FBNHoldings

STURDY & SUREFOOTED

FBN Holdings Plc.

Corporate Governance Report 2017

PREMIUM BOARD LISTED

GOVERNANCE

The Board and Management of FBN Holdings Plc remained steadfast in the unified belief that observing good corporate governance practices remain the best tool to deliver increased shareholder value.

INTRODUCTION

This section provides a summary of the Board's approach to governance for the 2017 financial year. As with recent years, 2017 was challenging for all businesses in the country, as the economy had to deal with recession arising from low oil prices globally. The negative trends witnessed from 2016 though abated in 2017. Notwithstanding macroeconomic volatility, the Board and Management of FBN Holdings Plc remained steadfast in the unified belief that observing good corporate governance practices remain the best tool to deliver increased shareholder value.

In the preceding year's report, the peculiar challenges faced by the Group 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 negative impact on performance, as well as efforts being made to address these challenges, have been extensively addressed.

Positively, the structures implemented to reduce impairment charges and strengthen the Group's Risk Management practices have started yielding results as may be gleaned from the financial results and from the rising share price of the Company. The focus of the Board in the coming year is to ensure an effective oversight over credit risk management system. The Board and Management are committed to continually raising the bar on best governance practices and ethical dealings, which will ultimately increase shareholder value.

The Group's oversight function over subsidiaries have also been intensified in ensuring the extraction of synergy inherent in our diversified operations across markets and geographies, with over 13.1 million active customers' accounts and within its extensive banking infrastructure. Considerable successes have been achieved in strengthening the structures of other non-banking operating entities, thereby diversifying the Group's earnings and thereby reduce dependence on the commercial banking business.

Additionally, the Group's cross-border Commercial Banking operations, led by FBNBank (UK) Limited, serves to substantially cushion against country-specific risks. The culmination of all these strategic objectives is the realisation of the Group's aspiration to become the foremost financial institution in Middle Africa.

Governance Framework

FBNHoldings' governance framework is in alignment with global best practices and compliant with extant regulations and codes of corporate governance. The Group's oversight functions are discharged through the respective Boards of all operating entities, which also ensures 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 and FBNHoldings' robust governance framework ensures there is a good blend of Board autonomy as well as Group coordination at the operating company level.

FBNHoldings' governance practices have provided the solid foundation for the realisation of the benefits inherent in its extensive footprints, rich heritage, extended offerings and quality management.

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 composition of the Board at the Group and the operating companies.

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 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 ensure the sustainability of the Group's businesses and enhance shareholder value.

Achievement Of Good Governance

Effective corporate governance practices are largely dependent on the skills, integrity and experience of individuals on the Board and how well they are committed to doing business in accordance with global best practices. A great deal is demanded and expected of our Directors, particularly given the systemic importance of financial institutions such as ours, to the national economy and the impact we have on the societies in which we operate. A review of our Board structure will reveal that the composition is well-tooled to achieve good governance.

> "FBNHoldings' 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."

INTRODUCTION

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.

Furthermore, to ensure effective compliance with all regulatory matters, a compliance department has become fully operational to monitor compliance with existing regulations and ensure regulatory filings are undertaken before due dates.

Quality Of Disclosure

The Board and Management are both aligned in the quest to provide the investing market with timely and quality information. To this end, transparency and disclosure is demonstrated in the Company's financial reports, through detailed and comprehensive reporting, thereby providing shareholders with sufficient context and a clear picture of the workings of the institution. The focus on transparency also aids existing business relationships with foreign correspondent banks, multilateral organisations and international investors who require detailed information to make decisions about the Group.

Corporate Culture

FBNHolding's corporate culture is influenced by the Board, brought to life by Management and distilled group-wide to drive the Company's long-term business model. Recognition is given to the value of diversity in the Company's employee base. Internal initiatives are promoted to support diversity and inclusion within the Group and there is a realisation that strategic objectives can be achieved by building a sound reputation founded on the highest standards of responsible behaviour.

Appointment Of Company Secretary

During the year, the Board appointed a new Company Secretary, Seye Kosoko to replace Tijjani Borodo, who retired after nearly three decades of exemplary service to the Group. Kosoko comes with extensive years of diversified experience and he is set to continue where Borodo has stopped, by providing excellent secretarial support and advising the Board on the best governance practices. Details of Seye Kosoko's profile are highlighted in this report.

> "...the Board has a 30% female Board membership, in line with the CBN recommendation."

Diversity

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 Board has a 30% female Board membership, in line with the CBN recommendation.

Shareholder/Regulatory Engagement

Given the continued interest by current and potential shareholders in the performance of the Group, the Board and Management, has adopted a policy of continuous engagement and extensive consultation with shareholders and shareholder groups. This has assisted in helping shareholders have a better understanding of the group's governance mechanism, performance and outlook. It has also provided useful feedback to the Board and Management.

Similarly, in recognition of the importance of regulatory bodies to the different businesses within the group, the different regulatory bodies regulating the Group's businesses are constantly engaged to foster an atmosphere of cordiality and ensure the extant regulations are complied with. 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 objective is part of the Board's focal strategy to ensure set strategies are executed effectively and shareholder value is enhanced for the benefit of all our stakeholders.

LEADERSHIP

Front left to right: 'Debola Osibogun, UK Eke, MFR; Dr Oba Otudeko, CFR; Dr Adesola Adeduntan, Oluwande Muoyo, Cecilia Akintomide, OON
Back left to right: Dr Hamza Wuro Bokki, Omatseyin Ayida, Chidi Anya, Seye Kosoko, Oye Hassan-Odukale, MFR.

Appointment Philosophy

Relevant regulatory guidelines and laws guide FBNHoldings' appointment philosophy. The Board appointment process is transparent. Our Directors are selected based on their skills, competencies and experience. The Board Governance and Nomination Committee identifies and considers a pool of candidates for appointment. Thereafter, recommendations on candidates' suitability are made to the full Board, which then decides on the appointment of the candidate subject to the approval of the relevant regulatory authorities and ratification of the shareholders at the general meeting.

> "The Board appointment process is transparent. Our Directors are selected based on their skills, competencies and experience."

Training Philosophy

Regardless of the expected depth of knowledge and experience of those appointed to the Board, regular domestic and international training programmes are organised for Board members to improve their decision-making capacity, thereby contributing to the effectiveness of the Board. A training plan is usually agreed by the Board with the Company Secretariat tasked with ensuring implementation of the plan.

In some cases, in-planted 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. The Board ensures that its knowledge base is constantly refreshed through continuous training and development programmes. Details of the Board's training plan for the 2017 financial year is stated below:

LEADERSHIP

Foreign Trainings

S/N	Names	Courses	Institution	Date	Status
1.	'Debola Osibogun	Effective Board Risk Oversight	• FITC, Dubai, UAE	May 8-12, 2017	Attended
2.	Oluwande Muoyo	Effective Board Risk Oversight	• FITC, Dubai, UAE	May 8-12, 2017	Attended
3.	Dr Hamza Wuro Bokki	Making Corporate Boards More Effective	• Harvard Business School	July 26-29, 2017	Attended
4.	Oye Hassan-Odukale, MFR	Effectiveness and Accountability in the Boardroom	• Kellogg School of Management	Nov. 12-15, 2017	Attended
5.	UK Eke, MFR	Global CEO Program: A Transformational Journey	• IESE Business School • Wharton School • China Europe International Business School	Nov. 5-10, 2017 March 11-16, 2018 June 11-15, 2018	Attended Attended Enrolled
Local Trainings					
6.	Chidi Anya	Understanding Financial Statements: Finance for Non-Finance Directors	• IFC and Society for Corporate Governance, Nigeria	March 22, 2017	Attended
7.	Cecilia Akintomide, OON	Institute of Directors Training for Independent Directors	• Institute of Directors	July 18, 2017	Attended

Changes To Board Composition

The FBNHoldings Board is a considered blend of diversity, 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 processes. Since the last Annual General Meeting of FBNHoldings, there have been no changes to the Board's composition.

Board Induction

Due to the foregoing, there has been no necessity to have an induction programme during the 2017 financial year.

The Board remains composed of 10 Directors: seven Non-Executive Directors, two Independent Non-Executive Directors and one Executive Director, who is also the Group Managing Director (GMD). This composition is in alignment with best international practices, which encourages a higher percentage of Non-Executive Directors to Executives. With 90% of the Board's composition independent of the Company's Management, the FBNHoldings' Board is structured to be significantly independent and devoid of executive influence in decision-making. Ultimately, the Board is well-structured to ensure that the interests of stakeholders are protected and shareholder value is enhanced. The profiles of the members of the Board are detailed below:

LEADERSHIP

Dr Oba Otudeko, *CFR*
Group Chairman

Dr Oba Otudeko, *CFR,* is the pioneer Chairman of FBN Holdings Plc and founding Chairman, Honeywell Group. 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 FBNHoldings in 2012. He was also the founding Chairman of FBNBank (UK) Ltd. 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. He was pioneer Chairman of the Nigerian-South African Chamber of Commerce (NSACC) and between 2013 and 2014, he was Chairman of the Business Support Group (BSG) for delivery of the National Integrated Infrastructure Master Plan (NIIMP). In 2011, Dr Otudeko was awarded the Nigerian National Honour of Commander of the Order of the Federal Republic (CFR).

Dr. Otudeko, is a Chartered Banker, Chartered Accountant and Chartered Corporate Secretary. He has also attended executive management training programmes at International Institute for Management Development (IMD), Lausanne, Switzerland; Harvard Business School, Boston, U.S.A; and then Arthur D. Little School of Management, U.S.A. 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, United Kingdom. He is the founder of the Oba Otudeko Foundation (OOF), a not-for-profit organisation. He is 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 and Masters' degrees in Business Administration from the University of Houston. He is the current Managing Director/CEO of Leadway Assurance Company Limited, a leading Insurance Company in Nigeria, a position he has held for several years. His appointment was preceded by several years of experience in insurance brokerage, underwriting, investments and general management. He is a recipient of the national honour of Member of the Order of the Federal Republic of Nigeria (MFR) and sits on the Board of several companies in Nigeria, both for profit and non-profit. He was a Non-Executive Director on the Board of First Bank of Nigeria Plc; and now the current Chairman of FBNBank (UK) Ltd, a wholly owned subsidiary of FirstBank. Oye is a Securities and Exchange Commission-accredited investment manager and portfolio advisor. He is married with children and enjoys listening to music, reading and travelling.

