

Central Securities Clearing System Plc Group Audited Financial Results for the Year Ended 31 December 2020

CSCS DELIVERS UNPRECEDENTED RESULTS, GROWS REVENUE AND PROFIT BY 31.3% AND 41.4% RESPECTIVELY.

This Earnings Press Release should be read in conjunction with the Audited 2020 Consolidated Financial Statements for the year ended 31 December 2020. This Earning Press Release is also available on our website at <http://www.cscs.ng>. This analysis is dated 15 April 2021. Unless otherwise indicated, all amounts are expressed in Nigerian Naira and have been primarily derived from the Group's Consolidated Financial Statements, prepared in accordance with the International Financial Reporting Standards ("IFRS"). The accounting policies used in the preparation of these Consolidated Financial Statements are consistent with those used in the Group's Audited 2019 Financial Statements for the year ended 31 December 2019. Additional information relating to the Group is available on the Company's website; <http://www.cscs.ng>.

LAGOS, NIGERIA – April 15, 2021 – Central Securities Clearing System Plc ("CSCS", the "Company" or the "Group"), (**NASD Ticker:** SDCSCSPLC) announced its Audited 2020 Financial Results. Amidst unprecedented economic and financial market conditions occasioned by the COVID-19 pandemic, the Group grew total income by 31.3% year-on-year (YoY) to ₦12.09 billion. With profit after tax of ₦6.93 billion, an incredible 41.4% year-on-year growth, translating to ₦1.39 earnings per share, the Group delivered 20.3% return on average equity for the 2020 financial year, compared to 15.3% in 2019FY.

Highlights:

Income Statement

- Total Income: ₦12.09 billion, compared to ₦9.21 billion in 2019FY (31.3% YoY growth).
- Investment Income: ₦7.44 billion, an impressive 61.4% YoY growth, compared to ₦4.61 billion in 2019FY.
- Operating Expenses: ₦4.72 billion, compared to ₦3.23 billion in 2019FY (46.0% YoY growth), partly reflecting investments in technology and human capital.
- Profit Before Tax: ₦7.39 billion, a 22.3% YoY growth, compared to ₦6.04 billion in 2019FY.
- Profit After Tax: ₦6.93 billion, compared to ₦4.90 billion in 2019FY (41.4% YoY growth).
- Return on Average Equity (ROAE): 20.3%, compared to 15.3% in 2019FY.
- Earnings Per Share (EPS): 139 Kobo, compared to 98 Kobo in 2019FY (41.8% YoY growth).

Balance Sheet

- Total Assets: ₦41.42 billion, compared to ₦36.61 billion as at 2019FY (13.1% YoY growth).
- Property, Plant and Equipment (plus intangibles) grew 25.0% YoY to ₦1.35 billion, reflecting continued investments in infrastructure to enhance operational efficiency and resilience.
- Shareholders' Funds: ₦35.49 billion, up 7.9% YoY; reflecting strong capacity for organic capital growth.

Commenting on the Group's performance, Mr. Oscar N. Onyema OON, the Chairman, Board of Directors of CSCS, said;

"It is exciting to report these stellar results. Defying the unprecedented challenges that characterised 2020 financial year, CSCS emerged stronger, delivering outstanding growth in top and bottom-lines, and executing far-reaching initiatives that would sustainably strengthen the competitiveness and resilience of the business. Having grown profit by over 41% in such a challenging year to deliver 20.3% return on average equity, the Board of Directors and Management are upbeat about the value accretive prospects of CSCS, and we are enthusiastic that the progress made thus far in repositioning the business to efficiently play a more active and leading role in deepening the Nigerian capital market will be sustained. With continuous investments in new technologies, talent, and work environment, we are optimistic on the productivity of CSCS going forward. Subject to shareholders' approval at the upcoming annual general meeting, the Board is recommending a dividend of ₦5.85 billion or dividend per share of ₦1.17, representing a growth of 36% over the ₦0.86 dividend per share paid from the 2019 financial year earnings."

