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18 August 2015

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

Dear Sir/Madam,

QBE results presentation for the half year ended 30 June 2015

Further to the Company's release to the market today on its results for the half year ended 30 June 2015, please find attached a copy of the presentation to be delivered to the market this morning.

Yours faithfully

Peter Horton
Company Secretary

Attachment

QBE Insurance Group

2015 half year results presentation

John Neal • Group Chief Executive Officer

Pat Regan • Group Chief Financial Officer

Tuesday 18 August 2015

All figures in US$ unless otherwise stated

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John Neal
Group Chief Executive Officer

1H15 financial results summary

For the half year ended 30 June 2015		2014[1]	2015[2]	Change
GWP	$M	8,491	8,557	↑ 1%
NEP	$M	6,947	6,084	↓ 12%
Underwriting profit	$M	244	401	↑ 64%
COR	%	96.5	93.4	↓ 3.1ppt
Insurance profit	$M	530	610	↑ 15%
Insurance profit to NEP	%	7.6	10.0	↑ 2.4ppt
Profit before tax	$M	487	595	↑ 22%
Net profit after income tax	$M	392	455	↑ 16%
Cash profit after tax	$M	416	471	↑ 13%
EPS diluted	US cents	30.5	35.5	↑ 16%
Dividend per share	AU cents	15.0	20.0	↑ 33%

(1) 1H14 refers to our previously reported statutory results
(2) 1H15 adjusted results exclude Argentine workers' compensation, Mortgage & Lender Services (M&LS) deferred acquisition cost write-down as well as agency and other asset sales

1H15 adjusted results highlights

Underwriting performance	• GWP up 1% (FX and crop broadly offset) • Premium rates down 1.6% overall[1] versus expectations of flat • COR and insurance margin at top end of target range
Reinsurance	• New aggregate reinsurance treaty improved COR by 1.1% • Increased use of quota share reinsurance - crop and LMI • Restructured reinsurance improves claims ratio with partial offset in expense ratio
Claims	• Claims ratio down 4.5% to 58.6% - including 2.6% aggregate reinsurance recovery • Underlying attritional claims ratio stable • Positive prior year development of $79m
Total acquisition costs	• Remediation, reinsurance and FX all reduce NEP and correspondingly increase expense ratio • Operational Transformation Program has delivered over $240M savings to date • Further initiatives to reduce absolute expenses

[1] Excluding Argentine workers' compensation

Five key areas of focus

Improving performance	• 93.4% COR - ahead of FY15 target despite increased competition • Underlying attritional claims ratio stable in more challenging market conditions • All divisions producing an insurance profit - Europe and Australia standouts • Revised investment strategy enhanced yield
High quality balance sheet	• Ratings outlook stable - S&P capital adequacy “at the ‘AA’ level” • APRA PCA multiple stable despite FX and increased asset risk charges • Aggregate reinsurance treaties improve earnings stability • Stable reserving and positive prior year development
Transformation	• Sale of Argentine workers’ compensation business • Sale of M&LS business in North America • North America and Latin America remediation proceeding to plan • Further action in 2015 to reduce costs and more planned for 2016
Developing and executing strategy	• Constant currency GWP growth for first time in 2 years • Foundations in place to position QBE for growth • Planning further cost savings and operational improvement • Newly-appointed Group Chief Strategy Officer and senior team
Dividend growth	• Cash profit up 26% on a constant currency basis • Interim dividend up 33% at 20 Australian cents • Dividend expected to be fully franked in 2015 and 2016

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Pat Regan
Group Chief Financial Officer

1H15 adjusted profit reconciliation

	ADJUSTED			REPORTED	
	1H15 US$M	30 JUNE 2015 ARGENTINE WORKERS' COMP	30 JUNE 2015 HELD FOR SALE & DISPOSALS	1H15 US$M	1H14 US$M
Gross written premium	**8,557**	**135**	**–**	**8,692**	8,491
Net earned premium	**6,084**	**145**	**–**	**6,229**	6,947
Underwriting result	**401**	**(51)**	**(55)**	**295**	244
Net investment income on policyholders' funds	**209**	**32**	**–**	**241**	286
Insurance profit	**610**	**(19)**	**(55)**	**536**	530
Profit before tax	**595**	**1**	**83**	**679**	487
Tax expense	**(138)**	**(1)**	**(50)**	**(189)**	(91)
Profit after tax	**457**	**–**	**33**	**490**	396
Profit attributable to non-controlling interests	**(2)**	**–**	**–**	**(2)**	(4)
Net profit after income tax	**455**	**–**	**33**	**488**	392

1H15 divisional results

1H15	North America	Europe	Australia & New Zealand	Emerging Markets	Equator Re	[(1)] Group (adjusted)	Group (statutory)
GWP ($M)	3,109	2,659	1,928	929	976	8,557	8,692
Contribution to Group GWP	*36%*	*31%*	*22%*	*11%*	-	*100%*	-
GEP ($M)	2,309	2,112	1,913	864	485	7,148	7,293
NEP ($M)	1,832	1,660	1,668	741	182	6,084	6,229
Net claims ratio (%)	62.5	49.1	62.9	56.4	58.2	58.6	59.8
Net commission ratio (%)	18.0	18.8	14.1	22.9	7.1	17.5	17.3
Expense ratio (%)	19.7	17.9	13.8	20.2	3.3	17.3	18.2
COR (%)	**100.2**	**85.8**	**90.8**	**99.5**	**68.6**	**93.4**	**95.3**
Insurance profit margin (%)	**1.6**	**16.7**	**14.8**	**4.6**	**47.8**	**10.0**	**8.6**
FY14							
COR (%)	100.8	93.8	87.0	112.7	79.9	n/a	96.1
Insurance profit margin (%)	0.2	9.7	17.7	(6.4)	27.7	n/a	7.6
1H14							
COR (%)	98.4	94.2	87.4	102.4	98.6	94.4	96.5
Insurance profit margin (%)	2.9	8.9	17.2	1.5	9.0	9.3	7.6

