

10 May 2016

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

Dear Sir/Madam

Investor Day Presentation

We refer the market to the attached slides to be presented at our Investor Day Presentation today.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', written in a cursive style.

Carolyn Scobie
Company Secretary

Attachment

INVESTOR DAY

10 MAY 2016



INVESTOR DAY: AGENDA

ARRIVAL AND COFFEE

GROUP STRATEGY AND OUTLOOK | John Neal – Group CEO

EUROPE | Richard Pryce – EO CEO

AUSTRALIA AND NEW ZEALAND | Tim Plant – ANZ CEO

EMERGING MARKETS | David Fried – EM CEO

NORTH AMERICA | David Duclos – NA CEO

MORNING TEA

OPERATIONAL EFFECTIVENESS | Colin Fagen – Group COO / Dominic Clayden – Global Claims Director

INVESTMENTS | Gary Brader – Group Chief Investment Officer

INVESTOR THESIS AND FINANCIAL TARGETS | Pat Regan – Group CFO

WRAP UP AND Q&A | John Neal / Executive Team

LUNCH

QBE IS A DISTINCTIVE TOP 20 GLOBAL P&C INSURER

UNIQUE GLOBAL FOOTPRINT

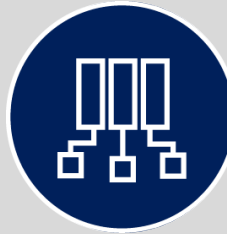


Established in **major hubs**:
London, New York,
Singapore, Hong Kong,
Bermuda

Strong position in an
attractive home market,
Australia

Operations in 22 **high-growth** markets across AP
and LatAm

FOCUS ON COMMERCIAL AND SPECIALTY LINES



World-class **underwriting expertise** with a strong
Lloyd's franchise

Deep **understanding** of our
customers' unique needs

Innovation culture
improving products and
customer value proposition

GLOBAL CAPABILITIES DELIVERED LOCALLY



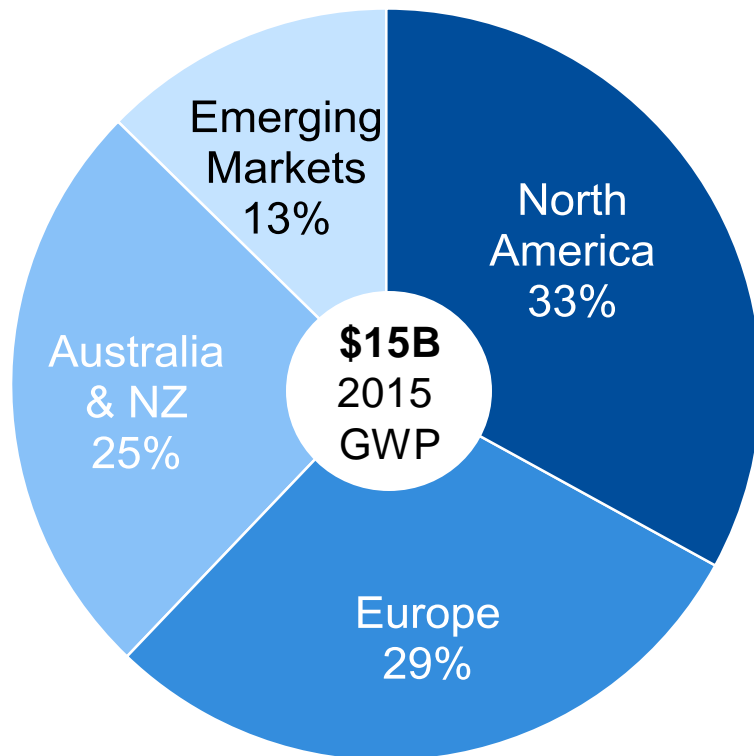
Shared services and **centres of excellence**

Scalable global platforms:
investment in technology and
data analytics

Ability to service **truly global**
brokers and customers

FOCUSED COMMERCIAL AND SPECIALTY INSURER WITH STRONG POSITIONS IN KEY MARKETS

UNIQUE GLOBAL FOOTPRINT ACROSS 37 COUNTRIES



~80% OF BUSINESS IS COMMERCIAL AND SPECIALTY LINES



- Highly regarded franchise in the London Market
- Capability to write business in 140 countries



- Leading (#2) corporate and commercial insurer
- Broadly diversified product and distribution footprint



- Meaningful footprint in 22 markets
- Leading franchise in specialty and commercial insurance

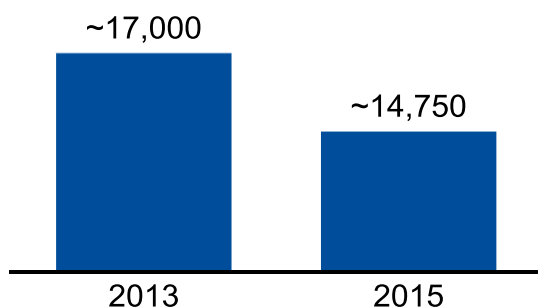


- Established as a true corporate and specialty insurer
- Market leader in Crop

WE HAVE SUCCESSFULLY STABILISED AND TRANSFORMED

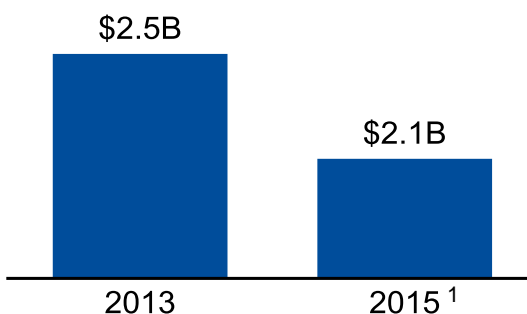
SIMPLIFIED AND REFOCUSED

Employees



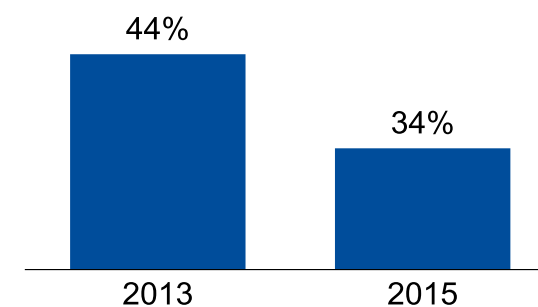
IMPROVED PROFITABILITY

Operating expenses

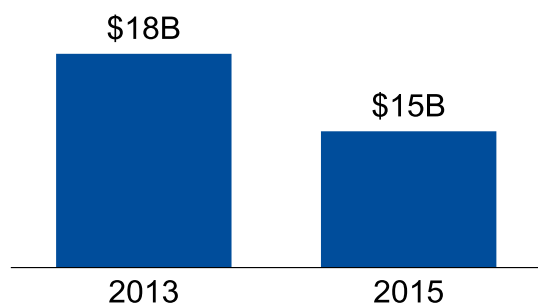


STRENGTHENED BALANCE SHEET

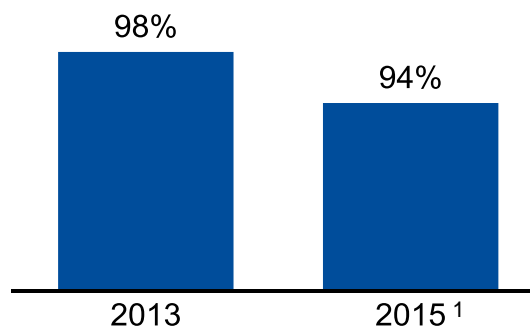
Debt to equity



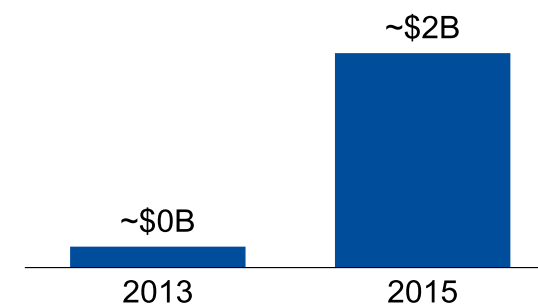
GWP



COR



Surplus above S&P 'A'

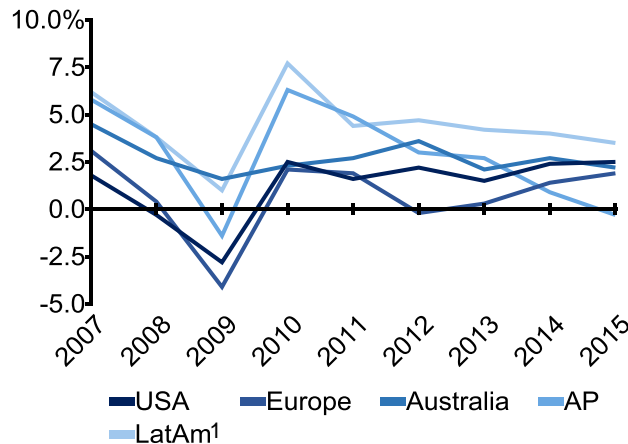


1. Adjusted figure excludes Argentine Workers' Compensation business and \$41M deferred acquisition cost write down on the sale of M&LS

OUR PLANS ASSUME CHALLENGING MACRO ENVIRONMENT

SUBDUED GROWTH

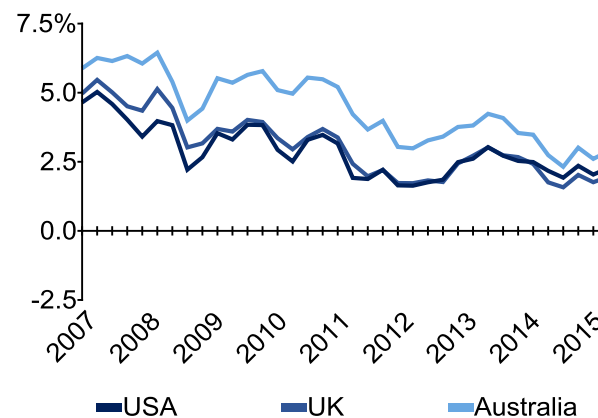
GDP growth (year on year)



Global GDP growth is subdued

PROLONGED LOW RATES

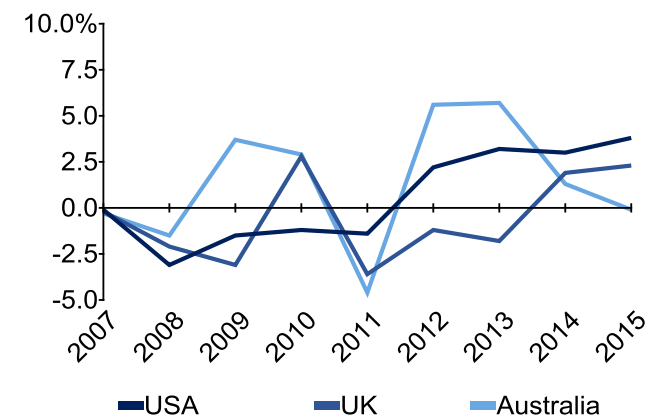
10 year government bond yield



Rates are low, with investment income below pre-GFC levels

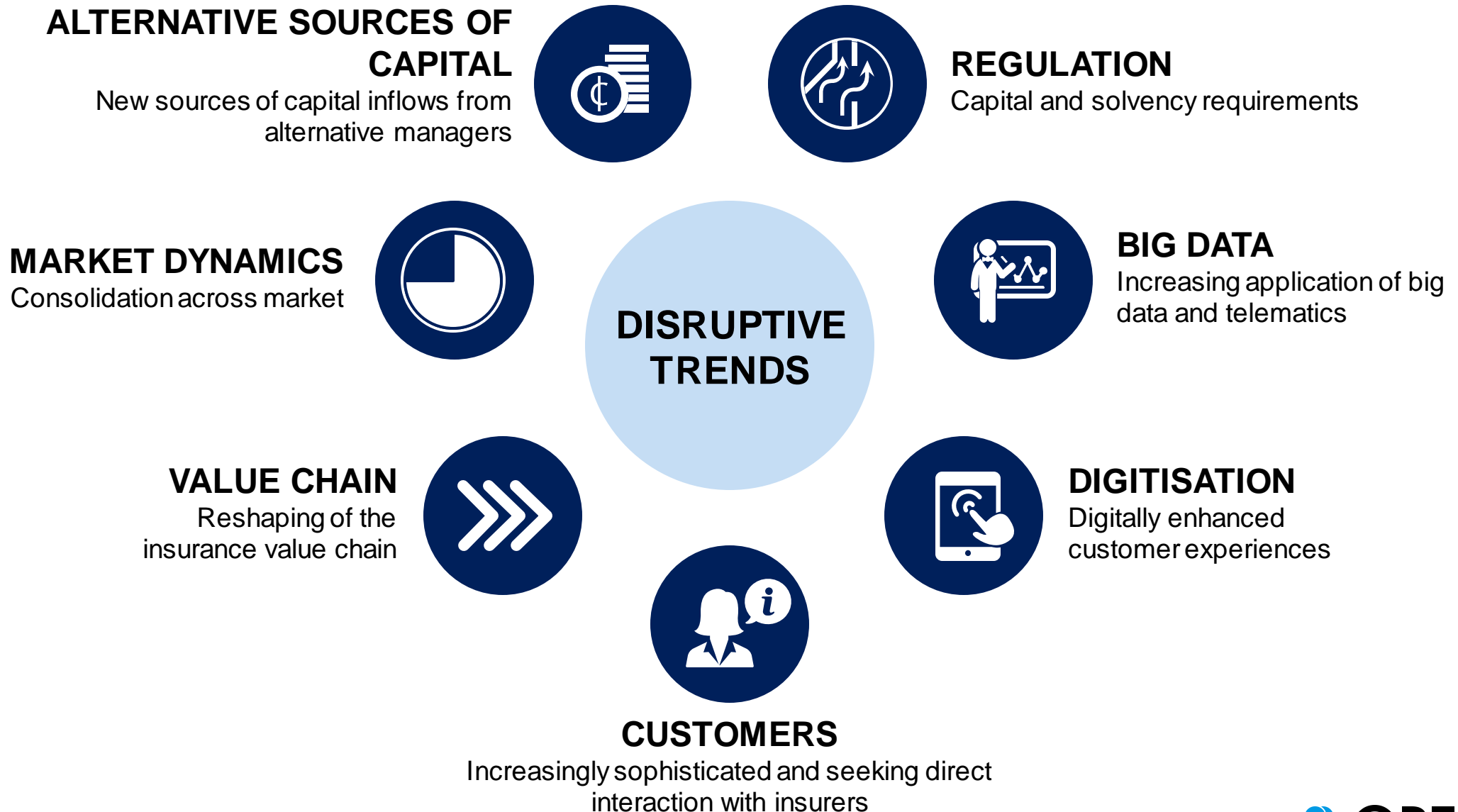
SOFT PRICING

Premium growth (year on year)



Pricing environment remains difficult

UNDERLYING TRENDS ARE DISRUPTING “BUSINESS AS USUAL”



A FOCUSED STRATEGIC AGENDA



UNDERWRITING EXCELLENCE

Driving underwriting excellence across regions



CUSTOMER AND PARTNER-LED GROWTH

Deepening major customer and broker relationships



WORLD CLASS TALENT

Attracting and retaining top talent



OPERATIONAL EFFICIENCY

Capturing efficiency and scale benefits (e.g., GSSC)



CLAIMS EXCELLENCE

Sharing best-in-class claims expertise across regions



DATA AND ANALYTICS

Applying industry-leading capability

Capturing scale advantage in our core: Commercial and Specialty

A FOCUSED STRATEGIC AGENDA



UNDERWRITING EXCELLENCE

Driving underwriting excellence across regions



CUSTOMER AND PARTNER-LED GROWTH

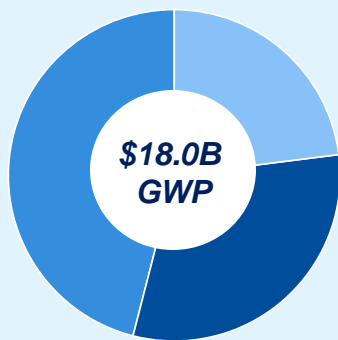
Deepening major customer and broker relationships



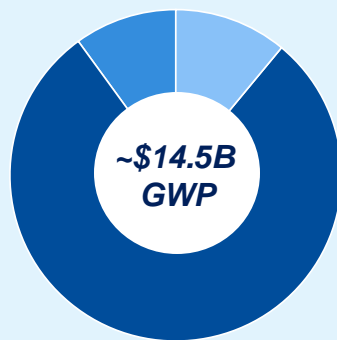
WORLD CLASS TALENT

Attracting and retaining top talent

■ >100% COR ■ 90-100% COR ■ <90% COR



2013



2016F

- **Divested:** North American ML&S, Argentine Workers' Compensation, Central and Eastern European businesses, Italian MedMal, Aviation
- **Remediated:** Wholesale review of all businesses with >100% COR
- **Grown:** North American Specialty, European Retail (Commercial Lines), Emerging Markets

A FOCUSED STRATEGIC AGENDA



UNDERWRITING EXCELLENCE

*Driving underwriting
excellence across regions*



CUSTOMER AND PARTNER-LED GROWTH

*Deepening major customer and
broker relationships*



WORLD CLASS TALENT

*Attracting and retaining
top talent*



A FOCUSED STRATEGIC AGENDA



UNDERWRITING EXCELLENCE

Driving underwriting excellence across regions



CUSTOMER AND PARTNER-LED GROWTH

Deepening major customer and broker relationships



WORLD CLASS TALENT

Attracting and retaining top talent



CLEAR FINANCIAL TARGETS

FRANCHISE STRENGTH

- GWP growth of **~3% per annum** across the cycle

PERFORMANCE IMPROVEMENT

- Operating expense savings of **\$300M**
- Improvement in COR to **~93%**
- Long-term return on tangible equity **13-15%**¹