LEADERSHIP

'Debola Osibogun

Non-Executive Director

'Debola Osibogun was appointed to the Board of FBN Holdings Plc in 2015. She brings to the Board 33 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 former President of the Chartered Institute of Bankers of Nigeria, she is also Fellow of the Chartered Institute of Taxation of Nigeria, the Nigerian Institute of Management, Association of Enterprise Risk Management Professionals and a member of Institute of Directors. Currently the Managing Director of Davidfinn Global Concept Limited and President of Consumer Awareness and Financial Enlightenment Initiative (CAFEi), a non for profit organisation Limited by guarantee. 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 as 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 as well as on Financial Literacy. At the National level, she served as a member of the Presidential Committee on Urban Development and Housing, the Presidential Committee on Mortgage Finance and as Executive Member of the Nigerian Real Estate Developers Association. She is married with children and enjoys playing basketball, polo and golf.

Chidi Anya

Non-Executive Director

Chidi Anya joined the Board in 2013. He has nearly three decades of professional practice within the Nigerian legal system, including pupillage with LN Mbanefo SAN, and roles as as Associate Counsel at Akin Delano & Company, Ibadan, Nigeria and Senior Associate Counsel at Debo Akande & Company, Lagos, Nigeria. Since 1997, he has been Managing Partner of The Channings Law Firm, providing leadership and strategic direction as it has grown. The firm currently acts as Company Secretary to several leading indigenous conglomerates operating in strategic sectors of the Nigerian economy, provides guidance on corporate governance and compliance matters. For many years, Chidi has been recognised by clients and peers as a leading commercial and corporate law specialist and his 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. A member of the Nigerian Bar Association, he is married with children and his interests include gardening, reading, writing and intellectual debates . He also contributes to the building of stronger and more resilient communities.

LEADERSHIP

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 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 delivery of 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 Africa, and 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 31 years since her call to bar. She has 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 of 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.

Oluwande Muoyo
Independent Non-Executive Director

Oluwande Muoyo joined the Board of FBN Holdings Plc in July 2016. She brings to the Board over 31 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 married with children and enjoys walking, cycling and playing golf.

LEADERSHIP

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 Ltd.

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) Ltd in various capacities in the Corporate Finance department and Multinational Corporate Banking. He rose to become Deputy Managing Director in 1998, where he oversaw 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. He has attended several executive programmes at Harvard Business School, Lagos Business School and Centre International de Management et d'Enseignement Strategique (CIMES). He is married with children and enjoys playing golf.

Dr Hamza Wuro Bokki
Non-Executive Director

Dr Hamza Wuro Bokki is an alumnus of Harvard Business School, and an experienced Chief Executive Officer with a demonstrated history of working in the financial services industry. He currently serves as Managing Director/CEO of NPF Pensions Ltd.

He is a strong business development professional skilled in Negotiation, Business start-up, Planning, Analytical Skills, Capital Markets, Board administration (having served on Boards of about 20 companies and still serving), and Business Transformation. Hamza joined the Board of FBN Holdings Plc as a Non-Executive Director in August 2014. Hamza was the first student to be awarded a first-class degree in Public Administration from the University of Maiduguri and 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 GMSG/BOI entrepreneurship development programme, which was adjudged the best in the country. He has attended several executive programmes on Corporate Governance and Audit Committee. He is married with children and enjoys reading, as well as travelling.

LEADERSHIP

UK Eke, MFR
Group Managing Director

UK Eke, *MFR,* assumed office as Group Managing Director, FBN Holdings Plc on January 1, 2016. He joined the Board of FirstBank, an FBNHoldings Company, in 2011 as an Executive Director, Public Sector South and until his appointment as the GMD of FBNHoldings was an Executive Director, South. His sound managerial and motivational skills, coupled with his vast experience, helped develop FirstBank's businesses within the Public Sector, Retail and Private Banking Groups as well as on the Board. In 2017, he was appointed to the Board of Nigeria Sovereign Investment Authority.

Before his appointment to the Board of FirstBank, he was an Executive Director, Regional Businesses, Lagos & West, Diamond Bank Plc. His other work experience spans Deloitte Haskins & Sells International, where he rose to a Senior Audit Consultant. At Diamond Bank Plc, he was a Branch Manager, Regional Manager and Divisional Head before he became an Executive Director. He has over 30 years' experience in financial services, auditing, consulting, taxation, process engineering and capital market operations.

UK, a Fellow of the Institute of Management Consultants, Fellow of the Institute of Directors, and a Fellow of the Institute of Chartered Accountants of Nigeria, holds a first degree in Political Science (University of Lagos) and an MBA in Project Management Technology (Federal University of Technology, Owerri). He is a Non-Executive Director of First Bank of Nigeria Limited and FBN Merchant Bank Limited.

A philanthropist and mentor to many, he is a ruling Elder of the Presbyterian Church of Nigeria, Lekki Parish and a Paul Harris Fellow of The Rotary Club International. He is a recipient of Nigeria's National Honour of Member of the Order of the Federal Republic (MFR). UK is happily married with children.

Dr Adesola Adeduntan
Non-Executive Director

Dr Adesola Adeduntan joined the Board of FBN Holdings Plc as a Non-Executive Director in January 2016. Sola 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 is the Managing Director/CEO of FirstBank of Nigeria Ltd and 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.

Sola 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, he 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 married with children and enjoys listening to music, especially African folk music.

LEADERSHIP

Oluseye Kosoko
Company Secretary

Oluseye Kosoko was appointed as Company Secretary of FBNHoldings in October 2017. Prior to this appointment, he was the Head, Legal (Nigeria and West Africa) and Company Secretary, Standard Chartered Bank Nigeria Ltd. He is an experienced business executive and legal practitioner with a versatile and diversified professional background.

Seye brings to the FBNHoldings Group his experience in Banking and Finance, Telecommunications, Law teaching and practice and Taxation planning and advisory. He was Managing Solicitor, Henley Crankshaw Solicitors, prior to which he was the Chief Legal Officer/ Company Secretary, Econet Wireless Nigeria Ltd (Now Airtel Networks) with responsibility for the Legal, Regulatory and Company Secretarial Group.

Seye has both Bachelor's and Master's degrees in Law from the University of Ife (now Obafemi Awolowo University) and University of Lagos, respectively. He was called to the Nigerian Bar in 1985. Seye began his career as Counsel at Professor A.B. Kasunmu's Chambers while he taught Law at the Lagos State University; he was Tax Consultant at Price Waterhouse and General Counsel/Company Secretary/Head of Compliance/Head of External Affairs at Citibank Nigeria.

He is an Advisory Board Member of the General Counsel Summit, Association of Corporate Counsel (ACC) and Member of the Nigerian Bar Association. He loves reading, community activity, music, sports and enjoys meeting people. He is married with children.

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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 directorships external to 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 exercised at different times within the 2017 financial year.

Board Responsibilities

The Board's principal responsibility 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.

The Board is also responsible for ensuring that effective systems of internal controls are maintained and the Management maintains an effective risk management and oversight process across the Group, to ensure that 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 Directors (ED) 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;

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- 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 with regards to its economic, social and environmental obligations.

Board's Statement Of Commitment To Good Governance

The Board is committed to achieving sustained success for the Group through observance of good corporate governance with the ultimate goal being to ensure shareholder value is maximised. The Board prioritizes the incorporation of good governance values in the Company's operations as a guarantee of the Group's sustainability and 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 to the Board of Directors of FBNHoldings. The Group Chairman is accountable to shareholders and responsible for the effective and orderly conduct of Board and general meetings. The roles of the Chairman and Group Managing Director are separate, so that the Group Chairman is independent of Management and free from any interest or other relationship that may interfere with his independent judgement other than interests resulting from Company shareholdings and remuneration.

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 keep abreast generally of the activities of the Company and its management;
- to ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- together with the GMD, to develop and set the agenda for meetings of the Board;
- 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, the Committees of the Board and individual Directors; and
- to ensure that regularly, upon completion of the ordinary business of a meeting of the Board, the Directors hold discussions without 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, as well as to hire and terminate staff as deemed necessary to enable it to achieve the approved strategy;
- to ensure that the Group has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
- to act as a liaison between Management and the Board and communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- to ensure that the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors form appropriate judgements;

LEADERSHIP

- 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 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 of Directors meetings, Board committee meetings and 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 other secretarial duties as directed by the Directors or the Company; and
- where duly authorised by the Board of Directors, exercising any powers vested in the Directors.

The SEC Code 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 determine the annual Board plan and with the administration of other strategic issues at the Board level;
- 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

To strategise and reposition the Group to achieve optimal value, the Board initiated changes across the Boards of its operating companies within the 2017 financial year. On the recommendation of the Board Governance and Nomination Committee, the following leadership changes were effected across the following subsidiaries of FBNHoldings:

- Oyewale Ariyibi was appointed Chairman, FBNQuest Capital Limited.
- Tijjani Borodo was appointed Chairman, FBN Trustees Limited.
- Folake Ani-Mumuney was appointed Chairman, FBN Insurance Brokers Limited.
- Michael Okon, Adekunle Awojobi, and Ike Onyia were appointed Directors in FBNQuest Capital Limited.
- Ekpe Ukpabio was appointed Executive Director, FBN Insurance Limited.
- Seye Kosoko and Seyi Oyefeso were appointed as Non-Executive Directors of FBN Insurance Brokers Limited.