(1) Refer to slide 7 for reconciliation between statutory result and adjusted result

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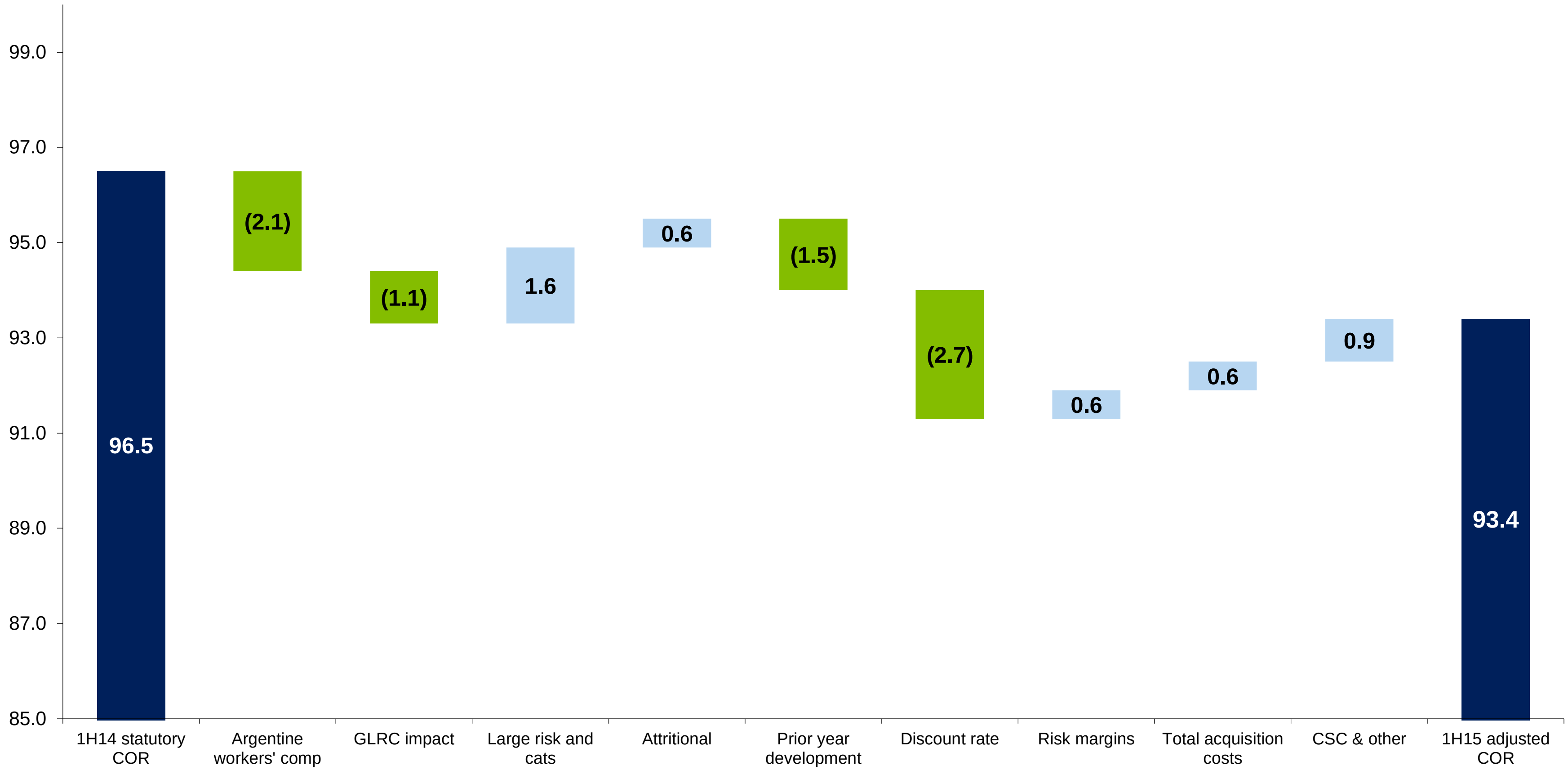
1H14 stat vs. 1H15 adjusted combined operating ratio

