Management of CSCS to deliver on our business objectives.

I would also like to appreciate the support of all stakeholders, including our employees for their dedication and hard work towards achieving the set objectives; our regulators for continuing to provide an environment that allows us to thrive; our clients for your continued loyalty to the brand; and our partners for helping us be the best version of ourselves everyday.

Thank you for your attention.

Yours sincerely.

Oscar N. Onyema OON.
Chairman, Board of Directors
FRC/2013/IODN/00000001802
08 April 2022

Haruna Jalo-Waziri

Managing Director/Chief Executive Officer

PROVEN RESILIENCE

Distinguished Shareholders and Capital Market Stakeholders, I am pleased to welcome you to the 28th Annual General Meeting of our dear company, Central Securities Clearing System Plc (CSCS). It's my pleasure to present the 2021 Annual Reports and Accounts to you, highlighting our financial performance and strategic thrust, and more importantly providing outlook for the business, as we diligently execute our strategic plan towards delivering sustainable long term value to shareholders and every stakeholder.

Introduction

2021 was an excitingly challenging year for everyone; another 365days of worrying about COVID-19, especially with the rapid spread of the new variants. Albeit it is satisfying that against the backdrop of the prolonged pandemic, we have demonstrated resilience and ingenuity in adapting to the new norms occasioned by COVID-19. As increasing vaccination continues to strengthen confidence in easing restrictions and reopening productive activities, the global economy rebounded strongly, growing 5.9% as estimated by the International Monetary Fund (IMF), compared to the 3.1% COVID-19 induced contraction in 2020. Whilst cross-border trade, including capital flows, remains subdued, increased manufacturing activities partly buoyed by the dire need to restock depleted inventories, reinforced economic recovery across most countries, including Nigeria, where the economy resurged 3.4%, following the 1.92% contraction in 2020. Like most economies, a mix of monetary policy accommodation and fiscal stimulus bolstered the recovery of the Nigerian economy during the year, even as the recovery remains fragile, as concerns over the weak fundamentals of the economy presents downside risks to the sustainability of the recovery.

Notably, Nigeria's oil sector remains in recession, shrinking 8.3% year-on-year, after recording its seventh consecutive month contraction and representing barely 7.2% of the Nigeria's gross domestic product in 2021. Reinforcing the fragility of the economic recovery, the industrial sector also contracted, as the non-oil sector expansion was driven mainly by relatively isolated rebound in trade, information & communication, and

> *Albeit it is satisfying that against the backdrop of the prolonged pandemic, we have demonstrated resilience and ingenuity in adapting to the new norms occasioned by COVID-19.*

constriction sectors. Whilst improved trade activities may be traced to the surge in imports aimed at restocking depleted inventories after the "lockdown", resilient growth in the ICT sector reflects sustained investments in sector, as operators seek to explore opportunities for increased data penetration.

Globally, policy makers are winding down stimulus programmes to tame historic-level inflationary pressure, which is partly driven by the unprecedented monetary policy measures implemented to counter the devastating effects of the pandemic. Thus, higher interest rate outlook is steadily undermining already weak capital flows, especially to emerging markets, where perceived illiquidity of capital markets has exacerbated trade flows. Whilst the monetary policy authority in Nigeria is defying global peers' stance on hiking interest rate, as the monetary policy committee maintained the benchmark interest rate throughout 2021 and even in the first meeting of 2022, there are concerns on probable rise in interest rate environment in the second half of the year, as signalled by the modest rise in the sovereign yield curve. Notably, whilst the Central Bank notes its limitation in stemming the cost-push inflationary pressures, there are concerns that the MPC may revise its accommodative stance to mitigate the impact of exchange rate risk on inflation, as Naira continues to depreciate in both official and parallel markets. The fiscal authorities at both Federal and State Government levels are committed to expansionary measures, in hope of bolstering the fragile economic recovery, especially as the government anticipates 4.2% GDP growth in 2022, a bullish expectation when compared to IMF forecast of 2.7% for Nigeria. Nonetheless, weak revenue accretion (below the budget) may subdue the ability of the government to execute on planned capital expenditures, which are relevant for stimulating macro liquidity and bridging infrastructure gaps requisite for stimulating economic activities. More so, macro risks and uncertainties arising from upcoming 2023 general elections may influence monetary policy decisions in the second half of the year, thus reinforcing the cautious stance of foreign and local investors. Notably, foreign investors' participation in the Nigerian equity market has been relatively weak, representing barely 23% of total market activity in 2021, compared to a peak of 58% in 2014, due mainly to perceptions on foreign currency scarcity and probable Naira devaluation.

CEO's Letter to Shareholders

Against the backdrop of Russia-Ukraine war, there are new concerns on global trade and capital flows, even as the event has been positive for oil price, though Nigeria's low oil production of barely 1.4mbpd denies the country of the full benefit of current historic-high price of the commodity. Nonetheless, the commitment of the government to rein in security and theft issues in the Niger-Delta should support oil production towards the 1.88mbpd budget. More so, renewed measures of the Federal Inland Revenue Service, including diligent implementation of the Finance Acts 2021 and 2022, should buoy non-oil revenue, moderate fiscal deficit and support budget implementation capacity.

Business Performance...Many wins amidst challenging environment

Reflecting the ingenuity of market participants and more importantly quick adoption of new remote access technologies, the Nigerian capital market remained active through the prolonged COVID-19 crisis. The collaboration of our regulator and participants has been incredible in sustaining our operational protocols and IOSCO PFMI standards. Though clearing and settlement activity waned by 10.2% to N0.99trillion, reflecting the lower liquidity in the secondary market, we are excited at the growth in our depository assets by 6.1% to N23.0trillion, reflecting issuers' and investors' confidence in the safety and secured accessibility of our systems. The lower settlement activity undermined our transaction fee income, declining 10.1% year-on-year to N2.58 billion, albeit as we grow the depository assets, especially with new securities listings across our multiple Exchange partners, our core revenue remains resilient, in depository assets compensated. As always, my colleagues and I, appreciate the collaboration of our participants and every stakeholder, especially issuers and investors. The confidence of our stakeholders in our capacity to innovatively navigate the challenges occasioned by the prolonged pandemic has been the bedrock of our seamless transition to a fully remote clearing and settlement protocol, which has proven to be exceedingly efficient.

Notwithstanding the low foreign investor participation in the market and attendant impact on broad market liquidity, we are excited at the growing trade flows on our partner over-the-counter exchange, the NASD-OTC, recorded a 159% year-on-year growth in our clearing and settlement activity relating to the Exchange, thus increasing the contribution of NASD-OTC trades in our operations to 3.3%, a trend which reinforces the diversification of our settlement operations. Excitingly, we recently partnered with the newly enhanced Nigerian Commodity Exchange (NCX) in launching its trading platform, with your company, CSCS, serving as the depository, clearing and settlement agent on this incredibly exciting journey towards revolutionising the

The fiscal authorities at both Federal and State Government levels are committed to expansionary measures, in hope of bolstering the fragile economic recovery, especially as the government anticipates 4.2% GDP growth in 2022, a bullish expectation when compared to IMF forecast of 2.7% for Nigeria.

Despite the potentially disruptive impact of the third and fourth waves of COVID-19 pandemic, their performance was exceptional, even as we had to reactivate our strict business continuity protocols, with over three-quarter of the workforce working remotely. Amidst all of the challenges, they remained resolute, engaged, and motivated as ever.

commodity market ecosystem in Nigeria. Working with the leadership of the Lagos Commodities and Future Exchange as well as the NCX, we are optimistic on working with partner Exchanges and other stakeholders in revitalising commodities trading in the Nigerian capital market over the near to medium term. Interestingly, the Nigerian Exchange Limited (NGX) is pioneering a number of initiatives, aimed at revolutionising the capital market, with special focus on new products and process innovation targeted at deepening retail investor penetration. As a critical stakeholder in the ecosystem, we are partnering with NGX in actualising our mutual objectives of stimulating liquidity and creating the levers for sustainable growth of the Nigerian capital market. An example of a successful collaboration is the recent launch of the PrimaryOffer digital application platform, which buttresses our joint effort towards digital transformation, allowing market access for all categories of investors, including institutional and retail investors within and outside of the country. Given the priority of digital transformation in our strategy, we will continue to collaborate with Exchanges, participants, issuers, and other stakeholders to deepen market access and deliver innovative solutions through the investment cycle, efficiently and effectively.

Notwithstanding the relative weak trading activity in the secondary market, we recorded notable growth in earnings from ancillary services, an impressive 292% year-on-year growth to N1.9 billion. The string income from the ancillary offerings was buoyed by reinvigorated marketing initiatives, enhanced client engagements and renewed commitment to service excellence. We are particularly excited at the prospect of our collateral management services, especially as we hope to launch an enhanced platform for self-monitoring and reporting of collaterals in the quarters ahead. Similarly, our data subscription and document management services continue to gain market share across private and public sector clients. We continue to demonstrate innovation in optimising our delivery of data and document management services, leveraging our capabilities in extracting value adding use cases at different client engagements. As we grow our clientele of this incredible offering, that has proven to be essential to clients in optimising resource use and overall cost efficiency, we are optimistic on our earnings growth and diversification. Notably, income from ancillary services contributed 18.1% of our total revenue in the 2021 financial year, reinforcing our commitment towards diversifying our income base for sustainable growth of the business.

Despite the average inflation rate of 17.0% during the year, we sustained our cost efficiency strategy, leading to a 1.6% decline in operating expenses. Overall, we achieved N5.8 billion and N4.4 billion profit before tax and profit after tax respectively, defying the challenges of the capital market and broader macroeconomic environment.

Beyond the numbers...

Our success in the year reflects the unwavering commitment of my colleagues across all units and cadres. Despite the potentially disruptive impact of the third and fourth waves of COVID-19 pandemic, their performance was exceptional, even as we had to reactivate our strict business continuity protocols, with over three-quarter of the workforce working remotely. Amidst all of the challenges, they remained resolute, engaged, and motivated as ever. Whilst some

CEO's Letter to Shareholders

colleagues had to leave for varying reasons, including retirements, studies, and career changes, we attracted new talents over this period and our team is more than ever energised and confident of beating all odds and delivering exceptional returns to our shareholders and more importantly playing pivotal role in the development of the Nigerian capital market.

As CSCS, we consider it to be our responsibility to work with our regulators and all stakeholders in breaking all barriers and surmounting all challenges undermining the growth of the capital market. We would not only commit our resources to this strategic objective but also leverage our global alliances in catalysing a sustainable growth for Nigerian capital market. Nonetheless, we have also reinvented our business and operational model to immune our growth from inevitable cyclicality of the capital market and broader macroeconomic environment, as we believe our shareholders deserve superior and consistent returns on their investment. Hence, we have reinvigorated our drive towards diversifying the business and would diligently execute on our strategic product and process initiatives to deliver our medium to long term sustainable earnings growth target.

Working with the Board of Directors, my colleagues and I, with the support of a renowned global consulting firm developed a new strategy playbook targeted at consolidating our position, as a leading central securities depository in Africa and a critical financial market infrastructure in Nigeria. We are excited at the latent opportunities inherent in the current state of the Nigerian capital market and more importantly the prospect for

It has been twenty-five years of meritorious service, as the infrastructure for the Nigerian capital market. We have pioneered a number of initiatives and efficiencies in the market but more importantly we have enjoyed the best of collaborative engagements with different stakeholders in the market.

deepening the market, as we diligently execute on new initiatives towards enhancing our scope of operations.
It has been twenty-five years of meritorious service, as the infrastructure for the Nigerian capital market. We have pioneered a number of initiatives and efficiencies in the market but more importantly we have enjoyed the best of collaborative engagements with different stakeholders in the market. Whilst we relish our progress working with other stakeholders in transforming the Nigerian capital market, we reckon there is a long way to go in bridging the gap towards our aspiration of positioning the Nigerian capital market as the hub of securities services in Africa and one of the leading capital markets, globally. Thus, as we dedicate our rich heritage, resilience and strength to our esteemed participants, with whom we have made this rich history, we are also dedicating the future of this great market utility to our mutual prosperity, as we look forward to deepening our partnerships as we execute on innovations aimed at catalysing the desired sustainable growth of the Nigerian capital market for the greater good of all stakeholders.

Appreciation – we are grateful for your partnership

I would like to use this opportunity to thank the Executive Management of the Securities and Exchange Commission (SEC), our apex regulator, whose oversight and partnership, has been incredible in refining market structures and stimulating innovation in trade and post-trade processes. We are enthusiastic on deepening our mutually beneficial relationship with the Commission, for the greater good of delivering on the aspiration of the SEC in transforming the capital market as a catalyst for national development.

My colleagues and I appreciate the oversight of our Board of Directors, chaired by Mr. Oscar Onyema, OON. We are proud of the rich blend of experienced professionals on our Board and more importantly their commitment towards global best corporate governance principles and practice.

On behalf of my colleagues, I like to express our profound gratitude to 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, whose support, patronage and partnerships remain our core motivation and source of inspiration. As always, we would continue to listen to you and ensure we deliver on your expectations today and tomorrow. We have come a long way together and we are excited at the prospect of our mutual prosperity, as we commit all resources towards delivering on your expectations. To my team, I would like to say thank you for a job well done. As you know, I am super proud of you, as the most important asset of this great company. In our culture of continuous improvement, our best can always be better, so let's do more!

Distinguished shareholders, I would like to restate our pledge to diligently create wealth for you and continue to beat your expectations. We cherish your investment in CSCS and value your confidence in us. Our share price has consistently outperformed the market, reflecting the justified premium on our stock valuation, as characterised by our diligent execution of business strategy, strong financial performance and more importantly the constructive outlook on the business. We are committed to delivering superior and sustainable long term value to shareholders and every other stakeholder of CSCS.

Thank you.

Haruna Jalo-Waziri
Chief Executive Officer
FRC/2017/IODN/00000017488
08 April 2022

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Business Review

Enterprise Risk Management Report

Introduction

CSCS remains committed to sustainable enterprise-wide risk management practices to drive institutional growth. With our promise of being more than just a CSD, our Enterprise-wide Risk Management (ERM) Policy is hinged on the establishment of risk oversight, monitoring, and reporting that fosters risk integration. We apply a bespoke risk management framework in identifying, assessing, monitoring, controlling, and reporting the inherent and residual risks associated with the pursuit of these ambitions and ensuring they are achieved the right way.

Risk strategies and policies are set by the Board of Directors of CSCS. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of CSCS to assume risk, weighed against the expected rewards, are detailed in the Enterprise-Wide Risk Management (ERM) Policy. The ERM Policy is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities, and actively managing these risks in a cost-effective manner. Specific policies are also in place for managing risks in the different core risk areas of financial, business continuity, legal & contractual, operational, regulatory & compliance, strategic, reputational risks, Information and Cyber Security amongst others. Our policies and processes are aligned with our risk management strategy and established risk appetite.

(ERM) Policy. The ERM Policy is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities, and actively managing these risks in a cost-effective manner.

CSCS' overall risk tolerance is established in the context of our earning power, capital and diversified business model. The organisational structure and business strategy, on the other hand, are aligned with our risk management philosophy.

Ultimately, the purpose of the company's Enterprise Risk Management functions is to identify, measure, evaluate, monitor, report and control all material risks on a timely basis and to assess the adequacy of our capital and liquidity in relation to our risk profile and market/macroeconomic conditions.

The Board, either directly or acting through its committees sets the risk appetite of the company. The Board sets this risk appetite taking into cognizance the company's strategic objectives and the risks that the organization is willing to assume in the pursuit of these objectives.

Our employees are encouraged to monitor, assess, report, and actively manage risks within their operational spheres. Comprehensive risk registers are maintained, and an annual review is undertaken of all business units and process through the Risk and Control Self-Assessment exercise (RCSA). A culture of personal accountability and integrity is encouraged throughout the organization and employees are encouraged to report observed malfeasance anonymously through dedicated whistleblowing channels. Regular training in all aspects of our risk culture helps to reinforce expected behaviour. Risks are identified and documented through the company's risk map process which sets out the company's risk profile in relation to key risk categories in its component business units. Identified risks are regularly assessed through the CSCS' risk appetite framework, stress testing process and in terms of emerging risks.

A culture of personal accountability and integrity is encouraged throughout the organization and employees are encouraged to report observed malfeasance anonymously through dedicated whistleblowing channels. Regular training in all aspects of our risk culture helps to reinforce expected behaviour.

Enterprise Risk Management Philosophy

At CSCS, we embrace a moderate risk appetite, whilst delivering strategic objectives. We anticipate risks in our activities and reward behaviour that aligns with our core values, controls, and regulations. Challenges are discussed in an open environment of partnership and shared responsibility. CSCS' Risk Management philosophy and culture remain fundamental to the delivery of our strategic objectives and are at the core of the company's operating structure.

Enterprise Risk Management Framework/ Governance

Effective governance ensures that risks are understood, managed, and communicated in an appropriate manner.

The Board, advised by the various Board and Management Risk Committees, requires, and encourages a strong risk governance culture which shapes the Company's attitude to risk. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

Our board risk committee plays a critical role in providing oversight of risk management and ensure that our risk appetite, risk culture and risk profile are consistent with and support our strategy to deliver long-term and sustainable growth. Our policies and processes are aligned with our risk management strategy and established risk appetite.

Risks are identified and documented through the Company's risk map process which sets out the Company's risk profile in relation to key risk categories in its component business units. Identified risks are regularly assessed through the company's risk appetite framework, stress testing process and in terms of emerging risks.

The Company's Risk Management Framework is set up on a distinct organizational structure and established policies to guide in the process of identifying, analysing, managing, and monitoring the various risks inherent in the business as well as setting appropriate risk limits and controls to align the risks with the strategic objectives.

The management of risk is evolving and necessitates a regular review of the effectiveness of each enterprise risk management component. It is in the light of this that the Company's ERM Framework is subject to continuous review to ensure effective 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.
- And through independent evaluation by external auditors, examiners, and consultants. CSCS runs a manual approach to managing, communicating, and implementing enterprise risk management policies and procedures across the Company.
- Review the effectiveness of the Company's overall risk management strategy at the enterprise level.
- Identify and evaluate new strategic risks and agree on suitable mitigating factors.

