

FMDQ GROUP PLC

Annual Report and Accounts 2021

Powering a
**Sustainable
Future**



Africa's First Vertically Integrated Financial Market Infrastructure Group

■ EXCHANGE ■ CENTRAL COUNTERPARTY ■ DEPOSITORY ■ PRIVATE MARKETS



Africa's Premier Green Exchange

FMDQ Green Exchange

Leading the Transition to a Sustainable Future

FMDQ Green Exchange, launched by FMDQ Securities Exchange Limited (a wholly owned subsidiary of FMDQ Group), is a virtual information repository platform dedicated to driving the growth of green and sustainable securities, and providing reliable green data in the Nigerian financial markets.

Prosperity



People



Planet



FMDQ Group

Africa's First Vertically Integrated Financial Market Infrastructure Group

• EXCHANGE • CENTRAL COUNTERPARTY • DEPOSITORY • PRIVATE MARKETS

info@fmdqgroup.com

www.fmdqgroup.com

FIXED INCOME

CURRENCIES

DERIVATIVES

EQUITIES

+234 1-700-8555

@FMDQGroup

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Notice Of The 10th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting ("AGM") of FMDQ Group PLC (the "Company") is scheduled to hold at Exchange Place, 35 Idowu Taylor Street, Victoria Island, Lagos State, on Friday, July 29, 2022, at 11:00 AM prompt, to transact the following:

ORDINARY BUSINESS

1. To lay before the members, the *Audited Annual Financial Statements and Other Information* for the year ended December 31, 2021, together with the reports of the Directors, Auditor, and Audit Committee thereon
2. To re-appoint *Messrs. KPMG Professional Services* as the Company's External Auditor and to authorise the Directors to fix the remuneration of the External Auditor
3. To elect the members of the Audit Committee
4. To disclose the remuneration of Managers of the Company

SPECIAL BUSINESS

1. To ratify the appointment of the additional Director of the Company
2. To fix the remuneration of Directors of the Company
3. To consider and, if thought fit, pass the following, as special resolutions of the Company:
 - (1) "That ₦6,532,702,000.00 in the bonus share reserve be capitalised and made available for distribution to the members of the Company, in the form of ordinary shares, in the proportion of one (1) bonus share for every three (3) shares held by the members. That the bonus shares so issued shall be allotted and credited as fully paid to the members in the indicated proportions and such bonus shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company."
 - (2) "That the proposed cash-settled share option scheme for the benefit of the Group Chief Operating Officer, FMDQ Group PLC and the Managing Director, FMDQ Securities Exchange Limited, details of which are provided in the table of resolutions furnished to members, be approved as contemplated within section 16.6 of the Nigerian Code of Corporate Governance 2018 (NCCG)."
 - (3) "That the Board of Directors of the Company, the Company Secretary, and Management be authorised to take all steps required to give effect to these resolutions including, without limitation, the preparation, execution, and filing of all necessary documents, notifications, forms and agreements with, and as required by the Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), or any other regulatory agency."

NOTES

1. Proxy and Attendance by Proxy

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member of the Company. For the appointment to be valid, the duly completed and duly sealed proxy form must be deposited at the office of the Ag. Company Secretary, FMDQ Group PLC, Exchange Place, 35 Idowu Taylor Street, Victoria Island, Lagos State, not less than forty-eight (48) hours before the time fixed for the meeting. Details of same can also be

emailed to: GroupCS@fmdqgroup.com.

Members who wish to appoint proxies can choose their preferred proxy from the list set out below:

1. Central Bank of Nigeria
2. Mr. Bola Onadele. Koko
3. Mr. Noel Orji

2. Virtual Attendance

A Zoom Cloud Meeting link shall be provided to members, via email, prior to the meeting to enable members and stakeholders attend and participate in proceedings.

3. Ratification of the Appointment of an Additional Director

Mrs. Egbichi Akinsanya was appointed a Non-Executive Director of the Company by the Board on January 1, 2022. The appointment is being presented for shareholders' approval. The Director's profile is contained in the Annual Report for your reference.

4. Audit Committee

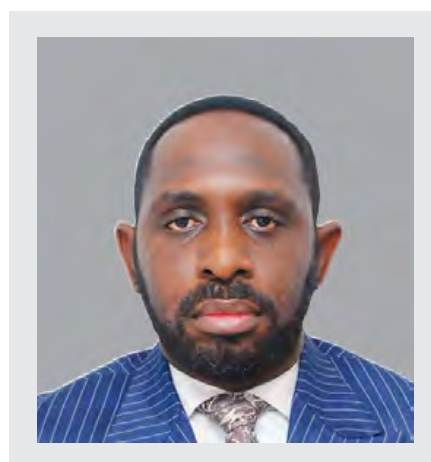
In accordance with section 404(6) of the Companies and Allied Matters Act 2020, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Ag. Company Secretary at least twenty-one (21) days before the AGM. Details of same can also be emailed to: GroupCS@fmdqgroup.com

Section 404(5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements. Consequently, a detailed curriculum vitae affirming the nominee's qualifications should be submitted with each nomination.

BY ORDER OF THE BOARD



Noel Orji
Ag. Company Secretary
FRC/2021/002/00000022462
FMDQ Group PLC
Exchange Place
35 Idowu Taylor Street
Victoria Island
Lagos State
Nigeria
July 7, 2022



About this Report

Board Responsibility for Annual Report

The Board of Directors of FMDQ Group PLC (hereinafter referred to as the “Company”, “FMDQ Group”, or “the Group”) affirms that this Annual Report has been prepared in line with the Securities and Exchange Commission's Code of Corporate Governance and global best practices. The Board confirms responsibility for the integrity of the Annual Report, and believes the Report addresses the material issues and fairly presents the performance of FMDQ Group PLC. The Board is comfortable with the reliability and integrity of the information contained herein.

Disclaimer

Some of the statements in the Annual Report may contain progressive statements concerning the Company's Strategy, performance, and growth. Readers are cautioned not to place undue reliance on progressive statements. Legislation in Nigeria governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Scope and Boundaries

This Annual Report presents the consolidated activities and Audited Financial Statements of FMDQ Group and its subsidiaries (all together referred to as “FMDQ”) for the year ended December 31, 2021. It also describes the strategic path that has been taken over the past year and the way it fits into the Company's Strategy, the operating environment in which the Company operates, as well as its business and operational models.

FMDQ Footprints



Circa
₦165.78^{trn}
(\$554.44 billion)
Average Annual Market Turnover

280
Members
across the Nigerian
financial markets



83
Bonds/Sukuk*
(excl. Eurobonds)
valued at over
₦1.82 trillion
(\$4.30 billion)

56
Registered Commercial
Paper Programmes
valued at over
₦3.53 trillion
(\$8.10 billion)

314
Quoted Commercial
Papers
valued at over
₦2.53 trillion
(\$5.80 billion)



Over
474
Listed/Quoted Federal Government of
Nigeria Debt Securities valued at circa
₦91.06 trillion
(\$304.48 billion)

3 **Global**
Standards
Benchmarks



- Nigerian Autonomous Foreign Exchange Fixing (NAFEX)
- Nigerian Inter-bank Offered Rate (NIBOR)
- Nigerian Inter-bank Treasury Bills' True Yields Fixing (NITTY)

Over
\$59 billion
OTC FX Futures Traded
(circa \$54 billion settled)

Global Brand Acceptance

- African Securities Exchanges Association (Full Member)
- World Federation of Exchanges (Full Member)
- International Organisation of Securities Commissions (Affiliate Member)
- International Capital Markets Association (Member)
- International Swaps and Derivatives Association (Associate Member)
- Sustainable Stock Exchanges Initiative (Observer Status)
- Futures Industry Association (Associate Member)
- The Global Association of Central Counterparties (Observer Member)

As @ December 31, 2021, *Naira-Denominated Bonds/Sukuk (excluding Conventional Federal Government of Nigeria Bonds and Savings Bonds)



Group Profile

- Overview
- Corporate Statements
- Value Proposition
- GOLD Agenda

Group Profile

Overview

FMDQ Group is Africa's first vertically integrated financial market infrastructure (FMI) group, strategically positioned to provide registration, listing & quotation services; integrated trading, clearing & central counterparty, settlement, risk management for financial market transactions; and depository of securities; as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Securities Exchange Limited (Nigeria's largest Exchange by Market Turnover – with an average annual turnover of \$554 billion over the last eight (8) years), FMDQ Clear Limited (Nigeria's largest operating Central Counterparty – with c. \$60 billion derivatives contracts cleared), FMDQ Depository Limited (Nigeria's integrated Securities Depository), FMDQ Private Markets Limited (Nigeria's Private Capital Marketplace Organiser) and iQx Consult Limited (an Information Technology Services Company) – towards transforming the Nigerian financial markets to become “GOLD” (Globally Competitive, Operationally Excellent, Liquid and Diverse) in alignment with its global counterparts.

As a vertically integrated FMI group, FMDQ Group provides a robust and integrated platform, with straight-through-processing capabilities for the Nigerian financial market, through its Exchange, Central Counterparty, Depository and Private Markets subsidiaries.



FMDQ Securities Exchange Limited (“FMDQ Exchange” or “the Exchange”), Nigeria's largest Exchange by Market Turnover, is registered by the Securities and Exchange Commission, Nigeria (“SEC” or “the Commission”) as an over-the-counter Market (2012) and subsequently as a Securities Exchange (2019), is focused on organising the markets within its purview and creating an efficient platform for the registration, listing, quotation, trading, and reporting of securities and financial products.

FMDQ Clear Limited (“FMDQ Clear”) is Nigeria's premier Central Counterparty (CCP). Registered by the SEC, FMDQ Clear provides post-trade services to enhance the integrity of and eliminate the inherent counterparty risks in financial market transactions, whilst facilitating settlement finality, towards delivering capital and cost efficiencies, and de-risking the Nigerian financial markets.

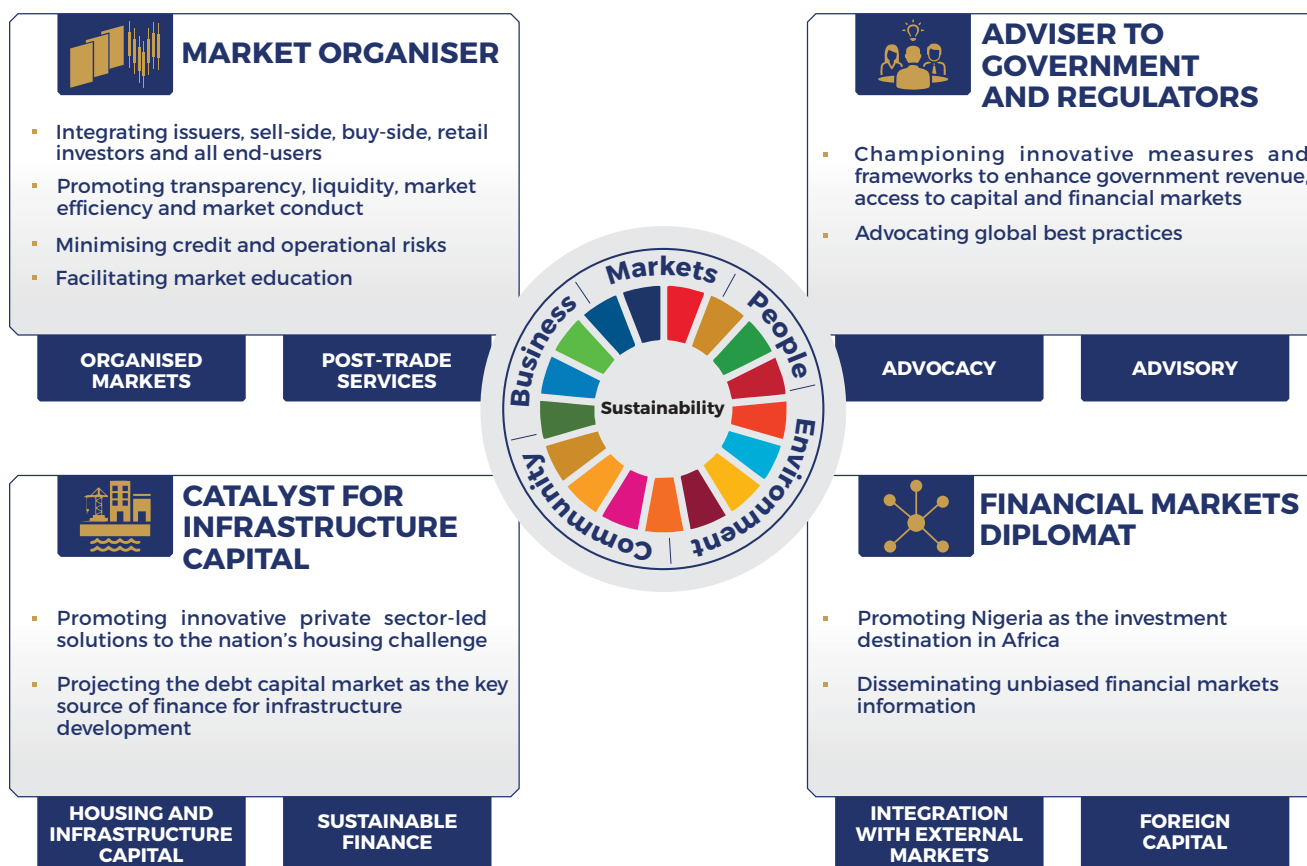
FMDQ Depository Limited (“FMDQ Depository”), registered by the SEC, is positioned to provide a safe depository for financial markets assets, as well as facilitate the settlement of capital market transactions. With innovation at the core of FMDQ Group's existence, the efficient and integrated linkages amongst FMDQ Exchange, FMDQ Clear and FMDQ Depository guarantee seamless market making for all securities held on the FMDQ platform.

To ensure that private companies also have access to capital, FMDQ Private Markets Limited (“FMDQ Private Markets”) promotes the inclusion of private companies in the capital markets by providing the much-needed information in the market for private companies’ securities via its Private Companies’ Securities Portal (Restricted) and, ultimately, improving credibility in the market for private issuances.

“As a sustainability-focused FMI group, FMDQ Group, through FMDQ Exchange, operates Africa's premier Green Exchange – FMDQ Green Exchange – positioned to lead the transition towards a sustainable future.”

FMDQ Group’s Strategic Role in the Ecosystem

As a leading financial market infrastructure provider, FMDQ Group continues to transform the Nigerian financial markets with game-changing initiatives, leveraging its sustainability pillars to deliver holistic, sustainable economic growth and development for Nigeria, Nigerians and other market participants.



Corporate Statements



Group Vision

To be the leading African builder of ecosystems of financial infrastructure and services for markets.



Group Mission

We collaborate to empower markets for economic progress towards delivering prosperity.

Our Core Values



Teamwork and Collaboration

We work as a team and collaborate with our stakeholders to foster shared understanding and combined action.



Innovation

We nurture and deliver on forward-thinking ideas towards making our markets globally competitive.



Value Adding

We consistently seek opportunities to exceed our stakeholders' expectations.



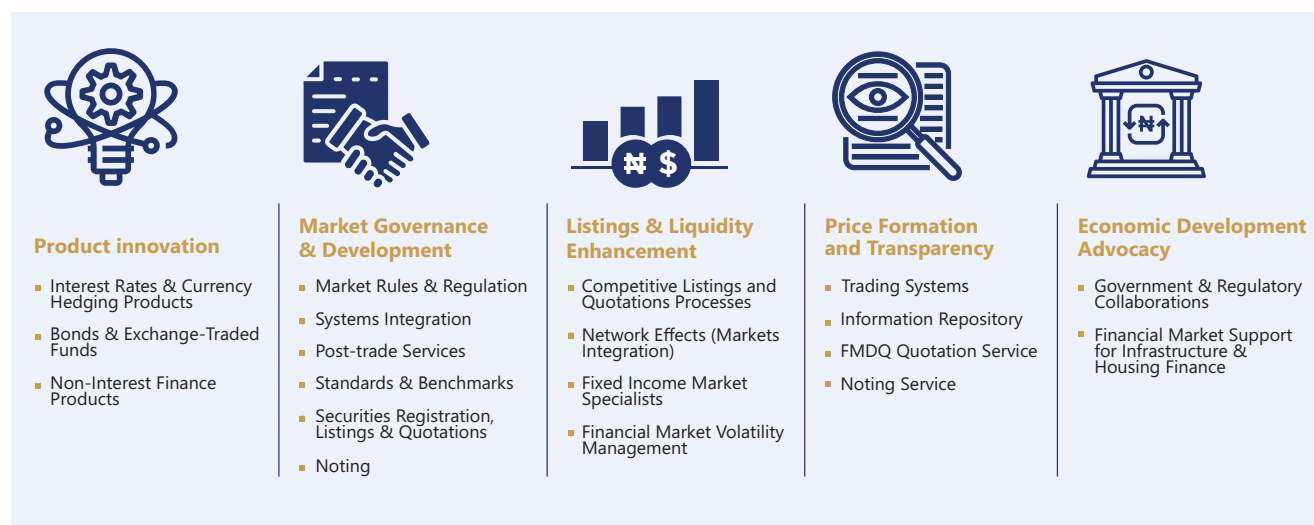
Integrity

We are principled in our conduct and can be trusted to act responsibly and professionally in delivering our mandate.

Value Proposition

FMDQ Group's vision to be the leading African builder of ecosystems of financial infrastructure and services for markets drives its value proposition, which is anchored on implementing transformational financial market solutions to shape the Nigerian financial markets of tomorrow, today.

FMDQ channels efficient service delivery in the execution of robust market architecture to continuously enhance its service offerings to its wide range of stakeholders towards delivering its value proposition expressed through Product Innovation, Market Governance & Development, Listings & Liquidity Enhancement, Price Formation & Transparency, and Economic Development Advocacy.



The FMDQ “GOLD” Agenda

FMDQ Group's aspiration for the Nigerian financial markets is encapsulated in the FMDQ "GOLD" (Global Competitiveness, Operational Excellence, Liquidity and Diversity) Agenda. These guiding principles are also the standards through which FMDQ Group measures the impact of its innovative financial market solutions, implemented towards the delivery of prosperity for Nigeria, and the advancement of the nation's financial markets in line with other international financial markets and global best practices.



Chairman's Statement

Dr. Kingsley Obiora

Group Chairman, FMDQ Group PLC



“

Dear Shareholders,

It gives me great pleasure to welcome you to the 10th Annual General Meeting of our Company and to present to you the Annual Report and Accounts of FMDQ Group PLC for the financial year ended December 31, 2021.

During the year 2021, our markets, stakeholders, and Company were faced with the lingering effects of the COVID-19 pandemic as expressed in the discovery of more variants, and the uncertainty and slow recovery in the global and domestic economic landscapes. Despite this, we have witnessed the continued resilience of our markets and the benefits of our Company culture, which constantly embraces agility, innovation, and change.

*We witnessed our second year as a vertically integrated financial market infrastructure (FMI) group in 2021, during which we consolidated efforts geared towards the de-risking of the markets under the Company's purview, across the full capital market value chain - pre-trade, trade, and post-trade activities. We were thus able to impact the markets in various ways, including providing registration, listing & quotation services, and noting services for the public and private markets, respectively; offering integrated trading, clearing and settlement services; operating a secure and efficient securities depository; as well as providing data and information services, across the debt capital, foreign exchange, derivatives markets, whilst positioning for the equity markets, towards transforming the Nigerian financial markets to become **GOLD** - Globally Competitive, Operationally Excellent, Liquid and Diverse - in alignment with our global counterparts.*

”

Operating Environment

In 2021, the global economy largely sustained its path to recovery from the adverse impact of the COVID-19 pandemic, as a boost in vaccine distribution around the world helped curtail the pandemic. Economic activities continued to benefit from fiscal stimulus from governments and accommodative monetary policy implemented by central banks across the globe. The year also witnessed a modest recovery of crude oil prices, with increases in the U.S. West Texas Intermediate and Brent, driven by the rebound in economic activities leading to a marked increase in the global demand for petroleum products. Accordingly, the International Monetary Fund (IMF), in its World Economic Outlook October 2021, projected global growth at 5.9 per cent in 2021 from -3.1 per cent in 2020. In Q4 of the year, the surge in Omicron variant of COVID-19 sparked renewed concerns globally, contributing to increased market volatility and shocks in real activities.

On the domestic front, the country continued its rebound from one of its deepest economic recessions occasioned by the COVID-19 pandemic. Supported by a raft of commendable fiscal and monetary stimulus packages rolled out by policymakers, the economy continued a positive trajectory in 2021. Gross Domestic Product (GDP) grew by 0.51 per cent, 5.01 per cent, 4.03 per cent and 3.98 per cent in Q1, Q2, Q3 and Q4, respectively, recording an overall growth of 3.40 per cent in 2021, compared to the -1.92 per cent contraction recorded in 2020, majorly driven by the non-oil sector (Information & Communication, Agriculture, Finance, Trade and Construction).

Financial Performance

FMDQ Group saw a moderate performance in 2021, considering the challenges experienced in the markets and economy at large during the year. Group Revenue declined by 32.90 per cent to ₦20.80 billion from ₦31.00 billion in 2020, with Company Revenue coming in at ₦10.67 billion, a decrease of 37.46 per cent from ₦17.06 billion recorded in 2020. Group and Company Expenses decreased from ₦14.84 billion and ₦9.42 billion in 2020 to ₦8.69 billion and ₦4.14 billion in 2021, respectively, while the Group Profit Before Tax came in at ₦12.10 billion, representing a 25.12 per cent decrease from the ₦16.16 billion recorded in 2020. Similarly, Company Profit Before Tax decreased by 14.52 per cent from ₦7.64 billion in 2020 to ₦6.53 billion in 2021. Group Total Assets stood at ₦169.47 billion, while Company Total Assets amounted to ₦46.31 billion, a decrease of 48.57 per cent and an increase of 48.13 per cent from 2020, respectively.

The performance of the Group, despite the vicissitudes of the economy in the year 2021, resulted from continued product/service innovation and diversification towards market development, as well as efficient cost management.

A detailed account of the Group's financial performance is set out in the Financial Reports section of the Annual Report.

Corporate Development

Effective February 2, 2022, having received requisite approvals, the Company changed its name from FMDQ Holdings PLC to FMDQ Group PLC. Launched as FMDQ OTC PLC in 2013, FMDQ Group has evolved over the years from an OTC Market to a full-fledged Securities Exchange, to a budding financial market infrastructure group, now structured as a SEC-registered Capital Market Holding Company, warehousing five (5) wholly owned subsidiaries, including FMDQ Exchange (Nigeria's largest Exchange by Market Turnover - with an annual average of circa ₦166 trillion), FMDQ Clear (Nigeria's only operating Central Counterparty - with over \$60 billion derivatives contracts cleared), FMDQ Depository (Nigeria's integrated Securities Depository), FMDQ Private Markets (Nigeria's Private Capital Marketplace Information Repository) and iQx Consult (an Information Technology Services Company). The change of name was aimed at better positioning the Group to consolidate on its vision of "To be the leading African builder of ecosystems of financial infrastructure and services for markets".

FMDQ Group, through its wholly-owned subsidiary, FMDQ Private Markets, launched a first of its kind global partnership with The Said Business School Entrepreneurial Centre, (formerly The Oxford Foundry), University of Oxford, United Kingdom, to accelerate the growth of Nigeria's start-up ecosystem and nurture a future generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration.

Business Development

The Securities Admission business of our Exchange franchise continued to display resilience in 2021, with the admission of eighty-seven (87) securities, a 6.10 per cent increase from the previous year of eighty-two (82) securities, with a total value of ₦1.03 trillion in 2021, compared to a value of ₦1.13 trillion reported in 2020. We admitted securities across various sectors comprising nineteen (19) listed Bonds, sixty-six (66) quoted Commercial Papers (CPs), one (1) listed Sukuk and one listed (1) Fund. Additionally, the Exchange registered fifteen (15) CP Programmes in 2021, valued at ₦470.00 billion from eleven (11) CP Programmes registered in 2020 and valued at ₦996.00 billion. The Exchange also experienced growth in its membership base, as the year closed with a total of two hundred and eighty (280) Members, resulting in a 14.29 per cent increase from the two hundred and forty-five (245) Members recorded in 2020. This growth was driven mainly by the 35 per cent increase in the Affiliate Member category, whereas the Dealing, Registration and Associate Members categories also witnessed growth of 4 per cent, 11 per cent and 10 per cent, respectively.

The Clearing franchise continued to focus on operational readiness for the activation of CCP services. In view of same, FMDQ Clear secured its full CCP registration from the SEC in June 2021. The SEC also approved FMDQ Clear's Clearing Member Regulation (i.e., Clearing Member Rules & Derivatives Clearing Membership Requirements) during the year. Following these developments, the registration of six (6) Deposit Money Banks as Clearing Members of FMDQ Clear was initiated and is ongoing. It is expected that the registration of Clearing Members will be achieved in 2022.

The Depository franchise continued its engagement drive with market stakeholders and achieved moderate improvement in its competitive positioning, to generate reasonable growth in its securities-related business. A total of thirty-one (31) securities were lodged, an increase of 47.62 per cent from twenty-one (21) securities in the previous year, made up of fifteen (15) CPs and nine (9) Bonds, and with the introduction of its Transfer Agency Service to the Private Markets business, seven (7) Private Companies' Securities – all valued at a total of circa ₦689.38 billion in 2021. In addition, the number of active Participants on the Depository's platform grew to eighty-six (86) in 2021, a 62.26 per cent growth from fifty-three (53) in the preceding year, across all Participant categories.

The Private Companies' Securities Noting business of the Private Markets' franchise saw significant advancement, having a total of nine (9) Private Companies' Securities noted and onboarded on the Private Companies' Securities Information and Distribution Portal (Restricted) across various sectors, from the one (1) security noted in 2020. Also, the FMDQ Private Markets' Membership Service experienced substantial growth evidenced by the 120 per cent increase in its Membership base, from ten (10) Members in 2020 to twenty-two (22) in 2021, across two (2) categories, an increase from the one (1) category activated in 2020. Out of the twelve (12) new Members, nine (9) were onboarded as Transaction Sponsors and three (3) as Professional Party (Solicitors).

Sustainability and Corporate Responsibility

Underscoring FMDQ Group's strong commitment to sustainability across five (5) pillars - Business, Markets, Environment, Community and People, and in cognisance of the need for Nigeria to continuously stay at the forefront of the global sustainable finance drive, the Company took the lead in championing sustainable finance initiatives in alignment with its drive to promote sustainable finance in the Nigerian financial markets. As a result, FMDQ Group, through its wholly-owned subsidiary, FMDQ Exchange, launched the premier Green Exchange in Africa - FMDQ Green Exchange - a leading platform for sustainable finance in Nigeria. The Company, through its Exchange subsidiary, also executed a Listing Agent and Cooperation Agreement with the Luxembourg Stock Exchange (LuxSE), to facilitate the dual listing of green securities issued by Nigerian corporates on both FMDQ Exchange and LuxSE markets.

Furthermore, FMDQ Group and Financial Sector Deepening (FSD) Africa, as Implementing Partners of the Nigerian Green Bond Market Development Programme, executed a memorandum of Understanding with the Lagos State Government to facilitate the maiden Lagos State Green Bond Issuance and other sustainability-linked debt securities towards achieving the global Sustainable Development Goals.

As a champion for the financial empowerment of the next generation of Nigerians, FMDQ Group, through its flagship corporate responsibility agenda, FMDQ Next Generation Financial Markets Empowerment Programme (FMDQ-Next), continued to promote financial literacy initiatives geared towards students across all levels – Primary, Secondary and Tertiary – as well as fresh graduates. In 2021, FMDQ-Next commemorated the 2021 Global Money Week, an annual global programme built to inspire children and young people to learn about money matters, livelihoods, and entrepreneurship, by holding a well-attended financial literacy webinar for University undergraduates. Also, FMDQ-Next celebrated the 2021 Annual Children's Day by facilitating a financial literacy webinar for children between the ages of 8 and 14 years. It is expected that FMDQ-Next activities will ramp up with the resumption of physical activities in 2022.

The details of our sustainability and corporate responsibility activities are set out in the Sustainability and Corporate Responsibility Agenda section of the Annual Report.

Governance

There were no appointments to or retirements from the Board in 2021. We, however, had the honour of appointing Mrs. Egbichi Akinsanya as a Non-Executive Director on January 1, 2022. Mrs. Akinsanya brings to the Board decades of knowledge and experience.

As required by the SEC Corporate Governance Guidelines, 2020, and the Nigerian Code of Corporate Governance, 2018, PricewaterhouseCoopers conducted the 2021 FMDQ Group Board Evaluation and Corporate Governance Evaluation. The reviews revealed that our Directors retained a high level of competence during the year, maintaining oversight of the Group's affairs and providing adequate guidance towards achieving the objectives of the Group, and that FMDQ complied significantly with the principles outlined in the Code. The Reports on the output of the two (2) evaluation reviews are set out in the Corporate Governance section of the Annual Report.

Outlook for 2022

Higher-than-expected inflation in major economies, worse-than-anticipated slowdown in China, and deeper negative spillbacks and spillovers from the war in Ukraine, have all significantly darkened the outlook for 2022. As a result, the IMF further reduced its forecast for 2022 economic growth from 6.1 per cent in 2021 to 3.2 per cent in 2022, and further down to 2.9 per cent next year. These downgrades reflect significant stalling of growth in the world's three (3) largest economies, namely, the United States, China, and the Euro area. In addition, there are profound concerns relating to the ongoing Russia-Ukraine war, a spate of rising inflation, food, and energy supply chain disruptions and geo-political risks, all with relative impacts on the domestic economy. Furthermore, the momentum of the domestic economy remains largely uncertain due to heightened electioneering activities across the country in the buildup to the Country's 2023 general elections.

To ensure the achievement of FMDQ's Five (5)-Year Strategic Plan (2021 – 2025), the Company will undertake key Strategic Initiatives, including but not limited to the execution of its Capital Raise Agenda to position the Group for financial resilience, the implementation of its Principal Investment Framework to enable the Group secure strategic and financial returns, the activation of its Exchange-Traded Derivatives, Repo with Collateral Management and Equity Markets, the activation of CCP Services, and continuous engagements with key market stakeholders, amongst other initiatives.

Conclusion

Completing my second year as the Group Chairman of the FMDQ Board, I have taken great pleasure in working with the exemplary Board of Directors to steer this business through two (2) of the most challenging years in recent times. I would like to express my gratitude to the Directors for their sacrificial leadership, and to the Management and Staff for their dedication and hard work during the year. It is their commitment that enables our sustained growth and development.

On behalf of the Board, I also express appreciation to our shareholders, particularly the Central Bank of Nigeria and Financial Markets Dealers Association; our regulator, the Securities and Exchange Commission; other financial services regulators; our esteemed Members and Participants across all our capital market platforms; and all other stakeholders, including market participants, for the constant support for and collaboration with FMDQ Group.

As we look forward to 2022, our commitment remains set on executing our Strategy, as we continue our journey to deliver on our mission to work collaboratively with market stakeholders to empower markets for economic progress towards delivering prosperity.

I am excited about our future and look forward to bigger and better things ahead.



Dr. Kingsley Obiora

Group Chairman

CEO's Review

Mr. Bola Onadele. Koko

Chief Executive Officer, FMDQ Group PLC



“

The year 2021 was a very challenging one for us, with the continued impact of COVID-19, and the depressed economic activities, which invariably affected market activities, amongst other things.

However, our collective resolve to continuously push the boundaries resulted in building a more resilient FMDQ Group, through the diligence and innovation of our employees, support and leadership of our Board, and rich collaboration with other stakeholders.

I am therefore pleased, on behalf of Management, to present you with the highlights of the Group's financial performance and key activities for FMDQ Group PLC for the year ending December 31, 2021.

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Performance Review – Group

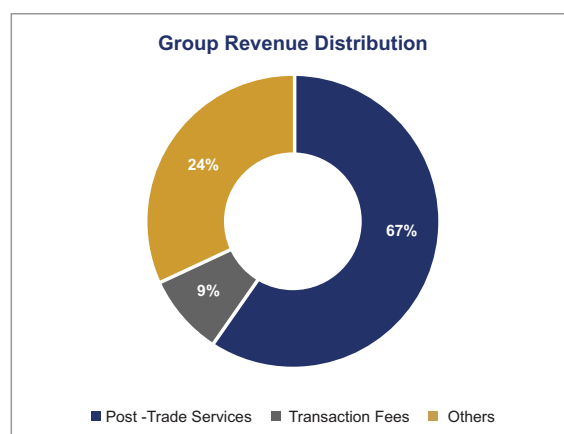
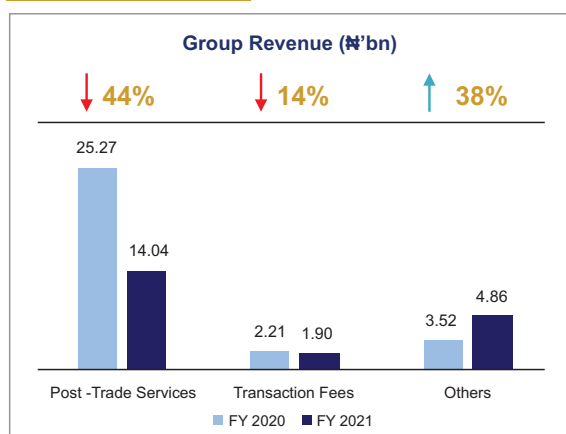
Consolidated Revenue

The total Revenue earned by the Group in 2021 was ₦20.80 billion, a 33% decrease from ₦31.00 billion earned in 2020. Reduced participation in the currency derivatives product and the resultant decline in the revenue earned from Post-Trade Services rendered by the Group's Clearing & Central Counterparty (CCP) subsidiary, FMDQ Clear, was the primary driver of this decline

FMDQ Group Total Revenue and Mix

TOTAL REVENUE

₦20.80bn ▼ 30%



Earnings from Post-Trade Services contributed 67% (₦14.04 billion) to the Group's total Revenue, while Transactions Fees and Other Revenue (including interest income) contributed 9% (₦1.90 billion) and 24% (₦4.86 billion), respectively. The core market participant categories of the Group that received the gamut of services rendered were Clients (Non-bank), contributing about 56% of the overall Revenue earned, with Dealing Member (Banks) (DMBs) and other transaction counterparties contributing 33%, while other sources contributed 11%

Consolidated Expenses

The period saw a decrease in Group Operating Expenses by 41%, from ₦14.84 billion to ₦8.69 billion. Personnel Expenses decreased by 43% from 2020, with headcount closing the year with ninety (90) staff, a 22% decrease from one hundred and sixteen (116) staff in 2020. Other Operating Expenses decreased by 42% in the period, to ₦4.01 billion from ₦6.90 billion in 2020, owing to cost-cutting measures instituted by the Management during the period

Highlights of 2021 Financial Performance

Year Ended December 31	2021 (₦'000)	2020 (₦'000)	Variance (%)
Revenue	20,797,190	31,002,806	(32.92)
Operating Expense	(8,693,877)	(14,844,627)	(41.43)
Profit Before Tax	12,103,313	16,158,179	(25.09)
Tax Expense	(3,338,262)	(4,919,134)	(32.14)
Other Comprehensive Income	(1,689,047)	1,752,957	(196.35)
Total Comprehensive Income	7,076,004	12,992,002	(45.54)

Performance Review ~ Subsidiaries

■ Exchange Business

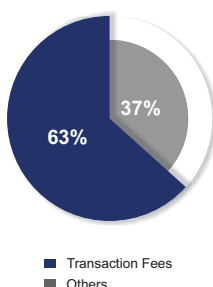
The total Revenue earned by the Exchange decreased by 10% to ₦3.02 billion in 2021 from ₦3.36 billion in 2020. The general decline in activities in the Fixed Income, Currencies and Derivatives markets led to a decrease in revenue earned from Transaction Fees, which declined by 14% to ₦1.90 billion in 2021 from ₦2.21 billion in 2020. Non-Transaction Fees also declined by 5%, from ₦1.06 billion in 2020 to ₦1.01 billion in 2021. Transaction Fees and Non-Transaction Fees contributed 63% and 33%, respectively, to total Revenue, while Other Income, which includes interest income, penalties & fines, etc., contributed 4% (₦114.89 million)

Exchange Total Revenue and Mix

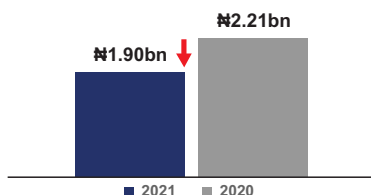
TOTAL REVENUE
₦3.02bn ▼ 10%

*TRANSACTION FEES

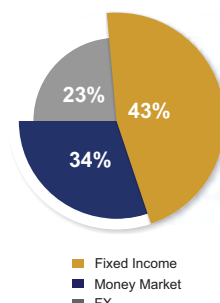
Contribution to Total Revenue



Year-on-Year Growth ▼ 14%

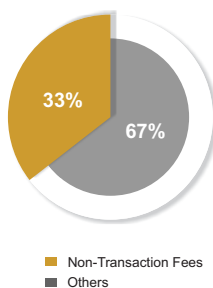


Transaction Fees Mix

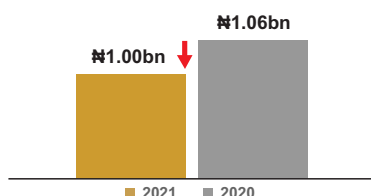


NON-TRANSACTION FEES

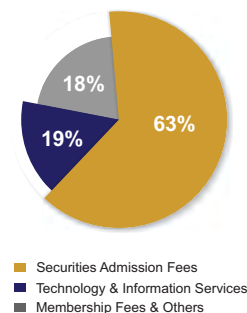
Contribution to Total Revenue



Year-on-Year Growth ▼ 6%

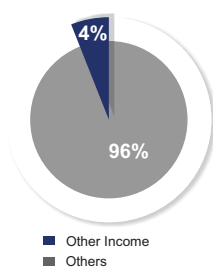


Non-Transaction Fees Revenue Mix

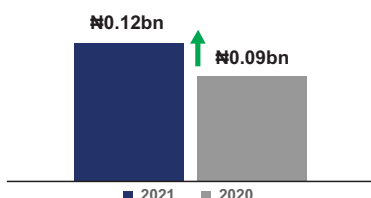


OTHER INCOME

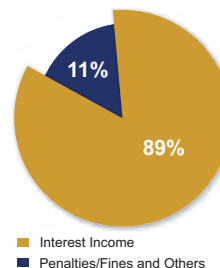
Contribution to Total Revenue



Year-on-Year Growth ▲ 86%



Other Income Revenue Mix



*Represents Net Transaction Fees;
FX - Foreign Exchanges Spot + Derivatives

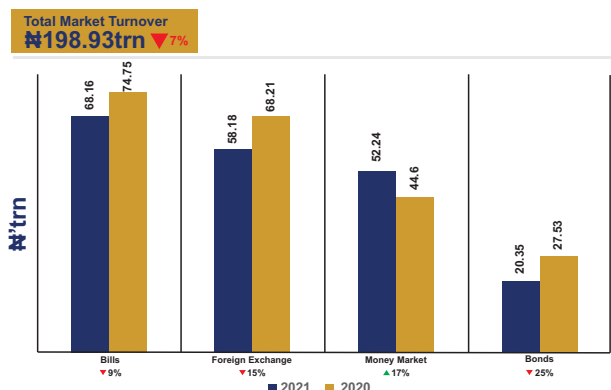
Market Turnover

The year 2021 saw a decline of 7% in the total market activity in the Fixed Income, Currencies and Derivatives markets, to ₦198.93 trillion in 2021 from ₦215.09 trillion reported in the preceding year. Nigerian Treasury Bills, Open Market Operation Bills and Central Bank of Nigeria Special Bills (collectively referred to as Bills) were the most actively traded products, contributing a combined total of 34% to the market turnover. Foreign Exchange (Spot FX and FX Derivatives) and Repurchase Agreements/Open Repos contributed 25% and 15% to market turnover, respectively

Total Market Turnover

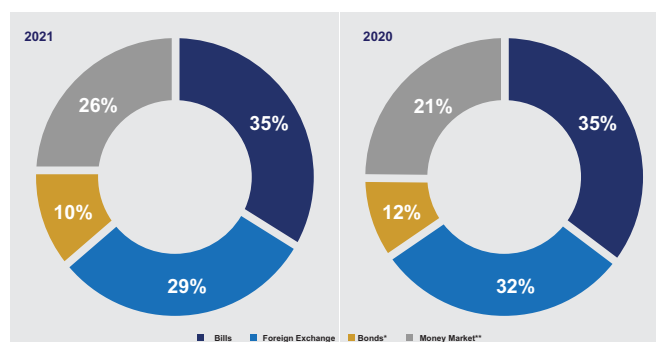
	2021	2020
Total (₦'bn)	198,925.36	215,088.56
Total (\$'bn)	484.70	565.65
No. of Trading Days	248	251
Daily Average (₦'bn)	802.12	856.93
Daily Average (\$'bn)	1.95	2.25
Average USD/NGN Rate	410.41	382.09

Total Market Turnover by Product Category - ₦'trn



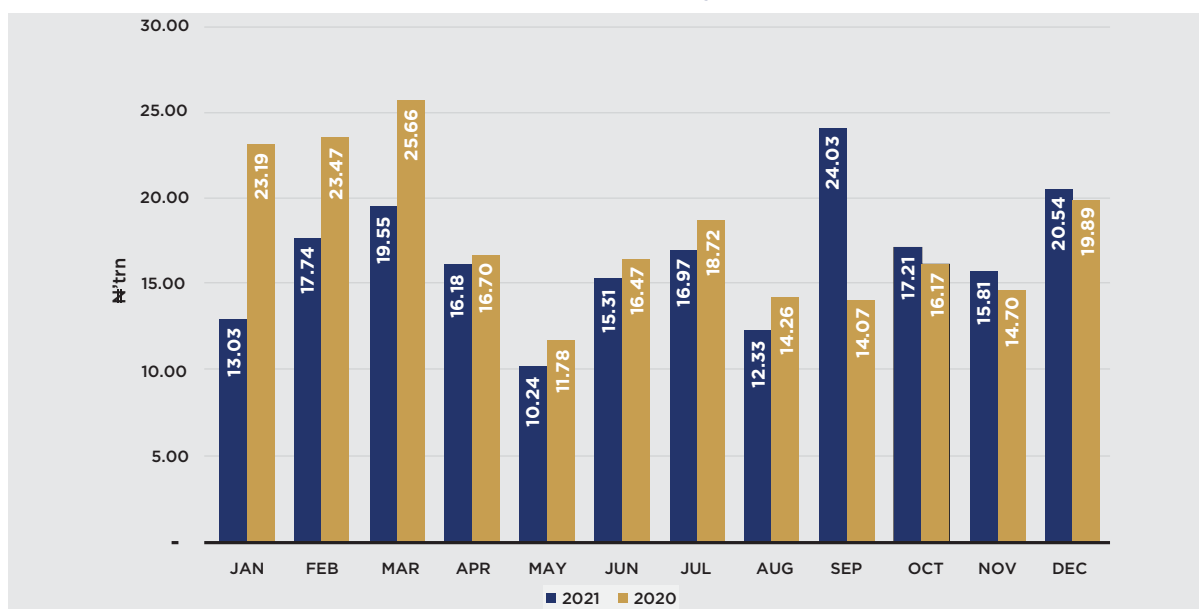
Bills - Nigerian Treasury Bills + Open Market Operation Bills + CBN Special Bills; Foreign Exchange - Foreign Exchange Spot + Derivatives; Money Market - Repurchase Agreements/ Buy-backs, Unsecured Placements/Takings & Money Market Derivatives; Bonds - Agency Sub-national, Supranational and Corporate Bonds, Eurobonds, Promissory Notes

Total Market Turnover Distribution by Product Category



Bonds - Agency, Sub-national, Supranational and Corporate Bonds, Eurobonds, Promissory Notes; Money Market - Repurchase Agreements/ Buy-backs, Unsecured Placements/Takings & Money Market Derivatives

Total Market Turnover - Monthly Distribution (₦'trn)



Clearing Business

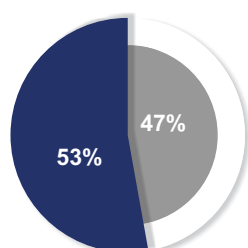
In 2021, the total Revenue earned by FMDQ Clear was ₦15.58 billion, a 38% decline from ₦25.09 billion recorded in 2020. Clearing and Futures Management Fees earned from the trade matching and overall administration of executed derivatives contracts declined by 52% from 2020 to ₦8.27 billion, contributing 53% to the total Revenue earned by FMDQ Clear in 2021. Similarly, Futures Investment Services Fees earned from the margin and investment management services declined by 19% from 2020 to ₦5.69 billion, contributing 37% to the total Revenue for the year. Other Income, which includes interest income, contributed 10% (₦1.62 billion)

FMDQ Clear Total Revenue and Mix

TOTAL REVENUE
₦15.58bn ▼ 38%

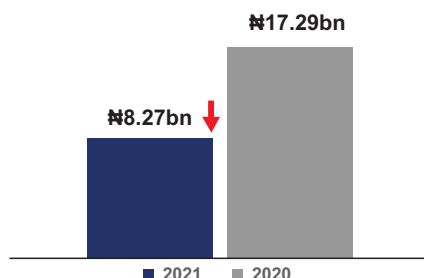
CLEARING AND FUTURES MANAGEMENT FEES

Contribution to Total Revenue



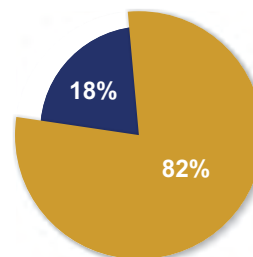
■ Clearing & Futures Mgt. FeesMix
■ Others

Year-on-Year Growth ▼ 52%



■ 2021 ■ 2020

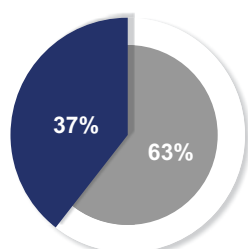
Clearing & Futures Mgt. Fees Mix



■ Futures Mgt. Fees
■ Clearing Markets

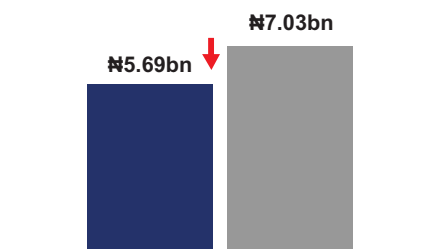
FUTURES INVESTMENT SERVICES FEES

Contribution to Total Revenue



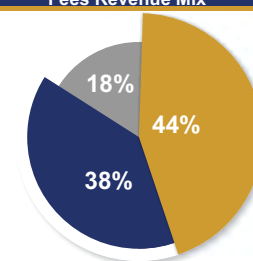
■ Futures Investment Service Fees
■ Others

Year-on-Year Growth ▼ 19%



■ 2021 ■ 2020

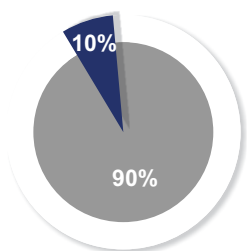
Futures Investment Services Fees Revenue Mix



■ Processing Fees
■ Net Treasury Income
■ Margin Management Fees

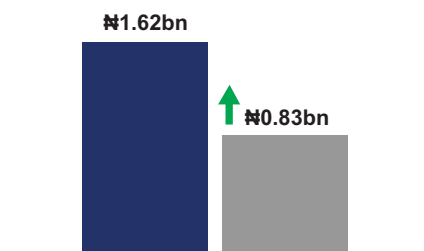
OTHER INCOME

Contribution to Total Revenue



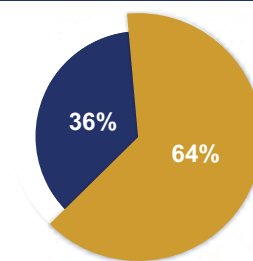
■ Other Income
■ Others

Year-on-Year Growth ▲ 96%



■ 2021 ■ 2020

Other Income Revenue Mix



■ Interest Income
■ Foreign Exchange Gain

Reduction in the derivatives market activity due to the lingering illiquidity in the FX Spot market, and a decline in economic activities caused by the coronavirus pandemic, COVID-19, were primarily responsible for the dip in the financial performance of the Clearing business. In 2021, \$6.72bn million worth of currency futures contracts were executed on FMDQ Exchange and cleared by FMDQ Clear, representing a significant decrease of 64% from \$18.88 billion in 2020. Furthermore, a total of 510 contracts were executed and processed for clearing on the FMDQ FX Futures Trading & Reporting System (FFTRS), representing a decrease of 70% relative to 1,726 executed contracts in 2020

■ Depository Business

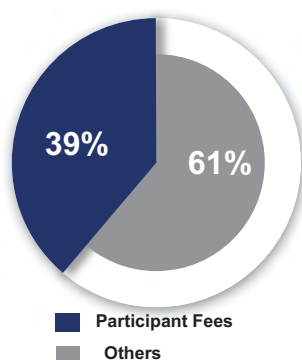
The total Revenue earned by FMDQ Depository grew by 30% from ₦386.09 million in 2020 to ₦500.58 million in 2021. Settlement Fees generated from settling fixed income trades on sovereign securities executed on FMDQ Exchange contributed 24% (₦118.26 million) to total Revenue earned in the year, while Depository Fees earned from securities issuances admitted and lodged in the Depository, and Eligibility Fees earned from the onboarding of Depository Participants contributed 8% (₦39.11 million) and 2% (₦9.01 million), respectively, to the total Revenue. Furthermore, FMDQ Depository earned revenue from the recently activated Integrated Noting Service provided to FMDQ Private Markets, and this contributed 6% (₦29.11 million) to total Revenue in 2021. Other Income, which includes interest income, was the highest revenue contributor, at 61% (₦304.35 million)

FMDQ Depository Total Revenue and Mix

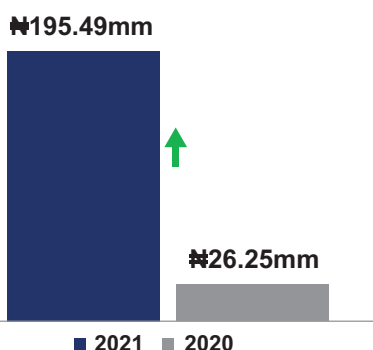
TOTAL REVENUE
₦500.58mm ▲30%

PARTICIPANT FEES

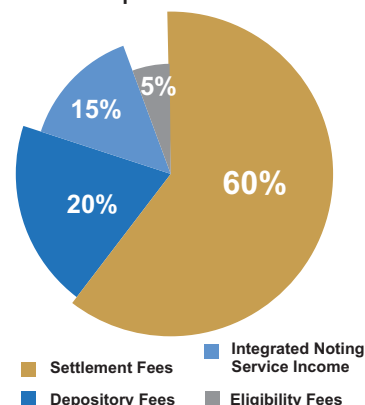
Contribution to Total Revenue



Year-on-Year Growth ▲645%

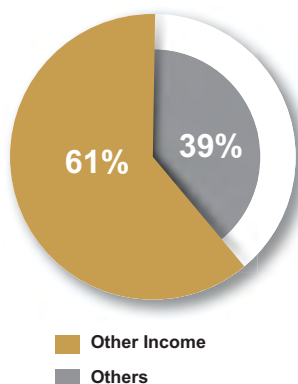


Participant Fees Mix

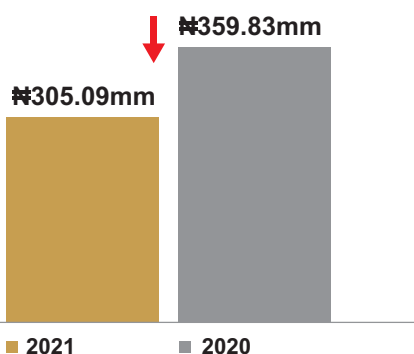


OTHER INCOME

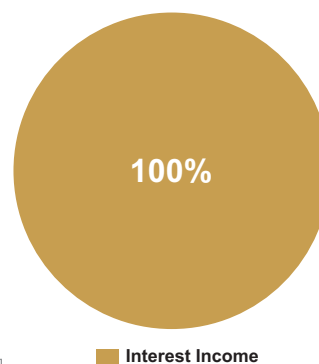
Contribution to Total Revenue



Year-on-Year Growth ▼15%



Other Income Mix



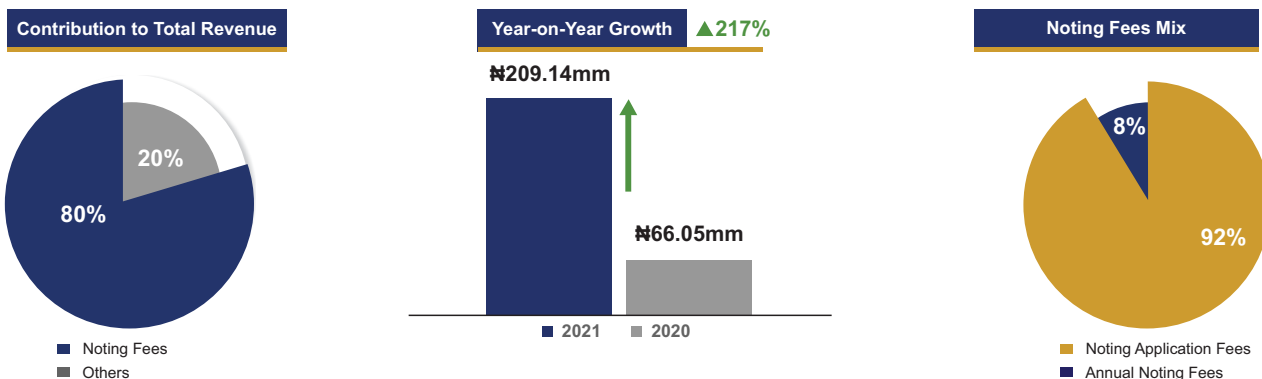
Private Markets Business

The total Revenue earned by FMDQ Private Markets increased by 212% to ₦261.23 million in 2021 from ₦83.86 million recorded in 2020. All the revenue lines showed increases in 2021, with Noting Fees (Application, Processing & Annual Fees) and Membership Fees (Sponsorship Eligibility Fee & Annual Dues) growing by 217% to ₦209.14 million and 156% to ₦45.63 million, respectively. Noting Fees and Membership Fees contributed 80% (₦209.14 million) and 17% (₦45.63 million) to total Revenue, respectively, while Other Income, which includes interest income, contributed 3% (₦4.46 million)

FMDQ Private Markets Total Revenue and Mix

TOTAL REVENUE
₦261.23mm ▲ 212%

NOTING FEES



MEMBERSHIP FEES



OTHER INCOME



Business Development – Revenue Drive

The Revenue performance for FMDQ in 2021 was reflective of macro-economic factors impacting activities around the Group's business environment. The breakthroughs in the COVID-19 vaccines raised optimism in 2021, however, there were new mutations of the virus in the year, further elongating the pandemic-related disruptions globally. This uncertainty resulted in continued global market volatility and supply chain disruptions, which translated to increased cost and inflationary pressures. However, the Group continued to improve its service offerings and technology infrastructure, whilst ensuring it continued to foster relationships with its clients and stakeholders.

