



17 August 2012

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 2012

Further to the Company's release to the market today on its results for the half year ended 30 June 2012, please find attached a copy of the presentation to be delivered to the market this morning.

Yours faithfully

Duncan Ramsay
Company Secretary

Encls.

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QBE INSURANCE GROUP

2012 half year results announcement

Presented by: John Neal, Group CEO and Neil Drabsch, Group CFO

17 August 2012

All figures in US\$ unless otherwise stated

Strong 1H12 results

- **Profitability** - return to a more normal level after a difficult 2011:
 - NPAT up 13% to \$760M
 - NPBT and amortisation up 25% to \$1,042M
 - insurance profit up 26% to \$958M with a margin of 13.0% (1H11 11.2%)
 - return on average shareholders' funds of 13.9% (1H11 12.5%)
- **Rate increases** – averaging 5.3% worldwide year to date
- **Premium income** – GWP and NEP up 3% and 9% respectively (up 5% and 10% on a constant currency basis), in line with expectations
- **Net investment income** - up 35% to \$686M (excluding FX):
 - net yield (excluding FX) of 4.8% (1H11 3.7%)
 - realised/unrealised gains of \$292M (1H11 \$113M)
 - action taken to reduce portfolio volatility
- **Interim dividend** - 40.0 Aust cents per share, 15% franked, 64% payout ratio

Solid underwriting performance

- **Underwriting profit** – up 79% to \$522M with a COR of 92.9% (1H11 95.7%)
- **Attritional claims ratio** – excellent at 48.5% (1H11 49.3%) reflecting portfolio improvement initiatives and minor benefit from rate increases to date
- **Large risk and catastrophe claims⁽¹⁾** – 8.0% compares with 10.5% allowance and includes \$197M higher general IBNR allowance
- **COR** – 92.9% compares with FY12 guidance of <90% reflecting:
 - 2.5% or \$181M favourable large risk and catastrophe experience
 - 1.6% or \$117M adverse prior year development, primarily 2011 catastrophes
 - 1.4% or \$105M adverse impact of lower discount rates; and
 - 1.9% adverse expense rate variance (0.9% seasonality impact)

⁽¹⁾ Current accident year

Other items

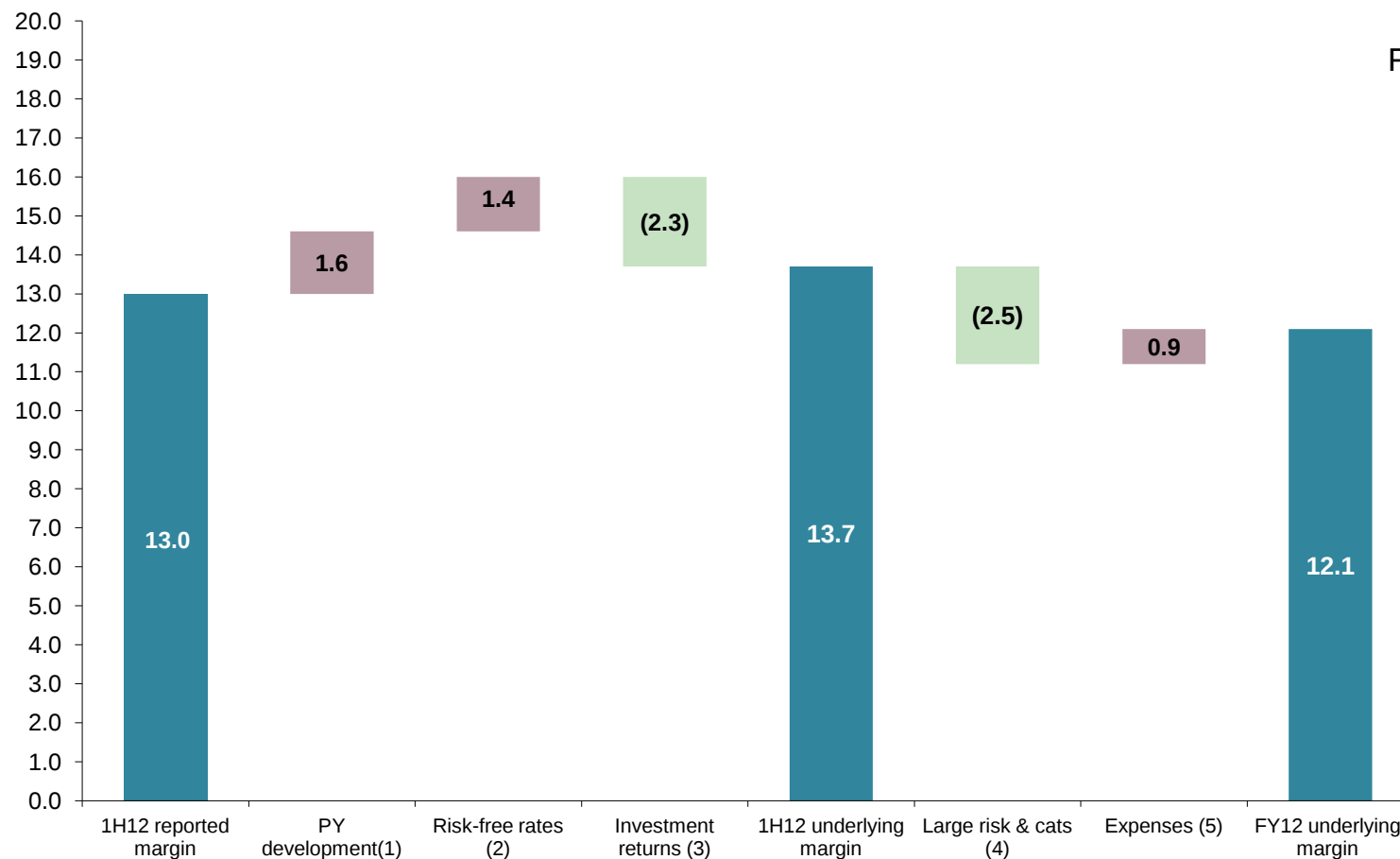
- **Expense ratio** – variance of 1.9% includes 0.9% seasonality (principally US crop), lower NEP (principally US crop and LPI), and higher business transformation and integration costs and some non-recurring items
- **Amortisation** – increased to \$128M (1H11 \$60M) primarily due to \$50M accelerated amortisation of North American brand and distribution assets as we emphasise the QBE brand
- **Effective tax rate** – 16% versus 23% target mainly due to reduced UK tax rate and savings from prior years
- **Operational cash flow** – fell to \$842M (1H11 \$1.12BN) due to US government now settling crop premium in 2H12
- **Probability of adequacy** – total insurance liabilities 93.1% (Dec 2011 92.6%) and outstanding claims 86.0% (Dec 2011 86.3%). Risk margins on outstanding claims increased slightly to \$1.22BN
- **Regulatory capital** – 1.54x APRA's MCR; financial strength ratings reaffirmed

