



# Coronation Merchant Bank Limited

## Board Evaluation Report for FY 2022

April 2023



**EY**

Building a better  
working world

**April 5, 2023**

**The Chairman,  
Board of Directors,  
Coronation Merchant Bank Limited,  
Coronation House  
10, Amodu Ojikutu St,  
Victoria Island,  
Lagos, Nigeria**

Dear Sir/Madam,

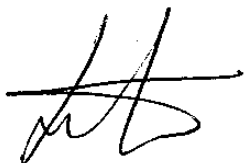
**Board Appraisal Report for the year ended 31st December 2022**

We thank you for inviting us to conduct the annual evaluation exercise for the Board of Coronation Merchant Bank, we have completed the Board Appraisal for the year ended 31st December 2022, and we are pleased to submit our report.

The fieldwork was carried out between December 2022 and January 2023. The scope of our work, related findings, and recommendations resulting from our review procedures are provided in the detailed report.

Thank you for entrusting us to work with you on this project. We are willing to discuss any aspect of this report with you. If you have any questions regarding our report, please feel free to contact the undersigned Ben Afudego on +2348122877880 or e-mail: [ben.afudego@ng.ey.com](mailto:ben.afudego@ng.ey.com)

Yours faithfully,



**Ben Afudego,  
Partner, Consulting Leader, West Africa**

## **Report of External Consultants on the Board Performance Evaluation of Coronation Merchant Bank Limited.**

We have performed the evaluation of the Board of Coronation Merchant Bank for the year ended 31st December 2022 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG)

The Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 mandates an annual appraisal of the Board and individual Directors of Financial Institutions with a specific focus on the Board structure and composition, responsibilities, processes, relationships, individual Director's competences, and respective roles in the performance of the Board. Subsection 2.8.1 of the Code requires each Board to conduct an *"annual Board and Director's appraisal covering all aspects of the Board's structure, composition, responsibilities, processes, relationships and performance"* while subsection 2.8.3 requires that such Evaluation should be conducted by an independent consultant.

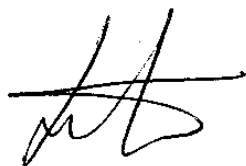
Our approach included the review of Coronation Merchant Bank's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one-on-one interviews with the Directors and key personnel of the Bank.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities, if any, in the underlying information.

Based on our work, the Board of Coronation Merchant Bank has complied with the requirements of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 during the year ended 31st December 2022.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of Coronation Merchant Bank's 2022 Annual Report.

**For: Ernst & Young**



**Ben Afudego,**  
**Partner, Consulting Leader, West Africa**  
**FRC/2019/ICAN/00000019725**

## **Report of External Consultants on the Board Performance Evaluation of Coronation Merchant Bank Limited.**

We have performed the evaluation of the Board of Coronation Merchant Bank for the year ended 31st December 2022 in accordance with the guidelines of Section 15.1 of the Nigerian Code of Corporate Governance (NCCG) 2018.

The Nigerian Code of Corporate Governance (NCCG) 2018 mandates registered Companies to undergo an annual evaluation of their corporate governance practices to ensure their governance standards, practices, and processes are adequate and effective. Subsection 15.1 of the Code requires that the evaluation should be facilitated by an independent external consultant at least once in three (3) years, while subsection 15.2 states that the summary of the report of this evaluation should be included in the Company's annual report and on the investors' portal of the Bank.

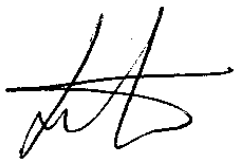
Our approach included the review of Coronation Merchant Bank's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one-on-one interviews with the Directors and key personnel of the Bank.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities, if any, in the underlying information.

Based on our work, the Board of Coronation Merchant Bank has largely complied with the requirements of the Nigerian Code of Corporate Governance (NCCG) 2018 during the year ending 31st December 2022.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of Coronation Merchant Bank's 2022 Annual Report.

**For: Ernst & Young**



**Ben Afudego,**  
**Partner, Consulting Leader, West Africa**  
**FRC/2019/ICAN/00000019725**



## Contents

1	Executive summary	8
2	Directors Survey - Analysis of Results	13
3	Detailed Findings	21
4	Improvement Opportunities	38
5	Appendices	42

### Restrictions on the use of our report (work product)

This report is intended solely for the information and use of the Board, shareholders, and Management of Coronation Merchant Bank, the Central Bank of Nigeria, and the Financial Reporting Council (FRC) Nigeria. It is not intended to be and should not be used by any other party.

Ernst & Young, therefore, assumes no responsibility to any user of the report other than the parties stated above. Any other persons who choose to rely on our report may do so entirely at their own risk.

REDEFINING POSSIBILITIES  
TRANSFORMING  
THE FUTURE

# Board Priorities for 2022 and Beyond

EY Center for Board Matters conducted the **EY EMEIA Board Barometer 2022**, which surveyed Board members across Europe, the Middle East, India and Africa (EMEIA) and gathered insights into Board member perspectives on strategic risks and opportunities.

## Top Board Priorities

The EY Center for Board Matters highlighted Seven priorities for EMEIA boards to transform their 2022 agenda

**1**

**Corporate  
purpose and value  
statement**

**2**

**Culture and  
Integrity**

**3**

**New ways of  
working**

**4**

**Cybersecurity &  
Internal Controls**

**5**

**Beyond  
Sustainability  
Reporting**

**6**

**GRC  
Transformation**

**7**

**Audit  
Committee of  
the future**

### About the EY Global Centre for Board Matters

The EY Global Center for Board Matters supports Boards and committee members in their oversight roles by providing distinctive insights & recommendations tackling complex Boardroom issues and new regulatory requirements.

Download the full report [here](#)

# Board Priorities for 2022 and Beyond

Corporate purpose and value statement	Culture and integrity
<ul style="list-style-type: none"> <li><input type="checkbox"/> Review purpose and long-term strategy in view of business and societal changes</li> <li><input type="checkbox"/> Setting the tone; Aligning leadership</li> <li><input type="checkbox"/> Measurement</li> <li><input type="checkbox"/> Decision making</li> <li><input type="checkbox"/> HR alignment and integration</li> <li><input type="checkbox"/> Embed customer experience</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Define and re-evolve</li> <li><input type="checkbox"/> Culture alignment</li> <li><input type="checkbox"/> Culture and integrity</li> <li><input type="checkbox"/> Culture assessment</li> <li><input type="checkbox"/> Board diversity</li> <li><input type="checkbox"/> Measurement and reporting</li> </ul>
New ways of working	Cybersecurity oversight
<ul style="list-style-type: none"> <li><input type="checkbox"/> Strengthen HCM</li> <li><input type="checkbox"/> Talent management - <i>a strategic imperative</i></li> <li><input type="checkbox"/> Employee engagement, experience and well-being</li> <li><input type="checkbox"/> Embrace new ways of working</li> <li><input type="checkbox"/> Re-modelled the approach to work</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Deepening knowledge</li> <li><input type="checkbox"/> Board skills enhancement</li> <li><input type="checkbox"/> Independent assessment</li> <li><input type="checkbox"/> Leading international cyber security frameworks</li> <li><input type="checkbox"/> Incidence response planning</li> <li><input type="checkbox"/> Training and education</li> <li><input type="checkbox"/> Funding</li> </ul>
Beyond Sustainability reporting	GRC
<ul style="list-style-type: none"> <li><input type="checkbox"/> Knowledge of ESG trends and shifts</li> <li><input type="checkbox"/> Enhance board skills</li> <li><input type="checkbox"/> Defining ESG agenda and strategy</li> <li><input type="checkbox"/> Delegated ESG oversight</li> <li><input type="checkbox"/> Measurement and integration to executive compensation</li> <li><input type="checkbox"/> Disclosures and external assurance</li> <li><input type="checkbox"/> Materiality assessment</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Modernization</li> <li><input type="checkbox"/> Integration of GRC systems</li> <li><input type="checkbox"/> Audit of GRC systems</li> <li><input type="checkbox"/> Scrutinize GRC reports</li> </ul>
Audit Committee of the future	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Upskill board ESG skills</li> <li><input type="checkbox"/> Training on specialised topics</li> <li><input type="checkbox"/> Deliberate risk-focused discussions</li> <li><input type="checkbox"/> Stronger engagement with the business</li> <li><input type="checkbox"/> Stand-alone risk assessment on high-risk areas</li> <li><input type="checkbox"/> Audit committee external evaluation</li> </ul>	



01

## Executive Summary



# Scope of work

EY was engaged to conduct an evaluation of the performance of the Board of Directors of Coronation Merchant Bank for the year 2022. Our evaluation was based on benchmarking the Board’s practices against the Financial Reporting Council (FRC) Code of Corporate Governance, Central Bank of Nigeria(CBN) Code of Corporate Governance as well as EY’s Corporate Governance Framework. Our focus areas were as follows:



## Our Approach

Our approach to the Board appraisal included a combination of:

### Our Procedure



Desktop review of relevant documents



Survey Analysis



Interviews with Board Members

- ▶ **Desktop reviews:** We reviewed documents from Coronation Merchant Bank, including the Board composition, Board Charters and Policies, Directors’ Code of Conduct, Organogram, minutes of Board meetings, annual audited accounts, and other relevant documentation to assess the activities of the Board of Directors of Coronation Merchant Bank for the period under review.
- ▶ **Questionnaires:** The Board evaluation questionnaire was administered to the Directors and responses were collated. The questionnaire was sent ahead of the interviews and responses were analyzed. Where applicable, we have included selected comments received in the assessment process in relation to areas of improvement and suggestions for improvement.
- ▶ **Interviews:** In addition to the questionnaires administered, Interviews were conducted with Board members, including the Chairperson of the Board and Board Committees, to enable us to get further insights into the responses provided in the questionnaires as well as to elicit comments about other observations made during the review.

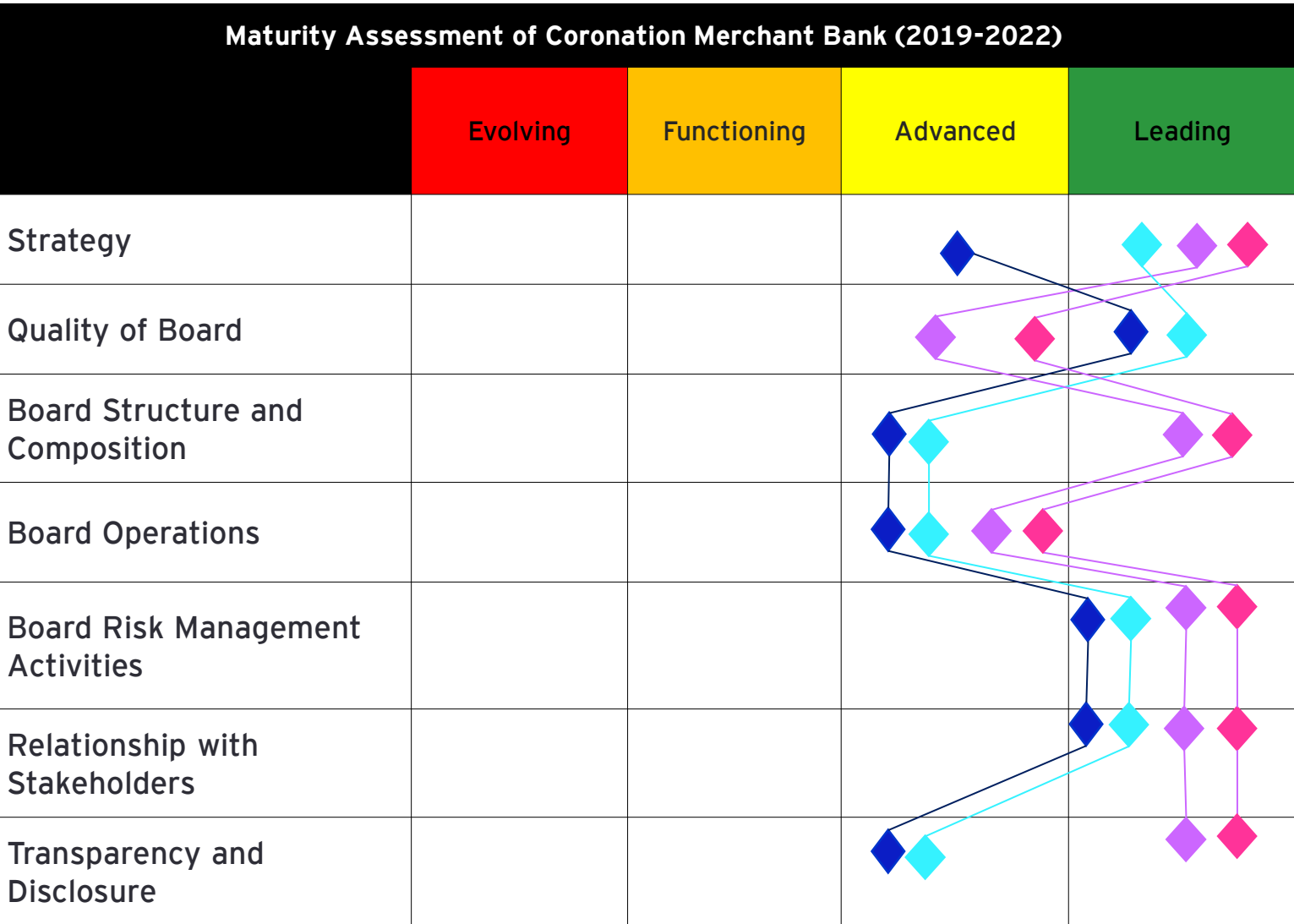
# EY's Corporate Governance Framework

The key areas covered in the Board Appraisal are set out below as contained in EY's Corporate Governance framework. These key areas are used to evaluate the Board activities during the year under review. The criteria used in each of these areas are discussed in the detailed review section.

