

ONE GROUP

MULTIPLE SOLUTIONS



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GOVERNANCE

The Board is committed to achieving sustainable long-term success for the Group, and governance plays an integral part in ensuring consistency and rigour in decision-making to ensure shareholder value is maximised over time.

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Chairman's introduction



DEAR SHAREHOLDER,

We started operations in 2012 without a set of defined guidelines for regulating Financial Holding Companies in Nigeria till August 2014. The absence of these rules however, did not deter us in our unflinching dedication to adhere to best corporate governance practice.

With the continuing drop in the prices of Nigeria's main export, crude oil, and the expected austere economy for 2015, never has there been a more important time to ensure activities are prudently executed and investments are given maximum return for value. The easiest route to achieving this is to ensure that businesses are run in a transparent and acceptable manner, and in compliance with good corporate governance practices.

We can only achieve our strategic objectives by building a sound reputation founded on the highest standards of responsible behaviour. Over the years, our Group has been recognised for its strong commitment to corporate values and governance. With good corporate practices having a positive effect on the way we run the Group, we ensure the tone at the top is filtered down through the Group and dictates the manner our business is run at both Group and subsidiary level.

Our resolve to do business the 'proper' way remains unrelenting and persistent. This is because as a Board, we fully comprehend our responsibilities to clients, customers, staff, communities in which we operate and the general public. Therefore, our pledge to our shareholders is to always ensure that in the discharge of our duties we shall endeavour to continue to meet and exceed the expectations of our stakeholders.

THE CBN/NDIC JOINT EXAMINATION REPORT AND THE NIGERIA STOCK EXCHANGE/CONVENTION FOR BUSINESS INTEGRITY CORPORATE GOVERNANCE RATING SYSTEM

During the course of the year, we were commended by the Central Bank of Nigeria (CBN) in its joint examination report with the Nigeria Deposit Insurance Corporation (NDIC), which was based on the requirements of different codes of corporate governance and international best practices. The report noted that FBNHoldings met and exceeded the corporate governance standards expected of a financial holding company, despite the absence of regulations and guidelines.

Similarly, our commitment to good practices was recognised at the announcement of results of the Nigerian Stock Exchange (NSE) Corporate Governance Rating System (CGRS).

You will recall that in last year's report, we explained that we had signed up as one of the first companies to participate in the pilot stage of the Corporate Governance Rating System, anchored jointly by the NSE and the Convention for Business Integrity. The rating system is intended to strengthen good corporate governance in the financial industry by publishing to the public a company's level of compliance with governance practices. Our participation was influenced by our unwavering commitment to transparency and accountability.

Thirteen companies volunteered for the pilot phase of the project; eight of these passed the rigorous year-long process, including FBNHoldings, which was also the only financial holding company. Similarly, FBNHoldings recorded a 100% score in the director certification segment of the CGRS.

We do not however think we have achieved perfection. We will continue to strive to improve on our strengths and reduce our shortfalls to ensure our shareholders get the best value for equity. As noted in the report of the CGRS, there was a need to improve our corporate governance perception amongst industry experts and various stakeholders. We intend to improve on this by stepping up on our engagement with these stakeholders, gain feedback and improve on areas that may be considered defective.

REGULATORY DIRECTIVE ON APPOINTMENT OF DIRECTORS

As part of the fall-out of the CBN's Guidelines for Licensing and Regulating Financial Holding Companies in Nigeria, as mentioned earlier, and subsequent engagement with the regulator, the Central Bank of Nigeria issued a directive to appoint additional directors to the Board necessitating the appointment of Omatseyin Ayida and Adebola Osibogun. Aside from the need to comply with regulatory directive, the aforementioned directors both bring a wealth of experience acquired across various industries to the Board. The latter also aids the gender diversity of our Board.

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OUR GOVERNANCE FRAMEWORK

All companies within the Group have distinct Boards and ensure compliance with the statutory and regulatory requirements of the industries in which they operate. They align their respective governance frameworks to that of the Group.

We have put in place structures to ensure strict observance of global best practices in corporate governance, including making key appointments from inside and outside the Group to aid coordination within the Group.

We continue to take a long-term approach to refreshing the Board, balancing both our need to maintain longevity and stability of the Board with regularly refreshing its composition. As part of this plan, in the year under review, we effected the appointment, subject to your ratification at the Annual General Meeting (AGM), of a second independent director – Dr. Hamzat Wuro Bokki, a seasoned administrator and business manager – to the Board. His appointment has added significant experience to the Board, as well as bringing fresh perspectives and diverse experience.

We appreciate and encourage diversity and inclusion in all its forms including gender, age and ethnicity; underpinned by a strong ethos of meritocracy. It is important our employees and leadership teams are representative of our markets, stakeholders and client profile. Although not in favour of quotas, in formulating our Board succession plan we have been mindful to ensure we continue to enhance the Board's diversity.

We are regulated principally by the CBN through the provisions of the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria. On Corporate Governance, we are regulated by the Securities and Exchange Commission's (SEC) Code of Corporate Governance.

As with the preceding year, we are pleased to state that for the year under review, we had no sanctions imposed by any of our regulatory bodies.

HOW IS GOOD GOVERNANCE ACHIEVED?

Effective corporate governance practices are largely dependent on the skills, integrity and experience of individuals on the Board.

As Chairman of the Board, I am responsible for the effective performance of the Board and, in that regard, one of my areas of focus has been to ensure we have a strong and well-functioning Board, comprised of individuals with the right abilities and the personal qualities required to be effective, dedicated and committed stewards to the Company.

We have revisited the range of skills and competencies we require around the boardroom and what the Board needs to have are non-executive directors with financial services experience and also access to other skills and experiences, particularly in the management of various companies across the Group.

HOW DO WE GOVERN FOR LONG-TERM SUSTAINABILITY?

We acknowledge that good governance practices are best initiated and observed in the boardroom. Hence, we shall ensure that the 'tone at the top' continually drives adherence to good corporate practices throughout the Company.

We recognise that the task of embedding high standards of corporate governance is never complete; yet, we remain committed to implanting the same across the Group. This, we believe, will help us perform well in our chosen markets, ultimately resulting in a higher return on capital.

Across the Group, we shall continue to ensure that ethical practices are not substituted with sharp dealings and we will also remain unrelenting in upholding values whilst doing business. These practices not only keep us ahead of the competition, they also ensure the sustainability of our business.

HOW OUR CORE VALUES REFLECT ON OUR EMPLOYEES

In line with FBNHoldings Group's strategic objectives as outlined in the Group's HR Policy manual ('Policy') which was approved by the Board, the Group's core values that reinforce the brand and guide behaviours of the member companies and employees of FBNHoldings Group are communicated and articulated to employees clearly and periodically.

Core values are key culture drivers which guide corporate and individual behaviour of employees across FBNHoldings Group and all Member Companies are expected to actively uphold FBNHoldings Group culture and reinforce adherence to the core values.

The policy ensures that business policies, procedures and activities shall be driven by these core values and all employees shall actively uphold the Group Core values by exhibiting behaviour that reinforces the culture in performing their roles and responsibilities.

The Policy similarly provides that there shall be a formal programme of confirmation that individual employees are aware of, have read, understood and are in compliance with the core values of FBNHoldings Group, and the interpretation of Group Core values shall be periodically reviewed to ensure relevance with business realities and aspirations of the Group.

Conclusively, the Policy provides that non-compliance with these corporate values in corporate and individual behaviour, decisions and actions by employees shall be unacceptable and such instances shall be investigated and appropriate sanctions applied in line with the Policy.

QUALITY OF DISCLOSURE

We continue to attach great importance to disclosure. As part of our commitment to transparency and disclosure in our financial reports, the Group continually ensures that our report is detailed and comprehensive enough to sensitise our shareholders to how we have run the Business. We believe in doing this, we are able to enhance shareholder value as well as bring added benefits to our business relationships with our overseas correspondent banks, multilateral organisations and international investors who require financial statements to make informed decisions about the Group.

OUR CULTURE

Our corporate culture is influenced by the Board and dictated by the values exhibited in running our Business. We believe it is the duty of the Board to ensure the common objectives of both the Management and the Board are in sync and implemented institution-wide.



Dr. OBA OTUDEKO, CFR
Group Chairman, Board of Directors

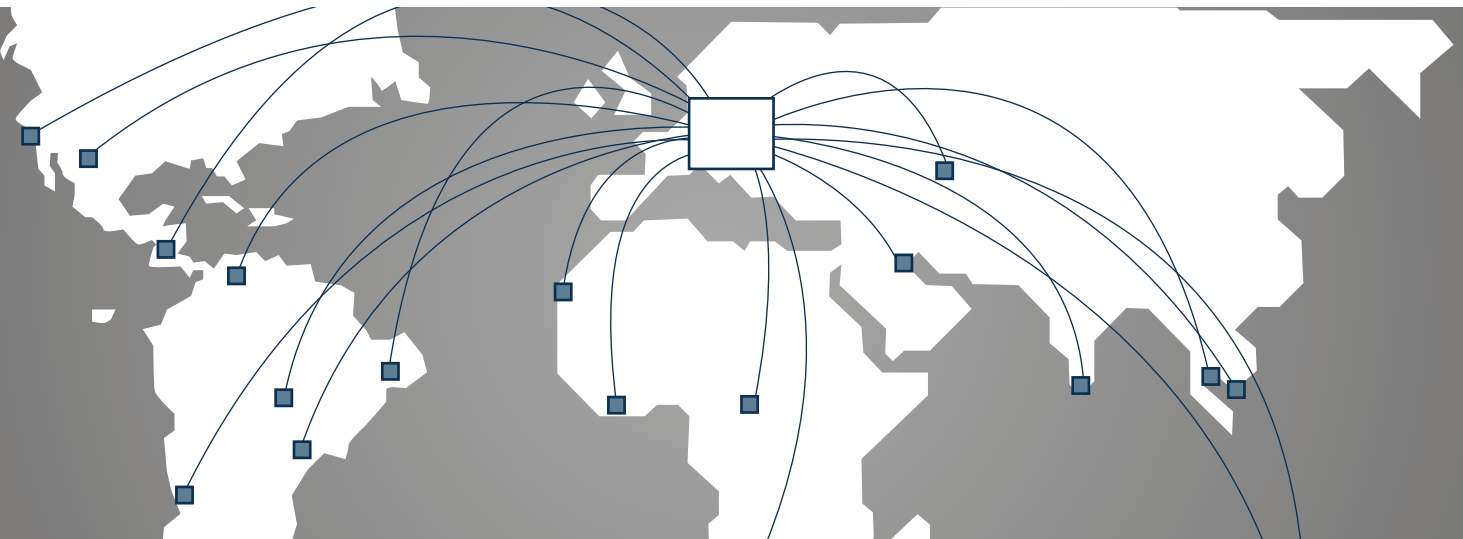
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Contemporary issues on corporate governance

GLOBAL CORPORATE GOVERNANCE DEVELOPMENTS IN 2014

With recent events surrounding the development of corporate governance, it is evident that across the globe, investors are increasingly appreciating the impact good corporate governance practices are having on their investments. To understand the corporate governance developments and culture in Nigeria, we offer a brief update on some recent developments in global corporate governance practices.



EUROPE

UNITED KINGDOM

FRC revises Corporate Governance Code¹

In 2014 the Financial Reporting Council (FRC) overhauled its Corporate Governance Code for UK companies to make them safer for investors by giving more information about how they are run and an assessment of any potential risks facing the business. Among the changes announced by the FRC to foster longer term thinking by companies and investors, are a host of new rules over risk management, remuneration policy and shareholder engagement.

According to the FRC, 'the changes to the Code are designed to strengthen the focus of companies and investors on the longer term and the sustainability of value creation'. Among the changes companies will need to 'robustly assess' are identifying the main risks facing their business and explaining how they are being managed or mitigated. The FRC also said that companies should state whether they consider it appropriate to adopt the going concern basis of accounting and identify any material uncertainties over their ability to continue to do so.

In particular it stated that companies 'should disclose whether they believe they will be able to continue in operation and meet their liabilities taking account of their current position and principal risks, and specify the period covered by this statement and why they consider it appropriate'. The FRC further added that, 'It is expected that the period assessed will be significantly longer than 12 months'.

On executive pay, the FRC stated 'companies should put in place plans to recoup or hold back variable pay, and place greater emphasis on designing pay plans with the long-term health of the company in mind, while firms should also say how they intend to engage with shareholders when a significant number vote down resolutions'.

The revised Code took effect on 1 October 2014.

¹ Source: Reuters Online – 2 October 2014

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ASIA

MALAYSIA

Malaysia lifts corporate governance assessment²

Malaysia strengthened its regional standing in corporate governance in 2014 after recording higher scores in the biennial Corporate Governance Watch 2014 report.

According to the report by the Asian Corporate Governance Association in collaboration with CLSA (Credit Lyonnais Securities Asia, Asia's leading equity brokers and investment groups focused on institutional broking, investment banking and asset management to corporate and institutional clients around the world), Malaysia achieved an overall score of 58% in 2014 compared to 49% in 2007, maintaining its rank of fourth in the region. The report drew attention to the sustained and concerted efforts by Malaysia in driving governance reforms, resulting in Malaysia becoming the only market out of the Asia Pacific countries assessed that consistently improved its scores in each of the last four surveys.

Malaysia was also recognised for its strength in financial reporting and auditing standards, ranking equal first with Singapore in the category of accounting and auditing. The Securities Commission's (SC) Audit Oversight Board described Malaysia's audit authorities as 'one of the better organised and transparent audit regulators in the region'. Malaysia also showed commendable improvement in the area of enforcement, with scores in this category rising by eight percentage points from the 2012 assessment.

JAPAN

The Japanese Government recently revealed plans to establish the nation's first Corporate Governance Code. The introduction of the Code, which will require stronger oversight of executives by independent board directors, is the latest in a series of steps Japan has taken in recent months to transform longstanding cultures at companies to make them more efficient and profitable.

The report further revealed that for years, low profitability has been cited as a shortcoming of companies that discouraged foreign investors from investing in Japan. Aside from the squeeze that the strong yen posed on corporate profits, investors say that in the absence of independent directors Japanese companies sometimes fail to make effective decisions on how to allocate resources and which businesses should be shut down.

PHILIPPINES

A recent report states that the Securities and Exchange Commission (SEC) in the Philippines is seeking stakeholders' insights in line with efforts to improve the corporate governance scores of Philippine publicly listed companies (PLCs). The report added that the corporate regulator is requesting the public's inputs to ensure the next Association of Southeast Asian Nations (ASEAN) Corporate Governance Scorecard Country Report and Assessment will accurately reflect the level of corporate governance of the Philippine PLCs.