■ Transaction Fees

Transaction Fees earned in 2021 stood at ₦1.90 billion, a decline of 14% from Transaction Fees earned in 2020, as a result of the general decline in market turnover activities. The major contributors to overall Transaction Fees were Bills (34%), Repos (33%) and Foreign Exchange (23%). Transaction Fees contributed 9% to the Group's total Revenue

During the period, FMDQ Exchange continued to focus on implementing laudable market and product development initiatives towards increasing its market/product offerings in the Nigerian financial markets and ultimately driving market turnover

■ Post-Trade Services

FMDQ Clear recorded significant progress in its ongoing preparations to provide CCP services, in line with its mandate to mitigate the inherent counterparty risks and promote integrity in the financial market ecosystem. Within the year, the CCP subsidiary obtained approvals from the Securities and Exchange Commission (SEC) on its full registration as a CCP, as well as its Clearing Member Regulation. Other critical market documents, such as Membership Requirements, Membership Agreements and Risk Management Policies, were also developed and published, where applicable. These milestones, in addition to other financial market developments, will position FMDQ Clear for the successful activation of the long-awaited CCP services, in support of the FMDQ Exchange-Traded Derivatives (ETD) Market

FMDQ Depository's drive for revenue generation received a boost of ₦147 million from the activation of compensation for settlement operations with respect to sovereign and CBN securities trades executed on FMDQ Exchange and provision of post-trade services for FMDQ Private Markets

In 2021, Post-Trade Services stood at ₦14.04 billion, and contributed 67% to the Group's total Revenue

■ Securities Admission

The Securities Admission Franchise of FMDQ Exchange, characterised by a highly efficient time-to-market and uniquely tailored listings/quotation service offerings, admitted eighty-seven (87) securities, across a diverse range of products and issuers, in 2021. Commercial Papers (CPs) [sixty-six (66)] valued at ₦406.43 billion from twenty-one (21) institutions, Bonds [twenty (20)] valued at ₦601.24 billion from fifteen (15) institutions, and one (1) Fund valued at ₦19.44 billion, were admitted during the period. Despite the increase in number of securities admitted during the year, revenue earned from the Securities Admission Service decreased by 15% to ₦626.77 million, from ₦735.15 million earned in 2020. The Service contributed 3% to the Group's Revenue in 2021

As Nigeria's foremost debt securities exchange, FMDQ Exchange, in 2021, continued to focus on maintaining fit-for-purpose rules & regulations for participants, as well as creating innovative capital-raising channels for issuers

■ Private Companies' Securities Noting

In 2021, FMDQ Private Markets recorded a total of ₦209.14 million from Securities Noting Fees, representing a 217% increase from ₦66.05 million earned in 2020. Noting Application Fees, which contributed 92% of Securities Noting Fees, grew by 191% to ₦192.43 million in 2021 (2020: ₦66.05 million), while Annual Noting Fees earned stood at ₦16.71 million, representing 8% of Securities Noting Fees in 2021. The Securities Noting Service contributed 1% to the Group's Revenue in 2021. Having activated the Integrated Noting Service, in partnership with FMDQ Depository, in 2021, FMDQ Private Markets will continue to expand its securities coverage from bonds to equities, promissory notes, sukuk, green securities, amongst others

■ Depository Services

FMDQ Depository's continued focus on primary market activities resulted in the admission of new fixed income securities. 2021 saw the admission of thirty-one (31) non-sovereign fixed income securities, from twenty-one (21) in 2020, comprising nine (9) Corporate Bond issuances, fifteen (15) CPs, and seven (7) Private Companies' Bonds, with a cumulative value of ₦689.38 billion in 2021 (₦411.00 billion in 2020). Depository Services contributed 2% to the Group's Revenue

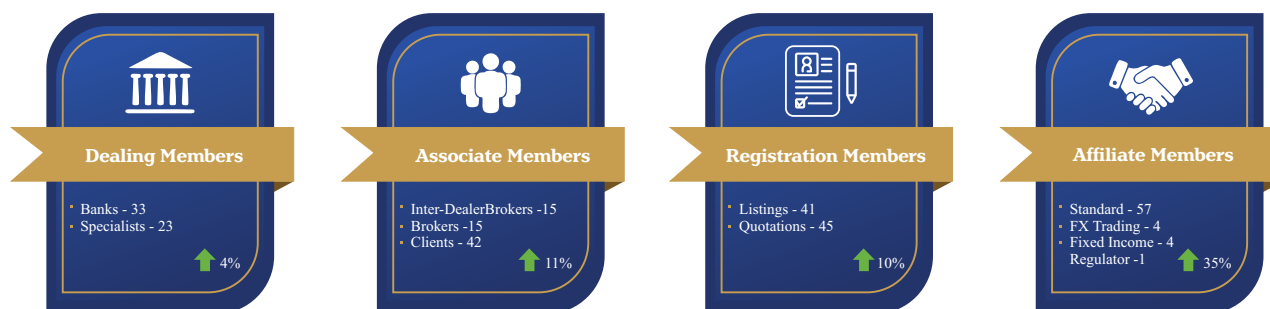
■ Data and Information Services

To enhance the digital experience of its stakeholders, FMDQ Exchange adopted innovative technologies to automate the delivery of financial markets data to registered subscribers and redistributors, and sought to improve the quality of its analytics bouquet. The promotion and sale of FMDQ Exchange data and information products across all FMDQ Exchange markets, via its flagship market data and information repository – FMDQ e-Markets Portal – led to the realisation of a total of thirty-five (35) subscribers to the Exchange's Data and Information Services offering. These subscribers comprised four (4) international data subscribers, twenty-eight (28) local data subscribers and three (3) data redistributors. Revenue from Data and Information Services increased by 40% to ₦57.51 million in 2021, and contributed 0.3% to the Group's Revenue

■ Memberships

■ Exchange Business

The Exchange's Membership Franchise – Dealing, Associate, Registration and Affiliate increased by 14% to two hundred and eighty (280) Members from two hundred and forty-five (245) Members recorded in 2020. The total Revenue earned from Membership increased by 20% to ₦175.74 million in 2021 from ₦146.35 million recorded in 2020, and contributed 0.9% to the Group's total Revenue. The growth in the Membership Franchise was driven by the 35% increase in the Affiliate Members category. The Dealing, Registration and Associate Members categories also witnessed growths of 4%, 11% and 10%, respectively, as the Exchange remained committed to consistently delivering long-term sustainable value to its various stakeholders through effective integration of the markets and fostering the alignment of the domestic markets with global standards



■ Clearing/CCP Business

With the approval and publication of the Derivatives Clearing Membership Requirements, FMDQ Clear commenced the receipt of applications for Clearing Membership from DMBs, who will assume the responsibility for the financial performance of all transactions executed and cleared through them (on behalf of their Trading Members and/or Clients) with the FMDQ Clear CCP. Six (6) DMBs have commenced the Clearing Membership registration process, while active engagements are ongoing with other potential Clearing Members towards their full registration



■ Depository Business

FMDQ Depository's focus on onboarding new Members (Participants and Clients) as a key element to scaling its operations yielded positive results in 2021. With new Participants onboarded across all key categories of capital market operators, the number of direct Participants on its platform grew by 56% to seventy (70) in 2021. The number of Clients (institutional and private investors) also increased by 18% to eight hundred and forty-six (846) in 2021

■ Private Markets' Business

Revenue from Membership Fees in 2021 stood at ₦45.63 million, representing a 156% increase from the ₦17.81 million recorded in 2020. The sum of ₦23.18 million was realised in revenue from Annual Sponsorship Fees in 2021, a 299% increase compared to the ₦5.81 million recorded in 2020, contributing 51% to the total income earned from Membership Fees. Also notable was the increase in the revenue realised from Eligibility Fees (₦22.45 million) in 2021, representing an 87% increase from the amount recorded (₦12.00 million) in 2020. The Company's Membership base grew from ten (10) Members (under one (1) Category), to twenty-two (22) Members (under (2) Categories) in 2021

■ Technology Services

Technology remains a key enabler of the Group's businesses, and with the COVID-19 pandemic, the pace at which systems must change to adapt to an evolving operating environment has been sped up. The fast-growing importance of technology has also shifted capital globally toward companies using technology to drive their competitive proposition. Owing to these factors and the importance of continually improving the robustness and efficiency of its Market Systems, the Group continued to invest extensively in technology in support of its market development initiatives. In 2021, the Exchange successfully operated and delivered efficient and secure full electronic access to its markets with the support of efficient trading and execution Systems. Revenue from Technology Services recorded a 2% increase from ₦134.67 million in 2020 to ₦138.00 million in 2021

Stakeholder Focus

As a systematically important financial market infrastructure (FMI) group, FMDQ is cognisant of the significance of active participation of its varied stakeholder groups in executing its transformative agenda for the Nigerian financial markets, as this closely aligns with its Strategic Objective - activate and leverage partnerships and strategic alliances (both local and international). The Company, therefore, actively pursues opportunities to develop and sustain various mutually beneficial relations, such as advocacy relationships, technical alliances, strategic partnerships, memberships, etc., with local and international stakeholders with the capacity to support FMDQ in the actualisation of the shared vision of developing the Nigerian financial markets, and ultimately, the economy.

During the year, FMDQ's engagement with stakeholders included, but was not limited to, the following:

- A State-house meeting in the Presidential Villa with the Vice President of the Federal Republic of Nigeria, Prof. Yemi Osinbajo, SAN, GCON, and senior representatives from FMDQ Group, led by the Chief Executive Officer, Mr. Bola Onadele. Koko. As an adviser to the Government, this engagement presented an opportunity for FMDQ to directly intimate the Presidency on the Group's strategies and role in leveraging the Nigerian financial markets to drive prosperity in the nation's economy
- Participation at the annual membership meetings and conferences of Associations to which FMDQ belongs, including the International Organisation of Securities Commissions (IOSCO), World Federation of Exchanges (WFE), African Securities Exchanges Association (ASEA), International Capital Markets Association (ICMA), International Swaps and Derivatives Association (ISDA), and Nigerian Economic Summit Group (NESG), Futures Industry Association (FIA), amongst others
- Admittance of FMDQ Clear as an Observer Member of The Global Association of Central Counterparties (CCP12), a comity of world-class and vibrant CCPs, which provides the platform for global collaboration, engagements and knowledge sharing that will support the development of the Nigerian post-trade services value chain towards global standards
- Additionally, FMDQ Group's commitment to continually create value for its stakeholders saw the continuation of meaningful engagements via webinars and sensitisation sessions aimed at building stakeholders' capacities in order to promote the growth and development of the Nigerian financial markets. Some of these include:
 - a. Sensitisation sessions for all FMDQ market stakeholder groups, through its fully-sponsored market education platform, FMDQ Academy, aimed at providing the requisite knowledge on exchange-traded derivatives, in anticipation of the imminent launch of the FMDQ ETD Market
 - b. A two-day training for potential local green bond verifiers by the Sustainable Finance Sub-Committee of the Debt Capital Market Development Programme, in partnership with the Nigerian Green Bond Market Development Programme (NGBMDP)
 - c. The erstwhile Implementing Partners of the NGBMDP - FMDQ Group, Climate Bonds Initiative and Financial Sector Deepening (FSD) Africa - executed a capacity-building webinar on 'Developing a Vibrant Nigerian Green Bond Market'. The webinar, which was targeted at capital market intermediaries, was aimed at demystifying green bonds and highlighting the strategic roles of issuing houses in the development of a vibrant local green bond market
- Commemoration of the 4th edition of the Group's flagship FMDQ GOLD Awards to acknowledge and formally recognise the contributions of participants whose activities directly impacted the development of the markets and positively contributed to making them GOLD – Globally Competitive, Operationally Excellent, Liquid and Diverse. The 4th Annual FMDQ GOLD Awards, which was delivered 'by Publication' across traditional and online media platforms on November 5, 2021, acknowledged the valuable efforts of stakeholders through their participation in the FMDQ markets (Fixed Income, Currencies, and Derivatives) and across the FMI value chain of FMDQ's business – Exchange, Central Counterparty, Depository and Private Markets – as highlighted below:

Entity	2021 FMDQ GOLD Awards					
	Award Categories			Award Winners		
	Non-Voting	Voting	Total	Non-Voting	Voting	Total
FMDQ Group*	2	0	2	2	0	2
FMDQ Exchange	14	4	18	17	4	21
FMDQ Clear	2	0	2	2	0	2
FMDQ Depository	5	0	5	5	0	5
FMDQ Private Markets	2	0	2	2	0	2
Grand Total			29			32

*Leadership Awards

FMDQ will continue to work in partnership with its market stakeholders and build, not only on these effective collaborations but also activate new partnerships as this is fundamental for the successful delivery of the Group's mandate.

Risk Management

FMDQ appreciates the significance of maintaining agile and sustainable business operations, and ensuring these operations are aligned with the risk appetite and tolerances set by the Board, given our mandate as a vertically integrated FMI group and our overarching commitment to continuously create value for our stakeholders.

FMDQ has continued to ensure the successful execution of our Corporate Strategy by deploying and implementing a robust Enterprise Risk Management Framework, enabling FMDQ to proactively identify, assess, treat, monitor, and report on risks that span across the broad risk categories identified by the Group.

In 2021, we kept to our commitment to protect our stakeholders' data and assets in line with global best practices, by validating our continued adherence to both the Global Data Protection Regulation (GDPR) and the Nigeria Data Protection Regulation (NDPR) 2019 standards, by achieving a clean NDPR Audit Report. In response to emerging cyber threats in the financial sector and the broader economy, the Group's Information Security Management System and Cybersecurity franchises continuously assessed and monitored the resilience of FMDQ's information system and technology infrastructure to ensure continued confidentiality and integrity, and availability of our information systems.

With global and domestic ecosystems facing the headwinds of new COVID-19 variants, FMDQ satisfactorily maintained appropriate safety protocols and control measures in response to the lingering impacts of the virus, with our Business Continuity Management Programme underpinning the digitisation of our operations, enabling us to render services across the FMI value chain to FMDQ's Members, clients, and other stakeholders without disruption.

Our risk management policies and practices are complemented by a strong risk awareness culture across the Group, with the right tone at the top, requiring all employees to understand and embrace their role in managing risks across the respective business franchises.

Technology

The Group's technology franchise, iQx Consult, was operationalised as wholly-owned subsidiary of FMDQ Group in 2020, with a Vision to be the leading provider of financial markets digitalisation in Nigeria by 2025. In the year under review, the franchise embarked on initiatives geared toward building and scaling FMDQ's technology environment to provide a robust ecosystem that meets the requirements of the FMDQ Entities, as well as supports emerging business needs.

In 2021, FMDQ commenced Phase 1 of its technology transformation journey, via iQx Consult, and took steps to address foundational issues to ensure structural soundness of the technology infrastructure and systems. Some notable initiatives that were implemented in 2021 are:

- The Single Sign-On Project was completed as a precursor to the comprehensive application rationalisation of all FMDQ legacy systems, scheduled to commence in 2022. With this initiative, FMDQ Group will deliver on the first leg of its systems optimisation
- The development of Q-Pay - a payment gateway that facilitates online transactions, while protecting sensitive card holder and bank details. With Q-Pay, FMDQ provides a seamless and efficient channel to harness its offerings and receive payments accordingly
- The initiation of the FMDQ Clients' Fixed Income Trading, Reporting & Surveillance System (PenDealer) Revamp Project aimed at upgrading the underlying technology using cutting-edge technologies, such as the microservices architecture and REST API (Application Programming Interface)
- The implementation of the Azure Hybrid Cloud Solution to allow scalability, flexibility and increased efficiency required to meet workload and user demands, leading to a reduction in resource wastage and cost
- The implementation of Network High Availability to enable network-wide resilience, increase network availability and increase operational efficiency across business operations
- The implementation of a disk-based backup solution with ability to back up and recover files, applications, or entire virtual machines within globally acceptable thresholds, in line with best backup practices, thereby improving the availability and integrity of data
- The activation of an IT Project Monitoring Office responsible for the delivery and successful execution of IT projects, initiatives & enhancements which facilitates the achievement of FMDQ's Strategic Objectives

Key Highlights for 2021

The year 2021 commenced with renewed hopes across the globe, with the abating of the virus and availability of vaccines to curb the virus, however the elation was dampened by the discovery of new variants during the year, leading to increasing uncertainty and slow recovery in the global and domestic economic landscapes.

FMDQ Group, in recognition of its role as a critical FMI group in the Nigerian financial markets, providing registration, listing, quotation, noting, trading, clearing, settlement, depository and data & information services across the fixed income, currencies and derivatives markets, continued to focus on the delivery of prompt high-value services to our varied stakeholder groups.

In 2021, FMDQ Group, through its wholly-owned subsidiaries – FMDQ Exchange, FMDQ Clear, FMDQ Depository and FMDQ Private Markets, recorded some milestones as highlighted below:

- FMDQ Clear received the express approval of the SEC, for its registration as a CCP. This approval further solidifies FMDQ Clear's position as Nigeria's foremost CCP and introduces endless possibilities to the scope of permissible products that can be developed and deployed within the ecosystem towards delivering long-lasting prosperity to the Nigerian economy. In view of same, the SEC also approved FMDQ Clear's Clearing Member Regulation (i.e., Clearing Member Rules & Derivatives Clearing Membership Requirements), which govern the activities of Clearing Members and outline the requirements for participation as a Clearing Member of FMDQ Clear
- The Entrepreneurial Centre of the Said Business School, University of Oxford (previously The Oxford Foundry), and FMDQ Group, through its Private Markets franchise, launched the pioneer global partnership to accelerate the growth of Nigeria's start-up ecosystem and nurture a future generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration
- The Lagos State Government and the current Implementing Partners of the Nigerian Green Bond Market Development Programme - FMDQ Group and FSD Africa - executed a Memorandum of Understanding to facilitate the issuance of the maiden ₦25.00 billion Lagos State Green Bond and other sustainability-linked debt securities towards achieving the global Sustainable Development Goals

- FMDQ Group, through FMDQ Exchange, launched the pioneer Green Exchange in Africa - FMDQ Green Exchange - a virtual information repository platform dedicated to driving the growth of green and sustainable securities and providing reliable green data in the Nigerian financial markets
- Furthermore, FMDQ Exchange and the Luxembourg Stock Exchange (LuxSE) executed a Listing Agent and Cooperation Agreement to facilitate the dual listing of securities issued by financial institutions and corporates domiciled in Nigeria on both FMDQ Exchange and LuxSE markets

A detailed account of the key highlights of 2021 for the Group is presented in the Strategic Report section of this Annual Report.

Strategic Outlook

Despite the economic headwinds experienced in 2021, FMDQ made significant strides in building its businesses across the value chain of the financial market, with a focus on innovation, operational efficiency, and product/market development, bringing the first year of its 5-Year Strategic Plan to an end.

As we look to our second year of this Strategic Horizon, we look forward to the actualisation of the following in 2022:

- FMDQ Exchange will work assiduously towards the launch of the FMDQ ETD Market with fixed income futures as maiden products, following the SEC's approval of the pioneer ETD products, and the completion of all requisite internal readiness activities. Also, the Bilateral Repurchase Agreement (Repo) with Collateral Management Service Project is at the final stage of completion, and the Exchange will continue to work on the activation of this market. FMDQ Exchange will also focus on the activation of the FMDQ Equity Market in 2022
- FMDQ Clear, following the full regulatory approval received from the SEC, will continue to focus on the activation of CCP Services for the soon-to-be-launched FMDQ ETD market and other financial market transactions in the Fixed Income Spot & Repo Markets. FMDQ Clear will also continue to strategically position itself for global recognition and relevance by being an active player amongst the comity of world-class CCPs
- FMDQ Depository will continue to focus on enhancements and digitisation initiatives through the adoption of new systems to progress its agenda for operational excellence, robust risk management and up-scaling of service delivery capacity. In addition, FMDQ Depository's business development activities will be accelerated to cover new services, asset classes, and customer segments, through independent initiatives and the provision of requisite support for all markets, products, and trading venue-related services requirements of the Group
- FMDQ Private Markets will continue to facilitate diverse capital and liquidity solutions to private companies across markets and sectors in Nigeria. The Private Markets will position to launch its upgraded Private Companies' Securities Portal to facilitate the automation of private companies' end-to-end capital raising exercise and the subsequent noting of the securities. Another key focus area for Private Markets in 2022 is the activation of its Startup Accelerator and Liquidity Ecosystem (SCALE), on the back of the learnings from the global partnership with Saïd Business School, University of Oxford
- FMDQ Group will continue to position to become a fully integrated FMI group, consolidating efforts on developing its capital market businesses, as well as seeking investment opportunities to provide strategic and financial returns to the Group, in line with its Principal Investment Framework. In order to build financial resilience for the Group, as it implements its Corporate Strategy, FMDQ will also position to raise equity capital via Rights Issues and/or Offer for Subscription in the coming periods. The Group will also focus on the implementation of its Technology Transformation Project, in order to position FMDQ to harness the benefits of a fully digitised ecosystem

Conclusion

Whilst it is envisaged that the pace of recovery of the nation's economy will still be slow in 2022, we march forth into the second year of our 5-Year Strategic Horizon with optimism, having spent the pandemic years laying a foundation for future growth.

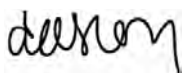
We continue to enjoy the unalloyed support of the SEC – the apex regulator of the capital markets and the CBN – the apex bank, and for this, we are deeply appreciative. We remain grateful for the collaborative efforts of the Debt Management Office Nigeria, National Pension Commission, and other financial services regulators, with FMDQ Group and other market stakeholders, to deepen our financial market.

My profound appreciation also goes to the Board Chairman and Directors for their wise, conscientious, and excellent contributions to FMDQ. Your principled leadership remained our anchor, and your experience and skills have been indispensable in these uncertain times.

To our talented and resilient staff and Management, who have demonstrated tremendous abilities to navigate challenging circumstances while maintaining high levels of excellence on the job, I say "Thank You". Thank you for joining me on this journey to build a world-class integrated FMI group.

Management remains focused on providing strategic leadership to staff and collaborating with stakeholders to achieve our audacious ambitions to deliver the most attractive Exchange in Africa, a globally accepted CCP, the Nigerian Depository of Choice, and the largest, most diversified marketplace for private capital in Nigeria, whilst positioning the Group as the Leading African Builder of Ecosystems of Financial Infrastructure and Services for Markets.

I will close with the words of Robert Schuller, "Tough times never last, but tough people do." 2021 was anything but easy, and from all indications, there may be little or no respite in 2022. Despite the challenging business environment, however, I remain confident in our ability to harness the attractive prospects of the financial market to transform our economy in collaboration with our stakeholders.



Mr. Bola Onadele, Koko

Group Managing Director/Chief Executive Officer



Strategic Report

- Strategic Journey
- FMDQ Corporate Scorecard
- Strategic Positioning
- Stakeholder Engagement
- Value Created for Stakeholders
- Exchange Business
- Clearing Business
- Depository Business
- Private Markets Business
- External Governance

Strategic Report

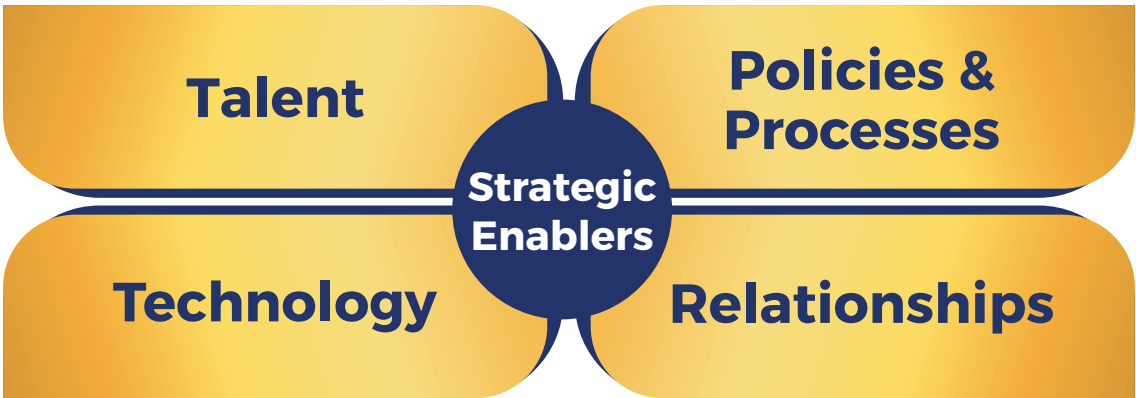
Strategic Journey

The year 2021 marked the beginning of FMDQ Group's second lustrum 5-Year Strategic Plan (2021 – 2025). FMDQ Group commenced the implementation of its highly audacious corporate strategy, with a focus on establishing a diversified, integrated, and highly profitable FMI Group, fostering significant market development and ensuring operational excellence and resilience, while leveraging world-class technology to provide valuable solutions.

In line with the Group vision – “To be the leading African builder of ecosystems of financial infrastructure and services for markets”, and its mission to “collaborate to empower markets for economic progress towards delivering prosperity”, FMDQ Group has continued to engender growth and development in its markets, towards delivering prosperity for Nigerians.

5-Year Strategy (2021-2025)

Guiding Principles



Corporate Scorecard

FMDQ Group began the year aptly primed to kick-start the implementation of its new 5-year strategic horizon (2021 – 2025). From the implementation of strategic initiatives through diverse stakeholder engagements and collaboration cutting across products, markets and partnerships, the year 2021 for FMDQ Group was marked with significant and note-worthy market development activities, which demonstrated the resilience of the Nigerian financial market. Of particular note are the following:

- **FMDQ Clear Becomes Nigeria's Foremost Central Counterparty** - In furtherance of FMDQ Group's developmental agenda for the Nigerian financial markets, FMDQ Clear received the express approval of the SEC, to operate as a CCP. This approval amplifies FMDQ Clear's position as Nigeria's premier CCP and broadens the universe of products that can be developed and deployed within the ecosystem toward delivering long-lasting prosperity to the Nigerian economy

FMDQ Clear, the first Central Clearing House in Nigeria, has continued to provide clearing services for the Central Bank of Nigeria (CBN) Naira-Settled OTC FX Futures product from its inception in 2016. This role has expanded FMDQ Clear's operational capabilities and experience, making them comparable to advanced markets while adapting to local peculiarities. The emergence of FMDQ Clear as Nigeria's foremost CCP is pivotal and brings to fruition a long-awaited milestone in the nation's financial markets' ecosystem, positioning the markets for transformational growth

- **The University of Oxford and FMDQ Private Markets Launch Pioneer Global Partnership** - The Saïd Business School Entrepreneurial Centre, (formerly The Oxford Foundry), and FMDQ Private Markets launched a global partnership to accelerate the growth of Nigeria's start-up ecosystem and nurture a future generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration. The partnership was launched to support Nigeria's future business leaders and high-growth start-ups to access the networks and skills they need to grow and sustain their businesses, create jobs and inclusive socio-economic growth, and facilitate the growth of Nigeria's venture ecosystem. Critically, the partnership supports collaboration and knowledge exchange between the United Kingdom and Nigerian angel investment communities, as Nigeria's community matures. Ventures are supported to develop market solutions in high-potential sectors such as technology, agriculture, green industries, and healthcare

The partnership has launched two (2) Entrepreneurial Leadership Programmes – the Young Entrepreneurial Leaders Programme and the Innovate Nigeria Programme

- **Launch of Africa's Premier Green Exchange – FMDQ Green Exchange** - Financial markets fuel the transition to a greener, more sustainable economy by enabling the mobilisation and reallocation of capital, imperative for this transformation. FMDQ Group, through its wholly owned subsidiary, FMDQ Exchange, gained eminence in sustainable finance with the launch of the pioneer Green Exchange in Africa – FMDQ Green Exchange, a platform specifically for green and sustainable securities. FMDQ Green Exchange is a virtual information repository platform dedicated to driving the growth of green and sustainable securities and providing reliable green data in the Nigerian financial markets – through promoting transparency, good governance, and compliance – by showcasing securities issuances that align with global Environmental, Social and Governance (ESG) principles
- **Key Partnerships** – During the year, the Lagos State Government and the Implementing Partners of the Nigerian Green Bond Market Development Programme (NGBMDP) – FMDQ Group and Financial Sector Deepening (FSD) Africa – executed a Memorandum of Understanding (MoU) to facilitate the issuance of the maiden Lagos State Green Bond and other sustainability-linked debt securities towards achieving the global Sustainable Development Goals (SDGs). In an equally exciting development poised to further deepen the Nigerian debt capital market, FMDQ Exchange and the LuxSE executed a Listing Agent and Cooperation Agreement to facilitate the dual listing of securities issued by financial institutions and corporates domiciled in Nigeria on both FMDQ Exchange and LuxSE markets. This partnership provides an avenue for FMDQ Exchange and LuxSE to achieve formidable market

cooperation and promote even greater information symmetry for the benefit of the Nigerian and global financial markets

In the same vein, FMDQ Group was admitted as an Associate Member of the Futures Industry Association (FIA). This membership serves as a channel for FMDQ Exchange and FMDQ Clear to penetrate the global derivatives market, leveraging on FIA's broad spectrum of resources, data, networks, partnerships and collaborations. FMDQ Clear was also admitted as an Observer Member of the Global Association of Central Counterparties (CCP12), representing forty-one (41) members who operate more than sixty (60) individual CCPs globally across the Americas, EMEA and the Asia-Pacific region

Strategic Positioning

In furtherance to the implementation of its second lustrum 5-Year Strategic Plan, FMDQ Group will continue to channel adequate resources towards achieving its set strategic objectives within the expected timeframe, while working assiduously to deliver critical market development initiatives for the Nigerian financial market through its subsidiaries.

Following the approval of the FMDQ Derivatives Market Rules and the pioneer Exchange-Traded Derivatives (ETD) products by the SEC, the Exchange shall focus efforts on the swift activation of the robust and thriving Derivatives Market with the imminent introduction of ETD products, starting with Federal Government of Nigeria (FGN) Bond, and Short-term Interest Rate (i.e., NTBs and OMO Bills) Futures. The Exchange will also focus on the activation of the Repurchase Agreement (Repo) Market with collateral management service.

Sequel to the receipt of its full registration as a CCP from the SEC, FMDQ Clear will focus on the immediate activation of its CCP services for financial market transactions in the derivatives and cash markets. FMDQ Clear has continued with its activities to put in place the necessary requirements and structures for the activation of CCP services for the soon-to-be-launched ETD. Also, in line with the Company's mandate to eliminate the inherent risks in the Nigerian financial markets and beyond, FMDQ Clear has commenced engagements with other international Exchanges on the possibility of providing clearing services to their markets.

Having positioned itself to provide a safe depository for financial market assets, as well as facilitate settlement of capital market transactions, FMDQ Depository will continue to focus on transformational initiatives through digitisation to accelerate operational excellence, risk management efficiencies and up-scaling of service delivery. The Company remains committed to delivering innovative market development initiatives, making it the depository of choice in the Nigerian financial markets.

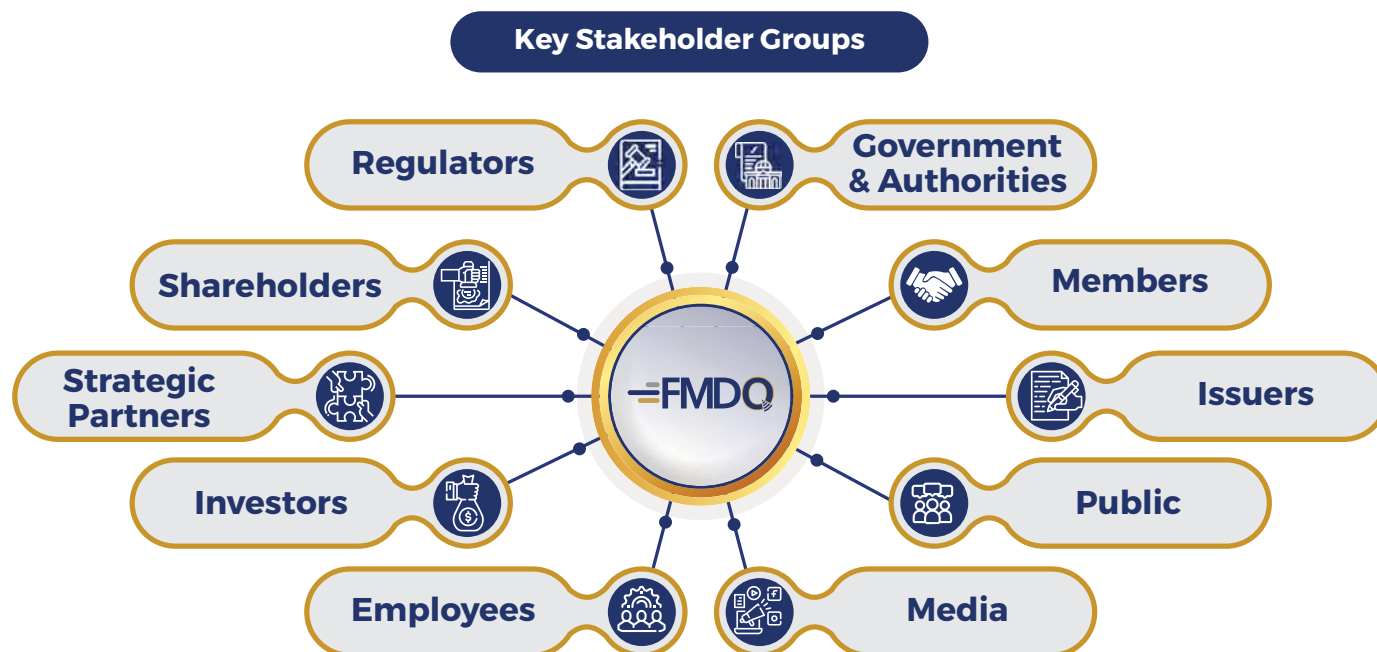
As an organised platform established to promote the inclusion of private companies in the capital markets, FMDQ Private Markets will continue to provide visibility to private company issuers and enable Qualified Institutional Investors (QIIs) access credible information repository for the primary and secondary market transactions of private companies' securities, ultimately improving credibility in the markets for private capital. FMDQ Private Markets is also set to launch a viable solution – Artis DealRoom (Artis), a digitised aggregation point of supply vendors and QIIs for financing using trade instruments – to close the financing gap for small to medium-sized enterprises and create alternative investment opportunities for investors.

FMDQ Group will, in 2022, continue to champion innovative and critical market development initiatives whilst providing efficient services and infrastructure for the financial market landscape through its subsidiaries and across the FMI value chain of FMDQ's business – Exchange, Central Counterparty, Depository – as well as Private Markets, with the support of and in collaboration with its stakeholders.

Stakeholder Engagement

FMDQ Group relies on the collective input of its varied stakeholder groups, built on a participatory and collaborative relationship, as the basis of a strong and strategic alliance for the realisation of its financial market development agenda for the Nigerian economy.

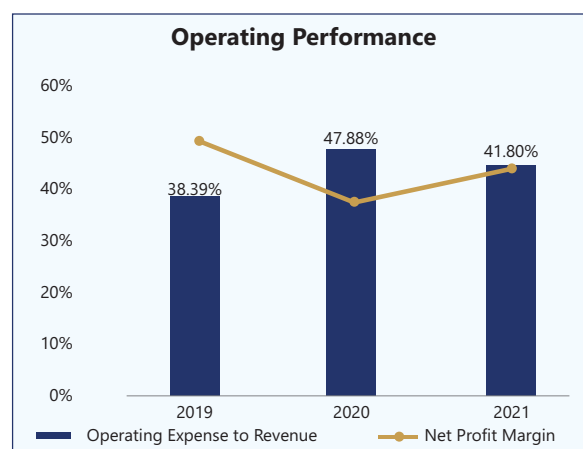
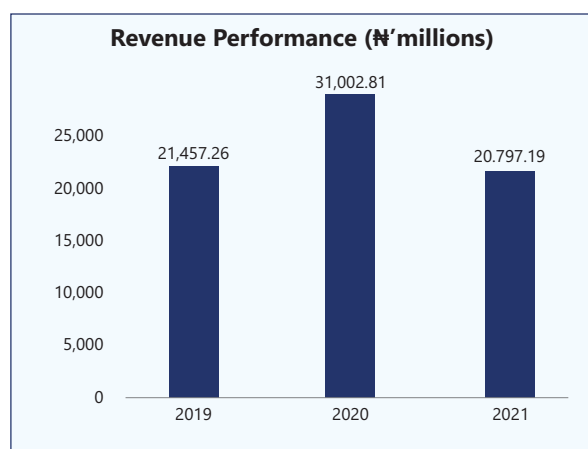
In 2021, notwithstanding the challenges faced by the Group in adapting to the 'new normal' in a post- COVID-19 world, FMDQ Group ensured continuous and productive engagement with all its stakeholder groups despite the recurring waves of the COVID-19 pandemic, in order to maintain its synergetic relationships. These engagements, facilitated via publications, physical, digital and virtual channels, were focused on market and product development, business and franchise development, financial markets education, sustainability and nation building.



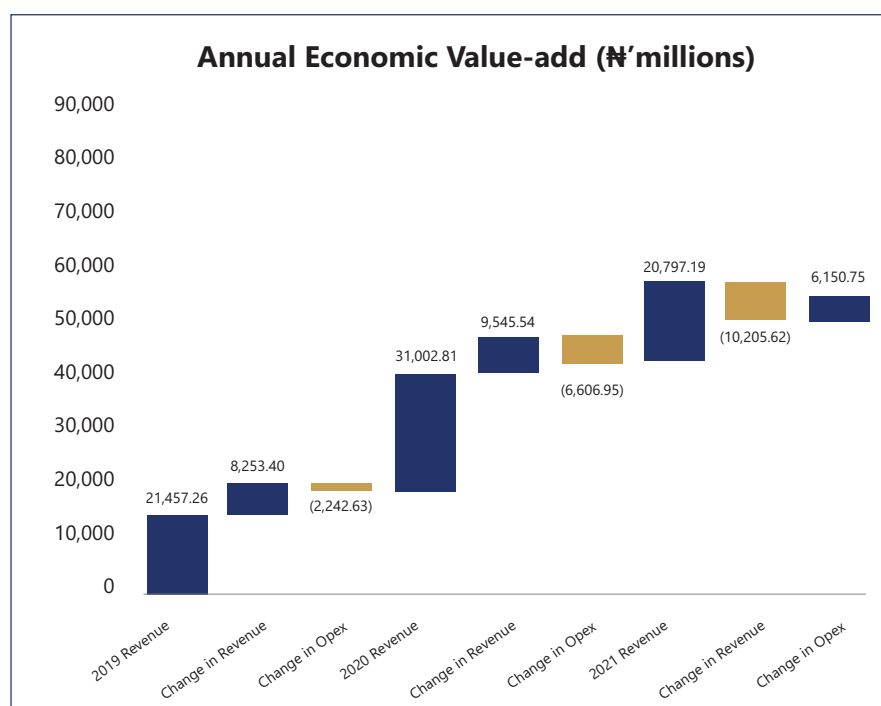
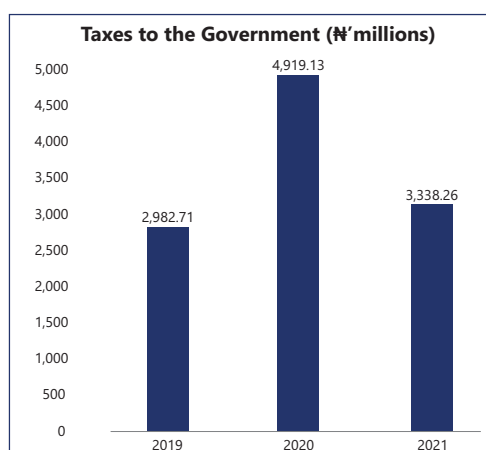
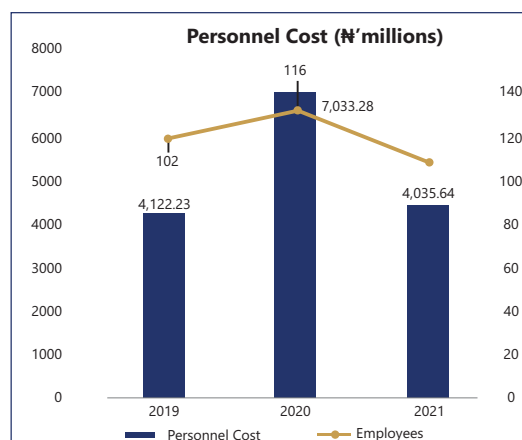
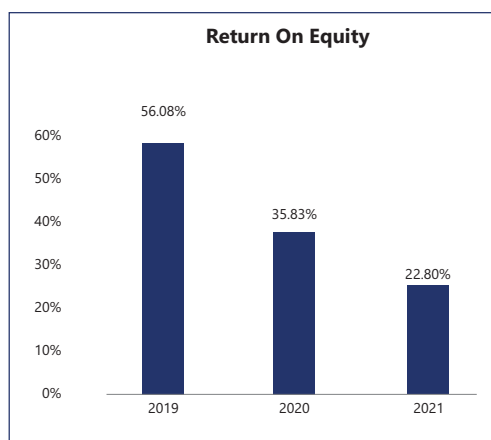
Value Created for Stakeholders

FMDQ Group constantly explores innovative avenues through which it can create and add both economic and non-economic value to its diversified stakeholders cutting across its Exchange, Clearing, Depository and Private Markets businesses. This value, in the near-long term, is expected to translate into a flourishing financial market for the actualisation of economic prosperity for Nigeria and Nigerians.

The Economic and Non-economic value delivered by FMDQ Group to its stakeholders in 2021, are outlined below.



Economic Value



Non-Economic Value

In achieving its commitment to providing value-adding services through collaborative efforts with key market stakeholders, FMDQ Exchange recorded noticeable accomplishments across its business and market development initiatives.

A. Listings & Quotations

- Admission of the largest Sovereign Sukuk – Federal Government of Nigeria Roads Sukuk Company 1 PLC ₦162.56 billion 7-Year 11.20% Ijarah Sukuk due 2027
- Admission of the largest Corporate Bond – BUA Cement PLC ₦115.00 billion 7.50% Senior Unsecured Fixed Rate Series 1 Bond Due 2027
- Admission of the pioneer Telecommunications Bond - MTN Nigeria Communications PLC ₦110.00 billion 13.00% Series 1 Senior Unsecured Fixed Bond due 2028

More information on these Admissions can be found in the below-referenced section of this Report.

Strategic Report >> Exchange Business >> Securities Admissions

B. Market Development

- FMDQ Clear becomes Nigeria's foremost CCP

More information on the FMDQ Clear as Nigeria's Foremost CCP can be found in the below-referenced section of this Report.

Strategic Report >> Strategic Journey >> Corporate Scorecard

- Activation of a series of engagement and webinar sessions towards the imminent launch of the FMDQ ETD market for all market stakeholder groups, through the FMDQ Academy

More information on the FMDQ ETD market can be found in the below-referenced section of this Report.

Strategic Report >> Exchange Business >> Product and Market Development

- FMDQ Clear becomes an Observer Member of CCP12 – The Global Association of Central Counterparties

More information on the FMDQ Clear CCP12 Membership can be found in the below-referenced section of this Report.

Strategic Report >> Strategic Journey >> Corporate Scorecard

- University of Oxford and FMDQ Private Markets launch pioneer global partnership

More information on the University of Oxford and FMDQ Group Partnership can be found in the below-referenced section of this Report.

Strategic Report >> Strategic Journey >> Corporate Scorecard >>

- FMDQ Group and FSD Africa sign MoU with the Lagos State Government to facilitate the maiden Lagos State green bond issuance

More information on the MoU with the Lagos State Government can be found in the below-referenced section of this Report.

Strategic Report >> Strategic Journey >> Corporate Scorecard >>

- Launch of the FMDQ Green Exchange to provide an information platform dedicated to promoting transparency, good governance, and the growth of green and sustainable finance in the Nigerian financial markets

*More information on the FMDQ Green Exchange can be found in the below-referenced section of this Report.
Strategic Report >> Exchange Business >> Product and Market Development*

- Execution of a Listing Agent and Corporation Agreement with LuxSE to facilitate the dual listing of FMDQ Exchange admitted securities (including Green and Sustainable securities) on the Securities Official List of the LuxSE

*More information on the LuxSE Agreement can be found in the below-referenced section of this Report.
Strategic Report >> Exchange Business >> Product and Market Development*

C. Stakeholder Engagement

FMDQ Group hosted by the Vice President, Professor Yemi Osinbajo, SAN, GCON, at the Presidential Villa

- *More information on the meeting with the Vice President can be found in the below-referenced section of this Report.
Strategic Report >> External Governance >> Government/Regulatory Stakeholder Engagements*

- The Implementing Partners of NGBMDP held a capacity-building webinar on 'Developing a Vibrant Nigerian Green Bond Market', aimed at demystifying green bonds and highlighting the strategic roles of issuing houses in the development of a vibrant local green bond market

FMDQ Exchange



2021 in Focus – Exchange Business

As the largest securities exchange in Nigeria, FMDQ Exchange is at the core of the Nigerian financial markets and a critical component of FMDQ Group's FMI structure. FMDQ Exchange is well-positioned to support the efficient allocation of capital by providing a credible platform for capital formation and effective intermediation towards fostering economic growth and development.

FMDQ Exchange has continued to provide unrivalled business services in fulfilment of its market development, organiser, and governance mandates, by providing a cost-effective, efficient, well-regulated, transparent, and trusted platform where the raising and transfer of funds can take place whilst adding value to its diverse stakeholder groups. As a platform for best execution and financial markets data availability, the Exchange is geared towards deepening the financial markets through regulation, price discovery, transparency, market connectivity, and education initiatives.