GROWING CASH FLOWS

- Cumulative cash remittance **>\$2.5B** over 2016-18
- Payout ratio of up to **65%**

WELL CAPITALISED

- S&P **'A+' rating** or better

1. Equates to ROE of ~10%

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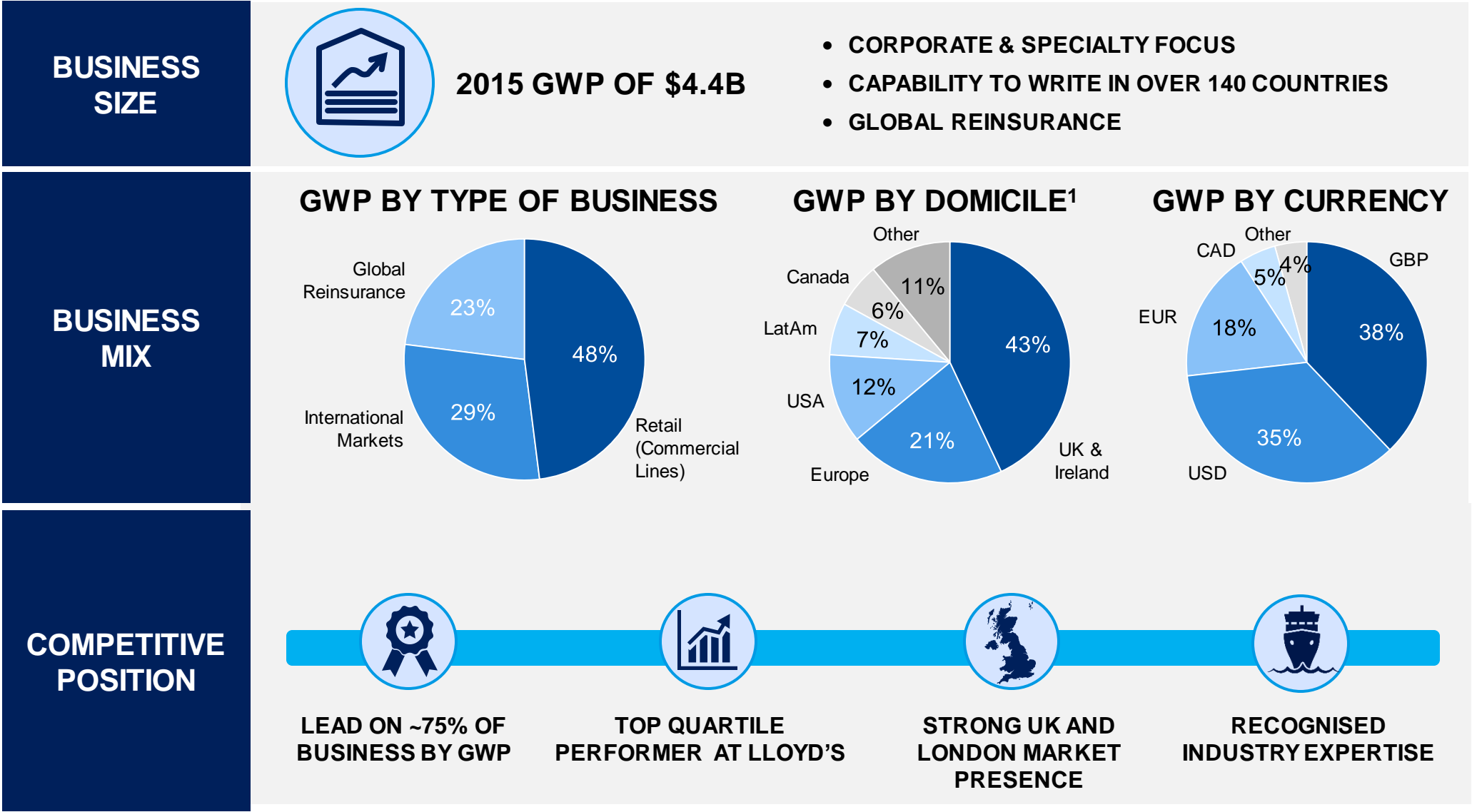
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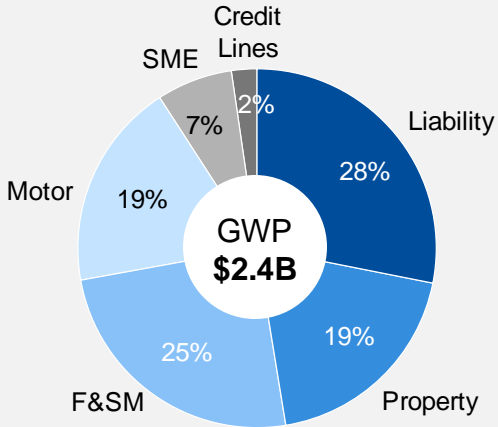
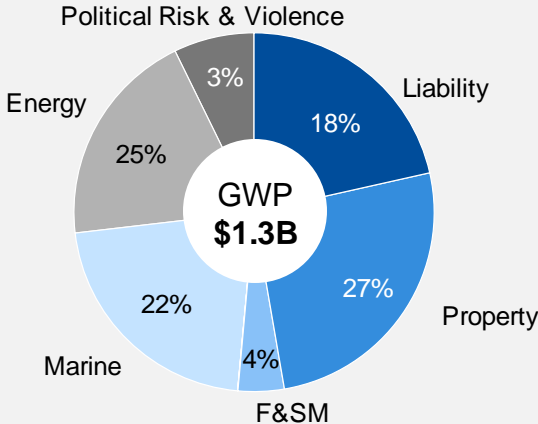
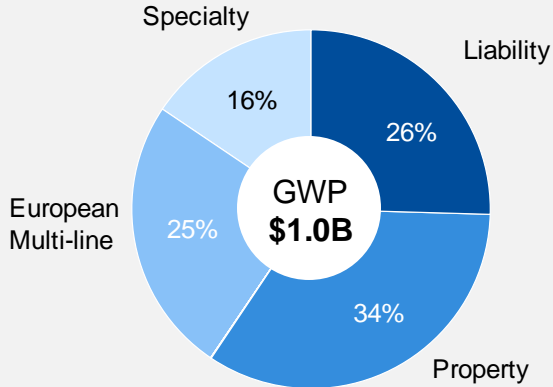
WRAP UP AND Q&A | John Neal / Executive Team

LUNCH

WE HAVE A STRONG CORE BUSINESS



UNDERWRITING MANAGEMENT STRUCTURED INTO THREE DIVISIONS

	RETAIL (COMMERCIAL LINES)	INTERNATIONAL MARKETS	QBE RE ¹	
PORTFOLIO	<p><i>Property, Liability, Motor, Financial & Specialty Markets (F&SM)</i></p>  <p>GWP \$2.4B</p> <p>2015 COR: 93%</p>	<p><i>Marine, Oil & Gas, Political Risk & Violence, International Property, International Liability</i></p>  <p>GWP \$1.3B</p> <p>2015 COR: 91%</p>	<p><i>Property, Casualty, US multi-line European multi-line, Specialty</i></p>  <p>GWP \$1.0B</p> <p>2015 COR: 76%</p>	
	DISTRIBUTION	<ul style="list-style-type: none">• London• 8 UK Regional offices• 6 European countries	<ul style="list-style-type: none">• London• Toronto• Vancouver• Singapore• Dubai• New Orleans• Houston• Miami	<ul style="list-style-type: none">• London• New York• Tokyo• Brussels

1. Includes \$0.3B of global reinsurance risks written by NA but managed by QBE EO

DELIVERED STRONG FY15 RESULTS DESPITE HIGHLY COMPETITIVE MARKET CONDITIONS

TOP-LINE GROWTH

\$B, CONSTANT CURRENCY



PROFITABILITY IMPROVEMENT



PERFORMANCE DRIVERS

- **Improvement in COR** driven by:
 - Improved loss experience by portfolio adjustment
 - Focus on underwriting excellence
 - Claims and cost reduction initiatives
 - Positive prior year development
- **GWP up 4%** on a constant currency basis, despite continued market pressure on premiums
- Well positioned franchise; able to withstand challenging market conditions

Note: Excludes reinsurance GWP written by QBE NA; 2015 exchange rate of 1.5271 GBP/USD applied to 2014 GWP and NEP

KEY STRATEGIC PRIORITIES

STRENGTHEN POSITION AS A LEADING SPECIALTY COMMERCIAL INSURER AND REINSURER WITH GLOBAL EXPOSURE



Preserve margins through continued underwriting excellence, claims management and cost control



Maintain leadership positions in our core markets, with strong customer focus



Selective and disciplined profitable growth through extended distribution



Positioned to capture further upside should market conditions improve

HOW WE WILL DELIVER ON OUR STRATEGIC PRIORITIES



UNDERWRITING EXCELLENCE

- Maintain **best-in-class underwriting** skill and discipline and export London underwriting expertise by deploying our specialist products in regional hubs



CUSTOMER AND PARTNER-LED GROWTH

- Strengthen **customer and broker relationships** to protect profitable portfolios, increase up-sell and cross-sell
- Drive new, high quality business at lower acquisition cost through **extended distribution** footprint



WORLD CLASS TALENT

- Attract, retain, motivate and reward the **best people** in our chosen sectors
- Encourage a **performance and execution culture** across the organisation



DATA & ANALYTICS

- Accelerate the use of data and analytics in **underwriting, claims and sales/distribution** to improve upsell/cross sell and margins



CLAIMS EXCELLENCE

- Continue implementing global **claims excellence** program
- Improve global claims excellence program, **sharing our claims excellence expertise** with other regions

POSITIONED FOR SELECTIVE AND DISCIPLINED GROWTH

QBE COLLABORATION



Example:
Hubs

*Exporting
underwriting
expertise to
emerging markets
(e.g., new hubs in
Miami, Singapore)*

PROVEN EXPERTISE



Examples:
Oil & Gas, Marine,
Real Estate, Financial
Lines, Life (QBE Re)

*Establishing a
global QBE brand
and product
offering in a core
product*

EXTENDED DISTRIBUTION



Examples:
Canada, Europe

*Expanding
footprint through
product diversity
and strong
specialty focus*

MAJOR TRADING PARTNERS



Example:
Global brokers

*Building industry
practice groups,
multinational
service and
underwriting
capability*

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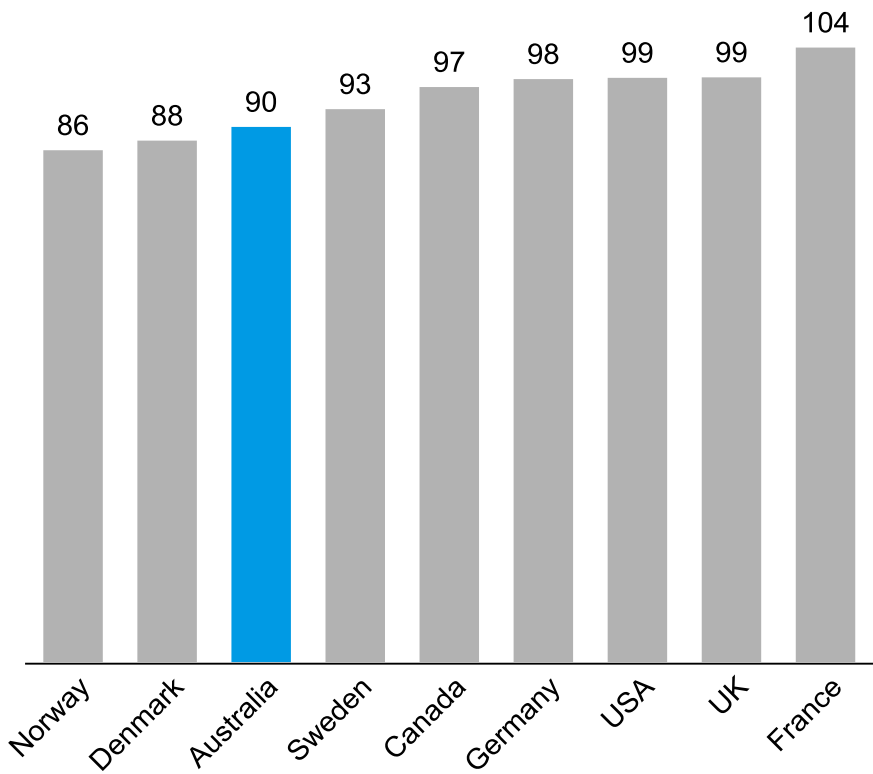
WRAP UP AND Q&A | John Neal / Executive Team

LUNCH

WE HAVE A STRONG POSITION IN AN ATTRACTIVE MARKET

AUSTRALIA IS AN ATTRACTIVE INSURANCE MARKET

Avg COR (%)¹



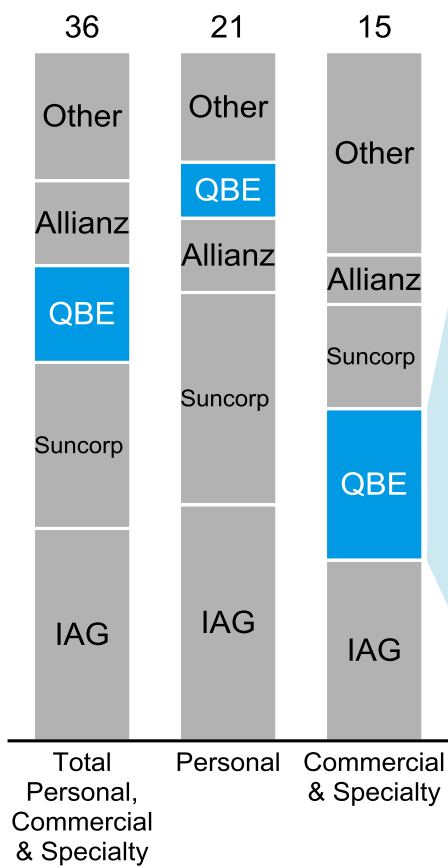
1. Avg COR taken from 2012-2014 using all years where data is available

2. Excludes reinsurance, includes LMI

Source: APRA (2015); KPMG General Insurance Industry Review; Company financial reports; AXCO; SNL; Finans Norge; GDV; Danish FSA, IBC; Insurance Sweden; management estimates

QBE IS A TOP 3 INSURER WITH A NUMBER OF UNIQUE ATTRIBUTES

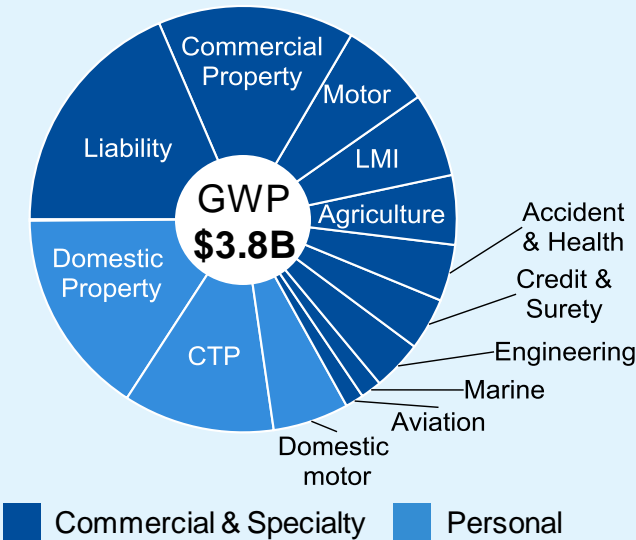
Est. General Insurance Market GWP (A\$B)²



- Strong position in commercial**
- Recognised and respected brand**
- Diversified mix across products and customers**
- Sufficiently large to drive economies of scale**
- Ability to draw on QBE's global capabilities**

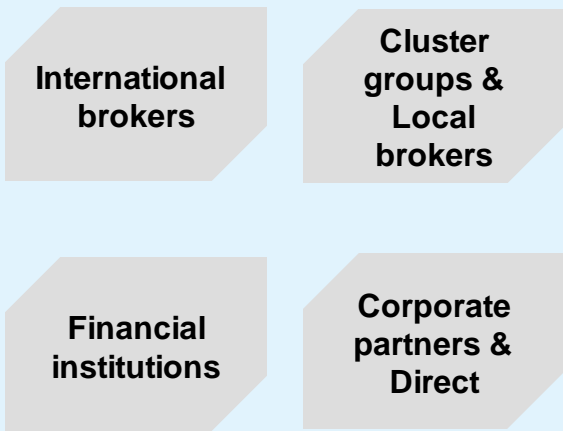
QBE IS A LEADING COMMERCIAL AND SPECIALTY INSURER IN AUSTRALIA AND NEW ZEALAND

HIGHLY DIVERSIFIED PORTFOLIO



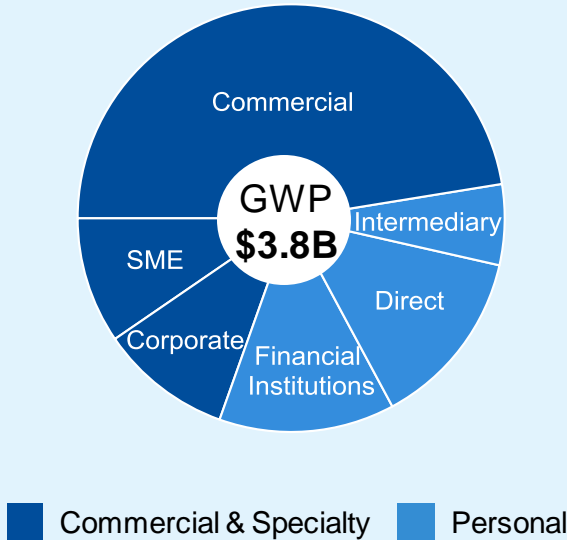
- Leading corporate and commercial insurer

