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30 August 2017

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

Dear Sir/Madam

1H 2017 Debt Investor Update

We refer the market to QBE's attached 1H 2017 Debt Investor Update.

Yours faithfully

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

Carolyn Scobie
Company Secretary

Attach.

QBE Insurance Group

1H 2017 Debt Investor Update

September 2017

All figures in US\$ unless otherwise stated



PRESENTERS



Paul Byrne
Group Treasurer

Responsible for:

- Global Treasury & Markets
- Group Capital Management
- Ratings Agencies



Ernest Claassen
Deputy Group Treasurer

Responsible for:

- Debt Capital Markets
- Ratings Agencies

Group Organisation & Overview

COMPANY OVERVIEW

QBE is one of the world’s largest insurance and reinsurance companies, with operations in 36 countries in all the major insurance markets

- Market capitalisation ~A\$16.2 billion
- Net assets ~A\$14 billion⁽¹⁾
- QBE is regulated on a consolidated basis by the Australian Prudential Regulatory Authority
- Current credit ratings for our main insurance subsidiaries and holding company:

	S&P	Fitch	Moody’s
Financial strength rating	A+/ positive ⁽²⁾	A+/positive ⁽²⁾	A1
Issuer credit rating	A-/ positive	A- ⁽³⁾	Baa1
Issuer credit rating – Subordinated	BBB/BBB- ⁽⁴⁾	BBB	n/a
Rating last affirmed	May 2017	July 2017	July 2017

⁽¹⁾ 30 June 2017

⁽²⁾ Core general insurance entities

⁽³⁾ Long term issuer default rating

⁽⁴⁾ Legacy subordinated instruments rated BBB / 2044 6.75% subordinated instrument rated BBB - given the inclusion of NVLA

COMPANY OVERVIEW (cont'd)

QBE is organised into 5 different divisions as follows:

- North American Operations - general insurance and reinsurance
- European Operations - general insurance principally in the UK, mainland Europe and Canada. Our Lloyd's syndicates writes both general insurance and worldwide reinsurance
- Australian & New Zealand Operations - primarily underwrites general insurance throughout Australia and New Zealand, providing all major lines of insurance for personal and commercial risks
- Latin America Operations – writes general insurance in North, Central and South America
- Asia Pacific Operations – provides personal, commercial and specialist general insurance covers throughout the Asia Pacific region
- Equator Re - is our Bermuda based captive reinsurer

1H 2017 Earnings

1H17 UPDATE

UNDERWRITING PERFORMANCE

- 95.3% combined operating ratio^{1,2} (1H16 94.5%)^{2,3}
- 9.3% insurance profit margin¹ (1H16 5.6%)³
- Sixth consecutive half of positive prior accident year development
- ROE 8.8%¹ (1H16 5.1%)³

OPERATIONAL PROGRESS

- Emerging Markets disappointed with COR of 110.8%² (1H16 99.5%)²
- ANZO 1H17 attritional claims ratio (ex LMI) improved by 420bps
- North America COR 98.2%² (1H16 100.5%)²
- Expense ratio improved to 15.2% (1H16 16.1%)³

FINANCIAL STRENGTH

- Cash remittances strong – on track to deliver >\$1Bn in FY17
- PCA stable at 1.69x
- Interim dividend up 5% to 22 Australian cents
- Share buyback – active in 2H17

1. Excludes a \$156M one-off adverse impact on the Group's underwriting result due to the Ogden decision in the UK (refer page 11 of HY17 report for details)

