



CONFLICT OF INTEREST & RELATED PARTY TRANSACTIONS POLICY AND PROCEDURES

Change Record

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Distribution List

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1.0 INTRODUCTION

1.1 Policy Statement

The Conflict of Interest and Related Party Transaction Policy has been developed to provide a framework for Board members and Staff of the Bank to disclose actual and perceived conflict of interest. This is in recognition of the fact that transactions involving related parties present a key risk of conflicts of interest and/or improper valuation (or the perception thereof). The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by First Bank of Nigeria Limited ("FirstBank" or "the Bank").

This policy applies to any transaction to which the Bank and/ or its subsidiaries is/ are a participant, and the Related Person has or will have a direct or indirect material interest, unless the transaction is exempt under Section 6.1 of this Policy. Any amendment at any time shall be subject to further regulatory guidelines from Central Bank of Nigeria (CBN) and/or decisions taken by the Board of Directors.

1.2 Policy Objectives

This policy was created and adopted by the Board of Directors of the Bank to:

- i. To establish a clear process for identifying, disclosing, and managing actual or potential conflicts of interest, ensuring that they do not adversely affect the bank's operations or reputation.
- ii. Provide guidance to the Directors and Staff of the Bank to assist them in recognizing and dealing with actual or perceived conflicts of interests.
- iii. Assist the Board in understanding, reviewing, approving and ratifying related party transactions.
- iv. To protect and safeguard the bank's interest by ensuring that all related party transactions are conducted on an arm's length basis without preferential treatment.
- v. Ensure that relevant legislation, guidelines, rules and regulations in respect of conflict of interest/related party transactions are adhered to.
- vi. Set forth disclosure requirements for related party transactions in accordance with regulatory requirements and leading corporate governance standards.
- vii. Protect the Bank and its staff from reputational damage, fines and levies that may be imposed by the various regulators because of improper identification and management of conflict of interest situations.
- viii. To ensure that all decisions and transactions involving related parties are fair, reasonable, and in the best interests of the bank.
- ix. To promote transparency in all dealings and transactions involving the bank and related parties, reducing the potential for conflicts of interest.
- x. To ensure proper documentation, reporting, and review of related party transactions and conflicts of interest to support audit and regulatory requirements.

1.3 Policy Review

The Chief Compliance Officer is responsible for ensuring that this manual is reviewed, at least every three years, or when required to keep it up to date with changes in legislation and regulations. The MANCO Expenditure and Operations Committee, MANCO General, the Board and its committee, Board Risk Management Committee (BRMC) are all responsible for approving this policy and subsequent amendments.

2.0 CONFLICT OF INTEREST

2.1 Definition

Conflict of interest refers to situations in which personal, occupational or financial considerations may affect, or appear to affect, a director's / staff members' objectivity, judgment or ability to act in the best interests of the Bank.

2.2 Identifying Conflict of Interest

Employees must identify and avoid any situation where their personal interest conflicts or could reasonably appear to conflict with the interests of the Bank. Examples of conflict of interests include but are not limited to the following:

- Acceptance or provision of gratification from/to customers, intermediaries or potential service providers;
- Disclosing confidential information received in the course of the service on the Board with the aim of obtaining benefit for the Director or for any other person or entity;
- Disclosing confidential information received in the course of employment by a Staff with the aim of obtaining benefit for the Staff or for any other person or entity;
- Non-disclosure of any interest in an entity which provides services or competes in some way with the Bank;
- Financial interest in outside activities, other employment and directorships without disclosing to the Board/Management;
- Insider Trading;
- Negotiating on behalf of the Bank or its subsidiaries for the purchase of materials etc. from a company in which the Director/Staff or any close family member, has a financial interest without disclosing to the Board or the Chief Compliance Officer as applicable;
- Acceptance of gifts, favour or entertainment (including non-monetary inducements) that may influence decisions or behavior in a way that conflicts with the interests of the Bank; and
- Staff engaging in any business for which the Bank is licensed.
- Staff benefiting or attempting to benefit unduly from transactions being executed by the Bank.

- Where staff shows favoritism in hiring, promotions, or other employment decisions towards friends or family members, compromising fairness and integrity.
- Where staff uses bank resources, such as time, confidential information for personal businesses.

To avoid conflicts of interest, affected persons must not place themselves in a position where their personal interest conflicts with the interest of the Bank or its subsidiaries.