Financial performance summary

For the half year ended 30 June		1H12	1H11	% change
GWP	US\$M	9,223	8,942	3
NEP	US\$M	7,359	6,778	9
Underwriting profit	US\$M	522	291	79
COR	%	92.9	95.7	-
Investment income on p/holders' funds	US\$M	436	471	(7)
Insurance profit	US\$M	958	762	26
Insurance profit to NEP	%	13.0	11.2	-
Investment income on s/holders' funds	US\$M	247	186	33
Amortisation of intangibles	US\$M	128	60	113
Net profit after income tax	US\$M	760	673	13
ROE	%	13.9	12.5	-
EPS (diluted)	US cents	63.1	59.9	5
Dividend per share	Aust cents	⁽¹⁾ 40.0	62.0	(35)

(1) Dividend in line with 2012 payout ratio guidance

1H12 insurance margin analysis: non-recurring and seasonal impacts



Reported margin adj. for:

(1) PY development primarily 2011 cats

(2) Fall in risk-free rates

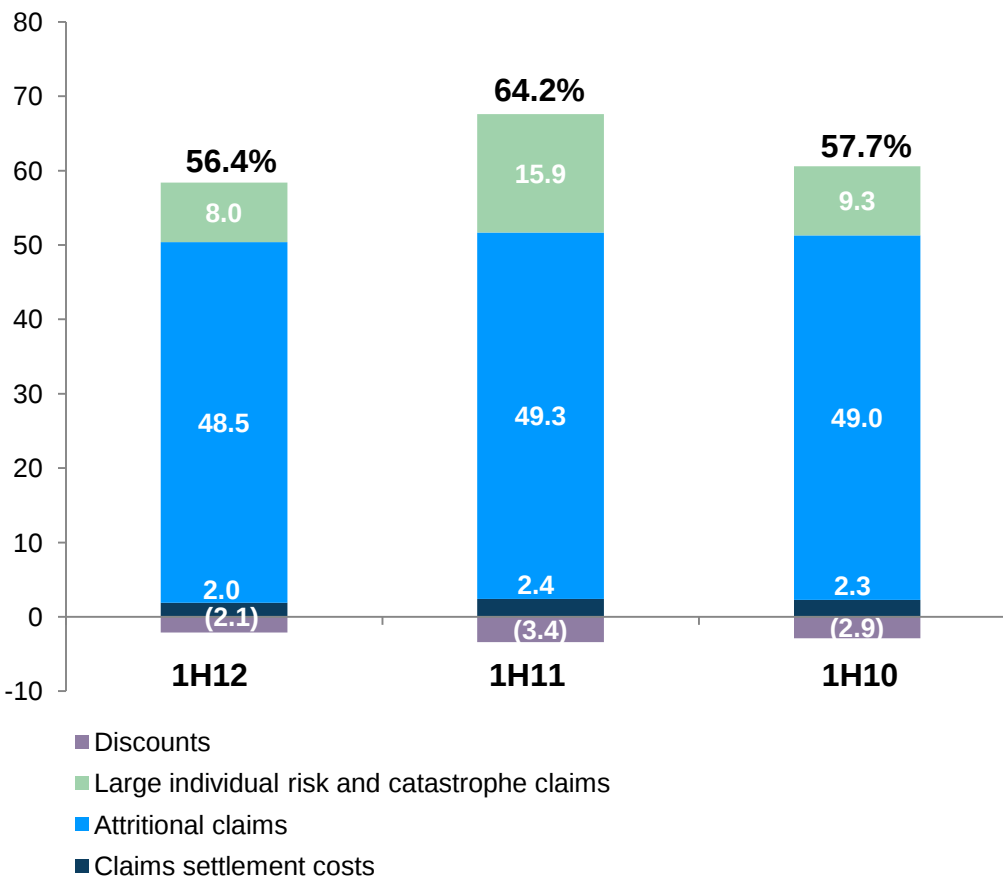
(3) Investment margin above 3.6% FY12 target (3.0% yield x 1.2 p/h)

