

RESILIENT



FBN Holdings Plc.
Corporate Governance Report 2016

GOVERNANCE

There is a conscious effort by the Board to promote good governance, this is demonstrated by setting the right 'tone at the top' as well as the Board's commitment in actions through policy directions.



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INTRODUCTION

This section gives a synopsis of the Board's approach to governance for the 2016 financial year. In last year's report, the peculiar challenges faced by the Group, over and above the general macroeconomic difficulties relating to the significant drop in oil prices and its effect on the macroeconomic indices of Nigeria and other emerging economies were acknowledged. The high impairment charges on the loan book in the commercial banking business, which had a negative impact on performance, as well as efforts being made to address these challenges, were comprehensively discussed.

One of the steps taken was the restructuring of the risk management framework and practices, in particular as they relate to credit risk management. To drive the restructuring of the risk framework, an experienced professional was engaged at the Commercial Bank to head the risk function and monitor risk issues.

In addition, delegated lending limits were reduced, with increased Board oversight. The risk appetite and risk management frameworks were reviewed to incorporate desired changes to the risk management practice and management of the loan book, and to strengthen monitoring. The credit monitoring and remedial management function was also strengthened to facilitate proactive credit portfolio management. Furthermore, the Group Enterprise Risk Management (ERM) framework was embedded across the Group to reinforce existing risk management practices.

Governance framework

FBNHoldings' governance framework is in line with global best practices and in compliance with regulations and codes of corporate governance. The Group's oversight functions are discharged through the distinct Boards of Directors of all operating entities within the Group, which also ensure compliance with statutory and regulatory requirements of their respective industries.

At the holding company and in other operating entities, the Boards operate through various committees, which are constituted in adherence to the various codes and regulations. FBNHoldings' robust governance framework ensures there is a good blend of Board autonomy and Group coordination at the operating company level.

Board composition, appointments and succession planning

Effective corporate governance practices are aided by the skills, integrity and experience of individuals on the Board and their commitment to doing business in accordance with global best practices. These principles have guided the Board's appointments. During the year, Muhammad K. Ahmad, OON, resigned from the Board to take up an appointment as Chairman of Skye Bank Plc.

Also Cecilia Akintomide, OON and Oluwande Muoyo were appointed to the Board as Independent Non-Executive Directors. The Board's skillset and capacity for fresh ideas have been greatly enriched by these additions. These appointments also align with one of the Board's main focuses, namely to ensure its members possess not only a fine balance of the right technical abilities and business experience, but also the personal qualities required to be effective, dedicated and committed stewards of the Company.

Governance culture

Good governance practices are best initiated and observed in the boardroom. Consequently, there is a conscious effort by the Board to promote good governance, this is demonstrated by setting the right 'tone at the top' as well as the Board's commitment in actions through policy directions. The Board is committed to embedding high governance standards across the Group to ensure it performs well in all its active markets, as this will ultimately result in a higher return on capital and also ensure the sustainability of the Group's businesses.

“The two recent appointments of Cecilia Akintomide, OON, and Oluwande Muoyo has improved the Board's gender diversity and increased the percentage of females on the Board to 33%.”

Quality of disclosure/regulatory infractions

The Board places a premium on providing the market with timely and transparent information. To this end, transparency and disclosure guide the preparation of the financial reports, to provide shareholders with sufficient context and guidance for their investment decision process. Through this approach, the Board aims to enhance shareholder value and bring added benefits to business relationships with foreign correspondent banks, multilateral organisations and international investors who require financial statements to make informed decisions about the Group.

INTRODUCTION

Consequently, to ensure effective compliance with all regulatory matters, a fully-fledged compliance department has been set up to monitor compliance with existing regulations and ensure regulatory filings are undertaken before due dates.

Diversity

The Group's corporate culture is undeniably influenced by the Board, brought to life by the management and distilled Group-wide to drive the long-term business model.

Within the Group, there is recognition of the value of diversity in the employee base. Diversity comes from a broad and representative mix of backgrounds and experience, as different perspectives allow the development of new opportunities. Internal initiatives to support diversity and inclusion within the Group are promoted, as it is realised that strategic objectives may only be achieved by building a sound reputation founded on the highest standards of responsible behaviour.

There has also been a remarkable improvement in the Board's gender diversity. Although the overriding principles guiding Board appointments are merit, skill and experience of appointees to deliver the company's strategy, the two recent appointments of Cecilia Akintomide, OON, and Oluwande Muoyo has improved the Board's gender diversity and increased the percentage of females on the Board to 33%, a much-improved position from 2014 when the Board had no female members.

Board committee composition

As part of the Board's targets of ensuring that each Board Committee has the proper balance of skills, experience and perspective, and to ensure an equitable distribution of responsibilities across directors, the various committees of the Board were reconstituted in 2016. This exercise also allowed the Board to benefit from the skills and experience of its two newly appointed Independent Non-Executive Directors.

Shareholder/regulatory engagement

Given the continued interest by current and potential shareholders in the performance of the Group and in line with its engagement strategy, intensive consultations were undertaken with shareholders and regulators in 2016. The management team visited shareholder associations within the country to provide a better understanding of the Group's corporate governance mechanism, strategy, performance and outlook, as well as to receive feedback from shareholders. Enhanced engagement with our shareholders and regulators is an ongoing activity as we widen our outreach.

Similarly, in recognition of the importance of regulatory bodies to the different businesses within the Group, there were high-level engagements with the different regulatory bodies regulating the Group's respective businesses. These engagements will be sustained on an ongoing basis.

Good governance as shareholder enhancement strategy

Given FBNHoldings' status as a member of the Premium Board of the Nigerian Stock Exchange, it is expected that its governance practices will conform to international best practices. The Board is unanimous in its resolve to ensure these standards are met and consistently surpassed. This desire is part of the Board's focal strategy to ensure it is able to execute set strategies effectively and ensure enhancement of shareholder value and the benefit of all our stakeholders.

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LEADERSHIP



From left to right: Tijjani Borodo (Company Secretary), 'Debola Osibogun, Dr. Hamza Wuro Bokki, Cecilia Akintomide, OON, Dr Adesola Adeduntan, Dr Oba Otudeko, CFR, (Group Chairman)

From right to left: Oye Hassan-Odukale, MFR, Omatseyin Ayida, Chidi Anya, Oluwande Muoyo, UK Eke, MFR, (Group Managing Director).

APPOINTMENT PHILOSOPHY

Our appointment philosophy is guided by relevant regulatory guidelines and laws. Skill gaps and deficiencies are taken into consideration in appointing Directors to the Board. They are selected based on their skills, competencies and experience over the years. The process of selection and appointment is transparent. Usually, a pool of candidates is identified and considered for appointment by the Board Governance and Nominations Committee. Thereafter, recommendations on candidates' suitability are made to the full Board, which then makes a decision on the appointment of the candidate subject to the approval of Central Bank of Nigeria (CBN) and the ratification of shareholders at a general meeting.

Changes to Board composition

During the year, there was one resignation from and two appointments to the Board.

Muhammad K. Ahmad, OON, a seasoned professional and business administrator, resigned from the Board to take up a CBN-sanctioned appointment as Chairman, Skye Bank Plc. Subject to your ratification, we effected the appointment to the Board of Oluwande Muoyo and Cecilia Akintomide, OON, as Independent Non-Executive Directors. Both appointees have brought significant, diverse public and private sector experience to the Board. Their detailed profiles are contained in this report on pages 6-7.

With several years' experience acquired in both the public and private sectors, the new Independent Non-Executive Directors enhance the Board's gender diversity and add to the Board's combined years of financial industry expertise and experience.

Induction process

In line with best practices, an induction programme was conducted for new members of the Board in October 2016. The programme took newly appointed Directors through FBNHoldings' operational processes and the expected duties and responsibilities.

Board composition

The FBNHoldings Board is a considered blend of experience and knowledge. The Board continuously seeks to review and refresh its composition to ensure that new ideas and experience are added to its decision-making process. The Board is currently composed of ten directors, comprising nine Non-Executive Directors and one Executive Director, who is also the Group Managing Director (GMD). This is in line with international best practice of having more Non-Executive Directors than executives. With 90% of the Board's composition independent of the Company's management, the FBNHoldings' Board is well positioned to be independent of Management's influence in upholding its supervisory role over the management team of the Group. It is also structured to ensure that stakeholders' interests are protected and shareholder value enhanced.

Below are the profiles of members of the Board:

Dr Oba Otudeko, CFR

Group Chairman

Oba Otudeko, CFR, is the pioneer Chairman of FBN Holdings Plc and Honeywell Group Limited. He is a foremost and visionary Nigerian entrepreneur reputed for his highly successful domestic and foreign investments cutting across diverse sectors of the economy. He served on the Board of FirstBank between May 1997 and December 2010, when he retired as Chairman. He became the Chairman of FBN Holdings in 2012. He was also the founding Chairman of FBN Bank (UK) Limited. He has, at various times, served on the Boards of the Central Bank of Nigeria (1990–1997), Guinness Nigeria Plc. (1999–2003), British American Tobacco Ltd (2001–2004) and Ecobank Transnational Incorporated, headquartered in Lome, Togo (2002–2010). Between 2006 and 2009, he was the 16th President and Chairman of Council of the Nigerian Stock Exchange. In 2011, Dr Otudeko was awarded the Nigerian National Honour of Commander of the Order of the Federal Republic (CFR). He is a Chartered Banker, Chartered Accountant and Chartered Corporate Secretary. He was Chancellor of the Olabisi Onabanjo University, Ogun State, and currently serves as a member of the Office of Distinguished Friends of London Business School (UK). He is the founder of the Oba Otudeko Foundation (OOF), a not-for-profit organisation. He is happily married with children.

Oye Hassan-Odukale, MFR

Non-Executive Director

Oye Hassan-Odukale, MFR, is a pioneer Director on the Board of FBN Holdings Plc. He holds Bachelor's and Master's degrees in Business Administration from the University of Houston, and, since 1994, has held the position of Managing Director/CEO of Leadway Assurance Company Limited, a leading underwriting firm in Nigeria. His appointment was preceded by over 16 years experience in insurance brokerage, underwriting, investments and general management.

Oye is a recipient of the national honour of Member of the Order of the Federal Republic (MFR), and sits on the board of several blue-chip companies in Nigeria. He was a Non-Executive Director on the Board of First Bank of Nigeria Plc between 1999 and 2010, and is the current Chairman of FBN Bank (UK) Limited, a wholly owned subsidiary of FirstBank. Oye is a Munich Re scholar, Securities and Exchange Commission-accredited investment manager and portfolio advisor. He is married with children and enjoys listening to music, reading and travelling.

'Debola Osibogun

Non-Executive Director

'Debola Osibogun was appointed to the Board of FBN Holdings Plc in 2015. She brings to the Board 32 years of extensive financial services experience, covering real estate financing, trusteeship, retail savings and loans at various institutions. She holds a Master of Science degree in Banking and Finance and a Bachelor of Education degree in Economics, both from the prestigious University of Ibadan. A Fellow and past President of the Chartered Institute of Bankers of Nigeria, she is also Fellow of the Chartered Institute of Taxation

of Nigeria and the Nigerian Institute of Management. Currently the Managing Director of Davidfinn Global Concept Limited, 'Debola has had an illustrious financial services career, serving meritoriously at Co-operative Bank Plc, COOP Savings & Loans Limited, Skye Bank Plc and Skye Trustees Limited, where she rose to become the Managing Director. She also served as the Managing Director of COOP Savings and Loans Limited and Non-Executive Director of FBN Mortgages Limited. She was the National President of the Mortgage Bankers Association of Nigeria. An astute researcher and writer, she has published several articles and papers on primary mortgage institutions and creation of mortgages. At the National level, she has served as a member of the Presidential Committee on Housing and Urban Development, the Presidential Committee on Mortgage Finance and as executive member of the Nigerian Real Estate Developers Association. She is happily married with children and enjoys playing basketball, polo and golf.

Chidi Anya

Non-Executive Director

Chidi Anya joined the Board in 2013. He has 26 years' post-call experience within the Nigerian legal system and is the Managing Partner of Channings Law Firm, established in 1997. He provides leadership and strategic direction for the firm, and has for many years been recognised by his clients and peers as a leading commercial and corporate law specialist. His pupillage was with LN Mbanefo SAN, followed by periods as an Associate Counsel at Akin Delano & Company, Ibadan, Nigeria and Senior Associate Counsel at Debo Akande & Company, Lagos, Nigeria, prior to founding his firm.

Chidi's legal career has equipped him with high-level skills in negotiation, administration, communication, management, advocacy and ethical leadership, all of which he brings to the Board. He also acts as Company Secretary to several 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). He is married with children and enjoys gardening, reading, writing, intellectual debates and philanthropy.

Cecilia Akintomide, OON

Independent Non-Executive Director

Cecilia Akintomide, OON, joined the Board of FBN Holdings Plc in July 2016 and brings considerable executive-level management experience. She was, until recently, Vice President and Secretary General of the African Development Bank, where she was responsible for managing the secretariat as well as shareholder relations involving 80 member states. She was also responsible for the work programmes of the Boards of Governors and Directors, and the institution's diplomatic relations. In addition, she was a member of the senior management coordination and operations committees and chaired the committee for the preparation of the annual meetings. Prior to this, Cecilia headed the public and private sector financing legal services team, covering projects across the whole of Africa, and also served as Chief Counsel Institutional Affairs, as well as Finance Counsel.

Cecilia brings to the Board of FBN Holdings Plc her wealth of management experience, particularly from an international financial institution, and her legal experience spanning more than 30 years since her call to bar. She has particular expertise in corporate governance, institutional affairs, business reorganisations and financing. She has practised law in different jurisdictions, including as a business reorganisation associate in the law firm of Weil, Gotshal & Manges in New York, and as a junior associate at O. Thomas & Co., Lagos. She was a member of the United Nations election monitoring team for the 1994 presidential election in South Africa, which was won by Nelson Mandela. In 2014, Cecilia was awarded the honour Officer of the Order of the Niger (OON) by the Government of the Federal Republic of Nigeria for her meritorious contributions in the field of international development. Cecilia is experienced in working and leading in a multicultural and bilingual environment and is a frequent speaker at international events on law, development and gender. She is a member of the Nigerian Bar and the New York Bar. She is an accomplished swimmer, and a deaconess as well as a member of the church choir.