Internal Control Activities

CSCS maintains an effective internal control structure. An important element of the control environment is an ongoing internal control program. Our system also contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

To assure the effective administration of internal controls, we carefully select and train our employees, develop, and disseminate written policies and procedures, provide appropriate communication channels, and foster an environment conducive to the effective functioning of controls.

Business Continuity Management

The Company is committed to ensuring the continuity of its business in the face of disruptive events. The internal and external factors influencing business operations have been identified, and the potential consequences of a business interruption have been evaluated. This will ensure that the most appropriate level of measures are put in place to mitigate these risks and ensure that plans are available and tested to manage any interruptions that may occur. Sound business continuity management helps to:

- Ensure business continuity in a cost-effective manner.
- Provide safety and ensure the protection of:

People, Stakeholders, Reputation, Assets, Systems, Technology, and Information.

- Provide a methodology for analyzing the business impacts of adverse events.
- Comply with statutory and regulatory provisions.

The Company mitigates business continuity risks by reviewing and testing recovery procedures. These reviews and tests are conducted at least once every quarter.

The outbreak of the COVID-19 pandemic seriously impacted economic and industrial activities globally and in Nigeria, with ripple effects on businesses, households and general commerce. We will continue to monitor the development of the situation while putting in place preventive measures to curb the impact of the pandemic taking into consideration both Federal & State Governments approved Covid-19 protocols. Some of the measures adopted at CSCS include enforcement of health and safety precautions, limiting physical access to office premises, restriction of access to building to non essential visitors, enforcement of social distancing protocols, internal awareness campaigns and telecommuting to reduce exposure. In addition to these measures, we deployed technology to replace physical meetings with virtual meetings.

Information/Cybersecurity Risk Management

The events in 2020 and 2021 are unprecedented because of the COVID-19 Pandemic. IT and Cybersecurity have not been spared as there has been an increase in cyber security threats to businesses globally. In response to this, we have adopted an in-depth layered approach to cover Cybersecurity practices, information security processes and infrastructure. We also ensure that we are strong enough to withstand any exogenous shocks by putting in place a 24/7 monitoring and external intelligence for the company's information and technology assets, through our Enterprise Security Infrastructure. In response to the digitization needs, we have an Information Security Framework that enables the Company to maintain an overall cyber risk appetite of "moderate risk" while adopting digitization processes in meeting the needs of our customers.

Whistleblowing

Our whistleblowing policy is designed to foster a healthy feedback culture where concerns and unethical practices may be reported without fear of reprisals. The policy applies to both external and internal stakeholders which includes employees, customers, and vendors. Concerns about ethics, governance, irregularities, or malpractices, can be reported anonymously with an assurance of confidentiality and requisite action. There is a direct link on the intranet for whistle-blowers and an externally hosted hotline where reports can be made. All reports are investigated, and necessary sanctions applied for violations.

Conclusion

The Enterprise Risk Management function has contributed significantly to CSCS achieving its strategic objectives. Risk management function will continue to serve as an enabler of business to CSCS and provide value-added services to the Nigerian Capital Market.

Risk Management is strategically positioned to enable CSCS adopt and comply with the appropriate global best practices in creating and delivering value to its various stakeholders, guaranteeing the safety and efficiency of the Nigerian Capital Market.

The outbreak of the COVID-19 pandemic seriously impacted economic and industrial activities globally and in Nigeria, with ripple effects on businesses, households and general commerce.

Corporate Social Responsibilty Report

At CSCS, we understand how our responsible engagements toward society through our Corporate Social Responsibility (or "CSR") efforts can effect fundamental changes in our community. Our tightly focused CSR strategy enhances the quality of life of our employees, connecting with our stakeholders and championing responsible growth in the community.

Our CSR initiatives are focused on the three (3) pillars highlighted below:

- PEOPLE
- COMMUNITY
- ENVIRONMENT

People

At CSCS, the health and safety of our employees are our utmost priority considering they are our greatest assets in achieving our strategic business objectives. In this regard, we partnered with our health insurance provider to schedule an annual medical check for all employee cadres in the year.

This is to ensure they are physically and mentally postured to perform their assigned duties as we recognise the pressures they undergo on their daily job routine and the home front due to remote working activity conditions.

Further to employee welfare, we delivered the first phase of our retrofit project, improving aesthetics and creating a conducive working environment for our employees as they resumed physical work in the office after the COVID-19 pandemic. The completed floors now boast ergonomic spaces and are furnished with an efficient centralised duct cooling system that substantially improves the working environment. This is in line with our strategic thrust to create a "Great Place to Work" atmosphere for our employees to realise their career goals and develop a deeper connection to their job routine, thereby strengthening their overall sense of purpose at work and enhancing talent retention for CSCS.

Also, during the year, we celebrated the indefatigable men and women of CSCS during their respective recognised international men and women's day celebration events. It was an interesting time for these ladies and gentlemen as the sessions featured panel discussions, mental health awareness sessions, career talks and special sessions with invited speakers.

Community

Over the years, we have supported our stakeholders in recognition of the importance of their loyalty to our business. They have been a key element of our proven resilience in delivering excellent services to the Nigerian Capital Market over the last 25 years. We achieved this through strategic partnerships with different stakeholders in our ecosystem and communities.

Chartered Institute of Stockbrokers

Sponsorship of the Chartered Institute of Stockbrokers 2021 National Workshop

To project the CSCS brand to our critical stakeholders, we supported the national workshop of the institute as one of the silver sponsors for the event. The workshop serves as an advocacy platform to bring together macro-economic and capital market experts to dissect major economic issues and proffer solutions on how corporate entities and governments can achieve increased economic activity nationwide using a strong, inclusive and efficient capital market as a tool.

Sponsorship of the Nigerian Exchange Group (NGX) Capital Market Conference

NGX Nigerian Exchange Group

We are proud to have been a sponsor of the flagship edition of the NGX capital market conference themed "The Future Ready Capital Market – Innovating for Nigeria's Sustainable Recovery". The conference was a gathering of policy experts, international development partners, regulators, among other leading stakeholders, to share insights and broaden the thinking needed for greater capital flows through innovative sources of financing. We believe this will sustain the policy advocacy efforts towards building a vibrant Nigerian capital market that attracts global financial flows and supports sustainable economic recovery.

CSCS Annual Cybersecurity Webinar

We continued our annual Cybersecurity Webinar, the third in the series themed "Cybersecurity: The Challenges we face today", which pooled together leading cybersecurity industry professionals to discuss innovative ways of enhancing the security architecture of businesses. The session featured presentations from leading cybersecurity professionals and panel discussions. As businesses go online in this remote work era, CSCS, as a financial market infrastructure, is championing advocacy efforts on the need to increase surveillance in protecting the integrity of information technology networks and systems of our business stakeholders, considering that the weakest link can undermine the safety of our valuable technological assets.

Environment

At CSCS, we recognise that the management of environmental issues is important. Hence, our continued support and lending of a helping hand to places where they are needed the most through initiatives that drive social welfare and the long-term sustainability of our environment. This we achieved through:solutions on how corporate entities and governments can achieve increased economic activity nationwide using a strong, inclusive and efficient capital market as a tool.

Partnership with the Special Olympics Nigeria (SO Nigeria)

This is to sustain the inclusion revolution of SO Nigeria to provide people with intellectual disabilities opportunities to compete in sports to feel accepted and valued amongst their peers.

CSCS Recognized For Promoting Wellbeing Of People With Intellectual Disabilities

Corporate Social Responsibilty Report

Partnership with the AIFA Reading Society

We partnered with the AIFA Reading Society to commemorate their 2021 International Literacy Day event, which was featured in a live televised and radio programmes to address literacy-related issues. The platform was an opportunity to showcase our advocacy efforts in educating the youths on the need to utilise learning opportunities to improve their knowledge and literacy skills which will aid the achievement of sustainable educational development in our nation.

Donation to Legacy Restoration Trust (or "LRT")

We made donations to LRT, being an independent, not-for-profit entity that supports cultural heritage art and archaeological projects. Our donation will support the early works phase of building the Edo Museum of West African Art in Benin city, which culminates in establishing a world-class museum aimed at rediscovering and preserving the rich history of West African culture and the Benin Kingdom in particular. This will, in no small measure, increase global visibility and tourist attention to not just Edo State but Nigeria in general, of which we are happy to be part of the success story.

Conclusion

In conclusion, our accomplishments through our CSR activities in 2021 is a testament to our commitment to making strategic contributions to our community, the environment and promoting the welfare of our people. We recognise more work needs to be done on this front in 2022 and the years ahead and are committed to distinguishing ourselves through our Corporate Social Responsibility (CSR) engagements as we actively integrate our business into the community we operate in, manage our commitments to environmental and social sustainability, and ensure that our activities comply with national regulations and our S.E.C.U.R.E values and principles.


BUSINESS DAY
BANKS & OTHER FINANCIAL INSTITUTIONS (BAFI) AWARDS 2021
DEPOSITORY & CUSTODY COMPANY OF THE YEAR
Presented to
CENTRAL SECURITIES CLEARING SYSTEM (CSCS) PLC.

3 Governance

Board of Directors

Oscar N. Onyema OON

Chairman, Board of Directors

Mr. Oscar N. Onyema is the Chairman of Central Securities Clearing System PLC (CSCS), the clearing house 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.

Board of Directors

Haruna Jalo-Waziri

Managing Director/CEO

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 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.

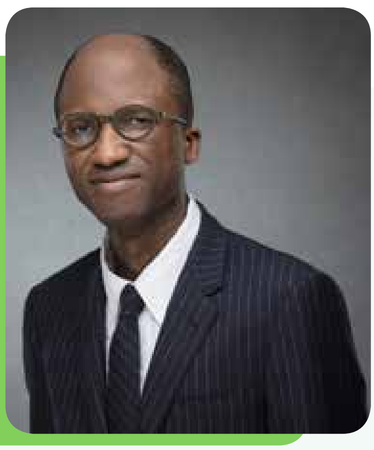
Mr. Jalo-Waziri is a Director on the Board of NG Clearing Limited and the Board of Special Olympics Nigeria. He is on the Advisory Board of Business Day and currently serves as Vice President of the AIFA Reading Society, an NGO, which focuses on promotion of a reading culture and sustainable development 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. He is a member of the Chartered Institute for Securities and Investment UK, Chartered Institute of Stockbrokers and Institute of Capital Market Registrars.

Uche Ike

Non-Executive Director

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



Eric Idiahi

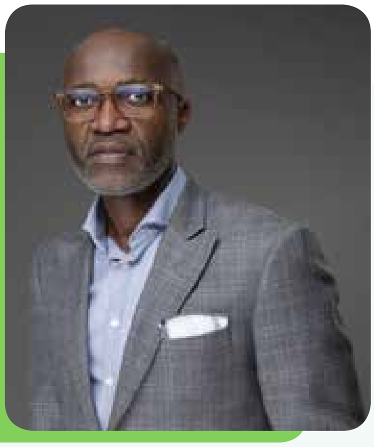
Non-Executive Director

Mr. Idiahi is a Co-founder and Partner of Verod Capital Management Limited. Prior to founding Verod Capital, 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 Pharmaceutics Industries Limited, Greensprings Educational Services Limited, and on the Board of Regents of Harris Manchester College, Oxford University.

He received a B.Sc in Economics from the University of Houston, Texas and an MBA from Saïd Business School, University of Oxford, Oxford, England.

Board of Directors



Roosevelt Michael Ogbonna

Non-Executive Director

Roosevelt Ogbonna is the Managing Director of Access Banking 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, Master of Law in International Corporate and Commercial Law from the King's College London, 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.

Tinuade T. Awe, Esq

Non-Executive Director

Tinuade Awe is the Chief Executive Officer of NGX Regulation Limited. 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

Tinuade T. Awe, Esq

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.

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.

Onyenwechukwu Patrick Ezeagu

Non-Executive Director

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 the immediate past Chairman of Association of Securities Dealing Houses of Nigeria (ASHON), the Managing Director/ CEO of Solid-Rock Securities & Investment Plc, and sits 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).

Board of Directors

Oluwaseyi Abe

Non-Executive Director

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).

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 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 Institution's 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 sits 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.

Chinelo Anohu

Independent Non-Executive Director

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 appointment as a Non-Executive Director in CSCS, 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.

Ibrahim Dikko

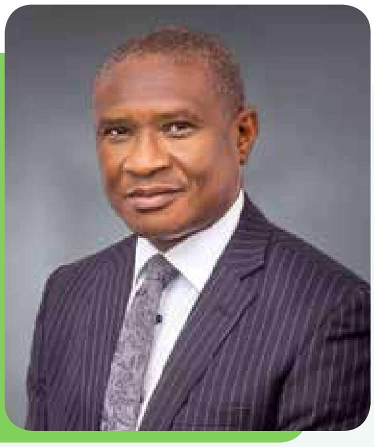
Independent Non-Executive Director

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.

Board of Directors



Oluseyi Owoturo

Non-Executive Director

Mr. Oluseyi Owoturo is a Non-Executive Director at CSCS Plc. He was the Managing Director of United Securities Limited (USL), and served as 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, and sits on the Boards of other Public and Private Companies.

CSCS
CENTRAL SECURITIES CLEARING SYSTEM PLC

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.

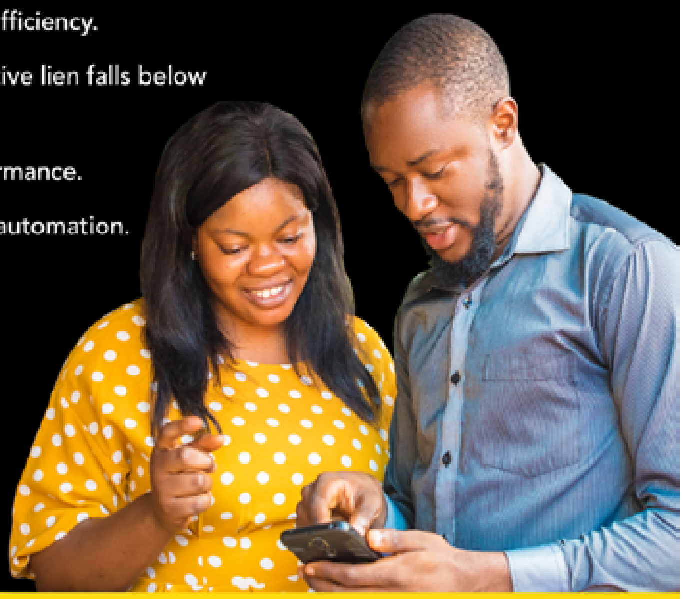
As a value-add, our Collateral Management Service is optimized by a **COLLATERAL MANAGEMENT SYSTEM** which grants credit providers online access to initiate, manage, and monitor their portfolio.

FEATURES

- A self-service portal
- Collateral reporting and monitoring
- Margin calls to credit provider and borrower
- Analytics on assets
- 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

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Governance

Executive & Management Team

Executive Management Team

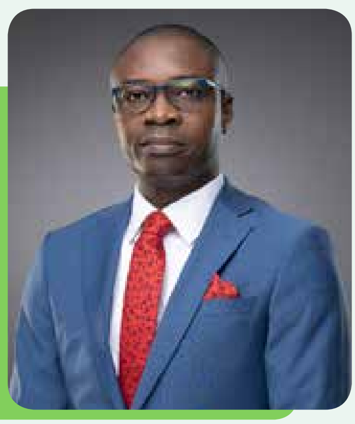
Haruna Jalo-Waziri
Managing Director/Chief Executive Officer

Adeyinka Shonekan
Divisional Head, Sales and Business Development

Onome Komolafe
Divisional Head, Business Services & Client Experience

Tobe L. Nnadozie
Divisional Head, Business Technology & Digital Innovation

Femi Onifade
Chief Strategy Officer



Peter Medunoye
Chief Financial Officer

Management Team

Akinwonuola Atitebi
Head, Treasury & Investment

Yetunde Adenaiya
Group Head, Employee Experience Services

Abiola Rasaq
Head, Corporate Strategy & Execution

Charles I. Ojo
Company Secretary & General Counsel

Anthony Ezugbor
Head, Application Development and Support

Temitope Sanni
Head, Admin Services

Abiodun Owoeye
Chief Internal Auditor

Babangida Yahaya
Head, Depository Services

Idibore Danlami Ali
Head, Financial Reporting

Isioma Lawal

Ag. Head ERM & Resilience Services

Tomilayo Aluko

Head, Communications and Marketing

Jameela Tafida-Sambo

Head, Abuja Office

Patrick Nri

Head, Ancilliary & New Markets Business

Oladipo W. Oluyinka

Head, Compensation & Benefits, Performance Management & HR Analytics

Agbeleye Olayemi

Head, Information Security

Vivian Ashiogwu

Head, Contact Centre

John Eze Izuchukwu

Head, Infrastructure Services

Uchechi Chukwuemeka

Ag. Head, Performance Management & Investor Relations

5

Governance

Directors’ Report

Directors' report for the year ended 31 December 2021

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 2021.