(4) Large risk and cats <10.5% allowance

(5) Seasonality relative to revised FY12 commission and expense target of 30.5%

FY12 margin impacted by 1% expense overrun

2012 accident year claims incurred: significant improvement on 1H11



- Fewer catastrophes compared with 1H11 coupled with proactive reduction of exposures in some cat prone areas
- Large risk losses tracking in line with expectations
- Large risk and cat claims of 8.0% includes \$197M higher general IBNR compared with prior year
- Attritional claims ratio improved

Note: Further claims analysis included in appendices

Catastrophe claims: “normalised” after severe frequency and severity in 2011

2012 accident year events and losses (central estimate)	1H12 Net cost US\$M	1H11 Net cost US\$M
Total catastrophe claims (incl specific IBNR)	161	822
Large individual risk claims (incl specific IBNR)	166	190
Total catastrophe and large individual risk claims	327	1,012
General IBNR ⁽¹⁾	265	68
Total large individual risk and catastrophe claims (incl IBNR)	592	1,080
Percentage of NEP	8.0%	15.9%

(1) Relates only to IBNR allowance for claims occurring in the 2012 accident year to date.

Overview of 1H12 divisional results

1H12	Group	North America	Latin America	European operations	Australia New Zealand	Asia Pacific	Equator
GWP (US\$M)	9,223	3,228	512	2,748	2,470	265	⁽²⁾ 2,093
GEP (US\$M)	8,404	3,053	493	2,267	2,348	243	⁽²⁾ 1,682
NEP (US\$M)	7,359	1,609	422	1,557	2,027	182	1,562
Claims ratio (%)	61.5	⁽¹⁾ 63.6	55.8	⁽¹⁾ 64.1	61.8	46.7	59.8
Commission ratio (%)	16.8	7.3	21.3	17.5	13.1	22.5	28.7
Expense ratio (%)	14.6	23.4	15.6	13.4	16.5	22.0	3.0
COR (%)	92.9	94.3	92.7	95.0	91.4	91.2	91.5
Insurance profit margin (%)	13.0	8.0	14.0	11.2	18.5	10.4	12.9

(1) Includes upgrades to claims provisions of \$80M for North America and \$55M for European operations

(2) Internal transactions – GWP and GEP eliminated on consolidation

1H12 divisional results commentary

- **North America** – COR of 94.3% (1H11 88.3%) impacted by:
 - US crop COR of 99% on \$177M NEP (including \$30M crop general IBNR provision strengthening)
 - \$50M additional provision for underperforming portfolios
 - crop and LPI market conditions reducing premium income
 - QBE FIRST remains a strong contributor (albeit with a higher COR than FY11)
- **Latin America** – stable COR of 92.7% (1H11 92.1%) with strong growth assisted by the acquisitions of HSBC Argentina (LBA) and Optima
- **Europe** – COR of 95.0% (1H11 95.4%) with more favourable large risk and catastrophe experience offset by \$55m due to a widening gap between inflation and risk free rates on long-tail portfolios
- **Australia and New Zealand** – strong recovery with COR of 91.4% (1H11 103.2%) due to improved catastrophe experience partially offset by discount rate impact
- **Equator Re** – strong recovery with COR of 91.5% (1H11 97.5%) due to improved catastrophe experience offset by 2011 cat claims development and lower discount rates
- **Asia Pacific** – solid underlying result but 91.2% COR impacted by higher reinsurance costs

Capital, investments and borrowings: shareholders' funds up 11%

Summary balance sheet	30 Jun 12	31 Dec 11
As at	US\$M	US\$M
Investments and cash	28,851	28,024
Trade and other receivables	6,021	5,514
Intangibles	6,235	6,065
Other assets	765	1,009
Total assets	41,872	40,612
Insurance liabilities, net	22,994	22,621
Borrowings	4,289	4,757
Other liabilities	2,987	2,796
Total liabilities	30,270	30,174
Net assets	11,602	10,438
Non-controlling interests	56	52
Shareholders' funds	11,546	10,386

- Shareholders' funds increased due to:
 - A\$450M institutional placement
 - A\$150M retail placement
 - profits generated during the period
 - partly offset by 2011 final dividend payout of \$163M (net of reinvestment)
- Trade and other receivables and unearned premium increased mainly due to seasonality of earnings patterns and Latin American acquisitions
- Goodwill and intangibles up \$170M due to acquisitions offset by increased amortisation charge and FX impacts
- Return on average shareholders' funds of 13.9% (1H11 12.5%)

Intangibles

	30 June 2012			31 December 2011		
	Identifiable Intangibles	Goodwill	Total	Identifiable Intangibles	Goodwill	Total
Opening balance	1,399	4,666	6,065	814	4,573	5,387
Acquisitions	19	159	178	693	128	821
Additions / reclassifications	111	14	125	29	(24)	5
Amortisation/impairment	(128)	-	(128)	(133)	-	(133)
Foreign exchange	(3)	(2)	(5)	(4)	(11)	(15)
Closing balance	1,398	4,837	6,235	1,399	4,666	6,065

- The 1H12 amortisation of \$128M includes \$50M accelerated amortisation of North American brand and distribution assets