Oluwande Muoyo Independent Non-Executive Director

Oluwande Muoyo joined the Board of FBN Holdings Plc. in July 2016. She brings to the Board over 30 years' post-professional qualification experience in the private and public sectors, with key strengths in policy formulation, relationship management and business development. Oluwande holds a BSc degree in Accounting from the University of Lagos. She is a Chartered Accountant and banker and the immediate past Honourable Commissioner for Budget and Planning in Ogun State. Prior to this appointment, she had worked with Stanbic IBTC for over 22 years, in various parts of the bank, including financial control, treasury and financial services, trade finance and corporate banking.

Oluwande started her professional career with the international firm PricewaterhouseCoopers. A Fellow of both the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Taxation of Nigeria, Oluwande has acquired competencies and skills in public financial management, banking, budgeting, planning, auditing and taxation. She sits on the Governing Board of the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), which is a member of CGIAR (formerly known as the Consortium Group of Institutes of Agricultural Research). Oluwande has attended many training programmes including Strategic Marketing Management at Harvard Business School and Advanced Management Programme at Lagos Business School. She is happily married with children and enjoys walking, cycling and playing golf.

Omatseyin Ayida Non-Executive Director

Omatseyin Ayida joined the Board of FBN Holdings Plc in 2015. He brings to the Board his expertise spanning over two decades in portfolio management, risk and strategic human resource management. He holds a Bachelor of Arts degree in Economics and Politics from the University of Kent, Canterbury, United Kingdom. Omatseyin is currently the Managing Director of Ruyat Oil Limited. He was previously the Managing Director of Capital Bank International Plc, where he led the successful buyout of the bank and its merger with Access Bank Plc and Marina International Bank in 2005. Before joining Capital Bank International in 2001, he worked with Commercial Bank (Credit Lyonnais Nigeria) Limited in various capacities in the Corporate Finance department and Multinational Corporate Banking. He rose to become Deputy Managing Director in 1998, where he was in charge of human resource management for the institution. He also led the successful transformation of Credit Lyonnais to Capital Bank over an 11-month period in 2001. An honorary member of the Chartered Institute of Bankers, Omatseyin has served on the Boards of several institutions and is at present a Director of Anchorage Leisure Limited. He has attended several executive programmes at Harvard Business School, Lagos Business School and Centre International de Management et d'Enseignement Stratégique (CIMES). He enjoys playing golf and is married with children.

Dr Hamza Wuro Bokki Non-Executive Director

Dr Hamza Wuro Bokki joined the Board of FBN Holdings Plc as a Non-Executive Director in August 2014. He brings to the Board over two decades of expertise in asset management and pension administration. He was the first student to be awarded a first-class degree in Public Administration from the University of Maiduguri, and also holds a master's degree and a PhD in Public Administration and Policy Analysis. A Fellow of the Chartered Pension Institute of Nigeria and a member of the Nigerian Institute of Management, He serves on the Boards and Audit Committees of several companies in the public and private sectors. He was Managing Director of the Gombe State Investment and Property Development Company Limited, where he revamped the company's financial position, as well as the pioneer MD/CEO of APT Pensions, which he brought to profitability within four years. Between 2012 and 2014, he served as Honourable Commissioner for Trade and Industry, Gombe State. During this time, he successfully ran the GSMG/BOI entrepreneurship development programme, which was adjudged the best in the country. Hamza currently serves as MD/CEO of NPF Pensions Limited. He has attended several executive programmes on Corporate Governance and Audit Committee. He is married with children and enjoys reading and travelling.

UK Eke, MFR

Group Managing Director

Urum Kalu (UK) Eke, MFR, assumed office as Group Managing Director, FBN Holdings Plc on January 1, 2016. He joined the Board of First Bank of Nigeria Limited in 2011 as an Executive Director, Public Sector South, and until his appointment as Group Managing Director (GMD) of FBN Holdings, was Executive Director, South at FirstBank. He is a seasoned banker with deep financial services experience spanning diverse areas including risk management, consulting, taxation, process engineering, capital market operations and business assurance. He began his career with the professional firm of Deloitte Haskins & Sells International, where he rose to become a Senior Audit Consultant. He later joined Diamond Bank Plc, where he worked for 19 years and became Executive Director, Regional Businesses, Lagos & West.

UK has over 31 years' professional experience. He brings his wealth of knowledge to the Boards of several institutions where he serves as Non-Executive Director, including FBN Bank (UK) Limited, First Pension Custodian Limited and the Financial Institutions Training Centre (FITC). He holds a first degree in Political Science from the University of Lagos and an MBA in Project Management Technology from the Federal University of Technology, Owerri.

He is a philanthropist and respected business administrator, and a Paul Harris Fellow of the Rotary Club International, a Fellow of the Institute of Management Consultants and a Fellow of the Institute of Chartered Accountants of Nigeria. He is a recipient of the national honours of the Member of the Order of the Federal Republic (MFR). He is happily married with children.

Dr Adesola Adeduntan

Non-Executive Director

Adesola ('Sola') Adeduntan attended the University of Ibadan, where he obtained a Doctor of Veterinary Medicine (DVM) degree. He also holds a Master's Degree in Business Administration (MBA) from Cranfield University Business School, United Kingdom, which he attended as a British Chevening Scholar. He has attended executive/leadership programmes at Harvard, Cambridge, Oxford and INSEAD, and is a Fellow of the Institute of Chartered Accountants of Nigeria.

Sola joined the Board of FBN Holdings Plc as a Non-Executive Director in January 2016. Sola is the Managing Director/CEO of First Bank of Nigeria Ltd and its Subsidiaries. Prior to this appointment, he was an Executive Director and Chief Financial

Officer of FirstBank. Before joining FirstBank in 2014, Sola was the pioneer Chief Financial Officer/Business Manager of the Africa Finance Corporation (AFC), where he remains a director. He has served as a Senior Vice-President and Chief Financial Officer at Citibank Nigeria Limited, a Senior Manager in the Financial Services Group of KPMG Professional Services and a Manager at Arthur Andersen Nigeria. He also had a brief stint at the defunct Afribank Nigeria Plc (now acquired by Skye Bank) as a graduate trainee where he worked mainly in Banking Operations. He is a director of Nigeria Interbank Settlement System PLC (NIBSS) and FMDQ OTC Securities Exchange as well as a member of Sigma Educational Foundation, which focuses on enhancing the quality of tertiary education system in Nigeria.

Over the course of his sterling career, Sola has garnered expertise in diverse areas of management including financial and risk management, treasury, performance management, strategy design and execution, information technology and compliance. He is happily married with children and enjoys listening to music, especially Africa folktale music.

Tijjani Borodo

Company Secretary

Tijjani Borodo was appointed pioneer Company Secretary, FBN Holdings Plc in September 2012. Before this appointment, he was the Company Secretary for First Bank of Nigeria Limited (FirstBank). His career at FirstBank spans over 27 years and he has occupied various managerial positions within the Bank. He was in charge of the Bank's Secretariat, as well as being the Secretary to the Board of Directors and Annual General Meeting for 15 years. Before joining FirstBank, he served with the Ministry of Justice, Kano State, where he held the position of Director, Public Prosecutions. Tijjani brings his wealth of experience to bear on the Board of FBN Holdings Plc.

Tijjani is a Fellow, Institute of Directors, Nigeria and the Society for Corporate Governance Nigeria; Member, International Bar Association, Nigerian Bar Association; and an Honorary Senior Member, Chartered Institute of Bankers of Nigeria. He has attended courses and programmes in various first-rate business and management schools abroad, including Harvard Business School, the Wharton School, the University of Pennsylvania, the Kellogg School of Management, Illinois and the London College of Management Studies. He is married with children and enjoys swimming, listening to music and travelling.

Tenure of directors

NON-EXECUTIVE DIRECTORS

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

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 frequently exercised within the 2016 financial year.

Board responsibilities

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 policy directions and strategy, and overseeing its implementation. The Board seeks to ensure that management delivers on both its long-term growth, and short-term objectives, striking the right balance between both goals. In setting and monitoring the execution of our strategy, consideration is given to the impact that those decisions will have on the Group's obligations to various stakeholders, such as shareholders, employees, suppliers and the community in which the Group operates as a whole.

The Board is also responsible for ensuring robust systems of internal controls are 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.

More specifically, some of the Board's responsibilities as enumerated in the Board Charter are:

- building long-term shareholder value by ensuring that adequate systems, policies and procedures are in place to safeguard the assets of the Group;
- appointing and developing members and refreshing the overall competency of the Board as necessary from time to time;
- articulating and approving the Group's strategy and financial objectives, and monitoring the implementation of those strategies and objectives;
- approving the appointment, retention and removal of the Group Managing Director (GMD) and any other Executive Director (EDs) in the Group;
- approving the criteria for assessing the performance of the GMD and the EDs;
- monitoring and evaluating the performance of the GMD against agreed key performance objectives and targets, and ratifying the evaluation of EDs as prepared by the GMD;
- reviewing, on a regular and continuing basis, the succession planning for the Board and senior management staff, and recommending changes where necessary;
- reviewing and approving the appointment, promotion and termination of senior management staff (assistant general manager (AGM) and above) on the recommendation of the relevant Board Committee;
- overseeing the implementation of corporate governance principles and guidelines;
- reviewing and approving the recommendations of the Governance Committee in relation to the remuneration of directors;
- overseeing the establishment, implementation and monitoring of a Group-wide risk management framework to identify, assess and manage business risks facing the Group;
- articulating and approving the Group's risk management strategies, philosophy, risk appetite and initiatives;
- maintaining a sound system of internal controls to safeguard shareholders' investment and the assets of the Group; and
- overseeing the Group's corporate sustainability practices regarding its economic, social and environmental obligations.

The Board's statement of 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. 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 Group Chairman

The principal role of the Group Chairman of the Board is to manage and provide leadership and direction to the Board of Directors of FBNHoldings. The Group Chairman is accountable to the Board and shareholders, and liaises directly between the Board and the management of the Company, through the GMD.

The Group Chairman acts, where appropriate, as the communicator for Board decisions. He is also responsible for the effective and orderly conduct of Board meetings. The roles of the Group Chairman and GMD are separate, such that the Group Chairman is independent from Management and free from any interest, influences or other relationship that could interfere with his independent judgement, other than interests resulting from Company shareholdings.

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

- to act as a liaison between the Management and the Board;
- to provide independent advice and counsel to the GMD;
- to ensure that the directors are properly informed and that sufficient information is provided to enable the directors to form appropriate judgements;
- together with the GMD, to develop and set the agenda for Board meetings;
- to act as Chairman at meetings of the Board;
- to review and sign minutes of Board meetings;
- to call special meetings of the Board where appropriate;
- together with the GMD, 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 Board's Committees 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 members of management present.

The role of our Group Managing Director

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

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

- to lead, in conjunction with the Board, the development of the Company's strategy 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 hire and terminate employment of staff as necessary to enable it to achieve the approved strategy;
- to ensure that the Group has appropriate systems to enable it conduct its activities in an ethical and lawful manner;
- to ensure that the Company maintains high standards of corporate citizenship and social responsibility;
- to act as a liaison between management and the Board and communicate effectively with shareholders, employees, government authorities, regulators, other stakeholders and the public;
- to ensure that the Directors are properly informed and sufficient information is provided to the Board to enable the directors to form appropriate judgements;
- together with the Group Chairman and Company Secretary, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- 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;
- to manage the Group within established policies, maintain a regular policy review process, and revise or develop policies for presentation to the Board;

- to ensure the Group operates within approved budgets and within all regulatory requirements of a holding company; and
- to 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, to implement the plan in its entirety.

The role of our Company Secretary

The Company Secretary's appointment and duties are regulated by statutes, particularly the Companies and Allied Matters Act (CAMA), Sections 293-298 regulations and the Articles of Association of the Company.

The duties of a Company Secretary include the following:

- attendance at meetings of the Company, Board meetings and Board Committee meetings, rendering all necessary secretarial services in respect of such meetings and advising on compliance and regulatory issues;
- setting the agenda of topics to be covered in the meetings through consultations with the Chairman and the GMD;
- maintaining statutory registers and other records of the Company;
- rendering proper and timely returns as required under CAMA;
- carrying out such administrative and secretarial duties as directed by the directors of the Company; and
- where duly authorised by the Board of Directors, exercising any powers vested in the directors.

The Securities and Exchange Commission's Code of Corporate Governance for Public Companies provides that, in addition to the statutory functions enumerated above, the Company Secretary should carry out the following duties and responsibilities:

- provide the Board and directors, individually, with detailed guidance as to how their responsibilities should be discharged in the best interest of the Company;
- coordinate the orientation and training of new directors.
- assist the Chairman and GMD in determining the Board's annual plan, and with the administration of other strategic Board-level issues;
- compile the Board papers and ensure that the Board's decisions and discussions are clearly and properly recorded and communicated to the relevant persons;
- notify the Board members of matters that warrant their attention; and

- provide a central source of guidance and advice to the Board and the Company, on matters of ethics, conflict of interest and good corporate governance.

Leadership restructuring across operating companies

In order to strategise and reposition the Group for optimal value, the Board initiated leadership changes across the Boards of its operating companies. At the recommendation of the Board Governance and Nominations Committee, the following leadership changes were effected across the Group, subject to regulatory approvals:

1. The appointment of Cecilia Akintomide, OON and Oluwande Muoyo to the Board of FBN Holdings Plc as Independent Non-Executive Directors. The appointment was to strengthen the Board's governance processes and fill the vacancy on the Board occasioned by the appointment of Muhammed Ahmad, OON, by the Central Bank of Nigeria as the Chairman, Skye Bank Plc.
2. Messrs Akinlolu Osinbajo and Folaranmi Odunayo were nominated for appointment as Non-Executive Directors on the Board of FBN Merchant Bank Limited to strengthen the Board's governance process and in line with best corporate governance practices.
3. Gbenga Shobo, the Deputy Managing Director (DMD), First Bank of Nigeria Limited was nominated for appointment as the Chairman of the Board of FBN General Insurance Limited, while Bode Opadokun was nominated for appointment as the Managing Director. Titilayo Adebiji and Yusufu Modibbo were nominated for appointment as Independent Non-Executive Directors, while Johan Schalkwyk has been nominated for appointment as a Non-Executive Director by Sanlam Emerging Markets Limited, technical partners to FBN Insurance Limited.
4. Folarin Alayande, Head Strategy & Corporate Development, FBNHoldings, was nominated for appointment as a Non-Executive Director on the Board of FBN Insurance Brokers Limited.

These recommendations have since been adopted and effected.

