



*FBN Holdings*



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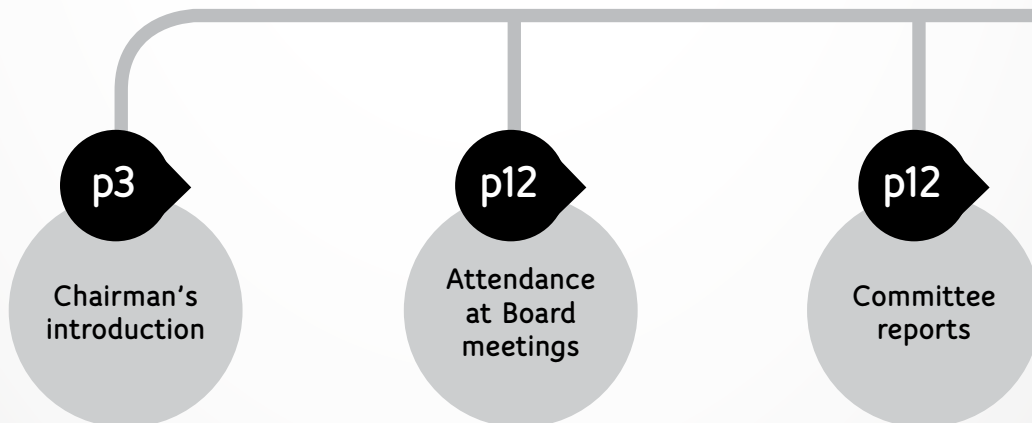
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# GOVERNANCE

With good corporate practices demonstrating our commitment and dedication, we raised the bar and set the tone for other companies in our industry.



# CHAIRMAN'S INTRODUCTION



**Oba Otudeko, CFR**  
Group Chairman

## DEAR SHAREHOLDER,

**Over the course of 2013, despite challenging circumstances, we endeavoured to hold true to our long-term values. We were unrelenting in our adoption of a sustainable approach to governance, while striving to do the right thing for our stakeholders. We recognise the strength of our culture and values are more important than ever.**

We understand our brand's perception is steeped in the knowledge of our strong corporate values and governance. With good corporate practices demonstrating our commitment and dedication, we raised the bar and set the tone for other companies in our industry.

We fully comprehend our responsibilities to clients, customers, staff, communities in which we operate and the general public. We shall remain unrelenting in our discharge of these duties and continue to meet and exceed the expectations of our stakeholders.

## OUR CULTURE

Culture is brought to life by values and it encompasses the consequential strategic growth of our Group. Just as with strategy, the Board plays a major role in shaping our culture and in setting out the principles and values that will drive long-term success. In addition, we believe it is the duty of the Board to ensure these common objectives of both the management and the Board are implemented throughout the institution.

Within the Group, we recognise the value of diversity in our colleagues from a broad and representative mix of backgrounds and experiences as different perspectives allow us to see and develop new opportunities. We promote internal initiatives to support diversity and inclusion within the Group and we realise we can only achieve our strategic objectives by building a sound reputation founded on the highest standards of responsible behaviour.

## OUR GOVERNANCE FRAMEWORK

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

Considerable time and effort was spent in 2013 in putting 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.

In last year's report, we outlined our Board succession plan and have taken a long-term approach to refreshing the Board, balancing both our need to maintain longevity and stability of the Board, while regularly refreshing its composition. As part of this plan, in the year under review, we announced the appointment of an independent director - Mr Chidi Anya - a seasoned legal practitioner to the Board. His appointment has added significant legal experience to the Board, as well as bringing fresh perspectives and diverse experience.

Throughout the transition period, we are mindful to ensure the overall size of the Board remains at an effective and manageable level, although we recognise it is likely to increase in the coming year.

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 through future appointments.

We are regulated by the Securities and Exchange Commission's (SEC) Code of Corporate Governance and the Central Bank of Nigeria's (CBN) Code of Corporate Governance on 'other financial institutions'. The latter is yet to come into effect, hence the Group will be principally governed by the former code. We shall however use the CBN Code of Corporate Governance for Banks (CBN Code) as a guide from time to time.

We are pleased to state that for the year under review, we had no breach or sanctions imposed by any of our regulatory bodies.

## HOW IS GOOD GOVERNANCE ACHIEVED?

Good and effective corporate governance is, to a large extent, dependent on the skills and experience of individuals on the Board and how well they work together as a whole to achieve long-term value for shareholders. A great deal is demanded and expected of our directors, particularly given the systemic importance of financial institutions such as ours to the global economy and the impact we have on the societies in which we operate.

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As Chairman, I am responsible for the effective performance of the Board and, in that regard, one of my areas of focus since joining the Board has been to ensure we have a strong and well-functioning Board, comprised of individuals not only with the right abilities in terms of technical or business experience, but also with the personal qualities required to be effective, dedicated and committed stewards to the Company, particularly in times of stress. I was closely involved in the process of appointing the Group Chief Executive Officer and I am confident that, in appointing Bello Maccido, we have the right person to lead the Company, to deliver on our strategies and objectives and to implement the significant cultural and behavioural changes that we, as a Board, want to achieve.

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' promotes good corporate governance. As a Board, we will continue to demonstrate good corporate governance practices and ensure this permeates through the business structure.

We further 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.

#### ESTABLISHMENT OF A STATUTORY AUDIT COMMITTEE

As promised in the 2012 report, in order to achieve accountability to our shareholders, we established the Statutory Audit Committee (SAC) in accordance with the Companies and Allied Matters Act (CAMA). The SAC is composed of the following:

- Waheed Adegbite
- Abubakar Yahyah
- Job Onwughara
- Lt. General Garba Duba, (Ret)
- Oye Hassan-Odukale, MFR
- Chidi Anya

The SAC is tasked with overseeing financial reporting and disclosure and has met three times since its inauguration.

#### REPORTING STANDARDS AND QUALITY OF FINANCIAL DISCLOSURE

We continue to attach great importance to disclosure. As part of enhancing transparency and disclosure in our financial reports, the Group has adopted the International Financial Reporting Standards (IFRS); thus aligning with the strongest global standards of transparency in financial reporting. The adoption of IFRS will enhance shareholder value and 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.

#### THE NIGERIA STOCK EXCHANGE/CONVENTION FOR BUSINESS INTEGRITY CORPORATE GOVERNANCE RATING SYSTEM

In 2013, we became one of the first companies to participate in the pilot stage of the Corporate Governance Rating System, anchored jointly by The Nigeria Stock Exchange and The Convention for Business Integrity. The rating system is intended to strengthen good corporate governance practices in the financial industry by publishing to the public a company's level of compliance with governance practices. Our participation reiterates our unwavering commitment to transparency and accountability.