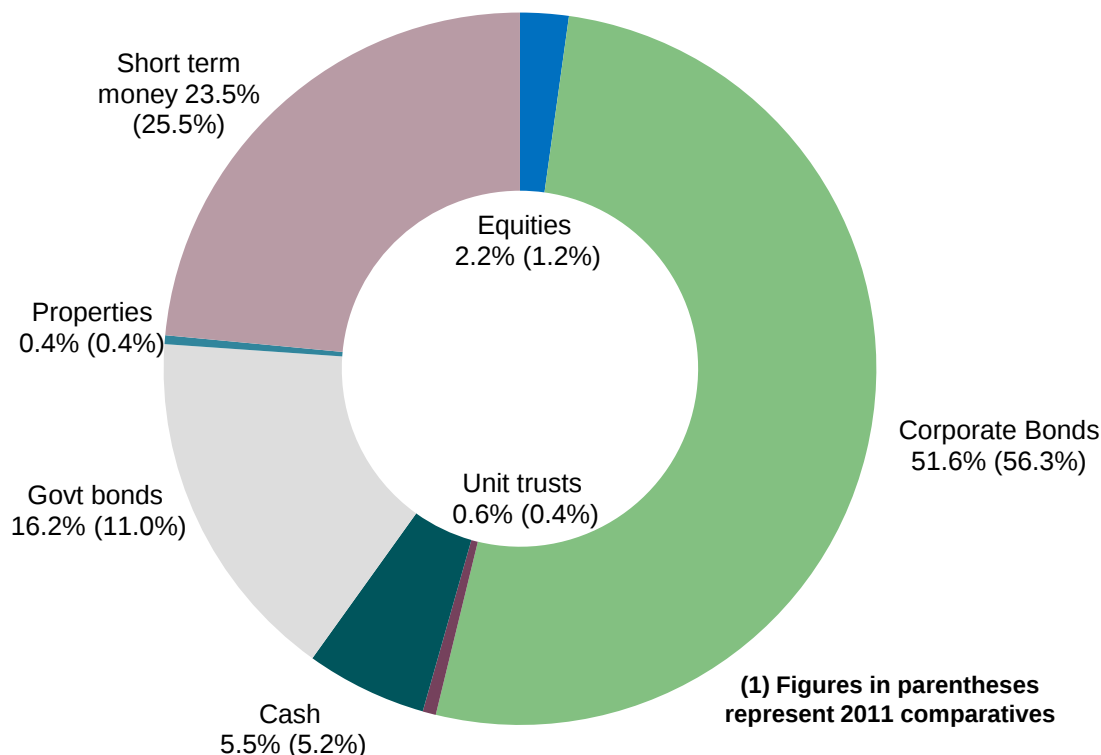
Investment income: yield materially exceeded target range

		1H12	1H11	1H10
Net investment income (ex FX)	US\$M	686	507	15
Net investment income	US\$M	683	657	116
Net yield on policyholders' funds	%	4.6	5.2	3.9
Net yield on shareholders' funds	%	5.3	4.1	(4.4)
Total net yield	%	4.8	4.8	1.0
Net yield on policyholders' funds excluding FX gains	%	4.6	3.5	2.5

- Portfolio repositioned with lower probability of spread impact due to shift to lower beta credit
- Higher weighting to Aussie bank multi-currency covered bonds and reduced Eurozone exposure
- Equities outperformed market benchmarks with a 21% yield (1H11 13%)
- Realised and unrealised gains on all asset classes were \$292M (1H11 \$113M)
- Investment income includes FX loss of \$3M (1H11 \$150M gain)
- Target FY12 gross investment yield of around 3.1% (ex FX) on policyholders' funds

Total investment portfolio: 33% in US\$, 33% in A\$, 16% in £ and 8% in €

Total investments & cash
US\$28,851M (2011: US\$28,024M) ⁽¹⁾

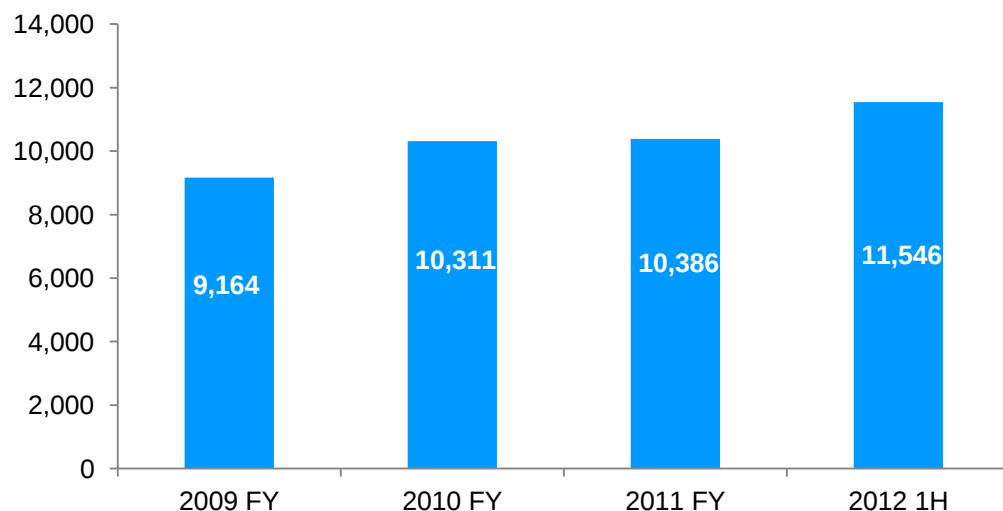


Note: appendices contain further disclosure on the high quality/low risk profile of our fixed interest portfolio

- No permanent impairment
- Fixed interest book is short and highly liquid with modified duration of 0.59 years and average credit quality of Aa
- Fixed income weighted to high quality corporate floating rate instruments providing an attractive yield above cash rates
- Modest equity exposure of 2.2% at 30 June and unlikely to exceed 2.5% in the foreseeable future
- Sensitivity of investment income to a 25bps movement in credit spreads is around \$80M