Making Board meetings effective

HOW OUR BOARD MEETINGS WORK

The following points may be noted with regard to our 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 Group policy directions, and to review opportunities and challenges facing the Group;
- Urgent and material decisions may be taken between meetings through written resolutions;
- The Company Secretary is responsible for setting the agenda of topics to be covered in the meetings and does so through consultations with the Group Chairman and the GMD;
- All directors are provided with notices, an agenda and meeting papers in advance of each meeting. Board memoranda are dispatched electronically in advance to enable directors to have adequate time to review and prepare for meetings; a director who is unable to attend a meeting is still provided with the relevant papers for the meeting. Such directors can reserve the right to discuss with the Chairman matters he/she may wish to have raised at the meeting;
- Meetings take an average of six hours. 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;
- Any director may request a topic be considered at meetings. In addition, any director may bring up any issue deemed deserving of discussion and this is usually considered under any other business during the course of the meeting, and
- Conflicts of interest are disclosed at the commencement of meetings, based on the agenda for each specific Board meeting. Where the Chairman of the Board is conflicted, he withdraws and another Director presides over the deliberations on that item.
- Where due to necessity or logistic expediency, a member of the Board is unable to be physically present at a meeting; he/she may participate via phone call or teleconferencing.

Board discussion in 2016

The Board of FBNHoldings met eight times in 2016. Over the course of the year, considerable time and effort were channeled into discussions on the following:

WHAT DID WE SPEND TIME ON IN 2016?



2017 action plan

In view of the huge loan loss provision recorded from our Commercial Banking business, which had a negative impact on our figures for the year, the Board identified the immediate need to improve on our risk management practices, particularly as they relate to credit risk management. We have commenced strengthening the credit monitoring and remedial management functions for proactive credit portfolio management.

Finally, one of our priorities for 2017 will be to extract the full benefits of a financial conglomerate by driving revenue synergies across the Group, eliminating duplication of costs, institutionalising shared services, and ensuring full customer integration. Through this, we will deliver an African financial one stop shop to our customers, as well as robust return on equity to our shareholders.

As an institution in a sector facing significant regulatory and economic headwinds, we will explore innovative and novel methods to enhance our business offerings. Specifically, some of the Board's focal points for the 2017 financial year shall be as follows:

- Evaluation of the Group's risk profile and assessment of the Group risk register.
- Assessment of the effectiveness of subsidiary companies's audit function.
- Review of the effectiveness of the Group's strategic plan and implementation of the monitoring process.
- Evaluation of performance of the Group's Risk Stakeholders Committee and subsidiary risk function.
- Review of the Group's financial projection, capital and operational budget.
- Overseeing Board performance and evaluation within the Group.
- Consideration of the 2018 budget.

ATTENDANCE AT BOARD MEETINGS

The Group's Board met eight times in 2016. The record of attendance at meetings is provided below:

Name	Jan 25	Apr 4	Apr 19	May 25	Jul 19	Oct 21	Nov 3	Dec 15
Dr. Oba Otudeko, CFR	✓	✓	✓	✓	✓	✓	✓	✓
UK Eke, MFR	✓	✓	✓	✓	✓	✓	✓	✓
Oye Hassan-Odukale, MFR	✓	✓	✓	✓	✓	✓	✓	✓
Omatseyin Ayida	✓	✓	✓	✓	✓	✓	✓	✓
Chidi Anya	✓	✓	✓	✓	✓	✓	✓	✓
Dr Hamza Wuro Bokki	✓	✓	★	✓	✓	✓	✓	✓
'Debola Osibogun	✓	✓	★	✓	✓	✓	✓	✓
Muhammad K. Ahmad, OON	✓	✓	✓	✓	Resigned			
Oluwande Muoyo	Not yet appointed					✓	✓	✓
Cecilia Akintomide, OON	Not yet appointed					✓	✓	✓

★ Participated via conference call

BOARD 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 and control over the operations of the Group. In line with best practice, the Chairman of the Board does not sit on any of the committees.

FBNHoldings has in place the following constituted Board Committees:









'Debola Osibogun

Chairman, Board Governance and Nominations Committee

BOARD GOVERNANCE AND NOMINATIONS COMMITTEE (BGNC)

MEMBERSHIP

For the 2016 financial year, the members of the committee and attendance at meetings were as follows;

-  'Debola Osibogun
-  Omatseyin Ayida
-  Chidi Anya
-  Dr. Hamza Wuro Bokki
-  Oluwande Muoyo
-  Muhammad K. Ahmad, OON

Attendance at the Board Governance and Nominations Committee Meetings 2016

Name	4 Apr	19 Apr	25 May	19 Jul	21 Sep	20 Oct	3 Nov	15 Dec
'Debola Osibogun	Not yet a member		✓	✓	✓	✓	✓	✓
Omatseyin Ayida	✓	✓	✓	✓	★	✓	✓	✓
Chidi Anya	✓	✓	✓	✓	✓	✓	No more a member	
Dr Hamza Wuro Bokki	Not yet a member						✓	✓
Oluwande Muoyo	Not yet a member						✓	✓
Muhammad K. Ahmad, OON	Not yet a member		✓	Resigned from the Board				

★ Participated via conference call

KEY RESPONSIBILITIES

The responsibilities of the Committee are to:

- develop and maintain an appropriate corporate governance framework for the Group, ensuring compliance with the SEC Code of Corporate Governance, other regulatory requirements and global best practices on corporate governance;
- review and approve the corporate governance disclosures to be included in the annual report;
- oversee Board performance and evaluation within the Group;
- nominate independent consultants to conduct an annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, operations, role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship towards shareholders;

- evaluate the performance of the Board Committees and Boards of subsidiary companies on an annual basis and ratify the performance appraisals of the Executive Directors as presented by the Group Managing Director (GMD). The Committee can utilise the service of the independent consultant approved by the Board for the annual Board appraisal as it deems fit. The evaluation process will be in line with the Group's Evaluation Policy;
- ensure the performance evaluation of the GMD is performed by the Board on an annual basis and formal feedback provided to the GMD;
- at the request of the Board, identify individuals for consideration for Board appointment and present to the Board for ratification;
- recommend potential re-election of directors (including the GMD) to the Board, in line with FBNHoldings' approved director selection criteria;
- ensure the Board composition includes at least two Independent Non-Executive Directors who meet the independence criteria as defined by the CBN;
- ensure adequate succession planning for the Board of Directors and key management staff across the Group;
- recommend candidates for directorship positions in subsidiary companies to the Board for endorsement;
- develop and maintain an appropriate policy on remuneration of directors, both Executive and Non-Executive, and make recommendations on the amount and structure of the remuneration of the Chairman and other Non-Executive Directors to the Board for ratification;
- ensure proper disclosure of directors' remuneration to stakeholders;
- review and make recommendations to the Board on all retirement and termination payment plans to the Executive Directors; and
- perform such other matters relating to the operations of the Group as may be specifically delegated to the Committee by the Board.









Oluwande Muoyo

Chairman, Board Audit and Risk Assessment Committee

BOARD AUDIT AND RISK ASSESSMENT COMMITTEE (BARAC)

MEMBERSHIP

For the 2016 financial year, the members of the committee and attendance at meetings were as follows;

-  Oluwande Muoyo
-  'Debola Osibogun
-  Omatseyin Ayida
-  Chidi Anya
-  Dr Hamza Wuro Bokki
-  Muhammad K. Ahmad, OON

Attendance at the Board Audit and Risk Assessment Committee Meetings 2016

Name	1 Mar	4 Apr	12 Apr	19 May	14 Jul	7 Oct	21 Oct	12 Dec
Oluwande Muoyo	Not yet a member							✓
'Debola Osibogun	✓	✓	✓	✓	✓	✓	✓	✓
Omatseyin Ayida	Not yet a member			✓	✓	✓	✓	✓
Chidi Anya	✓	✓	✓	✓	✓	✓	✓	✓
Dr Hamza Wuro Bokki	✓	✓	✓	No more a member				
Muhammad K. Ahmad, OON	Not yet a member			✓	Resigned from the Board			

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:

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

KEY RESPONSIBILITIES

Among the responsibilities of the Committee are to:

- ensure there is an efficient risk management framework for the identification, quantification and management of business risks facing the Group;
- evaluate the Group's risk profile and the action plans in place to manage the risk;
- ensure the development of a comprehensive internal control framework for the Group;

- review the Group's system of internal control to ascertain its adequacy and effectiveness;
- evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, particularly: market, liquidity and operational risks, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and management's views on the acceptable and appropriate levels of those risk exposures;
- review the independence and authority of the risk management function;
- review the Group's legal representation letter presented to the external auditors and discuss significant items, if any, with the Company Secretary;
- receive the decisions of the Statutory Audit Committee on the statutory audit report from the Company Secretary and ensure its full implementation; and
- assess and confirm the independence of the statutory auditor annually. The report of this assessment should be submitted to the Board and the Statutory Audit Committee.



Oye Hassan-Odukale, MFR

Chairman, Board Finance and Investment Committee

BOARD FINANCE AND INVESTMENT COMMITTEE (BFIC)

MEMBERSHIP

For the 2016 financial year, the members of the committee and attendance at meetings were as follows;

-  Oye Hassan-Odukale, MFR
-  UK Eke, MFR
-  Cecilia Akintomide, OON
-  Dr Hamza Wuro Bokki

Attendance at the Board Finance and Investment Committee Meetings 2016

Name	25 Jan	18 Jul	28 Sep	5 Oct	2 Nov	2 Dec	12 Dec
Oye Hassan-Odukale, MFR	✓	✓	✓	✓	✓	✓	✓
UK Eke, MFR	✓	✓	✓	★★★	✓	✓	✓
Cecilia Akintomide, OON	Not yet a member				✓	✓	✓
Dr Hamza Wuro Bokki	✓	✓	✓	✓	✓	★	✓

★ Participated via conference call

★★★ Away on official assignment

ROLE AND FOCUS

The purpose of this Committee is to provide:

- strategic planning;
- investment planning, execution and monitoring;
- mergers, acquisitions and business expansions; and
- long-term financing options for operating companies.

KEY RESPONSIBILITIES

Some of the responsibilities of the Committee are to:

- understand, identify and discuss with management the key issues, assumptions, risks and opportunities relating to the development and implementation of the Group's strategy;
- participate in an annual strategy retreat for the Board and Management, ensuring that the Board retains sufficient knowledge of the Group's business and the industries in which it operates in order to provide strategic input and identify any critical strategic discontinuities in management's assumptions and planning premises;
- critically evaluate and make recommendations to the Board for approval of the Group's business strategy, at least annually;

- periodically engage Management on informal dialogue and act as a sounding board on strategic issues;
- regularly review the effectiveness of the Group's strategic planning and implementation monitoring process;
- review and make recommendations to the Board regarding the Group's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines, and the performance of the Group's investments portfolios;
- oversee the Group's investment planning, execution and monitoring process;
- oversee the long-term financing options for the Group;
- review the Group's financial projections, as well as capital and operating budgets, and review on a quarterly basis with management, the progress of key initiatives, including actual financial results against targets and projections;
- review and recommend for Board approval the Group's capital structure, which should not be limited to mergers, acquisitions, business expansions, allotment of new capital, debt limits and any changes to the existing capital structure;
- recommend for Board approval the Group's Dividend Policy, including nature and timing; and
- ensure that an effective Tax Policy is implemented.



UK Eke, MFR

Chairman, Group Executive Committee

GROUP EXECUTIVE COMMITTEE (GEC)

The GEC usually invites to its meetings any attendee, as may be required, and meets quarterly, or as required. The Committee met six times in 2016.

MEMBERSHIP

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

- MD/CEO, First Bank of Nigeria Limited and Subsidiaries;
- MD/CEO, FBN Merchant Bank Limited;
- MD, FBN Capital Limited;
- MD/CEO, FBN Insurance Limited;
- MD/CEO, FBN General Insurance Limited;
- MD/CEO, FBN Insurance Brokers Limited;
- Company Secretary, FBNHoldings;
- Chief Financial Officer, FBNHoldings;
- Chief Risk Officer, FirstBank; and
- Chief Financial Officer, FirstBank.

ROLE AND FOCUS

The role of this Committee is:

- ensuring overall alignment of Group strategy and plans;
- reviewing strategic and business performance against the 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 the progress of Group synergy realisation initiatives and making recommendations in respect of them;
- discussing and monitoring compliance with Group policies such as risk management, internal audit and HR; and
- reviewing and recommending modifications to Group policies.

KEY RESPONSIBILITIES

- review and ratify the quarterly and annual financial statements;
- review and approve the annual internal audit plan encompassing all of the Group's auditable activities and entities and, on a quarterly basis, discuss the status of implementation of the internal audit plan;
- annually review and reassess the internal audit division's responsibilities and functions, making changes as necessary, and arrange an independent evaluation of the internal audit function's activities every three years in line with the SEC Code of Corporate Governance; and
- oversee the establishment of whistleblowing procedures for the receipt, retention and treatment of complaints received by the Group regarding accounting, internal controls, auditing matters, unethical activity and breaches of the corporate governance code, and also ensure the confidentiality and anonymity of submissions received with respect to such complaints.



Ayodeji Shonubi

Chairman, Statutory Audit Committee

STATUTORY AUDIT COMMITTEE (SAC)

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

Statutory Audit Committee: Shareholder representative profiles

Ayodeji Shonubi Chairman, Statutory Audit Committee

Ayodeji Shonubi has experience in auditing and accountancy services, management consultancy, investigation, tax consultancy, financial and general management. He is a Fellow of the Institute of Chartered Accountants of Nigeria, the Association of Chartered Certified Accountants and the Chartered Institute of Taxation of Nigeria. He attended Huddersfield Polytechnic, England and the University of Strathclyde, Glasgow, Scotland. He also holds a Postgraduate Diploma in Financial Studies. He had over three decades experience in auditing, banking and finance garnered with Price Waterhouse & Co, Peat Marwick Ani Ogunde & Co, Federal Mortgage Bank of Nigeria and Frontline Savings and Mortgage Limited. He is currently the Principal Partner of Ayo Shonubi & Co, a firm of Chartered Accountants. He served as a member of Audit Committee of some blue-chip companies as well as council committees of the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria. He is happily married with children.

