CDSC

CENTRAL DEPOSITORY & SETTLEMENT CORPORATION

Invested in Progress

2017 Annual Report & Financial Statements

VISION

A leading provider of innovative solutions for custody, clearing and settlement services.

MISSION

To provide secure, efficient custody, clearing, settlement and related services to all stakeholders by leveraging on technology and service excellence.

VALUES

1. Bankability; Transactional trust
2. Integrity; Public reliability
3. Customer centric; Market solutions
4. Professionalism; Competence
5. Confidentiality; Non-disclosure
6. Stewardship; Wise and just use of talent and resources in a collaborative manner

CONTENTS

CDSC products and service offering

DEPOSITORY SERVICES
- Holding of securities in CDS
- Movement of securities within CDAs
- Transfer of Securities to beneficiaries or as gifts
- Investor can use shares to secure a loan with a lending institution

SETTLEMENT
- Settlement of equities, corporate bonds and M-Akiba bond

CLIENT SERVICES
- We send CDS account holders monthly statements via post office, if there is an activity in their account within that month.
- CDS account holders get statements conveniently via their email addresses every month. Visit your CDA (Stockbroker or Custodian) and update your email address.
- Visit our website- www.cdsckenya.com; go to the Client Portal and follow instructions to view your account

REGISTRY SERVICES
Through our subsidiary company CDSCR, we offer;
- IPO processing and register creation
- Administration of AGMs/ EGMS
- Processing of Entitlement/ Dividend payments
- Register Maintenance

Call us now on: Tel: +254 (20) 2912000 / +254 (20) 2229407/08, Cell: +254 (0)724 256130 / +254 (0) 0733 222033
Or email us on helpdesk@cdsckenya.com

CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION
Invested in Progress

GROUP **INFORMATION**

BOARD OF DIRECTORS
Mike Bristow
Bob Karina
Charles Ogalo
Ashok Shah
Eunice Kariuki
Geoffrey Odundo
Peter Mwangi
Samuel Kimani
Aida Kimemia - Nesbitt

CHIEF EXECUTIVE OFFICER
Rose Mambo

REGISTERED OFFICE
Nation Centre, 10th Floor
Kimathi Street
P.O. Box 3464 - 00100
NAIROBI

AUDITOR
PKF Kenya
Certified Public Accountants
P.O. Box 14077 - 00800
NAIROBI

GROUP SECRETARY
Hilda Njeru
Certified Public Secretary
P.O. Box 3464 - 00100
NAIROBI

PRINCIPAL BANKERS
CFC Stanbic Bank Limited
P.O Box 30550 - 00100
NAIROBI

Commercial Bank of Africa Limited
P.O. Box 30437 - 00100 GPO
NAIROBI

SUBSIDIARIES
CDSC Nominees Limited KENYA

CDSC Registrars Kenya
Limited KENYA

CDSC Registrars Rwanda
Limited RWANDA

LEGAL ADVISORS
Mboya Wangong'u & Waiyaki
Advocates
Lex Chambers, Maji Mazuri Road,
P.O Box 74041-00200
NAIROBI

MICHAEL BRISTOW
CHAIRMAN

ROSE MAMBO
C.E.O

REPORT TO SHAREHOLDERS

Dear Shareholders,
It is with great pleasure that we present to you, on behalf of the Board and Management of CDSC, the company's performance for the year ended 31st December 2017.

Transaction levies rose by 25% to Kshs. 276.9 million from Ksh. 220.8 million in 2016, reflecting a slight improvement in market performance and the first full year of levies charged at the revised rate of 0.08%. This is reflected in the improvement of the total revenues collected that stood at Kshs. 335.6 million for the 2017 compared to Kshs. 289.6 in the previous period.

Company Performance

The year 2017 was challenging, characterised by depressed economic activity due to drought and low activity at the bourse as the country entered an electioneering period, prolonging to the third quarter of the year. The NSE 20 and the NASI defied the political climate and the negative investor sentiments to record decent returns in 2017, gaining by 16.5% and 28.4% respectively.

Similarly, for CDSC, the year turned out to be a fairly stable one with the Group posting a pre-tax profit of Kshs. 86.2 million compared to Ksh. 21.5* million recorded in 2016 (*Kshs. 87.6 million before the provisions made for deposits held at Chase Bank). Transaction levies rose by 25% to Kshs. 276.9 million from Ksh. 220.8 million in 2016, reflecting a slight improvement in market performance and the first full year of levies charged at the revised rate of 0.08%. This is reflected in the improvement of the total revenues collected that stood at Kshs. 335.6 million for 2017 compared to Kshs. 289.6 in the previous period.

Expenses increased from Kshs. 189 million in 2016 to Kshs. 219 million, mainly driven by the M-Akiba expenses and increases in staff costs.

CDSC's Capital base increased by 12% to Kshs. 494.7 compared to Kshs. 440.5 in 2016, with the retained earnings also posting an increment of 16.1% from Ksh. 267 million to Ksh. 310 million in the period under review.

A total of 248,843 deals settled through the CDS system compared to 300,454 in 2016, signaling some higher value transactions leading to equity turnover of Kshs. 171.4 billion at the close of the year 2017, representing a 17% improvement from Kshs. 147 billion recorded at the close of the year 2016.

Corporate bonds turnover declined slightly by 1.2% to stand at Kshs. 429.4 billion compared to Kshs. 434.7 billion same period in 2016.

At the close of 2016, we had a total 1,527,834 active CDS accounts, as compared to the 1,150,270 active accounts recorded at the close of 2017; this reduction was occasioned by the data cleanup exercise.

In 2017, Unclaimed Financial Assets

REPORT TO SHAREHOLDERS

Authority (UFAA) and EFG Hermes Kenya joined the list of Authorized Central Depository Agents bringing the total number of approved CDA's to forty two (42).

Economic Performance

This performance has been achieved against a backdrop of global GDP growth of 3.6%; 2.64% growth in sub-Saharan Africa; while in East Africa the GDP growth declined slightly to 5.4% compared to 6.1% in 2016.

The Kenyan economy achieved a growth rate of 4.9% compared to 5.9% in 2016, while average inflation was up by 1.7% to 8% in 2017 as a result of the prolonged drought early in the year that affected the agricultural sector.

> At the close of 2016, we had a total 1,527,834 active CDS accounts, as compared to the 1,150,270 active accounts recorded at the close of 2017; this reduction was occasioned by the data cleanup exercise.

M-Akiba Mobile Traded Bond

In 2017, CDSC in partnership with the National Treasury and other stakeholders launched the first fully mobile-traded government bond dubbed M-Akiba. The offer was in two tranches with the first tranche of Ksh. 150 million acting as a pilot to measure key metrics including systems functionality, market demand and client feedback. The pilot issue was over-subscribed two days to the close of the offer. The second issue was floated in June with a value of Kshs. 1 billion. As at the close of the primary offer the government had raised Kshs. 247.8 million, a 24.8% subscription rate.

CDSC and NSE are working with the National Treasury to review the performance of the first two issues and identify areas for improvement, while at the same time looking at the cost structure of the product to ensure that M-Akiba is self sustaining.

CDSC Registrars

CDSC Registrars – our fully owned subsidiary company recorded a decline in profits to a loss of Ksh.7.8 million in 2017 from a profit of Kshs. 1.2 million in 2016, largely attributable to tax provisions made following a tax health check performed in 2017.

In 2016, the Board approved the sale of a 30% stake in CDSC Registrars to Escrow Financial Group. The transaction was concluded in March 2018 and Escrow Group has been given a management contract. We believe this new partnership will hasten the unlocking of the full potential of the registry business, both locally and regionally.

> The Kenyan economy achieved a growth rate of 4.9% compared to 5.9% in 2016, while average inflation was up by 1.7% to 8% in 2017 as a result of the prolonged drought early in the year that affected the agricultural sector.

CDSC Guarantee Fund (GF)

The Guarantee Fund was established pursuant to the Central Depositories Rules, 2004, and is governed by the CDSC Operational Rules and the Guarantee Fund Procedures. In 2016, to segregate the assets of the Guarantee Fund from those of CDSC, the Guarantee Fund was

REPORT TO SHAREHOLDERS

registered as a trust and the process of creation of a board of trustees is currently underway. The main purpose of the Guarantee Fund is to mitigate against settlement failure. All trading participants deposit amounts to the Guarantee Fund based on their trading volumes, which

> The pilot issue (M-Akiba) was over-subscribed two days to the close of the offer. The second issue was floated in June with a value of Kshs. 1 billion. As at the close of the primary offer the government had raised Kshs. 247.8 million, a 24.8% subscription rate.

ensures that their settlement obligations are met at all times.

In 2017, the Fund recorded a surplus of Kshs. 76.4 million bringing its total assets to Kshs. 822.7 million compared to Kshs. 746.3 million in 2016.

Future Outlook

CDSC's 2016-2020 strategy is now in its third year of implementation. Key areas of focus are (a) CPMI IOSCO compliance, (b) the implementation of a new technology platform, which will enable the introduction of new products such as securities lending and borrowing and intraday trading, and (c) fulfillment of CDSC's role under the Capital Markets Master Plan (CMMP), including the single CSD project to create one settlement platform in Kenya to ensure a very efficient and cost effective trading environment for our capital markets.

Risk management has always been a high priority in CDSC but we are significantly upgrading our capability in anticipation of the move into a new operating environment under the new CDS system. This is a key milestone towards achieving recommendations of the CPMI IOSCO Principles for Financial Market Infrastructures, the Capital Markets Master Plan, the regulatory requirements spelt out under the Conduct of Business (Market Intermediaries) Regulations as well as the company's Strategic Plan.

Corporate Governance

CDSC conducts regular reviews of her corporate governance practices to ensure adherence to the highest standards. As is the practice since the year 2015, the Board underwent a board evaluation in March 2017 where the overall score was 87%. This was an improvement from the 2016 score of 85%, an indication of the Board's unwavering commitment to continually serve and steer the company.

Board Changes

Mr. Nkoregamba Mwebesa, who had served the board diligently since 2009, exited at the beginning of 2017, having

> Risk management has always been a high priority in CDSC but we are significantly upgrading our capability in anticipation of the move into a new operating environment under the new CDS system.

left SBG Securities to take on a new role as the Managing Director for Stanlib Investments. Mr. Mwebesa represented the Capital Markets Challenge Fund. At the Board Level, his wealth of experience in the financial services sector and his counsel will be greatly missed; He however continues to serve in the Audit

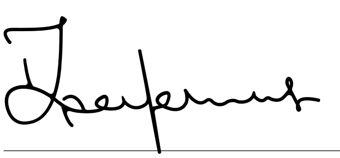
REPORT TO SHAREHOLDERS

Committee and the Finance and Staff Committee. On behalf of the board I wish to express our appreciation to Mr. Mwebesa for his committed service to the board and to further thank him for accepting to continue to serve on our committees.