2. Excludes the impact of changes in risk-free rates used to discount net outstanding claims

3. Excludes transactions to reinsure UK long-tail liabilities (refer page 11 of HY17 report for details)

1H17 FINANCIAL RESULTS SUMMARY

For the half year ended 30 June		1H16 ^{1,2}	1H17 ^{1,3}	Change
GWP	\$M	7,892	8,044	↑ 3% ⁴
NEP	\$M	5,791	6,045	↑ 6% ⁴
COR	%	99.1	94.9	↓ 4.2ppt
COR (ex discount rate)	%	94.5	95.3	↑ 0.8ppt
Insurance profit	\$M	324	562	↑ 73%
Insurance profit to NEP	%	5.6	9.3	↑ 3.7ppt
Net profit after income tax	\$M	263	464	↑ 76%
Cash profit after tax	\$M	287	374 ⁵	↑ 30%
ROE	%	5.1	8.8	↑ 3.7ppt
Dividend per share	AU cents	21.0	22.0	↑ 5%

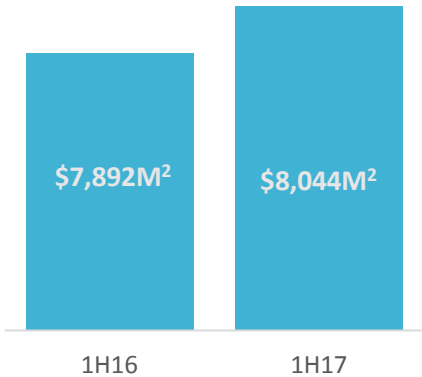
1. Excludes M&LS fronting (refer page 11 of HY17 report for details)
2. Excludes transactions to reinsure UK long-tail liabilities (refer page 11 of HY17 report for details)
3. Excludes a \$156M one-off adverse impact on the Group's underwriting result due to the Ogden decision in the UK (refer page 11 of HY17 report for details)

4. Constant currency basis
5. *Includes* the \$156M adverse impact on the Group's underwriting result due to the Ogden decision in the UK