Ismail Adamu Member, Audit Committee

Ismail Adamu was appointed member of the Audit Committee in May, 2016. A Fellow of the Chartered Institute of Credit Administration and an Honorary Senior Member of the Chartered Institute of Bankers, Ismail holds a Master's degree in Banking and Finance from Bayero University Kano. He has over 32 years' banking experience which cuts across Banking Operation, Credit Administration, Mortgage Banking, Business Development, Management, Finance and Investment. While in the banking service, he held several positions including pioneer Bank Manager, Guyuk Branch, Adamawa, Branch Manager,

Murtala Mohammed Way Branch, Kano and Relationship Manager, Corporate Banking Group, Union Bank Plc. He is skilled in general banking practices and internal control and internal audit. He is the Executive Director of Adona Property Support Services Ltd. Ismail is a purposeful and result-oriented leader with excellent interpersonal skills and good professional ethical conduct. He is happily married with children and enjoys music and football.

Christopher Okereke Member, Audit Committee

Christopher ('Chris') Okereke was appointed member of the Audit Committee in May, 2016. Chris has over 17 years' experience with the Securities & Exchange Commission where he initiated and extensively contributed to policy formulation for the Regulation of the Nigerian Capital Market and also initiated and collaborated with others in developing and implementing the strategic and structural agenda for the Commission. He spent about 12 years as Audit Manager, Chief Accountant/Company Secretary, Finance Controller and Senior Auditor in different investment and auditing companies. He was also a lecturer at the Federal Polytechnic, Unwana - Afikpo. He was Honourable Commissioner, Economic Empowerment & Poverty Reduction, Ebonyi State from 2007 to 2009. He is a member of several committees including Technical Committee of National Council on Privatization and Committee on Guidelines for Universal Banking in Nigeria. Chris holds a Doctor of Philosophy degree in Economics from the University of Lagos, a Fellow of the Institute of Chartered Accountants of Nigeria; an Associate Member of the Institute of Chartered Stockbrokers and a Member of American Economics Society. Chris is a Principal Partner at Onyejekwe Okereke & Co and Director, KST Investment & Financial Services Ltd. He is happily married with children and enjoys reading and playing golf.

Financial literacy on the Statutory Audit Committee

All the shareholder representatives on the SAC are financially literate and knowledgeable in internal control processes, as may be gleaned from their educational qualifications detailed below. The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants of Nigeria. The other members are Non-Executive Directors with extensive board experience.

Summary of educational qualifications of Statutory Audit Committee members

Name	Role	Status	Educational qualification
Ayodeji Shonubi	Chairman	Shareholder representative	FCA , FCCA, FCIT
Ismail Adamu	Member	Shareholder representative	FCICA, MSc Banking & Finance, HND (Banking & Finance)
Christopher Okereke	Member	Shareholder representative	FCA, Mni, MSC (Econs), PhD (Econs)
Oye Hassan-Odukale, MFR	Member	Non-Executive Director	MBA-Fi, BBA, BSc (Bus Admin)
Chidi Anya	Member	Non-Executive Director	MILD, BL, LLB
Cecilia Akintomide, OON	Member	Independent Non-Executive Director	LLM, BL, LLB

Independence of the Statutory Audit Committee

The independence of the SAC is fundamental to upholding public confidence in the reliability of the SAC's reports and the Company's financials. We have endeavoured to uphold the independence of our SAC.

No Executive Director sits on the SAC. Of the six members of the Committee as required by statute, three are shareholder representatives including the Chairman. The shareholder representatives are independent and answerable to the shareholders.

The other three members are two Non-Executive Directors and an Independent Non-Executive Director. This composition underpins the Independence of the SAC from executive influence.

Tenure

The tenure of each Committee member lasts from the date of election at an Annual General Meeting till the next. The membership may, however, be renewed through re-election at the next Annual General Meeting.

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 National Insurance Commission (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;
- make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair the independent judgement of the external auditors;
- authorise the internal auditor to carry out investigations into any 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); listed below are details of the SAC, including the auditors. The record of SAC attendance for 2016 is provided below:

Attendance at Statutory Audit Committee (SAC) meetings

Name	4 Apr	23 May	28 Sep
Job Onwughara	✓	✓	Not re-elected
Abubakar Yahyah	✓	✓	Not re-elected
Ayodeji Shonubi	✓	✓	✓
Ismail Adamu	Not yet elected	Not yet elected	✓
Christopher Okereke	Not yet elected	Not yet elected	✓
Oye Hassan-Odukale, MFR	✓	✓	✓
Chidi Anya	✓	✓	✓
Cecilia Akintomide, OON***	Not yet appointed	Not yet appointed	Not yet appointed
Dr Hamza Wuro Bokki	Not yet appointed	Not yet appointed	✓

*** Cecilia Akintomide, OON, was appointed after the last meeting of the Committee for the year that held in September, 2016

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 year end. The Board continues to view the Company as a going concern for the foreseeable future.

External auditors

The external auditors for the 2016 financial year were Messrs PricewaterhouseCoopers (PwC).

Section 33 of the Securities and Exchange Commission 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 the company of 10 years may be reappointed after another seven years following their disengagement.

Similarly, the Central Bank of Nigeria's Code (CBN Code) of Corporate Governance for Banks provides that the tenure of the auditors in a given bank shall be for a maximum period of 10 years, after which the audit firm shall not be reappointed in the bank until after a period of another 10 years.

FBNHoldings is in full compliance with the Code, as its external auditors were appointed as sole auditors starting from the 2014 financial year and hence have been retained for two years.

2016 audit fees

The audit fee paid to the external auditors for the 2016 FBHHoldings statutory audit was ₦25million.

Prohibition of insider dealings

In line with Section 17.2 of the Amendment to the Listing Rules of the Nigerian Stock Exchange, we have put in place structures to ensure compliance accordingly and communicate closed periods both to insiders and to the Nigerian Stock Exchange. The Company Secretary provides notification to the directors and other insiders directly, and further ensures compliance by instructing the Registrars to ensure that, within this period, Directors, persons discharging managerial responsibility, advisers and other persons with access to insider information or their connected persons are not allowed to deal in the securities of FBHHoldings.

Our approach to risk management and compliance

Our approach to risk management is premised on a risk culture that promotes accountability and responsibility for risks at all levels and across the Group. The business lines are primarily accountable for the risk taken, supported by an independent risk function which provides constructive challenge, towards ensuring risks taken by the businesses are within the acceptable risk appetite, while the internal audit provides independent assurance on the effectiveness of the risk management policies and practices.

The elevated loan loss provision recorded in the current year has resulted in the need to improve our risk management practices, in particular as they relate to credit risk management. The credit monitoring and remedial management function are being strengthened for proactive credit portfolio management. Furthermore, during the year, the Group Enterprise Risk Management (ERM) framework was approved and is being embedded across the Group. This will significantly strengthen our risk management practices.

Compliance with applicable laws, regulations and standards in all markets and jurisdiction where we operate is considered a shared responsibility for all staff across the Group. Robust measures are in place towards ensuring that these responsibilities are discharged so that the Group is not exposed to compliance risk.

Succession planning

The Board Governance and Nominations Committee is tasked with the responsibility for the Group's succession planning process. The Committee identifies critical positions on the Board and at executive management level, deemed important to the achievement of the Company's business objectives and strategies, and which have a significant impact on the Group's operations. These critical positions include:

- Board Chairman
- Non-Executive Directors
- Executive Management
- Subsidiary Managing Directors
- Subsidiary Board Chairmen

Thereafter, the Committee shall define the competency requirements for the key positions. The competency requirements provide a blueprint of what is required to succeed in each position, and include the required knowledge, skills and attitudes, as well as ethics, values and code of conduct. The competency requirements are identified and defined in line with the Group's future needs and strategic objectives, and provide the basis to assess potential successors for the identified key positions and to identify skills gaps and developmental needs.

In conclusion, the Committee identifies a talent pool, following which the Committee determines the skills and competency gaps as well as the developmental needs of the Board.

For the Chairman's position, the incumbent will articulate the developmental needs of each individual Non-Executive Director on the Board in order to develop a plan to bridge that gap and position towards potential successors.

For Non-Executive Directors, the Board Governance and Nominations Committee will periodically undertake a careful analysis of the existing Board's strengths and weaknesses, skills and experience gaps based on the exit of directors from the Board and current deficiencies, while noting the Company's long-term business strategy and future plans. Based on this assessment, the Board Governance and Nominations Committee shall define the skills and competency profile that reflects the need of the Board.

In the case of executive management positions, the Board Governance and Nominations Committee in conjunction with the GMD shall note and review the skills gaps of possible successors against expected competency requirements.

EFFECTIVENESS

Ensuring Board effectiveness

Today's Boards have to contend with a host of new pressures, challenges and risks. Held evermore 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 must also evaluate the performance of the Group Managing Director (GMD) and other senior executives.

An effective Board is one that has inculcated the right ethics for doing business and observes good corporate governance principles. It is not enough to pay lip service to the observation of good corporate governance practices as a compliance-ticking exercise; it has to be demonstrated that there is resolute belief in the principles and ways of conducting business by members of the Board, both collectively and individually.

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 such practices are most appropriately cascaded through the organisation from the Board of directors at the top. Our approach to ensuring our Board's effectiveness is threefold - through composition, training and a rigorous Board appraisal process.

Guiding principles on composition

The first step towards having an effective Board is to ensure the right people, who have previously displayed excellent business knowledge and Board experience, are appointed. It is essential that members of the Board are persons of integrity, willing to comply, not just with the letter of the codes, but also with the spirit of the Code. Understanding these requirements, we have ensured the composition of our present Board is the best mix of the competencies and experiences required for a company primarily designed for the enhancement of shareholder value.

We have aligned with global best practice on the ratio of Non-Executive Directors to Executive Directors on the Board. Our Non-Executive Directors outnumber our Executive Directors by nine to one, underscoring the overwhelming independence of the Board from the management of the Company. Non-Executive Directors are expected to focus on Board matters and not stray into 'executive direction', thus providing an independent view of the Company that is removed from its day-to-day running. Non-Executive Directors, then, are appointed to bring to the Board:

- independence;
- impartiality;
- wide experience;
- specialist knowledge; and
- outstanding personal qualities.

In strategy formation, Non-Executive Directors are also expected to provide monitoring, to contribute creative and informed ideas to the Company, and to look critically at the objectives and plans devised by the executive team.

For more information about the Board composition, please refer to pages 6 - 8.

Training philosophy

Regardless of the expected depth of knowledge and experience of those appointed to the Board, we ensure regular domestic and international training programmes are organised for Board members to improve their decision-making capacity, thereby contributing to the overall effectiveness of the Board. The Company Secretariat usually identifies relevant training and makes recommendations to the Board who then approves the annual training plan. The Secretariat thereafter facilitates the implementation of the plan.

The following Policy Statements guide our director training policy;

- Newly appointed directors must undergo an induction programme on assumption of office.
- Every Board member must attend a minimum of one training programme each financial year. In addition, Board members are expected to attend mandatory training programmes as may be directed from time to time by regulatory authorities.
- The GMD or the Company Secretary shall make training recommendations for Directors.

In some cases, in-house programmes are organised to train directors as a group, where it is considered that the training may be beneficial to all the members of the Board. An example was the training session that was organised alongside the induction programme held in October 2016. The training covered topics on finance, risk management, marketing and strategy.

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

Board appraisal

In compliance with the SEC Code of Corporate Governance, 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, KPMG Professional Services, to conduct an appraisal of the Board of Directors and individual director peer appraisal for the year ending 31 December 2016.

The Board appraisal covered 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 focused on the following five key areas of Board responsibility:

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

Work approach

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

- the Central Bank of Nigeria's (CBN's) Guidelines for Licensing and Regulation of Financial Holding Companies in Nigeria 2014;
- the CBN's Code of Corporate Governance for Banks and Discount Houses 2014 - CBN Code; and
- the Securities and Exchange Commission's (SEC's) Code of Corporate Governance (Nigeria) - SEC Code.

What do we expect to learn from this process?

The appraisal process provides a mechanism for measuring directors performance against expected performance. The appraisal report and recommendations on areas of improvement are presented to the Board for deliberation. The outcome of the Board's evaluation is fed back, as appropriate, in 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 are 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 to deciding eligibility for re-election and other matters.

KPMG's appraisal of the Board for the 2015 financial year revealed FBNHoldings' corporate governance practices were largely in compliance with the key provisions of the CBN Code and SEC Code. Specific recommendations for further improving our governance practices were also articulated and included in a detailed report to the Board. This related to Board composition, related party management and governance over subsidiaries.

We have taken these recommendations on board and improved on our corporate governance practices. The two new appointments to the Board have been made to align with these recommendations. We have also structured our related party management to ensure credit processes are independent of related parties whilst also strengthening our subsidiary governance framework.

The Board appraisal for 2016 has also been concluded and the evaluation report can be viewed on page 49.

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 its execution. The Board usually holds an annual Board retreat, where 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 is continuously updated on significant issues, risks or challenges encountered in the course of strategy implementation across the Group, and on the steps 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 continuously assess progress and confirm alignment or otherwise with the Group's strategic goals and objectives.

The Group's actual performance is presented relative to its planned/budgeted performance to provide the Board with ongoing insight into the level of achievement. In addition, peer benchmarking forms a continuous part of our Board meetings in order to put our performance into perspective against that of our competitors.

REMUNERATION STRUCTURE

INTRODUCTION

This section provides stakeholders with an understanding of the remuneration philosophy and policy adopted at FBNHoldings for Non-Executive Directors, Executive Directors and employees.

REMUNERATION PHILOSOPHY

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

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

REMUNERATION STRATEGY

FBNHoldings' compensation and reward strategy is aimed at attracting, rewarding and retaining a motivated talent pool to drive the Company's values, ideology and strategic aspirations. FBNHoldings' compensation strategy supports its corporate strategy and is reviewed as required to reflect changes in internal and external environmental conditions. The compensation and reward strategy seeks to position the Group as an employer of choice within its pay market by offering an attractive and sustainable compensation package.

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

COMPENSATION POLICY

The Group's Compensation Policy provides the guidelines for administration of staff compensation and is aimed at attracting, rewarding and retaining a motivated talent pool. The compensation structure is categorised into Remuneration, Perquisites and Benefits. 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 are other pay items outside base pay. These are structured to support a standard of living for respective grades. These allowances include housing, furniture, lunch and clothing, etc. They are payable in cash and are paid monthly, quarterly or yearly for tax planning, liquidity planning and staff convenience. Allowances are separated into two: those that form part of staff salary and those categorised purely as allowances.

Bonuses/incentives are related to achievement of organisational and individual targets and it may be cash or non-cash, such as performance bonuses and commendation letters.

Perquisites are usually lifestyle-oriented and designed to ensure comfort, motivation, commitment and retention of staff, particularly those at senior level or with high potential. These may include status cars, generators, gym equipment's etc.

Benefits are entitlements usually attainable subject to organisational conditions. They include leave, medical allowance and club subscriptions. .