On behalf of the board, please join me in welcoming Mrs. Aida Kimemia - Nesbitt who has joined the Board as a representative of the Capital Markets Challenge Fund, replacing Mr. Mwebesa. Mrs. Nesbitt is an independent investment professional with a focus on sustainable development in Africa. She has broad experience in corporate finance, project finance, general management and corporate governance, locally and internationally. We look forward to tapping into her extensive experience, skills and knowledge as we work together in the governance and stewardship of CDSC. This also improved the board's gender diversity putting us on course towards achieving the one-third gender rule that has been widely accepted as best practice for board composition.

In conclusion, as the Chairman, I wish to thank my fellow directors for their effective oversight and counsel throughout the year. On behalf of the board, I would like to extend my gratitude to the management and staff under the stewardship of Mrs. Rose Mambo, the Chief Executive, for their hard work and commitment in creating shareholders value while enhancing our customer experience. We are now a stronger brand because of you, through the combined efforts of board and management. To our customers, partners and stakeholders, we thank you for the confidence you have shown in our systems as we work towards better services and market relevant products.

Mike Bristow
Chairman



Rose Mambo
C.E.O

BOARD OF DIRECTORS PROFILES

MIKE BRISTOW

Mike Bristow holds a Masters degree from London University and is a Fellow of the Chartered Institute of Bankers. A seasoned banker with more than forty years' experience in retail and corporate banking, he served for many years as the Executive Director of Commercial Bank of Africa, prior to which, he served in various senior executive positions for Barclays Bank in the UK and a number of countries in Africa. He holds non-Executive Directorships in FSD Africa and Front Clear, companies working to improve efficiency of and access to capital markets in Africa, as well as Cytonn, an investment management company.

EUNICE KARIUKI

Eunice is the Director of Partnerships, Innovation and Capacity at ICT Authority, a parastatal merger of the former ICT Board, e-Government and Government Technology Systems (GITS). Until then she was the Marketing Director and Deputy CEO at the Kenya ICT Board. Prior to joining the government, Eunice worked for Microsoft as a Public Sector Manager looking after Eastern and Southern Africa. She previously founded and managed Records & Archives Management Systems (RAMS) Ltd for 7 years, Eastman Kodak for 2 years, and 1 year at Avro International Aerospace in UK.

Eunice holds an MBA in Strategic Management from Maastricht School of Management affiliated to Eastern Southern African Management Institute (ESAMI), a BSc. (Hons) Degree in Business Studies from UK, a Higher National Diploma in Business Information Technology (BITech), and Chartered Institute of Marketing (CIM) Post Graduate Diploma. She is also a Member of the Institute of Directors (IOD) and Chartered Institute of Marketing (CIM). Eunice was recognised in the 2009 top 40 under 40 women in Kenya, and again in 2017 as one of the top 25 Digital Influencers in Kenya.

BOARD OF DIRECTORS PROFILES

GEOFFREY ODUNDO

Mr. Geoffrey Otieno Odundo is the Chief Executive of the Nairobi Securities Exchange Limited. Mr. Odundo, an accomplished Investment Banker has been in the financial services sector for the last 26 years, 20 of which have been in the Capital Markets in various senior roles in asset management, corporate finance and securities trading. Prior to his appointment, Mr. Odundo was the Managing Director and Chief Executive Officer of Kingdom Securities Limited. He was instrumental in the setting up of Co-op Trust Investment Services, Co-op Consultancy Services Limited and Kingdom Securities Limited.

Mr Odundo has advised on a number of corporate finance mandates in both the public and private sectors; he has also managed key mandates in the asset management industry. He has contributed to the growth of the Capital Markets in his previous role as a Director/Board Secretary - Kenya Association of Stock Brokers and Investment Banks, Chairman of the Financial Standards Committee - Kenya Bureau of Standards as well as the Board Director of the Nairobi Securities Exchange Limited.

He is currently a Director of the Central Depository and Settlement Corporation Limited, Director of the NSE Clear Limited; and a trustee of the NSE Fidelity Funds.

He is a member of the Central Bank Consolidative Forum for Domestic Debt Market (CFDDM) and a Council Member of the Institute of Certified Investment Financial Analysts (ICIFA). Mr. Odundo is also a Director of the Association of the Stock Exchanges of Africa (ASEA) and is a Member of the Thomson Reuters Africa Customer Advisory Network. He holds a Master's degree in Strategic Management and an undergraduate degree in Mathematics and Economics. He is also an Advanced Management Program (AMP) graduate from Strathmore Business School.

BOB KARINA

Mr. Karina is the Founder and Chairman of Faida Investment Bank and the Vice Chairman of the Nairobi Securities Exchange (NSE) Ltd. He is also the Vice Chairman of the Rwanda Stock Exchange, where he has played a key role in the setup of the Rwanda Stock Exchange (RSE) and serves as the Chairman of the Market Operations & Development Committee. He is a Board Member of the Central Depository and Settlement Corporation (CDSC), where he serves as the Chairman of the Finance Committee.

He is an accomplished Stockbroker, an information technology professional and a successful businessman. He plays other roles including; Chairman of Norwich Union Properties Ltd., Chairman of Association of Kenya Stockbrokers (AKS) Nominees Ltd and Founder Member of the Institute of Certified Investment and Financial Analysts (ICIFA). A Director of Kenya Industrial Estates (KIE), a government parastatal that promotes industrialization through development of SMEs. He is also a member of the Institute of Directors. He also served as Director of Kenya Private Sector Alliance (KEPSA) and Director at the National Chamber of Commerce and Industry (KNCCI).

Mr. Karina was instrumental in the establishment of the CDSC, the implementation of the NSE's Automated Trading System (ATS), the Wide Area Network (WAN), and the Broker Back Office (BBO) system, as the Chair of the implementation committees that spearheaded these developments in the Kenyan Capital Markets. He has broad experience in advising institutional and corporate investors, corporate finance consulting and research analysis. He holds a Master of Science (MSc) in Corporate Finance from the University of Liverpool, in the UK.

BOARD OF DIRECTORS PROFILES

ASHOK KUMAR MEPA SHAH

Mr. Shah's education is in Applied Chemistry. Professionally he is a Chartered Insurer with ACII. He is a member of the Chartered Institute of Arbitrators (MCIArb) and an Associate of the Insurance Institute of Kenya (AIIK). He is a past Chairman of Association of Kenya Insurers (AKI). He is currently the Group Chief Executive of Apollo Investments Limited. Before taking over this position he was the CEO of APA Insurance from its inception from the merger of the General Insurance business of Apollo Insurance and Pan Africa Insurance. APA is a leading regional player.

He is a Director of CDSC representing the Capital Market Challenge Fund. Other directorships include APA Insurance Ltd, Barclays Bank of Kenya, APA Life Assurance, Apollo Asset Management, APA Insurance Uganda and Reliance Insurance Company Ltd in Tanzania. He was the first recipient of the Lifetime Achievement Award for his contribution to the Insurance Industry.

Recently he was one of the finalists of the Ernest and Young Entrepreneur of the Year Award in the Masters Category. Shah emerged a finalist in the All Africa Business Leaders Awards – 2015 (AABLA), under the category of Philanthropist of The Year 2015. He is the winner of the 2016 AABLA Entrepreneur of the Year Award- East Africa Chapter.

SAMUEL KIMANI

Samuel Kimani is the Managing Director and Chief Executive Officer of Jamii Bora Bank Ltd. He has previously held senior management positions in the financial services industry. He is a member of ICPAK and holds an MBA in Strategic Management and a BSc in Civil Engineering, both from the University of Nairobi, an Advanced Management Program (AMP 177) Harvard and is a CPA (K).

Mr Kimani has a wealth of experience in the banking industry having served as the as Deputy CEO and Finance Director of the KCB Group. Prior to this, he served at the Central Bank of Kenya as Deputy Chief Banking Manager, Deputy Director Financial Markets, Principle Financial Accountant, and the Chief Internal Auditor. He also headed the Surveillance Division of the Deposit Protection Fund. He has also served as a Senior Auditor at PriceWaterhouseCoopers.

He sits on the boards of the Central Depository and Settlement Corporation (CDSC), is the Chairperson, Nairobi Securities Exchange (NSE), and is a member of the University of Stellenbosch Executive Education Advisory Board (USB-AB).

He is married and a father of three children.

BOARD OF DIRECTORS PROFILES

PETER K. MWANGI

Mr. Peter K. Mwangi is the Group Chief Executive Officer of the UAP-Old Mutual Group in East Africa. He was appointed to this position on 1st July 2015. Before this appointment he was the Group Chief Executive Officer of the Old Mutual Group in Kenya from October 2014 after having been the Chief Executive Officer of the Nairobi Securities Exchange for six years until September 2014. He is a non - Executive Director on the boards of the Central Depository and Settlement Corporation, British American Tobacco Kenya and Funguo Investments Ltd. He is an executive director on the boards of several subsidiaries of the UAP-Old Mutual and Faulu Group in the region.

Between 2004 and 2008, Peter was the Managing Director of Centum Investment, the largest publicly quoted investment company in the East African region. He started his career in the Kenya Air Force where he worked for 5 years and left having attained the rank of Captain.

Peter holds a Bachelor of Science Degree in Electrical Engineering from the University of Nairobi. He is a member of the CFA Institute, CFA Society of East Africa, Institute of Certified Investment and Securities Analysts, Institute of Certified Public Accountants of Kenya, Institute of Certified Public Secretaries of Kenya, Institute of Directors of Kenya and the Kenya Institute of Management.

CHARLES OGALO

Mr. Charles Ogalo holds a BSc in Economics from the State University of New York, New Paltz, and an MSc in Economics from Rutgers University, New Jersey. He is currently the Managing Director of Genafrica Asset Managers Ltd. (formerly Genesis Kenya Investment Management Ltd.), a position he has held since 1st April 1996. He has served in several public and private sector companies in Kenya as a non-Executive Director, and is currently the Chairman of Ecobank Kenya. A member of the Institute of Directors, Mr Ogalo served in various positions of responsibility in the banking industry for over 11 years, both locally and internationally before joining Genesis Kenya.

BOARD OF DIRECTORS PROFILES

AIDA KIMEMIA - NESBITT

Aida Kimemia - Nesbitt is an independent investment professional with a focus on sustainable development in Africa. She has broad experience in corporate finance, project finance, general management and corporate governance. She is a non-Executive Director on the board of Cannon Assurance Limited.

