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24 February 2015

The Manager
Markets Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

QBE Presentation on the 2014 results – corrected version

Further to our announcement earlier today attaching a copy of the presentation to be delivered to investors and analysts this morning, it has come to our attention that slides 5, 16 and 27 contained formatting errors where the word "value" appeared instead of the relevant number. Such errors have been corrected in the attached copy for the market's information.

Yours faithfully

Peter Horton
Company Secretary

Encl.

QBE Insurance Group

2014 annual results presentation

John Neal • Group Chief Executive Officer
Pat Regan • Group Chief Financial Officer

Tuesday 24 February 2015

All figures in US$ unless otherwise stated

John Neal
Group Chief Executive Officer

2014 financial results summary

For the year ended 31 December		2013	2014	Change
GWP	$M	17,975	16,332	9%
NEP	$M	15,396	14,084	9%
Underwriting profit	$M	341	547	60%
COR	%	97.8	96.1	1.7ppt
Insurance profit	$M	841	1,074	28%
Insurance profit to NEP	%	5.5	7.6	2.1ppt
Cash profit before tax	$M	797	1,048	31%
Net profit (loss) after income tax	$M	(254)	742	$996M
Cash profit after tax	$M	761	821	8%
EPS diluted	US cents	(22.8)	55.8	78.6 ¢
Dividend per share	AU cents	32.0	37.0	16%

Transforming QBE

Underwriting excellence	• Remediation largely completed – particularly in North America and Europe • Attritional claims ratio[1] – significantly reduced and remains a key focus • Reinsurance – external program restructured and improved • Argentine workers' compensation business sold
Financial strength	• Tangible capital increased materially • Claims central estimate strengthened by >$1Bn over two years – stabilised in 2014 • Debt to equity and debt to tangible equity reduced • PCA multiple increased and in line with more demanding benchmark
Operational discipline	• Scalable, centralised operating model in the Philippines • Expense and claims procurement savings on track • Further expense initiatives under consideration
Leadership	• Significant reset of Group Executive • Senior executives – 30% refresh in past two years

(1) Refer slide 25 for reconciliation of reported attritional claims ratio to underlying attritional claims ratio

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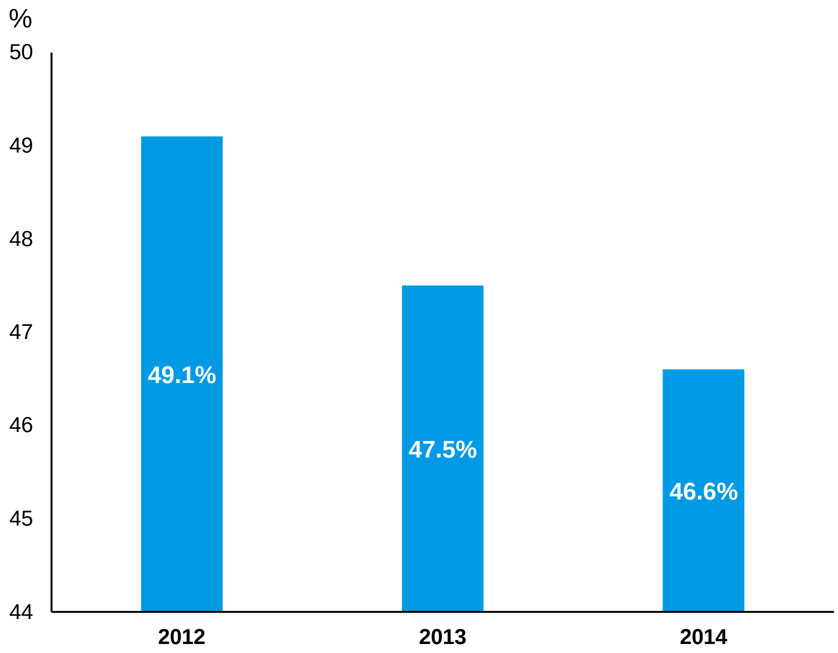
Transforming QBE – underwriting excellence

Underlying attritional claims ratio analysis(1)

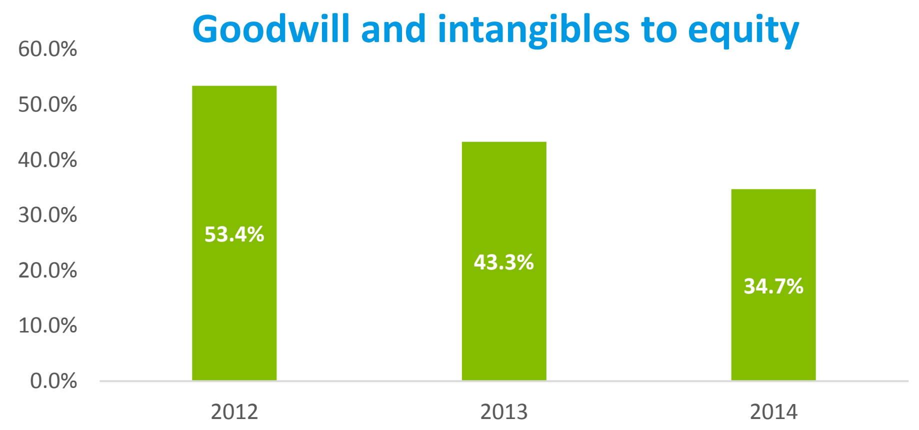


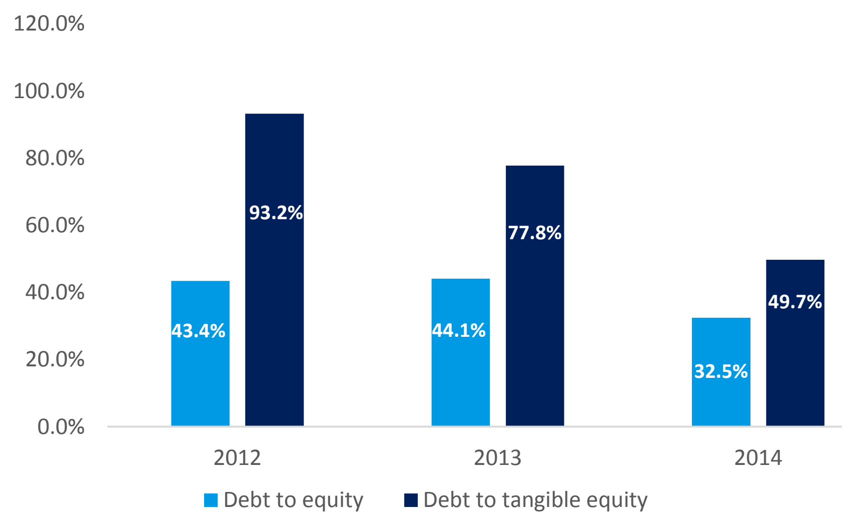
- Australian & New Zealand Operations – price increases and portfolio remediation and revised risk selection
- European Operations – significant rationalisation and remediation of underperforming portfolios
- North America – reset as a commercial specialty insurer