AFRICA

SOUTH AFRICA

Recent reports show that the extent to which South Africa lags behind its international peers when it comes to corporate stakeholder rights is inappropriate, given that South Africa's executive pay scales are at least equal to the top international scales. The reports explained that the South African Companies Act obliges companies to disclose what directors are paid. Also, listed companies have to adhere to the King Report recommendations, but this adherence is on an 'apply or explain' basis, which allows for considerable gaps in the way companies report on executive pay. The 'apply or explain' approach allows companies to apply the recommendations as they deem appropriate.

In South Africa, there is only a non-binding advisory vote on remuneration policy whereas countries such as Australia require far more detailed disclosure. The 'two strikes rule' in South Africa provides that if 25% or more of the shareholders vote against the remuneration report at two successive annual general meetings,

the directors – excluding the CEO – can be voted off the board. Further to this, in the US, shareholders have a mandatory say on pay and companies are obliged to get approval for golden-parachute and golden-handshake agreements. The UK Government recently overhauled legislation dealing with executive pay, and now has some of the most detailed disclosure requirements in the world. UK law now requires companies to hold binding shareholder votes to approve remuneration policies at least once every three years.

TANZANIA

Tanzania was recently advised to introduce a Code of Corporate Governance that sets standards and principles for companies to operate in the country. The advice, which was given by the Chairperson of African Corporate Governance Network (ACGN), Ms. Jane Valls, when addressing a news conference in Dar es Salaam, stated that 'governance is important for the sustainability and success of any country'. She further added that 'the growing trend of inter-continental business transactions and increase in the flow of DFIs (Direct Foreign Investments) in Africa is giving rise to the importance of Corporate Governance in the continent. It has become imperative to come up with initiatives that guide the formulation of Africa-specific guidelines to corporate governance that champion the business dynamics of the continent and capitulate with global standards'.

NIGERIA

The Nigerian Communications Commission (NCC) launched its new Code of Corporate Governance for the Telecommunications Industry in 2014. The Code, which is not mandatory until after two years, is targeted at safeguarding the US\$25 billion-plus investments in the telecommunications industry.

Another significant update in Nigeria is that the Nigerian Electricity Regulation Commission (NERC) is set to impose a Corporate Governance Code on the electricity sector due to concerns over governance practices in the sector mount.

NEW CODE OF CORPORATE GOVERNANCE FOR BANKS AND DISCOUNT HOUSES RELEASED BY THE CBN

In 2014, the Central Bank of Nigeria (CBN) released a new Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistleblowing in the Nigerian Banking Industry. The new guideline Code of Corporate Governance superseded the one released in March 2006 and became effective from October 2014.

The notice came via a CBN circular (reference number FPR/DIR/GEN/01/004) entitled: Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistleblowing in the Nigerian Banking Industry; it was directed to all banks and discount houses and signed by the Director, Financial Policy and Regulation Department, Kevin Amugo.

According to the circular, banks and discount houses operating in the Nigerian banking industry are mandated to submit a quarterly report of their compliance with the provisions of the Code of Corporate Governance not later than seven days after the end of each quarter.

NSE BECOMES FULL MEMBER OF WFE³

The World Federation of Exchanges (WFE) voted unanimously in 2014 to admit the Nigerian Stock Exchange (NSE) as a full member of the global trade association for the operators of regulated securities exchanges. The NSE was elected as a federation member during the 54th General Assembly and Annual Meeting of the WFE, held in the capital city of Korea, Seoul. The decision makes the NSE the first West African stock exchange to be granted full federation membership status.

² Source: Saudi Gazette – 13 October 2014

³ Source: This Day Online – 29 October 2014

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SEC TO LAUNCH CORPORATE GOVERNANCE SCORECARDS FOR QUOTED COMPANIES

Towards the end of the year the Securities and Exchange Commission (SEC) outlined its plan to launch a corporate governance scorecard for listed companies in the Nigerian capital market, in line with its goal of boosting investors' confidence and deepening corporate governance practices in Nigeria.

SEC had explained that the corporate governance scorecard will assess the level of compliance with the SEC's Code of Corporate Governance by Nigeria's public companies on an annual basis. According to the Commission, this had become necessary because the SEC, having the widest coverage when it comes to corporate governance, covering all publicly listed companies and capital market operators, should therefore be the reference point on corporate governance.

NSE TO LAUNCH NEW PREMIUM BOARD FOR LARGE BLUE CHIPS

Similarly, in 2014 the Nigerian Stock Exchange (NSE) announced that it was concluding arrangements to launch its new high-end listing board that will showcase the stock market's largest and most compliant companies. The new board, to be known as the Premium Board, is designed as a market for the most-capitalised stocks with the best corporate governance practices and liquidity. It is meant to showcase Nigeria's best stocks to the global market.

The NSE further announced that it was also working on a new board that will focus on emerging companies with growth potential. This board will be known as the Growth Board.

The addition of the new Premium Board and Growth Board will effectively make the Exchange a four-tier trading platform. The existing listing boards, the main board and the Alternative Securities Market (ASeM), will also continue to run concurrently with the new Premium and Growth Boards. The existing listing rules will continue to apply to companies currently on the main board and ASeM.

The initiative was part of the NSE's efforts to further promote and continuously develop a more transparent, liquid, accessible market, with a modern market structure to support the delivery of a wide range of investment products. The Director General of the NSE, Oscar Onyema, reiterated that the Premium Board would be exclusively for companies with minimum market capitalisation of US\$1 billion and high corporate governance standards as measured by the NSE's corporate governance rating system (CGRS) and that the NSE aims to become the African exchange of choice for African issuers and global investors.

CORPORATE GOVERNANCE IN FBN HOLDINGS PLC, 2014

A gleaning of the foregoing global trends will show that there is increased recognition that the more compliant businesses are with best corporate governance practices, the more likely it is for the business to be sustained. In recognition of this, the Board of FBNH constantly challenges itself to always raise the bar and participate in endeavours that will improve its corporate governance practices.

Arguably the most significant milestone achieved by the Group in the sphere of corporate governance was the successful completion of the Corporate Governance Rating System pilot phase, within the year under review. The ripple effect of this is that by successfully completing the pilot phase FBNHoldings becomes a prime candidate to be a member on the Premium Board of the Nigerian Stock Exchange.

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Leadership

BOARD OF DIRECTORS



Top row (from left to right): Omatseyin Ayida, Dr. Hamza Wuro Bokki, Tijjani Borodo (Company Secretary), Abdullahi Mahmoud, Chidi Anya, Oye Hassan-Odukale.
Bottom row (from left to right): Bisi Onasanya, Bello Maccido, Dr Oba Otudeko, CFR, Adebola Osibogun.

The Group's Board is a considered blend of experience and knowledge. The Board continuously seeks to review and refresh its composition to ensure that new ideas and experience are added to its decision-making process. The Board is currently composed of nine directors, made up of eight non-executive directors and one executive director who is the Group Chief Executive Officer (GCEO). This is in line with international best practice, which stipulates that the number of non-executive directors should exceed that of executive directors. With 88.9% of the Board's composition independent of the Company's Management, the FBN Holdings' Board is positioned to be independent and free of Management's influence in upholding its supervisory role over the Management team of the Group.

THE BOARD IS MADE UP OF THE FOLLOWING:

Dr. Oba Otudeko, CFR Group Chairman

Dr. Oba Otudeko (CFR) is Chairman, FBN Holdings Plc and Honeywell Group Limited. He is a foremost and visionary Nigerian entrepreneur reputed for his highly successful domestic and foreign investments cutting across diverse sectors of the economy. He served on the Board of FirstBank between May 1997 and December 2010 when he retired as Chairman. He was also the founding Chairman of FBNBank (UK) Limited. He has, at various times, served

on the Boards of the Central Bank of Nigeria (1990-1997), Guinness Nigeria Plc (1999-2003), British American Tobacco Ltd (2001-2004) and Ecobank Transnational Incorporated, headquartered in Lome, Togo (2002-2010). Between September 2006 and August 2009, he was the 16th President and Chairman of Council of the Nigerian Stock Exchange. He was awarded the Nigerian National Honour of Commander of the Order of the Federal Republic (CFR) in 2011. He is a Chartered Banker, Chartered Accountant and Chartered Corporate Secretary. He was Chancellor of the Olabisi Onabanjo University, Ogun State, and currently serves as a member of the Office of Distinguished Friends of London Business School (UK). He is the founder of Oba Otudeko Foundation (OOF), a not-for-profit organisation. He is happily married with children.

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Bello Maccido

Group Chief Executive Officer

Bello Maccido was until his appointment as the Group Chief Executive Officer of FBNHoldings, the Executive Director, Retail Banking, North at FirstBank. As Chief Executive, he brings over 29 years postgraduate experience; 25 years of which represent hands-on experience in the financial services industry handling a wide spectrum of financial services. An accomplished corporate and investment banker, his varied financial services experience covers retail, corporate and investment banking at various institutions including Ecobank Nigeria Plc, New Africa Merchant Bank Limited, and at FSB International Bank Plc, where he rose to become Acting Managing Director/Chief Executive. He left FSB International Bank Plc to set up Legacy Pension Managers, a Pension Fund Administration (PFA) company as pioneer Managing Director and Chief Executive, a position he held before joining the Board of FirstBank in January 2011. His broad and diverse experiences in financial services are also evident in other national assignments he has handled which include sitting as a National Council Member of the Nigerian Stock Exchange between March 2009 and June 2012. He was also a member of the Finance Committee, National Council on Privatization, the Implementation Committee of Financial System Strategy (FSS) 2020, and Presidential Monitoring Committee on NDDC, among others. A Chartered Stockbroker, Bello is happily married with children. He holds the traditional title 'Wakilin Sokoto' and loves basketball.

Bisi Onasanya

Non-Executive Director

Bisi Onasanya is the Group Managing Director/Chief Executive Officer of First Bank of Nigeria Limited, the Commercial Banking Group of FBN Holdings Plc, He was previously Executive Director, Banking Operations & Services and pioneer MD/CEO, First Pension Custodian Nigeria Limited, a subsidiary of FirstBank. He joined FirstBank in 1994 and coordinated the Century 2 Enterprise Transformation Project for the Bank. He is a highly respected and personable executive who has established a reputation at FirstBank for solid performance and sound judgement. Bisi is a Fellow of the Institute of Chartered Accountants of Nigeria, Fellow of the Chartered Institute of Bankers of Nigeria with 30 years post-qualification experience, and Associate Member of the Nigerian Institute of Taxation. He sits on the board of several companies as well as the Presidential Jobs Board. Bisi has served as a member of the Chartered Institute of Bankers' Sub-Committee on Fiscal & Monetary Policies and the Presidential Committee on Reduction of Interest Rates. He has attended various executive programmes at London Business School, Harvard Business School and Wharton Business School. He loves swimming and is married with children.

Oye Hassan-Odukale, MFR

Non-Executive Director

Oye Hassan-Odukale holds bachelor's and master's Degrees in Business Administration from the University of Houston, and since 1994 has held the position of Managing Director/CEO of Leadway Assurance Company Limited, a foremost underwriting firm in Nigeria. His appointment was preceded by over 14 years of experience in insurance brokerage, underwriting, investments and general management. Hassan-Odukale is a recipient of the national honour, Member of the Order of the Federal Republic (MFR) and sits on the board of several blue-chip companies in Nigeria. He is the Chairman of FBNBank (UK), a wholly owned subsidiary of FirstBank in the city of London. Hassan-Odukale is a Munich Re scholar, Securities and Exchange Commission accredited Investment Manager and Portfolio Advisor. He is married with children and enjoys listening to music, reading and travelling.

Abdullahi Mahmoud

Non-Executive Director

Abdullahi Mahmoud was the pioneer New York Representative/General Manager of the United Bank for Africa in the USA from 1982 to 1986. He held the position of Managing Director/CEO of the African International Bank Limited from 1991 to 1995. He was the pioneer Executive Director (Operations) of the Nigeria Deposit Insurance Corporation (NDIC). Abdullahi served as Group Managing Director of New Nigeria Development Company and as Non-Executive Director of NAL Bank from 1998 to 2004. He is a Fellow of the Association of Chartered Certified Accountants of the UK (FCCA), the Institute of Chartered

Accountants of Nigeria (FCA), the Chartered Institute of Bankers of Nigeria (FCIB) and the Institute of Directors, Nigeria (FIOD). He is also an alumnus of Harvard Business School (AMP - 1992). He is married with four sons and loves scouting, travelling and photography.

Chidi Anya

Independent Non-Executive Director

Chidi has over 25 years' post call experience within the Nigerian legal system and is the Managing Partner of the Channings Law Firm, established in 1997. He provides leadership and strategic direction for the firm, and has for many years been recognised by his clients and peers as a leading commercial and corporate law specialist. His initial pupillage was with LN Mbanefo SAN, followed by a period as an Associate Counsel at Akin Delano & Company, Ibadan, Nigeria, and Senior Associate Counsel at Debo Akande & Company, Lagos, Nigeria, prior to the setting up of his firm- Channings Law Firm. His legal career has equipped him with high level skills in negotiation, administration, communication, management, advocacy and ethical leadership, which he brings to the Board. Chidi also acts as Company Secretary to a number of leading indigenous conglomerates operating in strategic sectors of the Nigerian economy, where he provides guidance on corporate governance and compliance matters. He is a member of the Nigerian Bar Association (NBA). Chidi is married with three children and loves gardening, reading, writing, intellectual debate and philanthropy.

Dr. Hamza Wuro Bokki

Independent Non-Executive Director

Dr. Hamza Wuro Bokki (PhD) joined the Board of FBN Holdings Plc as an Independent Non-Executive Director in August, 2014. He brings to the Board his expertise spanning over two decades in Asset Management and Pension Administration. He was the first student to be awarded a first class degree in Public Administration from the University of Maiduguri. He also holds a master's degree and PhD in Public Administration and Policy Analysis. He is a Fellow of the Chartered Pension Institute of Nigeria and a member of the Nigerian Institute of Management. He serves on the boards and audit committees of several companies in public and private sectors. He serves on the boards of ARMECO Nigeria Limited, NPF Pensions Limited and Williams Street Trustees Limited. He was Managing Director of the Gombe State Investment and Property Development Company Limited where he revamped the financial position of the company, as well as the pioneer MD/CEO of APT Pensions which he brought to profitability within four years. He also served as Honourable Commissioner for Trade & Industry, Gombe State, between 2012 and 2014, where he successfully ran the GSMG/BOI entrepreneurship development program which was adjudged the best in the country. He has attended several executive programmes on corporate governance and audit committees in Kenya, Gambia and the USA. He is married with children and enjoys reading and travelling.