Focus Area	Specific Governance Elements Considered	
Strategy	<ul style="list-style-type: none"> <li>▶ Existence of a Strategic plan with vision, mission, objectives and goals</li> <li>▶ Strategic guidance</li> <li>▶ Succession Planning</li> <li>▶ Oversight of Management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Clear definition of Key Performance Indicators (KPIs) for Board members</li> <li>▶ Accountability &amp; ultimate balance of authority</li> </ul>
Board Structure and Composition	<ul style="list-style-type: none"> <li>▶ The Board's governance structure</li> <li>▶ Clarification of roles &amp; responsibilities</li> <li>▶ Board size, structure &amp; composition in terms of Executive, Non-Executive and Independent Directors</li> </ul>	<ul style="list-style-type: none"> <li>▶ Committee structures</li> <li>▶ Diversity and balance of relevant skills and experience between Executive and Non-Executive Directors</li> </ul>
Board Operations	<ul style="list-style-type: none"> <li>▶ Discharge of duties</li> <li>▶ Contribution of members</li> <li>▶ Effectiveness of Board meetings: agenda, notice, quality of packs, frequency, objectivity and inclusion in decision making and implementation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Competence, experience and effectiveness of company secretary;</li> <li>▶ Remuneration</li> <li>▶ Existence of Board and Committee Policies &amp; Charters</li> </ul>
Quality of the Board	<ul style="list-style-type: none"> <li>▶ Profile and Industry of Board members</li> <li>▶ Developmental Activities e.g., induction programme and continuous Training</li> </ul>	<ul style="list-style-type: none"> <li>▶ Board performance appraisal</li> <li>▶ Appointment, re-appointment &amp; removal of members</li> </ul>
Board Risk Management Activities	<ul style="list-style-type: none"> <li>▶ Existence of risk Management policies and framework</li> <li>▶ Internal Audit and Control system</li> <li>▶ Board oversight on Risk Management, Internal Audit, Compliance, Internal Control and implementation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Risk Governance Structure in terms of composition of Board Governance, Nomination and Remuneration Committee and Board Audit Committee.</li> <li>▶ Compliance with regulatory requirements</li> </ul>
Relationship with stakeholders	<ul style="list-style-type: none"> <li>▶ Board active involvement with all stakeholders</li> <li>▶ Understanding differing views of relevant stakeholder groups</li> <li>▶ Conflicts of interest</li> </ul>	<ul style="list-style-type: none"> <li>▶ Protocols for how and when to communicate to relevant stakeholder groups</li> </ul>
Transparency and Disclosure	<ul style="list-style-type: none"> <li>▶ Ensuring that the Board maintains transparency in dealing with its stakeholders</li> <li>▶ The Board's compliance with regulatory disclosure requirements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Existence of an effective whistle blowing policy</li> <li>▶ Existence of a code of conduct</li> </ul>

# Summary of Findings

## Corporate Governance Maturity Assessment Scale



- 2019
- 2020
- 2021
- 2022

# Key Positives - what you are doing right



- ▶ **Strategy:** The Board is very involved in developing strategic objectives and sets out a clear strategic direction for the Bank which is clear and understood by all stakeholders. The Board ensures the strategic plans are well implemented through its oversight function and periodic evaluation. The Board held a strategy session retreat in the year under review to discuss the Bank's New Strategy in the light of changes to the business and regulatory environment in which the Bank operates and the end of the Bank's 5-year strategy plan. The Board has strategically also focused on mission-critical areas such as FX, Capital requirements, cost of funds, etc.
- ▶ **Quality:** The Board is diverse in terms of experience, knowledge, and skillsets ranging from banking, manufacturing, legal, and to industry knowledge and entrepreneurial skills. They leverage that diversity and skill set in driving the growth of the Bank. Also, there is a commitment to Directors' training with training sessions by external facilitators, seasoned bankers, and the Chairman.
- ▶ **Board Structure and Composition:** The Board has established four well-structured Board Committees that support the Board across its core areas of responsibilities including, risk management, audit, governance, remuneration, nomination, and investments. The Board of Coronation Merchant Bank has a gender ratio of 6:4 male to female Directors. This implies that female Directors made up 40% of the Board. This implies that the Board's gender diversity composition is in line with leading practice.
- ▶ **Board Operations:** The Board has developed appropriate Board Charters for the respective Board Committees as well as the relevant risk management policies. The Board Directors showed commitment to their responsibilities as members of the Board by attending all scheduled meetings. We have an overall 99.6% attendance rate for meeting attendance.
- ▶ **Board Risk Management:** There is Board oversight on Risk Management, Internal Audit, and Compliance, they have put in place Risk & Compliance Frameworks and policies to monitor and evaluate risk in the Bank.
- ▶ **Relationship with Stakeholders:** The Bank's website has an investor relations portal where information and updates from the Bank are published
- ▶ **Transparency and Disclosure:** The Bank's Financial Statement and Annual Report were documented in line with regulatory requirements which includes the Corporate Governance section, Risk Management, etc. The bank also has in place a whistleblowing channel



## **Directors Survey - Analysis of Results**

02



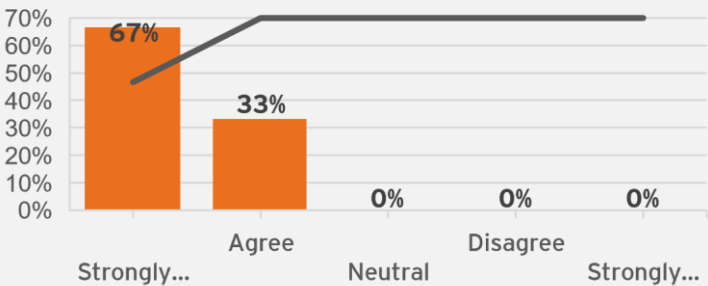
# Snapshot of Survey Results

Survey Details	Deployed Questionnaires : 10	Completed: 60%	Incomplete: 0%	No response: 40%
----------------	------------------------------	----------------	----------------	------------------

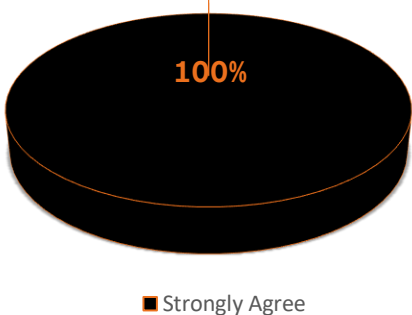
**80%** of the Directors agreed that the Board has established policies, processes and mechanisms for monitoring adherence to the Code of Business Conduct - insider trading, related party transactions, conflict of interest and other corrupt activities

**100%** of Directors strongly agreed that Directors abstain from discussions and voting on any matter in which they have or may have a conflict of interest.

Cyber security is currently a key focus area and priority for the Board

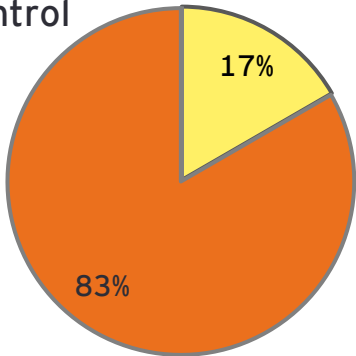


The Board deals with the right and critical issues facing the organization



**100%** of the Directors agreed that the Board receives mandatory reports on how the organization provides shareholders with evidence of their ownership e.g., certificates, dividend warrants.

The Board has overseen the development and implementation of a sound system for risk management and internal control



Strongly Agree  
Agree  
Neutral  
Disagree  
Strongly Disagree

## Other Key Focus Areas for the Board

Respondents have indicated the need for the Board to focus on:

- ▶ Keying in and paying attention to global trends.
- ▶ Cybersecurity.
- ▶ Financial performance in view of challenging CBN regulatory policies, unfavorable to merchant banks.
- ▶ Digital transformation and alliances and strategic partner relationships
- ▶ Regulatory infractions, internal controls.
- ▶ Digital Strategy, Staff Retention and Operational Efficiency.

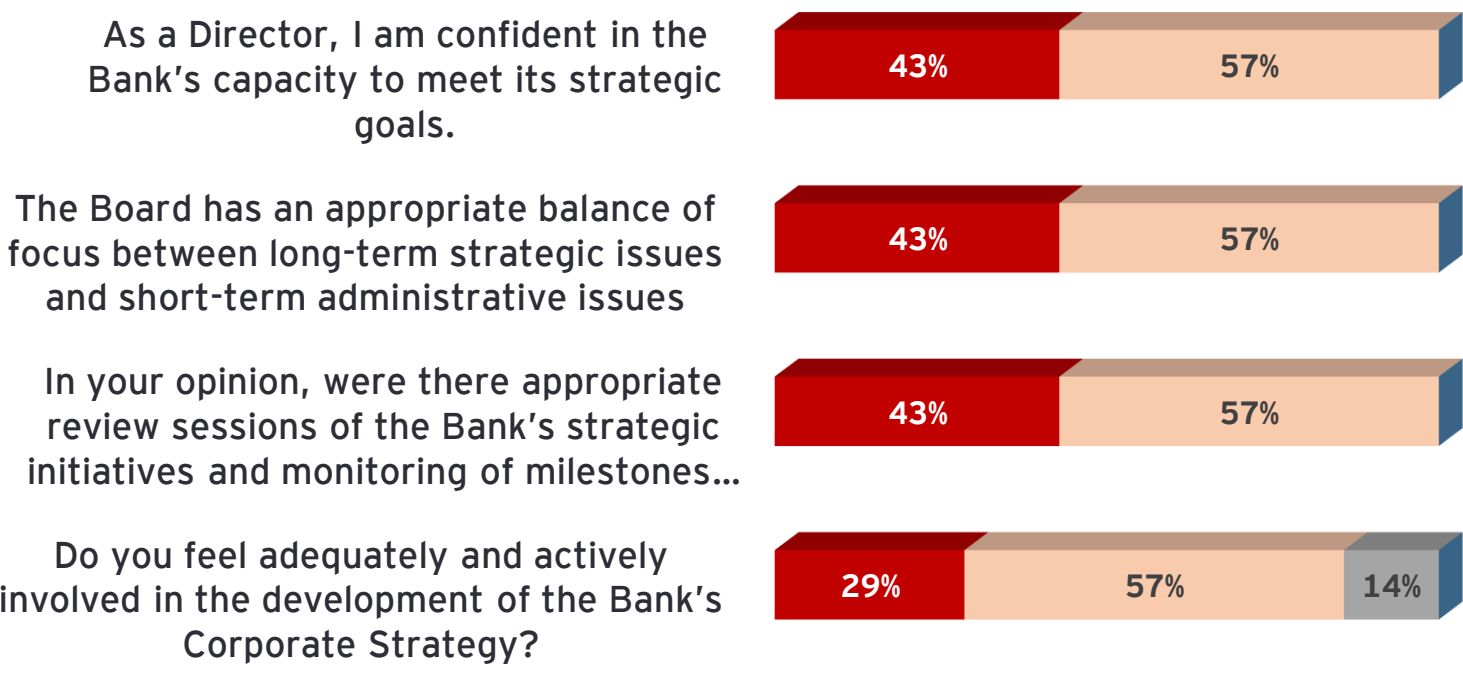
## Areas that can be looked into for a more robust Enterprise Risk Management System.