LEADERSHIP

MAKING BOARD MEETINGS EFFECTIVE

How Our Board Meeting Work

The following points may be noted with regards to our Board meetings:

- The Board meets quarterly and as required;
- The annual calendar of Board meetings is approved in advance at the last Board meeting of the preceding 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;
- All Directors are provided with notices, agendas and meeting papers in advance of each meeting;
- The FBNHoldings Board met eight times in 2017;
- Notices for meetings are usually sent out at least two weeks before the scheduled meeting;
- The Company Secretary is responsible for setting the agenda of topics to be covered in the meetings and does so through consultations with the Chairman and the GMD;
- The Company Secretariat circulates memoranda electronically to members of the Board exemplifying the Group's cost efficiency, dynamism and embrace of technology;
- All Directors are provided with notices, an agenda and meeting papers in advance of each meeting. Board memoranda are dispatched 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 or she may wish to have raised at the meeting;
- Meetings take an average of five 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; and
- 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 (AOB) during the meeting.

Board Discussion In 2017

Over the course of the year, considerable time and effort were channelled on the following discussions:

- Development of a framework for evaluating performance of entities within the Group.
- Implementation of Performance Bonus and Recognition Scheme.
- Renaming of entities within the Merchant Banking and Asset Management Group.
- Recruitment of Head, Risk Management, FBNHoldings and Managing Directors for FBNQuest Capital Ltd, as well as FBN Insurance Brokers Ltd.
- Recruitment of new Company Secretary and Succession Planning for the Company Secretariat.
- Consideration of quarterly unaudited accounts and 2016 Audited Financial Statements.
- Board retreat to discuss strategy and progress made on the 2017-2019 strategic planning cycle.
- Changes to the Board composition of FBN Insurance Ltd, FBNQuest Capital Ltd, FBNQuest Trustees Ltd, and FBN Insurance Brokers Ltd.
- Board Appraisal exercise and outcomes.
- Deliberation on the Budget for 2018.
- Deliberation on the Training Plan for 2018.

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Attendance At Board Meetings

The Board of FBNHoldings met eight times in 2017. The record of attendance is provided below:

Name	January 31	April 6	April 25	May 18	August 1	October 24	November 2	December 19
Dr Oba Otudeko, *CFR*	✓	✓	✓	✓	✓	✓	✓	✓
UK Eke, *MFR*	✓	✓	✓	✓	✓	✓	✓	✓
Oye Hassan-Odukale, *MFR*	✓	✓	✓	✓	✓	✓	✓	✓
Omatseyin Ayida	✓	✓	✓	✓	✓	✓	✓	✓
Chidi Anya	✓	✓	✓	✓	✓	✓	✓	✓
Dr Hamza Wuro Bokki	✓	✓	✓	✓	✓	✓	✓	✓
'Debola Osibogun	✓	✓	✓	✓	✓	✓	✓	✓
Oluwande Muoyo	✓	✓	✓	✓	✓	✓	✓	✓
Cecilia Akintomide, *OON*	✓	✓	✓	✓	✓	✓	✓	✓
Dr Adesola Adeduntan	✓	✓	✓	✓	✓	✓	✓	✓

BOARD COMMITTEE REPORTS

Board And Committee Governance Structure

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

FBNHoldings has in place the following constituted Board Committees:

LEADERSHIP

BOARD GOVERNANCE AND NOMINATION COMMITTEE

'Debola Osibogun
Chairman

Membership

- 'Debola Osibogun
- Dr Hamza Wuro Bokki
- Oluwande Muoyo
- Omatseyin Ayida

Attendance At The Board Governance And Nomination Committee Meetings In 2017

Name	January 30	February 17	March 8	April 24	May 18	July 26	October 17	November 1	December 18
'Debola Osibogun	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Hamza Wuro Bokki	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oluwande Muoyo	✓	✓	✓	✓	✓	✓	✓	✓	✓
Omatseyin Ayida	✓	✓	✓	✓	✓	✓	✓	✓	✓

Key Responsibilities

The responsibilities of the Committee are to:

- develop and maintain an appropriate corporate governance framework for the Group;
- develop and maintain an appropriate policy on remuneration of Directors, both Executive and Non-Executive;
- nominate new Directors to the Board;
- succession plan for key positions on the Board;
- nominate and endorse Board appointments for subsidiary companies;
- recommend Directors' remuneration for the Group;
- oversee Board performance and evaluation within the Group;
- identify individuals for consideration for Board appointment and present to the Board for ratification;
- recommend potential appointment and 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 Directors who meet the independence criteria as defined in CBN circular;
- ensure adequate succession planning for Board of Directors and key Management staff across the Group;
- recommend candidates for directorship position in subsidiary companies to the Board for endorsement;
- make recommendations on the amount and structure of the remuneration of the Chairman and other Non-Executive Directors to the Board for ratification;
- review and make recommendations to the Board on all retirement and termination payment plans to the Executive Directors;
- ensure proper disclosure of Directors' remuneration to stakeholders;
- ensure compliance with regulatory requirements and other international best practices in corporate governance;
- review and approve amendments to the Group's Corporate Governance framework;

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- review and approve the corporate governance disclosures to be included in the annual report;
- ensure the performance evaluation of the GMD is performed by the Board on an annual basis and formal feedback provided to the GMD;
- 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. The Committee may 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 Groups Evaluation policy;
- perform such other matters relating to the operations of the Group as may be specifically delegated to the Committee by the Board;
- evaluate the role of the Board Committees and Boards of subsidiary companies, and ratify the performance appraisals of the Executive Directors as presented by the GMD;
- ensure proper succession planning for the Group; and
- ensure compliance with the SEC Code of Corporate Governance and other global best practices on corporate governance.

LEADERSHIP

BOARD AUDIT AND RISK ASSESSMENT COMMITTEE

Oluwande Muoyo
Chairman

Membership

- Oluwande Muoyo
- 'Debola Osibogun
- Omatseyin Ayida
- Chidi Anya

Attendance At The Board Audit And Risk Assessment Committee Meetings In 2017

Name	January 24	February 17	April 3	April 12	July 25	October 17	November 2
Oluwande Muoyo	✓	✓	✓	✓	✓	✓	✓
'Debola Osibogun	✓	✓	✓	✓	✓	✓	✓
Omatseyin Ayida	✓	✓	✓	✓	✓	✓	✓
Chidi Anya	✓	✓	✓	✓	✓	✓	✓

Role And Focus

The 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

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.

LEADERSHIP

BOARD FINANCE AND INVESTMENT COMMITTEE

Oye Hassan-Odukale, *MFR*
Chairman

Membership

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

Attendance At The Board Finance And Investment Committee Meeting In 2017

Name	January 24	February 17	August 1	October 18	November 1	December 13
Oye Hassan-Odukale, *MFR*	-	✓	✓	✓	✓	✓
Cecilia Akintomide, *OON*	✓	✓	✓	✓	✓	✓
Dr Hamza Wuro Bokki	✓	✓	✓	✓	✓	✓
UK Eke, *MFR*	✓	✓	✓	✓	✓	✓

Role And Focus

The purpose of the 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

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 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;
- ensure that an effective tax policy is implemented.

LEADERSHIP

GROUP EXECUTIVE COMMITTEE (GEC)

UK Eke, *MFR*
Chairman

The role of the Committee is ensuring implementation and alignment of the Group's strategy. The GEC is a management committee and meets quarterly, or as may be required. The Committee met four times in 2017.

Membership

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

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

Role And Focus

The role of the Committee includes:

- 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 human resources; 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 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 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 ensure the confidentiality and anonymity of submissions received with respect to such complaints.

The Committee met four times in 2017.

STATUTORY AUDIT COMMITTEE (SAC)

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

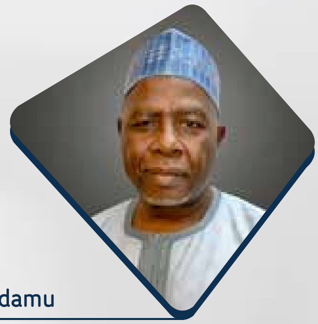
Shareholder Representative Profiles

Ayodeji Shonubi,

Chairman, Statutory Audit Committee

Ayodeji Shonubi is the Principal Partner of Ayo Shonubi & Co. He attended The Polytechnic, Huddersfield, England and University of Strathclyde, Glasgow, Scotland. Ayodeji holds a Post Graduate Diploma in Financial Studies and is a Fellow of the Institute of Chartered Accountants of Nigeria, Association of Chartered Certified Accountants and Chartered Institute of Taxation of Nigeria. A former Managing Director, Frontline Savings and Mortgage Ltd between 1992 and 1993, Ayodeji is a member of Honeywell Flourmills and Oando Plc Audit Committees. He was Chairman, Guinness Nigeria Plc. Audit Committee between 1995 and 2008.

Ayodeji was a member of the Finance and General-Purpose Committee and currently a member of the Professional Examination Committee of the Institute of Chartered Accountants of Nigeria. Ayodeji was Assistant General Manager (Finance), Federal Mortgage Bank of Nigeria from 1989 to 1992, Principal Manager, Peat Marwick Ani Ogunde & Co from 1979 to 1989. He served as Audit Senior and Audit Trainee at Price Waterhouse & Co and Z.O. Ososanya & Co respectively. He is presently a member of the Finance and General-Purpose Committee of the Chartered Institute of Taxation of Nigeria after serving as Vice Chairman, Membership Committee of the Institute from 1998 to 2005. Ayodeji has acquired considerable experience in Auditing and Accountancy Services, Management Consultancy Services, Investigation, Tax Consultancy Services and Financial and General Management. He is married with children.



Ismail Adamu

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 33 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 married with children and enjoys music and football.

Christopher Okereke

Christopher ('Chris') Okereke was appointed member of the Audit Committee in May 2016. Chris has over 18 years' experience with the Securities and Exchange Commission, where he initiated and extensively contributed to policy formulation for the Regulation of the Nigerian Capital Market and 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 and Poverty Reduction, Ebonyi State from 2007 to 2009. He is a member of several committees including Technical Committee of National Council on Privatisation and Committee on Guidelines for Universal Banking in Nigeria.