1H17 RESULTS SNAPSHOT

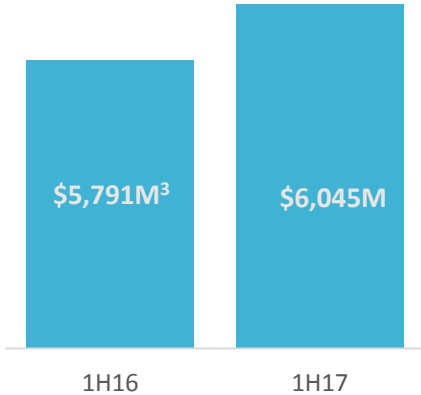
GWP

+3% growth¹

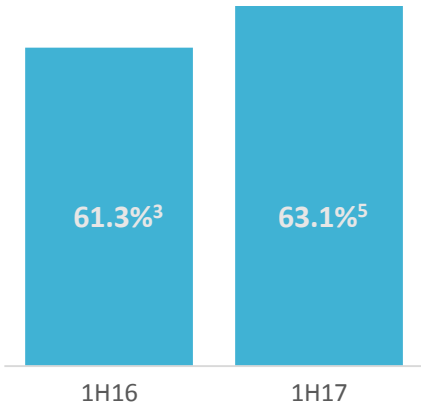


NEP

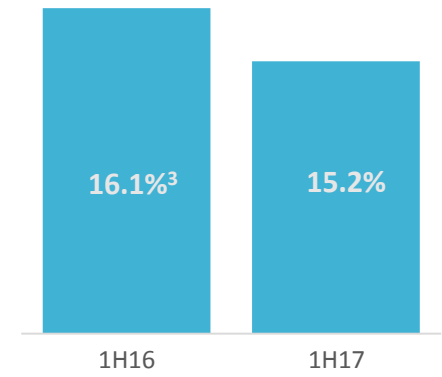
+6% growth¹



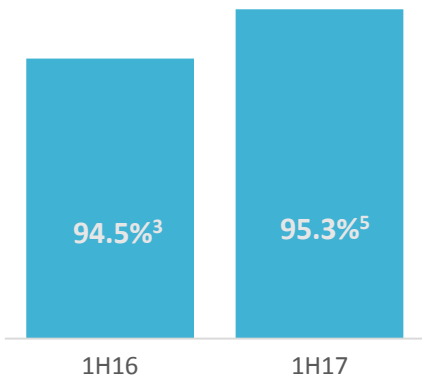
CLAIMS RATIO⁴



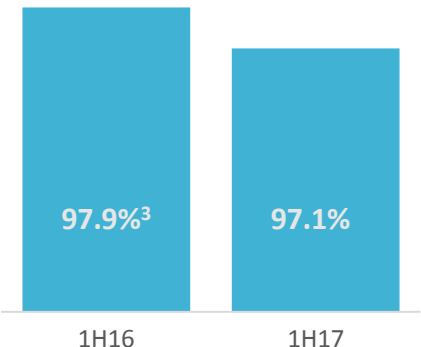
EXPENSE RATIO



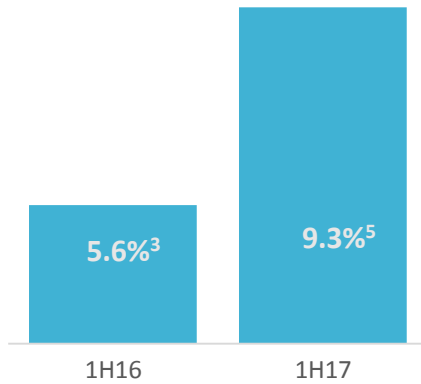
COR⁴



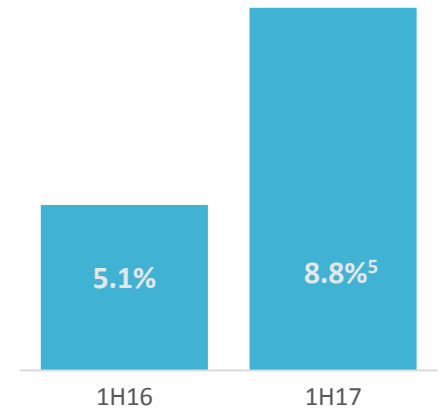
CAY COR⁶



INSURANCE MARGIN



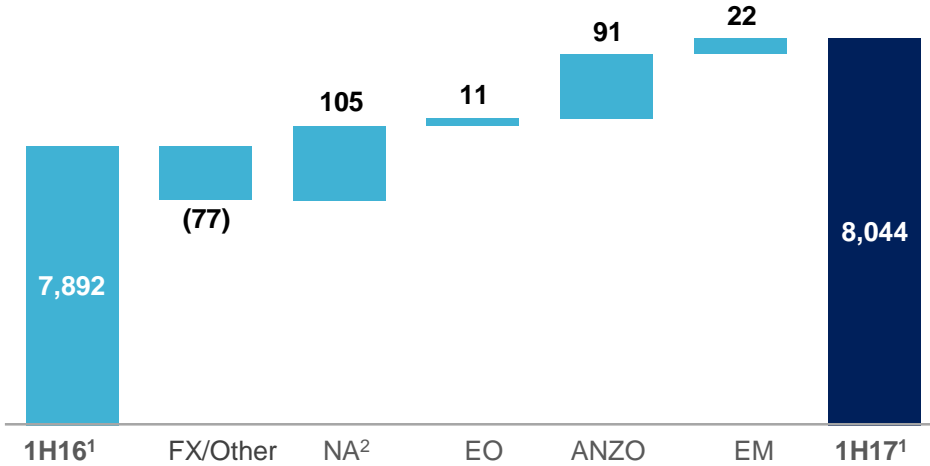
ROE



1. Constant currency basis
2. Excludes M&LS fronting (refer page 11 of HY17 report for details)
3. Excludes transactions to reinsure UK long-tail liabilities (refer page 11 of HY17 report for details)
4. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
5. Excludes a \$156M one-off adverse impact on the Group's underwriting result due to the Ogden decision in the UK (refer page 11 of HY17 report for details)
6. Excludes \$38M (1H16 \$22M) of favourable Crop prior accident year development that is offset by an additional reinsurance cession to the US Government under the Federal crop reinsurance arrangements

