



## Acquisition of Fortis Corporate Insurance N.V.

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**AMLIN**



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# The transaction



# The transaction

## Acquisition of Fortis Corporate Insurance (FCI) for €350m and placing of c.5% of ISC

- FCI is a leading provider of insurance and risk management solutions to large and medium size companies in the Netherlands and Belgium

Financing terms	
<b>Transaction summary</b>	€m
FCI adjusted NTA (pre fair value adjustment)	245.9
Offer value	350.0
Goodwill	104.1
Acquisition multiple (2008A P/NTA)	1.42x

- The placing proceeds will be utilised to finance, in part, the acquisition consideration
- The placing is not conditional on the acquisition
- The placing will be carried out by way of an accelerated bookbuild
- The transaction is expected to be earnings and ROE enhancing in 2009<sup>1</sup>

<sup>1</sup> This statement does not constitute a profit forecast and should not be interpreted to mean that the earnings per share in the first full financial year following the Acquisition, or in any subsequent period, would necessarily match or be greater than those for the relevant preceding financial year



# Acquisition rationale

# Acquisition strategy

Amlin has articulated a strategy to seek quality acquisitions which can deliver specific benefits:

- Expansion of non-catastrophe and **lower volatility** lines of business. This improves the balance of Amlin's underwriting portfolio and has potential **revenue synergies** with the catastrophe book
- Further **diversification** of the portfolio in terms of geography, customer base, business lines and distribution
- **Strong franchise** with critical mass in Continental Europe / USA
- A **profit-focused** underwriting approach with good **cultural fit**



# Acquisition fit

The acquisition of FCI provides an excellent fit with our declared strategy:

- Expansion of the **non-catastrophe** portfolio
- Gives Amlin a **strong platform** in Continental Europe
- Provides access to a new customer base with **diversified distribution**
- Creates opportunities for **organic growth** as well as a **platform for further acquisitions** if opportunities arise
- Business mix is predominantly in lines where Amlin has established **underwriting expertise** and resource
- **Strong local management** team with established track record
- Transaction expected to be **ROE accretive** in 2009 and will contribute to Amlin's cross cycle target ROE of at least 15%<sup>1</sup>

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# FCI Overview



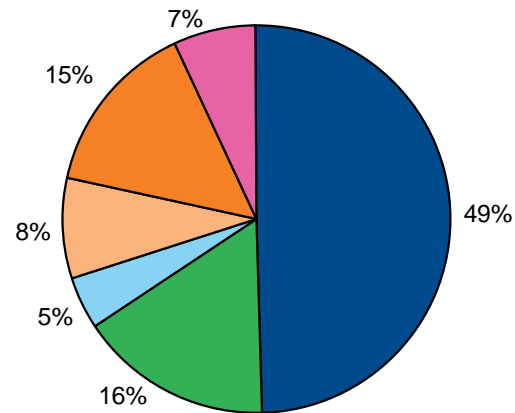
# FCI background

- FCI is a leading provider of insurance and risk management solutions to large and medium size companies in the Netherlands and Belgium
- Formed in 1999 by a merger of Fortis Industrial, part of Belgian AG 1824 and the Dutch AMEV Interlloyd. Was part of the now broken up Fortis Group, and currently retains significant operational links with other Fortis Group companies
- Currently owned by the Dutch government
- The transaction is conditional on obtaining a declaration of no-objection from the Dutch Central Bank and Amlin shareholder approval
- Gross written premium in 2008 was **€763 million** (63% generated in the Netherlands, 36% in Belgium - of which 7% was fronting for captive reinsurers – and 1% in France)
- Three main business lines are marine (49%), property (21%) and liability (15%)
- Offices are located in Amstelveen, Rotterdam, Antwerp, Brussels and Paris
- Rated A- by Standard & Poor's and A- by Fitch Ratings. Ratings are down from A and A+ in 2007, following similar downgrades to parent company ratings