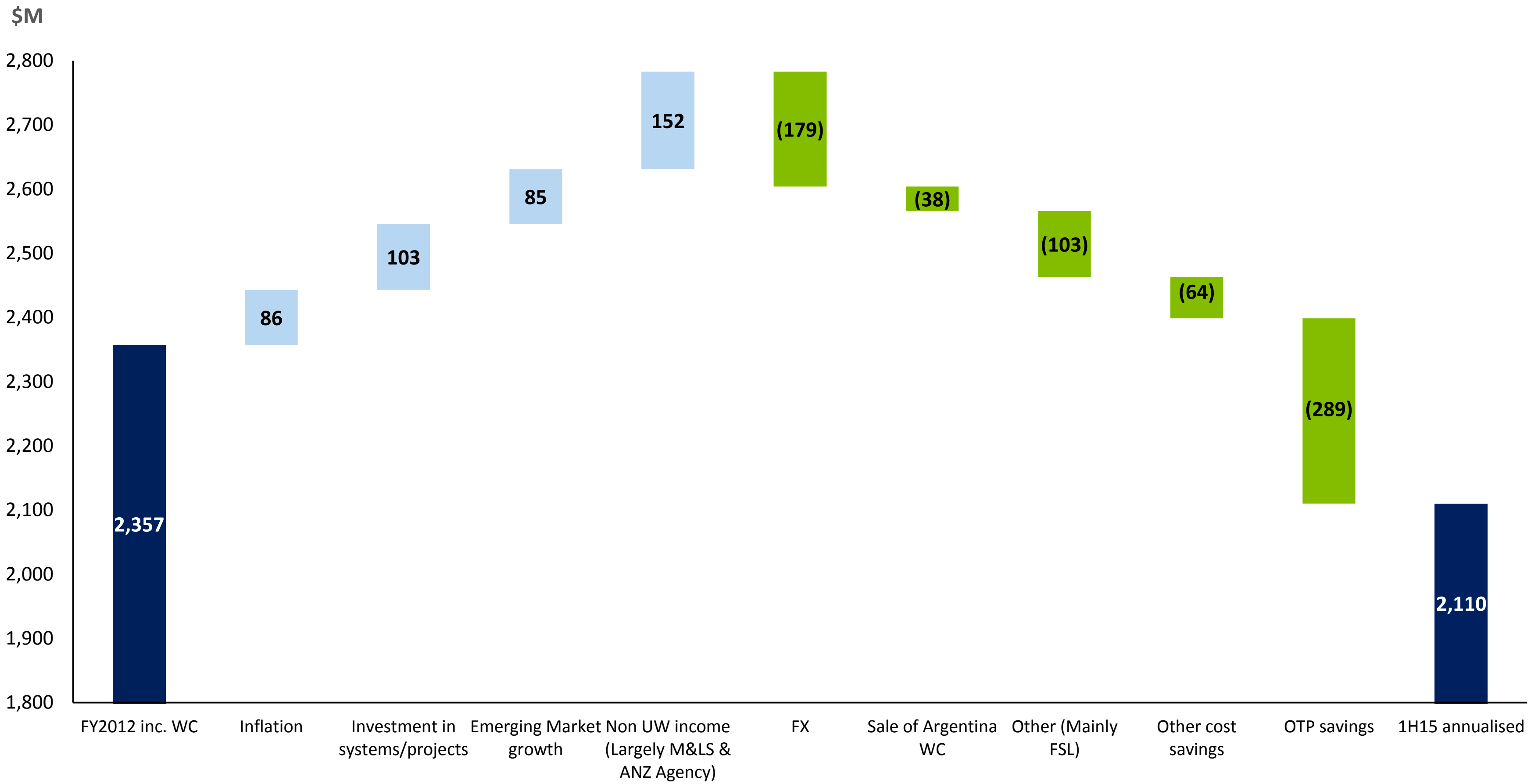


1H15 adjusted attritional claims ratio analysis

	30 June 2014		30 June 2015	
	NEP US$M	Attritional %	NEP US$M	Attritional %
Rest of world	6,414	47.1	**5,719**	**47.0**
Group large individual & catastrophe risk aggregate (1)	–	–	**(112)**	**–**
US multi-peril crop insurance (2)	145	67.0	**216**	**85.1**
Lender-placed insurance (3)	269	46.9	**261**	**39.7**
QBE Group adjusted	6,828	47.5	**6,084**	**49.1**

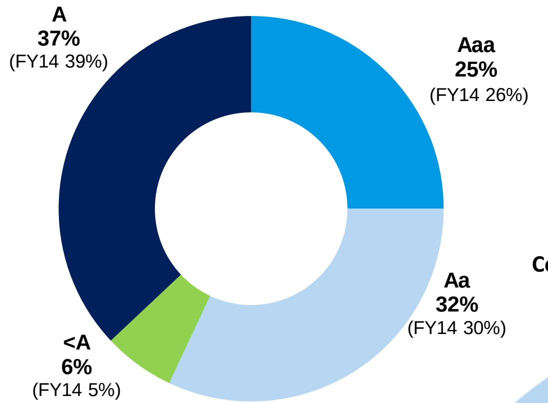
(1) Incremental cost of the Group's enhanced large individual risk and catastrophe aggregate reinsurance protection.
(2) Crop attritional claims ratio is no longer assumed constant at 67.0%. All crop claims were deemed attritional in 1H15.
(3) The low and relatively volatile attritional claims ratio of the M&LS business distorts the trend in the Group's underlying attritional claims ratio

Financial performance - underwriting expenses



Investment performance and strategy

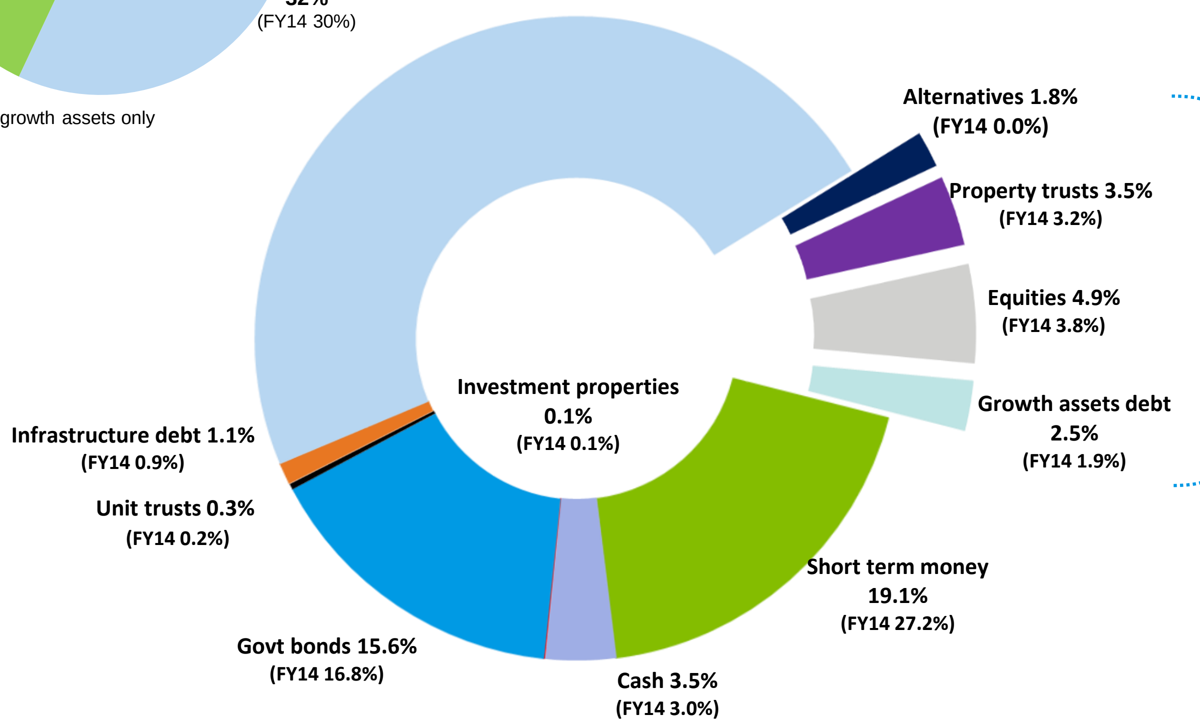
Interest bearing financial assets - Moody's rating[1]