- Some respondents indicated the need for enterprise-wide risk to consider comprehensiveness of reports.
- Some respondents indicated the need to examine how macro economy influences risk appetite and tools used in enterprise management frameworks for a more robust system
- Respondents noted for a more robust ERM system there needs to consider ICCAP.
- Respondents indicated the need to consider financial Control, Internal Control, Compliance and Information Technology.

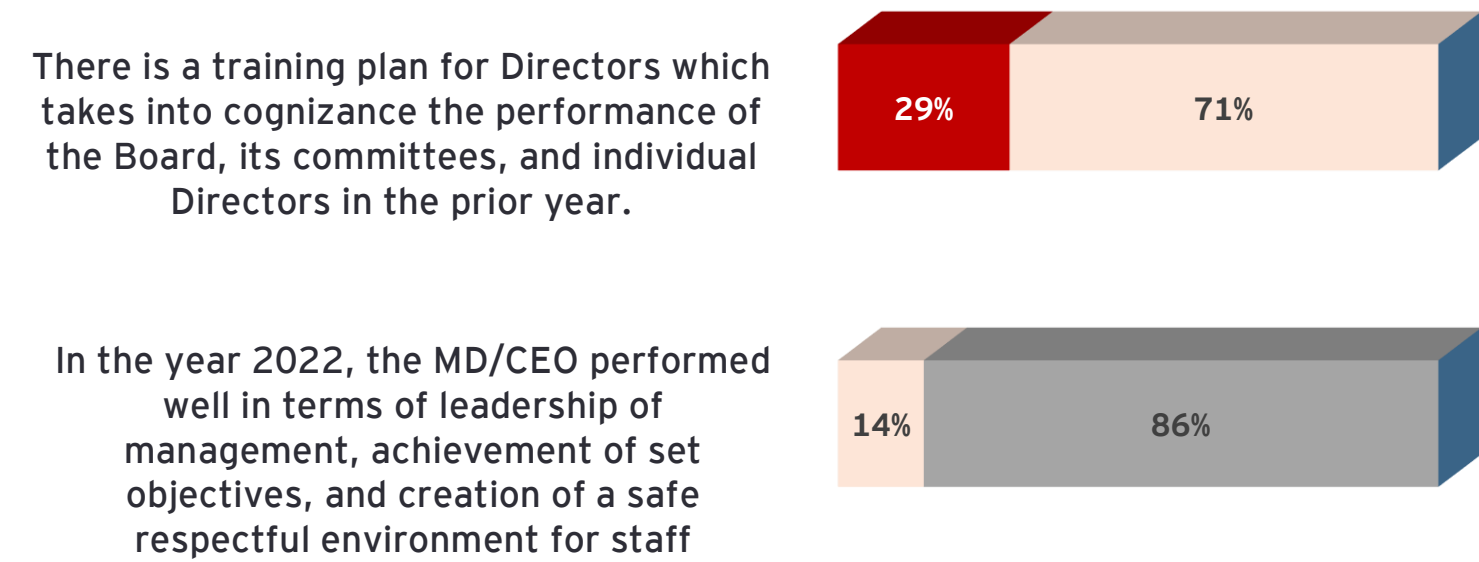
# Detailed Analysis of Directors' Survey

Survey Details	Deployed Questionnaires : 10	Completed: 60%	Incomplete: 0%	No response: 40%
----------------	------------------------------	----------------	----------------	------------------

## Strategic Leadership



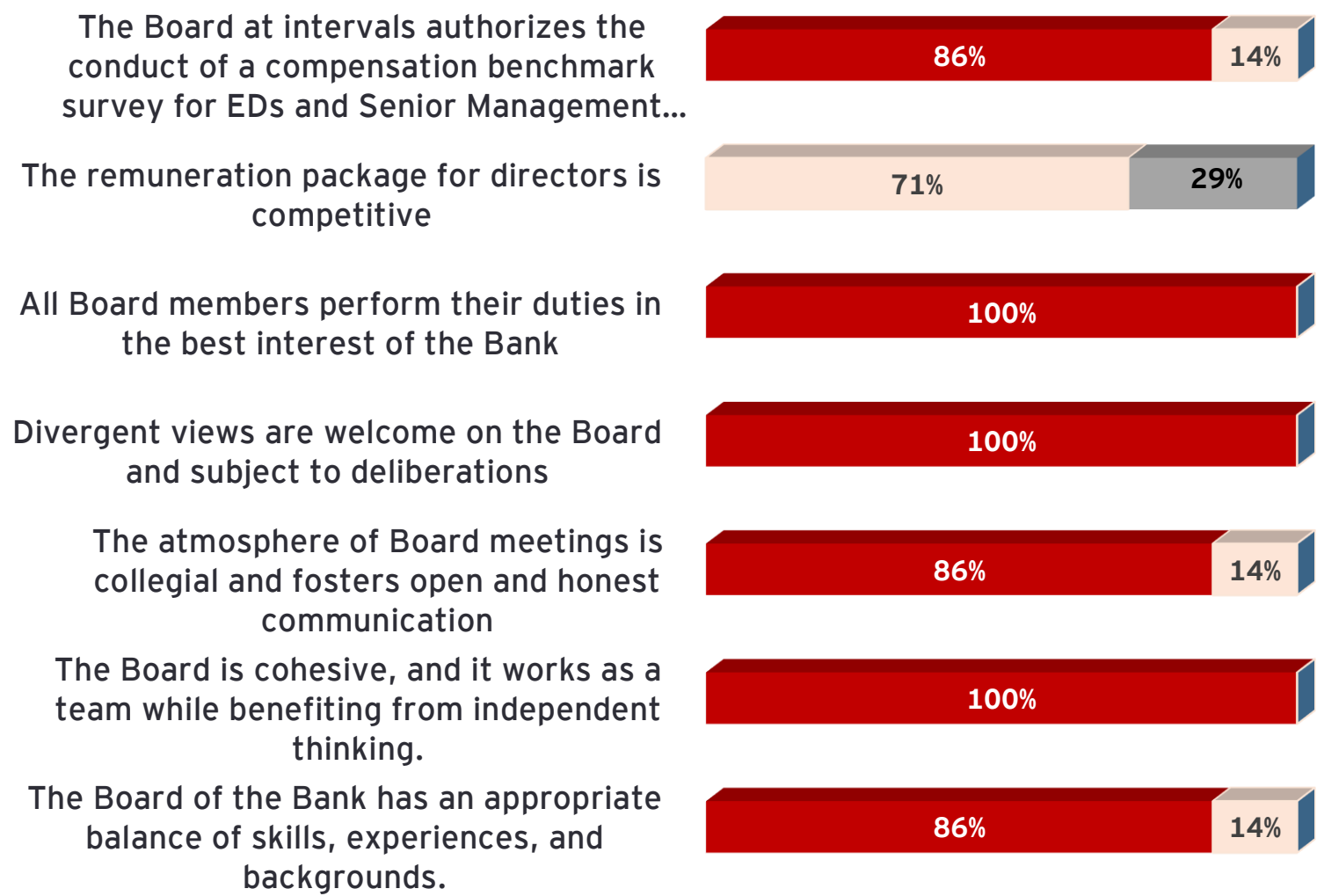
## Measuring and Monitoring Performance



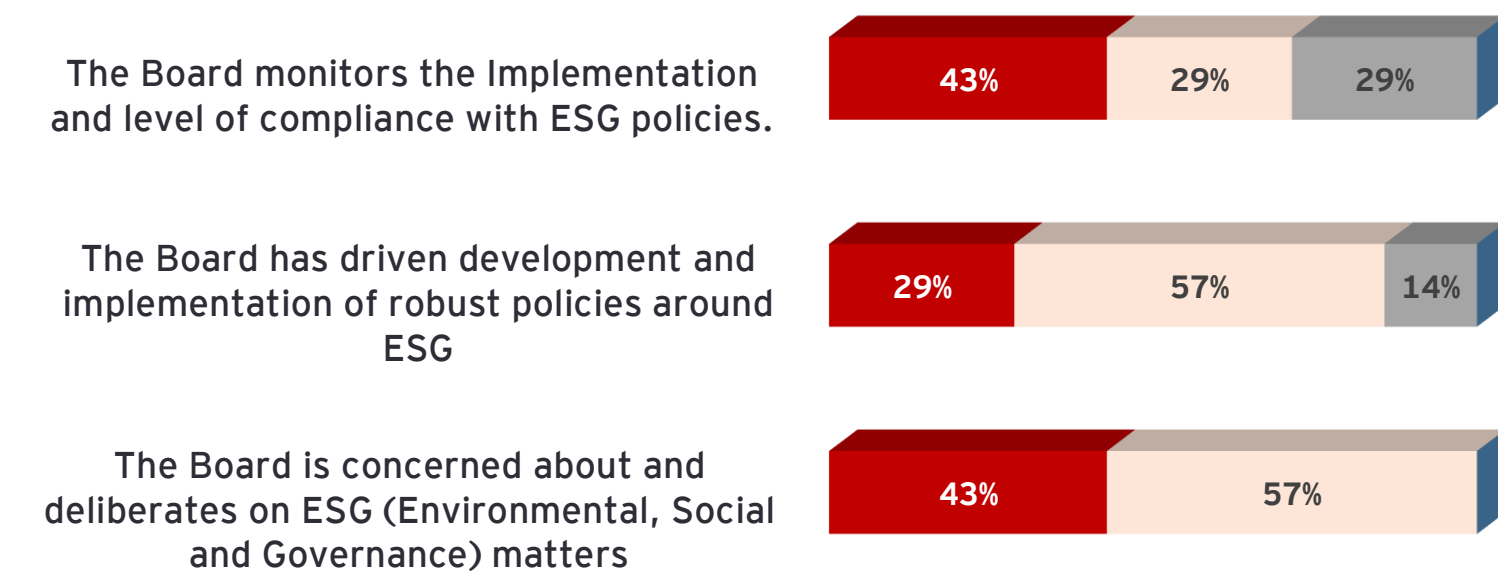
# Detailed Analysis of Directors' Survey

Survey Details	Deployed Questionnaires : 10	Completed: 60%	Incomplete: 0%	No response: 40%
----------------	------------------------------	----------------	----------------	------------------

