



PRESS RELEASE

2011 Half Year results

Ageas UK, 24 August 2011

Ageas UK delivers record half year growth and strong profitability

Strong growth in inflows

- Total income up **84.5%** to **GBP 882.0 million** compared to same period 2010
- Non-Life Gross Written Premiums up **84.2%** to **GBP 862.8 million**
- Total inflows for Other Insurance including Retail businesses more than **doubled** to **GBP 109.4 million**
- Protection GWP almost **doubled** to **GBP 19.2 million** and New Annual Premiums up **33.0%** to **GBP 14.1 million**

Improvements in performance

- Profit Before Tax has risen four-fold to **GBP 35.4 million**
- Overall combined ratio at **101.2%** (H1 2010: 106.5%); Ageas Insurance at **98.7%** excluding prior year claims (H1 2010: 106.1%)
- Ageas Insurance Motor ratio continues to improve to **96.9%** (H1 2010: 109.0%)

Continued progress in development of multi-distribution and product strategy

- Strong growth across Non-Life Personal and Commercial lines
- Gross Written Premiums of **GBP 397.8 million** from Tesco Underwriting partnership since launch with around **1 million** customers
- Successful integration of Castle Cover into Retail activities consolidating Ageas as the **4th largest** Personal lines broker in the UK
- Protection distribution expanded; now over **150,000** customers

Well capitalised business

- **Strong Non-Life capital position in Ageas Insurance and Tesco Underwriting**

Announcing the 2011 half year results, Barry Smith, Chief Executive of Ageas UK (formerly Fortis), commented:

"It is very encouraging indeed that the delivery and consistency of our strategy has produced record growth combined with strong profitability at the half year. We have seen growth in Non-Life across both Personal and Commercial lines and specific actions have led to a turnaround in motor performance. The successful integration of Kwik Fit Financial Services and Castle Cover, together with organic growth, has doubled the size of our Retail operations and new Life Protection partnerships have enhanced our distribution capability, complementing our growing Independent Financial Adviser channel."



Alongside this strong performance, we continue to receive positive advocacy from our brokers, partners and suppliers which remains very important to us. We were also absolutely delighted to be named the 2011 General Insurer of the Year at the recent British Insurance Awards.”

Ageas UK (formerly Fortis)

Ageas UK's businesses continue to deliver high quality results, reflecting a clear and consistent multi-distribution strategy and partnership approach with brokers, affinities, IFAs and our own Retail businesses. The combination of high quality service and low cost delivery remains a key area of focus for all the Ageas UK businesses.

Half year income is at record levels. This includes the addition of Tesco Underwriting in Non-Life and the inclusion of Kwik Fit Financial Services and Castle Cover in Ageas UK Retail. In Ageas Insurance, the continuing improvement in Motor performance is very encouraging and a like for like comparison with the same period last year has seen a 12.1% improvement in its Motor combined ratio (H1 2011 96.9% vs 109.0% H1 2010).

Ageas UK's Retail capability has been significantly strengthened by the inclusion of Kwik Fit Financial Services and, as of 24 March 2011, by the purchase of Castle Cover which increased Ageas's presence in the fast growing over 50s market.

Total income reached GBP 882.0 million, a rise of 84.5% compared to the same period last year and overall pre-tax profit across Ageas UK increased four-fold to GBP 35.4 million.

Ageas UK continues to receive strong recognition from brokers, partners, Independent Financial Advisers and suppliers, winning 16 awards and accolades during the first half of the year including the prestigious 2011 General Insurer of the Year at the British Insurance Awards.

Non-Life:

Ageas Insurance Limited

Total Gross Written Premiums (GWP) in the first half of 2011 increased by 17.8% over the same period in 2010 to GBP 551.6 million, driven by the continued development of Ageas's Personal and Commercial lines portfolios.

Growth in the Personal lines business reflected an increase across all product lines: the Household book to GBP 156.6 million (H1 2010: GBP 118.0 million), Private car income to GBP 242.9 million (H1 2010: GBP 235.1 million) and Travel GWP at GBP 30.4 million (H1 2010: GBP 28.0 million).



In terms of Private car, Ageas has continued its consistent approach of pricing to reflect the underlying risk, with recent technical rating changes including full postcode rating. These actions have led to positive results on Ageas Insurance's Motor combined ratio which is now 96.9%, an improvement of 12.1% on the same period last year.

Complementing its good Personal lines performance, Ageas saw a 32.5% growth in Commercial lines GWP to GBP 106.3 million (H1 2010: GBP 80.2 million) as a result of a targeted strategy to widen its product base and broaden its commercial underwriting footprint across the Small and Medium Sized Enterprises (SME) market, offering high service, low cost propositions that meet brokers' needs. Ageas Insurance continues to develop its electronic trading capability making it easier and more efficient for brokers to write Commercial lines business.

Ageas Insurance Limited's combined ratio excluding the impact of prior year claims was 98.7% (H1 2010: 106.1%), reflecting an overall improvement in performance. Taking into account higher than anticipated prior year Escape of Water claims which added 17.5% to the Household combined ratio during the first quarter of 2011, Ageas Insurance Limited's overall combined ratio was 100.5% (H1 2010: 106.5%).