#### CONCLUDING REMARKS

On behalf of the Board, I reaffirm our commitment to adopting the highest standards of corporate governance practices as we bid to ensure the Group's long-term sustainability. In recognising the immense impact that good governance has on the performance and operations of the Group, we will go to great lengths to ensure the continual observance of good corporate governance practices at all levels across the Group.

**Oba Otudeko, CFR**  
Group Chairman

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# LEADERSHIP

## BOARD OF DIRECTORS



**Oba Otudeko, CFR**  
Group Chairman



**Bello Maccido**  
Group Chief Executive Officer



**Oye Hassan-Odukale, MFR**  
Non-Executive Director



**Bisi Onasanya**  
Non-Executive Director



**Lt. General Garba Duba, (Ret)**  
Non-Executive Director



**Abdullahi Mahmoud**  
Non-Executive Director



**Chidi Anya**  
Independent Director



**Tijjani Borodo**  
Company Secretary

The Group's Board (the Board) is a considered blend of experience and knowledge and is composed of seven directors, made up of six non-executive directors and one executive director who is the Chief Executive Officer (CEO). This is in line with international best practice, which stipulates the number of non-executive directors should be more than that of executive directors. With 86% of the Board's composition independent of the Company's management, the FBN Holdings' Board is positioned to be independent, devoid of management's influence and uphold its proper supervisory role over FBN Holdings' management.

#### THE BOARD IS MADE UP OF THE FOLLOWING:

##### **Oba Otudeko, CFR**

Group Chairman

Oba Otudeko (CFR) is Group Chairman, FBN Holdings; Honeywell Group Ltd; Airtel Nigeria and Fan Milk Nigeria Plc. He is a foremost Nigerian entrepreneur and visionary reputed for his highly successful domestic and foreign investments that cut across diverse sectors of the economy. He was Chairman, First Bank of Nigeria Plc and FBN Bank (UK) Limited. He has, at various times, served on the Boards of Central Bank of Nigeria, Guinness Nigeria Plc, British American Tobacco Ltd and Ecobank Transnational Incorporated, headquartered in Lome, Togo. Dr Otudeko was the 16th President and Chairman of Council of the Nigerian Stock Exchange. He holds the Nigerian National Honour of Commander of the Order of the Federal Republic (CFR), awarded in 2011. He is a chartered banker, chartered accountant and chartered corporate secretary. He was, for 10 years, Chancellor of the Olabisi Onabanjo University, Ago-Iwoye, Ogun State and currently serves as a member of the Office of Distinguished Friends of London Business School (UK). Dr Oba Otudeko is the founder of Oba Otudeko Foundation (OOF), a not-for-profit organisation, and he is married with children.

##### **Bello Maccido**

Group Chief Executive Officer

Bello Maccido was, until this latest appointment, the Executive Director of Retail Banking - North, at First Bank of Nigeria Plc. As Chief Executive, he brings over 23 years' financial services experience covering Retail, Corporate and Investment Banking at various institutions such as 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 Council Member of The Nigerian Stock Exchange between March 2009 and June 2012. He was also a member of the Finance Committee of the National Council on Privatisation, the Implementation Committee of the Financial System Strategy (FSS) 2020 and the Presidential Monitoring Committee on the Niger Delta Development Commission (NDDC), among others. A Chartered Stockbroker, Bello is married with children.

##### **Bisi Onasanya**

Non-Executive Director

Bisi Onasanya is the Group Managing Director/Chief Executive Officer of First Bank of Nigeria Limited - the Commercial Banking business group of FBN Holdings. He was previously Executive Director of Banking Operations & Services and the MD/CEO of 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 29 years' post-qualification experience and Associate Member of the Nigerian Institute of Taxation.

He sits on the Board of several companies and has served as a member of the Chartered Institute of Bankers' Sub-Committee on Fiscal and Monetary Policies, as well as the Presidential Committee on Reduction of Interest Rates. He has attended various executive programmes at the London Business School, Harvard Business School and Wharton Business School. He loves swimming and is married with children.

##### **Lt. General Garba Duba, (Ret)**

Non-Executive Director

Lt. General Garba Duba serves as the Chairman of SGI Nigeria Limited and has been a Non-Executive Director of Honeywell Flour Mills Plc since August 1998. He was one-time Chairman of the New Nigerian Development Company Limited and spent time as a Non-Executive Director of First Bank of Nigeria Plc until 31 December 2010. Garba Duba is a retired Lieutenant-General of the Nigerian Army and has served as the Military Administrator of Bauchi State, Military Governor of Sokoto State and Commandant of the Nigerian Defence Academy. He is a farmer and a businessman, and has played several political and economic roles as the leader of the Niger State delegation to the National Political Reform Conference. He brings his immense experience in administration and business to bear on the Board. He is married with five children.

### Oye Hassan-Odukale, MFR

Non-Executive Director

Oye Hassan-Odukale, MFR has, since 1994, 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. Oye is a recipient of the national honour, Member of the Order of the Federal Republic (MFR), and sits on the Board of FBN Capital Limited, Seawolf Oilfield Services Limited, Leadway Pensure PFA Limited and Governing Council, Babcock University. His experience in investments and as a director on several boards informs his detailed insight, which keeps the Board ahead of the competition in the financial services industry. Oye is a Munich Re scholar, Securities and Exchange Commission accredited Investment Manager and Portfolio Advisor and was a Non-Executive Director on the Board of First Bank of Nigeria Limited. He is married with children and enjoys listening to music, reading and travelling.

### Abdullahi Mahmoud

Non-Executive Director

Abdullahi is a veteran banker, with considerable experience in both domestic and international banking. He was the pioneer representative and later General Manager of the United Bank for Africa in New York, USA. He held the positions of Deputy Managing Director and later Chief Executive Officer of the African International Bank Limited. He was also Group Managing Director of the New Nigeria Development Company Limited. Abdullahi served as Non-Executive Director of the Board of FirstBank; Chairman, First Funds Limited and still serves on the Board of FBN Mortgages as Chairman. He brings his banking dexterity to bear on the Board. He is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom (FCCA); the Institute of Chartered Accountants of Nigeria (FCA); the Chartered Institute of Bankers of Nigeria (FCIB); and the Institute of Directors, Nigeria (F-IOD). He is married with four adult sons.

### Chidi Anya

Independent Director

Chidi has over 20 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 as a leading commercial and corporate law specialist by his clients and peers. Prior to the setting up of the firm, 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. 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.