Despite the considerable challenges faced during the year in the Nigerian economy and Exchange's business, overall performance was relatively positive. The key milestones achieved by the Exchange across its market governance, product and market development agendas included *inter alia*:

A. Product and Market Development

S/N	Category	Description
1.	Revision to the Reference Rate for the Daily Valuation (Mark-to-Market) of Naira-Settled OTC FX Futures Contracts (NSOFF)	In a bid to drive compliance with global standards in derivatives markets, FMDQ Exchange, in collaboration with FMDQ Clear, revised the reference rate for the daily valuation (mark-to-market) of NSOFF contracts. This initiative is intended to help reduce the cost of hedging using the NSOFF contracts, while ensuring risks remain adequately managed for positions in NSOFF contracts. (The Market Notice can be viewed via: https://fmdqgroup.com/exchange/wp-content/uploads/2022/02/MN-29-Revision-of-the-Reference-Rate-for-Daily-Mark-to-Market-Valuation-for-NSOFF-Contracts.pdf)

S/N	Category	Description
2.	FMDQ Exchange-Traded Derivatives (ETD) Project	<p>As part of the implementation of the ongoing FMDQ Derivatives Market Development Project towards the launch of an active and viable ETD Market in Nigeria, FMDQ Exchange commenced onboarding of institutions as Derivatives Trading Members, and obtained regulatory approval from the Securities and Exchange Commission of Nigeria for its maiden ETD Products – FGN Bond, and Short-term Interest Rate (i.e., NTBs and OMO Bills) Futures.</p> <p>Furthermore, to ensure adequate stakeholder education in readiness for the FMDQ ETD Market launch, FMDQ Academy (the Academy) continued with its Derivatives Market training sessions, which was activated in April 2019. In 2021, two thousand, one hundred and sixteen (2116) market participants (comprising stakeholders from Financial Institutions, relevant Market Associations, Corporates, Media Practitioners, etc.) were trained in thirty-five (35) webinars.</p>
3.	Trading, Clearing, and Settlement of Federal Government of Nigeria Promissory Notes (Pnotes)	<p>Following the establishment of the Promissory Notes Programme (PNP) by the FGN and the issuance of PNotes by the Debt Management Office to the relevant creditors under the PNP, FMDQ Exchange, in its capacity as a market organiser in the Nigerian fixed income market, implemented the necessary measures to facilitate the trading, clearing, settlement, and valuation of FGN PNotes in the Nigerian financial markets. This initiative is intended to promote liquidity in the Nigerian financial markets by creating a vibrant secondary market for FGN PNotes via trading, clearing, and settlement, in collaboration with FMDQ Depository. (The Market Notice can be viewed via: https://fmdqgroup.com/exchange/wp-content/uploads/2022/02/MN-28-Trading-Clearing-Settlement-and-Valuation-of-Federal-Government-of-Nigeria-Promissory-Notes.pdf)</p>
4.	FMDQ Exchange Securities Admission Portal (the Portal)	<p>To further enhance FMDQ Exchange's Securities Admission service offering, the Portal was launched to manage all stages of the securities admission process - from the application stage to the approval stage - thereby eliminating manual coordination of workflow capabilities for securities admission application filings by Registration Members, amongst others.</p>
5.	Securities Admission	<p>Largest Sovereign Sukuk - ₦162.56 billion 7-Year FGN Ijarah Sukuk</p> <p>In March 2021, the third and largest sovereign Sukuk was listed on FMDQ Exchange. The proceeds from the Sukuk issuance were used to finance the rehabilitation and construction of key economic road projects across the six (6) geopolitical zones in the country.</p> <p>Largest Corporate Bond - ₦115.00 billion Series 1 Bond of BUA Cement PLC</p> <p>In April 2021, FMDQ Exchange listed the largest corporate bond issuance in Nigeria, issued by BUA Cement PLC (BUA). The proceeds from the bond issuance were used to refinance existing debt of BUA as well as other investment and operational needs.</p>

S/N	Category	Description
		<p>Pioneer Telecommunications Bond Listing – MTN Nigeria Communications PLC ₦110.00 billion Series 1 Bond</p> <p>In October 2021, FMDQ Exchange listed the ₦110.00 billion Series 1 Bond of MTN Nigeria Communications PLC (MTNN), the first-ever publicly issued telecommunications bond in Nigeria. The proceeds from the bond issuance were used to refinance existing debt of MTNN and for the deployment of MTNN's critical network infrastructure.</p>
6.	FMDQ Green Exchange Initiative (Green Exchange)	<p>In a demonstration of its strong commitment to its five (5) Sustainability Pillars - Business, Markets, People, Community, and Environment – in cognisance of the need for Nigeria to continuously stay at the forefront of the global sustainable finance drive, and alignment with its drive to promote sustainable finance in the Nigerian financial markets, FMDQ Group, through FMDQ Exchange, launched FMDQ Green Exchange.</p> <p>The Green Exchange is a virtual information repository platform dedicated to driving the growth of green and sustainable securities and providing reliable green data in the Nigerian financial markets, through promoting transparency, good governance, and compliance, and by showcasing securities issuances that align with global ESG principles.</p> <p>To ensure market integrity, issuers on the Green Exchange shall be subject to ongoing reporting and disclosure obligations in line with the following rules/regulations/guiding principles as applicable:</p> <ul style="list-style-type: none"> ▪ The FMDQ Exchange Bond Listing and Quotation Rules ▪ Rules of the Securities and Exchange Commission on Green Bonds Issuance ▪ The Green Bond Principles of the International Capital Markets Association
7.	Execution of a Listing Agent & Corporation Agreement with Luxembourg Stock Exchange	<p>The Exchange, in 2021, entered into a Listing Agent & Corporation Agreement with LuxSE, one of the world's leading listing venues for international debt securities and the world's first and leading platform dedicated exclusively to sustainable finance.</p> <p>The Agreement will facilitate the dual listing of FMDQ Exchange admitted securities (including green and sustainable securities) on the Securities Official List of LuxSE, thereby offering the issuers of these securities the opportunity (subject to the fulfillment of specific eligibility criteria) of having their securities dual listed on a domestic and an international securities exchange, i.e., FMDQ Exchange and the LuxSE, gaining global visibility.</p>

S/N	Category	Description
8.	Stakeholder Engagements and Sensitisation	<p>FMDQ Academy</p> <p>The Exchange remains committed to delivering specialised learning content to Nigerian financial markets stakeholders in a bid to bridge the knowledge gap among market participants. In 2021, the Academy delivered some remarkable achievements as follows:</p> <ul style="list-style-type: none"> Online Learning Platform Upgrade: The FMDQ Academy online learning platform (e-Learning Hub) was upgraded, and a mobile learning application (downloadable via Apple and Android application stores) deployed to promote the mobile learning culture in line with the current trends in the learning space Proprietary e-Learning Courses: The Academy developed and successfully onboarded three (3) new proprietary e-learning courses on the e-Learning Hub. The courses are as follows: Introduction to Derivatives and Derivatives Market, Introduction to Futures Contracts, and Introduction to Exchange-Traded Derivatives Trading Structure and Market Operations Instructor-led Programmes: The Academy implemented thirty-five (35) webinar sessions through its local and international facilitators over the course of the year with a total of two thousand, one hundred and sixteen (2116) participants trained on different aspects of the financial markets Learning Articles: The Academy published twelve (12) learning articles on diverse topics on the financial markets through the monthly FMDQ Spotlight publication

B. Self-Regulatory Organisation Report

As a self-regulatory organisation (SRO), the Exchange is committed to ensuring the integrity of its markets. As such, the Exchange supervises its Members and markets as well as provides outsourced regulatory services to subsidiaries within the FMDQ Group with a view to monitoring and enforcing compliance with all FMDQ Exchange rules and regulations, alongside other applicable rules. The following regulatory, surveillance, and enforcement activities were conducted during the year:

S/N	Category	Description
1.	Market Governance	<p>Revision of Extant FMDQ Exchange Rules</p> <p>In a bid to continuously upgrade and ensure the governance requirements and process for admission of securities on the Exchange align with market practice and remain fit for purpose, Management undertook a holistic review of the Securities Admission Regulation & Processes in line with the Exchange's Regulation Development Process.</p>

S/N	Category	Description
		<p>Publication of the FMDQ Exchange Derivatives Market Rules & Derivatives Trading Membership Requirements</p> <p>The Exchange received regulatory approval from the Securities and Exchange Commission on the FMDQ Derivatives Market Rules & Trading Membership Requirements. The Rules & Requirements have been published for the information of and adherence by market participants.</p>
2.	Market Surveillance	<p>Publication of Enforcement Statistics</p> <p>In line with the mandate to safeguard investors and ensure fair and efficient markets, FMDQ Exchange commenced the publication of a summary of penalties imposed on Members that violated its rules and regulations. The publication is intended to heighten awareness of the need for orderly and credible markets. Kindly visit https://fmdqgroup.com/exchange/market-surveillance-and-enforcement/ to view the Enforcement Statistics.</p> <p>Members' Supervision and Examination</p> <p>The Exchange completed its examination of FMDQ Exchange Registration Members (RMs) with a focus on three (3) areas: compliance with the Exchange's post-listings and quotations requirements, risk management practices, staffing, and staff competencies, all aimed at building a compliance culture and providing the RMs with insights into the expectations of the Exchange.</p> <p>Member Regulation and Oversight Information System</p> <p>FMDQ Exchange successfully launched the first phase of the Member Regulation and Oversight Information System (MROIS), an interactive portal for the seamless processing of membership applications and a central database for all new FMDQ Exchange Member-related information.</p>

C. Services

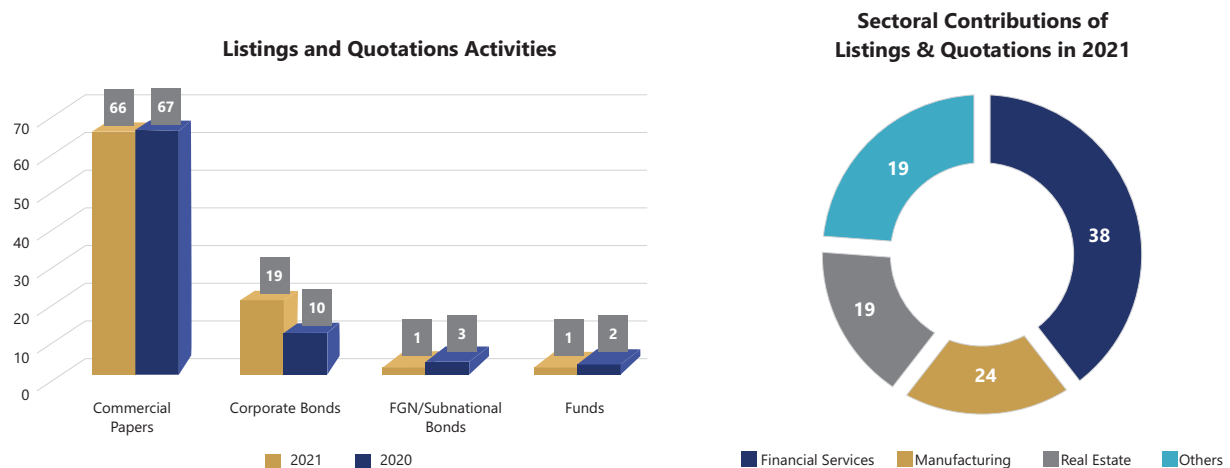
■ Memberships

FMDQ Exchange's membership framework is structured to integrate diverse sectors and interest groups, ranging from dealers, market regulators, market makers, investors, and brokers, to other interested participants. Through its Memberships Service, the Exchange provides an organised and efficient platform where financial market participants can actively participate in the primary and secondary markets, whilst delivering unrivalled value-adding services to not only impact the Nigerian financial markets, but international markets at large. In 2021, FMDQ Exchange onboarded thirty-five (35) new Members, bringing its membership base to a total of two hundred and eighty (280) Members. This represents a 14.00% increase from the preceding year (2020), having recorded a total number of two hundred and forty-five (245) Members. The membership base of the Exchange has continued to increase as it continues to deliver sustainable value to its various stakeholders. FMDQ Exchange provides the requisite governance to maintain market integrity and sanctity towards improving network effects, and, ultimately, the efficiency of the Nigerian financial markets

■ Securities Admission

Through the efficient and proficient services offered by FMDQ Exchange's Securities Admission Franchise – Registration, Listing, and Quotation - the Exchange facilitates capital formation by creating innovative capital-raising channels for issuers, while delivering an efficient, cost-effective and transparent securities admission process for debt securities such as Bonds, Funds, and Commercial Papers (CPs), among others. In support of the Exchange's mandate to align the Nigerian debt markets with international best practices and standards, the Exchange provides a dynamic and innovative platform for capital formation, offering institutions the support required to impact their sectors and the overall economy

In 2021, the Exchange registered fifteen (15) CP Programmes, while a total of eighty-six (86) securities were listed and quoted on the platform – twenty (20) Bonds, from issuers in the sovereign and corporate (financial services, manufacturing, real estate, transportation, telecommunications, health, and energy sectors) categories; sixty-six (66) CPs from twenty-one (21) institutions ranging from corporates in the oil and gas, financial services, manufacturing, real estate, agricultural, telecommunications, and fast-moving consumer goods sectors; and one (1) Fund



Securities Admission List (2021)

Bonds

- Federal Government of Nigeria (FGN) Roads Sukuk Company 1 PLC ₦162.56bn
- BUA Cement PLC Series 1 ₦115.00bn
- C & I Leasing PLC Series 2 ₦10.00bn
- CardinalStone Financing SPV PLC Series 1 ₦5.00bn
- CERPAC Receivables Funding SPV PLC Series 3 ₦1.25bn
- Coronation MB Funding SPV PLC Series 1 ₦25.00bn
- Dangote Cement PLC Series 1 Tranches A – C ₦50.00bn
- FBNQ MB Funding SPV PLC Series 2 ₦8.00bn
- Fidelity Bank PLC Series 1 ₦41.21bn
- Flour Mills of Nigeria PLC Series 4 Tranche A and B ₦29.89bn
- FSDH Funding SPV PLC Series 1 Tranche A and B ₦12.00bn
- MeCure Industries Funding SPV PLC Series 1 ₦3.00bn
- MTN Nigeria Communications PLC Series 1 ₦110.00bn
- Nigeria Mortgage Refinance Company PLC Series 3 ₦10.00bn
- NSP-SPV PowerCorp PLC Series 2 ₦6.33bn
- TSL SPV PLC Series 1 ₦12.00bn

Commercial Papers

- Coleman Technical Industries Limited ₦3.95bn Series 1 & 2
- Coronation Merchant Bank Limited ₦76.53bn Series 11 – 20
- Dangote Cement PLC ₦41.00bn Series 1 – 3
- DLM Capital Group Limited ₦2.24bn Series 1 – 2
- Dufil Prima Foods PLC ₦20.40bn Series 3 – 4
- Eunisell Limited ₦3.50bn Series 1
- FBNQuest Merchant Bank Limited ₦7.34bn Series 19
- Fidson Healthcare PLC ₦4.50bn Series 1
- FSDH Merchant Bank Limited ₦19.61bn Series 3 – 5
- Mixta Real Estate PLC ₦26.23bn Series 32 – 46
- MTN Nigeria Communications PLC ₦73.51bn Series 3 – 4
- Neveah Limited ₦2.72bn Series 1
- Nigerian Breweries PLC ₦4.66bn Series 12 – 14
- Parthian Partners Limited ₦20.00bn Series 1 – 2
- Prima Corporation Limited ₦3.57bn Series 1
- Stanbic IBTC Bank PLC ₦3.42bn Series 2
- Total Nigeria PLC ₦15.00bn Series 1 – 2
- TrustBanc Holdings Limited ₦8.68bn Series 1 – 4
- Union Bank of Nigeria PLC ₦34.97bn Series 8 – 9
- United Capital PLC ₦22.26bn Series 4 – 7
- Valency Agro Nigeria Limited ₦12.36bn Series 1 – 3

Fund

Chapel Hill Denham Nigeria Infrastructure Debt Fund Series 7

■ Data & Information Services

FMDQ Exchange's data and information service focuses on providing accurate, transparent, comprehensive and insightful financial markets data and, pre- and post-trade information services, among others, for the Nigerian fixed income, currencies, and derivatives markets through the Exchange's e-Markets Portal. The total number of Information Services subscriptions as of December 2021, were thirty-five (35), comprising four (4) international data subscribers, twenty-eight (28) local data subscribers and three (3) data redistributors. The Exchange's data & information services' growth is geared towards transitioning from a data vending platform to an insights provider with robust information architecture and expansive universe of data services

■ Market Connectivity

FMDQ Exchange provides bespoke and tailored proprietary Systems and other relevant financial markets infrastructure for trading, online real-time price discovery, and efficient price execution, with the aim of fostering governance, providing visibility, improving liquidity, credibility, and transparency of trading activities for the efficient running of its markets. The Exchange continues to innovate to meet the requirements of the market, whilst providing novel solutions for the development of the Nigerian financial markets.

2022 Outlook / Focus

Whilst market and economic exigencies saw the slowdown of key strategic projects in 2021, the Exchange nevertheless worked relentlessly to ensure that steady progress was made towards the ultimate realisation of its laudable and market transformation objectives. Consequently, focus in 2022 will be maintained on the achievement of its ongoing Strategic Initiatives and the commencement of new ones.

A. Product & Market Development

■ Launch of the FMDQ Exchange-Traded Derivatives Market

Having received the approval on the pioneer ETD products from the SEC and completed all requisite internal readiness activities/deliverables, the Exchange will transition the ETD Market Project into the final phase of implementation towards the imminent go-live of the FMDQ ETD Market

■ Launch of a Bilateral Repurchase Agreement Market with Collateral Management

Following the success recorded on the System deployment and the market documentation workstreams of the Bilateral Repurchase Agreement with Collateral Management Project (Repo Project) – FMDQ Exchange's flagship project in collaboration with the CBN aimed at standardising and centrally coordinating on-system trading of Repos, while enhancing market integrity through the introduction of a centralised risk and collateral management service to minimise counterparty risk - the Repo Project is in its final stage of completion, largely focused on stakeholder engagement. The Exchange will focus its efforts on this last stage in the Project towards an anticipated launch in 2022

■ Upgrade to FMDQ Clients' Trading, Reporting, and Surveillance (PenDealer) System and the Market Structure

In line with its mandate to improve liquidity and deepen the Nigerian financial markets, FMDQ Exchange identified Fixed Income market initiatives aimed at developing the Nigerian pension industry. These initiatives, which are expected to be delivered from 2022, will include the following inter alia:

- Launch of a revamped PenDealer System
- Enhancement of price discovery, transparency, and market surveillance for pension operators' activities in the Fixed Income market
- Development of industry benchmarks

- **Activate the Lodge and Launch (LOLA) Initiative**

FMDQ Exchange identified the LOLA initiative to improve efficiency and the Exchange's turnaround time in the admission of securities issuances in the Nigerian financial markets. The LOLA initiative will first be adopted for the admission of CPs in line with the extant provisions of the FMDQ Commercial Paper Registration and Quotation Rules under the Exchange's regulatory oversight of the primary market for CPs

- **FMDQ Academy**

The Academy aims to broaden the scope of its trainings through the addition of new courses on the e-Learning Hub, implementation of training programmes on various products within the Nigerian financial markets and the inclusion of simulation-based training to its offerings. The Academy also aims to secure accreditation for some of its programmes and processes in a bid to standardise the offerings of the Academy and ensure it is at par with its international counterparts

- **FMDQ Equity Market**

Having initiated and completed the relevant market research and feasibility studies towards the determination of the FMDQ Exchange Equity Market entry strategy and value-adding market structure, the Exchange will be activating the relevant internal readiness and stakeholder engagement activities toward full operationalisation of the FMDQ Exchange Equity Market

B. Service Improvement

- **Development of Competency Framework**

In line with the mandate to ensure that its Members Authorised Representatives (MARs) are appropriately certified and possess the requisite capacity to adequately perform their respective functions in the markets, FMDQ Exchange will commence the process for the development of a Competency Framework for its MARs, to capture the financial markets value-chain functions and the requirements in terms of skills, certifications, training, and experience, for MARs to perform across various roles and levels in the FMDQ Exchange markets

- **Development of MROIS Phase II**

As part of efforts to improve user experience and ensure client satisfaction, FMDQ Exchange will focus on the implementation of the second phase of the MROIS. The enhanced System will provide a central registration depository for all FMDQ Exchange Members, facilitate more efficient interaction on the portal, and enable the Exchange to monitor the movement of MARs within the financial markets

- **Data and Information Services**

The Exchange will focus on building on its existing market data offering by expanding the data infrastructure and creating a portfolio of multipurpose data analytics, custom data, and index offerings. Solutions and tools to analyse FMDQ data and cover more data sources to deliver more value for Members and clients will be introduced, with the usage of data by end-user clients in mind

FMDQ Clear



2021 in Focus – Clearing Business

FMDQ Clear continued to deliver on its mandate to eliminate the inherent risks in bilateral OTC derivatives in 2021, whilst positioning to activate market-wide CCP services for the soon-to-be-launched ETD market. Even as the global economy continued to recover from the impact of the COVID-19 pandemic, FMDQ Clear was able to consistently render its services and manage counterparty default risk with a high degree of reliability.

The following key activities were carried out by FMDQ Clear in 2021.

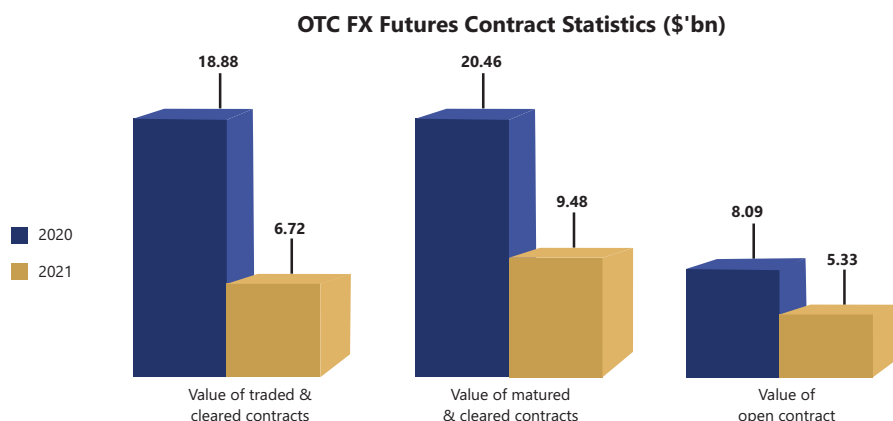
A. Clearing Activities

In addition to FMDQ Clear being licensed by the SEC as a CCP, it retained its clearing and settlement role for the OTC FX Futures product and is responsible for all post-trade activities, including margin processing (collection of initial and variation margins) on open contracts, settlement of matured contracts, and the investment of the product funds.

■ OTC FX Futures Clearing & Settlement

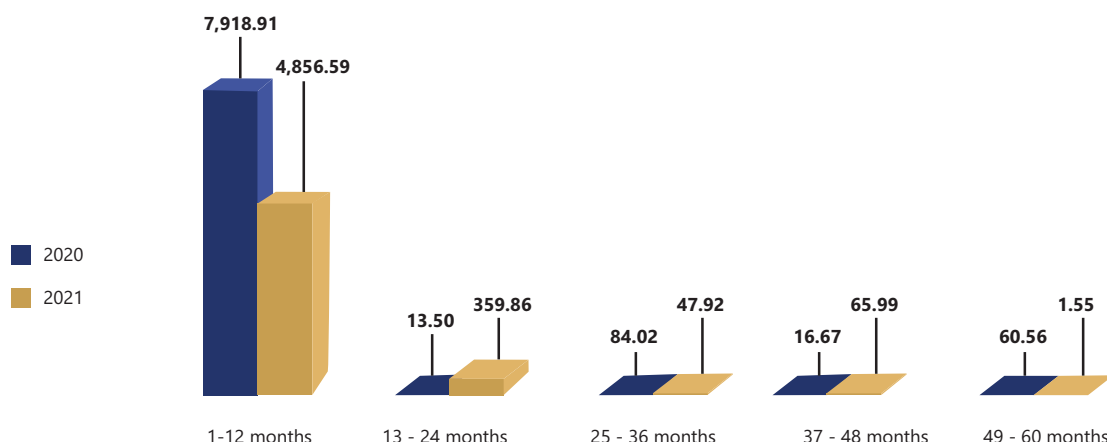
In 2021, a total of five hundred and ten (510) NSOFF contracts with a nominal value of \$6.72 billion were executed and processed for clearing on the FMDQ OTC FX Futures Trading & Reporting System (FFTRS) representing a decrease of 70.45% and 64.40% respectively, relative to 2020. The significant decline in NSOFF contracts executed can be attributed to the slow recovery of economic activities globally and local Spot FX market illiquidity

In addition, whilst a total contract value of \$9.48 billion matured during the year, the value of open contracts as of December 31, 2021, stood at \$5.33 billion, representing a decline of 34.09% relative to 2020, which is reflective of the reduced contract execution levels precipitated by scarcity concerns in the spot FX market



A review of the profile of open contracts as of December 31, 2021, shows that shorter tenored contracts (1 – 12 months) accounted for the bulk of open contracts ©. 91.09%.

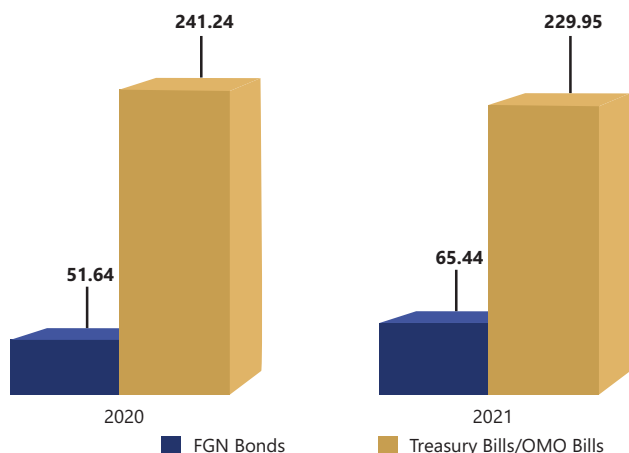
Open OTC FX Futures Contracts Maturity Profile (\$'mm)



OTC FX Futures Margin Administration

FMDQ Clear continued to process the collection of initial margins in form of cash and eligible securities from the OTC FX Futures transaction counterparties (i.e., CBN and Futures Banks) to cater to the counterparty default risk inherent in the contracts, which may arise from future adverse movement of prices of open contracts or traded securities. With the decline in market activity, the total value of eligible securities pledged as collateral by the Futures Banks increased by 0.86% in 2021 compared to 2020, whilst the total value of cash margins collected decreased by 63.00% Y-o-Y

OTC FX Futures Margin Administration (\$'bn)



OTC FX Futures Funds Investment Management

To consistently create value for its stakeholders, FMDQ Clear continued to facilitate the investment of the OTC FX Futures Funds (i.e., cash margins in the Margin Fund and unreleased contract settlement amounts in the Clients' Resolution Fund) in sovereign securities (FGN Bonds; Treasury Bills and FGN Promissory Notes) and Fixed Deposit Placements in line with predefined guidelines. The income on these monies was distributed to the beneficiaries as needed

OTC FX Futures Collateral Accommodation

In light of the sustained cost of managing the collaterals pledged by Futures Banks on their open OTC FX Futures contracts, FMDQ Clear reviewed its current arrangement for the administration of naira-denominated collateral margin. Consequently, the OTC FX Futures Collateral Accommodation Fee was implemented in Q4 2021, payable by relevant transaction counterparties of the OTC FX Futures product

B. Product and Market Development

FMDQ Clear, having been fully registered as a CCP by the SEC, is saddled with the mandate of providing efficient post-trade services and guaranteeing settlement finality, i.e., the irrevocability of settlement, to eliminate the inherent counterparty risk and enhance the stability of the Nigerian Financial markets. In view of this mandate, some of the notable product and market development activities that gained further traction during the year are captured below:

- **Activation of CCP Services for Fixed Income Derivatives Market**

FMDQ Clear sustained its engagement with Market Participants, specifically the CBN-licensed FMDQ Exchange Dealing Member (Banks) (DMBs), who form the pool of potential Clearing Members to fully register the banks as Clearing Members of FMDQ Clear. As of December 31, 2021, six (6) DMBs indicated interest in becoming Clearing Members of FMDQ Clear and are at varying levels of the membership registration process with FMDQ Clear and the SEC. Furthermore, FMDQ Clear commenced a series of workshops and webinars with potential Clearing Members on their roles as Clearing Members as well as walk-through and test sessions on the attendant systems to be deployed for use

- **Bilateral Repurchase Agreement with Collateral Management**

In 2021, FMDQ Clear continued to support the planned activation of the Bilateral Repo with Collateral Management market by FMDQ Exchange, in line with FMDQ Group's mandate to deepen the Nigerian financial markets and transform them to be globally competitive, operationally excellent, liquid and diverse, through its 'GOLD' Agenda. With the impact of the global COVID-19 pandemic receding, engagements with market participants for the activation of the market resumed. The critical issues from the engagement sessions are being addressed towards achieving a timely activation of this initiative in 2022

- **Default Resolution Reserve**

In line with its mandate to de-risk the Nigerian financial Market, FMDQ Clear has continued to deploy its earnings to a robust Default Resolution Reserve, with an ambition to grow the CCPs' financial resources to c. ₦30.00 billion in the near term. These financial resources position FMDQ Clear to clear transactions in the Spot and Derivatives markets, thereby reinforcing FMDQ Group's aspiration of building financial markets that are truly reflective of the position of the Nigerian economy in Africa and enable a significant flow of transactions

C. Services

FMDQ Clear continued to offer bespoke risk management services to de-risk the Nigerian financial markets by eliminating inherent counterparty risks, delivering capital and cost efficiencies to its Members, and facilitating settlement finality across all cleared markets:

- **Clearing Service**

While the Company is positioned to activate CCP clearing for the soon-to-be-launched ETD market in 2022, it maintained its Clearing Agent function for the OTC FX Futures market towards providing the much-desired confidence for this bilateral derivative product to market participants in 2021

- **Clearing Risk Management**

Risk management activities in FMDQ Clear are anchored on global best practices as recommended by the Committee on Payments and Market Infrastructures – International Organisation of Securities Commissions Principles for Financial Market Infrastructures and form the basis for the Company's risk management services to its Members and Clients in 2021. As part of its robust risk management mechanism, FMDQ Clear collects collateral as initial margins, in form of cash and non-cash collateral for executed OTC FX Futures contracts to cover its exposure to the transaction counterparties' potential credit risk and market risk resulting from the movement in the Nigerian Autonomous Foreign

Exchange Fixing Rate. Furthermore, to mitigate liquidity risk and ensure settlement finality, FMDQ Clear operates a tight liquidity risk management to identify, measure, and monitor its settlement and funding requirements

- **Collateral Management**

Cash and non-cash collateral deposited by market participants in the OTC FX Futures market is subjected to robust world-class collateral management practices to ensure the adequacy of deposited collateral to cover potential loss to FMDQ Clear in the event of a Member's default. Pledged collaterals are warehoused with FMDQ Clear's appointed Custodian in segregated accounts in line with global best practice on collateral management

Deposited collaterals are valued daily using market closing prices published by the Exchange and applying the applicable haircut to non-cash collateral to determine the market value of pledged collateral. The market value of pledged collateral is evaluated against obligations from open positions to ascertain sufficient collateral coverage requirement of its market participants

- **Settlement Processing**

FMDQ Clear continued to meet its funding requirements and ensure settlement of OTC FX Futures transactions executed on the FMDQ Exchange platform, by seamlessly integrating with other financial systems' payment infrastructure. This approach assured settlement finality for market participants as they receive value for matured OTC FX Futures contracts on settlement dates

2022 Outlook

Spurred on by the full regulatory approval secured from the SEC on FMDQ Clear's registration as a CCP, the Company will focus on the immediate activation of CCP services for financial market transactions in the Derivatives, Fixed Income Spot, and Repo markets:

- **Activation of CCP Services – Derivatives Markets**

FMDQ Clear will continue to work towards operationalising its CCP licence alongside internal readiness activities to put in place the necessary requirements and structures for the activation of CCP services for the soon-to-be-launched ETD products, which sets in motion the Company's vision of becoming a globally accepted CCP by 2025

- **Activation of CCP Services – Fixed Income Spot and Repo Markets**

Based on the positive feasibility assessment of local and model markets, in addition to recommendations from subject matter experts on the potential transformation of the Nigerian financial markets and enhancement of the much-needed liquidity in the Fixed Income Spot and Repo markets via the activation of CCP services for this market segment, FMDQ Clear is set to harness this opportunity. Hence, several activities, including stakeholder engagement, documentation, and operational readiness, have commenced towards the launch of CCP services for the Fixed Income Spot and Repo markets in the near term

- **Global Recognition and Relevance**

The attainment of this milestone has been set in motion with FMDQ Clear's admission as an Observer Member of CCP12. Whilst maintaining its imminent plan of upgrading to a Primary Member by year 2023, this achievement effectively sets the CCP on course for global visibility

- **Activation of CCP Services for Other Exchanges**

In line with the Company's mandate to eliminate the inherent risks in the Nigerian financial markets and beyond, engagements with other Exchanges on the possibility of FMDQ Clear providing clearing services to their markets are ongoing with varying degrees of progress

FMDQ Depository



2021 in Focus – Depository Business

Building on the progress in establishing FMDQ Depository as a credible and effective depository in the Nigerian capital market offering differentiated services, the Company continued to increase awareness of its value propositions and services to grow its brand equity in 2021. Summarily, the year saw the expansion of FMDQ Depository's footprint in the market and improved financials, but crucially, capacity development to drive the realisation of its ambitions was progressed, competitive positioning was strengthened, and service management capabilities were further developed to support the achievement of set strategic initiatives.

Depository Services

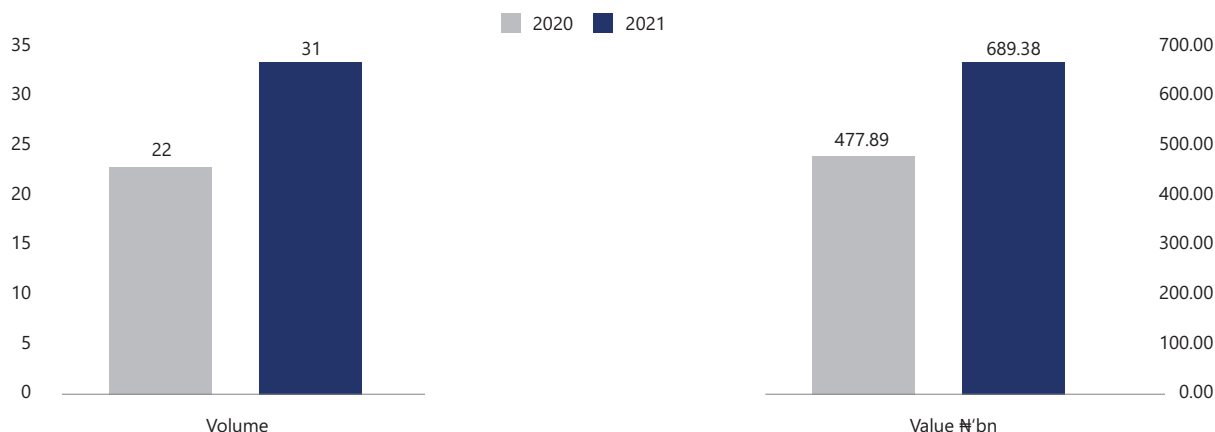
- **Memberships**

FMDQ Depository's focus on onboarding Participants as a key element of building the scale of its core services gained traction with a 44.44% increase in the number of Participants onboarded in 2021, covering all key categories of capital market operators, and a 17.83% increase in institutional and private investors onboarded. The expanded universe of Participants is a bold testament to the market's confidence in the Depository Franchise

- **Securities Lodgement and Asset Warehousing**

Engagement with primary market eco-system participants was strengthened in 2021 to drive the adoption of our differentiated service offerings, leading to an upswing in business activities in both public and private markets space. Consequently, lodgement mandates secured covered thirty-one (31) non-sovereign fixed income securities (comprising nine (9) corporate bond issuances, fifteen (15) CPs and seven (7) private company bonds) with a cumulative value of ₦689.38 billion in the course of 2021. Furthermore, primary market activities led allotment and subsequent asset warehousing services continued, supported by security and data management best practices

Securities Lodgement and Asset Warehousing

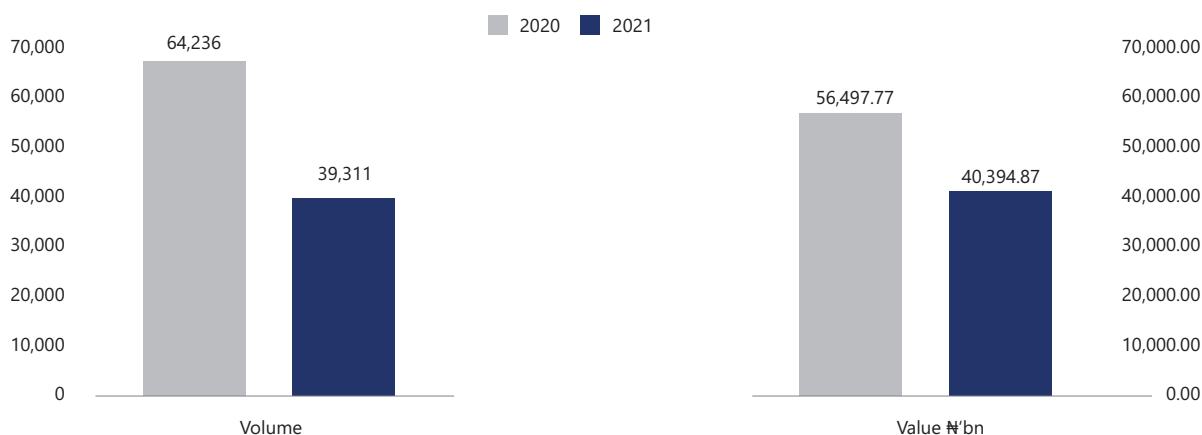


■ Settlement Services

FMDQ Depository continued its operation of responsive and unparalleled settlement services for fixed income securities trades with zero incidences of failed settlement cycles and zero settlement default attributable to the Company's technology platforms, operational and risk management framework. In total, 39,311 fixed income trades with a cumulative value of ₦40.39 billion were processed and settled in 2021

In addition, collaboration with FMDQ Exchange and FMDQ Clear in the development of post-trade services for Repo market and Collateral Management services has positioned the product as an innovative offering that should drive confidence and growth in the market

Settlement Services



Business Development

The business development objectives of FMDQ Depository were re-defined to support stronger stakeholder engagement, expansion of the service portfolio, deeper market penetration, and stronger adoption of its services. These objectives were rigorously pursued, including the development of capacity to expand the universe of services through collaboration and independent initiatives, in addition to relevant operational structures and market entry strategies. The use of a flexible pricing framework for services and the deployment of targeted incentives were maintained, and the extension of services to new segments of the market was realised.

Strategic Initiatives

The realisation of the FMDQ Depository's 5-Year strategy plan is dependent on the adoption/deployment of robust technology platforms. Consequently, deliberate steps were taken to complete the assessment of the requirements and selection of a new depository business application. Subsequently, implementation planning to support the delivery of increased digitisation and automation, the launch of a new set of services for both public and private markets, amongst others, was completed, albeit in a phased delivery approach.

2022 Outlook and Focus

A key focus for 2022 will be the execution of business development strategies aimed at generating a larger proportion of operating income from core depository and ancillary services, and collaboration with FMDQ Private Markets on the development and launch of new services.

Building on the progress made in 2021, the phased delivery of new technology solutions will start in earnest with further digitisation of Participant interfaces to the depository and deployment of straight-through-processing solutions for non-sovereign fixed income securities post-trade activities, amongst others. The drive for operational excellence, robust risk management, and service delivery capabilities in a cost-efficient manner will continue in order to position FMDQ Depository strategically and competitively for the realisation of long-term goals.

With a strong, reliable and scalable operational infrastructure and risk management practices, FMDQ Depository business development activities will focus on securing increased new securities depository mandate, development and activation of new services, and active cultivation of new customer segments to drive growth in the core business service areas. In addition, preparatory work for depository accreditation will be concluded in 2022.

FMDQ Depository will continue to actively collaborate with FMDQ Exchange, FMDQ Clear, and FMDQ Private Markets in the development of products and services that require primary and secondary market service components. The development of key elements of FMDQ Depository revenue diversification strategies will receive a fair amount of focus to enable the Company to execute relevant strategies in subsequent years.

FMDQ Private Markets

Vision

To be the largest, most diversified
organiser of markets for private
capital in Nigeria by 2025



2021 in Focus – Private Markets Business

FMDQ Private Markets, as an information repository, continues to provide visibility to private company issuers and enable Qualified Institutional Investors access to a credible information repository for the primary and secondary market transactions of private companies' securities. In 2021, FMDQ Private Markets focused on judiciously championing the development of private companies, the underserved sector of the economy, and growing its market size to c. ₦240.00 billion as at the end of the period via various market and product development initiatives.

A. Product and Market Development

S/N	Category	Description
1.	Restructuring and Expansion of Membership Categories	<p>To better safeguard the integrity of the private markets and the interest of investors by developing a robust ecosystem that aggregates key stakeholders that play major roles in the private capital markets, FMDQ Private Markets embarked on the following initiatives:</p> <p>Expansion of the Definition of Transaction Sponsors:</p> <p>FMDQ Private Markets expanded the definition of Transaction Sponsors to include institutions that have the capacity and experience to provide bespoke financial advisory services, inter alia, to private companies. This membership category consists of financial and non-bank financial institutions, other financial services operators, and related professional services firms in Nigeria and offshore, duly registered by their relevant regulators/professional bodies and FMDQ Private Markets to sponsor the noting of Private Companies' Securities on the Private Companies' Securities Information and Distribution Portal (the PCS Portal) (Restricted).</p> <p>Restructuring of the Membership Category :</p> <p>In 2021, the Membership Category “Associate Sponsors” was changed to “Professional Parties”, this was further sub-divided into Professional Party (Trustees) and Professional Party (Solicitors).</p>

S/N	Category	Description
		<ul style="list-style-type: none"> Professional Party (Trustees) – Institutions in this category are duly registered by their relevant regulators/professional bodies and authorised by FMDQ Private Markets to act as Trustees to Issuers of Private Companies Securities for noting on FMDQ Private Markets Professional Party (Solicitors) – Institutions in this category are registered by their professional bodies and authorised by FMDQ Private Markets to act as Solicitors to Issuers of Private Companies' Securities for noting <p>The renaming and further subclassification was done to ensure that institutions and firms that play major roles in the capital raising exercise of private companies are part of the Membership ecosystem of FMDQ Private Markets.</p>
2.	Expansion of Product Offerings	<p>In line with its vision “To be the largest, most diverse organiser of markets for private capital in Nigeria by 2025”, FMDQ Private Markets, in addition to its pioneer products - Private Companies' Bonds, Notes, and Equities; developed guidelines to cater for the noting of Sukuk and green debt securities on the PCS Portal (Restricted) thereby providing more options for private companies to raise capital in the private market space.</p>
3.	Launch of the Integrated Noting Service (INS)	<p>Following efforts to deliver seamless and efficient services, FMDQ Private Markets commenced the implementation of an integrated structure for its Noting Service in 2021. The Integrated Noting Service structure was designed with the aim of harmonising the various relevant activities under securities noting, transfer agency, and depository, thus allowing for streamlining the Noting process and establishing efficiency for members of FMDQ Private Markets. Consequently, the Integrated Noting Service for Private Companies' Securities will now comprise the following:</p> <ol style="list-style-type: none"> Registration of Noting application Noting of Securities Securities Admittance/Lodgment <p>The launch of the INS has positioned FMDQ Private Markets to provide ancillary services to private companies under the Transfer Agency Services, including Asset Services (interest/coupon collection and payment, dividend collection and payment, account reconciliation and reporting, etc.) and Issuer Services (Book-keeping and records administration, interest/coupon computation and payment, dividend computation and payment, securities and account reconciliation/reporting, etc.).</p>

S/N	Category	Description
4.	Launch of a Programme for Small and Medium Enterprises (SMEs) and Early-Stage Ventures	<p>FMDQ Private Markets in 2021, as part of its mandate to provide securities and structured solutions to private companies, launched a Startup Accelerator Programme - the Startup Capital Accelerator & Liquidity Ecosystem ("SCALE"). The SCALE Accelerator Programme is designed to deliver capital solutions and accelerator services to startup companies by aggregating the ecosystem of Accelerator Hubs, Startups, and early-stage investors. The Programme targets startups with minimum viable products, some market traction, pre-series A financing, and those that have undergone initial incubation. Following the launch of the Phase 1 of SCALE, FMDQ Private Markets partnered with Oxford Foundry (now Saïd Business School Entrepreneurship Center) to provide the next generation of Nigerian leaders with the opportunity to gain the necessary support, unlock capital flows to entrepreneurship opportunities, and boost growth in the Nigerian venture ecosystem via the following means and programmes:</p> <ul style="list-style-type: none"> ▪ Young Entrepreneurs Leadership Programme ▪ Innovate Nigeria Programme ▪ FMDQ Investor Network

B. Services

i. Membership

In 2021, FMDQ Private Markets' Membership Service experienced significant growth, evidenced by the 120.00% increase in its membership base, from ten (10) Members in 2020 to twenty-two (22). During the period, twelve (12) new Members were onboarded - Transaction Sponsors [Nine (9)] and Professional Party (Solicitors) [Three (3)], representing a 90.00% and 300.00% increase, respectively. FMDQ Private Markets' membership base continues to increase as it provides value for its stakeholders and structure in the activities conducted in the private markets space.

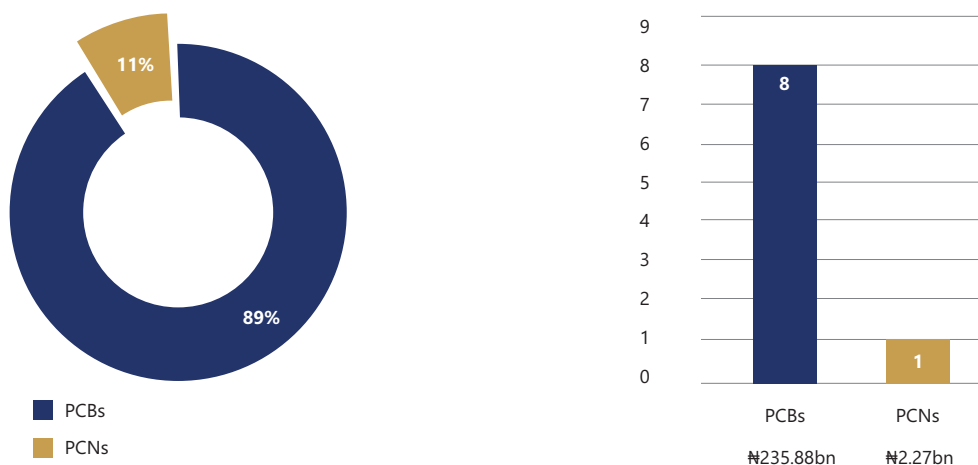
FMDQ Private Markets Membership Base



ii. Securities Noting

FMDQ Private Markets' Private Companies' Securities Noting business continued to serve as the conveyor belt for the development and growth of the private markets. In 2021, a total of nine (9) private companies' securities were noted and onboarded on the PCS Portal (Restricted) spread across Private Companies' Bonds and Private Companies' Notes – Eight (8) Private Companies' Bonds from corporates in the transportation, education, agriculture, real-estate, and technology sectors; and one (1) Private Company Note from the financial technology sector. This cascaded to an increase in the total value of Noted securities from ₦8.40 billion in 2020 to c. ₦240.00 billion in 2021.

Securities Noting Activities



Noted Securities' List (2021)

Private Companies' Bonds	Private Companies' Notes
<ul style="list-style-type: none"> 2LP Management Company Limited ₦15.62bn Series 1 Tranche A Private Company Bond Due 2026 Fountain SPV Limited ₦15.00bn Fixed Rate Unsubordinated Medium Term Private Company Bond Due 2027 Garden City Receivables Management Company Limited ₦137.50bn Senior Secured Fixed Rate Short-Term Series 1 Private Company Bond Due 2024 Greenland Growth SPV Limited ₦27.26bn Secured Fixed Rate Series 1 Private Company Bond Due 2028 Lekki Gardens Estate Limited ₦3.50bn Senior Secured Fixed Rate Private Company Bond NCNR SPV Limited ₦10.50bn Fixed Rate Private Company Bond Due 2027 Raedral Farms Limited ₦2.00bn Senior Secured Fixed Rate Medium Term Series 1 Private Company Bond Due 2025 River Jamieson SPV Limited ₦24.50bn Fixed Rate Senior Guaranteed Private Company Bond Due 2025 	<ul style="list-style-type: none"> CapitalSage Technology Limited ₦2.269bn Series 1 Private Company Notes Due July 2022

2022 Outlook / Focus

In a bid to consolidate on its private market development activities, FMDQ Private Markets will continue to provide diverse capital and liquidity solutions to businesses – particularly private companies, across markets and sectors in Nigeria via the following key initiatives:

- **Launch of the Artis DealRoom**

As part of FMDQ Private Markets' efforts towards providing viable solutions for closing the financing gap for SMEs and creating alternative investment opportunities to investors, FMDQ Private Markets is set to launch Artis, a digitised aggregation platform of Supply Vendors and QIIs for financing using trade instruments

- **Launch of the Upgraded PCS Portal with e-Offering and Data Services**

FMDQ Private Markets is set to launch its upgraded PCS portal to facilitate the automation of the end-to-end capital raising exercise of private companies and the subsequent noting of the securities

SPECIAL REPORT: OXFO-FMDQ GLOBAL PARTNERSHIP

As part of the launch of the FMDQ Private Markets SCALE Programme, FMDQ Private Markets and The Saïd Business School Entrepreneurial Centre, (formerly The Oxford Foundry (OXFO)), the University of Oxford, United Kingdom, launched a global partnership to accelerate the growth of Nigeria's startup ecosystem and nurture the next generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration. The aim of the partnership is to support Nigeria's future business leaders and startups to access the network and skills they need to grow and sustain their businesses, unlock capital flows to entrepreneurship opportunities, create jobs and inclusive socio-economic growth, and facilitate the growth of Nigeria's venture ecosystem. To achieve this, three (3) initiatives were developed:

- i. The Young Entrepreneurs Leadership Programme (YELP) which offers twenty (20) young emerging Nigerian leaders the chance to undergo a four (4) month leadership training Programme
- ii. The Innovate Nigeria Programme which offers five (5) Nigerian ventures the chance to undergo a two-week intensive startup bootcamp
- iii. FMDQ Investor Network which offers domestic and international investors a forum to nurture and invest in the next generation of innovative leaders and ventures in Nigeria

The partnership along with the programmes, is set to cascade into the year 2022 with selected candidates and business ventures assured of enjoying several benefits and being given the opportunity to access large pools of potential investors to enable them to scale up into economically sustainable businesses.



External Governance

The Nigerian financial markets play a crucial role in the nation's economic development as it is a major driver of economic stability and prosperity. Government at all levels, and financial market regulators are pivotal in promoting a strong, resilient, and innovative financial market. As an ardent proponent of market innovation, a core component of FMDQ Group's strategy involves maintaining regular engagements with government and regulatory agencies on public policy, regulation, initiatives, and key developments that may affect the Group's businesses, the capital markets, and economic activities of our stakeholders.

In 2021, FMDQ Group focused on enhancing its stakeholder experience through collaborative value creation, policy advocacy efforts, capital market innovation and market leadership in order to provide continuous long-term value, create an enabling environment for its market participants and support efforts towards Nigeria's growth recovery and macroeconomic stability.

The table below sets out how FMDQ Group engaged with its government and regulatory stakeholders in the period under consideration.

Highlight of Government/Regulatory Stakeholder Engagements

S/N	Government/Regulatory Stakeholder	Engagement Focus
1.	Presidency/Office of the Vice President	In line with our strategic role as an adviser to Government, FMDQ Group was hosted by the Vice President of the Federal Republic of Nigeria, Prof. Yemi Osinbajo, SAN, GCON, at a meeting in the Presidential Villa. This engagement focused on discussing strategies on how the Nigerian financial markets can be leveraged for the nation's transformation. Also discussed were key initiatives across FMDQ business entities, including the equalisation of tax treatment in the debt capital market, the tradability of road infrastructure and refurbishment tax credits, bringing to the fore innovative initiatives and opportunities to promote economic prosperity for Nigeria.
2.	National Assembly	FMDQ Group maintained good relations with the leadership of the National Assembly and key Committees at both the Senate and House of Assembly. FMDQ continues to monitor and provide insights on pertinent legislations that affect the capital market in line with its advocacy objectives.
3.	Federal Ministry of Finance, Budget, and National Planning	FMDQ Group engaged the Honourable Minister of Finance, Budget, and National Planning on the proposed establishment of the Climate Finance Advisory Committee as part of the implementation efforts of the NGBMDP and led discussions on strategies to boost Government revenue via the activation of the tradability framework for the Road Infrastructure and Refurbishment Tax Credits.
4.	Federal Ministry of Works and Housing (FMWH)	FMDQ Group led various collaborative engagements with the Federal Ministry of Works and Housing on the development of a National Housing Strategy (the "Project"). This year, FMDQ Group facilitated the inaugural, second and final review meetings with members of the Working Group consisting of representatives from the FMWH, Federal Mortgage Bank of Nigeria, Federal Housing Authority and Family Homes Funds as part of efforts towards the delivery of the Project.

S/N	Government/Regulatory Stakeholder	Engagement Focus
5.	Federal Ministry of Environment	FMDQ Group spearheaded engagements with the Director, Department of Climate Change, and the Permanent Secretary on the proposed establishment of the Climate Finance Advisory Committee and endorsement of the Policy Reviews and Formulation, Advocacy, Capacity Building, Engagements, and Technical Assistance Agenda by the Honourable Minister of Environment as part of the implementation efforts of the NGBMDP.
6.	Federal Ministry of Agriculture and Rural Development	FMDQ Group engaged the Minister of Agriculture on support available for financing the Ministry's sustainability-related projects as part of the implementation efforts of the NGBMDP.
7.	Federal Ministry of Water Resources	FMDQ Group commenced engagements with the Federal Ministry of Water Resources towards the signing of the Memorandum of Understanding between the Organised Private Sector in Water, Sanitation, and Hygiene and FMDQ Group on the provision of technical support for the proposed maiden blue bond issuance and as part of the implementation efforts of the NGBMDP.
8.	Lagos State Government	Within the review period, FMDQ Group and FSD Africa, the Implementing Partners of the NGBMDP, executed a Memorandum of Understanding with the Lagos State Government to facilitate the proposed Lagos State maiden green bond issuance.
9.	Oyo State Government	FMDQ Group hosted the Oyo State Government's Executive Council to a virtual introductory meeting where debt capital raising for the Oyo State Government was discussed.
10.	Delta State Government	In a bid to support subnational bond issuances aimed at driving infrastructural development and economic growth, FMDQ Group commenced engagement with key officials in the Delta State Government.
11.	Central Bank of Nigeria	As the apex bank of the country sought to improve the resilience of the financial sector in the face of the severe shocks occasioned by the COVID-19 pandemic, FMDQ Group supported the CBN's advocacy initiatives and contributed to the ongoing conversation on national growth strategies aimed at overcoming the pitfalls of a recession. FMDQ Group also facilitated engagements with Heads of key directorates/departments towards improving the resilience of the Nigerian financial system.
12.	Securities and Exchange Commission	Within the review period, FMDQ Group engaged the leadership of the SEC to advocate FMDQ's position on pre-identified matters of market-wide significance and reaffirmed the joint resolve to build a market that is dynamic, transparent, and innovative. Other key engagements with the SEC within the year include the review of capital market rules and legislations including the Investment and Securities Bill, participation on technical committees, approval of FMDQ's market rules, and support for the SEC's market education efforts.

S/N	Government/Regulatory Stakeholder	Engagement Focus
13.	National Pension Commission (PenCom)	As a key stakeholder in FMDQ's markets, FMDQ Group engaged the pension industry regulator on relevant proposals ranging from Pension Bonds, promoting price discovery in the secondary market, and the introduction of FMDQ Private Markets to PenCom.
14.	Debt Management Office (DMO)	FMDQ Group liaised with the DMO on various initiatives, including FMDQ Group's proposal for the equalisation of tax treatment for all categories of debt securities, the proposed establishment of the Climate Finance Advisory Committee, as well as the DMO's participation and nomination of representatives for the Inter-ministerial Climate Finance Advisory Committee.
15.	Nigeria Investment Promotion Commission (NIPC)	In a bid to support the Federal Government's initiative to leverage private sector capital and efficiency for the construction, refurbishment, and maintenance of critical road infrastructure in key economic areas in Nigeria, FMDQ Group engaged the Executive Secretary, NIPC in her capacity as Chair, Tradability Sub-Committee for the Road Infrastructure and Refurbishment Investment Tax Credit Scheme (RITCS) for updates on the RITCS.
16.	Tertiary Education Trust Fund (TETFUND)	FMDQ Group commenced engagement with the Executive Secretary, TETFUND on collaboration towards the adoption of solar panels across tertiary institutions in the country as part of the implementation efforts of the NGBMDP.
17.	Nigerian Economic Summit Group (NESG)	FMDQ Group, in line with its financial advocacy agenda, provided relevant support to NESG initiatives within the year under review and contributed to the ongoing conversation aimed at improving the economic landscape in Nigeria.

Debt Capital Markets Development Project

FMDQ Group has continued to champion the development of the Nigerian DCM through the Debt Capital Markets Development (DCMD) Project, a market driven initiative spearheaded by FMDQ Group in collaboration with International Finance Corporation (IFC) and supported by the SEC and other key financial markets stakeholders. The DCMD Project was set up to implement the resolutions from the Nigerian DCM Workshop in 2015 to proffer recommendations and articulate solutions to issues in the Nigerian DCM with the aim of promoting the achievement of the overarching desire of fostering a highly liquid, deep, efficient, and dynamic DCM, in order to boost growth and support the sustainable development of the Nigerian economy.

To ensure the effective implementation of its mandates, the DCMD Project is structured around a Steering Committee with an oversight function, a Transformation Committee, and six (6) Sub-Committees structured in line with the key transformation levers viz: Regulation Consolidation; Market Liquidity & Enhancement; Investors, Issuers & Intermediaries Engagement/Education; Housing Finance; Infrastructure Finance; and Sustainable Finance. The memberships of these Committees include representatives from regulatory and government institutions, development finance institutions, as well as other key market stakeholders within the financial market ecosystem.

S/N	Sub-Committee	Highlights
1.	Regulation Consolidation (RC)	<p>To achieve the laudable aspiration to become a world class and properly functioning DCM, the RC Sub-Committee, in collaboration with FMDQ Exchange, liaised with government and regulatory agencies, as well as key market stakeholders, to sponsor new policy guidelines in stimulating the desired rapid growth and development in the DCM, whilst harmonising the regulatory framework, and amending restrictive and conflicting policies. In 2021, the RC Sub-Committee focused its advocacy efforts on driving the implementation of the following initiatives:</p> <ul style="list-style-type: none"> a. Equalisation of Tax Treatment for all Categories of Debt Securities – In anticipation of the expiration of the Companies Income Tax (Exemption on Bonds and Short-Term Government Securities) Order, 2011 which exempted (i) "Short-Term Federal Government of Nigeria securities, such as Treasury Bills and Promissory Notes", (ii) "Bonds issued by Federal, State and Local Governments and their Agencies", (iii) "Bonds issued by corporate bodies including supra-nationals" and (iv) "Interest earned by holders of the [aforementioned securities in (i) – (iii)]" from the tax imposed under the Companies Income Tax Act for a period of ten (10) years (i.e. up to January 2, 2022), the Sub-Committee intensified its engagement with government and regulatory agencies on the extension of the tax incentive to all categories of debt asset classes, irrespective of the issuer, to entrench the sustainable development of the Nigerian debt markets b. Removal of Restrictive Regulation in the Insurance Industry's Prudential Guidelines – The RC Sub-Committee continued engagement with the National Insurance Commission (NAICOM) on the removal of restrictive regulation in the NAICOM Prudential Guidelines that restrict insurance/reinsurance companies' participation in the non-sovereign DCM. <p>The Sub-Committee seeks to intensify its advocacy activities in 2022 in a bid to drive the implementation of its overarching market development initiatives.</p>
2.	Investors, Issuers & Intermediaries Engagement/Education (IIIEE)	<p>The IIIEE Sub-Committee has been in the vanguard of inculcating financial literacy in the Nigerian DCM over the years and has continued to champion initiatives that will further drive the culture and practice of being financially savvy and well-informed in the operations of the DCM. In 2021, the IIIEE Sub-Committee commenced engagements with relevant stakeholder groups and Associations in preparation for its retail investors' advocacy campaign programme that seeks to promote retail investors' readiness & literacy by empowering participation in the Nigerian DCM.</p> <p>The Sub-Committee will commence the execution of several retail investors sessions in 2022 to expand the scope and target audience of its advocacy campaign programmes towards promoting a more diversified investor base in the Nigerian DCM.</p>

S/N	Sub-Committee	Highlights
3.	Market Liquidity & Enhancement (MLE)	<p>The MLE Sub-Committee continued to act as a think-tank in driving an all-inclusive approach to the proposed reforms on FMDQ Exchange's market development initiatives and serve as an advocacy partner in sensitising market stakeholders and pushing forward key market development initiatives for implementation, in line with its mandate.</p> <p>The Sub-Committee will continue to intensify efforts to promote product diversification and market development in the Nigerian DCM, whilst articulating and conceptualising ideas on the modalities in highly liquid model markets that can be adapted in the Nigerian DCM, as well as monitoring and analysing developments in the Nigerian financial markets, to make recommendations that will improve market liquidity and global competitiveness of the markets.</p>
4.	Housing Finance	<p>The Housing Finance transformation lever, through its Sub-Committee seeks to develop methodologies for effective housing delivery in Nigeria, in collaboration with key stakeholders in the Nigerian housing sector, develop strategies to promote the delivery of affordable housing through DCM, as well as conceptualise ideas through rigorous research of modalities adopted in developed countries/model markets that can be adaptable to the Nigerian DCM.</p> <p>The Sub-Committee supported the advocacy efforts of key housing sector stakeholders including the ongoing development of a National Housing Strategy (NHS) to ensure affordable housing for all Nigerians. The NHS, when implemented, will assist in unlocking the estimated \$300.00 billion dead capital occasioned by the challenges in the administration of the Land Use Act, thereby fostering economic development.</p>
5.	Infrastructure Finance	<p>To drive infrastructure development through the Nigerian DCM, this transformation lever, through its Sub-Committee, seeks to develop strategies that will promote the development of transport, power, and rail, as well as other critical infrastructure, within the DCMD Project Implementation Timeline.</p> <p>The Sub-Committee implemented various advocacy efforts to support Public Private Partnerships as a means of financing infrastructure development in Nigeria. In 2021, the Sub-Committee reviewed the Road Infrastructure Tax Credit (RITC) initiative and recommended that the Executive Order 07 backing the RITC be transmitted to the National Assembly, for conversion into a law to guide against the possibility of its being overturned by a succeeding administration. It deemed this as a necessary step to guarantee the continuity of the initiative and to ensure the continued realisation of the benefits that it portends to the Nigerian economy.</p> <p>The Sub-Committee intends to organise an Infrastructure Roundtable in 2022. This will focus on enlightening key market players on ways to promote economic development in the infrastructure sector through the DCM.</p>

S/N	Sub-Committee	Highlights
6.	Sustainable Finance	<p>According to the Climate Policy Initiative, to meet our global climate objectives by 2030, annual climate finance must increase by at least 550.00% to \$4.35 trillion. It is, therefore, imperative to canvass investors and potential project verifiers towards financing projects and facilitating the process of verifying green bonds, projects, and assets locally. Against this background, the Sustainable Finance Sub-Committee in partnership with the NGBMDP, executed a 2-day training for potential local green bond verifiers. The training had about nine (9) firms in attendance, including Agosto & Co, a leading credit rating company in Nigeria. At the end of the exercise, Agosto & Co, through the support received from NGBMDP, was able to complete the necessary requirements to become an approved verifier by the Climate Bonds Initiative and UK Standard Board. Through this, Agosto & Co has been given the mandate of performing verification of green bonds, projects, and assets in Nigeria and across Africa.</p> <p>The Sub-Committee in 2022 will focus on supporting the issuance and listing of new sustainability-linked capital markets products, through capacity-building workshops, the development of regulatory frameworks and guidelines to deepen the market.</p>

Highlights of the Nigerian Green Bonds Market Development Programme

Following the official launch of the Nigerian Green Bond Market Development Programme (NGBMDP or the “Programme”) in June 2018, the implementing partners – FMDQ Group and FSD Africa – have successfully executed various capacity-building sessions, as well as stakeholder engagements for key stakeholders in the Nigerian debt capital market towards stimulating awareness and the knowledge of green bonds.