2.3 Disclosure of Conflict of Interest

- Staff must promptly disclose any actual or potential conflict of interest to their immediate supervisor or the Chief Compliance Officer.
- Directors must disclose any conflict of interest to the Board of Directors.

2.4 Approval and Management of Conflict of Interest

- Disclosed conflict involving staff will be reviewed by the Chief Compliance Officer.
- Appropriate measures will be taken to mitigate or eliminate the conflict, including but not limited to recusal from decision-making processes or reassignment of duties.
- Conflicts of interest involving directors will be reviewed and approved by the Board of Directors or an appropriate committee.

2.5 This policy distinguishes and elaborates on four (4) major conflicts of interest which are dealt with separately in this document. They include the following:

- Related Party Transactions
- Insider Trading
- Family Directorship
- Independent Director/ staff members' Conflicts of Interest

3.0 RELATED PARTY TRANSACTIONS (RPT)

3.1 DEFINITIONS

According to International Financial Reporting Standards (IFRS), a related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

A "Related Party Transaction" is any financial transaction, arrangement or relationship in which

- (a) the Bank or any of its subsidiaries is a participant, and
- (b) any Related Person has or will have a direct or indirect material interest.

It also refers to any financial transaction, arrangement or relationship in which the Bank or any of its subsidiaries was, or is proposed to be a participant, and in which a related party has, had or may have a direct or indirect material interest. Also, it implies a transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness), or series of transactions, or any material amendment to any such transaction, between the Bank and/ or its subsidiaries and any Related Party, other than transactions available to all staff generally.

The main basis for identifying related party transactions is where there is significant control, joint control or significant influence over the Bank.

3.1.1 Examples of Related Party Transactions

The examples of related party transaction include but are not limited to:

- Contract/services provided by related parties to the Bank or any of its subsidiaries.
- Personal loans and insider related credits made or maintained by the Bank to any related party or person as defined in this policy.
- Loans made or maintained by the Bank to a Director's primary business affiliation or the primary business of a close family member of a Director to the Bank; and
- Any charitable contribution by the Bank to a charitable organization or foundation where a related person is a staff/owner of that charitable organization.

3.1.2 A Related Party/Person:

A "Related Party or Person" is any Director of the Bank, staff, any nominee for director, any shareholder owning more than 5% of the total equity of the Bank, companies in which such person owns more than 5% of its shareholding, and any "Immediate family member" of any such person.

3.1.3 Immediate Family Members:

"Immediate family member" includes a child, step-child, parent, step parent, spouse and sibling of a director or staff of FirstBank.

3.1.4 Staff:

A staff is any permanent employee of the Bank usually termed "core staff" of the Bank.

3.2 TYPES OF RELATED PARTY TRANSACTIONS

For this policy, related party transactions have been dealt with in two categories, namely:

- **Related Party Transactions – Contracts:** - This refers to related transactions arising because of the following:

- Directors and qualifying related parties seeking contracts or providing products and services to the Bank in which they serve or its subsidiaries/affiliates.
 - Directors and qualifying related parties providing financial/legal or consulting services to the Bank or its subsidiaries/affiliates.
- **Related party Transactions – Insider Related Credits:** - Insider related credits include lending transactions involving an insider. An insider means a person or an entity, who is:
- A Director of the Bank at any time since the beginning of the Bank's financial year, or a nominee to become a Director of the Bank
 - A staff of the Bank
 - A close family member of any of the persons mentioned in (a) and (b) above; or
 - A substantial shareholder represented on the board by one or more non-Executive.
 - A shareholder known to be the beneficial owner of at least 5% of any class of the Bank's voting shares.

3.3 PROCEDURES FOR RELATED PARTY TRANSACTIONS – Contracts

Tagging of Related Parties

Tagging refers to the process of capturing related transactions carried out by a related party with regards to a Director/ Staff member. The following procedures will be carried out to ensure adequate identification of Director/staff related party interests (see **Appendix 2- RELATED PARTY INTERESTS**).