Adebola Osibogun

Non-Executive Director

Adebola Osibogun was appointed to the Board of FBN Holdings Plc in January 2015. She brings to the Board 30 years of immense financial services experience covering real estate financing, retail savings and loans at various institutions. She holds a Master of Science degree in Banking & Finance and a Bachelor of Education in Economics, both from the prestigious University of Ibadan. A Fellow and current President of the Chartered Institute of Bankers of Nigeria, she is also a Fellow of the Chartered Institute of Taxation of Nigeria and the Nigerian Institute of Management. She had an illustrious financial services career cutting across Co-operative Bank Plc, Coop Savings & Loans Limited, Skye Bank Plc and Skye Trustees Limited. She was previously the Managing Director of Skye Trustees Limited and currently sits on the boards of Imowo Microfinance Bank Limited and Davidfinn Global Concept Limited. An astute researcher and writer, she has published several articles expounding on primary mortgage institutions and creation of mortgages. She has also served on the board of leading mortgage institutions including FBN Mortgages Limited as a Non-Executive Director, Coop Savings & Loans Limited and was the National President of the Mortgage Bankers Association of Nigeria. Adebola has also served in several national capacities as a Member of the Presidential Committee on Housing and Urban Development, the Presidential Committee on Mortgage Finance and the Nigerian Real Estate Developers Association. She is happily married and loves basketball, polo and golf.

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Omatseyin Ayida

Non-Executive Director

Omatseyin Ayida joined the Board of FBN Holdings Plc in January 2015. He brings to the Board his expertise spanning over two decades in portfolio management, risk and strategic human resource management. He is the Managing Director of Ruyat Oil Limited. He holds a Bachelor of Arts in Economics and Politics from the University of Kent, Canterbury, UK. He was previously the Managing Director of Capital Bank International Plc where he led the successful buyout of the bank and merger of the lender with Access Bank Plc and Marina International Bank in 2005, creating value for the shareholders. Before joining Capital Bank International in 2001, he served with Commercial Bank (Credit Lyonnais) Nigeria Limited in various capacities in the Corporate Finance Department, Multinational Corporate Banking, and Human Resource Management for the institution and rose to become the Deputy Managing Director in 1998. He also led the successful transformation of Credit Lyonnais to Capital Bank over an 11-month period in 2001. He also sits on the Boards of Ruyat Oil Limited, Jurewa Investment Limited, Victoria Properties Limited, Apricot Securities Limited and Alemaje & Co Limited. An honorary member of the Chartered Institute of Bankers, Omatseyin has in the past also served on the board of several institutions. He has attended several executive programmes at Harvard Business School, Lagos Business School and Centre International de Management et D'enseignement Strategique (CIMES). He is a golf lover and is married with children.

Tijjani Borodo

Company Secretary

Tijjani Borodo, who has over three decades of legal practice, was appointed pioneer Company Secretary, FBN Holdings Plc in September 2012. Before this appointment, he was the Company Secretary for First Bank of Nigeria Limited (FirstBank) for over a decade. His career at FirstBank spans over 26 years and he has occupied various managerial positions within the Bank. He was in charge of the Bank's Secretariat as well as the Secretary to the Board of Directors and Annual General meeting for 14 years. Before joining FirstBank, he served with the Ministry of Justice, Kano state, and rose to the position of Director, Public Prosecutions. Tijjani brings his wealth of experience to bear on the Board of FBN Holdings Plc. He is a Fellow, Institute of Directors, Nigeria, and the Society for Corporate Governance Nigeria; Member, International Bar Association, Nigerian Bar Association, and an Honorary Senior Member, Chartered Institute of Bankers of Nigeria. He has attended courses and programmes in various first-rate business and management schools abroad, including Harvard Business School, USA, the Wharton School, University of Pennsylvania, Kellogg School of Management, Illinois, and the London College of Management Studies. Tijjani is married with four children and loves swimming, listening to music and travelling.

A COMMITMENT TO GOOD GOVERNANCE

The Board is committed to achieving long-term success for the Group, and governance plays an integral part in ensuring consistency and rigour in decision-making to ensure shareholder value is maximised over time.

This remains uppermost in our minds when applying the principles described in relevant provisions relating to the Combined Code on Corporate Governance, published by the Financial Reporting Council.

The Board aims to exceed these requirements as we believe good governance is a key contributor to the Group's long-term success.

THE ROLE OF OUR BOARD

The principal responsibility of the Board is to promote the long-term success of the Group by creating and delivering sustainable shareholder value. The Board leads and provides direction for the Management by formulating strategy, giving policy directions and overseeing its implementation. The Board seeks to ensure that Management delivers both on its short-term objectives and its long-term growth targets, striking the right balance on both goals. In setting and monitoring the execution of our strategy, consideration is given to the impact that those decisions will have on the Group's obligations to various stakeholders, such as shareholders, employees, suppliers and the community in which the Group operates as a whole.

The Board is also responsible for ensuring an effective system of internal control is maintained and that Management maintains an effective risk management and

oversight process across the Group to ensure growth is delivered in a controlled and sustainable way. In addition, the Board is responsible for determining and promoting the collective vision of the Group's purpose, values, culture and behaviours. Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, approval of risk appetite, capital and liquidity matters, major acquisitions, mergers or disposals, Board membership, financial results and governance issues, including the approval of the corporate governance framework.

WHAT ARE THE RESPONSIBILITIES OF THE BOARD?

The Board has a formal charter that is reviewed and reassessed at least every three years or earlier, as required, to ensure it remains consistent with the Board's purpose and responsibilities in a changing and dynamic environment. The charter covers policies regarding Board memberships and composition, Board procedures, conduct of directors, risk management, remuneration, Board evaluation and induction. Some of the Board's tasks as enumerated in the charter are:

- overseeing, guiding and monitoring the performance of management against Key Performance Indicators (KPIs);
- reviewing and approving KPIs and tracking progress towards targets;
- planning for succession of key positions and developing senior executive management;
- overseeing risk and internal controls;
- protecting shareholders' rights;
- preparing and conducting statutory meetings such as AGMs and EGMs;
- ensuring compliance with corporate ethical standards;
- selecting and reviewing the External Auditor;
- approving related-party transactions;
- promoting disclosure and transparency;
- ensuring prompt and timely discussions of all material information, including financial results, the Company's corporate governance practices, codes and charters for the Board and its committees, and details of compliance or non-compliance with those codes and charters;
- approving strategic direction and policies;
- approving, reviewing and monitoring corporate strategy following the lead of the executive management team; and
- other ancillary matters.

THE ROLE OF OUR CHAIRMAN

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Group. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the GCEO.

The Chairman acts as the communicator for Board decisions, where appropriate. He is also responsible for the effective and orderly conduct of Board meetings. The concept of separation of the role of the Chairman from that of the GCEO implies that the Chairman should be independent from management and free from any interest and any business or other relationship that could interfere with the Chairman's independent judgement. At FBNHoldings, the role of the Chairman is clearly separated from that of the Chief Executive Officer and the roles are held by two different people.

THE ROLE OF OUR GROUP CHIEF EXECUTIVE OFFICER

The Group Chief Executive Officer (GCEO) has overall responsibility for leading the development and execution of the Group's long-term strategy with a view to creating sustainable shareholder value. The mandate of the GCEO is to manage the day-to-day operations of FBNHoldings and ensure that operations are consistent with the policies developed by the Board of Directors and are carried out effectively. The GCEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Group's long- and short-term plans.

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BOARD CHANGES DURING THE YEAR

At the beginning of the 2014 financial year, the Board was composed of six non-executive directors and the Group Chief Executive Officer.

Three additional appointments were recently made to the Board. Prior to this, a member of the Board, Lt. General Garba Duba (rtd) resigned from the Board after years of meritorious service. Dr. Hamza Wuro Bokki was appointed in his stead as an independent non-executive director and he brings to our Board several years of diverse experience acquired in both the public and private sectors.

Additionally, following a directive of the Central Bank of Nigeria (CBN) to make additional appointments to the Board, Omatseyin Ayida and Adebola Osibogun were appointed as non-executive directors.

In the case of the latter, Adebola Osibogun brings not only her years of experience acquired in the banking industry to bear on the Board but also enhances the Board's gender diversity. Their respective appointments will be presented for ratification at the AGM in May 2015. As a result of these changes, the Group's current Board consists of nine directors (eight non-executive directors and one executive director in the form of the GCEO) with a considered blend of experience and knowledge. This is in line with international best practice, which stipulates that the number of non-executive directors should exceed that of executive directors. With 88.9% of the Board's composition independent of the Company's Management, the FBNHoldings' Board is positioned to be independent, devoid of Management's influence in upholding its supervisory role over the Management Team of the Group.

We are committed to ensuring we have the right balance of skills and experience within the Board, and we annually review its composition and the diversity of its members' backgrounds.

BOARD APPOINTMENT PROCESS

Appointment Philosophy and Induction Process

The first step towards having an effective board is to ensure the right people, who have previously displayed excellent business knowledge and Board experience, are appointed. We believe there is a close alignment between the effectiveness of the Board and the disposition of individual members of the Board to effectively observe sound corporate governance principles.

Effective observance of Codes of Corporate Governance has to be complemented by an ethical Board. It is essential that members of the Board are persons of integrity, willing to comply not just with the letter of the Codes, but also with its spirit. With an understanding of the above, we have ensured the composition of the present Board is an optimal mix of the competencies and experiences required for a company primarily designed for the enhancement of shareholder value.

Our appointment philosophy is guided by relevant regulatory guidelines and laws. Our directors are usually selected based on their skills, competencies and experience over the years on different Boards of blue chip companies across both the private and public sectors.

According to FBNHoldings extant policy, appointments to the Board are considered by the Board based on recommendations from the Board Governance Committee.

The Board Governance Committee is saddled with the responsibility of recommending potential appointments and re-election of directors (including the GCEO) to the Board, in line with FBNHoldings approved director selection criteria. At the request of the Board, the Board Governance Committee begins the selection by identifying qualified individuals based on the extant director selection criteria. The resume of qualified individuals are reviewed and the most suitable individual for the role is presented to the Board for consideration and appointment, subject to the approval of the CBN and at the AGM.

Induction Program

Where appointments are duly approved in line with the process outlined above, an induction program anchored by independent consultants are held for the newly appointed directors. The induction program for the new appointees to the Board has been scheduled to hold after the Group's AGM.

The Director's trainings do not stop at this; the Board also ensures its knowledge base is constantly refreshed through continuous training and development programmes.

THE ROLE OF INDEPENDENT DIRECTORS

According to the SEC (Securities and Exchange Commission) Code of Corporate Governance (SEC Code), independent directors are non-executive directors whose shareholding does not exceed 0.1% of the shares of the Company. The independent director is defined as a non-executive director who is neither a substantial shareholder, a representative of a controlling shareholder, an employee of the Company, member of the immediate family of an individual in the employment of the Company, a professional advisor to the Company, a significant supplier or customer of the Company nor a partner or an executive of the Company's statutory audit firm. In other words, the independent director must have no significant affiliation directly or indirectly with the Company as to impair or influence his or her ability to make independent judgements. Their position on the Board is to enforce good corporate governance practices through independence of judgement and opinion, as there needs to be a member on the Board who has no principal business interest other than that of ensuring good management and development.

Whilst the SEC Code prescribes the appointment of one independent director on the Board, the appointments of Chidi Anya and Dr. Hamza Wuro Bokki give us two independent directors on our Board, resulting in more independence for the Board and underscoring our resolve to meet and exceed regulatory and global corporate governance demands.

THE ROLES OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The SEC Code clearly states the duties and relationship between the executive and non-executive directors of a company. It spells out the working relationship between the two, while outlining the distinction between them.

The SEC Code recommends that executive directors should be persons knowledgeable in relevant areas of the Company's activities. They should not be involved in the determination of their remuneration and should not be entitled to sitting allowances or other directors' fees paid to non-executive directors. On the other hand, non-executive directors are to be provided with an enabling environment for the effective discharge of their duties and must be given adequate and comprehensive information on all Board matters in a timely and detailed manner.

THE ROLE OF THE COMPANY SECRETARY

The Company Secretary's duties are regulated by statutes, regulations and the Articles of Association of the company. The duties of a Company Secretary include the following:

- Attendance at meetings of the Company, Board of Directors meetings, Board committee meetings and rendering all necessary secretarial services in respect of such meetings and advising on compliance and regulatory issues.
- Maintaining statutory registers and other records of the Company.
- Rendering proper and timely returns as required under CAMA (Companies & Allied Matters Act).
- Carrying out such administrative and other secretarial duties as directed by the directors or the Company.
- The Company Secretary may, where duly authorised by the Board of Directors, exercise any powers vested in the directors.

The SEC Code provides that in addition to his statutory functions enumerated above, the Company Secretary should carry out the following duties and responsibilities:

- Provide the Board and directors individually, with detailed guidance as to how their responsibilities should be discharged in the best interest of the company.
- Coordinate the orientation and training of new directors.
- Assist the Chairman and CEO/MD to determine the annual Board plan and with the administration of other strategic issues at the Board level.
- Compilation of the Board papers and ensuring that the Board's decisions and discussions are clearly and properly recorded and communicated to the relevant persons.
- Notify the Board members of matters that warrant their attention.
- Provide a central source of guidance and advice to the Board and the Company, on matters of ethics, conflict of interest and good corporate governance.

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It is safe to then state that behind every successful Board is a competent Company Secretary.

THE COMPANY SECRETARY AND CORPORATE GOVERNANCE

The way and manner in which a company is managed will determine whether that company will succeed or fail. Every company must have a corporate governance structure in place and, most importantly, a person who oversees the implementation of the structure. This is one of the key roles of the Company Secretary.

BOARD OVERSIGHT – KEY TOPICS

Throughout 2014, the Board continued to review the Group's corporate strategy, the operation of the business and its results within a framework of prudent and effective controls, including the assessment and management of risks. This framework has allowed us to deal with key issues arising throughout the year, including making new appointments and putting emphasis on embedding a culture of 'doing the right thing'.

MAKING BOARD MEETINGS EFFECTIVE

The Board meets quarterly and extra meetings are convened as required. The annual calendar of Board meetings is approved in advance at the last meeting of the Board in the preceding year, and all directors are expected to attend each meeting. Material decisions may be taken between meetings through written resolutions as provided for by the Company's Articles of Association. The following highlights may be noted with regards to Board meetings:

- The annual calendar of Board activities usually includes a Board retreat at an off-site location, to consider strategic matters, Group policy directions and review opportunities and challenges facing the Group. At the retreat, members of the Board, senior management and key management staff across the Group are invited. This promotes interaction and gives opportunities to rub minds in crafting the strategy for the Group.