In 2021, the Programme accelerated the development of the Green Bond market in Nigeria through capacity-building sessions and engagements with stakeholders towards the issuance and knowledge of blue and green bonds.

Key highlights of 2021 activities by the NGBMDP are as follows:

- Organised a 2-day training for potential local green bond verifiers in March 2021. This was aimed at increasing the number of local green bond verifiers in Nigeria to foster more green issuances
- Organised a capacity-building session for capital market intermediaries in May 2021
- One of the implementing partners of the Programme, FMDQ Group, signed an MoU with the Organised Private Sector in Water, Sanitation, and Hygiene (OPS-WASH). A key aspect of the MoU is the issuance of a Blue Bond which will be facilitated through the Programme
- Executed an MoU between the Lagos State Government and the Implementing Parties partners of the Programme for the proposed issuance of the maiden Lagos State Green and Blue Bonds
- Engaged with relevant Ministries, Departments and Agencies in the Sovereign Green Bond Issuance Process on collaborative areas as part of the implementation efforts of the Programme



Sustainability Agenda

- Sustainability Policy
- 2021 Sustainability Report
- Special Report: FMDQ Green Exchange
- Special Report: Financial Center for Sustainability, Lagos
- Corporate Responsibility Report

Sustainability Agenda

Sustainability Policy

Introduction

FMDQ Group recognises the imperative role it plays in the Nigerian financial market and the opportunities its business presents in its ability to promote sustainable economic growth and development in the wider economy; and as such, understands that the delivery of long-term business success and value creation is not only hinged on financial, but also environmental and social performance. The Policy, developed in line with the SEC's Code of Corporate Governance for Public Companies, 2014, requirements for sustainability reporting and the ten (10) Principles of the United Nations (UN) Global Compact, which prioritises four (4) key areas - Human Rights, Labour, Environment and Anti-Corruption - aims to guide the Group in:

- Providing a frame of reference for integrating sustainability in our business activities
- Developing a sustainable value system and a principled approach to doing business
- Being intentional about making a positive impact on our relationships with all our stakeholders
- Dealing with business opportunities and risks in terms of direct and indirect sustainability impacts

Strategic Approach

FMDQ Group, through its activities, aims to achieve sustainability in the areas it actively operates and impacts, as such, its Sustainability Strategy is guided by five (5) main Sustainability Pillars:

- **Our Business** - To ensure that sustainability practices are a core part of the Company's business strategy, where sustainability is embedded across FMDQ's business operations and activities
- **Our Markets** - To promote responsible business practices and sustainable development in our markets & wider economy
- **Our People** - To create a work environment that attracts, fosters engagement, and retains talented employees of diverse backgrounds to fulfil their potential
- **Our Community** - To champion capital market education for the next generation and empower the communities in which we operate, to advance socio-economic development in our nation
- **Our Environment** - To actively manage our environmental impacts derived from the activities of running the Company's operations

Our Sustainability Commitment

Environment

FMDQ Group recognises that the economic activities of running the business activities may have impacts that could threaten the environment, and therefore is committed to a responsible approach to the environment, taking into consideration the impact of our activities. Our major environmental impacts include energy usage, emissions from generator use and transport, materials usage such as paper, and waste management. These areas have informed the scope of our sustainability and corporate responsibility environmental focus, also in compliance with all environmental and regulatory requirements applicable to our business.

Anti-Corruption

FMDQ Group is committed to applying high standards of honesty and integrity consistently across its operations and in all its business dealings. We are guided and operate in accordance with our core values and are committed to applying the principles of integrity, transparency, accountability and ethics to prevent corruption and bribery in all its forms, which include, facilitation payments, fraud, extortion, collusion, money laundering, an offer or receipt of any in-kind benefits such as, free goods, gifts, loans, fees, rewards, holidays, or special personal services or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust, for the purpose of an inappropriate advantage, or that can result in moral pressure to receive such an advantage in the conduct of the enterprise's business. FMDQ Group does not tolerate any of these forms of corruption and bribery in the running of its business or in those with whom it does business.

Human Rights and Labour Standards

At FMDQ Group, respect for human rights is of paramount value to us. We strive to respect and promote human rights in all our business activities in adherence with the UN Guiding Principles on Business and Human Rights, alongside Labour Standards as described in the International Labour Organisation (ILO)'s Declaration on Fundamental Principles and Rights at Work, in our relationships with our employees, suppliers and vendors. This is in line with our commitment to reduce as much as possible any potential negative impacts on society. FMDQ Group therefore commits to, amongst others, prohibiting the use of all forms of forced labour, child labour, modern forms of slavery and human trafficking in any business activity engagement.

Diversity & Inclusion

At FMDQ Group, we are committed to creating an inclusive workplace culture and environment that fully embraces and promotes diversity and equal opportunity, where each employee is treated with respect and can fulfil potential. We do not discriminate on the grounds of gender, age, colour, physical appearance or disability, marital status, national origin, citizenship status, race, religion, political affiliation (or the lack of one), sexual orientation, thinking styles, personality traits (e.g., introverts or extroverts), family status, veteran status or other legally protected category. We value, respect and leverage on the idiosyncratic creative potential and unique contributions that individuals of different backgrounds, exposure, experience and perspectives bring to help in proffering innovative solutions; to enhance the understanding of the needs of our diverse stakeholders, tailor our products and services accordingly and to build a high performing, creative and more innovative organisation that delivers positive business results. Our commitment to diversity & inclusion extends to all areas of business, including but not limited to Recruitment and Selection, Board & Management Appointments, Attraction & Retention of Employees, Promotion & Career Progression, Performance Management, Remuneration, Training & Development, Talent Management, Succession Planning, Redeployment and Redundancy.

Workplace Health & Safety

At FMDQ Group, we consider our employees to be one of our most valuable assets and thus are committed to achieving the highest standards of health and safety, by providing and maintaining a work environment that minimises any risks that might jeopardise the health and safety of our employees, visitors and people our operations impact, as we believe that a safe and healthy workplace is a fundamental right of every person and precursor to business success.

Communicable and Serious Diseases

FMDQ Group is committed to ensuring a consistent and equitable approach regarding the prevention of communicable and serious diseases, such as HIV/AIDS, malaria, among employees and their families, and the management of the consequences of same, including the care and support of employees living with the diseases. This Policy ensures that:

- Employees or potential employees with Communicable and Serious Diseases (CSD) will be protected against discrimination, victimisation, or harassment
- Regulatory requirements, with regard to CSD, is complied with
- The privacy of person(s) with a CSD disease is protected
- Accidental infection of others within the workplace is avoided
- Appropriate awareness and education programmes are provided


Corporate Social Investment








As a responsible organisation that understands the significant role it can play in helping solve some of our societal problems, FMDQ Group has identified the ways in which it can support its host communities by championing financial market education for the next generation and through the empowerment of the communities in which it operates, to advance socio-economic development in our nation, by engaging in the following key initiatives:





- **FMDQ Next Generation Financial Markets Empowerment Programme** – a learning and development initiative aimed at promoting financial market awareness, development, and literacy among students across all levels (primary, secondary and tertiary), as well as fresh graduates, within the country. FMDQ Group aims to make financial market education accessible to both disadvantaged and privileged students
- **FMDQ Staff Corporate Social Responsibility (CSR) Initiative** - an initiative championed by FMDQ Staff, from honorariums, funds raised through auctions carried out on gifts received, and contributions from staff, which are donated to select charity organisations. The Initiative focuses on four (4) main categories, namely, Orphanages, Centres for Youth Rehabilitation, Homes for the Elderly and Special Needs Centres

Other Reference Policies

The table below provides a summary of other reference FMDQ Group Policies and Guidelines that support the Company's sustainability commitments and approach to its business activities and operation.

Policy		Policy Summary
	Code of Conduct (Corporate Governance Manual)	This Policy outlines the principles governing FMDQ's business activities and operations, ensuring that it conducts its business in accordance with the highest standards of business ethics and compliance. The Policy covers Corporate Governance Principles and Structure, Compliance with Laws, Rules & Regulations, Code of Conduct for Directors & Management, Corporate Opportunities, Confidentiality, Protection and Proper Use of Company Assets, Fair Dealing, Record Keeping, etc.

Policy		Policy Summary
	Risk Management	This Policy defines the approach adopted by FMDQ Group in identifying and assessing the risks associated with its business, ensuring that they are adequately managed.
	Compliance	This Policy sets out to promote honesty, and ethical conduct and ensure compliance with laws, regulations, rules and professional standards, as well as with the policies of FMDQ Group in order to protect the assets and integrity of the firm.
	Anti-Money Laundering & Combating the Financing of Terrorism	This Policy outlines the principles governing FMDQ's business activities and operations, ensuring that it conducts its business in accordance with the highest standards of business ethics and compliance. The Policy covers Corporate Governance Principles and Structure, Compliance with Laws, Rules & Regulations, Code of Conduct for Directors & Management, Corporate Opportunities, Confidentiality, Protection and Proper Use of Company Assets, Fair Dealing, Record Keeping, etc.
	Conflict of Interest (FMDQ Staff Handbook)	This Policy sets out FMDQ Group's approach to identifying potential conflicts of interest, ensuring they are effectively managed and prevented from materialising, to mitigate against reputational, regulatory or financial impact to FMDQ Group.
	Whistle Blowing	This Policy outlines the whistleblowing provisions in place to report any concerns regarding malpractice or misconduct within the Group. Through this Policy, FMDQ Group aims to promote and encourage ethical behaviour and decision making that underpin and support FMDQ Group's values in an open, fair and transparent manner and at the same time avoiding the occurrence of unethical behaviour. It also provides an avenue for stakeholders to raise concerns and receive assurance that they will be protected from reprisals or victimisation for whistleblowing.
	Corporate Communications	The Policy defines and provides guidelines on the extent, quality and output of communication with FMDQ's external stakeholders and on the adherence to and quality of internal communications in line with FMDQ-approved standards.
	Business Continuity Management	The Policy is designed to guide FMDQ Staff on how to minimise the impact to the market or stakeholders in the event of a disruption to normal business activity or operations.

Policy		Policy Summary
	Brand Management	This Policy sets out the guidelines for the management, enhancement and preservation of the corporate brand identity of FMDQ Group.
	Remuneration Policy	This Policy describes the basic principles of FMDQ Group's Remuneration Policy for Directors (Executive and Non-Executive), Management and staff. It provides an objective, adaptable and competitive remuneration structure that is tailored to specific circumstances of the organisation, in order to attract, motivate and retain highly skilled and performing staff and Management, as well as Executive Directors; has regard for job content and the performance of teams and individual employees; reflects market best practices and incentivises and motivates Non-Executive Directors and employees.
	Promotion Policy	This Policy provides an overview of the promotion guidelines for FMDQ Group and is aimed at enabling Executive Management determine and award promotions within the organisation.
	Gifts & Honorariums (Corporate Governance Manual and FMDQ Staff Handbook)	This provides guidance on how to account for any gifts or honorariums received. This Policy is used alongside the AML/CFT Policy.

Enforcement

Disciplinary action will be taken against any employee who is found to be in breach of the Policy. Allegations of discrimination which are not made in good faith will also be treated as a disciplinary matter. Failure of relevant stakeholders e.g., consultants, vendors, and clients, to comply with this Policy may result in their contracts being terminated.

Sustainability Report

Underscoring FMDQ Group's strong commitment to sustainability in its business, markets and society, and in cognisance of the need for Nigeria to continuously stay at the forefront of the global sustainable finance drive, FMDQ Group continues to take the lead in championing sustainable finance initiatives in alignment with its drive to promote sustainable growth and development in the markets under its purview, and ultimately, the Nigerian economy.

At FMDQ Group, we continue to implement innovative activities that support the achievement of the UN SDGs, the World Federation of Exchanges (WFE) principles, the UN Sustainable Stock Exchanges Initiative (SSEI) - gender equality, affordable and clean energy, decent work and economic growth, responsible consumption and production, climate action and partnerships for the goals, amongst others -, UN Global Compact and the national agenda, with the aim of fostering sustainable growth and prosperity for all.

2021 Sustainability Highlights



As a sustainability focused FMI group, FMDQ Group's strong commitment to its five (5) Sustainability Pillars - Business, Markets, People, Community and Environment, has seen it continue to champion sustainable development initiatives that are in alignment with its drive to promote sustainable growth, with the long-term overall aim of delivering prosperity to Nigerians. Our approach to sustainability is guided by an array of frameworks that shape our actions and how we create value.

Sustainability Pillars



BUSINESS

Strategic Agenda

To ensure sustainability practices are embedded and guide FMDQ's business operations and activities.

SDG Impact Area



Corporate Governance

At FMDQ Group, we see good corporate governance as a critical component of value creation, as it allows robust sustainability frameworks to be established, which ultimately guides effective decision-making. We are established on the foundations of strong governance and principled values that are evident in a culture of excellence, integrity, and a strong collaborative disposition. In 2021, FMDQ Group remained committed to the corporate governance standards, as set out by the Securities and Exchange Code of Corporate Governance for Public Companies 2014. We are also guided by our core values of Teamwork and Collaboration, Integrity, Innovation and Value-adding when executing our business activities.

Our Sustainability Policy provides guidance on our responsibilities to our business, markets, people, community and the environment, ensuring that sustainability principles guide everything we do. The FMDQ Group Board Finance and Strategy Committee is responsible for providing direction, ensuring the relevance and effectiveness of the FMDQ Sustainability Strategy and overseeing the development and implementation of FMDQ Group's Sustainability Strategy, policies and initiatives. In addition, with guidance and support from FMDQ Group Management, there is a dedicated Sustainability Group focused on the execution, communication and reporting of Group-wide sustainability initiatives.

Further information on our corporate governance framework can be found in the Corporate Governance Report section of the Annual Report. Policies covering Anti-Bribery and Corruption, Anti-Money Laundering, Conflict of Interests, Whistleblowing, amongst others, can be found on the FMDQ Group website – www.fmdqgroup.com.

Stakeholder Engagement

As an FMI Group established on the foundation of strong collaboration with key stakeholders in the Nigerian financial markets, FMDQ Group, in its over eight (8) years in operation, has continued to nurture these mutually beneficial relationships and develop new ones, as it recognises that these strategic partnerships make it possible for the FMI Group to deliver on its strategic mandate.

During the year, FMDQ Group proactively engaged and facilitated dialogue with its diverse stakeholders, which include its shareholders, regulators, Members, employees, issuers, investors, government authorities, strategic and media partners, amongst others, through various channels, with the capacity to support its businesses and markets in the actualisation of the Group's Vision “to be the leading African builder of ecosystems of financial infrastructure and services for markets”.

Details of these stakeholder engagements can be found in the Strategic Report section of the Annual Report.

MARKETS

Strategic Agenda

Our Strategic Agenda is to promote responsible business practices and sustainable development in our markets and wider economy.

SDG Impact Area



FMDQ Group continually commits to playing a frontal role in the sustainable development of the Nigerian financial markets through the development of a sustainable finance ecosystem, the advancement of sustainable finance initiatives, the establishment of relevant ESG partnerships and collaborations, and through education and capacity building in the financial markets, in order to support the transition towards a sustainable future.

Sustainable Finance Initiatives and Capacity Building

The Nigerian Green Bond Market Development Programme

To support the entrenchment of sustainable finance in the Nigerian financial markets, the Nigerian Green Bond Market Development Programme was launched in 2018 to create awareness and drive education required to integrate the principles of green financing into the Nigerian DCM, thereby facilitating the establishment and development of the nation's green bond market.

As part of the efforts of the Nigerian Green Bond Market Development Programme to continuously build the capacity of potential issuers in the Nigerian debt capital markets across diverse sectors, FMDQ Group, Climate Bonds Initiative (CBI) and Financial Sector Deepening (FSD) Africa executed a webinar targeted at capital market intermediaries. The session, themed “Developing a Vibrant Nigerian Green Bond Market”, focused on Green Bond Labelling, Climate Bond Taxonomy and Green Energy Transition, and the Securities and Exchange Commission's Green Bond Issuance Rules.

During the period in review, the Implementing Partners of the Nigerian Green Bond Market Development Programme – FMDQ Group and FSD Africa – and the Lagos State Government executed a MoU to facilitate the issuance of the maiden Lagos State Green Bond and other sustainability-linked debt securities towards achieving the global SDGs.

More update on the Nigerian Green Bond Market Development Programme can be found in the External Governance Section.

Launch of Africa's Premier Green Exchange – FMDQ Green Exchange

FMDQ Group, through its wholly owned subsidiary, FMDQ Exchange, launched the pioneer Green Exchange in Africa – FMDQ Green Exchange, a platform specifically for green and sustainable securities. FMDQ Green Exchange is a virtual information repository platform dedicated to driving the growth of green and sustainable securities and providing reliable green data in the Nigerian financial markets – through promoting transparency, good governance, and compliance – by showcasing securities issuances that align with global Environmental, Social and Governance (ESG) principles.

Financial Centre for Sustainability, Lagos

Following the successful launch of the FC4S, Lagos, with the aim of accelerating the expansion of sustainable finance in Nigeria and showcasing Lagos as a key financial centre working towards the implementation of the SDGs, FC4S, Lagos, in collaboration with FMDQ Group, actively participated in the following initiatives:

- The maiden Naija SDGs Fintech Hackathon (the Hackathon), executed with the support of the Office of the Vice President, Access Bank PLC, Nigeria Climate Innovation Centre (NCIC) and AfriHacks, focused on exploring the innovative capabilities of Nigerian youths in providing solutions to the SDGs by leveraging FinTech
- The maiden Water Sanitation & Hygiene (WASH) Open Innovation Fair, organised in collaboration with the NCIC, and in conjunction with IHS Towers, to support the country's drive to end open defecation by 2025. The event focused on the UN SDGs 6 (Clean Water & Sanitation) and featured the exhibition of homegrown innovative products by several micro, small and medium-sized enterprises
- The execution of an MoU with the Development Bank of Nigeria and the NCIC to develop a Green SMEs Fund (the Fund). The Fund, when operational, will take steps to enhance the ecosystem for the funding of Green SMEs via venture/project pipelining, review of SMEs project ideation and design for alignment with globally accepted taxonomy on climate finance/sustainability standards, deliver capacity building/training sessions for SMEs to ensure financial readiness and carve out dedicated funds for women-led SMEs in the new green economy, etc.

More information can be found in the Update Report of Financial Centre for Sustainability, Lagos Section.

Partnerships

In a bid to promote sustainable markets and enhance corporate performance in relation to environmental, social and governance, FMDQ Group has partnered and actively participates with various local and international organisations and initiatives:

- UN Global Compact – supporting principles
- World Federation of Exchanges – Full Member
- UN Sustainable Stock Exchange Initiative (SSEI) – Observer status
- African Securities Exchange Association (ASEA) – Full Member
- International Organisation of Securities Commissions (IOSCO) – World Investor Week
- Ring the Bell for Gender Equality
- Ring the Bell for Financial Literacy

FMDQ actively participates in their Working Groups, where discussions on sustainable finance, ESG practices, focus areas, trends, etc., are analysed and assessed, for adoption by financial market infrastructures, in order to integrate sustainability across business operations and markets.

PEOPLE

Strategic Agenda

FMDQ Group is committed to creating a work environment that attracts, fosters, engagement and retains talented employees of diverse backgrounds to fulfil their potential.

SDG Impact Area



At FMDQ Group, we acknowledge that our people are our most valuable assets, and we appreciate their contribution to the achievement of the Company's goals. In recognition of the crucial role that our people play in delivering value to our stakeholders, we continually ensure that our talent management practices evolve with the changing times, driving talent engagement and retention within a high-performance environment.

We are positioned to attract and retain the best talent by ensuring our work culture remains inclusive, intellectually stimulating and challenging, offering growth opportunities that provide personal and professional fulfillment. Further to our manpower needs for 2021, thirteen (13) new employees were hired into the various companies of the Group.

Learning and Development

Talent development – A critical success factor at FMDQ Group is our commitment to the development of our people. Our approach to talent development sees us utilise formal, informal and semi-formal approaches to learning. Using a variety of training and training types, webinars/conferences and staff empowerment sessions, we are able to drive a culture of continuous learning within the organisation. Consequently, 97.00% of staff members were trained during the year in a variety of areas including:

- Technical training sessions focused on financial market development, understanding of the capital market, risk management, derivatives, information security awareness, audit, compliance, human resource, and information technology
- Soft skills training sessions focused on personal effectiveness, supervision, management and leadership
- Workshops on Design Thinking and Agile methodology

Knowledge Sharing/Empowerment Sessions – These held in the year, with a focus on Private Capital in Nigeria, Essentials of Exchange Traded Derivatives, Central Counterparties, Getting Agile with SCRUM, as well as a roundtable on OTC FX Future.

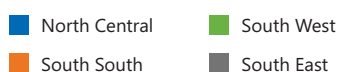
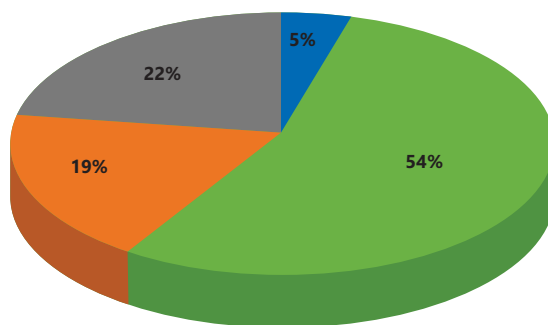
Diversity and Inclusion

At FMDQ Group, we aim to attract and retain the best talent as we acknowledge the strength that comes from a diverse workforce. We are therefore focused on building a culture where we support all our people to balance their career ambitions. We do not discriminate on the grounds of gender, ethnicity, physical appearance or disability, age, sexual orientation, religion, socio-economic background, among others. We value, respect, and leverage the creative potential and unique contributions that individuals bring in proffering innovative solutions that deliver positive business results.

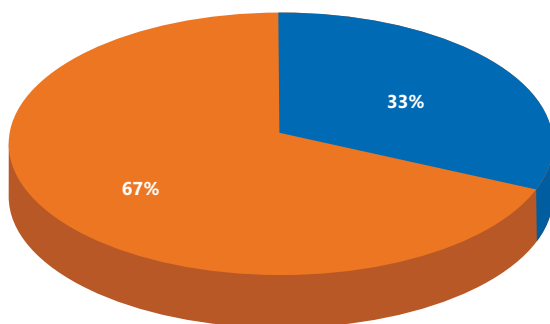
With a total staff strength of ninety (90) as of December 31, 2021, FMDQ Group's recognition and appreciation of the ethnic diversity in Nigeria is apparent. As a Group, we take deliberate steps in ensuring that our recruitment and talent management practices are devoid of unethical practices, while constantly promoting a culture of inclusion.

Gender equality in FMDQ Group is not just a goal but a system that the Group remains steadfast in its zeal to succeed. At FMDQ Group, opportunities are provided to all staff to thrive regardless of their gender. This is evident in the continuous increased representation of women across all levels.

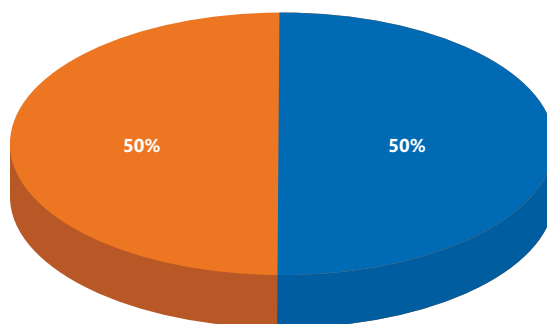
Ethnicity Distribution



Managing Director

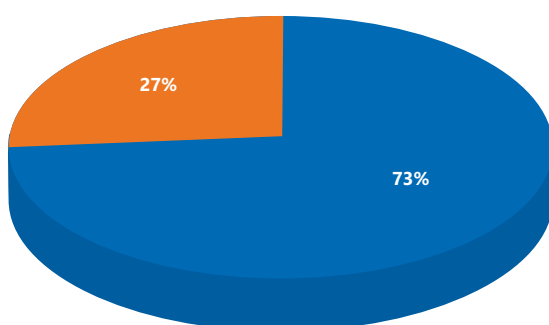


Executive Committee

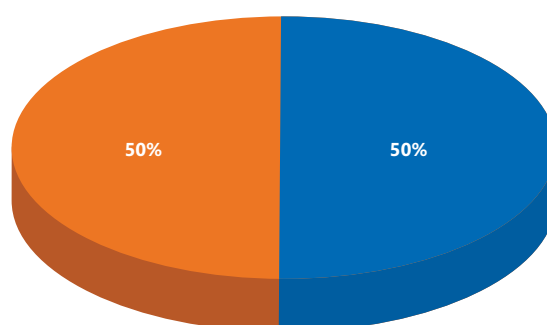


Gender Representation as of December 31, 2021

Business Executives



All Staff



In support of the UN SDG 5 focused on the achievement of gender equality through the empowerment of women and girls, FMDQ Group commemorated the 2021 International Women's Day, by joining one hundred and six (106) other global exchanges and CCPs to participate in the “Ring the Bell for Gender Equality” Ceremony, where male and female Business Executives gathered for the Ceremony to raise awareness about the case for women's economic empowerment, and the available opportunities for the private sector to advance gender equality and sustainable development.

The Bell Ringing Ceremony was followed by a commemorative virtual event which featured, amongst other activities, a Presentation, tagged “Challenging Gender Norms, Staying Relevant and Improving Yourself in the COVID-19 Era and Beyond”, and a Mental Health Talk on “Taking care of your mind and body in the COVID-19 Era and Beyond”. FMDQ employees also got the opportunity to learn directly from the Chief Executive Officer, FMDQ Group, Mr. Bola Onadele. Koko, during a fireside chat, where he spoke to the gender norms he chooses to challenge and how to remain relevant in the industry. The virtual event was brought to a mouth-watering end with a fine-dining chef who provided some culinary entertainment, via a cooking session on how to whip up quick healthy meals.



Health and Wellbeing

The health and well-being of employees is a priority at FMDQ Group. To this end, great care was taken to ensure that employees have the requisite information and resources to make informed decisions about all facets of health and well-being, including physical and mental health.

As we continued to adjust to living with COVID-19 and other stressors, deliberate care was taken to regularly ascertain the well-being of staff, review and make changes to working conditions, provide improved health care packages and benefits, in addition to continued staff education/enlightenment.

Highlights of such activities include:

- Health Talks on:
 - Hypertension
 - My Heart, My Life (cutting across cardiovascular, lifestyle and mental health issues)
 - COVID-19 (the virus & vaccine)
 - Building a Wholesome Lifestyle
- Health Checks:
 - Provision of an annual comprehensive health check for all staff through our healthcare providers
 - Provision of a basic health check session (Height, Weight, BMI, Blood Pressure, Blood Sugar and Eye test) for all employees at Exchange Place, FMDQ's Business Complex

FMDQ's People Agenda

In our employees, we have our most valued asset. The consciousness of this fact guides our every action and decision-making process. We are firmly committed to creating a work environment that attracts, fosters engagement, and retains talented employees of diverse backgrounds to fulfil their potential. FMDQ Group strives to promote a culture driven by Teamwork & Collaboration, Innovation, Integrity and Value-adding.

In our daily endeavours, we exhibit a DNA engrained in Passion and Vision, Career Mindedness and Long-Term Focus, Courage and Diligence, and Doggedness and Resilience. We are committed to actively driving employee engagement and ensuring that our people are empowered to grow whilst delivering value to all our stakeholders.

To support the engagement and growth of our people, we utilise a mix of learning interventions and incentives to promote a continuous learning culture. Furthermore, staff are exposed to stimulating work that constantly stretches their minds and capacity leading to unrivalled personal and professional growth.

Utilising a competitive, performance-driven remuneration strategy, in addition to our learning efforts which focus on building technical and soft skills, our promise to our people is one of assured growth, job satisfaction and fulfilment.

At FMDQ Group, we hire individual with potential and deploy significant resources in nurturing, grooming and developing these employees to meet the scarce and specialised talent needs of our business.

COMMUNITY

Strategic Agenda

To champion financial markets education for the next generation & empower the communities in which we operate to advance socio-economic development in our nation.

SDG Impact Area



Corporate Philanthropy

During the year, the Group extended support to its four (4) partner charities – Echoes of Mercy and Hope Foundation, Holy Family Home for the Elderly, Living Fountain Orphanage and Modupe Cole Memorial Childcare and Treatment Home/School - through the FMDQ Staff CSR Initiative, where funds raised from auctions carried out on gifts and honorariums received by FMDQ employees are donated to these charity organisations. The employees participated in a digital auction, where all gifts received from stakeholders were auctioned to the highest bidder.

In line with the Group's Corporate Matching Gift Policy, funds raised by employees from the auction were matched by FMDQ Group, increasing the total amount raised to ₦2.70 million. Donations of food and household items were also made to the partner charities, to show its consistent support to their welfare and development.

Furthermore, FMDQ Group supported the Ike Foundation for Autism, a non-profit and non-Governmental Organisation dedicated to serving all persons living with autism in Nigeria and Africa, with a donation of the sum of ₦5.00 million, to support its mission to provide dedicated support through Health, Education, Awareness/Advocacy, and Learning for people living with autism spectrum disorder in Nigeria and Africa and enable them to achieve their full potential and live productive lives.



Corporate Social investment

In recognition of the integral role financial education plays in building a sustainable financial future, and as a champion for the empowerment of the next generation of Nigerians, FMDQ Next Generation Financial Markets Empowerment Programme (FMDQ-Next), since its launch in 2018 to promote financial market awareness and literacy among students across all levels (primary, secondary, tertiary), as well as fresh graduates, has throughout the year continued to educate and build the financial resilience of the next generation, as well as contribute to the socio-economic development of its immediate communities.

More information is captured in the Corporate Responsibility Report.

Employee Volunteering

FMDQ employees continued to give their time, knowledge and expertise to its communities, through virtual engagements via the FMDQ-Next Initiative, where they teach and provide the students with practical knowledge on financial market concepts, how to make sound financial decisions, the different investment vehicles available, practical steps to take on commencing their investing journey and key attitudes for wealth creation and career advice, amongst others. In 2021, FMDQ employees contributed over one hundred and sixteen (116) volunteer hours educating and equipping the next generation with the required knowledge and skills to navigate and succeed in the future.

Ring the Bell for Financial Literacy

In commemoration of the 2021 World Investor Week, hosted by the WFE, the global industry group for Exchanges and Central Counterparties, in partnership with the IOSCO, FMDQ Group joined the world's Exchanges to celebrate the WIW 2021 through targeted social media campaigns, which showcased the Group's contributions to investor education and financial literacy. A virtual “Ring the Bell for Financial Literacy” Ceremony was also held to create awareness on the importance of investor protection and to promote financial literacy.

FMDQ Group is committed to investor education and financial literacy which are executed through its financial market education initiatives – FMDQ Academy, and FMDQ-Next, its flagship corporate responsibility initiative.



ENVIRONMENT

Strategic Agenda

FMDQ Group is committed to actively managing the environmental impacts derived from running the Company's operations.

SDG Impact Area



Climate change is one of the defining issues of our time. From shifting weather patterns that threaten food production to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Without drastic action today, adapting to these impacts in the future will be more difficult and costly.

At FMDQ Group, we embrace our responsibility to understand and minimise our direct environmental impacts. In addition to the deployment of tried and tested solutions to reduce emissions and promote better climate awareness amongst FMDQ employees, we are also committed to building a mindful culture that is eco-conscious and one which commits itself to conservation and eco-friendly sustainable business practices.

In 2021, the Company channeled efforts towards the reduction of electricity consumption through the enforcement of a Work from Home Policy, which, in addition to supporting a healthy work-life balance, the energy use at Exchange Place was reduced as the office was closed to most of the staff members. Also, the Group continued to use energy-saving LED lighting and motion detectors in some enclosed office areas to control energy usage. Staff members were also mandated to turn off lights and equipment when not in use. The limited use of generators and reduced commute time to work by employees, driven by remote working as well as the close to zero business travel journeys, resulted in a significant reduction in our corporate carbon emission.

In addition to this, we continued to reduce the overall amount of paper use, as all documents that previously required physical print were now disseminated via digital channels and saw cost savings from ink use as printing had reduced significantly, thereby promoting a greener environment.

A fundamental part of FMDQ Group's commitment to facilitating a greener environment is hinged around waste prevention and recycling. While prevention will minimise or eliminate waste through proper sensitisation and adoption of best practices company-wide, recycling will commence with the collection of recyclables generated at FMDQ Group, reducing the negative environmental impacts derived from the Group and operational costs as a result of the internal drive on conservation and recycling.

FMDQ Group will continue to play a significant role in the drive to curb the impact of climate change through advocacy and increased investment in sustainability-linked financial instruments and further reduction in carbon emissions, energy and water consumption.

SPECIAL REPORT ON FMDQ GREEN EXCHANGE

FMDQ Group, through its wholly owned subsidiary, FMDQ Exchange, in November 2021, launched the pioneer Green Exchange in Africa – FMDQ Green Exchange - introducing a platform specifically for green and sustainable securities. FMDQ Green Exchange is a virtual information platform dedicated to driving the growth of green and sustainable securities and providing reliable green data in the Nigerian financial markets – through promoting transparency, good governance, and compliance – by showcasing securities issuances that align with global ESG principles.

The FMDQ Green Exchange was launched in a prestigious ceremony that saw the virtual and physical attendance of the Nigerian financial markets stakeholders, including the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu as the Special Guest of Honour (ably represented by the Special Adviser to the Lagos State Government on the SDGs and Investments), the Director-General of the Securities and Exchange Commission, Nigeria, Mr. Lamido Yuguda, the pioneer Issuers of green securities on FMDQ Exchange – Debt Management Office, Nigeria, Access Bank PLC, and North South Power Company Limited, sustainability enthusiasts, as well as notable stakeholders in the global sustainable finance space, amongst others.





FMDQ Green Exchange will provide a one-stop repository for all green and sustainable debt securities listed on FMDQ Exchange, affording issuers increased visibility throughout the life of such securities, via the publication of relevant information and data. FMDQ Green Exchange will also provide relevant stakeholders with access to ESG-related resources and data by displaying data/information for green and sustainable securities, thereby providing quicker access to the niche segment, improving visibility for such securities (and their issuers), and enhancing knowledge and education for investors, issuers, etc., in the green and sustainable finance space.

As of December 2021, FMDQ Green Exchange had listed five (5) green bonds, with a total value of c. ₦55.52 billion, namely:

- i. The Access Bank PLC ₦15.00 billion 5-Year 15.50% Fixed Rate Unsecured Green Bond Due 2024
- ii. The NSP-SPV PowerCorp PLC ₦8.50 billion 15-Year 15.60% Series 1 Guaranteed Fixed Rated Senior Infrastructure Green Bond Due 2034
- iii. The NSP-SPV PowerCorp PLC ₦6.32 billion 10-Year 12.00% Series 2 Fixed Rate Senior Green Bond Due 2031
- iv. The Federal Government of Nigeria ₦15.00 billion 7-Year 14.50% Fixed Rate Green Bond Due 2026
- v. The Federal Government of Nigeria ₦10.69 billion 5-Year 13.48% Fixed Rate Green Bond Due 2022

Issuers looking to include their green and sustainable securities on FMDQ Green Exchange can send an email to lqg@fmdqgroup.com.



Report on Financial Centre for Sustainability, Lagos

The Financial Centre for Sustainability (FC4S), Lagos was admitted in 2019 into the global network of the UN-convened FC4S, as the 23rd member of the FC4S Network, joining New York, London, Geneva, Shanghai, amongst others, with a mission “To position Nigeria as a leading market in sustainability principles through investments, innovation, partnerships and capacity development”.

Global & Regional Network Activities:

With global attention increasingly focused on the building of a climate-resilient environment and the implementation of the 2030 UN SDGs in recent years, the membership of the International Network of Financial Centres for Sustainability (the Network), Geneva expectedly, increased from thirty-three (33) in December 2020 to thirty-nine (39) as of December 2021.

In 2021, FC4S, Lagos was appointed to the Steering Committee of the Network and leveraged this position to secure support from the Network on some key projects and initiatives in Nigeria including:

- (i) Pipeline Builder Project led by Groundup, Geneva, aimed at building a pipeline of viable green projects and connecting same with international investors
- (ii) Green Tagging Project, aimed at examining the extent to which Nigerian Banks are lending to climate friendly projects. The Green Tagging Project was supported by the Global Environment Facility, with Climate Bonds Initiative as the technical partners and featured an international bank, a national bank and a regional bank

Over the course of the year, the following activities took place:

- a) **SDGs Fintech Hackathon:** In March 2021, FC4S Lagos executed the maiden Naija SDGs Fintech Hackathon (the Hackathon) with the support of the Office of the Vice President, Access Bank PLC, Nigeria Climate Innovation Centre (NCIC) and AfriHacks – a Canada based technology firm. The Hackathon, which focused on leveraging the innovative capabilities of Nigerian youths aged between 18 and 34 years to resolve the SDGs, had three hundred and eighty-six (386) participants (31% of which were women hackers), 41 innovative projects and 11 Guest Speakers including the Vice President of Nigeria, His Excellency, Prof. Yemi Osinbajo, GCON, SAN. The winners of the Hackathon received grants of Five Hundred Thousand Naira (₦500,000.00) each and have progressed to registering their own business names
- b) **WASH Open Innovation Fair:** FC4S Lagos partnered with IHS Towers and the NCIC in 2021 to organise the maiden Water Sanitation & Hygiene (WASH) Open Innovation Fair as part of efforts to support the country's drive to end open defecation by 2025. The event was focused on Goal 6 of the SDGs (Clean Water & Sanitation) and featured the exhibition of homegrown innovative products by several micro, small and medium-sized enterprises

- c) **Green SMEs Fund:** To enhance access to finance for Green SMEs in Nigeria, FC4S Lagos, in line with Goal 17- Partnership for the Goals, signed a Memorandum of Understanding with the Development Bank of Nigeria and the NCIC to develop a Green SMEs Fund (the Fund). The Fund, when operational, will take steps to enhance the ecosystem for the funding of Green SMEs via venture/project pipelining, review of SMEs project ideation and design for alignment with globally accepted taxonomy on climate finance/sustainability standards, deliver capacity building/training sessions for SMEs to ensure financial readiness and carve out dedicated funds for women-led SMEs in the new green economy, etc.
- d) **Other Collaborations/Partnerships:** Within the review period, FC4S Lagos secured a partnership with the Manufacturing Africa consortium led by McKinsey & Co, to increase access to funding for large-scale green manufacturing projects. FC4S Lagos also reached out to Climate Finance Accelerator, Nigeria, to seek local and international funding for some of the smart green projects in its portfolio. Furthermore, the Secretariat leveraged its partnership with the Casablanca Finance City Authority to connect with the Moroccan Monetary Authority for possible collaboration on mutual projects of interest, including the development of a framework for Gender Bonds

Corporate Development

Corporate Strategy: Within the year, FC4S Lagos was supported by Management Transformation in the development of the Association's Five-year Strategic Plan (2022 – 2026) based on the guiding principles received from the Governance Board in its inaugural meetings in 2019.

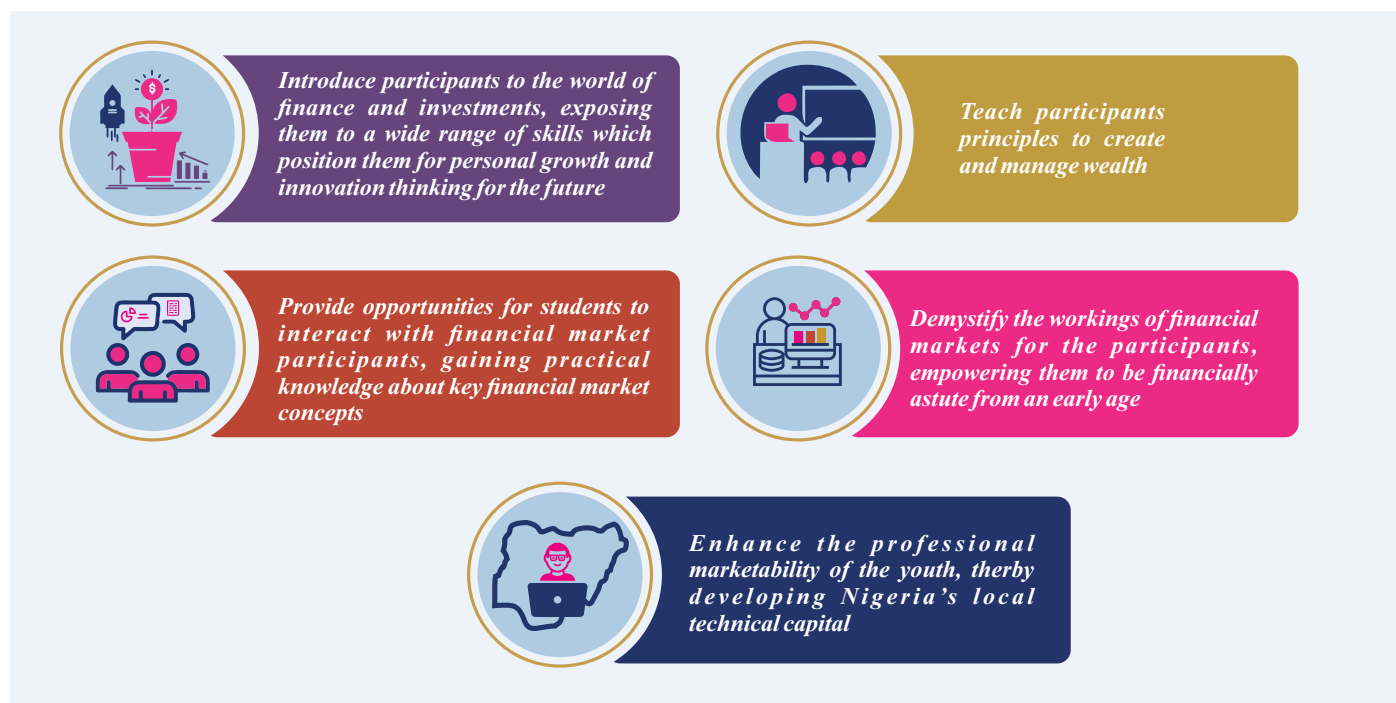
Grants/Donations: FC4S Lagos was able to secure grants from Access Bank PLC and IHS-Nigeria towards the implementation of its SDGs Fintech Hackathon and the WASH Open Innovation Fair. The Association also received financial support from FMDQ Group to support the execution of these initiatives.

Corporate Responsibility Report

As a socially responsible organisation with a strong understanding of the significant role it plays in helping solve some critical societal issues, FMDQ Group has identified the ways in which it can support its host communities through championing financial market education for the next generation and the empowerment of the communities in which it operates, to advance socio-economic development in the country.

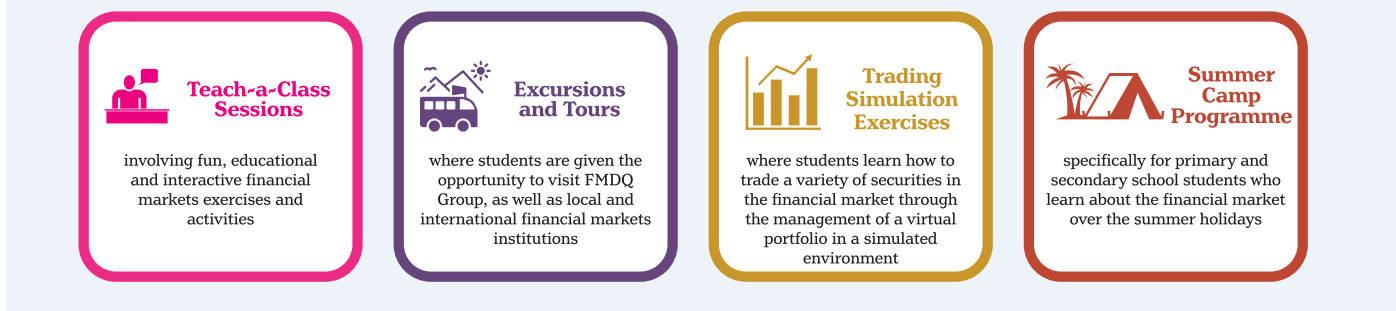


FMDQ-Next is a learning and development initiative aimed at promoting financial market awareness and literacy among students across all levels (primary, secondary, tertiary), as well as fresh graduates. The Initiative was launched in July 2018 to:



FMDQ-Next is FMDQ Group's flagship corporate responsibility programme, a learning and development initiative aimed at promoting financial market awareness and literacy among students across all levels (primary, secondary and tertiary), as well as fresh graduates within the country, empowering the next generation of Nigerian youth to be financially astute, ultimately adding value to their society in the future.

The FMDQ-Next Initiative has developed several exciting programmes, which include:



FMDQ-Next Virtual Financial Literacy Series

FMDQ-Next, kicked off the year with the commemoration of the 2021 Global Money Week (GMW). The GMW is an annual global programme organised by the Organisation of Economic Co-operation and Development/International Network on Financial Education, to promote and raise awareness of the importance of ensuring that young people from an early age, are financially aware, equipped with the knowledge, skills and attitudes required to make sound financial decisions and ultimately achieve financial well-being and financial resilience.

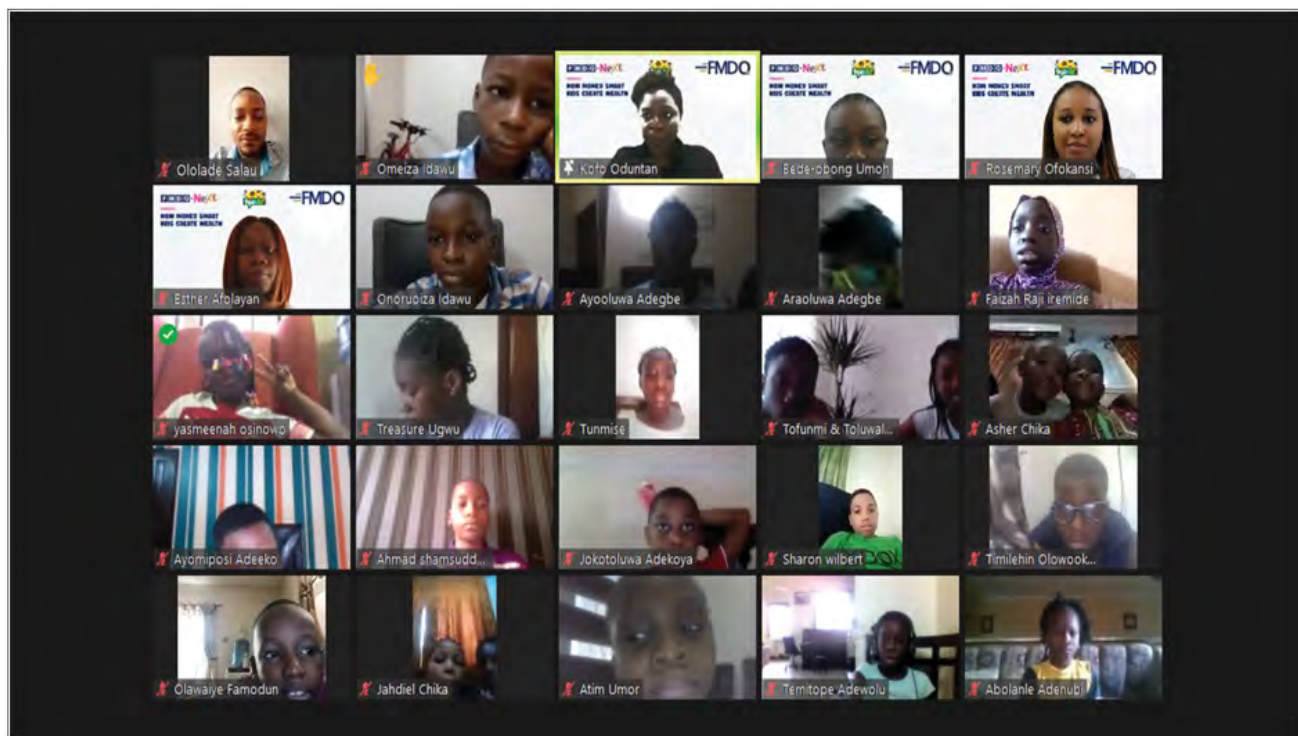


The 2021 GMW celebration was marked with a 2-Day Financial Literacy Webinar, themed "Building Financial Resilience and Starting your Career Right". The FMDQ-Next Webinar was targeted at university students to provide them with financial market knowledge, information on the various investment vehicles available, practical steps to take when starting their investing journey in order to create more wealth, and career advice on the key steps to take to build and sustain a successful career. The participants had an exciting time learning, and engaging in quizzes, interactive financial market games, and other fun activities.

Furthermore, in commemoration of Children's Day, an annual event marked in Nigeria, to celebrate children and raise awareness about issues that affect children, FMDQ Group, in line with its Corporate Responsibility Agenda, to support growth and development in its immediate host communities and to promote financial literacy for the next generation, in support of SDG 1 - No Poverty and SDG 4 – Quality Education, marked the Children's Day.

FMDQ-Next, in partnership with 9ijakids - an edutech company focused on enhancing the learning experience of kids –, held a webinar, themed, "How Money Smart Kids Create Wealth", for children between the ages of 8 and 14 years. The aim of the financial literacy webinar was to equip all the participants with knowledge on the value of money and savings, basic financial market concepts, the different investment vehicles available, practical steps to take on commencing their investing journey and key attitudes for wealth creation.

The participants also had an opportunity to hear directly from a "kidpreneur" – Oneil Shallangwa, a 15-year-old entrepreneur, who is the founder of iSave Nigeria, a business that focuses on teaching both adults and kids the importance of financial discipline using modern and creative boxes to change lives one day at a time. The participants had an exciting time learning, playing fun and interactive financial market games and other energising activities, with a competition at the end to assess the knowledge learnt during the webinar.



Acknowledging the pivotal role which the upcoming generation play in shaping the future of the nation, FMDQ Group will continually seek out opportunities to make a significant impact in the development of the next generation by consistently innovating and implementing initiatives to ensure the next generation of Nigerians are financially empowered to build a sustainable future and equipped with the right tools to navigate and succeed in the future.

Key Highlights





Governance Structure

- Corporate Governance Report
- Company's Remuneration Policy

Governance Structure

Corporate Governance Report

a. FMDQ's Approach to Corporate Governance

FMDQ Group is strongly committed to strong corporate governance as the Company recognises the role of good corporate governance practices on the efficacy of the Board of Directors (the Board). The Board, therefore, is fully devoted to ensuring that the Company meets best practice corporate governance principles and adheres to high ethical standards, values and behaviours. To this end, the Board has put in place relevant structures, policies and processes to ensure adherence with the *Securities and Exchange Commission Corporate Governance Guidelines, 2020*, the *Nigerian Code of Corporate Governance, 2018*, the relevant provisions of extant laws—such as, but not limited to the *Investments and Securities Act, 2007*, the *Companies and Allied Matters Act 2020*, etc.—and global best practices, to deliver sustainable value for the Company's shareholders, employees, communities, and other stakeholders. The responsibilities of the Board are detailed in the Board Charter. The Board's conduct is also governed by the Company's Memorandum and Articles of Association. All Board Committees have charters that inform their activities.

The Company's guiding corporate governance principles are documented in the *Corporate Governance Manual*. This document, along with all the other corporate governance documents (such as, but not limited to, Whistleblowing Policy, Corporate Communications Policy, Insider Dealing Policy, Anti-money Laundering and Combating the Financing of Terrorism Policy, etc.) which underpin the Company's governance architecture, are regularly updated from time to time.