3.3.1 Director

- a. On appointment, Directors shall be expected to declare their financial interests in any contract or arrangement in institutions, companies or partnerships in which he or she is a Director, officer, servant, creditor or a holder of substantial shares (>5% or other securities. (**SEE APPENDIX 3a - DECLARATION OF FINANCIAL INTEREST FORM FOR DIRECTORS**).
- b. Directors that provide services to the Bank shall also declare such services and the names of the companies. (see Appendix 1 - **VENDOR INFORMATION ON RELATED PARTY INTEREST**). A copy of the declaration should also be forwarded to the Procurement Department of the Bank.
- c. The Company Secretary shall collate the information provided in sections A and B above and maintain a register of Director' interests which shall be updated regularly. (**SEE APPENDIX 4a - THE CONFLICT-OF-INTEREST REGISTER- THE BOARD**) The list shall be kept by the Company Secretary and shall be made available to the Chief Compliance Officer immediately after collation
- d. Directors are expected to promptly notify the Company Secretary of any change or update in their interest during the year.

3.3.2 Staff Members

- a. Staff shall be expected to declare their financial interests in any contract or arrangement in institutions, companies or partnerships (See **APPENDIX 3b - DECLARATION OF FINANCIAL INTEREST FORM FOR STAFF**). Senior Management staff (AGM grade and above) shall be required to make the declarations annually; while other staff shall declare such interests as at when they occur.
- b. The Chief Compliance Officer shall collate the information provided above and maintain a Conflict of Interest register for all staff which shall be updated regularly. (See **APPENDIX 4b - THE CONFLICT-OF-INTEREST REGISTER- STAFF**). The list shall be kept with the Chief Compliance Officer and available for reference when business transactions are considered).
- c. Staff will be expected to promptly notify the Chief Compliance Officer of any changes or updates in their interest during the year.

3.4 PROCEDURES FOR RELATED PARTY TRANSACTIONS – Insider Related Credits

- a. On appointment, Directors shall be expected to declare all credit facilities taken (including companies where he/she is a director or holds at least 5% of any class of the company's voting shares) prior to directorship. (See **Appendix 3a - DECLARATION OF FINANCIAL INTEREST FORM FOR DIRECTORS**).
- b. The Company Secretary shall collate and input the information above in a conflict of interest register which shall be updated regularly (See **Appendix 4a - CONFLICT OF INTEREST REGISTER - THE BOARD**). The register shall be kept with the Company Secretary and available for reference when business transactions are considered.
- c. Directors will be expected to promptly notify the Company Secretary of any changes or update in their credit facilities during the year.
- d. A list of Insider and Companies where a Director has financial interest will be forwarded to the Credit Risk Management (CRM) unit of the Bank, for adequate monitoring and review.

3.5 REPORTING (NOTIFICATION) OF RELATED PARTY TRANSACTIONS

All Related Party Transactions will be brought to Management's and the Board's attention through the various channels as stated in this Policy.

3.5.1 Directors Related Party Transactions - Contracts

- a) Directors and nominees for Director shall promptly notify the Company Secretary of any interest that such person or an immediate family member had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the amount involved.
- b) The Company Secretary shall promptly notify the appropriate Committee of the Board of the Related Party Transaction.
- c) In addition, each of such Director must complete a questionnaire on an annual basis designed to elicit information about any potential related party transaction/potential conflict of interest.
- d) Declarations made by a Director in respect of Related Party Transaction should be circularized to all Directors by the Company Secretary at the next meeting of the Board of Directors after it is made.
- e) The Company Secretary shall record any declaration made in the minutes of the meeting at which it was made or at the meeting which it was brought up and read. This is in line with Section 17 of the Bank and Other Financial Institutions Act (BOFIA) 2020 on Disclosure of interest by Directors, Managers, and Officers.

3.5.2 Directors Related Party Transactions - Insider Related Credits

- a) Any Director who is in any way, (directly or indirectly) interested in the avilment of a credit facility by the Bank shall declare the nature of his interest to the Board and/or the Board Credit Committee (BCC) before the meeting of the Board or BCC (if Director is a member of the BCC) at which the request for credit facility is first taken into consideration.
- b) Where the Director becomes interested in any credit facility after it is granted, the disclosure shall be made to the Board of Directors immediately.
- c) Where a Director has given a written general notice at a meeting of the Board of Directors that he/she is a member of a company or firm seeking a credit facility from the Bank, such notice shall be regarded as a declaration of his interest in the grant of the credit facility which may after the date of the notice, be granted to that company or firm. The notice shall be deemed sufficient if it meets the following requirements:
 - The notice specifies the nature and extent of interest in the company or firm;
 - The interest is not different in nature from or greater in extent than the nature and extent specified in the notice at the time any advance, loan or credit facility is made; and
 - The notice is given prior to the meeting of the Board of Directors of the Bank.
- d) The Board of Directors shall be required to do all things reasonably necessary to ensure that it is brought up and read at its next meeting after such notice is so given.