Until February 2017, Aida was a Regional Manager at the International Finance Corporation (IFC), where she was responsible for generating annual investments of US$ 300 million and overseeing a US$ 500 million debt and equity portfolio comprising approximately 45 investee companies in the manufacturing and service sectors in Sub-Saharan Africa. Her career at IFC spanned 20 years and included other roles such as Head for East Africa, during which she was instrumental in scaling up the Nairobi office into a regional hub, and Principal Investment Officer, when she focused on debt and equity investments in health, education and agribusiness.

Aida holds a Bachelor of Science Degree in Economics and Mathematics

from St Lawrence University (New York) and a Masters Degree in Administrative Science from Johns Hopkins University (Baltimore).

MANAGEMENT PROFILES

ROSE MAMBO

Rose is the Chief Executive at CDSC and is responsible for strategic leadership for the corporation and corporate governance. She has steered the company to achieve a number of key milestones including a T+3 settlement cycle, full dematerialization of the market, several large successful IPOs, and improved efficiency and risk management in the settlement function of the corporation with a Guarantee Fund value that has grown over five times since she joined CDSC in 2007.

Under her stewardship, CDSC maintains over 1.5 million active CDS accounts safeguarded in its CDS system. The company's financial performance has significantly improved over the years of her ongoing tenure, in line with the growth in Kenya's capital market.

Rose is a Director at CDSC Registrars Limited, and with her guidance,the company efficiently manages several listed companies' registers, including the register of the revolutionary mobile phone bond M-Akiba, which garnered over 300,000 registrations by its second offer.

Under her leadership, CDSC has transitioned to a brand that is more customer-centric in product and service offering, as it endeavours to become the leading provider of innovative solutions for custody, clearing and settlement services.

Rose holds an MBA from Strathmore University, a Master of Laws degree from the American University in Washington DC specializing in international business law and a Bachelor of Laws degree from the University of Nairobi. She is an advocate of the High Court of Kenya and a Fellow of the Institute of Certified Secretaries of Kenya. Rose has worked as a State Counsel at the Attorney General's Office and at the Nairobi Securities Exchange as Company Secretary and Head of Legal and Compliance.

MARION KIOI

Marion Kioi heads the Operations Department which is charged with the safe custody of securities in CDS and management of the daily electronic clearing, delivery and settlement processes. She is also the secretary of CDSC's Business Conduct Committee.

Marion holds a Bachelor of Science Degree from the University of Nairobi. She is currently pursuing the MSC Finance degree at the University of Nairobi and has over 10 years experience in Operations at CDSC. Prior to joining CDSC, Marion worked for Nairobi Securities Exchange in the Delivery & Settlement department.

MANAGEMENT PROFILES

JAMES GIKONYO

James Gikonyo is the Head of Information and Communication Technology at CDSC and he participates in policy and decision making at executive management level regarding the future direction and proposed information systems in CDSC.

James holds a Master's of Science in Information Systems specializing in Strategic Management of Information and Communication Technology as well as Information Systems Security. He also holds a Bachelor of Science degree in Mathematics and Computer Science from University of Nairobi. James is a Certified Information Systems Auditor (CISA) and has over 18 years experience in the Information and Communication Technology fields with 16 years experience in Banking IT systems having worked with Barclays Bank of Kenya and Transnational Bank Limited.

IRENE MUTISO

Irene Mutiso heads the HR and Corporate Affairs department and represents CDSC in Investor Education Working Committee (IEWC), Securities Industry Training Institute East Africa (SITI), and is a member of Champions of Corporate Governance Award (COG) taskforce.

Irene holds a Masters of Business Administration Degree in Human Resources Management and a Bachelors Degree in Commerce both from the University of Nairobi. Irene is a qualified Executive Coach, Certified Human Resource Analyst (CHRA), a Full Member of Women on Boards Network, Institute of Human Resource Management (IHRM), Kenya Institute of Management (KIM) and Society of Human Resources (SHRM). Irene has over nine years experience in Human Capital Management and Corporate Communication. Prior to joining CDSC, she worked at Nairobi Securities Exchange and held various positions.

MANAGEMENT PROFILES

HILDA NJERU

Hilda Njeru heads the Legal, Risk & Compliance Department whose mandate is to provide legal services to CDSC and its subsidiaries, oversee risk management and ensure compliance with legal and regulatory requirements. She is also the CDSC Group Company Secretary.

Hilda holds a Master of Laws degree (LL.M) and a Bachelor of Laws degree (LL.B) both from the University of Nairobi. She has a Post Graduate Diploma in Law from the Kenya School of Law and is an Advocate of the High Court of Kenya. She is a Certified Public Secretary, CPS (K) and has successfully completed the Certified Public Accountants (CPA) course. Hilda is also a certified Governance Auditor. She has over 10 years experience in the field of financial law and compliance, and has worked in the Banking and Capital Markets industries.

FRANCIS KIBATHI, CFA, CPA, CISA

Francis Kibathi heads the Internal Audit Department which is primarily charged with Risk Management and Internal Control.

Francis holds a Bachelor of Commerce Degree, Finance option. He is a Certified Public Accountant, a Certified Information Systems Auditor, a CFA Charter holder and a member of the Association of Certified Fraud Examiners. He has served in various capacities as both external and internal auditor, and has a wealth of experience in Audit, Risk and Compliance.

MANAGEMENT PROFILES

LUCY NYAKWAKA - OMOL

Lucy Nyakwaka - Omol is the Manager, CDSC Registrars Limited, which offers company Registrar Services.

Lucy has over 10 years experience in share registry services- managing share registry operations, transfer processes, immobilization, customer service, dividend payments, bonus, splits issues among others. She was a key resource in the NIC Bank, Kenya Airways and Olympia Capital rights issues, HFCK, Umeme, STANLIB IPO, Centum and the Barclays Bond issue. Lucy also managed the takeover of SCBK, BAT, CMC, NMG, CENTUM and SAMEER registers.

She holds a Bachelors Degree in Business Administration and a diploma in Leadership and Management. Lucy has worked in the Banking and share Registry sectors.

PICTORIAL

1. CDSC CEO Ms. Mambo (R) congratulates UFAA's CEO Ms. Kariuki upon UFAA's appointment as a Central Depository Agent
2. CDSC staff pose with CDA's at the conclusion of an Operational procedures workshop
3. Mr. Ndohho, Director, Debt Policy, Strategy and Risk Management Department of the National Treasury rings the bell at the listing of M-Akiba, for its Special Limited Offer. Looking on are (R-L) the CBA Group Executive Director Mr. Mugambi ,CDSC C.E.O Ms. Mambo, NSE C.E.O Mr. Odundo and CMA's Director of Regulatory Policy and Strategy Mr. Ombara
4. (L-R) Mr. Kimani (NSE Chairman), Ms. Mambo (CDSC CEO) and CMA CEO, Mr. Muthaura look on as C.S Henry Rotich, EGH rings the bell at the opening of the M-Akiba bond sale
5. (R-L) CDSC Head of HR and Corporate Affairs, Ms. Mutiso joins CMA's C.E.O, Mr. Muthaura, Central Bank's governor Dr. Patrick Njoroge & CDSC Board member Mr. Karina at the opening of the 2017 World Investor Week
6. CDSC Head of ICT Mr. Gikonyo (2nd L) presents the Statutory Bodies Sector award to Jomo Kenyatta Foundation staff at the 2017 Champions of Governance gala

PICTORIAL

7. CDSC Information Security Manager Ms. Webi (2nd R) poses with CDA's and trainer after a training on the CDS system
8. The CDSC consultant takes CDA's through training on the new CDS system
9. Team CDSC at the 2017 team building

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the company and the group.

Principal Activities

The principal activities of the group are that of providing automated clearing, delivery and settlement facilities in respect of transactions carried out at the Nairobi Securities Exchange and the holding of securities as nominees on behalf of investors.

Business Review

During the year ending 31 December 2017, the total turnover of the group increased from Shs. 289,571,380 to Shs. 335,551,804. The profit before tax increased from Shs. 21,506,840 to Shs. 86,229,866.

As at 31 December 2017, the net current asset position of the group was Shs. 336,767,393 compared to Shs. 323,028,978 as at 31 December 2016.

	GROUP		COMPANY	
Key performance indicators	**2017**	**2016**	**2017**	**2016**
Turnover (Shs)	335,551,804	289,571,380	324,177,446	279,076,209
Profit for the year (Shs)	54,649,567	14,094,618	61,832,311	12,665,632
Net profit margin (%)	16%	5%	19%	5%
Net assets (Shs)	494,657,508	440,548,486	494,758,649	432,926,338

Principal Risks and Uncertainties

As at 31 December 2017, the principal risk and uncertainty affecting the business was the delay in the implementation of the new CDS This is due to the many go-live dates that the company has set and missed.

Dividends

The directors propose a final dividend of Shs. 6.85 per share (2016: Shs. Nil) amounting to a total of Shs.12,000,000 (2016: Shs. Nil).

Directors

The directors who held office during the year and to the date of this report are shown on page 3. In accordance with the group's Articles of Association, no directors are due for retirement by rotation.

REPORT OF THE DIRECTORS (CONTINUED)

Statement as to Disclosure to the Company's Auditor

With respect to each director at the time this report was approved:

a. there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware.

b. the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of Appointment of the Auditor

PKF Kenya continues in office in accordance with the group's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Hulda Njeru

COMPANY SECRETARY NAIROBI

29th March 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the group's and company's profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the group and the company; that disclose, with reasonable accuracy, the financial position of the group and the company and that enable them to prepare consolidated financial statements of the group and the company that comply with International Financial Reporting Standards and the requirements of the Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

ii. Selecting and applying appropriate accounting policies; and

iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the consolidated financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2017 and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the consolidated financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 12th March 2018 and signed on its behalf by:

DIRECTOR **DIRECTOR**

REPORT OF THE INDEPENDENT AUDITOR

to the Members of Central Depository and Settlement Corporation Limited

Report on the financial statements

Opinion

We have audited the accompanying consolidated and company financial statements of Central Depository and Settlement Corporation Limited and its subsidiaries, (collectively referred to as the 'group') set out on pages 29 to 68 which comprise the consolidated and company statement of financial position as at 31 December 2017, the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity, consolidated and company statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position of as at 31 December 2017 and of the consolidated and company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act, 2015.