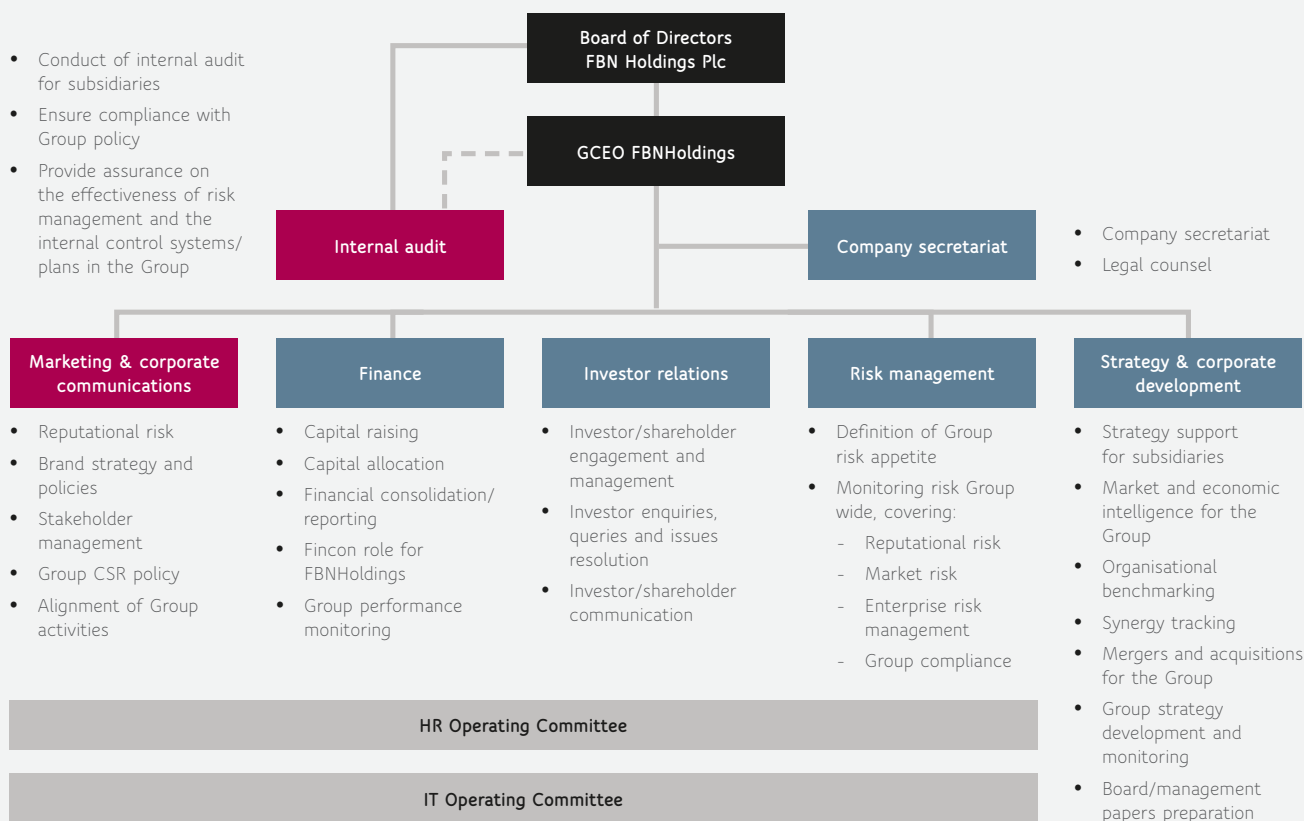
- Urgent and material decisions may be taken between meetings through written resolutions.
- The Group's Board met nine times in 2014.
- Notices for meetings are usually sent out at least 14 days before the scheduled meeting.
- The Company Secretary is responsible for setting the agenda of topics to be covered in the meetings and does so through consultations with the Chairman and the CEO.
- The Group's Company Secretariat operates an electronic circulation of memoranda to members of the Board exemplifying the Group's cost efficiency, dynamism and embracement of technology.
- All directors are provided with notices, an agenda and meeting papers in advance of each meeting, Board memoranda are dispatched in advance to enable directors have adequate time to review and prepare for meetings and where a director is unable to attend a meeting he or she is still provided with the relevant papers for the meeting. Such directors reserve the right to discuss with the Chairman matters he or she may wish to raise at the meeting.
- Each meeting takes an average of three hours per session.
- Any director may request a topic be considered at meetings. In addition, any director may bring up any issue deemed deserving of discussion and the same is usually taken under any other business (AOB) during the course of the meeting.
- The number of issues identified for deliberation and, above all, the complexity of the issues, are major factors in determining the duration of the meetings.

ADOPTION OF THE BOARD EFFECT SOFTWARE

As part of the Board's desire to improve the efficacy of Board meetings, the Group adopted the use of the Board Effect Software in 2014. Board Effect is a web-based secure portal application designed to provide Board meeting materials in a secure electronic format accessible over the internet.

FBNHoldings Organisation Structure and Operating Model

- Conduct of internal audit for subsidiaries
- Ensure compliance with Group policy
- Provide assurance on the effectiveness of risk management and the internal control systems/plans in the Group



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The platform drives efficiency, and allows easy management of Board information and circulation. It presents Board papers as a meeting book for easy review, prevents disjointed email circulation and moving physical copies around.

Similarly, it solves the problem of multiple files and necessary email exchanges, large attachments and dealing with late papers. The advantage of this technology adoption is to reduce the cost of production of Board papers, increase information security levels of sensitive Board documents and make Board meetings seamless and more effective.

OPERATIONAL STRUCTURE

The Group's organisational design was driven by the following key guiding principles:

- lean holding company - this is in line with the regulators' mandate to be a non-operating entity;
- critical corporate central functions - finance, risk management, Company secretariat, strategy, internal audit, investor relations, marketing and corporate communications;
- focus on setting Group standards and monitoring compliance for the Group, e.g. HR and IT standards;
- synergy benefits from operating structure to be balanced against incremental costs; and
- giving policy directions for the banking and non-banking subsidiaries to ensure proper capital utilisation across subsidiaries.

These principles were the central considerations for the identification of the Group's functions and the roles and responsibilities of each of those functions.

The diagram on the previous page shows the organisational structure and operating model of FBNHoldings.

BOARD DISCUSSION IN 2014

BOARD FOCUS AREAS IN 2014

Over the course of the last financial year, considerable time and effort were channeled into discussions on giving effect to the directives contained in the Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria released by the CBN. Similarly, time and effort were also devoted to giving effect to recommendations contained in the report of the joint examination exercise which had been conducted by the CBN and the Nigeria Deposit Insurance Corporation (NDIC). In addition to these, the Board took time to discuss the following issues;

HOW THE BOARD SPENT ITS TIME IN 2014

- The Group's acquisition of a merchant banking licence. The process culminating in the Group's acquisition of Kakawa Discount House through FBN Capital was deliberated extensively. The move was necessitated by the Group's ultimate desire to have a presence in the merchant banking sphere of the banking industry. Kakawa is currently in the process of acquiring a merchant banking licence and it is expected that this will be concluded before the end of the second quarter in 2015.
- Acquisition of Oasis Insurance (Oasis). The process for acquisition of Oasis was concluded in the year under review. As part of the Group's desire to offer general insurance services to the public, it has through FBN Insurance, acquired controlling shares in Oasis Insurance.
- Board strategy retreat held as planned at an off-site location. The Group's strategy, focus and challenges were discussed in detail on the retreat. This was borne out of the need for the Group to strategise its businesses in the face of falling oil prices and an unsteady economy occasioned by the impending general elections.
- Identification of synergies across the subsidiaries as well as modes for optimal cross-selling. This became expedient in order to identify synergies that can be leveraged upon across the Group to enhance the overall shareholder value for the Group.
- Focus on shared services across the Group. Consideration on this became necessary to minimise cost across the Group and due to the guidelines released by the CBN on shared services.

- Consideration of policies and standard operating procedures for some areas of the Group's operations. Time was spent on considering the various policies upon which the operations of the Group would be based. Due to the nascent operations of the Group and the absence of some of the policies in place, there was a need to develop a guidebook on the Group's processes and procedures. This process, which started last year, was accelerated with the effect that most of these operational policies have now been considered and approved by the Board.

In line with our pledge, during the year under review we dedicated considerable time, effort and energy to the review and approve the following policies which are central to the operations of the Group:

- Board Audit and Risk Assessment Committee charter
- Board of Directors' charter
- Board evaluation policy
- Board Finance and Investment Committee charter
- Board Governance & Nomination Committee charter
- Conflict of interest and related party transaction policy
- Board of Directors' delegation of authority policy
- Directors' appointment and succession planning policy
- Directors' Code of Conduct
- Directors' development policy
- Statutory Audit Committee charter
- Group disclosure policy
- Whistleblowing policy
- Investment policy
- Capital allocation policy
- Standard operating procedures for finance.

- Divestment from FBN Microfinance Bank (FBN MB). The Board had engaged consultants to undertake a review of FBN Microfinance Bank's financial viability and despite witnessing improved performance in 2014, it had been decided that the value proposition to the Group was minimal. Consequently, it has been decided that the Bank would be sold off for the value price. This move was in line with the Group's intent to ensure maximum returns for resources. It is expected that the sale of the Bank will be concluded by the end of the second quarter of 2015.

WHAT IS OUR ACTION PLAN FOR 2015?

The priorities of the Group for the coming year shall be to focus on consolidating and maximising the synergies across the Group whilst also ensuring that our operating cost is reduced to its barest minimum. Therefore, the primary focus of the Group will be to allocate financial, capital and human resources effectively across companies within the Group to ensure the Group, as a whole, maximises shareholder value.

We plan, where necessary, to restructure some of our subsidiary companies to ensure they provide adequate contributions to consolidated earnings and to adjust our equity exposure to such companies based on our assessment of whether or not they are able to meet centrally defined operational and financial targets.

2015 BOARD PRIORITIES

The priorities of the Board for 2015 shall be as follows:

- fostering increased collaboration in order to exploit the strong natural synergies and cross-selling opportunities that exist between banking and the other financial services sectors we are active in;
- maximising revenue through effective monitoring of the Group strategy;
- concluding divestment from FBN Microfinance Bank;
- effectively concluding on the acquisition of Kakawa Discount House;
- overseeing the management of reputational risk;
- ensuring effective capital allocation and capital investment among the subsidiaries; and
- increasing the contribution of non-banking businesses.

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ATTENDANCE AT BOARD MEETINGS

The Group's Board met nine times in 2014. The record of attendance is provided below:

Name	27 Jan	25 March	29 April	5 May	21 May	3 July	12 Aug	6 Oct	18 Dec
Dr. Oba Otudeko, CFR	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bello Maccido	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lt. General Garba Duba, rtd	✓	✓	✓	✓	✓	✓	Resigned	N/A	N/A
Abdullahi Mahmoud	✓	✓	✓	x	✓	✓	✓	✓	✓
Oye Hassan-Odukale, MFR	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bisi Onasanya	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chidi Anya	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Hamza Wuro Bokki	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	✓	✓	✓
Omatseyin Ayida	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed
Adebola Osibogun	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed

BOARD COMMITTEES

BOARD AND COMMITTEE GOVERNANCE STRUCTURE

Following the formation of FBNHoldings in late 2012 and the identification of standing committees in 2013, these committees were effectively constituted in 2014.

The Board carries out its oversight function through its five standing committees, each of which has a charter that clearly defines its purpose, composition and structure, frequency of meetings, duties, tenure and reporting lines to the Board. The Board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the Group. In line with best practice, the Chairman of the Board does not sit on any of the committees.

FBNHoldings has constituted the following Board Committees:

BOARD GOVERNANCE COMMITTEE

MEMBERSHIP

Abdullahi Mahmoud
Chidi Anya
Omatseyin Ayida

ROLE AND FOCUS

The primary purpose of the Board Governance Committee is to:

- oversee and advise the Group Board on its oversight responsibilities;
- determine the composition of the Board and Board committees;
- design and execute the process for appointment of new Board members; and
- remove non-performing Board members.

KEY RESPONSIBILITIES

The responsibilities of the Committee are to:

- develop and maintain an appropriate corporate governance framework for the Group;
- develop and maintain an appropriate policy on remuneration of directors, both executive and non-executive;
- evaluate the role of the Board committees and Boards of subsidiary companies, and ratify the performance appraisals of the executive directors as presented by the Group CEO;

- ensure proper succession planning for the Group; and
- ensure compliance with the SEC Code of Corporate Governance and other global best practices on corporate governance.

BOARD AUDIT AND RISK ASSESSMENT COMMITTEE

MEMBERSHIP

Adebola Osibogun
Bello Maccido
Chidi Anya
Dr. Hamza Wuro Bokki

ROLE AND FOCUS

The overall purpose of the Committee is to protect the interest of the Group's shareholders and other stakeholders by overseeing, on behalf of the Board, the:

- integrity of financial reporting;
- adequacy of the control environment;
- management of risk;
- internal and external audit function; and
- compliance function.

BOARD FINANCE AND INVESTMENT COMMITTEE

MEMBERSHIP

Oye Hassan-Odukale, MFR
Bisi Onasanya
Dr. Hamza Wuro Bokki
Bello Maccido

ROLE AND FOCUS

The role of this Committee is to:

- consider and approve the Group's capital expenditure plan and specific capital projects above the approval limit of the Operational Committee and to make recommendations for the consideration of the Board;
- advise the Board on its oversight responsibilities in relation to recruitment, compensation and benefits, promotions and disciplinary issues affecting senior officers of FBNHoldings and across the Group; and
- advise the Board on investment opportunities and allocation of capital across the Group.

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KEY RESPONSIBILITIES

The Committee is responsible for the following:

- approval of capital expenditure within the monetary amounts specified by the Board;
- regularly reviewing and recommending to the Board, limits of capital expenditure for the various levels of management, subsidiaries and committees;
- recommending capital expenditures exceeding the approval limits granted to the committee to the Board;
- recommending approval of the Group's procurement policy to the Board;
- ensuring that the Group complies with all laws and regulations in respect of director-related party transactions;
- reviewing and recommending the Group's organisation structure, remuneration policy, and the Group's policies covering the evaluation, compensation and provision of benefits to employees and any other human capital issues for approval by the Board;
- reviewing and recommending the Group's human resource strategies for approval by the Board; and
- reviewing and recommending the Group's secondment and mobility policy, and any proposed amendments for approval by the Board.

GROUP EXECUTIVE COMMITTEE (GEC)

The GEC usually invites to its meetings any attendee, as may be required, and meets biannually, or as required. It met once in 2014.

MEMBERSHIP

The GCEO of FBNHoldings serves as Chairman, while other members are:

- Group Managing Director - FirstBank;
- Managing Directors of other FBNHoldings subsidiary companies including
 - FBN Capital,
 - FBN Insurance,
 - FBN Insurance Brokers,
 - FBN MFB;
- Chief Risk Officer - FirstBank;
- Chief Finance Officer - FirstBank;
- Head, Strategy and Corporate Development; and
- Company Secretary - FBNHoldings.