## 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 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is responsible for leading the development and execution of the Company's long-term strategy with a view to creating sustainable shareholder value. The mandate of the CEO is to manage the day-to-day operations of FBN Holdings and ensure that operations are consistent with the policies developed by the Board of Directors and are carried out effectively. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long- and short-term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of the management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

More specifically, the duties and responsibilities of the CEO include the following:

- to lead, in conjunction with the Board, the development of the Company's strategy;
- to lead and oversee the implementation of the Company's long- and short-term plans in accordance with its strategy;
- to ensure the Company is appropriately organised and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy;
- to ensure that expenditures of the Company are within the authorised annual budget of the Company;
- to assess the principal risks of the Company and to ensure that these risks are being monitored and managed;
- to ensure effective internal controls and management information systems are in place;
- to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
- to act as a liaison between management and the Board;
- to communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- to keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and management of the Company are adequately informed;

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- to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the directors to form appropriate judgements;
- to ensure the integrity of all public disclosure by the Company;
- in concert with the Chairman, to develop Board agendas;
- to request that special meetings of the Board be called when appropriate;
- in concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- to sit on committees of the Board where appropriate as determined by the Board;
- to abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental, health and safety policies;
- manage the Group within established policies, maintain a regular policy review process, and revise or develop policies for presentation to the Board;
- ensure the Group operates within approved budgets and within all regulatory requirements of a holding company;
- keep abreast of issues that may significantly impact the Group; and
- develop and recommend to the Board, the annual operating and capital budget, and upon approval of the service plan and annual budget and with fully-delegated authority, implement the plan in its entirety.

### 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 Chief Executive Officer (CEO).

The Chairman acts as the communicator for Board decisions, where appropriate. The concept of separation of the role of the Chairman from that of the CEO 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 other than interests resulting from Company shareholdings and remuneration.

More specifically, the duties and responsibilities of the Chairman are as follows:

- to act as a liaison between the management and the Board;
- to provide independent advice and counsel to the CEO;
- to keep abreast generally of the activities of the Company and its management;
- to ensure that the directors are properly informed and that sufficient information is provided to enable the directors to form appropriate judgements;
- in concert with the CEO, to develop and set the agenda for meetings of the Board;
- to act as chairman at meetings of the Board;
- to recommend an annual schedule of the date, time and location of Board meetings;
- to review and sign minutes of Board meetings;
- to call special meetings of the Board where appropriate;
- in concert with the CEO, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;

- to act as chairman at meetings of shareholders;
- to assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual directors; and
- to ensure that regularly, upon completion of the ordinary business of a meeting of the Board, the directors hold discussions without management present.

### 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 setting strategy and overseeing its implementation. The Board seeks to ensure that, while the ultimate focus is long-term growth, the management also delivers on short-term objectives, striking the right balance between the two. 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 the management maintains an effective risk management and oversight process across the Group, so 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.

### OUR BOARD - CHANGES DURING THE YEAR

The Board initially comprised five non-executive directors and a Chief Executive Officer appointed to the Board on 10 September 2012. The non-executive directors were reappointed by the members of FBN Holdings at its Annual General Meeting (AGM) in May 2013 and they are Oba Otudeko, CFR, Lt. General Garba Duba, (Ret), Oye Hassan-Odukale, MFR, Abdullahi Mahmoud and Bisi Onasanya.

An Independent director, Chidi Anya, was also elected at the AGM in May 2013.

Additionally, in line with the provisions of the Companies and Allied Matters Act (CAMA) and the interests of good corporate governance, all directors were required to submit themselves for re-election at the AGM. 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 backgrounds of its members.

### BOARD EXPANSION

There are currently plans to increase the Board composition from the current seven members to nine. The appointment of two additional directors, one non-executive director and one independent director, which will include female(s), is designed to improve the Board's gender diversity and ensure more independence of the Board.

Whilst the Standard Entry Class (SEC) Code prescribes the appointment of one independent director on the Board, by the proposed appointments, we would have been able to exceed the regulatory threshold required for holding companies. This underscores our resolve to meet and exceed regulatory and global corporate governance demands.



## BOARD OVERSIGHT – KEY TOPICS

Throughout 2013 the Board has continued to review the corporate strategy, the operation of the business and 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'.

## BOARD ROTATION/BOARD STAGGERING

Directors are required to hold office subject to retirement by rotation or removal. Section 259 of the Companies and Allied Matters Act, Cap C20, LFN, 2004 (CAMA) provides that unless there is a contrary provision in the Articles of Association of a Company, all the directors of the company shall at the first Annual General Meeting (AGM) retire from office and at subsequent AGMs, one third of the directors, or if their number is not three or a multiple of three, the number nearest to one-third shall retire. However, if the number of directors is reduced to two then neither need retire.

In addition to the power to remove directors under Section 262 of CAMA, the retirement by rotation process affords members of a company the opportunity of not re-electing a director at the expiration of his period of office.

FBN Holdings' Articles of Association contains similar provisions, hence one third of the Board will be up for re-election at the company's Annual General Meeting.

## HOW DO OUR BOARD MEETINGS WORK?

The Board meets quarterly and extra meetings are convened as required. The annual calendar of Board meetings is approved in advance at the first meeting of the Board in each financial 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 Board meets quarterly and as required;
- the annual calendar of Board meetings is approved in advance at the first meeting of the Board in each financial year;
- the annual calendar of Board activities usually includes a Board retreat at an offsite location, to consider strategic matters and review opportunities and challenges facing the Group;
- urgent and material decisions may be taken between meetings through written resolutions;
- all directors are provided with notices, agendas and meeting papers in advance of each meeting;
- the Group's Board met four times in 2013;
- 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; and
- the Group operates an electronic circulation of memoranda to members of the Board exemplifying the Group's cost efficiency, dynamism and embrace of technology.

All directors are provided with notices, an agenda and meeting papers in advance of each meeting, and where a director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such director reserves the right to discuss with the Chairman matters he/she may wish to raise at the meeting. The 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. Board memoranda are dispatched in advance to enable directors to have adequate time to review and prepare for meetings.

## WHAT ARE THE RESPONSIBILITIES OF THE BOARD?

The Board has a formal charter that is reviewed and re-assessed 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 shall be:

- 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 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 management; and
- other ancillary matters.

## FBN HOLDINGS' REMUNERATION STRUCTURE

### INTRODUCTION

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

### REMUNERATION PHILOSOPHY

FBN Holdings' compensation and reward philosophy represents the values and beliefs that drive compensation decision-making in the organisation. Compensation philosophy is in line with FBN Holdings' quest to attract and retain highly-skilled personnel that will keep the Group ahead of competition. In reviewing our compensation, some of the triggers for compensation review include organisational policy, market positioning, financial performance of FBN Holdings', government policies and regulations, industry trends, inflation and cost-of-living index.

**REMUNERATION STRATEGY**

FBN Holdings' compensation and reward strategy is aimed at attracting, rewarding and retaining a motivated talent pool to drive the FBN Holdings' core ideology and strategic aspirations. FBN Holdings' 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 the Group 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 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/values.