3.5.3 Vendors Related Party Transactions

- a) New and existing Contractors of the Bank are required to disclose their relatedness to any Director or Staff of the Bank through a form that will be administered by Procurement Department (see Appendix 1 - **VENDOR INFORMATION ON RELATED PARTY INTEREST FORM**).
- b) All Vendors are expected to fill the form and declare any potential/existing conflicts of interest and related party transactions with the Bank.
- c) The Procurement Department will, upon receipt of the completed form, be required to review Vendor request against the conflict of interest register list and proactively identify and manage potential conflicts of interest which may arise.
- d) The disclosure must be revalidated annually.

3.5.4 Staff Related Party Transactions

- a) In line with section 17 of the Banks and Other Financial Institutions Act 2020, a Staff of the Bank shall not in any manner whatsoever, whether directly or indirectly, have personal interest in any advance, loan or credit facility; and if any Staff has any such personal interest, such Staff shall declare the nature of such interest to the Chief Compliance Officer.
All Staff should note that the Bank shall not grant any advance, loan or credit facility to any person, unless it is authorized in accordance with the rules and regulations of the Central Bank of Nigeria (CBN) and in line with the Regulations on collateralization issued by the CBN from time to time.
- b) Staff shall promptly notify the Chief Compliance Officer in respect of any interest such person or an immediate family member of such person had, has or may have in a related party transaction.
- c) It is the responsibility of all Staff to notify the Chief Compliance if there is a change in their related party interests' status.
- d) Senior Management Staff (AGM grade and above) must complete a questionnaire on an annual basis designed to elicit information about any potential related party transaction/potential conflict of interest.
- e) All other Staff shall make such declarations in the prescribed format to the Chief Compliance Officer when they observe that a conflict of interest/potential conflict of interest or related party transaction may arise in the course of their duties with the Bank.
- f) Any reported related party transaction/conflict of interest will be analyzed by the Chief Compliance Officer, in consultation where required with HCMD and/or General Counsel to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction/conflict of interest requiring compliance with this Policy.
- g) Where the transaction or relationship does, in fact, constitute a Related Party Transaction/conflict of interest, the Chief Compliance Officer may approve or ratify the transaction or relationship as appropriate.

- h) If the Related Party Transaction involves a Senior Management Staff (or an Immediate Family Member of a Senior Management Staff), the Chief Compliance Officer shall promptly notify the Management Committee and provide a report to the Board of Directors. The Chief Compliance Officer may also refer a Related Party Transactions involving other Staff to the Management Committee where necessary.
- i) Where there is a declaration of Related Party Transaction by a Staff, such shall form part of the quarterly Board Risk Management Committee (BRMC) report rendered by the Compliance Department.

3.6 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

3.6.1 Approval Authority

a. Approval for Bank Directors' Related Party Transactions

- The Board Credit Committee (BCC) (the "Committee") shall review, approve or ratify and, if necessary, recommend to the Board for its approval or ratification, all Related Party Transactions for Directors and any material amendments to such Related Party Transactions.
- The Board may determine that a Related Party Transaction or a material amendment to it shall instead be reviewed and approved by a majority of Directors disinterested in the Related Party Transaction.
- Any Director who is aware of any conflict of interest (real or perceived) on the part of another Director should clarify the issue with the concerned Director or the Chairman of the Board.
- Where a related party transaction is to be reviewed, approved or ratified, at each of its meetings, the Committee will be provided with the details of each new, existing or proposed Related Party Transaction(s), including the terms of the transaction, the business purpose of the transaction, and the benefits to the Bank and to the relevant Related Party.
- A Director shall not participate in any discussion or approval of a Related Party Transaction for which he or she or any member of his or her immediate family is a Related Person, except that the Director shall provide all material information concerning the Related Party Transaction to the Committee.
- Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction.
- Upon completion of its review of the transaction, the Committee may determine to approve or to disapprove the Related Party Transaction.
- A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