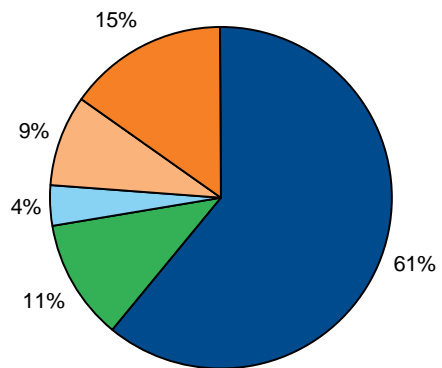
# Business mix

Total 2008 GWP (€763m)



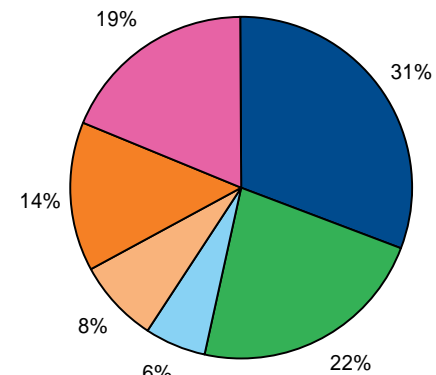
■ Marine ■ Fire ■ Engineering ■ Fleet ■ Liability ■ Captive

Netherlands 2008 GWP (€482m)



■ Marine ■ Fire ■ Engineering ■ Fleet ■ Liability

Belgium 2008 GWP (€276m)



■ Marine ■ Fire ■ Engineering ■ Fleet ■ Liability ■ Captive

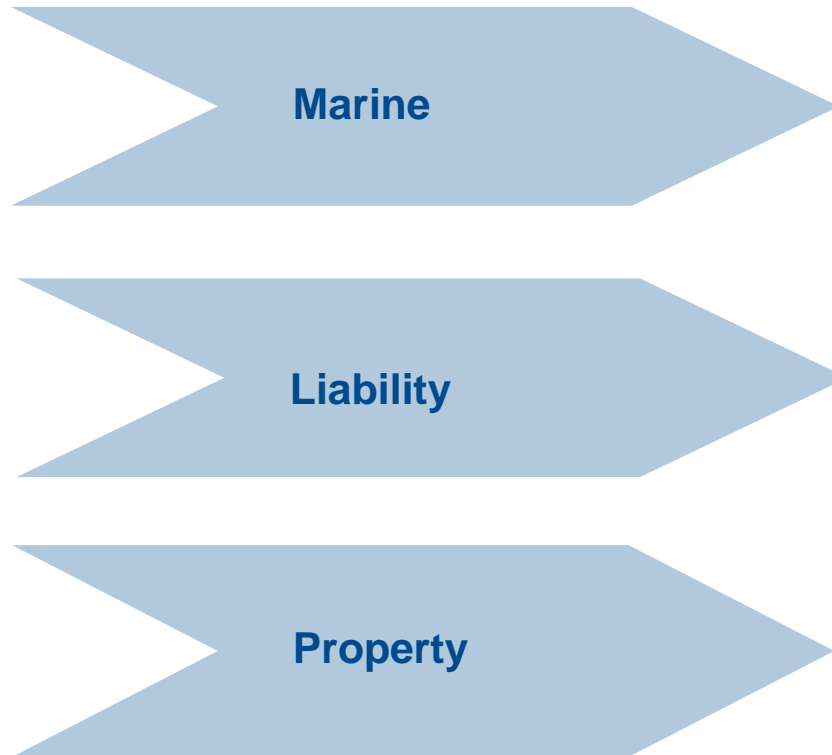
Source: FCI

12 Note: France generated 2008 GWP of €5m.



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# Estimated market positions



Market position in Belgium	Market position in the Netherlands
No. 1	No. 1
Top 3	Top 3
No. 1	Top 3

Source: Marine – IUMI Report 2008. Liability & Property: McKinsey Report 2005 and FCI estimates of market development between 2005 and 2009