MULTI-CHANNEL DISTRIBUTION



- Support international & Australian brokers. Strong set of existing corporate partners

BROAD AND DEEP CUSTOMER BASE

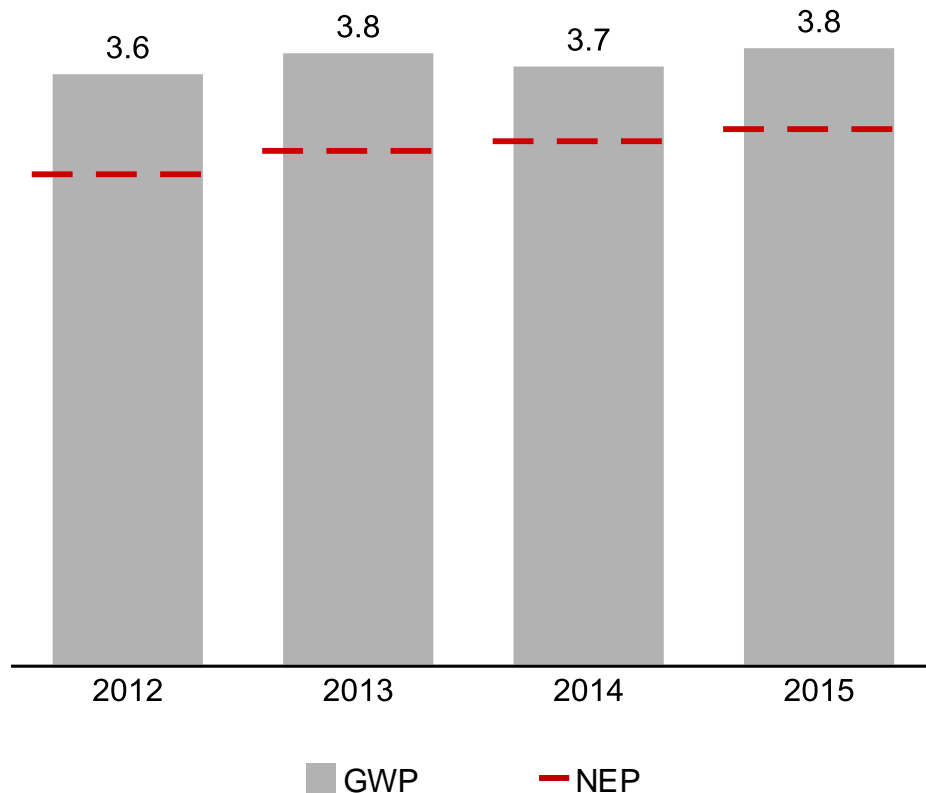


- Strong position in SME and Commercial

ANZO HAS DELIVERED STRONG RESULTS

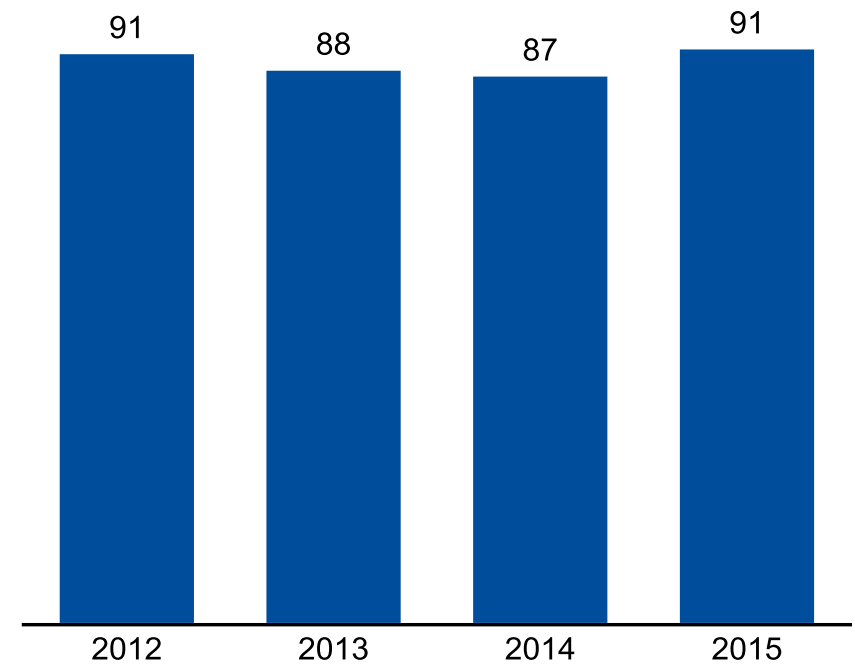
UNDERLYING GWP GROWTH

\$B, CONSTANT CURRENCY



MAINTAINED STRONG PROFITABILITY

COR (%)



Note: 2015 exchange rate of 0.7503 AUD/USD applied to 2012, 2013, 2014 GWP and NEP

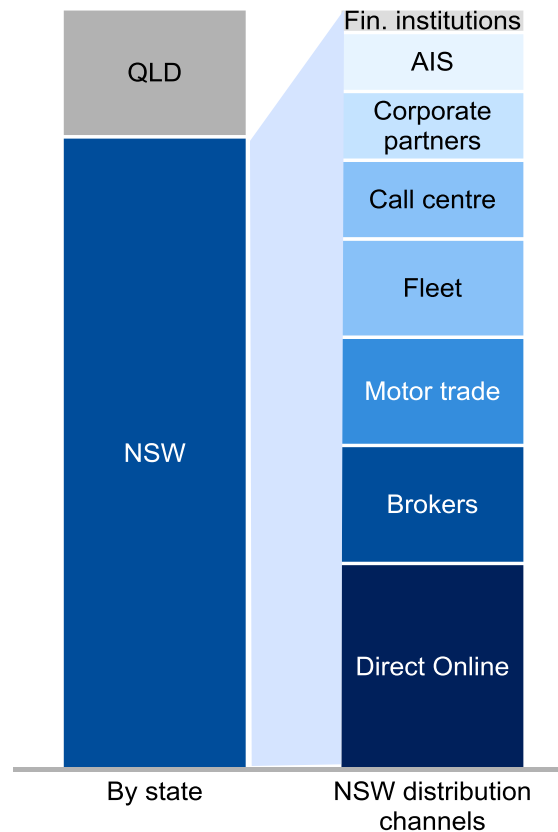
ADDRESSING CTP PROFITABILITY

OVERVIEW

- Increase in claims frequency dominated by **low severity, low value claims**
- **Price increases:**
 - 3.7% in June 2015
 - 2.2% in February 2016
 - 6.4% in May 2016
- Ongoing **monitoring of scheme by NSW Government**

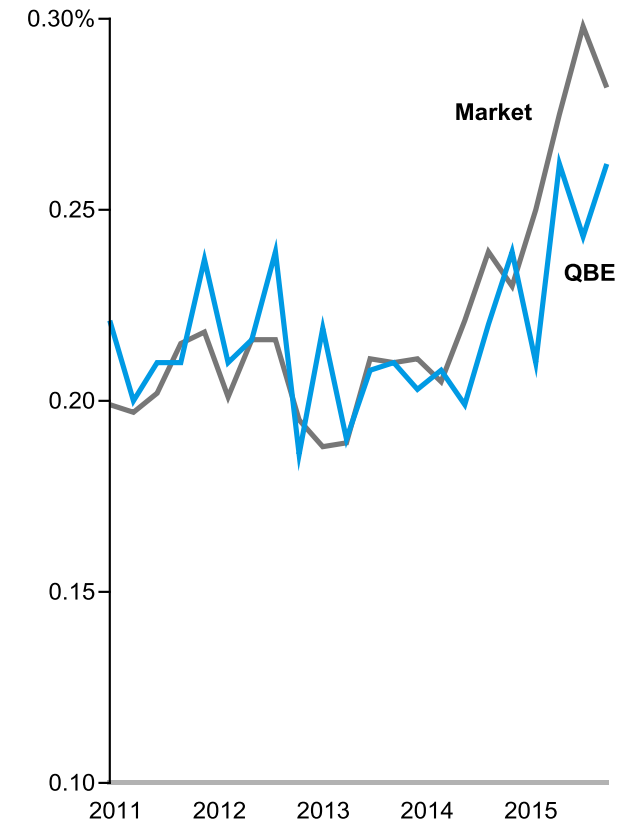
QBE CTP BUSINESS

CTP GWP (2015)



CLAIMS FREQUENCY

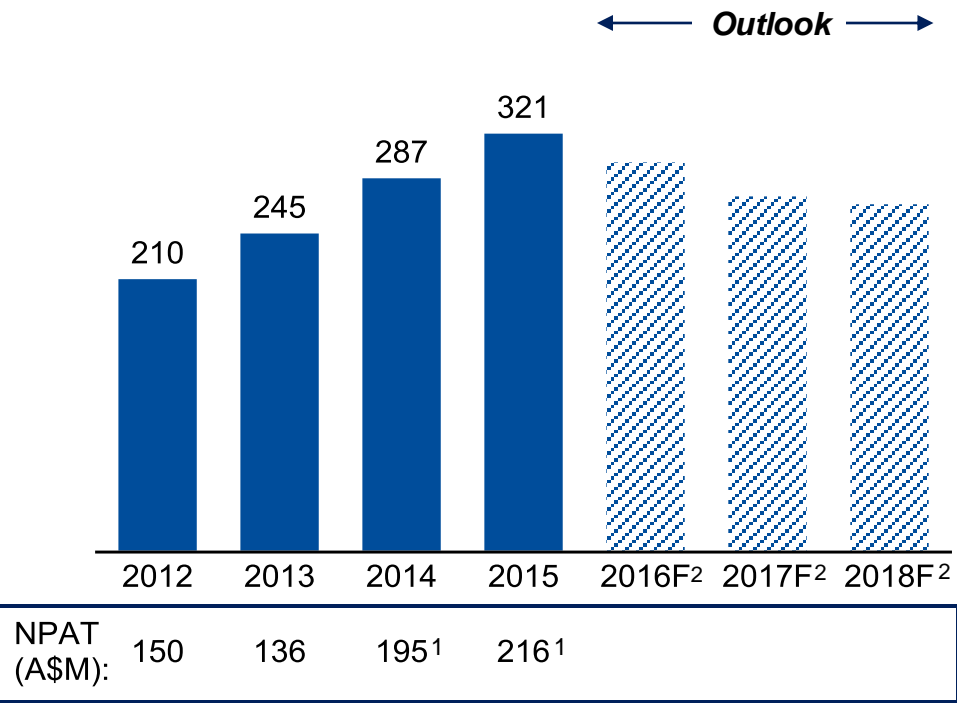
NSW CTP claims frequency per quarter



LMI NEP RELATIVELY STABLE

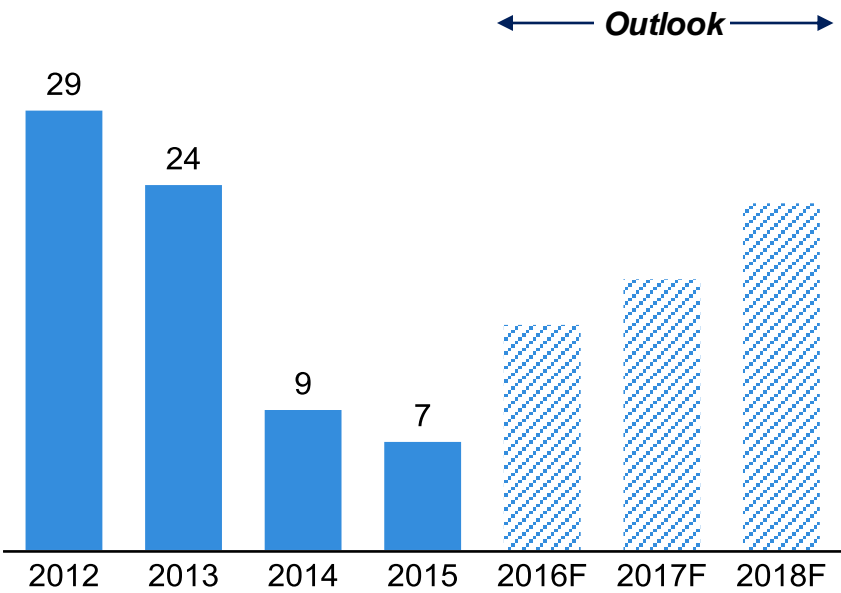
NEP RELATIVELY STABLE

LMI NEP (A\$M)



ALLOWING FOR MODERATION

Net claims ratio (%)



Note: Includes Hong Kong operations
 1. NPAT and NEP in 2014 and 2015 excludes impact of earnings pattern change
 2. Target NEP reflects new reinsurance arrangement

HOW WE WILL DELIVER ON OUR STRATEGIC PRIORITIES



UNDERWRITING EXCELLENCE

- Ensure more **disciplined underwriting** through continued process improvement



CUSTOMER AND PARTNER-LED GROWTH

- **Customer experience** program to increase retention, growth and advocacy
- Focus on key segments, **strategic planning with major broker partners**



OPERATIONAL EFFICIENCY

- Continue **implementation of Guidewire platform** and associated processes
- **Leverage the GSSC** and implement new phase of cost transformation



DATA & ANALYTICS

- Embed **data analytics capabilities** as part of global program
- Improve **customer segmentation** and redefine how we interact with customers



CLAIMS EXCELLENCE

- Continue implementing global **claims excellence** program

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QBE EMERGING MARKETS: UNIQUE FOOTPRINT IN ATTRACTIVE MARKETS

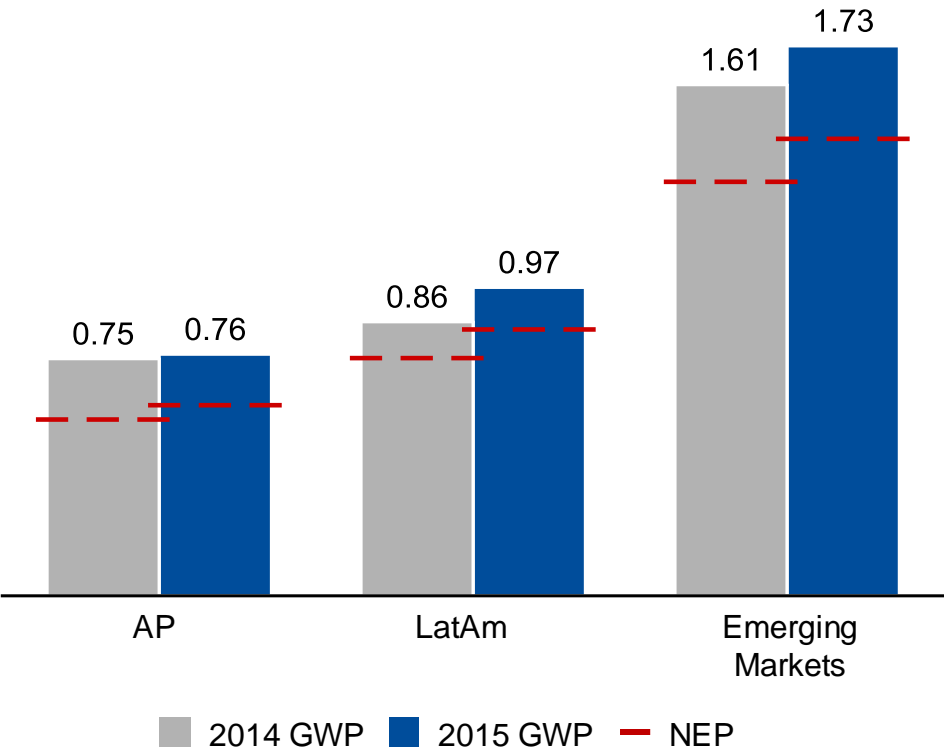
OPERATIONS IN 22 MARKETS IN AP AND LATAM WITH 3,200+ EMPLOYEES