(1) Pertains to non-growth assets only

Total investments and cash at 30 June 2015 - $27.9Bn

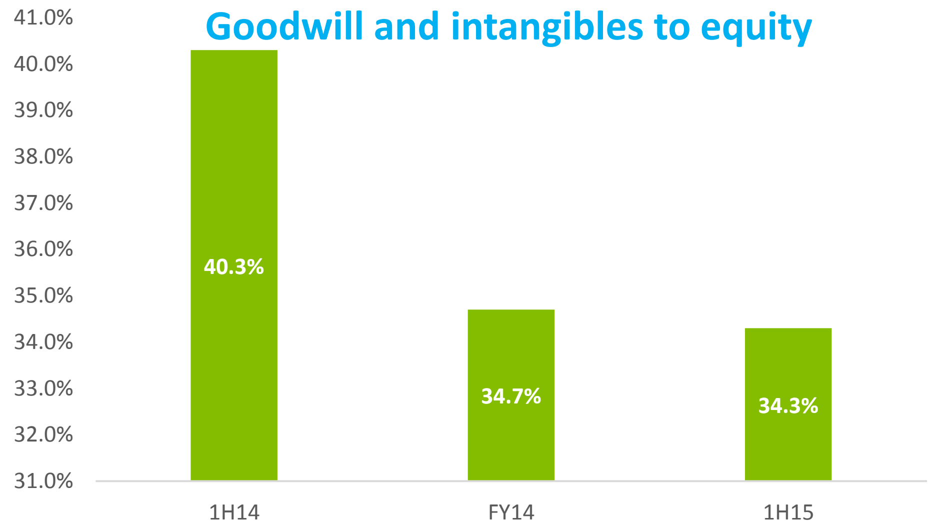
- Annualised net investment return of 2.9% despite volatility in debt and equity markets
- Asset duration at 30 June 2015 of 0.9 years
- 1H15 annualised return on growth assets 9.2%

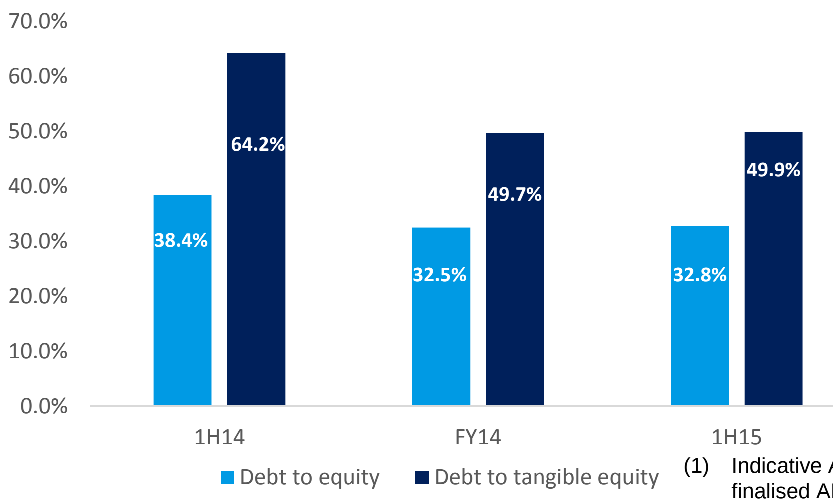


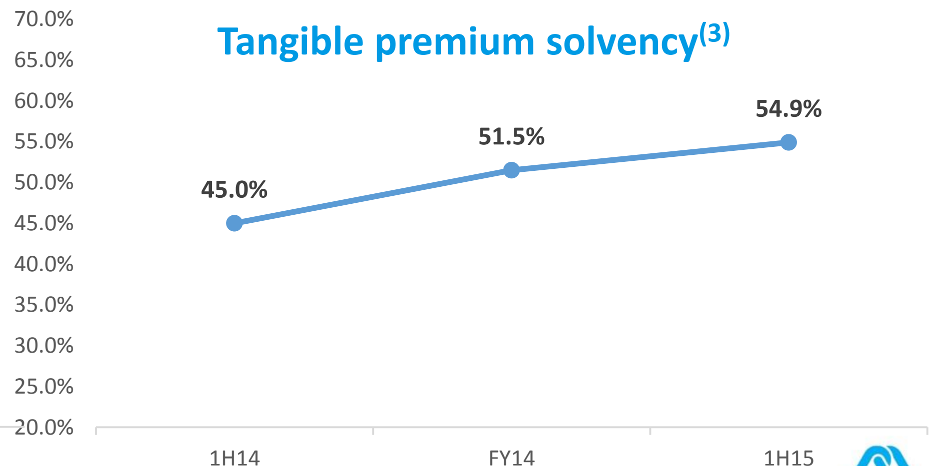
Growth assets increased to 12.7% at 1H15 (8.9% at FY14)

Financial strength

	1H14 $M	FY14 $M	1H15 $M
Goodwill and intangibles	4,525	3,831	3,751
Borrowings	4,306	3,581	3,591
Shareholders' funds	11,228	11,030	10,949
APRA capital base	9,690	9,704	9,804
PoA	89.4%	88.7%	89.0%
PCA Multiple	1.56x	(1)1.67x	(2)1.72x







(1) Indicative APRA PCA calculation at 31 December 2014 updated to be consistent with subsequently finalised APRA returns

(2) Indicative proforma APRA PCA multiple allowing for the sale of the Argentine workers' compensation and M&LS businesses