He 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 married with children and enjoys reading and playing golf.

LEADERSHIP

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

S/N	NAMES	Role	Status	Educational Qualification
1.	Ayodeji Shonubi	Chairman	Shareholder representative	FCA, FCCA, FCIT
2.	Ismail Adamu	Member	Shareholder representative	FCICA, MSc Banking & Finance, HND (Banking & Finance)
3.	Christopher Okereke	Member	Shareholder representative	FCA, Mni, MSc (Econs), PhD (Econs)
4.	Oye Hassan-Odukale, *MFR* ***	Member	Non-Executive Director	MBA Finance, BBA, BSc (Bus Admin)
5.	Chidi Anya ***	Member	Non-Executive Director	MILD. BL, LLB
6.	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 statutorily required, 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 who are independent of the management of the Company and an Independent Director. This composition underpins the independence of the SAC from executive influence.

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 and SEC 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 regarding 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.

*** please refer to the Leadership section for the profile of the Directors.

LEADERSHIP

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 the year 2017 is provided below:

Attendance At Statutory Audit Committee (SAC) Meetings:

Name	April 4	May 9	August 15	December 18
Ayodeji Shonubi	✓	✓	✓	✓
Ismail Adamu	✓	✓	✓	✓
Christopher Okereke	✓	✓	✓	✓
Oye Hassan-Odukale, *MFR*	✓	✓	✓	✓
Chidi Anya	✓	✓	✓	✓
Cecilia Akintomide, *OON*	✓	✓	✓	✓

Going Concern

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

External Auditors

The external auditors for the 2017 financial year were Messrs' PricewaterhouseCoopers (PwC).

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

It further provides that companies should require external audit firms to rotate audit partners assigned to undertake external audit of the company from time to time. Audit personnel should be regularly changed without compromising the continuity of the external audit process. The Lead Audit Partner was changed during the 2017 financial year.

The Code also stipulates that external audit firms should be retained for no longer than 10 years continuously. External audit firms disengaged after the continuous service to the company 10 years of 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 each bank shall be for a maximum period of 10 years, after which the audit firm shall not be re-appointment by 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 four years. They are subject to re-appointment annually and hence will be considered for re-appointment at the 2017 Annual General Meeting.

2017 Audit Fees

The audit fees paid by the FBNHoldings (the Company) to the external auditors for the 2017 statutory audit was ₦25million. There were no non-audit services rendered to the company during the year.

Prohibition Of Insider Dealings

In line with Section 17.2 of the Amendment to the Listing Rules of the Nigerian Stock Exchange, structures have been put in place to ensure compliance accordingly and to communicate closed periods to insiders and the Nigerian Stock Exchange. Compliance is ensured through the Registrars 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 FBNHoldings.

LEADERSHIP

Succession Planning

The Board Governance and Nomination Committee is tasked with the responsibility for the Group's succession planning process. The Committee identifies critical positions on the Board and Executive Management level that are deemed important to the achievement of the Company's business objectives and strategies, and have a significant impact on the operations of the Group. These critical positions include the following:

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

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

On conclusion of this phase, the Committee thereafter identifies a Talent Pool, following which the Committee determines the Skills and Competency Gaps.

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

For Non-Executive Directors, the Governance 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 plans. Based on this assessment, the Governance Committee shall define the skills and competency profile that reflect the needs of the Board.

For Executive Management positions, the Governance Committee in conjunction with the GMD, shall note and review the skills gap of the possible successors against expected competency requirements.

EFFECTIVENESS

Ensuring Board Effectiveness

In today's business environment, ensuring an effective Board requires the dynamics of grappling with a myriad of pressures, challenges and risks. Principally responsible for an organisation's performance, as well as its vitality, a Board must set strategic direction, often across diverse products, markets and geographies, monitor the Company's risk profile, evaluate the performance of the Group Managing Director and other Senior Executives and must be accountable to all stakeholders.

An effective Board ensures it utilises its time in pursuing core duties and achieving set goals and must inculcate the right ethics for doing business, as well as observe 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; the right attitude and approach towards such practices are most appropriately cascaded through the organisation by the Board of Directors at the top.

The Board members must demonstrate that there is a resolute belief in the principles and ways of conducting business, both collectively and individually.

Our approach to ensuring Board's effectiveness is threefold – composition, training and a rigorous board appraisal process.

Guiding Principles On Composition

Our first approach is to appoint the right people – individuals that have displayed excellent business knowledge and board experience, are appointed.

Effective observance of codes of corporate governance must be complemented by an ethical Board. It is essential that members of the Board are persons of integrity, willing to comply with the letters of the codes, as well as available resources. With this understanding, we have ensured that the current composition of our Board is the best mix of competencies and the experiences required for a company equipped to enhance shareholder value.

We have aligned with global best practice on the ratio of Non-Executives to Executives 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.

Non-Executive Directors 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 monitor and contribute creative and informed ideas to the effective management of the Company, as well as critically examine the objectives and plans drawn by the Executive team.

Board Appraisal

In compliance with the Securities and Exchange Commission (SEC) Code of Corporate Governance (the SEC Code), the CBN Code of Corporate Governance and in consonance with our commitment to strengthening the Group's corporate governance practices while 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 2017.

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 five key areas of Board responsibilities:

- 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

EFFECTIVENESS

- stewardship towards shareholders and other stakeholders (the Board's responsibilities towards shareholders and other stakeholders and responsibility for their interests).

Work Approach

KPMG's 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
- the Securities and Exchange Commission's (SEC's) Code of Corporate Governance (Nigeria) – SEC Code.

What Do We Achieve Through This Process?

The appraisal process provides a mechanism whereby Directors' performances are measured 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 to appropriate reviews of the Board's composition, the induction design, as well as 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.

In 2016, KPMG's appraisal of the Board 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 FBNHoldings governance practices were also articulated and included in a detailed report to the Board. These are related to oversight of subsidiary companies, related party disclosures, and Directors' training.

We have taken these recommendations on board and improved on the highlighted areas. The Board appraisal for 2017 has also been concluded and the evaluation report is on page 51.

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 during 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 strategic goals and objectives of the Group.

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 Board meetings to put FBNHoldings 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 represent the values and beliefs that drive the 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 the 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

EFFECTIVENESS

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 equipments 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 talents while keeping an eye on the current economic outlook. The remuneration for Executive Directors is determined by the Board and usually reflects the industry average and yet ensures 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 and SEC Codes, Non-Executive Directors receive fixed annual fees and sitting allowances for their services on Board and Board Committee meetings. There are no contractual arrangements for compensation for loss of office. Non-Executive Directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

Remuneration For Executive Directors

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

The amounts specified below represent the total remuneration paid to Executive and Non-Executive Directors for the Group in the period under review.

	31 Dec 2017 ₦ 'm	31 Dec 2016 ₦ 'm
Fees and sitting allowance	486	329
Executive compensation	118	105
Total	604	434

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

EFFECTIVENESS

STATEMENT OF COMPLIANCE WITH THE NIGERIAN STOCK EXCHANGE (NSE) LISTING RULES ON SECURITIES TRADING POLICY

In line with Section 14 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 FBNHolding's Securities Trading Policy (Policy) is embedded in the Board-approved Group Disclosure Policy and having made specific enquiries from all our Directors regarding compliance with the Policy, we hereby confirm to the best of our knowledge that our Board of Directors are compliant with FBNHoldings' Securities Trading Policy and the Rules on Securities Trading.

Dr Oba Otudeko, *CFR*
Group Chairman

Seye Kosoko
Company Secretary

STATEMENT OF COMPLIANCE WITH NIGERIAN STOCK EXCHANGE ON LISTING ON THE PREMIUM BOARD

In compliance with Section 4 of the Rules of the Nigerian Stock Exchange on Listing on the Premium Board, we wish to state that the SEC Code of Corporate Governance (Code) governs the operations of FBN Holdings Plc.

We hereby confirm to the best of our knowledge that FBNHoldings is in full compliance with the Code.

Dr Oba Otudeko, *CFR*
Group Chairman

Seye Kosoko
Company Secretary

STATEMENT OF COMPLIANCE WITH SECTION 34 OF THE SEC CODE OF CORPORATE GOVERNANCE

In compliance with Section 34 of the SEC Code of Corporate Governance (SEC Code), we hereby confirm to the best of our knowledge the following:

- That FBNHoldings has in place effective internal audit functions and the Risk Management Control and Compliance system operates efficiently and effectively.
- That FBNHoldings' sustainability initiatives are in alignment with Part D of the SEC Code.
- That FBNHoldings' related party transactions are being monitored in compliance with the provisions of the SEC Code.

