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19 August 2011

The Manager
Company Announcements
ASX Limited
Level 6
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

QBE results presentation for the half year ended 30 June 2011

Further to the Company's release to the market today on its results for the half year ended 30 June 2011, please find attached a copy of the presentation to be delivered to the market this morning.

Yours faithfully

D Ramsay

Duncan Ramsay
Company Secretary

Encls.

QBE INSURANCE GROUP

2011 half year results announcement

Presented by: Frank O'Halloran, CEO, QBE Insurance Group Ltd
John Neal, CEO – Global underwriting operations, QBE Insurance Group Ltd

19 August 2011

Presentation roadmap

1. Key messages and financial results
2. Claims analysis
3. Group reinsurance arrangements
4. Investments
5. Divisional results and strategic initiatives
6. Balance sheet and capital
7. Outlook and closing remarks
8. Appendices

Key messages

- Net profit after tax up 53% to US$673M from improved investment income, offset by record catastrophe claims
- Strong growth in premium income:
  - GWP up 30% to US$8.9Bn
  - NEP up 29% to US$6.8Bn
- New reinsurance program responded well to catastrophes
- Investment income, acquisitions, cash flow, tax and capital adequacy ahead of expectations
- Overall average premium rates on renewed business up by close to 3% compared with 2% target with expectations of further overall increases in 2H
- Insurance profit margin reduced from 15.8% to 11.2% due to record catastrophe claims, partially offset by higher investment yields on policyholders' funds
- Large individual risk and catastrophe claims 15.9% of NEP:
  - Up 6.6% compared with 1H10 (9.3% of NEP)
  - Up 7.8% compared with average last 7 years (8.1% of NEP)
- Strong underlying insurance margin of 16% and continued excellent attritional claims ratios
- QBE continues to outperform majority of global peers
- Interim dividend at 62 Australian cents per share franked at 10%

Summary Group operating performance

For the half year ended 30 June		2011 1H	2010 1H	% change
GWP	US$M	**8,942**	6,861	30
NEP	US$M	**6,778**	5,240	29
Underwriting profit	US$M	**291**	542	(46)
COR	%	**95.7**	89.7	n/a
Investment income on policyholders' funds (including FX)	US$M	**471**	285	65
Insurance profit	US$M	**762**	827	(8)
Insurance profit to NEP	**%**	**11.2**	15.8	n/a
Investment income on shareholders' funds	US$M	**186**	(169)	n/a
Net profit after income tax	US$M	**673**	440	53
EPS (diluted)	US cents	**59.9**	42.2	42
Dividend per share	Aust cents	**62.0**	62.0	-

Key messages: new reinsurance programs respond well in a period of record catastrophe claims

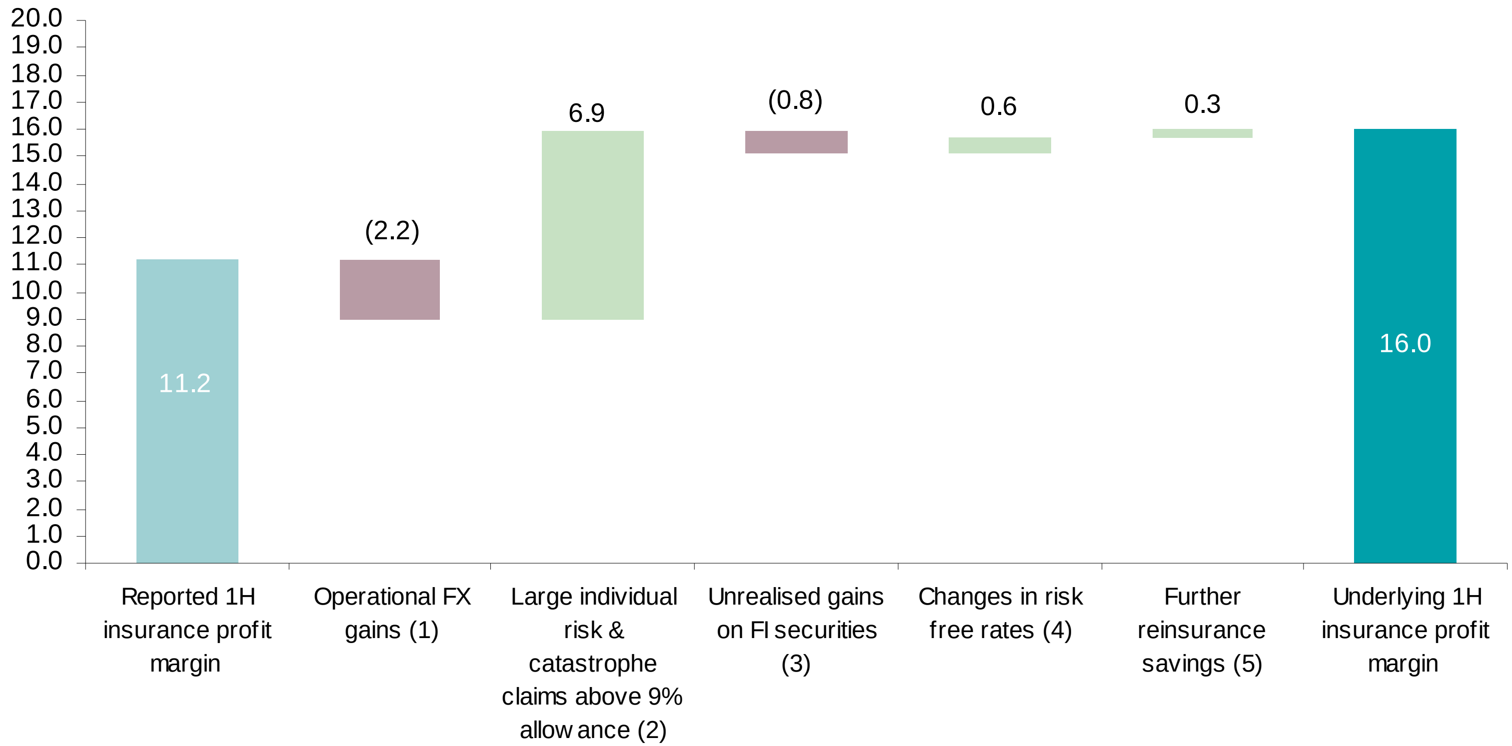
"An exceptional accumulation of very severe natural catastrophes makes 2011 the highest-ever loss year on record, even after the first half-year" **Munich Re**