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 activities and business review

The Central Securities Clearing System Plc is a Financial Market Infrastructure (FMI) Company that undertakes the business of depository, clearing and settling of securities traded in the Nigerian Capital Market. The Company was licensed by the Securities and Exchange Commission and operates a computerized depository, clearing, settlement and delivery system for transactions in shares and fixed income securities listed/traded on the Nigerian Exchange Limited, NASD OTC Exchange or any other authorized/organized Securities Trading Platform in the Nigerian Capital Market. 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 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:

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Total operating income	10,469,020	10,469,020	12,087,177	12,087,177
Profit before tax	5,786,107	5,827,273	7,392,696	7,334,741
Income tax	(1,366,297)	(1,366,297)	(464,361)	(464,361)
Profit for the year	**4,419,810**	**4,460,976**	**6,928,335**	**6,870,380**
Actuarial gain on long term incentive scheme	-	-	1,169	1,169
Other comprehensive income, net of tax	(351,510)	(351,510)	(42,441)	(42,441)
Total comprehensive income	**4,068,300**	**4,109,466**	**6,885,894**	**6,827,939**
Basic and diluted earnings per share (kobo)	88k	89k	139k	137k

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 2021 (31 December 2020: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date is as shown below:

Shareholders	31 December 2021 Number of Shares	31 December 2021 Shareholding Percentage	31 December 2020 Number of Shares	31 December 2020 Shareholding Percentage
Nigerian Exchange Group Plc	1,459,555,913	29.19%	1,459,555,913	29.19%
Artemis Limited	830,641,902	16.61%	830,641,902	16.61%
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	500,329,756	10.01%	500,329,756	10.01%
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%	1,316,272,429	26.33%
	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:

Shareholders	31 December 2021 Direct	31 December 2021 Indirect	31 December 2021 Total	31 December 2020 Direct	31 December 2020 Indirect	31 December 2020 Total
Mr. Oscar N. Onyema OON	-	1,459,555,913	1,459,555,913	-	1,459,555,913	1,459,555,913
Mr. Haruna Jalo-Waziri	-	-	-	-	-	-
Mr. Bayo Olugbemi*	-	-	-	-	2,345,111	2,345,111
Mr. Uche Ike	-	268,500,000	268,500,000	-	268,500,000	268,500,000
Mr. Eric Idiahi	-	830,641,902	830,641,902	-	830,641,902	830,641,902
Mr. Roosevelt Ogbonna	-	375,000,000	375,000,000	-	375,000,000	375,000,000
Ms. Tinuade Awe	-	2,620,000	2,620,000	-	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***	-	500,329,756	500,329,756	-	-	-

*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.

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 2020 of any interest in contracts during the year.

Analysis of shareholding

The shareholding pattern of the Company as at 31 December 2021 was as stated below:

	31 December 2021		31 December 2020	
Share range	**No of shareholders**	**Percentage of shareholders**	**No of holdings**	**Percentage holdings**
1 - 1,000	443	34.94%	181,956	0.00%
1,001 – 5,000	182	14.35%	523,144	0.01%
5,001 – 10,000	86	6.78%	711,962	0.01%
10,001 – 50,000	237	18.69%	6,429,362	0.13%
50,001 – 100,000	62	4.89%	4,815,978	0.10%
100,001 – 500,000	103	8.12%	28,503,025	0.57%
500,001 – 1,000,000	31	2.44%	25,748,773	0.51%
Above 1,000,000	124	9.78%	4,933,085,800	98.66%
	1,268	**100%**	**5,000,000,000**	**100%**

The shareholding pattern of the Company as at 31 December 2020 was as stated below:

	31 December 2021		31 December 2020	
Share range	**No of shareholders**	**Percentage of shareholders**	**No of holdings**	**Percentage holdings**
1 - 1,000	425	36.39%	169,630	0.00%
1,001 – 5,000	157	13.44%	450,715	0.01%
5,001 – 10,000	71	6.08%	589,755	0.01%
10,001 – 50,000	211	18.17%	5,680,445	0.11%
50,001 – 100,000	56	4.79%	4,261,810	0.09%
100,001 – 500,000	97	8.30%	28,485,695	0.57%
500,001 – 1,000,000	28	2.40%	22,865,728	0.46%
Above 1,000,000	123	10.43%	4,937,496,222	98.75%
	1,168	**100%**	**5,000,000,000**	**100%**

Substantial interest in shares

According to the register of members at 31 December 2021, no shareholder held more than 5% of the issued share capital of the Company except the following:

	31 December 2021		31 December 2020	
Shareholders	**Number of shares held**	**% of shareholding**	**Number of shares held**	**% of shareholding**
Nigerian Exchange Group Plc	1,459,555,913	29.19%	1,459,555,913	29.19%
Artemis Limited	830,641,902	16.61%	830,641,902	16.61%
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	500,329,756	10.01%	500,329,756	10.01%
ZPC/Leadway Insurance Prem. Coll.	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 N26.7 million (31 December 2020: N118.2 million) during the year, as listed below:

Beneficiary	Purpose	Amount
Businessday Media Limited	Market Development Initiative	1,000
Chartered Inst. of Stockbrokers	Sponsporship to Chartered Inst. of Stockbrokers	5,000
The Nigerian Economic Summit Group Ltd	Sponsorship support	1,500
Nigerian Exchange Limited	NGX Market Data Workshop 2021 Sponsorship	1,000
Institute of Capital Market Registrars	2021 ICMR Annual Conference - Sponsorship	1,000
Corporate Membership	Year 2021 Annual Corporate Membership Subscription	250
Proshare Nig. Ltd	Silver Sponsorship of Online Trading Report	615
West African Art.	Sponsorship Edo State Museum of West African Art.	10,000
AIFA Reading Society	AIFA Reading Society Commemoration of the International	1,000
Law Enforcement Agencies	Gifts to Law Enforcement Agencies in our Community	370
Special Olympics Nigeria	Annual Partnership	5,000
		26,735

i) The Company did not make donation to any political party during the year ended 31 December 2021 (31 December 2020: 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 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 (3) of the Companies and Allied Matters Act (CAMA), 2020 proposed a dividend of 74 kobo per share (31 December 2020: 117 kobo per share) from the retained earnings account as at 31 December 2021, pending the approval of the shareholders at the 2021 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 (CAMA) 2020. 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

Charles I. Ojo
Company Secretary
Central Securities Clearing System Plc
FRC/2014/NBA.00000006051
16 March 2022

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 accordance with all applicable regulatory corporate governance requirements and international best practices. We fully recognize the nexus between building and maintaining strong corporate governance standards across our value chain and sustaining a company's competitive edge and strategic positioning within the Nigerian capital market and the other markets and segments we play in. As a result, the Board provides oversight to Management in ensuring that its governance structure and processes are in tandem with evolving corporate governance and international best practices.

In 2021, the Company engaged two corporate governance experts to conduct a thorough diagnosis of the company corporate governance structures and processes from an external perspective, and to assist the company to identify opportunities for improvement and to ensure alignment with extant applicable regulatory laws and international best practice. This exercise led to the review of the Charter of the Board of the company, as well as the Terms of Reference of the various Committee of the Board of the Company.

Impact of COVID-19 on Corporate Governance

Covid-19 pandemic has continued to impact and change the world and the manner business is being conducted. The Board has fully adapted to the new reality occasioned by the impact of Covid-19 pandemic and its various variants. The Board of CSCS continues to carry out its fiduciary duties and has consistently monitored, through the Audit and Risk Management Committee of the Board, the number of Covid-19 cases in Nigeria and its attendant impact on the company. To prevent the spread of Covid-19 amongst staff the Board approved a hybrid version of work, with 50% of staff having to work from the office while others work remotely from home. The Board, working with Management, partnered with a Primary Health Care Centre to facilitate the vaccination of staff against Covid-19 virus. Furthermore, the Board through its Technical Committee, has tightened and enhanced the security across CSCS Enterprise Infrastructure, giving the risks associated with working from home and the heighten cybersecurity attacks experienced globally.

Culture

CSCS has in the past year further 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 engagement of a foremost consultant firm in the United Kingdom, Oliver Wyman, to work with the Board and Management to develop the company's 2021-2025 Strategy Playbook. Following the approval of the Playbook by the Board on 15 August 2021, the operationalization of the new organogram/operating model commenced with a view to positioning the company for growth and alignment of the company's vision and mission with its strategic objectives and initiatives. There were also enhanced stakeholder engagements with internal and key external stakeholders to ensure they are aligned with the company's strategic direction. In addition, 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. 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 pays strict attention to and adheres strictly to 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 2020, as well as global best practices.

On a related note, the Board, working with Management is particularly interested in Environmental, Social and Governance (ESG) and has adopted a set of goals aimed at ensuring congeniality in the workplace and community, active stakeholder engagement and contribution to capital market initiatives.

Code of Corporate Governance for Public Companies

The Nigerian Code of Corporate Governance (NCCG) 2018 has been recognized as the Grundnorm 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 2021 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 2021 are listed below:

Shareholder	No. of Shares	% Holding
The Nigerian Exchange Group	1,459,555,913.00	29.2%
Artemis Limited (Verod Capital)	830,641,902	16.6%
Ess-AY Investments Limited	500,329,756	10.0%
Access Bank Plc.	375,000,000	7.5%
United Bank for Africa Plc.	268,500,000	5.4%

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 2021 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. A Board evaluation exercise was successfully conducted for 2021 by Messrs. JK Randle Professional Services. The scope of the evaluation includes assessing the Board composition and its responsibilities, the adequacy or otherwise of skills available on the Board and the synergy and effectiveness of the Board. The feedback from the exercise was communicated to the Board Chairman. The consultant's report, which is included in this Annual Report, shows that the Board's composition and the constitution of its various Committees comply with the provisions of the SEC Code of Corporate Governance and global best practices.

Director Nomination Process

The Board's Corporate Governance, Nominations and Remuneration Committee (CGN&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

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 2021, the Board of CSCS undertook strategy training sessions in United Kingdom facilitated by an eminent scholar from the London Business School and the Consultancy firm of Oliver Wyman, as part of the Firm's commitment to strengthen and execute on CSCS 2021 + Strategic Plan. The sessions were very enlightening and strengthen Board's commitment to position the business for more value creation to shareholders and other stakeholders in the Nigerian capital market.

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 and allocation of resources 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[3] 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, Legal and Compliance Services Department assists the Corporate Governance, Nominations and Remuneration Committee by providing relevant remuneration data and market conditions for the Committee's consideration. The

3 Mr. Oscar Oyenma, Mr. Uche Ike, Mr. Ehimare Idiahi, Mr. Roosevelt Ogbonna, Ms. Tinuade Awe, Mr. Oluwaseyi Abe, Mr. Patrick Ezeagu, Mrs. Chinelo Anohu, Mr. Ibrahim Dikko, Mr. Oluseyi Owoturo and Mrs Tairat Tijani.

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.

Mrs. Tairat Tijani's appointment as a new member of the Board on the 21st of October 2020, was approved by the Board and ratified by CSCS shareholders at the 27th Annual General Meeting of CSCS. Two Non- Executive Directors, Mr. Roosevelt M. Ogbonna and Ms. Tinuade Awe, who had retired by rotation were re-elected as directors as 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 comprise 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 are 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 four (4) times during year ended December 31, 2021, in accordance with the collectively agreed dates in the Board calendar. The attendance is represented below:

S/N	Directors	No. of Meetings	Attendance
1	Oscar N. Onyema	4	4
2	Haruna Jalo - Waziri	4	4
3	Uche Ike	4	3
4	Ehimare Idiahi	4	4
5	Roosevelt Ogbonna	4	4
6	Tinuade Awe	4	4
7	Onyenwechukwu Patrick Ezeagu	4	4
8	Oluseyi Abe	4	4
9	Chinelo Anohu	4	4
10	Ibrahim Dikko	4	4
11	Oluseyi Owoturo	4	4
12	Tairat Tijani	4	4

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 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. Four (4) 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) Audit and Risk Management Committee (ARMC), 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 Terms of Reference (TORs). The TORs 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 2020.

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 five (5) member team constituted by the Board. 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 2021 financial year. Mr. Uche Ike is the Chairman of the Committee. The other members of the Committee are Mr. Haruna Jalo Waziri, Mr. Oluwaseyi Abe, Mr. Oluseyi Owoturo and Mrs Tairat Tijani.

Technical Committee		
Director Names	Total Meeting in Period	Individual attendance
Uche Ike	4	4
Haruna Jalo- Waziri	4	4
Oluwaseyi Abe	4	4
Oluseyi Owoturo	4	4
Tairat Tijani	4	4[2]

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.
- Provide oversight for business development which has responsibility for CSCS products and services.

[2] Mrs. Tairat Tijani became a member of the Technical Committee (TC) with effect from the 36th meeting of the Committee held on Tuesday, 09 March 2021.

- Provide advice to the Board and Management regarding pre-product and service launch, reviewing the cost benefit analysis of each new product and service and ensuring alignment with the company's strategic objectives.

Committee Achievements

- Engagement of an independent consultant to evaluate CSCS cybersecurity architecture.
- Upgrade of CSCS Enterprise Architecture based on the CSCS 2021-2025 strategic plan.
- Tightening of CSCS Cybersecurity Architecture.
- Enhanced protection of CSCS Information Security Infrastructure.
- Commercialization of CSCS' technology solutions and Mobile Application.
- Implementation of Data Loss Prevention, Azure Information Protection, Two-Factor Authentication across Microsoft Solutions, and Mobile Device Management for Systems.

Corporate Governance Nominations and Remuneration Committee (CGNRC)

This Committee is a five (5) member team constituted by the Board. 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, renumeration and appraisal of Board members and Executive management. The Committee met five (5) times in the 2021 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.

Corporate Governance, Nominations and Remuneration Committee (CGNRC)		
Director Names	Total Meeting in Period	Individual attendance
Chinelo Anohu	4	4
Ehimare Idiahi	4	4
Tinuade Awe	4	4
Onyenwechukwu Patrick Ezeagu	4	4
Ibrahim Dikko	4	4

Major Responsibilities

- Establish the criteria for board and board committees' memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board.
- Prepare a job specification for the Board Chairman's position including an assessment of time commitment required by the candidate in performing his or her duty.
- Periodically evaluate the skills, knowledge and experience required on the Board.
- Make recommendations on experience required by Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters.
- Review and make recommendations to the Board for approval of the company's organizational structure and staff welfare.

Committee Achievements

- Review of Staff Compensation Framework to act an incentive to staff.
- Recommended the various Committees' Terms of Reference for Board approval.
- Engaged an Independent consultant to conduct staff remuneration survey.
- Recommended to the Succession planning policy for Board approval.
- Review of Staff Compensation structure to motivate and enhance staff engagement.
- Recommended CSCS new organogram following the commencement of CSCS 2021 to 2025 strategy playbook.
- Approved new recruitment policy that encapsulate provisions on gender equality, diversity, and inclusion.

- Recommended the Delegation of Authority Matrix for Board approval.

- Approved disposal of certain assets under the extant Asset Disposal Policy.

The Finance and Stakeholders Relationship Committee (F&SRC)

This Committee is a six (6) member team constituted by the Board to assist in fulfilling its oversight function of interfacing with the Company's stakeholders and the wider capital market group to ensure that CSCS continues to take and incorporate their feedback in its business & service offerings. The Committee met 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 Ogbonna, Mr. Oluseyi Owoturo and Mrs. Tairat Tijani [3].

Finance & Stakeholders Relationship Committee		
Director Names	Total Meeting in Period	Individual attendance
Ibrahim Dikko	5	5
Haruna Jalo- Waziri	5	5
Ehimare Idiahi	5	5
Roosevelt Ogbonna	5	5
Oluseyi Owoturo	5	5
Tairat Tijani	5	5

Major Responsibilities

- Assist the board in its assessment of potential partnership and alliances with organizations of mutual interest.
- Recommend to the Board, CSCS dividend payout.

- 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.

- Approval of Credit Policy to address current economic realities.

- Approval of Discount Framework to govern the Company's concessions across products and services.

- Enhanced engagement with CSCS key external stakeholders.

- Review of 2021 budget and financials.

Audit and Risk Management Committee (ARMC)

This Committee is a six (6) 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, (e) cybersecurity risk and (f) 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 2021, the Committee considered and recommended several 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 2021 financial year. Mr. Roosevelt Ogbonna is the Chairman of the Committee. The other members of the Committee are Mr. Uche Ike, Ms. Tinuade Awe, Mr. Patrick Ezeagu, Mr. Oluwaseyi Abe and Mrs. Chinelo Anohu.

3 Mrs. Tairat Tijani became a member of the Finance and Stakeholders Relationship (F&SRC) with effect from the 18th meeting of the Committee held on Wednesday, 17 March 2021

Audit and Risk Management Committee (ARMC)		
Director Names	Total Meeting in Period	Individual attendance
Roosevelt Ogbonna	4	4
Uche Ike	4	4
Tinuade Awe	4	3
Patrick Ezeagu	4	4
Oluwaseyi Abe	4	4
Chinelo Anohu	4	3

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 CSCS Enterprise Risk Management Framework and recommendation for board approval.
- Review and recommendation of 2022 Internal Audit Plan for board approval.
- Review of CSCS case log and litigation strategy for each case involving CSCS.
- Annual Review and recommendation of CSCS Information Security Management System (ISMS) Policies for board approval.
- Review and recommendation of CSCS Administrative Policies.
- Recommended for Board approval, the inclusion of International Standard for Assurance Engagement (ISAE) 3402 in External Auditor's scope.
- Recommended for Board approval, the inclusion of Audit Regulation 2020 in the Internal Audit scope.
- Approved the engagement of a qualified Independent Consultant to assess CSCS' Internal Audit function.

Statutory Audit Committee

The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, 2020 (as amended). 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 Two (2) Non-Executive Directors and Three (3) ordinary shareholders of the Company. The Non-Executive Directors who serve on the Committee are determined by the Board. Shareholders elect their representatives at the Annual General Meeting (AGM). Any member of the Company 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 four (4) times in the 2021 financial year.

Statutory Audit Committee		
Members	Total Meeting in Period	Individual attendance
Nornah Awoh[4]	4	4
Patrick Ajayi[5]	4	4
Oluwaseyi Abe[6]	4	1
Patrick Ezeagu[7]	4	1
Uche Ike[8]	4	2
Tinuade Awe[9]	4	3
Emeka Madubuike[10]	4	3

4 Mr. Awoh was re-appointed to the Audit Committee by the Shareholders at the 27th AGM of 18 May 2021.
5 Mr. Ajayi was re-appointed to the Audit Committee by the Shareholders at the 27th AGM of 18 May 2021.
6 Mr. Abe ceased to be a member of the SAC after the 24th meeting of the Committee held on Friday, 19 March 2021. Hence, he attended only one SAC meeting.
7 Mr. Ezeagu ceased to be a member of the SAC after the 24th meeting of the Committee held on Friday, 19 March 2021. Hence, he attended only 1 SAC meeting.
8 Mr. Ike was appointed by the Board as a member of the Statutory Audit Committee (SAC) with effect from the 25th meeting of the Committee held on Tuesday, 24 June 2021. Hence, he attended 2 SAC meetings. He was absent in one SAC meeting.
9 Ms. Awe was appointed by the Board as a member of the Statutory Audit Committee (SAC) with effect from the 25th meeting of the Committee held on Tuesday, 24 June 2021. Hence, she attended 3 SAC meetings.
10 Mr. Madubuike was appointed to the Statutory Audit Committee (SAC) by the Shareholders at the 27th AGM of 18 May 2021. Hence, he attended 3 SAC meetings.