Dr Oba Otudeko, *CFR*
Group Chairman

Seye Kosoko
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

Seye Kosoko
Company Secretary

ACCOUNTABILITY

Risk Governance Framework

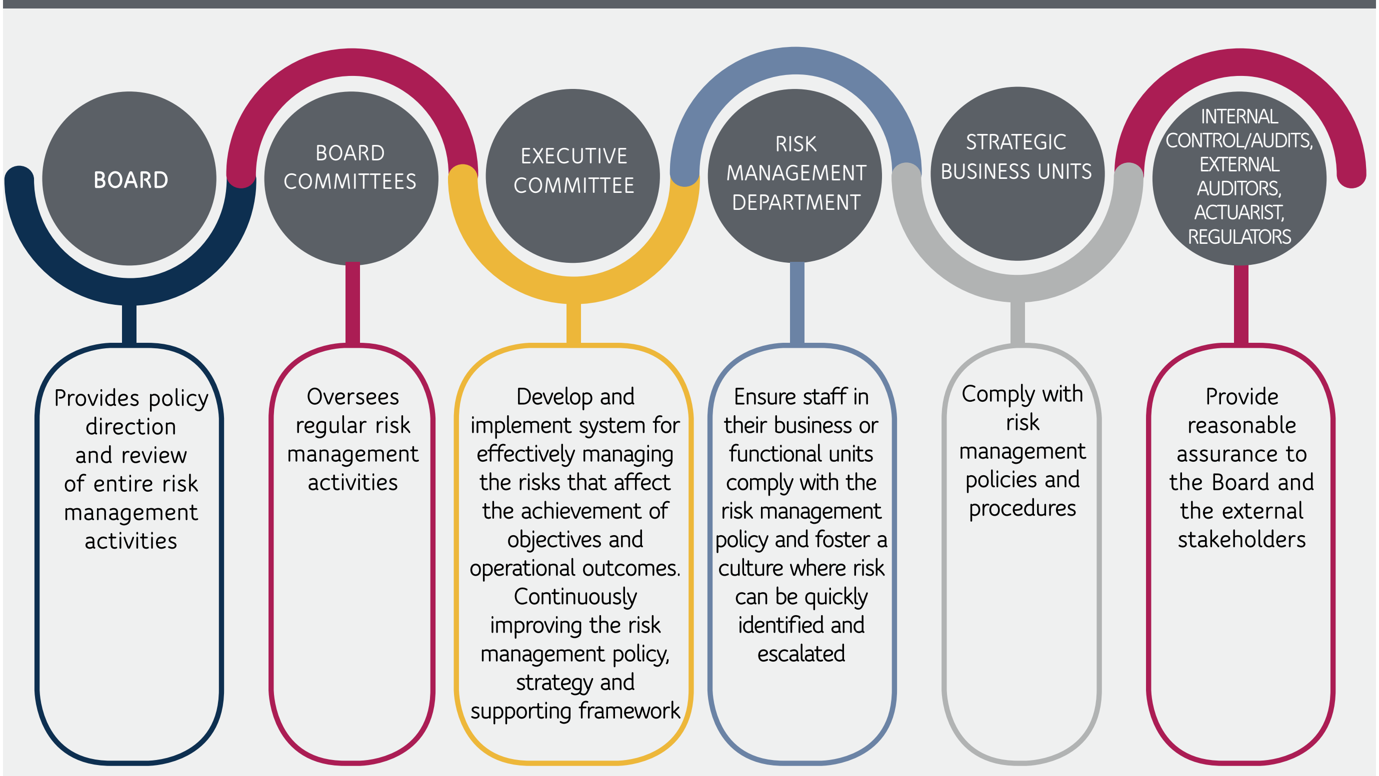
Effective management of risk requires a robust governance structure in which everyone knows their individual and collective accountabilities for risk management, risk oversight and risk assurance. This is reinforced by appropriate delegation of authority from the Board, which sets the appropriate tone 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 GROUP'S RISK GOVERNANCE MODEL



a. 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).

b. The Executive Committee is responsible for reviewing and challenging risk information and escalating issues to the Board.

c. Risk Management department facilitates and coordinates risk management activities across the Group.

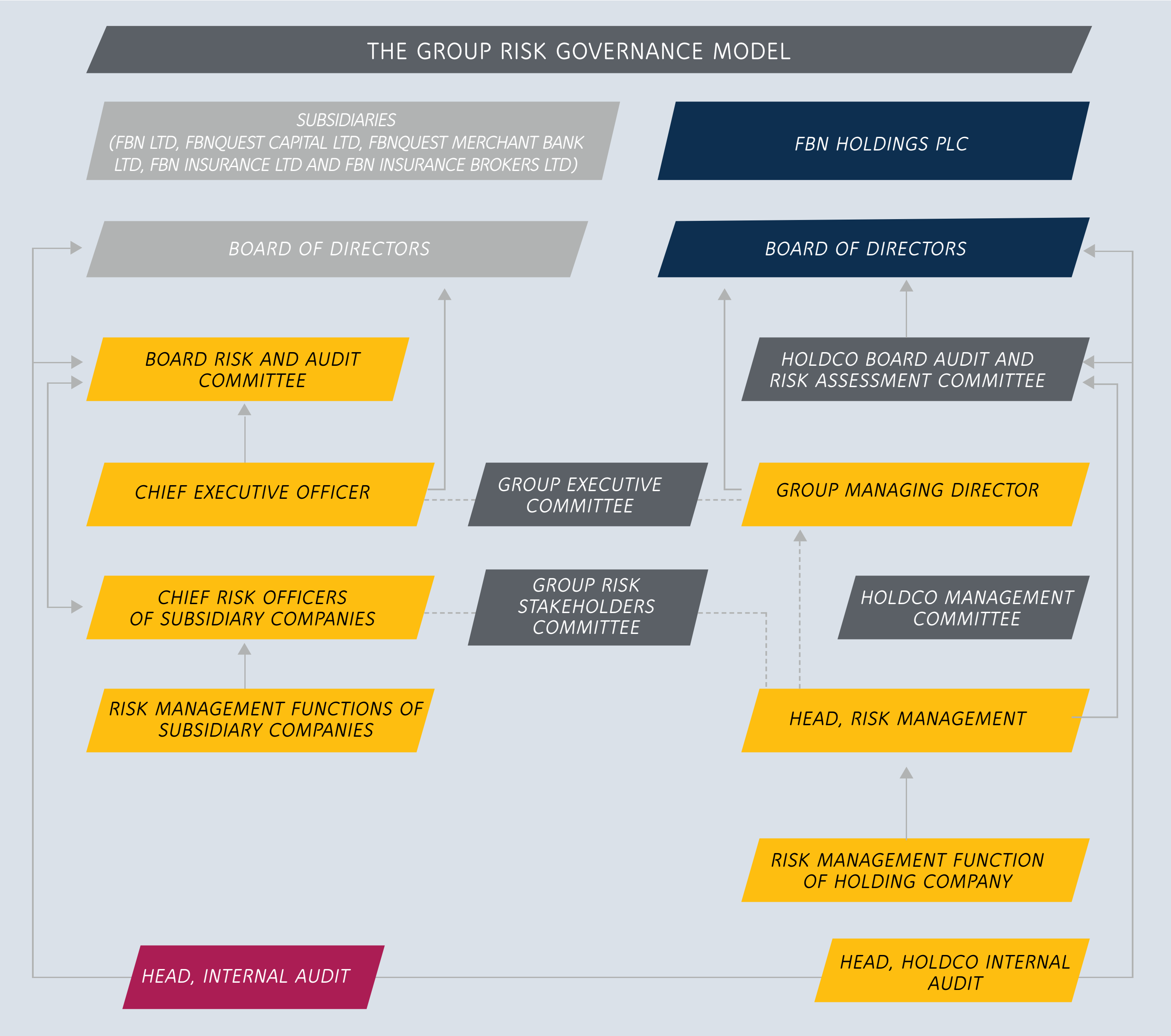
d. Strategic business units and other departments are the risk takers responsible for implementing internal control procedures, identifying risks in products, activities, processes and systems as well as initiating actions and applying mitigating strategies, in addition to reporting risks associated with their respective functions.

e. Internal Control, Internal/External Audit and External Assessors are responsible for giving independent assurance on the effectiveness of risk management process, practices and control.

ACCOUNTABILITY

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, approve 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 Executive Committee 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.

ACCOUNTABILITY

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

THREE LINES OF DEFENCE

BOARD/EXECUTIVE MANAGEMENT

Performs Oversight

- Sets the 'tone from the top'
- Establishes risk appetite and strategy
- Approves the risk management framework, methodologies, overall policies, roles and responsibilities
- Leverages risk information into decision-making process. Accepts, transfers, or mitigates identified risks
- Evaluates BU activities on a risk-adjusted basis

INTERNAL AND EXTERNAL AUDIT

Test And Verify

- Provides independent testing and verification of efficacy of corporate standard and business line compliance
- Validates the overall risk framework
- Provides assurance that the risk management process is functioning

3RD

RISK MANAGEMENT
CHIEF RISK OFFICER

Design And Facilitate

- Designs and deploys the overall risk management framework across the organisation
- Compiles across BUs and escalates risk/control issues to Senior Management
- Performs aggregated risk reporting

2ND

COMPLIANCE
CHIEF COMPLIANCE OFFICER

Interpret And Develop

- Provides interpretation of regulations and disseminates to business units
- Monitors compliance with regulations
- Develops and monitors policies and procedures
- Risk assessment-based compliance testing
- Advises on regulatory issues

BU PROCESS AND RISK OWNERS
BUSINESS UNITS

Monitor And Report

- 'Owner' of the risk management process
- Identifies, manages, mitigates and reports on risk
- Tracks loss and incident data

1ST

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.

ACCOUNTABILITY

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 and control	• 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	• 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	• 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 19.

WHISTLEBLOWING IN FBN HOLDINGS PLC

Commitment To High Ethical Standards

Whistleblowing is a process of raising concerns about a wrongdoing, an illegal act or unlawful conduct e.g. fraud, corruption, bribery or theft. The Board of FBN Holdings Plc attaches priority to high ethical standards and probity, and expects all its employees and officers to do the same in all their dealings.

The Board recognises that there may be instances where set ethical guidelines may be violated. To ensure that such violations receive attention from the appropriate office, the Whistleblowing Policy ("Policy") was adopted by the Group. The Policy provides a channel for the Group's employees and other relevant stakeholders to raise concerns about workplace malpractices confidentially to enable the relevant authorities investigate and deal with such in a manner consistent with the Group's policies and relevant regulations.

This Policy complies with the requirements of various regulatory authorities with oversight on the activities of the Group, including the CBN 'Guidelines for Whistleblowing for Banks and other Financial Institutions in Nigeria'.

The Policy

The Policy applies to both internal whistleblowers (staff, contract employees, Management, or Directors) and external whistleblowers (customers, service providers, applicants, auditors, consultants, regulators and other stakeholders) and 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 without any fear of harassment, intimidation, victimisation or reprisal of anyone for raising concern(s) under the Policy.