- Large individual risk and catastrophe claims in the current accident year increased by US$590M to US$1,080M – an increase of 6.6% in the claims ratio to 15.9% of NEP (2010: 9.3%)
- Average large individual risk and catastrophe claims ratio for the past 7 years of 8.1% of NEP
- Acquisitions since January 2010 produced US$910M of NEP, with low large individual risk and catastrophe claims cost of approximately US$35M or around 3% of US$1,080M
- In June 2011 there were further large individual risk and catastrophe claims totalling US$250M net of reinsurance due to:
  - severe US tornadoes
  - another devastating earthquake in Christchurch
  - a deterioration in claims for Cyclone Yasi
  - a number of large individual risk claims
- July produced an estimated US$60M of large individual risk and catastrophe claims, including three severe storms in the US
- Comprehensive reinsurance protections assisted profitability in 1H – underwriting profit for 1H would have been US$217M lower under 2010 reinsurance programs
- Maximum event retention 3.8% of projected 2011 NEP (2010: 4.0%) – largest net catastrophe claim in 1H was 1.1% of annualised NEP

Key messages: investment income, acquisitions, cash flow, tax and capital adequacy ahead of expectations

- Investment income and yields ahead of target due to:
  - positive results from lower equity exposure
  - no impairment of bonds
  - increased FX gains
- Cash flow from operations up 61% to US$1,121M
- Investments and cash up 14% to US$29Bn
- 2010 and 2011 acquisitions have provided greater diversification and have exceeded profit expectations
- Income tax expense ratio to net profit before tax of 12.2%, lower than 23% target due to:
  - realisation of prior year capital losses
  - tax legislation changes
  - lower Australian tax attributed to Equator Re
- Capital adequacy strong at 1.7 times the APRA minimum capital requirement

2011 HY insurance margin analysis: strong underlying margin of 16%



Reported margin adjusted for:

(1) Operational FX gains, assumed non-recurring

(2) Abnormal large claims events above expected prudent allowances of 9%

(3) Market value movement on FI securities

(4) Movement in risk free rates impact 3.22% to 3.15%

(5) Reinsurance savings from worldwide reinsurance programs

QBE continues to outperform majority of global peers in difficult market conditions

22 of the top 50 major global insurers that have reported to date:

	30 June COR% 2011	30 June COR% 2010		30 June COR% 2011	30 June COR% 2010
Progressive	91.8	92.4	Berkshire Hathaway	107.8	92.2
Sampo	92.5	93.6	Hannover Re	108.8	97.1
QBE	**95.7**	**89.7**	Liberty Mutual	109.5	102.7
Chubb	96.4	91.7	Travellers	110.5	93.6
Ace	97.0	90.0	Chartis	111.3	116.8
RSA	98.5	96.7	SCOR	113.5	101.0
Aviva	98.9	98.0	CNA Financial	117.5	119.8
Allianz	99.0	98.2	Allstate	117.6	99.9
Generali	99.2	102.2	Swiss Re	118.1	94.2
Zurich	100.9	98.9	Munich Re	125.1	100.8
Hartford	103.7	95.1	Partner Re	147.0	94.9

- Information sourced from published accounts and company websites for insurance and reinsurance business
- The CORs include all identifiable expenses related to insurance activities and the COR is expressed as a % of NEP

2011 1H accident year central estimate claims ratio: strong underlying performance

Analysis of net central estimate claims ratio (accident year) (1)		2011 1H	2010 1H	2009 1H	2010 FY	2009 FY	2008 FY
Net earned premium	US$M	6,778	5,240	4,379	11,362	9,446	9,293
Attritional claims	%	49.3	49.0	50.8	50.0	51.4	50.7
Large individual risk and catastrophe claims	%	15.9	9.3	7.2	9.5	7.4	7.7
GFC claims	%	-	-	2.3	-	1.2	1.8
Claims settlement costs	%	2.4	2.3	2.5	2.7	2.6	2.8
Discount	%	(3.4)	(2.9)	(3.3)	(3.6)	(3.1)	(3.4)
Net central estimate claims ratio (pre risk margins)	%	**64.2**	**57.7**	**59.5**	**58.6**	**59.5**	**59.6**

(1) Accident year claims are those incurred, including IBNR, with a date of loss in the calendar year

Attritional claims continue to be under control and stable

- 1H accident year attritional claims* ratio was 49.3% compared with 49.0% for the same period last year and 50.8% for 1H09
- Stable attritional claims ratio due to:
  - premium rate increases matching claims inflation
  - action taken on property portfolios
  - high retention of quality customers
  - not chasing new business with inadequate pricing
  - underwriting discipline

* The attritional claims ratio comprises claims of less than US$2.5M occurring in the current accident year as a percentage of NEP

Record catastrophe claims impact claims ratio and insurance profit margin – 7.8 % above average of past seven years

Current estimated large individual risk and catastrophe claims net of reinsurance recoveries	**US$M**	**% NEP**
2 Christchurch earthquakes	186	2.7
12 US tornadoes	159	2.4
2 Queensland storms	143	2.1
Japan earthquake and tsunami	137	2.0
Cyclone Yasi	126	1.9
2 Victorian storms	57	0.8
38 other catastrophes and large individual risk claims (US$2.5M and above)	272	4.0
2011 large individual risk and catastrophe claims (1)	**1,080**	**15.9**

Compares with average large individual risk and catastrophe claims for the past 7 years:

2004	2005	2006	2007	2008	2009	2010	**Average**
6.6%	10.1%	8.9%	6.6%	7.7%	7.4%	9.5%	**8.1%**

(1) Claims occurring in the 2011 accident year plus IBNR allowance. New acquisitions in the past 18 months contributed around 3% of total large individual risk and catastrophe claims