To guarantee staff convenience and in line with the Group's ethical stance of being socially responsible and a good corporate citizen, payments are structured so that while ensuring adequate cash flow for staff, the Group does not run contrary to tax laws and other statutory regulations.

EXECUTIVE REMUNERATION

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

The remuneration for Executive Directors is determined by the Board and usually reflects the industry average while ensuring that it adequately attracts and retains the best and most experienced individuals for the role. This also applies to Non-Executive Directors who are entitled to directors' fees, reimbursable expenses and sitting allowances.

BOARD COMPENSATION

NON-EXECUTIVE DIRECTORS

In line with the CBN/SEC Codes, 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.

DIRECTORS' EMOLUMENT

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.

	31 December 2016 ₦ million	31 December 2015 ₦ million
Fees	312	315
Sitting allowance	17	11
Executive compensation	105	90
Total	434	416

The Group has continually ensured that its remuneration policies and practices remain competitive, and are in line with its core values to incentivise and drive performance.

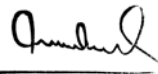
Statement of compliance with the Nigerian Stock Exchange (NSE) listing rules on Securities Trading Policy

In line with Section 14.4 of the Nigerian Stock Exchange (NSE) Amendments to the Listing Rules (Rules), we wish to state that we have adopted a code of conduct regarding securities transactions by our directors and it is in line with the required standard set out in the Rules.

The FBNHoldings Securities Trading Policy (Policy) is embedded in the Board-approved Group Disclosure Policy, and having made specific enquiry of all our directors regarding compliance with the Policy, we hereby confirm to the best of our knowledge that our Board of Directors are in compliance with our Securities Trading Policy and the provisions of the Rules on Securities Trading.



Dr Oba Otudeko, CFR
Group Chairman



Tijjani Borodo
Company Secretary

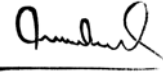
Statement of compliance with the Central Bank of Nigeria (CBN) and Securities and Exchange Commission (SEC)'s Codes of Corporate Governance

In compliance with Section 4.2 of the Listings Rules of the Nigerian Stock Exchange on Listing on the Premium Board, we wish to state that the CBN and SEC Codes of Corporate Governance (Code) governs the operations of FBN Holdings Plc.

We hereby confirm that to the best of our knowledge we are in compliance with the Codes.



Dr Oba Otudeko, CFR
Group Chairman



Tijjani Borodo
Company Secretary

ACCOUNTABILITY

Risk Governance Framework

Effective management of risk requires a robust governance structure in which everyone knows their individual and collective accountabilities for risk management, risk oversight and risk assurance. This is reinforced by appropriate delegation of authority from the Board, which sets the appropriate tone down through the management hierarchy, and is supported by a committee-based structure designed to ensure that the risk management system across the Group is in line with regulations and leading practices. The various components of risk governance include:

- clearly defined accountabilities and expectations of relevant parties in the risk management process;
- a clearly defined policy for the management of various risks; and
- a system of internal control and appropriate assurance in the risk management process.

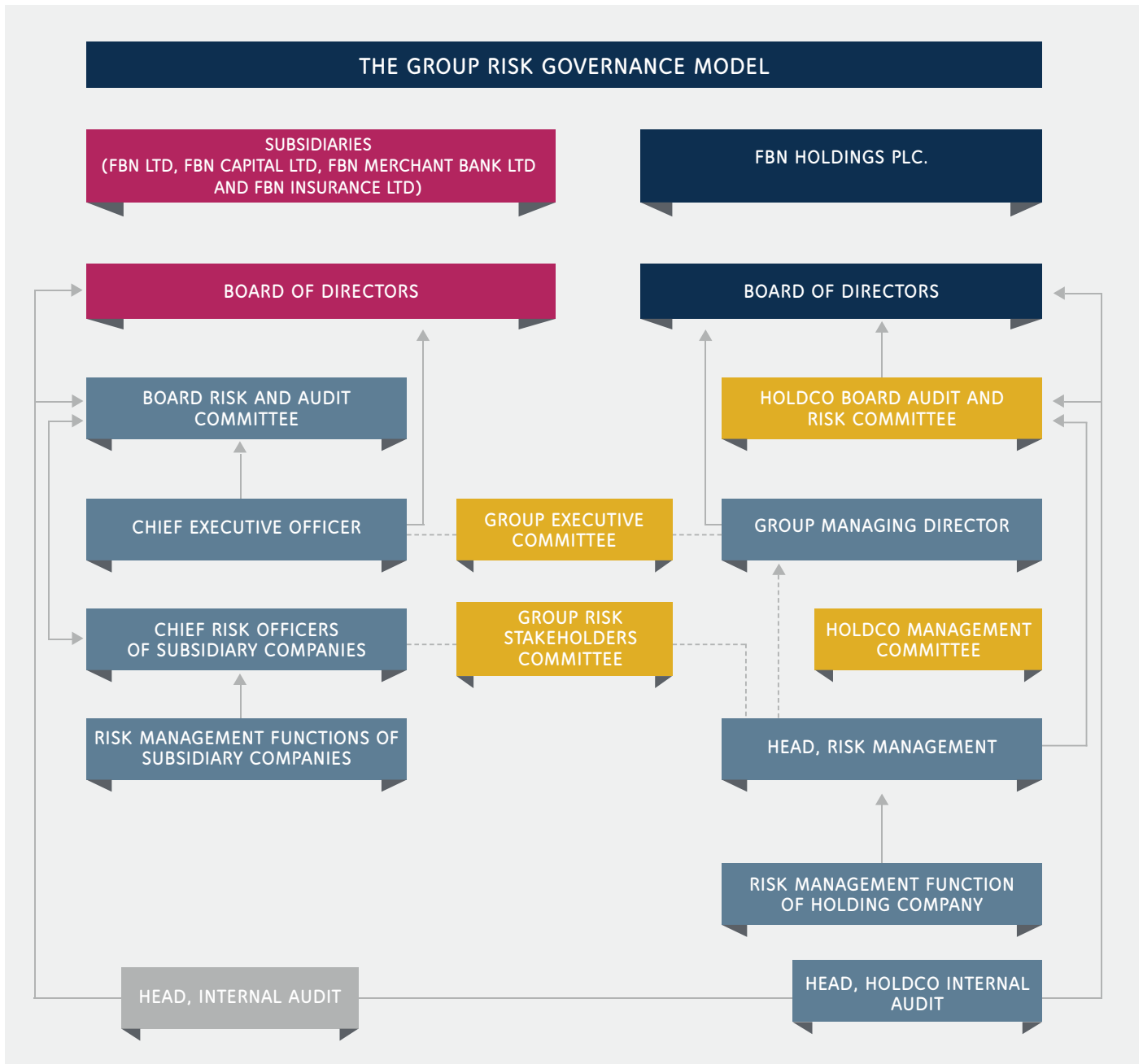
Presented below is the hierarchy of the risk governance model in the Group.



- The Board, at the top of the pyramid, has ultimate responsibility for risk management and is responsible for approving all risk management policies and associated amendments. The risk oversight responsibilities of the Board are delegated to the Board Audit and Risk Assessment Committee (BARAC). Details of these roles and responsibilities are contained on pages 16-17.
- The Executive Committee is responsible for reviewing and challenging risk information and escalating issues to the Board.
- Risk Management department facilitates and coordinates risk management activities across the Group.
- Strategic business units and other departments are the risk takers responsible for implementing internal control procedures, identifying risks in products, activities, processes and systems as well as initiating actions and applying mitigating strategies, in addition to reporting risks associated with their respective functions.
- Internal Control, Internal/External Audit and External Assessors are responsible for giving independent assurance on the effectiveness of risk management process, practices and control.

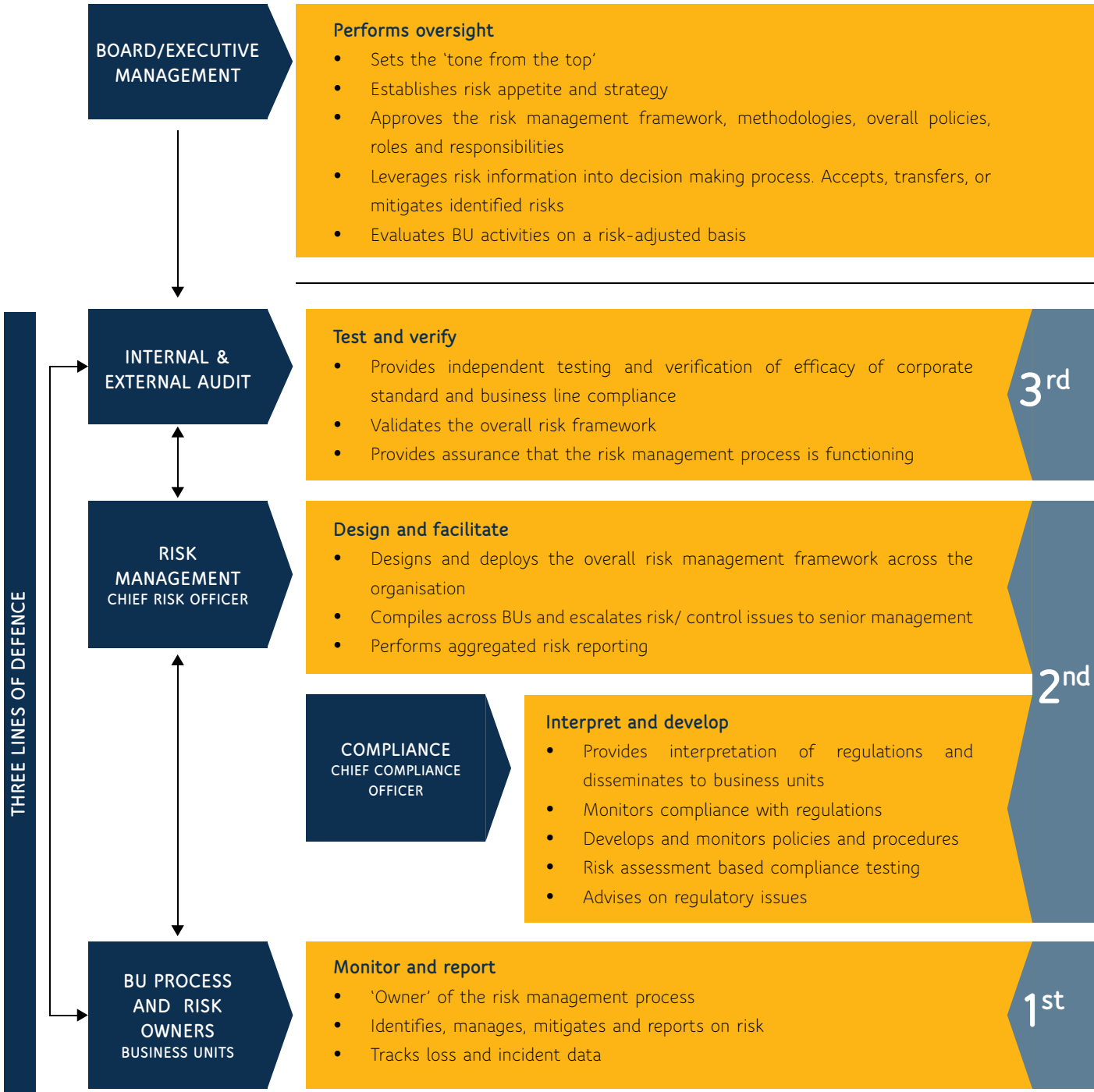
The approved risk governance model of the Group is characterised by the following:

- The Board of Directors of the holding company (assisted by the Board Audit and Risk Assessment Committee) will provide robust oversight of the Group's risk strategy, approves the Group risk appetite, and review the adequacy of the risk management framework and control effectiveness.
- The Group Risk Stakeholders Committee comprises the Chief Risk Officers (CROs) and Chief Compliance Officers (CCOs) of the business units and the Holding company. The committee ensures a strong and effective relationship between the risk management function of the business units and the holding company, as well as enhance the risk coordination process across the Group. The committee is accountable to the Group Management Committees and the Group Board Audit and Risk Assessment Committee.



This target operating model ensures clarity and simplicity of the risk management process and also enhances a robust and practical risk governance structure in the Group.

In reinforcing the risk governance framework of FBNHoldings, the 'three lines of defence' model is also used.



This model helps improve the effectiveness of the Group risk management framework by identifying and documenting the responsibilities and accountabilities for risk management and internal control across the Group's business units. The model also helps to ensure clarity between the roles and responsibilities within each line, all of which play an integral role in ultimately providing assurance as to the effectiveness of risk management and the systems of internal control.

The table below describes the respective accountabilities of each line of defence.

RESPONSIBILITIES AND ACCOUNTABILITIES IN THE THREE LINES OF DEFENCE	
First line of defence	Business line responsibilities
Risk identification control	<ul style="list-style-type: none"> · Identify and manage risks on a day-to-day basis. · Ensure activities are within the Group risk appetite. · Design, implement and maintain effective internal control within the business lines. · Implement risk-based approval process for new activities and products. · Monitor and report on risk profile.
Second line of defence	Governance, risk and oversight function responsibilities
Standard setting and challenging	<ul style="list-style-type: none"> · Develop ERM (enterprise risk management) framework, and risk and control strategies and practices. · Provide oversight and independent challenge on the first line of defence through review, enquiry and discussion. · Develop and communicate governance, risk and control policies. · Provide training, tools and advice to support the first line of defence. · Monitor and report on compliance with risk appetite and policies. · Review policies and framework where and when necessary.
Third line of defence	Internal audit responsibilities
Independence assurance	<ul style="list-style-type: none"> · Verify that the Group's risk management framework is operating effectively. · Validate the effectiveness of the first two lines of defence.

Roles and responsibilities of the Board Audit and Risk Assessment Committee (BARAC)

The primary role of BARAC is to report to the Board and provide recommendations on matters relevant to risk management control and audit. The specific roles and responsibilities of the Committee are listed above under the Board Committee reports on page 16-17.

WHISTLEBLOWING IN FBN HOLDINGS PLC

Commitment to high ethical standards

The Board of FBN Holdings Plc prioritises high ethical standards and probity, and expects all its employees and executives to observe such standards in all their dealings within the Group. To help ensure a high ethical standard, we established a code of ethics, which sets out the minimum standards of conduct expected in the management of our businesses across the Group. All stakeholders are expected to comply with these standards in the discharge of their duties. Whilst the Group's operating procedures are intended to detect and prevent or deter improper activities, we realise that even the best systems of controls may not provide absolute safeguards against irregularities.