**REMUNERATION POLICY**

FBN Holdings' compensation policy includes remuneration, perquisite 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 most 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 shall be payable in cash and shall be 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; and
- bonuses/incentives - these are related to achievement of certain targets and may be cash or non-cash such as additional stock option or paid holidays. Profit sharing also includes payments made for organisational achievements, e.g., profit sharing/end-of-year bonuses.

Perquisite/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 FBN Holdings' 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 and that, in line with the Group's ethical stance of being socially responsible and a good corporate citizen, payments are structured so that while staff remains liquid, the Group does not run contrary to tax laws and other statutory regulations.

**REMUNERATION STRUCTURE**

The pay structure, i.e., the Group's 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. 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 shall include special bonus and incentive schemes and differentiating pay for performance level/career tracks; and
- Pay for Role - pay is structured to recognise the role types within the Group. For example, marketing roles that have strategic impact on business revenue and customer facing roles will have a greater portion of their pay at risk while back-office roles that require functional expertise would have more of their pay guaranteed.

**EXECUTIVE REMUNERATION**

As a Group, 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 for 2013 in senior executives' pay. Additionally, the Board is committed to maintaining alignment between our senior executives and shareholders and we continue to operate a stringent deferral policy to ensure individual reward is aligned with the Group's performance, the interests of its shareholders and a prudent approach to risk management.

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 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 on boards 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, performance bonuses and share options. 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 Dec 2013 ₦ million	31 Dec 2012 ₦ million
Fees and sitting allowance	54	11
Executive compensation	104	22
<b>Total</b>	<b>158</b>	<b>33</b>

The Group will continue to ensure its remuneration policies and practices remain competitive, incentivise drive performance and are in line with its core values.

**OPERATIONAL STRUCTURE**

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

- lean holding company - in line with the regulators mandate to be a non-operating entity;
- critical corporate centre 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
- oversee the bank and non-bank 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.

Below is the organisational structure and operating model of FBN Holdings.

**BOARD DISCUSSION IN 2013**

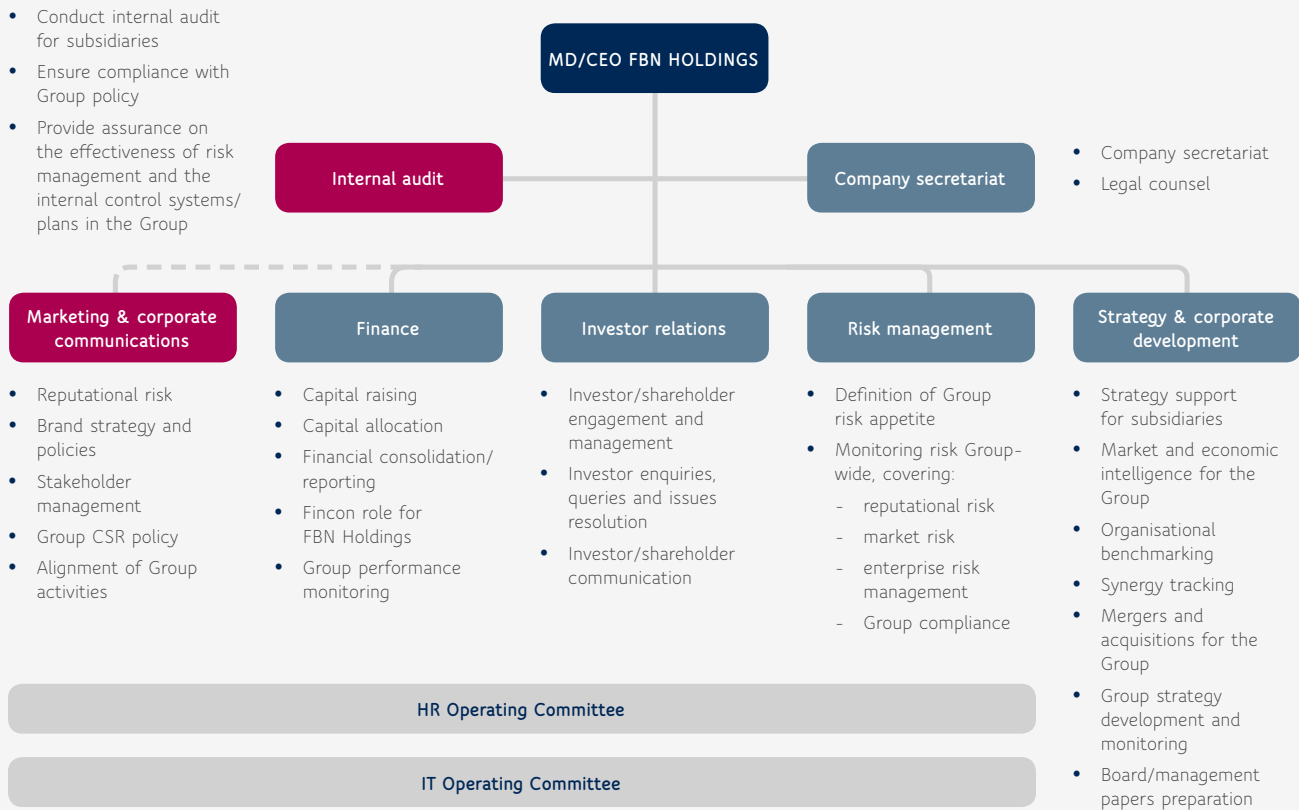
**WHAT KEY THEMES DID WE FOCUS ON?**

Over the course of the last financial year, considerable time and effort were channelled into discussions on actualising the operating model of the holding company structure including giving adequate time to issues involving capital allocation of resources. The major strategic goal for the Group has been to maximise shareholder value, and we recognise that the major way this may be achieved is to use appropriate resources across the Group. We aim to ensure more capital is injected to viable sectors whilst reducing capital injection into non-viable sectors.