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.

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 TORs 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:

- Managing Director/Chief Executive Officer- Mr. Haruna Jalo- Waziri
- Divisional Head, Business Development and Sales – Mr. Adeyinka Shonekan
- Divisional Head, Business Services & Client Experience – Mrs. Onome Komolafe
- Chief Strategy Officer - Mr. Femi Onifade
- Divisional Head, Business Technology & Digital Innovation – Mr. Tobe L. Nnadozie.
- 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:

- Head, Treasury, and Investments - Mr. Akinwonuola Atitebi.
- Group Head, Employee Experience Services - Mrs. Yetunde Adenaiya
- Head, Corporate Strategy & Execution - Mr. Abiola Rasaq.
- Head, Admin Services - Mr. Temitope Sanni.
- Head, Depository & Account Services - Mr. Babangida Yahaya
- Chief Internal Auditor - Mr. Abiodun Owoeye.
- Company Secretary & General Counsel - Mr. Charles I. Ojo.
- Head, Application Development - Mr. Anthony Ezugbor
- Acting Group Head, ERM & Resilience Services - Mrs. Isioma Lawal.
- Head, Financial Reporting - Mr. Idibore Danlami Ali.
- Head, Corporate Communication & Marketing - Mrs. Tomilayo Aluko[11]
- Head, Abuja Office - Ms. Tafida-Sambo[12] joined CSCS on 01 November 2021
- Head, Information Security - Agbeleye Olayemi
- Head, Infrastructure Services - Mr. John Eze.
- Head, Compensation & Benefits, Performance Management & HR Analytics - Oladipo W. Oluyinka
- Head, Ancillary & New Markets Business - Mr. Patrick Nri.
- Head, Contact Centre - Mrs. Vivian Ashiogwu.
- Acting Head, Performance Management & Investor Relations - Uchechi Chukwuemeka.
- Acting Head, Clearing & Settlement Operations - Ms. Ehiremen Ojo

11 Ms. Aluko joined CSCS on 4 October 2021.
12 Ms. Tafida-Sambo joined CSCS on 01 November 2021.

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2021

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	**Mr. Haruna Jalo-Waziri**
Chairman	Managing Director/CEO
FRC/2013/IODN/00000001802	FRC/2017/IODN/00000017488
16 March 2022	16 March 2022

Statement of Corporate Responsibility for the Financial Statements for the Year Ended 31 December 2021

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 2021 as follows:

a) That we have reviewed the audited consolidated and separate financial statements of the Company for the year ended 31 December 2021

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 2021

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 the management of the companies, during the period ended 31 December 2021

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
16 March 2022

Mr. Peter Medunoye
Chief Financial Officer

FRC/2019/001/00000020289
16 March 2022

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 2021 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
16 March, 2022

Members of the Committee:

1 Mr. Nornah Awoh - Chairman
2 Mr. Patrick Adebayo Ajayi - Member
3 Mr. Oluwaseyi Abe - Member
4 Chief Onyenwechukwu Patrick Ezeagu - Member

The Company Secretary acted as the Secretary to the Committee.

J.K. RANDLE
INTERNATIONAL
Chartered Accountants
& Management Consultants

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REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF CENTRAL SECURITIES CLEARING SYSTEM PLC FOR THE YEAR ENDED 31ST DECEMBER, 2021

The Board of Directors of Central Securities Clearing System Plc. (CSCS) renewed its mandate to J. K. Randle International to conduct the evaluation of its performance for the year ended 31st December, 2021 in accordance with the provisions of the Securities & Exchange Commission's Code of Corporate Governance (SEC Code).

The Board of CSCS comprised twelve Directors as at 31st December 2021. The twelve Directors on the Board consisted of eleven Non-Executive Directors and one Executive Director, who is also the Managing Director/Chief Executive Officer. In line with best practice, two of the Non-Executive Directors are Independent Directors. Members of the Board remained conscious of their responsibilities in respect of the operations of the Board and the Company. They possess the requisite experience and skills to supervise the operations of the Company as well as the performance of Management. The composition of the Board conformed with the provisions of the SEC Code in respect of number of executive directors as a ratio to non-executive directors. The number of board committees conformed with the minimum required by the SEC Code.

Accordingly, frequency of meetings; level of attendance; and formation of quorum at the Board and Committee levels met minimum requirements. The Board held four meetings during the year under review, therefore, it met the minimum requirement of at least four meetings in a year. Meetings were effectively managed with focus on relevant and strategic issues as well as emerging challenges affecting the Company and the industry. The activities of the Board were well documented in the minutes book.

The Board performed to the full extent of its mandate which covered all the significant activities of the Company, particularly risk management; supervision of the Internal Audit process; monitoring of the operating environment; responding proactively to emerging imperatives and monitoring the performance of the Management as well as re-inforcing governance policies and practices. The Board also performed other statutory responsibilities including rendering the accounts of the operations and activities of the Company to the shareholders.

At the conclusion of the exercise, we recommend that the Board of Directors of Central Securities Clearing System Plc. should continue its drive towards implementing tools to tighten controls regarding detection and prevention of fraud. It should continue with its laudable investment in respect of sound information security and cyber security. The Board should also continue to improve its customer service culture whilst sustaining its established standards of prompt resolution of customers' complaints.

The Board of Directors showed effective and efficient performance during the year ended 31st December, 2021. In our opinion, the performance of the Board for the year ended 31st December, 2021 met the requirements of the SEC Code and is adjudged to be satisfactory.

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

26th April, 2022

J K R

KPMG

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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, 2021;
- 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, 2021, 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. We have determined the matter described below to be the key audit matters to be communicated in our report.

Classification and measurement of investment securities

Investment securities account for over 56 percent (2020: 47 percent) of the Group's total assets and interest income derived from the investment securities account for 52 percent (2020: 62 percent) 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 investment 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(m) and 6 respectively, to the financial statements.

Other Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Statement of Directors' responsibilities and Other National Disclosures, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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. 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.

KPMG

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, 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 Board of Directors 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 Oyelami
FRC/2012/ICAN/00000000444
For: KPMG Professional Services
Chartered Accountants
17 March 2022
Lagos, Nigeria

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Financial Statement

CENTRAL SECURITIES CLEARING SYSTEM PLC

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income for the year ended 31 December 2021

In thousands of Naira	Notes	Group 31 Dec 2021	Company 31 Dec 2021	Group 31 Dec 2020	Company 31 Dec 2020
Revenue	9	6,407,385	6,407,385	4,603,513	4,603,513
Investment income	10	3,710,437	3,710,437	7,443,495	7,443,495
Other income	11	351,198	351,198	40,169	40,169
Total operating income		**10,469,020**	**10,469,020**	**12,087,177**	**12,087,177**
Personnel expenses	12.1(i)	(2,021,569)	(2,021,569)	(2,051,082)	(2,051,082)
Other operating expenses	12.2	(1,700,014)	(1,700,014)	(1,837,027)	(1,837,027)
Finance cost	12.3	(48,532)	(48,532)	(74,234)	(74,234)
Depreciation and amortisation	12.4	(690,188)	(690,188)	(616,289)	(616,289)
Impairment loss on financial assets	20	(181,444)	(181,444)	(139,293)	(173,804)
Total operating expenses		**(4,641,747)**	**(4,641,747)**	**(4,717,925)**	**(4,752,436)**
Share of (loss)/profit of equity accounted investees (net of tax)	23	(41,166)	-	23,444	-
Profit before tax		**5,786,107**	**5,827,273**	**7,392,696**	**7,334,741**
Income tax	13(a)	(1,366,297)	(1,366,297)	(464,361)	(464,361)
Profit for the year		**4,419,810**	**4,460,976**	**6,928,335**	**6,870,380**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Actuarial gain on long term incentive scheme	29.2(i)	-	-	1,169	1,169
Related Tax	29.2(i)	-	-	(351)	(351)
		-	-	818	818
Items that are or may be reclassified subsequently to profit or loss:					
Fair value loss - Debt investment at FVOCI	25(c)	(351,510)	(351,510)	(43,259)	(43,259)
		(351,510)	(351,510)	(43,259)	(43,259)
Other comprehensive income for the year, net of tax		(351,510)	(351,510)	(42,441)	(42,441)
Total comprehensive income for the year		**4,068,300**	**4,109,466**	**6,885,894**	**6,827,939**
Profit attributable to:					
Owners of the Parent		4,419,810	4,460,976	6,928,335	6,870,380
Non-controlling interest		-	-	-	-
		4,419,810	**4,460,976**	**6,928,335**	**6,870,380**
Total comprehensive income attributable to:					
Owners of the Parent		4,068,300	4,109,466	6,885,894	6,827,939
Non-controlling interest		-	-	-	-
		4,068,300	**4,109,466**	**6,885,894**	**6,827,939**
Basic/diluted earnings per share (kobo)	14	**88k**	**89k**	**139k**	**137k**

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 2021

In thousands of Naira	Notes	Group 31 Dec 2021	Company 31 Dec 2021	Group 31 Dec 2020	Company 31 Dec 2020
Non-current assets					
Property and equipment	15	1,851,378	1,851,378	1,354,103	1,354,103
Intangible assets	16	375,414	375,414	585,705	585,705
Equity-accounted investee	23	1,512,503	1,541,437	1,553,669	1,541,437
Investment in subsidiary	24	-	10,000	-	10,000
Investment securities	17(a)	21,248,233	21,248,233	19,570,294	19,570,294
Total Non-Current Assets		**24,987,528**	**25,026,462**	**23,063,771**	**23,061,539**
Current assets					
Investment securities	17(b)	550,128	550,128	-	-
Trade receivables	18(a)	550,231	550,231	160,450	160,450
Other assets	19(a)	598,958	598,958	424,482	424,482
Cash and cash equivalents	21	15,530,376	15,530,321	17,773,624	17,773,569
Total Current Assets		**17,229,693**	**17,229,638**	**18,358,556**	**18,358,501**
Total Assets		**42,217,221**	**42,256,100**	**41,422,327**	**41,420,040**
Equity					
Share capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings		28,786,348	28,815,227	30,216,538	30,204,251
Fair value reserve	36(a)	(77,740)	(77,740)	273,770	273,770
Actuarial reserves	25(d)	1,670	1,670	1,670	1,670
Equity attributable to owners of the Parent		**33,710,278**	**33,739,157**	**35,491,978**	**35,479,691**
Non-controlling interest		-	-	-	-
Toatal Equity		**33,710,278**	**33,739,157**	**35,491,978**	**35,479,691**
Non-Current Liabilities					
Deferred tax liabilities	13(b)	109,466	109,466	63,485	63,485
Long term incentive scheme	29.2	12,819	12,819	125,551	125,551
Total Non-Current Liabilities		**122,285**	**122,285**	**189,036**	**189,036**
Current assets					
Intercompany payables	26	-	10,000	-	10,000
Payables and Accruals	27	1,473,362	1,473,362	1,533,907	1,533,907
Current tax liabilities	13(c)	1,498,463	1,498,463	436,529	436,529
Other liabilities	28	5,412,833	5,412,833	3,770,877	3,770,877
Total Current Liabilities		**8,384,658**	**8,394,658**	**5,741,313**	**5,751,313**
Total Liabilities		**8,506,943**	**8,516,943**	**5,930,349**	**5,940,349**
Total Equity and Liabilities		**42,217,221**	**42,256,100**	**41,422,327**	**41,420,040**

The audited financial statements was approved by the Board of Directors on 16 March 2022 and signed on its behalf by:

Mr. Oscar N. Onyema OON	**Mr. Haruna Jalo-Waziri**	**Mr. Peter Medunoye**
Chairman	Managing Director/CEO	Chief Financial Officer
FRC/2013/IODN/00000001802	FRC/2017/IODN/00000017488	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 2021

The Group

In thousands of Naira	Notes	Share capital	Retained earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2021		5,000,000	30,216,538	273,770	1,670	35,491,978
Profit for the period		-	4,419,810	-	-	4,419,810
Other comprehensive income:						
Fair value loss- FVOCI Financial instruments	25(c)	-	-	(351,510)	-	(351,510)
Actuarial gain on long term incentive	25(d)	-	-	-	-	-
Deferred tax impact	13(b)	-	-	-	-	-
Total comprehensive income		**-**	**4,419,810**	**(351,510)**	**-**	**4,068,300**
Transactions with equity holders:						
Dividends		-	(5,850,000)		-	(5,850,000)
Balance at 31 December 2021		**5,000,000**	**28,786,348**	**(77,740)**	**1,670**	**33,710,278**

The Company

In thousands of Naira	Notes	Share capital	Retained earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2021		5,000,000	30,204,251	273,770	1,670	35,479,691
Profit for the period		-	4,460,976	-	-	4,460,976
Other comprehensive income:						
Fair value loss- FVOCI Financial instruments	25(c)	-	-	(351,510)	-	(351,510)
Actuarial gain on long term incentive	25(d)	-	-	-	-	-
Deferred tax impact	13(b)	-	-	-	-	-
Total comprehensive income		**-**	**4,460,976**	**(351,510)**	**-**	**4,109,466**
Transactions with equity holders:						
Dividends		-	(5,850,000)		-	(5,850,000)
Balance at 31 December 2021		**5,000,000**	**28,815,227**	**(77,740)**	**1,670**	**33,739,157**

Consolidated and Separate Statements of Changes in Equity for the year ended 31 December 2021

The Group

In thousands of Naira	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

In thousands of Naira	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 Cash Flows
For the year ended 31 December 2021

In thousands of Naira	Notes	Group 31 Dec 2021	Company 31 Dec 2021	Group 31 Dec 2020	Company 31 Dec 2020
Cash flows from operating activities					
Profit for the year		4,419,810	4,460,976	6,928,335	6,870,380
Adjusted for:					
Income tax expense recognised in profit	13(a)	1,366,297	1,366,297	464,361	464,361
Amortisation of intangible assets	12.4	286,312	286,312	327,088	327,088
Depreciation of property and equipment	12.4	403,876	403,876	289,201	289,201
Impairment loss on financial assets	20	181,444	181,444	139,293	173,804
Foreign exchange (gain)/loss	12.2	(276,328)	(276,328)	87,782	87,782
Interest income	10	(3,710,437)	(3,710,437)	(7,443,495)	(7,443,495)
Share of loss/(gain) of equity accounted investee, net of tax	23	41,166	-	(23,444)	-
Movement in investment in Associate	23	-	-	(804,750)	(804,750)
Defined benefit charge	29.2(i)	12,819	12,819	49,709	49,709
Profit on disposal of property and equipment	11	(409)	(409)	(1,080)	(1,080)
		2,724,550	**2,724,550**	**13,000**	**13,000**
Tax paid	13(c)	(258,382)	(258,382)	(623,699)	(623,699)
Changes in operating assets and liabilities					
Trade receivables	35(ii)	(584,831)	(584,831)	(110,479)	(110,479)
Other assets	35(iii)	(176,373)	(176,373)	(242,605)	(242,605)
Payables and accruals	35(iv)	(60,545)	(60,545)	806,539	806,539
Other liabilities	35(v)	1,729,450	1,729,450	1,570,289	1,570,289
Net cash flows used in/from operating activities		**3,373,869**	**3,373,869**	**1,413,044**	**1,413,044**
Cash flows from investing activities:					
Purchase of property and equipment	15	(901,151)	(901,151)	(559,794)	(559,794)
Purchase of intangible assets	16	(76,022)	(76,022)	(127,322)	(127,322)
Proceeds on disposal of property and equipment	35(vii)	409	409	1,080	1,080
Net (purchase)/proceeds on investments (current)	35(viii)	(550,128)	(550,128)	4,752,327	4,752,327
Net (purchase)/proceeds on investments (non-current)	35(ix)	(2,025,108)	(2,025,108)	2,607,167	2,607,167
Interest received	35(x)	3,603,708	3,603,708	7,395,243	7,395,243
Net cash flows from investing activities		**51,708**	**51,708**	**14,068,701**	**14,068,701**
Cash flows from financing activities:					
Dividend paid	35(x)	(5,857,659)	(5,857,659)	(4,270,534)	(4,270,534)
Lease payment	35(v)	(87,494)	(87,494)	(41,350)	(41,350)
Net cash flows used in financing activities		**(5,945,153)**	**(5,945,153)**	**(4,311,884)**	**(4,311,884)**
Net (decrease)/increase in cash and cash equivalents		(2,519,576)	(2,519,576)	11,169,861	11,169,861
Cash and cash equivalents, beginning of the year		17,773,624	17,773,569	6,691,545	6,691,490
Effect of movements in exchange rates on cash held		276,328	276,328	(87,782)	(87,782)
Cash and cash equivalents, end of the year	21	15,530,376	15,530,321	17,773,624	17,773,569

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 2021

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 Exchange Limited 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 Nigerian Exchange Limited, 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 and collateral management services, legal entity identifier issuance and document management to businesses. The Company is domiciled in Nigeria with its registered office at Nigerian Exchange Group 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 2021 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 Standards.

(a) Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standard Board (IASB) and in the manner required by 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 16 March 2022. 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 2021 but did not have any material impact on the Group. They are:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 Leasing.

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 incorporate the assets, liabilities and performance results of Insurance Repository Nigeria Limited. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. 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 (2020: 24.7%). 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 Exchange Limited at a rate based on 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 Exchange Limited 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 accrodance 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 annaul 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 differenct 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 Exchange Limited 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 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

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 2021.

(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;

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- 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- Non Current Asset Held for Sales and Discontinued Operations 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.

(j) Intangible assets

(i) Initial recognition and measurement

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

(ii) Subsequent Expenditure

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

(iii) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Software License	Over License term
Software under development	Not amortized

(iv) 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.

(l) Leases

At inception of a contract, the Group and Company 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.

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

(i) The Group/Company is a lessee

The Group and Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group and Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 15.
Lease liabilities

The Group and Company recognises lease liabilities at the commencement date of the lease. 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.

(m) 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 equivalents 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.

(n) 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.w

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

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by the Group and Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and Company is exposed to credit risk.

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.

(o) 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.