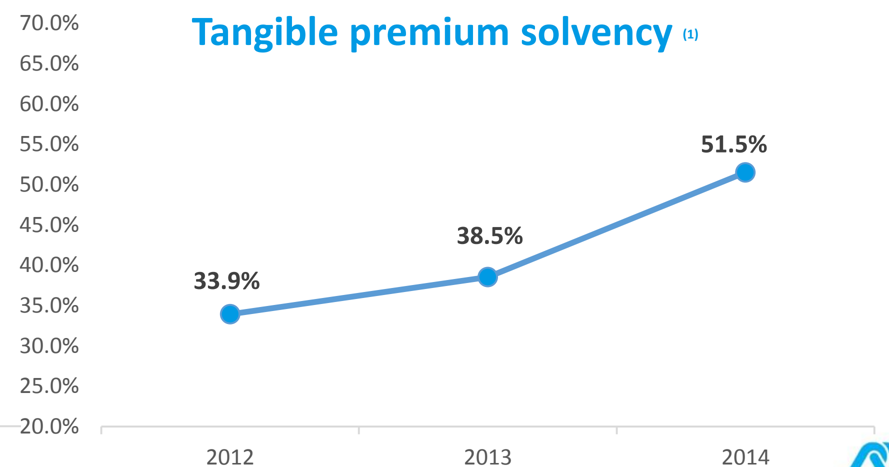
(1) Refer slide 25 for reconciliation of reported attritional claims ratio to underlying attritional claims ratio

Transforming QBE – financial strength

	2012 $M	2013 $M	2014 $M
NEP	15,798	15,396	14,084
Goodwill and intangibles	6,068	4,480	3,831
Borrowings	4,932	4,571	3,581
Shareholders' funds	11,358	10,356	11,030
APRA capital base	8,888	8,955	10,008







(1) Calculated as the ratio of net tangible assets to net earned premium

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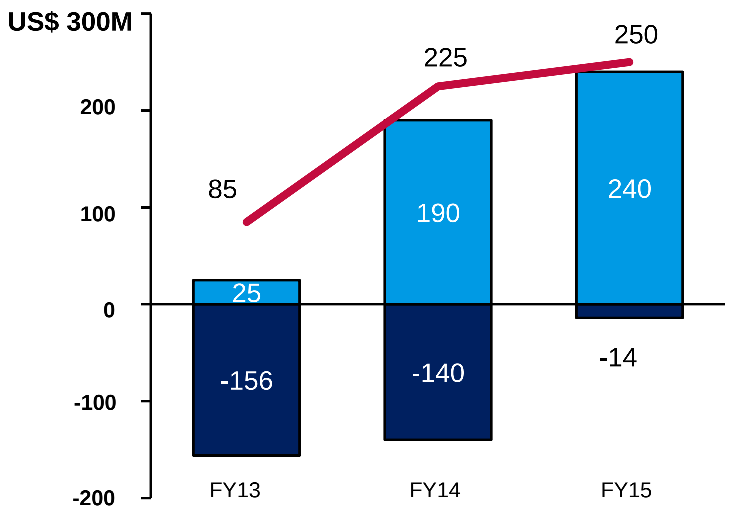
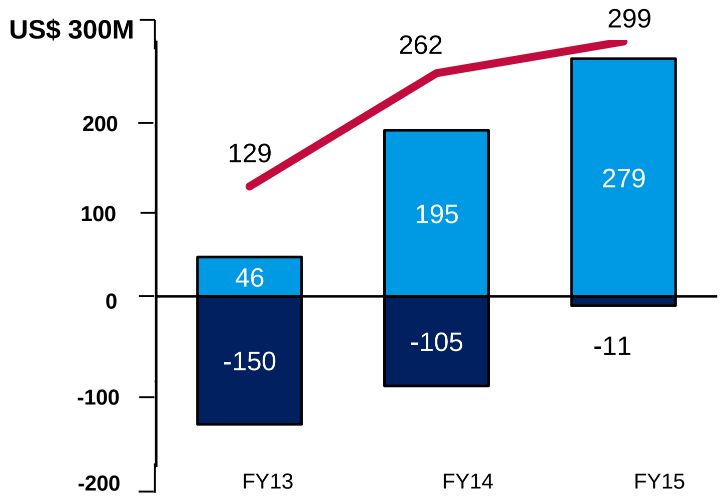
Transforming QBE – operational discipline

JULY 2013 ANNOUNCEMENT
ORIGINAL COST AND BENEFIT IMPACT (P&L)



2014 ACTUALS (FY15 TARGET)
COST AND BENEFIT IMPACT (P&L)



Cost savings (earned in year)

Cost savings (run-rate at year end)

Implementation and restructuring costs

Excludes claims procurement savings of $90m+ per annum achieved at the end of 2014

Transforming QBE – leadership team

John Neal
Group Chief Executive Officer

Pat Regan
Group Chief Financial Officer

Jason Brown
Group Chief Risk Officer

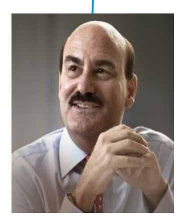
Mike Emmett
Group Executive Officer, Operations

Jenni Smith
Group Executive Officer, People and Communications

David Duclos
CEO, North American Operations

Richard Pryce
CEO, European Operations

Colin Fagen
CEO, Australia & New Zealand Operations



David Fried
CEO, Emerging Markets Operations

- Group Executive Committee – 6 out of 8 new to role in the past two years
- Senior Executives – 30% refresh over the past two years
- Leadership Academy participation
  - 2013 - 652 leaders
  - 2014 - 639 leaders
- Underwriting Academy established in 2015