# Three year financial performance

	2006 €m	2007 €m	2008 €m
<b>Gross written premium</b>	597	656	763
Net earned premium	434	471	569
Net incurred claims	(269)	(321)	(441)
Net expenses	(120)	(124)	(139)
<b>Underwriting result</b>	45	26	(11)
Investment income	22	20	(23)
Finance costs	(4)	(6)	(4)
<b>Pre-tax profit</b>	<b>63</b>	<b>40</b>	<b>(38)</b>
Tax	(13)	(8)	7
<b>Post-tax profit</b>	<b>50</b>	<b>32</b>	<b>(31)</b>
Effective tax rate	21%	21%	(19%)
<b>Return on opening equity</b>	<b>17%</b>	<b>9%</b>	<b>(11%)</b>

Source: FCI (adjusted for Amlin accounting policies)



# Balance sheet

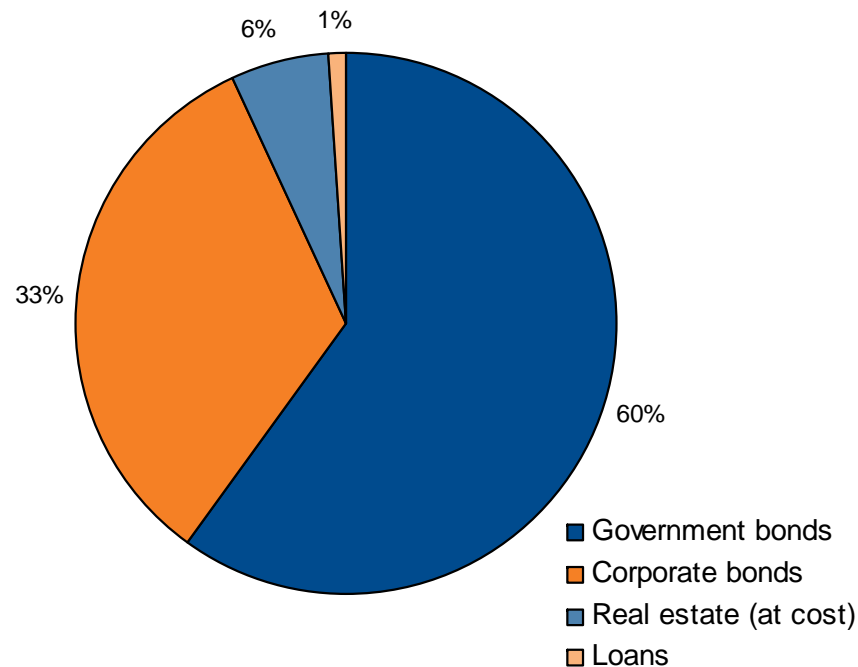
	2006	2007	2008
	€m	€m	€m
Cash and investments	1,044	1,101	1,200
Reinsurers' share of reserves	208	251	271
Other assets	263	234	252
<b>Total assets</b>	<b>1,515</b>	<b>1,586</b>	<b>1,723</b>
Unearned premium	113	137	160
Loss reserves	852	984	1,131
Subordinated liabilities	30	30	30
Other liabilities	178	155	156
<b>Total liabilities</b>	<b>1,173</b>	<b>1,306</b>	<b>1,477</b>
Capital and other reserves	117	113	111
Retained earnings	225	167	135
<b>Total equity</b>	<b>342</b>	<b>280</b>	<b>246</b>
<b>Total liabilities and equity</b>	<b>1,515</b>	<b>1,586</b>	<b>1,723</b>

Source: FCI (adjusted for Amlin accounting policies)



# Investment mix

Investments at Dec 2008 (total size €1.1bn)



- 97% of FCI's bond portfolio was rated A or higher
- €38.2m was held in mortgage or asset backed securities of which €23m was triple A rated and the remainder rated A or AA
- The 6% of the portfolio exposed to real estate is related to one counterparty – a 5% shareholding in Fortis Verzekeringen Vastgoed Maatschappij (FVVM). FCI has been advised that it will be required to exit this scheme once it leaves the Group