Lower debt/equity ratio

Shareholders' funds - US\$M



- Conservatively structured debt portfolio of \$4.3BN at 30 June 2012
- Ratio of borrowings to shareholders' funds decreased to 37.1% (45.8% at 31 Dec 2011)
- A\$450M institutional placement and A\$150M share purchase plan applied to redemption of US\$500M subordinated debt

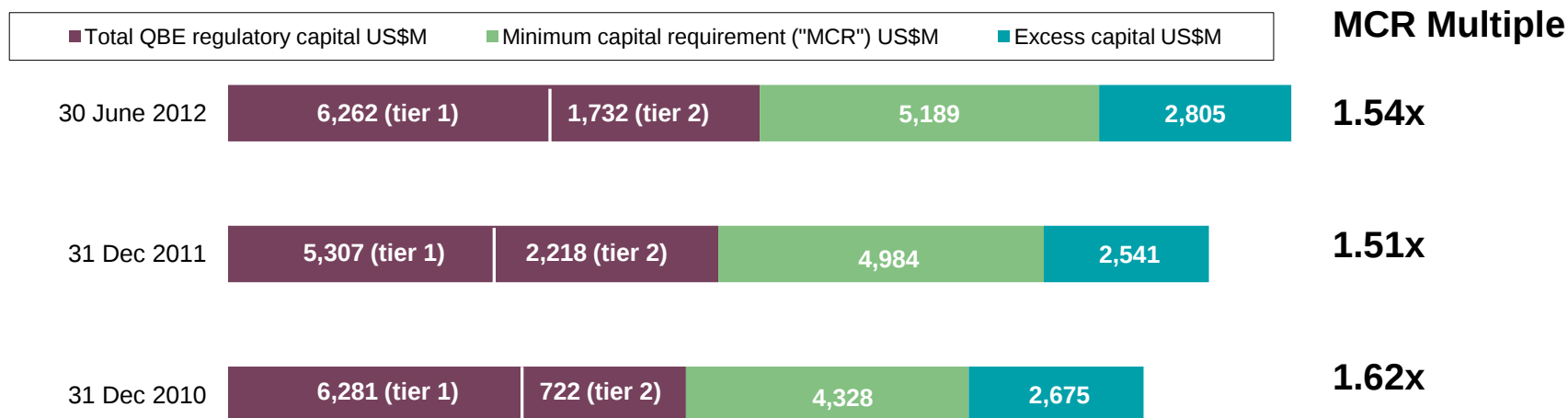
	FY09	FY10	FY11	1H12
Borrowings (\$M)	2,663	3,243	4,757	4,289
Debt/equity ratio	29.1%	31.5%	45.8%	37.1%

Refer appendices for detailed borrowings summary

Capital requirements: minimal impact expected from LAGIC change in 2013

Based on current APRA criteria

Bar chart not to scale



- Capital standards for Life and General Insurance (LAGIC) proposals – transition yet to be finalised with APRA
- QBE's common equity Tier 1 (CET1) ratio is likely to be in excess of 100% compared with APRA's 60% minimum requirement under LAGIC

Specialist lines - North America and Australia

US crop – NEP \$1.2BN

- 2nd largest insurer, attractive industry fundamentals (average 10 year COR ~ 92%), QBE consistently outperforms (average QBE 10 year COR ~ 88%) with superior scale, geographical spread/diversification and risk selection capabilities
- FY12 forecast COR of 99.0% includes US drought impact (protected by Government reinsurance and external stop loss) and worst case COR ~102%

US lender placed insurance – NEP \$1.6BN

- cyclical business inversely correlated to the economy and heavily impacted by cat activity
- anticipated decline in GWP due to reduction in US foreclosures and inevitable pricing pressure in the absence of US cat activity
- highly complex and labour intensive business model with 3,500 staff
- commercially appropriate pricing must incorporate long term significant cat exposure

Australian lenders' mortgage insurance – NEP \$210M

- high quality business model supported by sophisticated credit scoring
- default rates, economic factors and profitability tracking as expected

FY12 expectations

1. **GWP** – growth from acquisitions and rate increases offset by lower premium income on US crop and LPI business and selective reduction in catastrophe prone risks
2. **Claims ratio** – conservative claims ratio targets; attritional ratio constant at 48.5% supported by premium rate increases and full year allowance for large individual risk and catastrophe claims of 10.5% maintained (implies 2H12 allowance of 12.7%)
3. **Commission and expense ratio** – FY12 target increased by 1%. Some non-recurring expense impact in FY12. Broker push for higher commissions. Seasonality is significant (0.9%) for 1H12
4. **Investments** – following a strong 1H12 and portfolio repositioning, expected FY12 yield upgraded to 3.1% (including a 20bp allowance for spread deterioration)
5. **Operating model** – we anticipate “run rate” savings of \$200M+ (or 2% based on the 2010 expense base) by 2014. We will provide further detail with the FY12 result
6. **Acquisitions** – no major activity forecast in 2H12

FY12 financial performance targets

subject to the usual caveats

GWP growth	Low single digit
NEP growth	Low single digit
Reinsurance expense ratio (to GEP)	12.5%
Large individual risk and catastrophe claims ratio	10.5%
Attritional claims ratio	48.5%
Other – CSC, discount and prior year development	2.5%
Combined commission & expense ratio	30.5%
COR	92.0%
Gross investment yield (ex FX gains) on policyholders' funds	3.1%
Insurance profit margin	Better than 12.0%
Tax rate	20.0%

Closing remarks: well positioned to deliver industry leading returns to shareholders

- **Underwriting account** – in excellent shape as we move into 2H12 and 2013:
 - rate increases and underwriting remediation plans are being implemented
 - conservative claims ratio targets maintained, including significant allowances for large risk and catastrophe claims in 2H12
 - comprehensive reinsurance programmes in 2012 and already substantially in place for 2013
 - highly diversified business model by product and geography
- **Strong balance sheet** – supported by healthy cash flows:
 - high quality, low risk investment portfolio
 - prudent provisions for insurance liabilities and outstanding claims
 - increasing shareholders' funds and capital
- **Global opportunities** - are being evaluated to develop new business opportunities and to deliver cost efficiencies in to our operating model
- **People and talent** – high quality executive teams aligned to our refreshed Vision and ONEQBE Values

Important disclaimer

The information in this presentation provides an overview of the results for the half year ended 30 June 2012.