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 Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Kenya 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 judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

-Recoverability of bank balances held with Chase Bank Kenya Limited (In Receivership)

As disclosed in Note 13 to the financial statements, at the reporting date the company held deposits measured at Shs. 140,328,440 included within cash and cash equivalents with Chase Bank Kenya Limited (In Receivership) which was placed under statutory management in April 2016. The directors have exercised significant judgement and estimation as detailed in accounting policy (b) whilst assessing the recoverability and measurement of these balances. Because of the significance of these judgements and the value of these balances at the reporting date, this is a key audit matter.

REPORT OF THE INDEPENDENT AUDITOR

to the Members of Central Depository and Settlement Corporation Limited (continued)

Key Audit Matters (continued)

- Recoverability of bank balances held with Chase Bank Kenya Limited (In Receivership) (continued)

Our audit procedures included challenging the judgements and assumptions made by the directors in assessing the recoverability and the basis for measurement of these balances with reference to available information. We also considered the adequacy of the disclosures provided in Note 13 to the consolidated financial statements.

- Information technology (IT) systems and controls over financial reporting

The group is heavily reliant on complex IT systems. There is a risk that the controls around complex IT systems may not be designed and operating effectively.

We assessed and tested the overall design and operational effectiveness of controls over information systems that are critical to financial reporting. Where deficiencies were observed that affected application and databases within the scope of our audit, we performed additional controls and substantive procedures to determine the reliance placed on the completeness and accuracy of the system generated information.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and the schedule of expenditure but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the report to shareholders, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the report to shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

REPORT OF THE INDEPENDENT AUDITOR

to the Members of Central Depository and Settlement Corporation Limited (continued)

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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'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 director's 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 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 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 to cease to continue as a going concern.

REPORT OF THE INDEPENDENT AUDITOR

to the Members of Central Depository and Settlement Corporation Limited (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated 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 those charged with governance 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 those charged with governance 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, related safeguards.

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

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 22 and 23 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Darshan Prabhulal Shah - P/No. 2051.

PwC Kenya

29th March 2018

CERTIFIED PUBLIC ACCOUNTANTS
NAIROBI

CONSOLIDATED STATEMENT
of Profit or Loss and Other Comprehensive Income

	Note	2017 Shs	2016 Shs
Revenue	1	335,551,804	289,571,380
Other operating income	2	11,208,376	27,406,081
Remeasurement loss on balances held with banks under receivership	13	(694,393)	(66,093,528)
Administrative expenses		(219,035,965)	(189,296,137)
Other operating expenses		(40,799,956)	(40,080,956)
Profit before tax	3	86,229,866	21,506,840
Tax	5	(31,580,299)	(7,412,222)
Profit for the year		54,649,567	14,094,618
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(540,545)	(1,114,339)
Total comprehensive income for the year		54,109,023	12,980,279
Dividend:			
Proposed final dividend for the year		12,000,000	-

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

COMPANY STATEMENT

of Profit or Loss and Other Comprehensive Income

	Note	2017 Shs	2016 Shs
Revenue	1	324,177,446	279,076,209
Other operating income	2	11,179,559	27,406,081
Remeasurement loss on balances held with banks under receivership	13	(694,393)	(66,093,528)
Administrative expenses		(204,106,329)	(182,166,294)
Other operating expenses		(39,150,743)	(38,359,665)
Profit before tax	3	91,405,540	19,862,803
Tax	5	(29,573,229)	(7,197,171)
Profit and total comprehensive income for the year		61,832,311	12,665,632
Dividend:			
Proposed final dividend for the year		12,000,000	-

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

CONSOLIDATED STATEMENT
of Financial Position

As at 31 December

	Note	2017 Shs	2016 Shs
Capital Employed			
Share capital	6	175,000,000	175,000,000
Translation reserve		(2,481,778)	(1,941,233)
Retained earnings		310,139,286	267,489,719
Proposed dividends	7	12,000,000	-
Shareholders' funds		494,657,508	440,548,486
Represented By			
Non-current assets			
Property and equipment	8	14,249,035	13,111,487
Intangible assets	9	126,679,599	97,221,414
Deferred tax	10	16,961,481	7,186,607
		157,890,115	117,519,508
Current assets			
Investments	11	49,120,381	-
Trade and other receivables	12	45,940,218	37,845,839
Cash and cash equivalents	13	266,487,681	254,162,503
Tax recoverable		11,576,772	48,079,491
		373,125,052	340,087,833
Current liabilities			
Trade and other payables	14	36,357,659	17,058,855
Net current assets		336,767,393	323,028,978
		494,657,508	440,548,486

The financial statements on pages 29 to 68 were approved and authorised for issue by the Board of Directors on 12th March 2018 and were signed on its behalf by:

DIRECTOR

DIRECTOR

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

COMPANY STATEMENT
of Financial Position

	Note	2017 Shs	2016 Shs
Capital Employed			
Share capital	6	175,000,000	175,000,000
Retained earnings		307,758,649	257,926,338
Proposed dividends	7	12,000,000	-
Shareholders' funds		494,758,649	432,926,338
Represented By			
Non-current assets			
Property and equipment	8	14,170,300	13,094,484
Intangible assets	9	126,679,599	97,221,414
Deferred tax	10	16,920,031	5,512,257
Investment in subsidiaries	15	261,043	261,043
		158,030,973	116,089,198
Current assets			
Investments	11	49,120,381	-
Trade and other receivables	12	68,961,339	53,529,087
Cash and cash equivalents	13	243,409,199	250,380,533
Tax recoverable		10,678,424	47,285,421
		372,169,343	351,195,041
Current liabilities			
Trade and other payables	14	35,441,667	34,357,901
Net current assets		336,727,676	316,837,140
		494,758,649	432,926,338

The financial statements on pages 29 to 68 were approved and authorised for issue by the Board of Directors on 12th March 2018 and were signed on its behalf by:

DIRECTOR

DIRECTOR

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

CONSOLIDATED STATEMENT
of Changes in Equity

		Share capital Shs	Translation reserve Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
Year ended 31 December 2016						
At start of year		175,000,000	(826,894)	273,395,101	-	447,568,207
Total comprehensive income for the year		-	(1,114,339)	14,094,618	-	12,980,279
Transactions with owners:						
- Final for 2015 (paid)		-	-	(20,000,000)	-	(20,000,000)
At end of year		175,000,000	(1,941,233)	267,489,719	-	440,548,486
Year ended 31 December 2017						
At start of year		175,000,000	(1,941,233)	267,489,719	-	440,548,486
Total comprehensive income for the year		-	(540,545)	54,649,567	-	54,109,023
Transactions with owners:						
- Final for 2017 (proposed)	7	-	-	(12,000,000)	12,000,000	-
At end of year		175,000,000	(2,481,778)	310,139,286	12,000,000	494,657,509

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

COMPANY STATEMENT
of Changes in Equity

		Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
Year ended 31 December 2016					
At start of year		175,000,000	265,260,706	-	440,260,706
Total comprehensive income for the year		-	12,665,632	-	12,665,632
Transactions with owners:					
- Final for 2015 (paid)		-	(20,000,000)	-	(20,000,000)
At end of year		175,000,000	257,926,338	-	432,926,338
Year ended 31 December 2017					
At the start of the year		175,000,000	257,926,338	-	432,926,338
Total comprehensive income for the year		-	61,832,311	-	61,832,311
Transactions with owners:					
- Final for 2017 (proposed)	7	-	(12,000,000)	12,000,000	-
At end of year		175,000,000	307,758,649	12,000,000	494,758,649

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

CONSOLIDATED STATEMENT
of Cash Flows

	Note	2017 Shs	2016 Shs
Operating activities			
Cash from/(used in) operations	16	112,249,179	(216,948,556)
Interest received		(4,640,882)	(15,298,316)
Tax paid		(4,494,633)	(34,940,518)
Net cash from/(used in) operating activities		103,113,664	(267,187,390)
Investing activities			
Purchase of property and equipment	8	(7,779,611)	(5,204,085)
Purchase of intangible assets	9	(30,596,687)	(5,593,028)
Net cash (used in) investing activities		(38,376,298)	(10,797,113)
Financing activities			
Dividends paid		-	(20,000,000)
Net cash (used in) financing activities		-	(20,000,000)
Increase/(decrease) in cash and cash equivalents		64,737,366	(297,984,503)
Movement in cash and cash equivalents			
At start of year		122,935,163	421,658,007
Increase/(decrease)		64,737,366	(297,984,503)
Exchange differences on translation of foreign operations		(898,964)	(738,341)
At end of year	13	186,773,565	122,935,163

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

COMPANY STATEMENT
of Cash Flows

	Note	2017 Shs	2016 Shs
Operating activities			
Cash from/(used in) operations	16	91,822,362	(204,178,969)
Interest received		(4,612,065)	(15,298,316)
Tax paid		(4,374,006)	(34,741,838)
Net cash from/(used in) operating activities		82,836,291	(254,219,123)
Investing activities			
Purchase of property and equipment	8	(7,697,714)	(5,204,086)
Purchase of intangible assets	9	(30,596,687)	(5,593,028)
Net cash (used in) investing activities		(38,294,401)	(10,797,114)
Financing activities			
Dividends paid		-	(20,000,000)
Net cash (used in) financing activities		-	(20,000,000)
Increase/(decrease) in cash and cash equivalents		44,541,890	(285,016,237)
Movement in cash and cash equivalents			
At start of year		119,153,193	404,169,430
Increase/(decrease)		44,541,890	(285,016,237)
At end of year	13	163,695,083	119,153,193

The notes on pages 37 to 68 form an integral part of these financial statements.

Report of the independent auditor - pages 25 to 28.

NOTES
Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

The financial performance of the group is set out in the report of the directors and in the consolidated statement of profit or loss and other comprehensive income. The financial position of the group is set out in the consolidated statement of financial position and the company statement of financial position. Disclosures in respect of risk management are set out in Note 19 and disclosures in respect of capital management are set out in Note 20.

These financial statements comply with the requirements of the Companies Act, 2015. The statement of profit or loss and other comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

Based on the financial performance and position of the group and its risk management policies, the directors are of the opinion that the group is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

i) New and amended Standards adopted by the company

A number of new and revised Standards and Interpretations have been adopted in the current year. Their adoption has had no material impact on the amounts reported in these financial statements.

