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CHAIRMAN'S ADDRESS

May 3, 2018

Good Morning. Thank you for joining us for this morning's QBE Annual General Meeting.

On behalf of the Board, I'd like to acknowledge the traditional owners of the land on which we meet – the Gadigal people of the Eora nation – and pay my respects to elders past and present.

Our meeting today follows a year which included an unprecedented cost of global catastrophes along with unexpected poor operating performance in our Emerging Markets division. This meeting provides an opportunity for you to hear how we navigated unexpected challenges and the strategies and priorities that we now have in place for 2018 and beyond.

I will begin by providing a brief summation of QBE's performance in 2017 as this is important context for the other topics that our new Group Chief Executive Officer Pat Regan and I will discuss with you today.

All shareholders would be acutely aware that your company and the industry were put to the test by a sequence of weather-related catastrophes, which included Hurricanes Harvey, Irma and Maria across the Americas; wildfires in California, and Tropical Cyclone Debbie in Australia.

This run of events contributed to an estimated US$330 billion in global catastrophe losses, of which US$135 billion was insured. This level of insured catastrophe losses was, by a small margin, the highest ever recorded. For QBE the net cost of catastrophes, after our comprehensive reinsurance protections, was US$1,227 million. This compares with US$439 million in 2016.

However, QBE’s underwriting result was also marred by an unanticipated poor performance in our emerging markets businesses. Surprises of this type and magnitude in our business should be avoidable. After a thorough analysis, we have taken a variety of actions including a) exiting our Latin American business which was subscale and remote from Group oversight, b) changing leadership where appropriate and c) initiated as part of our “brilliant basics” program a reunderwriting of parts of our portfolio.

In addition, our statutory financial result in 2017 was impacted by non-cash items that included a US$700 million impairment of North American goodwill along with a US$230 million write down of the deferred tax asset in our North American Operations due to the reduction in the US corporate tax rate. Incorporating these items, the Group reported a statutory net loss after tax of US$1,249 million. On a cash basis, the loss after tax was US$258 million.

While our European and Australian & New Zealand Operations delivered strong results, QBE’s overall performance in 2017 was unsatisfactory and, as indicated, has shaped a number of decisions taken by the Board and management in recent months.

Against this backdrop, there are five main topics that I will address this morning. I will begin with the recent change in the executive leadership of QBE, followed by a high-level overview of the strategic agenda that the Board and management team have agreed for 2018 and beyond.

With capital strength being fundamental to an insurer's licence to operate, I will then provide an update on the Board's approach to capital management and how we managed the Group's capital through a challenging year.

The last two topics relate to resolutions that you will have the opportunity to vote on later this morning. The first of these is the changes to our executive remuneration structure that were introduced in 2017.

Finally, and with reference to the Shareholder Resolution, I will share some observations on the role of the Board in providing guidance and oversight of the company's strategies, policies and performance as well as the work we are doing to understand the effect of a changing climate on our business over the longer term. We know that this is a topic that is of interest to many of you in the room today, just as it is increasingly the subject of discussion both at the Board table and when we meet with investors.

Executive Leadership

Our organisational response to the challenges of the second half 2017 has been shaped by our new Group Chief Executive Officer, Pat Regan, who was appointed to the role from 1 January 2018 following a four month leadership transition.

The Board is grateful to John Neal for his dedication and leadership over five years as Group Chief Executive Officer as he led the business through a significant transformation during a difficult period for the insurance industry globally. It was under John's leadership that a federation of regional businesses was transformed into a cohesive international insurance franchise, and I am confident that QBE's future financial results will benefit from his past stewardship.

Pat is well-credentialed for his new role. In the year prior to his appointment as Group Chief Executive Officer, Pat led the strong turnaround in Australian & New Zealand Operations, and the application of a similar approach to performance management across all of QBE's operations is now taking shape.

In his previous role as Group Chief Financial Officer, Pat was pivotal in strengthening the balance sheet and enhancing the Group's capital management focus.