ROLE AND FOCUS

The Group Executive Committee is responsible for the following:

- ensuring overall alignment of Group strategy and plans;
- reviewing strategic and business performance against approved plans and budget of the Group, and agreeing recommendations and corrective actions;
- promoting the identification of synergies and ensuring the implementation of synergy initiatives;
- monitoring progress of Group synergy realisation initiatives and making recommendations in respect of the same;
- discussing and monitoring compliance with Group policies such as risk management, internal audit etc.; and
- reviewing and recommending modifications to Group policies.

STATUTORY AUDIT COMMITTEE (SAC)

Section 359(3) of the Companies & Allied Matters Act (CAMA) requires every public company to establish a SAC composed of an equal number of directors and representatives of its shareholders, provided there shall be a maximum of six members of the SAC.

INDEPENDENCE OF THE STATUTORY AUDIT COMMITTEE

Recognising that the independence of statutory auditors is fundamental to upholding public confidence in the reliability of the SAC's reports and the Company's financials, we have strived to ensure the independence of our SAC.

The executive directors do not sit on the SAC. Of the six members of the Committee, as is required under CAMA, three are shareholder representatives, including the Chairman of the SAC. The shareholder representatives are independent and answerable to the shareholders.

The other three members comprise two non-executive directors independent of the Management of the Company and an independent non-executive director. With this composition, it is clear that the SAC's independence is not in doubt.

FINANCIAL EXPERTS ON THE STATUTORY AUDIT COMMITTEE

All the shareholder representatives on the SAC are finance experts, as may be gleaned from their educational qualifications stated below. The Chairman of the Committee is a Fellow of the Chartered Institute of Bankers, London and Nigeria (ACIB) and also holds a Master of Science (MSc) degree in Banking and Finance. He is a veteran banker with over three decades of banking experience. The other members are non-executive directors with extensive Board experience and financial experts.

ROLE AND FOCUS

The statutory duties and role of the SAC are clearly encapsulated in Section 359 (3) and (4) of CAMA. In addition, the various Codes of Corporate Governance – the CBN, SEC and NAICOM Codes – set out the corporate governance roles and responsibilities of the SAC to include the following:

- ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- review the scope and planning of audit requirements;
- review the findings on management matters in conjunction with the external auditor and departmental responses thereon (management letter);
- keep under review the effectiveness of the Company's system of accounting and internal control;
- make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair the independent judgement of the external auditors;
- authorise the internal auditor to carry out investigations into any Committee; and
- assist in the oversight of the integrity of the Company's financial statements and establish and develop the internal audit function.

The SAC has a responsibility to ensure that the Company's financials are void of any misrepresentation or misleading information. The SAC may also play a significant role in the oversight of the Group's risk management policies and programmes where there is no Board Risk Management Committee charged with this function.

The SAC was established in accordance with the Companies & Allied Matters Act (CAMA) and below are details of the SAC, including the joint auditors.

TRAINING FOR AUDIT COMMITTEE MEMBERS

With an understanding of the need to ensure that the Audit Committee members are well equipped to carry out their statutory oversight functions. Management ensured that training programmes were organised for members of the Committee. All members of the Committee were sponsored by Management to IFRS training programmes organised by the Nigeria Stock Exchange on 9 October 2014 and the Institute of Chartered Accountants of Nigeria (ICAN) on 15 August 2014.

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STATUTORY AUDIT COMMITTEE: SHAREHOLDER REPRESENTATIVE PROFILES

Job Onwughara (Chairman)

Job hails from Abia State. He is a veteran banker, with considerable experience in corporate banking and branch operations. He has over three decades of banking experience garnered with African Continental Bank and Savannah Bank. He is a Fellow of the Chartered Institute of Bankers, London and Nigeria (ACIB). He also holds a Master of Science (MSc) degree in Banking and Finance from the University of Ibadan. He is an Associate of the Institute of Credit Management, London, and a member of the British Institute of Management. Job also holds an LLB degree in Law. He has served on the Audit Committee of several blue-chip companies for several years. He also worked in Crown Flour Mills from 1997-2003. He is currently a Management Consultant. He is married with children and enjoys writing, reading and travelling.

Waheed Adegbite

Waheed hails from Ogun State. He is an alumnus of the Lagos Business School and a Fellow of the Institute of Chartered Accountants of Nigeria. He is an Associate Member of the Chartered Institute of Marketing, London, Chartered Institute of Taxation, and Nigeria Institute of Management. He has attended several courses including a course on operational costing/financial management organised by Carnaud Metal Box, Kenya. He also attended the Senior Management Course (SMP3) organised by the Lagos Business School, IESE University, Barcelona,

Spain. He was Chief Examiner, ICAN Accounting Technical Scheme Examination and Reviewer, ICAN Examination (MA and MDCS). He was Chairman, Audit Committee of Lasaco Assurance Company. Waheed's accounting experience spans over four decades. He was Accounting Assistant with Comsac Telecom Nigeria (1971-1973), Assistant Accountant with Brossettee Nigeria and Chief Accountant with Upjohn Nigeria Property (1981-1987). He served as the Finance Manager of Carnaud Metal Box Nigeria between 1991 and 1997 and has been in public practice as a Chartered Accountant since 1997. He is married with three children.

Abubakar Yahyah

Abubakar hails from Katsina State and holds a BSc degree in Business Administration from Bayero University, Kano. He has extensive experience in construction and power projects and brings sectorial diversity to the SAC's cumulative business experience. He was Project Coordinator of the Rural Electrification Project for the Zamfara State 2.5 MVA/33KVA Substation at Maru, Zamfara State from 2004 to 2005. He was in charge of managing the provision of 33-11 KVA electricity to 19 villages in Zamfara from 2006 to 2008. He has acted as Supervisor in Empire Group, Jigawa State Modern Abattoir and Yobe State Modern Abattoir. He coordinated the construction of deluxe suites superior accommodation, Kaduna, and is now Director with Rosehill Group. Abubakar is happily married.

Summary of educational qualifications of Audit Committee members

S/N	Name	Role	Status	Educational Qualification
1	Job Onwughara	Chairman	Shareholder representative	ACIB, FCIB, MSc (Banking and Finance),
2	Abubakar Yahyah	Member	Shareholder Representative	BSc Bus. Admin.
3	Waheed Adegbite	Member	Shareholder Representative	FCA, ACIM, ACIT, AMNIM
4	Abdullahi Mahmoud	Member	Non-Executive Director	FCA, ACA, FCCA, ACCA, AMNIN, FCIB, FIMC, F-IOD, M-IOD
5	Oye Hassan-Odukale, MFR	Member	Non-Executive Director	BBA (BSc Bus. Admin.) MBA Finance
6	Chidi Anya	Member	Non-Executive Director	LLB, BL, MILD

The record of SAC attendance for the 2014 financial year is provided below:

Name	28 January 2015	12 March 2015
Job Onwughara	✓	✓
Waheed Adegbite	✓	✓
Abubakar Yahyah	✓	✓
Abdullahi Mahmoud	✓	✓
Oye Hassan-Odukale, MFR	✗	✓
Chidi Anya	✓	✓

A Statutory Audit Committee meeting had been scheduled for 19 May, 2015. The record of the meeting is not reflected in the above table as the meeting was yet to hold at the time of going to press.

EXTERNAL AUDITORS AND ROTATION

The external auditors for the 2014 financial year were Messrs. PricewaterhouseCoopers (PwC).

Section 33 of the Securities and Exchange Commission (SEC)'s Code (the Code) of Corporate Governance regulates the rotation of external auditors and provides that in order to safeguard the integrity of the external audit process and guarantee the independence of the external auditors, companies should rotate both the audit firms and audit partners.

It further provides that companies should require external audit firms to rotate audit partners assigned to undertake external audit of the company from time to time.

Audit personnel should be regularly changed without compromising the continuity of the external audit process.

The Code also stipulates that external audit firms should be retained for no longer than 10 years continuously. External audit firms disengaged after continuous service to the Company, of 10 years, may be reappointed after another seven years since their disengagement.

Similarly, the Central Bank of Nigeria's (CBN) Code (CBN Code) of Corporate Governance for Banks provides that the tenure of the auditors in a given bank shall be for a maximum period of ten years after which the audit firm shall not be reappointed in the Bank until after a period of another ten years.

FBNHoldings is in full compliance of the Code as its external auditors were appointed as sole auditors starting from the 2014 financial year and hence have been retained for only a year. They are subject to re-election annually and hence will be considered for re-election at FBNHoldings' 2014 Annual General Meeting (AGM).

2014 AUDIT FEES

The ratio of our audit fees to our non-audit fees for the 2014 financial year is 100:0 as there were no non-audit fees paid to the external auditors.

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GOING CONCERN

On the recommendation of the SAC, the Board annually considers and assesses the going concern basis for the preparation of the financial statements at the year end. The Board continues to view the Company as a going concern for the foreseeable future.

FIRST AD HOC COMMITTEE ON REVIEW OF GROUP POLICIES AND STANDARD OPERATING PROCEDURES

The Board of Directors constituted an Ad Hoc Committee to review Management's submission on the underlisted Group's Policies and Standard Operating Procedures.

- Board of Directors' charter
- Board Governance & Nomination Committee charter
- Board Audit and Risk Assessment Committee charter
- Board evaluation policy
- Board Finance and Investment Committee charter
- Board of Directors' delegation of authority charter
- Directors' appointment and succession planning
- Directors' Code of Conduct
- Directors' development policy
- Directors' remuneration policy
- Conflict of interest and related party transaction policy
- Statutory Audit Committee charter.

MEMBERSHIP

- Chidi Anya
- Bello Maccido

Attendance at meetings

Name	Meeting of 23 June 2014
Chidi Anya	✓
Bello Maccido	✓

During its only meeting in June 2014, the Committee, with all the members in attendance, also had the following in attendance.

- Tijjani Borodo, Company Secretary
- Douglas Elisha, Technical Assistant to Group CEO
- Ayokunle Ayoko, Company Secretary's Department.

The recommendations of the Board Ad Hoc Committee were presented to the Board during its meeting on 3 July 2014 with the Board subsequently approving the policies.

SECOND AD HOC COMMITTEE ON REVIEW OF GROUP POLICIES AND STANDARD OPERATIVE PROCEDURES

The Board of Directors similarly constituted an Ad Hoc Committee to review the management's submission on the underlisted Group's policies and standard operating procedures.

- Group disclosure policy
- Whistleblowing policy
- Investment policy
- Capital allocation policy
- Standard operating procedures for the Finance Department.

MEMBERSHIP

- Oye Hassan-Odukale, MFR
- Chidi Anya
- Bello Maccido

During its only meeting in 2014, on 18 September, the Committee, with all the members in attendance, also had the following in attendance.

- Adesola Adeduntan, Chief Financial Officer - FirstBank
- Tijjani Borodo, Company Secretary
- Wale Ariyibi, Head of Finance
- Douglas Elisha, Tech Assistant to Group CEO
- Segun Zachaeus, KPMG Professional Services
- Ayokunle Ayoko, Company Secretary's Department

The Committee's recommendations have been presented to the Board.

Name	Meeting of 18 September 2014
Oye Hassan-Odukale, MFR	✓
Bello Maccido	✓
Chidi Anya	✓

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Effectiveness

ENSURING BOARD EFFECTIVENESS

Today's boards have to contend with a host of new pressures, challenges and risks. Held ever more accountable for an organisation's performance and vitality, a board must set its strategic direction, often across diverse product markets and geographies, and monitor the firm's risk profile. It also must evaluate the performance of the GCEO and other senior executives.

We recognise the fact that an effective board is one that observes good corporate governance principles. The board is no doubt the most important body in ensuring an organisation's implementation of good corporate governance practices. The right attitude and approach towards good corporate governance practices are most appropriately cascaded through the organisation from the top. Therefore, our broad approach to ensuring our Board's effectiveness is principally threefold – through composition, training and board appraisal.

COMPOSITION

The first step towards having an effective board is to ensure the right people of character, who have excellent business skills, knowledge and board experience, are appointed. We believe there is a close alignment between the effectiveness of a board and the disposition of individual members of the board towards the observance of sound corporate governance principles.

Effective observance of codes of corporate governance is possible only if complemented by an ethical board. It is essential members of a board are persons of integrity, who are willing to comply not just with the letter of the codes, but also with its spirit. With an understanding of the above, we have ensured the composition of the present Board is an optimal mix of the competencies and experiences required for a company primarily designed for the enhancement of shareholder value.

THE ROLE OF THE NON-EXECUTIVE DIRECTORS

Global best practice recommends that the number of non-executive directors exceed the number of executive directors on a board. This is to ensure that there is sufficient independence of the majority of the board from the management of the company. Non-executive directors are expected to focus on board matters and not stray into 'executive direction', thus providing an independent view of the company that is removed from the day-to-day running. Non-executive directors, are therefore appointed to bring the following key attributes to our Board:

- independence;
- impartiality;
- wide experience;
- special knowledge; and
- personal qualities.

In strategy formation, the non-executive director is also expected to provide monitoring, contribute creative and informed ideas to the company, and to act as a constructive critic in looking at the objectives and plans devised by the executive team.

With an understanding of the foregoing therefore, a perusal of the Board composition of FBNHoldings reveals not only the dominance of non-executive directors as is best practice, but that our Board's executive director to non-executive director ratio is one to eight. This underscores the overwhelming independence of the Board.

APPOINTMENT PHILOSOPHY AND INDUCTION PROCESS

Our appointment philosophy is guided by relevant regulatory guidelines and laws. Our directors were selected based on their skills, competencies and experience over the years on the Board of FirstBank and other blue-chip companies. The process of selection and appointment was, and will continue to remain, transparent. Usually, a pool of candidates is identified and considered for appointment by the Board Governance Committee. Thereafter, recommendations on candidates' suitability are made to the full Board, which then makes a decision on the appointment of the candidate subject to the ratification of the general assembly.

The Board ensures that directors' knowledge base is constantly refreshed through continuous training and development programmes.

FBNHOLDINGS' REMUNERATION STRUCTURE

INTRODUCTION

This section provides stakeholders with an understanding of the remuneration philosophy and policy applied at FBNHoldings for non-executive directors, executive directors and employees.

REMUNERATION PHILOSOPHY

FBNHoldings' compensation and reward philosophy represents the values and beliefs that drive compensation policy in the organisation.

Our compensation philosophy is in line with the Group's quest to attract and retain highly skilled personnel that will keep the Group ahead of competition. In reviewing our compensation package, some of the triggers for compensation review include organisational policy, market positioning and financial performance of the Company, government policies, regulations, industry trends, inflation and the cost of living index.

