

## Fast Close – international banking and insurance group is speeding up its financial reporting cycle

Fortis accelerates consolidated financial statement and reporting processes

With a market capitalisation of EUR 35 billion and 57,000 staff in 50 countries, the Belgian/Dutch Fortis Group ranks among the 20 largest financial service providers in Europe. The Fortis Group is active in merchant and commercial banking as well as in the private and retail banking business. The insurance division is active in the life, non-life and health insurance business. Fortis Group shares are listed on the Dow Jones Sustainability STOXX Index, the Dow Jones Sustainability World Index and the FTSE4Good Index. Known in financial community as the "Muscles from Brussels", the term accurately reflects the strength of the group, particularly in the banking and insurance markets of the Benelux countries. To date, however, Fortis Group has counted amongst the so-called "late publishers", with publication of the financial reports taking 36 days from the end of the reporting period; the benchmark for the financial services sector being set by a direct competitor that completed reporting within 18 days.

In order to secure a position amongst the leaders in this respect, Fortis Group launched a project in September 2005 specifically aimed at accelerating the preparation of financial reports and management reporting, while simultaneously optimising data quality and the informational content of the reports. To achieve this aim the group opted for cooperation with the ifb group. A decisive factor in selecting the partner for the global programme was the extensive financial management experience of the consultants garnered in comparable Fast Close projects for other major groups.

### *Double strategy in concern companies and headquarters*

The project is based on a decentralised approach, taking into account the size and differentiated structure of the group. Principally, the individual Fortis

	2005	2004
Income (EUR million)	90,419	71,927
Net profit (EUR million)	3,941	2,995
Earnings per share (EUR)	3.07	2.35
Return on equity (%)	23.0	21.6
Cost / income ratio (% , Banking)	62.3	69.5
Combined ratio (% , Insurance)	96.0	99.3

	31.12.2005	31.12.2004
Shareholders' equity (EUR billion)	18,9	15,3
Tier 1 capital ratio (%)	7.4	8.3
Assets under management (EUR billion)	383.2	307
Market capitalisation (EUR billion)	35	26.5
Headcount /FTEs	57,088 / 54,245	50,846 / 48,259



Group companies subject to reporting requirements are each responsible for implementing the goals of the Fast Close project within their own area. The project team at group headquarter level restricted its activities to coaching those responsible within the reporting units and comprehensively monitoring the results achieved. A different approach was taken with respect to the central group accounting, where the entire consolidation and reporting procedure was re-engineered in order to provide a completely differentiated overview of the Fortis Group and sustainably reduce the time required to generate reports. Both in the divisions subject to reporting requirements and group headquarters, the Fast Close project was structured into two phases. A short-term process was aimed at identifying rapidly available improvement potential, determining and implementing the commensurate processes, while also stabilising data quality and deadline compliance (“quick wins”). At the same time, this initial project extending over four quarters also offered participating business units the opportunity to gain early experience for the long-term Fast Close project to be started simultaneously. The ultimate goal: to reduce the time required to publish group financial reports.

## Banking

### *Systematic improvement of data quality and speed of closure*

The allocation of responsibilities is the same for both the short-term and long-term Fast Close projects: in on-site workshops, group companies develop processes suitable to enable them to submit reporting data of the required quality on-schedule and substantiate the results achieved vis-à-vis group headquarters. In-house programmes have been created in order to optimise mutual understanding of reporting data and processes within group headquarters and the group’s international companies and also to harmonise the basis for inter-company accounting. The Fast Close project team is responsible for reorganising central tasks and accounting processes. It develops and implements scoring models for the purpose of monitoring the quality and compliance with deadlines of data submitted by the reporting units; an effective scoring system being essential for the success of the decentralised modus operandi. Identified deficiencies are used to produce key performance indicators, which in turn enable the performance of all participants within the scope of accounting, consolidation and reporting processes to be measured and visualised. In this manner, data quality and the speed with which accounting is effected will be continually improved. The cooperation of all participating business units is formalised by means of service level agreements. As a consequence of the Fast Close project, all those tasked with reporting, external reporting, central data storage and group accounting are provided with a clearly defined body of rules relating to their role within the reporting process.