DELIVERING ON OUR STRATEGY – IMPROVED PROFITABILITY AND CONTINUED GROWTH

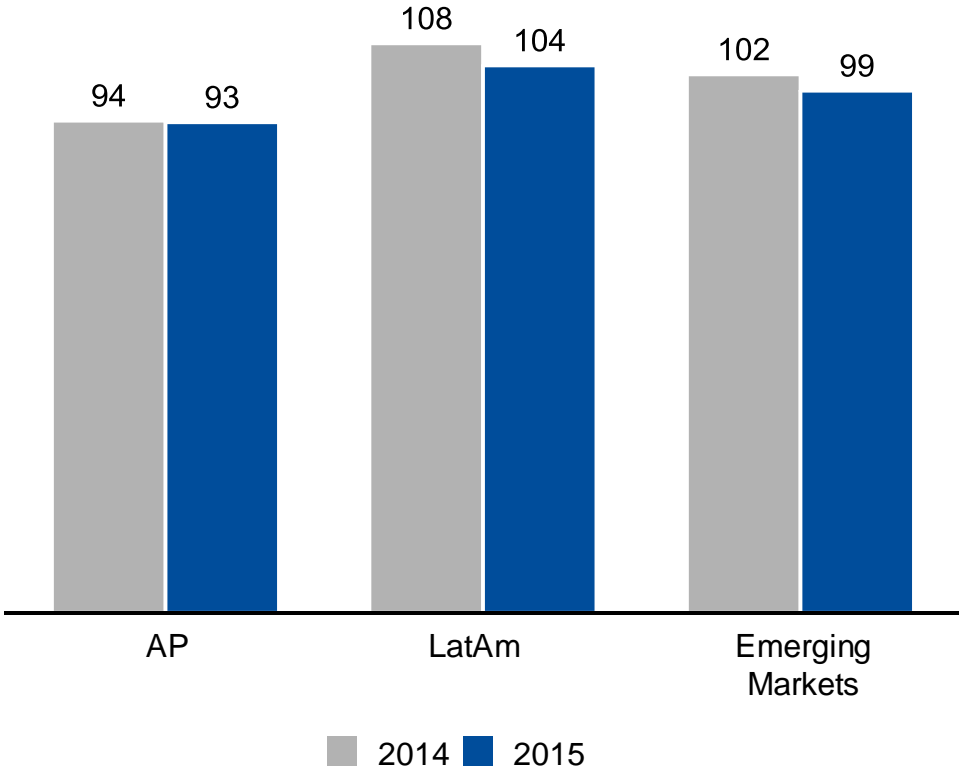
EMERGING MARKETS IS GROWING

\$B, CONSTANT CURRENCY



PROFITABILITY IMPROVING

COR (%)

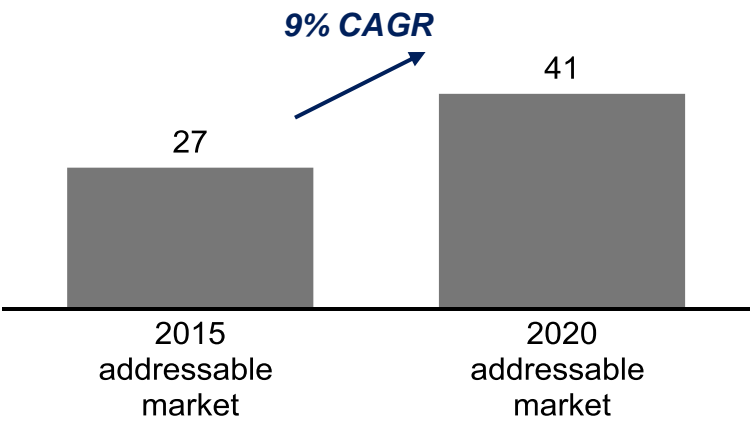


Note: LatAm GWP and COR excludes Argentine Workers Compensation

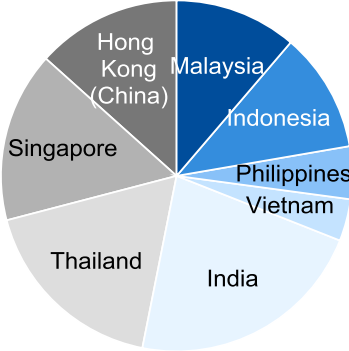
ADDRESSABLE MARKET OPPORTUNITY ~\$85B BY 2020

AP: \$41B ADDRESSABLE MARKET BY 2020

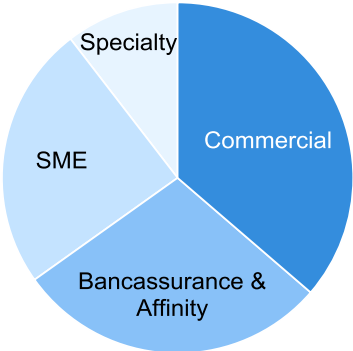
AP P&C GWP (\$B)



2020 BY MARKET

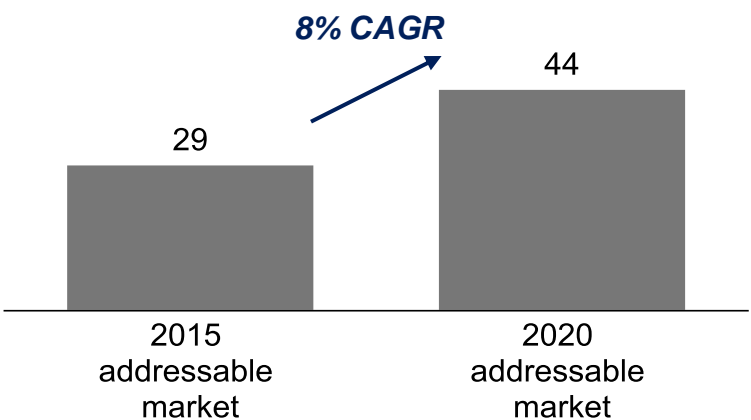


2020 BY PRODUCT

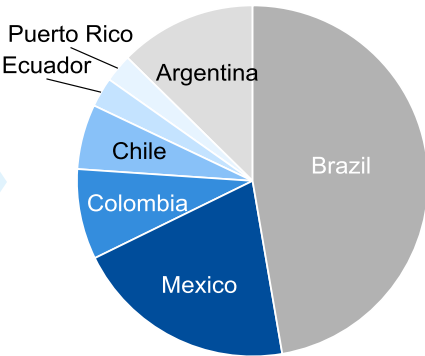


LATAM: \$44B ADDRESSABLE MARKET BY 2020

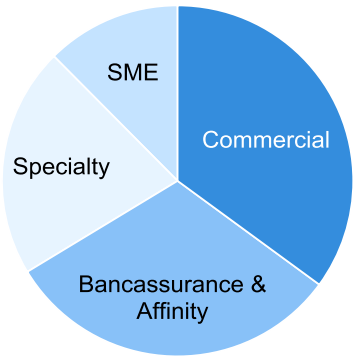
LatAm P&C GWP (\$B)



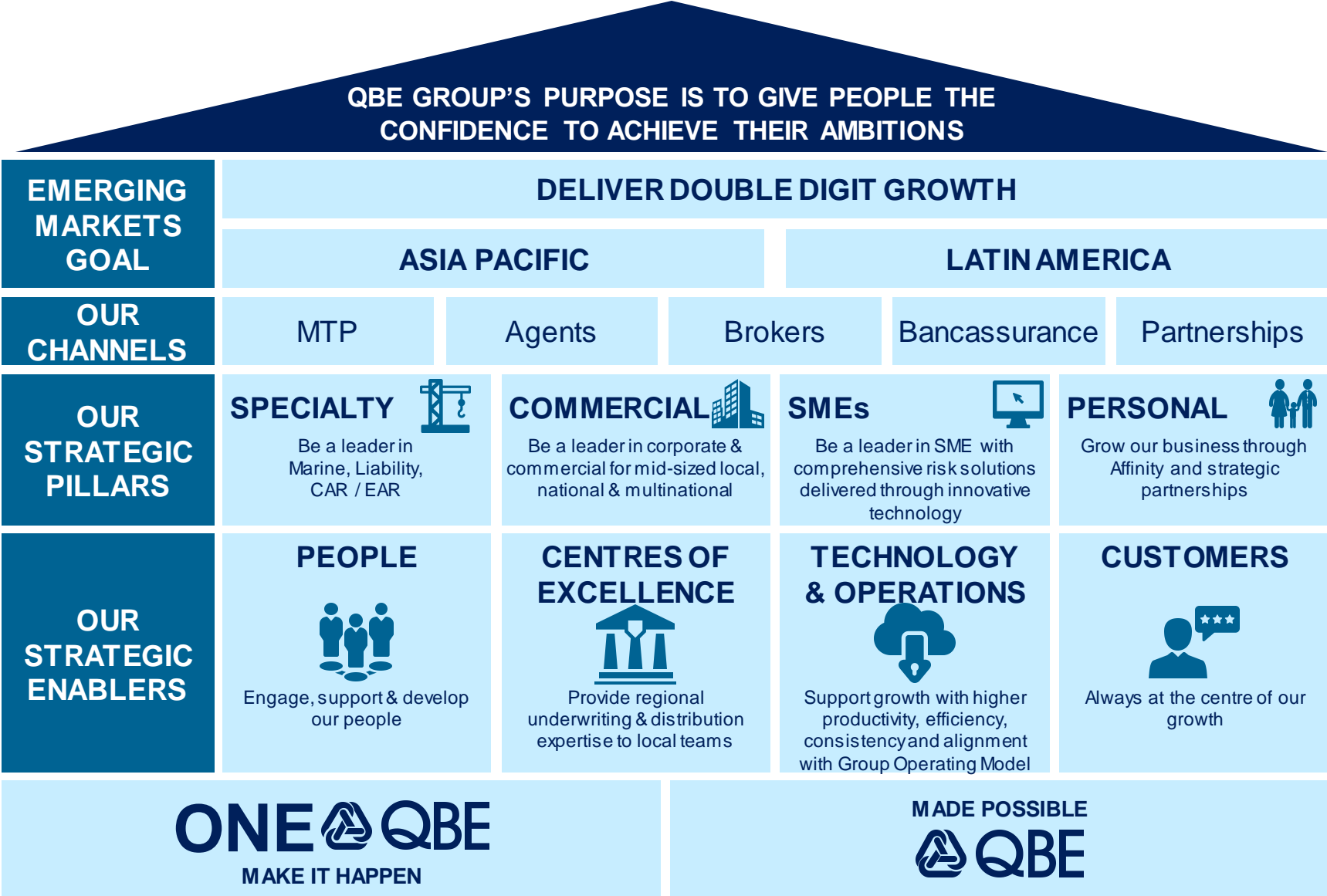
2020 BY MARKET



2020 BY PRODUCT



A CLEAR STRATEGY FOR PROFITABLE GROWTH



FOUR STRATEGIC PILLARS UNDERPIN OUR EMERGING MARKETS STRATEGY

SPECIALTY



Example: Marine P&I

Collaboration with EO providing unified specialist P&I product to region

Singapore based office supporting Asia

COMMERCIAL



Example: HK Employees Comp

Established successful model leveraging ANZO claims process

Leading EC insurer in HK market

SMEs

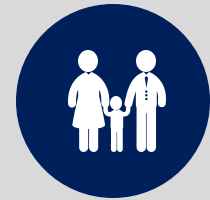


Example: Qnect

Development of technology platform to support growth of SME business

Operational in HK, Singapore and Argentina

PERSONAL



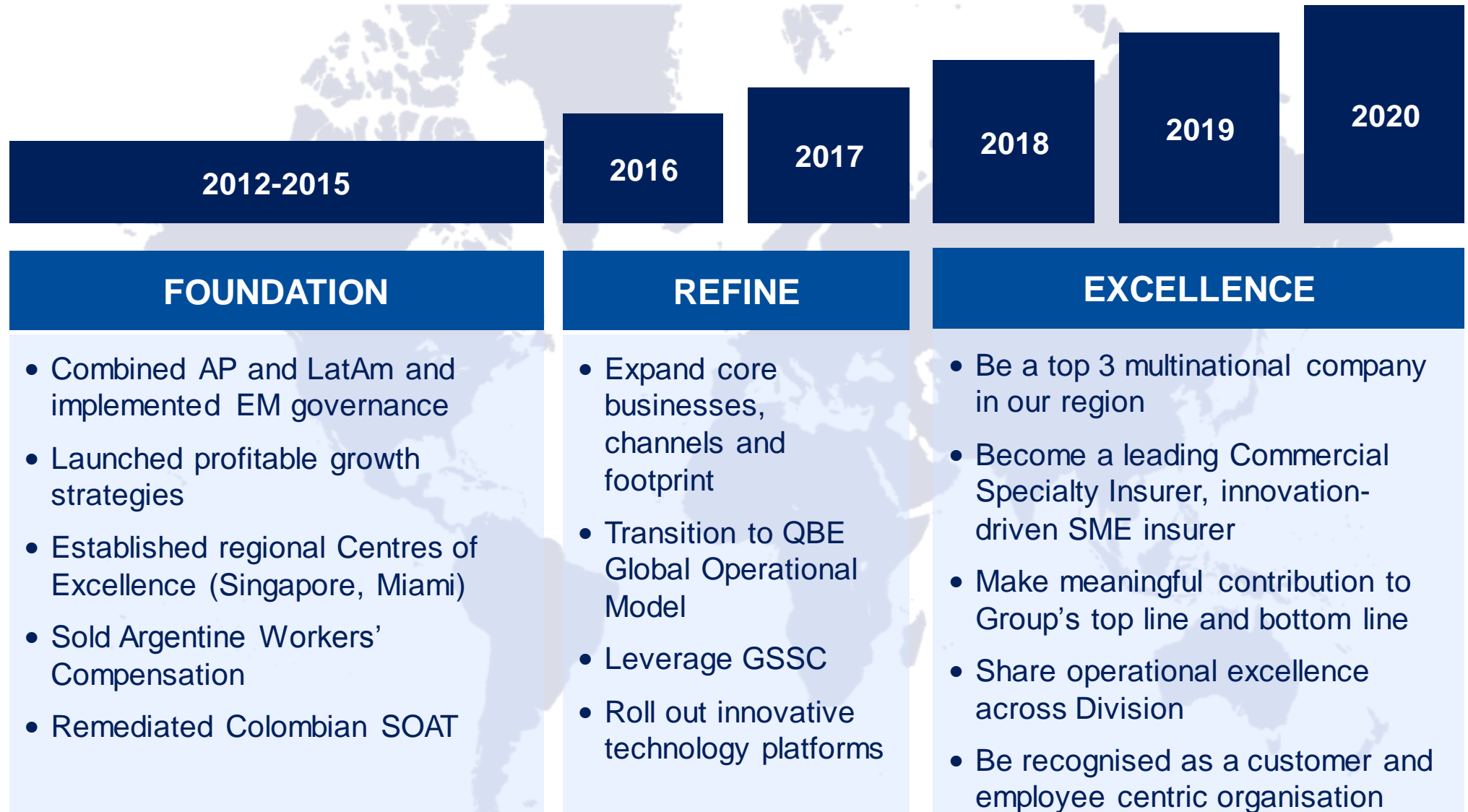
Example: HSBC bancassurance

Successful partnership with HSBC in HK and Argentina

Example: Brazil Affinity

Leading travel insurance provider in Brazil

EM IS UNDERGOING TRANSFORMATION AND ALIGNMENT ACROSS THE DIVISION AND GROUP



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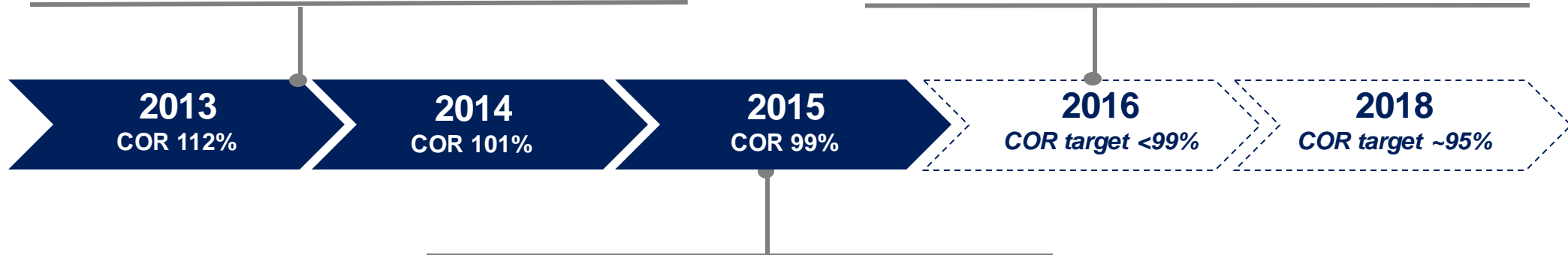
WE ARE ON A TRANSFORMATIVE JOURNEY

RADICAL CHANGE REQUIRED

- Significant talent transfusion required
- Created shared services platform
- Rationalised footprint and organisational structure

POSITIONED FOR PROFITABLE GROWTH

- A specialist insurance and reinsurance franchise
- Top industry talent that enables differentiation
- Differentiated by product, service, and distribution



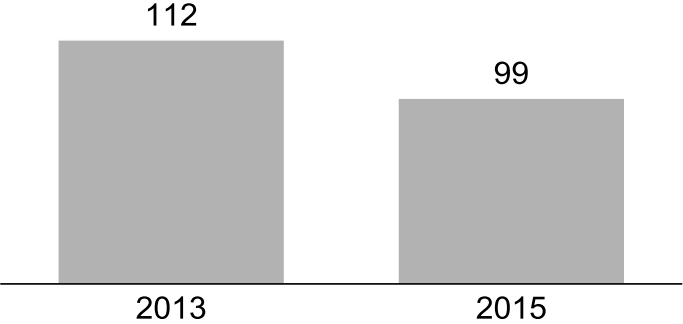
SUBSTANTIAL PROGRESS MADE

- Rationalised underperforming portfolios
- Developed Specialty organic growth capabilities
- Improved leadership and staff engagement