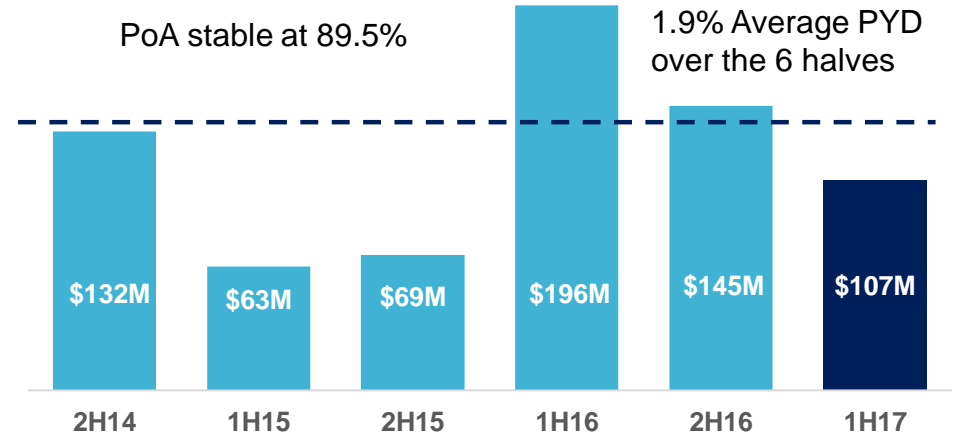
KEY PERFORMANCE DRIVERS

3% CONSTANT CURRENCY GWP GROWTH



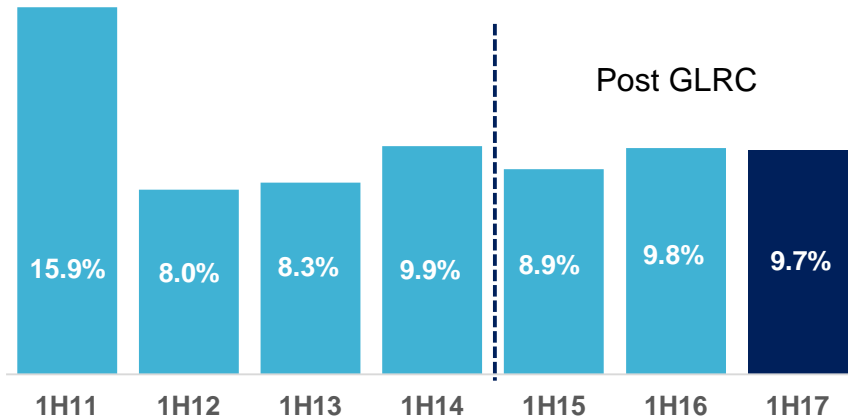
1. Excludes M&LS fronting (refer page 11 of HY17 report for details)
2. Excludes \$120M of Latin American business fronted on behalf of Equator Re (terminated on 1 Jan 2017)

POSITIVE PRIOR ACCIDENT YEAR DEVELOPMENT

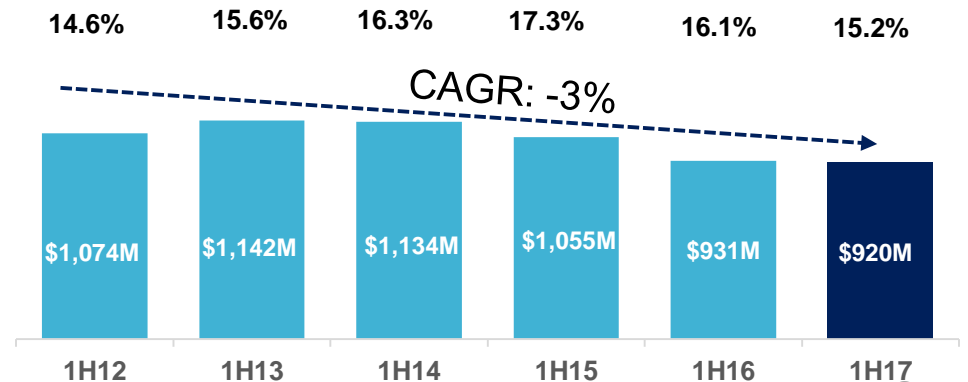


Note: Excludes of favourable Crop prior accident year development that is offset by an additional reinsurance cession to the US Government under the Federal crop reinsurance arrangements