New Standards, amendments and Interpretations issued but not effective

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' (Annual Improvements to IFRSs 2014–2017 Cycle, issued in December 2017) - The amendment, applicable to annual periods beginning on or after 1 January 2018, clarifies that exemption from applying the equity method is available separately for each associate or joint venture at initial recognition.
- Amendments to IAS 40 'Transfers of Investment Property' (issued in December 2017) that are effective for annual periods beginning on or after 1 January 2018, clarify that transfers to or from investment property should be made when, and only when, there is evidence that a change in use of property has occurred.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

a) Basis of preparation (continued)

New Standards, amendments and Interpretations issued but not effective (continued)

- Amendment to IFRS 1 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) that is effective for annual periods beginning on or after 1 January 2018, deletes certain short-term exemptions and removes certain reliefs for first-time adopters.
- Amendments issued in June 2017 to IFRS 2 ' Share - based Payment ' which are effective for annual periods beginning on or after 1 January 2018 clarify the effects of vesting conditions on cash settled schemes, treatment of net settled schemes and modifications for equity settled schemes.
- Amendments to IFRS 4 titled Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (issued in September 2017) that are effective for annual periods beginning on or after 1 January 2018, include a temporary exemption from IFRS 9 for insurers that meet specified criteria and an option for insurers to apply the overlay approach to designated financial.
- IFRS 9 'Financial Instruments' (Issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.
- IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
- In respect of financial liabilities, the most significant effect of IFRS 9 where the fair value option is taken will be in respect of the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is at is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract.
- In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.
- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13,15 and 18). It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

a) Basis of preparation (continued)

New Standards, amendments and Interpretations issued but not effective (continued)

- IFRS 16 'Leases' (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.
- IFRS 17 'Insurance Contracts' (issued May 2017) effective for annual periods beginning on or after 1 January 2021 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The directors expect that the future adoption of IFRS 9 and IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other Standards and Interpretations will have a material impact on the financial statements in future periods. The entity plans to apply the changes above from their effective dates noted above.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management have made the following estimate that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Useful lives of property and equipment and intangible assets**

  Management reviews the useful lives and residual values of the items of property and equipment and intangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) Significant judgements made by management in applying the group's accounting policies

Management have made the following judgements that are considered to have the most significant effect on the amounts recognised in the consolidated financial statements:

NOTES (CONTINUED)

Significant Accounting Policies (continued)

c) Significant judgements made by management in applying the group's accounting policies (continued)

- Impairment of trade and other receivables

  The group reviews its portfolio of trade and other receivables at the reporting date. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

- Impairment of balances held with banks under receivership

  The group has reassessed the need for impairment of balances held with banks that are under receivership. In determining whether these bank balances are impaired, the management has made judgements which have been disclosed in Note 13 of these consolidated financial statements.

d) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the group has power over the investee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

When the company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the company gains control until the date the company ceases to control the subsidiary.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

d) Consolidation (continued)

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of subsidiary to bring their accounting policies into line with the groups accounting policy.

e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business and is stated net of rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

i. Income from services are recognised upon performance of the transactions and recognition in the Central Depositor System;

ii. Interest income is accounted for in the period in which it is earned.

f) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

g) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

	Rate %
Leasehold improvements	12.5
Motor vehicles	25
Office equipment	25
Furniture, fittings and equipment	12.5
Computer, faxes and copiers	25

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

h) Intangible assets - Computer software

Computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is amortised over its estimated useful life which is estimated to be at four years and eight years in respect of CDSC website and CDS software respectively.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of intangible assets are determined by reference to their carrying amount and are taken into account in determining profit before tax.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

i) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Management determines the classification of financial assets at initial recognition.

- Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The group's financial assets which include investments, cash and bank balances and trade and other receivables fall into the following category:

- **Held-to-maturity:** financial assets with fixed or determinable payments and fixed maturity where the management have the positive intent and ability to hold to maturity. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in profit or loss.
- **Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the profit or loss under administrative expenses when there is objective evidence that the group will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

i) Financial instruments (continued)

Financial Assets (continued)

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss in the year in which they occur.

- Financial liabilities

The group's financial liabilities which include trade and other payables fall into the following category:

- **Financial liabilities measured at amortised cost: These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.**

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the group's obligations are discharged,cancelled or expired.

- Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

j) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it s probable that future taxable profits will be available against which temporary differences can be utilised.

NOTES (CONTINUED)

Significant Accounting Policies (continued)

k) Accounting for leases

The group as a lessee:

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

l) Retirement benefit obligations

The group operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees.

The scheme is administered by an insurance company. The group's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

The group and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The group's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

m) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks and treasury bills maturing within 91 days of the reporting date.

Restricted cash balances are those balances that the group cannot use for working capital purposes.

n) Share capital

Ordinary shares are classified as equity.

o) Translation reserve

The translation reserve represents translation gains and losses arising from consolidation of foreign operations.

p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

	Group		Company	
	2017 Shs	**2016 Shs**	**2017 Shs**	**2016 Shs**
1. Revenue				
Transaction levy	276,877,467	220,841,719	274,552,211	220,841,719
Depository levy	19,791,120	20,019,473	19,791,120	20,019,473
Registry fees	9,046,102	10,495,171	-	-
Bond levy	17,436,725	17,339,469	17,436,725	17,339,469
Others	12,400,390	20,875,548	12,397,390	20,875,548
	335,551,804	289,571,380	324,177,446	279,076,209
2. Other operating income				
Interest income	4,640,882	15,298,316	4,612,065	15,298,316
Other income	6,567,494	12,107,765	6,567,494	12,107,765
	11,208,376	27,406,081	11,179,559	27,406,081
3. Profit before tax				
The following items have been charged in arriving at profit before tax:				
Depreciation on property and equipment (Note 8)	6,114,054	5,539,191	6,093,292	5,525,209
Amortisation of intangible assets (Note 9)	1,138,502	2,170,783	1,138,502	2,106,811
Auditors' remuneration				
- current year	2,439,678	2,250,404	2,233,000	2,063,159
- underprovision in prior years	107,700	18,071	104,400	-
Operating lease rentals	19,044,448	18,318,922	18,865,582	18,023,423
Staff costs (Note 4)	136,808,903	125,499,346	131,023,548	120,576,624
Repairs and maintenance	2,936,804	1,578,192	2,818,303	1,564,736

NOTES (CONTINUED)

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
4. Staff costs				
Salaries and wages	114,885,463	105,230,239	109,738,743	100,863,854
Other staff costs	12,325,120	13,359,757	11,717,269	13,163,795
Pension costs:				
- National Social Security Fund	178,680	168,668	173,880	135,320
- Defined contribution pension scheme	9,419,641	6,740,682	9,393,656	6,413,655
	136,808,903	125,499,346	131,023,548	120,576,624
5. Tax				
Current tax	41,355,459	6,537,382	40,981,003	6,347,064
Deferred tax (credit)/charge (Note 10)	(9,775,160)	874,840	(11,407,774)	850,107
	31,580,299	7,412,222	29,573,229	7,197,171

The tax on the group's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	86,229,866	21,506,840	91,405,540	19,862,803
Tax calculated at a tax rate of 30% (2016: 30%)	25,868,960	6,452,052	27,421,662	5,958,841
Tax effect of:				
- expenses not deductible for tax purposes	3,932,765	3,620,235	2,151,567	3,363,071
- income not subject to tax	(8,695)	(1,602,171)	-	(1,602,171)
- (over)provision of deferred tax in prior years	-	(1,057,894)	-	(522,570)
- effect of deferred tax asset not recognised	1,787,269	-	-	-
Tax charge	31,580,299	7,412,222	29,573,229	7,197,171
Effective rate of tax	37%	34%	32%	36%

The increase in the effective rate of tax was caused by an increase in expenses not deductible for tax purposes and tax losses relating to subsidiaries.

NOTES (CONTINUED)

6. Share capital

	Group & Company	
	2017 Shs	**2016 Shs**
Authorised share capital:		
2,000,000 (2016: 2,000,000) ordinary shares of Shs. 100 each	200,000,000	200,000,000
Issued and fully paid:		
1,750,000 (2016: 1,750,000) ordinary shares of Shs. 100 each	175,000,000	175,000,000

7. Dividends

The directors propose a final dividend of Shs 6.85 per share (2016: Nil) amounting to a total of Shs 12,000,000 (2016:Nil).

The total dividend for the year is therefore Shs. 6.85 per share (2016: Nil) amounting to a total of Shs. 12,000,000 (2016: Nil).

In accordance with the Companies Act, 2015 these financial statements reflect this dividend payable which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2017.

Payment of dividend is subject to a withholding tax at the rate of 5% for residents and 10% for non-residents.Payment of dividends to shares held by resident limited entities in excess of 12.5% of the shareholding are exempt from withholding tax.

NOTES (CONTINUED)

8. Property and equipment

Year ended 31 December 2017

Group	Leasehold improvements Shs	Motor vehicles Shs	Office equipment Shs	Furniture, fittings and equipment Shs	Computers, faxes and copiers Shs	Total Shs
Cost						
At start of year	12,668,017	130,900	4,552,707	5,753,404	38,826,708	61,931,735
Additions	-	-	1,756,480	630,333	5,392,798	7,779,611
Impairment	-	-	-	(2,062,138)	-	(2,062,138)
Translation difference	-	-	-	4,466	-	4,466
At end of year	12,668,017	130,900	6,309,187	4,326,065	44,219,506	67,653,674
Depreciation						
At start of year	12,175,902	24,544	1,487,742	3,751,912	31,380,148	48,820,248
Charge for the year	492,115	32,724	1,187,264	499,213	3,902,738	6,114,055
Impairment	-	-	-	(1,533,532)	-	(1,533,532)
Translation difference	-	-	-	2,130	1,738	3,868
At end of year	12,668,017	57,268	2,675,006	2,719,723	35,284,624	53,404,639
Net book value	-	73,632	3,634,181	1,606,342	8,934,882	14,249,035

NOTES (CONTINUED)

8. Property and equipment (Continued)

Year ended 31 December 2016

Group	Leasehold improvements Shs	Motor vehicles Shs	Office equipment Shs	Furniture, fittings and equipment Shs	Computers, faxes and copiers Shs	Total Shs
Cost						
At start of year	12,668,017	-	8,212,587	4,632,275	43,776,135	69,289,014
Additions	-	130,900	3,367,607	1,146,515	559,064	5,204,085
Disposals	-	-	(7,027,487)	-	(5,502,731)	(12,530,218)
Translation difference	-	-	-	(25,386)	(5,760)	(31,146)
At end of year	12,668,017	130,900	4,552,707	5,753,404	38,826,708	61,931,735
Depreciation						
At start of year	10,916,676	-	7,325,323	3,307,472	32,691,694	54,241,165
Charge for the year	1,259,226	24,544	787,680	493,454	2,974,287	5,539,191
Disposals	-	-	(6,625,261)	-	(4,305,850)	(10,931,111)
Translation difference	-	-	-	(49,014)	20,017	(28,997)
At end of year	12,175,902	24,544	1,487,742	3,751,912	31,380,148	48,820,248
Net book value	492,115	106,356	3,064,965	2,001,492	7,446,560	13,111,487

All the additions made during the year were made through cash payments.