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2011 1H accident year results: underlying portfolios performing well

Analysis of net central estimate combined operating ratio (accident year)		2011 1H	2010 1H	2009 1H	2010 FY	2009 FY	2008 FY
Net central estimate claims ratio (pre risk margins)	%	64.2	57.7	59.5	58.6	59.5	59.6
Commissions	%	15.8	15.3	17.0	15.5	16.2	17.2
Expenses	%	14.0	14.5	11.5	14.3	13.1	13.7
Central estimate COR	**%**	**94.0**	**87.5**	**88.0**	**88.4**	**88.8**	**90.5**
Central estimate accident year underwriting profit	US$M	**409**	**655**	**525**	**1,314**	**1,060**	**883**

2011 1H insurance profit: negative impact of slightly lower discount rates and small savings from prior years

	2011 1H		2010 1H		2010 FY	
	US$M	**Ins. profit margin %**	**US$M**	**Ins. profit margin %**	**US$M**	**Ins. profit margin %**
Central estimate accident year underwriting profit	409	6.0	655	12.5	1,314	11.6
Savings on prior year central estimates	9	0.1	24	0.4	49	0.4
Release of discount and other from prior years net of movement in risk margins	(127)	(1.8)	(137)	(2.6)	(195)	(1.7)
Reported underwriting profit	**291**	**4.3**	**542**	**10.3**	**1,168**	**10.3**
Investment income on policyholders' funds	471	6.9	285	5.5	535	4.7
Reported insurance profit	**762**	**11.2**	**827**	**15.8**	**1,703**	**15.0**

Weighted average discount rates: impact on underwriting profit and PoA

Currency		Actual weighted average risk-free discount rates on outstanding claims% 2011 1H	2010 1H	2010 FY	Sensitivity scenarios applied to 30 June 2011 outstanding claims [(2)] 16 Aug rate	Scenario #1	Scenario #2
Australian dollar		5.05	4.95	5.45	4.45		
US dollar		1.65	1.75	1.85	1.10		
Sterling		2.25	2.20	2.25	1.65		
Euro		2.85	1.70	2.50	2.25		
Group weighted average		**3.15**	**2.75**	**3.22**	**2.59**	**2.80**	**3.30**
Estimated impact of discount rate movement:							
Claims incurred – P&L	US$M	(41)	(67)	(25)	(154)	(129)	(6)
Risk margins – PoA impact [(1)]	US$M	1	(60)	(42)	(137)	(65)	28
Total	US$M	**(40)**	**(127)**	**(67)**	**(291)**	**(194)**	**22**
Probability of adequacy	%	**88.5**	**86.0**	**89.8**	**85.9**	**87.3**	**89.1**

(1) Small movement in 1H11 risk margins from discount impacts mainly due to increase in Euro rate applicable to subsidiaries with non AASB 1023 accounting (where discount reinstated as risk margins at consolidated level).

(2) In scenarios #1 and #2 the discount rates have been determined based on a pro rata adjustment to all currencies

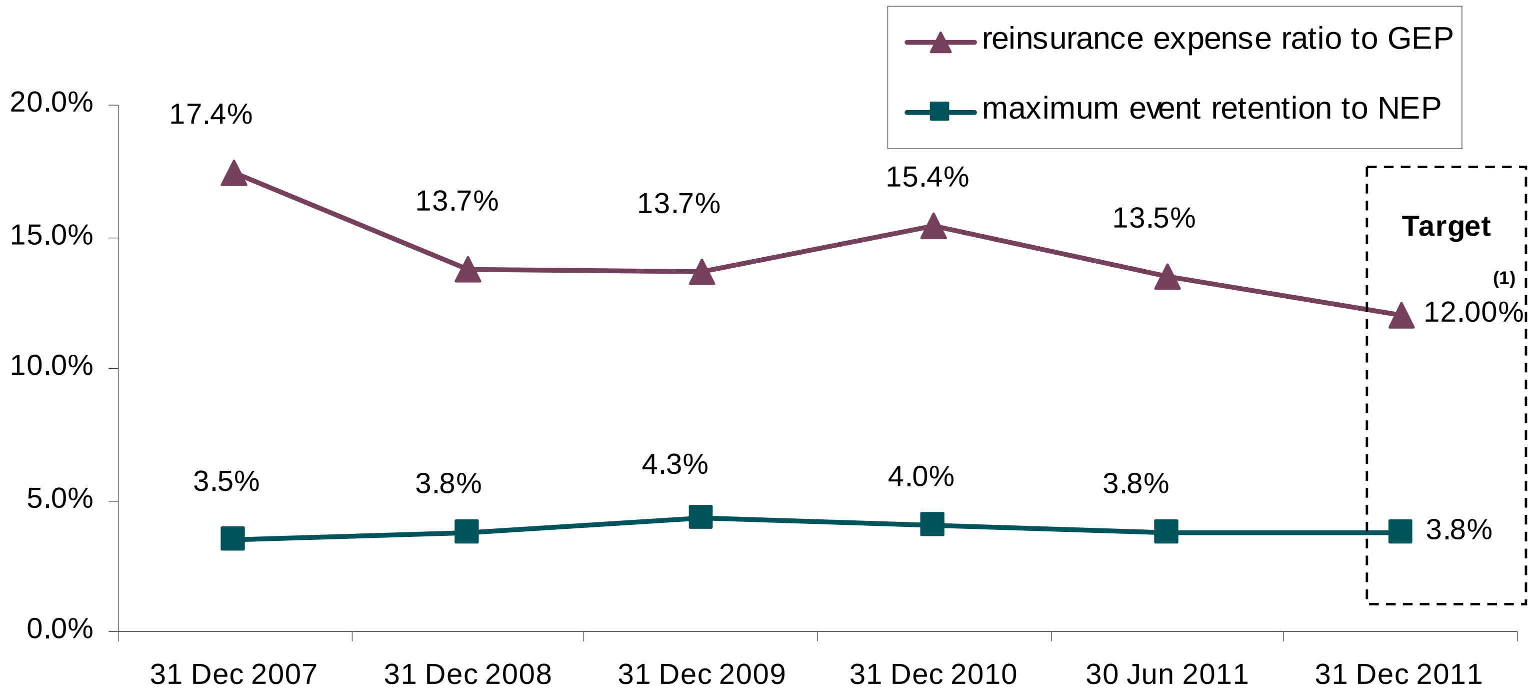
Comprehensive worldwide reinsurance covers with significant pre-paid capacity for 2H