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

Financial achievements and priorities

Driving financial performance and earnings stability

- Business remediation largely complete
- Portfolio changes have improved profitability
- Confidence in claims reserves
- Re-engineered reinsurance protection
- Strong underwriting discipline in competitive markets

Investment strategy and performance

- Growth asset strategy has enhanced returns
- Portfolio defensively positioned
- Duration remains short at 0.8 years currently
- Opportunities to further diversify fixed income portfolio

Financial strength and capital management

- Successfully executed comprehensive capital plan
- Capital levels stronger and stable at target levels
- Continued focus on cash flow remittances
- Strengthened financial, risk and control environment

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Outlook

John Neal
Group Chief Executive Officer

2015 outlook unchanged

Gross written premium[1] **$15.2 – 15.6Bn**[2] (outlook unchanged when adjusted for FX and M&LS)

(Previous target range $15.5 - $15.9Bn)

Net earned premium[1] **$12.3 – 12.7Bn** [2] (outlook unchanged when adjusted for FX and M&LS)

(Previous target range $12.6 - $13.0Bn)

Combined operating ratio[1] **94% - 95%** [2] [3]

Insurance profit margin[1] **8.5% - 10%** [2] [3]

(1) Excludes Argentine workers' compensation
(2) Premium targets are based on assumed FX rates which are significantly below actual average 2014 FX rates (refer slide 27) and excludes $135M of GWP and $145M of NEP due to the sale of the Argentine workers' compensation business
(3) 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 39)
(4) Assumes no change in risk free rates from 30 June 2015 levels

Focus for the remainder of 2015

Profitable growth	• Key targets for FY15 reaffirmed - growth and profitability momentum in 2015 • Underwriting discipline always a priority • Claims reserves stable • Group Chief Strategy Officer focus on organic growth and cost optimisation
Financial strength	• New capital and gearing benchmarks acknowledged by global rating agencies • Investment portfolio return improved while positioned for global interest rate rises • New reinsurance arrangements have reduced volatility on underwriting account • Structure of debt to be enhanced further
Operational excellence	• Over $240m in OTP cost savings achieved to date • Total run rate savings expected to exceed $350M by FY15 • Approximately 20% of support functions operate from GSSC[1] • Targeting further run-rate cost savings of $100m+ for FY16
Growing dividend	• Targeting FY15 dividend growth of around 25% • Dividend pay out ratio increased to “up to 65% cash profit” for interim 2016 • Dividends expected to be fully franked in 2015 and 2016

[1] Global Shared Service Centres

QBE strategic imperatives

Macro themes

- Digitalisation and customer sophistication
- New world order - the rise of Emerging Markets
- Industry modernisation and new infrastructure
- Dynamic risk - climate risk and emerging risks

Engines for growth

- Digitally enabled SME and Bancassurance solutions
- Emerging Markets Growth Strategy
- Multichannel distribution in Australia & New Zealand
- Global corporate solutions and speciality business model

Enabling capabilities

- Reduce cost and operational excellence
- Market-leading finance, data and claims solutions
- World class talent and leadership
- Active communication with all stakeholders

Questions

Important disclaimer

The information in this presentation provides an overview of the results for the half year ended 30 June 2015.

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. Discount rates
3. Divisional premium outlook
4. Foreign exchange rates
5. Divisional results breakdown
6. Balance sheet
7. APRA PCA calculation
8. Borrowings
9. Investments
10. Reinsurance

1H15 statutory claims ratio analysis

		1H14	[1]2H14	[1]FY14	1H15
NEP	$M	6,947	7,499	14,446	6,229
Attritional	%	[2]49.8	[2]51.6	[2]50.7	54.2
Large individual risk and catastrophes	%	9.9	12.3	11.2	[3]8.9
Claims settlement costs	%	2.5	2.9	2.7	2.8
Discount	%	(4.6)	(3.1)	(3.8)	(6.6)
Accident year claims ratio	%	57.6	63.7	60.8	59.3
PY central estimate development	%	1.9	(1.8)	-	(1.1)
Changes in discount rates	%	1.7	2.7	2.2	(0.7)
Other (including unwind of discount)	%	2.7	2.2	2.4	2.5
Movement in risk margins	%	(0.8)	(1.7)	(1.3)	(0.2)
Financial year claims ratio	%	63.1	65.1	64.1	59.8

(1) Excludes one-off $362M medical malpractice reinsurance expense

(2) Assumes attritional claims ratio of 67% for US crop

(3) Includes 2.6% benefit from enhanced large individual risk and catastrophe aggregate reinsurance

1H15 adjusted claims ratio analysis

	1H14 Statutory %	1H14 Adjusted %	1H15 Statutory %	1H15 Adjusted %
Attritional claims	49.8	47.5	**54.2**	**49.1**
Large individual risk and catastrophe claims	9.9	10.1	**8.9**	**9.1**
Claims settlement costs	2.5	2.5	**2.8**	**3.0**
Claims discount	(4.6)	(2.5)	**(6.6)**	**(1.9)**
Net incurred claims estimate claims ratio (current accident year)	57.6	57.6	**59.3**	**59.3**
Changes in undiscounted prior accident year central estimate	(1)1.9	(2)0.2	**(1)(1.1)**	**(2)(1.3)**
Other (including unwind of prior year discount)	4.4	3.8	**1.8**	**0.8**
Net incurred central estimate claims ratio	63.9	61.6	**60.0**	**58.8**
Movement in risk margins	(0.8)	(0.8)	**(0.2)**	**(0.2)**
Net incurred claims ratio (current financial year)	63.1	60.8	**59.8**	**58.6**

(1) Net of $140 million of discount movement (2014 $472 million) due to long-tail classes (dust disease in Australia and workers' compensation in Argentina) where the level of assumed claims inflation is directly linked to the discount rate.

(2) Net of $3 million of discount reduction (2014 $37 million) due to long tail classes (dust disease in Australia) where the level of assumed claims inflation is directly linked to the discount rate.