LARGE RISK & CATASTROPHE CLAIMS STABLE



REDUCTION IN EXPENSES



1H 2017 Balance Sheet

FINANCIAL STRENGTH & FLEXIBILITY

As at	31 Dec 2016	30 June 2017
Summary balance sheet	\$M	\$M
Investments and cash	25,235	25,665
Trade and other receivables	4,831	6,926
Intangibles	3,627	3,737
Other assets	1,385	1,390
Assets	35,078	37,718
Insurance liabilities, net	18,579	19,932
Borrowings	3,474	3,498
Other liabilities	2,691	3,572
Liabilities	24,744	27,002
Net assets	10,334	10,716
Non-controlling interests	50	48
Shareholders' funds	10,284	10,668

Reserving

- Favourable PYD of \$107M¹
- \$29M favourable discount rate impact
- PoA of 89.5% (FY16 89.5%)

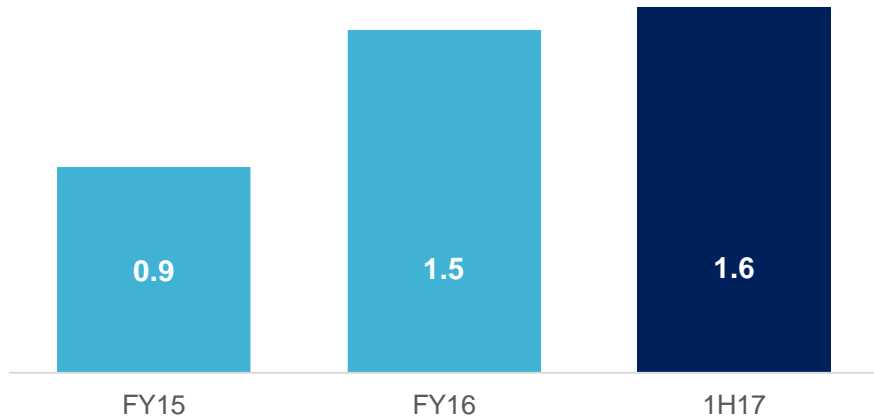
1. Excludes \$38M (1H16 \$22M) of favourable Crop prior accident year development that is offset by an additional reinsurance cession to the US Government under the Federal crop reinsurance arrangements

Borrowings

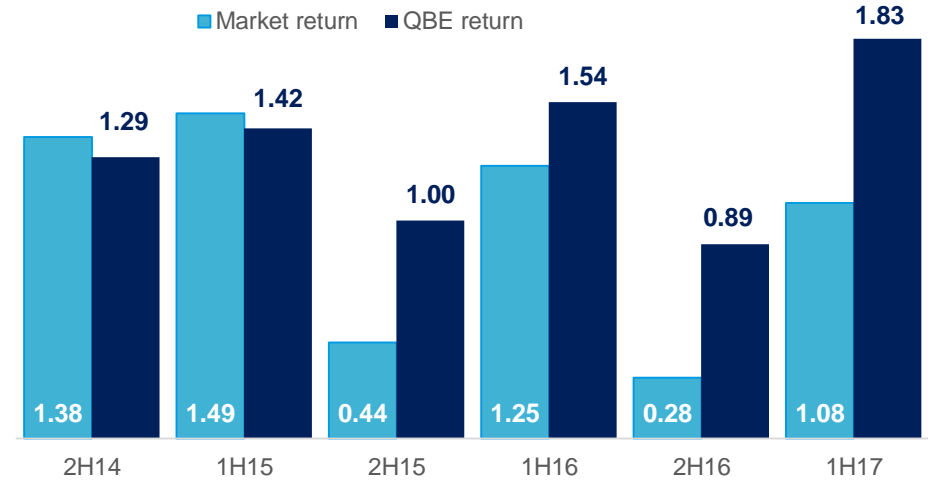
- Broadly unchanged from FY16
- Debt to equity 32.8% (FY16 33.8%)
- Debt to tangible equity 50.5% (FY16 52.2%)