b. Approval for Staff Related Party Transactions

- The Chief Compliance Officer shall review and approve all staff Related Party Transactions and any material amendments to such Related Party Transactions.
- In the case of senior management staff Related Party Transactions, the Chief Compliance Officer shall review and approve or recommend for the ECO's approval, such Related Party Transactions. If necessary, the ECO may also recommend to the Board Human Capital and General Purpose Committee for its approval, such Transactions and any material amendments.
- Where the related party transaction is recommended to the Committee, it shall review the material facts of the Transactions that require approval or recommendation. If advance Committee approval of a Related Party Transaction is not feasible, then the Related Party Transaction may be considered and, if the Committee determine it to be appropriate, it would be ratified at the Committee's next regularly scheduled meeting.

3.6.2 Requisite Criteria for Approving Related Party Transactions

When determining the approval, ratification, or disapproval of a Related Party Transaction, the Committee will consider, among other factors, the following factors to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair to the Bank and on the same basis as would apply if the transaction did not involve a Related Party.
- Whether the transaction is generally available to an unaffiliated third-party under the same or similar circumstances and cost,
- Whether the Committee has all of the material facts regarding the transaction or parties involved,
- The extent of the Related Person's interest in the transaction
- The benefits of the transaction to the Bank.
- Whether there are business reasons for the Bank to enter into the Related Party Transaction.
- Whether the Related Party Transaction would impair the independence of an outside Director.
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Staff of the Bank, considering the size of the transaction, the overall financial position of the Director, Staff or Related Party, the direct or indirect nature of the Director's, Staff's or Related Party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Committee deems relevant.
- The results of an appraisal, if any.
- Whether there was a bidding process and the results thereof.
- Review of the valuation methodology used and alternative approaches to valuation of the transaction.

- The level of the Bank's credit exposure to the total aggregated loans or credit facilities issued to the Director and his/her related parties.
- The Director's related company(s) performance on prior loans granted by the Board.
- Total credit exposure by the Bank attributed to insider related credits.
- The Board will not approve an insider related credit unless it has determined, upon consideration of all relevant information, that the total amount of credits/loans issued to the Director does not exceed 10% of a Bank's share capital except with the prior approval of the Central Bank of Nigeria
- All insider-related credits shall be approved and granted at arm's length and in the normal course of business.
- No Insider-related credit shall receive any special consideration and/or concessionary lending terms other than those available to all customers of the Bank in the normal course of business.

3.6.3 Requisite Criteria for Approving Related Party Transactions - Investments

- Staff and immediate family members who share the Staff's household may not invest in partnerships or other investment opportunities sponsored, or otherwise made available, by the Bank unless their participation is approved in accordance with this Policy.
- Such approval shall not be required if the investment opportunity:
 - i. is offered to qualified Staff and investment by Staff is approved by the Committee.
 - ii. is made available to a Staff actively involved in a business unit, the principal activity of which is to make such investments on behalf of the Bank and is offered pursuant to a co-investment plan approved by the Committee; or
 - iii. is offered to Staff on the same terms as those offered to qualified persons who are not Staff of the Bank.
- It should be noted that without the approval of the Committee, no Director or Staff may invest in a third-party entity if the investment opportunity is made available to him or her because of such an individual's status as a Director or a Staff of the Bank.

3.6.4 Related Party Transactions Not Approved Under This Policy

- In the event the Bank becomes aware of a Related Party Transaction with a Related Person that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the appropriate Committee.
- Such Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, including the items listed in Section 6.1 above, and shall evaluate all options available to the Bank, including ratification, revision or termination of the Related Party Transaction.

- Such Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

4.0 PRE-APPROVED TRANSACTIONS

The following types of transactions ("Pre-Approved Transactions") will not be reviewed by the Committee and do not require approval or ratification:

- Executive Officer and Director compensation arrangements approved by the Board Governance Committee of the Board of Directors.
- Transactions in which the Related Party's interest is derived solely from the fact that he or she serves as Director of another Corporation or Organization that is a party to the transaction.
- Transactions in which the Related Party's interest is derived solely from his or her direct or indirect ownership of an entity (other than a general partnership) that is a party to the transaction when such ownership interest is less than five percent (5%) of the equity interest of such entity.
- Transactions available to all Staff generally.
- Transactions where all Shareholders receive proportional benefits. Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock receive the same benefit on a pro rata basis (e.g. dividends).
- Transactions involving competitive bids: Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids.
- Regulated transactions: Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