Subsidiaries in the Group have a localised version of the whistleblowing policy and provide channels through which whistleblowers can report a perceived act of impropriety, unethical or illegal conduct. Such reports should not be based on mere speculation, rumours and gossip, but on factual knowledge. The full version of the Group's Whistleblowing Policy can be viewed on our website: *www.fbnholdings.com.*

The Culture Of Whistleblowing

To entrench the culture of whistleblowing among staff, emails and flyers on the advantages of whistleblowing, and the channels through which the whistleblower can report a perceived act of impropriety, unethical or illegal conduct, are publicised to them. The provisions of the Whistleblowing Policy, and the Group's core values, encourage staff to speak up without fear and with the assurance that Management will investigate thoroughly and communicate findings to the parties involved.

Internal Whistleblowing Procedure

Internal whistleblowing involves staff members across the Group raising concerns about unethical conduct. An internal whistleblower can report perceived act of impropriety, unethical or illegal conduct through any of the following either by declaration or in confidence/ anonymously:

- Formal letter to the Group Managing Director (GMD) FBN Holdings Plc or the Head, Internal Audit FBN Holdings Plc.
- Call or text a dedicated phone number 0812 716 6777; 0817 597 8505.
- Internal instant messaging platform.
- Dedicated email address *(FBNHoldingsWhistleBlowing@fbnholdings.com).*

Where the concern is received by staff other than the GMD or the Head, Internal Audit, the recipient is required to immediately pass same to the Head, Internal Audit and copy to the GMD, FBNHoldings

If the concerns affect the Head, Internal Audit, the GMD is notified and when a Director is involved, such concern 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 in line with the staff handbook shall be taken against any employee that receives a whistleblowing report and fails to escalate or an internal whistleblower that acts out of malice.

External Whistleblowing Procedure

External whistleblowers are non-staff members of the Group such as contractors, service providers, shareholders, depositors, analysts, consultant, job applicants or members of the public. An external whistleblower may raise concern through any of the following 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;
- Dedicated phone number as contained on the website; www.fbnholdings.com; 0817 597 8505;

WHISTLEBLOWING IN FBN HOLDINGS PLC

- Dedicated email address; *FBNHoldingsWhistleBlowing@fbnholdings.com;*
- Directly to the Group Managing Director, FBNHoldings; and
- Directly to the Head, Internal Audit, FBNHoldings.

Protection And Compensation For Whistleblowers

The policy of the Group is 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.

The Group will not subject a whistleblower to any harm and where necessary, compensation of whistleblowers, whether internal or external that have suffered loss shall be at the discretion of Management taking into consideration regulatory guidance on the compensation of whistleblower to be issued from time to time.

Wider Disclosure

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

Regulator	Address
Central Bank of Nigeria (CBN)	Central Business District, P.M.B. 0187, Garki, Abuja. +234 9 462 39246 anticorruptionunit@cbn.gov.ng
Nigeria Deposit Insurance Corporation (NDIC)	Plot 447/448, Constitution Avenue Central Business District P.M.B. 284, Garki, Abuja +234 (0) 9460 1380 - 9 info@ndic.org.ng, helpdesk@ndic.org.ng
Securities and Exchange Commission (SEC)	SEC Towers, Plot 272, Samuel Adesujo Ademulegun Street, Central Business District P.M.B. 315, Garki, Abuja. +234 (0) 9462 1159 sec@sec.gov.ng
Nigeria Insurance Commission (NAICOM)	Plot 1239, Ladoke Akintola Boulevard, Garki II, P.M.B. 457, Garki Abuja, Nigeria. +234 (0) 9291 5101 info@naicom.gov.ng
National Pension Commission (PENCOM)	Plot 174, Adetokunbo Ademola Crescent, Wuse, Abuja, +234 (0) 9460 3930 info@pencom.gov.ng
Nigerian Stock Exchange (NSE)	Stock Exchange House 2-4, Customs Street, P. O. Box 2457, Marina, Lagos +234 (0) 1448 9373, 081 724 3061, 081 201 60463 x-whistle@nse.com.ng

WHISTLEBLOWING IN FBN HOLDINGS PLC

FBNHoldings Two-Year Analysis Of Whistleblowing Cases

Whistleblowing Cases	2017*	2016*
Probable irregularities and non-compliance with the policies of the Group	10	5
Disciplinary measures	10	6
Cases under investigation	7	5
Unsuccessful attempts by outsiders to lure members of staff into committing fraud	0	1
Cases investigated but found to be untrue	5	10
Total	**32**	**27**

**includes all subsidiaries within the Group*

INTERNAL CONTROL

Internal control is defined by the Committee of Sponsoring Organisations (COSO) as 'a process effected by an entity's Board of Directors, Management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance'.

At FBNHoldings Group, internal control encompasses the overall operating framework of management philosophy, code of conduct, systems, organisational structures, practices, policies, procedures and actions that exist in the Group. These are designed to ensure:

- orderly and efficient conduct of business by implementing appropriate processes and systems;
- 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 timely 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 approach to internal control follows the COSO 2013 Integrated Internal Control Framework, leveraging the three lines of defence model. It recognises the relationship between operations, reporting, and compliance objectives that the Group seeks to achieve in addition to the organisational structure through which these objectives are pursued. This approach addresses the elements of identifying critical activities, assessing the risk exposures, determining appropriate control measures, and monitoring such measures to ensure effectiveness.

The Group's Internal Control Framework embeds the following components of the COSO 2013 framework that support the existence and functionality of control:

CONTROL ENVIRONMENT

- Demonstrates commitment to integrity and ethical values
- Exercises oversight responsibility
- Establishes structure, authority and responsibility
- Demonstrates commitment to competence
- Enforces accountability

RISK ASSESSMENT

- Specifies suitable objectives
- Identifies and analyses risk
- Assesses fraud risk .
- Identifies and analyses significant change

CONTROL ACTIVITIES

- Selects and develops control activities
- Selects and develops general controls over technology
- Deploys through policies and procedures

INFORMATION AND COMMUNICATION

- Uses relevant information
- Communicates internally
- Communicates externally

MONITORING ACTIVITIES

- Conducts ongoing and/or separate evaluations
- Evaluates and communicates deficiencies

INTERNAL CONTROL

- **Control Environment**

The Group and Board of Directors for the subsidiaries provide oversight of the Group's internal control processes and assurance functions through the Board Risk Management Committees and the Board Audit Committees.

The Board and its committees ensure commitment to integrity and ethical values and set the rules, policies and practices that determine how the organisation's internal control systems function.

Management implements the policies set out by the Board and maintains oversight of the business, operating structures, reporting lines, appropriate authorities and responsibilities in the pursuit of the Group's objectives and in compliance with relevant regulatory requirements.

> "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."

- **Risk Assessment**

The Group maintains a robust risk management process to identify, measure and manage risks to ensure they are within defined tolerance levels. Risks are dimensioned through a dynamic and iterative process to identify and assess them to achieve corporate objectives. Management also regularly assesses the effectiveness of existing internal controls to mitigate identified risks and measures for control enhancement are implemented where necessary.

- **Control Activities**

Control activities are established through policies and procedures to ensure that Management's directives to mitigate risks to the achievement of objectives are implemented. These activities are performed at all levels of the Group, and at various stages within the business processes and over the technology environment. These activities encompass a range of manual and automated procedures such as authorisation and approval (maker-checker), verification (transaction call-over), reconciliation (GL and expense proof etc.), physical control, systems monitoring, process review, business performance reviews etc. Segregation of duties is also typically built into transaction processing, with compensating or alternative controls embedded, where necessary.

Control activities are also embedded within each business process through comprehensive risk and control definition and self-assessment to ensure ownership, timely detection, and remediation of control lapses.

- **Information And Communication**

Relevant and timely information is necessary for the functioning of a sound internal control system. The Group thus generates, or obtains and uses relevant information from both internal and external sources to support the functioning of its control systems. This feeds into an interactive and continual communication process for sourcing and providing necessary information to support decision-making. Periodic and regular risk and control information is disseminated within the organisation to ensure that control responsibilities are clear and taken seriously.

- **Monitoring**

The control system includes ongoing and periodic evaluation that aims to ascertain the presence and effectiveness of the other components of internal control. These evaluation procedures are built into the Group's business processes and they provide timely information that are then evaluated against established criteria and deficiencies communicated to Management and the Board of Directors.

Group Internal Control Policies And Guidelines

The Internal Control Framework is supported by policies and guidelines that outline best-practice control standards, roles and responsibilities of Directors, Management, subsidiaries and staff of the Group. The guidelines outline procedures for identification, management and documentation of relevant processes and sub-processes, including the mapping of specific risks and control mitigants.

Areas covered by the policies and guidelines include:

- Segregation of duties;
- Staffing, vacation and rotation;
- Control oversight of user access rights management;
- Control oversight of transaction processing, authorisation, approval, review and reconciliation;
- Outsourcing services management;
- Ethics, conduct, investigation and disciplinary action, including whistleblowing;
- Physical security; and
- Fraud risk management.

INTERNAL CONTROL

Internal Control Improvements Achieved In 2017

- Implemented the Committee of Sponsoring Organisations of the Treadway Commission's 2013 Integrated Internal Control Framework;
- Embedded the corrective measures identified from the independent assurance validation process into the internal control systems;
- Increased the use of automation in monitoring and review of control activities;
- Conducted an enterprise risk assessment and reviewed the risk rating of activities, branches and departments within the Group to enhance risk-based control reviews;
- Expanded the frequency and scope of control monitoring and review, in line with risk rating, to ensure compliance with policies and procedures and achievement of control objectives;
- Increased control oversight of the Group's local and foreign subsidiaries under a robust framework and commenced regular field review in subsidiaries;
- Improved the focus on control awareness and consciousness at all levels of Management;
- Concluded the completeness review of all documented processes in the commercial bank's head office and branches and identified key points for control enhancement;
- Adopted a more efficient structure aimed at enhancing control effectiveness as the second line of defense in close collaboration with all other risk management and assurance functions for more effective synergy;
- Overhauled the consequence management process for accelerated investigation and disciplinary procedures for observed exceptions to drive acceptable behaviour and discourage misconduct; and
- Commenced the process of embedding Operational Risk Management and Control Risk Self-Assessment in the control framework.