(p) 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.

(q) Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed in the financial statements when they arise.

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

(r) Other operating expenses

All other operating expenses are accounted for on accrual basis.

(s) 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.

- Amendments to IAS 1 (Effective, 1st January 2023) - Presentation of financial statements on classification of liabilities and amendments regarding the disclosure of accounting policies.
- Amendment to IAS 16 (Effective, 1st January 2022) - Amendments on deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
- Amendment to IAS 12 (Effective, 1st January 2023) - Amendments regarding deferred tax on leases and decommissioning obligations.
- Amendment to IFRS 17 (Effective, 1st January 2023) - Amendments regarding the initial application of IFRS 17 and IFRS 9 Comparative Information.
- Amendments to IAS 8 (Effective, 1st January 2023) - Amendments regarding the definition of accounting estimates.
- Amendment to IAS 37 (Effective, 1st January 2022) - Amendments regarding the costs to include when assessing whether a contract is onerous.
- Amendment to IFRS 1 (Effective, 1st January 2022) - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020.
- Amendment to IFRS 3 (Effective, 1st January 2022) - Amendments updating a reference to the Conceptual Framework.

The Group have not early adopted these and are currently assessing the impact on the Group's financial statements. The Group does 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 2021 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

(i) 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

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

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

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

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

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

6 Risk management framework

The 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:

i Credit risk
ii Liquidity risk
iii 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 it 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.

	Group	Company	Group	Company
In thousands of Naira	2021	2021	2020	2020
Impairment loss on trade receivables	438,680	438,680	243,630	243,630
Impairment loss on debt securities at amortised cost	47,062	47,062	58,715	58,715
Impairment loss on debt securities at FVTOCI	1,676	1,676	6,017	6,017
Impairment loss on cash and cash equivalent	16,041	16,041	15,551	15,551
Minimum for the period/year	**503,459**	**503,459**	**323,913**	**323,913**

(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 2021, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

		Carrying amount		Carrying amount	
		Group	Company	Group	Company
Trade receivables					
Bond Dealers		19,702	19,702	14,422	14,422
Quoted Companies		488,938	488,938	137,167	137,167
Stock Broking Firms		18,952	18,952	22,366	22,366
Sales and Business Development		458,469	458,469	228,652	228,652
Settlement Banks		2,850	2,850	1,473	1,473
Total	**18(a)**	**988,911**	**988,911**	**404,080**	**404,080**
Impairment allowance for trade receivables	18(b)	(438,681)	(438,681)	(243,631)	(243,631)
Total		**550,230**	**550,230**	**160,449**	**160,449**

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		Carrying amount		Carrying amount	
		Group	Company	Group	Company
In thousands of Naira	Notes	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Other receivables					
Staff debtors		4,475	4,475	1,823	1,823
Sundry receivables		70,043	70,043	69,943	69,943
Total	19(a)	74,518	74,518	71,766	71,766
Impairment allowance for trade receivables	19(b)	(70,297)	(70,297)	(68,400)	(68,400)
Total		**4,221**	**4,221**	**3,366**	**3,366**

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

	Other receivables			Trade receivables			
	Group	Company	Company	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Balance as at 1 January	68,400	68,400	68,400	243,631	243,631	116,559	116,559
Movement in the year	1,897	1,897	-	195,050	195,050	127,072	127,072
Balance as at year end	**70,297**	**70,297**	**68,400**	**438,681**	**438,681**	**243,631**	**243,631**
Movement in the year:							
Impairment charge on financial assets	1,897	1,897	-	195,050	195,050	127,072	127,072
Net movement in the year	**1,897**	**1,897**	-	**195,050**	**195,050**	**127,072**	**127,072**

Expected credit loss assessment as at 1 January and 31 December 2021

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 obersavable 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 2021, the ageing of trade receivables was as follows:

In thousands of Naira	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Trade receivables	37%	988,911	(438,681)	Yes
Other receivables	0%	74,518	(70,297)	No
	-	1,063,429	(508,978)	

	Carrying amount			
	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Neither past due nor impaired 1 - 30 days	2,656	2,656	852	852
Neither past due nor impaired 31 - 90 days	77,718	77,718	24,942	24,942
Neither past due nor impaired 91 - 180 days	745,674	745,674	239,313	239,313
Credit impaired	162,863	162,863	138,973	138,973
Total	**988,911**	**988,911**	**404,081**	**404,081**

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

(ii) Debt Securities

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

The Group and Company held total investments of N21,621,368(at FVOCI - N2,301,719; at Amortised Cost - N19,319,649) at 31 December 2021 (31 December 2020: N19,470,194(at FVOCI - N5,051,951; at Amortised Cost - N14,418,243)) 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, 2021.

As at 31 December 2021, the maximum exposure to credit risk for investments was as follows:

		FVOCI		Amortised cost		FVOCI	
		Group	Company	Group	Company	Group	Company
In thousands of Naira	Notes	31-Dec 2021	31-Dec 2021	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Federal Government Bonds	17(a)	2,309,288	2,309,288	13,380,466	13,380,466	3,962,032	3,962,032
State Government Bonds	17(a)	-	-	1,910,688	1,910,688	-	-
Corporate Bonds	17(a)	-	-	3,594,752	3,594,752	1,089,920	1,089,920
Gross carrying amount		**2,309,288**	**2,309,288**	**18,885,906**	**18,885,906**	**5,051,951**	**5,051,951**
Impairment loss allowance		-	-	(47,062)	(47,062)	-	-
Total		**2,309,288**	**2,309,288**	**18,838,844**	**18,838,844**	**5,051,951**	**5,051,951**

Movement in allowance for impairment

	FVOCI		Amortised cost		FVOCI	
	Group 2021	Company 2021	Group 2021	Company 2021	Group 2020	Company 2020
In thousands of Naira	12-month ECL		12-month ECL		2020 12-month ECL	
Balance at 1 January	**6,017**	**6,017**	**58,715**	**58,715**	**3,097**	**3,097**
Impairment loss /(reversal) for the year	(4,341)	**(4,341)**	(11,651)	(11,651)	2,920	2,920
Total	**1,676**	**1,676**	**47,065**	**47,065**	**6,017**	**6,017**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of N15.5billion at 31 December 2021 (31 December 2020: N17.7billion) 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 2021 was N16.0million because of additional impairment charge . (2020: N15.5million)

(iv) Total exposure to credit risk

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

		Group	Company	Group	Company
In thousands of Naira	Notes	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Trade receivables	18(a)	988,911	988,911	404,080	404,080
Other receivables	19(a)	74,518	74,518	71,766	71,766
Investment securities	17(a)(b)	18,885,906	18,885,906	14,476,958	14,476,958
Cash and cash equivalents	21	11,657,105	11,657,105	17,758,018	17,758,018
		31,606,440	**31,606,440**	**32,710,822**	**32,710,822**

(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 2021 was Nil (31 December 2020: Nil).

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.

Financial Statement

Maturity Analysis

The Group

31 December 2021	Contractual cashflows					
In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	564,911	590,018	1,129,822	22,974,664	25,259,415	21,248,233
Trade receivables	80,374	745,674	162,863	-	988,911	550,231
Other receivables	4,221	-	-	-	4,221	4,221
Cash and cash equivalents	11,673,146	-	-	-	11,673,146	11,673,201
Total	**12,322,652**	**1,335,692**	**1,292,685**	**22,974,664**	**37,925,693**	**33,475,885**
Financial liabilities						
Payables and accruals	410,079	-	684,916	-	1,094,995	1,094,995
Other liabilities	202,422	-	4,688,633	-	4,891,055	4,891,055
Lease liabilities	-	-	87,494	326,563	414,057	319,356
Total	**612,501**	**-**	**5,461,043**	**326,563**	**6,400,107**	**6,305,406**

The Company

31 December 2021

In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	564,911	590,018	1,129,822	22,974,664	25,259,415	21,798,361
Trade receivables	80,374	745,674	162,863	-	988,911	550,231
Other receivables	4,221	-	-	-	4,221	4,221
Cash and cash equivalents	11,673,146	-	-	-	11,673,146	11,673,146
Total	**12,322,652**	**1,335,692**	**1,292,685**	**22,974,664**	**37,925,693**	**34,025,959**
Financial liabilities						
Payables and accruals	410,079	-	684,916	-	1,094,995	1,094,995
Other liabilities	202,422	-	4,688,633	-	4,891,055	4,891,055
Lease liabilities	-	-	87,494	326,563	414,057	319,356
Total	**612,501**	**-**	**5,461,043**	**326,563**	**6,400,107**	**6,305,406**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

The Group

31 December 2021	Contractual cashflows					
In thousands of Naira	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	17,773,624
Total	**18,557,170**	**900,811**	**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**

The Company

31 December 2020	Contractual cashflows					
In thousands of Naira	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**

(c) Market Risk

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

(i) Currency Risk

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

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

The Group

Financial instruments by currency as at 31 December 2021

In thousands	Notes	Carrying amount Naira	Naira	USD	GBP		Euro
Financial assets							
Investments	17	21,248,233	16,770,282	12,385	-	-	-
Trade receivables	18(a)	550,231	550,231	-	-	-	-
Other receivables	19(a)	4,221	4,221	-	-	-	-
Cash and cash equivalents	21	11,673,201	11,620,650	123	2	-	-
		33,475,886	**28,945,384**	**12,508**	**2**	-	-
Financial liabilities							
Payables and accruals	27	1,094,995	1,094,995	-	-	-	-
Other liabilities	28	4,891,055	4,891,055	-	-	-	-
		5,986,050	**5,986,050**	-	-	-	-
Net Open Position		27,489,836	22,959,334	12,508	2	-	-

The Company

Financial instruments by currency as at 31 December 2021

In thousands	Notes	Carrying amount Naira	Naira	USD	GBP		Euro
Financial assets							
Investments	17	21,798,361	16,770,282	12,385	-	-	-
Trade receivables	18(a)	550,231	550,231	-	-	-	-
Other receivables	19(a)	4,221	4,221	-	-	-	-
Cash and cash equivalents	21	11,673,146	11,673,146	123	2	-	-
		34,025,959	**28,997,880**	**12,508**	**2**	-	-
Financial liabilities							
Payables and accruals	27	1,094,995	1,094,995	-	-	-	-
Other liabilities	28	4,891,055	4,891,055	-	-	-	-
		5,986,050	**5,986,050**	-	-	-	-
Net Open Position		**28,039,909**	**23,011,830**	**12,508**	**2**	-	-

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

The Group

Financial instruments by currency as at 31 December 2020

In thousands	Notes	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 2020

In thousands	Notes	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	6,691,490	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		**26,534,807**	**26,534,788**	**9**	**9**	-	-

The following significant exchange rates have been applied :

	Year end average rate		Year end spot rate	
	2021	2020	2021	2020
USD	435	410	435	410
GBP	589	516	589	516
EUR	495	467	495	467

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

Foreign exchange risk sensitivity analysis

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

	31 December	31 December
In thousands of Naira	2021	2020
US dollar effect of 10% up or down movement on profit before tax and balance sheet	544	477
US dollar effect of 10% up or down movement on equity, net of tax	544	477

(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

		Group	Company	Group	Company
In thousands of Naira	Note	2021	2021	2020	2020
Financial instruments					
Cash and cash equivalents	21	11,671,751	11,671,696	17,771,974	17,771,919
Investment securities	17	21,248,233	21,248,233	19,570,294	19,570,294
		32,919,984	**32,919,929**	**37,342,268**	**37,342,213**

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.

	Group	Company	Group	Company
In thousands of Naira	2021	2021	2020	2020
Increase in interest rate by 100 basis points (+10%)	329,200	329,199	373,423	373,422
Decrease in interest rate by 100 basis points (-10%)	(329,200)	(329,199)	(373,423)	(373,422)

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

(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 N34.4 billion as at 31 December 2021 (31 December 2020: N35.5 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.

Financial Statement

The Group

31 December 2021

In thousands of Naira	Operations	Product and Services	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	4,507,982	1,899,403	3,710,437	-	10,117,822
Others	351,198	-	-	-	351,198
Segment revenue	**4,859,180**	**1,899,403**	**3,710,437**	**-**	**10,469,020**
Expenses:					
Personnel Expenses	(938,308)	(366,775)	(716,486)	-	(2,021,569)
Operating expenses	(789,059)	(308,435)	(602,520)	-	(1,700,014)
Finance cost	(22,526)	(8,805)	(17,201)	-	(48,532)
Depreciation and amortisation	(320,350)	(125,221)	(244,617)	-	(690,188)
Impairment (loss)/reversal on financial assets	(84,217)	(32,920)	(64,308)	-	(181,444)
Segment Expense	**(2,154,460)**	**(842,156)**	**(1,645,131)**	**-**	**(4,641,747)**
Segment operating income before tax	2,704,720	1,057,247	2,065,306	-	5,827,273
Share of profit of equity-accounted investee	-	-	-	(41,166)	(41,166)
Income tax	-	-	-	(1,366,297)	(1,366,297)
Profit after tax	**2,704,720**	**1,057,247**	**2,065,306**	**(1,366,297)**	**4,419,810**

31 December 2021

Assets and liabilities

In thousands of Naira	Operations	Product and Services	Treasury	Unallocated segment	Total
Total assets	19,595,060	7,659,505	14,962,655	-	42,217,221
Total liabilities	3,948,485	1,543,422	3,015,037	-	8,506,943
Net asset	**15,646,575**	**6,116,083**	**11,947,618**	**-**	**33,710,278**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

The Group

31 December 2020

In thousands of Naira	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	**(1,623,053)**	**(189,493)**	**(2,905,381)**	**-**	**(4,717,925)**
Segment operating income before tax	2,535,156	295,980	4,538,114	-	7,369,250
Share of profit of equity-accounted investee	-	-	-	23,444	23,444
Income tax	-	-	-	(464,361)	(464,361)
Profit after tax	**2,535,156**	**295,980**	**4,538,114**	**(440,917)**	**6,928,333**

31 December 2020

Assets and liabilities

In thousands of Naira	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	1,425,511	21,856,580	-	35,491,978

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 2021		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Federal Government Bonds	17(a)	2,309,288	13,370,859	-	15,680,148	14,748,765	-	-	14,748,765
-Corporate Government Bonds	17(a)	-	3,562,012	-	3,562,012	1,010,116	2,311,763	-	3,321,879
-State Government Bonds	17(a)	-	1,905,973	-	1,905,973	1,932,506	102,150	-	2,034,656
		2,309,288	**18,838,844**	**-**	**21,148,133**	**17,691,387**	**2,413,913**	**-**	**20,105,300**

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

The Company

31 December 2021		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Federal Government Bonds	17(a)	2,309,288	13,370,859	-	15,680,148	14,748,765	-	-	14,748,765
-Corporate Government Bonds	17(a)	-	3,562,012	-	3,562,012	1,010,116	2,311,763	-	3,321,879
-State Government Bonds	17(a)	-	1,905,973	-	1,905,973	1,932,506	102,150	-	2,034,656
		2,309,288	**18,838,844**	**-**	**21,148,133**	**17,691,387**	**2,413,913**	**-**	**20,105,300**

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

The Group

31 December 2020		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
Treasury Bills	17(b)	-	-	-	-	-	-	-	-
- 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**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

The Company

31 December 2020		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
Treasury Bills	17(b)	-	-	-	-	-	-	-	-
- 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.

9 Revenue

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Revenue from core activities				
Eligibility fees	26,560	26,560	14,329	14,329
Depository fees	1,904,215	1,904,215	1,238,453	1,238,453
Transaction fees	2,577,207	2,577,207	2,865,258	2,865,258
	4,507,982	**4,507,982**	**4,118,040**	**4,118,040**
Revenue from non-core activities				
Collateral management fees	365,830	365,830	99,634	99,634
Data centre subscriptions	493,630	493,630	184,868	184,868
Nominal fees	898,036	898,036	110,142	110,142
Settlement banks participation fees	40,000	40,000	20,000	20,000
Statement of stock position fees	18,237	18,237	11,452	11,452
Special Accounts Fee	3,408	3,408	6,341	6,341
Website subscription fees	36,454	36,454	36,542	36,542
X-Alert fee	2,067	2,067	3,259	3,259
DMO Services - FG saving	6,668	6,668	5,709	5,709
Legal Entity Identifier subscription	5,587	5,587	6,326	6,326
Issuers portal	1,452	1,452	1,200	1,200
ISIN and Symbol Code fees	12,998	12,998	-	-
Data Services (API account)	195	195	-	-
Global Search – Income account	14,841	14,841	-	-
	1,899,403	**1,899,403**	**485,473**	**485,473**
Total revenue	**6,407,385**	**6,407,385**	**4,603,513**	**4,603,513**

10 Investment Income

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Interest income from:				
Fixed deposits	829,669	829,669	421,067	421,067
Treasury bills	15,714	15,714	407,203	407,203
Federal Government bonds	1,588,306	1,588,306	2,147,027	2,147,027
Corporate bonds	355,078	355,078	194,552	194,552
State bonds	315,969	315,969	550,531	550,531
Total interest income calculated using the effective interest method	**3,104,736**	**3,104,736**	**3,720,380**	**3,720,380**
Gain on disposal of Treasury bills	-	-	130,693	130,693
Gain on disposal of FGN bond	605,701	605,701	3,592,422	3,592,422
Profit on disposal of investment	**605,701**	**605,701**	**3,723,115**	**3,723,115**
Total investment income	**3,710,437**	**3,710,437**	**7,443,495**	**7,443,495**

The total amount of investment income on instruments measured at amortized cost for the Group and Company is N3.11bn

11 Other income

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Profit on disposal of property and equipment	409	409	1,080	1,080
Miscellaneous income	7,320	7,320	7,338	7,338
Net gain on foreign exchange	276,328	276,328	-	-
Custodian fee – Income account	7,791	7,791	-	-
Other Income (Security Lending)	59,350	59,350	31,751	31,751
	351,198	**351,198**	**40,169**	**40,169**

12 Expenses

12.1 (i) Personnel Expenses

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Salaries and allowances	1,171,997	1,171,997	1,087,973	1,087,973
Staff training and development	19,699	19,699	4,466	4,466
Staff welfare and medical expenses	136,966	136,966	108,844	108,844
Performance bonus (see note (i) below)	557,724	557,724	647,524	647,524
Long term incentive scheme expense(see note (ii) below)	27,105	27,105	49,709	49,709
Nigeria Social Insurance Trust Fund (NSITF)	9,311	9,311	54,866	54,866
Staff pension contribution (see note (iii) below)	98,767	98,767	97,700	97,700
	2,021,569	**2,021,569**	**2,051,082**	**2,051,082**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

(i) Performance bonus accrual for 2021 was made because the full year result was above the required threshold of 75% performance as provided for in the revised board approved staff incentive bonus scheme for the year ended 31 December 2021.