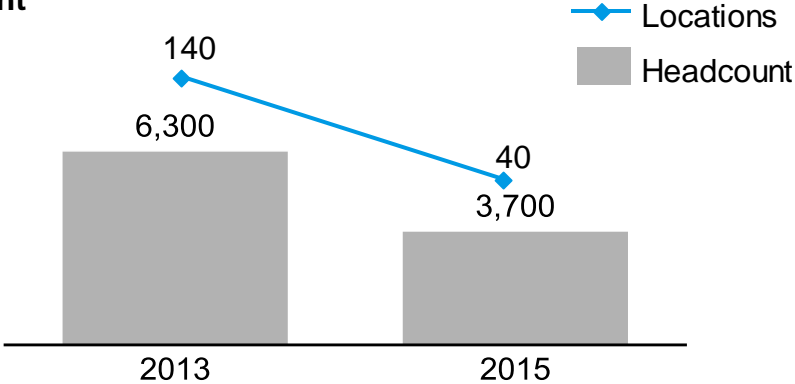
WE HAVE TURNED A CORNER IN 2015 AND ARE POSITIONED FOR PROFITABLE GROWTH

SUBSTANTIAL PROGRESS MADE

COR (%)

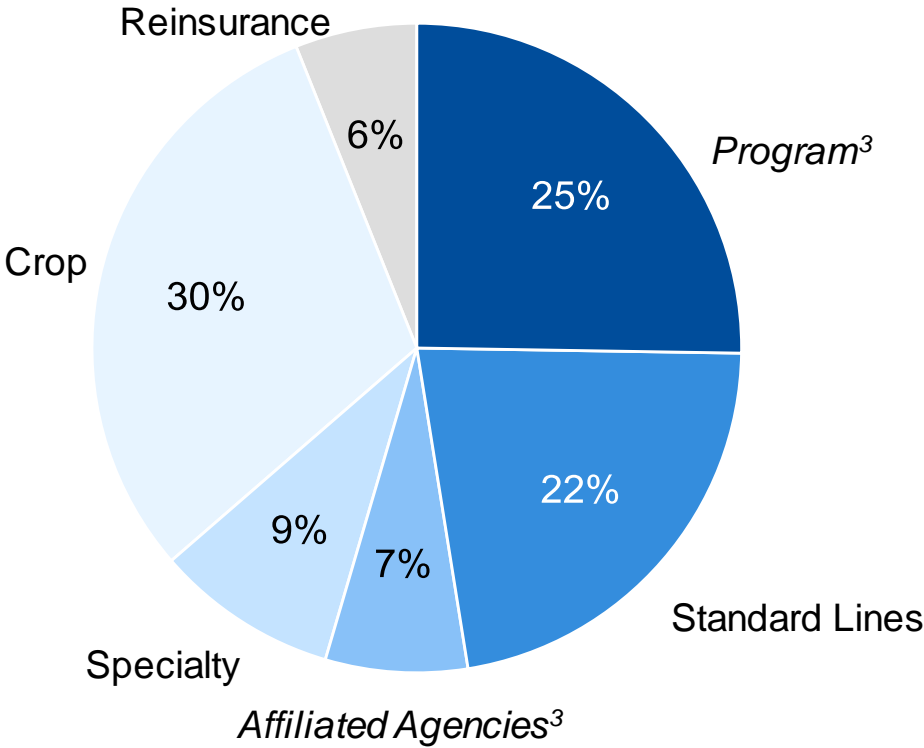


Footprint¹



POSITIONED FOR PROFITABLE GROWTH

2015 GWP: \$5.0B², 99% COR



1. All FTE counts include internal staff, GSSC staff and third party contractors. Sale of M&LS contributed to change in FTE count
2. Pie chart excludes M&LS premium (\$383M) which was divested during 2015
3. Programs and Affiliated Agencies are reported within Standard Lines. The Affiliated Agency business (formally Consumer) represents personal insurance delivered through our builder and non-builder channels

HOW WE WILL DELIVER ON OUR STRATEGIC PRIORITIES



IMPROVE UNDERWRITING EXECUTION

- Disciplined **technical underwriting** and **risk selection**
- **Data driven underwriting decisions** to manage the portfolio
- Continuous improvement in **underwriting quality** of the portfolio



STRENGTHEN CUSTOMER RELATIONSHIPS

- Institutionalise **sales excellence**
- **Effective producer management** and segmentation
- Deliver value of a **national and global franchise**



ACHIEVE OPERATIONAL EFFICIENCY

- A cost effective and **scalable service model**
- Create a comprehensive and low complexity **underwriting hub**



CLAIMS EXCELLENCE

- Execute **claims operating model** changes and transformation

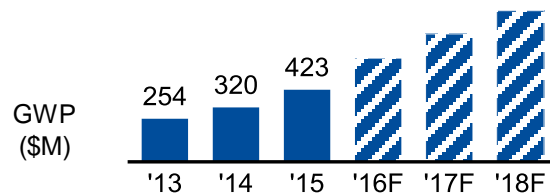


TALENT AND LEADERSHIP

- Create and sustain a culture which **fosters and develops people**
- A **performance driven** and results based environment
- Right people, right role in the right place **serving the customer**

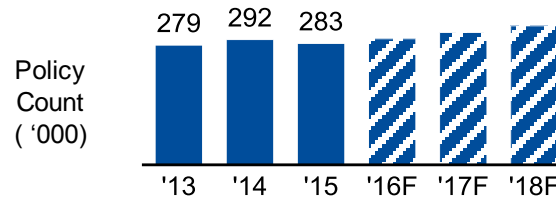
UNLOCKING FRANCHISE VALUE THROUGH OUR SPECIALIST APPROACH

SPECIALTY



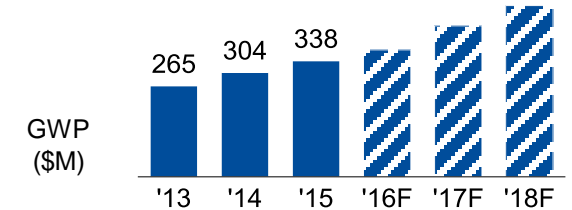
ORGANIC GROWTH CAPABILITY

CROP¹



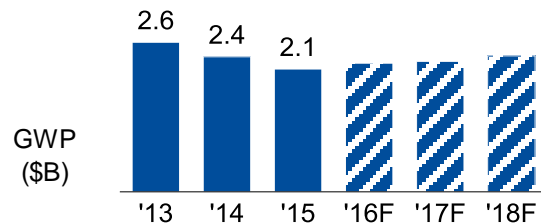
MARKET LEADER

AFFILIATED AGENCIES²



UNIQUE POINT OF SALE CAPABILITY

STANDARD LINES

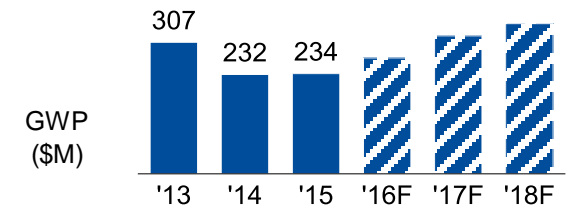


STABLE AND SPECIALIZED PLATFORM



A value proposition centered around the breadth of our **Specialty** and **Standard Lines** product offerings

REINSURANCE

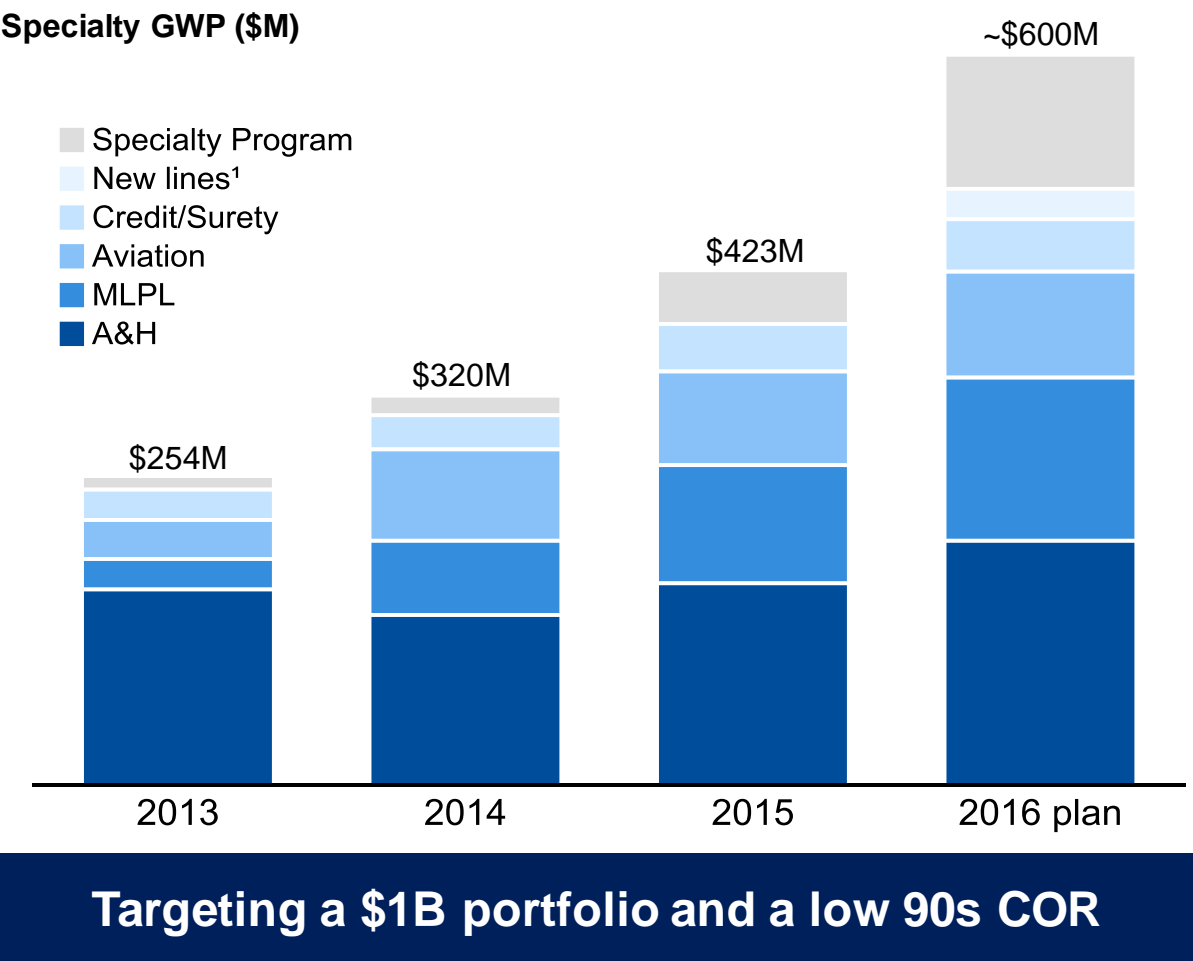


LONG-TERM SOLUTIONS TO GLOBAL CLIENTS

1. "Policy Count" refers to coverage count which reflects the number of crops planted per policy year

2. 'Reported within the Standard Lines business

BUILDING A LEADING SPECIALTY FRANCHISE IN NORTH AMERICA



Driving profitable organic growth



Established reputation as the “Specialist’s Specialist”



Culture of innovation and excellence



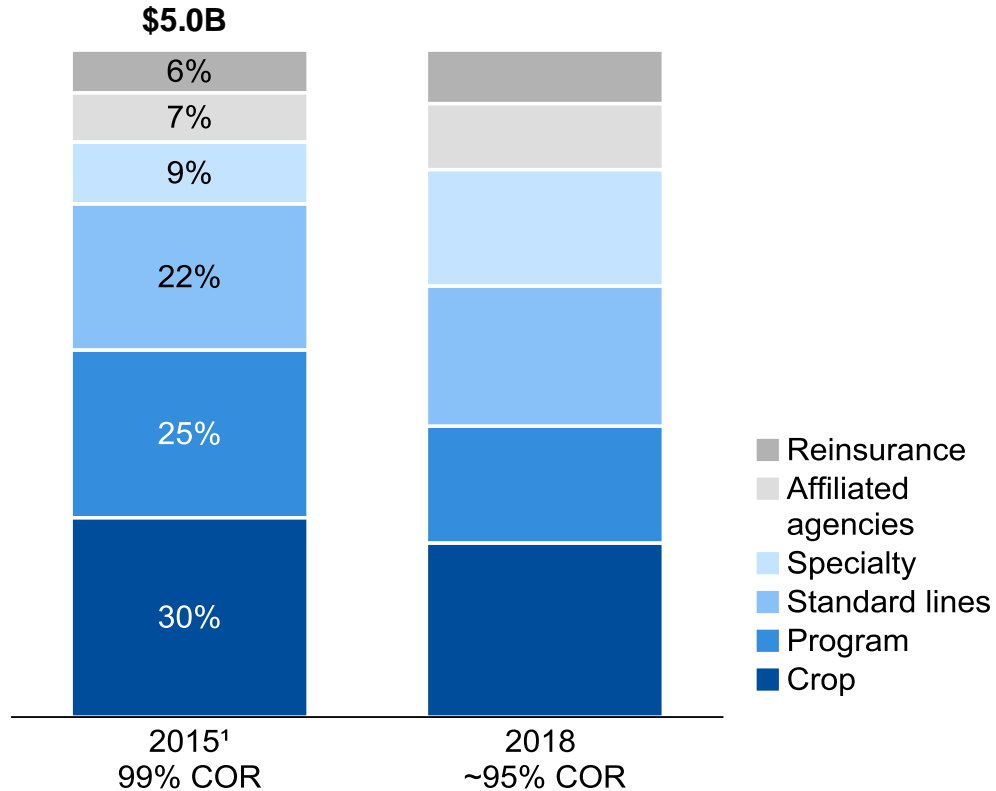
Market-leading underwriting and claims expertise

1. New lines includes Inland Marine and Healthcare

DELIVERING A SUSTAINABLE BRAND AND PROFIT

A DIFFERENTIATED SPECIALTY AND STANDARD PRODUCT OFFERING

Portfolio mix



DRIVING A SUSTAINABLE LONG-TERM COR ~95%



Perfecting
a “Go To Market” capability



GWP growth
of +3% per annum



Improving quality
and predictability of earnings



Improving expense
ratio by up to 4 points



Retaining, attracting
and developing top talent

1. Excludes \$383MM&LS premium

INVESTOR DAY: AGENDA

ARRIVAL AND COFFEE

GROUP STRATEGY AND OUTLOOK | John Neal – Group CEO

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LUNCH

GROUP OPERATIONS HAS BEEN DEVELOPED TO ENABLE QBE TO BEST LEVERAGE GLOBAL SCALE

OPERATIONAL EFFICIENCY



Established GSSC, simplified organisation, setup global procurement team. Further efficiencies to be realised

\$300M expense savings 2016-18¹

DATA & ANALYTICS



Building a leading capability to drive measurable performance impacts and create a culture of data-driven decision making

>150 FTE

CLAIMS EXCELLENCE



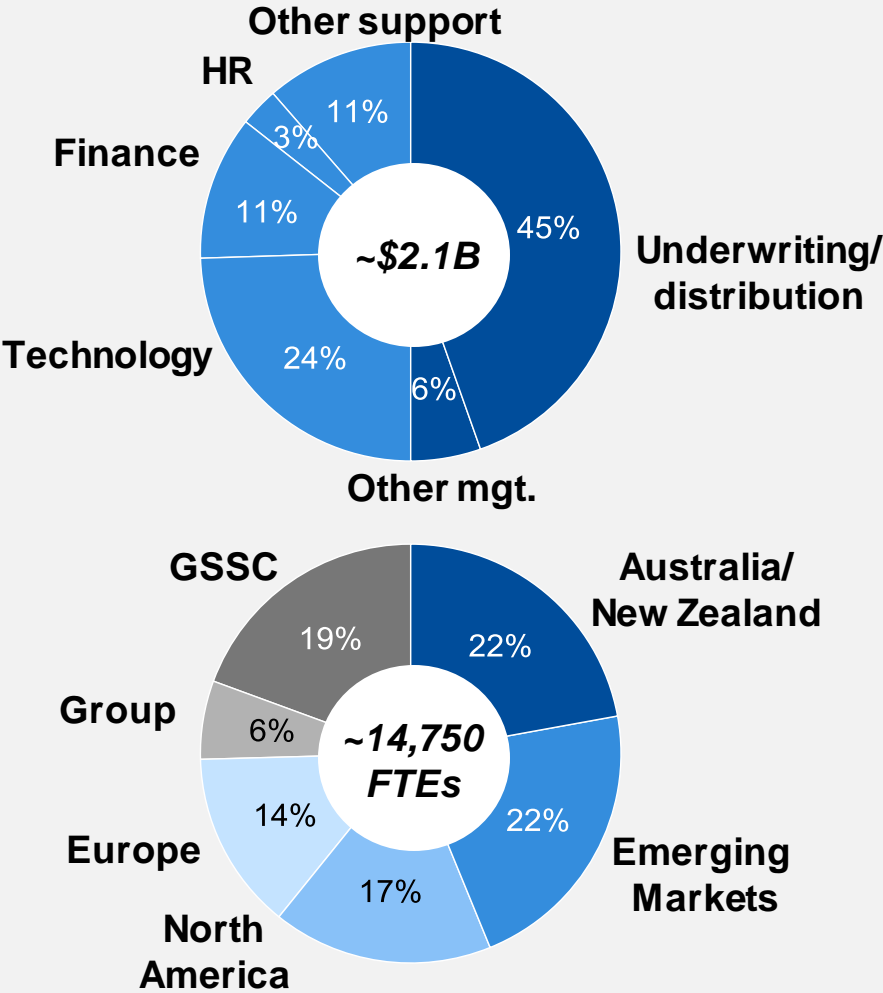
Unifying claims operations across regions to leverage best-in-class capabilities and create shared standards

>\$200M p.a. claims benefit

1. Represents total cost savings targeted between 2016-2018 and equates to a ~2% reduction in expense ratio. The net level of reduction in year-on-year costs will be impacted by underlying inflation, business growth and reinvestment initiatives