Pat Regan
Group Chief Financial Officer

Overview of 2014 divisional management results

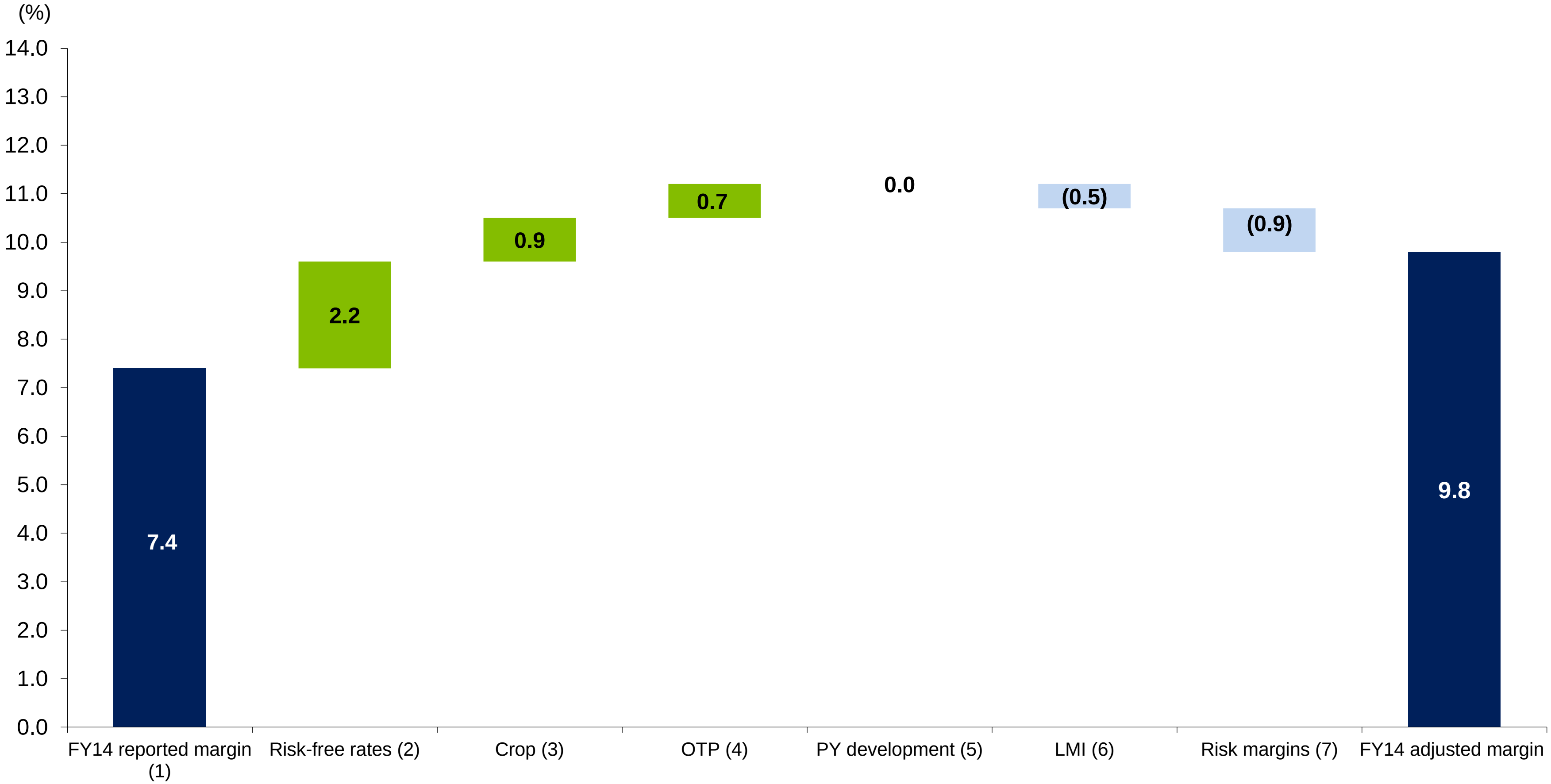
2014	Australia & New Zealand	North America	Europe	Emerging Markets	Equator Re	[1]Group (statutory)
GWP ($M)	4,392	5,310	4,526	2,179	642	16,332
Contribution to Group GWP	*27%*	*32%*	*28%*	*13%*	-	*100%*
GEP ($M)	4,386	5,457	4,805	1,942	764	16,521
NEP ($M)	3,834	4,471	3,567	1,705	525	14,084
Net claims ratio (%)	58.4	67.6	56.1	73.0	74.2	63.2
Net commission ratio (%)	13.9	15.6	20.1	21.6	3.3	16.8
Expense ratio (%)	14.7	17.6	17.6	18.1	2.4	16.1
COR (%)	87.0	100.8	93.8	112.7	79.9	96.1
Insurance profit margin (%)	17.7	0.2	9.7	(6.4)	27.7	7.6

2013

COR (%)	87.9	111.5	93.7	96.6	84.2	97.8
Insurance profit margin (%)	17.2	(10.6)	9.0	7.1	26.5	5.5

(1) Includes corporate adjustments

2014 insurance margin analysis



(1) Reported insurance margin excluding one-off medical malpractice reinsurance expense
(2) Adverse discount rate impact $324M, excluding benefit of higher discount rates in Argentina now explicitly offset by a higher claims inflation assumption
(3) Normalisation of crop result from current accident year COR of 105% to 92%. Absent crop, the cost of large individual risk and catastrophe claims was broadly in line with our 9.5% allowance
(4) OTP – operational transformation implementation costs of $105M
(5) Favourable prior accident year development $1M
(6) Acceleration of lenders' mortgage insurance premium earning pattern $75M
(7) Net risk margin release of $133M due to reduction in PoA from 90.7% to 88.7%. Refer note 19(c) of the financial statements.

Improving financial performance - portfolio

Reinsurance	• Worldwide reinsurance treaties restructured and improved • Aggregate covers consolidated and placed for 2015 and 2016 – single treaty provides $960M of cover in excess of $1,100M for large individual risk and catastrophe claims (ex crop/LMI) • Earnings stability and capital savings
Crop	• Crop business significantly restructured • Heightened usage of data analytics • Exposure to crop hail extensively reduced via quota share • Derivatives to be purchased to limit impact of volatility in corn and soy prices
Lender-placed	• Currently generating a significant run-rate loss • Evaluating a range of options to mitigate impact
Argentine workers' compensation sold	• Business sold for around 1.7x book value • Legislative changes coupled with extreme inflation have impaired margins • Prospective return on risk adjusted capital insufficient to justify investment