(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 in employment during the year were as follows:

	Group	Company	Group	Company
In thousands of Naira	**31 December 2021**	**31 December 2021**	**31 December 2020**	**31 December 2020**
Executive Directors	1	1	1	1
Management	5	5	5	5
Non-management	104	104	114	114
	110	**110**	**120**	**120**

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

	Group	Company	Group	Company
In thousands of Naira	**31 December 2021**	**31 December 2021**	**31 December 2020**	**31 December 2020**
Chairman	12,917	12,917	15,651	15,651
Other non-executive Directors	138,500	138,500	122,201	122,201
	151,417	**151,417**	**137,852**	**137,852**

The Directors remuneration as shown above includes:

	Group	Company	Group	Company
In thousands of Naira	**31 December 2021**	**31 December 2021**	**31 December 2020**	**31 December 2020**
The Chief Executive Officer	108,068	108,068	108,068	108,068
The highest paid Director	108,068	108,068	108,068	108,068

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

	Group	Company	Group	Company
In thousands of Naira	**31 December 2021**	**31 December 2021**	**31 December 2020**	**31 December 2020**
N1,000,000 - N5,000,000	3	3	3	3
N5,000,001 and above	8	8	10	10
	11	11	13	13

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

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
N60,000 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	7	7	18	18
N3,000,001 - N6,000,000	50	50	54	54
N6,000,001 - N9,000,000	20	20	22	22
N9,000,001 and above	33	33	26	26
	110	**110**	**120**	**120**

12.2 Other operating expenses

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Maintenance expenses	31,470	31,470	30,373	30,373
Office running expenses (see note (a) below)	231,076	231,076	366,393	366,393
Business development (see note (b) below)	721,390	721,390	721,946	721,946
Board of Directors fees	151,417	151,417	137,852	137,852
Board of Directors expenses	375,755	375,755	210,716	210,716
Donations	26,735	26,735	118,207	118,207
Professional fees	91,565	91,565	91,774	91,774
Audit fees	29,500	29,500	20,000	20,000
Bank charges	6,204	6,204	4,822	4,822
Net loss on foreign exchange	-	-	87,782	87,782
NIBBS BVN Verification Service Charge	7,496	7,496	-	-
Industrial Training Fund (ITF)	13,022	13,022	37,789	37,789
Other miscellaneous expenses (see note (c) below)	14,384	14,384	9,373	9,373
	1,700,014	**1,700,014**	**1,837,027**	**1,837,027**

(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.

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

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Data centre/IT Maintenance	150,166	150,166	183,063	183,063
Travelling	28,083	28,083	18,145	18,145
Business promotion/development	58,966	58,966	10,034	10,034
Digital centre services expenses	221,501	221,501	158,803	158,803
Software license fees	262,393	262,393	350,263	350,263
Legal Entity Identifier remittance	281	281	1,638	1,638
	721,390	**721,390**	**721,946**	**721,946**

(c) Other miscellaneous expenses

Other miscellaneous expenses can be analysed as follows:

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Filing fees	170	170	42	42
Entertainment	154	154	444	444
Annual General Meeting (AGM) expenses	13,652	13,652	8,715	8,715
Investor relations expense	408	408	-	-
Investor Protection Scheme (see note (d) below)	-	-	172	172
	14,384	**14,384**	**9,373**	**9,373**

(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

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Lease interest	48,532	48,532	45,324	45,324
Interest expense on short-term borrowings	-	-	28,910	28,910
	48,532	**48,532**	**74,234**	**74,234**

12.4 Depreciation and amortisation

	Group	Company	Group	Company
In thousands of Naira	31-Dec 2021	31-Dec 2021	31-Dec 2020	31-Dec 2020
Depreciation of property and equipment (See (15))	403,876	403,876	289,201	289,201
Amortisation of intangible assets (See (16))	286,312	286,312	327,088	327,088
	690,188	**690,188**	**616,289**	**616,289**

13 Taxation

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

In thousands of Naira	Group 31-Dec 2021	Company 31-Dec 2021	Group 31-Dec 2020	Company 31-Dec 2020
Corporate income tax	1,157,904	1,157,904	305,889	305,889
Tertiary education tax	104,491	104,491	29,118	29,118
Information technology levy	57,696	57,696	72,621	72,621
Police trust fund	225	225	346	346
Income tax	**1,320,316**	**1,320,316**	**407,974**	**407,974**
Deferred tax expense				
Temporary differences - deferred tax	45,981	45,981	56,387	56,387
	1,366,297	**1,366,297**	**464,361**	**464,361**

Reconciliation of effective tax rate

The Group

	31 December 2021		31 December 2020	
In thousands of Naira	Tax rate	Amount	Tax rate	Amount
Profit before tax		5,786,107		7,392,696
Income tax using the domestic corporation tax rate	30.0%	1,735,832	30.00%	2,217,809
Non-deductible expenses	2.3%	131,338	3.43%	253,729
Non taxable income	-11.46%	(663,285)	-28.53%	(2,109,261)
Tertiary Education tax	1.8%	104,491	0.39%	29,118
Impact of NITDA Levy	1.0%	57,696	0.98%	72,621
Police trust fund	0.0%	225	0.00%	346
	23.61%	**1,366,297**	**6.28%**	**464,361**

The Company

	31 December 2021		31 December 2020	
In thousands of Naira	Tax rate	Amount	Tax rate	Amount
Profit before tax		5,827,273		7,334,741
Income tax using the domestic corporation tax rate	30.00%	1,748,181	30.00%	2,200,420
Non-deductible expenses	2.25%	131,338	3.46%	253,729
Non taxable income	-11.59%	(675,634)	-28.52%	(2,091,874)
Tertiary Education tax	1.79%	104,491	0.40%	29,118
Impact of NITDA Levy	0.99%	57,696	0.99%	72,621
Police trust fund	0.00%	225	0.00%	346
	23.45%	**1,366,297**	**6.33%**	**464,361**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

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

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

In thousands of Naira	Group 31-Dec 2021	Company 31-Dec 2021	Group 31-Dec 2020	Company 31-Dec 2020
Cash and cash equivalents	-	-	2,251	2,251
Investment securities	(13,074)	(13,074)	15,740	15,740
Property and equipment, and software	(96,393)	(96,393)	(124,758)	(124,758)
Actuarial gain	-	-	(716)	(716)
Other liabilities	-	-	43,997	43,997
	(109,466)	**(109,466)**	**(63,485)**	**(63,485)**

Movement in deferred tax balances:

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/(liabilities)
31 December 2021					
Cash and cash equivalents	2,251	(2,251)	-	-	-
Investment securities	15,740	(28,814)	-	(13,074)	(13,074)
Property and equipment	(124,758)	28,365	-	(96,393)	(96,393)
Trade receivables	-	-	-	-	-
Defined benefit plan	-	-	-	-	-
Other Receivable	-	-	-	-	-
Actuarial gain	(716)	-	716	-	-
Other liabilities	43,997	(43,997)	-	-	-
Tax assets/(liabilities)	**(63,486)**	**(46,697)**	**716**	**(109,467)**	**(109,467)**

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/(liabilities)
31 December 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)**	**(63,486)**	**(63,486)**

13 (c) Current tax liabilities

In thousands of Naira	Group 31-Dec 2021	Company 31-Dec 2021	Group 31-Dec 2020	Company 31-Dec 2020
Balance, beginning of year	436,529	436,529	652,254	652,254
Charge for the year (see note 13(a) above)	1,320,316	1,320,316	407,974	407,974
Payments during the year	(258,382)	(258,382)	(623,699)	(623,699)
Balance, end of period	**1,498,463**	**1,498,463**	**436,529**	**436,529**

13 (d) Income tax expense recognised in OCI

In thousands of Naira	Before tax 31 December 2021	Tax (expense)/benefit 31 December 2021	Net of tax 31 December 2021
Remeasurement of defined benefit liability	-	-	-

14 Basic/Diluted earnings per share

The calculation of basic/diluted earnings per share at 31 December 2021 was based on the profit attributable to ordinary shareholders of N4.42billion for the Group and N4.46billion for the Company (31 December 2020: N6.93 billion for the Group and N6.87 billion for the Company) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2020: 5,000,000,000).

In thousands of Naira	Group 31-Dec 2021	Company 31-Dec 2021	Group 31-Dec 2020	Company 31-Dec 2020
Profit attributable to ordinary shareholders	4,419,810	4,460,976	6,928,335	6,870,380
In thousands of unit				
Weighted average number of ordinary shares (basic/diluted)	5,000,000	5,000,000	5,000,000	5,000,000
Earnings per share (basic/diluted)- Kobo	**88k**	**89k**	**139k**	**137k**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

15 Property and equipment

The Group

In thousands of Naira	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improvement	Building Right-of-use asset	Work-in-progress	Total
Disposals/Transfers								
Balance at 31 December 2020	354,924	137,827	121,839	941,112	75,469	356,287	403,654	2,391,112
Balance at 1 January 2021	412,852	83	35,246	24,434	-	-	87,178	559,793
Additions	96,490	-	-	-	-	-	(96,490)	-
Reclassification from WIP	(21,150)	-	-	-	-	-	-	(21,150)
Balance as at 31 December 2021	**843,116**	**137,910**	**157,085**	**965,546**	**75,469**	**356,287**	**394,343**	**2,929,756**
Accumulated depreciation	843,116	137,910	157,085	965,546	75,469	356,287	394,343	2,929,756
Balance at 1 January 2020	49,500	-	38,761	69,727	-	82,241	660,925	901,154
Depreciation for the year	-	-	-	-	383,976	-	(383,976)	-
Disposals	**892,616**	**137,910**	**195,846**	**1,035,273**	**459,445**	**438,528**	**671,291**	**3,830,909**
Balance at 31 December 2020								
Balance at 1 January 2021	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
Balance as at 31 December 2021	(21,150)	-	-	-	-	-	-	(21,150)
Carrying amount 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 2021	295,427	111,234	109,831	876,227	75,467	107,467	-	1,575,653
Depreciation for the year	166,515	7,545	21,874	57,099	95,959	54,884	-	403,876
Balance as at 31 December 2021	**461,942**	**118,778**	**131,706**	**933,327**	**171,426**	**162,352**	**-**	**1,979,531**
Carrying amount as at 31 December 2020	**547,689**	**26,676**	**47,254**	**89,319**	**2**	**248,820**	**394,343**	**1,354,103**
Carrying amount as at 31 December 2021	**430,674**	**19,132**	**64,140**	**101,946**	**288,019**	**276,176**	**671,291**	**1,851,378**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2020: Nil)

(b) All items of property and equipment are non-current.

(c) There was no impairment losses on any class of property and equipment during the year (2020: Nil)

(d) There were no items of property and equipment pledged as security for borrowings as at 31 December 2021 (2020: Nil)

(e) Other WIP items are amount N650m for office retrofit project, partially paid office equipment, computer equipment and motor vehicle of N4.4m, N11.4m and N5.5m respectively.

The Company

In thousands of Naira	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 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 at 31 December 2020	**843,116**	**137,910**	**157,085**	**965,546**	**75,469**	**356,287**	**394,342**	**2,929,756**
Balance at 1 January 2021	843,116	137,910	157,085	965,546	75,469	356,287	394,342	2,929,756
Additions	49,500	-	38,761	69,727	-	82,241	660,925	901,154
Reclassification from WIP	-	-	-	-	383,976	-	(383,976)	-
Balance as at 31 December 2021	**892,616**	**137,910**	**195,846**	**1,035,273**	**459,445**	**438,528**	**671,291**	**3,830,909**
Accumulated depreciation								
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 at 31 December 2020	**295,427**	**111,234**	**109,831**	**876,227**	**75,467**	**107,467**	**-**	**1,575,653**
Balance at 1 January 2021	295,427	111,234	109,831	876,227	75,467	107,467	-	1,575,653
Depreciation for the year	166,515	7,545	21,874	57,099	95,959	54,884	-	403,876
Balance as at 31 December 2021	**461,942**	**118,778**	**131,706**	**933,327**	**171,426**	**162,352**	**-**	**1,979,531**
Carrying amount as at 31 December 2020	**547,689**	**26,676**	**47,254**	**89,319**	**2**	**248,820**	**394,342**	**1,354,103**
Carrying amount as at 31 December 2021	**430,674**	**19,132**	**64,140**	**101,946**	**288,019**	**276,176**	**671,291**	**1,851,378**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2020: Nil)

(b) All items of property and equipment are non-current.

(c) There was no impairment losses on any class of property and equipment during the year (2020: Nil)

(d) There were no items of property and equipment pledged as security for borrowings as at 31 December 2021 (2020: Nil)

(e) Other WIP items are amount N650m for office retrofit project, partially paid office equipment, computer equipment and motor vehicle of N4.4m, N11.4m and N5.5m respectively.

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

16 Intangible assets

The Group

In thousands of Naira	Software	Software under development	Total
Cost			
Balance at 1 January 2020	3,618,809	7,508	3,626,317
Additions	1,470	125,852	127,322
Reclassification during the year	-	-	-
Balance as at 31 December 2020	**3,620,279**	**133,360**	**3,753,639**
Balance as at 1 January 2021	3,620,279	133,360	3,753,639
Additions during the year	138,815	(62,793)	76,022
Balance as at 31 December 2021	**3,759,093**	**70,567**	**3,829,660**
Accumulated Amortisation:			
Balance 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**
Balance as at 1 January 2021	3,167,934		3,167,934
Amortisation charge for the year	286,312	-	286,312
Balance as at 31 December 2021	**3,454,246**	**-**	**3,454,246**
		-	
Carrying amount:			
At 31 December 2020	**452,345**	**133,360**	**585,705**
At 31 December 2021	**304,847**	**70,567**	**375,414**

The Company

In thousands of Naira	Software	Software under development	Total
Cost			
Balance at 1 January 2020	3,618,809	7,508	3,626,317
Additions	1,470	125,852	127,322
Reclassification during the year	-	-	-
Balance as at 31 December 2020	**3,620,279**	**133,360**	**3,753,639**
Balance as at 1 January 2021	3,620,279	133,360	3,753,639
Additions during the year	138,815	(62,793)	76,022
Reclassification during the year	-	-	-
Balance as at 31 December 2021	**3,759,093**	**70,567**	**3,829,660**
Accumulated Amortisation:			
Balance 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**
Balance as at 1 January 2021	3,167,934	-	3,167,934
Amortisation charge for the year	286,312	-	286,312
Balance as at 31 December 2021	**3,454,246**	**-**	**3,454,246**
		-	
Carrying amount:			
At 31 December 2020	**452,345**	**133,360**	**585,705**
At 31 December 2021	**304,847**	**70,567**	**375,414**

(a) There were no capitalised borrowing costs related to the acquisition of the intangible assets during the year (2020: 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 (2020: Nil)
('e) The Company has no capital commitment as at year end (2020: Nil)
(f) No intangible assets was impaired as at 31 December 2021 (2020: Nil)

17 Investment securities

Investments can be analysed as follows:

17 (a) Non-current investment securities

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Federal Government bonds	15,680,148	15,680,148	12,543,613	12,543,613
State Government bonds	1,905,973	1,905,973	3,620,016	3,620,016
Corporate bonds	3,562,012	3,562,012	3,306,565	3,306,565
Equity investments	100,100	100,100	100,100	100,100
Total non-current investment securities	**21,248,233**	**21,248,233**	**19,570,294**	**19,570,294**

at Amortised Cost

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Federal Government bonds	13,370,859	13,370,859	8,581,581	8,581,581
State Government bonds	1,905,973	1,905,973	3,620,016	3,620,016
Corporate bonds	3,562,012	3,562,012	2,216,645	2,216,645
Total Amortised Cost Investment Securities	**18,838,844**	**18,838,844**	**14,418,243**	**14,418,243**

at Fair Value through Other Comprehensive Income (FVOCI)

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Federal Government bonds	2,309,288	2,309,288	3,962,032	3,962,032
Corporate bonds	-	-	1,089,920	1,089,920
Total Fair Value through Other Comprehensive Income Investment Securities	**2,309,288**	**2,309,288**	**5,051,951**	**5,051,951**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

Equity Investment

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
	Amortised cost	Amortised cost	Amortised cost	Amortised cost
NSE Nominees Share Investments	100	100	100	100
Lagos Commodities & Futures Exchange	100,000	100,000	100,000	100,000
Total Fair Value through Other Comprehensive Income Equity Investment	100,100	100,100	100,100	100,100
Total non-current investment	**21,248,233**	**21,248,233**	**19,570,294**	**19,570,294**

17 (b) Current investment securities

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 Dec2020
	Amortised cost	Amortised cost	Amortised cost	Amortised cost
Federal Government bonds	200,675	200,675	-	-
State Government bonds	349,453	349,453	-	-
Total current investment securities	**550,128**	**550,128**	**-**	**-**

17.1 Reclassification of financial assets

Financial assets fair value through OCI reclassified to amortised cost:

In thousands of Naira	FVOCI 31 December 202	Amortised cost 31 December 2021	Cummulative (gain)/loss derecognised upon reclassification
Corporate bonds	1,089,920	1,089,748	(172)
Total	**1,089,920**	**1,089,748**	**(172)**

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

Per statement of profit or loss and other comprehensive income				
Federal Government Bond				
Fair Value	2,309,288	2,309,288	3,962,032	3,962,032
Amortized cost	2,379,994	2,379,994	3,699,637	3,699,637
Fair Value (Loss)/Gain	**(70,705)**	**(70,705)**	**262,395**	**262,395**
Corporate Bond				
Fair Value	-		1,089,920	1,089,920
Amortized cost	-		1,089,748	1,089,748
Fair Value Gain	**-**	**-**	**172**	**172**
Total fair value (loss)/ gain on Bonds -See note 25 (c)	**(70,705)**	**(70,705)**	**262,567**	**262,567**