1H15 movement in weighted average discount rates

Currency	30 June 2014	31 Dec 2014	30 June 2015
	Weighted average risk-free discount rates on outstanding claims %		
Australian dollar	3.12	2.46	2.43
US dollar	1.42	1.33	1.59
Sterling	2.02	1.30	1.53
Euro	1.19	0.58	0.75
Group weighted average (ex Argentine peso)	**1.93**	**1.45**	**1.60**
Estimated impact of discount rate movement[1] $M	**(118)**	**(324)**	**45**

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

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	4.9	**4.9**	3.7	**3.7**
Europe	2.9	**4.5**	2.2	**3.4**
Australia & New Zealand	5.1	**3.8**	4.4	**3.3**
Emerging Markets	2.0	**2.0**	1.6	**1.6**
Equator Re	1.0	**1.0**	0.4	**0.4**
Equator Re elimination	(1.0)	**(1.0)**	-	**-**
Group total		**15.2 - 15.6**		**12.3 – 12.7**
		($15.5 - $15.9Bn - outlook unchanged when adjusted for FX and M&LS)		($12.6 - $13.0Bn - outlook unchanged when adjusted for FX and M&LS)

(1) For assumed exchange rates refer slide 27

FX rates versus US$

	June 2014		December 2014		June 2015		2015 assumed
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate	Average rate
AUD	0.94	0.91	0.82	0.90	0.77	0.78	0.75
GBP	1.71	1.67	1.56	1.65	1.57	1.53	1.53
EUR	1.37	1.37	1.21	1.32	1.11	1.12	1.12
ARS	0.12	0.13	0.12	0.12	0.11	0.11	0.11

North America

		1H14	1H15
Gross written premium	$M	2,472	3,109
Gross earned premium	$M	2,259	2,309
Net earned premium	$M	1,917	1,832
Claims ratio	%	60.1	62.5
Commission ratio	%	18.6	18.0
Expense ratio	%	19.7	19.7
Combined operating ratio	**%**	**98.4**	**100.2**
Insurance profit margin	**%**	**2.9**	**1.6**

- Re-set of North America as a commercial specialty insurer largely complete with the announcement of the sale of Mortgage and Lender Services business
- Both GWP and NEP up substantially from 1H14 primarily reflecting a one-off improvement in the estimation process used to allocate crop premium between the first half and second half. The change resulted in an increase in 1H15 GWP of $766M NEP of $135M
- Tougher market conditions evident with premium rates flat on average across all business lines, compared with increases of around 1% during 2014
- COR of 100.2% reflects:
  - improved expense ratio due to positive business mix impact and the crop premium adjustment
  - underlying attritional claims ratio slightly higher than 1H14, resulting from an increase in small claims frequency associated with harsh winter conditions
  - modest adverse prior year development, albeit significantly improved from 1H14
- US agency businesses sold for $227M up-front with earn out up to $300M based on 5 year performance, with the underwriting business retained
- 2015 GWP target of $4.9Bn and NEP target $3.7Bn

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Europe

		1H14	1H15
Gross written premium	$M	2,705	2,659
Gross earned premium	$M	2,471	2,112
Net earned premium	$M	2,033	1,660
Claims ratio	%	59.7	49.1
Commission ratio	%	18.8	18.8
Expense ratio	%	15.7	17.9
Combined operating ratio	**%**	**94.2**	**85.8**
Insurance profit margin	**%**	**8.9**	**16.7**

- GWP up 7% on a constant currency basis:
  - portfolio remediation and disposals all completed during 2013 through to 2015
  - significant improvement in renewal retention
- NEP down 18% (11% on a constant currency basis) mainly impacted by additional reinsurance purchased at a Group and local level
- COR improved more than 8% from 1H14 reflecting:
  - improved attritional claims ratio
  - $36M discount rate benefit
  - solid underwriting performance notably from Retail Markets
  - favourable prior accident year claims development of $140M
- Expense ratio increased almost 2% due to the unplanned reduction in NEP, coupled with non-recurring expense items associated with IT infrastructure and Solvency II implementation
- 2015 GWP target of $4.5Bn and NEP target of $3.4Bn

Australia & New Zealand

		1H14	1H15
Gross written premium	$M	2,275	1,928
Gross earned premium	$M	2,192	1,913
Net earned premium	$M	1,916	1,668
Claims ratio	%	59.2	62.9
Commission ratio	%	13.9	14.1
Expense ratio	%	14.3	13.8
Combined operating ratio	**%**	**87.4**	**90.8**
Insurance profit margin	**%**	**17.2**	**14.8**

- GWP down 1% in AUD (albeit down 15% in USD), primarily due to lower LMI GWP
- NEP up 2% on a constant currency basis, mainly due to the LMI premium earnings pattern
- Premium rates down on average around 2%, whilst policy retention increased to 83.0% (1H14 81.3%)
- COR of 90.8% and insurance margin of 14.8%; a strong result despite extreme catastrophe activity, particularly on the eastern seaboard
- Increase in large individual risk and catastrophe claims to 9.0% of NEP (1H14 5.7%), largely due to Tropical Cyclone Marcia and severe storms in Sydney and Queensland
- New business growth was strong in core broker markets across Australia and New Zealand, as well as CTP
- Favourable prior year development of $45M due to ongoing efficient and effective management of our long-tail claims portfolio
- Incremental use of the GSSC continues to improve the expense ratio
- 2015 GWP target of $3.8Bn and NEP target of $3.3Bn

Asia Pacific

		1H14	1H15
Gross written premium	$M	394	424
Gross earned premium	$M	346	368
Net earned premium	$M	285	304
Net claims ratio	%	51.5	52.2
Net commission ratio	%	20.4	21.4
Expense ratio	%	20.7	21.1
Combined operating ratio	**%**	**92.6**	**94.7**
Insurance profit margin	**%**	**8.1**	**6.3**