The Company's approach to corporate governance is guided by the following core principles, which, as noted, are enshrined in the *Corporate Governance Manual*:

Principle	Description
Ethical Culture	Trust, integrity and good governance shall be hallmarks of the Board's governance approach. In setting the tone at the top, the Board shall nurture the strong corporate values that are well entrenched in the culture of the Company and reinforce the ethical principles on which FMDQ Group's reputation and success are founded. These values shall be extended into every segment of the Company's operations and business activities.
Stewardship	<p>The members of the Board shall be the stewards of the Company, exercising independent judgment in supervising Management and safeguarding the interests of shareholders, and strengthening its focus as an FMI Group.</p> <p>In fulfilling its stewardship role, the Board shall seek to instil and foster a corporate environment founded on integrity and to provide Management with sound guidance in pursuit of long-term shareholder value, safeguarding the integrity of the Group.</p>
Independence	Independence from Management is fundamental to its role, and, in order to ensure that this independence continues to inform the Board's decision-making process, the Board shall put effective mechanisms in place to safeguard this independence. Also, it will be ensured that Independent Non-Executive Directors sit on the Board in order to see to it that the Board does not itself become an echo-chamber.
Oversight of Strategy	The members of the Board are the key advisors to Management, overseeing strategic direction and the formulation of plans, considering both the opportunities and risks of FMDQ's businesses. In carrying out this oversight role, the Board shall actively engage in setting the long-term strategic goals for the organisation, reviewing and approving business strategies, corporate financial objectives and financial and capital plans that are consistent with the strategic goals, and monitoring the Company's performance in executing strategies and meeting objectives.

Principle	Description
Oversight of Risk	A key priority of the Board shall be embedding a strong risk management culture throughout the organisation and overseeing the frameworks, policies and processes adopted to identify principal risks to the business and systems implemented to manage those risks. The Board shall actively monitor the Company's risk profile relative to risk appetite and shall seek to ensure that Management's plans and activities provide an appropriate balance of return for the risks assumed and are prudently focused on generating shareholder value and safeguarding the integrity of the Group.
Accountability & Transparency	<p>The Board shall carefully define the expectations and scope of duties of the Board, its Committees and Management and shall be accountable to FMDQ Group's shareholders, as well as other stakeholders and the SEC.</p> <p>Transparency is fundamental to good governance, and the Board shall take seriously FMDQ Group's commitment to constructive stakeholder engagement, clear and comprehensive disclosure and financial reporting and its role as a public interest entity.</p>
Continuous Improvement	<p>The Board shall be committed to continuous improvement of FMDQ Group's corporate governance principles, policies, and practices, which are designed to align the interests of the Board and Management with those of shareholders, to support the stewardship role of the Board, and to enhance the Board's ability to safeguard the interests of shareholders through independent supervision of Management.</p> <p>To ensure that these policies and practices meet or exceed evolving best practices and regulatory expectations, the Group's corporate governance system shall be subject to ongoing review by the Group Board Governance and Human Resources Committee.</p>

b. Compliance with the Securities and Exchange Commission's Corporate Governance Guidelines 2020, the Nigerian Code of Corporate Governance 2018, and Required Assurances

Throughout the year ended December 31, 2021, the Company sought to comply with the provisions of the SEC Corporate Governance Guidelines (SCGG) and the Nigerian Code of Corporate Governance (NCCG). The Company, as such, applied the principles of the SCGG and the NCCG to its corporate governance structure and practices.

The Board assures stakeholders that an able internal audit function exists in the Company and that, similarly, the risk management control and compliance functions and mechanisms are operational and functional within the Company.

c. Shareholding

The Company is owned by the following:

- Central Bank of Nigeria
- Financial Market Dealers Association (FMDA)
- NSE Consult Limited (a fully owned subsidiary of the Nigerian Exchange Group)
- Eighteen (18) commercial banks, four (4) merchant banks and one (1) discount house

d. Cross-shareholding

The Company does not hold shares or rights in any entity that is a shareholder of FMDQ Group; hence there is no cross shareholding.

e. Board of Directors

The Board of FMDQ Group is accountable to its shareholders for the overall direction and control of the Company. It is committed to high standards of governance designed to protect the interests of its shareholders and all other stakeholders, while promoting the highest standards of integrity, transparency, and accountability. The profiles of the Company's Directors are set out on the Company's website: <https://www.fmdqgroup.com/about/board-of-directors/> and contained in the Organisation Design Chapter of this Report.

The Board is duly constituted to provide support for, and control of the activities of the Executive Committee—chaired by the Chief Executive Officer—to ensure effective day-to-day management of the Company. The Board is responsible for monitoring Management's implementation of the Company's strategic plans and initiatives for the long-term benefit of the Company and its shareholders. Directors act in a manner that will enhance the value of shareholders by exercising reasonable care, skills, diligence, and independent judgment, whilst taking into consideration the impact of the business on the community and the interest of stakeholders. The Board has adopted a formal schedule of matters specifically reserved to it. Key matters reserved to the Board are set out in the table which follows:

Power	Power Components
Strategy & Management	<ul style="list-style-type: none"> Approval of the Company's Strategic Plan Review of delivery of the strategy and performance against Strategic Plan Approvals for recruitment and selection of Senior Vice President and above
Structure and Capital	<ul style="list-style-type: none"> Promotion to levels of Senior Vice President and above Proposal of major changes to the Company's corporate structure, excluding internal reorganisations, which may be approved by the Chief Executive Officer Proposal of changes relating to the Company's capital structure or its status as a PLC Approval of Capital Plan, as may be applicable
Legal Requirements	<ul style="list-style-type: none"> Approval of Financial Statements Proposal on appropriation of profits in line with the Company's Appropriation Policy Approval of Annual Report and Accounts Approval of any significant change in accounting policies or practices Appointment (or removal) of the Company Secretary Authorisation for Directors' conflicts or possible conflicts of interest Recommendation to the shareholders of the appointment or removal of auditors Approval of any significant change in accounting policies or practices Recommendation to the shareholders of the appointment or removal of auditors Approval of allotment of shares
Financial Dealings	<ul style="list-style-type: none"> Approval of annual budgets Approval of sale of assets in accordance with limits specified by the Board from time to time

Power	Power Components
Financial Dealings	<ul style="list-style-type: none"> Approval of capital expenditure or investments in accordance with limits specified by the Board from time to time Approval of leases Approval of accounting and investment policy Approval of changes in major banking relationships Approval of profit appropriation
Regulatory Requirements	<ul style="list-style-type: none"> Approval of resolutions and corresponding documentation for shareholders at Annual General Meetings Approval of all shareholder circulars, prospectuses, and listing particulars Approval of press releases concerning matters decided by the Board
Board Membership and Board Committees	<ul style="list-style-type: none"> Approval of FMDQ Board structure, size and composition, including appointments and removals Succession planning for the Board and Management Approval of FMDQ Group Board Committee membership Approval of continuation in office of Directors seeking re-election at the Annual General Meeting
Expenses in the Ordinary Course of Business	<ul style="list-style-type: none"> Approval of all expenses over ₦100.00 million in the ordinary course of business or as may be prescribed by the Board from time to time
Disposal of the Company's Fixed Assets	<ul style="list-style-type: none"> Approval of the disposal of assets in accordance with limits specified by the Board from time to time
Remuneration	<ul style="list-style-type: none"> Approval of the framework for remuneration packages of The Chief Executive Officer and Executive Directors Proposal of Chairman and Non-Executive Directors' remuneration Approval of the framework for remuneration packages of Executives in specialist roles Determination and authorisation of employee shares/compensation schemes
Corporate Governance	<ul style="list-style-type: none"> Approval for process of the Board performance evaluation process Determination of independence of Non-Executive Directors Approval of Corporate Governance Framework Appointment (or removal) of members of Executive Management
Delegation of Authority	<ul style="list-style-type: none"> Approval of Board and Board Committee Charters

f. Board Balance and Independence

The Board remains satisfied that it has the appropriate balance of skills, experience, independence, and knowledge to enable it and its committees discharge their duties and responsibilities effectively, as required by the NCCG and SEC Corporate Governance Guidelines. In the same vein, it is pertinent to note that the independence of the Board from Management is a notion that the Board takes seriously; to this end, the Board and all Board Committees are chaired by Non-Executive Directors, while the Group Board Regulation and Risk Management Committee (GBRRMC) — which is the Board Committee responsible for overseeing the Company's self-regulatory organisation franchise — is chaired by an Independent Non-Executive Director (INED). All Directors have access to the advice and services of the Company Secretary and the Board solicits for external opinion and counsel as and when required.

The Directors have a broad range of skills and experience and, thus, bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct, which are integral to the success of the Company.

g. Board Structure

As at December 31, 2021, the Board comprised of eight (8) Directors which include: four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director, who is the Chief Executive Officer. The Board is responsible for the governance of the Company and is committed to ensuring that effective corporate governance is put in place and adhered to.

As stipulated in the NCCG and the SCGG, the offices of Chairman and Chief Executive Officer are separate and distinct with a clear division of responsibilities. The Chairman provides leadership to the Board whilst ensuring its effectiveness in discharging its supervisory duties. The Board delegates responsibility for the day-to-day management of the Company to the Chief Executive Officer but retains responsibility for the overall strategy and direction of the Company. The Chief Executive Officer is the head of the Management Team who then delegates authority to the appropriate Senior Executives for specific activities and transactions.

During the reporting period, members of the Board of Directors were as follows:

S/N	Director	Role
1.	Dr. Kingsley Obiora (representing Central Bank of Nigeria)	Group Chairman
2.	Mr. Jibril Aku (representing FMDA Board of Trustees)	Group Vice Chairman
3.	Mr. Kennedy Uzoka (representing Systemically Important Banks)	Non-Executive Director
4.	Mr. Emeka Onwuka (Independent Non-Executive Director)	Non-Executive Director
5.	Ms. Daisy Ekinah (Independent Non-Executive Director)	Non-Executive Director
6.	Mr. Ebenezer Onyeagwu (representing Systemically Important Banks)	Non-Executive Director
7.	Mr. Sadiq Mohammed (Independent Non-Executive Director)	Non-Executive Director
8.	Mr. Bola Onadele. Koko (Chief Executive Officer)	Executive Director

h. Board Meeting Attendance in the Year Ended December 31, 2021

The attendance at Board meetings for the year ended December 31, 2021, is outlined as follows:

S/N	Director	Feb. 19	Mar. 31	Apr. 30	Jun. 16	Jul. 27	Oct. 29	Dec. 17
1.	Dr. Kingsley Obiora	✓	✓	✓	✓	✗	✓	✓
2.	Mr. Jibril Aku	✓	✓	✓	✓	✓	✓	✓
3.	Mr. Kennedy Uzoka	✓	✓	✓	✓	✓	✓	✓
4.	Mr. Emeka Onwuka	✓	✓	✓	✓	✗	✓	✓
5.	Ms. Daisy Ekineh	✓	✓	✓	✓	✓	✓	✗
6.	Mr. Ebenezer Onyeagwu	✓	✓	✓	✓	✓	✗	✓
7.	Mr. Sadiq Mohammed	✓	✓	✓	✓	✓	✓	✗
8.	Mr. Bola Onadele. Koko	✓	✓	✓	✓	✓	✓	✓

When meetings are arranged on short notice, every attempt is made to accommodate Directors' diaries; however, inevitably, not all Directors are able to attend all such meetings. When Directors have not been able to attend meetings due to conflicts in their schedule, they received and reviewed papers to be considered at the relevant meeting. Where they had comments or concerns on the matters to be discussed, they provided these to the Committee or Board in advance of the meeting, as relevant.

i. Appointments to the Board and Directors' Appointment Policy

With the Company's Articles of Association providing that section 285(1) and (2) of the Companies and Allied Matters Act, 2020 shall not apply, the Board has adopted a formal 'Directors' Appointment Policy', which outlines the policy to be observed when appointing Directors to the Board. It consists of: (i) a process flow; (ii) checklist; and (iii) the composition of the Board of Directors based on the Company's shareholding configuration from which Directors are to be selected.

The objectives of this Policy are:

- (a) to ensure that the process of appointing a Director is undertaken in an objective, clear and transparent manner;
- (b) to ensure that the appointments are made on the basis of an assessment of skills, knowledge, and experience, having regard to the nature of scope of the Company's objectives and activities; and
- (c) to outline the Board's composition, drawn from and representative of its shareholding configuration

A detailed appointment letter spelling out comprehensive terms as it relates to the role, duties and responsibilities, performance evaluation process, code of conduct and obligations on disclosures is issued to Directors upon joining the Board.

j. Compliance with Statutory Returns

The Board aimed to ensure all regulatory reports for 2021 were made to regulators promptly. No fine was levied against the Company in 2021.

k. Board Performance and Evaluation

As required by the SEC and FRCN Codes of Corporate Governance, PricewaterhouseCoopers Nigeria (PwC) was engaged to conduct the evaluation of the Company's Board and Corporate Governance practices for the year 2021. They commenced the evaluation process in April 2022, met with relevant personnel and examined relevant documentation. They also conducted interviews with the Board Chairman and Chairs of the Board Committees and administered questionnaires to the Directors and Management Team. Extracts in relation to the output of this processes which were transmitted to the Board by PwC are set out below:



PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 28 Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng TIN: 01536757-0000 LIRS Niger ID: C-367599
Partners: S. Abu, O. Adekoya, O. Adedira, T. Adeleke, W. Adetokunbo-Ajayi, A. Akingbade, U. Akpata, O. Akinkunle, C. Akinbo, E. Ertan, K. Ertan, U. Muoglin, C. Obaro, P. Olanrewaju, C. Ojochi, U. Ojinnah, O. Oshigbo, W. Osoedoye, P. Omonisan, O. Oshinubi, T. Oyedele, AB Rati, O. Ubah, Y. Yusuf

22 July 2022

The Chairman
FMDQ Group Plc
Exchange Place
35, Idowu Taylor Street
Victoria Island
Lagos

Dear Sir,

REPORT ON THE OUTCOME OF THE BOARD EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2021

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of FMDQ Group Plc ("FMDQ Group") as required by Principle 15 of the Nigerian Code of Corporate Governance ("NCCG") 2018 and the relevant recommended principles in the Securities & Exchange Commission Corporate Governance Guidelines ("SECCG"), 2020 for the period ended 31st December 2021.

Our responsibility was to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 13th April 2022. In carrying out the evaluation, we have relied on representations made by members of the Board and Management and on the documents provided for our review.

The Board has complied significantly with the provisions of the Codes. Areas of compliance include the Board's oversight of the Company's risk and compliance practices, oversight of the implementation of the Group's strategic plan as well as oversight of its financial performance.

Details of other findings and recommendations are contained in the full report.

We also facilitated a Self and Peer Assessment of each Director's performance in the year under review. This assessment covered the Director's time commitment to the business of FMDQ Group, commitment to continuous learning and development and a self-and-peer assessment. Each Individual Director's Assessment report was prepared and made available to them respectively, while a consolidated report of the performance of all Directors was submitted to the Board Chairman.

Yours faithfully,

for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659



PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 28 Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng TIN: 01536757-0000 LIRS Niger ID: C-367599
Partners: S. Abu, O. Adekoya, O. Adedira, T. Adeleke, W. Adetokunbo-Ajayi, A. Akingbade, U. Akpata, O. Akinkunle, C. Akinbo, E. Ertan, K. Ertan, U. Muoglin, C. Obaro, P. Olanrewaju, C. Ojochi, U. Ojinnah, O. Oshigbo, W. Osoedoye, P. Omonisan, O. Oshinubi, T. Oyedele, AB Rati, O. Ubah, Y. Yusuf

22 July 2022

The Chairman
FMDQ Group Plc
Exchange Place
35, Idowu Taylor Street
Victoria Island
Lagos

Dear Sir,

REPORT ON THE OUTCOME OF THE CORPORATE GOVERNANCE EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2021

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Corporate Governance practices of FMDQ Group Plc ("FMDQ Group") as required by Principle 15 of the Nigerian Code of Corporate Governance ("NCCG") 2018 and the relevant recommended principles in the Securities & Exchange Commission Corporate Governance Guidelines ("SECCG"), 2020 for the period ended 31st December 2021.

Our responsibility was to reach a conclusion on the Corporate Governance practices of the Group, based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 13th April 2022. In carrying out the evaluation, we have relied on representations made by members of the Board and Management of the Group, and on the documents provided for our review.

FMDQ Group has complied significantly with the principles set forth in the NCCG and SECCG. Areas of compliance include the Board's oversight of the implementation of the Groups' strategy, sustainability practices and stakeholder relationship management.

Details of other findings and recommendations are contained in the full report.

Yours faithfully,

for: PricewaterhouseCoopers Chartered Accountants

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659

l. Board Training and Development

Upon appointment to the Board, all Directors receive an onboarding pack, which helps to familiarise Directors with the Company's operations, and affairs, as well as the Company's strategy documents and the regulatory framework within which the Company operates. The onboarding session is usually organised by the Company Secretary and the Company's strategy function.

As part of the induction process, new Directors meet with the Company's Executives to receive briefings on operational matters and strategic initiatives to help inform their understanding of the Company's business operations and other relevant areas. The Company is committed to ensuring that Directors attend trainings to continually update their skills and knowledge of the Company's business, relevant operating environment, and overall economic landscape to assist them effectively discharge their duties.

m. Code of Business Conduct and Ethics for Directors and Conflict of Interest Policy

The Company has a robust Code of Business Conduct and Ethics for Directors, which sets out to ensure that Directors are making ethical decisions when performing their duties. This Code is intended to provide guidance to the Directors with respect to recognising and handling areas of ethical issues, information on how to report unethical conduct and to help foster a culture of openness and accountability.

The document applies to all Directors. Directors are encouraged to ask questions about circumstances that they require clarity as far as the provisions of the Code is concerned. Such questions should be directed to the attention of the Chairman of the Group Board Governance and Human Resources Committee who may consult with the Company Secretary, or external counsel, as appropriate.

In addition, the Board has adopted a Conflict of Interest Policy, which outlines guidelines and procedures in connection with the identification, disclosure, and management of any real, potential or perceived conflicts of interest on the Board of FMDQ Group. It provides a systematic mechanism for disclosing and evaluating potential and actual conflicts and procedures for the Board, or a committee with Board-delegated authority, in considering any transaction or arrangement where a conflict may exist.

The Policy is intended to supplement, not replace, applicable laws governing conflicts of interest, such as the *Companies and Allied Matters Act 2020*, the *Investments and Securities Act 2007* and any other relevant laws.

n. Whistleblowing Policy

Not applicable during the reporting period.

o. Audit Committee

The Statutory Audit Committee was established in accordance with the provisions of the *Companies and Allied Matters Act 2020*. The Committee is constituted of Non-Executive Directors and shareholders of the Company. The Non-Executive Directors who serve on the Committee are determined by the Board, while shareholders elect their representatives at the AGM of the Company. Any member may nominate a shareholder to the Committee by giving written notice of such nomination to the Company Secretary at least twenty-one (21) days before the AGM.

The composition and attendance chart of the Audit Committee for the period is set out as follows:

S/N	Members	Interest Represented	Mar. 29	Jul. 27	Oct. 25	Dec. 20
1.	Mr. Banjo Adegbohunge	Shareholders	✓	✓	✓	✓
2.	Mrs. Nneka Onyeali-Ikpe		✗	✓	✓	✗
3.	Mrs. Hamda Ambah*		✓	N/A	N/A	N/A
4.	Mrs. Bukola Smith**		N/A	✓	✓	✓
5.	Mr. Sadiq Mohammed***	Board of Directors	✓	✓	N/A	N/A
6.	Mr. Emeka Onwuka		✗	✗	✓	✓
7.	Mr. Ebenezer Onyeagwu		✓	✓	✓	✓

*-- Mrs. Ambah Retired on April 27, 2021, as the FSDH Merchant Bank Limited representative

**-- Mrs. Smith joined the Committee on April 28, 2021, as the FSDH Merchant Bank Limited representative

***-- Mr. Mohammed left the Committee on July 30, 2021, as a result of the new CAMA position requiring only two (2) representatives from the Board of Directors on the Audit Committee

N/A—means member was not a member of the Committee at the time of the subject meeting

p. Reports of Board Committees

The Board has, as noted above, adopted a formal Board charter that details the Board's role, authority, responsibilities, membership and operations. The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees. The Board has three (3) Board Committees. A summary of their activities during the reporting period is set out as follows:

▪ Group Board Regulatory and Risk Management Committee (GBRRMC)

The Committee was created by the Board to advance the Company's regulatory and supervisory functions in addition to exercising oversight over the nature, extent and approach of the Company's operational risk management plan.

The attendance at GBRRMC meetings for the year ended December 31, 2021, is outlined as follows:

S/N	Director	Meeting Dates			
		Apr. 16	Jul. 16	Oct. 15	Dec. 10
1.	Ms. Daisy Ekinah (Chair)	✓	✓	✓	✓
2.	Mr. Ebenezer Onyeagwu	✓	✓	✓	✓
3.	Mr. Sadiq Mohammed	✓	✓	✓	✓
4.	Mr. Bola Onadele. Koko	✓	✓	✓	✓

Activities for Period Under Review

During the period under review, GBRRMC sought to enhance the Company's risk management and control functions. The Committee, inter alia, received and approved the Risk Register and oversaw the Company's continued application of the Central Bank of Nigeria's Cybersecurity Framework Gaps Remediation.

▪ Group Board Finance and Strategy Committee (GBFSTC)

The Committee was created by the Board to oversee the Company's financial affairs, strategy, and operational structure/approach. The Committee supports and advises the Board in exercising this responsibility and exercises authority delegated to it by the Board in relation to matters set out as its mandate.

The attendance at GBFSTC meetings for the year ended December 31, 2021, is outlined as follows:

S/N	Director	Meeting Dates						
		Mar. 18	Mar. 29	April 15	April 29	July 15	Oct. 14	Dec. 9
1.	Mr. Jibril Aku (Chair)	✓	✓	✓	✓	✓	✓	✓
2.	Mr. Emeka Onwuka	✓	✓	✓	✓	✓	✓	✗
3.	Ms. Daisy Ekinah	✓	✓	✓	✓	✓	✓	✓
4.	Mr. Sadiq Mohammed	✓	✓	✓	✓	✓	✓	✓
5.	Mr. Bola Onadele. Koko*	✓	✓	✓	✗	✓	✓	✓

*Mr. Bola Onadele. Koko recused himself from the meeting on April 29, 2021, due to the issues to be considered at the meeting.

Activities for Period Under Review

During the period under review, the Committee, amongst other things, reviewed, and considered a revision of the FMDQ Group 2021 - 2025 Strategic Plan and approved the scope and initiatives of the FMDQ Foundation.

▪ **Group Board Governance and Human Resources Committee (GBGHRC)**

The Committee was created by the Board to oversee the Company's corporate governance and human capital structures.

The attendance at GBGHRC meetings for the year ended December 31, 2021, is outlined as follows:

S/N	Director	Meeting Dates					
		Jan. 12	Apr. 6	Apr. 16	Jun. 3	Jul. 22	Oct. 23
1.	Mr. Kennedy Uzoka (Chair)	✓	✓	✓	✓	✓	✓
2.	Mr. Emeka Onwuka	✓	✓	✓	✓	✓	✓
3.	Mr. Ebenezer Onyeagwu	✓	✓	✓	✓	×	✓
4.	Mr. Sadiq Mohammed	✓	✓	✓	✓	✓	✓

Activities for Period Under Review

During the period under review, the Committee, amongst other things, considered and presented to the Board for the ratification, nominations for Independent Non-Executive Director appointments across the Group. The Committee also approved the Policy for Long Service Awards, and oversaw the steps taken to bring FMDQ Group into conformity with the provisions of the Companies and Allied Matters Act 2020.

Company's Remuneration Policy

At FMDQ Group, our approach to remuneration is guided by a transparent, equitable and performance driven ideology that positions us to continually attract, retain and reward the best. It provides us with the opportunity to meet current market realities without sacrificing the long-term sustainability of the organisation. We implement a remuneration structure that rewards individuals based on the complexity of their roles, performance and overall value add to the organisation.

Policy Statement

The purpose of this Policy is to provide stakeholders with an understanding of the remuneration philosophy and policy applied by the Company for employees, Management and Directors (executive and non-executive). FMDQ Group believes in performance motivation with the use of a transparent reward system and has established this as a continued practice in the organisation.

Remuneration Philosophy

The Company's Board of Directors and its Governance and Human Resources Committee set a remuneration philosophy which is tailored to specific circumstances of the organisation in order to enable FMDQ attract, motivate and retain highly skilled and performing staff and Management, including Executive Directors. The philosophy is reflective of market best practices and incentivises all employees and the Non-Executive Directors (NEDs) to pursue the short and long-term growth and successes of FMDQ Group within an appropriate control framework, to promote sustainable value creation for shareholders.

The Company's remuneration scheme, which is objective, transparent and in line with best practices, shall also be subject to the following:

a) Transparent Communication/Non-Discriminatory Practices

- All forms of discrimination are not acceptable, i.e. race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, age, disability, religion, belief, political opinion, culture, language, etc.
- While remuneration in FMDQ Group shall be free of discriminatory distinction, objective distinction based on performance and demonstration of pre-defined competencies shall be applied
- All information required to take decisions regarding remuneration shall be communicated frankly and openly, while the confidentiality of the personal remuneration information of individuals shall be guarded
- The Company shall reward all staff fairly and consistently according to their roles and individual value-add to the organisation

b) Performance-driven Remuneration

- FMDQ Group strives to strengthen the link between performance and remuneration by establishing and operating a performance management system that makes it possible to differentiate between excellent, average and below average performers

c) Affordability

- FMDQ Group sets limits with regard to remuneration and other human resource costs, informed by its Strategic Plan, as well as consideration of the annual budgetary realities, peers' pay scales and inflation rate

d) Benchmarking

- FMDQ Group may participate in an annual benchmarking compensation/remuneration survey to determine the competitiveness and fairness of its pay structure

Remuneration Structure for Employees

The Company shall adopt a remuneration structure which is mindful of the total cost of each employee to the Company and allocates a total value to an employee's role/job content and Grade & Level, as approved by the Board Governance and Human Resources Committee.

Remuneration for Non-Executive Directors

NEDs shall receive fixed annual fees for service rendered on the Board and Board Committee meetings. The components of NEDs' remuneration may include:

- (i) A sitting allowance for each Board Committee and Board meetings attended during the year Chairing a Committee shall attract a higher allowance
- (ii) An annual vacation allowance for the NED and
- (iii) Any other as may be approved by the Board and shareholders of the Company

Compliance

The Company complies with all applicable laws and codes

Review

The Board Governance and Human Resources Committee, in performance of its duties under the Board Charter, shall review the Company's Remuneration Policy. It shall put to the Board any proposal it deems timely with respect to the items included and the amount earmarked to them. This Policy will be reviewed at least every two (2) years from the effective date.



Compliance, Risk & Control

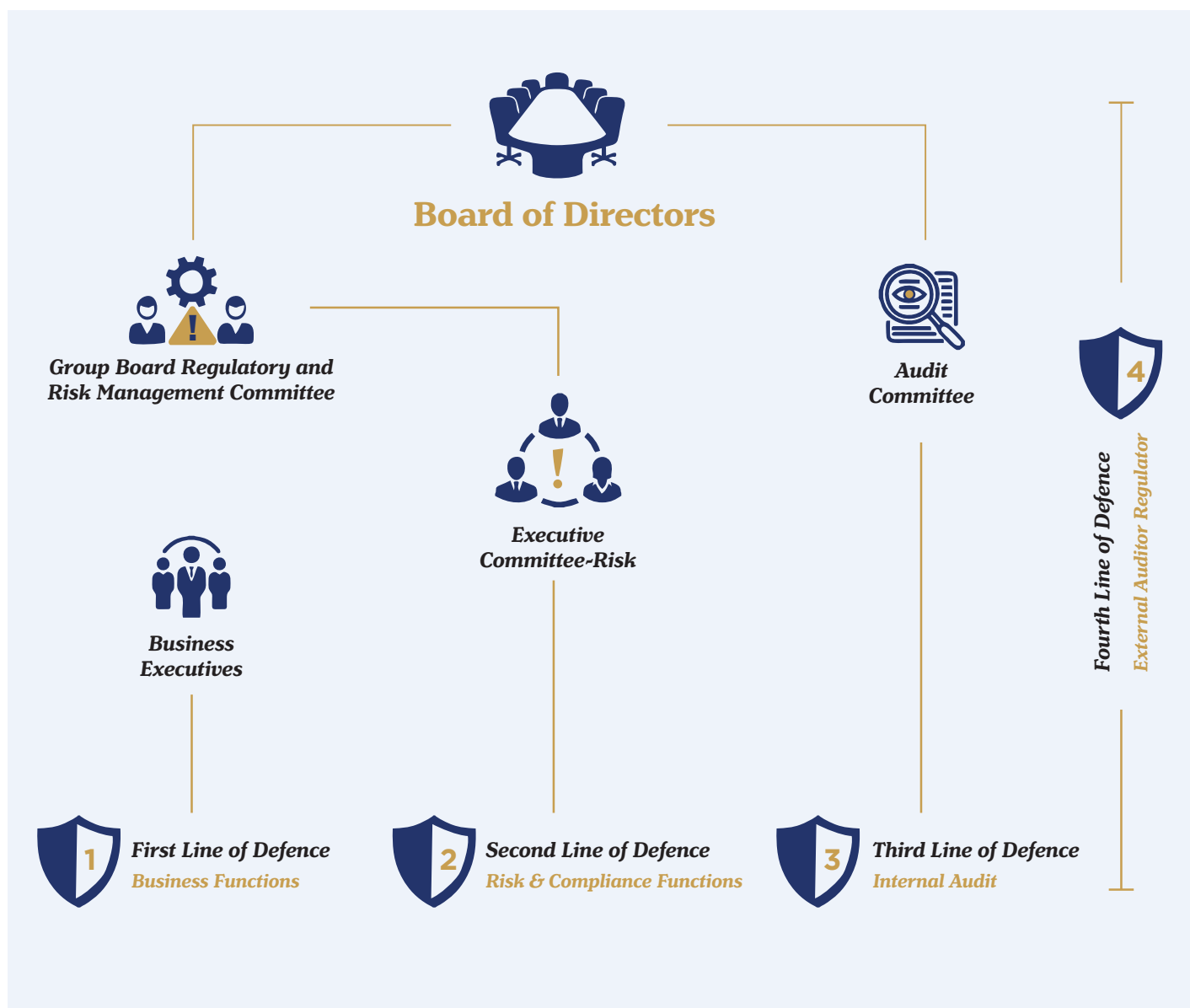
- Governance, Risk & Compliance
- Risk and Control Reports

Compliance, Risk & Control

Governance, Risk & Compliance Structure

The FMDQ Group Governance, Risk and Compliance (GRC) Framework guides governance, risk management, and compliance activities across the Group and is adapted to global best standards - the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control-Integrated Framework 2013, the ISO 31000 Risk Management, and the International Organisation of Securities Commissions (IOSCO) principles and guidelines.

The GRC Framework defines responsibilities to guide the identification, assessment, management, and reporting of risks across the Group. These functions are managed by a robust governance structure led by the Board through the “Four (4) Lines of Defence” Model, with oversight from the Group Board Regulatory and Risk Management Committee, Executive Committee (Risk) and Management (Business Executives).



The Board is responsible for providing leadership for the Group's enterprise risk management programme; approving the Group strategy, risk management framework, risk appetite and GRC model, and delegating suitable responsibilities pertaining to the management of enterprise risk to the Board Regulatory and Risk Management Committee. The Board Committee supports the Board through the monitoring of compliance with risk policies, adequacy of internal controls, the risk profile of FMDQ Group against Board-approved risk appetite, and reporting of risk management matters to the Board.

The Audit Committee provides oversight and reviews the activities of Internal Audit as well as the Group's GRC Framework on a regular basis. The Committee also ensures that the Internal Audit function has the necessary resources and access to relevant information to independently perform its assurance and consultancy roles.

The Executive Committee (Risk) (ExCo-Risk) is responsible for the application of a consistent and effective methodology to manage the risks arising from the business and operations of FMDQ Group. The ExCo-Risk ensures full implementation of appropriate risk management processes and methodologies, and champions risk management initiatives across the Group.

Management is responsible for the daily administration and monitoring of risks and acts as risk champions - catalysts for enterprise-wide risk management initiatives, promoting awareness of the Group's risk policies and ensuring a strong risk awareness culture amongst all FMDQ employees.

In addition to the GRC structure, the execution of risk management policies and procedures across the Group is well coordinated via the "Four (4) Lines of Defence" Model, which consists of Business Units, risk and compliance functions, Internal Audit function and external auditor/regulator.

Business Units	Risk & Compliance	Internal Audit	External Auditor / Regulator
(First Line)	(Second Line)	(Third Line)	(Fourth Line)
<ul style="list-style-type: none"> Adheres with defined processes and complies with limits Executes tasks adhering to policies Provides feedback on the controls and policies in place Develops business processes, controls and policies aligned with the risk appetite Provides inputs for risk reporting Implements reporting framework Reviews the impact of regulatory requirements to processes, policies, and controls 	<ul style="list-style-type: none"> Monitors compliance with regulatory requirements Supports the business in the development of risk appetite and strategy Provides inputs to the business to develop and maintain policies Develops and enforce risk governance model Defines risk controls & processes Monitors effectiveness of controls and residual risk Monitors data accuracy, risk reporting trends and issues Identifies and assesses relevant regulatory changes 	<ul style="list-style-type: none"> Monitors articulation of risk appetite and organisational compliance with limits framework Monitors compliance with policies Reviews appropriateness of and compliance with controls and processes Monitors risk reporting framework Tests implementation of process, policy, and controls 	<ul style="list-style-type: none"> Monitors the business operations of the Group in an independent manner by constantly conducting assessments of risk management framework, internal control, and compliance Evaluates the effectiveness and adequacy of the internal control and audit programmes

Risk Management Report

The risk management process of FMDQ Group aligns with ISO 31000 Risk Management and COSO (the guiding standards for the development of the Group's GRC Framework). Our Enterprise-wide Risk Management (ERM) Policy relies on the establishment of Group-wide risk oversight, monitoring and reporting that promotes risk integration. FMDQ Group ERM Policy provides a structured approach for the Group to identify, analyse, manage, monitor, and report the risks inherent in its business operations in a structured and cyclical manner.

FMDQ Group constantly assesses the risk exposures arising from its business operations and operating environment, keeping with the defined broad risk categories approved by the Board. The illustration below depicts the elements of the risk management process in FMDQ Group.

Risk Management process

S/N	Key Processes	Description
1.	Context Establishment	Definition of the Group's strategic objectives, the scope of the risk assessment process, and risk evaluation criteria
2.	Risk Identification	Identification of risk events that could potentially impact the Group's strategic objectives and key business processes of relevant Business Units
3.	Risk Assessment	Evaluation of the severity of identified risk events via likelihood of occurrence and impact based on pre-defined assessment parameters
4.	Risk Treatment	Evaluation of the effectiveness of extant controls and recommendation of new mitigation plans to address residual risks
5.	Risk Reporting & Monitoring	Monitoring of the implementation of risk treatment plans and residual risk exposure for periodic reporting to the Board

Risk Profile

Effective risk management is pivotal to the achievement of FMDQ Group's corporate goals, as the FMI Group is exposed to multi-faceted risks due to the very nature of its business operations. The profiling of risks inherent in the Group's business operations guides the enterprise-wide risk assessment process that is performed continuously. To ensure a consistent approach to the management and reporting of risks, FMDQ Group has classified its inherent risks under ten (10) broad risk categories. These broad risk categories are effectively treated through the following mitigation measures:

Broad Risk Category	Description	Mitigation strategy
Strategic Risk	The uncertainties in the Group's strategic intent and in the achievement of its strategic goals and objectives	<ul style="list-style-type: none"> Strategic risk assessment Periodic evaluation of operating environment, as well as macroeconomic conditions Scenario analysis and impact assessment
Business Risk	The possibility that the Group's operations or competitive environment will cause it to generate financial results that are worse than expected	<ul style="list-style-type: none"> Proactive monitoring of FMI industry trends, competitors and evolving digital landscape Product and service diversification Stakeholders' engagement and relationship management
Regulatory Risk	The potential impact of a change in laws, rules and regulations that affect the business and any other activities of the Group	<ul style="list-style-type: none"> Active engagement with regulators and policymakers Continuous monitoring of changes in both local and global regulatory landscape, standards, and requirements
Operational Risk	The probability of a loss resulting from failed or inadequate processes, people, systems, and external events. These risks include legal risks but exclude strategic and reputational risks	<ul style="list-style-type: none"> Application of a robust operational risk management framework, and internal control processes Business Continuity Management Plan Independent assessment of the Group's Information Technology (IT) infrastructure by an external party Legal review of contracts
Hazard Risk	A major exogenous or endogenous factor that affects the environment in which the Group operates. Many of these factors, however, cannot be controlled	<ul style="list-style-type: none"> Occupational, Health & Safety procedures Business Continuity Management Plan Physical security measures and enhancements Routine fire drills and training
Financial Risk	The risk that arises from movements in prices of financial assets will lead to a loss (Market Risk) and the risk that a company or bank may be unable to meet short-term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process of fulfilling financial obligations (Liquidity Risk)	<ul style="list-style-type: none"> Establishment of investment limits and asset quality via Board-approved Investment Policy Gap analysis Stress testing and Sensitivity analysis Mark-to-Market analysis

Credit Risk	The risk of an economic loss from the failure of a counterparty to fulfil its contractual obligations, or from the increased risk of default during the term of the transaction	<ul style="list-style-type: none"> Establishment of Investment limit Credit rating guiding eligibility of investible securities Collateral management and margin collections Stress testing to determine the adequacy of collected margins Default management and recovery procedures in place
Financial Accounting Risk	The risk of the unreliability of information reported in the Group's financial statements	<ul style="list-style-type: none"> Internal control review of Group's accounting system and financial reports Independent audit of Group's Financial Statements
Compliance Risk	The potential impact of exposure to regulatory or legal penalties, financial forfeiture, and material loss arising from failure to act in accordance with statutory laws, rules and regulations, internal policies, and code of conduct, or prescribed best practices. This may expose the Group to the risk of fines, penalties, and litigation	<ul style="list-style-type: none"> Compliance monitoring programme and periodic update of Compliance Register and Calendar Periodic scanning of the regulatory environment Review and interpretation of rules and regulations by legal functions (both in-house and external) Periodic training and awareness programmes
Cyber Risk	Any potential for technology failures to disrupt the Group's businesses, such as information security incidents or service outages	<ul style="list-style-type: none"> Business Continuity Management Plan Back-up and disaster recovery process Periodic Vulnerability Assessment and Penetration Testing (VAPT) Continuous staff sensitisation

Information Security Report

Significant cyber events continue to be observed in the financial sector and in the broader economy, with the increased frequency and complexity of cyber-attacks globally demonstrating the motivation and sophistication of the malicious attackers. Whilst the Group continues to deploy state-of-the-art security measures, the developing technology landscape continues to expose FMDQ Group to cyber risks.

FMDQ Group, in its commitment to building efficient and stable financial markets, supported by robust technology infrastructure, strengthened its Information Security Management System (ISMS) by ensuring that global best information security practices are implemented to protect the confidentiality, integrity, and availability of its IT assets.

FMDQ Group engaged an external Consultant to conduct quarterly VAPT exercises, to regularly evaluate the exposure of the Group's IT applications and network infrastructure to threats and vulnerabilities that can be exploited by unauthorised parties. The Group closely monitors the execution of established recommended actions to remediate identified vulnerabilities, as part of its commitment to keeping up with emerging trends and global best practices. In addition, FMDQ Group ensures compliance with the Nigeria Data Protection Regulation (NDPR) and General Data Protection Regulation (GDPR), assuring the continued protection of personally identifiable information of data subjects.

To ensure that the Group continues to build resilience in its IT network and systems, FMDQ Group is working towards the achievement of ISO 27001 certification. The attainment of this certification will further enhance the adequacy and effectiveness of the extant Information Security Management System (ISMS) and provide assurance to the stakeholders of the Group.

Finally, the Group complements the use of in-house IT security assessment tools with periodic information security awareness for employees through the publication of newsletters, facilitation of workshops, administration of questionnaires, among others, to strengthen its weakest link.

FMDQ Group recognises that the prevention of cyber-attacks may not always be possible, and therefore galvanizes efforts towards remaining resilient to withstand cyber-attacks with minimal disruption to our business. We will continue to be vigilant, conduct regular checks of our security measures, and reinforce them whenever necessary.

SEC Supervisory Report

As a SEC-registered Capital Market Holding Company, FMDQ Group is required by law to comply with the provisions of the Investment and Securities Act, 2007 (ISA) and the SEC Rules and Regulations, 2013. The Commission, empowered by the ISA, in the exercise of its general and specific rule-making authority, adopts a consultative approach by obtaining inputs from Capital Market Operators (CMOs) and participants before its final adoption.

In its supervisory role, the SEC periodically conducts routine inspections, audits, and inquiries into the activities of CMOs and SROs, to ensure adequate compliance with its Rules and Regulations. In the period under review, FMDQ Group ensured total adherence to all relevant SEC Rules and Regulations, as well as relevant recommendations from the SEC in its quest to develop the Nigerian financial markets.

Anti-Fraud Policy

FMDQ Group maintains a zero-tolerance approach to all forms of fraud, bribery, and corruption; and upholds all applicable laws relevant to addressing and investigating such activities across its businesses and operations.

The FMDQ Anti-Fraud Policy (AF Policy) expresses the Group's commitment to the fight against bribery and corruption. FMDQ Group believes that the effective implementation of its AF Policy will strengthen its reputation, build the respect of employees, raise credibility with key stakeholders, maximise shareholders' value, and ultimately support global economic growth. This Policy applies to all transactions, operations, projects, bid processes, procurements, negotiations, arrangements, documentation processes, applications, agreements, contracts, awards, decisions, practices, and other business dealings of FMDQ Group.

FMDQ Group remains committed to:

- Developing an anti-fraud culture across the Group
- Minimising the opportunities for fraud, bribery, and corruption
- Implementing effective systems, processes, procedures, and controls in place to enable the prevention and detection of fraud, bribery, and corruption
- Educating employees on the risks of fraud, bribery, and corruption and their obligation to report any actual or suspected incidents of fraud, bribery, and corruption through the appropriate channel
- Acknowledging all reports of fraud, bribery, and corruption, and investigating them proportionately and appropriately
- Reporting any incident of fraud, bribery, and corruption to the appropriate external authorities
- Enforcing its policy on fraud

The mitigation of the assessed risks drives the implementation of internal control processes, policies, and procedures to adequately address the likelihood of fraud within FMDQ Group. FMDQ Group is committed to maintaining high standards of ethics, honesty, and integrity consistently across its operations and in all its business dealings. The Group operates according to its core values and is committed to preventing all forms of corruption and bribery in its business and dealings with stakeholders.

Internal Control Report

FMDQ Group's internal control framework is adapted to the COSO Framework, which defines internal control as “a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives in three (3) *categories - effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.*” In keeping with this definition, the scope of internal control at FMDQ Group extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavours of all types and at all levels of the Group.

The COSO model, which consists of five (5) components as shown below, is implemented in FMDQ's operations and business processes.

01

Control Environment

This sets the tone for internal control. The Group's Management committees are responsible for implementing risk management policies set out by the Board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. Furthermore, the Group has developed a formal Code of Ethics that is communicated to all staff (including new recruits). We operate a Whistleblowing Policy, which allows whistle-blowers to raise concerns via dedicated channels to our independent Internal Audit function. Our overall aim is to inculcate risk awareness and control responsibility in our culture, as the foundations of our internal control system. Through our strong tradition of good corporate governance and a corporate culture based on sound business ethics and accountability, the actions of Management and its commitment to effective governance are transparent to all.

02

Risk Assessment

We are committed to improving our risk management process and the quality of information generated while maintaining a simple and practical approach. Risk management has been embedded into our operations and functional areas; through a bottom-up and top-down approach, the Group conducts periodic group-wide risk assessments to identify and evaluate risk inherent in our business operations. With the support of a strong risk culture, Business Units are risk-conscious and open to disclosing risk and loss events, through relevant risk monitoring tools developed by Management, for tracking and resolution. On an annual basis, Business Units review and update their risk registers, providing assurance that controls are embedded into all processes and operate effectively.

03

Control Activities

Control activities are an integral part of the Group's day-to-day operations, as embedded into our standardised business processes. Control activities have traditionally been built on top-level reviews, approval and authorisation limits, segregation of duties, and physical controls. These control policies are formalised as written policies and procedures, with defined limits of delegated authority and segregated duties and controls. We leverage automation as much as possible to improve the effectiveness of controls. As a proactive institution, the embedded controls across business processes are continuously being reviewed for adequacy and effectiveness, with a primary objective to minimise identified risks.

04

Information and communication

The Group's Management understands the need for timely, reliable, and accurate information flow for effective governance. Management reports to the Group Board Regulation and Risk Management Committee on a quarterly basis on the state of internal controls in the Group. Key policies such as the Whistleblowing Policy, Employee Code of Conduct, Disciplinary Policy, etc., are duly communicated to all staff and posted on the Group's intranet. Furthermore, the Internal Audit function reviews the state of controls in the Group and provides an independent report to the Audit Committee on a quarterly basis. The Annual General Meetings are organised and attended by external parties such as shareholders who actively participate in proceedings. FMDQ Group's Annual Reports are published on the Group's corporate website, making available information on the financial performance of FMDQ to external stakeholders.

05

Monitoring

The Group Board Regulation and Risk Management Committee oversees the Group-wide control framework – policies and processes. Management provides reports to the Group Board Regulation and Risk Committee on major risks, adequacy and effectiveness of extant controls and appropriate mitigating measures. Furthermore, the Internal Audit franchise independently assesses the control environment and reports on control deficiencies to the Audit committee to ensure deployment of adequate resources to mitigate risks perceived to be of high impact, which could threaten the achievement of the Group's Strategic Objectives. Management actively monitors corrective actions on the identified deficiencies and provides status report to the Group Board Regulation and Risk Management committee on a quarterly basis.



Organisation Design

- Board of Directors
- Audit Committee
- Management Team
- Organisation Structure
- Corporate Communications Policy
- FMDQ's People Agenda

Board of Directors



Dr. Kingsley Obiora

Group Chairman

Dr. Obiora is the Deputy Governor, Economic Policy Directorate, CBN. He is also the Chairman of the Africa Finance Corporation.

Prior to his appointment at the CBN, he served as an Alternate Executive Director at the International Monetary Fund (IMF) in Washington D.C., United States of America, where he was responsible for conducting the daily operations of the IMF and represented the interests of twenty-three (23) African countries including Nigeria. He also worked at the West African Monetary Institute and the Centre for Econometric and Allied Research at the University of Ibadan. He was also Special Adviser on Economic Matters to the Governor of the CBN, as well as Technical Adviser to Nigeria's National Economic Management Team. He represents the CBN on the Board of FMDQ Group.

Mr. Jibril Aku

Group Vice Chairman

Mr. Aku is the Chairman of the Board of Directors of Marathon Asset and Funds Management Limited. He was formerly Group Head Strategy of Ecobank Transnational Incorporated and prior to that engagement, the Managing Director/CEO of Ecobank Nigeria Limited, Executive Director of Afribank PLC (now Skye Bank PLC) and Treasurer of Citibank Nigeria Limited.

He is also Chairman of the FMDQ NIBOR Committee and the erstwhile President of the Money Market Association of Nigeria (now FMDA). He is a member of and represents the FMDA Board of Trustees on the Board of FMDQ Group.





Mr. Kennedy Uzoka

Non-Executive Director

Mr. Uzoka is the Group Managing Director/CEO of United Bank of Africa (UBA) PLC.

Prior to this appointment, he served as the CEO of UBA Africa, managing the Group's country subsidiaries across eighteen (18) countries in Africa, as well as supervising key strategic support areas in Digital Banking, Information Technology and Personal Banking. He represents Systemically Important Banks on the Board of FMDQ Group.

Mr. Ebenezer Onyeagwu

Non-Executive Director

Mr. Onyeagwu is the Group Managing Director/CEO of Zenith Bank PLC.

He has served Zenith Bank PLC in various capacities; as Executive Director in charge of Lagos and South-South Zones, and was responsible for strategic groups/business units of the bank, including Financial Control & Strategic Planning, Treasury and Correspondent Groups, Human Resources Group, Oil and Gas Group, and Credit Risk Management Group, etc. He represents Systemically Important Banks on the Board of FMDQ Group.



Ms. Daisy Ekinah

Non-Executive Director

Ms. Ekinah is the Technical Advisor to the Capital Market Master Plan Implementation Council. She was a one-time Chair of the African & Middle East Regional Committee of the International Organisation of Securities Commissions. She serves as an Independent Non-Executive Director and was appointed to the Board of FMDQ Group pursuant to the Company's Articles.

She previously served as the Chief Operating Officer of Global Mandate Consulting Limited, former Acting Director-General of the Securities and Exchange Commission, Nigeria, as well as Executive Commissioner (Operations), and Director, Securities, and Investment Services at the Commission. She is also the Chairman of FMDQ Depository Limited.





Mr. Emeka Onwuka, OON

Non-Executive Director

Mr. Onwuka is the Chief Financial Officer and Executive Director of Seplat Petroleum Development Company PLC. Prior to this, he served as Group Managing Director, Diamond Bank PLC, and Chairman, Enterprise Bank Limited, among others. He also served on the inaugural Board of the erstwhile FMDQ OTC PLC from 2012 to 2014.

He serves on the Boards of Hello Pay, Airtel Networks Limited (Bharti Airtel), as well as the Board of FMDQ Group as an Independent Non-Executive Director. He is also the Chairman, FMDQ Securities Exchange Limited.

Mr. Sadiq Mohammed

Non-Executive Director

Mr. Mohammed is the Deputy Group Chief Executive Officer of the Asset & Resource Management (ARM) Group, where he is responsible for providing strategic direction for the Group's business, as well as for other businesses within the ARM Group.

He sits on the Board of SunTrust Bank Nigeria Limited. He serves as an Independent Non-Executive Director on the Board of FMDQ Group. He is also the Chairman of FMDQ Clear Limited.



Mrs. Egbichi Akinsanya

Non-Executive Director

Mrs. Akinsanya is an Independent Non-Executive Director of Learn Africa PLC. She was formerly the Managing Director of FBC Beverages Company Limited. Prior to that, she served as the Group Treasurer for British American Tobacco Nigeria Limited, which she joined after leaving Citibank Nigeria Limited as an Assistant General Manager. She also worked at the Securities and Exchange Commission, Nigeria.

She is a member of the Institute of Chartered Secretaries and Administrators, UK, and the Institute of Chartered Accountants of Nigeria. She serves as an Independent Non-Executive Director on the Board of FMDQ Group.





Mr. Bola Onadele. Koko

Group Managing Director/Chief Executive Officer

Mr. Onadele. is the Chief Executive Officer of FMDQ Group, a financial market infrastructure group with exchange, central counterparty, depository and private markets businesses.

Prior to this engagement, he was the President of FDHL, a financial markets and risk management consulting firm he founded in 2001, where he provided business leadership in the empowerment of the Nigerian financial markets.

Previously in the banking sector, Mr. Onadele's career spanned across several banks in Nigeria, with senior executive roles in Treasury and Corporate Banking, and culminated as Chief Executive Officer. As a widely regarded financial markets architect, he serves on the boards of various organisations, including as Chairman, Governance Board of Financial Centre for Sustainability (FC4S), Lagos and a Non-Executive Director and Founding Member of EnterpriseNGR Professional Advocacy Group. He is also a member of the Board of Trustees of Financial Markets Dealers Association. Mr. Onadele is an ardent advocate of gender equality, especially in the workplace, and girl-child education.

Audit Committee



Mr. Banjo Adegbohunge

Committee Chair

Mr. Adegbohunge is the Managing Director/CEO of Coronation Merchant Bank Limited. He has over twenty-five (25) years' banking experience in operations, technology and product management spanning international trade, foreign and local payments, foreign exchange, fixed income, money markets and loans. He worked at Citibank Nigeria Limited (formerly Nigeria International Bank Limited) and Access Bank PLC prior to joining Coronation Merchant Bank Limited in July 2018.

Mrs. Nneka Onyeali-Ikpe

Member

Mrs. Onyeali-Ikpe is the Managing Director/CEO, Fidelity Bank PLC, where she was formerly the Executive Director, Lagos and Southwest, Nigeria. She has over thirty (30) years' experience in the banking sector, having worked at various banks including Standard Chartered Bank PLC, Zenith Bank PLC and Citizens International Bank Limited, where she held several management positions in Legal, Treasury, Investment Banking, Retail/Commercial Banking and Corporate Banking. She is also an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.



Mrs. Bukola Smith

Member

Mrs. Smith is the Managing Director/CEO of FSDH Merchant Bank Limited. She has over twenty-nine (29) years of work experience in the banking industry with a track record of strategic execution and leadership. Prior to this appointment, she was the Executive Director, Business Development at First City Monument Bank Limited (FCMB) and held several leadership positions since joining in 2006, including being responsible for FCMB's over two hundred (200) branches across the country, as well as its Public Sector, Business Banking, Agriculture and Transaction Banking Divisions.

FMDQ Audit Committee Members (Directors)

The FMDQ Board representation on the Audit Committee includes the following Directors:

- Mr. Ebenezer Onyeagwu
- Mr. Emeka Onwuka, OON

Management Team



Mr. Bola Onadele. Koko

Chief Executive Officer, FMDQ Group PLC

Mr. Bola Onadele. Koko is the Chief Executive Officer of FMDQ Group, a financial market infrastructure group with exchange, central counterparty, depository and private markets businesses.

Prior to this engagement, he was the President of FDHL, a financial markets and risk management consulting firm he founded in 2001, where he provided business leadership in the empowerment of the Nigerian financial markets.

Previously in the banking sector, Mr. Onadele's career spanned across several banks in Nigeria, with senior executive roles in Treasury and Corporate Banking, and culminated as Chief Executive Officer. As a widely regarded financial markets architect, he serves on the boards of various organisations, including as Chairman, Governance Board of Financial Centre for Sustainability (FC4S), Lagos and a Non-Executive Director and Founding Member of EnterpriseNGR Professional Advocacy Group. He is also a member of the Board of Trustees of Financial Markets Dealers Association. Mr. Onadele is an ardent advocate of gender equality, especially in the workplace, and girl-child education.