- Total reinsurance cost for 2012 and 2013:
  - 70% fixed to growth in premium income
  - premium rate increases and changes in terms and conditions are expected to offset the substantial majority of potential rate rises on the remaining 30%
- Comprehensive worldwide reinsurance cover purchased late last year provides significant protections and beneficial cost structure
- On track for 2011 FY reinsurance cost close to 12% of GEP
- Catastrophe worldwide program still has US$2.2Bn of initial US$2.6Bn excess US$200M cover left for the remainder of 2011 – no reinstatement premiums
- Additional reinsurance covers purchased for 2H Equator Re, Balboa and US crop portfolios
- Additional Group aggregate cover for 2H – US$150M excess of US$675M of large individual risk claims above US$5M and catastrophe claims above US$12.5M

Refer Appendix for more detail

New reinsurance program, lower reinsurance cost and reduced maximum event retention

Over the past five years QBE has increased GWP by 123% and significantly increased the diversity of its businesses, both by product and geography enabling the Group to reduce its overall risk profile and leverage reinsurance economies through greater scale



(1) 12% reinsurance expense ratio FY11 excludes reinstatement premiums

Investment income: yields achieved at upper end of target range

		2011 1H	2010 1H	2009 1H
Net investment income	US$M	657	116	542
Net yield on policyholders' funds	%	5.2	3.9	4.3
Net yield on shareholders' funds	%	4.1	(4.4)	7.5
Total net yield	%	4.8	1.0	5.3
Net yield on policyholders' funds excluding FX gains	%	3.5	2.5	3.9

- Positive returns on equities
- Credit spreads volatile, but ultimately broadly unchanged
- FI returns benefited from additional yield on corporate bonds and unrealised gains of US$54M
- Net investment income includes FX gains of US$150M (2010: US$101M)

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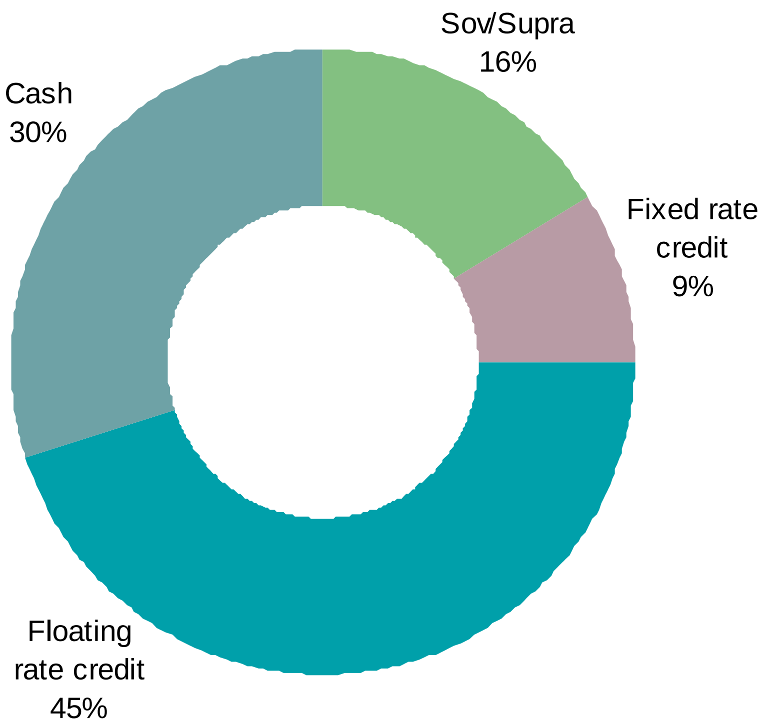
Investment portfolio: fixed income portfolios – high quality and liquid

FI & cash portfolio
US$28,248M (2010: US$24,959M)



- Modified duration low at 0.4 years
- Average term to maturity of securities is 1.7 years
- 86% of fixed income portfolio rated Aa or better (97% is A or better)
- 50% held in quality corporate bonds
- No direct holdings of banks that failed the European stress tests
- No direct holdings of sovereign debt issued by European periphery countries
- US treasuries comprise less than 5% of FI and cash portfolio – short duration
- Equities comprise 2.2% of investment assets at 30 June (currently 1.1%)
- Underlying FI and cash portfolio yielding 2.7% to maturity / call

Comparison of cash rates with actual yields on FI and cash securities

	Average Central Bank cash rates %		Currency mix of FI and cash investments %[1]	
	2011 1H	2010 FY	2011 1H	2010 FY
US dollar	0.3	0.3	33	33
Australian dollar	4.8	4.4	34	35
Sterling	0.5	0.5	16	15
Euro	1.1	1.0	9	9
Other	2.6	1.3	8	8
Total weighted average yield	**2.1**	**1.9**	**100**	**100**
Actual gross yield achieved on cash and FI securities	**3.6**	**2.5**		

(1) Currency mix required to match liabilities in the same currency and meet requirements of regulators

The Americas: excellent underwriting results despite severe tornado season

		2011 1H	2010 1H
Gross written premium	US$M	3,524	2,342
Gross earned premium	US$M	3,154	2,073
Net earned premium	US$M	1,874	1,299
Claims ratio	%	59.4	58.8
Commission ratio	%	11.4	13.0
Expense ratio	%	18.1	19.2
Combined operating ratio	**%**	**88.9**	**91.0**
Insurance profit margin	**%**	**16.2**	**13.2**
Return on equity [1]	**%**	**20.3**	**13.3**

(1) ROE based on the management result before internal quota share reinsurance using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance.