5.0 PERFORMANCE

- All insider-related credits shall be subjected to a prudential review along with other loans in the Bank's portfolio on a quarterly basis.
- Where interest and/or principal repayment on an insider-related credit has been outstanding for up to 30 days, the related insider shall be notified and asked to facilitate the rectification of the performance of such loan(s).
- An insider-related credit classified as sub-standard during a prudential review shall be recalled and the relevant insider shall be notified of the development.
- A Director shall be disqualified from the Board if any loans granted to him/her or a company related to him/her are classified as non-performing by either the Bank or regulators during a review of the Bank's loan portfolio.

- Dividends payable to shareholding Directors shall first be applied to their outstanding non-performing loans until they are fully paid down.
- On resignation or retirement of a Director from the Board (whichever is applicable), related party transaction shall continue to be disclosed in the Bank's report, regulatory returns and any other required media in accordance with and in the manner required by the relevant laws, rules and regulations necessitating the disclosure, until all obligations have been met by the Director or related company with respect to the related party transaction.
- No insider related credit shall be written off except with the approval of Central Bank of Nigeria.

6.0 INSIDER TRADING

Insider Trading occurs when a Director, Staff or related person who being in possession of some confidential and price sensitive information not generally available to the public, utilizes such information to buy or sell securities for the benefit of himself, itself or any other person.

The Bank does not support the unauthorized disclosure of any non-public information acquired in the workplace and the misuse of Material Non-public Information in securities trading.

6.1 Guidelines on Securities Trading

Trading in the securities of the Bank's Holding Company (FBN Holdings Plc) must be in accordance with generally accepted market practices and legislation and must comply with rules and regulations as laid down by the market/exchanges. The following guidelines are to guide the activities of the Bank with respect to trading in securities:

6.1.1 Trading on Material Non-public information:

No Related person or a close family of the related person who is aware of material non-public information relating to the Bank and or its Holding company may directly or through family members or other person:

- Buy or sell securities of the Holding company or engage in any other action to take advantage of that information.
- Pass that information on to others outside the Bank, including close friends.

6.1.2 Tipping

- Material, non-public information must not be disclosed to anyone, except authorized persons with the Bank or authorized third party agents of the Bank (such as investment bankers or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Bank.

- No Related person may purchase or sell securities or recommend that another person place or sell securities of another company if the person learns of material, non-public information about the other company during his/her employment with First Bank.

6.1.3 Trading During Closed Periods

- Related parties and their related companies may freely buy or sell FBN Holdings Plc's securities during permissible stock trading periods as long as they are not in possession of material non-public information. However, related persons and their related companies may not undertake transactions involving the sale or purchases of the Holding Company's securities during closed periods (prohibited trading periods). Qualifying related persons shall be notified of closed periods via written communication by the Company Secretariat function.
- Prohibitions on trading activities generally occur during the following periods and may also occur during times that the officers of the Bank deem appropriate:
 - ✓ Quarterly, Interim and Annual disclosures of financial results: The Bank's announcement of its quarterly financial results almost always has the potential to have a material effect on the price of the Holding Company's securities in the stock market. In addition, related persons and their related companies will, during that period, often possess material non-public information about the expected financial results for the quarter. Therefore, to avoid the appearance of trading on the basis of material non-public information, Related persons, and their related companies shall not trade in the FBN Holdings Plc's securities during the period beginning two weeks prior to the anticipated date of public disclosure or filing of the financial result of each quarter, whichever is earlier, and ending two business days following the release of the Bank's earnings for the period; and
 - ✓ Event Specific Trading Suspensions: From time to time, the Bank may also recommend that related persons and their related companies suspend trading because of development known to the Bank and not yet disclosed to the public. In such event, related persons and their related companies are advised not to engage in any transaction involving the purchase or sale of FBN Holdings Plc's securities during such period and neither should they disclose to others, the fact behind the closed period.

6.1.4 Disclosures

- Notice of any trading in the Holding Company's security undertaken during a closed period must be disclosed to the Board.

7.0 FAMILY DIRECTORSHIP

- No two members of the same extended family shall occupy the position of Chairman and that of the Chief Executive Officer or Executive Director of the Bank at the same time.
- To safeguard the independence of the Board, not more than two members of the same family shall sit on the Board at the same time.