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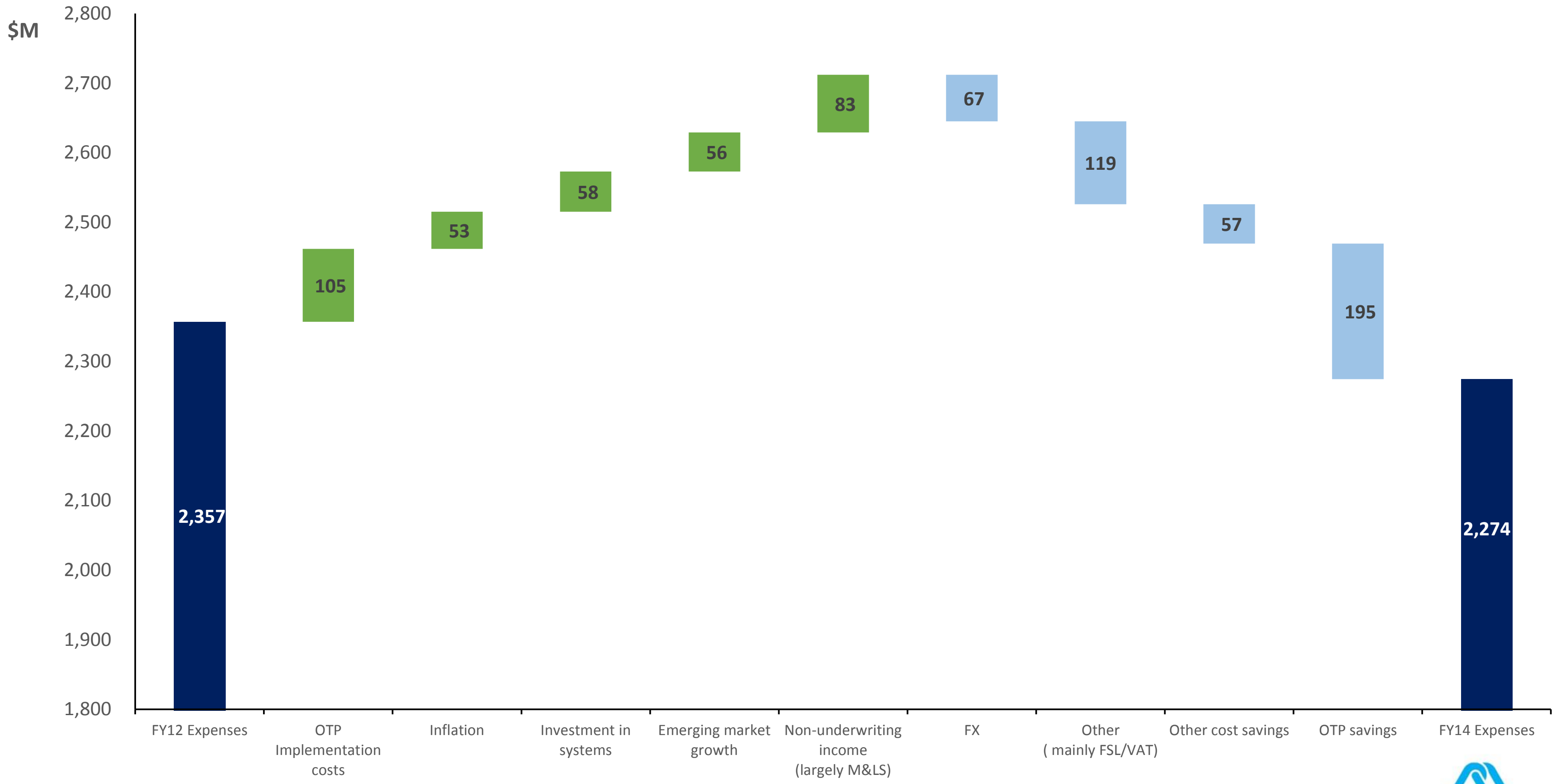
Improving financial performance - expenses



Financial strength and flexibility

2014 components of capital plan executed in full

- ✓ $780M capital raising
- ✓ Repurchase and cancellation of $500M of convertible securities
- ✓ $700M tier 2 capital qualifying subordinated debt issue
- ✓ $393M buyback of non-qualifying senior debt
- ✓ Sale of US agencies for $217M plus earn out
- ✓ Sale of Australian agencies for A$290M plus/minus earn out

Financial strength and flexibility (cont.)

As at 31 Dec	2013	2014
Summary balance sheet	**$M**	**$M**
Investments and cash	30,619	28,583
Trade and other receivables	5,119	4,748
Intangibles	4,480	3,831
Other assets	1,371	2,343
Assets	41,589	39,505
Insurance liabilities, net	24,171	22,283
Borrowings	4,571	3,581
Other liabilities	2,444	2,559
Liabilities	31,186	28,423
Net assets	10,403	11,082
Non-controlling interests	47	52
Shareholders' funds	10,356	11,030

Cash remittances to Group

- **Up 44%** to $770M

Goodwill and intangibles

- Down 14% to $3,831M
- Down by **>$2.2Bn** since 2012

Reserving

- **No prior accident year claims development**
- $324M adverse discount rate impact
- PoA of 88.7% (2013 90.7%)

Borrowings

- Down 22% to $3,581M
- Debt to equity of 32.5% (2013 44.1%)
- **Debt to tangible equity of 49.7%** (2013 77.8%)

Shareholders' equity

- Up 7% to $11,030M
- **Tangible equity up 23%** to $7,199M

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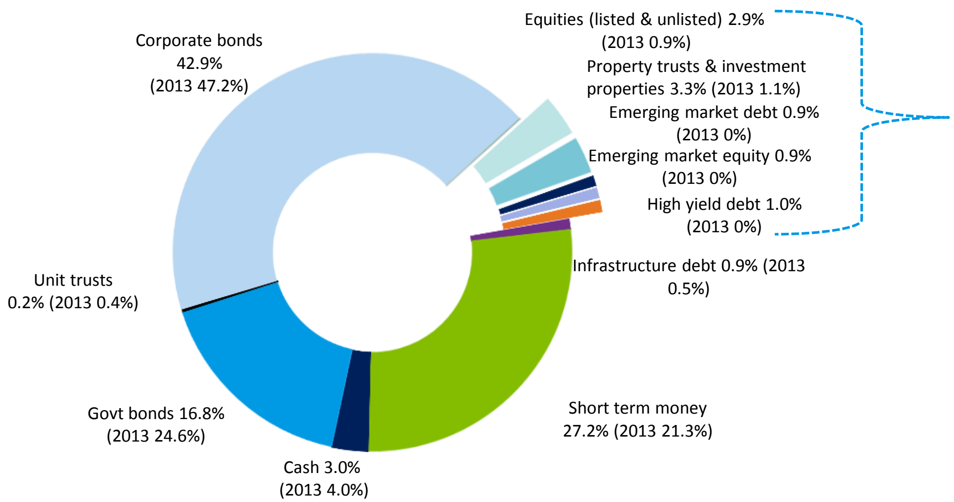
Investment performance and strategy

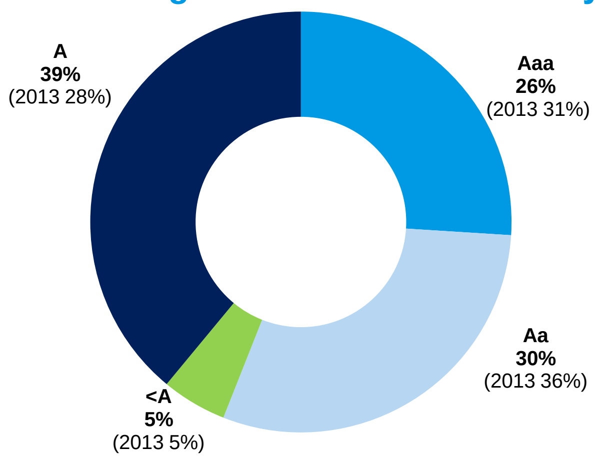
Total investments and cash at 31 Dec 2014 - $28.6Bn



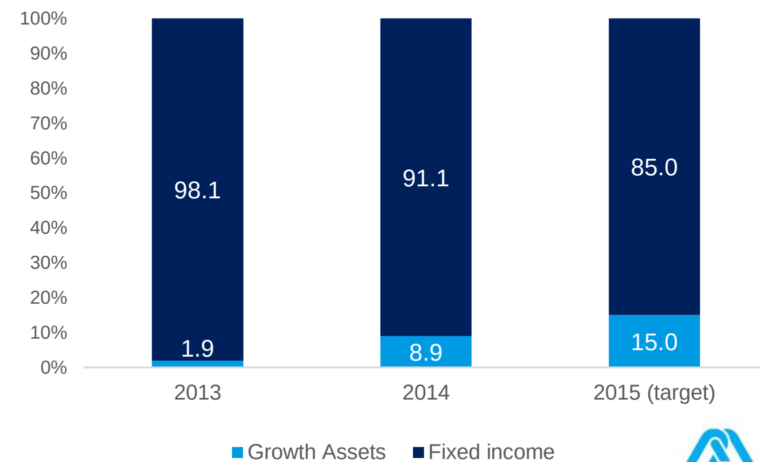
Exposure to growth assets

- Increased from ~2% to ~9% during 2014
- Increased exposure contributed 0.2% to gross investment return of 2.8%
- Increased to around 14% post year end
- Asset allocation remains conservative relative to global peers