- COR improved to 88.9%
- GWP growth of 50% largely driven by acquisition activity
- Premium rates starting to increase, up 2.5% (ex US crop and lender placed business)
- Higher renewal retention in excess of 80%
- Claims ratio up due to 12 severe tornadoes
- Continued superb results from our businesses in Latin America
- Full year GWP target US$7.7Bn

European operations: strong results given record global catastrophe claims

		2011 1H	2010 1H
Gross written premium	US$M	2,824	2,412
Gross earned premium	US$M	2,242	1,935
Net earned premium	US$M	1,529	1,227
Claims ratio	%	66.2	58.2
Commission ratio	%	16.8	15.6
Expense ratio	%	12.4	14.6
Combined operating ratio	**%**	**95.4**	**88.4**
Insurance profit margin	**%**	**13.0**	**18.3**
Return on equity (1)	**%**	**15.0**	**21.0**

(1) ROE based on the management result before internal quota share reinsurance using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance.

- GWP growth assisted by Secura acquisition and overall premium rate increases of 2%
- Renewal retention maintained at over 80%
- Growth in GWP in sterling was up 11% to £1.7Bn
- Large individual risk and catastrophe claims added 9.1% to claims ratio, partly offset by prior year releases
- Commission ratio higher due to change in business mix and increased broker pressure
- Expense ratio down due to lower accrued staff bonuses and higher profit commissions
- Full year GWP target £2.8Bn

Australia: unprecedented weather related catastrophe claims impact results

		2011 1H	2010 1H
Gross written premium	US$M	2,268	1,812
Gross earned premium	US$M	2,123	1,818
Net earned premium	US$M	1,780	1,510
Claims ratio	%	73.0	63.2
Commission ratio	%	12.1	10.0
Expense ratio	%	17.1	16.6
Combined operating ratio	**%**	**102.2**	**89.8**
Insurance profit margin	**%**	**6.6**	**16.1**
Return on equity (1)	**%**	**8.0**	**15.1**

(1) ROE based on the management result before internal quota share reinsurance using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance.

- GWP growth of 25% aided by acquisitions of CUNA portfolios
- Overall rate increases of 4% on renewed business.
- GWP up 6% in local currency to A$2.2Bn
- NEP impacted by A$75M of internal reinsurance premiums from catastrophes
- Large individual risk and catastrophe claims added 8.5% to COR and reduced insurance profit margin
- Commission & expense ratio up due to NEP impact of additional reinsurance cost on catastrophes
- Full year GWP target A$4.3Bn

Asia Pacific: solid performance despite devastating Christchurch earthquakes

		2011 1H	2010 1H
Gross written premium	US$M	326	295
Gross earned premium	US$M	315	284
Net earned premium	US$M	218	198
Claims ratio	%	47.7	49.5
Commission ratio	%	22.0	20.2
Expense ratio	%	22.0	21.7
Combined operating ratio	**%**	**91.7**	**91.4**
Insurance profit margin	**%**	**14.7**	**15.2**
Return on equity (1)	**%**	**1.9**	**25.4**

(1) ROE based on the management result before certain internal reinsurances using the capital allocated to the division. All other numbers and ratios are net of internal reinsurance.

- GWP growth mainly from changes in FX rates
- Premium rates on renewed business flat – exception was NZ rates up 11%
- Claims ratio down due to improved attritional claims offset by Christchurch earthquakes
- Commission and expense ratio up due to NEP impact of additional reinsurance cost on catastrophes
- Full year GWP target US$670M
- The 2011 ROE reflects the impact of the Christchurch earthquakes before internal recoveries
- 13 out of 16 countries produced strong underwriting profits and ROEs

Equator Re: underwriting profit despite frequency of global catastrophes

		2011 1H	2010 1H
Gross written premium	US$M	2,021	1,359
Gross earned premium	US$M	1,545	1,032
Net earned premium	US$M	1,377	1,006
Claims ratio	%	68.3	60.1
Commission ratio	%	24.3	24.9
Expense ratio	%	4.9	3.9
Combined operating ratio	**%**	**97.5**	**88.9**
Insurance profit margin	**%**	**8.1**	**15.6**

- GWP up 49% due to Group acquisitions, reinstatement premium income and new worldwide programs
- Higher reinsurance costs due to share of new worldwide programs
- All covers to divisions are based on market pricing and are written within the Group's MER and tolerance for risk
- Net claims ratio up from frequency and severity of catastrophe claims
- Full year GWP target US$3.5bn and NEP US$3.2bn

Operational transformation programs on track

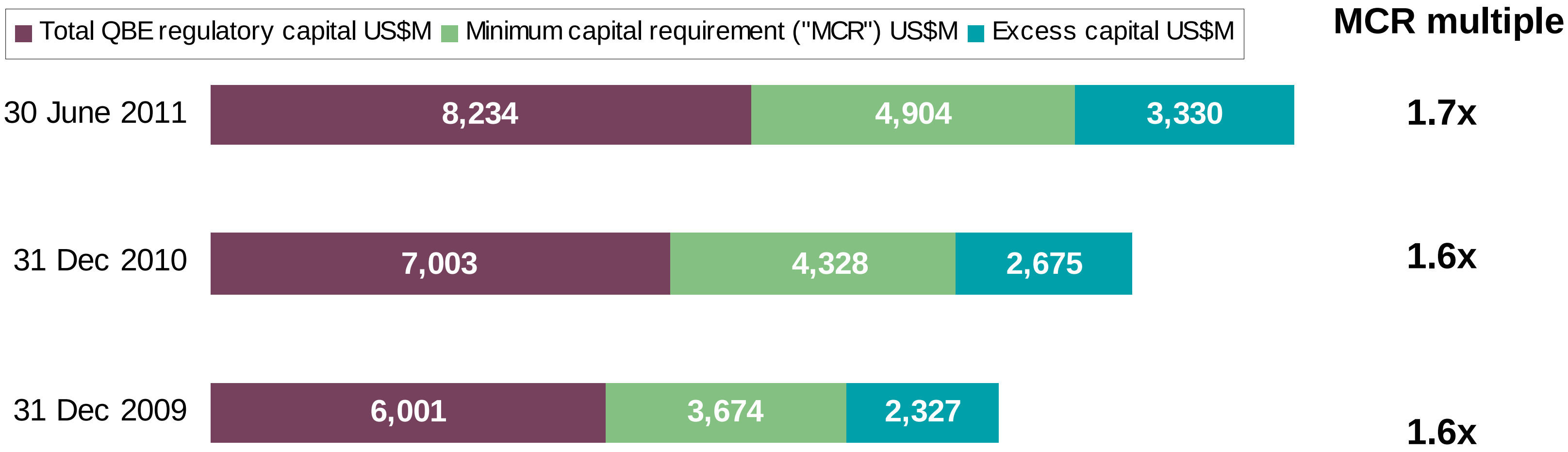
- Major divisional IT and operations transformation programs in Europe and the Americas are on track to deliver indicated savings by 2012 and 2014 respectively