## Board Composition, Capacity and Remuneration



## Sustainability



Strongly Agree

Agree

Neutral

Disagree

Strongly Disagree

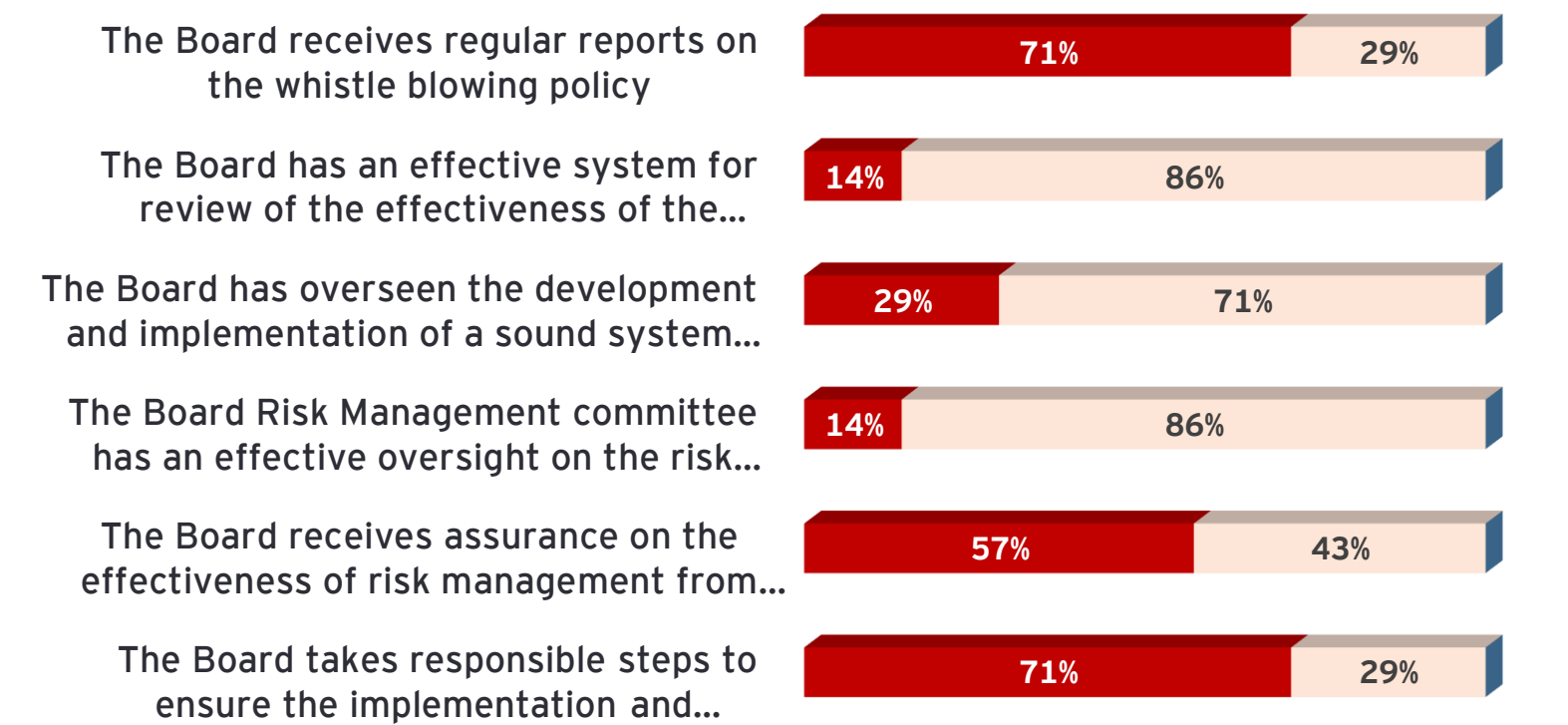
# Detailed Analysis of Directors' Survey

Survey Details	Deployed Questionnaires : 10	Completed: 60%	Incomplete: 0%	No response: 40%
----------------	------------------------------	----------------	----------------	------------------

## Board Operations



## Risk Management and Control



Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
----------------	-------	---------	----------	-------------------

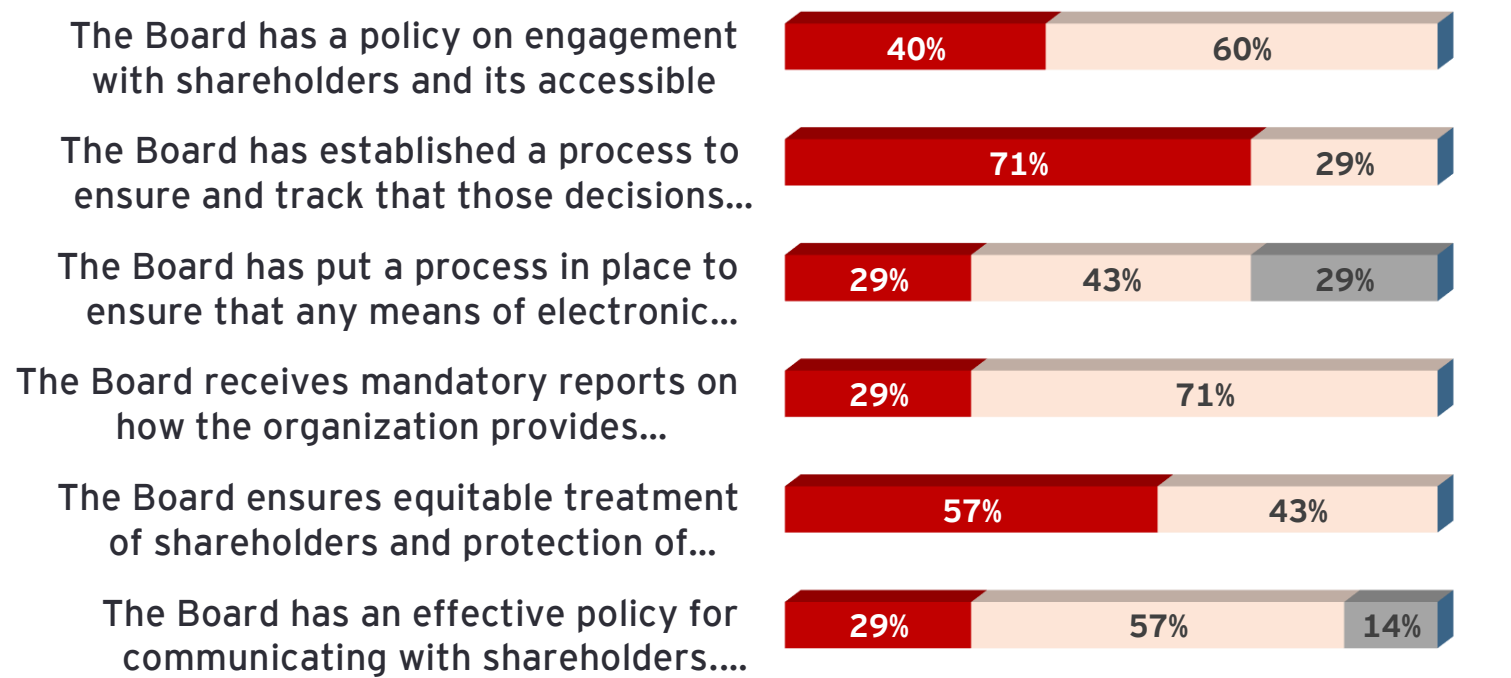
# Detailed Analysis of Directors' Survey

Survey Details	Deployed Questionnaires : 10	Completed: 60%	Incomplete: 0%	No response: 40%
----------------	------------------------------	----------------	----------------	------------------

## Business Conduct, Culture and Ethics Issues



## Shareholders' Relationship



Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree



# Extracts from Directors' Interviews

The following are some extracts from our Director interviews

*The quality of the reports is generally good but there is always room for improvement. And we have to look out for the balance of too much detailed information and the right amount of information.*

*We need a certified professional accountant. And we are looking for one as quickly as possible..*

*Need to strengthen the Internal control function, it is weak. Some issues have made the Board see the need to re-evaluate the Internal audit as well*

*The caliber of the Board is one that has experience in the industry.*

*There were a lot of regulatory challenges which impacted the Bank's performance in terms of CRR and the way the regulator implemented it*

*Need to be more rigorous and tactical at the Board level. A stronger level of collaboration with the Board and the ecosystem is required*

*The quality of the secretarial services can be better, they can do things better particularly the need for consistent timelines.*

*information Technology is an area we need to focus on*

*I would say we have underachieved in terms of performance against the five-year plan specifically because of certain scenarios.*

*We need to grow the portfolio in the investment banking space*

# Extracts from Directors' Interviews

The following are some extracts from our Director interviews

*More attention needs to be given to FX allocation as this is very significant to sustaining the Bank.*

*More oversight on management is required by the Board*

*With 2 board members resigning, there is need to replace them and match the skills they jointly possess*

*A lot more time should be devoted to strategy - Only once a year is not sufficient*

*AoB should not include tangible items. Due to the rush to get board papers out, they bring important issues under AoB. Only non-tangible issues should be brought under AoB going forward.*

*Training should include 'evolution of new models for new businesses, a lot more thorough leadership training/orientation required - digital, global dynamics and what it means for trade, expansion, Africa aspirations*

*A more deliberate approach to training needs identification is required. Directors need to identify areas they want to upskill*

*Strategies for going forward are critical in resolving CRR, FX, and labor market dynamics, securing low-cost funds*

*ESG focus is on sustainable banking, just doing the necessary but not viewed as a competitive advantage*

*Risk thresholds need further review, due to the operating environment. Need to take a bit more risk*

*In the investment segment, improve transaction advisory and grow it. There is the need to develop relationships in that segment, develop client and financial market relationships*



03

## Detailed Findings

## Key Indicators

- ▶ The Board has set clear strategic objectives, values, responsibilities and accountabilities.
- ▶ The Board has an approved role-based succession plan which covers all critical staff of the Bank.
- ▶ Management reports are rendered to the Board on a quarterly basis

## Key Findings

### Strategic Planning and Monitoring

Section 2.1.2 of the CBN CCG states that Board shall define the bank's strategic goals, approve its long and short-term business strategies and monitor their implementation by management. From our review, we observed that Coronation merchant Bank has a 2019-2023 strategy plan document that highlights focus areas for the Bank which includes; Trade & Corporate Services, Global Markets & Treasury, Investment Banking, Organization/Customer Engagement, Risk Credit risk, IT, Digital, and Partnerships Strategy.

### Management Succession Planning

We observed that the Government and Nominations Committee has the responsibility to review the Board structure and composition and that includes succession planning and recommendation of appropriate skillset, personal qualities, expertise, and abilities required to discharge the Board's duties. The review of the Board Succession planning policy shows that the plan outlines the Board's responsibilities on the succession plan and succession planning process which includes the transition of roles, identification of critical roles/positions and competency requirement for Board members, etc. to ensure that the Bank provide continuity in leadership and mitigates critical risk caused by vacant positions.

According to Section 1.5 of the FRC NCCG and 2.1.6 of the CBN CCG, we observed that the Bank has in place a succession plan for key Management which ascertains the succession management standard to sustain the succession strategy for talent mobility. The plan also sets out methodology and approach and processes which includes the identification of critical roles, identification and grooming of potential successors, career growth plans, and governance oversight. This is to ensure the Bank's operations and activities are not interrupted by vacant roles and positions.

### Information Technology Governance

Section 11.5.6 of the FRC NCCG recommends that the Board provides oversight on Information Technology governance. We observed that the Board Risk Management Committee has the oversight function to review and recommend for approval of the Board, at least annually, the Bank's Information Technology (IT) data governance framework to ensure that IT data risks are adequately mitigated, and relevant assets are managed effectively.

From the interview held with Directors, we noted that every year presentations are been made on Cybersecurity by external facilitators highlighting areas the bank should explore and how operations around cybersecurity can be improved upon.

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ The Board has set clear strategic objectives, values, responsibilities and accountabilities.
- ▶ The Board has an approved role-based succession plan which covers all critical staff of the Bank.
- ▶ Management reports are rendered to the Board on a quarterly basis

## Key Findings

### Oversight of Management

One of the roles of the Board is to exercise oversight function and control to ensure that management acts in the best interest of the shareholders and fulfillment of the Bank's obligations to all stakeholders while sustaining the prosperity of the Bank.

From our review, we observe that management provides updates on key areas of the bank to the various Board committees during the quarterly meetings held within the year. The reports are then presented and discussed at the Board level during Board meetings. Some of the reports presented to the Board include;

- Status Updates On Deliverables From Previous Internal And External Audits, Write-off of Aged Items, Consideration Of Financial Control Policies, Cost Optimization Initiatives - Board Audit Committee
- Ratification of Approval Granted for Credit Facilities, Macroeconomic Report, Chief Risk Officer's Report, Corporate Banking Report, Investment Banking Report, Update on Approved Trade Lines, Global Market, and Treasury Report - Board Credit and Investment Committee
- Human Resources Report, Update on Target Operating Model, Update on Customer Experience Strategy, Appointment of Creative Service Agency, Update on the Appointment of Mr. Kayode Akindele as an Independent Non-Executive Director - Board Governance and Nominations Committee
- Risk Management Report, Chief Information Security Officer's Report, Stress Testing Report, Internal Liquidity Adequacy Assessment Process (ILAAP) Report, Review of Risk Management Policies, Compliance report - Board Risk Management Committee.

This is in line with the requirements of the CBN CCG under section 2.1 and section 1 of FRC NCCG.



# Quality of the Board (1/2)

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ The Board comprises an appropriately diverse group of Directors who collectively possess the technical skills, competencies, and experiences to deliver the best outcomes for stakeholders.
- ▶ Board members undergo periodic training, in order to keep up to date with the new technologies, regulations, and best practices for the environment
- ▶ The Board appoints external consultants to carry out the annual appraisal of its performance

## Key Findings

### Profile and Experience of the Board

Based on our review, we observed that the Board comprise of individuals who have knowledge in business and financial matters. The Board possess the quality of experience, and relevant skillsets required to carry out their duties and responsibilities in their capacity as Directors in achieving the strategic objectives and goals of the Bank and to deliver the best outcomes for stakeholders. The Board has a mix of Directors with entrepreneurial skills, banking, law, economics, accounting and finance knowledge which helps them to make significant contributions, sound decisions towards the growth, sustainability and functionality of the Bank.