Interest bearing financial assets - Moody's rating[1]



Investment portfolio mix



(1) Pertains to non-growth assets only

Outlook

John Neal
Group Chief Executive Officer

2015 outlook

Gross written premium	**$15.5 – 15.9Bn (1)** ($16.4 – 16.8Bn in constant currency)
Net earned premium	**$12.6 – 13.0Bn (1)** ($13.4 – 13.8Bn in constant currency)
Combined operating ratio	**94% - 95% (2) (3)**
Insurance profit margin	**8.5% - 10% (2) (3)**

(1) Premium targets are based on assumed FX rates which are significantly below actual average 2014 FX rates (refer slide 30) and excludes $238M of GWP and $216M of NEP due to the sale of the Argentine workers' compensation business
(2) Assumes $1,100M cost of large individual risk and catastrophe claims (ex crop/LMI) consistent with attachment point on worldwide aggregate stop loss treaty (refer slide 42)
(3) Assumes no change in risk free rates from 31 December 2014 levels

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Building shareholder value

Underwriting performance

- Overarching focus on underwriting and claims management excellence
- Maintain attritional claims ratio in a competitive environment
- Improve performance in North America and Latin America

Cost and efficiency

- Planned transformation expense savings to be delivered through 2015
- Delivery of additional cost savings remain a priority
- Scalable operating model created with further investment in analytics and systems

Earnings predictability and stability

- Earnings expectations met despite discount rate impact
- Demonstrated reserve stability
- Cost of large individual risk and catastrophe claims more predictable

Growing dividend

- Already achieved targeted capital and gearing benchmarks
- Cash remittances to Group centre up 44% to $770M
- Target strongly growing dividends
- Dividends expected to be fully franked in 2015 and 2016

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Questions

Important disclaimer

The information in this presentation provides an overview of the results for the year ended 31 December 2014.

This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange (“ASX”). Copies of those lodgements are available from either the ASX website www.asx. com.au or QBE’s website www.qbe.com.

Prior to making a decision in relation to QBE’s securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances.

This presentation contains certain "forward-looking statements“ for the purposes of the U.S. Private Securities Litigation Reform Act of 1995. The words "anticipate", “believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those either expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and QBE assumes no obligation to update such information.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel; and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this presentation.

Appendices

Appendices

1. Claims ratio analysis
2. Attritional claims analysis
3. Discount rates
4. Risk margins
5. Major COR impacts by division
6. Divisional premium outlook
7. Foreign exchange rates
8. APRA PCA calculation
9. Borrowings
10. Investments
11. Reinsurance

2014 claims ratio analysis (excluding med-mal)

		2013			2014		
		1H	2H	FY	1H	2H(1)	FY(1)
NEP	$M	7,333	8,063	15,396	6,947	7,499	14,446
Attritional(2)	%	49.4	49.7	49.6	49.8	51.6	50.7
Large individual risk and catastrophes	%	8.3	10.6	9.5	9.9	12.3	11.2
Claims settlement costs	%	2.2	3.3	2.8	2.5	2.9	2.7
Discount	%	(2.5)	(2.7)	(2.7)	(4.6)	(3.1)	(3.8)
Accident year claims ratio	%	57.4	60.9	59.2	57.6	63.7	60.8
PY central estimate development	%	2.4	4.6	3.6	1.9	(1.8)	-
Changes in discount rates	%	(2.4)	(1.2)	(1.8)	1.7	2.7	2.2
Other (including unwind of discount)	%	1.2	2.3	1.9	2.7	2.2	2.4
Movement in risk margins	%	0.8	2.5	1.6	(0.8)	(1.7)	(1.3)
Financial year claims ratio	%	59.4	69.1	64.5	63.1	65.1	64.1

(1) Excludes one-off $362M medical malpractice reinsurance expense.
(2) Assumes attritional claims ratio of 67% for US crop. Refer slide 25 for further analysis of attritional claims ratio.

2014 attritional claims ratio analysis

	2012		2013		2014	
	NEP	Attritional	NEP	Attritional	NEP	Attritional
	$M	%	$M	%	$M	%
Rest of World	**12,744**	**49.1**	**12,721**	**47.5**	**12,303**	**46.6**
Medical malpractice reinsurance(1)	-	-	-	-	(362)	-
US multi-peril crop insurance(2)	1,103	67.0	1,141	67.0	965	67.0
Lender-placed insurance(3)	1,373	31.4	797	43.5	544	43.6
Argentina(4)	578	65.0	737	65.8	634	111.9
Group	**15,798**	**49.4**	**15,396**	**49.6**	**14,084**	**52.1**

(1) One-off medical malpractice (Italy and Spain) reinsurance
(2) Crop does not lend itself to attritional versus catastrophe analysis so attritional claims ratio is assumed constant at 67%
(3) The significant decline in the quantum of North American lender placed premium distorts the trend in the Group's underlying attritional claims ratio
(4) Argentina's attritional claims ratio is distorted by the heightened level of claims inflation. In an insurance margin context, increased yields on peso denominated assets backing peso denominated insurance reserves helps counter the impact of increased inflation.