REMUNERATION STRATEGY

FBNHoldings' compensation and reward strategy is aimed at attracting, rewarding and retaining a motivated talent pool to drive FBNHoldings' values, ideology and strategic aspirations. FBNHoldings' compensation strategy supports its corporate strategy and is reviewed as required to reflect changes in internal and external environmental conditions. The compensation and reward strategy seeks to position FBNHoldings as an employer of choice within its pay market by offering an attractive and sustainable compensation package. Compensation is equitable and rewards officers based on the relative worth of jobs (within the system), competencies and performance.

Compensation is also differentiating and it is used as a tool for retaining high potential talent and driving desired culture and values.

REMUNERATION POLICY

FBNHoldings' compensation policy includes remuneration, perquisites and benefits. The remuneration includes base pay and allowances, as well as performance-based bonuses and incentives, as follows:

- **Base pay** – includes the salary component for the defined job grade and is mainly cash-based. It is guaranteed and payable monthly in arrears as per the employment contract. It is the basis for the computation of some allowances and other benefits.
- **Allowances** – other pay items outside base pay. They are structured to support a standard of living for respective grades. These allowances include housing, furniture, lunch, clothing, etc. They are payable in cash and paid monthly, quarterly or yearly for tax planning, liquidity planning and staff convenience. Allowances are segregated into two i.e. those that form part of staff salary and those categorised purely as allowances.

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- **Bonuses/incentives** – these are related to achievement of certain targets and may be cash or non-cash such as paid holidays. Profit sharing also includes payments made for organisational achievements, e.g. profit sharing and end of year bonuses.

Perquisites/perks are usually lifestyle-induced and designed to ensure comfort, motivation, commitment and retention of staff, particularly at the senior level, or high-potential staff, e.g. status cars. They are acquired by FBNHoldings for the employee's use or reimbursements are given to any employee who acquires them on his own.

Benefits are entitlements usually attainable subject to organisational conditions. They include leave, medical allowance, subscriptions and deferred benefits such as pensions and gratuity. Benefits may be present (in service) or deferred payments (outside service).

To guarantee staff convenience, in line with FBNHoldings' ethical stance of being socially responsible and a good corporate citizen, payments are structured so that while staff remains liquid, the Company does not run contrary to tax laws and other statutory regulations.

REMUNERATION STRUCTURE

The pay structure, i.e. FBNHoldings' adopted methods of administering its pay philosophy, recognises and differentiates along the following lines:

- **Pay for position/role** – each job is properly evaluated and compensation for the position is in line with similar benchmarked jobs. Salaries are graded, i.e. consist of a series of pay bands on each grade that represent elevations within the same grade and there are five bands within each grade.
- **Pay for person** – in this case, the Group pays a premium for special skills, experience or competencies. This may require sign-on bonuses, repatriation fees, special contracts, etc.
- **Pay for performance** – these include special bonus and incentive schemes and differentiating pay for performance level/career tracks.
- **Pay for role** – pay is structured to recognise the role types within the company.

EXECUTIVE REMUNERATION POLICY

As a Company, we are aware of the views of our various stakeholders on executive remuneration. We seek to motivate, incentivise and retain our talent while remaining mindful of the current economic outlook.

As examples of the justified restraint in the current circumstances, we have made no changes to our directors' remuneration for 2014.

The remuneration for executive directors is determined by the Board and usually reflects the industry average whilst ensuring the remuneration will be such as to adequately attract and retain the best and most experienced individuals for the role. The same underlying principle applies to the non-executive directors who are entitled to director fees, reimbursable expenses and sitting allowances.

BOARD COMPENSATION

NON-EXECUTIVE DIRECTORS

In line with the SEC Code, non-executive directors receive fixed annual fees and sitting allowances for service rendered on the Board and Board Committee meetings. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

EXECUTIVE DIRECTORS

Remuneration for executive directors is performance-driven and restricted to base salaries, allowances and performance bonuses. Executive directors are not entitled to sitting allowances.

The amounts specified below represent the total remuneration paid to executive and non-executive directors for the Group in the period under review.

	31 December 2013 ₹'m	31 December 2014 ₹'m
Fees and sitting allowance	54	57
Executive compensation	104	83
Total	158	140

FBNHoldings has continually ensured that its remuneration policies and practices remain competitive, incentivise driven performance and are in line with its core values.

PERFORMANCE MONITORING

As part of its oversight role, the Board continuously engages with Management and contributes ideas to the Company's strategy from the planning to the execution phase. The Board usually holds an annual Board retreat wherein the strategy for the coming year is rigorously debated and agreed or revalidated between Management and the Board. Once a strategy is defined, updates on specific strategic objectives become part of the ongoing Board agenda, providing the Board with access to sufficient detail to critique the implementation of the strategy. During this process, the Board will continuously be updated on significant issues, risks or challenges encountered in the course of strategy implementation across the Group, and steps being taken to alleviate those risks. On a quarterly basis, FBNHoldings' financial and performance indicators are reviewed by the Board. The Board also assesses progress and confirms alignment or otherwise with the strategic goals and objectives on a continuous basis.

The Company's actual performance is compared relative to planned/budgeted performance, to provide the Board with ongoing insight into the level of achievement. In addition, peer comparison forms a continuous part of our Board meetings in order to benchmark FBNHoldings against the performance of our competitors.

BOARD APPRAISAL

In compliance with the Securities and Exchange Commission (SEC) Code of Corporate Governance (the Code), and due to our commitment to strengthening the Group's corporate governance practices and enhancing the capacity of the Board in the effective discharge of its responsibilities, the Board engaged the services of an independent consultant, Messrs KPMG Professional Services (KPMG) to conduct an appraisal of the Board of Directors and individual directors' peer appraisal for the year ending 31 December 2014. The Board appraisal covered the Board's structure and composition, processes, relationships, competencies, roles and responsibilities. The scope of work covered the following activities:

- review of Board operations and existing governance documentation;
- observation of a meeting of the Board of Directors;
- facilitation of a director peer review; and
- feedback session with the entire Board.

The evaluation criteria also focused on the following five key areas of Board responsibility:

- operations (the Board's ability to manage its own activities);
- strategy (the Board's role in the strategy process);
- corporate culture (the Board's role in setting and communicating standards of ethical organisational behaviour);
- monitoring and evaluation (the Board's role in monitoring management and evaluating its performance against defined goals); and
- stewardship towards shareholders and other stakeholders (the Board's responsibility towards shareholders and other stakeholders and responsibility for their interests).

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WORK APPROACH

KPMG's work approach incorporated the following corporate governance models:

- the Central Bank of Nigeria's Guidelines For Licensing And Regulation Of Financial Holding Companies In Nigeria 2014;
- the Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses 2014;
- the Securities and Exchange Commission's (SEC) Code of Corporate Governance (Nigeria);
- King III Report on Corporate Governance (South Africa); and
- the UK Corporate Governance Code.

WHAT DO WE EXPECT TO LEARN FROM THIS PROCESS?

The appraisal process provides a mechanism whereby the directors' performances will be measured against expected performance. The appraisal report and recommendations on areas of improvement will be presented to the Board for deliberations. The outcome of the Board evaluation will feed back, as appropriate, into reviews of the Board's composition, the design of induction and development programmes and other relevant areas of the Board's operations.

In addition to the general Board evaluation, individual directors were also evaluated and the assessments communicated to the Chairman. The cumulative results of the performance of the Board and individual directors will be considered by the Board as a guide in deciding eligibility for re-election and other decisions. The evaluation report is included in the full Annual Report and Accounts.

TENURE OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors are appointed for an initial term of four years and can be re-elected for a maximum of one subsequent term, subject to performance and approval of the shareholders. Consequently, the maximum tenure of independent non-executive directors is eight years.

NON-EXECUTIVE DIRECTORS

Non-executive directors are appointed for an initial term of four years and can be re-elected for a maximum of two subsequent terms of four years each, subject to satisfactory performance and approval of the shareholders. Consequently, the maximum tenure of non-executive directors is 12 years.

Non-executive directors are subject to a retirement age of 70 years. However, by a resolution of the Company, a person may continue as a director or be appointed a director notwithstanding that he is 70 years of age or more.

EXECUTIVE DIRECTORS

The Chief Executive Officer and executive directors are appointed for a term of three years. The appointments can be renewed subject to satisfactory performance. This will, however, require formal justification and unanimous approval of the Board. However, the maximum tenure for the GCEO and executive directors shall be 10 years, subject to the age limit as may be defined from time to time by the Board, but presently 60 years. Executive directors are discouraged from holding other directorships outside the Group.

TRAINING

Regardless of the expected depth of knowledge and experience of persons who are appointed to the Board, we also ensure regular domestic and international training programmes are organised for members of the Board to enrich their decision-making capacity, thereby contributing to the overall effectiveness of the Board. It is expected that each director undergoes two or three major training programmes within a financial year.

ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

The Board has the power to obtain advice and assistance from, and to retain at the Group's expense and subject to the prior approval of the Chairman, such independent or external professional advisers and experts as it deems necessary or appropriate to aid the Board's effectiveness. This option was exercised within the 2014 financial year, particularly during the 2014 Board Strategy Retreat, which was held in November 2014 at Four Seasons Hotel, San Francisco, US.

SECURITY TRADING POLICY

Pre-result "Quiet" Periods

As part of our commitment to transparency and in compliance with the Listing Regulations of the Nigerian Stock Exchange (NSE), our Group Disclosure policy (Policy) approved by the Board outlines our Securities Trading policy. In order to prevent inadvertent disclosure of material price sensitive information, the Policy provides that during the periods between the end of its financial reporting and the actual results release, FBNH and its subsidiaries will not discuss any financial information, broker estimates and forecasts, with institutional investors, individual investors, analysts, or the media unless the materially price sensitive information being discussed has previously been disclosed to the NSE.

Directors, officers and other employees of FBNH are also mandated to observe this "quiet period" commencing at each quarter end and expiring upon the public release of the earnings for the quarter.

Trading Restrictions and Blackout Periods

Similarly, the Policy forbids any director, officer or other employee of the Group to trade in securities of the Group with knowledge of material information affecting the Group that has not been publicly disclosed. The Policy in addition to setting out the rules guiding the disclosure of confidential matters with third parties and non-employees, further provides that except in the necessary course of business, it shall also be illegal for any director, officer or other employee of the Group to inform any other person of material non-public information and questions regarding the application of this Disclosure Policy in any particular circumstance are to be directed to the Company Secretary.

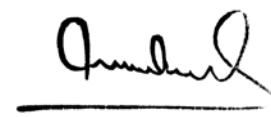
A copy of the Policy has been circulated to all directors, officers, and employees of FBNH, including subsidiaries and those authorised to speak on the Group's behalf as well as new employees of FBNH have been provided a copy of the Policy.

STATEMENT OF COMPLIANCE WITH THE LISTING RULES OF THE NIGERIAN STOCK EXCHANGE

In compliance with Section 14 of the Listings Rules of the Nigerian Stock Exchange, we wish to state that, as stated above, we have adopted a Directors Code of Conduct which had been approved by the Board. On behalf of members of the Board of FBNHoldings, we hereby confirm that the provisions of the Code of Conduct regarding securities transactions are in line with the standards set out in the Listing Rules and global best practices.



Dr. Oba Otudeko, CFR
Group Chairman



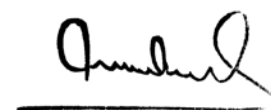
Tijjani Borodo
Company Secretary

STATEMENT OF COMPLIANCE WITH THE SEC CODE OF CORPORATE GOVERNANCE

In compliance with Section 4.2 of the Listings Rules of the Nigerian Stock Exchange on Listing on the Premium Board, we wish to state that the SEC Code of Corporate Governance governs the operations of FBN Holdings Plc. On behalf of members of the Board of FBNHoldings, we hereby confirm that we are in compliance with the Code.



Dr. Oba Otudeko, CFR
Group Chairman



Tijjani Borodo
Company Secretary

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Engagement

The Board is committed to engaging in constructive and meaningful communications with its owners: the Group's shareholders. We believe shareholder engagement, consistent with the Group's disclosure controls, is a fundamental and long-term aspect of the Board's oversight responsibility.

GLOBAL TRENDS IN BOARD-SHAREHOLDER ENGAGEMENT

Shareholder engagement has taken centre stage based on recent regulatory and corporate governance trends. The relationships between shareholders and issuers deserve more attention than most companies give; the impact of those relationships could have material consequences for both sides.

Recent global trends reveal the increasing clamour by shareholders, both individual and corporate, to demand greater roles in corporate decision-making and this is gaining much momentum.

In August 2013, the Australia-based Responsible Investment Association Australasia (RIAA) initiated a working group to tackle how best to foster collaboration between investors and issuers via engagement. This working group was established as a forum to test models of better collaboration and information sharing on engagements amongst RIAA's membership.

A few months later, the Global Network of Director Institutes published a paper reviewing some of the efforts of other director groups around the world and endorsing more shareowner-director engagement, including recommended best practices for those on both sides of the table.

Some of the recommendations for boards include:

- board oversight of important company and board disclosures;
- regular dialogue between company leaders and significant investors;
- having a channel of communication linking shareholders to the board;
- remaining open and responsive to face-to-face meetings; and
- ensuring that communications reach all shareholders.

FBNHoldings, in aligning with these trends, believes that engagement must not only be initiated, it must also be sustained. The purpose of engagement is to build trust and understanding between a company or its board and investors. If a board engages with shareholders only in a crisis, the benefits to both parties will be fleeting.

Our policy as a Board is that, as shareholder stewards, we should strive to build long-term, trust-based relationships with our investors by doing more than simply conveying factual information and projecting a positive image of the Company. Not only do these engagements prove beneficial to shareholders, they also enable members of the Board to better understand the shareholders' views as regards the Company, its management and its performance. Engagement is also an avenue to receive shareholder criticism and where such criticism is unfounded, we are provided with the opportunity to respond constructively.

ENGAGEMENT WITH INSTITUTIONAL INVESTORS

Whilst we ensure engagement with all classes of shareholders, we do realise that institutional investors hold shares on behalf of millions of individuals and other entities, and that they have a fiduciary duty to ensure that their holdings are in the best interest of the underlying investors. This responsibility doesn't end with financial performance; rather, it extends to ensuring that the companies they invest in have adequate corporate governance mechanisms. Additionally, in the wake of the financial crisis, institutional investors are under increasing pressure

to understand the companies in which they invest and use their influence to minimise corporate governance risk. Hence, we are unwavering in our resolve to undertake ongoing year-long engagements with our institutional investors to discuss our corporate governance practices, performance and other issues they may consider germane.

Similarly, engagement aids us in understanding external perspectives on the Group's performance and can provide us with an external measure of our Company's performance. Shareholders' views assist us in fine-tuning strategies and can provide validation of existing Company initiatives. Valuable insights may also be received from the Group's institutional shareholders, given their exposure to a broad spectrum of companies and business strategies in different sectors.