Work Experience (Years)	<20	21-25	25-30	31-40	>40
No. of Directors	-	3	-	5	-
Board Experience (No of Boards)	<3	3-5 Boards	6-10 Boards	11-12 Boards	>12 Boards
No. of Directors	1	4	5	-	-
Educational Background	Business	Economics	Law	Finance	Others
No. of Directors	1	3	2	2	2
Area of Expertise	Banking	Public Sector	Manufacturing	Legal	Others
No. of Directors	6	-	1	1	2

### Performance Evaluation

Section 2.8 of the CBN CCG requires that there is an annual Board and Directors' review/appraisal carried out by external consultants. From our review, we observed that the Board charter ascertains that the Board carries out an annual Board and Director performance evaluation. The findings of this evaluation were presented to the Board and a summary report of the exercise was disclosed in the bank's annual report. The cumulative result of the performance evaluation of the Board and individual directors shall be used as a guide in deciding eligibility for re-election.

# Quality of the Board

## (2/2)

### Maturity

Evolving

Functioning

Advanced

Leading

## Key Indicators

- ▶ The Board comprises an appropriately diverse group of Directors who collectively possess the technical skills, competencies, and experiences to deliver the best outcomes for stakeholders.
- ▶ Board members undergo periodic training, in order to keep up to date with the new technologies, regulations, and best practices for the environment
- ▶ The Board appoints external consultants to carry out the annual appraisal of its performance

## Key Findings

### Developmental activities

Section 2.4.2 and section 13,2 of the CBN CCG and FRC NCCG respectively, recommended that all Directors engage in periodic, relevant, continuing education programmes to update their knowledge and skills and keep them abreast of new developments in the business of the Bank and its operating environment.

From the review of Board Charters, we observed that Directors shall participate in periodic relevant, professional continuing education programs to enable the Directors to discharge their duties fully and effectively to the Bank. We recommend that the board should have more trainings to keep abreast of business environment changes. During the year under review, we observed that the Directors participated in the following training below (collectively and some individually);

Date	Description	Facilitator	Attendees
December 2022	Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)	Nigerian Capital Market Institute	Tunde Folawiyo Larry Ettah Evelyn Oputa Suzanne Iroche Babatunde Dabiri Oluwabunmi Fayokun Idaere Gogo Ogan Adamu Otta Banjo Adegbohunge Funke Feyisitan Ladimeji
October 2022	Board Cybersecurity Awareness Session: Navigating the Evolving Threat Landscape in the Digital Ecosystem	KPMG	Tunde Folawiyo Larry Ettah Evelyn Oputa Suzanne Iroche Babatunde Dabiri Oluwabunmi Fayokun Idaere Gogo Ogan Adamu Otta Banjo Adegbohunge Funke Feyisitan Ladimeji
June 13 - 14 2022	Boards and Risks 1	International Institute of Management Development (IMD)	Babatunde Wahab Dabiri
May 23 -26 2022	Value Creation Through Effective Boards	IESE Business School	Mr. Idaere Gogo Ogan
February 2022	Exploiting Disruption in a Digital World Programme	London Business School	Mrs. Suzanne Iroche

# Board Structure & Composition<sup>(1/2)</sup>

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ The Board comprises a diverse group of Directors who have combined experience in Financial services and other sectors
- ▶ The position of the Chairperson and MD/CEO is not occupied by the same individual.
- ▶ The Board is also composed of an adequate number of independent Directors
- ▶ Adequate diversity in Board membership

## Key Findings

### Board Composition

The Board of Coronation Merchant Bank is made up of distinguished persons with an understanding of business and financial affairs with expertise from diverse backgrounds. From our review, we observed that the board consist of ten (10) Board members, eight (8) Non-Executive Director, one (1) Executive Director, and a Managing Director/CEO. This is compliant with FRC NCCG section 2.3 (b) and the CBN CCG section 2.2.3, which requires a higher number of Non-Executive Directors on the Board.

The Board consists of three (3) Independent Non-Executive Directors out of eight (8) Non-Executive Directors in line with the requirement of the CBN CCG Section 2.2.4 which requires the Board to have at least two (2) Independent Non-Executive Directors

### Gender Diversity

The Board of Coronation Merchant Bank has a gender ratio of 6:4 male to female Directors. This implies that female Directors made up 40% of the Board. Leading practice recommends a minimum of 33.3% female representation of the Board. The top 50 S&P 500 companies have over 33% percent women representation on average on their Boards, the highest being 50% representation.

In Nigeria, Principle 4 of the CBN Guidance Note of Nigerian Sustainable Banking Principles recommends a minimum of 40% female representation on the Board. This implies that the Board's gender diversity composition is in line with leading practice.

### Segregation of Duties

We observed that the position of the Board Chairman and MD/CEO is segregated. No one personnel combines both positions to ensure an appropriate balance of power such that the Board Chairman and MD/CEO are separate individuals. From the review of the Directors CV and profile, we observed that the Board Chairman and CEO are not members of the same family. Also, there is no Executive Vice Chairman in the Board structure. This is in accordance with FRC NCCG section 2.7 and CBN CCG section 2.3.1 and Section 2.3.3.

# Board Structure & Composition<sup>(2/2)</sup>

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Findings

### Director Tenure (Appointment/Retirement/Resignation)

The Bank has in place a robust policy detailing the procedures and requirements for the appointment of Directors to the Board in line with regulatory stipulations.

There is no Non-Executive Director who has been on the Board for more than the maximum regulatory tenure of 12 years (three terms of four years each).

The Board Nomination and Governance Committee is responsible for maintaining the balance of skills and experience on the Board. This is reviewed annually, or whenever appointments are made.

Section 12.10 of the FRC Nigerian Code of Corporate Governance mandates that Independent Non-Executive Directors do not remain on the Board continuously for more than three (3) terms of three (3) years, we observe that no Independent Non-Executive Director has exceeded the maximum regulatory tenure.

#	Directors	Position	Appointment Date	Maximum Tenure (CBN)	Maximum Tenure (FRC)	Years on Board
1	Babatunde Folawiyo	Chairman	April 2015	12 years	12 years	7 years
2	Banjo Adegbohungbe	MD/CEO	February 2020	10 years	-	2 years
3	Adamu Atta	Non-Executive Director	April 2015	12 years	12 years	7 years
4	Evelyn Oputu	Non-Executive Director	April 2015	12 years	12 years	7 years
5	Larry Ettah	Non-Executive Director	April 2015	12 years	12 years	7 years
6	Babatunde Dabiri	Independent Non-Executive Director	April 2015	8 years	9 years	7 years
7	Suzanne Iroche	Independent Non-Executive Director	April 2015	8 years	9 years	7 years
8	Olubunmi Fayokun	Independent Non-Executive Director	November 2017	8 years	9 years	5 years
9	Idaere Gogo Ogan	Non-Executive Director	November 2017	12 years	12 years	5 years
10	Funke Feyisitan Ladimeji	Executive Director	November 2020	12 years	12 years	2 years

# Board Operations (1/5)

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ To ensure efficiency and effectiveness, the Board has established and delegated some of its functions, duties and responsibilities to Board Committees.
- ▶ Roles and responsibilities, reporting lines and escalation mechanisms for each Committee are clearly defined.
- ▶ Board meetings were conducted during the year,
- ▶ The Company Secretary possesses relevant legal experience within the industry.

## Key Findings

### Board Meetings and Attendance

During the year under review, the Board held four (4) meetings across the four (4) quarters. The Board Governance and Nominations Committee, as well as the Board Credit and Investment Committee, held eight (8) meetings during the year in review. The Board Risk Management Committee held four (4) meetings across the four (4) quarters during the year under review, while the Board Audit Committee held five (5) meetings across the four (4) quarters during the year under review. Section 10.2 of the FRC NCCG and CGN CCG 2.6.2 mandates every Director to attend all Board meetings. A review of the Board attendance shows that the average attendance at Board and Board Committee meetings was 99.6%. We observed that the Board discloses the number of Board meetings attended by Directors in its annual report, in Compliance with CBN CCG section 2.6.3.

At each Board meeting, the Chief Executive Officer presented to the Board highlights on the macroeconomic environment, performance scorecard against the Bank's Strategy, and updates on other pertinent issues which occurred during the reporting period. We also observed that the Board of Directors received updates from each Board committee summarizing their activities for the period.

Based on our interaction with members of the Board, we received feedback that the Board meetings are well organized, agenda based, and interactions between members are respectful and robust. Directors agreed that the Board Chairperson provided effective leadership and maintains a positive relationship with other Directors. We also observed that conflict of interest considerations are made prior to the commencement of each Board meeting

More details on the Board attendance can be found in Appendix D.

### Delegation of Duties

The Board has appropriately delegated some of its responsibilities to its Committees. Each Committee has a written charter that clearly defines its roles and responsibilities. The Board charter also defines the role of the Chairperson and Board members. The Board has also delegated responsibility for the day-to-day management of the Company to the Chief Executive and receives adequate reports and information on performance from the Board Committees and Management.



# Board Operations (2/4)

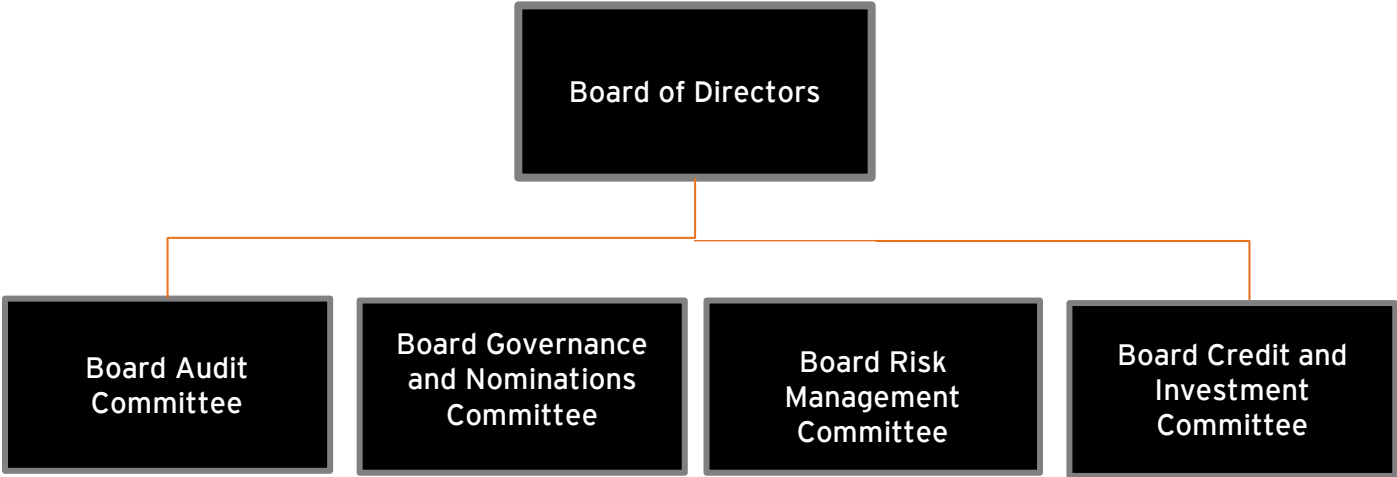
Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ To ensure efficiency and effectiveness, the Board has established and delegated some of its functions, duties and responsibilities to Board Committees.
- ▶ Roles and responsibilities, reporting lines and escalation mechanisms for each Committee are clearly defined.
- ▶ Board meetings were conducted during the year,
- ▶ The Company Secretary possesses relevant legal experience within the industry.

## Key Findings

The Board of Coronation Merchant Bank has Four (4) Board Committees with a minimum of five (5) members and a maximum of nine (9) members. The Board has charters approved by the Board. The Bank has established the following Committees listed below:



## Board Committee Composition

### Board Audit Committee

The Board Audit Committee is established to assist the Board in fulfilling its oversight responsibility relating to the integrity of the Bank’s financial statements, financial reporting process, and the independence & performance of the Bank’s internal and external auditors. The Committee also discharges responsibilities on behalf of the Bank, to monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of operations of the Bank, also to monitor management’s responsibilities to ensure that an effective system of financial and internal controls are in place.