We recognise that there may be instances where these ethical guidelines may be violated. To ensure that these possible violations receive attention from the appropriate office, we adopted a Whistleblowing Policy (Policy), which provides a channel for the Group's employees and other relevant stakeholders to raise concerns about workplace malpractices in a confidential manner, and to enable the relevant authorities to investigate and deal with such in a manner consistent with the Group's policies and relevant regulations. The Policy is therefore intended to support investigations into any reported misconduct or concern, and the taking of any appropriate actions.

The Policy applies to both internal (staff, contract employees, management or directors) and external (customers, service providers, applicants, auditors, consultants, regulators and other stakeholders) whistleblowers.

The Policy outlines the Group's procedure on Whistleblowing and how all reported cases of illegal and unethical conduct or other misconduct across the Group should be dealt with.

The Policy complies with the requirements of various regulatory authorities with oversight of the Group's activities regarding Whistleblowing, particularly section 3.1 of the Central Bank of Nigeria (CBN) 'Guidelines for Whistleblowing for banks and other financial institutions in Nigeria', and section 5.3.1 of the 'Code of Corporate Governance for banks and discount houses'.

Objectives of the Policy

The Policy is intended to encourage staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, management, directors and other stakeholders across the Group to appropriate authorities in a confidential manner, without any fear of harassment, intimidation, victimisation or reprisal. Specific objectives of the Policy are to:

- Ensure all employees feel supported in speaking up in confidence and reporting matters they suspect may involve improper, unethical or inappropriate conduct within the Group;
- Encourage all improper, unethical or inappropriate behaviour to be identified and challenged at all levels of the organisation;
- Provide clear procedures for reporting and handling such concern(s);
- Proactively prevent and deter misconduct that could damage the Group's reputation;

- Provide assurance that all disclosures will be taken seriously, treated as confidential and managed without fear of reprisal of any form; and
- Help promote and develop a culture of openness, accountability and integrity.

Scope of the Policy

The Policy is designed to enable employees and other relevant stakeholders to report any perceived act of impropriety. Such reports should not be based on mere speculation, rumours and gossip, but on factual knowledge. Reportable misconducts covered under this Policy include:

- All forms of financial malpractice or impropriety such as fraud, corruption, bribery, theft and concealment;
- Failure to comply with legal obligations, statutes and regulatory directives;
- Actions detrimental to health and safety or the environment;
- Any form of criminal activity;
- Improper conduct or unethical behaviour that undermines universal and core ethical values such as integrity, respect, honesty, accountability, fairness, etc;
- Other forms of corporate governance breaches;
- Connected transactions not disclosed or reported in line with regulations;
- Insider abuse;
- Non-disclosure of interest;
- Sexual or physical abuse of any member of staff, customer, applicant, service provider or other relevant stakeholders; and
- Attempt to conceal any of the aforementioned acts.

The aforementioned reportable misconducts or concerns are not exhaustive. However, judgement and discretion are required to determine misconduct that should be reported under this Policy. The general guide in identifying reportable misconduct is to report concerns that it would be in the interest of the Group and the general public to stop, and for appropriate sanctions to be applied.

The Policy regulates our activities as a Holding Company and all the subsidiaries within our Group. This is without prejudice to the requirements by regulators of the various subsidiaries for them to put in place their respective Whistleblowing policies.

Furthermore, the Policy complies with the X-Whistle programme of the Nigerian Stock Exchange (NSE), of which FBN Holdings Plc is a listed member. The Policy is also to be read in conjunction with the Whistleblowing guidelines that may be issued from time to time by different regulators governing the Group's subsidiaries.

Lastly, the Policy does not cover individual staff grievances and other employee-related matters already covered in staff handbooks.

Board and management commitment to the Policy

The Board and Management are aware that a robust internal system for employees and other relevant stakeholders to disclose workplace malpractices without fear of reprisal shows that employers take their responsibilities seriously. Such a system also helps to avoid the negative publicity that often accompanies disclosures to external parties.

The Board of Directors and Management are committed towards promoting a culture of openness, accountability and integrity, and will not tolerate any harassment, victimisation or discrimination of the whistleblower, provided such disclosure is made in good faith with reasonable belief that what is being reported is fact.

Policy statement

We are committed to the highest standards of openness, probity, accountability and ethical behaviour by helping to foster and maintain an environment in which employees and other stakeholders can act appropriately, without fear of reprisal.

We therefore encourage employees and relevant stakeholders who have material concerns about suspected misconduct or any breach or suspected breach of law or regulation that may have an adverse impact on the Group, to come forward and report them through the appropriate channels (in certain cases on a confidential basis) without fear of retribution or unfair treatment.

We are committed to investigating promptly any reported misconduct and to protecting those who come forward to report such activities. The Group further offers assurance that all reports shall be treated in strict confidence.

The culture of whistleblowing

In the drive to entrench the culture of Whistleblowing among members of staff, emails and fliers on the advantages of Whistleblowing, and the channels through which whistleblowers can send in their concerns, were publicised on the Group's intranet. The provisions of the Whistleblowing Policy, and the Group's core values, encourage members of staff to speak up when they believe something is wrong, with the assurance that management is always ready to address concerns and give feedback as part of the process.

Internal whistleblowing procedure

Internal whistleblowing involves staff members across the Group raising concerns about unethical conduct. An internal whistleblower may raise concerns through any of the following media (this can be done either by declaration or in confidence/anonymously):

- Formal letter to the Group Managing Director, FBN Holdings Plc or the Head, Internal Audit, FBN Holdings Plc.
- Call or text dedicated phone numbers – 0812 716 6777 and 0817 597 8505.
- All internal whistleblowers can use Microsoft Office Communicator.

- Dedicated email address – whistleblowing@fbnholdings.com
- Via FBNHoldings website – www.fbnholdings.com/whistleblowing

Where the concerns are received by a member of staff other than the Group Managing Director (GMD) or the Head, Internal Audit, the recipient of such concerns shall be required to:

- Immediately pass the concern to the Head, Internal Audit and copy Group Managing Director (GMD), FBNHoldings.
- If the concerns affect the Head, Internal Audit, the GMD is notified; when a director is involved, such concerns shall be directed to the Chairman of the Board Audit and Risk Assessment Committee.

The concern(s) shall be presented in the following format:

- Background of the concerns (with relevant dates).
- Reason(s) why the whistleblower is particularly concerned about the situation.

Disciplinary measures as outlined in the staff handbook shall be taken against any staff member who receives concerns and fails to escalate them. Disciplinary measures shall be taken against any internal whistleblower who acts out of malice.

In the event that the whistleblower is not satisfied with the extent of investigation and/or any actions taken based on the outcome of the investigation, the whistleblower is at liberty to report their views to the Chairman of the Board Audit and Risk Assessment Committee.

Any internal whistleblower who feels victimised can report his/her grievance(s) to the Chairman of the Board Audit and Risk Assessment Committee. This is without prejudice to the fundamental right of the internal whistleblower to seek redress in a court of law.

External whistleblowing procedure

External whistleblowers are non-staff members of the Group. They can be contractors, service providers, shareholders, depositors, analysts, consultants, job applicants or members of the general public. An external whistleblower may raise a concern through any of the following media (this can be done either by declaration or in confidence/anonymously):

- By a formal letter to the Group Managing Director, FBN Holdings Plc and/or Head, Internal Audit, FBN Holdings Plc.
- Call or text dedicated phone numbers (as listed at www.fbnholdings.com) – 0817 597 8505.
- Dedicated email address – whistleblowing@fbnholdings.com
- Electronically log into: www.fbnholdings.com
- Directly to the Group Managing Director, FBNHoldings.
- Directly to the Head, Internal Audit, FBNHoldings.

The concern(s) shall be presented in the following format:

- Background of the issue (with relevant dates)
- Reason(s) why the whistleblower is particularly concerned about the situation.

In the event that the whistleblower is not satisfied with the extent of investigation and/or the action taken based on the outcome of the investigation, the whistleblower is at liberty to report to the Chairman of the Board Audit and Risk Assessment Committee for further action.

An external whistleblower shall be at liberty to report to the appropriate regulatory body or even seek further redress in a court of law if he/she is not satisfied with the action taken to address the concern(s).

If preliminary investigation shows that the concerns fall within the scope of whistleblowing reportable concerns, then further investigation shall be carried out. If otherwise, or the concerns are outside the reportable misconduct scope, then the Head, Internal Audit shall refer the matter to the appropriate office for further action. Where necessary, and where the concerns fall within the reportable concerns scope, the Head, Internal Audit shall give an update of the progress of any investigation to the whistleblower if the concerns fall within the reportable concerns.

Finally, if the concern raised by the whistleblower is frivolous or unwarranted, the Head, Internal Audit shall ignore such concern, if necessary disciplinary measure in line with Human Resources policy shall apply to staff that raise concern out of malice.

FBNHoldings two-year analysis of whistleblowing cases

Whistleblowing cases	2016	2015
Probable irregularities and non-compliance with the policies of the Group	4	10
Disciplinary measures	6	12
Cases under investigation	5	5
Unsuccessful attempts by outsiders to lure members of staff into committing fraud	1	4
Cases investigated but found to be untrue	9	10
Total	25	41

Protection and compensation for the whistleblower

It shall be the policy of the Group to protect whistleblowers who disclose concerns, provided the disclosure is made:

- in the reasonable belief that it is intended to show malpractice or impropriety;
- to an appropriate person or authority; and
- in good faith, without malice or mischief.

While all disclosures resulting from whistleblowing shall be treated with a high level of confidentiality, members of staff and other relevant stakeholders are encouraged to disclose their names to make the report more credible.

The Group will not subject a whistleblower to any detriment and, where necessary, compensation will be issued to whistleblowers, whether internal or external, who have suffered detriment. Any such compensation shall be at the discretion of Management, taking into consideration regulatory guidance.

Wider disclosure

A whistleblower, whether external or internal, may elect to disclose directly to any of the following regulatory bodies that have an oversight of the activities of FBN Holdings Plc.

REGULATOR	ADDRESS
Central Bank of Nigeria (CBN)	Central Business District, PMB 0187, Garki Abuja, Nigeria. Phone: +234 (0) 946237401 Email: anticorruptionunit@cbn.gov.ng
Nigeria Deposit Insurance Corporation (NDIC)	Plot 447/448 Constitution Avenue Central Business District, PMB 284, Garki Abuja, Nigeria. Phone: +234 (0) 94601380-9, +234 (0) 96171380-9 Email: info@ndic.org.ng, helpdesk@ndic.org.ng
Securities and Exchange Commission (SEC)	SEC Towers, Plot 272, Samuel Adesujo Ademulegun Street, Central Business District, PMB 315, Garki Abuja, Nigeria. Phone: +234 (0) 94621159 Email: sec@sec.gov.ng
Nigeria Insurance Commission (NAICOM)	Plot 1239, Ladoke Akintola Boulevard, Garki II, P.M.B 457 Garki, Abuja, Nigeria. Phone: +234 (0) 92915101 Email: info@naicom.gov.ng
National Pension Commission (PENCOM)	Plot 174, Adetokunbo Ademola Crescent, Wuse, Abuja, Nigeria. Phone: +234 (0) 94603930 Email: info@pencom.gov.ng
Nigerian Stock Exchange (NSE)	Stock Exchange House 2/4, Custom Street, P. O. Box 2457, Marina, Lagos, Nigeria. Phone: +234 (0) 14489373, +234 (0) 817243061, +234 (0) 81206463 Email: x-whistle@nse.com.ng

Internal control

Internal control in FBNHoldings and its subsidiaries refers to the overall operating framework of the practices, systems, organisational structures, management philosophy, code of conduct, policies, procedures and actions that exist in the Group and are designed to ensure:

- Essential business objectives are met, including the effectiveness and efficiency of operations and the safeguarding of assets against losses;
- The reliability of financial reporting and compliance with general accounting principles;
- Compliance with applicable laws and regulations, including internal policies;
- Systematic and orderly recording of transactions; and
- Provision of reasonable assurance that undesired events will be prevented or detected and corrected.

The Group is committed to creating and maintaining a world-class internal control environment capable of sustaining its current leadership position in the financial services industry.

Group internal control framework

The Group's Internal Control Framework is based on the Committee of Sponsoring Organisations (COSO) 2013 Internal Control - Integrated Framework. This was adopted to address challenges by identifying critical activities in the Group, assessing the risk exposures, determining appropriate preventive and detective control measures, and monitoring such measures to ensure compliance.

This is the most widely acceptable international framework used to evaluate the existence and functionality of control principles covering the following five components:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

Group internal control policy and guidelines

The framework is supported by internal control policy and guidelines. The internal control policy outlines best practice control standards, roles and responsibilities of directors, management, subsidiaries and staff of the Group, while the guidelines outline procedures for identification, management and documentation of relevant processes and sub-processes, including the mapping of specific risks and control mitigants. The mission statement of our guidelines include:

1. Proactively identifying key risks and responding with appropriate internal controls;
2. Ensuring the quality of internal and external financial reporting;
3. Ensuring compliance;
4. Identifying and exploring opportunities for improving efficiency of processes and controls; and
5. Effectively managing our business operations and achieving our strategic objectives.

Strategy and policy

The Group operates in an environment that is continuously exposed to uncertainties and change. Such risks may prevent the Group from achieving its strategic business objectives. To effectively manage these risks, the Group has put in place internal control measures covering its subsidiaries, including the Commercial Banking, Merchant Banking and Asset Management and Insurance businesses.

The Group has also instituted effective and efficient internal control measures that ensures minimal operational losses from fraud, operational lapses, armed robberies, customer dissatisfaction and complaints, and other risk exposures.

Given the effect of advancing technology on the business environment, IT control has been further strengthened to provide regular and frequent updates to the Group on activities that may constitute potential fraud.

Internal control improvements achieved in 2016

We concluded the year with strategic priorities for improving the efficiency of internal control within the Group. Some of our achievements are as follows:

- Control Awareness Campaign: we carried out 'Control Awareness Campaign' in the branches during which control issues and adherence to policy and procedures were discussed exhaustively with the aim of successfully strengthening awareness of internal control and the responsibility of front-line staff in risk management. We also carried out effective training, classroom simulation exercises and hands-on training, particularly for front-line staff. The outcome of these trainings has been remarkable during the year.
- Enhanced monitoring of credit and operations of the strategic business units and Nigeria subsidiaries to ensure policies and procedures are adhered to. In this regard, cross-functional monitoring teams were constituted and periodic surprise visits were made to branches and subsidiaries to evaluate compliance and ensure adherence to internal policies.