Our focus on building long-term relationships means regular meetings are important, as relationships and goodwill are built through repeated encounters. We will strive to promote direct interaction with our shareholders and conduct meetings in a spirit of candour, providing time for concerns to be addressed and not being afraid to admit to mistakes and differences of opinion.

In actualising the above, we will take steps to understand different views through the following means:

- engagement with analysts and investors across both executive and non-executive management teams;
- the investor relations department;
- the website;
- press releases;
- publications in newspapers;
- meetings with shareholder institutions;
- results conference calls;
- investor conferences;
- non-deal road shows;
- one-on-one meetings;
- social media; and
- annual general meetings or any extra ordinary general meetings.

WHO ARE OUR SHAREHOLDERS?

FBNHoldings is a publicly quoted company with a diverse shareholder profile and owned by about 1.2 million shareholders. The Group has the largest shareholder base of any company listed on the Nigerian Stock Exchange.

With no beneficial shareholder having more than 5% of the issued ordinary shares, this makes the ownership structure one of the most diversified. As at year end, the shareholding structure was as follows;

Retail	16,362,839,868	50.14%
Domestic institutional	8,558,584,820	26.23%
Foreign institutional	7,073,621,707	21.68%
Govt. related holdings	637,037,961	1.95%

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RIGHTS OF SHAREHOLDERS

The Companies & Allied Matters Act of 2004 (CAMA) provides several basic rights for shareholders relating to general meetings, which are as follows:

- Subject to section 228 of CAMA of 2004, every shareholder shall have the right to attend any general meeting of the Company in accordance with the provisions of section 81 (CAMA). It does not matter the number of units of shares the person has in the Company. A shareholder has the right to query a company for not receiving notice to attend any general meeting.
- Shareholders have the right to speak and vote on any resolution before the meeting in accordance with the provision of section 81 of the CAMA.
- Shareholders have the right to vote in person or in absentia, and equal effect shall be given to votes whether cast in person or in absentia.
- Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of the general meetings, as well as full and timely information regarding the issues to be decided at the meeting.
- They shall be given the opportunity to ask the Board questions and to place items on the agenda at the general meetings, subject to reasonable limitations.
- They have the right to be informed of any resolution appointing or approving the appointment of a director for the purpose of section 256 of the CAMA.
- Shareholders have the right to sue for dividends in accordance with section 385 of CAMA.
- Shareholders have the right to a copy of the memorandum and articles, if any, and a copy of any enactment that alters the memorandum in accordance with section 42 of CAMA.
- Shareholders have the right of a preference share to more than one vote in accordance with section 143, sub-section (1) (3) of CAMA.
- Shareholders have the right of conveying or transferring shares.
- Shareholders have the right of sharing in the residual profits of the Company.
- Shareholders have the right to bonus and rights issue of the Company.
- Shareholders have the right to inspect the register of members of the Company.
- Shareholders have the right to be issued within three months without any payment a certificate after the close of offer (S. 146 (1&2)).
- Shareholders have the right vis-à-vis a prospectus that is being issued in an offer for sale or subscription of shares by an Issuer.
- Shareholders have the right to be represented in the Statutory Audit Committee of the Company.
- Aggrieved shareholders have the right to seek redress. The Investment and Securities Tribunal (IST), the Administrative Proceedings Committee (APC) of the Securities and Exchange Commission mechanism can be used to address such grievances.
- Shareholders have the right to inspect the register of members and to a share certificate when a new share is bought.
- Shareholders have the right to transfer shares.
- Shareholders have the right to request an extra general meeting.

At FBNHoldings, we consider these rights sacrosanct and we always ensure these rights are upheld.

WHAT ARE OUR SHAREHOLDERS' RESPONSIBILITIES?

The Statutory Audit Committee (SAC) acts on behalf of the shareholders in overseeing the operations of the Group.

In an age of increasing transparency, our shareholders' perceptions of the Group, expectations and understanding of the Group's operations matter to our business value. Hence, it is important for our shareholders to understand some of their expected roles (among other things) through representatives in the SAC, provided by Section 359 (2) & (3) as follows:

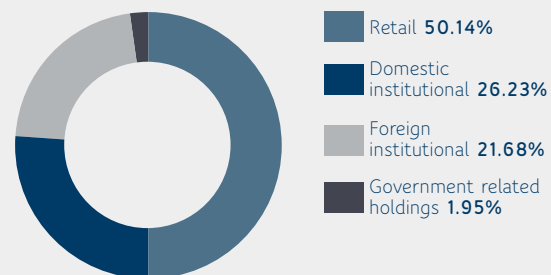
- to ascertain the accounting and reporting policies of the Group are in compliance with legal requirements and agreed ethical practices;

- to review the scope and planning of audit requirements;
- to review the findings on management matters in conjunction with the external auditor;
- to keep under review the effectiveness of the Company's system of accounting and internal controls;
- to make recommendations to the Board with regards to the appointment, removal and remuneration of external auditors to the Company; and
- to authorise the internal auditor to carry out investigations into any activities of the Company that may be of interest or concern to the Committee.

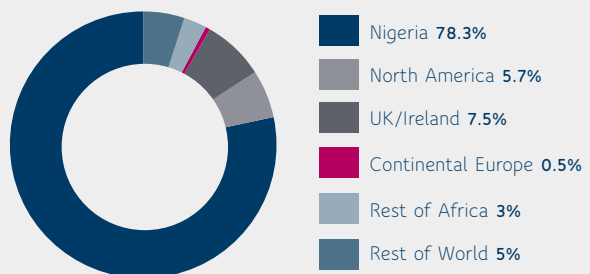
In addition, our shareholders' role extends to holding the Board accountable for the observance of effective corporate governance practices. They also have the responsibility of approving the appointment of the Board of Directors and the External Auditors, as well as granting approval for certain corporate actions that are by legislation or the Company's articles of association specifically reserved for shareholders, such as approval of dividend payment. Decision-making is not restricted to the Board, but extends to shareholders who ultimately own the Group.

To improve the confidence of our shareholders/investors, we are constantly in continuous dialogue; this provides us with a platform to provide regular updates on our strategy, performance and outlook. This forum also provides us with an opportunity to gather feedback, which could be used in shaping business decisions.

Breakdown of shareholders by type



Geographical breakdown of shareholding structure



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WHAT DOES INVESTOR RELATIONS DO?

The investor relations (IR) function for the Group sits at FBNHoldings, whilst maintaining close contact with all subsidiary companies. In addition to the Company Secretariat, the IR department manages the relationships between FBNHoldings and its shareholders and investors, ensuring shareholders' views are understood by both management and the Board. In addition, quarterly, half-yearly and annual financial results are published in national newspapers. Essentially, the investor relations function aims to:

- provide active communication to better align investors' expectations with corporate goals;
- expand the potential pool of capital the Group can access to finance its growth objectives;

- increase market confidence for the Management team;
- promote the fair value of the Company's shares;
- increase the liquidity of the shares; and
- create initiatives to increase shareholder value and positively impact share price.

At FBNHoldings, there is a clear and carefully researched pool of potential investors, with a well-thought-out programme of events laid out to ensure effective engagement with shareholders, investors and analysts. These activities are outlined in a well-documented IR programme, which includes detailed information of planned investor engagements for the year. The financial reporting calendar is published on the IR website, as well as the annual report.

The various activities hosted by representatives of executive/senior management are found in the table below.

Activity	Description	Frequency	Channel	Target audience
Results press release	Press release describing the performance of the Group for the period under review.	Quarterly	Website Email Newspapers	Shareholders Investors Analysts Credit rating agencies
Quarterly conference call	This activity occurs after publishing the quarterly results. A results presentation is prepared and uploaded to the investor relations (IR) website providing details of the performance of the business during the quarter. A question-and-answer (Q&A) session is held after the presentation of results by members of the executive management.	Quarterly	Telephone The audio recording of the call is usually available on the IR website 48 hours afterwards, while the transcript is available from one week after the call.	Shareholders Investors Analysts Credit rating agencies Others
International non-deal roadshows	Enable engagement with and update key international institutional investors and shareholders on overall performance, outlook and key strategic objectives. Helps to continually expand the available pool of capital leading to diversification of shareholder base, as well as a ready source of financing for strategic initiatives. Enhances international visibility. Key locations visited reflect where the majority of our international investors reside – largely the United States and Europe.	Semi-annually	One-on-one meetings Group meetings	International investors and shareholders
Key domestic institutional investor meetings	This is a forum where the Group's senior management interacts with and answers questions on the performance of the Group from shareholders/investors/analysts based in Nigeria. It creates access to senior management.	Semi-annually	One-on-one meetings Group meetings	Shareholders Investors Analysts
Pension fund administrators (PFA) day	This engagement is with top pension fund administrators in the country to ensure a better understanding of the Group's strategy, performance and outlook. It helps build confidence in the management team within this segment.	Annually	Group meeting One-on-one meetings before the Group meetings	Pension fund administrators

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Activity	Description	Frequency	Channel	Target audience
Investor conferences	<p>These are conferences organised by investment banks – locally and internationally.</p> <p>They create an avenue for the Group's senior management to interact with and answer questions on the performance of the Group from key shareholders/investors/analysts.</p> <p>Creates access to senior management, builds confidence in the management team and enhances visibility locally and internationally.</p> <p>Conferences attended during 2014 include: the Renaissance Capital Africa Conference, Lagos; FBN Capital Investor Conference, Lagos; JP Morgan Global Emerging Market Corporate Conference, Florida; Standard Bank Africa Conference, Lagos.</p>	At least once per quarter	<p>One-on-one meetings</p> <p>Group meetings</p>	<p>Shareholders</p> <p>Investors</p> <p>Analysts</p>
Nigerian Stock Exchange (NSE) facts behind the figures	<p>This event engages the stockbrokers¹ at the NSE on the Group's strategy, performance and outlook.</p> <p>Management presents the strategy and performance and also holds a Q&A session.</p> <p>During the year, one such session was held to discuss full year 2014 and first quarter 2015 FBNHoldings results.</p>	Annually	Physical visit to the NSE	<p>Stockbrokers and indirect retail investors</p> <p>Media</p> <p>The rest of the financial community</p>

In addition to those presented above, other regular updates on the Company's progress via interactive conference calls, local and international investor engagements with the financial community include:

- email correspondence;
- telephone conversations; and
- in-house meetings.

Information regarding FBNHoldings is provided to shareholders and, in addition, is found on the investor relations and corporate websites where there is an opportunity to provide feedback.

To ensure effective shareholder engagement, an independent assessment of its quality is measured quarterly. Some of the feedback revealed that the activities are well-regarded providing reasonable, timely and adequate information to analysts and investors.

In addition to ongoing engagement being facilitated by the Company Secretary and the investor relations unit, the Group encourages shareholders to attend the AGM and other shareholder meetings where interaction is welcomed.

In ensuring we continue to develop and implement the feedback from shareholders, investors and analysts, executive management is provided with detailed information on the various engagement activities. In 2014, points of interest to investors and analysts focused on messaging, impact of regulatory pronouncements including traction in non-interest revenue, cost optimisation, clarity of guidance and performance, international expansion, capital management strategy and corporate governance.

WHAT HAPPENS AT OUR ANNUAL GENERAL MEETING (AGM)?

Section 213 of CAMA makes provision for holding an Annual General Meeting (AGM) and provides that every company shall in each year hold a general meeting as its AGM in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it.

All businesses transacted at the AGM are deemed special business, except declaring a dividend, the presentation of the financial statements and the reports of the directors and auditors, the election of directors in the place of those retiring, the appointment, and the fixing of the remuneration of the auditors and the appointment of the members of the audit committee, which shall be ordinary business.

The usual practice at the AGM is to have shareholder meetings duly convened and held in an open manner, and in line with our Articles of Association and existing statutory and regulatory regimes, for the purposes of deliberating on issues affecting the strategic direction of the Group. This will involve a fair and transparent process, which will also serve as a medium for promoting interaction between the Board, Management and shareholders.

Attendance at the AGM is open to shareholders or their proxies, and proceedings at the meeting will be monitored by members of the press, representatives of the Nigerian Stock Exchange, the Central Bank of Nigeria, the Securities and Exchange Commission and the Corporate Affairs Commission.

At the general meeting, the shareholders have the opportunity to comment/deliberate on all items on the agenda and vote for or against the proposed resolutions. At the meeting, shareholders are free to discuss anything of concern to them with regards the company, Board of Directors/Management, etc.

The general meeting affords shareholders the opportunity to appraise the company's performance, especially as they are not actively involved in the day-to-day running of the Group. This medium affords them the chance to give approvals on certain decisions, assess the Group's performance and, by implication, the performances of the directors responsible for the effective management of stakeholders' interest.

WHISTLEBLOWING PROCEDURES

The Board places priority on high ethical standards and probity, and expects all employees and officers to observe such standards in all their dealings within the Group.

The Group's whistleblowing policy spans both internal whistleblowers: staff, contract employees, Management or directors, and external whistleblowers: customers, service providers, applicants or auditors. The process creates a work environment in which concerns about misconduct, irregularities or malpractices can be raised without fear of harassment and/or victimisation. Concerns raised are taken seriously and investigated, and the outcome communicated to all concerned parties.

Due to the Group's evolving processes, whistleblowers may report misconduct, irregularities or malpractices to any of the phone lines listed below:

08022902268; 08127166777; 0700-34778-2668228; 01-4485500.

Whistleblowers, whether internal or external, are expected to follow the process below in reporting their concern.

¹ These are professional securities experts trading on behalf of several retail shareholders.