While commenting on the Group's results, Mr Haruna Jalo-Waziri, the Chief Executive Officer, said;

"Amidst the COVID-19 twin threat to lives and livelihoods, and more importantly the attendant challenges in economic and business environment, we outperformed budget, reinforcing our commitment to delivering superior value to our shareholders, irrespective of the odds. These impressive results reflect our enhanced collaboration with different stakeholders and their unflinching support and loyalty to CSCS, as the core infrastructure for the Nigerian capital market. Hence, my colleagues and I are excited to dedicate this performance to our esteemed participants, regulator and the Board of Directors, whose support kept us stronger through the pandemic. We would continue to invest in our collective objective of deepening the capital market and broader financial system, even as we seek new and efficient ways of enhancing our partnerships for mutual prosperity. Having laid a solid foundation over the past three years, we are more than ever optimistic on the prospect of our business, especially as we diversify the business for enhanced resilience against macro and market volatilities. We will sustain our disciplined cost efficiency culture, in our commitment to delivering sustainable value to shareholders over the long term. We are excited at the 39.0% cost-to-income ratio, despite the impact of exchange rate volatilities and rising headline inflation on our cost base. The years ahead look challenging, albeit more promising than ever, as we reinforce our commitment to leveraging best-in-class technologies and our continuous investments in human capital in delivering value to all stakeholders."

Also commenting on CSCS' financial performance, the Chief Financial Officer, Mr. Peter O. Medunoye noted;

"We recorded impressive double-digit growth in revenue and profitability, and more importantly recorded continuous improvement across all key performance indicators. We recorded decent growth in income from our CSD and ancillary services whilst also leveraging our ingenuity in effectively positioning the proprietary investment portfolio for growth. Delivering 17.7% and 20.3% return on average assets and return on average equity respectively, we are excited at the capacity of the business in generating internal capital to fund the exciting growth ahead."

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020				
In thousands of Nigerian Naira	Group 2020	Company 2020	Group 2019	Company 2019
Revenue	4,603,513	4,603,513	4,588,807	4,588,807
Investment Income	7,443,495	7,443,495	4,612,237	4,612,237
Other Income	40,169	40,169	5,096	5,096
Total Operating Income	12,087,177	12,087,177	9,206,140	9,206,140
Personel expenses	(2,051,082)	(2,051,082)	(1,317,186)	(1,317,186)
Other operating expenses	(1,837,027)	(1,837,027)	(1,268,438)	(1,256,104)
Finance cost	(74,234)	(74,234)	(48,546)	(48,546)
Depreciation and amortisation	(616,289)	(616,289)	(547,906)	(547,906)
Impairment (loss)/reversal on financial assets	(139,293)	(173,804)	(49,561)	(49,561)
Total operating expenses	(4,717,925)	(4,752,436)	(3,231,637)	(3,219,303)
Share of profit/(loss) of equity-accounted investee	23,444	-	67,931	-
Profit Before Tax	7,392,696	7,334,741	6,042,434	5,986,837
Income Tax	(464,361)	(464,361)	(1,141,755)	(1,141,755)
Profit for the Year	6,928,335	6,870,380	4,900,679	4,845,082
Other comprehensive income for the year, net of tax	(42,441)	(42,441)	340,590	340,590
Total Comprehensive Income for the Year	6,885,894	6,827,939	5,241,269	5,185,672

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

About CSCS

The Central Securities Clearing System (CSCS) is a Public Limited Company, with a diversified shareholder base, including the Nigerian Stock Exchange, some of the largest banks in Nigeria, private equity firms, investment banks and other corporate and individual shareholders. With over two decades of operation, serving as the Central Securities Depository for the Nigerian capital market, CSCS has been pivotal to the growth and transformation of the capital market, including its audacious full dematerialization of share certificates and the shortening of settlement cycle in the capital market. CSCS serves as the central depository for equities, commercial papers, corporate bonds, sub-national bonds, certain sovereign bonds, equity-traded funds, real estate investment trusts, mutual funds and commodities. CSCS is licensed and regulated by the Securities and Exchange Commission (SEC). The activities of CSCS are governed by the Investment and Securities Act 2007, the Companies and Allied Matters Act 2004, and the SEC Rules.

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