



FSDH Merchant Bank Nigeria Limited Related Party & Insider Trading Policy

Introduction

The purpose of this policy is to provide in detail the rules applicable to FSDH Merchant Bank and its directors, management and employees in relation to insider trading and related party transactions. The policy sets out the approach to prevent, manage, mitigate, monitor and report instances of market abuse and related party transactions.

Insider Related and Related Party Transactions

The Bank shall adhere to the Central Bank of Nigeria regulations in the treatment of insider related and related party transactions. For the purpose of this policy, it has defined insiders as directors, significant shareholders (holding more than 5% of the Bank's shares), employees and their immediate family members.

All insider related credit transactions shall be assessed using the Bank's credit risk assessment criteria. Due diligence shall be exercised to ensure that the Bank's interests is not compromised.

All insider related credit that pertains to directors and parties related to them, other than cash-backed or near-cash backed shall be forwarded to the Board Risk Committee for consideration and recommendation to the Board for approval. Loans to staff members are exempted from the above.

Directors and employees shall not approve any loan in which they have an interest or participate in any Committee deliberations on his/her loan.

In line with the Central Bank of Nigeria, details of all insiders related transactions shall be disclosed and reported periodically to the regulators. Disclosure on related party transactions shall include:

- Aggregate amount of insider-related loans, advances and leases outstanding as at the financial year end, non-performing component analysed by security, maturity, performance provision, and name of borrowers; and
- Details of any guarantees, commitments and other contingent liabilities arising from related party transactions.

These provisions shall not apply to credits extended to employees under their employment scheme of service, or to shareholders whose shareholding and related interests are less than 5% of the bank's paid-up capital as at the date of the financial report or to public limited liability companies in which a director has an interest that is less than 5%.

Insider Trading

An employee's position with FSDH MB may provide the employee with access to "material non-public information". "Material non-public information" includes information that is not available to the public at large which will be important to an investor in making a favorable financial/ investment decision. An employee in possession of "material non-public information shall not use the information for his/her benefit. An employee shall not pass that information on to any person not employed by FSDH MB unless specifically authorized to do so (say in the case of professional advisers such as lawyers or to regulatory agencies such as the Central Bank).