- Head Office Process Reviews: we enhanced process review of Head Office's key control points and further explored possible synergies between our head office control point and branch controls.
- Strengthening and Monitoring IT Control: to ensure adequate controls are built around all the software used by the Group, we strengthened our IT control mechanism. Various control exceptions reporting scripts were further deployed to enhance the monitoring of activities across the Group.
- Reporting: periodic reports presented to Executive Management and to the Board through the Board subcommittee with oversight on Audit, Risk and Compliance on control failures and the actions taken to address such failures.
- Weekly publication of e-flyers to reiterate/awaken the control consciousness of the processors.

Internal control priorities for 2017

- Continuous control process improvement and implementation of the adopted Committee of Sponsoring Organisations of the Tread way Commission's (COSO) updated 2013 Internal Control - Integrated Framework. We will embed the corrective measures identified from the on-going validation process into internal control systems.
- Increased use of automated tools to monitor and review control activities in the Group thereby improving control consciousness at all levels of management.
- Expanding the scope of control monitoring and review to ensure compliance to policies and procedures.
- Review internal control risk rating of activities, in branches and departments in the Group to further enhance risk-based control reviews.
- Complete the process review of head office key control points. We will continue with our culture of internal control improvements in this regard which will hopefully minimise redundancies and improve efficiency.
- Adopt a more efficient structure aimed at enhancing control effectiveness as the 2nd line of defense in close collaboration with all other risk management functions for effective synergy.
- Accelerate investigation and disciplinary process of observed exceptions to drive acceptable behaviour and de-incentise misconducts.

ENGAGEMENT

In line with the Group's objective to foster enhanced engagement, and as part of the Board's commitment towards this, the Board, through its Management, engaged in constructive and meaningful communications with its investors, shareholders, regulators and other stakeholders throughout 2016. We believe engagement, consistent with the Group's disclosure controls, is a fundamental and long-term aspect of the Board's oversight responsibility.

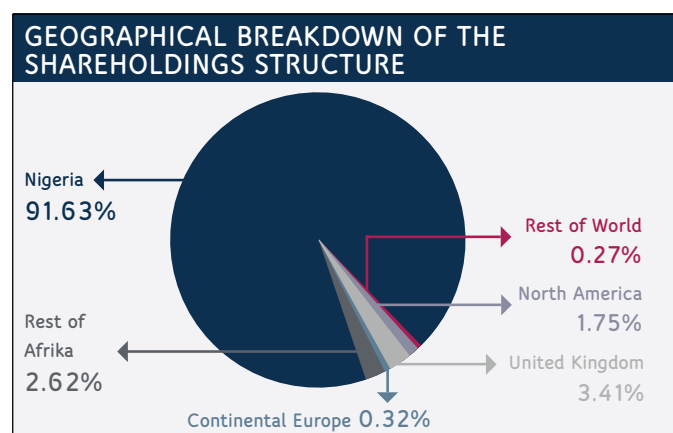
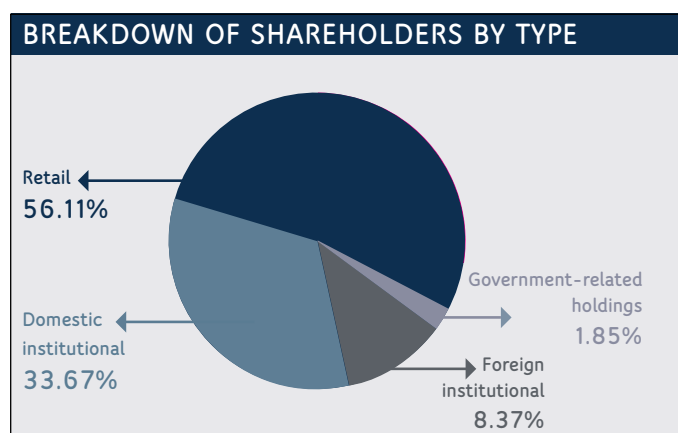
Introduction

Over the years, global economic and regulatory changes have had some level of negative impact on the performances of most listed companies. As a result of market changes, the need to maximise shareholder value and appropriately engage our stakeholders on an ongoing basis becomes more important. This in addition calls for improved business performance as well as enhanced focus on increased engagement across various stakeholders. Furthermore, the need to promote effective channels of communication with shareholders, uphold good corporate governance and provide insight into our strategic development, performance and outlook has become imperative.

Regulatory engagement

As part of our efforts to deepen regulatory interface across all sectors within which we operate¹, in 2016, the Board intensified its engagement with regulators. It made joint calls by executives of operating companies and periodic engagements at a more senior management level to gain a better understanding of their expectations. This was geared towards ensuring smooth operations across capital

As at year December 31, 2016, the shareholding structure was:



¹ The different regulatory bodies that supervise the different business groups within FBNHoldings include the Central Bank of Nigeria, the Nigerian Stock Exchange, the Securities and Exchange Commission, the National Insurance Commission, the Pension Commission and the Financial Reporting Council of Nigeria.

markets and other sectors by all our operating companies, as well as eliminating regulatory infractions that could potentially lead to negative publicity, fines and even, in extreme cases, cancellation of licenses. To this end, the Group's highest management organ - the Group Executive Committee - upholds its responsibility of tracking and measuring implementation of engagements with regulators. Going forward, the high-level engagements with the different regulatory bodies will be maintained.

Engagement with investors

FBNHoldings, a publicly quoted company continues to hold a diversified 1.2 million shareholder accounts with ownership from across the globe. However, no beneficial shareholder owns 5% or more issued ordinary shares. This reflects the well diversified shareholder profile. The current distribution of FBNHoldings' shares is dominated by domestic owners, who in turn, can be broadly split into retail and institutional shareholders, while international holders are entirely institutional. Given the recent difficult macro-economic environment, notably the foreign currency liquidity challenges, we have seen a significant reduction in the participation of international institutions while domestic holders have gradually increased their positions in the ownership structure. As such, as at December 2016, the proportion of shares held by domestic owners had risen from 85.3% to 91.6%, while international holdings slipped from 14.7% to 8.4%.

During the year, we enhanced the engagement model and approach considering the different audience segments. This initiative establishes suitable processes to support our forward looking strategy of holding constructive dialogue, enhancing transparency and disclosure.

Our engagements approach differs across types of shareholders/ investors.

Domestic retail investors: – this group represents all individual holders of FBNHoldings shares and is made up of high net-worth individuals (HNIs) and the mass retail. Mass retail covers a wide spectrum of shareholders and within this range are the very small holders of the FBNHoldings' stock, some of whom belong to shareholder associations. The retail shareholders are typically updated on the strategy, performance and outlook via the annual general meetings (AGMs), transcripts of results conference call on the investor relations sub site, research notes circulated by analysts, the investor relations (IR) and corporate websites, fund managers' engagements, shareholder associations and their stockbrokers. In 2016 and to further deepen engagement, the management made visits to shareholder associations. These visits to our shareholders through the shareholder associations across the country will be a regular feature of our engagement plan. Regular engagement with our shareholders ensures that the Group's strategy and performance is communicated effectively and provides a platform to narrow perceived information gap.

Institutional investors: – this group holds shares both directly and on behalf of underlying beneficiaries, be they individuals or other corporates with fiduciary responsibilities. Although we have seen a decline in the participation of the international shareholders in recent years, there remains a reasonable level of interest and engagement. Engagement generally, promotes dialogue, provides better understanding of external perspectives on the Group's performance and can provide added context on shareholders' views to assist in fine-tuning strategies. Our focus on building long-term relationships means regular interaction is important, as relationships and goodwill are developed on repeated encounters. The Investor Relations team, supported by the executives and senior management team, continues to engage with analysts/shareholders/ investors through a variety of platforms, including: 'Facts Behind the Figures' presentations on the Nigerian Stock Exchange (NSE), the FBNHoldings website, press releases, publications in newspapers, meetings with shareholder institutions, one-on-one meetings, group meetings results/ad hoc conference calls, investor forum/ conferences and non-deal road shows.

Rights of shareholders

The Companies & Allied Matters Act of 2004 (CAMA) provides several basic rights for shareholders. At FBNHoldings, we ensure these rights are upheld accordingly. These rights include, but are not limited to the following:

- Every shareholder shall have the right to attend any general meeting of the Company in accordance with the provisions of Section 81 (of CAMA). It does not matter how many 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 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 CAMA;
- Shareholders have the right to sue for dividends in accordance with Section 385 of CAMA;
- Shareholders have the right to a copy of the memorandum and articles, if any, and a copy of any enactment that alters the memorandum in accordance with Section 42 of CAMA;
- Shareholders have the right of a preference share to more than one vote in accordance with section 143, subsection (1) (3) of CAMA;
- Shareholders have the right of conveying or transferring shares;
- Shareholders have the right of sharing in the residual profits of the Company;

- Shareholders have the right to bonus and rights issue of the Company;
- Shareholders have the right to inspect the register of members of the Company;
- Shareholders have the right to be issued, within three months without any payment, a certificate after the close of offer (Section 146 (1&2));
- Shareholders have the right vis-à-vis to a prospectus that is being issued in an offer for sale or subscription of shares by an issuer;
- Shareholders have the right to be represented in the Statutory Audit Committee of the Company;
- Aggrieved shareholders have the right to seek redress. The Investment and Securities Tribunal (IST), the Administrative Proceedings Committee (APC) and the Securities and Exchange Commission mechanism can be used to address such grievances;
- Shareholders have the right to inspect the register of members and to a share certificate when a new share is bought; and
- Shareholders have the right to request an extra general meeting.

At FBNHoldings, we consider these rights sacrosanct and we always ensure they are upheld. To provide the necessary support and have shareholders' and other stakeholders' enquiries appropriately addressed, please refer to the contact details on the back cover of the annual report.

What are our shareholders' responsibilities?

The Statutory Audit Committee (SAC) acts on behalf of the shareholders in overseeing the Group's operations. In this age of increasing transparency, our shareholders' perceptions, expectations and understanding of the Group's operations and performance matter to our business value. Hence, it is important for our shareholders to be aware of the expected roles through representatives on the SAC as provided by Section 359 (2) & (3) as follows:

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

- to review the findings on management matters in conjunction with the external auditor;
- to keep under review the effectiveness of the Company's system of accounting and internal controls;
- to make recommendations to the Board with regards to the appointment, removal and remuneration of external auditors to the Company; and
- to authorise the internal auditor to carry out investigations into any activities.

In addition, our shareholders' roles extend to holding the Board accountable for the observance of effective corporate governance practices. They also have the responsibility of approving the appointment of the members 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 Company.

What does Investor Relations do?

The IR function involves the engagement of shareholders, investors and analysts to ensure the effective and proactive dissemination of FBNHoldings' strategic information and corporate disclosures. IR plays a pivotal role in providing details about the organisation's performance and outlook to a wide range of interested parties. The information disseminated through the IR function enables a two-way relationship between the Company and its stakeholders. IR leads and manages relations between FBNHoldings and the financial community by positively projecting the Group's intrinsic value, enhancing investor confidence and ultimately creating value for the shareholders. Essentially, the IR function aims to:

- develop and execute investor, shareholder and proxy advisory firms' engagement and communication processes, to increase the visibility and valuation;
- manage relationships with the market and build positive investor understanding and sentiment for the Company's strategy, thereby increasing market confidence;
- keep the market informed of developments and events that may influence the share price, in a reliable, consistent, comparable and transparent manner;

- proactively disseminate FBNHoldings' strategic information and corporate disclosures to key stakeholders, including current and prospective investors, and financial analysts;
- develop and implement the framework monitor and resolve investors' enquiries and issues;
- ensure continuous gathering of market intelligence and monitoring of investor and analyst perception of FBNHoldings, to drive efficiency to the IR programme, help manage shareholders' expectations and ensure an upward flow of information to senior management;

- expand the potential pool of capital that the Group can access to finance its growth objectives; and
- promote the fair value of the Company's shares.

At FBNHoldings, there is a clear and well-documented IR programme, which includes detailed information of planned investor engagements for the year. The financial reporting calendar, a part of the IR programme, which highlights the financial reporting dates for the year, is published on the IR website.