Internal Control Priorities For 2018

We will continue our culture of internal control improvements with the aim of minimising redundancies and improving efficiency and effectiveness. Some of our priorities for the next year are as follows:

- Increase oversight of high-risk operations and relevant compliance activities to enhance control oversight and improve depth of reviews;
- Leverage technology for enhanced control oversight, support business process automation, and ensure in-built logical controls in products, systems, and applications;
- Conclude the implementation of the control framework in all subsidiaries and deepen control capabilities in local and foreign subsidiaries;
- Increase the efficiency and effectiveness of the investigation and consequence management processes to continue driving acceptable behaviour and dis-incentivise misconduct;
- Conclude the integration of operational risk in the group's control framework;
- Increase the control and assurance function's capacity through relevant training programmes and collaboration with other assurance service providers for synergy; and
- Increase the frequency of Control Awareness Campaigns to further strengthen awareness of internal controls and responsibility of frontline staff in risk management.

ENGAGEMENT

In 2017 and as part of the Board's commitment towards fostering deeper engagement, the Board, through its Management engaged in constructive and meaningful communications with its investors, shareholders, regulators and other stakeholders. In FBNHoldings, we believe engagement, consistent with the Group's disclosure controls, is a fundamental and long-term aspect of the Board's oversight responsibility.

Introduction

Globally, economic and regulatory changes have had some level of negative impact on the performances of many 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. It is almost certain that global economic and regulatory changes will have some level of negative impacts on the performances of many listed companies.

As a result of these market changes, there arises the need to improve business performance, maximise shareholder value and appropriately engage stakeholders on an ongoing basis.

Regulatory Engagement

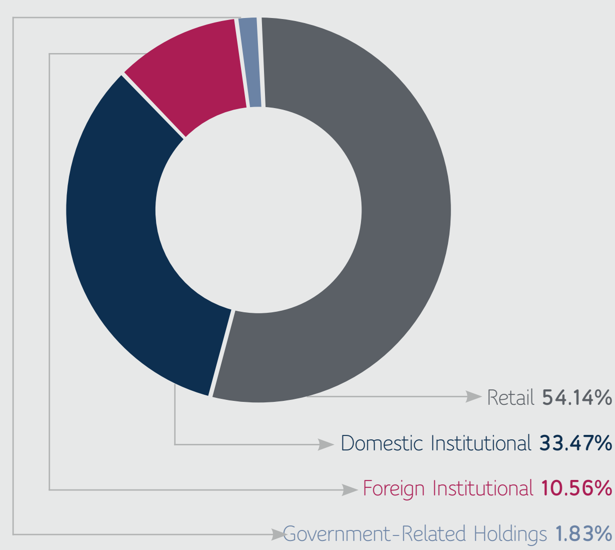
In line with our practice and as part of our efforts to deepen regulatory interface across all sectors within which we operate[1] in 2017, the Board intensified its engagement with regulators, joint calls were made by executives of operating companies and periodic engagements at a more Senior Management level were maintained towards gaining a better understanding of the expectations of the regulators. This was geared towards ensuring smooth operations across capital 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

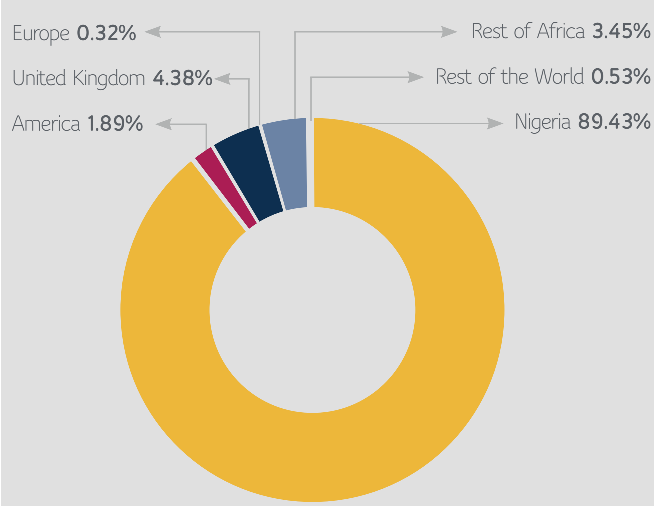
FBNHoldings, a publicly quoted Company continues to hold a diversified 1.2million shareholder accounts with ownership from across the globe. However, no beneficial shareholder owns 5% or more issued ordinary shares. This reflects the well-diversified shareholder profile. The current distribution of FBNHoldings' 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 difficult macroeconomic environment, notably the foreign currency liquidity challenges, we have seen a slight increase in the participation of international institutions while there is a slight decline in the domestic ownership structure. As such, as at December 2017, the proportion of shares held by domestic owners declined from 91.6% to 89.4%, while international holdings increased 8.4% to 10.6%.

As at 31 December 2017, the shareholding structure was:

Breakdown Of Shareholders By Type



GEOGRAPHICAL BREAKDOWN OF THE SHAREHOLDINGS STRUCTURE



[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.

ENGAGEMENT

In line with our practice, we continue to enhance our engagement model and approach taking into consideration 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. FBNHoldings is increasingly weighted towards the domestic audience, with concurrent increases among both retail and institutional audiences in the home market.

The retail shareholders are typically updated on the strategy, performance and outlook via the annual general meetings (AGMs), transcripts of results, conference calls on the investor relations sub site, research notes circulated by analysts, the investor relations and corporate websites, fund managers' engagements, shareholder associations and their stockbrokers. In line with our commitment towards fostering deeper engagement, in 2017, the Management made several visits to our shareholders through the shareholder associations across the country. We are aware that regular engagement with our shareholders ensures effective communication of the Group's strategy and performance and provides a platform to narrow perceived information gap.

> "Our focus on building long-term relationships means regular interaction is important, as relationships and goodwill are developed on repeated encounters."

Institutional Investors: this group holds shares both directly and on behalf of underlying beneficiaries, whether they are individuals or other corporates with fiduciary responsibilities. In 2017, we witnessed a slight increase in the participation of the international shareholders, which shows that 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 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 and 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;

ENGAGEMENT

- 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 to a preference share of 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 Investor Relations (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:

ENGAGEMENT

- 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;

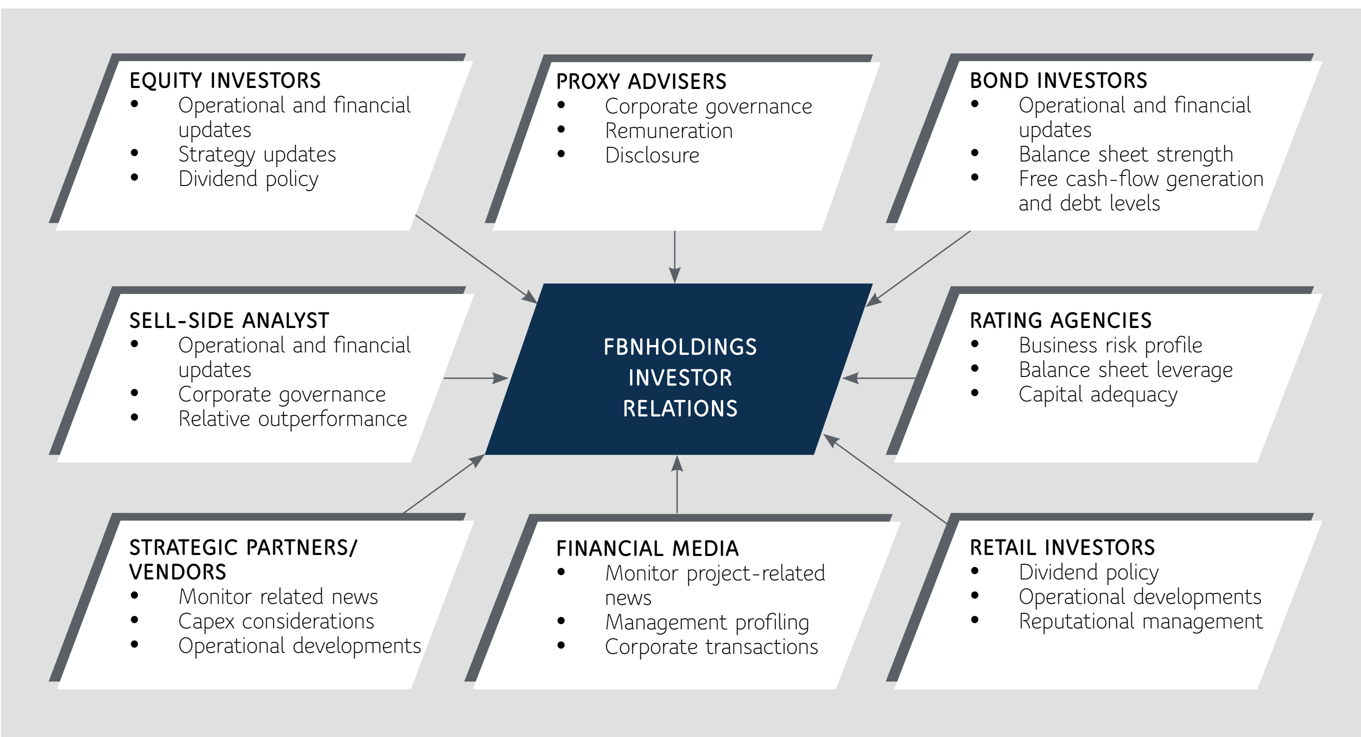
- ensure continuous gathering of market intelligence and monitoring of investor and analyst perception of FBNHoldings, to drive efficiency to the IR programme, help manage shareholders' expectations and ensure an upward flow of information to Senior Management;