Ms. Kaodi Ugoji

Group Chief Operating Officer, FMDQ Group PLC

Ms. Ugoji is the Group Chief Operating Officer of FMDQ Group, overseeing five (5) Divisions – Marketing Communications, Strategy, Research, Assurance Services and General Internal Services – and the Finance Services Group. She also serves as a Non-Executive Director on the Board of all FMDQ Group subsidiaries – FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited and iQx Consult Limited.

She holds a Master's degree in Finance and Management from Cranfield University, UK; a Bachelor's degree in Accountancy from the Rivers State University of Science and Technology, Nigeria; and a Professional Certificate in Strategic Management from Harvard University, USA. Kaodi has over twenty-one (21) years of experience in Treasury, Asset Management, Business Development, Marketing Communications, Finance, Project Management and Strategy functions of various organisations including Guaranty Trust Bank Limited, Hermes Investment Managers Limited, London, UK, Diamond Bank PLC and Guinness Nigeria PLC.





Ms. Tumi Sekoni

Managing Director, FMDQ Securities Exchange Limited

Ms. Sekoni is the Managing Director of FMDQ Securities Exchange Limited. She also serves as a Non-Executive Director on the Boards of FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited and iQx Consult Limited.

She holds an MBA from Durham Business School, UK; and a Bachelor's degree in Economics from the University of Lagos, Nigeria. Over the last twenty-one (21) years, Tumi has built her career across Trading, Operations, Business Analysis, Business Development, Products & Markets Development, Marketing and Project Management in various organisations including Guaranty Trust Bank Limited, Goldman Sachs International, UBS, London and Merrill Lynch.

Mr. Ayodele Onawunmi

Managing Director, FMDQ Clear Limited

Mr. Onawunmi is the Managing Director of FMDQ Clear Limited. He also serves as a Non-Executive Director on the Boards of FMDQ Securities Exchange Limited, FMDQ Private Markets Limited and iQx Consult Limited. Prior to joining FMDQ Clear Limited, he was the Managing Partner of 213 Capital, an African-focused investment and risk advisory firm.

He holds a Master's degree in Finance from London Business School, UK; and a Bachelor's degree in Basic Medical Sciences from the University of Ibadan, Nigeria. Ayodele has over twenty-one (21) years of experience in Trading, Corporate & Investment Banking, Pension Fund Management and Financial Market Consulting in various organisations, including Access Bank PLC and Chapel Hill Denham Group.



Mr. Emmanuel Alao

Chief Operating Officer, FMDQ Depository Limited

Mr. Alao is the Chief Operating Officer of FMDQ Depository Limited. Prior to joining FMDQ, he was the Chief Information Officer at Air Peace Nigeria Limited.

He holds a Master's degree in Business Administration from CASS Business School, City University, UK; and a Bachelor's degree in Electronics & Electrical Engineering from the University of Benin, Nigeria. Emmanuel's work experience of over twenty-nine (29) years spans across Technology, Project Management and Consulting functions in various organisations including Citibank Nigeria, FCMB Limited, London International Financial Futures & Options Exchange, JPMorgan Chase, Santander UK, KPMG UK and Air Peace Nigeria Limited.





Mrs. Funlola Akintonde

Head, Human Resources, FMDQ Group PLC

Mrs. Akintonde is the Head, Human Resources Division of FMDQ Group, comprising three (3) Groups – Recruitment & HR Operations, Talent Management and Culture & People Engagement.

She holds a Bachelor's degree in Economics from the University of Ibadan, Nigeria; and is a Certified R3 Consultant. Funlola has over eighteen (18) years of experience in Human Resources (HR) Management, Business Support, Administration, HR & Management Consulting, and Business Process Redesign. She worked with various organisations such as Eczellon Capital, UBA Capital PLC, Chapel Hill Denham Group, KPMG Professional Services, MTN Nigeria and Accenture. Prior to joining FMDQ Group PLC, she was the Lead Consultant for Aracely Limited, a Human Resource consulting firm that delivers successful solutions to businesses.

Dr. Vincent Nwani

Head, Research, FMDQ Group PLC

Mr. Nwani is the Head, Research Division of FMDQ Group PLC. He holds a Doctor of Philosophy (Ph.D.) in Economics from Monarch Business School, Switzerland; a Master's degree in Economics from the University of Ibadan, Nigeria; and a Bachelor's degree in Economics from the University of Port Harcourt, Nigeria.

Vincent has over eighteen (18) years of experience in Economics, Research & Intelligence, Business Policy Advocacy and Business Advisory functions of various institutions including Kavind Limited, First Bank of Nigeria PLC, BGL Group PLC and Magnartis Finance & Investment Limited. Prior to joining FMDQ Group, he served as a Director at the Lagos Chamber of Commerce and Industry.



Mr. Olumide Orojimi

Head, Marketing Communications, FMDQ Group PLC

Mr. Orojimi is the Head, Marketing Communications Division, comprising four (4) Groups – Marketing, Communications, Events & Brand Operations and Corporate Responsibility. He holds a Bachelor's degree in Philosophy from Olabisi Onabanjo University, Ogun State, Nigeria, and a Diploma in Journalism from the Nigerian Institute of Journalism.

Over the last eighteen (18) years, Olumide has acquired experience across Brand Management, Corporate Communications, Sustainability, Events Management and Change Management within various organisations, including USP Brand Management Limited, Intercontinental Bank PLC (now Access Bank PLC) and Oando PLC. Prior to joining FMDQ Group, he was the Head, Corporate Communications and Head, Retail Investor Coverage at the Nigerian Exchange Limited.





Ms. Jumoke Olaniyan

Head, Business Development, FMDQ Securities Exchange Limited

Ms. Olaniyan is the Head, Business Development Division of FMDQ Exchange, comprising six (6) Groups – Listings & Quotations, Memberships & Subscriptions, Derivatives Business, Business Intelligence, Debt Markets Support and Academy. She is also a Non-Executive Director on the Board of FMDQ Private Markets Limited.

She holds a bachelor's degree in Accounting from the University of Jos, Nigeria; and is a Certified Treasury Dealer. As a Dealer and later a Research and Capacity Development Consultant, her over sixteen (16) years of work experience spans across Training, Consulting and Banking, within various organisations including IBFC Agosto Training Limited (now IBFC Alliance Limited), FDHL and Guaranty Trust Bank Limited. Jumoke has facilitated several financial markets training programs and authored the Financial Markets Diagnosis and Outlook Reports for the CBN and the SEC.

Mr. Dipo Omotoso

Head, Information Services, FMDQ Securities Exchange Limited

Mr. Omotoso is the Head, Information Services Division, comprising two (2) Groups – Market Data and Index Services.

He holds an MBA from the University of Calabar, Nigeria; and a bachelor's degree in Chemistry from Obafemi Awolowo University, Nigeria. Dipo has over twenty-one (21) years of work experience in Securities Trading, Treasury Operations, Treasury Risk Management and Strategic Planning, Development and Management. His career spans across the Nigerian Stock Exchange (now the Nigerian Exchange Limited), BGL Securities Limited and Diamond Bank PLC (now Access Bank PLC). Prior to joining FMDQ Exchange, he served as the Head, Markets & Treasury Services at SunTrust Bank Limited.



Mr. Ebenezer Nwoji

Head, Market Oversight Division, FMDQ Securities Exchange Limited

Mr. Nwoji is the Head, Market Oversight Division, comprising five (5) Groups – Market Services, Members' Examination & Investigations, Market Surveillance & Enforcement, Listings & Quotations Compliance and Member Regulation.

He holds a Master of Science degree in Finance from the University of Lagos, Nigeria; and a bachelor's degree in Accountancy from the University of Nigeria Nsukka, Nigeria; and is a Certified Treasury Dealer. Ebenezer has over sixteen (16) years of work experience spanning across Investment Banking, Trading, Asset and Liability Management, Treasury Risk Management and Market Regulation within various organisations including Afribank International Limited (Merchant Bankers) and Mainstreet Bank Limited.



Mr. Oluwaseun Afolabi

Head, Market Architecture, FMDQ Securities Exchange Limited

Mr. Afolabi is the Head, Market Architecture Division, comprising five (5) Groups – Fixed Income & Currencies Markets, Equity Market, Derivatives Market, Rules & Regulation and Securities Registration & Listings.

He holds a Bachelor's degree in Botany from the University of Lagos, Nigeria, and a Derivatives Professional Certificate from the New York Institute of Finance, USA. Oluwaseun has over twelve (12) years of work experience in the financial markets, providing both buy-side and sell-side advisory services on Financing, Investments, Hedging, and Mergers & Acquisitions, amongst others, to clients across the Banking, Insurance, Telecommunications, Aviation, Oil & Gas and Consumer Goods sectors. Prior to joining FMDQ, he worked at Stanbic IBTC Bank PLC in Corporate and Investment Banking.

Mr. Segun Akintoye

Head, Clearing Risk Management, FMDQ Clear Limited

Mr. Akintoye is the Head, Clearing Risk Management, comprising two (2) Groups – Collateral Management and Member Management.

He holds a Bachelor's degree in Chemical Engineering from the Federal University of Technology Owerri, Nigeria. Over the last thirteen (13) years, Segun has built his career across, Asset Management, Consulting and Data Analysis within various organisations, including Diamond Securities Limited and FDHL Group.



Mrs. Shola Olufosoye

Head, IT Operations, iQx Consult Limited

Mrs. Olufosoye is the Head, IT Operations of iQx Consult, comprising four (4) Groups – Application Management, Service Management, Process Automation and Infrastructure Management.

Shola's over twenty-seven (27) years' experience spans across Customer & Relationship Management in Citibank Nigeria Limited, Head of Information Technology with First City Monument Bank Limited, and subsequently Chief Information Officer of Computer Warehouse Group. She served on the Technology Committee which saw the creation of ValuCard Nigeria Limited and Interswitch PLC.





Mr. Adetokunbo Dosunmu

Head, Product Engineering, iQx Consult Limited

Mr. Dosunmu is the Head of Product Engineering, iQx Consult, comprising four (4) Groups – Applications Development, Quality Assurance, Infrastructure Design and Digital Innovation. Prior to joining iQx Consult, he was the Head, Applications Development, First Bank of Nigeria Limited.

He holds a Bachelor's degree in Computer Science from the University of Lagos. Adetokunbo's work experience of over eighteen (18) years spans Technology, Software Development, Project Management and Consulting functions in various organisations including MTN Nigeria Communications PLC, Access Bank PLC, Soft Alliance and Resources Limited and Eminent Technology.

Mr. Emmanuel Etaderhi

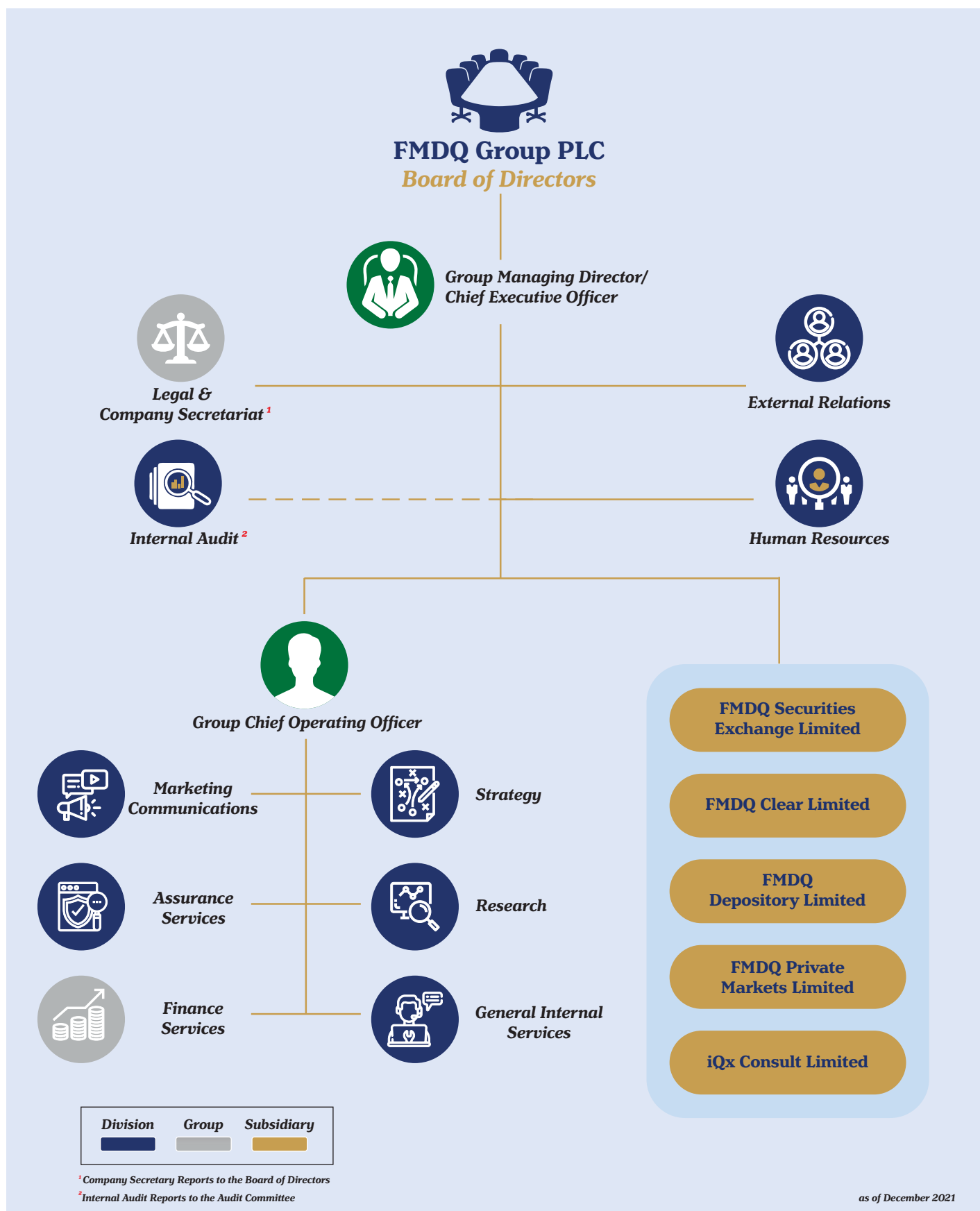
Executive Secretary, FC4S Lagos

Mr. Etaderhi is the Executive Secretary, Financial Centre for Sustainability, Lagos. Prior to this, he was the Head, Economic Development of FMDQ Group. He holds a Master's degree in Management, a Master's degree in Economics and a Bachelor's degree in Business Administration from the University of Lagos, Nigeria.

Emmanuel's work experience of over twenty-seven (27) years spans across the Financial Services and Power & Energy Sectors, where he was Head of Financial Advisory & Economic Research at Financial Derivatives Company Limited, Head of Research at Keystone Bank Limited and Acting Head, Strategy/Chief Economist at Unity Bank PLC. Prior to joining FMDQ in 2014, he served the Delta State Government as a Special Assistant to the Finance Commissioner.



Organisational Structure



Corporate Communications Policy

Policy Statement

FMDQ Group is committed to the dissemination of timely, accurate and quality information to its internal and external stakeholders. All internal and external communications should be aimed towards the achievement of FMDQ's vision and mission and should be in line with its approved Strategy. All external communication must be approved by Communications Group (CMG), through the Group Chief Operating Officer (GCOO). The Chief Executive Officer shall approve all communication with government representatives and FMDQ Group's regulators, as well as confidential or sensitive information. Exceptions may exist in situations where such communication is part of a Division/Group's functions; for example, Business Development Division's communication with its existing/potential Members and clients and Market Services Group's communication with existing FMDQ Members, to mention a few.

All presentations/materials for external use must be reviewed by CMG prior to exposing these documents to the stakeholders to ensure brand compliance and accuracy of information related to the Company. This includes presentations to external stakeholders at meetings, seminars, conferences, etc. and materials to be uploaded to the website.

FMDQ Group's relationship with the press media, particularly business reporters, is at the heart of its success. The media, which serves as the medium through which the Group reaches its external stakeholders, is accorded high priority in FMDQ Group. As such, communication with media is to be handled with the highest levels of sensitivity and professionalism and must always be handled by CMG as this is the approved Group for communication and interface with the media. Only Authorised Persons shall be permitted to grant interviews of any sort (print, TV, online) and be quoted with respect to FMDQ Group's external communications.

Guidelines for Internal Communication

FMDQ Group's internal communication is targeted at all its internal stakeholders, towards the achievement of its overall objectives. Furthermore, internal communication is aimed at strengthening the organisational culture and feeling of commitment among the internal stakeholders, thereby increasing active participation and team spirit.

Internal communication shall be handled by the Divisions/Groups responsible for such correspondence, including Marketing Communications Division and Human Resources Division (for Staff members) and Legal & Company Secretariat Group (for the Board of Directors).

Communication between and amongst Staff members must always be professional. Staff members are to be addressed by either their first names or by their initials in all written communication, except letters which must bear the full name of the Staff member. The use of titles, nicknames or any other names is strictly prohibited in written communication.

FMDQ Group is committed to providing timely, accurate, and complete disclosure of its basic company information in an appropriate manner. Disclosure of confidential information is however strictly prohibited as detailed in the FMDQ Confidentiality and Non-Disclosure Agreement which is signed by all Staff members upon assumption of duty. Violation of this Agreement may attract legal redress.

Public Statements of Personal Opinion

FMDQ employees are to refrain from making public statements of opinion regarding the Group, its markets and the Nigerian financial markets, and from presenting personal opinions regarding the Group as facts. Such public statements may include quotes given to media, contributions to blogs, published articles, etc. Any such public statements must be approved by the Chief Executive Officer (or his designate) before publication.

The image is a cover for a financial report. The left half features a close-up of a document with various financial charts and graphs, including a line graph with a blue trend line, a bar chart, and a donut chart. A black pen is placed diagonally across the charts. The right half is a solid dark blue background with a pattern of 3D cubes in various shades of blue.

Financial Reports

Directors' Report

For the year ended 31 December 2021

The Directors present their annual report on the affairs of FMDQ Group PLC ("the Company") and its subsidiaries together with the audited financial statements and auditor's report for the year ended 31 December 2021.

(a) Legal form

FMDQ Group PLC, (formerly FMDQ Holdings PLC), was incorporated as FMDQ OTC PLC in Nigeria under the Companies and Allied Matters Act, 2004 on 6 January 2011 as a public liability company, and was registered by the Securities and Exchange Commission (SEC) on 6 November 2012 to perform its functions as a securities exchange and self-regulatory organisation. The Company commenced operations on 1 January 2013.

Effective 16 December 2019, the Company transferred its securities exchange license to its SEC-registered subsidiary company, FMDQ Securities Exchange Limited, and subsequently became a non-operating holding company in line with the Securities and Exchange Commission's requirements for holding companies operating in the capital markets.

(b) Principal Activities

Effective 1 January 2020, the Company became a non-operating holding company.

The Group has five (5) wholly owned subsidiary companies, FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited and iQx Consult Limited. The results of the subsidiary companies have been consolidated in these financial statements.

(c) Operating Results

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

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Operating income	20,797,190	31,002,806	10,671,798	17,061,174
Profit before taxation	12,103,313	16,158,179	6,534,598	7,635,344
Taxation	(3,338,262)	(4,919,134)	(1,944,014)	(2,508,084)
Profit after tax	8,765,051	11,239,045	4,590,584	5,127,260

(d) Proposed dividend

No dividend was proposed by the Board of Directors in respect of the financial year ended 31 December 2021 (December 2020: Nil).

(e) Directors and their Interests

The Directors who held office during the year and to the date of this report were:

Name of Director	Position
Dr. Kingsley Obiora	Group Chairman
Mr. Jibril Aku	Group Vice Chairman
Mr. Bola Onadele. Koko	Group Managing Director/CEO
Mr. Kennedy Uzoka	Director
Mr. Ebenezer Onyeagw	Director
Ms. Daisy Ekineh	Director
Mr. Emeka Onwuka	Director (Independent)
Mr. Sadiq Mohammed	Director (Independent)
Mrs. Egbichi Akinsanya*	Director (Independent)

* Appointed 1 January 2022

None of the Directors has an interest in the shareholding of the Group as required to be disclosed under section 301 of the Companies and Allied Matters Act, 2020 (CAMA), of Nigeria.

Directors' Report

For the year ended 31 December 2021

(f) Directors' interest in contracts

None of the Directors has notified the Group for the purpose of section 303 of the Companies and Allied Matters Act, 2020 (CAMA) of Nigeria of their direct or indirect interest in contracts or proposed contracts with the Group during the year.

(g) Major shareholding

According to the register of members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Group as at 31 December 2021.

Name	2021 No of shares	2021 % Holding	2020 No of shares	2020 % Holding
Central Bank of Nigeria	2,999,915,142	15.41%	1,499,957,571	15.41%
Financial Markets Dealers Association (FMDA)	2,373,067,202	12.19%	1,186,533,601	12.19%
Access Bank PLC	1,349,085,784	6.93%	674,542,892	6.93%
NSE Consult Limited	1,249,802,415	6.42%	624,901,207	6.42%

The analysis of the distribution of the shares of the Group at the end of the financial year is as follows:

31 December 2021

Share range (Local shareholders)	No. of Shareholders	% Holding	No. of holdings
1 - 450,000,000	18	40.57%	7,895,105,100
450,000,001 and above	8	59.43%	11,572,222,230
	26	100.00%	19,467,327,330

31 December 2020

Share range (Local shareholders)	No. of Shareholders	% Holding	No. of holdings
1-250,000,000	18	42.14%	4,172,552,550
250,000,001 and above	8	57.86%	5,561,111,115
	26	100.00%	9,733,663,665

(h) Property and equipment

Information relating to changes in property and equipment is given in Note 27 to the financial statements.

(i) Charitable contributions and other donations

The Group made charitable donations to non - political organisations amounting to N10.0 million during the year (December 2020: N236.6 million).

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Donation to SEC's Capital Market Support Committee on COVID-19 Initiative	-	60,000	-	60,000
Donation to Lagos State Government on COVID-19 Initiative	-	165,000	-	165,000
Donation of Face Masks to Support the Control of COVID-19	-	1,565	-	1,565
Donation to Ogun State Security Trust Fund	-	10,000	-	10,000
Donation to Nigeria Solidarity Support Fund	2,000	-	2,000	-
Donation to Gold Lilies Global Service	3,000	-	3,000	-
Donation to Ike foundation of Autism	5,000	-	5,000	-
	10,000	236,565	10,000	236,565

(j) Employment of disabled persons

The Group had no disabled person in its employment as at 31 December 2021 (31 December 2020: Nil). The applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as much as possible, be identical with that of other employees.

Directors' Report

For the year ended 31 December 2021

(k) Health, safety and welfare at work

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. During the year, COVID-19 protocols were strictly adhered to. Fire-fighting equipment are installed in strategic locations within the Company's premises.

(l) Employee consultation and training

The Group places considerable value on the involvement of its employees and has a policy of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. The Group places emphasis on employee development and training. Members of staff embarked on different training programs in the course of the year.

(m) Transfer of Operations

FMDQ Group PLC obtained approval to transfer its securities exchange registration to FMDQ Securities Exchange Limited on 16 December 2019 and therefore discontinued operations as a securities exchange and became a non-operating Holding Company effective 1 January 2020.

(n) Disclosure on Covid-19

The Nigerian economy recorded a fragile growth in 2021, riding on the back of stable oil production and sustained oil price recovery amidst the impact of Covid-19. Growth outlook not only relied on the efforts to get vaccines to remote areas but to put an end to the ravaging virus with appropriate policy responses in Nigeria and globally.

Further to the discovery of the Delta variant on 31 May 2021 and its spread to over 179 countries by 22 November 2021, Continued lack of access to Covid-19 vaccines and limited fiscal policy to support the crisis remained major headwinds.

Despite major economic headwinds, Nigeria's GDP witnessed four consecutive quarters of positive growth since the economy last contracted in Q3 2020 (3.62%) in the wake of the adverse impact of the pandemic to Q3 2021 (4.03%). The GDP for Q4, 2021 is projected to be positive but slightly lower than Q3 figures.

As a responsible organisation, the Company continues to implement the necessary safety guidelines and protocols to ensure our employees and clients remain protected. A number of employees participated in the first phase of the Covid-19 vaccination which ended in July 2021. The second phase of the vaccination commenced in August 2021. This phase was to vaccinate older adults and other unvaccinated Nigerians.

The Company achieved a 100% vaccination status for its employees in 2021. Efforts are underway to continue sensitizing new employees and associates to get vaccinated and observe the necessary Covid protocols.

(i) Assessment of Impact

(a) Impact of Covid-19 on Impairment of Financial Assets

The Group does not see a significant impairment impact on its financial assets as a result of Covid-19. The Group's financial assets are predominantly fixed income and sovereign (treasury bills and FGN bonds) in nature and are subsequently classified as stage 1. The stage allocation remains unchanged as there is no significant increase in credit risk. The impact of forward-looking information has also been considered in assessing the impact of Covid-19 on impairment of financial assets. These include GDP growth, exchange rate, country rating, and inflation. Whilst Covid-19 had negatively impacted all of the forward-looking information, other variables in the computation ensured that the impact remained minimal.

(b) Going concern assessment

The Group will continue to assess the status of the fight against the pandemic and its impact on the Group's business. However, based on current assessment, the Directors are confident that the Going Concern of the Group will not be threatened and would be able to continue to operate post Covid-19 and in the foreseeable future.

FMDQ Group PLC
(formerly FMDQ Holdings PLC)
Annual Report
31 December 2021

(c) Outlook

Management is confident that with all the tools put in place to ensure every employee can access the basic information needed to carry out day to day activities, we can continue with business operations uninterrupted. Notwithstanding, since we cannot reasonably estimate the length or severity of this pandemic, Management would continue to assess the material impact on the Group's financial position, results of operations, and cash flows in fiscal year 2022 and would regularly make appropriate disclosures thereon to all stakeholders.

(o) Events after the end of the reporting date

There were no events after the reporting date that could have had a material effect on the financial statements of the Group that have not been provided for or disclosed in these financial statements.

(p) Auditors

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 of the Group. In accordance with section 401 (2) of the Companies and Allied Matters Act of Nigeria, 2020, therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD



Mr. Noel Orji
Ag. Company Secretary
FRC/2021/002/00000022462
31 March 2022

FMDQ Group PLC
(formerly FMDQ Holdings PLC)
Annual Report
31 December 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 annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, 2020, and 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 of Nigeria, 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 an assessment of the Group and the Company's ability to continue as a going concern and have no reason to believe the Group and the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:




Dr. Kingsley Obiora

Group Chairman

FRC/2021/003/00000022557

31 March 2022



Mr. Bola Onadele. Koko

Group Managing Director/CEO

FRC/2014/ICAN/00000008637

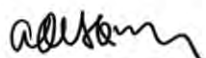
31 March 2022

FMDQ Group PLC
(formerly FMDQ Holdings PLC)
Annual Report
31 December 2021

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 Group Managing Director/CEO and Financial Controller, hereby certify the financial statements of FMDQ Group PLC for the year ended 31 December 2021 as follows:

- a) That we have reviewed the audited consolidated and separate financial statements of the Group and 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 Group and 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 subsidiaries is made known to us by other officers of the companies, particularly during the year ended 31 December 2021.
- e) That we have evaluated the effectiveness of the Group and the Company's internal controls within 90 days prior to the date of the audited consolidated and separate financial statements, and certify that the Group and 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 Group and the Company's Auditors and Audit Committees:
 - (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Group and 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 Group and the Company's internal control.



Mr. Bola Onadele. Koko
Group Managing Director/CEO
FRC/2014/ICAN/00000008637

31 March 2022



Mr. Olumide Akinpelumi
Financial Controller
FRC/2022/PRO/ICAN/007/00000023864

31 March 2022

Audit Committee Report

For the year ended 31 December 2021

To the members of FMDQ Group PLC

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act of Nigeria, 2020, the members of the Audit Committee of FMDQ Group PLC hereby report on the financial statements for the year ended 31 December 2021 as follows:

- (i) We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation of Management and staff in the conduct of these responsibilities.
- (ii) We are of the opinion that the accounting and reporting policies of the Group are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2021 were satisfactory and reinforce the Group's internal control systems.
- (iii) After due consideration, the Audit Committee accepted the report of the auditors that the financial statements were in accordance with ethical practices and generally accepted accounting principles and give a true and fair view of the state of the Group's financial affairs.
- (iv) We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from Management in the course of their final audit and we are satisfied with Management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.



Mr. Banjo Adegbohunge

Chairman, Audit Committee

FRC/2019/CIBN/00000019814

28 March 2022

Members of the Audit Committee

1. Mr. Banjo Adegbohunge	Shareholder representative	Chairman
2. Mrs. Hamda Ambah*	Shareholder representative	Chairman
3. Mrs. Bukola Smith**	Shareholder representative	Member
4. Mrs. Nneka Onyeali-Ikpe ***	Shareholder representative	Member
5. Mr. Sadiq Mohammed ****	Director	Member
6. Mr. Emeka Onwuka	Director	Member
7. Mr. Ebenezer Onyeagwu	Director	Member

* Resigned April 27, 2021

** Appointed April 28, 2021

*** Appointed January 1, 2021

**** Resigned July 30, 2021



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Bishop Aboyade Cole Street
Victoria Island
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Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FMDQ Group PLC (formerly FMDQ Holdings PLC)

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of FMDQ Group 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 nothing to report in this regard.

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Registered in Nigeria No BN 986925

Partners:

Adegoke A. Oyelami	Ayodele H. Othiliwa	Joseph O. Tegbe	Olanike I. James	Tayo I. Ogungbemis
Adekunle A. Elebute	Bolanle S. Afolabi	Kabir O. Okunkola	Olufermi A. Babemi	Temitope A. Onitiri
Adetola P. Adeyemi	Chibuzor N. Anyanachi	Lawrence C. Amadi	Oluamide O. Olayinka	Tolulope A. Odukale
Adewale K. Ajayi	Chineme B. Nwigbo	Martins I. Aroge	Olusegun A. Sowande	Uzodinma G. Nwankwo
Ajibola O. Oloriola	Elijah O. Oladunmoye	Mohammed M. Adama	Oluwayemi I. Ogunlowo	Victor U. Oyenikpa
Akinyemi Ashade	Goodluck C. Obi	Nneka C. Euma	Oluwalami O. Awotaye	
Ayobami L. Salami	Ibitomi M. Adépoju	Olaimpe S. Afolabi	Oluwatoyin A. Gbagi	
Ayodele A. Soyinka	Ijeoma T. Emazie-Ezigbo	Oladimeji I. Salaudeen	Oseme J. Obalajo	



Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises; Corporate Information, Directors' Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Audit Committee Report 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.

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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
31 March 2022
Lagos, Nigeria



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

	Notes	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
<i>In thousands of naira</i>					
Treasury income	9	2,192,164	1,023,023	-	-
Treasury expense	10	(14,595)	(138,957)	-	-
Net treasury income		2,177,569	884,066	-	-
Transaction fees (net)	11	1,896,910	2,213,278	-	-
Clearing and futures management fees	12	8,266,544	17,228,485	-	-
Participant fees	13	450,248	110,116	-	-
Interest income calculated using the effective interest method	14	2,477,619	1,935,227	940,275	825,131
Other income	15	4,680,527	8,487,005	9,466,806	16,091,614
Gain on foreign exchange revaluation	16	847,773	144,629	264,717	144,429
Total Operating Income		20,797,190	31,002,806	10,671,798	17,061,174
Impairment write-back/(loss) on financial instruments	18	18,178	(335,598)	97,260	(79,170)
Personnel expenses	17	(4,035,639)	(7,033,284)	(2,251,402)	(5,428,277)
Other operating expenses	19	(4,008,369)	(6,899,747)	(1,509,393)	(3,353,424)
Depreciation	27	(653,011)	(567,647)	(473,665)	(556,608)
Amortisation	28	(15,036)	(8,351)	-	(8,351)
Total Operating Expense		(8,693,877)	(14,844,627)	(4,137,200)	(9,425,830)
Profit before taxation		12,103,313	16,158,179	6,534,598	7,635,344
Income tax expense	20(a)	(3,338,262)	(4,919,134)	(1,944,014)	(2,508,084)
Profit after taxation		8,765,051	11,239,045	4,590,584	5,127,260
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
FVOCI debt instruments - net change in fair value	33(e)	(1,689,047)	1,752,957	(964,178)	872,647
Other comprehensive (loss)/income, net of income tax		(1,689,047)	1,752,957	(964,178)	872,647
Total comprehensive income for the year		7,076,004	12,992,002	3,626,406	5,999,907

The accompanying notes form an integral part of these financial statements.


FMDQ Group PLC
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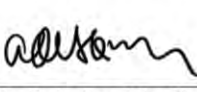
Consolidated and Separate Statements of Financial Position

As at 31 December 2021

<i>In thousands of naira</i>	<i>Notes</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
ASSETS					
Cash and bank balances	21	21,275,584	27,032,460	1,613,775	5,235,415
Investment securities	22	26,927,068	16,859,539	9,898,515	9,351,771
Client resolution fund (CRF) asset	23	32,586,971	59,552,180	-	-
Margin and fixings variance settlement assets	24	83,594,640	219,910,774	-	-
Other assets	25	3,015,744	3,575,499	21,882,224	3,283,205
Investment in subsidiaries	26	-	-	11,206,831	11,206,831
Property and equipment	27	1,430,972	1,714,701	1,258,913	1,459,729
Intangible assets	28	96,196	49,046	-	-
Deferred tax assets	20(d)	540,433	800,221	459,159	730,968
Total assets		169,467,608	329,494,420	46,319,417	31,267,919
LIABILITIES					
Client resolution fund (CRF) liability	30	32,586,971	59,552,180	-	-
Margin and fixings variance settlement liabilities	31	83,594,640	219,910,774	-	-
Other liabilities	29	11,152,254	12,511,271	19,990,350	6,986,651
Provisions	32	600,353	626,416	348,575	374,638
Current tax liabilities	20(c)	3,087,634	5,524,027	1,677,226	3,229,770
Total liabilities		131,021,852	298,124,668	22,016,151	10,591,059
EQUITY					
Share capital	33(b)	19,467,298	9,733,664	19,467,298	9,733,664
Share premium	33(c)	-	137,328	-	137,328
Retained earnings	33(d)	2,879,407	3,540,921	-	1,281,815
Bonus share reserve	33(f)	4,557,943	2,175,336	4,557,943	2,175,336
Fair value reserve	33(e)	437,147	2,126,194	278,025	1,242,203
Other reserves	33(g)	11,103,961	13,656,309	-	6,106,514
Total equity		38,445,756	31,369,752	24,303,266	20,676,860
Total liabilities and equity		169,467,608	329,494,420	46,319,417	31,267,919

These financial statements were approved by the Board of Directors on 30 March 2022 and signed on its behalf by:


Dr. Kingsley Obiora
Group Chairman
FRC/2021/003/00000022557


Mr. Bola Onadele. Koko
Group Managing Director/CEO
FRC/2014/ICAN/00000008637

Additionally certified by:


Mr. Olumide Akinpelumi
Financial Controller
FRC/2022/PRO/ICAN/007/00000023864

The accompanying notes form an integral part of these financial statements.

FMDQ Group PLC
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Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2021

Group

31 December 2021

In thousands of naira

	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves	Total equity
Balance as at 1 January 2021		9,733,664	137,328	2,126,194	3,540,921	2,175,336	13,656,309	31,369,752
Total comprehensive income for the year								
Profit for the year		-	-	-	8,765,051	-	-	8,765,051
Other comprehensive loss		-	-	(1,689,047)	-	-	-	(1,689,047)
Total comprehensive income		-	-	(1,689,047)	8,765,051	-	-	7,076,004
Transactions with owners, recorded directly in equity								
Appropriation of profit	33(c)	-	-	-	(3,554,166)	-	-	3,554,166
Transfer from other reserve	33(f)	-	(137,328)	-	(5,872,399)	12,116,241	(6,106,514)	-
Issue of shares	33(b)	9,733,634	-	-	-	(9,733,634)	-	-
		9,733,634	(137,328)	-	(9,426,565)	2,382,607	(2,552,348)	-
Balance as at 31 December 2021		19,467,298	-	437,147	2,879,407	4,557,943	11,103,961	38,445,756

31 December 2020

In thousands of naira

	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves	Total equity
Balance as at 1 January 2020		640,741	21,148	373,237	363,779	9,721,911	7,132,584	18,253,400
Total comprehensive income for the year								
Profit for the year		-	-	-	11,239,045	-	-	11,239,045
Other comprehensive loss		-	-	1,752,957	-	-	-	1,752,957
Total Comprehensive income		-	-	1,752,957	11,239,045	-	-	12,992,002
Transactions with owners, recorded directly in equity								
Appropriation of profit	33(c)	-	-	-	(8,061,903)	1,538,178	6,523,725	-
Issue of shares	33(b)	9,092,923	116,180	-	-	(9,084,753)	-	124,350
		9,092,923	116,180	-	(8,061,903)	(7,546,575)	6,523,725	124,350
Balance as at 31 December 2020		9,733,664	137,328	2,126,194	3,540,921	2,175,336	13,656,309	31,369,752

*FMDQ Group PLC
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Company							
31 December 2021							
<i>In thousands of naira</i>	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves
Balance as at 1 January 2021		9,733,664	137,328	1,242,203	1,281,815	2,175,336	6,106,514
Total comprehensive income for the year							
Profit for the year		-	-	-	4,590,584	-	4,590,584
Other comprehensive loss		-	-	(964,178)	-	-	(964,178)
Total comprehensive income		-	-	(964,178)	4,590,584	-	3,626,406
Transactions with owners, recorded directly in equity							
Appropriation of profit	33(c)	-	-	-	-	-	-
Transfer from other reserve	33(f)	-	(137,328)	-	(5,872,399)	12,116,241	(6,106,514)
Issue of shares	33(b)	9,733,634	-	-	-	(9,733,634)	-
		9,733,634	(137,328)	-	(5,872,399)	2,382,607	(6,106,514)
Balance as at 31 December 2021		19,467,298	-	278,025	-	4,557,943	24,303,266
31 December 2020							
<i>In thousands of naira</i>							
Balance as at 1 January 2020		640,741	21,148	369,556	-	9,721,911	14,552,603
Total comprehensive income for the year							
Profit for the year		-	-	-	5,127,260	-	5,127,260
Other comprehensive loss		-	-	872,647	-	-	872,647
Total Comprehensive income		-	-	872,647	5,127,260	-	5,999,907
Transactions with owners, recorded directly in equity							
Appropriation of profit	33(e)	-	-	-	(3,845,445)	1,538,178	2,307,267
Transfer from retained earnings	33(d)	9,092,923	116,180	-	-	(9,084,753)	124,350
		9,092,923	116,180	-	(3,845,445)	(7,546,575)	2,307,267
Balance as at 31 December 2020		9,733,664	137,328	1,242,203	1,281,815	2,175,336	20,676,860

The accompanying notes form an integral part of these financial statements.

FMDQ Group PLC
(formerly FMDQ Holdings PLC)
Annual Report
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Consolidated and Separate Statements of Cash Flows
For the year ended

<i>In thousands of naira</i>	Notes	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Cash flows from operating activities					
Profit for the year		8,765,051	11,239,045	4,590,584	5,127,260
Income tax expense	20(a)	3,338,262	4,919,134	1,944,014	2,508,084
Profit before taxation		12,103,313	16,158,179	6,534,598	7,635,344
Adjustments for:					
Depreciation of property and equipment	27	653,011	567,647	473,665	556,608
Gain on disposal of property and equipment	39(ii)	(2,822)	(2,415)	(2,864)	(2,415)
Impairment charge on financial assets	18	(18,178)	335,598	(97,260)	79,170
Amortisation of intangible assets	28	15,036	8,351	-	8,351
Foreign exchange gain	39(vii)	(841,917)	(236,280)	(258,361)	(236,280)
Provisions	32	(26,063)	582,316	(26,063)	330,538
Cash-settled share-based payment (write-back)/ expense	17	(773,325)	1,903,092	(773,325)	1,903,092
Interest income	14	(1,862,495)	(1,654,658)	(841,538)	(808,269)
Interest expense	35(ii)	37,538	43,599	37,538	43,599
		9,284,098	17,705,429	5,046,390	9,509,738
Changes in:					
Other assets	39(vi)	(1,516,971)	(1,678,634)	(20,208,138)	1,548,096
Other liabilities	39(v)	575,321	2,898,802	13,916,199	(2,942,084)
Placement pledged as collateral	39(ix)	3,384	80,597	-	-
		8,345,832	19,006,194	(1,245,549)	8,115,750
Tax paid	20(c)	(3,569,242)	(1,972,279)	(1,618,379)	(1,896,532)
VAT paid	39(v)	(1,068,097)	(1,777,134)	(84,283)	(1,194,592)
Net Cash from operating activities		3,708,493	15,256,781	(2,948,211)	5,024,626
Cash flow from investing activities					
Interest received	39(iv)	1,549,639	1,550,784	611,112	639,609
Acquisition of property and equipment	39(ii)	(383,334)	(554,825)	(286,223)	(468,551)
Acquisition of intangible assets	28	(62,186)	(8,351)	-	(8,351)
Proceeds from sale of property and equipment	39(ii)	16,874	71,665	16,238	71,665
Net purchase of investment securities	39(i)	(10,512,034)	1,045,503	(937,298)	(356,908)
Additional investment in subsidiaries	39(viii)	-	-	-	(2,000)
Net Cash (used in)/generated from investing activities		(9,391,041)	2,104,776	(596,171)	(124,536)
Cash flow from financing activities					
Payment of lease liabilities	35(iii)	(92,430)	-	(92,430)	-
Net Cash used in financing activities		(92,430)	-	(92,430)	-
Net (decrease)/increase in cash and bank balances		(5,774,978)	17,361,557	(3,636,812)	4,900,090
Effect of exchange rate changes on cash and bank balances	39(vii)	14,718	2,792	15,172	2,529
Cash and bank balances at the beginning of the year		21,951,863	4,536,031	5,235,415	332,796
Cash and cash equivalents at end of the year	21	16,191,603	21,951,863	1,613,775	5,235,415

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

1 Reporting entity

FMDQ Group PLC, (formerly FMDQ Holdings PLC) was incorporated as FMDQ OTC PLC (the 'Company'), a public liability company, in Nigeria under the Companies and Allied Matters Act of Nigeria, 2020. The Company was incorporated on 6 January 2011 and commenced operations in January 2013. The address of its registered office is 35 Idowu Taylor Street, Victoria Island, Lagos.

In 2017, the Company invested in a new entity, FMDQ Clear Limited. In 2019, the Company invested in two (2) new entities, FMDQ Depository Limited and FMDQ Securities Exchange Limited. In 2020, the Company invested in two (2) additional entities; FMDQ Private Markets Limited and iQx Consult Limited. The five (5) entities are wholly owned subsidiaries of FMDQ Group PLC. As such, the consolidated and separate financial statements as at and for the year ended 31 December 2021 therefore comprise the Company and its subsidiaries (together referred to as 'the Group').

Prior to 16 December 2019, FMDQ Group PLC's principal activities was to function as a market organiser, with dual responsibilities of a securities exchange and self-regulatory organisation. It is regulated by the Securities and Exchange Commission. Effective 16 December 2019, the Securities and Exchange Commission granted the Company approval to transfer its securities exchange license to its newly incorporated subsidiary Company, FMDQ Securities Exchange Limited, and become a non-operating holding company in line with the Securities and Exchange Commission's requirements for holding companies operating in the capital markets.

2. Changes in accounting policies

Except as noted below, the Group has consistently applied the accounting policies as set out below to all periods presented in these consolidated and separate financial statements. The following amended standards and interpretations were effective during the year but are not expected to have a significant impact on the Group's financial statements.

— Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform - Phase 2.

Standards issued but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated (or separate) financial statements. Those Standards, Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

The Company does not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated:

S/N	Standard/Interpretation		Summary of the requirements and impact assessment
1	Amendments to IAS 37	Onerous Contracts– Cost of Fulfilling a Contract	<p>The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify that costs of fulfilling a contract comprise both:</p> <ul style="list-style-type: none"> • the incremental costs – e.g. direct labour and materials; and • an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification is applicable for companies that apply the 'incremental cost' approach and they will need to recognise bigger and potentially more provisions. <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2022 to contracts at the date when the amendments are first applied.</p> <p>This standard is not expected to have any significant impact on the company.</p>

Notes to the Consolidated and Separate Financial Statements

2	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements 2018-2020	<ul style="list-style-type: none"> • IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. • IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. • IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement. <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The impact of this standard on the group is not expected to be significant.</p>
3	Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	<p>The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management.</p> <p>As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs. Companies will therefore need to distinguish between:</p> <ul style="list-style-type: none"> • costs associated with producing and selling items before the item of property, plant and equipment is available for use; and • costs associated with making the item of property, plant and equipment available for its intended use. <p>Making this allocation of costs may require significant estimation and judgement. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.</p> <p>The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.</p>

Notes to the Consolidated and Separate Financial Statements

4	Amendments to IFRS 16	Reference to the Conceptual Framework	<p>The amendment has:</p> <ul style="list-style-type: none"> • updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; • added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and • added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. <p>The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p> <p>The impact of this standard on the group is not expected to be significant.</p>
5	IFRS 17 including amendments Initial application of IFRS 17 and IFRS 9 – Comparative Information	Insurance Contracts	<p>IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (“general model”) for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:</p> <ul style="list-style-type: none"> • Reinsurance contracts held; • Direct participating contracts; and • Investment contracts with discretionary participation features. <p>Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.</p> <p>The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity’s financial statements.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023.</p> <p>This standard has no impact on the company.</p>
6	Amendments to IAS 1	Classification of liabilities as current or non-current	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged.</p> <p>The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.</p>

Notes to the Consolidated and Separate Financial Statements

7	Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure Initiative: Accounting Policies	<p>The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements; <p>The amendments are consistent with the refined definition of material: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".</p> <p>The amendments are effective from 1 January 2023. This standard will be updated on the financial statements when it is effective.</p>
8	Amendments to IAS 8	Definition of Accounting Estimates	<p>This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarifies the following:</p> <ul style="list-style-type: none"> • an entity develops an accounting estimate to achieve the objective set out by an accounting policy. • developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique. • a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. • a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods. <p>The definition of accounting policies remains unchanged.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>

Notes to the Consolidated and Separate Financial Statements

9	Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	<p>The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability</p>
10	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.</p> <p>When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.</p> <p>Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired.</p> <p>The IASB has decided to defer the effective date for these amendments indefinitely.</p> <p>This standard has no impact on the company.</p>

Significant accounting policies

Except for the changes explained in note 2, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

3 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and its interpretation committee effective and available as at 31 December 2016. These financial statements comply with the Companies and Allied Matters Act of Nigeria, 2020 and the Financial Reporting Council of Nigeria (FRC) Act, 2011.

The consolidated and separate financial statements were authorised for issue by the Directors on 30 March 2022.

4 Basis of preparation

(a) Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for:

- cash & cash equivalents, client resolution fund assets & margin Fund assets measured at amortized cost on each reporting date,
- financial assets at fair value through OCI measured at fair value on each reporting date,
- financial liabilities which are measured at amortized cost on each reporting date.

Notes to the Consolidated and Separate Financial Statements

(b) Functional and presentational currency

The consolidated and separate financial statements are presented in Naira, which is the Group's functional currency. Unless otherwise stated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Use of estimates and judgments

In preparing these financial statements, Management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 7.

4.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has the 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 Group reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having control over an investee.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). When the proportion of the equity held by non controlling interests (NCIs) changes, the carrying amounts of the controlling and NCIs are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Loss of Control

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity relating to a subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(c) 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 interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(e) 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.

5.1 Translation of foreign currencies

Translation and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognised in OCI.

5.2 Cash and bank balances

Cash and bank balances are made up of cash, cash equivalents and placements pledged as collateral.

Cash comprises cash in hand and demand deposits. Cash equivalents are short term liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Placements pledged as collateral represent amounts which the Group has placed with its bank as collateral in order to facilitate lending to the Group's Dealing Member Specialists. This balance has also been included as part of cash and bank balances for the purpose of cash flow statements.

Cash and bank balances are carried at amortised cost in the statement of financial position.

5.3 Financial instruments

(a) Recognition and initial measurement

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

The Group classifies financial assets into the following categories: amortised cost and FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows

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or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Group's Management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely principal and interest (SPPI) assessment

In assessing whether the contractual cash flows are solely principal and interest, the Group 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 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 the specified assets.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest 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.
FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI for debt instruments are reclassified to profit or loss.

Financial liabilities

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

(c) Derecognition

Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. 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.

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(d) Modifications of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (c)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: - fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and - other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(e) 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 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.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(f) Fair value measurement

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

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

If there is no quoted price in an active market, then the Group uses valuation techniques that maximises the use of relevant technique incorporating all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures the assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to see a net long position (or paid to transfer a net short position) for a particular exposure.

5.4 Impairment of financial instruments

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Trade and other receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(i) Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired at the reporting date: 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 expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the assets original effective interest rate.

IFRS 9 ECL Impairment model uses a three-stage approach based on the extent of credit deterioration since origination: Stage 1 – 12-month ECL applies to all financial assets that have not experienced a Significant Increase in Credit Risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month probability of default (PD) that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.

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Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses. The impairment requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the areas of assessing whether the credit risk of an instrument has increased significantly since initial recognition and incorporating forwardlooking information into the measurement of ECLs.

Inputs into measurement of ECL

The key inputs into the measurement of ECL are the following variables:

- probability of default (PD);
- loss given default (LGD)
- exposure at default (EAD)

ECL for exposures in stage 1 (12-month ECL) is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

These parameters are generally derived externally from Standard and Poor's (S&P), Moody's, Fitch and they are adjusted to reflect forward-looking information as described above.

PD is an estimate of the likelihood of default over a given time horizon, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group plans to estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, and counterparty industry. LGD estimates are recalibrated for different economic scenarios and, for lending, to reflect possible changes in the economies. They are calculated on a discounted cash flow basis using the effective interest rate as the discount.

EAD represents the expected exposure in the event of a default. The Group expects to derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

Forward looking information (FLI)

The Group will incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Group intends to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process would involve developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations and selected private-sector and academic forecasters. The base case is expected to represent a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios would represent more optimistic and more pessimistic outcomes.

Impairment on trade receivables - the simplified approach

Loss allowance on trade receivables or contract assets that result from transactions in the scope of IFRS 15 are measured using a simplified approach. The Group's trade receivables do not contain a significant financing components and have a short duration, typically less than 12 months which means that measuring the loss allowance as lifetime ECLs generally does not differ from measuring at 12-month ECLs. Trade receivables without a significant financing component are measured on initial recognition at the transaction price determined in accordance with IFRS 15 and do not have a contractual interest rate. This implies that the effective interest rate for these receivables is zero accordingly, the discounting of cash shortfalls to reflect the time value of money when measuring ECL is not generally required.

(ii) Credit-impaired financial assets

At each reporting date, the Group 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.

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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 on terms that the Group 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.

(iii) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are charged to profit and loss and 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.

5.5 Revenue recognition

(i) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss 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.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rate of interest.

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. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(ii) Other income

Other income comprises insurance claims, sponsorship income, bond listing fees, technology services, penalties and fines, membership dues, application fees, commercial paper quotation fees, margin management fee, processing fees, eligibility fees, depository fees, Q-ex maintenance fees, franchise development support and outsourcing (FDSO) income and any other income earned from non-core operations. Other income is recognised when the the performance obligations have been satisfied.

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(iii) Treasury income

Treasury income represents total interest income earned by the Group from investing the Client Resolution Fund (CRF) assets and Margin Funds. The Group invests the Funds in treasury bills and other money market instruments, through a Fund Manager- Stanbic IBTC Asset Management Limited (SIAML) and the Clearing Treasury Group. The income is recognised using effective interest rate.

(iv) Treasury expense

Treasury expense represents total interest expense to be paid to the FX futures clients on the outstanding CRF liabilities. The liabilities represent settlement amounts due on matured FX futures transactions, but which are yet to be claimed by the clients. The Group pays an agreed percentage of the outstanding amounts to the clients.

(v) Processing fees

Processing fee is computed as a third of the total interest earned by the clients on the CRF. The processing fee is earned when the client makes a claim on the FX futures settlement amount by purchasing spot FX for the underlying contract. The unearned portion of the processing fee is recognised as a liability, and unwinds to profit or loss as the client makes claim for the settlement amount sequel to purchase of spot FX.

(vi) Franchise development support and outsourcing (FDSO) income

FDSO income represents fees earned from FMDQ Clear Limited and FMDQ Securities Exchange Limited which are wholly owned subsidiaries, in respect of the franchise development support and outsourced services rendered by the parent Company. The fees are accrued in line with the executed agreement with the parent Company, which requires FMDQ Clear Limited and FMDQ Securities Exchange Limited to pay 62% and 20% (2020:60% and 20% from FMDQ Clear Limited and FMDQ Securities Exchange Limited respectively) of its realised revenue, excluding interest income on proprietary capital respectively.

(vii) Transaction fees

Transaction fees represent fees charged by the Group on the face value of the secondary market transactions carried out by its Dealing Members and Brokers on its platform. The Group charges a fee on the face value of the transactions executed.

(viii) Clearing and futures management fees

Clearing fee is earned by the Group on clearing services carried out on the FX futures transactions that were traded on the group's platform. The fee is a one-off payment and is computed as 0.05% of the face value of the FX futures contract. It is accrued as the income is earned.

Futures management fee is charged to transaction parties for the maintenance and valuation of open contracts and collateral margins.

(ix) Participant fee income

Participant fees include fees earned by FMDQ Depository Limited (eligibility, transfer agency and settlement fees) and FMDQ Private Markets Limited (noting and sponsorship fees).

5.6 Prepayments

Prepayments are essentially insurance paid in advance. Prepayments are carried at cost less amortisation expensed in profit or loss.

5.7 Contingent liabilities

Contingent liabilities are probable obligations that arise 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.

5.8 Property and equipment

(i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The costs of the day-to-day repairs and maintenance of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset 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. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold improvements	over the period of the lease
Motor vehicles	4 years
Office equipment	4 years
Computer equipment	3 years
Right of use assets	Lower of lease term or the useful life for the specified class item

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Depreciation is not recognised on items of property and equipment that are under construction.