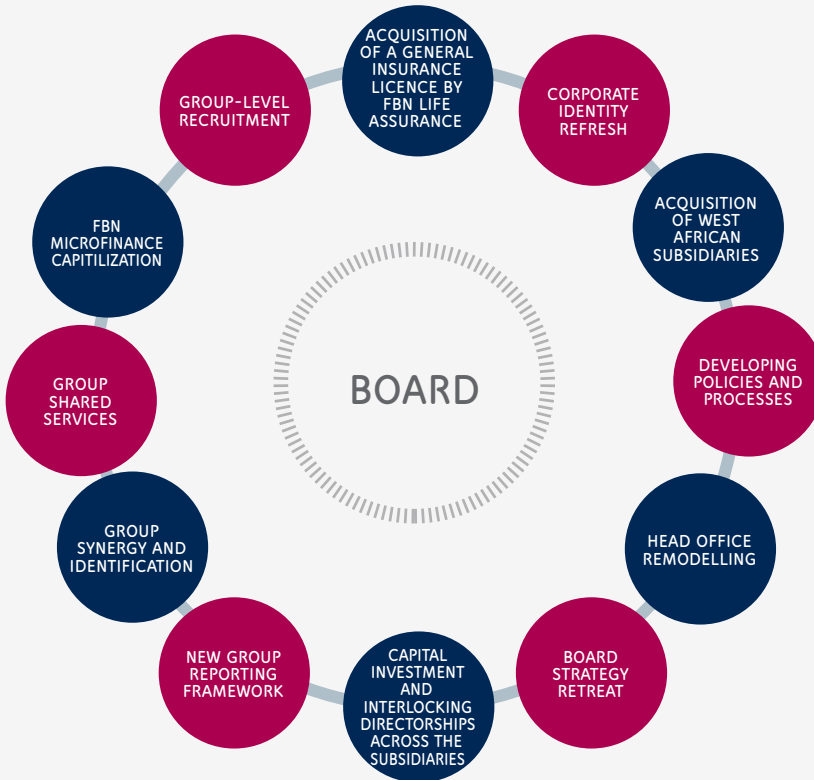
**WHAT SPECIFICALLY DID WE SPEND OUR TIME ON?**

- The Group's corporate identity refresh. This was undertaken and driven by the Group's brand value, which put customers at the centre of our activities. It renewed our brand visibility, reflected our strategic direction and will position the Group to meet the future needs of the market.
- FirstBank's acquisition of the West African operations of International Commercial Bank (ICB) in Ghana, Gambia, Guinea and Sierra Leone. This was a big step in furtherance of our long-term vision to be the leading international financial services Group in Africa.

**Organisational structure and operating model of FBN Holdings**



How the Board spent its time in 2013



- Consideration of group Policies and Standard Operating Procedures. 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 the policies in place, there was a need to develop a guidebook on the Group's processes and procedures.
- The acquisition of a General Insurance licence by FBN Life Assurance Limited. This was a furtherance of one of the Group's strategic objectives of providing general insurance services to the public.
- Remodelling of the 11th floor of the FirstBank Head office that will serve as FBN Holdings Group office. Considerable time was spent on this item to ensure speedy relocation of members of staff and FBN Holding Plc's operations to a centralised office space for ease of operations and logistic expediencies.
- 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 and establish the focus of its next three-year strategic cycle.
- Development of a Group Reporting Framework aimed at defining the nature, frequency and content of reports from the subsidiaries. We spent considerable time on this as part of defining the Group's reporting framework.
- 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.
- Injection of funds into FBN Microfinance Bank. Discussion on this was necessary to enable FBN Microfinance Bank to embark on branch expansions, thereby acquiring more market share and visibility.
- Conclusion of the recruitment of key staff for FBN Holdings. This became necessary to ensure that key strategic positions and human capital needs of FBN Holdings is met going into the 2014 financial year.
- Efficient capital investment and interlocking directorships across the subsidiaries. This was concluded in 2013 as the Managing Director of FirstBank, Bisi Onasanya, now sits on the Board of FBN Holdings, while the Group CEO of FBN Holdings also sits on the Board of FirstBank. Similarly, Tokunboh Abiru, a director of FirstBank now sits on the Board of FBN Capital, a subsidiary of FBN Holdings. This assists the Group with effective supervision and ensures Group focus and strategic direction is filtered through all the businesses within the Group.

**WHAT IS OUR ACTION PLAN FOR 2014?**

The priorities of the Group for the coming year shall focus on consolidating and maximising the synergies across the Group. Therefore, the primary focus of the Group shall 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.

### 2014 BOARD PRIORITIES

The priorities of the Board for 2014 shall be as follows:

- fostering increased collaboration in order to exploit the strong natural synergies and cross-selling opportunities that exist between banking and other financial services sectors we are active in;
- unveiling of a new brand across the Group;
- the maximisation of revenue through the monitoring of the Group strategy;
- implementation of the Group-wide risk management framework;

- overseeing the management of reputational risk;
- ensuring effective capital allocation and capital investment among the subsidiaries; and
- increasing the contribution of our non-banking businesses.

### ATTENDANCE AT BOARD MEETINGS

The Group's Board met six times in 2013. The record of attendance is provided below:

Name	29 Jan	15 March	29 April	27 May	12 Aug	17 Dec
Oba Otudeko	✓	✓	✓	✓	✓	✓
Bello Maccido	✓	✓	✓	✓	✓	✓
Lt. General Garba Duba, (Ret)	✓	✓	✓	✓	✓	✓
Abdullahi Mahmoud	✓	✓	✓	✓	✓	✓
Oye Hassan-Odukale	✓	✓	x	✓	✓	✓
Bisi Onasanya	✓	x	✓	✓	✓	✓
Chidi Anya	Not yet appointed	✓	✓	✓	✓	✓

## COMMITTEE REPORTS

### BOARD AND COMMITTEE GOVERNANCE STRUCTURE

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.

The SEC Code and other codes like the Central Bank of Nigeria's (CBN) Code require banks to have at least three board committees constituted. Although not a bank, FBN Holdings has in place five board committees which operated within FBN Holdings in 2013 namely:

### BOARD GOVERNANCE COMMITTEE

#### 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
- removal of 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.

#### MEMBERSHIP

- Three non-executive directors (including Group Chairman)
- One independent director

### BOARD AUDIT AND RISK COMMITTEE

#### 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.

#### MEMBERSHIP

- Two non-executive directors
- One independent director
- Chief Executive Officer

## BOARD FINANCE AND INVESTMENT COMMITTEE

### ROLE AND FOCUS

- Considering and approving the Group's capital expenditure plan and specific capital projects above the approval limit of the Operational Committee and make recommendation for the consideration of the Board.
- Advising the Board on its oversight responsibilities in relation to recruitment, compensation and benefits, promotions and disciplinary issues affecting senior officers of FBN Holdings and across the Group.
- Advising the Board on investment opportunities and allocation of capital across the Group.

### 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.

### MEMBERSHIP

- Chief Executive Officer
- FirstBank Group Managing Director
- One non-executive director
- One independent director

## GROUP EXECUTIVE COMMITTEE (GEC)

The GEC usually invites to its meetings any attendee, as may be required, and meets bi-annually, or as required; they met once in 2013.

### 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.

## MEMBERSHIP

The CEO of FBN Holdings serves as Chairman, while other members are:

- FirstBank GMD;
- Managing Directors of other FBN Holdings subsidiary companies
  - FBN Capital
  - FBN Life
  - FBN Insurance Brokers
  - FBN Microfinance;
- FirstBank Chief Risk Officer;
- FirstBank Chief Finance Officer;
- FirstBank Chief Strategy Officer; and
- FBN Holdings Company Secretary.