Impairment losses amounting to Shs. 528,606 (2016:Shs. 1,599,108) have been recognised in profit or loss under establishment expenses.

NOTES (CONTINUED)

8. Property and equipment (Continued)

Year ended 31 December 2017

Group	Leasehold improvements Shs	Motor vehicles Shs	Office equipment Shs	Furniture, fittings and equipment Shs	Computers, faxes and copiers Shs	Total Shs
Cost						
At start of year	12,668,017	130,900	4,552,707	6,001,655	38,462,793	61,816,072
Additions	-	-	1,674,583	630,333	5,392,798	7,697,714
Impairment	-	-	-	(2,062,138)	-	(2,062,138)
At end of year	12,668,017	130,900	6,227,290	4,569,850	43,855,591	67,451,648
Depreciation						
At start of year	12,175,902	24,544	1,487,742	3,895,328	31,138,072	48,721,588
Charge for the year	492,115	32,724	1,175,321	490,394	3,902,738	6,093,292
Impairment	-	-	-	(1,533,532)	-	(1,533,532)
At end of year	12,668,017	57,268	2,663,063	2,852,190	35,040,810	53,281,348
Net book value	-	73,632	3,564,227	1,717,660	8,814,781	14,170,300

All the additions made during the year were made through cash payments.

NOTES (CONTINUED)

8. Property and equipment (Continued)

Year ended 31 December 2016

	Leasehold improvements Shs	Motor vehicles Shs	Office equipment Shs	Furniture, fittings and equipment Shs	Computers, faxes and copiers Shs	Total Shs
Cost						
At start of year	12,668,017	-	8,212,587	4,855,140	43,406,460	69,142,204
Additions	-	130,900	3,367,607	1,146,515	559,064	5,204,086
Impairment	-	-	(7,027,487)	-	(5,502,731)	(12,530,218)
At end of year	12,668,017	130,900	4,552,707	6,001,655	38,462,793	61,816,072
Depreciation						
At start of year	10,916,676	-	7,325,323	3,411,371	32,474,120	54,127,490
Charge for the year	1,259,226	24,544	787,680	483,957	2,969,802	5,525,209
Impairment	-	-	(6,625,261)	-	(4,305,850)	(10,931,111)
At end of year	12,175,902	24,544	1,487,742	3,895,328	31,138,072	48,721,588
Net book value	492,115	-	3,064,965	2,106,327	7,324,721	13,094,484

NOTES (CONTINUED)

9. Intangible assets

Year ended 31 December 2017

Group	Computer software Shs	Work in progress Shs	Total Shs
Cost			
At start of year	59,337,249	94,287,328	153,624,577
Additions	713,400	29,883,287	30,596,687
At end of year	60,050,649	124,170,615	184,221,264
Amortisation			
At start of year	56,403,163	-	56,403,163
Charge for the year	1,138,502	-	1,138,502
At end of year	57,541,665	-	57,541,665
Net book value	2,508,984	124,170,615	126,679,599

Amortisation costs of Shs. 1,138,502 (2016:Shs. 2,170,783) are included under other operating expenses in profit or loss.

Year ended 31 December 2016

Group	Computer software Shs	Work in progress Shs	Total Shs
Cost			
At start of year	58,404,223	89,738,300	148,142,523
Additions	1,044,000	4,549,028	5,593,028
Translation difference	(110,974)	-	(110,974)
At end of year	59,337,249	94,287,328	153,624,577
Amortisation			
At start of year	54,340,941	-	54,340,941
Charge for the year	2,170,783	-	2,170,783
Translation difference	(108,561)	-	(108,561)
At end of year	56,403,163	-	56,403,163
Net book value	2,934,086	94,287,328	97,221,414

NOTES (CONTINUED)

9. Intangible assets (Continued)

Year ended 31 December 2017

Company	**Computer software Shs**	**Work in progress Shs**	**Total Shs**
Cost			
At start of year	58,797,817	94,287,328	153,085,145
Additions	713,400	29,883,287	30,596,687
At end of year	59,511,217	124,170,615	183,681,832
Amortisation			
At start of year	55,863,731	-	55,863,731
Charge for the year	1,138,502	-	1,138,502
At end of year	57,002,233	-	57,002,233
Net book value	2,508,984	124,170,615	126,679,599
Year ended 31 December 2016			
Cost			
At start of year	57,753,817	89,738,300	147,492,117
Additions	1,044,000	4,549,028	5,593,028
At end of year	58,797,817	94,287,328	153,085,145
Amortisation			
At start of year	53,756,920	-	53,756,920
Charge for the year	2,106,811	-	2,106,811
At end of year	55,863,731	-	55,863,731
Net book value	2,934,086	94,287,328	97,221,414

NOTES (CONTINUED)

10. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2016: 30%). The movement on the deferred tax account is as follows:

	2017 Shs	2016 Shs	2017 Shs	2016 Shs
At start of year	(7,186,607)	(8,441,933)	(5,512,257)	(6,362,364)
(Credit)/charge to profit or loss (Note 5)	(9,775,160)	874,840	(11,407,774)	850,107
Translation difference	286	380,486	-	-
At end of year	(16,961,481)	(7,186,607)	(16,920,031)	(5,512,257)

Deferred tax (assets) and deferred tax charge to profit or loss are attributable to the following items:

Group	At start of year Shs	(Credit)/ charge to profit or loss Shs	Translation difference Shs	At end of year Shs
Deferred tax (assets)				
Accumulated tax losses	(1,272,405)	(289,986)	-	-
Leave pay provision	(215,257)	48,488	-	(166,769)
Bad debt provision	(1,114,535)	(10,954,700)	-	(12,069,235)
Gratuity provision	(163,889)	(694,892)	-	(858,781)
Property and equipment	(4,392,011)	328,661	96	(4,058,164)
Other provisions	(28,510)	-	190	(33,413)
Effect of deferred tax not recognised	-	1,787,269	-	1,787,269
Deferred tax (asset)	(7,186,607)	(9,775,160)	286	(15,399,093)

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against.

NOTES (CONTINUED)

10. Deferred tax (Continued)

Company		At start of year Shs	(Credit)/ charge to profit or loss Shs	At end of year Shs
Deferred tax (assets)				
Property and equipment		(4,018,576)	193,330	(3,825,246)
Leave pay provision		(215,257)	48,488	(166,769)
Bad debt provision		(1,114,535)	(10,954,700)	(12,069,235)
Gratuity provision		(163,889)	(694,892)	(858,781)
Deferred tax (asset)		(5,512,257)	(11,407,774)	(16,920,031)

11. Investments

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Held-to-maturity:				
At start of year	-	-	-	-
Additions	49,120,381	-	49,120,381	-
At end of year	49,120,381	-	49,120,381	-
Held-to-maturity investments can be analysed as follows:				
Maturing within 91 days of the reporting date (Note 13)	49,120,381	-	49,120,381	-

The carrying amounts of the company's investments are denominated in Kenya Shillings.

NOTES (CONTINUED)

12. Trade and other receivables

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Current				
Trade receivables	31,198,086	16,838,131	27,333,165	14,822,884
Less: impairment provisions	(6,010,850)	(3,715,119)	(5,160,541)	(3,715,119)
Net trade receivables	25,187,236	13,123,012	22,172,624	11,107,765
Other receivables	19,057,653	18,801,665	18,972,675	17,623,817
Receivable from related parties (Note 17)	1,695,330	5,921,162	27,816,040	24,797,505
	45,940,218	37,845,839	68,961,339	53,529,087
Movement in impairment provisions				
At start of year	3,715,119	6,264,551	3,715,119	5,412,432
Additions	2,295,731	4,803,471	1,445,422	4,803,471
Recoveries	-	(7,352,903)	-	(6,500,784)
At end of year	6,010,850	3,715,119	5,160,541	3,715,119

The group and company's credit risk arises primarily from trade receivables. Trade receivables relate primarily to contracted payments due for Nairobi Securities Exchange transactions from the Central Depository Agents. The directors are of the opinion that the group's exposure is limited because the debt is widely held. There is also no significant concentration of credit risk.

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

NOTES (CONTINUED)

12. Trade and other receivables (Continued)

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Kenya Shillings	38,215,268	37,565,995	68,961,339	53,529,087
Rwandese Francs	7,724,950	279,844	-	-
	45,940,218	37,845,839	68,961,339	53,529,087

Trade receivables that are aged past 30 days are considered past due but not impaired.

As of 31 December 2017, trade receivables of the company amounting to Shs. 11,556,228 (2016: Shs. 5,348,392) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. These balances have also been subsequently received. The ageing analysis of these trade receivables is as follows:

	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Older than 30 days	13,441,492	11,235,947	11,556,228	5,348,392

No classes within trade and other receivables contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

NOTES (CONTINUED)

13. Cash and cash equivalents

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Cash at bank and in hand	89,474,099	122,935,163	79,979,796	119,153,193
Restricted bank balances	128,834,497	131,227,340	128,834,497	131,227,340
Fixed deposits	48,179,086	-	34,594,906	-
	266,487,681	254,162,503	243,409,199	250,380,533

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

Cash at bank and in hand	89,474,099	122,935,163	79,979,796	119,153,193
Treasury bills maturing within 91 days (Note 10)	49,120,381	-	49,120,381	-
Fixed deposits	48,179,086	-	34,594,906	-
	186,773,565	122,935,163	163,695,083	119,153,193

The carrying amounts of the group's and company's cash and cash equivalents are denominated in the following currencies:

	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Kenya Shillings	250,573,157	252,108,271	243,042,720	249,929,466
United States Dollars	448,577	451,066	366,479	451,067
Rwandese Francs	15,465,947	1,603,166	-	-
	266,487,681	254,162,503	243,409,199	250,380,533

NOTES (CONTINUED)

13. Cash and cash equivalents (Continued)

Restricted bank balances relate to balances held with Chase Bank Kenya Limited (In Receivership) which was placed under receivership in April 2016.