(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. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

5.9 Intangible assets

Computer software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

5.10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

5.11 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

5.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

5.13 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity 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 period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

The Group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 10% by the employer.

The Group's contribution to this scheme is charged to profit or loss in the period to which they relate. Contributions to the scheme are managed by other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act.

The Group also operates a defined contribution plan called "Directors' Exit Pay" for its Executive and Non-Executive Directors. Under this plan, the Group contributes 50% of the Executive Director's annual gross salary and 50% of the Non-Executive Directors' annual Director's fees for every year of service. The Group's contributions are managed by a separate Fund Manager and the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay the Directors upon exit.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) *Cash-settled share-based payment transactions*

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any change in the fair value of the liability is recognised in profit or loss.

5.14 Taxation

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 Group 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*.

(i) *Current tax*

Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date, and any adjustment to tax payable 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.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

In line with the Finance Act 2020, minimum tax if applicable will be determined based on 0.25% of gross turnover, less franked investment income, provided the Company earned gross turnover up to N25 million in the relevant year of assessment.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Finance Act 2021

The Finance Act was signed into law on 31 December 2021. It introduces changes to the Companies Income Tax Act, Value Added Tax Act, Personal Income Tax Act, Nigeria Police Trust Fund (Establishment) Act, Capital Gains Tax Act, Customs and Excise Tariff Etc. (Consolidation) Act, Tertiary Education Trust Fund (Establishment) Act (TETFEA), Stamp Duties Act, Insurance Act, Nat'l Agency for Science & Engineering Infrastructure Act ('NASENI'), Finance (Control & Management) Act and Fiscal Responsibility Act. Having now been passed by both arms of the National Assembly, and thereafter assented to by the President, it is expected that its provisions will come into force in 2022. The Finance Act is applicable to 2021 year end financial statements.

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Following the Finance Act, 2021, the reduction of minimum tax rate from 0.5% to 0.25% of turnover (less franked investment income) will apply to any two accounting periods between 1 Jan 2019 and 31 Dec 2021 as may be chosen by the taxpayer. In addition, the Tertiary Education Tax (TET) rate has been increased from 2% to 2.5% of assessable profits.

(ii) *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.

Deferred tax is not recognised for:

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

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

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

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

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

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

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

5.15 Share capital and reserves

(i) *Share issue costs*

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) *Dividend on ordinary shares*

Dividends on the Group's ordinary shares are recognised in equity in the year in which they are paid or, if earlier, approved by the Group's shareholders. Dividends for the year that were declared after the year end of the reporting period are dealt with in subsequent events note.

(iii) *Fair value reserves*

Fair value reserves represent the fair value gains or losses on valuation of financial assets measured at fair value through other comprehensive income.

(iv) *Share scheme reserve*

Share scheme reserve recognises the impact of revisions to estimates of share-based payment transactions. The movement in this reserve also incorporates share options exercised during a reporting period.

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(v) Bonus share reserve

Bonus share reserve represents appropriations from retained earnings. These funds are to be used for the issuance of bonus shares to existing shareholders. The amount transferred is based on approval by the Board of Directors.

(vi) Other reserves

Other reserves warehouse funds appropriated from the Group's retained earnings as asset sinking fund reserve and special reserves (Company), investor protection reserve and market development reserve (FMDQ Securities Exchange Limited), as well as the default resolution reserve (FMDQ Clear Limited). During the year, the Board of Directors approved a yearly appropriation of 25% of the Company's profit after tax to an asset sinking fund reserves, to cater for the Group's capital projects/asset acquisition needs and another 20% of the Company's profit after tax to a special reserve to ring fence a portion of the general reserves to facilitate achievement of the Company's vision. Further to this, the Board of Directors of FMDQ Securities Exchange Limited approved the appropriation of 50% of annual profit after tax be transferred into the market development reserve on an annual basis. It was also agreed that 10% of annual profit after tax of FMDQ Securities Exchange Limited be transferred investor protection reserve. For FMDQ Clear Limited, the Board approved that the Company's profit after tax be appropriated into a default resolution reserve.

5.16 Client resolution fund (CRF) assets and liabilities

Client resolution fund represents funds held by the Group's clearing subsidiary, FMDQ Clear Limited, with respect to settlement amounts on matured FX futures transaction traded on FMDQ's platform, but which are yet to be claimed by the FX futures clients as at the end of the reporting period. The clients are entitled to a fixed interest percentage on the outstanding balance, pending when they claim the funds. The Group invests these funds in treasury bills and other money market instruments and earns interest on the investment. These funds are recognised in the books as assets, and corresponding liabilities (CRF liabilities). In line with the Group's accounting policy, CRF assets and liability are classified and measured at amortised cost.

5.17 Margin assets and liabilities

Margin funds represent cash margins pledged to the Group's clearing subsidiary - FMDQ Clear Limited - by the Central Bank of Nigeria for its open OTC FX Futures contracts. Margin fund assets and liabilities are classified and measured at amortised cost.

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6 Financial Risk Management

(a) Introduction and overview

The Group's vision is to be the leading African builder of ecosystems of financial infrastructure and services for markets. Its mission is to collaborate to empower markets for economic progress towards delivering prosperity. In pursuing its vision, the Group has identified the need to focus on risk management. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has exposure to the following risks from financial operations:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, receivables and investment in debt securities.

Investment securities

The Group limits its exposure to credit risk by investing mostly in highly liquid money and capital market instruments issued by the Federal Government of Nigeria.

Client resolution fund (CRF) assets at amortised cost

CRF assets represents unclaimed clients' funds which have been invested in government securities. The funds are under the custody of a fund manager, and the credit risk is directly linked on the underlying government securities, which are mostly treasury bills.

Margin assets at amortised cost

The funds are under the custody of a fund manager, and the credit is directly linked to the credit risk on the underlying government securities, which are mostly treasury bills.

Cash and cash equivalents

The Group held bank balances with local banks, assessed to have good credit ratings based on the Group's policy.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

<i>In thousands of naira</i>	Notes	Carrying amount			
		Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Cash and cash equivalents	21	21,275,584	27,032,460	1,613,775	5,235,415
Investment securities	22	26,927,068	16,859,539	9,898,515	9,351,771
Other assets (net)	25	1,548,750	1,490,435	20,757,640	1,609,872
Client resolution fund assets	23	32,586,971	59,552,180	-	-
Margin assets	24	83,594,640	219,910,774	-	-
		165,933,013	324,845,388	32,269,930	16,197,058

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The following table represents an analysis of the credit quality of financial assets at amortised cost and FVTOCI. It indicates whether assets measured at amortised cost or FVTOCI were subject to 12-month ECL or lifetime ECL allowance and in the latter case, whether they were credit-impaired.

GROUP	2021				2020			
	FVOCI 12- month ECL	Amortised cost 12- month ECL	Lifetime ECL	Total	FVOCI 12- month ECL	Amortised cost 12- month ECL	Lifetime ECL	Total
<i>In thousands of naira</i>								
BBB- to AAA	-	-	-	-	-	7,718,887	-	7,718,887
BB- to BB+	-	-	-	-	-	-	-	-
B- to B+	21,494,624	144,787,314	-	166,281,938	15,281,047	302,083,496	-	317,364,543
C to CCC+	-	-	-	-	-	-	-	-
D	-	-	-	-	-	-	-	-
Gross carrying amount	21,494,624	144,787,314	-	166,281,938	15,281,047	309,802,383	-	325,083,430
Loss allowance	-	(348,925)	-	(348,925)	-	(238,042)	-	(238,042)
Amortised cost	21,494,624	144,438,389	-	165,933,013	15,281,047	309,564,341	-	324,845,388
Carrying amount	21,494,624	144,438,389	-	165,933,013	15,281,047	309,564,341	-	324,845,388

COMPANY	2021				2020			
	FVOCI 12- month ECL	Amortised cost 12- month ECL	Lifetime ECL	Total	FVOCI 12- month ECL	Amortised cost 12- month ECL	Lifetime ECL	Total
<i>In thousands of naira</i>								
BBB- to AAA	-	-	-	-	-	1,236,215	-	1,236,215
BB- to BB+	-	-	-	-	-	-	-	-
B- to B+	9,898,515	22,374,165	-	32,272,680	9,351,771	5,609,072	-	14,960,843
C to CCC+	-	-	-	-	-	-	-	-
D	-	-	-	-	-	-	-	-
Gross carrying amount	9,898,515	22,374,165	-	32,272,680	9,351,771	6,845,287	-	16,197,058
Loss allowance	-	(2,750)	-	(2,750)	-	-	-	-
Amortised cost	-	22,374,165	-	22,374,165	7,894,617	6,845,287	-	16,197,058
Carrying amount	9,898,515	22,371,415	-	32,269,930	9,351,771	6,845,287	-	16,197,058

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Significant increase in credit risk

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 90 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Definition of default

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

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

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Collateral

The Group does not hold collateral.

Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the Group's ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.

As at the reporting date, the Group's credit risk exposure were concentrated as follows:

<i>in thousands of naira</i>	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Government	26,927,068	16,859,539	9,898,515	9,351,771
Banks/financial institutions	139,005,945	307,985,849	22,371,415	6,845,287
	165,933,013	324,845,388	32,269,930	16,197,058

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations and investments.

The Group maintains adequate liquid assets and marketable securities sufficient to manage any liquidity stress situation.

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Maturity analysis for financial assets and financial liabilities

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<i>in thousands of naira</i>	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and cash equivalents	21	21,275,584	22,824,356	17,824,356	-	-	5,000,000
Investment securities	22	26,927,068	30,195,897	9,035,495	391,936	914,005	19,854,461
Other financial assets (net)	25	1,548,750	1,882,137	1,882,137	-	-	-
CRF Assets	23	32,586,971	34,463,315	34,463,315	-	-	-
Margin and fixings	24	83,594,640	91,972,530	90,772,530	-	-	1,200,000
variance settlement assets							
		165,933,013	181,338,235	153,977,833	391,936	914,005	26,054,461
Other financial liabilities	29	(8,618,745)	(8,618,745)	(8,618,745)	-	-	-
CRF Liabilities	30	(32,586,971)	(34,463,315)	(34,463,315)	-	-	-
Margin and fixings	31	(83,594,640)	(91,972,530)	(90,772,530)	-	-	(1,200,000)
variance settlement liabilities							
		(124,800,356)	(135,054,590)	(133,854,590)	-	-	(1,200,000)
Gap (assets - liabilities)		41,132,657	46,283,645	20,123,243	391,936	914,005	24,854,461

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<i>in thousands of naira</i>	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and cash equivalents	21	27,032,460	27,032,460	21,951,863	-	-	5,080,597
Investment securities	22	16,859,539	18,174,669	2,076,588	2,192,070	535,019	13,370,992
Other financial assets (net)	25	1,490,435	1,701,721	1,701,721	-	-	-
CRF Assets	23	59,552,180	59,656,327	55,026,384	4,629,943	-	-
Margin and fixings	24	219,910,774	220,281,669	215,063,445	-	-	5,218,224
variance settlement assets							
		324,845,388	326,846,846	295,820,001	6,822,013	535,019	23,669,813
Other financial liabilities	29	(10,055,380)	(10,055,380)	(10,055,380)	-	-	-
CRF Liabilities	30	(59,552,180)	(59,656,327)	(55,026,384)	(4,629,943)	-	-
Margin and fixings	31	(219,910,774)	(220,281,669)	(215,063,445)	-	-	(5,218,224)
variance settlement liabilities							
		(289,518,334)	(289,993,376)	(280,145,209)	(4,629,943)	-	(5,218,224)
Gap (assets - liabilities)		35,327,054	36,853,470	15,674,792	2,192,070	535,019	18,451,589

Company

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<i>in thousands of naira</i>	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and cash equivalents	21	1,613,775	2,544,051	2,544,051	-	-	-
Investment securities	22	9,898,515	11,494,439	4,250,830	204,268	305,298	6,734,043
Other financial assets (net)	25	20,757,640	20,760,390	20,760,390	-	-	-
		32,269,930	34,798,880	27,555,271	204,268	305,298	6,734,043
Other financial liabilities	29	(19,246,995)	(19,246,995)	(19,246,995)	-	-	-
		(19,246,995)	(19,246,995)	(19,246,995)	-	-	-
Gap (assets - liabilities)		13,022,935	15,551,885	8,308,276	204,268	305,298	6,734,043

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<i>in thousands of naira</i>	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and cash equivalents	21	5,235,415	5,235,415	5,235,415	-	-	-
Investment securities	22	9,351,771	10,101,104	2,004,170	1,143,642	319,303	6,633,989
Other financial assets (net)	25	1,609,872	1,609,872	1,609,872	-	-	-
		16,197,058	16,946,391	8,849,457	1,143,642	319,303	6,633,989
Other financial liabilities	29	(6,858,970)	(6,858,970)	(6,858,970)	-	-	-
		(6,858,970)	(6,858,970)	(6,858,970)	-	-	-
Gap (assets - liabilities)		9,338,088	10,087,421	1,990,487	1,143,642	319,303	6,633,989

As part of the management of its liquidity risk, the Group holds liquid assets comprising cash and cash equivalents and securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

(iii) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, to ensure the Group's solvency while optimising the return on risk.

Exposure to interest rate risk

The Group is exposed to interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates) because it invests in financial instruments like FGN bonds, Eurobonds, State bonds and Treasury bills measured at fair value through other comprehensive income. This implies that the changes in market interest rates can have material impacts on the carrying amounts of the financial instruments. The impact of rate changes could have an adverse impact on the Company's financial position if not properly managed.

The table below shows the sensitivity of the carrying amount of the financial instruments as at 31 December 2021. The analysis is based on the assumption that interest rates increased/decreased by 200bp and 500bp with all variables held constant.

Group Scenario <i>in thousands of naira</i>	200bps 31-Dec-21	500bps 31-Dec-21
Investment securities measured at fair value- year end balance	21,494,624	21,494,624
Impact of increase in interest rate on carrying amount	(429,892)	(1,074,731)
Impact of decrease in interest rate on carrying amount	429,892	1,074,731

Group Scenario <i>in thousands of naira</i>	200bps 31-Dec-20	500bps 31-Dec-20
Investment securities measured at fair value- year end balance	15,281,047	15,281,047
Impact of increase in interest rate on carrying amount	(305,621)	(764,052)
Impact of decrease in interest rate on carrying amount	305,621	764,052

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Company Scenario <i>in thousands of naira</i>	200bps 31-Dec-21	500bps 31-Dec-21
Investment securities measured at fair value- year end balance	9,898,515	9,898,515
Impact of increase in interest rate on carrying amount	(197,970)	(494,926)
Impact of decrease in interest rate on carrying amount	197,970	494,926

Company Scenario <i>in thousands of naira</i>	200bps 31-Dec-20	500bps 31-Dec-20
Investment securities measured at fair value- year end balance	9,351,771	9,351,771
Impact of increase in interest rate on carrying amount	(187,035)	(467,589)
Impact of decrease in interest rate on carrying amount	187,035	467,589

Exposure to exchange rate risk

The Group is exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because the Group has invested in a Eurobond and has bank balances denominated in foreign currency. A significant change in the exchange rates between the Naira (functional and presentation currency) relative to the US dollar may have an effect on the Group's revenue and net assets.

The exchange rate as at 31 December 2021 was \$/N575.00 (31 December 2020: \$/N470).

Exposure to currency risk

Group <i>In thousands of naira/USD</i>	USD 31-Dec-21	NGN 31-Dec-21
Bank balance	304	174,800
Investment securities	8,087	4,650,025
	8,391	4,824,825

Company <i>In thousands of naira/USD</i>	USD 31-Dec-21	NGN 31-Dec-21
Bank balance	303	174,225
Investment securities	2,486	1,429,450
	2,789	1,603,675

Group <i>In thousands of naira/USD</i>	USD 31-Dec-20	NGN 31-Dec-20
Bank balance	21	9,870
Investment securities	9,060	4,258,200
	9,081	4,268,070

Company <i>In thousands of naira</i>	USD 31-Dec-20	NGN 31-Dec-20
Bank balance	20	9,400
Investment securities	2,716	1,276,520
	2,736	1,285,920

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Sensitivity analysis of exchange rates

Arising from exchange rate fluctuations, the Company is exposed to changes in exchange rates. The following shows the sensitivity of the Company's income to changes in exchange rate:

Group Scenario level	Bank Balances	Investment Securities
31 December 2021	200bps	200bps
<i>In thousands of naira</i>		
Increase	(2,579)	(72,920)
Decrease	2,579	72,920
Scenario level	500bps	500bps
Increase	(6,447)	(182,301)
Decrease	6,447	182,301
Company Scenario level	Bank Balances	Investment Securities
31 December 2021	200bps	200bps
<i>In thousands of naira</i>		
Increase	(2,574)	(21,503)
Decrease	2,574	21,503
Scenario level	500bps	500bps
Increase	(6,435)	(53,756)
Decrease	6,435	53,756
Group Scenario level	Bank Balances	Investment Securities
31 December 2020	200bps	200bps
<i>In thousands of naira</i>		
Increase	(171)	(72,543)
Decrease	171	72,543
Scenario level	500bps	500bps
Increase	(428)	(181,359)
Decrease	428	181,359
Company Scenario level	Bank Balances	Investment Securities
31 December 2020	200bps	200bps
<i>In thousands of naira</i>		
Increase	(166)	(21,744)
Decrease	166	21,744
Scenario level	500bps	500bps
Increase	(416)	(54,359)
Decrease	416	54,359

(iv) Risk prevention strategies

The Group has adopted the risk and control self-assessment model to aid the identification, assessment and control of risks to prevent it from crystallising. Using this methodology, every activity or process is believed to have inherent risk(s). The model involves upfront risk identification, assessment, quantification and mitigation. The Group's strategy for preventing risks is to identify the risk ahead and design preventive controls that reduces the impact of the risk when it occurs. In a situation where there is no preventive controls or it will be costly to put such a control the Group adopt a detective or corrective controls. The Group believes that even after controls are put in place there could be residual risks. The Group also evaluates the residual risks and then design a risk treatment plan for such risks with high residual risks.

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(b) Capital management

The strategy for assessing and managing the impact of business plans on present and future regulatory capital forms an integral part of the Group's strategic plan. Specifically, the Group considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Group's assessment taking account of the Group business strategy and value creation to all its stakeholders. The Securities and Exchange Commission ("SEC") sets and monitors capital requirements for the Group's subsidiaries as follows:

	Minimum capital	Total equity
<i>In thousands of naira</i>	31-Dec-21	31-Dec-21
FMDQ Clear Limited	5,000,000	15,768,447
FMDQ Depository Limited	5,000,000	5,637,664
FMDQ Securities Exchange Limited	500,000	1,883,741
FMDQ Private Markets Limited	-	58,553
iQx Consult Limited	-	2,000,986

FMDQ Private Markets Limited and iQx Consult Limited are not regulated by SEC, thereby they do not have minimum capital requirement imposed on them.

The Group's shareholders' funds at the end of the year was higher than the minimum requirement stipulated by SEC which is required to be the sum of the aggregate minimum capital of all its subsidiaries.

<i>In thousands of naira</i>	Note	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Paid up share capital	33	19,467,298	9,733,664	19,467,298	9,733,664
Shareholders' funds		38,445,756	31,369,752	24,303,266	20,676,860

7 Use of estimates and judgments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2021 is included in the following notes.

(a) Determining fair values

The Group's policy on fair value measurements is discussed under note 5.3(f).

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- (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 - as prices, or indirectly- derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs could have a significant effect on the instrument's valuation. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

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Financial instruments measured at fair value

The following tables set out the categorisation into levels of the fair value hierarchy of financial instruments measured at fair value.

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<i>In thousands of naira</i>	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	21,494,624	-	-	21,494,624
		21,494,624	-	-	21,494,624

31 December 2020

<i>In thousands of naira</i>	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	15,281,047	-	-	15,281,047
		15,281,047	-	-	15,281,047

Company

31 December 2021

<i>In thousands of naira</i>	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	9,898,515	-	-	9,898,515
		9,898,515	-	-	9,898,515

31 December 2020

<i>In thousands of naira</i>	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	9,351,771	-	-	9,351,771
		9,351,771	-	-	9,351,771

(b) Valuation techniques and inputs used in fair value measurement

The price used in determining the fair value of the FGN Bonds, Treasury bills and Eurobonds is the price of FGN Bonds, Treasury bills and Eurobonds with similar maturity and discount as quoted on the FMDQ. This is publicly available and represents the price at which the instruments would be transacted at the reporting date.

(c) Allowance for impairment losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 5.4.

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon Management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, Management makes judgments about a debtor's financial situation and estimate of cash flows considered recoverable are independently approved by the financial control function.

(d) Income tax

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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(e) *Recognition of deferred taxes*

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.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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. 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.

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.

(f) *Share based payments*

The Group estimates cash-settled share-based payment transactions based on valuation using an option pricing model. The model considers the exercise price of the option, tenor of the option, current price of the underlying shares and expected future volatility in share prices and probability of meeting the terms upon which the options are to be exercised.

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8 Classification of financial assets and liabilities and fair value hierarchy

The table below set out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group

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<i>In thousands of naira</i>	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	21,275,584	21,275,584	2
Investment securities	22	21,494,624	5,432,445	26,927,069	1
Other financial assets (net)	25	-	1,548,750	1,548,750	2
Client resolution fund assets	23	-	32,586,971	32,586,971	1
Margin and fixings variance settlement assets	24	-	83,594,640	83,821,100	1
		21,494,624	144,438,390	166,159,474	
Other financial liabilities	29	-	8,618,745	8,618,745	2
Client resolution fund liabilities	30	-	32,586,971	32,586,971	1
Margin and fixing variance settlement liabilities	31	-	83,594,640	83,821,100	1
		-	124,800,356	125,026,816	

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<i>In thousands of naira</i>	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	27,032,460	27,032,460	2
Investment securities	22	15,281,047	1,605,248	17,006,662	1
Other financial assets (net)	25	-	1,490,435	1,490,435	2
Client resolution fund assets	23	-	59,552,180	59,642,868	1
Margin and fixings variance settlement assets	24	-	219,910,774	220,251,282	1
		15,281,047	309,591,097	325,423,707	
Other financial liabilities	29	-	10,055,380	10,055,380	2
Client resolution fund liabilities	30	-	59,552,180	59,642,868	1
Margin and fixings variance settlement liabilities	31	-	219,910,774	220,251,282	1
		-	289,518,334	289,949,530	

Company

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<i>In thousands of naira</i>	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	1,613,775	1,613,775	2
Investment securities	22	9,898,515	-	9,898,515	1
Other financial assets (net)	25	-	20,757,640	20,757,640	2
		9,898,515	22,371,415	32,269,930	
Other financial liabilities	29	-	(19,246,995)	(19,246,995)	2
		-	(19,246,995)	(19,246,995)	

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<i>In thousands of naira</i>	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	5,235,415	5,235,415	2
Investment securities	22	9,351,771	-	9,351,771	1
Other financial assets (net)	25	-	1,609,872	1,609,872	2
		9,351,771	6,845,287	16,197,058	
Other financial liabilities	29	-	(6,858,970)	(6,858,970)	2
		-	(6,858,970)	(6,858,970)	

9 Treasury income

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Treasury income (See note (a))	2,192,164	1,023,023	-	-
	2,192,164	1,023,023	-	-

- (a) This amount represents interest income earned from investing the client resolution fund assets as a result of additional treasury activities carried out by the Group. The Group invests the funds in treasury bills and other government securities, through a Fund Manager- Stanbic IBTC Asset Management Limited (SIAML) and the Company's Clearing Treasury Group.

10 Treasury expense

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Treasury expense (See note (a) below)	14,595	138,957	-	-
	14,595	138,957	-	-

- (a) This amount represents interest to be paid to the clients on the outstanding client resolution fund. There was a decline in the outstanding Client Resolution Fund as the clearing house, FMDQ Clear Limited, paid unclaimed settlement amount for 2020 to CBN during the year.

11 Transaction fees (net)

Transaction fee income comprises fees earned on the secondary market transactions carried on by FMDQ Securities Exchange Limited's Dealing Members. Transaction fees can be analysed as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Transaction Fees- foreign currency trading	253,885	250,595	-	-
Transaction Fees- treasury bills trading	686,619	831,395	-	-
Transaction Fees- repo transactions	470,849	315,685	-	-
Transaction Fees- open buy back transactions	200,984	269,282	-	-
Transaction Fees- money market transactions	31,565	31,520	-	-
Transaction Fees - FX Derivatives	214,825	283,498	-	-
Transaction Fees - FGN Bonds	194,034	259,522	-	-
Transaction Fees - Eurobonds	-	8	-	-
IDB - All Products	8,690	21,646	-	-
	2,061,451	2,263,151	-	-
Transaction fees expense (See note (a) below)	(164,541)	(49,873)	-	-
Transaction fees income (See 34(d))	1,896,910	2,213,278	-	-

- (a) The amount represents settlement fees incurred by Dealing Member (Banks) on executed fixed income transactions borne by FMDQX on behalf of the Dealing Members.

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12 Clearing and futures management fees

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Clearing fee	1,463,263	3,517,139	-	-
Futures management fee (See note (i) below)	6,803,281	13,711,346	-	-
	8,266,544	17,228,485	-	-

- (i) Futures management fee is a monthly fee earned on the maintenance and valuation of outstanding FX futures contracts. The fee is determined monthly as 0.025% of the face value of outstanding FX futures contracts and is apportioned based on the number of days the transaction was outstanding for each month.

13 Participant fees

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Noting application and processing dues	209,137	66,050	-	-
Transfer agency fees	29,110	-	-	-
Sponsorship eligibility fees	22,450	12,000	-	-
Eligibility fees	48,120	25,174	-	-
Annual sponsorship dues	23,175	5,813	-	-
Settlement fees	118,256	1,079	-	-
	450,248	110,116	-	-

Participant fee include fees earned by FMDQ Depository Limited (eligibility, transfer agency and settlement fees) and FMDQ Private Markets Limited (noting and sponsorship fees).

Performance obligations and revenue recognition policies

Clearing and futures management fees, sponsorship eligibility fees, annual sponsorship fees, noting application fees, eligibility fees and transaction fee income from contracts with clients are measured based on the consideration specified in a contract with a client. The Group recognises revenue when it transfers control over a service to a client.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Transaction fees	The Group provides a platform, through its securities exchange subsidiary, on which secondary market trade transactions are executed. Transaction fees are charged weekly. The Group sets the rates for each category of transaction and clients on an annual basis.	Revenue from trade transactions executed is recognised at the point in time when the trade takes place. The amounts to be collected from customers on 31 December 2021 are recognised as trade receivables.
Clearing and futures management fees	The Group's clearing subsidiary provides various futures transactions-related services, including clearing and futures management services. Fees for clearing services and futures management services are charged weekly and monthly respectively. The Group sets the rates on an annual basis.	Revenue from clearing services is recognised at a point in time, when the services are provided while revenue from futures management services is recognised over time (throughout the lifetime of a futures contract) as the services are provided. The amounts to be collected from customers on 31 December 2021 are recognised as trade receivables.

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Participant fees	<p>The Group provides transactions related services, including debt and equity noting services through its private markets subsidiary. FMDQ Private Market Limited's transaction sponsors are charged sponsorship fees annually upon registration. A transaction sponsor must present an issuer (private company) of each security for the Company's noting services. Annual noting fees are charged on the completion of the noting process. The Company sets the rates on an annual basis.</p> <p>The Group also provides transactions related services, including collateral caching and settlement services, through its depository subsidiary.</p>	<p>Revenue from sponsorship fees and application fees is recognised at a point in time, when the services are provided while revenue from annual noting fees is recognised over time (throughout the lifetime of a noting contract) as the services are provided. The amounts to be collected from customers on 31 December 2021 are recognised as accounts receivable.</p> <p>The fees are charged based on the nature of the service provided. FMDQ Depository Limited sets the rates on an annual basis. Revenue from depository fees and settlement fees is recognised at a point in time, when the services are provided while revenue from eligibility and transfer agency fees are recognised over time (throughout the lifetime of the contract) as the services are provided. The amounts to be collected from customers on 31 December 2021 are recognised as accounts receivable.</p>
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14 Interest income calculated using the effective interest method

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Treasury bills	428,703	667,608	186,935	185,453
Fixed deposit	475,547	137,337	98,701	16,609
Call deposit	139,577	143,232	37	254
FGN bonds	1,133,392	846,172	573,469	564,978
Eurobond	300,020	140,878	81,133	57,837
State bonds	380	-	-	-
	2,477,619	1,935,227	940,275	825,131
Explained by:				
Interest income earned on investment securities (See note 39(iv))	1,862,495	1,654,658	841,538	808,269
Interest income on cash and cash equivalents	615,124	280,569	98,737	16,862
	2,477,619	1,935,227	940,275	825,131

15 Other income

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Membership application fees	33,625	24,381	-	-
Membership subscription dues	142,110	121,972	-	-
Bond listing fees	326,282	307,328	-	-
Penalties and fines (See note (a))	3,310	1,250	-	-
Commercial paper quotation fees	261,713	371,452	-	-
Technology services (See note (b))	195,510	175,856	-	-
Gain on sale of property and equipment	2,822	2,415	2,864	2,415
Franchise development support and outsourcing (FDSO) (See note (c))	-	-	9,325,221	15,925,525
Margin management fees (See note (d))	1,039,203	7,108,392	-	-
Processing fees	1,586,794	52,034	-	-
Q-ex Maintenance fee	16,137	17,302	-	-
Fund listings fee	38,773	56,374	-	-
Accruals no longer required	-	21,005	-	21,005
Collateral management fee	820,399	-	-	-
Other revenue	213,849	227,244	138,721	142,669
	4,680,527	8,487,005	9,466,806	16,091,614

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- (a) Penalties /fines - This relates to monies received as sanctions for infractions by FMDQ's Members. 50% of the penalties/fines received have been appropriated to the Investor Protection Fund of the Exchange.
- (b) This income relates to system usage fees charged on all trades done on FMDQ Futures Trading & Reporting System (FFTRS) by its Dealing Members.
- (c) FDSO income represents fees earned from FMDQ Clear Limited and FMDQ Securities Exchange Limited, a wholly owned subsidiary, in respect of the franchise development support and outsourced services rendered by the parent Company. The fees are accrued in line with the executed agreement with the parent Company, which requires FMDQ Clear Limited and FMDQ Securities Exchange Limited to pay 62% and 20% (2020: 60% and 20% from FMDQ Clear Limited and FMDQ Securities Exchange Limited respectively) of its realised revenue, excluding interest income on proprietary capital respectively. This is recognised as income in the Company's books and as expense in the subsidiaries' books. Both transactions were eliminated upon consolidation.
- (d) This income relates to 1% management fee charged to the CBN on the management of the margin funds. This includes 0.375% which is recognised as an expense with respect to 0.125% and 0.25% for settlement agency and investment management fees respectively.

16 Gain on foreign exchange revaluation

The unrealised gain is largely due to the foreign exchange differences arising from the Group's investment in Eurobond.

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Gain/(Loss) on cash and bank balances	5,856	(91,651)	6,356	(91,851)
Gain on foreign exchange revaluation- Eurobond	841,917	236,280	258,361	236,280
	847,773	144,629	264,717	144,429

17 Personnel expenses

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Wages and salaries	2,210,673	2,206,882	1,019,833	1,086,778
Productivity bonus (See note (i))	2,304,754	2,703,738	1,864,534	2,329,419
Other staff costs	86,436	34,013	46,118	16,484
Pension costs	207,101	185,559	94,242	92,504
Cash-settled share-based payment (See notes (iv) and 29)	(773,325)	1,903,092	(773,325)	1,903,092
	4,035,639	7,033,284	2,251,402	5,428,277

- (i) This includes employees' high performance bonus as implemented by the Board of Directors.
- (ii) Employees earning over N60,000 per annum, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments in the following ranges:

<i>Categories (in numbers)</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Less than N2,000,000	1	4	1	4
N2,000,001 - N5,000,000	12	29	5	10
N5,000,001 - N8,000,000	9	26	2	9
N8,000,001 - N11,000,000	17	27	7	6
N11,000,001 - N14,000,000	17	5	5	4
N14,000,001 - N17,000,000	5	7	3	5
N17,000,001 - N20,000,000	2	3	1	2
Above N20,000,000	27	15	7	10
	90	116	31	50

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(iii) The average number of full time persons employed during the year by the Group and Company was as follows:

<i>Numbers</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
<i>Categories</i>				
Management staff	13	19	4	7
Non-management staff	77	97	27	43
	90	116	31	50

(iv) Share appreciation rights (cash-settled)

(a) The Group granted share appreciation rights (SARs) to the Group Managing Director/Chief Executive Officer (GMD/CEO) that entitle him to a cash payment. The amount of the cash payment is determined based on the increase in the share price of FMDQ Group PLC between grant date and the time of exercise.

The terms and conditions of the grants are as follows:

<i>Grant date/employees entitled</i>	<i>Number of instruments in thousands</i>	<i>Vesting conditions</i>	<i>Contractual life of options</i>
SARs granted to the GMD (5% of the Company's shareholding)	973,368	6.4 years' service and Key Performance Indicators (KPIs) as indicated in employment contract	6.4 years
Total SARs	973,368		6.4 years

(b) Description of share-based payment arrangements

Details of the liabilities arising from the SARs were as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Total carrying amount of liabilities for cash-settled arrangements	1,736,114	2,509,438	1,736,114	2,509,438
Total intrinsic value of liability for vested benefits	-	-	-	-

(c) Measurement of fair values

The fair value of the SARs is determined using the binomial model adjusted for exit rate and vesting period. The inputs used in measuring the fair value at grant date and measurement date were as follows:

	31-Dec-21	31-Dec-20
Fair value (naira)	3.35	11.10
Share price (naira) (See note (i) below)	3.92	9.58
Exercise price (naira)	0.50	1.00
Expected volatility (weighted average)	43%	57%
Expected life (weighted-average)	6.4 years	6.4 years
Expected dividends	-	-

(i) The 2020 share price was based on 9.73 billion issued shares, while the 2021 share price was based on 19.47 billion shares due to increase in issued shares during the year. The 2020 share price using the 19.47 billion issued shares is N4.79 per share.

The expected volatility is based on the historical share price returns of comparable companies using 252 days as business days in the year.

The fair value of the liability is remeasured at each reporting date.

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(d) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options are as follows.

<i>In thousands of options</i>	Number of options 2021	Weighted average exercise price 2021 (naira)	Number of options 2020	Weighted average exercise price 2020 (naira)
Outstanding at 1 January	486,683	1.00	32,037	15.22
Increase due to bonus share issue	486,685	-	454,646	-
Outstanding at 31 December	973,368	0.50	486,683	1.00
Exercisable at 31 December	-	-	-	-

The options outstanding at 31 December 2021 had an exercise price of N0.50 (2020: N1.00) following the issue of bonus share during the year. The weighted-average contractual life of the option is 6.4 years. No options were exercised in 2021 (2020: Nil).

18 Impairment write-back/(loss) on financial assets

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Impairment charge on financial assets	(18,178)	335,598	(97,260)	79,170
	(18,178)	335,598	(97,260)	79,170
Explained by:				
Impairment charge on securities at amortised cost (See note 22(b))	(11,218)	24,843	-	-
Impairment charge on investment securities at FVOCI (See note 33(e))	(167,084)	241,179	(100,010)	130,174
Impairment (write-back)/charge on investment securities	(178,302)	266,022	(100,010)	130,174
Impairment charge on other assets (See note 25(a))	122,101	98,051	2,750	(51,004)
Impairment charge/(write-back) on margin assets (See note 29(vi))	38,024	(28,475)	-	-
Write-off from other assets	-	-	-	-
	(18,177)	335,598	(97,260)	79,170

19 Other operating expenses

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Audit fees	58,500	53,500	29,000	26,500
Professional fees	431,781	307,212	303,912	248,376
Professional fees (legal) (see note (vi))	39,341	607,491	25,038	595,145
Stationery and office expenses	916	6,944	916	6,944
Bank charges (See note 34(d))	7,696	4,012	6,320	3,651
Travel and lodging expense	8,214	36,564	8,214	36,428
Training and development expense	52,484	143,911	25,091	121,311
Information technology expense	535,573	511,996	171,726	273,715
Publicity and advertising expense	-	339	-	339
Investor Protection Fund	1,000	625	-	-
Insurance expense	114,362	95,136	62,802	58,473
SEC regulatory expense (See (i))	534,486	222,741	-	-
Professional membership	72,046	52,097	50,591	52,097
General administrative expenses	516,362	560,540	369,876	455,263
Business development expense	33,460	368,494	-	350,854
Directors' allowances (See note (ii))	591,646	535,024	366,970	353,368
Bond listing / quotation events	5,770	12,844	-	368
Interest expense on capitalised lease liability (See note 35(ii))	37,538	43,599	37,538	43,599
Corporate development	52,724	402,692	49,224	392,099
Settlement agency fees, investment management fees and other investment expenses (see note (iii))	2,283	1,015,280	-	52
Fee rebate	-	1,640	-	-
Franchise Development	79,499	-	-	-
VAT and WHT expense (see note (iv))	793,347	1,966,442	2,175	334,842
	4,008,369	6,899,747	1,509,393	3,353,424

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(i) SEC charged 20% (2020: 10%) on net realised transactions fee income by the Group on secondary market trading on FMDQ's markets as SEC fees for the year.

(ii) Allowance paid to the Directors during the year:

In thousands of naira

	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Sitting allowances	41,550	41,300	9,720	11,390
Retirement contributions (see note (v) below)	274,875	280,374	264,500	264,500
Other allowances	275,221	213,350	92,750	77,478
	591,646	535,024	366,970	353,368

In thousands of naira

	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Board Chairman allowances	16,920	16,446	16,920	16,446

(iii) These are fees paid to the Settlement Agent, the Nigerian Inter-bank Settlement System (NIBSS) and the Fund Manager, Stanbic IBTC Asset Management Limited for management of a portion of the Margin and Client Resolution Funds and settlement activities.

(iv) Included in the Group's amount is the VAT expense on FDSO (Franchise Development Support and Outsourcing) fees paid by FMDQ Clear Limited and FMDQ Securities Exchange Limited to the Company. See note 15(c).

(v) Retirement contributions are in respect of the Non-Executive Directors' Exit pay payable to an external Fund Manager, Stanbic IBTC Asset Management Limited (SIAML).

(vi) This includes professional legal fees incurred in respect of increase in the Company's authorised and issued share capital in 2020.

20 Income tax expense

(a) The tax charge for the year comprises:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Income tax	2,723,539	4,986,711	1,472,959	2,929,214
Tertiary education tax	235,692	356,053	133,900	204,269
NITDA Levy	116,739	160,981	65,346	76,353
Police Trust Fund Levy	11,504	731	-	382
See note (c) below	3,087,474	5,504,476	1,672,205	3,210,218
Deferred tax charge/(credit) for the year (See note 20(d)(ii))	250,788	(585,342)	271,809	(702,134)
	3,338,262	4,919,134	1,944,014	2,508,084

(b) The effective tax reconciliation is as follows:

	Rate %	Group 31-Dec-21	Rate %	Group 31-Dec-20	Rate %	Company 31-Dec-21	Rate %	Company 31-Dec-20
Profit before income tax		12,103,313		16,158,179		6,534,598		(9,425,830)
NITDA Levy		(85,453)		(160,981)		(65,346)		(76,353)
		12,017,860		15,997,198		6,469,252		(9,502,183)
Tax using the domestic corporation tax	30	3,630,994	30	4,799,159	30	1,940,776	30	2,267,697
Non-taxable income	(8)	(976,675)	(7)	(1,080,897)	(7)	(359,854)	5	(449,389)
Non-allowable expenses	3	355,575	4	683,107	1	163,846	(4)	408,772
NITDA Levy	1	85,453	1	160,981	1	65,346	(1)	76,353
Tertiary education tax	2	242,447	2	356,053	2	133,900	(2)	204,269
Police Trust Fund Levy	-	468	-	731	-	-	-	382
Income tax charge	28	3,338,262	30	4,919,134	27	1,944,014	29	2,508,084

(c) Current tax liabilities

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	5,524,027	3,408,047	3,229,769	3,340,673
Tax charge (See note 20(a))	3,087,474	5,504,476	1,672,205	3,210,218
Tax paid	(3,569,242)	(1,972,279)	(1,618,379)	(1,896,532)
Withholding Tax credit notes utilised	(1,954,625)	(1,424,590)	(1,606,369)	(1,424,590)
Balance, end of the year	3,087,634	5,524,027	1,677,226	3,229,769

(d) Deferred tax assets

(i) Deferred tax assets are attributable to the following:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Property and equipment	(146,455)	(71,880)	(115,775)	(113,709)
Impairment allowances	122,649	69,081	10,697	41,657
Share-based payment liability	564,239	803,020	564,237	803,020
	540,433	800,221	459,159	730,968

(ii) Movement in temporary differences during the year:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Opening balance	800,221	214,879	730,968	28,834
Deferred tax (charge)/credit (See note 20(a))	(250,788)	585,342	(271,809)	702,134
Closing balance	549,433	800,221	459,159	730,968

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(iii) Unrecognised deferred tax assets

The unrecognised deferred tax assets within the Group are in respect of impairment allowances and unutilised tax losses. Deferred tax asset was not recognised because it is not probable that future taxable profits will be available against which the asset can be utilised.

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Group 31-Dec-21	Group 31-Dec-20
	Gross amount	Gross amount	Tax effect	Tax effect
Impairment allowances	-	1,913	-	574
Tax losses	-	7	-	2
	-	1,920	-	576

The Company (FMDQ Group PLC) had no unrecognised deferred tax asset as at 31 December 2021. (2020: Nil)

Tax losses carried forward

In line with the applicable tax laws, tax losses are to be carried forward indefinitely.

21 Cash and bank balances

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Cash at bank	2,480,521	21,951,853	708,280	5,235,405
Placement with Banks	13,711,082	10	905,495	10
Cash and bank balances for cash flow purposes	16,191,603	21,951,863	1,613,775	5,235,415
Placement pledged as collateral (See note (a))	5,083,981	5,080,597	-	-
Total cash and bank balances	21,275,584	27,032,460	1,613,775	5,235,415
Current	16,191,603	21,951,863	1,613,775	5,235,415
Non-current	5,083,981	5,080,597	-	-
	21,275,584	27,032,460	1,613,775	5,235,415

Included in cash and bank balances for the Group and Company respectively are balances with Guaranty Trust Bank Limited, UBA PLC, Access Bank PLC, Zenith Bank PLC and Stanbic IBTC Bank PLC, all of which are related entities to the Group. (See note 34(d)).

- (a) This represents N5 billion placement with Stanbic IBTC Bank PLC ("the Bank") which acts as cash collateral for overdraft lines which the Bank provides Dealing Member (Specialists) of FMDQ Securities Exchange Limited. This balance is restricted as the Group is required to maintain it with the Bank as collateral in lieu of overdraft availed to Dealing Member (Specialists) of FMDQ Securities Exchange Limited. The placement earned interest at 0.1% for the first and second half of the year (2020: 3.25% for the first half of the year and 0.5% for the second half of the year), and FMDQ Clear Limited has an agreement with FMDQ Securities Exchange Limited for a refund of the excess of Nigerian Interbank Treasury Bills' True Yields Fixing ("NITTY") over the expected interest rate from Stanbic IBTC Bank PLC.

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22 Investment securities

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Debt securities (see note (i) below)	26,927,068	16,859,539	9,898,515	9,351,771
	26,927,068	16,859,539	9,898,515	9,351,771
Current	6,263,797	3,698,683	4,128,066	2,826,998
Non-current	20,663,271	13,160,856	5,770,449	6,524,773
	26,927,068	16,859,539	9,898,515	9,351,771

(i) The Group's debt securities can be analysed as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Treasury bills - FVOCI	6,215,001	3,221,763	3,480,400	2,826,998
FGN Bonds - FVOCI	10,397,885	7,790,818	4,960,443	5,248,392
Eurobonds- FVOCI	4,832,942	4,258,548	1,457,672	1,276,381
State Bonds- FVOCI	48,796	-	-	-
Investments held with Stanbic IBTC Asset Management Limited (SIAML) (See note (a) below)	-	9,918	-	-
Investment securities at fair value	21,494,624	15,281,047	9,898,515	9,351,771
Treasury bills - amortised cost	1,779,070	493,758	-	-
FGN Bonds - amortised cost	3,618,722	1,111,490	-	-
State Bonds - amortised cost	50,190	-	-	-
Investment securities at amortised costs	5,447,982	1,605,248	-	-
	26,942,606	16,886,295	9,898,515	9,351,771
Allowance for ECL impairment on investment securities at amortised cost (See note (b) below)	(15,538)	(26,756)	-	-
	26,927,068	16,859,539	9,898,515	9,351,771

(a) This amount represents an investment account with SIAML which includes both fixed income mutual fund and investment in treasury bills.

(b) The movement in impairment on investment securities at amortised cost during the year was as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	(26,756)	(1,913)	-	-
Impairment loss during the year (See note 18)	11,218	(24,843)	-	-
Balance, end of the year	(15,538)	(26,756)	-	-

23 Client resolution fund asset

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Client resolution fund asset (See note (a) below)	32,586,971	59,552,180	-	-
	32,586,971	59,552,180	-	-
Current	32,586,971	59,552,180	-	-
Non-current	-	-	-	-
	32,586,971	59,552,180	-	-

(a) Client resolution fund asset represents funds held by the Group with respect to settlement amounts on matured FX futures transaction traded on FMDQ's platform, but which are yet to be claimed by the FX futures clients as at the end of the reporting period. The clients are entitled to a fixed interest percentage on the outstanding balance, pending when they claim the funds. The Group invests these funds in treasury bills and other money market instruments and earns interest on the investment. These funds are recognised in the books as assets, and corresponding liabilities (CRF liability). In line with the Group's accounting policy, CRF assets and liabilities are classified and measured at amortised cost. See note 30.

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24 Margin fund assets

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Margin fund asset (See note (a) below)	83,594,640	219,910,774	-	-
	83,594,640	219,910,774	-	-
Current	83,594,640	219,910,774	-	-
Non-current	-	-	-	-
	83,594,640	219,910,774	-	-

(a) Margin funds represent cash margins pledged to FMDQ Clear Limited by the Central Bank of Nigeria for its open OTC FX Futures contracts. Margin fund assets and liabilities are classified and measured at amortised cost.

25 Other assets

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Account receivables (See note 34(d))	1,737,210	1,684,453	7,035	1,324
Intercompany receivables (See note 34(d))	-	-	20,753,355	1,608,548
Other receivables	144,927	17,268	-	-
Financial assets	1,882,137	1,701,721	20,760,390	1,609,872
Allowance for impairment on other assets (See note (a))	(333,387)	(211,286)	(2,750)	-
Net financial assets	1,548,750	1,490,435	20,757,640	1,609,872
Prepayments	353,543	181,131	225,287	157,097
WHT receivables	1,113,451	1,903,933	899,297	1,516,236
	3,015,744	3,575,499	21,882,224	3,283,205
Current	3,015,744	3,575,499	21,882,224	3,283,205
Non-current	-	-	-	-
	3,015,744	3,575,499	21,882,224	3,283,205

(a) The movement in allowance for impairment during the year was as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	211,286	113,235	-	51,004
Impairment loss/(write-back) during the year (See note 18)	122,101	98,051	2,750	(51,004)
Balance, end of the year	333,387	211,286	2,750	-

26 Investment in subsidiaries

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Investment in FMDQ Clear Limited	-	-	5,000,000	5,000,000
Investment in FMDQ Depository Limited	-	-	5,000,000	5,000,000
Investment in FMDQ Securities Exchange Limited	-	-	1,000,000	1,000,000
Investment in FMDQ Private Markets Limited	-	-	1,000	1,000
Investment in iQx Consult Limited	-	-	205,831	205,831
	-	-	11,206,831	11,206,831

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27 Property and equipment

Group	In thousands of naira	Leasehold improvements	Motor vehicles	Office Equipment	Right of use assets	Computer equipment	Work-in-progress	Total
Cost								
Balance as at 1 January 2021		604,004	736,271	1,005,871	404,147	278,062	-	3,028,355
Additions		8,796	256,846	10,583	-	97,111	9,998	383,334
Disposals		-	(25,200)	(3,104)	-	(880)	-	(29,184)
Balance as at 31 December 2021		612,800	967,917	1,013,350	404,147	374,293	9,998	3,382,505
Balance as at 1 January 2020		597,474	485,630	967,855	404,147	187,424	-	2,642,530
Additions		6,530	419,641	38,016	-	90,638	-	554,825
Disposals		-	(169,000)	-	-	-	-	(169,000)
Balance as at 31 December 2020		604,004	736,271	1,005,871	404,147	278,062	-	3,028,355
Accumulated Depreciation								
Balance as at 1 January 2021		171,267	272,314	619,319	101,016	149,738	-	1,313,654
Charge for the year		72,728	204,943	142,932	53,062	179,346	-	653,011
Disposals		-	(14,930)	-	-	(202)	-	(15,132)
Balance as at 31 December 2021		243,995	462,327	762,251	154,078	328,882	-	1,951,533
Balance as at 1 January 2020		111,202	211,465	381,289	47,954	93,847	-	845,757
Charge for the year		60,065	160,599	238,030	53,062	55,891	-	567,647
Disposals		-	(99,750)	-	-	-	-	(99,750)
Balance as at 31 December 2020		171,267	272,314	619,319	101,016	149,738	-	1,313,654
Carrying amounts								
As at 31 December 2021		368,805	505,590	251,099	250,069	45,411	9,998	1,430,972
As at 31 December 2020		432,737	463,957	386,552	303,131	128,324	-	1,714,701

- (a) There were no authorised or contracted capital commitments as at the end of the reporting period (31 December 2020: Nil)
- (b) There were no capitalised borrowing costs related to the construction of property and equipment during the year (31 December 2020: Nil)
- (c) The leased assets included in this property and equipment as at year end is the right of use assets (31 December 2020: Nil)
- (d) There were no impairment losses on any class of property and equipment (31 December 2020: Nil)
- (e) All classes of property and equipment are non-current.

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Company	Leasehold improvements	Motor vehicles	Office equipment	Right of use assets	Computer equipment	Work-in-progress	Total
<i>In thousands of naira</i>							
Cost							
Balance as at 1 January 2021	604,004	736,271	652,322	404,147	-	-	2,396,744
Additions	8,796	256,846	10,583	-	-	9,998	286,223
Disposals	-	(25,200)	(3,104)	-	-	-	(28,304)
Transfer to Subsidiary	-	-	-	-	-	-	-
Balance as at 31 December 2021	612,800	967,917	659,801	404,147	-	9,998	2,654,663
Balance as at 1 January 2020	597,474	485,630	967,855	404,147	187,424	-	2,642,530
Transition adjustments (see note 2a)	-	-	(353,549)	-	(191,788)	-	(545,337)
Additions	6,530	419,641	38,016	-	4,364	-	468,551
Disposals	-	(169,000)	-	-	-	-	(169,000)
Balance as at 31 December 2020	604,004	736,271	652,322	404,147	-	-	2,396,744
Accumulated Depreciation							
Balance as at 1 January 2021	171,267	272,314	392,418	101,016	-	-	937,015
Charge for the year	72,728	204,943	142,932	53,062	-	-	473,665
Disposals	-	(14,930)	-	-	-	-	(14,930)
Balance as at 31 December 2021	243,995	462,327	535,350	154,078	-	-	1,395,750
Balance as at 1 January 2020	111,202	211,465	381,289	47,954	93,847	-	845,757
Charge for the year	60,065	160,599	238,030	53,062	44,852	-	556,608
Disposals	-	(99,750)	-	-	-	-	(99,750)
Transfer to subsidiary	-	-	(226,901)	-	(138,699)	-	(365,600)
Balance as at 31 December 2020	171,267	272,314	392,418	101,016	-	-	937,015
Carrying amounts							
As at 31 December 2021	368,805	505,590	124,451	250,069	-	9,998	1,258,913
As at 31 December 2020	432,737	463,957	259,904	303,131	-	-	1,459,729

(a) There were no authorised or contracted capital commitments as at the end of the reporting period (31 December 2020: Nil)

(b) There were no capitalised borrowing costs related to the construction of property and equipment during the year (31 December 2020: Nil)

(c) The leased assets included in this property and equipment as at year end is the right of use assets (31 December 2020: Nil)

(d) There were no impairment losses on any class of property and equipment (31 December 2020: Nil)

(e) All classes of property and equipment are non-current.

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28 Intangible assets

Group	Computer Software	Intangible assets	Work-in-progress	Total
<i>In thousands of naira</i>				
Cost:				
Balance as at 1 January 2021	131,815	-	9,065	140,880
Additions	42,657	8,080	11,449	62,186
Reclassification	-	8,512	(8,512)	-
Balance as at 31 December 2021	174,472	16,592	12,002	203,066
Balance as at 1 January 2020	107,864	-	9,065	116,929
Additions	23,951	-	-	23,951
Balance as at 31 December 2020	131,815	-	9,065	140,880
Accumulated Amortisation				
Balance as at 1 January 2021	90,021	-	1,813	91,834
Amortisation during the year	10,824	4,212	-	15,036
Balance as at 31 December 2021	100,845	4,212	1,813	106,870
Balance as at 1 January 2020	83,483	-	-	83,483
Amortisation during the year	6,538	-	1,813	8,351
Balance as at 31 December 2020	90,021	-	1,813	91,834
Carrying amounts				
As at 31 December 2021	73,627	12,380	10,189	96,196
As at 31 December 2020	41,794	-	7,252	49,046

- (a) There were no impairment losses on intangible assets (31 December 2021: Nil)
(b) The intangible assets are non-current assets.

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29 Other liabilities

Other liabilities balance comprises

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Account payables (See note (iii))	3,857,119	4,291,580	648,545	926,421
Accruals	3,025,512	3,254,362	2,180,808	2,781,229
Intercompany payables	-	-	14,681,528	641,882
Deposit for shares (See note (iv) below)	-	-	-	-
Cash-settled share-based payment liability (See note 17)	1,736,114	2,509,438	1,736,114	2,509,438
Financial liabilities	8,618,745	10,055,380	19,246,995	6,858,970
Regulatory fees (SEC)	24,544	22,655	24,544	22,655
Unearned fee income (See note (i))	430,508	2,059,214	23,494	23,494
Statutory payables (See note (ii))	2,078,457	374,022	695,317	81,532
Non-financial liabilities	2,533,509	2,455,891	743,355	127,681
Total	11,152,254	12,511,271	19,990,350	6,986,651
Allowance for impairment on margin assets (See note v)	38,024	-	-	-
	11,190,278	12,511,271	19,990,350	6,986,651
Current	9,454,164	10,001,833	18,254,236	4,477,213
Non-current	1,736,114	2,509,438	1,736,114	2,509,438
	11,190,278	12,511,271	19,990,350	6,986,651

(i) Amount relates to processing fee income for which the performance obligation is yet to be fulfilled. Processing fee is computed as one third of the total interest earned by the clients on the customer resolution fund, and is earned when the settlement amount is paid out to the customer after making a valid claim.