Quantification of benefit:	2011 US$M	2012 US$M
Claims leakage and expense savings	70	100
One-time costs and amortisation	(95)	(80)
Net (cost) / benefit	(25)	20

- Our focus has centred on procurement activities and claims leakage management
- Future activities are looking to expand these programs to other divisions from current technology and development of our shared services model
- Confident we can achieve net annualised benefits of around 1% of COR or US$200M by 2014
- These activities sit alongside the development of a worldwide reinsurance program and a number of cross divisional business development initiatives that are underway

Capital adequacy: substantial excess capital to support growth expectations

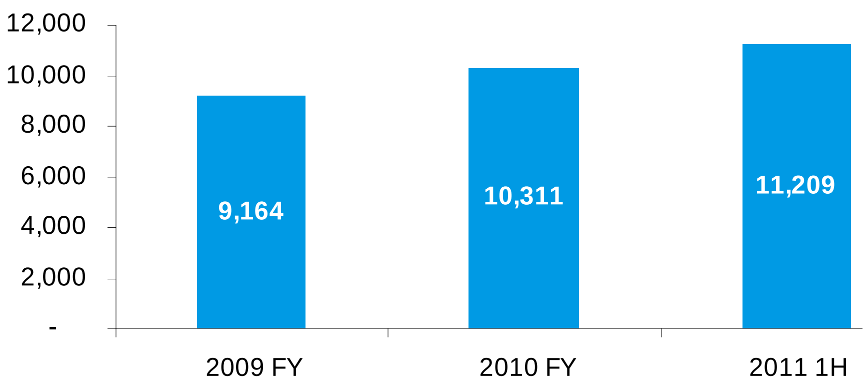
Based on APRA criteria



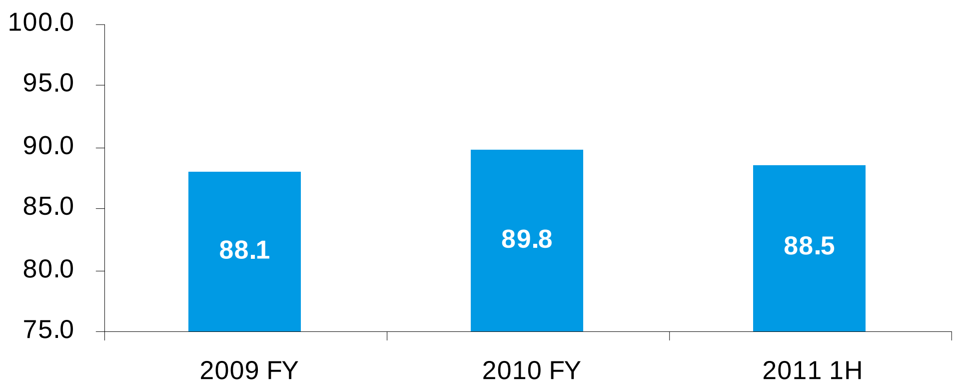
- The increase in QBE's regulatory capital is mainly due to the issue of additional US$1.5Bn of lower tier 2 securities
- Regulatory capital does not include any allowance for our US$2.3Bn of intangibles in owned agencies
- MCR multiple comfortably exceeds our internal benchmark of >1.5x

Balance sheet: key balance sheet ratios are strong

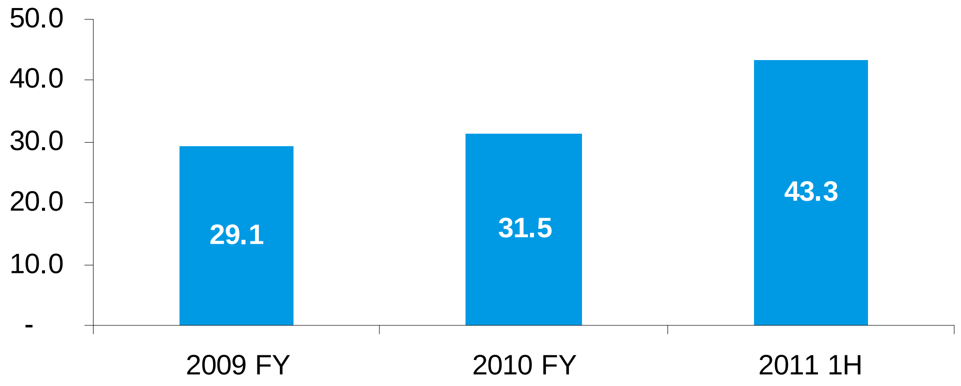
Shareholders' funds - US$M



PoA on outstanding claims liabilities - %



Debt/equity ratio - %



- Additional lower tier 2 debt secured on favourable terms provides excess funds for acquisitions
- PoA lower mainly due to reduced discount rates
- The tier 1 and tier 2 split of debt / equity ratio is as follows:

	2011 HY	2010 FY
Tier 1	1.5%	1.7%
Tier 2	19.9%	7.0%
Others	21.9%	22.8%
Total	**43.3%**	**31.5%**

Strategy

- Focus on building shareholder wealth by:
  - market leading performance
  - acquisitions
  - underwriting discipline
  - operational excellence
- Build on our successful and disciplined long-term strategy of growth through product diversification and geographic spread
- Enhance our excellent management information for monitoring claims ratios and portfolio performance and segmentation
- Further develop our unique QBE culture
- Continue our acquisition strategy targeted at:
  - bolt on portfolios and underwriters to enhance existing businesses
  - “renewal books” e.g eliminate historically poor performing risks
  - our proven formula for acquisition e.g EPS accretive year one
- Achieve our minimum 15% return on equity on each product
- Maintain our prudent appetite for underwriting and investment risk

2011 premium outlook

	Projected GWP – local currency Bn (1)	Projected GWP US$Bn	Projected NEP US$Bn
Australia	A$4.3	**4.6**	**3.6**
Asia Pacific	US$0.7	**0.7**	**0.4**
Europe	£2.8	**4.5**	**3.1**
The Americas	US$7.7	**7.7**	**4.7**
Equator Re (2)			**3.2**
		17.5	**15.0**

(1) Cumulative average foreign exchange rates assumed at US$1 = A$1.05 cents, £1.61, €1.42

(2) Internal transactions – Equator Re's GWP is eliminated on consolidation

Acquisitions to drive 2H premium growth and profit contribution

2011 acquisitions completed	Effective date	Cost US$M	Additional annualised GWP US$M
Renaissance Re US multi line crop insurer	1 Jan	270	560
CUNA Australian mutual insurer	1 April	22	90
Balboa: US lender-placed and voluntary insurance portfolio transfer and distribution agreement with Bank of America	1 April	708	1,500

- Balboa acquisition includes US$622M of identifiable intangibles which will be amortised over the expected useful life of approximately 10 years
- Our initial view was that this should be amortised over a shorter period against commission but, following recent advice from our auditor, we have decided against this as it would mean a significant change in accounting policy, affecting the accounting for amortisation of intangibles on all acquisitions
- Balboa annualised amortisation expected to be US$70M for 2012 and US$49M for FY 2011

2011 FY financial performance projections: large risk and catastrophe claims in 1H and market uncertainty lowers insurance profit targets

	2011 FY
GWP (excluding portfolio transfer from acquisitions)	over US$17.5Bn
NEP	over US$15.0Bn
Reinsurance expense ratio (to GEP)	around 12%
Combined commission & expense ratio	around 29.5%
Attritional claims ratio	49% to 50%
COR	less than 94%
Gross investment yield (ex FX gains) on policyholders' funds	more than 2.7%
Insurance profit margin	range 11% to 14%
Underlying insurance profit margin	around 16%
Tax rate	less than 20%

QBE

Outlook for remainder of 2011: assumptions

- Overall premium rate increases on renewed business expected to be close to 4% for FY11
- Reinsurance expense ratio of close to 12% of gross earned premium by year end
- The minimum projected insurance profit margin of 11% includes:
  - allowance of 13% of NEP for FY11 net large individual risk and catastrophe claims
  - net large individual risk and catastrophe claims allowance of US$870M for 2H or US$1,020M pre the additional aggregate protection (compared with US$590M in 2H10)
  - risk free rates for discounting claims of around 2.6% (30 June 2011 3.15%)
  - gross investment yield of 2.7% for FY11 assumes a 25bps increase in credit spreads compared with 31 December 2010

Outlook for remainder of 2011: assumptions

- Additional reinsurance protections purchased for 2H to be funded from expected premium rate increases
- 14% projected insurance margin is achievable for FY11 if:
  - net large individual risk and catastrophe claims match our previous target of US$1,650M (1H: US$1080M)
  - investment yield of 3.1% on policyholders' funds (1H: 3.6%)
  - risk free discount rates of 3.0% at year end (30 June 2011: 3.15%)

Outlook: longer term

- Focus on acquisitions which do not rely on investment income to support insurance margins
- Substantially fixed reinsurance cost for 2012 and 2013
- Deliver incremental annualised benefits from operational transformation programs of around 1% of COR or US$200M by 2014
- Low interest yield environment to continue
- Our proven conservative investment strategy will continue to focus on locking in higher spreads and yields on quality credits
- Equities will be maintained at around 2% of the total portfolio and actively managed to maximise return
- Dividend sustainability supported by strength in underlying insurance margin assuming normalised catastrophe losses

Important disclaimer

The information in this presentation provides an overview of the results for the year ended 30 June 2011.

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 may contain statements which constitute forward-looking statements for the purposes of the U.S. Private Securities Litigation Reform Act of 1995. We caution investors or potential investors that such forward-looking statements involve significant uncertainties, both general and specific, and risks exist that the forward looking statements will not be achieved as they involve future events, many of which are beyond QBE’s control. QBE’s actual performance may differ.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the substantial 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; no substantial change in regulation.

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Appendices

1. Worldwide reinsurance covers
2. PoA of total insurance liabilities
3. Dividend performance
4. Borrowings summary

Comprehensive worldwide reinsurance covers with significant pre-paid capacity for the second half

Worldwide catastrophes

- Single layer US$1.3bn excess US$200m with pre-paid cover to US$2.6bn (1)
  - US$2.2bn remaining for 2011 – no reinstatement premiums
  - 80% commitment for 2012 and 2013
- Additional high level covers for Australia and New Zealand up to US$4.25bn – full capacity available
- Captive Equator Re: US$50m cover remaining for US and Europe catastrophes and additional US$100m excess US$100m 2nd loss cover purchased

Worldwide per risk

- Single layer US$200m excess US$50m with up to US$1bn of aggregate cover
  - Full capacity available
  - 82.5% commitment for 2012 and 2013

Worldwide catastrophe and risk aggregate cover

- US$170m excess of US$800m for accumulation of catastrophe and individual risk claims excess US$5m likely to be fully utilised
- Additional aggregate cover purchased US$150m excess of US$675m from 1 July 2011 to 31 Dec 2011