Alongside the appointment of a new Group Chief Executive Officer, the Group Executive Committee has been refreshed. It is imperative that we have a leadership team with deep insurance expertise to build upon QBE's areas of strength to deliver excellence across the Group consistently.

In this context, it is pleasing to introduce three new members of the Group Executive, each of whom are in the room today, who were appointed subsequent to last year's annual general meeting, with one further appointment to become effective later in the year.

First, we have David McMillan, who joined QBE as Group Chief Operations Officer in September, having previously been Chief Executive Officer for Europe at Aviva as well as Chairman of Global Health Insurance, responsible for a number of Aviva businesses across Europe and India. David is responsible for leading QBE's operations, claims and technology activities.

Secondly, Vivek Bhatia joined QBE in February having been appointed to replace Pat Regan as Chief Executive Officer of Australian & New Zealand Operations. Vivek is a seasoned insurance executive, well known in the Australian insurance community from his roles as Australian CEO of Wesfarmers Insurance and most recently CEO and Managing Director of icare, with prior management consulting experience in restructuring and transformation.

Finally, just last month Inder Singh was promoted to the role of Group Chief Financial Officer. Inder joined QBE from Aviva in January 2015 and he knows our business very well. His previous roles with QBE include Group Head of Corporate Development and Financial Planning & Analysis followed by Chief Financial Officer for Australian & New Zealand Operations.

We have also announced one further appointment to the Group Executive who will be joining us later in the year.

Peter Grewal has been appointed Group Chief Risk Officer and will be starting with us in Sydney in July. Peter joins QBE from Swiss Re where he was most recently the Chief Risk Officer for Reinsurance, Swiss Re's largest business unit. In this role he also led a significant global risk transformation program, with a focus on transparency and collaboration.

QBE's strategic focus

Each of these recent appointments to the Group Executive, and to other key leadership roles, has been made with an eye to ensuring the management team has the skills and capabilities needed to deliver an accelerated reshaping of the company's strategic focus to create a stronger and simpler QBE.

This includes the prioritisation of a program we have called "Brilliant Basics" – improving underwriting quality, pricing and claims handling in every market in which we operate and every product we underwrite.

We are seeking to achieve consistent excellence in these disciplines across our global operations. Two areas that are receiving particular attention are repositioning North America to deliver improved underwriting performance and remediating Asia through improved pricing and risk selection.

Pat will explain what this all means in practice, as well as expanding on his priorities for 2018. However from a Board perspective we are seeing encouraging early progress in the implementation of this strategy.

Looking in from the outside, the clearest markers of this progress are in the area of “simplification” of QBE as we work towards a position of operating only in markets and products where the Group has a distinct advantage and the opportunity to grow profitably.

The sale of our operations in Latin America to Zurich Insurance Group, announced in late February, was a significant achievement and followed a strategic review which confirmed that QBE was no longer the best owner of these businesses.

We have also disposed of a couple of legacy reserve portfolios in our North American and Asia Pacific divisions to enhance our predictability of future result and allow our efforts and focus to be on the future versus the past.

Meaningful progress has also been made over the last twelve months in areas that will contribute to our Brilliant Basics. For example, in the area of claims excellence, and notwithstanding the significant catastrophe claims in the second half of 2017, we were able to generate significant savings from the claims transformation program through anti-fraud, supply chain management and recoveries initiatives.

As I mentioned earlier, Pat will talk in more detail about Brilliant Basics in the context of QBE’s seven priorities for 2018.

Capital Management

Turning now to capital management. As I said in the annual report, achieving the right balance between prioritising QBE's capital strength and rewarding shareholders is an ongoing priority for the Board.

You would recall that a strong balance sheet and positive outlook for cash remittances from the divisions supported steady increases in the dividend from 2014 through to 2016. We are acutely aware that the dividends paid by QBE are highly valued by our shareholders, and were very pleased to be able to increase the dividend over this period.

In 2017 we introduced an additional mechanism for returning capital to shareholders through the commencement of a program of buying back shares in QBE which, all other things being equal, should enhance return on capital as well as the quantum of dividends in the future.