8.0 INDEPENDENT DIRECTOR CONFLICT OF INTERESTS

An Independent Director shall be free of any relationship with the Bank or its management that may lead to potential conflicts of interest and thus impair, or appear to impair, the Director's ability to make independent judgments. Specifically, Independent Directors should not:

- i. Provide financial, legal or consulting services to the Bank or its subsidiaries/affiliates or had done so in the past 5 years.
- ii. Borrow funds from the Bank, its officers, subsidiaries and affiliates.
- iii. Serve or should not have served previously on the Board of a subsidiary of the Bank, its Holding Company or related entity within the banking group.
- iv. Have significant contractual relationship with the Bank or any of its Officers, major Shareholders, Subsidiaries, and affiliates and must be free from any business or other relationship which could materially interfere with his/her capacity to act in an independent manner.
- v. Have close family ties with any of the Bank's Advisers, Directors, or Senior Management.
- vi. Have any immediate family member as a former employee of the Bank or the First Bank Group who has served at Senior Management level in the preceding five years.
- vii. Be a former Director or employee who has served in the Bank or its Subsidiaries at a Senior Management level.
- viii. Be a former employee of the Bank or its Subsidiaries below Senior Management level, within the last five years.
- ix. Be part of the Management, Executive Committee, or Board of Trustees of an Institution, charitable or otherwise, supported by the Bank.

9.0 DISCLOSURES IN THE ANNUAL REPORT

All Related Party Transactions/conflict of interest that are not exempt pursuant to the section 4.0 entitled "Pre-Approved Transactions" shall be disclosed in the Bank's applicable filings, pursuant to the regulatory guidelines, as amended.

- i. All Conflicts of Interest shall be disclosed in the Bank's Annual Report, regulatory returns, and any other required media in accordance with and in the manner required by the relevant laws, rules and regulations necessitating the disclosure.
- ii. The disclosures on related transactions shall at a minimum, include the following:
 - The name of the related person
 - Details of the transaction and the related person's interest in the transaction with the Bank; and
 - The value of the amount involved in the transactions and of the related person's interest in the transaction.
- iii. The disclosures required to be made for related party transactions shall be made separately for each of the following categories:
 - The Bank
 - Entities with joint control or significant influence over the entity
 - Affiliates
 - Associates
 - Joint ventures in which the entity is a partner; and
 - Executive Management of the Bank.
- iv. Disclosures on insider-related credits in financial statements shall be made as follows:
 - The amount of transactions
 - The aggregate amount of insider-related loans, advances and leases, outstanding as at the financial year end.
 - Notes to the accounts on guarantees, commitments and other contingent liabilities on transactions arising from related-party transactions.
 - Details on the non-performing loans further analyzed by security, maturity, performance, provision, interest-in suspense and name of borrowers.
 - The amount of principal and interest which has fallen due and has not been paid and the amount of provisions for doubtful debts related to the amount of outstanding balances for secured or unsecured loans;
 - The expense recognized during the period in respect of bad or doubtful debts due from related parties; and
 - A statement whether the transaction was conducted at arm's length.

10.0 ROLES AND RESPONSIBILITIES

10.1 Board of Directors

- a. Assess the conflict-of-interest situations referred to the Board by the Board Credit Committee and the Board Human Capital & General-Purpose Committee
- b. Ensure that conflicts of interest are managed appropriately.
- c. Approve or decline all insider related party transactions.

- d. Approve the conflict-of-interest policy and ensure that it is adhered to.
- e. Review and take disciplinary actions in violations of the conflict of interest.

10.2 Board Credit Committee

- a. Recommend or decline credit facilities granted to Directors and other entities related to the Directors for Board Approval.
- b. Ensure that the concentration of Credit Risk Management on credit exposures to related party transactions are maintained at prudent levels.

10.3 Board Human Capital & General-Purpose Committee

- a. Review the inclusion of a related party in the Bank's approved supplier list i.e. a company/entity controlled/managed by First Bank's Director(s) or substantial shareholder(s) (including their family members); and
- b. Recommend to the Board for approval, related party transactions with respect to Director Contracts.