Profit before tax for Ageas Insurance was GBP 23.7 million, a GBP 19.5 million improvement over the same period last year.

Recognition for Ageas Insurance's service quality continued during the period with the company winning the Insurance Times Motor Claims Initiative of the Year and the Customer Care accolade at Post Magazine's Claims Awards.

Tesco Bank Partnership:

Tesco Underwriting, the Motor and Household insurance business with Tesco Bank, of which 50.1 per cent is owned by Ageas, began transacting business in mid October 2010. The business now has around 1 million customers generating GWP of GBP 397.8 million since its launch, including GWP of GBP 311.2 million in the first half of 2011.

Other Insurance Activities:

Ageas UK's Other Insurance activities which includes the Retail companies RIAS, Kwik Fit Financial Services (KFFS), Ageas Insurance Solutions (UKAIS) and from March 24 2011, Castle Cover, continued to trade well in a competitive environment. Total inflows more than doubled to GBP 109.4 million (H1 2010: GBP 52.2), driven by the recent acquisitions and good customer retention, strong portfolio growth, add-on revenues and good growth from affinity partnerships.



The development of Ageas UK Retail has been significant over the last 12 months with the inclusion of KFFS and most recently Castle Cover. This is part of Ageas UK's targeted strategy to strengthen its overall distribution and manufacturing mix, adding nearly 1 million extra customers to the business. This has been supported by good organic growth in the Retail companies and the continuing development of partnerships, such as the recently announced deal with General Motors and its Vauxhall and Chevrolet brands.

Profit Before Tax for the Other Insurance Activities including the Retail businesses was GBP 13.1 million during the period to 30 June 2011, an increase of 38.2% (H1 2010: GBP 9.5 million).

Life Protection:

Ageas Protect (formerly Fortis Life) continued to make good progress, with total GWP inflow almost doubling to GBP 19.2 million (H1 2010: GBP 9.8 million) and New Annual Premiums increasing to GBP 14.1 million (H1 2010: 10.6 million).

This continued growth reflects the successful roll out of the company's Protection proposition to an increasing number of Independent Financial Advisers (IFAs), where it now has a 7.3% IFA market share (Q1 2011 6.4%; Q2 2010 4.8%).ⁱ In addition, Ageas Protect has recently announced two new partnerships with the BGL Group and with ASDA, expanding its distribution capability to complement its growing presence in the IFA market and bringing a new guaranteed acceptance product to the Protection market.

In only its third year of operation, the business now provides cover to over 150,000 customers, an increase of 63% compared to the same period last year. Growth in the Protection business has been heavily driven by its award-winning approach to underwriting, market-leading technology and product innovation. Ageas Protect was voted LifeSearch's 2011 Best Overall Provider.

In the first half of 2011, Ageas Protect launched a new Low Start proposition, offering Term Assurance and Critical Illness covers at a lower initial cost to customers to enable them to afford more cover with a limited budget. Launched in response to the current economic climate, Low Start is a new approach to pricing Protection, where typical premiums are 30% less than level annual premiums. The business, which was launched in July 2008, incurred a pre-tax loss of GBP 1.1 million (H1 2010: pre-tax loss GBP 2.0m).



Ageas UK Results Summary:

	HY 2011 in £'000s	HY 2010 in £'000s
Income		
Total*	882.0	478.1
Non-Life*	862.8	468.4
Other Insurance including Retail	109.4	52.2
Life Protection	19.2	9.8
Profit Before Tax		
Total*	35.4	8.4
Non-Life*	23.4	0.9
Other Insurance including Retail	13.1	9.5
Life Protection	(1.1)	(2.0)
Key Ratios		
Total Combined ratio*	101.2%	106.5%
Ageas Insurance Combined ratio**	98.7%	106.1%
Ageas Insurance Motor ratio	96.9%	109.0%

* including Tesco Underwriting which launched October 2010

** Ageas Insurance only and excluding prior year claims

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NOTES TO EDITORS

Ageas UK (formerly Fortis UK) is a leading provider of award-winning Personal, Commercial and Protection insurance solutions in the UK. Ageas UK distributes both its Non-Life and Life products through a range of channels including brokers, IFAs, intermediaries, affinity partners and the Internet, as well as through its retail strategy via its wholly owned companies (RIAS, Ageas Insurance Solutions, Castle Cover and Kwik Fit Financial Services). Insuring in the region of 8 million customers and working with a range of partners, Ageas is recognised for delivering consistent and high-quality customer experiences. It employs over 5,400 people with offices based in Eastleigh, Belfast, Bournemouth, Gloucester, London, Glasgow, Birmingham, Reigate and Stoke-on-Trent.

Ageas is an international insurance company with a heritage spanning more than 180 years. Ranked among the top 20 insurance companies in Europe, Ageas has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. These are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia and served through a combination of wholly owned subsidiaries and partnerships with strong financial institutions and key distributors around the world. Ageas operates successful partnerships in Belgium, UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Germany, Hong Kong and UK. It is the market leader in Belgium for *individual life* and *employee benefits*, as well as a leading *non-life* player, through AG Insurance, and in the UK, it has a strong presence as the second largest player in private car insurance and the over 50's market. It employs more than 13,000 people and has annual inflows of almost EUR 18 billion.

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ⁱ Based on ABI figures 2011