

NEWS RELEASE

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For immediate release

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SVB Holdings PLC (“SVB”)

SVB sells its majority stake in Fusion

SVB today announces the sale of its majority stake in Fusion Insurance Services Limited (“Fusion”) to Broomco 3881 Limited (“Newco”) at a value for the entire issued share capital of Fusion of £25 million. Newco is a newly formed majority-owned subsidiary of Towergate Underwriting Limited (“Towergate”) managed by the existing Fusion management team (“Fusion Management”).

The sale of SVB’s stake in Fusion will generate a cash inflow for SVB of £15 million before transaction costs. No tax is expected to be payable on the sale. The net proceeds will be used as solvency capital in SVB’s Lloyd’s underwriting business.

Fusion was established in 2000 with a view to an eventual realisation event in late 2005 or early 2006. The sale of Fusion represents the logical conclusion to SVB’s investment in the business. It allows SVB to achieve a significant return, equivalent to 2.5x its original investment, within the life of the original 2000 agreement.

As at 31 December 2004, the audited gross assets of Fusion were £31.8 million and its net assets were £11.3 million. In the year ended 31 December 2004, Fusion reported audited turnover of £17.1 million and profit before tax of £3.8 million.

The SVB 2006 business plan submitted to Lloyd’s in June anticipated Fusion-generated income of £80 million net to Syndicate 2147. As a result of the sale of its stake in Fusion, SVB will write less income in the short term than anticipated, but expects to rebuild this income in 2006 and beyond by growth in its direct and reinsurance property units following the recent US windstorms, together with the steady growth of Novae, SVB’s wholly-owned regional liability business, and a developing relationship with Towergate.

Commenting on the sale, Matthew Fosh, Chief Executive of SVB, said:

“This is a good price for a business that had been designed for a sale over a five year time frame. We achieve a significant return, equivalent to 2.5x our investment. The transaction rebalances the business and allows us to focus our attention and capital on the core Lloyd’s business and in continuing to develop Novae.”



Information on Fusion

Fusion was established as a Lloyd's service company targeting UK regional mid-sized businesses and providing property and commercial combined insurance cover. Fusion's founders are Kevin Pallett, Geoff Crisp and Stuart Pettet. Fusion is based in London and has offices in Leeds, Glasgow, Birmingham, Bristol, St Albans and Manchester. Fusion has underwritten on a binding authority from SVB's wholly owned Syndicate 2147. Fusion accesses its target markets through a panel of 258 regional brokers.

SVB will be the sole underwriter, via the Fusion 2004 binding authority, of Fusion's business between completion and a date not later than 31 December 2005. Thereafter, Fusion's business will continue to be underwritten by A rated capacity providers, which may include SVB, under agreements arranged by Towergate. SVB will retain the in-force business after completion, which will continue to be serviced by Fusion.

Fusion Management's initial stake in the business was 20%, with SVB owning the remaining 80%. Under the terms of a ratchet mechanism agreed at the time of its formation, Fusion Management's stake could increase up to a maximum of 49% if net asset and other performance conditions were met. Fusion met the net asset condition at 31 December 2004, and is also expected to meet it as at 31 December 2005. Under these arrangements Fusion Management's interest on exit is 40%. The management and senior employee shareholders of Fusion will receive an initial and contingent cash consideration, together with an equity interest in Newco, for their 40% stake in the business.

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The Directors of SVB accept responsibility for the information contained in this announcement. To the best of the knowledge and belief of the Directors of SVB, who have taken all reasonable care to ensure that this is the case, such information is in accordance with the facts and does not omit anything likely to affect the import of such information. This announcement does not constitute an offer or invitation to purchase or subscribe for any securities.

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