The board consist of 5 (five) members, three of which are Independent Non-executive directors and two are Non-executive directors, in line with FRC NCCG section 11.4.3. The Committee is chaired by, an Independent Non- Executive Director. We observed that there was no Audit committee member who is a certified accounting professional.

The FRC NCCG section 11.4.5 and Board Audit Committee charter mandates the Committee to meet at least once every quarter. Review of the Board attendance shows that the Committee met a total of five (5) times during the year under review and all members had an attendance of 100%.

More details on the Committee attendance can be found in Appendix E .

# Board Operations (3/4)

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ To ensure efficiency and effectiveness, the Board has established and delegated some of its functions, duties and responsibilities to Board Committees.
- ▶ Roles and responsibilities, reporting lines and escalation mechanisms for each Committee are clearly defined.
- ▶ Board meetings were conducted during the year,
- ▶ The Company Secretary possesses relevant legal experience within the industry

## Key Findings

### **Board Governance and Nomination Committee**

The committee is saddled with the responsibility of advising the Board on its oversight responsibilities as it pertains to corporate governance, sustainability, remunerations, and nominations affecting the Bank. It reviews the composition of the Board and recommends the appropriate skill mix and expertise required for the optimal discharge of the Board's duties. The committee also ensures that new Directors are properly inducted. The committee recommends to the Board the remuneration structure for the Executive Directors, Non-executive Directors, and Senior Management

The committee consists of five (5) members, Two (2) Non-executive Director and Three (3) Independent Non-executive Directors

The Committee is chaired by a Non- Executive Director.

The FRC NCCG section 11.4.5 and Governance and Nomination Charter mandate the Committee to meet at least once every quarter. The review of the Board attendance shows that the Committee met a total of four (4) times during the year under review and all members had an attendance of 100%.

More details on the Committee attendance can be found in Appendix E.

### **Board Risk Management Committee**

The committee helps in proposing and reviewing to the Board, policies and procedures for identifying, measuring, monitoring and reporting risk. It evaluates the risk profile and develops plans to manage risks. It also assists the Board in fulfilling its oversight responsibilities relating to compliance with legal and regulatory requirements in the Bank. The committee monitors risk management practices, specifically to determine which enterprise risks are most significant and approve resource allocation for risk monitoring and improvement activities, assign risk owners and approve action plans.

The committee consist of nine (9) members; Four (4) Non-executive Director and Three (3) Independent Non-executive directors.

The Committee is chaired by a Non- Executive Director.

The Board Risk Management Charter mandates the Committee to meet at least four times a year. Review of the Board attendance shows that the Committee met a total of four (4) times during the year under review and all members had an attendance of 100%,

More details on the Committee attendance can be found in the Appendix E.

# Board Operations (4/4)

## Maturity

Evolving

Functioning

Advanced

Leading

## Key Indicators

- ▶ To ensure efficiency and effectiveness, the Board has established and delegated some of its functions, duties and responsibilities to Board Committees.
- ▶ Roles and responsibilities, reporting lines and escalation mechanisms for each Committee are clearly defined.
- ▶ Board meetings were conducted during the year.
- ▶ The Company Secretary possesses relevant legal experience within the industry.

## Key Findings

### Board Credit and Investment Committee

The committee assists the Board in oversight responsibility relating to the Bank's credit and investment matters. It advises the Board in relation to the Bank's credit exposure, investment portfolio, lending and investment practices and provide strategic guidance for the development and achievement of the Bank's lending and investment objectives.

The Board Credit and Investment Committee consist of nine (9) members; four (4) of which are Non-executive Directors and three (3) Independent Non-executive directors. . The Committee is chaired by an Independent Non- Executive Director.

The Board Credit and Investment Committee mandates the Committee to meet at least four times a year. Review of the Board attendance shows that the Committee met a total of eight (8) times during the year under review and all members had an attendance of 100%,

More details on the Committee attendance can be found in the Appendix E

### Remuneration Governance

The Governance and Nominations Committee has the responsibility of attending to matters that deals with remuneration. In line with its charter, the Governance and Remuneration Committee makes recommendations to the Board on the appropriate remuneration policy. The response received from the Directors interview indicates that the Governance and Remuneration committee are working on reviewing remuneration to employee in a bid to enhance employee retainment.

### Company Secretary

A review of the Company Secretary's profile shows that he has over Ten (10) years of legal work experience within the Banking industry and on matters relating to corporate governance with a board. The Company Secretary ensures that decisions are communicated to management as appropriate. The Company Secretary also notifies Directors of the dates and times of Board Meetings in advance (in compliance with leading practice).

The Company Secretary also helps in organizing annual general meetings, Board and Board committee meetings for the Bank with a strict turnaround time for the production of minutes and reports. The Company Secretary also ensures that the Bank complies with its Memorandum and Articles of Association and, drafting and incorporates amendments in accordance with correct procedures

Feedback received from the interview sessions indicated overall satisfaction with the services rendered by the Secretariat in terms of organization of meetings, documentation of Board papers, and management of Board communications. There has been an improvement in the timeliness of Board papers however, the Secretariat needs to coordinate the process to ensure that the reports, request, update, presentation etc. shared with the Committee at its meeting achieves the right mix of required information and a mechanism to identify the most important information or areas of significant concerns

# Board Risk Management

## (1/2)

### Maturity

Evolving

Functioning

Advanced

Leading

### Key Indicators

- ▶ The Board champions the risk culture within the Bank through the provision of sufficient resources, frameworks and policies.
- ▶ Risk monitoring and oversight activities are performed by both the Board and its Committees.
- ▶ Key Risk Management and Control roles are occupied by experienced staff who meet CBN competency framework.

### Key Findings

#### Board Oversight of Risk Management Activities

In compliance with Section 6.1.6 of the CBN CCG, the Board of Coronation Merchant Bank defines the Bank's risk appetite, approving and overseeing the operation of the Bank's risk management, assessing its effectiveness, identifying, and reviewing the risks facing the Bank, monitoring their management, and achieving a proper balance between risks and opportunities.

From the review of the Board Risk Management Committee Charter, we observed that the committee supports the Board with its oversight function for reviewing risks associated with the Bank. The Chief Risk Officer, Chief Compliance Officer and Head, Internal Control provides reports to the Board on matters relating to stability, control and overall effectiveness of the company's risk management and internal control systems as directed by FRC NCCG section 17.5.

The Board Risk Management Committee consists of four (4) Non-executive Directors inclusive of the chairperson, three (3) members of the Committee are Independent Non-Executive Directors and two (2) Executive which complies with section 11.5.2 of the FRC NCCG that a majority of the committee should be Non-executive Directors.

#### Existence of Risk Management Framework

In accordance with Principles 17.1 and 17.2 of the FRC NCCG, Coronation Merchant Bank has an Enterprise Risk Management Framework which was included in the last annual report. The Framework covers risk governance and structure, management of risk, risk appetite, capital policy, integrated stress testing, exposure and risk limits, risk adjusted performance measurement and risk reporting. It also spells out the specific management approaches to the Bank's principal risk types.

We observed that the Risk Management report is disclosed in the annual report. This is in accordance with principle 17.7. of the FRC NCCG.

#### Internal Audit

The Company has a well-established internal Audit unit which provides independent assurance on the quality and effectiveness of the Bank's internal control, risk management, governance systems, and processes. The Internal Audit Unit prepares and presents written reports on the findings of the audit to the Board Audit Committee.

Section 18.6 of the FRC NCCG requires the company to carry out an external assessment of the effectiveness of the Internal Audit function at least once every three years, conducted by a qualified independent reviewer appointed by the Board. We were unable to observe evidence that this assessment was carried out in the year under review.

In the year under review we observed that the bank's current Chief Internal Audit Executive (Adeola Awe) was in acting capacity however the regulatory requirement obtained to function as the Chief Audit Executive has been approved

# Board Risk Management<sup>(2/2)</sup>

## Maturity

Evolving

Functioning

Advanced

Leading

## Key Indicators

- ▶ The Board champions the risk culture within the Bank through the provision of sufficient resources, frameworks and policies.
- ▶ Risk monitoring and oversight activities are performed by both the Board and its Committees.
- ▶ Key Risk Management and Control roles are occupied by experienced staff who meet CBN competency framework.

## Key Findings

### Compliance Function

The Board Risk Management Committee has a responsibility of overseeing the Compliance Function in managing effectively the compliance risks faced by the Company. The function identifies and assists Management in complying with relevant statutory, regulatory and supervisory requirements. This in turn promotes a good working relationship with supervisors/regulators and assists in preventing fines and sanctions being imposed by them.

The Committee also reviews the Bank's activities that are related to the Code of Conduct and Ethics. At Management level, the Chief Compliance Officer (CCO) provides compliance, KYC and regulatory updates etc. to the Board Risk Committee. The Chief Compliance Officer who is a member of the Senior Staff management of the Bank is a Certified Anti Money Laundering Specialist (CAMS) offering expertise in regulatory compliance, Anti Money Laundering (AML) and Combating Finance of Terrorism (CFT).

We observed that the Bank has a Compliance Policy which provide a conceptual framework for the compliance function. It defines the fundamental principles, roles and responsibilities of the compliance function within Coronation Merchant Bank as well as its relationship with executive management, the Board of Directors, the business and operational functions

### Compliance Risk Management Policies

The Board as part of its oversight activities has established compliance risk management policies (i.e., Anti-Bribery and Corruption policy, Whistleblowing policy, and Anti-money laundering Policy, Gifts and Entertainment Policy, Compliance Manual etc.) to guide the day-to-day activities of Management and for compliance with regulatory requirements.

### External Audits

Audit of the company's financial statements are carried out and published annually. External auditors review the accounting records, controls and financial statements and raise an opinion on whether the financial statements are truly and fairly presented for the year under review.

The External Auditors, KPMG professional Services, was appointed to carry out the external audit review for the year under review.

The External Audit Partner has over 15 years of professional experience in financial statement audit and other audit related services. She has extensive experience in providing International Financial Reporting Standards (IFRS), audit and financial advisory services as well as due diligence

# Relationship with Shareholders (1/2)

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ Communication amongst and between the Board, Board Committees, the NEDs, the Executives and other stakeholders operates effectively.
- ▶ Arrangements are in place for external communications.
- ▶ The Board maintains a cordial relationship with regulators.

## Key Findings

### Stakeholder Engagement

The company is committed to maintaining high standards of corporate disclosure to existing/potential shareholders and regulators for the making of informed decisions about the operations of the bank. The company maintains a strong line of communication with all stakeholders and the general public and ensures that all information provided to the shareholders is timely, factual, broadly disseminated, accurate and inclusive of all material information on the company's activities and operations which is in line with applicable legal and regulatory requirements.

The communication with shareholders, over five (5) years of historical annual report, and other relevant information about the bank is upheld on Coronation Merchant Bank's website ([www.coronationmb.com](http://www.coronationmb.com)) which complies with FRC NCCG section 27.4

The company encourages shareholders to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

We also observed that the annual reports are published in English, the official language of Nigeria, and contains a description of structure of the Board and Management among others, frameworks, policies, and other material information about the bank.

### Relationship with Regulators

Based on our review of the minutes of Board meetings and feedback from Director interviews, we noted that the Bank maintains a cordial relationship with regulators. Minutes of Board and Board Committee meetings show that the Board frequently discusses concerns and laws raised by the regulators and deliberates measures to address these issues.

### Protection of Shareholder Rights

The Bank provides adequate information to shareholders to facilitate their investment decisions. This information is contained on the Bank's website and sent to shareholders in preparation for the Annual General Meeting. This finding was based on the report for FY 2021 as the report for FY 2022 was still being prepared at the time of our review. This complies with FRC NCCG section 23.2.

In compliance with FRC NCCG section 23.1.5, the Bank disclosed the ownership structure in its annual report, including an analysis of the shareholding in the Bank.



# Relationship with Shareholders (2/2)

## Maturity

Evolving

Functioning

Advanced

Leading

## Key Indicators

- ▶ Communication amongst and between the Board, Board Committees, the NEDs, the Executives and other stakeholders operates effectively.
- ▶ Arrangements are in place for external communications.
- ▶ The Board maintains a cordial relationship with regulators.