10.4 Company Secretary

Ensure that disclosures by Directors are adequately documented by:

- a. Recording the minutes of the meeting, a member's disclosure on related party transactions. This shall include a complete description of the transaction including:
 - The name of the related person and the basis on which the person is a related person;
 - The related person's interest in the transaction with the Bank, including the related person's position(s) or relationship (s) with, or ownership in a firm, corporation, or other entity that is a party to, or has an interest in, the transaction;
 - The parties to the transaction, and if the Bank is not a party, then the nature of the Bank's participation in the transaction;
 - The amount involved in the transaction;
 - The purpose and timing of the transaction; and
 - Any other information regarding the transaction or the related person in the context of the transaction that could be material to investors in the light of the circumstances of the particular transaction.
- b. Recording in the minutes of the next meeting, a member's conflict of interest disclosure made outside of meeting times.
- c. Keeping copies of declarations and standing declarations of conflicts of interest in a conflict-of-interest register.
- d. Maintaining the conflict of interest register by updating it with periodic disclosures by Directors along with the subsequent actions and resolutions to the conflict.
- e. Providing updates to the Procurement department of the Bank, on Directors' periodic disclosures.

- f. Providing all information on Directors' conflict of interest to the CCO quarterly or as when available.

10.5 Group Chief Compliance Officer

- a) The Group Chief Compliance Officer shall be the custodian of this policy.
- b) Analyze all reported related party transactions to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- c) Ensure that disclosures by staff are adequately documented. This shall include a complete description of the transaction including:
 - The name of the related person and the basis on which the person is a related person;
 - The related person's interest in the transaction with the Bank, including the related person's position(s) or relationship(s) with, or ownership in a firm, corporation, or other entity that is a party to, or has an interest in, the transaction;
 - The parties to the transaction, and if the Bank is not a party, then the nature of the Bank's participation in the transaction;
 - The amount involved in the transaction.
 - The purpose and timing of the transaction; and
 - Any other information regarding the transaction or the related person in the context of the transaction that could be material to investors in the light of the circumstances of the particular transaction.
- d) Maintain and keep copies of declarations and standing declarations in a conflict of interest register by updating it with periodic disclosures by Staff along with the subsequent actions and resolutions to the conflict. Where a conflict of interest or related party transaction has been identified in the course of the Chief Compliance Officer's analysis of the information submitted in Appendix 4b by a staff, the Chief Compliance Officer shall submit a report to the Board at its next sitting.
- e) Ensure periodic communication to all staff on Conflict of Interest and Related Party Transactions.
- f) Have oversight of the central repository of all information relating to conflict of interests and related party transactions.

10.6 Procurement Department

- a. Maintain a database of known Related Persons Contracts and on-going transactions.
- b. Annually administer form to registered Vendors, or immediately after the onboarding of a Vendor, for them to disclose their relatedness to qualifying related parties.

10.7 Credit Risk management

- a. Maintain a database of Director-related credit facilities.
- b. Carry out quarterly periodic reviews of insider related credits and ensure that they are in line with approved limits along with other loans in the Bank's portfolio.
- c. Notify the Board Credit Committee of non-performing insider-related credits for their review.

11.0 BREACH OF POLICY

Breach of this policy may result in disciplinary action and the following consequences for Directors or Staff as applicable:

- Any sanction determined by a properly constituted meeting of the Board or Disciplinary Committee of the Bank, which sanction may include suspension from or termination of office.
- Criminal prosecution for insider trading in accordance with the rules and regulations of the Securities and Exchange Commission and any other regulatory provision.

Staff are encouraged to report any suspected violations of this Policy through the Bank's Whistleblowing Channels.

12.0 EXCEPTIONS

- Any exception to the Policy on Related Party Transactions must be consistent with evolving regulatory guidelines and directive such as the Central Bank of Nigeria (CBN) Corporate Governance Guidelines, including any regulations thereunder, and must be approved in advance by the Board of Directors through the Compliance Department.

13.0 TRAINING AND AWARENESS

- All Staff will receive regular training on identifying, disclosing, and managing conflicts of interest and related party transactions.
- The Compliance Department shall send annual reminders to all staff to ensure disclosures are made in line with this Policy.

14.0 REVIEW AND UPDATE

- The Conflict of Interest and Related Party Transactions Policy is adopted by the Board Risk Management Committee (BRMC) of the Board of Directors (the "Committee"). Any changes to the Policy must be approved by this Committee.
- The Compliance function is responsible for updating this Policy as required. Questions about the Policy and its application to Related Persons or their immediate family members should be directed to the Compliance Department.