## STATUTORY AUDIT COMMITTEE (SAC)

Section 359(3) of the Companies and 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.

No executive director sits 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 usually comprise two non-executive directors independent of the management of the Company and the last being an independent 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 financial experts as may be gleaned from their educational qualifications below. The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). The other members are non-executive directors with extensive board experience. One of the three non-executive directors is also a financial expert.

### 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 role 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;

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- make recommendations to the Board in 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 activity of the Company which may be of interest or concern to the 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 and Allied Matters Act (CAMA) and below are details of the SAC, including the Joint Auditors.

### STATUTORY AUDIT COMMITTEE: SHAREHOLDER REPRESENTATIVE PROFILES

#### Waheed Adegbite (Chairman)

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 & MDCS). He was Chairman, Audit Committee of Lasaco Assurance

Company Plc. His accounting experience spans over four decades. He was Accounting Assistant with Comsac Telecom Nigeria Limited (1971-1973); Assistant Accountant with Brossetee Nigeria Limited and Chief Accountant with Upjohn Nigeria Property Limited (1981-1987). He served as the Finance Manager of Carnaud Metal Box Nigeria Plc between 1991 and 1997 and has commenced public practice as a Chartered Accountant from 1997 to date. He is married with three children.

#### Job Onwughara

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 Plc. He is a Fellow of the Chartered Institute of Bankers, London and Nigeria (ACIB). He also holds a Master of Science (M.Sc.) 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.

#### 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 2004-2005. He was in charge of managing the provision of 33-11 KVA electricity to 19 villages in Zamfara from 2006-2008. 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	Waheed Adegbite	Chairman	(Shareholder Representative)	FCA, ACIM, ACIT, AMNIM
2	Abubakar Yahyah	Member	(Shareholder Representative)	BSc Bus. Admin.
3	Job Onwughara	Member	(Shareholder Representative)	ACIB, FCIB, MSc (Banking & Finance),
4	Lt. General Garba Duba, (Ret)	Member	(Non-Executive Director)	PSC, FESS, DSS, mni
5	Oye Hassan-Odukale, MFR	Member	(Non-Executive Director)	BBA (BSc, Bus. Admin.) MBA Finance
6	Chidi Anya	Member	(Non-Executive Director)	LLB, B.L, MILD

## JOINT EXTERNAL AUDITORS AND ROTATION

The Joint auditors for FBN Holdings are PricewaterhouseCoopers and PKF Professional Services.

Section 33 of the Standard Entry Class (SEC) 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 provided 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 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 (although inapplicable to FBN Holdings) 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.

FBN Holdings is in full compliance of the Code as its joint external auditors were both appointed starting from the 2012 financial year and hence have been retained for only a year. They are subject to re-election annually and hence will be considered for reelection at FBN Holdings' 2014 Annual General Meeting (AGM).

## 2014 AUDIT FEES

The audit fee paid to the joint external auditors for the 2014 FBN Holdings statutory audit was ₦35 million. The ratio of our audit fees to our non-audit fees is 100: 0 as there were no non-audit fees paid to the joint external auditors.

## 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.

The record of SAC attendance for year 2013 is provided below:

### Attendance at Statutory Audit Committee (SAC) meetings

	25 September	28 November	25 March
Waheed Adegbite	V	V	V
Abubakar Yahyah	V	V	V
Job Onwughara	V	V	V
Lt. General Garba Duba, (Ret)	X	X	V
Oye Hassan-Odukale, MFR	V	V	V
Chidi Anya	V	V	V

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

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

- Human Capital Policy Manual
- Standard Operating Procedures for Company Secretariat
- Group Disclosure Policy.

## MEMBERSHIP

Abdullahi Mahmoud, Chairman

Bello Maccido, Member

Chidi Anya, Member

During its only meeting held on 3 September 2013, the committee, with all the members in attendance, assisted by representatives of Human Capital Management and Development of FirstBank, and the Consultants Messrs KPMG Professional Services deliberated on the policies and procedures being recommended by the management on the above. The committee's recommendations have been presented to the Board.

### Attendance at meetings

S/N	Name	Meeting of 3 Sept 2013
1	Abdullahi Mahmoud	V
2	Bello Maccido	V
3	Chidi Anya	V



# EFFECTIVENESS

## HOW DO WE MAKE SURE OUR BOARD IS EFFECTIVE?

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 CEO 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 – the Board of Directors. Therefore, our broad approach to ensuring our Board's effectiveness is principally threefold – composition, training and board appraisal.

### COMPOSITION

The first step towards having an effective board is to ensure the right people, who have demonstrated 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 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 the Board are persons of integrity, who are willing to comply not just with the letter of the codes, but also with their 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.

### WHAT IS OUR APPOINTMENT PHILOSOPHY AND INDUCTION PROCESS?

Our appointment philosophy is guided by relevant regulatory guidelines and laws. Our directors were selected for the skills, knowledge and experience the Group requires of the Board and the process of selection and appointment was, and will continue to remain, transparent.

Aside from Chidi Anya, who was only recently appointed, the initial directors were appointed by the subscribers to the Memorandum and Articles of Association of the Company, and were selected based on their skills, competencies and experience over the years on the Board of Directors of First Bank of Nigeria and other blue chip companies.

A formal induction programme for the directors was therefore not necessary, as they were already well acquainted with the Group's corporate governance standards. There are however, plans to constantly rejuvenate the skills and competencies of the Board through continuous training and development programmes.

### PERFORMANCE MONITORING

As part of its oversight role, the Board continuously engages with management and contributes ideas to the Group's strategy from the planning phase to the execution phase. The Board usually holds an annual Board retreat wherein the strategy for the coming year is rigorously debated and agreed 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 be continuously 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, management will review the Group's financial and performance indicators with the Board, and the Board will assess progress and confirm alignment or otherwise with the strategic goals and objectives of the Group on a continuous basis.

The Group'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 the Group 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 director peer appraisal for the year ending 31 December 2013. The Board appraisal is expected to cover the Board's structure and composition, processes, relationships, competencies, roles and responsibilities. The scope of work performed 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; 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)
- stewardship towards shareholders and other stakeholders (the Board's responsibility towards shareholders and other stakeholders and responsibility for their interests).

## WORK APPROACH

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

- the Central Bank of Nigeria's Code of Corporate Governance Post Consolidation (CBN Code);
- 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' performance 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 being awaited as at the time of going to press.

## HOW LONG DO OUR DIRECTORS SERVE?

### NON-EXECUTIVE DIRECTORS

Non-executive directors are appointed for an initial term of three years and can be re-elected for a maximum of two subsequent terms of three years each, subject to satisfactory performance and approval of the members.