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Internal Whistleblowing Procedure

Internal whistleblowing involves staff members across the Group raising a concern about unethical conduct. The following procedure is adopted for the purpose of internal whistleblowing:

Steps	Action
<p>Step One</p> <p>Raising concern(s) by whistleblower – medium and format</p>	<p>An internal whistleblower may raise a concern through any of the following media (this can be done either by declaration or in confidence/anonymously):</p> <ul style="list-style-type: none"> formal letter to the Group CEO FBN Holdings Plc or the Group Chief Internal Auditor; call or text a dedicated phone number 08127166777; 0802 290 2268; all internal whistleblowers can use Microsoft Office Communicator; dedicated email address: whistleblowing@fbnholdings.com; and via FBNHoldings website: www.fbnholdings.com/whistleblowing <p>Where the concern is received by staff other than the Group CEO or the Group Chief Internal Auditor, the recipient of such concerns is required to:</p> <ul style="list-style-type: none"> Immediately pass the concern(s) to the Group Chief Internal Auditor and copy to the Group CEO, FBNHoldings. If the concerns affect the Group Chief Internal Auditor, the Group CEO FBNHoldings is notified, and where a director is involved, such concern should be directed at the Chairman, Board Audit & Risk Assessment Committee. <p>The concern(s) should be presented in the following format:</p> <ul style="list-style-type: none"> background of the concerns (with relevant dates); and reason(s) why the whistleblower is particularly concerned about the situation. <p>Disciplinary measures in line with the staff handbook will be taken against any staff who receives concerns and fails to escalate. Also disciplinary measures will be taken against an internal whistleblower who acted out of malice.</p>
<p>Step Two</p> <p>Investigation of concerns and update on progress of investigation</p>	<p>The Group Chief Internal Auditor will on receipt of the concern(s) acknowledge receipt of the concern from the whistleblower within five working days, and immediately commence investigation. The purposes of investigation are to:</p> <ul style="list-style-type: none"> establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent; and minimise the risk of further wrongdoing, prevent any further loss of assets, damage to the Group's reputation and if possible, protect all sources of evidence. <p>If preliminary investigation shows that the concerns falls within the whistleblowing reportable concerns, then further investigation will be carried out. If otherwise, or the concern is outside the reportable misconduct, then the Group Chief Internal Auditor should refer the matter to appropriate quarter for further action.</p> <p>Where necessary the Group Chief Internal Auditor will give an update of the progress of the investigation to the whistleblower if the concerns fall within the reportable concerns.</p> <p>Finally, if the concern raised by the whistleblower is frivolous or unwarranted, the Group Chief Internal Auditor should ignore such concern, and if necessary, disciplinary measures in line with Human Resources policy will apply to staff that raise concerns out of malice.</p>
<p>Step Three</p> <p>Report of investigation and action on report</p>	<p>Upon conclusion of the investigation, the Group Chief Internal Auditor will report all whistleblowing cases to the Board through the Board Audit & Risk Assessment Committee and also submit his/her report to Human Resources or the appropriate authority for further action(s). Where necessary the Group Chief Internal Auditor will escalate to the Group CEO. However, quarterly reports to keep the Group CEO abreast of developments in whistleblowing should be submitted by the Group Chief Internal Auditor.</p> <p>All disciplinary action relating to the report will follow the Group's disciplinary procedure as contained in the staff hand book.</p>
<p>Step Four</p> <p>Non satisfaction with result of investigation/action</p>	<ul style="list-style-type: none"> In the event that the whistleblower is not satisfied with the extent of the investigation and/or the action taken based on the outcome of the investigation, the whistleblower is at liberty to report to the Chairman of the Board Audit & Risk Assessment Committee. Or report directly to the CBN or send an email to anticorruptionunit@cbn.gov.ng
<p>Any internal whistleblower who feels victimised can report his/her grievance(s) to the Chairman, Board Audit & Risk Assessment Committee. This is without prejudice to the fundamental right of the internal whistleblower to seek redress in the court of law.</p>	

GROUP OVERVIEW	OUR APPROACH	PERFORMANCE	GOVERNANCE	RISK FACTORS	FINANCIAL STATEMENTS	SHAREHOLDER INFORMATION
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External Whistleblowing Procedure

External whistleblowers are non-staff of the Group; they can fall into any of these categories: contractors, service providers, shareholders, depositors, analysts, consultant, job applicants and the general public.

External whistleblowing will follow the following procedure;

Steps	Action
<p>Step One</p> <p>Raising concern(s) by whistleblower - medium and format</p>	<p>An external whistleblower may raise a concern through any of the following media (this can be done either by declaration or in confidence/anonymously):</p> <ul style="list-style-type: none"> • by a formal letter to the Group CEO FBN Holdings Plc and or Group Chief Internal Auditor; • dedicated phone numbers as contained in the website: www.fbholdings.com; • dedicated email address: whistleblowing@fbholdings.com; • electronically log into: www.fbholdings.com; • directly to the Group Chief Executive Officer, FBNHoldings (GCEO); and • directly to the Group Chief Internal Auditor, FirstBank Ltd. <p>Where the concern is received by staff other than the Group CEO and the Group Chief Internal Auditor, the recipient of such concerns is required to:</p> <ul style="list-style-type: none"> • Immediately pass the concern(s) to the Group Chief Internal Auditor and copy to the Group CEO but ensuring the confidentiality of the concern. • If the concerns affect the Group Chief Internal Auditor, the Group CEO is notified, and where an executive director is involved, such concern should directed at the Chairman, Board Audit & Risk Assessment Committee. <p>The concern(s) should be presented in the following format:</p> <ul style="list-style-type: none"> • background of the issue (with relevant dates); and • reason(s) why the whistleblower is particularly concerned about the situation. <p>Disciplinary measures in line with the staff handbook will taken against any staff who receives concerns from an external whistleblower and fails to pass the same to the appropriate authority.</p>
<p>Step Two</p> <p>Investigation of concerns and update on progress of investigation</p>	<p>The Group Chief Internal Auditor will on receipt of the concern(s) acknowledge receipt from the whistleblower within five working days, and immediately commence investigation. The purposes of investigation are to:</p> <ul style="list-style-type: none"> • establish if a wrongdoing has occurred based on the concern(s) raised, and if so to what extent; and • minimise the risk of further wrongdoing, prevent any further loss of assets, damage to the Group's reputation and if possible, protect all sources of evidence. <p>If preliminary investigation shows that the concerns fall within the whistleblowing reportable concerns, then further investigation will be carried out. If otherwise, the Group Chief Internal Auditor should refer the matter to the appropriate quarters for further action.</p> <p>However, if the concern raised by the whistleblower is frivolous or unwarranted, the Group Chief Internal Auditor should ignore such concern.</p> <p>Where it is established that a criminal activity has taken place, the matter may be referred to the police, and where necessary, appropriate legal action taken.</p> <p>Where necessary, the Group Chief Internal Auditor will give an update of the progress of investigation to the whistleblower.</p>
<p>Step Three</p> <p>Report of investigation and action on report</p>	<p>Upon conclusion of investigation, the Group Chief Internal Auditor will report all whistleblowing cases to the Board through the Board Audit & Risk Assessment Committee and also submit his/her report to Human Resources or the appropriate authority for further action(s). Where necessary the Group Chief Internal Auditor will escalate to the Group CEO. However, quarterly reports to keep the Group CEO abreast of developments in whistleblowing should be submitted by the Group Chief Internal Auditor.</p> <p>If the concern(s) relates to an executive director, the matter should be referred to the Chairman, Board Audit & Risk Assessment Committee for further action.</p> <p>If the concern(s) relates to an external party (service provider), and if the external party is found to be guilty after the conclusion of investigation, the Group should immediately review the Service Level Agreement with such service provider, and if deemed necessary, terminate the agreement.</p>
<p>Step Four</p> <p>Non satisfaction with result of investigation/action</p>	<p>In the event that the whistleblower is not satisfied with the extent of the investigation and/or the action taken based on the outcome of the investigation, the whistleblower is at liberty to report to the Chairman of the Board Audit & Risk Assessment Committee for further action.</p>
<p>An external whistleblower is at liberty to report to the appropriate regulatory body or even seek further redress in the court of law if he/she is not satisfied with the action taken to address the concern(s).</p>	

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THE CULTURE OF WHISTLEBLOWING

In the drive to entrench the culture of whistleblowing amongst members of staff, emails and fliers on the advantages of whistleblowing, and the channels through which whistleblowers could send in their concerns, were publicised on the Group's intranet during 2014.

The provisions of the whistleblowing policy, and the Group's core values, encourage members of staff to speak up when they believe something is wrong, with the assurance that Management is always ready to address concerns and feedback as part of the process.

Whistleblowing	2013	2014
Probable Irregularities & Non Compliance to policies of the Group	1	7
Disciplinary measures	3	3
Cases under investigation	-	7
Unsuccessful attempts by outsiders to lure members of staff to committing fraud	1	2
Cases investigated but found to be untrue	-	2
TOTAL	5	21

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Directors' report

The directors present their report on the affairs of FBN Holdings Plc ('the Company') together with the financial statements and auditors' report for the period ended 31 December 2014.

A. LEGAL FORM

The Company was incorporated as a private limited liability company in Nigeria in 2010 and was converted to a public company in September 2012, when it commenced operations. The Company's shares were listed on the floor of the Nigerian Stock Exchange on 26 November 2012 after the shares of First Bank of Nigeria Plc were delisted on 23 November 2012.

B. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the raising and allocation of Capital and resources.

The Company is also tasked with the responsibility of coordinating Group-wide financial reporting to shareholders and managing shareholder, investor and external relations to the Group, and the task of developing and coordinating implementation of Group strategies.

The Company consists of four groups, namely:

- Commercial Banking group made up of First Bank of Nigeria Limited, FBNBank (UK) Limited, FBN Mortgages Limited, First Pension Custodian Nigeria Limited, and FBNBank DRC Limited (formerly Banque Internationale de Credit), FBNBank Ghana Limited, FBNBank Sierra Leone Limited, FBNBank Guinea Limited and FBNBank The Gambia Limited.
- Investment Banking and Assets Management Group (IBAM), made up of FBN Capital Limited, FBN Securities Limited, FBNFunds Limited and FBNTrustees Limited.
- Insurance group made up of FBN Insurance Limited, Oasis Insurance Limited and FBN Insurance Brokers Limited.
- Other Financial Services made up mainly of Kakawa Discount House Limited and FBN Microfinance Bank Limited.

The Company prepares separate and consolidated financial statements.

C. DIRECTORS' SHAREHOLDING

The direct and indirect interests of directors in the issued share capital of the Company as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies & Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are noted:

Directors' shareholding

Name	Direct holdings	Indirect holdings
Dr. Oba Otudeko, CFR	5,359,331	475,921,622
Bello Maccido	2,393,890	-
Abdullahi Mahmoud	50,870	-
Oye Hassan-Odukale, MFR	1,685,458	8,051,390
Dr. Hamza Wuro Bokki	327,000	-
Bisi Onasanya	7,537,302	-
Chidi Anya	-	47,426

Dr. Oba Otudeko, CFR has indirect shareholdings amounting to 475,921,622 through Metropolitan Trust Nigeria Ltd, Orbit International Ltd, Honeywell CT & CS, Springwater Ltd, Landbond Ltd, Coral Products Ltd and Networks Securities Ltd.

Oye Hassan Odukale, MFR has indirect shareholdings amounting to 8,051,390 through LAC Investments Ltd, Haskal Holdings Ltd and OHO Investments Ltd.

Chidi Anya, has indirect shareholdings amounting to 47,426 through Muonta & Guonta Ltd.

D. OPERATING RESULTS

The directors recommend for approval a dividend of 10 kobo per share, amounting to ₦3,263,208,436.60 and a scrip issue of one share for every 10 shares currently held. Highlights of the operating results for the period under review are as follows:

	Group	
	31 December 2014 ₦' million	31 December 2013 ₦' million
Gross earnings	480,602	396,235
Profit before tax	92,884	91,337
Taxation	(10,045)	(20,706)
Total profit for the year	82,839	70,631
Appropriation:		
Transfer to statutory reserves	13,204	8,727
Transfer to/(from) statutory credit reserve	38,686	(8,114)
Transfer to contingency reserves	110	57
Transfer to retained earnings reserve	31,059	69,465

	Company	
	31 December 2014 ₦' million	31 December 2013 ₦' million
Gross earnings	16,969	74,988
Profit before tax	5,683	70,631
Taxation	-	-
Total profit for the year	5,683	70,631
Appropriation:		
Transfer to statutory reserves	-	-
Transfer to/(from) statutory credit reserve	-	-
Transfer to contingency reserves	-	-
Transfer to retained earnings reserve	5,683	70,631

E. DIRECTORS' INTERESTS IN CONTRACTS

For the purpose of section 277 of the Companies & Allied Matters Act, CAP C20 LFN 2004, none of the directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

F. PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 29 to the accounts. In the directors' opinion, the market value of the FBNHoldings' properties is not less than the value shown in the financial statements.

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G. SHAREHOLDING RANGE ANALYSIS

Range	No. of holders	Holders %	Units	Units %
1-1,000	311,625	25.65	220,152,186	0.67
1,001-5,000	525,298	43.23	1,350,813,510	4.14
5,001-10,000	137,538	11.32	1,021,554,905	3.13
10,001-50,000	200,001	16.46	4,042,826,392	12.39
50,001-100,000	20,134	1.66	1,415,414,667	4.34
100,001-500,000	16,669	1.37	3,296,699,585	10.10
500,001-1,000,000	1,971	0.16	1,387,456,922	4.25
1,000,001-5,000,000	1,513	0.12	2,873,566,489	8.81
5,000,001-10,000,000	176	0.01	1,223,152,099	3.75
10,000,001-50,000,000	162	0.01	3,016,209,207	9.24
50,000,001-100,000,000	23	0.00	1,530,744,819	4.69
100,000,001-500,000,000	31	0.00	6,721,990,361	20.60
500,000,001-1,000,000,000	4	0.00	2,720,540,962	8.34
1,000,000,001-32,632,084,356	1	0.00	1,810,962,252	5.55
	1,215,146	100	32,632,084,356	100

Shareholding analysis as at 31 December 2014

Category	Holdings	Holdings %
Retail	16,362,839,868	50.14
Domestic institutional	8,558,584,820	26.23
Foreign institutional	7,073,621,707	21.68
Government related holdings	637,037,961	1.95
	32,632,084,356	100

H. SUBSTANTIAL INTEREST IN SHARES

According to the register of members as at 31 December 2014, no individual shareholder held more than 5% of the issued share capital of FBN Holdings Plc. However, Stanbic Nominees Nigeria Ltd/002-Main, an account held under custody on behalf of a number of shareholders, held 1,810,962,252 units amounting to 5.5% of FBN Holdings Plc.

I. HUMAN RESOURCES

Employment of Disabled Persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop.

In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Company continues and appropriate training arranged to ensure that they fit into the Company's working environment.

J. HEALTH, SAFETY AND WELFARE AT WORK

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company provides subsidy to all levels of employees for medical, transportation, housing, etc.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

The Company has a Group Life Assurance cover and operates a defined contributory pension plan in line with the Pension Reform Act 2014. It also operates the Employees Compensation scheme (which replaced the Workmen Compensation scheme) in line with Employee's Compensation Act 2011 for the benefit of its employees.

K. EMPLOYEE INVOLVEMENT AND TRAINING

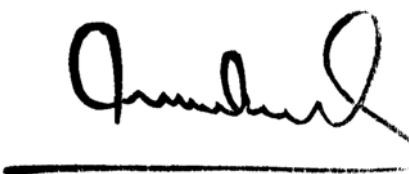
The Company ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Company's policy of continuous development, training facilities are provided in a well-equipped Training School. In addition, employees of the Company are sponsored to both local and foreign courses and trainings. These are complemented by on-the-job training.

L. AUDITORS

The auditors, Messrs PricewaterhouseCoopers have indicated their willingness to continue to act in that office.

BY ORDER OF THE BOARD



Tijjani Borodo
FRC/2013/NBA/0000002367
Company Secretary
Lagos, Nigeria

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