- GWP and NEP grew 13% on a constant currency basis despite 3.5% average premium rate reductions across the region
- Notwithstanding the significant impact of Cyclone Pam, Asia Pacific recording a strong underwriting result of $16M
- The net claims ratio increased to 52.2% reflecting the impact of Cyclone Pam
- The expense ratio increased due to continued investment to support the long term growth strategy, focusing on technology, people and significant strengthening of underwriting resourcing
- Commission ratio was slightly higher, reflecting increased commissions in Hong Kong and Singapore, as well as new product launches and changes in business mix
- 2015 GWP target of $924M

Latin America

		1H14	1H15
Gross written premium	$M	502	505
Gross earned premium	$M	509	496
Net earned premium	$M	433	437
Claims ratio	%	65.8	59.0
Commission ratio	%	26.6	24.0
Expense ratio	%	16.4	19.7
Combined operating ratio	**%**	**108.8**	**102.7**
Insurance profit margin	**%**	**(2.8)**	**3.4**

The results above exclude the Argentine workers' compensation business

- GWP and NEP grew by 15% on a constant currency basis with growth in Argentina, Chile and Brazil exceeding 25%
- Remediation progressing to plan in Argentina, Columbia and Chile
- Materially improved net claims ratio mainly due to the non-recurrence of further adverse prior year development
- Large individual risk and catastrophe claims increased to 2.6% (1H14 0.7%) largely due to the Chilean floods
- Combined commission and expense ratio was up slightly due to:
  - higher commissions in Argentine extended warranty business
  - inflationary pressures in Argentina
  - costs associated with the set up of Emerging Markets head office
  - 2015 GWP target of $1.1Bn

Equator Re

		1H14	1H15
Gross written premium	$M	607	976
Gross earned premium	$M	404	485
Net earned premium	$M	280	182
Claims ratio	%	95.4	58.2
Commission ratio	%	1.8	7.1
Expense ratio	%	1.4	3.3
Combined operating ratio	**%**	**98.6**	**68.6**
Insurance profit margin	**%**	**9.0**	**47.8**

- GWP up 61%, driven by Equator Re providing higher limits on divisional property and casualty per risk and catastrophe treaty reinsurance as at 1 January 2015
- Claims ratio substantially improved to 58.2% (1H14 95.4%)
- Significantly improved COR of 68.6% due to:
  - enhanced reinsurance arrangements
  - small positive impact from higher risk-free rates
  - partially offset by adverse prior year development net of reinsurance
- Commission ratio deteriorated due to changes in business mix and profit commissions
- Expense ratio increased primarily reflecting continued investment in the operating model upgrade and build out of capabilities in Bermuda
- 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 $1.0Bn and NEP target of $0.4Bn

Financial strength and flexibility

As at	31 Dec 2014	30 June 2015
Summary balance sheet	**$M**	**$M**
Investments and cash	28,583	27,903
Trade and other receivables	4,748	5,767
Intangibles	3,831	3,751
Other assets	2,343	2,118
Assets	**39,505**	**39,539**
Insurance liabilities, net	22,283	21,136
Borrowings	3,581	3,591
Other liabilities	2,559	3,807
Liabilities	**28,423**	**28,534**
Net assets	11,082	11,005
Non-controlling interests	52	56
Shareholders' funds	**11,030**	**10,949**

Reserving

- Favourable prior accident year claims development of $69M on a statutory basis ($79M on an adjusted basis)
- $45M favourable discount rate impact (excluding Argentine peso)
- PoA of 89.0% (FY14 88.7%)

Borrowings

- Broadly unchanged from FY14
- Debt to equity of 32.8% (FY14 32.5%)
- Debt to tangible equity of 49.9% (FY14 49.7%)

QBE

APRA PCA calculation

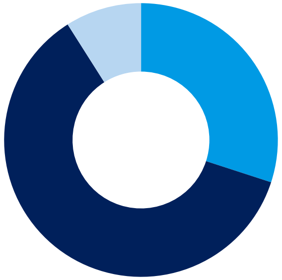
$M	FY14	1H15
Ordinary share capital and reserves	11,082	11,005
Net surplus relating to insurance liabilities	1,199	1,029
Regulatory adjustments to Common Equity Tier 1 Capital	(5,029)	(4,657)
Common Equity Tier 1 Capital	**7,252**	**7,377**
Additional Tier 1 Capital - Capital securities	254	223
Total Tier 1 Capital	**7,505**	**7,600**
Tier 2 Capital - Subordinated debt and hybrid securities	2,198	2,204
Total capital base	**9,704**	**9,804**
Insurance risk charge	3,197	3,152
Insurance concentration risk charge	1,429	1,312
Asset risk charge	1,681	2,113
Operational risk charge	574	565
Less: Aggregation benefit	(1,066)	(1,256)
APRA's Prescribed Capital Amount (PCA)	**5,816**	**5,886**
PCA multiple	**(1)1.67**	**(2)1.67**
CET1(3) ratio (APRA requirement >60%)	**125%**	**125%**

(1) Indicative APRA PCA calculation at 31 December 2014 updated to be consistent with subsequently finalised APRA returns
(2) Indicative proforma APRA PCA multiple allowing for the sale of the Argentine workers' compensation and M&LS businesses improves to around 1.72x
(3) Common Equity Tier 1

QBE

Borrowings

Borrowings profile	%	FY14	1H15
Subordinated debt		61	61
Senior debt		30	30
Capital securities		9	9



Repayment profile %	FY14	1H15
Less than 1 year	13	13
1 – 5 years	26	26
More than 5 years	61	61
Debt to equity ratio	32.5	32.8

Borrowings of $3,591M at 1H15

- Weighted average cost of borrowings unchanged at 6.2%
- Central cash $616M at 30 June 2015

Debt to equity ratio within benchmark range of 25% - 35%

- Gearing slightly above 2014 year end level reflecting adverse impact of a stronger USD on closing equity
- Debt to tangible equity stable at 49.9% when compared with FY14

Borrowings profile

- No change in the term or profile of borrowings

Investments in corporate bonds: fixed and floating rate

COUNTRY	31 Dec 14 US$M	%	30 June 15 US$M	%
Australia	4,433	36.1	4,114	31.0
USA	1,925	15.7	2,478	18.6
UK	710	5.8	1,011	7.6
Japan	1,198	9.8	1,335	10.0
Canada	817	6.7	1,000	7.5
ROW other	1,917	15.7	1,643	12.4
Germany	192	1.6	602	4.5
France	125	1.0	76	0.6
Netherlands	665	5.4	871	6.6
GIIPS	88	0.7	69	0.5
Eurozone other	179	1.5	94	0.7
TOTAL (1)	**12,249**	**100.0**	**13,293**	**100.0**

(1) Country exposures are based on Country of Ultimate Counter-party (UCP). GIIPS exposure consisted of UCP in Spain and Ireland. Eurozone other exposure consisted of UCP in Belgium, Finland and Luxembourg. Data excludes ICNA (Argentina Workers Comp) portfolio which is held for sale.