## Key Findings

### Corporate Social Responsibility (CSR)

The feedback obtained from interviews indicated that Coronation Merchant Bank engaged in CSR initiatives for the year under review with a focus on Governance, Community development,. Most of the CSR was focused on the Ecosystem. Please see below CSR activities carried out in the year 2022 .

#	CSR Activities
1	Partnered with Aig-Imoukhuede Foundation to develop an Enterprise Content Management Solution for the Office of the Head of the Civil Service of the Federation (OHCSF) of Nigeria
2	Sponsorship and support of the Breast Cancer Awareness Program at the African Patrons Cup Polo tournament
3	OVIE BRUME FOUNDATION

### Annual Report

The Bank's Financial Statement and Annual Report was documented in line with regulatory requirements We reviewed the report for FY 2021 as the report for FY2022 was still being prepared at the time of reporting. Our review of the Board proceedings for the year showed that the Board Audit Committee was responsible for ensuring that the exceptions raised by the Auditors were properly addressed, and that the Bank's financial statements, accurately and fairly represented the situation of the Bank

We reviewed the Annual Financial Statement for the year ended 31st December 2021 and observed that the External Auditors (KPMG) reviewed the accounting records, controls, financial statements and included an opinion that the statements were true and fairly stated in accordance with International Financial Reporting Standards ( the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011 and other relevant guidelines

Furthermore, the Annual report contained the relevant disclosures as mandated by the regulators which includes corporate governance disclosures, penalties imposed on the Bank by Regulators, Related party transactions, ESG activities, etc.

# Transparency and Disclosure (1/2)

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ The Board maintains transparency in dealing with its stakeholders.
- ▶ Existence of an effective Whistleblowing policy.
- ▶ The Board complies with regulatory disclosure requirements.
- ▶ Existence of a Code of Conduct

## Key Findings

### Corporate Governance Disclosures

Coronation Merchant Bank's annual report has a Corporate Governance section that includes details on the Board, Board meeting attendance, Accountability and Audit, Control Environment, Shareholders Rights, Board Committees employee involvement and training, employment of disabled persons, health, safety and welfare at work.

The annual report also contains disclosures on related party transactions and Director's interest in contracts. This compliance with FRC NCCG section 28.3.

We were able to review the approved Directors fees and sitting allowance for the Chairman and other non-executive directors for the financial year ending December 31, 2022, in the minutes of the Annual General minutes. This was also stated in the most recently available annual report. This complies with FRC NCCG 2018 Section 28.2.

The penalties imposed on the Bank by Regulators were disclosed in the annual report. This complies with FRC NCCG 2018 28.2(n).

The FRC NCCG section 28.2 (m) requires that the Corporate Governance section should include highlights of the Clawback policy and cases of clawbacks being pursued by the Company however, this was not observed in the annual report. Where there are no cases of claw-backs, the Bank should disclose as such.

The Board engaged an independent consultant to carry out a corporate governance evaluation of the Bank's level of compliance to the FRC NCCG for the year 2022. This report represents the findings and recommendations from the independent corporate governance evaluation exercise. A statement from the Board and the independent consultants on the Bank's level of compliance with this code will be included in the annual report for the year.

### Code of Conduct

The Bank's Code of Conduct specifies the expected behaviors of its employees and directors. It is designed to empower employees and directors and enable effective decision-making at all levels of the business according to defined ethical principles. New employees are required to read and sign an attestation that they have understood the content of the Bank's Code of Conduct.

There is a Compliance Manual that provides guidelines for addressing violations/breaches and ensuring enforcement of discipline amongst staff. The Chief Compliance Officer is responsible for monitoring compliance with the code of conduct.

# Transparency and Disclosure (2/2)

Maturity			
Evolving	Functioning	Advanced	Leading

## Key Indicators

- ▶ The Board maintains transparency in dealing with its stakeholders.
- ▶ Existence of an effective Whistleblowing policy.
- ▶ The Board complies with regulatory disclosure requirements.
- ▶ Existence of a Code of Conduct

## Key Findings

### Whistle Blowing

Coronation Merchant Bank has a Whistle Blowing policy that governs the reporting of alleged unethical and illegal practices in order to reduce the damage such misconduct could cause to the Bank and stakeholders.

There are measures in place for the Protection of Whistle blowers, Confidentiality and Anonymous reporting. Except in cases necessitated by legal demands, the identity of a whistle blower is kept confidential. Whistle blowers have the choice between confidential and anonymous reporting. This complies with FRC NCCG section 19.2

The bank has provided both internal and external mechanisms to facilitate the reporting of unethical conduct . The channel includes mailing address and telephone numbers which can be found on the Bank’s website and on the annual report. This public show of commitment towards the whistleblowing mechanism is in line with FRC NCCG section 19.3

The summary of reported cases were made available to the Board Audit committees as well as the result of the investigation. This complies with FRC NCCG 19.4

The Bank guaranteed that provided the allegation has been made through the right channels, the Bank shall not subject a whistle blower to any detriment or whatsoever on the ground that he/she has made a disclosure in accordance with the provision of whistle blowing policy. This complies with FRC NCCG section 19.6

We tested the whistle blowing channel (KPMG Ethics Line) to confirm the functionality of the channel and it is appropriately monitored, we received a response within 24hours using the send an email option.



04

## Improvement Opportunities

# Updates from 2021 Evaluation

Focus Area	Observation	Recommendation	Status
Quality of the Board	Based on the Board training calendar, we noted that Directors participated in three training courses during the year, however our observations and feedback received from Directors showed that the Board members need to undergo technical trainings that are specific for their individual roles on the Board. A training plan has developed by the Company Secretary in this regard.	<p>The Board should implement the training plan developed by the Company Secretary.</p> <p>In addition, the Board may also consider some of the following training subjects as areas of interest indicated by Directors in the Board Evaluation survey.</p> <ul style="list-style-type: none"> <li>▶ Finance Management</li> <li>▶ Digital Innovation</li> <li>▶ Financial Technology</li> </ul>	Resolved
	There was no evidence that any member of the Audit committee is a member of at least one professional accounting body in Nigeria as mandated by the new FRC audit regulations.	The Board Audit Committee should include a member of a professional accounting body in Nigeria to comply with section 26.2 of the Audit Regulation 2020.	Pending

# Improvement Opportunities

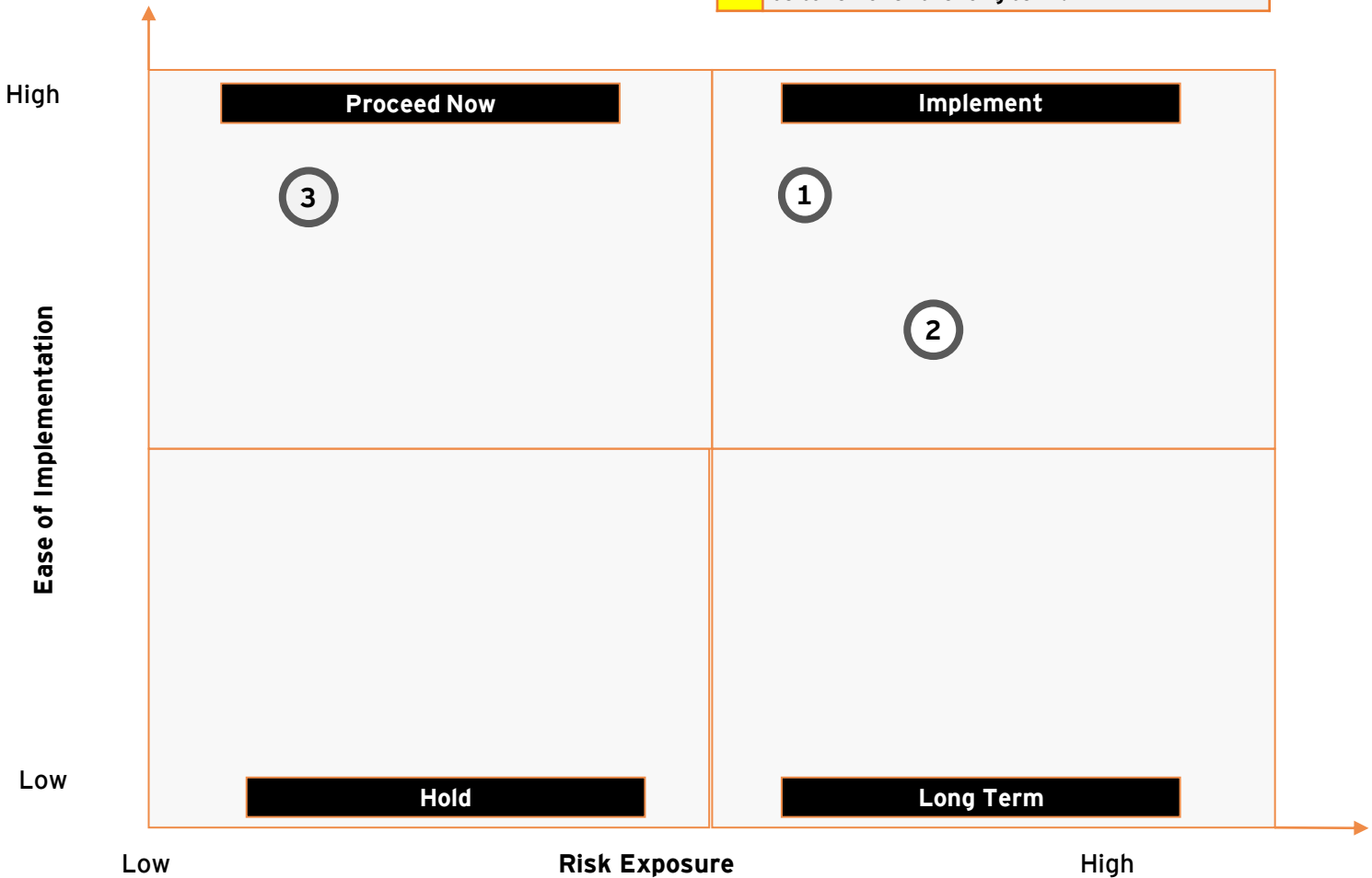
## 2022 Board Appraisal Summary of Findings

Focus Area	Applicable Regulation/ Leading Practice	Observation	Recommendation
Transparency & Disclosure	<b>FRC NCCG Section 28.2 (m) :</b> The Company's annual report should include disclosures on highlights of its Claw back policy and cases of claw back being pursued by the Organization.	We were able to review evidence of a Claw back policy, however, highlight of the policy and cases of claw backs being pursued by the Bank was not disclosed on the annual report as recommended by FRC.	In compliance with the FRC NCCG, the Bank is encouraged to disclose highlights of its Claw-back policy and cases of claw-back being pursued by the Bank in its annual report. Where there are no cases of claw-backs, the Bank should disclose as such.
	<b>FRC NCCG 2018 Section 22.1:</b> The Board should develop a policy that ensures appropriate engagement with shareholders. The policy should be hosted on the website of the Company.	We observed that there is no shareholder's engagement policy through which Directors or designated persons may interact with shareholders in order to help develop a balanced understanding of shareholder issues and ensure that their views are responded to, but this is not hosted on the website of the Bank	The Board should consider establishing the shareholder's engagement policy which should be hosted on the website of the Bank