- 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



ENGAGEMENT

FIGURE 2: KEY ACTIVITIES IN FBNHOLDINGS' INVESTOR RELATIONS PROGRAMME

ACTIVITY	DESCRIPTION	CHANNEL	TARGET AUDIENCE
Results Press Release	• The press release describes the Group's performance and outlook for the period under review. • This activity typically happens quarterly when the financial results are made public. • The results' press release is uploaded to the Investor Relations (IR) website.	• Website • Email interactions	• Shareholders • Investors • Analysts • Credit-rating agencies
Operational/Ad Hoc Press Release	• 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.		
Results Conference Call	• This activity occurs after publication of the financial results and is led by Senior and Executive Management. • 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. • A question-and-answer session is held after the results presentation.	• 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	• This entails engagement with key international institutional investors and shareholders on overall performance, outlook and key strategic objectives. • It also aims to cultivate a supportive pool of capital and enhance international visibility. • Key locations visited reflect where the majority of our international investors reside. - largely in the United States of America, South Africa and Europe	• One-on-one meetings • Conference calls • Group meetings	• International investors
Domestic Investor Meetings	• A forum where the Group's Senior Management addresses issues relating to performance, strategic direction and outlook.	• One-on-one meetings • Sales force teach-ins • Conference calls • Group meetings	• Shareholders • Investors • Analysts

ENGAGEMENT

ACTIVITY	• DESCRIPTION	CHANNEL	TARGET AUDIENCE
Investor Conferences	• Brokers organised conference – locally and internationally. • 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. • Conferences attended in 2017 include: - Standard Bank West Africa Conference Lagos - Renaissance Capital 8th Annual Pan-Africa One-on-One Investor Conference Lagos - BofAML Emerging Markets Corporate Credit Conference, Miami	• One-on-one meetings • Results presentations • Small group meetings	• Equity and debt investors and analysts
Annual General Meeting (AGM)	• The AGM occurs yearly and is a legal requirement. • At the AGM, the presentation and approval of the following occur: - Annual report and Accounts - Election of Directors - Appointment of Auditors - Remuneration of Auditors - Dividend Declaration - Election of the Audit Committee	• Group meetings	• 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)	• 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.	• One-on-one meetings • Email interactions • Conference calls • Group meetings	• Pension Fund Managers (PFAs and CPFAs)
Nigerian Stock Exchange (NSE) 'Facts behind the figures'	• This event engages the stockbrokers at the NSE on the Group's strategy, performance and outlook. • Management presents the strategy and performance and also holds a question-and-answer session.	• 'Facts behind the figures' at the NSE • Conference calls • Website	• Stockbrokers • Indirect retail investors • Media • The rest of the financial community

ENGAGEMENT

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 2018 AGM will hold in Lagos on Tuesday, May 15, 2018 at the Eko Hotel and Suites. Resolutions to be considered at the general meetings are published on the FBNHoldings Investor Relations 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

In line with the Group's objective and based on the increasing interest from different stakeholders, our focus in the coming year is to further define ways to improve current engagement model. As is the practice, our engagement plan will take into consideration key audience segments with a view to holding constructive dialogue with the overall objective of bridging the information gap and strengthening the relationship between the Group and its shareholders towards delivering shareholder value.

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 2017.

a. Legal Form

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

b. Principal Activity And Business Review

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

The Company is also responsible for 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 comprising First Bank of Nigeria Limited, FBNBank (UK) Limited, First Pension Custodian Nigeria Limited, and FBNBank DR Congo (formerly Banque Internationale de Credit), FBNBank Ghana, FBNBank Sierra Leone, FBNBank Guinea, FBNBank Gambia and FBNBank Senegal.

- Merchant Banking and Assets Management Group comprising FBNQuest Merchant Bank Limited, FBNQuest Capital Limited, FBNQuest Securities Limited, FBNQuest Funds Limited and FBNQuest Trustees Limited.

- Insurance Group comprising 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:

DIRECTORS' REPORT

Directors' Shareholdings

S/N	NAME	2017 HOLDINGS DIRECT	2017 HOLDINGS INDIRECT	2016 HOLDINGS DIRECT	2016 HOLDINGS INDIRECT	ENTITIES
1.	Dr Oba Otudeko, *CFR*	5,895,264	-	5,895,264	-	
			113,079,843		113,079,843	Metropolitan Trust Nig. Limited
			44,188,168		44,188,168	Honeywell Staff Ct & Cs
			70,206,271		70,206,271	Orbit International Limited
			111,663,659		111,663,659	Springwater Limited
			72,138,423		72,138,423	Landbond Limited
			52,394,669		52,394,669	Coral Products Limited
			68,404,806		68,404,806	Network Securities Limited
	TOTAL	**5,895,264**	**532,075,839**	**5,895,264**	**532,075,839**	
2.	Oye Hassan-Odukale, *MFR*	1,854,003	-	1,854,003	-	
			112,320		102,320	Lac Investments Limited
			1,467,506		1,467,506	Haskal Holdings Limited
			28,723,469		36,830,410	Oho Investments Limited
			2,175,578		2,175,578	Leadway Capital & Trusts Limited
			266,697,449		222,403,327	Leadway Assurance Co. Limited
	TOTAL	**1,854,003**	**299,176,554**	**1,854,003**	**262,979,141**	
3.	Chidi Anya	-	52,168	-	52,168	Muonta And Guonta Limited
4.	Hamza Wuro Bokki	3,389,061	-	3,327,000	-	-
5.	'Debola Osibogun	1,171,612	-	595,968	-	-
6.	Omatseyin Ayida	1,100,000	-	1,100,000	-	-
7.	UK Eke, *MFR*	14,575,178	-	14,575,178	-	-
8.	Dr Adesola Adeduntan	10,942,189	-	52,189	-	-
9.	Oluwande Muoyo	674,043	-	581,748	-	
		-	798,596	-	798,596	Clayder Limited
10.	Cecilia Akintomide, *OON*	5,500	-	5,500	-	-
11.	Muhammad Ahmad, *OON* *(resigned w.e.f. 19 July 2016)*	-	-	218,686	-	-

d. Operating Results

The Directors recommend for approval a dividend of ₦0.25 per share, amounting to ₦8,973,823,198.00. Highlights of the operating results for the period under review are as follows:

	Group 31 Dec 2017 ₦'m	Group 31 Dec 2016 ₦'m	Company 31 Dec 2017 ₦'m	Company 31 Dec 2016 ₦'m
Gross earnings	595,444	581,831	13,715	12,715
Profit before tax	56,826	22,948	9,382	7,611
Taxation	(9,040)	(5,807)	(107)	(104)
Profit for the year from continuing operations	47,786	17,141	9,275	7,507
Total profit for the year	40,011	12,243	9,275	7,507
Appropriation:				
Transfer to statutory reserves	7,877	9,579	-	-
Transfer from statutory credit reserve	19,176	21,207	-	-
Transfer to contingency reserves	530	289	-	-
Transfer to retained earnings reserve	12,428	(18,832)	9,275	7,507

DIRECTORS' REPORT

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 32 to the Accounts. In the Directors' opinion, the market value of the Company's properties is not less than the value shown in the financial statements.

g. Shareholding Analysis

Shareholding Range Analysis as at 31 December 2017

RANGE			No of Holders	% Holders	Units	% Units
1	-	1000	288,173	23.71	211,720,768	0.59
1001	-	5000	495,403	40.76	1,192,738,913	3.32
5001	-	10000	173,452	14.27	1,192,851,018	3.32
10001	-	50000	212,863	17.51	4,335,714,996	12.08
50001	-	100000	22,207	1.83	1,545,536,512	4.31
100001	-	500000	18,779	1.54	3,744,625,897	10.43
500001	-	1000000	2,273	0.19	1,585,614,049	4.42
1000001	-	5000000	1,953	0.16	3,723,645,738	10.37
5000001	-	10000000	213	0.02	1,502,030,493	4.18
10000001	-	50000000	185	0.02	3,578,186,131	9.97
50000001	-	100000000	27	0.00	1,792,666,365	4.99
100000001	-	35895292791	35	0.00	11,489,961,911	32.01
			1,215,563	**100.00**	**35,895,292,791**	**100.00**

Shareholding Analysis As At 31 December 2017

Type of shareholding	Holdings	Holdings %
Retail	19,431,555,848	54.14
Domestic Institutional	12,014,373,652	33.47
Foreign Institutional	3,791,823,464	10.56
Government-related holdings	657,539,828	1.83
	35,895,292,792	100

h. Substantial Interest In Shares

According to the register of members as at 31 December 2017, 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.

DIRECTORS' REPORT

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

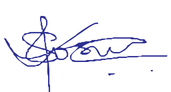
The Company ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

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



Seye Kosoko
Company Secretary
FRC/2013/NBA/00000002006
Lagos, Nigeria

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

In compliance with the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria ("the Code") and the Securities and Exchange Commission (SEC) Code of Corporate Governance ("the SEC Code"), FBN Holdings Plc ("FBNHoldings" or "the Company" engaged KPMG Advisory Services to carry out an appraisal of the Board of Directors ("the Board") for the year ended 31 December 2017. The CBN Code mandates an annual appraisal of the Board 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 within 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 Company's key corporate governance structures, policies and practices. This included the review of the corporate governance framework and representations obtained during one-on-one interviews with the members of the Board and management. We also reviewed the Company's Corporate Governance report prepared by the Board and included in the Annual Report for the year ended 31 December 2017, and assessed the level of compliance of the Board with the CBN and SEC Codes.

On the basis of our review, except as noted below, the Company's corporate governance practices are largely in compliance with the key provisions of the CBN and SEC Codes. Specific recommendations for further improving the Company's governance practices have been articulated and included in our detailed report to the Board. The key areas identified include enhancement of the Company's related party process.

Olumide Olayinka
Partner, KPMG Advisory Services
FRC/2013/ICAN/00000000427
26 April, 2018

FBNHoldings

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