Source: FCI



# Strengths of FCI

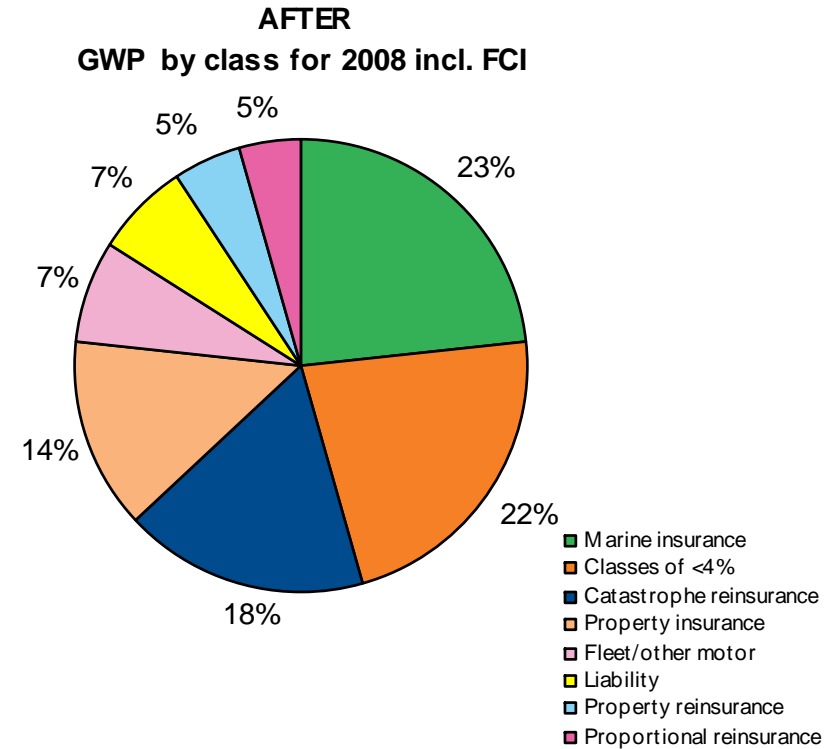
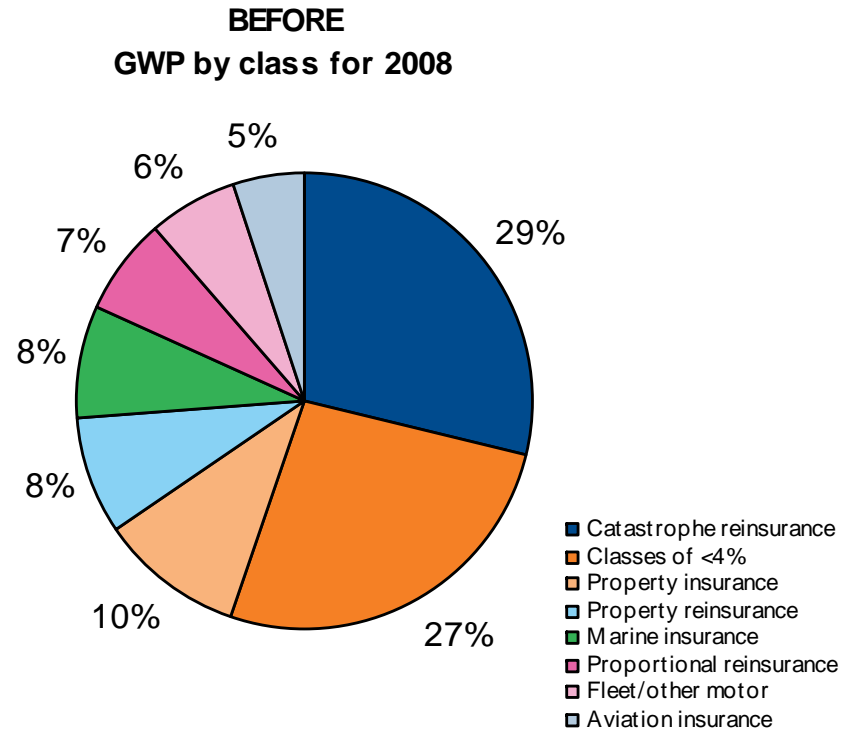
- Proven and well regarded management team
- Profit focused
- Strong market position in the Netherlands and Belgium
- Prudent reserving
- Limited catastrophe exposure
- Proactive handling of the challenging environment
- Growth platform for the future