Unfortunately prudence required that we break the recent trend of increasing dividends in the second half of 2017 as the Group's financial performance necessarily shaped our approach to capital management. With generally satisfactory performance recorded in the first half, a period in which the Group generated a substantial cash profit, the dividend of 22 Australian cents per share represented a payout ratio of 61% - consistent with our dividend policy to pay out "up to 65%" of cash profits.

With the magnitude of our second half loss (on a cash basis) the Board felt it prudent to keep our balance sheet strong and declared a reduced final dividend of four Australian cents per share.

Looking forward, our dividend policy remains the same as previously, and so we expect to continue to pay a dividend of up to 65% of cash profits. This means that, as we deliver on the objective of reducing volatility in the Group's earnings, shareholders should expect a return to a more historically normal dividend.

I note also that we remain committed to the three-year share buyback announced in February 2017.

In executing all our capital management plans, the Board must always be mindful of the overriding importance of ensuring the Group balance sheet remains robust when measured against both regulatory and rating agency capital requirements.

I believe that we have struck the right balance thus far, and that this is reflected in S&P Global Ratings' affirmation of an A+ financial strength rating on QBE's core operating companies earlier this year.

Remuneration

I would now like to spend a few moments on our remuneration approach at QBE.

In 2017 we introduced a new executive incentive plan (EIP). This followed a detailed review of our incentive structure across the course of 2016 to ensure it remained fit for purpose for QBE – in particular, in an environment of increasing uncertainty and volatility in our markets. Having sat on the Remuneration Committee throughout the process, I can attest to the degree of thought that went into the new design, which included input from some of our largest investors and their proxy advisers.

The end result was the EIP – a plan that combines short and long-term incentives into a single, simpler scheme. The Board believes that the EIP supports our strategic intent by being:

1. Better correlated to long-term performance and therefore more aligned to shareholders through a balance of annual performance measures aimed at delivering long-term sustainable value and a very significant portion of awards paid in equity,
2. More adaptable to the evolution of our strategy, business cycles and the external operating environment,
3. More tangible and meaningful to our executives, and importantly
4. Simpler and more transparent to all stakeholders.

It should also be noted that because the cash and equity components of the EIP are based on one year targets, the aggregate bonus opportunity under the EIP is approximately 30% less than under our previous, traditional, cash bonus and three year LTI plans.

Also of importance to the EIP is the greater emphasis we have placed on alignment of executives and shareholders by significantly increasing the proportion of bonuses paid in deferred equity and increasing the minimum shareholding requirement of executives.

While we accept that the design of the EIP is not common in the Australian market, the Board believes it is the right plan for QBE at this time. This view was shared by the large majority of shareholders when we presented the EIP last year.

While the success of the new plan needs to be measured over more than one year, the events of 2017 and our financial results have prompted questions from some shareholders on how we applied the EIP in its first year of operation. This is evident through the voting outcomes on the 2017 Remuneration Report and the proposed grant of Conditional Rights to the

Group CEO for his performance in his previous role as CEO for our Australian and New Zealand Operations.

In the lead up to the meeting today, we had the opportunity to hear from a number of shareholders and consider their feedback on the operation of the EIP and Pat's EIP award.

While a majority of shareholders lodging proxy votes in advance of today's meeting are supportive of our remuneration approach a significant percentage did not approve. Additionally, a number expressed reservations about the size of Pat's award of conditional rights in the context of the company's 2017 results.

In response to this feedback, prior to today's meeting Pat volunteered to reduce his award of conditional rights by 25% as was announced last Friday morning. This means, if resolution 3 today is passed, Pat will instead be granted 122,537 conditional rights rather than 163,382. This represents a reduction in the initial value of the award of just over A$420,000.

The proxy voting on the Remuneration Report that we will present at Resolution 2 will show an AGAINST vote of more than 25% which means we will incur a first strike. Naturally we are very disappointed by this, however we have heard your concerns. The Board will use this feedback from shareholders on our remuneration approach and review what changes we want to make going forward - we will communicate these to you in due course.