FIGURE 1: DIVERSITY OF THE INVESTOR RELATIONS UNIVERSE AND INFORMATION REQUIREMENTS

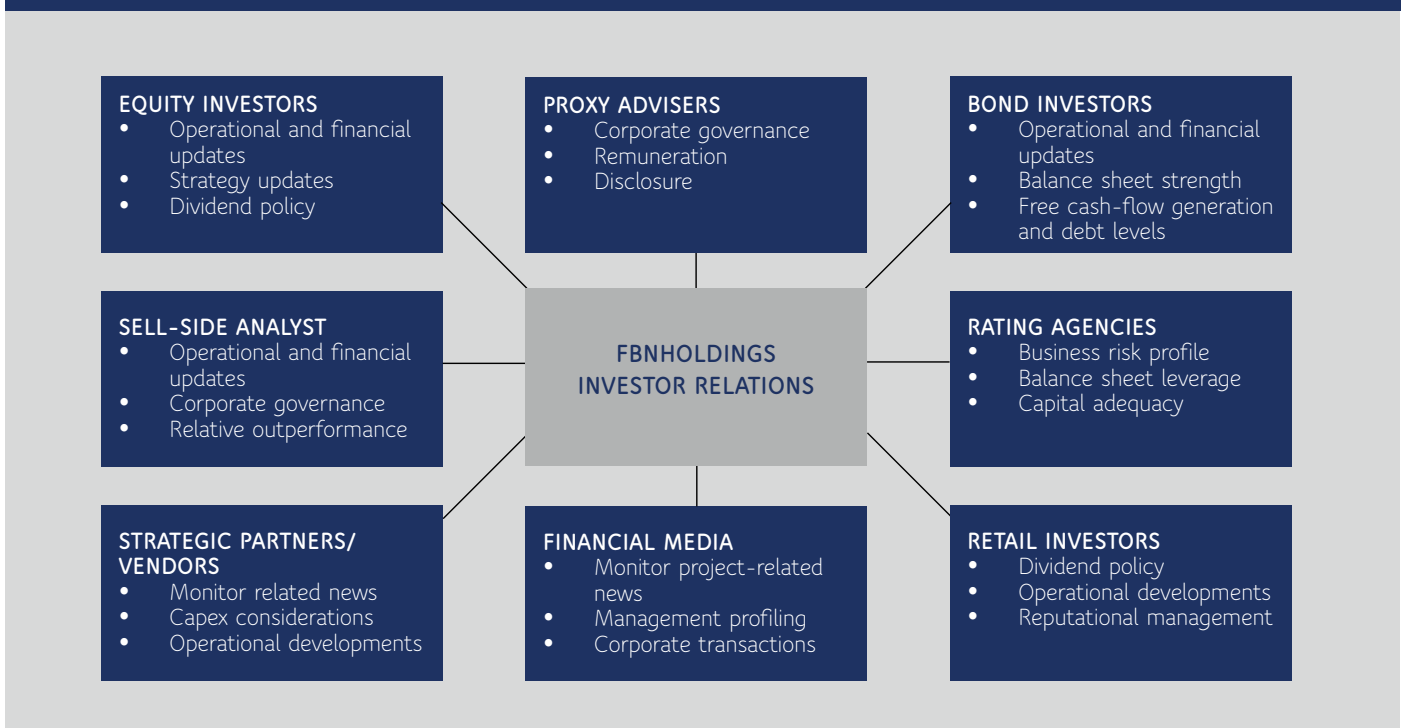


FIGURE 2: KEY ACTIVITIES IN FBNHOLDINGS' INVESTOR RELATIONS PROGRAMME

ACTIVITY	DESCRIPTION	CHANNEL	TARGET AUDIENCE
Results press release	<p>The press release describes the Group's performance and outlook, for the period under review.</p> <p>This activity typically happens quarterly when the financial results are made public.</p> <p>The results press release is uploaded to the Investor Relations (IR) website.</p>	<ul style="list-style-type: none"> • Website • Email interactions 	<ul style="list-style-type: none"> • Shareholders • Investors • Analysts • Credit rating agencies
Operational/ ad hoc press release	<p>The operational/ad hoc press releases provides requisite up-to-date information to stakeholders on key operational developments or corporate actions outside scheduled reporting period.</p>		
Results conference call	<p>This activity occurs after publication of the financial results and is led by senior and executive management.</p> <p>A results presentation is prepared quarterly and uploaded to the IR website, providing further disclosures on the performance of the business during the relevant period.</p> <p>A question-and-answer session is held after the results presentation.</p>	<ul style="list-style-type: none"> • Teleconference calls • An audio-recording is usually available on the IR website 48 hours after the call, while the transcript is available from one week after the call. 	
International non-deal roadshows	<p>This entails engagement with key international institutional investors and shareholders on overall performance, outlook and key strategic objectives.</p> <p>It also aims to cultivate a supportive pool of capital and enhance international visibility.</p> <p>Key locations visited reflect where the majority of our international investors reside. - largely in the United States of America, South Africa and Europe</p>	<ul style="list-style-type: none"> • One-on-one meetings • Conference calls • Group meetings 	<ul style="list-style-type: none"> • International investors
Domestic investor meetings	<p>A forum where the Group's senior management addresses issues relating to performance, strategic direction and outlook.</p>	<ul style="list-style-type: none"> • One-on-one meetings • Sales force teach-ins • Conference calls • Group meetings 	<ul style="list-style-type: none"> • Shareholders • Investors • Analysts

ACTIVITY	DESCRIPTION	CHANNEL	TARGET AUDIENCE
Investor conferences	<p>Brokers organised conference – locally and internationally.</p> <p>Creates an avenue for the Group’s senior management to address issues relating to performance, strategic direction and outlook. It engenders confidence in the management team and enhances local and international visibility.</p> <p>Conferences attended in 2016 include:</p> <ul style="list-style-type: none"> - JP Morgan Global Emerging Market Corporate Conference Miami - Renaissance Capital 7th Annual Pan Africa one-on-one Investor conference Lagos - Standard Bank West Africa Conference. Lagos - FBN Capital 2016 Investor conference 	<ul style="list-style-type: none"> • One-on-one meetings • Results presentations • Small group meetings 	<ul style="list-style-type: none"> • Equity and Debt investors and analysts
Annual General Meeting (AGM)	<p>The AGM occurs yearly and is a legal requirement.</p> <p>At the AGM, the presentation and approval of the following occur:</p> <ul style="list-style-type: none"> - Annual report and Accounts - Election of Directors - Appointment of Auditors - Remuneration of Auditors - Dividend declaration - Election of the Audit Committee 	<ul style="list-style-type: none"> • Group meetings 	<ul style="list-style-type: none"> • Shareholders • Regulators (NSE, SEC, CBN, CAC) • External auditors • Consultants, Registrars, Legal advisers • Investors and analysts • Other professional advisers • Observers • Press
Pension Fund Managers forum (PFAs and CPFAs)	<p>This engagement is with domestic pension fund administrators (PFAs) and closed pension fund administrators (CPFAs) to ensure a better understanding of the Group’s strategy, performance and outlook.</p>	<ul style="list-style-type: none"> • One-on-one meetings • Email interactions • Conference calls • Group meetings 	<ul style="list-style-type: none"> • Pension Fund Managers (PFAs and CPFAs)
Nigerian Stock Exchange (NSE) 'Facts behind the figures'	<p>This event engages the stockbrokers at the NSE on the Group’s strategy, performance and outlook.</p> <p>Management presents the strategy and performance and also holds a question-and-answer session.</p>	<ul style="list-style-type: none"> • 'Facts behind the figures' at the NSE • Conference calls • Website 	<ul style="list-style-type: none"> • Stockbrokers • Indirect retail investors • Media • The rest of the financial community

WHAT HAPPENS AT OUR ANNUAL GENERAL MEETING (AGM)?

Section 213 of CAMA provides that every company shall in each year hold a general meeting, in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. The dissemination of AGM and EGM (Extraordinary General Meeting) documents are published in the national daily newspapers; sent to the shareholders' addresses via surface or registered mail or disseminated electronically. All businesses transacted at the AGM are deemed special business, except declaring a dividend, the presentation of the financial statements and the reports of the directors and auditors, the election of directors in the place of those retiring; the appointment and the fixing of the remuneration, of the auditors and the appointment of the members of the Audit Committee, which shall be ordinary business.

The AGM affords us the primary opportunity to engage with shareholders, particularly our domestic holders, on key issues facing the Group and any questions that may arise. The 2017 AGM will be held on Friday, 19, May 2017 at the Eko Hotel and Suites in Lagos. Resolutions to be considered at the general meetings are published on the FBNHoldings IR website.

The usual practice at the AGM is to have shareholder meetings duly convened and held in an open manner in line with the provisions of the Articles of Association and the provisions of CAMA. The AGM also serves as a medium for promoting interaction between the Board, Management and shareholders.

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

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

The AGM affords shareholders the opportunity to appraise the Company's performance, especially as they are not actively involved in the day-to-day running of the Group. This medium provides the opportunity to give or withhold approval for certain decisions, assess the Group's performance and, by implication, the performances of the directors responsible for the effective management of stakeholders' interests.

The conduct of voting at the AGM is either by show of hands or by poll for any one agenda item. Recently, there has been an increase in voting by poll, indicating increasing shareholders interest and participation at the AGM. Polls are demanded by shareholders in line with the provision of CAMA.

The Registrars officiate at the AGM; this involves accreditation and registration of shareholders and verification of shareholdings. The Registrars conduct the elections and ensure a seamless process.

Voting by poll

Voting by poll is provided for under Sections 224 and 225 of CAMA. At the AGM, resolutions put to the vote are decided by a show of hands unless a poll (before or on the declaration of the result of the show of hands) is demanded by any of the following:

- the Chairman, where he or she is a shareholder or a proxy;
- at least three members present in person or by proxy;
- any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- any member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up, and equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

Conclusion

With the increasing interest from different stakeholders, FBNHoldings will continue to aim at defining ways to Improve current engagement model, considering key audience segments and hold constructive dialogue with the overall objective reducing the information gap, and of strengthening relationship between the Group and its shareholders.

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, 2016.

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 November 26, 2012 after the shares of First Bank of Nigeria Plc were delisted on November 23, 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 implementation of Group strategies.

The Company consists of three groups namely:

- Commercial Banking Group, made up of First Bank of Nigeria Limited, FBNBank (UK) Limited, First Pension Custodian Nigeria Limited, and FBNBank DRC Limited (formerly Banque Internationale de Credit), FBNBank Ghana Limited, FBNBank Sierra Leone Limited, FBNBank Guinea Limited, FBNBank The Gambia Limited and FBNBank Senegal Limited.
- Merchant Banking and Assets Management Group, made up of FBN Merchant Bank Limited, FBN Capital Limited, FBN Securities Limited, FBN Funds Limited and FBN Trustees Limited.
- Insurance Group, made up of FBN Insurance Limited, FBN General Insurance Limited and FBN Insurance Brokers Limited.

The Company prepares separate and consolidated financial statements.

c. Directors' shareholding

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

⁵ Dr Oba Otudeko, CFR has indirect shareholdings amounting to 532,375,839 through Metropolitan Trust Nigeria Ltd, Orbit International Ltd, Honeywell CT & CS, Springwater Ltd, Landbond Ltd, Coral Products Ltd and Network Securities Ltd.

⁶ Oye Hassan Odukale, MFR has indirect shareholdings amounting to 262,979,141 through Leadway Assurance Company Ltd, Oho Investments Ltd, Leadway Capital & Trust Ltd, Leadway Properties Ltd, LAC Investments Ltd and Haskal Holdings Ltd.

⁷ Chidi Anya, has indirect shareholdings amounting to 52,168 through Muonta & Guonta Ltd.

⁸ Oluwande Muoyo, has indirect shareholdings amounting to 890,891 through Clayder Ltd and Metrodirect Ltd.

Name	Direct holding	Indirect holding
Dr Oba Otudeko, CFR ⁵	5,895,264	532,375,839
Oye Hassan-Odukale, MFR ⁶	1,854,003	262,979,141
Chidi Anya ⁷	-	52,168
Dr. Hamza Wuro Bokki	3,327,000	-
'Debola Osibogun	595,968	-
Omatseyin Ayida	1,100,000	-
UK Eke, MFR	14,575,178	-
Dr. Adesola Adeduntan	52,189	-
Muhammad K. Ahmad, OON (resigned w.e.f. 19 July 2016)	218,686	-
Oluwande Muoyo ⁸	581,748	890,891
Cecilia Akintomide, OON	5,500	-

d. Operating results

The Directors recommend for approval a dividend of ₦0.20k per share, amounting to ₦7,179,058,558.40. Highlights of the operating results for the period under review are as follows:

	Group	
	31 December 2016 ₦' million	31 December 2015 ₦' million
Gross earnings	581,831	502,691
Profit before tax	22,948	21,581
Taxation	(5,807)	(6,042)
Profit for the year from continuing operations	17,141	15,539
Total profit for the year	12,243	15,148
Appropriation:		
Transfer to statutory reserves	9,579	1,369
Transfer from statutory credit reserve	21,207	(44,240)
Transfer to contingency reserves	289	221
Transfer to retained earnings reserve	(18,832)	57,799

	Company	
	31 December 2016 ₦' million	31 December 2015 ₦' million
Gross earnings	12,715	6,794
Profit before tax	7,611	2,180
Taxation	(104)	-
Profit for the year from continuing operations	7,507	2,180
Total profit for the year	7,507	2,180
Appropriation:		
Transfer to statutory reserves	-	-
Transfer from statutory credit reserve	-	-
Transfer to contingency reserves	-	-
Transfer to retained earnings reserve	7,507	2,180

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 34 to the accounts. In the Directors' opinion, the market value of the FBNHoldings' properties is not less than the value shown in the financial statements.

g. Shareholding range analysis as at 31 December, 2016

RANGE	No of holders	% Holders	Units	% Units
1 - 1000	286,357	23.44	211,227,795	0.59
1001 - 5000	496,169	40.62	1,195,037,992	3.33
5001 - 10000	174,493	14.28	1,200,109,346	3.34
10001 - 50000	216,760	17.74	4,418,065,544	12.31
50001 - 100000	22,991	1.88	1,601,203,765	4.46
100001 - 500000	19,745	1.62	3,942,990,334	10.98
500001 - 1000000	2,450	0.20	1,704,917,011	4.75
1000001 - 5000000	2,094	0.17	3,951,834,964	11.01
5000001 - 10000000	242	0.02	1,681,557,393	4.68
10000001 - 50000000	194	0.02	3,867,901,072	10.78
50000001 - 100000000	26	0.00	1,800,718,487	5.02
100000001 - 35895292791	34	0.00	10,319,729,088	28.75
	1,221,555	100.00	35,895,292,791	100.00

SHAREHOLDING ANALYSIS AS AT 31 DECEMBER 2016

Type of shareholding	Holdings	Holdings %
Retail	20,166,442,057	56.17
Domestic institutional	12,066,311,329	33.62
Foreign institutional	2,999,555,266	8.36
Government-related holdings	662,984,139	1.85
	35,895,292,791	100

h. Substantial interest in shares

According to the register of members as at 31 December, 2016, there is no shareholder with up to 5% of the shares of FBN Holdings Plc.

i. Human resources

EMPLOYMENT OF DISABLED PERSONS

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

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

j. Health, safety and welfare at work

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

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

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

k. Employee involvement and training

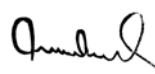
The Company ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

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

l. Auditors

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

BY ORDER OF THE BOARD



Tijjani Borodo
FRC/2013/NBA/00000002367
Company Secretary
Lagos, Nigeria



REPORT OF THE INDEPENDENT CONSULTANT ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF FBN HOLDINGS PLC

In compliance with the provisions of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Bank and Discount Houses in Nigeria and the Securities and Exchange Commission Code of Corporate Governance ("the Codes"), FBN Holdings Plc. ("FBNHoldings") engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2016. The Codes mandate an annual appraisal of the Board and individual Directors with specific focus on the Board's structure and composition, responsibilities, processes and relationships, individual Director competencies and respective roles in the performance of the Board.

Corporate governance is the system by which business corporations are directed and controlled to enhance performance and shareholder value. It is a system of checks and balances among the Board, management and investors to produce a sustainable corporation geared towards delivering long-term value.

Our approach to the appraisal of the Board involved a review of FBNHoldings' key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during the on-on-one interviews with the members of the Board and management.

On the basis of our review, except as noted below, FBNHoldings' corporate governance practices are in compliance with the key provisions of the CBN Code. Specific recommendations for further improving the governance practices have been articulated and included in our detailed report to the Board. These include recommendations in the following key areas: oversight of subsidiary companies, related party disclosures, and directors' training.

A handwritten signature in black ink, appearing to read 'Olumide Olayinka'.

Olumide Olayinka

Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
25 April, 2017



Shareholder enquiries

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