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. 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 reduction in forecast 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.



QBE INSURANCE GROUP

www.qbe.com

Appendices

1. Divisional commentary
2. Accident year and claims ratio analysis
3. Weighted average discount rates
4. FY12 premium outlook
5. Investments – corporate bonds, fixed and floating rate
6. Investments – sovereign/supranational bonds
7. Dividend performance
8. Borrowings summary

North America

		1H12	1H11
Gross written premium	US\$M	3,228	3,144
Gross earned premium	US\$M	3,053	2,770
Net earned premium	US\$M	1,609	1,572
Claims ratio	%	63.6	59.9
Commission ratio	%	7.3	9.6
Expense ratio	%	23.4	18.8
Combined operating ratio	%	94.3	88.3
Insurance profit margin	%	8.0	16.8

- Rate increases averaging 6% overall and higher for non-specialty lines
- Higher reinsurance expense due to increased cessions to Equator Re
- Claims ratio impacted by provision upgrades of \$30M for crop and \$50M for underperforming portfolios and \$5M discount rate adj
- QBE FIRST delivered a solid 1H12 performance with no catastrophes
- Commission ratio fell due to Equator Re exchange commissions
- Expense ratio increased due to Balboa acquisition/integration costs and crop seasonality, more than offsetting transformational IT savings

Latin America

		1H12	1H11
Gross written premium	US\$M	512	380
Gross earned premium	US\$M	493	384
Net earned premium	US\$M	422	302
Claims ratio	%	55.8	57.3
Commission ratio	%	21.3	20.2
Expense ratio	%	15.6	14.6
Combined operating ratio	%	92.7	92.1
Insurance profit margin	%	14.0	12.9

- GWP up 42% in local currency due to rate increases in line with high inflation particularly in Argentina, coupled with HSBC LBA and Optima acquisitions
- NEP growth stronger due to revised reinsurance with Equator Re
- Claims ratio fell largely due to positive trends in Argentina and Mexico
- Combined expense ratio up due to business mix changes following acquisitions, offset by emerging scale in Argentina
- Insurance margin improved on the back of strong investment yields, particularly in Argentina

European operations

		1H12	1H11
Gross written premium	US\$M	2,748	2,824
Gross earned premium	US\$M	2,267	2,242
Net earned premium	US\$M	1,557	1,529
Claims ratio	%	64.1	66.2
Commission ratio	%	17.5	16.8
Expense ratio	%	13.4	12.4
Combined operating ratio	%	95.0	95.4
Insurance profit margin	%	11.2	13.0

- GWP flat in local currency due to competition in UK and European P&C markets offsetting positive trends in energy and catastrophe-affected lines
- NEP up 5% in local currency
- Premium rate increases averaged 3% on renewed business
- Retention rates maintained in excess of 80% despite competition
- Favourable cat experience offset by \$55M provision upgrade due to a widening of the gap between inflation and risk free rates on long-tail portfolios and \$36M discount rate adj
- Commission ratio higher due to broker remuneration pressures
- Expense ratio higher due to completion of major transformational systems project and Brit UK integration costs

Australia & New Zealand

		1H12	1H11
Gross written premium	US\$M	2,470	2,360
Gross earned premium	US\$M	2,348	2,214
Net earned premium	US\$M	2,027	1,815
Claims ratio	%	61.8	73.2
Commission ratio	%	13.1	12.6
Expense ratio	%	16.5	17.4
Combined operating ratio	%	91.4	103.2
Insurance profit margin	%	18.5	5.6

- In addition to deductible increases, premium rate rises averaged 8% in Australia and 15% in New Zealand
- NEP rose 12% in \$A due to strong premium rate increases and a lower (reinstatement) cost of reinsurance
- Retention remains strong in the low to mid 80% range across most portfolios
- Claims ratio fell due to lower cat and attritional experience following portfolio remediation partially offset by \$51M discount rate adj
- Commission ratio increased due to travel insurance and growth in higher commission paying agencies

Note: 2011 numbers restated to include NZ operations formerly included in Asia Pacific

Asia Pacific

		1H12	1H11	
Gross written premium	US\$M	265	234	▪ GWP up 14% in local currency driven by new business in HK and Philippines and rate increases in Thailand
Gross earned premium	US\$M	243	224	
Net earned premium	US\$M	182	183	
Claims ratio	%	46.7	40.5	▪ NEP down 1% in local currency due to impact of higher reinsurance costs
Commission ratio	%	22.5	19.1	
Expense ratio	%	22.0	20.2	▪ Modest overall premium rate increase of 1% on renewed business ▪ Claims, commission and expense ratios adversely impacted by lower NEP from higher catastrophe reinsurance costs
Combined operating ratio	%	91.2	79.8	
Insurance profit margin	%	10.4	25.7	