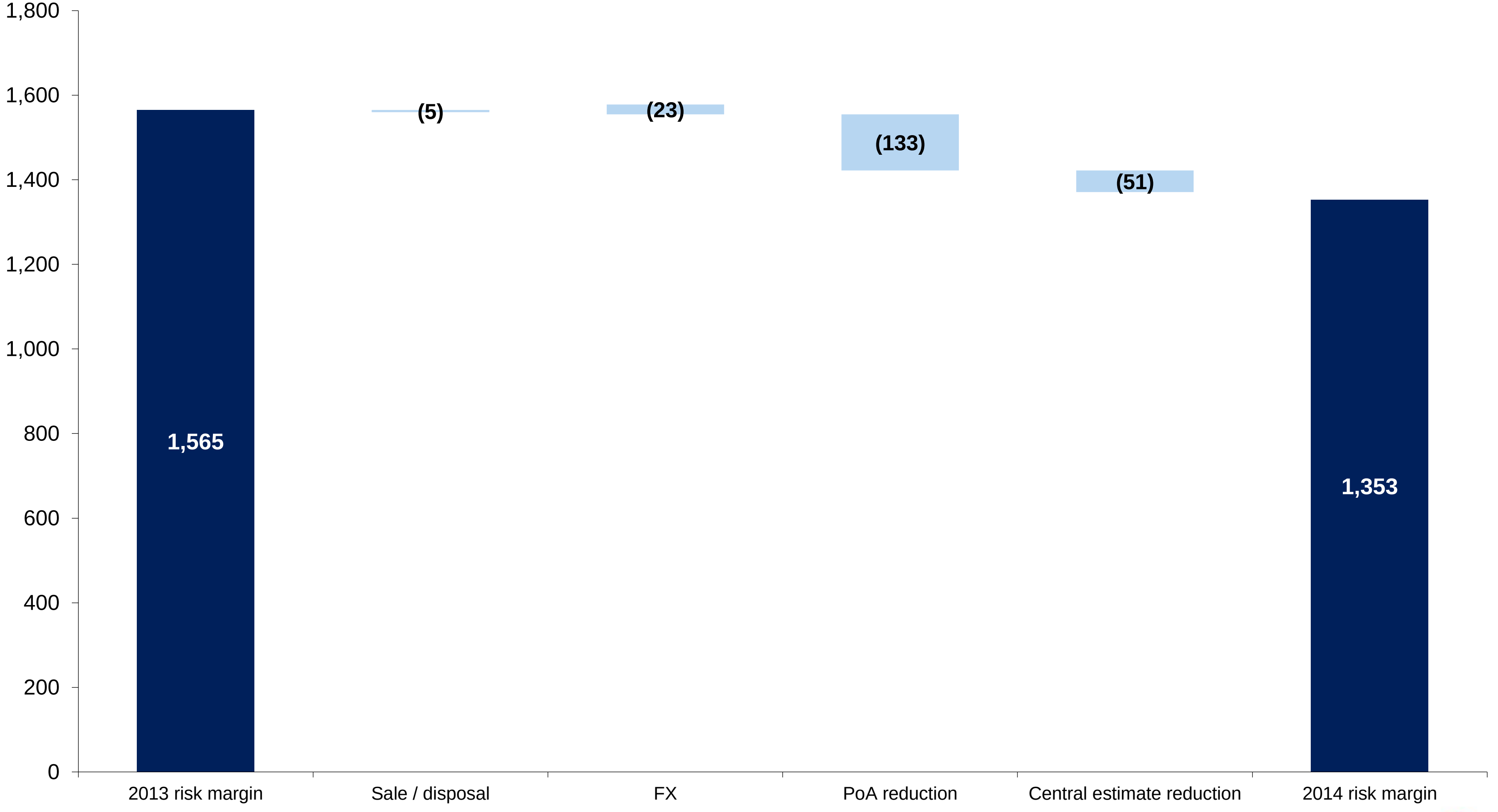
2014 movement in weighted average discount rates

Weighted average risk-free discount rates on outstanding claims %

Currency		31 Dec 2012	31 Dec 2013	30 June 2014	31 Dec 2014
Australian dollar		3.04	3.52	3.12	2.46
US dollar		0.87	1.53	1.42	1.33
Sterling		1.27	2.06	2.02	1.30
Euro		1.26	1.74	1.19	0.58
Group weighted average (ex Argentine peso)		**1.63**	**2.17**	**1.93**	**1.45**
Argentine peso		17.78	19.06	27.00	29.87
Group weighted average		**2.16**	**2.77**	**3.37**	**3.51**
Estimated impact of discount rate movement(1)	**$M**	**(102)**	**272**	**(118)**	**(324)**

(1) Excludes movement in Argentine peso risk-free rate as the impact was explicitly offset by higher projected claims inflation

2014 movement in risk margins



2014 major COR impacts by division

[1]2014	North America	Europe	Australia & New Zealand	Latin America	Asia Pacific	Equator Re	Corporate adjustments	Group
NEP ($M)	4,471	3,929	3,834	1,112	593	525	(18)	**14,446**
COR (%)	100.8	94.3	87.0	122.9	93.5	79.9	0.1	**96.2**
Ins. profit margin (%)	0.2	8.8	17.7	(13.6)	7.1	27.7	-	**7.4**
Normalisation adj.								
[2]Risk-free rate ($M)	(18)	(217)	(62)	-	(2)	(26)	1	**(324)**
PY development ($M)	(41)	158	114	(212)	20	(28)	(10)	**1**
Net risk margins ($M)	45	47	22	-	5	14	-	**133**
[3]OTP ($M)	(52)	(13)	(37)	(2)	(1)	-	-	**(105)**
LMI ($M)	-	-	75	-	-	-	-	**75**
[4]CROP ($M)	(125)	-	-	-	-	-	-	**(125)**
Large risk and cats incl crop ($M)	33	(47)	2	3	(18)	58	-	**31**
Total adjustment ($M)	(158)	(72)	114	(211)	4	18	(9)	**(313)**
Adjusted COR %	97.3	92.5	90.0	103.9	94.2	83.5	nm	**94.0%**

(1) Excludes one-off $362M medical malpractice reinsurance expense
(2) Excludes $55M discount rate benefit pertaining to Argentina where changes in risk-free rates are now explicitly offset by a change in the claims inflation assumption
(3) Operational transformation program
(4) Normalisation of crop result from current accident year COR of 105% to 92%

2015 premium outlook

Full year 2015	GWP in local currency Bn	GWP target $USBn[1]	NEP in local currency Bn	NEP target $USBn[1]
North America	5.2	**5.2**	3.8	**3.8**
Europe	2.9	**4.4**	2.3	**3.5**
Australia & New Zealand	5.2	**4.0**	4.3	**3.3**
Emerging Markets	2.1	**2.1**	1.6	**1.6**
Equator Re	1.1	**1.1**	0.5	**0.5**
Equator Re elimination	(1.1)	**(1.1)**	-	**-**
Group total		**15.5 - 15.9**		**12.6 – 13.0**
		(16.4 - $16.8 in constant currency)		**(13.4 - $13.8 in constant currency)**

(1) For assumed exchange rates refer slide 30

FX rates versus US$

	December 2013		June 2014		December 2014		2015 assumed
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate	Average rate
AUD	0.89	0.96	0.94	0.91	0.82	0.90	0.77
GBP	1.66	1.57	1.71	1.67	1.56	1.65	1.51
EUR	1.38	1.33	1.37	1.37	1.21	1.32	1.14
ARS	0.15	0.18	0.12	0.13	0.12	0.12	0.09

North America

		2013	2014
Gross written premium	$M	5,951	5,310
Gross earned premium	$M	6,225	5,457
Net earned premium	$M	5,030	4,471
Claims ratio	%	75.6	67.6
Commission ratio	%	15.8	15.6
Expense ratio	%	20.1	17.6
Combined operating ratio	**%**	**111.5**	**100.8**
Insurance profit margin	**%**	**(10.6)**	**0.2**
Return on allocated capital [1]	%	(10.7)	2.8

- Substantially improved underwriting performance despite a disappointing year in crop and challenging conditions impacting lender-placed
- Overall premium rate increases of around 1.0% were pleasing given increased market competition, particularly in standard and specialty lines
- Both GWP and NEP declined 11% due to reductions in crop and mortgage services, coupled with underwriting revisions in program
- COR of 100.8% reflects:
  - improved expense ratio (despite reduced premium) due to lower restructuring charges and efficiency gains
  - crop current accident year COR of 104.6%
  - underlying attritional claims ratio improved
  - net risk margin release of $19M
  - prior year development (mainly crop) of $41M
- US agency businesses sold for $217M up-front with earn out up to $300M based on 5 year performance
- 2015 GWP target of $5.2Bn and NEP target $3.8Bn

[1] All numbers based on the management result before internal quota share reinsurance to Equator Re using the capital allocated to the division.