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

18(a) Trade receivables

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Trade receivables	988,911	988,911	404,080	404,080
Allowance for doubtful trade receivables (See note 18(b) below)	(438,680)	(438,680)	(243,630)	(243,630)
Net Carrying amount	550,231	550,231	160,450	160,450
Current Assets	**550,231**	**550,231**	**160,450**	**160,450**

18(b) Impairment allowance on trade receivables

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Balance, beginning of year	243,631	243,631	116,559	116,559
Charge/(reversal) during the year	195,050	195,050	127,072	127,072
Balance, end of year	**438,681**	**438,681**	**243,631**	**243,631**

19(a) Other assets

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Financial assets:				
Ex-Staff Debtors	4,475	4,475	1,823	1,823
Other receivables	70,043	70,043	69,943	69,943
Gross financial assets	74,518	74,518	71,766	71,766
Impairment allowance on other assets (see note 19(b) below)	(70,297)	(70,297)	(68,400)	(68,400)
Net financial assets	**4,221**	**4,221**	**3,366**	**3,366**
Non-financial assets:				
Withholding tax recoverable	173,928	173,928	90,154	90,154
Stock Account	283	283	283	283
Prepayment	397,560	397,560	322,336	322,336
CSCS Unclaimed Dividend - Africa Prudential	15,611	15,611	-	-
Sundry stock	7,355	7,355	8,343	8,343
Total non-financial assets	**594,737**	**594,737**	**421,116**	**421,116**
Total other assets	**598,958**	**598,958**	**424,482**	**424,482**

Current/non current classification to be included for other assets

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

19(b) Impairment allowance on other assets

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Balance, beginning of year	68,400	68,400	68,400	68,400
Charge/(reversal) during the year	1,897	1,897	-	-
Balance, end of year	**70,297**	**70,297**	**68,400**	**68,400**

20 Impairment loss/(reversal) on financial assets

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Impairment loss on trade receivables (Note 18(b))	195,050	195,050	127,072	127,072
Impairment loss/(reversal) on investment securities	(15,503)	(15,503)	12,221	12,221
Impairment loss/(reversal) on other assets	1,897	1,897	-	-
Impairment loss/(reversal) on intercompany receivables	-	-	-	34,511
	181,444	**181,444**	**139,293**	**173,804**

21 Cash and cash equivalents

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Cash at hand	1,450	1,450	1,650	1,650
Balances with banks (see note (i) below)	5,178,326	5,178,271	10,064,606	10,064,551
Fixed deposits	6,493,425	6,493,425	7,707,368	7,707,368
Current assets	**11,673,201**	**11,673,146**	**17,773,624**	**17,773,569**
Restricted cash	3,857,175	3,857,175	-	-
Carrying amount	**15,530,376**	**15,530,321**	**17,773,624**	**17,773,569**

(i) Balances with banks of N3.85billion represents restricted cash relating to Escrow account in the name of the Chief Registrar High Court of Lagos State for the purpose of warehousing Contract Stamp fees deducted at source by CSCS on capital markets transactions. The liability with respect to this restricted cash is warehoused in other liabilities account in Note 28.

22(a) Intercompany receivables

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Intercompany receivables (See note a)	-	34,511	-	34,511
Impairment allowance on intercompany receivables (see note 22(b) below)	-	(34,511)	-	(34,511)
Net Carrying amount	-	-	-	-
Non-current Assets	**-**	**-**	**-**	**-**

22(b) Impairment allowance on Intercompany receivables

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
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

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Investment in Associate - NG Clearing Limited (See note 23(a) below)	1,553,669	1,541,437	725,475	736,687
Additional investment during the year	-	-	804,750	804,750
Share of (loss)/profit from associate (b)	(41,166)	-	23,444	-
Carrying amount	**1,512,503**	**1,541,437**	**1,553,669**	**1,541,437**
Non-current Assets	**1,512,503**	**1,541,437**	**1,553,669**	**1,541,437**

(a) Investment in Associate - NG Clearing Limited

NG Clearing Limited is an associate company in which the Company has 24.7% ownership interest (2020: 24.7%). 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 2021, 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

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Share of (loss)/profit from NG Clearing Limited	(41,166)	-	23,444	-
Carrying amount	**(41,166)**	**-**	**23,444**	**-**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

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

In thousands of Naira	31 December 2021	31 December 2020
Percentage ownership interest	24.7%	24.7%
Current assets	1,193,710	2,190,717
Non-current assets	5,464,847	4,563,418
Current liabilities	(178,546)	(134,387)
Net Asset (100%)	6,480,011	6,619,748
Group's share of net asset	1,600,563	1,635,078
Carrying Amount of interest in associate	**1,600,563**	**1,635,078**
Revenue	476,589	578,660
Total Expense	(643,254)	(483,746)
Profit/(loss) from continuing operations	(166,665)	94,914
Group's share of accumulated profit/(loss)	**(41,166)**	**21,451**

24 Investment in subsidiary

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
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 2021. Its principal objective is to enhance the record keeping of insurance data and policies.

25 Capital and reserves

(a) Share Capital

Share capital - Authorised

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
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**

(b) Retained earnings

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

(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:

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Opening fair value reserves	(273,770)	(273,770)	(317,029)	(317,029)
Fair value loss/(gain) on FVOCI bonds- See note 17(c)	70,705	70,705	(262,567)	(262,567)
Reversal of prior year fair value gains on derecognition of FVOCI assets	276,292	276,292	253,184	253,184
Fair value gain derecognised upon reclassification of FVOCI bonds	172	172	46,077	46,077
Exchange loss recognition on FVOCI bonds	-	-	9,485	9,485
ECL on FVOCI (see note (i) below)	4,341	4,341	(2,920)	(2,920)
Debt Instruments at FVOCI- net change in fair value	**351,510**	**351,510**	**43,259**	**43,259**
Closing Fair value reserves	**77,740**	**77,740**	**(273,770)**	**(273,770)**

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

(d) Actuarial reserve

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Statement of other comprehensive income:				
Opening actuarial reserves	1,670	1,670	851	851
Actuarial gains/(losses) arising from changes in financial assumptions and experience adjustments (see note (i) below)	-	-	1,169	1,169
Deferred tax impact	-	-	(351)	(351)
Total	**-**	**-**	**818**	**818**
Closing actuarial reserves	**1,670**	**1,670**	**1,670**	**1,670**

(i) The initial scheme was terminated and settled due to the expiration of the MD/CEO's tenure in Ocober 31 2021. The new scheme is mutually exclusive, and other IAS 19 items will be reconciled at next valuation after the scheme might have had more than at least one year experience". This is because 3 months transactions appear too short and are not sufficient to justify an experience analysis.

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

(e) Dividend

The Company has proposed a final dividend of 74 kobo per share from the retained earnings account as at 31 December 2021, pending the approval of the shareholders at the 2021 Annual General Meeting.

The following dividends were declared and paid by the Company:

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Dividend	**117**	**5,850,000**	**86**	**4,300,000**

26 Intercompany Payables

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

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Insurance Repository Nigeria Limited (See note (a) below)	-	10,000	-	10,000
Carrying amount	**-**	**10,000**	**-**	**10,000**

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

27 Payables and accruals

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Financial liabilities				
Sundry creditors	126,635	126,635	117,617	117,617
Accruals	936,648	936,648	370,274	370,274
(NSE/CSCS) X- alert fees	-	-	544	544
Audit fees	31,712	31,712	21,500	21,500
Total other financial liabilities	**1,094,995**	**1,094,995**	**509,935**	**509,935**
Non-financial liabilities				
National Housing Fund	688	688	682	682
Nigeria Social Insurance Trust Fund	3,030	3,030	22,501	22,501
Staff Multipurpose Co-operative	597	597	-	-
Staff pension fund	198	198	3,799	3,799
Staff productivity bonus	306,698	306,698	647,524	647,524
Contract liability	67,156	67,156	349,466	349,466
Total other non-financial liabilities	**378,367**	**378,367**	**1,023,972**	**1,023,972**
Total payables and accruals	**1,473,362**	**1,473,362**	**1,533,907**	**1,533,907**

28 Other liabilities

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Financial liabilities				
Unclaimed Dividends (see note (i))	155,171	155,171	162,830	162,830
Depository fee suspense	45,092	45,092	35,882	35,882
Fixed Asset Disposal	7,381	7,381	92	92
CSCS Individual Divestment	1,290	1,290	1,290	1,290
CSCS Share Buy-Back	96,067	96,067	29,521	29,521
Exchange Traded Fund Distribution Accounts	34,299	34,299	12,318	12,318
Amount due to Adonai Net	7,692	7,692	7,692	7,692
Amount due to Investment & Securities Tribunal (see note (ii))	70,867	70,867	120,479	120,479
CSCS Stamp Duty Account	4,411,792	4,411,792	2,896,253	2,896,253
Lease liability	319,356	319,356	276,076	276,076
CSCS FGN Green Bond	15,558	15,558	15,558	15,558
Accrued Sec. Fees	45,614	45,614	-	-
Managed funds	232	232	232	232
	5,210,411	**5,210,411**	**3,558,223**	**3,558,223**
Indirect Tax				
PAYE liability	62,994	62,994	57,084	57,084
Withholding tax liability	10,811	10,811	25,954	25,954
Value Added Tax liability	128,617	128,617	129,616	129,616
Indirect Tax	**202,422**	**202,422**	**212,654**	**212,654**
	5,412,833	**5,412,833**	**3,770,877**	**3,770,877**

(i) The balance of the unclaimed dividend was invested in fixed placements and a total of N3.09 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 Exchange Limited 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

(a) 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.

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

The total expense recognized in profit or loss was N98.8 million for the Group and N98.8 million for the Company (2020: N97.7 million for the Group and N97.7 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).

(b) 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 2021, the amount provided is N12.82 million.

The sum of the outstanding long- term severance benefit scheme and the terminal benefit provided for is N8.25 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:

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Opening balance	125,551	125,551	77,012	77,012
Payment during the year	(139,837)	(139,837)	-	-
Excess provision on long term incentives	14,286	14,286	-	-
Addition in profit or loss during the year	12,819	12,819	49,709	49,709
Addition in other comprehensive income during the year	-	-	(1,169)	(1,169)
Total defined benefits	**12,819**	**12,819**	**125,551**	**125,551**

In thousands of Naira	Group 31 December 2021	Company 31 December 2021	Group 31 December 2020	Company 31 December 2020
Statement of profit or loss:				
Current service cost	12,697	12,697	36,019	36,019
Interest Cost	122	122	13,690	13,690
Total	**12,819**	**12,819**	**49,709**	**49,709**
Statement of other comprehensive income:				
Change in Economic Assumptions: Actuarial loss -Salary Growth rate	-	-	3,229	3,229
Actuarial gain- Economic experience	-	-	(4,399)	(4,399)
Total	**-**	**-**	**1,169**	**1,169**
Deferred tax impact	-	-	(351)	(351)
Total in other comprehensive income	**-**	**-**	**818**	**818**

(ii) Actuarial assumptions

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

In thousands of Naira	Group 31 December 2021	Company 31 December 2021
Future salary growth	13.00%	13.00%
Interest rate	12.10%	12.10%

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.

In thousands of Naira	benefit obligation	+1%	-1%
Interest rate (movement)	353,870	354,510	353,230
Salary increase rate (movement)	353,870	354,510	353,230

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 2021 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 2021 stood at N2,603,802,630.63 (31 December 2020: N2,759,948,900.34). 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 for the Year Ended 31 December 2021

Associate

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

In thousands of Naira			Transaction values		Balance outstanding	
			31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Name of company / Individual	**Transaction type**	**Secured/ Unsecured**	**Amount**	**Amount**	**Amount**	**Amount**
NGX Real Estate Limited	Rent	Unsecured	87,041	62,231	-	-
Nigerian Exchange Group Plc	Payment of dividend	Not applicable	-	1,255,218		
			87,041	**1,317,449**	**-**	**-**

Transactions with key management personnel

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

Key management personnel compensation

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

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

(a) Key management personnel compensation comprise:

In thousands of Naira	31 December 2021	31 December 2020
Short term		
Wages & Salaries	609,377	368,731
Long term		
Post Employment benefits	12,819	49,709
	622,196	**418,440**

(b) Directors' remuneration

In thousands of Naira	31 December 2021	31 December 2020
Short term		
Fees as Directors	12,917	15,651
Directors sitting allowances	54,000	42,847
Other allowances	192,783	145,715
	259,700	**204,213**
Executive Compensation	622,196	418,440
	881,896	**622,653**

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

Key management personnel and director transactions

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

Income

Included in income is an amount of N8.15 million (31 December 2020: N63.5 million) representing depository fees, eligibility fees, settlement participation fees, OTC Transactions 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 2021 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 2021
United Bank for Africa	Uche Ike	Director	ED, Risk	Depository fee	31,815	-
Sterling Bank Plc.	Tairat Tijani	Director	Director	Depository fee	14,174	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Depository fee	32,302	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Eligibility Fee	40	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	Eligibility Fee OTC	56	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Transactions Settlement	27	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Bank Part Fees	1,050	-
Sterling Bank Plc.	Tairat Tijani	Director	Director	Settlement Bank Part Fees	1,050	-
United Bank for Africa	Uche Ike	Director	ED, Risk	Settlement Bank Part Fees	1,050	-
					81,565	-

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

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 LEI	26	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Subscription LEI	13	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Subscription LEI	13	-
United Bank for Africa	Uche Ike	Director	ED, Risk	Subscription	13	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	Online Access	53	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Subscription OTC	53	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Transactions Settlement	38	-
Access Bank Plc	Roosevelt Ogbonna	Director	Deputy MD	Bank Part Fees	1,050	
United Bank for Africa	Uche Ike	Director	ED, Risk	Settlement Bank Part Fees	1,050	-
					63,554	-

Prepayments

Included in prepayment is an amount of N171.6 million (31 December 2020: N196.1 million) representing balances on prepaid transport allowances to Directors.

Bank balances

Included in cash and cash equivalent is an amount of N2.02 billion (31 December 2020: N2.15 billion) representing current account balances of CSCS with Banks in which certain Directors have interests. The balances as at 31 December 2021 were as follows:

In thousands of Naira — 31 December 2021

Name of company / Individual	Name of Directors	Relationship	Transaction type	Amount
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	1,366,038
A/c	Roosevelt Ogbonna	Shareholder/Director	Collection account	310
Access Bank Plc-POS	Roosevelt Ogbonna	Shareholder/Director	Collection account	425
Access Bank Plc-LEI	Roosevelt Ogbonna	Shareholder/Director	Collection account	315
Access Bank Plc-USDollar Dom A/c	Roosevelt Ogbonna	Shareholder/Director	Collection account	46,117
Sterling Bank Plc	Tairat Tijani	Director	Current account	1,263
Sterling Bank-Stamp Duty Collection Account	Tairat Tijani	Director	Collection account	524,718
Sterling Bank-IST Collection A/c	Tairat Tijani	Director	Collection account	71,208
UBA Plc-C/A	Uche Ike	Shareholder/Director	Current account	402
UBA-Collection	Uche Ike	Shareholder/Director	Collection account	1,076
UBA PLC-CSCS NASD Fee Collection A/c	Uche Ike	Shareholder/Director	Collection account	6,373
UBA PLC-CSCS NASD Vat Collection	Uche Ike	Shareholder/Director	Collection account	2,027
UBA PLC-Depository Fee Collection A	Uche Ike	Shareholder/Director	Collection account	35
UBA PLC-Stockbrokers Contract **Stamp Duty Collection A/c**	Uche Ike	Shareholder/Director	Collection account	249
				2,020,555

In thousands of Naira — 31 December 2020

Name of company / Individual	Name of Directors	Relationship	Transaction type	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

Investments

Included in investment securities is an amount of N13.3 billion as at 31 December 2021 (31 December 2020: N11.01 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 2021 were as follows:

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In thousands of Naira — 31 December 2021

Name of company / Individual	Name of Directors	Relationship	Transaction type	Amount
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	500,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	800,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	1,000,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	1,100,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	500,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	1,000,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	500,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Euro Bonds	815,900
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Euro Bonds	314,122
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Euro Bonds	2,039,750
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Euro Bonds	2,039,750
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Euro Bonds	172,926
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	Corporate Bonds	300,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	State Bonds	1,500,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	State Bonds	87,999
				13,311,446

In thousands of Naira — 31 December 2020

Name of company / Individual	Name of Directors	Relationship	Transaction type	Amount
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

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 2021, are as follows:

In thousands of Naira	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Operating income	10,469,020	-	10,469,020	-
Operating expenses	(4,460,303)	-	(4,460,303)	-
Impairment reversal/(Charge)	(181,444)	-	(181,444)	-
Fair value loss on investment securities				
Operating surplus before tax	5,827,273	-	5,827,273	-
Share of loss of equity accounted investees	(41,166)	(41,166)	-	-
Tax expense	(1,366,297)	-	(1,366,297)	-
Operating surplus after tax	4,419,810	(41,166)	4,460,976	-
Condensed financial position				
Total Non-Current Assets	24,987,528	-	25,026,462	-
Total Current Assets	17,229,693		17,229,638	-
Total assets	42,217,221	-	42,256,100	-
Total Equity	**33,710,278**	**-**	**33,739,157**	**-**
Total non current liabilities	122,285	**-**	122,285	**-**
Total current liabilities	8,384,658	(10,000)	8,394,658	**-**
Total liabilities	8,506,943	(10,000)	8,516,943	**-**
Total equity and liabilities	**42,217,221**	**(10,000)**	**42,256,100**	**-**

Notes to the Consolidated and Separate Financial Statements for the Year Ended 31 December 2021