Worldwide risk aggregate cover

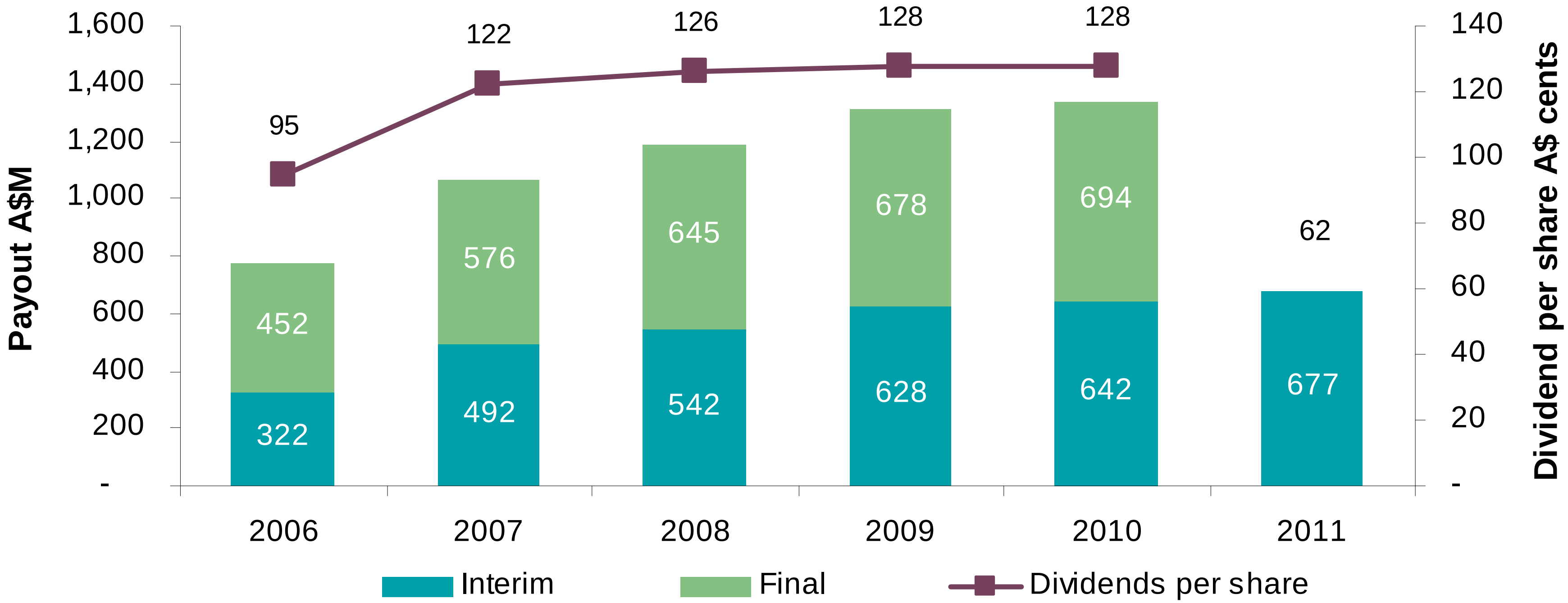
- US$200m excess US$400m for accumulation of individual risk claims above US$5m, from ground up
  - Full capacity available
  - 80% commitment for 2012 and 2013

(1) Primary exclusions: inwards reinsurance, Balboa portfolio, US legal entity casualty, US crop and marine/energy syndicate 1036

Probability of adequacy of total insurance liabilities at 95.2%

		2011 1H US$M	2010 1H US$M	2010 FY US$M	2009 FY US$M
Net outstanding claims		16,600	12,671	15,017	12,864
Unearned premium net of deferred insurance costs		6,110	4,320	4,785	4,374
Net total insurance liabilities		22,710	16,991	19,802	17,238
Risk margin – outstanding claims		(1,309)	(891)	(1,270)	(1,017)
Risk margin – unearned premium		(1,090)	(865)	(884)	(887)
Total risk margins		(2,399)	(1,756)	(2,154)	(1,904)
Discounted central estimate		**20,311**	**15,235**	**17,648**	**15,334**
Risk margin in excess of 75% PoA using APRA's risk weighted capital adequacy model		1,490	1,064	1,353	1,198
PoA of outstanding claims	%	**88.5**	**86.0**	**89.8**	**88.1**
PoA of total insurance liabilities	%	**95.2**	**94.6**	**95.5**	**95.5**

Dividend performance



- 2011 interim dividend 62.0 Australian cents, 10% franked:
  - Ex dividend date 25 August 2011, record date 31 August 2011, payment date 23 September 2011
  - Dividend reinvestment and bonus share plans continue at a 2.5% discount

Borrowings summary

Maturity date	Call date	Principal amount	30 June 2011 US$M	31 December 2010 US$M
Bank loans				
13 May 2012	13 May 2012	US$100 million	**100**	-
19 January 2011	19 January 2011	US$25 million	**-**	25
30 June 2011	30 June 2011	US$2 million	**-**	2
			100	27
Senior debt				
28 September 2015	28 September 2015	£550 million	**877**	853
14 March 2014	14 March 2014	£191 million	**304**	295
14 March 2014	14 March 2014	US$211 million	**209**	209
			1,390	1,357
Hybrid securities				
12 May 2030	12 May 2013	US$850 million	**853**	840
			853	840
Capital securities				
No fixed date	1 June 2017	US$151 million	**150**	150
No fixed date	18 July 2016	£8 million (2010: £18 million)	**14**	29
			164	179
Subordinated debt				
24 May 2041	24 May 2021	US$1 billion	**994**	-
24 May 2041	24 May 2021	£325 million	**518**	-
30 June 2020	30 June 2012 (1)	US$500 million	**491**	494
1 July 2023	1 July 2013	US$220 million	**217**	217
31 December 2035	anytime	US$80 million	**78**	78
15 June 2035	15 June 2035	US$16 million	**16**	16
15 March 2036	anytime	US$20 million	**20**	20
31 December 2036	31 December 2036	US$15 million	**15**	15
			2,349	840
Total borrowings (2)			**4,856**	3,243

(1) At 31 December 2010 the $US500M Macquarie securities had a first call date of 30 June 2011.In 2011 the terms and conditions were amended to extend the first call date to 30 June 2012

(2) Net of capitalised borrowing costs