Europe

		2013	2014
Gross written premium	$M	5,236	4,526
Gross earned premium	$M	5,146	4,805
Net earned premium	$M	4,160	3,567
Claims ratio	%	59.7	56.1
Commission ratio	%	18.5	20.1
Expense ratio	%	15.5	17.6
Combined operating ratio	**%**	**93.7**	**93.8**
Insurance profit margin	**%**	**9.0**	**9.7**
Return on allocated capital (1)	%	14.6	12.4

- On a constant currency basis, GWP fell 17% due to:
  - portfolio and geographic remediation and disposal activities which led to a reduction in GWP of $543M
  - increase in competitive market conditions, particularly in international markets and QBE Re
- Overall premium rate reductions of 1.3% reflecting competitive market conditions in reinsurance and international markets
- COR stable at 93.8% reflecting:
  - improved attritional claims ratio(2)
  - heightened individual risk and catastrophe claims
  - adverse discount rate impact of $217M
  - favourable prior accident year claims development of $158M(2)
  - risk margin releases of $140M
  - increased expense ratio due to reduced NEP including impact of one-off med-mal reinsurance
  - although profit neutral, one-off impact of med-mal reinsurance benefited COR by 0.5%
- 2015 GWP target of $4.4Bn and NEP target of $3.5Bn

(1) All numbers based on the management result before internal quota share reinsurance to Equator Re using the capital allocated to the division.

(2) excludes one-off $362M medical malpractice reinsurance expense

Australia & New Zealand

		2013	2014
Gross written premium	$M	4,805	4,392
Gross earned premium	$M	4,626	4,386
Net earned premium	$M	4,028	3,834
Claims ratio	%	58.2	58.4
Commission ratio	%	14.2	13.9
Expense ratio	%	15.5	14.7
Combined operating ratio	**%**	**87.9**	**87.0**
Insurance profit margin	**%**	**17.2**	**17.7**
Return on allocated capital[(1)]	%	22.4	21.6

[(1)] All numbers based on the management result before internal quota share reinsurance to Equator Re using the capital allocated to the division.

- GWP broadly stable in AUD, albeit down 9% in USD, reflecting the lower Australian dollar
- Premium rates marginally increased overall in 2014, whilst policy retention remains strong at ~81%
- COR of 87.0% and insurance margin of 17.7% a very strong result despite a slowing economy and increased competitive pressure
- Attritional claims ratio improved to 49.7% (2013 50.5%)
- Increased large individual risk and catastrophe claims (including Brisbane hail net claims of $85M) relative to particularly benign 2013
- Revised LMI premium earning pattern benefited NEP by $82M and insurance profit by $75M respectively
- Favourable prior year development of $114M, partially offset by $62M adverse discount rate impact
- A solid improvement in the expense ratio to 14.7% due to operational transformation initiatives coupled with the removal of FSL in Victoria
- Sale of Australian agency businesses for up-front cash of A$290M. Final consideration subject to an earn out and will fall within the range A$232M-A$348M.
- 2015 GWP target of $4.0Bn and NEP target of $3.3Bn ($4.7Bn and $3.9Bn on a constant currency basis)

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Latin America

		2013	2014
Gross written premium	$M	1,380	1,394
Gross earned premium	$M	1,341	1,222
Net earned premium	$M	1,185	1,112
Claims ratio	%	61.5	84.4
Commission ratio	%	21.6	22.1
Expense ratio	%	16.5	16.4
Combined operating ratio	**%**	**99.6**	**122.9**
Insurance profit margin	**%**	**5.3**	**(13.6)**
Return on allocated capital [1]	%	15.4	(11.8)

[1] All numbers based on the management result before internal quota share reinsurance to Equator Re using the capital allocated to the division.

- GWP up only 1% from 2013, due to a $328M FX impact largely due to the 32% depreciation of the Argentine Peso. Constant currency growth was 25%.
- Excluding one-off workers' compensation premium adjustment, underlying premium growth was 14%
- Premium rates increased by 10.6% mainly reflecting higher regional inflation, particularly in Argentina
- Substantially higher claims ratio impacted by:
  - $193M of adverse prior accident year development in Argentina, mainly in workers' compensation
  - $22M adjustment to Colombian SOAT reserves
  - adverse large individual risk claim experience in Argentina, Mexico and Chile
- Combined commission and expense ratio was 38.5%, up slightly from 2013 due to:
  - higher commissions in Colombia and Ecuador
  - increased expense ratios in Colombia, Ecuador and Puerto Rico, partially offset by cost efficiencies in Brazil, Mexico and Chile
- 2015 GWP target of $1.15Bn

Asia Pacific

		2013	2014
Gross written premium	$M	727	785
Gross earned premium	$M	643	720
Net earned premium	$M	517	593
Net claims ratio	%	48.3	51.5
Net commission ratio	%	20.6	20.6
Expense ratio	%	20.9	21.4
Combined operating ratio	**%**	**89.8**	**93.5**
Insurance profit margin	**%**	**11.0**	**7.1**
Return on allocated capital (1)	%	19.6	13.4

(1) All numbers based on the management result before internal quota share reinsurance to Equator Re using the capital allocated to the division.

- GWP and NEP growth of 8% and 15% respectively
- Excluding $63M of premium associated with the 2013 multi-year MTR contract and $15M FX, underlying GWP growth was 21%, with particularly strong growth in engineering, workers' compensation, fire and marine portfolios
- The Asian region recorded underlying premium growth of 24% with Hong Kong, Malaysia, Indonesia and the Philippines recording growth rates in excess of 20%
- Premium rates reduced by 0.4% on average compared with an increase of 0.6% last year
- The net claims ratio increased to 51.5% reflecting:
  - increased frequency of large individual risk claims in property and marine portfolios, partially offset by
  - relatively benign catastrophe experience
  - an improved attritional claims ratio
  - $20M of favourable prior year claims development
- The expense ratio increased due to continued investment in the growth strategy
- Successful launch of innovative online insurance portal, Qnect, in Singapore and Hong Kong
- 2015 GWP target of $950M

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Equator Re

		2013	2014
Gross written premium	$M	783	642
Gross earned premium	$M	802	764
Net earned premium	$M	509	525
Claims ratio	%	78.6	74.2
Commission ratio	%	4.1	3.3
Expense ratio	%	1.5	2.4
Combined operating ratio	**%**	**84.2**	**79.9**
Insurance profit margin	**%**	**26.5**	**27.7**

All numbers based on the management result before internal quota share reinsurance to Equator Re using the capital allocated to the division.