### EXECUTIVE DIRECTORS

Executive Directors are appointed for an initial term of three years and their tenure can be renewed for another three years, subject to her/his performance as indicated in the result of his/her annual performance evaluation. Hence, the maximum tenure of an Executive Director is six years. The Board may grant a waiver of the tenure limit in the case of an Executive Director whose performance is deemed exceptional. This will, however, require formal justification and unanimous approval of the Board. 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 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 2013 financial year, particularly during the 2013 Board Strategy Retreat, which was held on 28-30 October 2013 at the Island Shangri La Hotel, Hong Kong.

# 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.

Shareholders, both large and small, are exerting their influence to demand greater roles in corporate decision-making. This is a growing international trend with many proponents and much momentum.

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 on 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.

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 roadshows
- one-on-one meetings;
- social media; and
- Annual General Meetings or any extra general meetings.

## WHO ARE OUR SHAREHOLDERS?

The Group is a publicly quoted company with a diverse shareholder profile and owned by nearly 1.3 million shareholders. FBN Holdings now has the largest shareholder base of any company listed on the Nigerian Stock Exchange.

With no shareholder owing 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 51.57% retail, 26.77% domestic institutional, 17.98% foreign institutional and 3.68% government-related holdings.

## 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;
- 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;
- the right of a preference share to more than one vote in accordance with section 143, sub-section (1) (3) of CAMA;
- the right of conveying or transferring shares;
- rights of sharing in the residual profits of the Company;
- shareholders have the right to bonus and rights issue of the Company.
- shareholders have rights 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));
- the right of shareholders vis-à-vis a prospectus that is being issued in an offer for sale or subscription of shares by an Issuer;

- the right of the shareholders 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;
- the right to inspect the register of members and to a share certificate when a new share is bought;
- the right to transfer shares; and
- the right to request for an extra general meeting.

At FBN Holdings, we consider these rights sacrosanct and we always ensure these rights are upheld and observed.

**WHAT ARE OUR SHAREHOLDERS' RESPONSIBILITIES?**

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

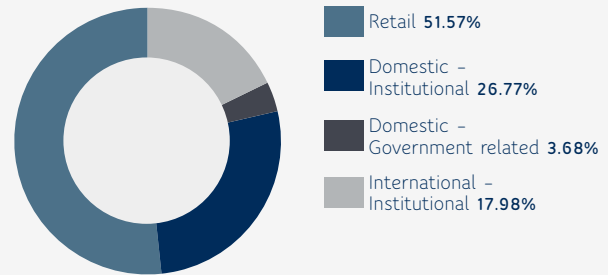
In an age of increasing transparency, our shareholders' perceptions of the Group, expectations and understanding of the Group's operations matter to our business value. Hence, it is important for our shareholders to understand some of their expected roles (among other things) through representatives in the SAC, 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 in regard 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.

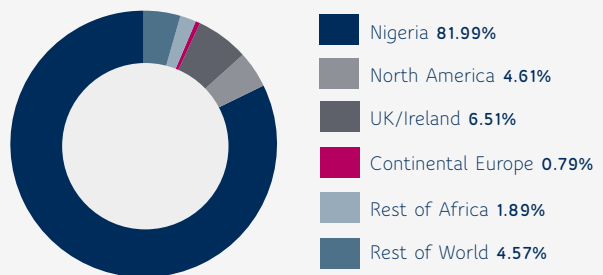
In addition, our shareholders' role extends to holding the Board accountable for the observance of effective corporate governance practices. They also have the responsibility of approving the appointment of the Board of Directors and the external auditors, as well as granting approval for certain corporate 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 consider it a strategic objective for us to engage shareholders and investors in continuous dialogue. We are able to provide regular updates on our strategy, performance and outlook through these engagements. This forum provides an opportunity to gather feedback, which could be used in shaping business decisions.

**Breakdown of shareholders by type**



**Geographical breakdown of shareholding structure**



**WHAT DOES INVESTOR RELATIONS DO?**

The investor relations (IR) function for the Group sits at FBN Holdings, maintaining close contact with all subsidiary companies. In addition to the company secretariat, investor relations manages relationships between FBN Holdings 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;
- reduce the cost of capital;
- 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 FBN Holdings, 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.

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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 the material 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 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.  Help 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.  Enhance international visibility.  Key locations visited reflect where the majority of our international investors reside – largely the United States and Europe.	Semi-annually <sup>1</sup>	One-on-one meetings Group meetings	International investors
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.  They create access to senior management.	Semi-annually <sup>2</sup>	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	Pension fund administrators
Investor conferences	These are conferences organised by investment banks – locally and internationally.  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.  Create access to senior management, build confidence in the management team and enhance visibility locally and internationally.  Conferences attended during the year include: the Renaissance Capital Africa Conference, Lagos; Standard Bank Africa Conference, Lagos; FBN Capital Investor Conference, Lagos, Bank of America, Merrill Lynch GEMs Conference, California; Citi Conference – Frontier Markets Symposium, London.	At least once per quarter	One-on-one meetings Group meetings	Shareholders Investors Analysts

<sup>1</sup> & <sup>2</sup> This is typically held semi-annually, but was held once in May 2013 due to the changes in the reporting structure in the third quarter of the year.

Activity	Description	Frequency	Channel	Target audience
Nigerian Stock Exchange (NSE) facts behind the figures	This event was hosted at the NSE to engage stockbrokers <sup>3</sup> , in particular, on the Group's strategy and performance.  Management presents the strategy and performance and also holds a Q&A session.  During the year, one such session was held to discuss full year FBN Holdings 2012 results.	Annually	Physical visit to the NSE	Stockbrokers and indirect retail investors  Media  The rest of the financial community

<sup>3</sup> These are professional securities experts trading on behalf of several retail shareholders.

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 FBN Holdings is provided to shareholders and, in addition, is found on the investor relations and corporate websites where there is 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 2013, 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)?**

The usual practice at the Group's AGM is to have shareholder meetings duly convened and held in an open manner, and in line with the Group's 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.

The Group's general meetings will afford shareholders the opportunity to appraise the Group'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.

**ROLE OF THE COMPANY SECRETARY**

The Company Secretary offers support to the Chairman in the engagement of shareholders by extending the necessary invitations to the retail shareholders through their respective Shareholder Associations and making adequate arrangements for beneficial meetings. The Company Secretary also ensures collation of the views expressed for escalation to the full Board and/or management for consideration.

In addition to the above, the Company Secretary plays an important role in ensuring the effectiveness of both the Board of the Group and the boards of the subsidiary companies. To this end, the Company Secretary:

- makes arrangements for the Board and Board Committee meetings and takes minutes;
- ensures Board procedures are followed;
- conveys information between members of the Board, members of the Board committees and the management;
- provides directors with guidance on their responsibilities, good governance and ethics; and
- coordinates directors' training and development programmes.