WE'VE TAKEN A NUMBER OF ACTIONS TO REDUCE COSTS OVER THE LAST THREE YEARS

2015 COST BASE AND FTE BASE



KEY ACTIONS 2012-15

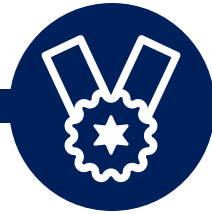
- Established **GROUP SHARED SERVICES CENTRE ('GSSC')** in the Philippines
- Delivered **GROUP PROCUREMENT SAVINGS** programme
- Consolidated **TECHNOLOGY** infrastructure and increased outsourcing

LOOKING FORWARD: SIGNIFICANT OPPORTUNITIES FOR FURTHER COST REDUCTION, LEVERAGING GLOBAL SCALE



SHARED SERVICES & AUTOMATION

- **Efficient use** of service centres, especially NA and EO
- **Automate operations** processes (straight through processing) to improve service and reduce costs
- Migrate more complex, back-office functions to **GSSC** in the Philippines



FUNCTIONAL EXCELLENCE

- Create **global org** in IT, HR and Finance with centres of excellence
- Eliminate **duplication**
- Ongoing improvement in **customer service**



PROCUREMENT

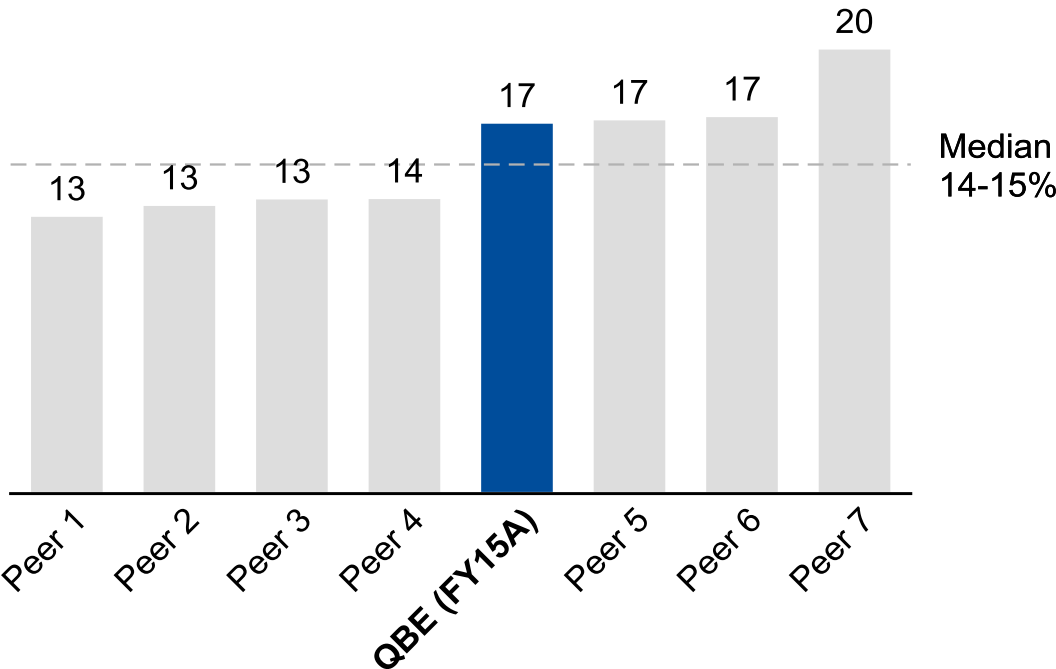
- Deliver the next wave of benefits from our Group-wide **strategic sourcing** and procurement capability
- Continue driving **supplier consolidation** and enhancing information systems

WE WILL BECOME A MORE COMPETITIVE BUSINESS

OPERATIONAL EFFICIENCY

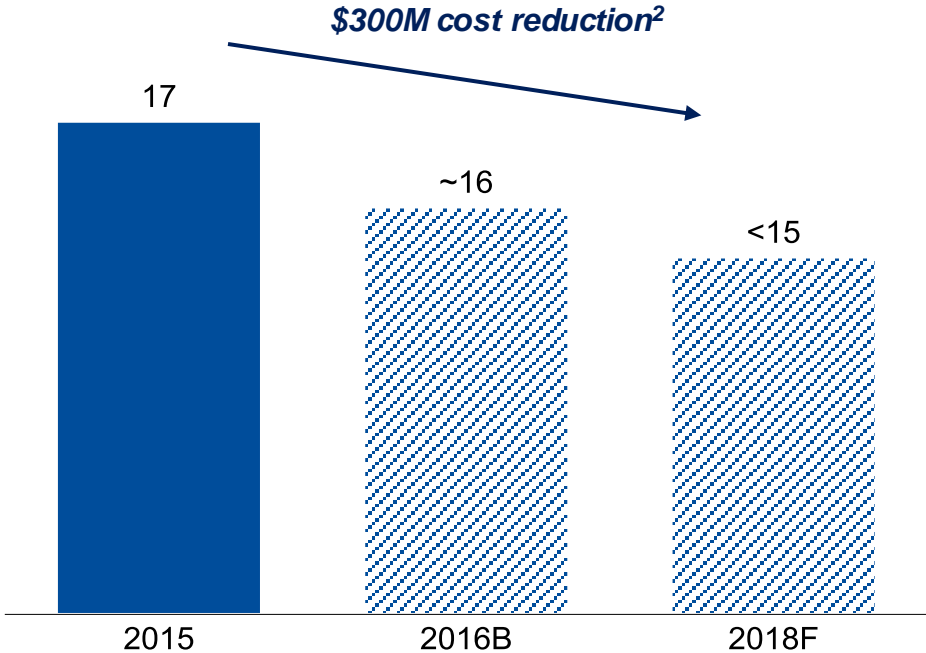
OUR EXPENSES ARE HIGHER THAN MANY OF OUR PEERS

General operating expense as % of NEP (excl. commissions)



ONGOING SAVINGS PROGRAM TARGETING \$300M IN SAVINGS

Expense ratio (%)



1. Excludes commission expense; Median excludes QBE; General operating expense as a % of Net Earned Premium; Peer benchmarks are for latest FY reporting period (typically FY15)
2. Represents total cost savings targeted between 2016-2018 and equates to a ~2% reduction in expense ratio. The net level of reduction in year-on-year costs will be impacted by underlying inflation, business growth and reinvestment initiatives.

Source: Annual Reports, Results Presentations, Form 10-K, Capital IQ

DATA & ANALYTICS VISION AND STRATEGY

DATA & ANALYTICS

ENABLE BUSINESS GROWTH AND OPERATIONAL EXCELLENCE THROUGH INSIGHT-BASED DECISIONS

VISION & GOALS

**BUILD A LEADING
DATA & ANALYTICS
CAPABILITY GLOBALLY**



**DRIVE MEASURABLE
PERFORMANCE IMPACT
THROUGH BUSINESS
PARTNERSHIP**



**CREATE A CULTURE OF
DATA DRIVEN
ANALYTICAL DECISION
MAKING & INNOVATION**



CORE AREAS

ANALYTIC INSIGHTS AND DECISION
MANAGEMENT LEVERAGING
INTERNAL / EXTERNAL DATA

AUTOMATED CONSISTENT
REPORTING AND PERFORMANCE
MEASUREMENT

DATA STRATEGY, STEWARDSHIP,
AND GOVERNANCE

KEY OUTCOMES

PROFITABLE
GROWTH

CUSTOMER / CLIENT
IMPACT

OPERATIONAL
EFFICIENCY

EMPLOYEE IMPACT

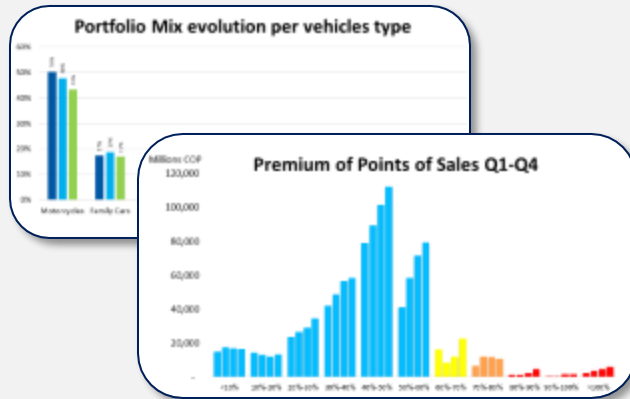
REGULATORY AND
COMPLIANCE

EXAMPLES: DATA & ANALYTICS SOLUTIONS

DATA & ANALYTICS

DISTRIBUTION EXCELLENCE: OPTIMISING NETWORK

EM



AIM:

Identify patterns and characteristics associated with fraudulent behaviour

INSIGHT:

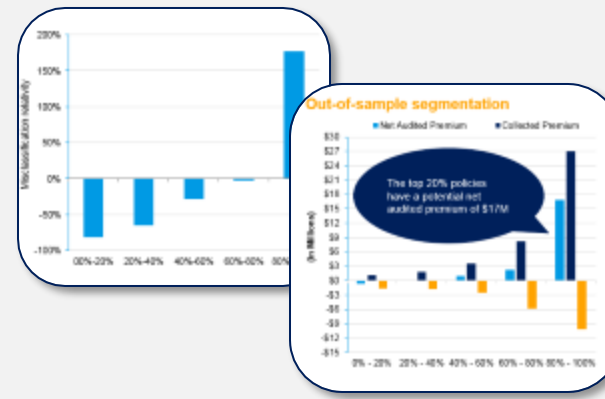
Fraudulent claims more likely to come from areas outside the immediate point of sale

ACTION:

Closure of 1300+ points of sale¹ and close monitoring of a further 300+

UNDERWRITING EXCELLENCE: IDENTIFYING PREMIUM LEAKAGE

NA



AIM:

Increase premium collections through predictive analytics

INSIGHT:

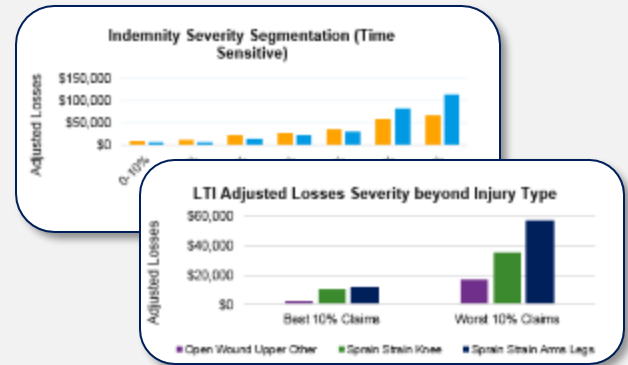
20% of policies drive 83% of leakage
Innovative data mining identified 15% of leakage due to class code misclassification

ACTION:

Implemented proactive auditing of at-risk policies, reducing leakage by up to 16%

OPERATIONAL EFFECTIVENESS: INTELLIGENT CLAIM TRIAGE

NA



AIM:

Improve claim outcomes through model-driven claim assignment and investigation

INSIGHTS:

Top 10% of claims have 7x higher severity
Model uses advanced text mining, geo/distance and external predictors (beyond traditional injury type approach)

ACTION:

Changes to triage process projected to result in 1% claim costs reduction

1. Total closed to date, including those closed as part of Data & Analytics work

LEVERAGING GLOBAL CLAIMS CAPABILITY

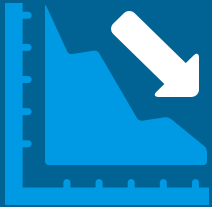
CLAIMS EXCELLENCE

LEVERAGING GLOBAL CLAIMS CAPABILITY AND UTILISING THE BEST OF QBE'S EXPERTISE ACROSS LINES OF BUSINESS

Enabling business drivers:

1

CLAIMS COST REDUCTION



Improved loss ratio

2

SCALABILITY



Flat expense ratio

3

GOVERNANCE & CONTROL



Improved performance management

4

CUSTOMER EXPERIENCE



Improved NPS and retention

EIGHT OPPORTUNITY THEMES AND THREE ENABLERS ARE BEING ADDRESSED AS PART OF THE PROGRAMME

CLAIMS EXCELLENCE

CLAIMS INDEMNITY

- 1 Fraud
- 2 Recoveries
- 3 Supply chain optimisation
- 4 Litigation management
- 5 Legacy/run off management

CLAIMS OPERATIONS

- 6 Improved segmentation and work allocation
- 7 Third party administrator (TPA) management
- 8 Claims workforce, process triaging and performance management

ENABLERS

- A Governance and control
- B Technology and information
- C Data and analytics

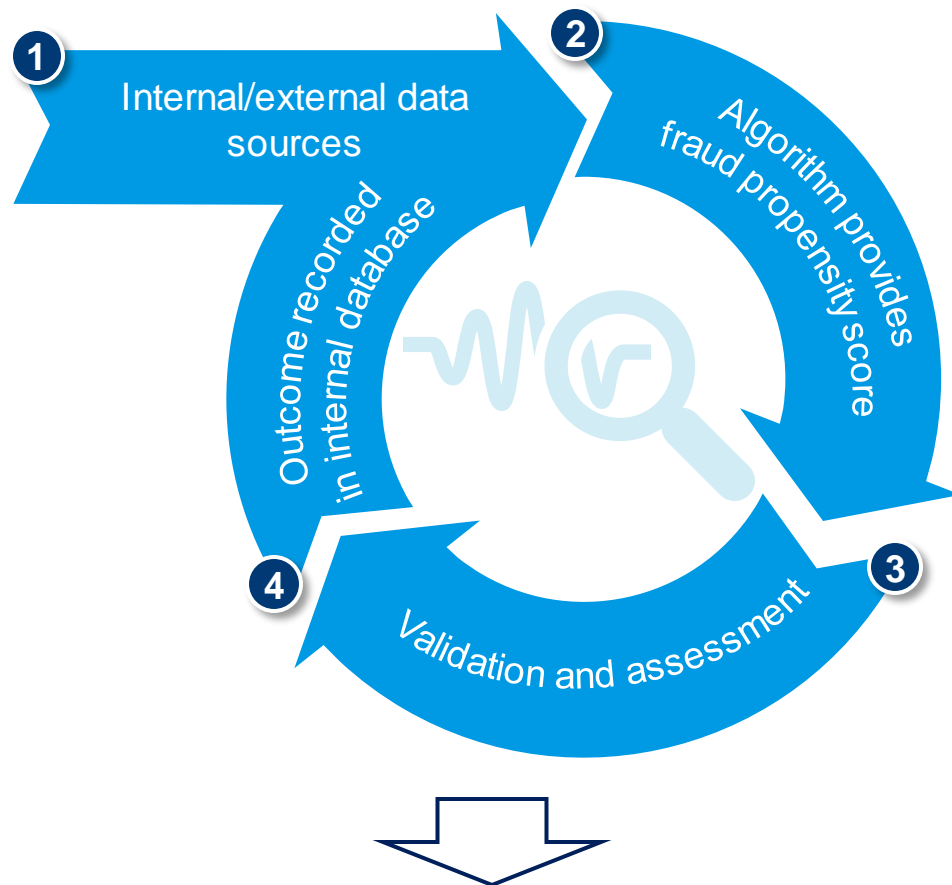


DELIVERED ~\$100M GROSS CLAIMS SAVINGS IN 2015, WITH FURTHER SAVINGS FORECAST FOR 2016

WE ARE USING STATE-OF-THE-ART DATA ANALYTICS TO OPTIMISE FRAUDULENT CLAIM IDENTIFICATION

CLAIMS EXCELLENCE

PREDICTIVE SCORING ALGORITHM



New algorithm released every 3-5 weeks

EXAMPLES

LOW SPEED IMPACTS

Insignificant impacts unlikely to cause injury. Existing fraud detection system used to pick up on trigger words

CLAIMS FARMING

Cold calling agencies encourage pursuit of injury claims close to limitation periods. Often indicated by incomplete data fields in forms

STAGED INCIDENTS

Claims contrived by false representation of facts. External databases used to identify fraudulent claimant characteristics





IMPLEMENTING ACROSS ALL REGIONS IN 2016-2018, DELIVERING >\$200M P.A. CLAIMS SAVINGS

CLAIMS EXCELLENCE

GLOBAL



- **Global team:** sharing best-practices and improving consistency
- **Global centres of excellence:** leveraging specialist capabilities across regions

		<u>2015 claims expense</u>	<u>2015 total reserves⁽²⁾</u>	PRIORITY OPPORTUNITIES
REGIONAL	 NORTH AMERICA	\$2.3B	\$2.3B	TPA management, fraud, litigation management
	 EUROPE	\$1.8B	\$5.6B	Legacy / run-off management, RI recoveries
	 AUSTRALIA AND NEW ZEALAND	\$2.1B	\$2.8B	Motor, fraud, TPA management
	 EMERGING MARKETS	\$0.8B ⁽¹⁾	\$0.7B	Fraud, supplier management

1. Excluding Argentine Workers' Compensation

2. Claims reserves reported as per Net Discounted Central Estimate, total reserves of \$14B including \$2.7B of Equator Re reserves