Investments in sovereign / supra-national bonds

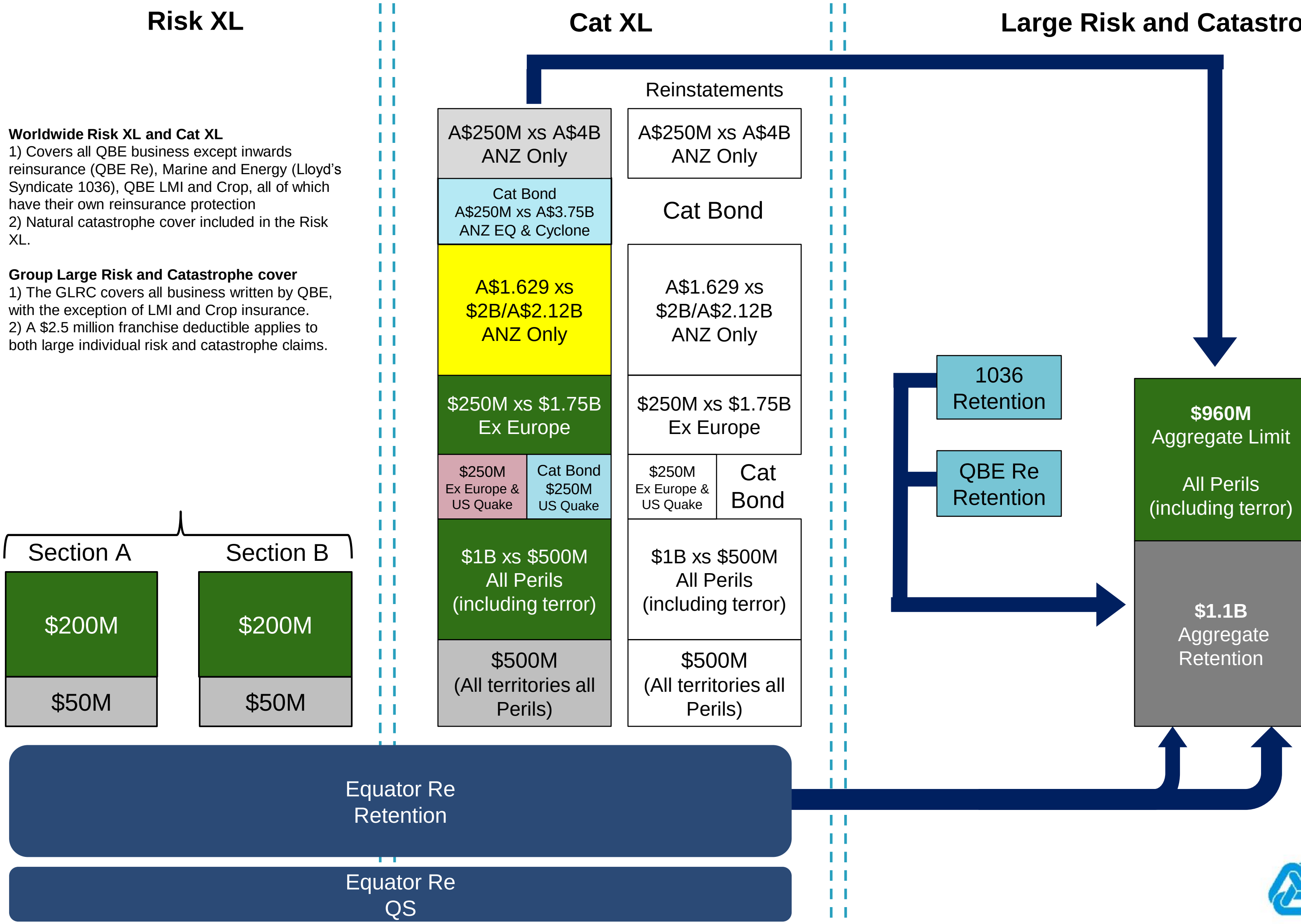
COUNTRY	31 Dec 14 US$M	%	30 June 15 US$M	%
Australia	367	7.6	534	12.3
USA	2,315	48.0	2,102	48.4
UK	191	4.0	201	4.6
Canada	293	6.1	261	6.0
ROW other	948	19.7	852	19.6
Germany	428	8.9	254	5.8
France	96	2.0	132	3.0
Netherlands	135	2.8	-	-
Eurozone other	42	0.9	14	0.3
TOTAL(1)	**4,815**	**100.0**	**4,350**	**100.0**

(1) Country exposures are based on Country of Ultimate Counter-party (UCP). Eurozone other exposure consisted of UCP in Belgium, Finland & Luxembourg. Data excludes ICNA (Argentina Workers Comp) portfolio which is held for sale.

QBE 2015 global reinsurance program

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.



The Group's Large Risk and Catastrophe Aggregate XOL cover (GLRC) was designed to match QBE's large risk and catastrophe appetite for 2015 and 2016. It replaced the GACC and GAR so all exposures (with the exception of Crop and LMI) are now in one contract, providing greatly enhanced scope of coverage. The attachment point is $1.1B in the aggregate with a $2.5 million franchise deductible, matching the Group's appetite.