Moreover, the Company Secretary assists the Board in observing good corporate governance principles and is accountable to the management and the Board on all such matters. Though the Company Secretary does not sit on the Board, he contributes to the proceedings of the Board in his position as an adviser.

The Company Secretary provides directors with guidance on their responsibilities, good governance and ethics. He is responsible to the Board for ensuring Board procedures are followed and applicable rules and regulations are complied with. He plays an active role in training, strategic administrative planning and the directors' induction programme. The Company Secretary advises and updates the Board on relevant corporate governance codes and rules to ensure adequate compliance. The Company Secretary is involved in accountability, disclosure and ensuring transparency in the administration of FBN Holdings as the first source of legal advice to the Board. The Board has ultimate responsibility for the appointment and removal of the Company Secretary.

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**WHISTLEBLOWING PROCEDURES**

The Group's Board of Directors prioritises high ethical standards and probity, and expects all its 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, auditors, consultants, regulators and other stakeholders). The stakeholders include employees, customers, contractors and service providers. 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 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 the outlets developed by FirstBank.

The phone lines are 0700-34778-2668228, 01-4485500 and 07080625000,

the email address for the public is

**[firstcontact@firstbanknigeria.com](mailto:firstcontact@firstbanknigeria.com)**

and members of staff may contact

**[Adeyemi.O.Ogunmoyela@firstbanknigeria.com](mailto:Adeyemi.O.Ogunmoyela@firstbanknigeria.com)**

or **[Internalaudit.Head@firstbanknigeria.com](mailto:Internalaudit.Head@firstbanknigeria.com)**.

In addition, whistleblowers can also log on to **[www.firstbanknigeria.com](http://www.firstbanknigeria.com)** and click on the whistleblowing portal to report misconduct. Other avenues open to whistleblowers are through a letter to the Group's CEO or directly to the Chief Internal Auditor of FirstBank. We guarantee the confidentiality of the data revealed and the identity of the whistleblower.

# 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, 2013.

## 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 saddled 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 the implementation of Group strategies.

The Company consists of four groups, namely:

- Commercial Banking Group made up of First Bank of Nigeria Limited, FBN Bank (UK) Limited, FBN Mortgages Limited, First Pension Custodian Nigeria Limited, and FBNBank DRC, Ghana, Sierra Leone, Guinea and The Gambia;
- Investment Banking and Assets Management Group, made up of FBN Capital Limited, FBN Securities Limited, First Funds Limited and First Trustees Limited;
- Insurance Group made up of FBN Life Assurance Limited and FBN Insurance Brokers Limited; and
- Other Financial Services with only FBN Microfinance Bank Limited, for now.

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 and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are noted:

### Directors' shareholding

Name	Direct holdings	Indirect holdings
Oba Otudeko, CFR	5,359,331	447,805,761
Bello Maccido	2,388,155	Nil
Abdullahi Mahmoud	50,870	Nil
Oye Hassan-Odukale, MFR	1,685,458	43,428,798
Lt. General Garba Duba, (Ret)	14,940,903	Nil
Bisi Onasanya	7,518,059	Nil
Chidi Anya	Nil	47,426

## D. OPERATING RESULTS

The directors recommend the approval of a final dividend of ₦1.10 per share, amounting to the sum of ₦35,895,292,791.60. Highlights of the operating results for the period under review are as follows:

	31 December 2013 ₦' million	31 December 2012 ₦' million
Gross earnings	395,942	370,167
Profit before tax	91,337	93,921
Taxation	(20,706)	(17,120)
Total profit for the year	70,631	76,801
Non-controlling interest	496	(220)
<b>Appropriation:</b>		
Transfer to statutory reserves	8,727	11,203
Transfer to statutory credit reserve	(8,114)	6,335
Transfer to contingency reserve	57	37
Transfer to retained earnings reserve	36,833	33,341

## E. DIRECTORS' INTERESTS IN CONTRACTS

For the purpose of section 277 of the Companies and 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 FBN Holdings' properties is not less than the value shown in the financial statements.



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## G. SHAREHOLDING ANALYSIS

## Range analysis as at 31 December 2013

Range	No of holders	Holders %	Units	Units %
1-1,000	308,869	25.26	219,444,202	0.67
1,001-5,000	528,517	43.22	1,360,940,843	4.17
5,001-10,000	139,323	11.39	1,034,711,328	3.17
10,001-50,000	204,893	16.76	4,143,731,299	12.70
50,001-100,000	20,524	1.68	1,440,119,175	4.41
100,001-500,000	16,843	1.38	3,323,752,558	10.19
500,001-1,000,000	1,951	0.16	1,370,567,133	4.20
1,000,001-5,000,000	1,503	0.12	2,872,553,036	8.80
5,000,001-10,000,000	191	0.02	1,342,565,676	4.11
10,000,001-50,000,000	174	0.01	3,354,390,608	10.28
50,000,001-100,000,000	30	0.00	2,062,186,119	6.32
100,000,001-500,000,000	27	0.00	6,319,933,817	19.37
500,000,001-1,000,000,000	3	0.00	2,087,188,562	6.40
1,000,000,001-32,632,084,356	1	0.00	1,700,000,000	5.21
	<b>1,222,849</b>	<b>100.00</b>	<b>32,632,084,356</b>	<b>100.00</b>

## Shareholding analysis as at 31 December 2013

Category	Holdings	Holdings %
Retail	16,827,055,239	51.57
Domestic Institutional	8,736,832,474	26.77
Foreign Institutional	5,866,383,896	17.98
Government related holdings	1,201,812,747	3.68
	<b>32,632,084,356</b>	<b>100</b>

## H. SUBSTANTIAL INTEREST IN SHARES

According to the register of members as at 31 December 2013, no shareholder held more than 5% of the issued share capital of the Company.

## 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 is installed in strategic locations within the Company's premises.

The Company operates both a Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2004, as well as a terminal gratuity scheme for 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 nominated to attend both locally and internationally organised courses. These are complemented by on-the job training.

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## L. AUDITORS

Messrs PKF Professional Services will cease to be one of the auditors of the Company, having served in that capacity for the past ten years. In that regard, with effect from 1 January 2014, Messrs. PricewaterhouseCoopers will be the single auditor for the Company, having indicated their willingness to continue to act in that office.

BY ORDER OF THE BOARD

**Tijjani Borodo**  
Company Secretary  
Lagos, Nigeria



**FBNHoldings**

**CONTACT DETAILS AND FEEDBACK**

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[www.fbnholdings.com](http://www.fbnholdings.com)

[www.fbnholdings.com/annualreport/2013](http://www.fbnholdings.com/annualreport/2013)