(ii) Statutory payables include payables in respect of Withholding Tax, Value Added Tax, PAYE (Pay As You Earn) and pension.

(iii) Account payables

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
CRF Interest payable to clients(See note (a))	3,126,163	3,119,316	-	-
Payables to other third parties(See note (b))	475,100	861,516	392,726	615,673
Lease liabilities	255,856	310,748	255,856	310,748
	3,857,119	4,291,580	648,582	926,421

(a) This amount represents interest payable to futures clients on the Client Resolution Fund (CRF) assets with the Group.

(b) Payables to other third parties include payables for consultancy and professional fees.

(iv) Movement in Deposit for shares

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	-	124,350	-	124,350
Movement to share premium (See note 33(c))	-	(116,180)	-	(116,180)
Movement to Share capital (See note 33(b))	-	(8,170)	-	(8,170)
Balance, end of the year	-	-	-	-

During the prior year, the Group got approval from CAC for the allotment of share to Suntrust Bank for share deposit made in the prior period at N15.22 per share.

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(v) Movement in Allowance for impairment on margin assets

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	-	28,475	-	-
Movement during the year (See note 18)	38,024	(28,475)	-	-
Balance, end of the year	38,024	-	-	-

30 Client resolution fund liability

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Client resolution fund liabilities (See note 23)	32,586,971	59,552,180	-	-
	32,586,971	59,552,180	-	-
Current	32,586,971	59,552,180	-	-
Non-current	-	-	-	-
	32,586,971	59,552,180	-	-

31 Margin fund liabilities

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Margin fund liabilities (See note 24)	83,594,640	219,910,774	-	-
	83,594,640	219,910,774	-	-
Current	83,594,640	219,910,774	-	-
Non-current	-	-	-	-
	83,594,640	219,910,774	-	-

32 Provisions

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning	626,416	44,100	374,638	44,100
Additions	-	582,316	-	330,538
Payments	(26,063)	-	(26,063)	-
Balance at the end	600,353	626,416	348,575	374,638
Current	-	-	-	-
Non-current	600,353	626,416	348,575	374,638
	600,353	626,416	348,575	374,638

The provision balance relates to VAT and WHT tax liability resulting from a revised assessment carried out by FIRS on the Company's 2016 -2019 financial years.

33 Capital and Reserve

(a) Share Capital

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Authorised				
26,000,000,000 Ordinary shares of N1.00 each				
(31 December 2020: 26,000,000,000 of N1.00 each)	26,000,000	26,000,000	26,000,000	26,000,000
Issued and fully paid				
19,467,365,000 (31 December 2020: 9,733,663,665)				
Ordinary shares of N1.00 each	19,467,298	9,733,664	19,467,298	9,733,664

The Group plans to issue bonus shares through the 2022 Bonus Issuance Programme in order to bridge the gap between the Issued Share Capital and the Authorised Share Capital

(b) *Movement in share capital*

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	9,733,664	640,741	9,733,664	640,741
Bonus share issue (See note 33(f))	9,733,634	9,084,573	9,733,634	9,084,573
Issue of shares (See note 29(iv))	-	8,170	-	8,170
Balance, end of the year	19,467,298	9,733,664	19,467,298	9,733,664

During the year, the Group got the Board approval for the allotment of bonus share to its existing shareholders.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Company.

(c) *Share premium*

Share premium is the excess paid by shareholders over the nominal value for their shares. The movement in share premium during the year was because of share allotment to Suntrust Bank during the year from Deposit for shares in the prior year.

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	137,328	21,148	137,328	21,148
Issue of shares	-	116,180	-	116,180
Transfer to bonus share reserve (See note 33(f))	(137,328)	-	(137,328)	-
Balance, end of the year	-	137,328	-	137,328

(d) *Retained earnings*

Retained earnings is the profit generated by the Group not yet distributed to shareholders as dividends. During the year, the Board of Directors suspended the implementation of the Group's Earnings Appropriation Policy for the 2021 Financial Year, appropriating the required amount for the 2022 Bonus Issuance Programme to the Bonus Issue Reserve, and thereafter allocating any balances to the other Reserves accordingly. The movement in retained earnings is as follows:

<i>In thousands of naira</i>	Note	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year		3,540,921	363,779	1,281,815	-
Profit for the year		8,765,051	11,239,045	4,590,584	5,127,260
Transfer to bonus share reserve	33(f)	(5,872,399)	(1,538,178)	(5,872,399)	(1,538,178)
Appropriation to market development reserve	33(g)	(149,664)	(430,968)	-	-
Appropriation to investor protection reserve	33(g)	(29,933)	(86,194)	-	-
Default resolution reserve appropriation	33(g)	(3,374,569)	(3,879,637)	-	-
Transfer to other reserves	33(g)	-	(2,126,926)	-	(2,307,267)
		(9,426,565)	(8,061,903)	(5,872,399)	(3,845,445)
Balance, end of the year		2,879,407	3,540,921	-	1,281,815

(e) *Fair value reserve*

The fair value reserve includes the net cumulative change in the fair value of investment securities at FVOCI until the investment is derecognised or impaired. The movement in fair value reserves is as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	2,126,194	373,237	1,242,203	369,556
Impairment on FVOCI investment securities (See note 18)	(167,084)	(241,179)	(100,010)	(130,174)
Fair value(loss)/(gain) on investment securities at FVOCI	(1,521,963)	1,994,136	(864,168)	1,002,821
Financial assets at FVOCI - net changes in fair value (See note 39(i))	(1,689,047)	1,752,957	(964,178)	872,647
Balance, end of the year	437,147	2,126,194	278,025	1,242,203

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There are no related taxes for fair value movements on investment securities at FVOCI as income from the underlying investments were not subject to tax during the year under review

(f) Bonus share reserve

The cumulative change is based on the amount approved by the Board of Directors for appropriation to the bonus share reserve. The movement in bonus share reserve is as follows:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year	2,175,336	9,721,911	2,175,336	9,721,911
Transfer from retained earnings (See note 33(d))	5,872,399	1,538,178	5,872,399	1,538,178
Transfer from Share premium (See note 33(c))	137,328	-	137,328	-
Transfer from other reserves (See note 33(g))	6,106,514	-	6,106,514	-
Allotment of share capital (See note 33(b))	(9,733,634)	(9,084,753)	(9,733,634)	(9,084,753)
Balance, end of the year	4,557,943	2,175,336	4,557,943	2,175,336

(g) Other reserves

This relates to the asset sinking fund reserve and special reserves (Company), investor protection reserve and market development reserve (FMDQ Securities Exchange Limited), as well as the default resolution reserve (FMDQ Clear Limited). The Board of Directors approved an appropriation of 25% of the Company's profit after tax and another 20% of the Company's profit after tax to a special reserve to ring fence a portion of the general reserves to facilitate achievement of the Company's vision. Further to this, the Board of Directors of FMDQ Securities Exchange Limited approved the appropriation of 50% of annual profit after tax be transferred into the market development reserve on an annual basis. It was also agreed that 10% of annual profit after tax of FMDQ Securities Exchange Limited be transferred to investor protection reserve. For FMDQ Clear Limited, the Board approved that the Company's profit after tax be appropriated into a default resolution reserve. The movement in other reserves is as follows:

<i>In thousands of naira</i>		Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year		13,656,309	7,132,584	6,106,514	3,799,247
Appropriation to market development reserve	33(d)	149,664	430,968	-	-
Appropriation to investor protection reserve	33(d)	29,933	86,194	-	-
Default resolution reserve appropriation	33(d)	3,374,569	3,879,637	-	-
Transfer from retained earnings (See note (i) below)	33(d)	-	2,126,926	-	2,307,267
Transfer to bonus share reserve	33(f)	(6,106,514)	-	(6,106,514)	-
Balance, end of the year		11,103,961	13,656,309	-	6,106,514

(i) Transfer from retained earnings

<i>In thousands of naira</i>		Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance, beginning of the year		2,307,267	-	2,307,267	-
Appropriation to asset sinking fund reserve		-	1,281,815	-	1,281,815
Appropriation to special reserves		-	1,025,452	-	1,025,452
Transfer to other reserves		(2,307,267)	-	(2,307,267)	-
Balance, end of the year		-	2,307,267	-	2,307,267

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34 Group subsidiaries and related party transactions

(a) *Parent and ultimate controlling party*

FMDQ Group PLC is the ultimate Parent Company with five subsidiaries: FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited, iQx Consult Limited and FMDQ Securities Exchange Limited.

(b) *Subsidiaries*

The Group's investment in subsidiaries as at 31 December 2021 are shown below:

Entity	Year-end	Form of Holding	Effective holding	Nominal share capital held	Country of incorporation	Nature of Business
FMDQ Clear Limited	31 Dec	Direct	100%	5,000,000,000	Nigeria	Securities clearing and settlement
FMDQ Depository Limited	31 Dec	Direct	100%	5,000,000,001	Nigeria	Central securities depository
FMDQ Securities Exchange Limited	31 Dec	Direct	100%	1,000,000,000	Nigeria	Securities exchange
iQx Consult Limited	31 Dec	Direct	100%	1,000,000	Nigeria	Advisory and consultancy in information technology
FMDQ Private Markets Limited	31 Dec	Direct	100%	1,000,000	Nigeria	Private capital market services

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(c) Condensed financial information

The condensed financial data of the consolidated entities as at 31 December 2021, are as follows:

Condensed profit or loss and other comprehensive income	31 December 2021								
	<i>In thousands of naira</i>	Group balances	Elimination entries	FMDQ Group PLC	FMDQ Clear Limited	FMDQ Depository Limited	FMDQ Securities Exchange Limited	FMDQ Private Markets Limited	iQx Consult Limited
Operating income		20,797,190	(10,519,429)	10,671,798	15,575,910	500,578	3,019,737	261,234	1,287,358
Impairment charge on financial assets		18,178	-	97,260	(3,607)	(22,799)	(47,315)	(2,562)	(2,801)
Personnel expenses		(4,035,639)	-	(2,251,402)	(281,764)	(197,482)	(875,441)	(95,486)	(334,787)
Operating expenses		(4,008,369)	10,519,429	(1,509,393)	(10,839,813)	(37,058)	(1,665,388)	(85,052)	(390,369)
Depreciation		(653,011)	-	(473,665)	-	-	-	-	(179,346)
Amortisation		(15,036)	-	-	-	-	-	-	(15,036)
Profit before tax		12,103,313	-	6,534,598	4,450,726	243,239	431,593	78,134	365,019
Taxation		(3,338,262)	-	(1,944,014)	(1,076,157)	(31,705)	(132,264)	(25,687)	(116,162)
Profit after tax		8,765,051	-	4,590,584	3,374,569	211,534	299,329	52,447	248,857
Other comprehensive income		(1,689,047)	-	(964,178)	(643,669)	-	(75,237)	(22)	(5,941)
Total comprehensive income		7,076,004	-	3,626,406	2,730,900	211,534	224,092	52,425	242,916

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<i>In thousands of naira</i>	Group balances	Elimination entries	FMDQ Group Plc	31 December 2021 FMDQ Clear Limited	FMDQ Depository Limited	FMDQ Securities Exchange Limited	FMDQ Private Markets Limited	iQx Consult Limited
Cash and bank balances	21,275,584	-	1,613,775	17,542,212	110,025	1,736,456	269,626	3,492
Investment securities	26,927,068	-	9,898,515	8,773,422	5,432,445	1,332,932	49,721	1,440,034
Client resolution fund (CRF) assets	32,586,971	-	-	32,586,971	-	-	-	-
Margin fund assets	83,594,640	-	-	83,594,640	-	-	-	-
Other assets	3,015,744	(37,444,690)	21,882,224	9,833,967	3,088,936	2,940,199	113,159	2,601,432
Investment in subsidiary	-	(11,206,831)	11,206,831	-	-	-	-	-
Property and equipment	1,430,972	-	1,258,913	-	-	-	-	172,057
Intangible assets	96,196	-	-	-	-	-	-	96,196
Deferred tax assets	540,433	-	459,159	75,931	16,760	44,709	838	-
	169,467,608	(48,651,521)	46,319,417	152,407,143	8,648,166	6,054,296	433,344	4,313,211
Financed by:								
Client resolution fund (CRF) liabilities	32,586,971	-	-	32,586,971	-	-	-	-
Margin fund liabilities	83,594,640	-	-	83,594,640	-	-	-	-
Other liabilities	11,152,254	37,444,690	19,990,350	19,109,442	2,970,630	4,022,462	348,264	2,129,468
Provisions	600,353	-	348,575	251,779	-	-	-	-
Current tax liability	3,087,634	-	1,677,226	1,095,865	39,871	148,093	26,527	134,794
Deferred tax liability	-	-	-	-	-	-	-	47,963
Share capital	19,467,298	11,206,831	19,467,298	5,000,000	5,000,000	1,000,000	1,000	1,000
Deposit for shares	-	-	-	-	-	-	-	204,831
Fair value reserves	437,147	-	278,025	164,461	-	623	324	(6,286)
Retained earnings/accumulated deficit	2,879,407	-	-	26,135	637,665	353,108	57,229	1,801,441
Other reserves	11,103,961	-	-	10,577,851	-	530,010	-	-
	169,467,608	48,651,521	46,319,417	152,407,144	8,648,166	6,054,296	433,344	4,313,211

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The condensed financial data of the consolidated entity as at 31 December 2020, are as follows:

Condensed profit or loss and other comprehensive income	31 December 2020	Group balances	Elimination entries	FMDQ Holdings PLC	FMDQ Clear Limited	FMDQ Depository Limited	FMDQ Securities Exchange Limited	FMDQ Private Markets Limited	iQx Consult Limited
<i>In thousands of naira</i>									
Operating income		31,002,806	(18,802,844)	17,061,174	25,086,104	386,085	3,407,647	83,862	2,894,821
Impairment charge on financial asset		(335,598)	-	(79,170)	139,318	(26,857)	(90,253)	-	-
Personnel expenses		(7,033,284)	-	(5,428,277)	(200,588)	(230,682)	825,687	(71,905)	276,147
Operating expenses		(6,899,747)	18,802,844	(3,353,424)	(19,536,936)	(39,745)	(1,629,773)	(5,828)	(250,929)
Depreciation and amortisation		(567,647)	-	(556,608)	-	-	-	-	(11,039)
Amortisation		(8,351)	-	(8,351)	-	-	-	-	-
Profit before tax		16,158,179	-	7,635,344	5,209,262	88,801	861,934	6,129	2,356,706
Taxation		(4,919,134)	-	(2,508,084)	(1,339,319)	(551)	277,913	(1,410)	791,856
Profit after tax		11,239,045	-	5,127,260	3,869,943	88,250	584,021	4,719	1,564,850
Other comprehensive income		1,752,957	-	872,647	804,449	-	75,860	-	-
Total comprehensive income		12,992,002	-	5,999,907	4,674,392	88,250	659,881	4,719	1,564,850

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<i>In thousands of naira</i>	Group balances	Elimination entries	FMDQ Holdings PLC	FMDQ Clear Limited	FMDQ Depository Limited	FMDQ Securities Exchange Limited	FMDQ Private Markets Limited	iQx Consult Limited
Cash and bank balances	27,032,460	-	5,235,415	14,824,397	3,883,036	855,612	46,783	2,187,228
Investment securities	16,859,539	-	9,351,771	4,921,377	1,578,493	1,007,899	-	-
Client resolution fund (CRF) assets	59,552,180	-	-	59,552,180	-	-	-	-
Margin fund assets	219,910,774	-	-	219,910,774	-	-	-	-
Other assets	3,575,499	-	3,283,205	1,473,442	30,978	765,165	39,239	466,192
Investment in subsidiary	-	(11,206,831)	11,206,831	-	-	-	-	-
Property and equipment	1,714,701	-	1,459,729	-	-	-	-	254,972
Intangible assets	49,046	-	-	-	-	-	-	49,046
Deferred tax assets	800,221	-	730,968	73,608	8,594	-	-	-
	329,494,420	(11,206,831)	31,267,919	300,755,778	5,501,101	2,628,676	86,022	2,957,438
Financed by:								
Client resolution fund (CRF) liabilities	59,552,180	-	-	59,552,180	-	-	-	-
Margin fund liabilities	219,910,774	-	-	219,910,774	-	-	-	-
Other liabilities	12,511,271	-	6,986,651	6,776,610	65,825	691,113	78,893	599,733
Provisions	626,416	-	374,638	251,779	-	-	-	-
Current tax liability	5,524,027	-	3,229,770	1,226,881	9,145	277,913	1,410	791,856
Deferred tax liability	-	-	-	-	-	-	-	-
Share capital	9,733,664	11,206,831	9,733,664	5,000,000	5,000,000	1,000,000	1,000	1,000
Share premium	137,328	-	137,328	-	-	-	-	-
Bonus share reserve	2,175,336	-	2,175,336	-	-	-	-	-
Fair value reserves	2,126,194	-	1,242,203	808,130	-	75,861	-	-
Retained earnings	3,540,921	-	1,281,815	26,135	426,131	66,627	4,719	1,564,849
Other reserves	13,656,309	-	6,106,514	7,203,279	-	517,162	-	-
	329,494,420	11,206,831	31,267,919	300,755,768	5,501,101	2,628,676	86,022	2,957,438

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(d) Related party transactions

Key Management is defined as members of the Board of Directors. Furthermore, the Group had transactions with some of its shareholders. The balances as at year end and the amounts during the year of these transactions are as disclosed below:

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Cash and bank balances (see (i) below & note 21)	21,275,584	27,032,460	1,613,775	5,235,415
Bank charges (see (ii) below & note 19)	7,696	4,012	6,320	3,651
Account receivables (see (iii) below & note 25)	1,737,210	1,684,453	7,035	1,324
Director's fees, emoluments and allowances (see (iv) below & 19 (ii))	591,646	535,024	366,970	353,368
Transaction fee income (net) (see (v) below & note 11)	1,896,910	2,213,278	-	-
FDSO income (See (vi) below & note 15)	-	-	9,325,221	15,925,525
Intercompany receivables (See note 25)	-	-	20,753,355	1,608,548

- (i) Cash and bank balances is represented by bank balances held with Guaranty Trust Bank Limited, UBA PLC, Zenith Bank PLC, Stanbic Bank PLC and Access Bank PLC who are also shareholders in the Company.
- (ii) Bank charges represent charges paid on the Company's bank balances held with Guaranty Trust Bank Limited, Zenith Bank PLC, Stanbic Bank PLC, UBA PLC and Access Bank PLC who are also shareholders in the Company.
- (iii) Accounts receivable is represented by transaction fees receivable from trades executed on the platform by the Dealing Members of FMDQ during the financial year. These Dealing Members are also shareholders in the Company.
- (iv) Directors' fees and allowances is represented by emoluments and allowances accrued during the year for the Board of Directors.
- (v) Transaction fee income represents income earned on transaction fees charged to Dealing Members who are also shareholders in the Company.
- (vi) The FDSO income represents fees earned from FMDQ Clear Limited and FMDQ Securities Exchange Limited, wholly owned subsidiaries, in respect of the franchise development and outsourced services rendered by the parent Company. The fees are accrued in line with the executed agreement with the parent Company, which requires FMDQ Clear Limited and FMDQ Securities Exchange Limited to pay 62% and 20% (2020: 60% and 20% from FMDQ Clear Limited and FMDQ Securities Exchange Limited respectively) of its realised revenue, excluding interest income on proprietary capital respectively.

35 Leases

Leases as lessee

The Group leases its office and offsite premises. The office premises' lease runs for a period of 5 years, with an option to renew the lease after that date while the offsite premises' lease runs for a period of 2 years, also with an option to renew the lease after that date. Lease payments are renegotiated annually to reflect market rentals. Under the lease agreement, the Company is restricted from entering into any sub-lease agreements.

i Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (see Note 27).

<i>In thousands of naira</i>	Office premises 31-Dec-2021	Office premises 31-Dec-2020
Balance at 1 January	303,131	356,193
Additions	-	-
Depreciation charge for the year	(44,852)	(53,062)
Balance at 31 December	258,279	303,131

Notes to the Consolidated and Separate Financial Statements

See below for maturity analysis of lease liabilities as at 31 December 2021.

At 31 December 2021, the future minimum lease payments under non-cancellable operating leases were payable as follows.

<i>In thousands of naira</i>	Office premises 31-Dec-2021	Office premises 31-Dec-2020
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	30,220	30,322
Between one and five years	272,878	-
More than five years	60,640	280,426
Total undiscounted lease liabilities at 31 December	363,738	310,748

ii Amounts recognised in profit or loss

<i>In thousands of naira</i>	31-Dec-2021	31-Dec-2020
2019 – Leases under IFRS 16		
Interest on lease liabilities	37,538	43,599
Depreciation on right of use assets	44,852	53,062

iii Amounts recognised in statement of cash flows

<i>In thousands of naira</i>	31-Dec-2019	31-Dec-2020
Total cash outflow for leases	-	-

iv Movement in lease liabilities

<i>In thousands of naira</i>	31-Dec-2021	31-Dec-2020
Balance at 1 January	310,748	327,789
Repayments	(92,430)	-
Interest on lease liabilities	37,538	(17,041)
Balance at 31 December	255,856	310,748

v Extension options

The lease of both the office and offsite premises contains extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has determined that it would exercise the extension options and has therefore estimated and included the potential future lease payments in the lease liability recognised.

36 Contingent liabilities, litigations and claims

The Company in its ordinary course of business, is presently not involved in any case as a defendant or plaintiff (31 December 2020: Nil).

37 Events after reporting period

There was no events after the reporting date that could have had a material effect on the financial statements of the Group that have not been provided for or disclosed in these financial statements.

38 Non Audit Services

During the year, the auditors Mssrs KPMG performed the following non audit services

Service provided	Fee (N'm)
Independent assurance on statement of flows and usage	1
Long term incentive scheme survey	5
Total fees for non-audit services	6

Notes to the Consolidated and Separate Financial Statements

39 Cashflow workings

(i) Investment Securities

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year	16,859,539	16,147,529	9,351,771	7,717,276
Interest income	1,862,495	1,654,658	841,538	808,269
Fair value (loss)/gain recognised in OCI (See note 33(e))	(1,689,047)	1,752,957	(964,178)	872,647
Gain on foreign exchange revaluation (See note 38 (vii))	753,384	236,280	243,188	236,280
Impairment (charge)/write-back on investment securities (See note 18)	178,302	(335,598)	100,010	-
Interest received	(1,549,639)	(1,550,784)	(611,112)	(639,609)
Balance at the end of the year (See note 22)	(26,927,068)	(16,859,539)	(9,898,515)	(9,351,771)
Movement in investment securities	(10,512,034)	1,045,503	(937,298)	(356,908)

(ii) Property and equipment

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year	1,714,701	1,796,773	1,459,729	1,796,773
Investment in subsidiary (See note 39(viii))	-	-	-	(179,737)
Balance at the end of the year (See note 27)	(1,430,972)	(1,714,701)	(1,258,913)	(1,459,729)
	283,729	82,072	200,816	157,307
<i>Explained by:</i>				
Acquisition of property and equipment (See note 27)	(383,334)	(554,825)	(286,223)	(468,551)
Gain on disposal of PPE (See note 15)	(2,822)	(2,415)	(2,864)	(2,415)
Proceeds on disposal	16,874	71,665	16,238	71,665
Depreciation	653,011	567,647	473,665	556,608
	283,729	82,072	200,816	157,307

(iii) Intangible assets

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year	49,046	33,446	-	33,446
Investment in subsidiary (See note 39(viii))	-	-	-	(25,095)
Balance at the end of the year (See note 28)	(96,196)	(49,046)	-	-
	(47,150)	(15,600)	-	8,351

(iv) Interest received

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Interest income earned on investment securities (See note 14)	1,862,495	1,654,658	841,538	808,269
Interest receivable	(312,856)	(103,874)	(230,366)	(168,660)
Interest received	1,549,639	1,550,784	611,172	639,609

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Notes to the Consolidated and Separate Financial Statements

(v) Other liabilities

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year	(12,511,271)	(9,442,617)	(6,986,651)	(9,176,636)
VAT paid	1,068,097	1,777,134	84,283	1,194,592
Interest expense	(37,538)	(43,894)	(37,538)	(43,599)
Payment of lease liabilities	92,430	-	92,430	-
Impairment charge on margin assets (See note 29)	-	-	-	-
Cash-settled share-based payment expense (See note 17)	773,325	(1,903,092)	773,325	(1,903,092)
Balance at the end of the year (See note 29)	11,190,278	12,511,271	19,990,350	6,986,651
Movement in other liabilities	575,321	2,898,802	13,916,199	(2,942,084)

(vi) Other assets

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year	3,575,499	3,419,506	3,283,205	6,204,887
Impairment on other assets (See note 18)	(122,101)	(98,051)	(2,750)	51,004
WHT receivables utilised during the year (See note 20(c))	(1,954,625)	(1,424,590)	(1,606,369)	(1,424,590)
Balance at the end of the year (See note 25)	(3,015,744)	(3,575,499)	(21,882,224)	(3,283,205)
Movement in other assets	(1,516,971)	(1,678,634)	(20,208,138)	1,548,096

(vii) Effect of exchange rate changes in cash and bank balances

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Unrealised exchange rate gain on foreign exchange revaluation on Eurobond	841,917	236,280	258,361	236,280
Realised exchange rate (loss) /gain	(8,862)	(94,443)	(8,816)	(94,380)
	833,055	141,837	249,545	141,900
Foreign exchange (loss)/gains on bank balances	14,718	2,792	15,172	2,529
Gain on foreign exchange revaluation (See note 16)	847,773	144,629	264,717	144,429

(viii) Investment in subsidiaries

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year	-	-	11,206,831	11,000,000
Additional investment in FMDQ Clear (investment securities) (See note 39(i))	-	-	-	-
Investment in iQx Consult - Intangibles (See note 39(iii))	-	-	-	25,095
Investment in iQx Consult - PPE (See note 39(ii))	-	-	-	179,737
Balance at the end of the year (See note (viii))	-	-	(11,206,831)	(11,206,831)
Cash movement in investment in subsidiaries	-	-	-	(1,999)

(ix) Movement in placement pledged as collateral

<i>In thousands of naira</i>	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Balance at the beginning of the year (See note 21)	(5,080,597)	(5,000,000)	-	-
Balance at the end of the year (See note 21))	5,083,981	5,080,597	-	-
Movement in placement pledged as collateral	3,384	80,597	-	-

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Value Added Statement

for the year ended 31 December 2021

<i>In thousands of naira</i>	Group 31-Dec-21	%	Group 31-Dec-20	%	Company 31-Dec-21	%	Company 31-Dec-20	%
Operating income	20,797,190		31,002,806		10,671,798		17,061,174	
Bought in goods and services - local	(3,990,191)		(7,235,345)		(1,217,751)		(3,421,555)	
Value added	16,806,999	100	23,767,461	100	9,454,047	100	13,639,619	100

Distribution of Value Added

To Employees

Employees as wages and salaries	4,035,639	24	7,033,284	30	2,251,402	24	5,428,277	39
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To Government

Government as tax	3,338,262	20	4,919,134	21	1,944,014	21	2,508,084	19
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Retained in business

- For replacement of property and equipments	653,011	4	567,647	2	653,011	7	567,647	4
- For replacement of intangible asset	15,036	-	8,351	-	15,036	-	8,351	-
- To augment reserves	8,765,051	52	11,239,045	47	4,590,584	49	5,127,260	38

Value added	16,806,999	100	23,767,461	100	9,454,047	101	13,639,619	100
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Financial Summary

Group

<i>In thousands of naira</i>	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
ASSETS					
Cash and bank balances	21,275,584	27,032,460	9,536,031	721,353	347,979
Investment securities	26,927,068	16,859,539	16,147,529	12,033,788	1,791,572
Client resolution fund (CRF) asset	32,586,971	59,552,180	30,044,416	33,792,665	-
Margin and fixings variance settlement assets	83,594,640	219,910,774	172,601,258	130,150,700	-
Other assets	3,015,744	3,575,499	3,419,506	2,053,907	262,880
Property and equipment	1,430,972	1,714,701	1,796,773	1,543,218	614,123
Intangible assets	96,196	49,046	33,446	15,675	18,002
Deferred tax assets	540,433	800,221	214,879	-	-
Total Assets	169,467,608	329,494,420	233,793,838	180,311,306	3,034,556
LIABILITIES					
Client resolution fund (CRF) liability	32,586,971	59,552,180	30,044,416	33,792,665	-
Margin and fixings variance settlement liabilities	83,594,640	219,910,774	172,601,258	130,150,700	-
Other liabilities	11,152,254	12,511,271	9,442,617	7,044,237	942,017
Provisions	600,353	626,416	44,100	22,745	21,246
Current tax liability	3,087,634	5,524,027	3,408,047	1,508,690	41,589
Deferred tax liabilities	-	-	-	181,841	67,991
Total Liabilities	131,021,852	298,124,668	215,540,438	172,700,887	1,072,843
EQUITY					
Share capital	19,467,298	9,733,664	640,741	640,741	640,741
Share premium	-	137,328	21,148	21,148	21,148
Retained earnings	2,879,407	3,540,921	363,779	4,695,328	298,070
Bonus share reserve	4,557,943	2,175,336	9,721,911	-	-
Fair value reserves	437,147	2,126,194	373,237	(32,866)	(45,520)
Other reserves	11,103,961	13,656,309	7,132,584	2,286,068	1,047,274
Total Equity	38,445,756	31,369,752	18,253,400	7,610,419	1,961,713
Total Equity and Liabilities	169,467,608	329,494,420	233,793,838	180,311,306	3,034,556

Group

<i>In thousands of naira</i>	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Operating Income	20,797,190	31,002,806	21,457,264	13,203,865	2,522,341
Impairment charge on financial assets	18,178	(335,598)	(137,018)	(8,926)	-
Operating expenses	(8,712,055)	(14,509,029)	(8,100,661)	(5,986,123)	(2,172,582)
Profit before taxation	12,103,313	16,158,179	13,219,585	7,208,816	349,759
Taxation	(3,338,262)	(4,919,134)	(2,982,707)	(1,572,763)	(113,000)
Profit after taxation	8,765,051	11,239,045	10,236,878	5,636,053	236,759
Other comprehensive income	(1,689,047)	1,752,957	406,103	12,654	74,649
Total comprehensive income	7,076,004	12,992,002	10,642,981	5,648,706	311,408

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Financial Summary

Company

<i>In thousands of naira</i>	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
ASSETS					
Cash and bank balances	1,613,775	5,235,415	332,796	536,018	345,254
Investment securities	9,898,515	9,351,771	7,717,276	1,841,640	1,279,826
Other assets	21,882,224	3,283,205	6,204,888	6,078,281	277,777
Investment in subsidiary	11,206,831	11,206,831	11,000,000	500,000	500,000
Property and equipment	1,258,913	1,459,729	1,796,773	1,543,218	614,123
Intangible assets	-	-	33,446	15,675	18,002
Deferred tax assets	459,159	730,968	28,834	-	-
Total Assets	46,319,417	31,267,919	27,114,013	10,514,832	3,034,982
LIABILITIES					
Other liabilities	19,990,350	6,986,651	9,176,636	2,221,892	941,177
Provisions	348,575	374,638	44,100	22,754	21,246
Current tax liability	1,677,226	3,229,770	3,340,674	1,498,429	41,589
Deferred tax liabilities	-	-	-	181,841	67,991
Total Liabilities	22,016,151	10,591,059	12,561,410	3,924,916	1,072,003
EQUITY					
Share capital	19,467,298	9,733,664	640,741	640,741	640,741
Share premium	-	137,328	21,148	21,148	21,148
Retained earnings	-	1,281,815	-	3,669,193	297,682
Bonus share reserve	4,557,943	2,175,336	9,721,911	-	-
Fair value reserves	278,025	1,242,203	369,556	(27,234)	(43,866)
Other reserves	-	6,106,514	3,799,247	2,286,068	1,047,274
Total Equity	24,303,266	20,676,860	14,552,603	6,589,916	1,962,979
Total Equity and Liabilities	46,319,417	31,267,919	27,114,013	10,514,832	3,034,982

Company

<i>In thousands of naira</i>	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Operating Income	10,671,798	17,061,174	17,708,739	13,250,430	2,505,833
Operating expenses	(4,137,200)	(9,425,830)	(7,041,459)	(7,077,623)	(2,156,462)
Profit before taxation	6,534,598	7,635,344	10,667,280	6,172,807	349,371
Taxation	(1,944,014)	(2,508,084)	(3,101,383)	(1,562,502)	(113,000)
Profit after taxation	4,590,584	5,127,260	7,565,897	4,610,305	236,371
Other comprehensive income	(964,178)	872,647	396,790	16,632	76,303
Total comprehensive income	3,626,406	5,999,907	7,962,687	4,626,937	312,674

2021 Highlights: Notable Dates

JANUARY

- Valency Agro Nigeria Limited ₦20.00bn CP Programme registered on FMDQ Exchange
- Total Nigeria PLC ₦2.25bn Series 1 and ₦12.75bn Series 2 CPs quoted on FMDQ Exchange
- Mixta Real Estate PLC ₦2.00bn Series 32 CP quoted on FMDQ Exchange
- Nigeria Mortgage Refinance Company PLC ₦10.00bn Series 3 Fixed Rate Bond listed on FMDQ Exchange
- Flour Mills of Nigeria PLC ₦4.89bn Series 4 Tranche A and ₦25.00bn Series 4 Tranche B Fixed Rate Bonds listed on FMDQ Exchange

FEBRUARY

- FMDQ Sponsors 8th Lagos Economic Summit (Ehingbeti 2021) and 2nd Edition of Africa Investment Roundtable
- Mixta Real Estate PLC ₦1.66bn Series 33 CP quoted on FMDQ Exchange
- Coronation Merchant Bank Limited ₦1.29bn Series 11 and ₦2.34bn Series 12 CPs quoted on FMDQ Exchange
- Parthian Partners Limited CP Programme registered on FMDQ Exchange
- Valency Agro Nigeria Limited ₦5.12bn Series 1 CP quoted on FMDQ Exchange
- FMDQ Private Markets Recognised by CBN as a Platform for Formation for Private Companies

MARCH

- FMDQ Group Commemorates 2021 International Women's Day
- FMDQ-Next Holds 2-Day Financial Literacy Webinar in Commemoration of Global Money Week
- Fidson Healthcare PLC ₦10.00bn CP Programme registered on FMDQ Exchange
- TSL SPV PLC ₦12.00bn Series 1 Guaranteed Fixed Rate Infrastructure Bond listed on FMDQ Exchange
- Fidelity Bank PLC ₦41.21bn Series 1 Fixed Rate Bond listed on FMDQ Exchange
- Parthian Partners Limited ₦10.00bn Series 1 Tranche A CP quoted on FMDQ Exchange
- Federal Government of Nigeria Roads Sukuk Company 1 PLC ₦162.56bn Ijarah Sukuk listed on FMDQ Exchange
- Chapel Hill Denham Nigeria Series VII 177.43mm Units of ₦100.00 each issued at ₦109.58 Infrastructure Debt Fund listed on FMDQ Exchange
- Dufil Prima Foods PLC ₦4.65bn Series 3 and ₦15.75bn Series 4 CPs quoted on FMDQ Exchange
- United Capital PLC ₦2.53bn Series 4 CP quoted on FMDQ Exchange
- Coronation Merchant Bank Limited ₦0.71bn Series 13 and ₦14.13bn Series 14 CPs quoted on FMDQ Exchange
- Mixta Real Estate PLC ₦1.09bn Series 34 CP quoted on FMDQ Exchange
- FMDQ Group Becomes an Associate Member of FIA

2021 Highlights: Notable Dates Cont'd

APRIL

- Stanbic IBTC Bank PLC \$8.31mm Series 2 CP quoted on FMDQ Exchange
- Parthian Partners Limited ₦5.26bn Series 1 Tranche B and ₦4.74bn Series 2 CPs quoted on FMDQ Exchange
- Nigerian Breweries PLC ₦1.05bn Series 12, ₦0.94bn Series 13 and ₦2.67bn Series 14 CPs quoted on FMDQ Exchange
- FMDQ Exchange Admits the Listing of the Largest Corporate Bond in the Nigerian Debt Capital Market, BUA Cement PLC ₦115.00bn Bond, on its Platform
- CardinalStone Financing SPV PLC ₦5.00bn Series 1 Fixed Rate Bond listed on FMDQ Exchange
- FBNQ MB Funding SPV PLC ₦8.00bn Series 2 Fixed Rate Bond listed on FMDQ Exchange
- Trustbanc Holdings Limited ₦10.00bn CP Programme registered on FMDQ Exchange
- Eunisell Limited ₦10.00bn CP Programme registered on FMDQ Exchange
- MTN Nigeria Communications PLC ₦19.77bn Series 3 and ₦53.74bn Series 4 CPs quoted on FMDQ Exchange

MAY

- FMDQ-Next Holds Financial Literacy Webinar and Makes Donation to Partner Charities in Commemoration of Children's Day
- FSDH Funding SPV PLC ₦7.05bn Series 1 Tranche A and ₦4.95bn Series 1 Tranche B Fixed Rate Bonds listed on FMDQ Exchange
- Coronation Merchant Bank Limited ₦1.41bn Series 15 and ₦20.19bn Series 16 CPs quoted on FMDQ Exchange
- Mixta Real Estate PLC ₦0.96bn Series 35 CP quoted on FMDQ Exchange
- International Breweries PLC ₦65.00bn CP Programme registered on FMDQ Exchange
- Union Bank of Nigeria PLC ₦2.58bn Series 8 and ₦32.38bn Series 9 CPs quoted on FMDQ Exchange
- Fidson Healthcare PLC ₦4.50bn Series 1 CP quoted on FMDQ Exchange
- TrustBanc Holdings Limited ₦0.20bn Series 1 CP quoted on FMDQ Exchange

JUNE

- FMDQ Clear Receives SEC's Approval, Becomes Nigeria's Foremost Central Counterparty
- Coronation Merchant Bank Limited ₦11.36bn Series 18 CP quoted on FMDQ Exchange
- Mixta Real Estate PLC ₦1.02bn Series 36 CP quoted on FMDQ Exchange
- Coleman Technical Industries Limited ₦20.00bn CP Programme registered on FMDQ Exchange
- Coronation Merchant Bank Limited ₦0.10bn Series 17 CP quoted on FMDQ Exchange

2021 Highlights: Notable Dates Cont'd

JULY

- FMDQ Private Markets and Oxford Foundry, University of Oxford (now Saïd Business School Entrepreneurial Centre), Activate Pioneer Global Partnership
- FMDQ Group Holds 9th Annual General Meeting
- NSP-SPV PowerCorp PLC ₦6.33bn Series 2 Fixed Rate Green Bond listed on FMDQ Exchange
- FBNQuest Merchant Bank Limited ₦7.34bn Series 19 CP quoted on FMDQ Exchange
- Commodities Funding SPV PLC ₦50.00bn Asset-Backed CP Programme registered on FMDQ Exchange
- Mixta Real Estate PLC ₦0.88bn Series 37, ₦1.64bn Series 38 and ₦2.59bn Series 39 CPs quoted on FMDQ Exchange
- Coronation MB Funding SPV PLC ₦25.00bn Series 1 Fixed Rate Bond listed on FMDQ Exchange
- C&I Leasing PLC ₦10.00bn Series 2 Fixed Rate Bond listed on FMDQ Exchange
- Prima Corporation Limited ₦30.00bn CP Programme registered on FMDQ Exchange

AUGUST

- FSDH Merchant Bank Limited ₦2.28bn Series 3, ₦1.79bn Series 4 and ₦15.53bn Series 5 CPs quoted on FMDQ Exchange
- Dangote Cement PLC ₦150.00bn CP Programme registered on FMDQ Exchange
- TrustBanc Holdings Limited ₦1.70bn Series 2 CP quoted on FMDQ Exchange
- Mixta Real Estate PLC ₦0.85bn Series 40 and ₦3.21bn Series 41 CPs quoted on FMDQ Exchange
- Dangote Cement PLC ₦3.64bn Series 1 Tranche A, ₦10.45bn Series 1 Tranche B and ₦35.91bn Series 1 Tranche C Fixed Bonds listed on FMDQ Exchange
- Coronation Merchant Bank Limited ₦1.29bn Series 19 and ₦23.71bn Series 20 CPs quoted on FMDQ Exchange
- United Capital PLC ₦1.56bn Series 5, ₦13.99bn Series 6 and ₦4.17bn Series 7 CPs quoted on FMDQ Exchange

SEPTEMBER

- FMDQ Group and FSD Africa Sign MoU with the Lagos State Government to Facilitate the Maiden Lagos State Green Bond Issuance
- FMDQ Group CEO and Management Pay Vice President Professor Yemi Osinbajo, SAN, GCON Courtesy Visit
- Mixta Real Estate PLC ₦2.07bn Series 42, ₦0.99bn Series 43 and ₦4.66bn Series 44 CPs quoted on FMDQ Exchange
- Eunisell Limited ₦3.50bn Series 1 CP quoted on FMDQ Exchange
- Trustbanc Holdings Limited ₦4.19bn Series 3 CP quoted on FMDQ Exchange
- Prima Corporation Limited ₦3.57bn Series 1 CP quoted on FMDQ Exchange

2021 Highlights: Notable Dates Cont'd

OCTOBER

- FMDQ Clear Limited Becomes an Observer Member of CCP12
- FMDQ Group Joins the World's Exchanges to Ring the Bell for Financial Literacy
- Viathan Funding PLC ₦20.00bn CP Programme registered on FMDQ Exchange
- MTN Nigeria Communications PLC ₦110.00bn Series 1 Fixed Rate Bond listed on FMDQ Exchange
- Mixta Real Estate PLC ₦1.31bn Series 45 and ₦1.30bn Series 46 CPs quoted on FMDQ Exchange
- Valency Agro Nigeria Limited ₦4.57bn Series 2 and ₦2.67bn Series 3 CPs quoted on FMDQ Exchange
- Jilnas Nigeria Limited ₦5.00bn CP Programme registered on FMDQ Exchange

NOVEMBER

- FMDQ Group Unveils Winners of its 4th Annual GOLD Awards
- FMDQ Group Launches Africa's Premier Green Exchange – FMDQ Green Exchange
- FMDQ Exchange Executes Listing Agent and Cooperation Agreement with Luxembourg Stock Exchange
- Neveah Limited ₦10.00bn CP Programme registered on FMDQ Exchange
- MeCure Industries Funding SPV PLC ₦3.00bn Fixed Rate Bond listed on FMDQ Exchange
- DLM Capital Group Limited ₦20.00bn CP Programme registered on FMDQ Exchange
- Necit Nigeria Limited ₦20.00bn CP Programme registered on FMDQ Exchange

DECEMBER

- Launch of Entrepreneurial Leadership Programmes under the Oxford Foundry and FMDQ Private Markets Global Partnership
- CERPAC Receivables Funding SPV PLC ₦1.25bn Series 3 Fixed Rate Bond
- Dangote Cement PLC ₦15.20bn Series 1, ₦7.96bn Series 2 and ₦17.84bn Series 3 CPs quoted on FMDQ Exchange
- TrustBanc Holdings Limited ₦2.58bn Series 4 CP quoted on FMDQ Exchange
- DLM Capital Group Limited ₦1.24bn Series 1 and ₦1.01bn Series 2 CPs quoted on FMDQ Exchange

2021 Highlights: FMDQ in the News

University of Oxford, FMDQ to accelerate Nigeria's start-up ecosystem

IHEANYI NWACHUKWU

The Oxford Foundry, University of Oxford, United Kingdom, and FMDQ Private Markets Limited, a subsidiary of FMDQ Holdings Plc, Nigeria Africa's first vertically integrated financial market infrastructure group have launched a global partnership to accelerate the growth of Nigeria's start-up ecosystem and nurture a future generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration.

The partnership will support Nigeria's future business leaders and high-growth start-ups to access the networks and skills they need to grow and sustain their businesses, create jobs and inclusive socio-economic growth, and facilitate the growth of Nigeria's venture ecosystem.

Critically, the partnership supports collaboration and

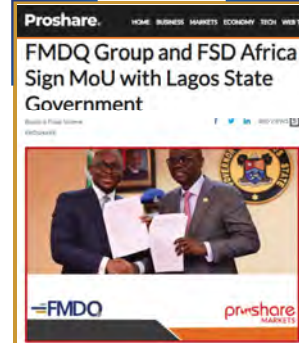
shared best practice across Oxford's and Nigeria's angel investment communities, through roundtables and relationship building initiatives, to unlock vital capital; and the acceleration of five high-potential Nigerian start-ups through a tailor-made OXFO x FMDQ Start-up Bootcamp, to scale up transformative social and economic impact in Nigeria. The programme leverages the Oxford Foundry's unparalleled assets, including networks, partnerships and a venture building and leadership curriculum delivered by some of the world's leading experts.

According to Ana Bakshi, director of the Oxford Foundry, "I am sincerely pleased to launch our first global partnership with FMDQ in Nigeria. Nigeria has one of the largest number of tech start-ups in Africa, and Africa is a continent of immense entrepreneurial talent and high-growth venture potential."

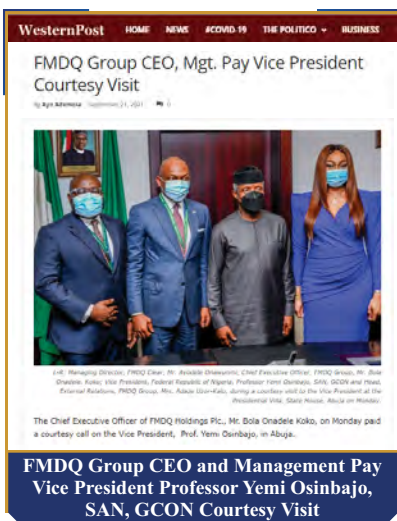
University of Oxford and FMDQ Group Launch Pioneer Global Partnership



FMDQ Group Holds 9th Annual General Meeting



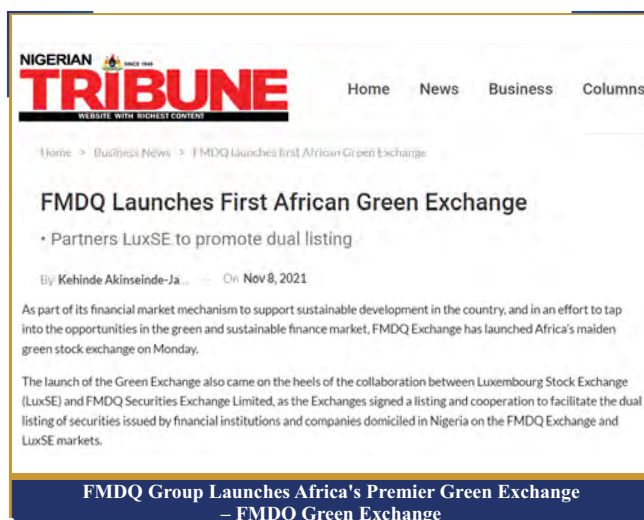
FMDQ Group and FSD Africa Sign MoU with the Lagos State Government to Facilitate the Maiden Lagos State Green Bond Issuance



FMDQ Group CEO and Management Pay Vice President Professor Yemi Osinbajo, SAN, GCON Courtesy Visit



FMDQ Clear Limited Becomes an Observer Member of CCP12



FMDQ Group Launches Africa's Premier Green Exchange – FMDQ Green Exchange

2021 Highlights: FMDQ 2021 GOLD Awards Winners



2021 Highlights: FMDQ 2021 GOLD Awards Winners



2021 Highlights: FMDQ 2021 GOLD Awards Winners



2021 Highlights: Key Stakeholder Engagements



FMDQ Group CEO and Management Pay Vice President Professor Yemi Osinbajo, SAN, GCON Courtesy Visit



FMDQ Group and FSD Africa Sign MoU with the Lagos State Government to Facilitate the Maiden Lagos State Green Bond Issuance

2021 Highlights: Key Stakeholder Engagements Cont'd



Official Launch of Africa's Premier Green Exchange – FMDQ Green Exchange



FMDQ Group sponsors and attends Capital Markets Correspondents Association of Nigeria 2021 Annual Workshop



FMDQ Group at the Lagos State Ministry of Economic Planning and Budget Stakeholders' Forum

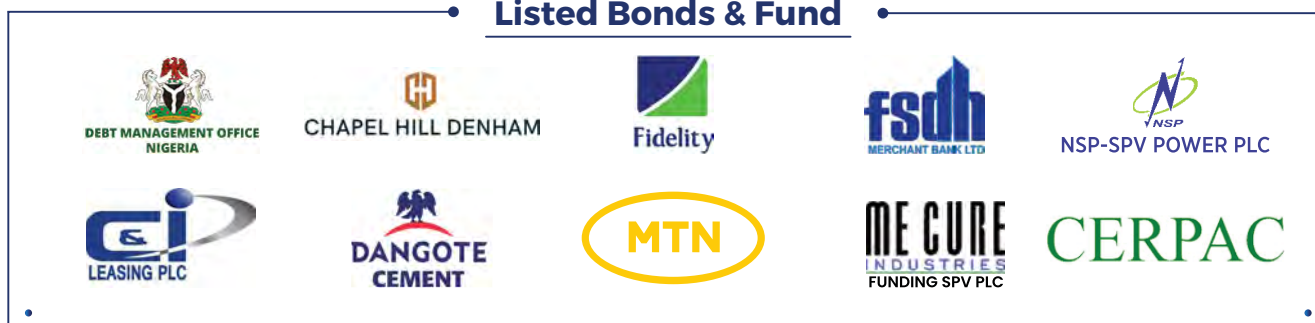


FMDQ Group delivers speech at the Roducate Award Ceremony for Lagos State Public Schools – the Digipedia/Civcomp Challenge

FMDQ Exchange – Registered, Listed & Quoted Securities



Listed Bonds & Fund



Registered Commercial Paper Programmes

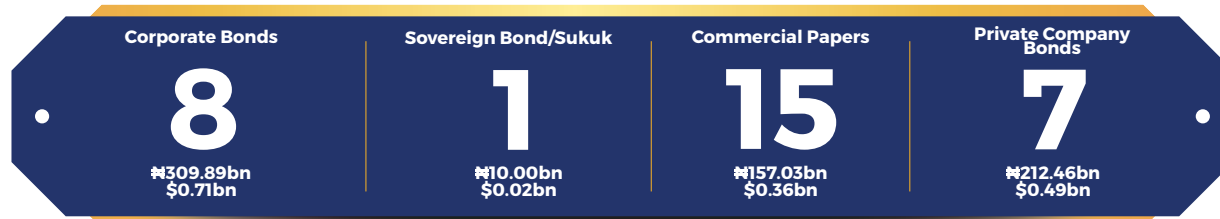


Quoted Commercial Papers



January - December 2021

FMDQ Depository - Admitted Securities



Admitted Bonds



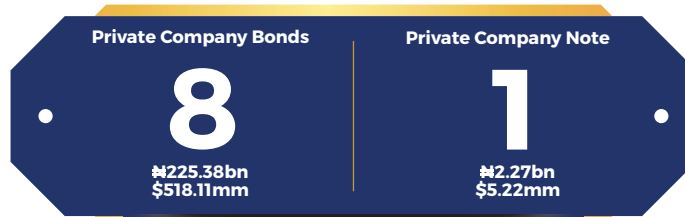
Admitted Commercial Papers



Admitted Private Company Bonds



FMDQ Private Markets – Noted Securities



Noted Private Company Bonds



Noted Private Company Note



January - December 2021

FMDQ People: Executive Committee



FMDQ People: Business Leadership Committee (BLC)



FMDQ People: Highly Exceptional Employees (HPEs)



Corporate Information

FMDQ Group PLC

Registered Office	Exchange Place 35 Idowu Taylor Street Victoria Island Lagos, Nigeria
RC NO	RC 929657
Ag. Company Secretary	Mr. Noel Orji Exchange Place 35 Idowu Taylor Street Victoria Island Lagos, Nigeria
Group Chairman	Dr. Kingsley Obiora
Group Vice Chairman	Mr. Jibril Aku
Other Directors	Mr. Kennedy Uzoka Ms. Daisy Ekineh Mr. Ebenezer Onyeagwu Mr. Emeka Onwuka, OON Mr. Sadiq Mohammed Mrs. Egbichi Akinsanya
Chief Executive Officer	Mr. Bola Onadele. Koko
Subsidiaries	FMDQ Securities Exchange Limited (RC 1617162) FMDQ Clear Limited (RC 1382108) FMDQ Depository Limited (RC 1550384) FMDQ Private Markets Limited (RC 1655759) iQx Consult Limited (RC 1428322)
AuditorMessrs.	KPMG Professional Services KPMG Towers Bishop Aboyade Cole Street Victoria Island Lagos, Nigeria
Bankers	Access Bank PLC Guaranty Trust Bank Limited Stanbic IBTC Bank PLC Zenith Bank PLC



Africa's First Vertically Integrated Financial Market Infrastructure Group

FMDQ Exchange

Nigeria's Largest Exchange
by Market Turnover

FMDQ Depository

Nigeria's Integrated
Securities Depository

FMDQ Clear

Nigeria's Premier
Central Counterparty

FMDQ Private Markets

Nigeria's Private Capital
Marketplace Organiser



Fixed Income



Currencies



Derivatives



Equities

HOW WE SERVE

Registration | Listing | Quotation | Noting | Trading | Clearing

Central Counterparty | Settlement | Risk Management | Depository | Data and Information

STRATEGIC ROLE



Market Organiser



Adviser to Government
and Regulators



Catalyst for
Infrastructure Capital



Financial
Markets Diplomat

• EXCHANGE • CENTRAL COUNTERPARTY • DEPOSITORY • PRIVATE MARKETS



• **G**LOBAL COMPETITIVENESS • **O**PERATIONAL EXCELLENCE • **L**IQUIDITY • **D**IVERSITY

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