- GWP down 18% due to increased divisional retentions, the introduction of aggregate deductibles on certain per risk covers and lower premium rates consistent with market conditions
- Claims ratio improved to 74.2% due to favourable catastrophe experience partially offset by increased frequency and severity of large risk claims
- Other major items impacting the COR:
  - $32M release of risk margins
  - $28M adverse prior year development
  - $26M adverse discount rate impact
- Commission ratio improved from last year due to a change in business mix
- Expense ratio increased due to expanded underwriting, claims and risk management capabilities in Bermuda and revised basis of expense allocation
- Enhanced reinsurance structure in 2015 – large individual risk and catastrophe claims (ex crop/LMI) limited to $1.1Bn in most scenarios
- 2015 GWP target of $1.1Bn and NEP target of $0.5Bn

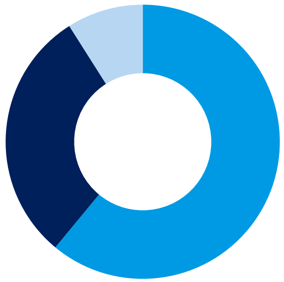
APRA PCA calculation

$M	2013	2014
Ordinary share capital and reserves	10,403	11,082
Net surplus relating to insurance liabilities	1,352	1,199
Regulatory adjustments to Common Equity Tier 1 Capital	(5,330)	(4,725)
Common Equity Tier 1 Capital	**6,425**	**7,556**
Additional Tier 1 Capital - Capital securities	286	253
Total Tier 1 Capital	**6,711**	**7,809**
Tier 2 Capital - Subordinated debt and hybrid securities	2,244	2,199
Total capital base	**8,955**	**10,008**
Insurance risk charge	3,374	3,197
Insurance concentration risk charge	1,171	1,429
Asset risk charge	1,384	1,821
Operational risk charge	606	574
Less: Aggregation benefit	(911)	(1,134)
APRA's Prescribed Capital Amount (PCA)	**5,624**	**5,887**
PCA multiple	**1.59**	**1.70**
CET1[1] ratio (APRA requirement >60%)	**114%**	**128%**

[1] Common Equity Tier 1

Borrowings

Borrowings profile %	2013	2014
Subordinated debt	50	61
Senior debt	43	30
Bank loans	-	-
Capital securities	7	9



Repayment profile %	2013	2014
Less than 1 year	10	13
1 – 5 years	51	26
More than 5 years	39	61
Debt to equity ratio	44.1	32.5

- **Borrowings down $990M or 22%**
  - $484M repayment of senior debt
  - $250M hybrid conversion
  - $700M subordinated debt issuance
  - $500M repurchase and cancellation of subordinated debt
  - Weighted average cost of borrowings outstanding at 31 December 2014 was 6.2% (2013 6.5%)
- **Debt to equity ratio within benchmark range of 25% - 35%**
  - Gearing slightly above expected year end level reflecting adverse impact of a stronger USD
  - Debt to tangible equity down to 49.7% (2013 77.8%)
- **Borrowings profile**
  - Senior debt swapped for capital qualifying tier 2 subordinated debt
  - Term structure lengthened

QBE

Investments in corporate bonds: fixed and floating rate

COUNTRY	31 Dec 13 US$M	%	31 Dec 14 US$M	%
Australia	6,181	42.8	4,433	36.1
USA	1,850	12.8	1,925	15.7
UK	924	6.4	710	5.8
Japan	1,040	7.2	1,198	9.8
Canada	769	5.3	817	6.7
ROW other	2,615	18.1	1,917	15.7
Germany	198	1.4	192	1.6
France	128	0.9	125	1.0
Netherlands	725	5.0	665	5.4
GIIPS	17	0.1	88	0.7
Eurozone other	-	-	179	1.5
TOTAL (1)	**14,447**	**100.0**	**12,249**	**100.0**

(1) Country exposures are based on Country of Ultimate Counter-party (UCP). GIIPS exposure consisted of UCP in Spain and Ireland. We have no exposure to Greece. Eurozone other exposure consisted of UCP in Belgium, Finland and Luxembourg.

Investments in sovereign / supra-national bonds

COUNTRY	31 Dec 13 US$M	%	31 Dec 14 US$M	%
Australia	516	6.8	367	7.6
USA	3,643	48.3	2,315	48.0
UK	448	5.9	191	4.0
Canada	404	5.4	293	6.1
ROW other	1,349	17.9	948	19.7
Germany	460	6.1	428	8.9
France	277	3.7	96	2.0
Netherlands	243	3.2	135	2.8
Eurozone other	204	2.7	42	0.9
TOTAL[(1)]	**7,544**	**100.0**	**4,815**	**100.0**

(1) Country exposures are based on Country of Ultimate Counter-party (UCP). Eurozone other exposure consisted of UCP in Belgium, Finland & Luxembourg and include no exposure to Greece.

Argentine investment portfolio

	31 Dec 13 US$M	%	31 Dec 14 US$M	%
Cash & money market	236	36.3	39	13.5
Sovereign[1]	164	25.2	75	26.0
Central bank	65	10.0	66	22.8
Corporate	117	18.0	50	17.3
Fixed income unit trust	68	10.5	59	20.4
TOTAL[2]	**650**	**100.0**	**289**	**100.0**

(1) Argentine sovereign bonds issued under local law not foreign law.
(2) 2014 data excludes Argentine workers' compensation portfolio which was transferred to "held for sale" status at 31 December 2014 and sold subsequent to year end.

QBE 2015 Reinsurance Program

Risk XL

Worldwide Risk XL and Cat XL
1) Covers all QBE business except inwards reinsurance (QBE Re), marine and energy (Lloyd's syndicate 1036), QBE LMI and crop, all of which have their own reinsurance protection
2) Natural catastrophe cover included in the risk XL.

Group Large Risk and Catastrophe cover
1) The GLRC covers all business written by QBE, with the exception of LMI and crop insurance.
2) A $2.5 million franchise deductible applies to both large individual risk and catastrophe claims.

Section A	Section B
$200M	$200M
$50M	$50M

Cat XL

	Reinstatements
A$250M xs A$4.0Bn ANZ Only	A$250M xs A$4.25Bn ANZ Only
Cat Bond A$250M xs A$3.755Bn ANZ EQ & Cyclone	Cat Bond
A$1.629 xs $2Bn USD/ 2.12Bn AUD ANZ Only	A$1.629 xs $2Bn USD/ 2.12Bn AUD ANZ Only
$250M xs $1.75Bn Ex Europe	$250M xs $1.75Bn Ex Europe
$250M Ex Europe & US Quake / Cat Bond $250M US Quake	$250M Ex Europe & US Quake / Cat Bond
$1Bn xs $500M All Perils (including terror)	$1Bn xs $500M All Perils (including terror)
$500M (All territories all Perils)	$500M (All territories all Perils)

Large Risk and Catastrophe

1036 Retention

QBE Re Retention

$960M
Aggregate Limit
All Perils
(including terror)

$1.1Bn
Aggregate Retention

Equator Re
Retention

Equator Re
QS