In determining the basis of measurement of the balances held with Chase Bank Kenya Limited (In Receivership), the directors have assessed whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected, the perpetual period of such cash flows and referred to various statements made by the Central Bank of Kenya (CBK). The bank was placed under statutory management and subsequently opened for operations, even though access to funds deposited remains restricted. The CBK has publicly announced that a binding offer to purchase the bank has been accepted and it is in the process of completing all required regulatory processes. In the opinion of the directors, based on information publicly available and the press notice issued by Central Bank of Kenya, recovery of these balances is likely to take place over a three to four year period which the directors have used in developing a discounted cash flow model. The discount rate applied in the model is based on the current market interest rate on such deposits. Based on this model, the principal balances of Shs. 195,622,418 have been discounted to a re-measured carrying amount of Shs. 140,328,440 (2016: 131,227,340).

14. Trade and other payables

	Group		Company	
	2017 Shs	**2016 Shs**	**2017 Shs**	**2016 Shs**
Trade payables	6,487,404	5,424,064	4,933,638	2,510,175
Other payables	24,893,346	11,634,791	18,050,087	10,244,949
Payable to related parties (Note 17)	4,976,910	-	12,457,942	21,602,777
	36,357,659	17,058,855	35,441,667	34,357,901

NOTES (CONTINUED)

14. Trade and other payables (continued)

The maturity analysis of trade and other payables is as follows:

Group	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Year ended 31 December 2017				
Trade payables	3,361,429	2,695,214	430,760	6,487,404
Other payables	14,199,306	7,456,825	3,237,214	24,893,346
Payable to related parties	-	-	4,976,910	4,976,910
	17,560,736	10,152,039	8,644,884	36,357,659
Year ended 31 December 2016				
Payables	4,865,657	-	558,407	5,424,064
Other payables	3,412,128	8,222,663	-	11,634,791
	8,277,785	8,222,663	558,407	17,058,855
Company				
Year ended 31 December 2017				
Payables	1,808,833	2,695,214	429,591	4,933,638
Other payables	4,089,641	7,589,101	6,371,346	18,050,087
Payable to related parties	-	-	12,457,942	12,457,942
	5,898,474	10,284,315	19,258,879	35,441,667
Year ended 31 December 2016				
Payables	1,917,324	-	592,851	2,510,175
Other payables	2,051,125	8,193,824	-	10,244,949
Payable to related parties	-	480,105	21,122,672	21,602,777
	3,968,449	8,673,929	21,715,523	34,357,901

In the opinion of the directors, the carrying amounts of the group's and company's trade and other payables approximate to their fair value.

NOTES (CONTINUED)

14. Trade and other payables (continued)

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Kenya Shillings	33,410,373	16,782,011	35,441,667	34,357,901
Rwandese Francs	2,947,286	276,844	-	-
	36,357,659	17,058,855	35,441,667	34,357,901

15. Investment in subsidiaries

			Company	
Shares at cost	Country of incorporation	Holding	2017 Shs	2016 Shs
CDSC Registrars Kenya Limited	Kenya	100%	100,000	100,000
CDSC Registrars Rwanda Limited	Rwanda	100%	141,043	141,043
CDSC Nominees Limited	Kenya	100%	20,000	20,000
			261,043	261,043

The principle activities of the subsidiaries is to provide share registrar services to various companies listed on the Nairobi Securities Exchange and administration of financial markets, trusts, funds and similar financial services, security and commodity contract brokerage and holding of companies monetary intermediation.

NOTES (CONTINUED)

16. Cash from/(used in) operations

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Reconciliation of profit before tax to cash from/(used in) operations:				
Profit before tax	86,229,866	21,506,840	91,405,540	19,862,803
Adjustments for:				
Depreciation on property and equipment (Note 8)	6,114,054	5,539,191	6,093,292	5,525,209
Amortisation of intangible assets (Note 9)	1,138,502	2,170,783	1,138,502	2,106,811
Impairment of property and equipment	528,606	1,599,108	528,606	1,599,108
Interest income (Note 2)	4,640,882	15,298,316	4,612,065	15,298,316
Changes in working capital				
- trade and other receivables	(8,094,379)	22,038,060	(15,432,252)	20,591,844
- trade and other payables	19,298,804	(153,873,514)	1,083,766	(137,935,720)
- restricted bank balances	2,392,843	(131,227,340)	2,392,843	(131,227,340)
Cash from/(used in) operations	112,249,179	(216,948,556)	91,822,362	(204,178,969)

NOTES (CONTINUED)

17. Related party transactions

The group transacts with other companies related to it by virtue of common shareholding.

The following transactions were carried out with related parties:

i) Outstanding balances arising from sale and purchase of services

	Group		Company	
	2017 Shs	2016 Shs	2017 Shs	2016 Shs
Receivable from related parties (Note 12)	1,695,330	5,921,162	27,816,040	24,797,505
Payable to related parties (Note 14)	4,976,910	-	12,457,942	21,602,777

ii) Key management compensation

	Group & Company	
	2017 Shs	2016 Shs
Salaries and other short-term employment benefits:		
- Directors	11,936,905	14,794,075
- Employees	77,504,405	72,193,639
	89,441,310	86,987,714

NOTES (CONTINUED)

18. Commitments

	Group & Company	
	2017 Shs	**2016 Shs**
Contractual commitments for the acquisition of intangible assets		
At the reporting date these commitments were as follows:		
Computer software	34,846,317	65,985,232
Operating lease commitments - the company as a lessee		
Not later than one year	13,594,928	9,566,353
Later than one year and not later than six years	45,303,820	44,266,643
	58,898,748	53,832,996

19. Risk management objectives and policies

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk.

The group's overall risk management programme seeks to maximise the returns derived for the level of risk that it is exposed to and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads.

(a) Market risk

- *Foreign exchange risk*

The group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar and Rwandese Francs. The risk arises from future transactions, assets and liabilities in the statement of financial position.

The table overleaf summarises the effect on post-tax profit had the Kenya Shilling weakened by 10% against each currency, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

NOTES (CONTINUED)

19. Risk management objectives and policies (continued)

Financial risk management (continued)

a) Market risk (continued)

- *Foreign exchange risk (continued)*

	Group		Company	
	2017 Shs	**2016 Shs**	**2017 Shs**	**2016 Shs**
Effect of profit-(decrease)/increase	(701,121)	(691,181)	25,654	43,840

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

- *Interest rate risk*

The group's exposure to interest rate risk arises from interest bearing financial assets.

The table below summarises the effect on post-tax profit had interest rates been 1% higher, with all other variables held constant. If the interest rates were lower by 1%, the effect would have been the opposite.

	Group & Company	
	2017 Shs	**2016 Shs**
Effect on profit - increase	1,086,003	1,943,215

A 1% sensitivity rate is being used when reporting interest risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

NOTES (CONTINUED)

19. Risk management objectives and policies (continued)

Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the nature of the underlying business, the group's management maintains flexibility in funding by maintaining sufficient cash and cash equivalents.

Note 14 discloses the maturity analysis of trade and other payables.

The table below disclose the undiscounted maturity profile of the group's financial liabilities:

Group	Interest rate %	Between 1 to 3 months Shs	Between 4 to 12 months Shs	Total Shs
Year ended 31 December 2017				
Non-interest bearing liabilities:				
- Trade and other payables	0%	27,712,775	8,644,884	36,357,659
Year ended 31 December 2016				
Non-interest bearing liabilities:				
- Trade and other payables	0%	16,500,448	558,407	17,058,855
Company				
Year ended 31 December 2017				
Non-interest bearing liabilities:				
Trade and other payables	0%	16,182,789	19,258,878	35,441,667
Year ended 31 December 2016				
Non-interest bearing liabilities:				
Trade and other payables	0%	12,642,378	21,715,523	34,357,901

NOTES (CONTINUED)

20. Capital management

The group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The management sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or issue new shares.

21. Incorporation

Central Depository and Settlement Corporation Limited and its subsidiaries CDSC Registrars Kenya Limited and CDSC Nominees Limited, are incorporated in Kenya under the Companies Act, 2015 as private limited liability companies and are domiciled in Kenya. CDSC Registrars Rwanda Limited is a limited liability company incorporated and domiciled in the Republic of Rwanda in accordance with the Law relating to Companies No. 07/2009 of 27 April 2009.

22. Presentation currency

The financial statements are presented in Kenya Shillings (Shs).

CDA LIST

1. **FRANCIS DRUMMOND & CO. LTD (B01)**
Hughes Building, 2nd Floor
Kenyatta Avenue
P.O. Box 45465-00100
Nairobi
Tel: +254 0203318689/90
Mobile: +254 0724256815
Email: info@drummond.co.ke
Website: www.drummond.co.ke

2. **DYER & BLAIR INVESTMENT BANK (B02)**
Pension Towers, 10th Floor
Loita Street
P.O. Box 45396-00100
Nairobi
Tel: 3240000/227803/4/5
Fax: 3240114
Email: shares@dyerandblair.com
Website: www.dyerandblair.com

3. **SUNTRA INVESTMENTS LTD (B07)**
Nation Centre, 7th Floor
Kimathi Street
P.O. Box 74016-00200 Nairobi
Tel: 2870000/2211846/2223330
Mobile: 0724-257024, 0733222216
Fax: 2224327
Email: info@suntra.co.ke
Website: www.suntra.co.ke

4. **OLD MUTUAL SECURITIES LTD (B08)**
IPS building, 6th Floor, Kimathi Street
P.O. Box 50338 – 00200 Nairobi
Tel: 2241379/2241408
Mobile: 0702909091/2, 0731001206/39
Fax: 2241392
Email:omsclientservice@oldmutualkenya.com
Website: www.oldmutual.co.ke

5. **SBG SECURITIES LTD (B09)**
CFC Stanbic Centre, 2nd Floor
Chiromo
P.O. Box 47198-00100 Nairobi
Tel: 3638900/3638080
Fax: 2218813 /310053
Email: sbgs@stanbic.com
Website: www.sbgsecurities.co.ke

6. **KINGDOM SECURITIES (B11)**
Co-operative Bank House, 5th Floor
Haile Selassie Avenue
P.O. Box 48231-00100 Nairobi
Tel: 3276000/ 3276676
Fax: 2210279
Email: info@kingdomsecurities.co.ke
Website: www.kingdomsecurities.co.ke

7. **AIB CAPITAL LTD (B12)**
Finance House 9th Floor
P.O. Box 11019-00100 Nairobi
Tel: 2210178/212989/2212989
Fax: 2210500
Mobile:0725965555/0736965555
Email: info@aibcapital.com
Website: www.aibcapital.com

8. **ABC CAPITAL LTD (B14)**
ABC Bank House, Mezzanine floor
Westlands
P.O Box 46452-00100
Nairobi
Tel: 2246036/224253415/2241148
Email: headoffice@abccapital.co.ke
Website: www.abccapital.co.ke