## Post-transaction model



# Post-transaction business mix



- Amlin and FCI GWP is converted at average rates for 2008 (\$1.85:£1.00 and €1.26:£1.00)
- This analysis is prepared on a pro forma basis and does not include any synergies or cross-selling opportunities.

Source: Amlin and FCI



# Integration

## Amlin well resourced

- Long-standing and experienced senior management and underwriting team
- Management restructure in 2008 to allow senior management to focus on strategic transactions
- Recent recruitment of Group Operations Officer and Head of Risk with extensive relevant experience
- Substantial underwriting resource and expertise in key lines of business e.g. marine, fleet motor

## FCI senior management team experienced and committed

- Expect to retain key underwriting teams
- Good cultural fit with existing Amlin business
- Willingness to embrace Amlin risk management standards



# Summary



# Summary

- Quality acquisition which meets Amlin's strategic objectives and will contribute to longer term profitable growth
- Capital base of the combined Group gives ample scope for further expansion:
  - Continue to anticipate substantial organic growth of Amlin's existing non-catastrophe book as pricing improves
  - Additional potential for further growth in Amlin's catastrophe book as capital synergies are realised
- Increasingly positive outlook - expect to continue to deliver strong growth in dividend and to meet cross cycle average ROE of at least 15% per annum



# Appendix



# Appendix – FCI management biographies



**Patrick Coene**  
CEO

- CEO since December 2003
- Joined FCI in 1998 with responsibilities over time including Fleet, Property, IT and Belgium
- 1992-1998: Several management functions at AG (now FIB) in P&C division, including head of motor insurance business
- Management consultancy with DRI Europe and McKinsey & Company
- Master in business (equivalent) and Ph.D. in Engineering Economic Systems (Stanford, USA)



**Yves Warlop**  
CFO & IT

- CFO since 2006
- Joined FCI in 1998
- Finance Manager since 2000
- 1995-2000: Several management functions at AG (now FIB) and also in corporate finance and management controlling
- Over 10 years of experience in accountancy with Arthur Andersen
- Master in business (equivalent)



**Michiel Vervliet,**  
Netherlands & INI

- EVP Netherlands since 2002
- Chairman of INI network and board member of the VNAB (Dutch 'Beurs' Association)
- Held several management functions with FCI and also EVP (since 1999) for Liability and Marine
- Joined Interlloyd in 1990 (now FCI) as head of casualty department
- Started career with Delta Lloyd and also assistant to the Director of Liability
- Master in Law (equivalent)



**Philippe van Oosterzee**  
Belgium & France

- Joined FCI as EVP Belgium in 2006
- Over 20 years of experience in the banking sector as account manager for corporate clients, Director of Relationship Management and Credit Control Manager at Generale Bank (now Fortis Bank Belgium) and later as Managing Director of BIAO (International Bank of Western Africa) in the Ivory Coast
- Master in commercial sciences and finance (equivalent)



**Jaap Gispens**  
Marine

- Joined FCI as EVP Marine in January 2009
- 2003-2008: Managing Director of Concordia Holland B.V.
- Extensive experience as marine underwriter (Mees & Zoonen, now part of Marsh) and marine underwriting manager (Nieuw Rotterdam Schade, now part of Axia)
- Over 10 years of management experience in the ICT-sector

