

Dear Esteemed Shareholders,

2015 witnessed significant challenges both locally and internationally, especially for commodity-dependent economies like ours. In addition to economic challenges, the general election and heightened security risk fuelled the crystallisation of political risks which impacted the business environment. Income from export of crude oil halved and foreign exchange reserves dropped, giving rise to inflation as well as currency pressure. In spite of all of these, we posted a 5% year-on-year increase in our gross earnings in 2015, closing at an all-time high of N505.2 billion, ranking highest in the financial services industry. This record performance reinforced our Company's value and reconfirms the resilience of the brand strength and our capacity to generate revenues from various markets and multiple sectors. A N119 billion impairment charge, however, highlighted significant vulnerabilities especially with respect to our risk management processes, and resulted in profit before tax of N21.5 billion. Reflecting the increasing diversification of our revenues as a Holding Company, we are proposing a dividend of N0.15 per share to shareholders at our scheduled Annual General Meeting (AGM). Consistent with our promise to improve efficiency of our operations, we recorded a year-on-year improvement in our cost to income ratio from 66.5% at the end of 2014 to 61.4% at 2015 year end and 59.4% at the end of the first quarter of 2016 despite the current regime of rising inflation.

In my letter to you dated 5 January 2016, I highlighted the areas of focus to reposition the Group, chart a new growth path and return value to our shareholders. These span risk management, disciplined cost containment, asset optimisation and synergy realisation. We have overhauled and reset our risk appetite and approach, anchoring the wholesale change on People, Processes, Policies and Technology. The expected outcome is a change in the risk culture towards greater ownership and accountability, and ultimately managing a portfolio of risk assets with sustainable income streams. We have also identified further areas of cost management to optimise our efficiency, as well as aligning ownership of budgeting and expenditure within the finance directorate to entrench rigor and control. All of these, in addition to frequent monitoring and institutionalising shared services to eliminate duplicated costs are geared to further reducing our cost of operations in 2016. Finally, we are enhancing revenue growth by leveraging our retail network, tapping into the fast growing digital services space to drive greater transaction volumes, and grow our fee income. The Merchant Banking & Asset Management and Insurance businesses continue to show healthy growth trajectory thereby enhancing the contribution of non-bank subsidiaries to the Group earnings.

With our rich heritage, footprint and profile, FBNHoldings has the capacity to dominate in our chosen businesses. Consequently, and on behalf of the Executive Management of the Group, I pledge that our performance will have marked improvements across all metrics in the short to medium term and our leadership position will be restored with value created for our stakeholders.

Thank you and God bless.



**UK Eke, MFR**  
Group Managing Director  
May 2016