Note: 2011 numbers restated to exclude NZ operations now included in Australia & NZ

Equator Re

		1H12	1H11	
Gross written premium	US\$M	2,093	2,021	▪ GWP up 4% driven by rate increases and increased premium from North America offset by lower reinstatements
Gross earned premium	US\$M	1,682	1,545	▪ NEP up 13% due to reduced outwards reinsurance expense
Net earned premium	US\$M	1,562	1,377	▪ Claims ratio lower due to reduced cost of large risk and cats partially offset by adverse development on 2011 catastrophes and a \$15M discount rate adj
Claims ratio	%	59.8	68.3	▪ Commission ratio increased due to higher premium income from North America and profit commissions payable on proportional treaties
Commission ratio	%	28.7	24.3	▪ Insurance profit margin rose strongly due to improved underwriting profitability and investment returns
Expense ratio	%	3.0	4.9	
Combined operating ratio	%	91.5	97.5	
Insurance profit margin	%	12.9	8.1	

1H12 accident year central estimate claims ratio: attrition lower

Analysis of net central estimate claims ratio (accident year) ⁽¹⁾		1H12	1H11	HY10	FY11	FY10	FY09
Net earned premium	US\$M	7,359	6,778	5,240	15,359	11,362	9,446
Attritional claims	%	48.5	49.3	49.0	49.2	50.0	51.4
Large individual risk and catastrophe claims	%	8.0	15.9	9.3	15.3	9.5	8.6
Claims settlement costs	%	2.0	2.4	2.3	2.5	2.7	2.6
Discount	%	(2.1)	(3.4)	(2.9)	(1.7)	(3.6)	(3.1)
Net central estimate claims ratio (pre risk margins)	%	56.4	64.2	57.7	65.3	58.6	59.5

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

1H12 accident year results: higher commission and expense ratio

Analysis of net central estimate combined operating ratio (accident year)		1H12	1H11	1H10	FY11	FY10	FY09
Net central estimate claims ratio (pre risk margins)	%	56.4	64.2	57.7	65.3	58.6	59.5
Commissions	%	16.8	15.8	15.3	14.9	15.5	16.2
Expenses	%	14.6	14.0	14.5	13.7	14.3	13.1
Central estimate COR	%	87.7	94.0	87.5	93.9	88.4	88.8
Central estimate accident year underwriting profit	US\$M	904	409	655	937	1,314	1,060

1H12 insurance profit: impacted by adverse development on 2011 catastrophe claims

	1H12		1H11		FY11	
	US\$M	Ins. profit margin %	US\$M	Ins. profit margin %	US\$M	Ins. profit margin %
Central estimate accident year underwriting profit	904	12.3	409	6.0	937	6.1
Prior year (cost)/benefit of central estimate development	(117)	(1.6)	9	0.1	64	0.4
Release of discount and other from prior years net of movement in risk margins	(265)	(3.6)	(127)	(1.8)	(507)	(3.3)
Reported underwriting profit	522	7.1	291	4.3	494	3.2
Investment income on policyholders' funds	436	5.9	471	6.9	591	3.9
Reported insurance profit	958	13.0	762	11.2	1,085	7.1

Impact of movement in weighted average discount rates

		Weighted average risk-free discount rates on outstanding claims %		
Currency		30 June 2011	31 Dec 2011	30 June 2012
Australian dollar		5.05	3.65	2.90
US dollar		1.65	0.95	0.85
Sterling		2.25	1.20	1.15
Euro		2.85	1.95	1.75
Argentine peso		-	-	13.85
Group weighted average		3.15	⁽¹⁾ 2.10	2.12
Estimated impact of discount rate movement on profit	US\$M	(40)	(452)	(105)

(1) The 31 Dec 2011 weighted average discount rate was 2.32% restated to include Argentina (post the LBA acquisition)

FY12 premium outlook

	Revised GWP – local currency BN	Revised GWP guidance US\$BN ⁽¹⁾	Previous GWP guidance US\$BN ⁽²⁾
North America	US\$6.6	6.6	7.0
Latin America	US\$1.2	1.2	1.2
Europe	£3.2	5.0	5.0
Australia New Zealand	A\$4.9	5.0	4.7 ⁽³⁾
Asia Pacific	US\$0.6	0.6	0.8 ⁽³⁾
Equator Re	US\$3.7	3.7	4.0
Equator Re		(3.7)	(4.0) ⁽⁴⁾
Group total		18.4	18.7

(1) Based on projected exchange rates of – A\$/US\$1.014, £/US\$1.570 and €/US\$1.282

(2) 2012 AGM guidance

(3) New Zealand previously included in Asia-Pacific GWP guidance

(4) Internal transactions – GWP eliminated on consolidation

Investments: corporate bonds, fixed & floating rate

COUNTRY	30 June 12		31 Dec 11	
	US\$M	%	US\$M	%
Australia	6,582	48	5,346	36
USA	1,738	13	3,003	20
UK	1,746	13	2,556	17
Japan	217	2	119	1
Canada	287	2	485	3
ROW other	1,515	11	1,388	9
Germany	229	2	235	2
France	365	3	749	5
Netherlands	862	6	455	3
GIIPS ⁽¹⁾	252	2	533	4
Eurozone other	-	-	-	-
TOTAL	(2)(3) 13,793	100.0	14,869	100.0

(1) Pertains to Santander's UK subsidiary, Abbey National Plc - \$223m of holding sold post balance date