Role of the Board and Climate change

Turning now to matters relating to Resolution 5 on today's Notice of Meeting, I will spend a few minutes explaining why we have recommended that shareholders vote against both arms of this resolution notwithstanding our commitment to increased disclosure of climate risk.

Resolution 5 is divided into two parts, with item 5(a) proposing an amendment to QBE's Constitution so that shareholders might use general meetings as a forum to express an opinion or request information on matters that would otherwise be partially or exclusively the responsibility of the Board.

Your Board is firmly of the view that passing this resolution would not be in the interests of all shareholders. Indeed, we believe this amendment would impact the Board's ability to make decisions effectively and confuse the role of the Board and shareholders. There would be a real risk that amending the Constitution would provide an opportunity for special interest groups to seek to influence your company's strategy and direction without taking into account the integrated nature of QBE's global business.

For example, there may be a small minority of our 120,000 shareholders that would like to see us withdraw from particular lines of business, or direct our investment in certain directions, for reasons that are entirely un-related to the Board's obligation to act in the interests of all shareholders. If the Constitution were to be amended as envisaged by this item 5(a), it would require a petition from only 100 of these 120,000 shareholders for their issue of special concern to be put to all shareholders in general meeting.

The cost and distraction of responding to such resolutions would be a burden that your Company can ill-afford.

That said, QBE is always open to hearing the views of all stakeholders, particularly our shareholders and we actively promote engagement with the Company across a variety of avenues.

We have a comprehensive investor relations engagement program that facilitates effective communication with investors. We have regular discussions with proxy advisors who provide recommendations to large shareholder groups. Shareholders also have the right to ask any questions or make comments regarding an aspect of the Company's business under item 1 of the Notice of Meeting for today's meeting, or directly to us at any other time.

We also provide a question form with the Notice of Meeting each year for you to bring to our attention any questions that you might have about the Company.

Turning now to item 5(b). As you would have seen in the Notice of Meeting this resolution, which is concerned with the disclosure of climate risk, may be properly considered at this meeting if item 5(a) is passed by special resolution.

As the Board has recommended that shareholders vote against item 5(a) it would have made little sense that we recommend anything other than a vote against 5(b).

However, as I will explain, this recommendation does not detract from our commitment to improved climate risk disclosure. Let me note that our plans in this regard were already underway before the shareholder resolution was tabled.

Climate risk is an area of increasing focus for the Board, management and our industry. We are very pleased that so many shareholders share our interest in improved understanding and disclosure in this area.

Those of you who have reviewed the Sustainability Report published with our annual results would know that we have spent time over the past year considering how best to integrate the full range of sustainability considerations into our risk management and decision-making processes.

We are well aware that for QBE, and the insurance sector more broadly, climate-related risks and opportunities constitute a key topic affecting our core business.

Earlier this year QBE confirmed its support for the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) that were released during 2017, and we have commenced the work that's required to enhance our climate risk related disclosures commencing in our annual reporting materials for the 2018 year. These disclosures will accord with the TCFD recommendations, which are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets.

Completing this work will require a substantial resource commitment over an extended period, and the Final Report of the TCFD outlines a possible three to five-year path for adoption of the recommendations, recognising that time is required for full implementation.

In his Group Chief Executive Officer's address Pat Regan will provide an overview of some of the areas where climate-related risks can create challenges for insurers, as well as additional detail of the work that has commenced to support improved disclosure of climate-related risks in the future.

It's important to note that in committing to report in accordance with the TCFD recommendations, we are taking exactly the actions that were requested of us by a group of shareholders as set out in Resolution 5(b) on the Notice of

Meeting. I can advise that 18.6% of proxies lodged in advance of today's meeting were in favour of resolution 5(b). This result, and the conversations we have had with the investor community over the past few weeks, confirm to us that the actions we have underway are the right ones. We are pleased that so many of our shareholders share our commitment to action and disclosure on climate change.

In just a moment I will ask Pat to present his inaugural AGM address as Group Chief Executive Officer. Before I do, and on behalf of the Board, I would like to thank you, our shareholders, for your support over the last year. We expect better and more consistent results in the future that will reward your continued support and we look forward to reporting on our progress in years to come.