9. **STERLING CAPITAL LTD (B15)**
Barclay plaza, 11th floor
Loita Street
P.O. Box 45080-00100 Nairobi
Tel: 2213914/2244077
Fax: 2218261
Mobile: 0723153219/0734219146
Email: info@sterlingib.com
Website: www.sterlingib.com

CDA LIST

10. APEX AFRICA CAPITAL LTD (B16)
1st Floor, The RiverFront,
Off Riverside Drive
P.O. Box 43676-00100
Nairobi
Tel: 2242170//2220517
Fax: 2215554
Email: invest@apexafrica.com
Website: www.apexafrica.com

11. FAIDA INVESTMENT BANK LTD (B17)
Windsor House, 1st Floor
University way/ Muindi Mbingu Street
P.O. Box 45236-00100 Nairobi
Tel: 243811/2/3
Fax:2243814
Mobile: 0724721014/ 0733243811
Email: info@fib.co.ke
Website: www.fib.co.ke

12. NIC SECURITIES LTD (B18)
NIC House,
Masaba Road
P.O. Box 44599-00100
Nairobi
Tel: 2888444/ 2888000
Fax: 2888544/ 2888512
Email: info@nic-securities.com
Web: www.nic-securities.com

13. GENGHIS CAPITAL LTD (B19)
1st Floor Purshottam Place,
Westlands Road
P.O Box 607-00612
Nairobi
Tel: 2774750/1/2, 0730145000/0709184000
Fax: 2246334
Email: customerservice@genghis-capital.com
Website: www.genghis-capital.com

14. STANDARD INVESTMENT BANK LTD (B20)
ICEA Building, 16th Floor
Kenyatta Avenue
P.O. Box 13714-00800 Nairobi
Tel: 2220225/2228963/7/9
Fax: 2240297
Email: info@sib.co.ke
Website: www.sib.co.ke

15. KESTREL CAPITAL (EAST AFRICA) LTD (B21)
ICEA Building, 5th Floor
Kenyatta Avenue
P.O. Box 40005-00100 Nairobi
Tel: 2251758/2210719
Fax: 2243264
Email: info@kestrelcapital.com
Website: www.kestrelcapital.com

16. AFRICAN ALLIANCE KENYA SECURITIES LTD (B23)
Trans National plaza. 1st Floor
Mama Ngina Street
P.O. Box 27639-00506 Nairobi
Tel: 2735013/2735154/2762000
Fax: 2731162/2216071/2762670
Email: securities@africanalliance.co.ke
Website: www.africanalliance.com

17. RENAISSANCE CAPITAL (KENYA) LTD (B24)
6th Floor, Purshottam Place
Westlands Road, Chiromo
P.O. Box 40560-00100 Nairobi
Tel: 3682000
Fax: 3682339/3681100
Email: info@rencap.com
Website: www.rencap.com

18. CBA CAPITAL LTD (B25)
Mara and Ragati Roads
Upper Hill
P.O.Box 30437-00100
Nairobi
Tel: 2884000
Fax: 2734635
Email: contact@cbagroup.com
Website: www.cbagroup.com

CDA LIST

19. EQUITY INVESTMENT BANK LTD (B26)
Ground Floor, Equity Centre
Hospital Road, Upperhill
P.O.Box 75104-00200 Nairobi
Tel: 2262000
Fax: 2737276
Mobile 0711026000/ 0732112030
Email: info@equityinvestment.co.ke
Website: www.equitybank.co.ke

20. ABCC- AFRICAN BANKING CORPORATION LTD
ABC Bank House, Westlands
P.O Box 38610-00800
Nairobi
Tel: 2246712/2217856/7/8/2223922
Fax: 2222437
Email: talktous@abcthebank.com
Website: www.abcthebank.com

21. BBKC- BARCLAYS BANK OF KENYA LTD
Westend Building, 5th Floor
Waiyaki way
P.O Box 30120-00100 Nairobi
Tel: 4254561/4254000
Fax: 2241274
Email: bss.ke@barclays.com
Website: www.barclays.com

22. COBC - CO-OPERATIVE BANK OF KENYA LTD
Co-operative Bank House
Haile Selassie Avenue
P.O. Box 48231-00100 Nairobi
Tel: 020- 32076100/ 3276000
Fax: 020-2227747/219831
Email: customerservice@co-opbank.co.ke
Website: www.co-opbank.co.ke

23. SPIRE BANK
Equatorial Fidelity Centre
Waridi lane, Off Waiyaki Way
P.O. Box 52467- 00200
Nairobi
Tel: 4981000
Fax: 2710366
Email: letstalk@spirebank.co.ke
Website: www.spirebank.co.ke

24. EQBC-EQUITY BANK
Equity Centre, 9th Floor
Hospital Road, Upper Hill
P.O. Box 75104-00200 Nairobi
Tel: 2262000/2736620/2262479
Mobile: 0711026000 / 0732112000
Fax: 2711439
Email: info@equitybank.co.ke
Website: www.equitybankgroup.com

25. IMBC- I&M BANK
I & M BankTower, 1st Floor
Kenyatta Avenue
P.O. Box 30238-00100
Nairobi
Tel: 3221200/ 3221217
Fax: 2212947 /2216732
Email: invest@imbank.co.ke
Website: www.imbank.com

26. KCBC- KENYA COMMERCIAL BANK LTD
3rd Floor Piedmont Plaza, Ngong Road,
Opposite Kenya Science
P.O Box 30664 -00100, Nairobi
Tel: 020 3864547-9/ 3270000
Fax: 020 3864574
Email: custody@kcb.co.ke
Website: www.kcbbankgroup.co.ke

27. NBKC-NATIONAL BANK OF KENYA LTD
National Bank Building, Harambee Avenue
P.O. Box 72866-00200 Nairobi
Tel: 2828000/ 2226471
Fax: 311444/ 2223044
Email: info@nationalbank.co.ke
Website: www.nationalbank.co.ke
Website:www.nationalbank.co.ke

CDA LIST

28. NIBC - NIC BANK LIMITED
NIC House, Masaba Road
P.O.Box 44559-00100
Nairobi
Tel: 2888000
Fax: 2888505/513
Email: info@nic-bank.com
Website: www.nic-bank.com

29. PRBC - PRIME BANK LIMITED
Prime Bank Office
Riverside Drive
P.O. Box 43825-00100 Nairobi
Tel: 4203000/4203116/4203148
Fax: 4451247/4203204
Email: custodial@primebank.co.ke
Website:www.primebank-kenya.co.ke

30. STBC - CFC STANBIC BANK LTD
CfC Stanbic Centre
Chiromo Road, Westlands
P.O. Box 72833- 00200 Nairobi
Tel: 3638000 /3268000
Fax: 3752905 /7
Email: customercare@stanbic.com
Website: www.cfcstanbicbank.co.ke

31. CHASE BANK (KENYA) LTD
Riverside Mews
Riverside Drive
P.O. Box 66049- 00800
Tel: 2774000/ 4454801-3
Fax: 4454816
Mobile: 0727497653/ 0736432025
Email: info@chasebank.co.ke
Website: www.chasebankkenya.co.ke

32. SCBC –STANDARD CHARTERED BANK OF KENYA LTD
Standard Building Chiromo
48, Westlands Road
P.O. Box 40984 -00100 Nairobi
Tel: 3293000/3293900
Fax: 3748023
Email: ky.securities-services@sc.com
Website: www.standardcharted.com

33. TRANS -NATIONAL BANK LTD
Trans-National Plaza
2nd Floor, City Hall Way
P.O. Box 34353 -00100
Nairobi
Tel: 2224235/6, 252188/90/91
Fax: 252225
Email: info@tnbl.co.ke
Website: www.tnbl.co.ke

34. APOLLO LIFE ASSURANCE LTD
Apollo Centre, 3rd Floor
Ring Road Parklands, Westlands
P.O. Box 30389 -00100
Tel: 3641000
Fax: 3641100
Mobile: 0722276556/ 0733676556
Email: insurance@apollo.co.ke
Website: www.apollo.co.ke

35. APA INSURANCE LTD
Apollo Centre
07 Ring Road Parklands Westlands
P.O. Box 30065 -00100
Tel: 2862000
Fax: 2862200
Mobile: 0720652272/ 0734652272
Email: info@apainsurance.org
Website: www.apainsurance.org

36. BANK OF AFRICA KENYA LTD
Reinsurance Plaza,
Taifa Road
P.O. Box 69562 -00400
Nairobi, Kenya
Tel: 3275000/703058120
Fax: 2214166
Email: info@boakenya.com
Website: www.boakenya.com

CDA LIST

37. KCB CAPITAL
Kencom House, 2nd Floor
P.O Box 48400-00100
Nairobi | Kenya
Tel: 3270000
Email: investmentbanking@kcb.co.ke
Website: www.kcbgroup.com

38. BARCLAYS FINANCIAL SERVICES LTD
Barclays Bank Westend Building
5th Floor, Westlands
P.O Box 30120- 00100
Tel: 4254000
Email: bfslbbkenya@barclayscorp.com
Website: www.barclays.co.ke

39. SECURITIES AFRICA KENYA LIMITED (B29)
NSE Building, 55, Westlands
P.O. Box 19018 -00100
Tel: +254 735 571 530
Email: info@securitiesafrica.com
Website: www.securitiesafrica.com

40. UNCLAIMED FINANCIAL ASSETS AUTHORITY
Pacis Centre, 2nd Floor, Slip Road off
Waiyaki Way
P.O. Box 28235 – 00200 City Square
Tel: +254 020 4023000/
+254 706 866984
Email: info@ufaa.go.ke
Website: www.ufaa.go.ke

41. EFG HERMES KENYA LIMITED (B30)
8th Floor, Orbit Place,
Westlands Road
P.O. BOX 349- 00623,
Nairobi | Kenya
Tel: 020 3473040
Email:KenyaOperations@efg-hermes.com
Website: www.efg-hermes.com

42. THE NATIONAL TREASURY
Treasury Building, 2nd Floor
Harambee Avenue
P.O Box 300007- 00100 Nairobi
Tel: 2252299, Ext 33176
Fax: 310833
Email: investmentsecretary@treasury.go.ke
Website: www.treasury.go.ke
(Only serves the Government of Kenya)

CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION
Invested in Progress

Kimathi Street, Nation Center, 10th Floor
P.O. BOX 3464-00100 GPO NAIROBI
Tel: +254 (20) 2912000 / +254 (20) 2229407/08
Cell: +254 (0)724 256130 / +254 (0) 0733 222033
Fax: +254 (20) 222 9405
Email: helpdesk@cdsckenya.com
www.cdsckenya.com