35 Cash flow workings

In thousands of Naira	Notes	Group 31 Dec 2021	Company 31 Dec 2021	Group 31 Dec 2020	Company 31 Dec 2020
(i) Changes in intercompany receivables					
Opening balance		-	-	-	34,511
Impairment reversal/(charge)		-	-	-	(34,511)
Closing balance	22(a)	-	-	-	-
Change during the year		**-**	**-**	**-**	**-**
(ii) Changes in trade receivables					
Opening balance	18(a)	160,450	160,450	177,043	177,043
Impairment reversal/(charge)	20	(195,050)	(195,050)	(127,072)	(127,072)
Closing balance	18(a)	(550,231)	(550,231)	(160,450)	(160,450)
Change during the year		**(584,831)**	**(584,831)**	**(110,479)**	**(110,479)**
(iii) Changes in other assets					
Opening balance	19(a)	424,482	424,482	181,877	181,877
Impairment reversal/(charge)	20	(1,897)	(1,897)	-	-
Closing balance	19(a)	(598,958)	(598,958)	(424,482)	(424,482)
Change during the year		**(176,373)**	**(176,373)**	**(242,605)**	**(242,605)**
(iv) Changes in payables and accruals					
Opening balance	27	1,533,907	1,533,907	727,368	727,368
Closing balance	27	(1,473,362)	(1,473,362)	(1,533,907)	(1,533,907)
Change during the year		**60,545**	**60,545**	**(806,539)**	**(806,539)**
(v) Changes in other liabilities					
Opening balance	28	3,770,877	3,770,877	2,241,938	2,241,938
Lease payment during the year		(87,494)	(87,494)	(41,350)	(41,350)
Closing balance	28	(5,412,833)	(5,412,833)	(3,770,877)	(3,770,877)
Change during the year		**(1,729,450)**	**(1,729,450)**	**(1,570,289)**	**(1,570,289)**
(vi) Changes in intercompany payable					
Opening balance	26	-	10,000	-	10,000
Closing balance	26	-	(10,000)	-	(10,000)
Change during the year		-	-	-	-
(vii) Proceeds from disposal of property and equipment					
Cost of property and equipment disposed	15	-	-	21,150	21,150
Accumulated depreciation	15	-	-	(21,150)	(21,150)
Profit on disposal of property and equipment	11	409	409	1,080	1,080
Proceeds during the year		**409**	**409**	**1,080**	**1,080**

In thousands of Naira	Notes	Group 31 Dec 2021	Company 31 Dec 2021	Group 31 Dec 2020	Company 31 Dec 2020
(viii) Net changes in short term investment securities -bonds					
Balance, beginning of the year	17(b)	-	-	5,005,511	5,005,511
Fair value profit derecognised		-	-	(253,184)	(253,184)
Balance, end of the year	17(b)	(550,128)	(550,128)	-	-
Change during the year		**(550,128)**	**(550,128)**	**4,752,327**	**4,752,327**
(ix) Net changes in investment securities - bonds					
Balance, beginning of the year	17(a)	19,570,294	19,570,294	21,960,972	21,960,972
Fair value profit/(loss)		(70,705)	(70,705)	262,567	262,567
Reversal of prior year fair value gains on derecognition		(276,292)	(276,292)	-	-
Fair value gain derecognised upon reclassification		(172)	(172)	(46,077)	(46,077)
Balance, end of the year	17(a)	(21,248,233)	(21,248,233)	(19,570,294)	(19,570,294)
Change during the year		**(2,025,108)**	**(2,025,108)**	**2,607,167**	**2,607,167**
(x) Interest received					
Balance, beginning of the year		(106,729)	(106,729)	(48,252)	(48,252)
Interest income	10	3,710,437	3,710,437	7,443,495	7,443,495
Interest received for the year		**3,603,708**	**3,603,708**	**7,395,243**	**7,395,243**
(xi) Dividend paid					
Balance, beginning of the year	28	162,830	162,830	133,364	133,364
Additional dividend during the year		5,850,000	5,850,000	4,300,000	4,300,000
Balance, end of year	28	(155,171)	(155,171)	(162,830)	(162,830)
Net dividend paid during the year		**5,857,659**	**5,857,659**	**4,270,534**	**4,270,534**

During the year, dividend of N1.17k per share was approved and paid to shareholders on 2020 profits

(xii) Purchase of PPE					
Balance, beginning of the year	15	1,354,103	1,354,103	1,083,510	1,083,510
Disposal: Cost		-	-	(21,150)	(21,150)
Disposal: Accumulated depreciation		-	-	21,150	21,150
Depreciation during the year		(403,876)	(403,876)	(289,201)	(289,201)
Additions: cash purchase		901,151	901,151	559,794	559,794
Closing carrying value		**(1,851,378)**	**(1,851,378)**	**1,354,103**	**1,354,103**

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

In thousands of Naira	Notes	Previously Reported Dec-20	Reclassification	Re-presented Dec-20
Revenue (see note 36 (a) below)	9	4,118,040	485,473	4,603,513
Investment income		7,443,495	-	7,443,495
Other income (see note 36 (a) below)	11	525,642	(485,473)	40,169
Total operating income		**12,087,177**	**-**	**12,087,177**
Personnel expenses		(2,051,082)	-	(2,051,082)
Other operating expenses		(1,837,027)	-	(1,837,027)
Depreciation and amortisation		(74,234)	-	(74,234)
Finance cost		(616,289)	-	(616,289)
Impairment reversal/(loss) on financial assets		(139,293)	-	(139,293)
		(4,717,925)	-	(4,717,925)
Share of gain of equity accounted investee		23,444	-	23,444
Profit before tax		**7,392,696**	-	**7,392,696**
Income tax		(464,361)	-	(464,361)
Profit after tax		**6,928,335**	-	**6,928,335**

Company

In thousands of Naira	Notes	Previously Reported Dec-20	Reclassification	Re-presented Dec-20
Revenue (see note 36 (a) below)	9	4,118,040	485,473	4,603,513
Investment income		7,443,495	-	7,443,495
Other income (see note 36 (a) below)	11	525,642	(485,473)	40,169
Total operating income		**12,087,177**	**-**	**12,087,177**
Personnel expenses		(2,051,082)	-	(2,051,082)
Other operating expenses		(1,837,027)	-	(1,837,027)
Depreciation and amortisation		(74,234)	-	(74,234)
Finance cost		(616,289)		(616,289)
Impairment reversal/(loss) on financial assets		(173,804)	-	(173,804)
		(4,752,436)	-	(4,752,436)
Profit before tax		**7,334,741**	-	**7,334,741**
Income tax		(464,361)	-	(464,361)
Profit after tax		**6,870,380**	-	**6,870,380**

(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 (2020: 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.

37 Non-audit fees

Included in professional fees is a total of N7,525,000 for Non-audit services rendered by Messrs. KPMG Advisory Services. See table below for details.(See note 12.2)

Name of Firm	Nature of Service	Applicable Fees (N'000
KPMG Advisory Services	Review and develop delegation on authority framework	1,075
KPMG Advisory Services	Employee compensation and benefits survey services	6,450
Total		**7,525**

7

Other National Disclosures

Value added statement For the year ended 31 December 2021

In thousands of Naira	Group 31 Dec 2021	%	Group 31 Dec 2021	%
Gross earnings	10,469,020	123	10,469,020	123
Net impairment loss on trade receivables	(181,444)	(2)	(181,444)	(2)
Bought-in-materials and services	(1,789,712)	(21)	(1,748,546)	(20)
Value added	**8,497,864**	**100**	**8,539,030**	**100**
Distribution of Value Added To Employees:		%		%
Staff cost	2,021,569	24	2,021,569	24
To government				
Government as taxes	1,366,297	16	1,366,297	16
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation and amortisation	690,188	8	690,188	8
- Dividend to shareholders	5,850,000	69	5,850,000	69
- To augment reserve	(1,430,190)	(17)	(1,389,024)	(16)
	8,497,864	**100**	**8,539,030**	**102**

In thousands of Naira	Group 31 Dec 2020	%	Group 31 Dec 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**

Five Years Financial Summary

The Group

In thousands of Naira	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Assets					
Non current Assets					
Property and equipment	1,851,378	1,354,103	1,083,510	595,575	366,751
Intangible assets	375,414	585,705	785,471	1,089,601	1,411,086
Equity-accounted investee	1,512,503	1,553,669	725,475	591,357	1,762
Investments securities	21,248,233	19,570,294	21,960,972	23,644,725	21,709,176
Deferred tax asset	-	-	-	-	38,298
Total non current assets	**24,987,528**	**23,063,771**	**24,555,428**	**25,921,258**	**23,527,073**
Current Assets					
Investment securities	550,128	-	5,005,511	5,879,813	5,418,936
Trade receivables	550,231	160,450	177,043	102,279	15,550
Other assets	598,958	424,482	181,877	324,380	952,905
Cash and cash equivalent	15,530,376	17,773,624	6,691,545	3,626,868	2,004,979
Total current assets	**17,229,693**	**18,358,556**	**12,055,976**	**9,933,340**	**8,392,370**
Total assets	**42,217,221**	**41,422,327**	**36,611,404**	**35,854,598**	**31,919,443**
Liabilities					
Current Liabilities					
Payables, provisions and accruals	1,473,362	1,533,907	727,368	872,873	804,293
Current tax liabilities	1,498,463	436,529	652,254	652,577	582,765
Other liabilities	5,412,833	3,770,877	2,241,938	3,150,930	679,892
Total current liabilities	**8,384,658**	**5,741,313**	**3,621,560**	**4,676,380**	**2,066,950**
Non current liabilities					
Deferred tax liabilities	109,466	63,485	6,747	13,403	-
Long term incentive scheme	12,819	125,551	77,012	-	
Total non current liabilities	**122,285**	**189,036**	**83,760**	**13,403**	**-**
Total liabilities	**8,506,943**	**5,930,349**	**3,705,320**	**4,689,783**	**2,066,950**
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	28,786,348	30,216,538	27,588,203	26,187,524	25,006,022
Other components of equity	(77,740)	273,770	317,029	(22,709)	(153,529)
Actuarial reserves	1,670	1,670	851	-	-
Total equity	**33,710,278**	**35,491,977**	**32,906,083**	**31,164,815**	**29,852,493**
Non-controlling Interest					
Total equity and liabilities	**42,217,221**	**41,422,327**	**36,611,404**	**35,854,598**	**31,919,443**

	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Total operating income	**10,469,020**	**12,087,177**	**9,206,140**	**9,082,085**	**8,691,558**
Profit before taxation	**5,786,107**	**7,392,696**	**6,042,434**	**6,091,344**	**5,664,177**
Profit after taxation	**4,419,810**	**6,928,335**	**4,900,679**	**4,822,330**	**4,980,601**
Earnings per share	**88k**	**139k**	**98k**	**96k**	**100k**
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 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Assets					
Non current Assets					
Property and equipment	1,851,378	1,354,103	1,083,510	595,575	366,751
Intangible assets	375,414	585,705	785,471	1,089,602	1,411,086
Intercompany receivables	-	-	34,511	34,511	34,511
Equity-accounted investee	1,541,437	1,541,437	736,687	670,500	62,500
Investment in subsidiary	10,000	10,000	10,000	10,000	10,000
Investments securities	21,248,233	19,570,294	21,960,972	23,644,726	21,709,176
Deferred tax asset	-	-	-	-	38,298
Total non current assets	**25,026,462**	**23,061,539**	**24,611,151**	**26,044,913**	**23,632,322**
Current Assets					
Investment securities	550,128	-	5,005,511	5,879,813	5,418,936
Trade receivables	550,231	160,450	177,043	102,279	15,550
Other assets	598,958	424,482	181,877	312,046	940,571
Cash and cash equivalent	15,530,321	17,773,569	6,691,490	3,626,812	2,004,924
Total current assets	**17,229,638**	**18,358,501**	**12,055,921**	**9,920,950**	**8,379,982**
Total assets	**42,256,100**	**41,420,040**	**36,667,071**	**35,965,864**	**32,012,303**
Liabilities					
Current Liabilities					
Intercompany payables	10,000	10,000	10,000	10,000	10,000
Payables, provisions and accruals	1,473,362	1,533,907	727,368	872,873	804,293
Current tax liabilities	1,498,463	436,529	652,254	652,577	582,765
Other liabilities	5,412,833	3,770,877	2,241,938	3,150,930	679,892
Total current liabilities	**8,394,658**	**5,751,313**	**3,631,560**	**4,686,380**	**2,076,950**
Non current liabilities					
Deferred tax liabilities	109,465	63,485	6,747	13,403	-
Long term incentive scheme	12,819	125,551	77,012	-	-
Total non current liabilities	**122,285**	**189,037**	**83,760**	**13,403**	**-**
Total liabilities	**8,516,943**	**5,940,350**	**3,715,320**	**4,699,783**	**2,076,950**
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	28,815,227	30,204,251	27,633,871	26,288,789	25,088,883
Other components of equity	(77,740)	273,770	317,029	(22,709)	(153,529)
Actuarial reserves	1,670	1,670	851	-	-
Total equity	**33,739,157**	**35,479,690**	**32,951,751**	**31,266,081**	**29,935,353**
Non-controlling Interest					
Total equity and liabilities	42,256,100	41,420,040	36,667,071	35,965,864	32,012,303

	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017
Total operating income	**10,469,020**	**12,087,177**	**9,206,140**	**9,082,085**	**8,691,558**
Profit before taxation	**5,827,273**	**7,334,741**	**5,986,837**	**6,109,749**	**5,683,817**
Profit after taxation	**4,460,976**	**6,870,380**	**4,845,082**	**4,840,735**	**5,000,241**
Earnings per share	**89k**	**137k**	**97k**	**97k**	**100k**
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

CUT ALONG DOTTED LINE

Africa Prudential
RC 649007

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USE GUM ONLY
NO STAPLE PINS

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

E-DIVIDEND MANDATE ACTIVATION FORM

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

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

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

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male Female Date Of Birth D D M M Y Y Y Y

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C

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. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. 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 EUROBOND 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:

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@africaprudential.com | www.africaprudential.com | @afriprud

SCAN
To Download Shareholders' Forms

Africa Prudential

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.

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

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.

SECTION A:

SHAREHOLDER'S FULL NAMES: ______
Surname *First Name* *Middle Name*

ADDRESS: ______

GSM NUMBER: ______ **E-MAIL:** ______

GENDER: Male ☐ Female ☐ **DATE OF BIRTH:** D D M M Y Y Y Y **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: ______ *Must be NUBAN* **BVN:** ______ *Must be confirmed by bank* **AGE OF A/C:** *DD MM YYYY* *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	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			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	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			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 aganist 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@africaprudential.com | www.africaprudential.com | @afriprud

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Africa Prudential

RC 649007

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 D D M M Y Y Y Y

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.: C

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
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. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. 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 EUROBOND 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:

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@africaprudential.com | www.africaprudential.com | @afriprud

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Africa Prudential
RC 649007

E-SERVICE/DATA UPDATE FORM

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

1. *SURNAME/COMPANY NAME

2. *FIRST NAME 3. OTHER NAME

4. *GENDER M F 5. E-MAIL

6. ALTERNATE E-MAIL

7. *DATE OF BIRTH D D M M Y Y Y Y

8. *MOBILE (1) (2)

9. *ADDRESS

10. OLD ADDRESS *(if any)*

11. *NATIONALITY 12. *OCCUPATION

13. *NEXT OF KIN NAME MOBILE

14. *MOTHER'S MAIDEN NAME

15. BANK NAME 16. A/C NO.

17. A/C NAME 18. A/C OPENING DATE D D M M Y Y Y Y

19. BANK VERIFICATION NO. (BVN) 20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN) C

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

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7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
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12. CAPPA AND D'ALBERTO PLC
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CENTRAL SECURITIES CLEARING SYSTEM PLC

RC 201018

PROXY FORM

[PLEASE COMPLETE THIS FORM IN CAPITAL LETTERS]

The 28th Annual General Meeting of Central Securities Clearing System Plc. will be held at 10.00 am on Friday 6 May 2022 at The Civic Centre, Ozumba Mbadiwe Road, 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 28th Annual General Meeting of CSCS to be held on Friday 6 May 2022.

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. Haruna Jalo-Waziri	Managing Director/Chief Executive Officer	
3.	Mr. Eric Idiahi	Non-Executive Director/Shareholder	
4.	Chief Onyenwechukwu Patrick Ezeagu	Non-Executive Director/Shareholder	
5.	Mr. Roosevelt Ogbonna	Non-Executive Director/Shareholder	
6.	Ms. Tinuade Awe	Non-Executive Director	
7.	Mrs. Chinelo Anohu	Non-Executive Director	
8.	Mr. Ibrahim Dikko	Non-Executive Director	
9.	Mrs. Tairat Tijani	Non-Executive Director	
10.	Mr. Uche Ike	Non-Executive Director	
11.	Mr. Emeka Madubuike	Shareholder	
12.	Mr. Nornah Awoh	Shareholder	

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 2021, the Reports of the Directors, Auditors and Audit Committee thereon.			
2.	To declare a dividend which is 74k (Seventy-Four Kobo) per share totalling N3,700,000,000.00 (Three Billion, Seven Hundred Million Naira).			
3. (a)	To re-elect Mrs. Chinelo Anohu as Non-Executive Director (retiring by rotation).			
3. (b)	To re-elect Mr. Ibrahim Dikko 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.			

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.

Dated this .... day of ...., 2022.

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 28th Annual General Meeting to appoint a proxy to attend and vote in his/her/its stead. Attendance of the 28th Annual General meeting shall be by proxy only.

3. In line with best practices, the names of Directors/Shareholders 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 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 o¬fficers 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.

ADMISSION CARD:

CSCS
RC 201018
CENTRAL SECURITIES CLEARING SYSTEM PLC

Please **admit** the duly appointed Proxy to the 28th Annual General Meeting of Central Securities Clearing System Plc to be held at The Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos State, Nigeria on Friday 6 May 2022.

Name of Proxy attending:..

Name of Shareholder:...

No of Shares held:..

Signature: ....

Office Locations

Head Office

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

Document Management Service (DMS)

CSCS Document Management Service (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
- Physical Archiving
- Electronic Document Management & Workflow in Real-time

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

/CSCS Nigeria Central Securities Clearing System PLC www.cscs.ng

CENTRAL SECURITIES CLEARING SYSTEM PLC

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

1st Floor, Nigerian Exchange Group House
2/4 Customs Street, Marina Lagos, Nigeria
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Phone: +234 1 903 3551, +234 1 460 1900
Website: https://www.cscs.ng