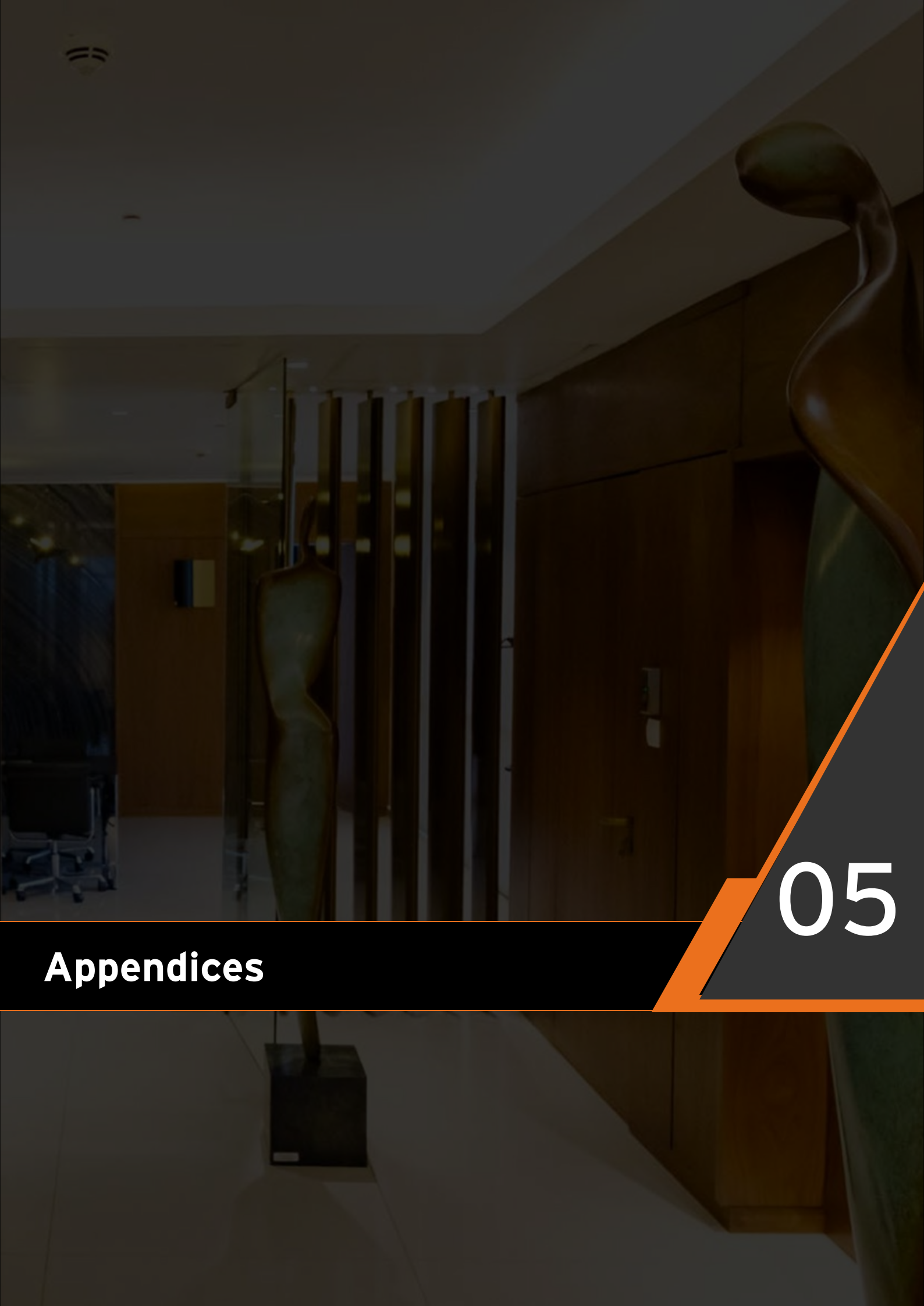


# Key Initiative- Prioritization Matrix

Gap Maturity Legend	
<span style="background-color: red; color: black;"> </span>	Higher priority requiring immediate action
<span style="background-color: orange; color: black;"> </span>	Medium priority requiring continual improvement
<span style="background-color: yellow; color: black;"> </span>	Lower Priority requiring mitigating actions to be taken over the long term.



Ref	Initiative	Severity	Status
1	The Bank is encouraged to disclose highlights of it's Claw-back policy and cases of claw-back being pursued by the Bank in its annual report. Where there are no cases of claw-backs, the Bank should disclose as such.	Med	-
2	The Board should consider establishing the shareholder's engagement policy which should be hosted on the website of the Bank	Med	-
3	The Board Audit Committee should include a member of a professional accounting body in Nigeria to comply with section 26.2 of the Audit Regulation 2020.	High	-



05

## Appendices

# Appendix A - List of Documents Reviewed

#	Document Title	#	Document Title
1	Contact details of all Board of Directors (Telephone and Email address)	17	Approved Board Charters and Policies
2	Training courses attended by Directors during the year	18	Profile, CV and JD of company Secretary
3	Notice for AGM, Agenda and Minutes	19	Approved Enterprise Risk Management Framework
4	Signed minutes of Annual General Meeting	20	Profile and CVs of Board Members and Standing Committees
6	Signed Internal Audit Report 2022	21	CVs of the Chief Compliance Officer and the Chief Internal Auditor
7	Signed Minutes of the Meetings for (FY 2022 Board and Board Committees meetings)	22	Articles and Memorandum of Association
8	Signed Risk Report	23	Approved Organizational Structure including Board Composition
9	Approved Corporate Governance Framework	24	Approved code of Conduct and Business Ethics
10	Signed Compliance Report	25	Succession Plan Document
11	Approved Board Committee Charters	26	Board Committee and their Membership
12	Approved whistle blowing Policy	27	Approved Strategy Plan Document
13	Key returns includes all returns/ communication to the Regulators regarding changes in Board/Executive	28	Approved Compliance Policy and Manual
14	Induction packs for new Directors	29	Approved AML Policy
15	Copies of Key Returns to the Regulators		
16	Committee membership (appointments, reappointments and resignations) (typically on an ad-hoc basis)		

# Appendix B - Coronation Merchant Bank Board Membership

The table below shows the members of the Board of Directors.

NameRole		
1	Babatunde Folawiyo	Chairman
2	Adebanjo Adegbohunge	Managing Director
3	Babatunde Dabiri	Independent Non-Executive Director
4	Suzanne Iroche	Independent Non-Executive Director
5	Olubunmi Fayokun	Independent Non-Executive Director
6	Evelyn Oputu	Non-Executive Director
7	Idaere Ogan	Non-Executive Director
8	Adamu Atta	Non-Executive Director
9	Larry Ettah	Non-Executive Director
10	Funke Feyisitan - Ladimeji	Executive Director

# Appendix C - Coronation Merchant Bank Board Committees Membership

Board Audit Committee	
Name	Role
Suzanne Iroche	Chairperson
Babatunde Dabiri	Member
Evelyn Oputu	Member
Olubunmi Fayokun	Member
Idaere Gogo Ogan	Member
Board Risk Management Committee	
Name	Role
Evelyn Oputu	Chairperson
Olubunmi Fayokun	Member
Suzanne Iroche	Member
Babatunde Dabiri	Member
Idaere Gogo Ogan	Member
Evelyn Oputu	Member
Adebanjo Adegbohunge	Member
Funke Feyisitan Ladimeji	Member
Adamu Atta	Member
Board Governance and Nominations Committee	
Name	Role
Larry Ettah	Chairman
Suzanne Iroche	Member
Babatunde Dabiri	Member
Adamu Atta	Member
Olubunmi Fayokun	Member
Board Credit and Investment Committee	
Name	Role
Babatunde Dabiri	Chairperson
Larry Ettah	Member
Suzanne Iroche	Member
Olubunmi Fayokun	Member
Idaere Gogo Ogan	Member
Adebanjo Adegbohunge	Member
Funke Feyisitan Ladimeji	Member
Evelyn Oputu	Member
Adamu Atta	Member

# Appendix D - Coronation Merchant Bank Board Meeting Attendance

The table below represent the number of meetings held by the Board as well as the attendance at the meetings.

Full Board Attendance Schedule									
Name of Director	Role	24/01/22	25/04/22	25/07/22	24/10/22	Total	Expected No	% Attendance	Average
Babatunde Folawiyo	Chairman	Y	Y	Y	Y	4	4	100%	100%
Adebanjo Adegbohunge	Managing Director	Y	Y	Y	Y	4	4	100%	
Babatunde Dabiri	Independent Director	Y	Y	Y	Y	4	4	100%	
Suzanne Iroche	Independent Director	Y	Y	Y	Y	4	4	100%	
Olubunmi Fayokun	Independent Director	Y	Y	Y	Y	4	4	100%	
Evelyn Oputu	Non-Executive Director	Y	Y	Y	Y	4	4	100%	
Idaere Gogo Ogan	Non-Executive Director	Y	Y	Y	Y	4	4	100%	
Adamu Atta	Non-Executive Director	Y	Y	Y	Y	4	4	100%	
Larry Ettah	Non-Executive Director	Y	Y	Y	Y	4	4	100%	
Funke Feyisitan-Ladimeji	Executive Director	Y	Y	Y	Y	4	4	100%	

Y - Present

N - Absent

NM - Not Member



# Appendix E – Coronation Merchant Bank Board Meeting Attendance

The table below represent the number of meetings held by the Board as well as the attendance at the meetings.

Board Audit Committee										
Name of Director	Role	19/01/22	08/03/22	20/04/22	20/07/22	19/10/22	Total	Expected No	% Attendance	Average
Suzanne Iroche	Chairperson	Y	Y	Y	Y	Y	5	5	100%	100%
Babatunde Dabiri	Member	Y	Y	Y	Y	Y	5	5	100%	
Idaere Gogo Ogan	Member	Y	Y	Y	Y	Y	5	5	100%	
Evelyn Oputu	Member	Y	Y	Y	Y	Y	5	5	100%	
Olubunmi Fayokun	Member	Y	Y	Y	Y	Y	5	5	100%	

Y - Present
N - Absent
NM - Not Member

# Appendix F – Coronation Merchant Bank Board Meeting Attendance

The table below represent the number of meetings held by the Board as well as the attendance at the meetings.

Board Credit and Investment Committee													
Name of Director	Role	19/01/22	07/03/22	21/04/22	06/06/22	18/07/22	05/09/22	17/10/22	15/12/22	Total	Expected No	% Attendance	Average
Babatunde Dabiri	Chairperson	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	100%
Larry Ettah	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Suzanne Iroche	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Adamu Atta	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Idaere Gogo Ogan	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Evelyn Oputu	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Olubunmi Fayokun	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Adebanjo Adegbohungebe	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	
Funke Feyisitan Ladimeji	Member	Y	Y	Y	Y	Y	Y	Y	Y	100%	8	8	

- Y - Present
- N - Absent
- NM - Not Member

# Appendix G - Coronation Merchant Bank Board Meeting Attendance

The table below represent the number of meetings held by the Board as well as the attendance at the meetings.

Board Risk Management Committee									
Name of Director	Role	19/01/22	20/04/22	20/07/22	19/10/22	Total	Expected No	% Attendance	Average
Larry Ettah	Member	Y	Y	Y	Y	4	4	100%	100%
Suzanne Iroche	Member	Y	Y	Y	Y	4	4	100%	
Babatunde Dabiri	Member	Y	Y	Y	Y	4	4	100%	
Adamu Atta	Member	Y	Y	Y	Y	4	4	100%	
Idaere Gogo Ogan	Member	Y	Y	Y	Y	4	4	100%	
Evelyn Oputu	Chairperson	Y	Y	Y	Y	4	4	100%	
Olubunmi Fayokun	Member	Y	Y	Y	Y	4	4	100%	
Adebanjo Adegbohunbe	Member	Y	Y	Y	Y	4	4	100%	
Funke Feyisitan Ladimeji	Member	Y	Y	Y	Y	4	4	100%	

- Y - Present
- N - Absent
- NM - Not Member

# Appendix H - Coronation Merchant Bank Board Meeting Attendance

The table below represent the number of meetings held by the Board as well as the attendance at the meetings.

Board Governance and Nominations Committee													
Name of Director	Role	18/01/22	08/03/22	19/04/22	07/07/22	19/07/22	06/09/22	18/10/22	06/12/22	Total	Expected No	% Attendance	Average
Larry Ettah	Chairman	Y	Y	Y	Y	Y	Y	Y	Y	8	8	100%	98%
Suzanne Iroche	Member	Y	Y	Y	Y	Y	Y	Y	Y	8	8	100%	
Babatunde Dabiri	Member	Y	Y	N	Y	Y	Y	Y	Y	7	8	88%	
Adamu Atta	Member	Y	Y	Y	Y	Y	Y	Y	Y	8	8	100%	
Olubunmi Fayokun	Member	Y	Y	Y	Y	Y	Y	Y	Y	8	8	100%	
Adebanjo Adegbohunge	Member	Y	Y	Y	Y	Y	Y	Y	Y	8	8	100%	
Funke Feyisitan Ladimeji	Member	Y	Y	Y	Y	Y	Y	Y	Y	8	8	100%	

Y - Present

N - Absent

NM - Not Member

**Assurance | Tax | Strategy & Transactions | Consulting**

## About EY

EY is a global leader in assurance, tax, strategy & transactions and Business Consulting. The insights and quality services we deliver help build trust and confidence in the markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

© 2023 EYGM Limited.  
All Rights Reserved.

EY refers to the global organization and/or one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organisation can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

[ey.com](https://ey.com)