INVESTOR DAY: AGENDA

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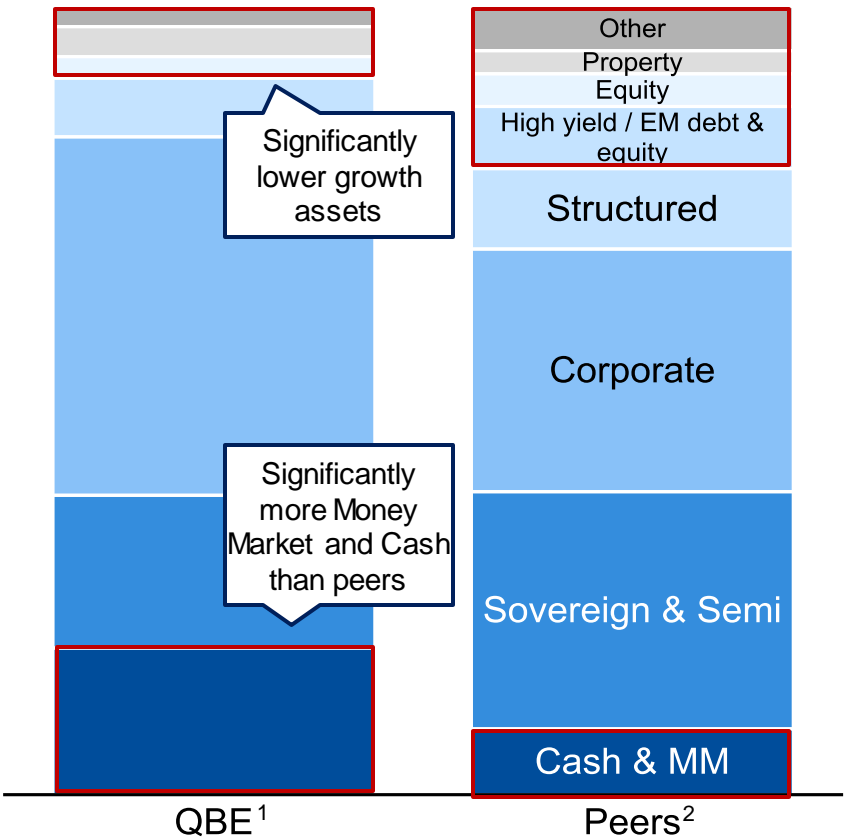
INVESTOR THESIS AND FINANCIAL TARGETS | Pat Regan – Group CFO

WRAP UP AND Q&A | John Neal / Executive Team

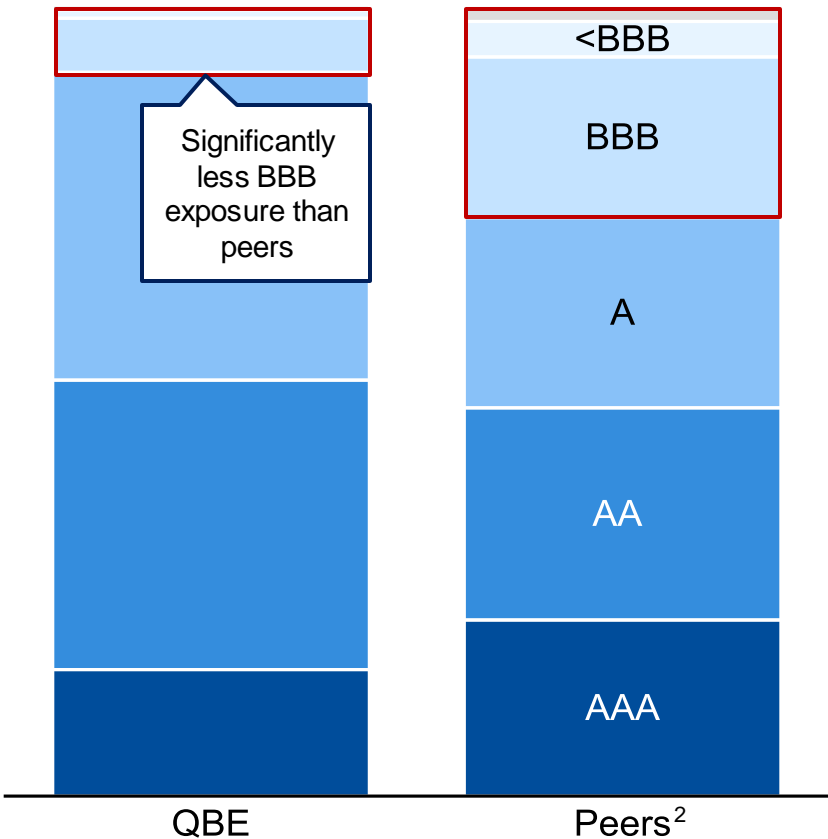
LUNCH

OUR INVESTMENT PORTFOLIO RELATIVE TO PEERS

QBE MORE WEIGHTED TOWARDS LOWER RISK INVESTMENTS



SUPERIOR CREDIT QUALITY EXPOSURE



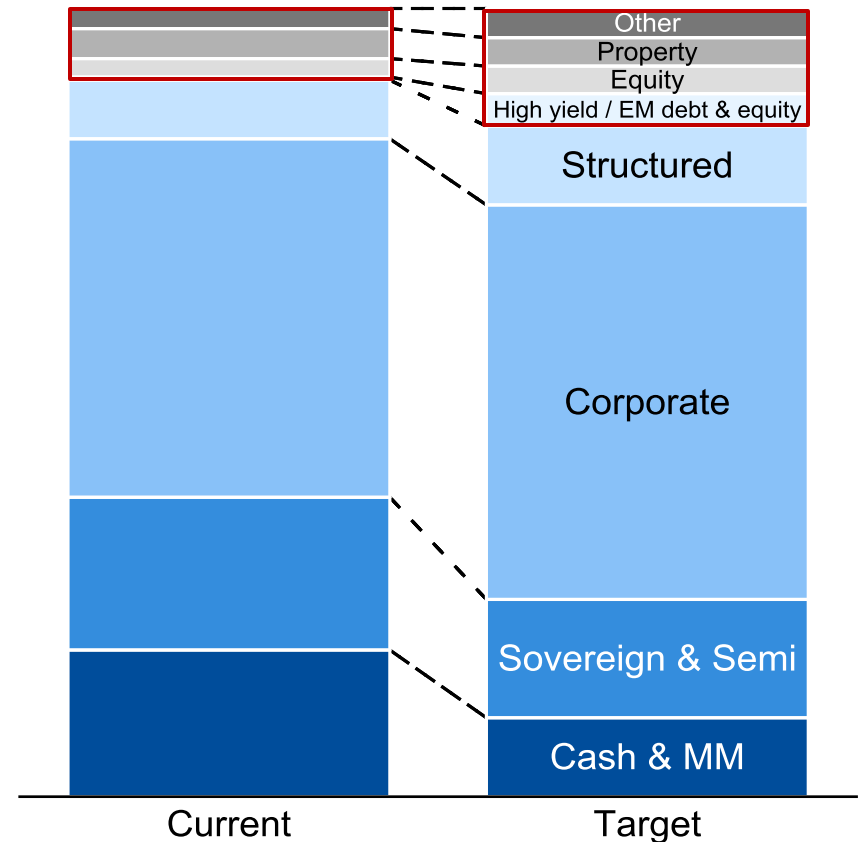
1. QBE numbers as at 31 March; total direct (0.4%) and indirect (0.4%) exposure to Energy-related securities is 0.8% of the investment portfolio
2. Our 'Peers' are made up of ACE, AIG, Allianz, Allstate, Aviva, AXA, Chubb, Generali, Hartford, Lloyds, RLI, RSA, Travelers, Zurich

INVESTMENT STRATEGY OVERVIEW

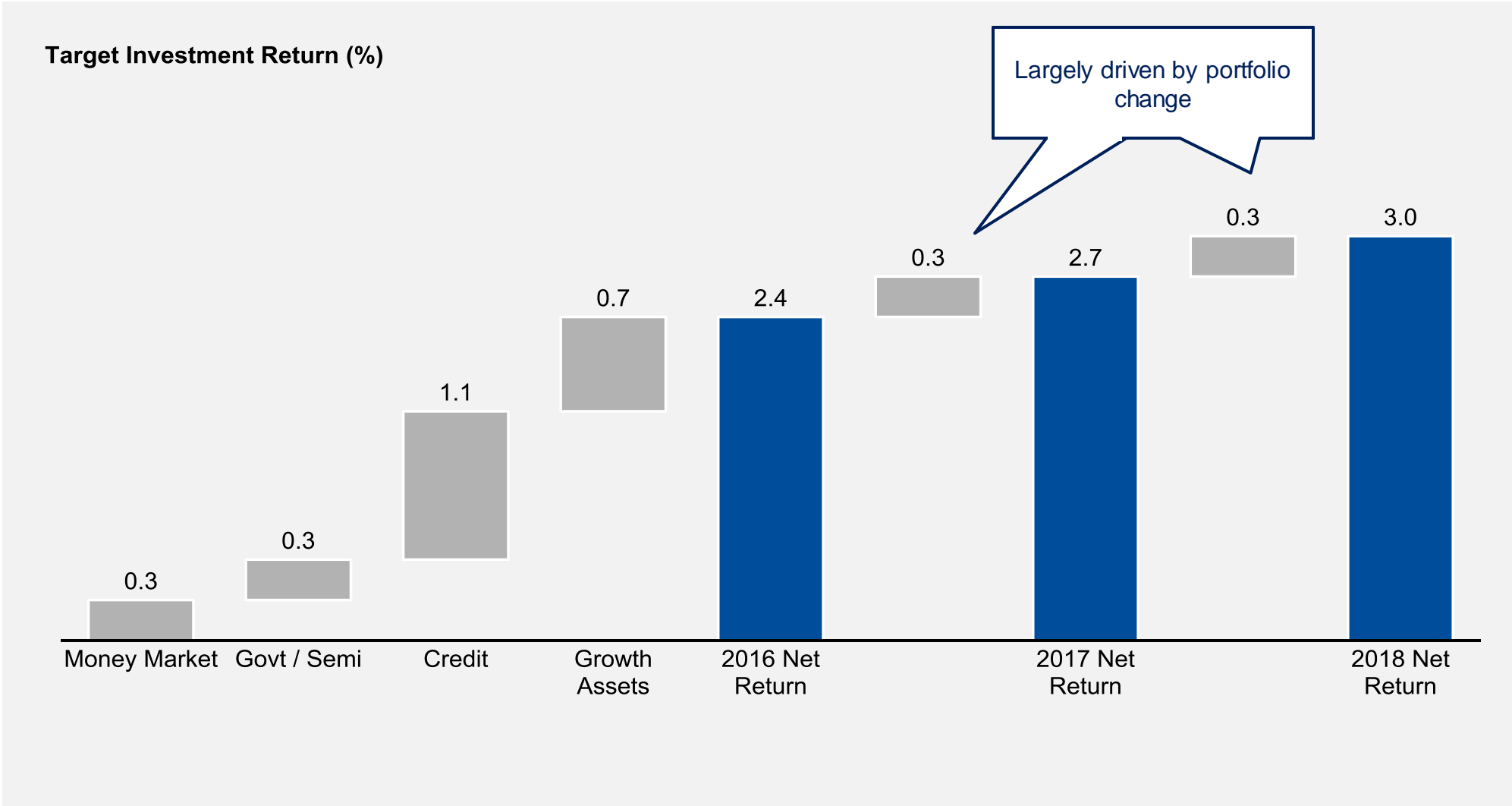
INVESTMENT STRATEGY

- QBE has strategic appetite for up to **15% in Growth Assets**
 - Market environment and volatility suggest merit in 10% allocation in 2016
- Deploy **more cash into credit** while remaining conservative
- **Increase asset duration** to 2.25 years by 2018

DEPLOY MORE CASH AND MONEY MARKET SECURITIES TO CREDIT



WE ARE TARGETING A 3% INVESTMENT RETURN BY 2018



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LUNCH

INVESTOR THESIS

FRANCHISE STRENGTH



- Attractive market positions
- Deep distribution and customer relationships
- Retention
- Organic growth

PERFORMANCE IMPROVEMENT



- Underwriting excellence
- Operational efficiency
- Claims transformation
- Optimising reinsurance
- Data and analytics
- Investment returns

GROWING DIVIDENDS



- Established cash remittance framework
- Significant free cash flow
- Potential for strong dividend growth

WELL CAPITALISED



- S&P 'A+' rated or better
- Resilient to downside scenarios

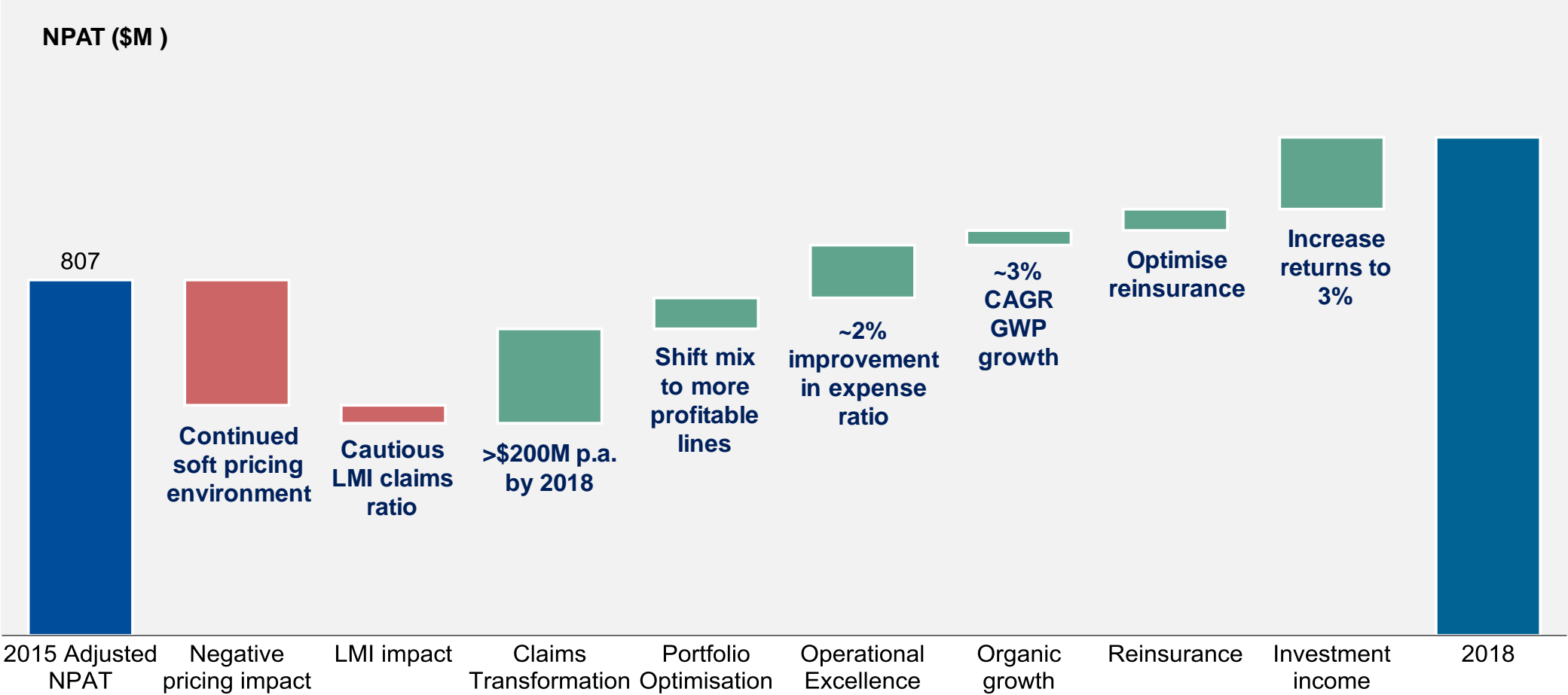
EXECUTING TO CLEAR FINANCIAL TARGETS

PERFORMANCE IMPROVEMENT OPPORTUNITY

PERFORMANCE
IMPROVEMENT

ILLUSTRATIVE

TARGETING >10% PROFIT CAGR



Note: Analysis excludes any potential impact of change in discount rates over the period

REINSURANCE: TARGETING \$300-400M REDUCTION IN COST WITH ~\$50-\$100M IMPROVEMENT IN UNDERWRITING PROFIT

PERFORMANCE IMPROVEMENT

REINSURANCE OPPORTUNITY

TREATY	ADRESSABLE OPPORTUNITY
CAT, risk & aggregate	\$770M
Crop	\$325M
Divisional covers	\$455M
Facultative	\$110M
Total	\$1.7BN

KEY AREAS FOR SAVINGS



RATE REDUCTION

Benefit from **lower pricing** available in market as we complete our current multi year deals



CONSOLIDATION

Optimise **existing covers** through reduction / elimination of divisional covers



RISK OPTIMISATION

Tactical opportunities to increase retention without material impact on earnings volatility



\$300-400M reduction in cost

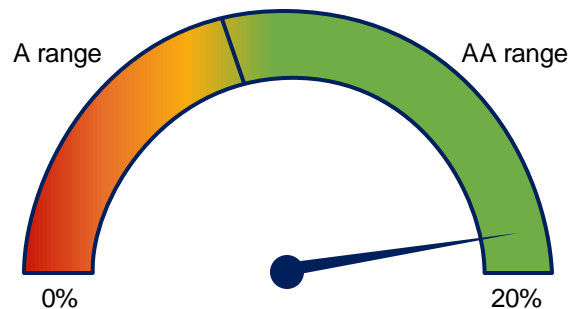
STRONG CAPITAL POSITION

WELL CAPITALISED

KEY INDICATORS

	2013	2014	2015
<i>Borrowings (\$B)</i>	4.6	3.6	3.5
<i>Goodwill & Intangibles (\$B)</i>	4.5	3.8	3.6
<i>PCA multiple¹</i>	1.59x	1.67x	1.72x

