

# Chairman's introduction



DEAR SHAREHOLDER,

We started operations in 2012 without a set of defined guidelines for regulating financial holding companies in Nigeria until 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 in which 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 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 among 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 CBN 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 the 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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## CHAIRMAN'S INTRODUCTION

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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 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, comprising 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 while 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' 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 are communicated and articulated to employees clearly and periodically.

Core values are key culture drivers that guide corporate and individual behaviour of employees across FBNHoldings and all member companies are expected to actively uphold FBNHoldings 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, 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 that 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 line and implemented institution-wide.



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