(2) Credit comprises circa 85% senior debt, 3.5% sub-debt and 12% covered bonds

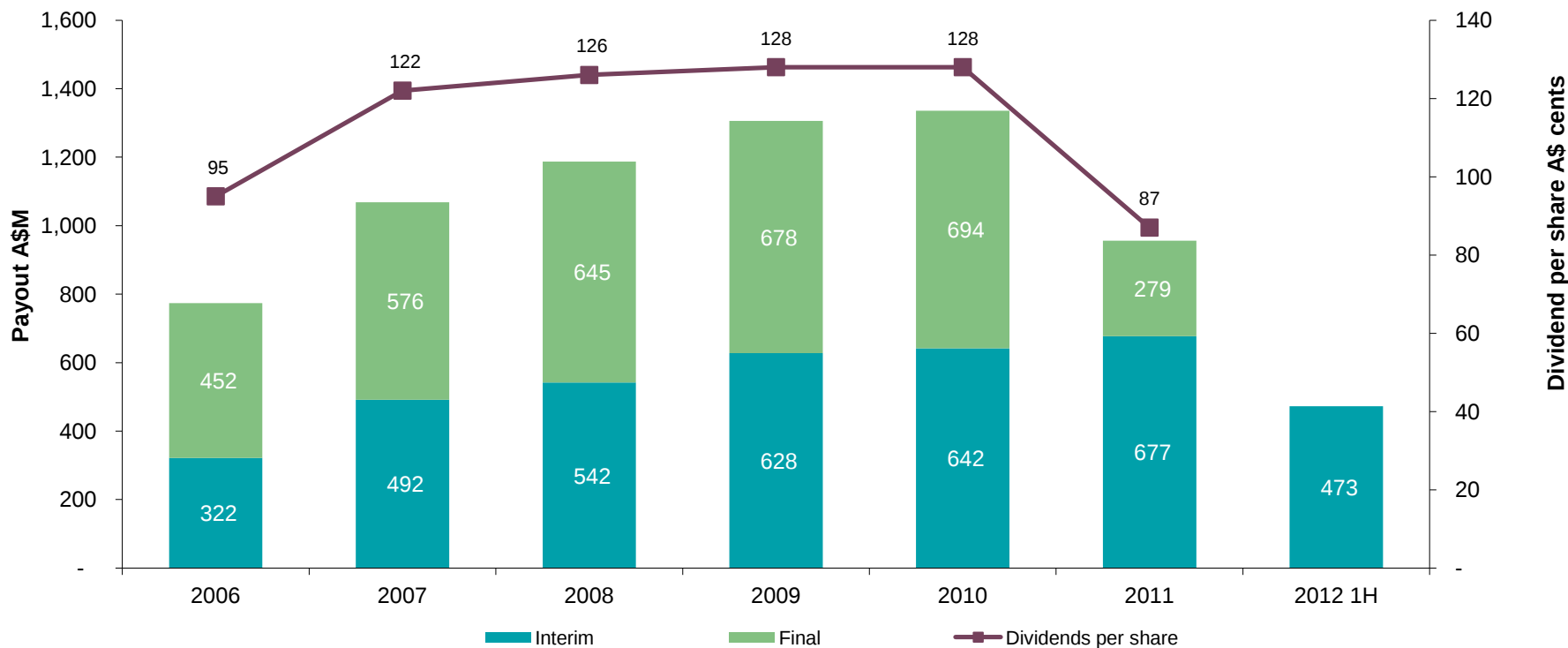
(3) Does not include US\$1,097M relating mainly to government-guaranteed corporates and agencies

Investments: sovereign/supranational bonds

COUNTRY	30 June 12		31 Dec 11	
	US\$M	%	US\$M	%
Australia	810	10	760	13
USA	2,503	30	2,078	37
UK	1,723	20	699	12
Japan	-	-	-	-
Canada	668	8	559	10
ROW other	926	11	627	11
Germany	1,038	12	239	4
France	327	4	402	7
Netherlands	32	0	48	1
GIIPS	-	-	-	-
Eurozone other	413	5	275	5
TOTAL	(1) 8,440	100	5,687	100

(1) This figure includes supranational holdings and is thus higher than the Government Bond exposure referenced in slide 14

Dividend performance



- 2012 interim dividend 40.0 Australian cents, 15% franked:
 - ex dividend date 24 August 2012, record date 30 August 2012, payment date 24 September 2012
 - dividend reinvestment and bonus share plans continue at a 1.5% discount (formerly 2.5%)
 - dividend in line with 2012 payout ratio guidance

Borrowings summary

			30 June 2012	31 December 2011
Maturity date	Call date	Principal amount	US\$M	US\$M
Bank loans				
12 May 2013	12 May 2013	US\$50 million	50	
5 July 2013	5 July 2013	US\$41 million	-	41
			50	41
Senior debt				
28 September 2015	28 September 2015	£550 million	860	850
14 March 2014	14 March 2014	£191 million	298	295
14 March 2014	14 March 2014	US\$211 million	210	209
			1,368	1,354
Hybrid securities				
12 May 2030	12 May 2013	US\$850 million	878	865
			878	865
Capital securities				
No fixed date	1 June 2017	US\$151 million	151	150
No fixed date	18 July 2016	£9 million	14	13
			165	163
Subordinated debt				
24 May 2041	24 May 2021	US\$1 billion	995	994
24 May 2041	24 May 2021	£325 million	507	502
30 June 2020	30 June 2012	US\$500 million	-	492
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
14 December 2036	14 December 2036	US\$15 million	15	15
			1,828	2,334
Total borrowings ^(u)			4,289	4,757

(1) Net of capitalised borrowing costs