S&P CAPITAL²



1. Benchmark range 1.6x to 1.8x
2. Dial shows surplus above 'A' capital

S&P CAPITAL – DETAILED VIEW

Surplus above 'A' capital (US\$)

~\$0B

~\$1B

~\$2B

Capital (US\$B)

Net
Required
Capital
(NRC)

Total
Adjusted
Capital
(TAC)

2013

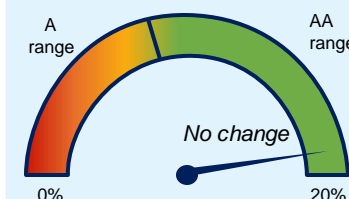
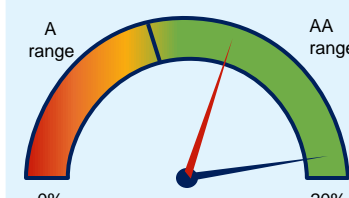
2014

2015

CAPITAL RESILIENCE (SENSITIVITIES)

WELL CAPITALISED

ILLUSTRATIVE

SENSITIVITY	1 in 20 SCENARIO	NPAT IMPACT	CAPITAL IMPACT ³
1 Catastrophe	<ul style="list-style-type: none"> Disaster equivalent to modelled Category 5 hurricane in Florida¹ 	~\$50M	
2 Investment stress	<ul style="list-style-type: none"> Cumulative impact of: <ul style="list-style-type: none"> Equities: -20% Rates: +100bps Credit spreads: +50bps Unlisted property trust: -10% 	~\$450M	
3 Mortgage insurance stress	<ul style="list-style-type: none"> Unemployment rate 12% Housing prices down 20% 	~\$100M p.a. for 3 years ²	






1. Industry losses of ~\$40B

2. Reflects losses on mortgage insurance offered by our Australian LMI business. Excludes impact of mark-to-market on investment assets

3. Dial shows surplus above 'A' capital

OUR REMITTANCE FRAMEWORK TARGETS STRONG CASH FLOWS TO THE GROUP

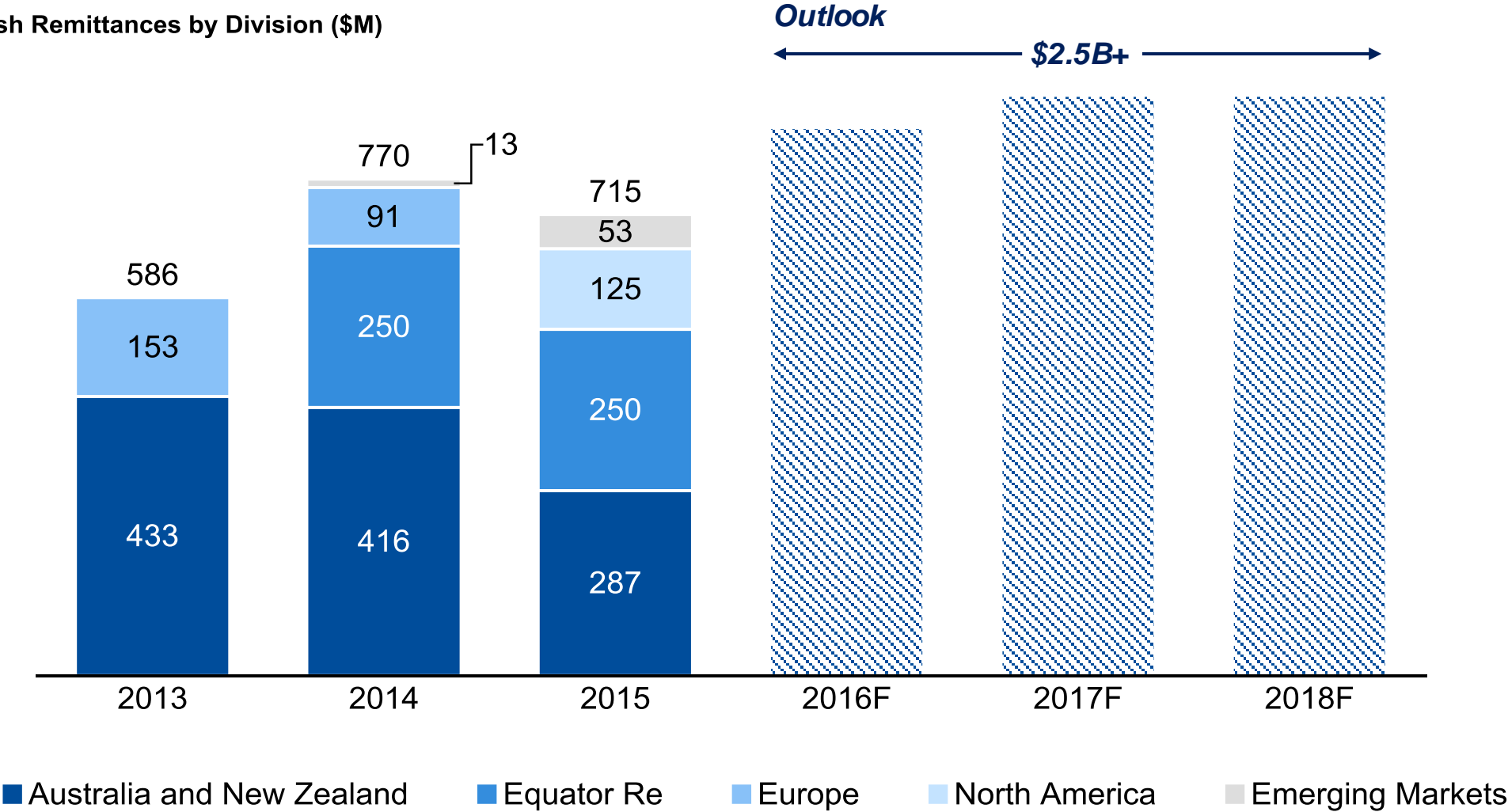
GROWING DIVIDENDS

 AUSTRALIA AND NEW ZEALAND	NPAT X 70-80% <i>less</i> Group Corporate Costs	+
 NORTH AMERICA	NPAT X 70-80%	+
 EUROPE	NPAT X 70-80% <i>less</i> Europe interest costs	+
 EQUATOR	NPAT X 90-100%	+
 EMERGING MARKETS	NPAT X 50%	-
GROUP INTEREST COSTS		

POSITIVE REMITTANCE OUTLOOK

GROWING DIVIDENDS

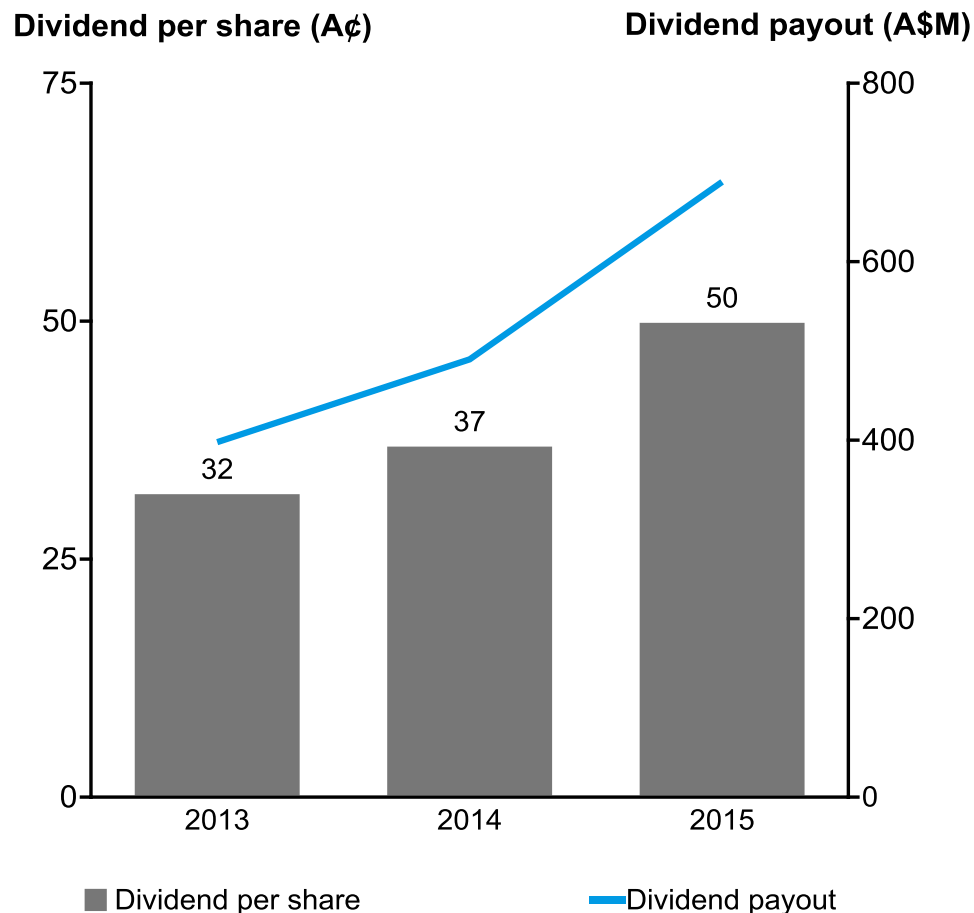
Cash Remittances by Division (\$M)



DIVIDENDS: INCREASING SHAREHOLDER PAYOUT

GROWING DIVIDENDS

STRONG DIVIDEND GROWTH 2013-15, WHICH WE AIM TO CONTINUE



DIVIDEND OUTLOOK

KEY DRIVERS

- Targeting >10% profit CAGR
- Strong internal cash flow
- Strong capital position

OUTLOOK

- Dividend payout increased to up to 65%
- Targeting dividend growth greater than profit growth

CLEAR FINANCIAL TARGETS

FRANCHISE STRENGTH

- GWP growth of **~3% per annum** across the cycle

PERFORMANCE IMPROVEMENT

- Operating expense savings of **\$300M**
- Improvement in COR to **~93%**
- Long-term return on tangible equity **13-15%**¹

GROWING CASH FLOWS

- Cumulative cash remittance **>\$2.5B** over 2016-18
- Payout ratio of up to **65%**

WELL CAPITALISED

- S&P **'A+' rating** or better

1. Equates to ROE of ~10%

INVESTOR THESIS

FRANCHISE STRENGTH



- Attractive market positions
- Deep distribution and customer relationships
- Retention
- Organic growth

PERFORMANCE IMPROVEMENT



- Underwriting excellence
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- Significant free cash flow
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EXECUTING TO CLEAR FINANCIAL TARGETS

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DISCLAIMER

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 in excess of our budgeted allowance ; no significant fall in equity markets, investment returns and/or 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.

Appendix

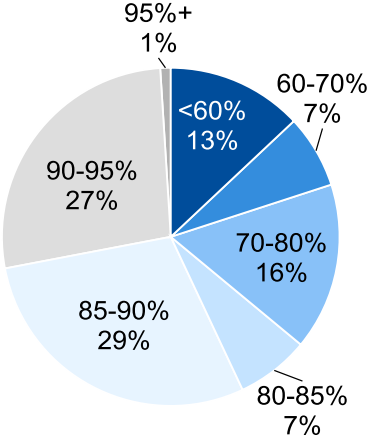
QBE LMI HAS AN EFFECTIVE LVR OF C. 55%

	Risk in force (%)	Original LVR (average)	Effective LVR ¹ (average)
2015	12.9%	84.9%	82.4%
2014	15.1%	85.8%	73.2%
2013	14.0%	84.7%	62.2%
2012	11.9%	79.9%	54.1%
2011	8.6%	79.7%	54.0%
2010	6.5%	79.0%	51.5%
Prior 2009	31.0%	70.0-84.3%	11.0-47.4%
At 31-Dec-2015		80.8%	54.6%

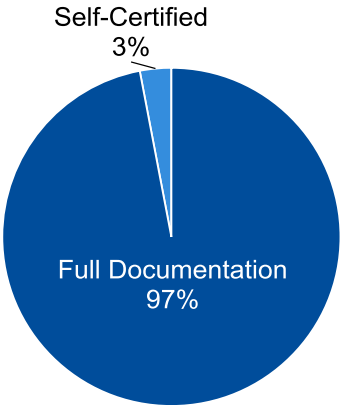
1. Effective LVR equal to estimated current value of properties divided by estimated current loans outstanding.

QBE LMI PORTFOLIO MIX (AS AT 31 DECEMBER 2015)

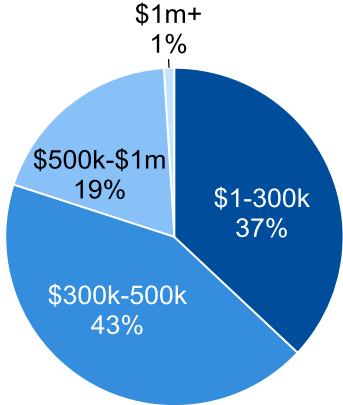
Original LVR (%)



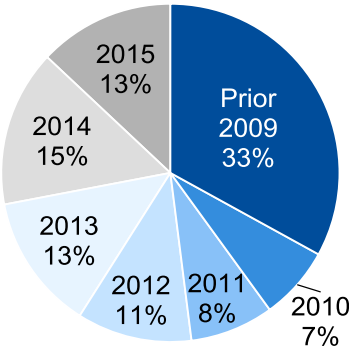
Product (%)



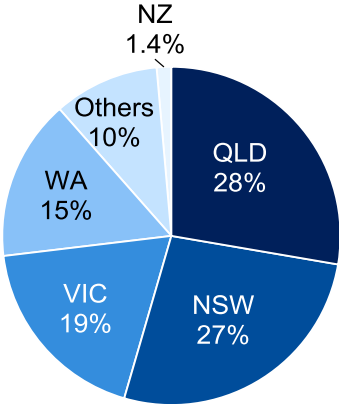
Loan amount (%)



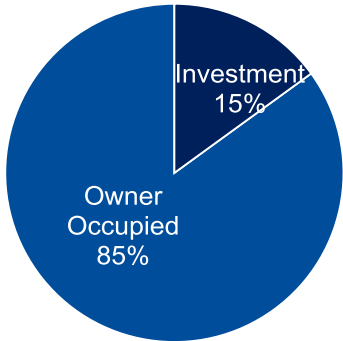
Underwriting years (%)



RIF by state (%)



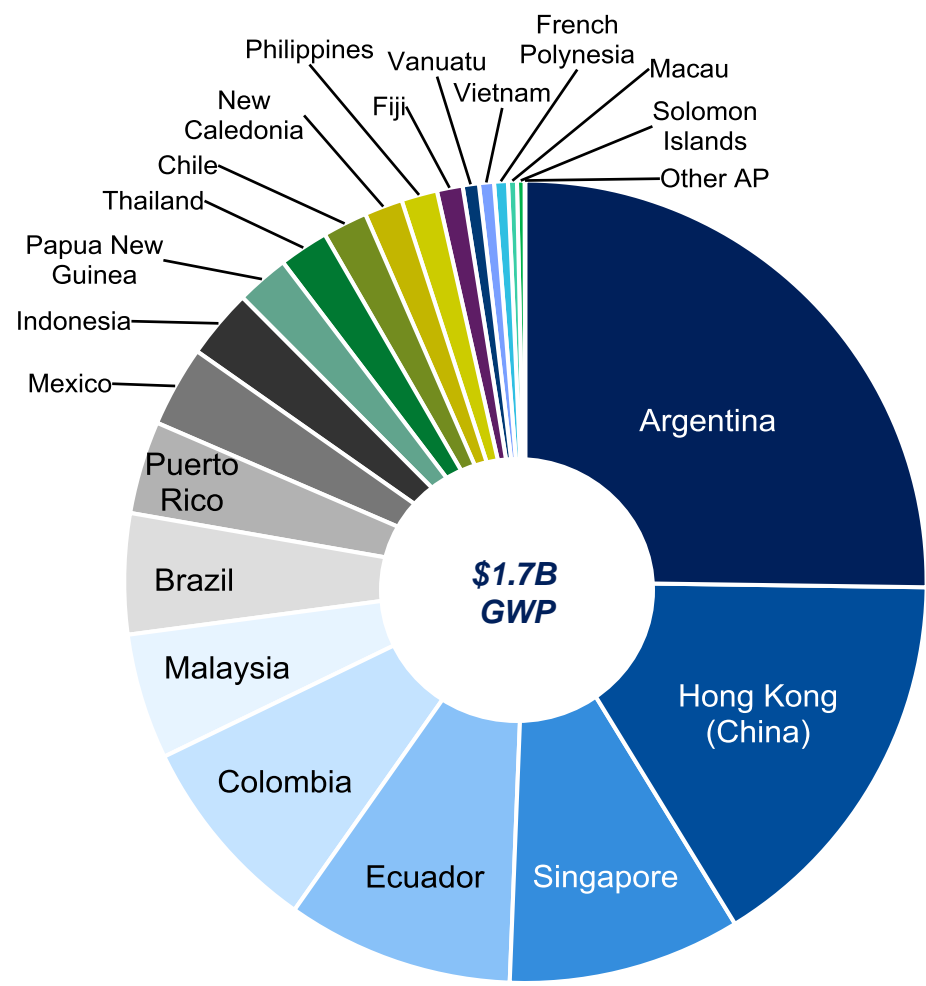
Property class (%)



1. Excludes A\$8b inwards reinsurance post2010

QBE EMERGING MARKETS: BUSINESS OVERVIEW

GWP BY COUNTRY 2015



GWP BY PRODUCT 2015