INVESTMENT PERFORMANCE

FIXED INCOME DURATION (YEARS)

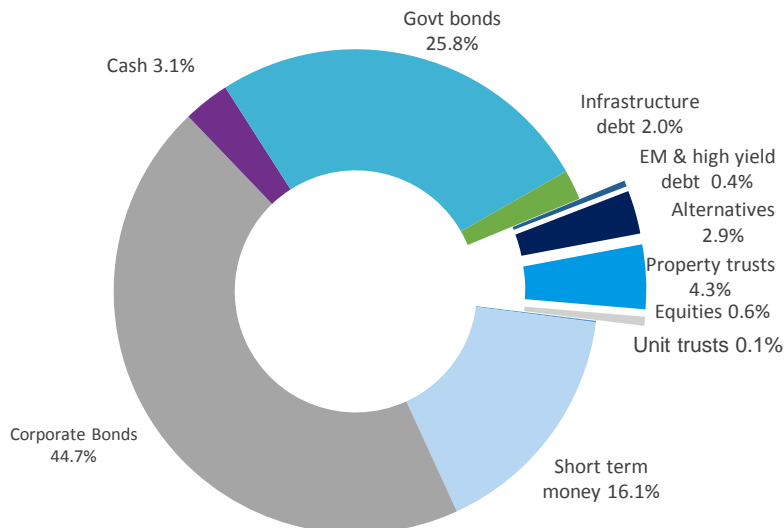


QBE PORTFOLIO RETURN VS MARKET¹

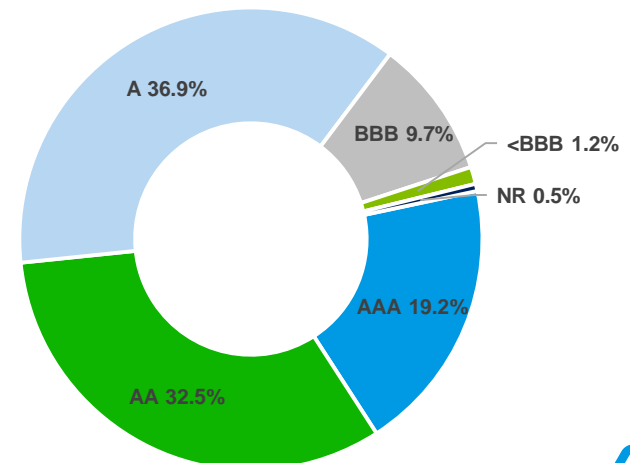


1. Asset weighted aggregation of all underlying asset classes and currencies

INVESTMENTS & CASH - \$25.7BN



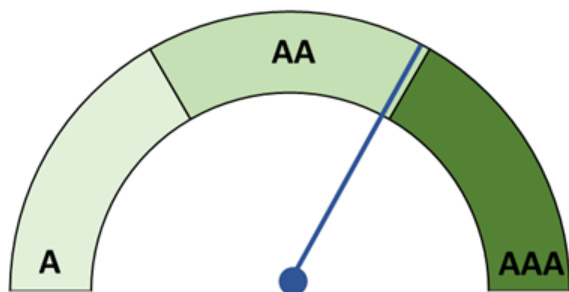
INTEREST BEARING FINANCIAL ASSETS²



2. S&P rating - pertains to cash & income assets only

FINANCIAL STRENGTH

S&P CAPITAL

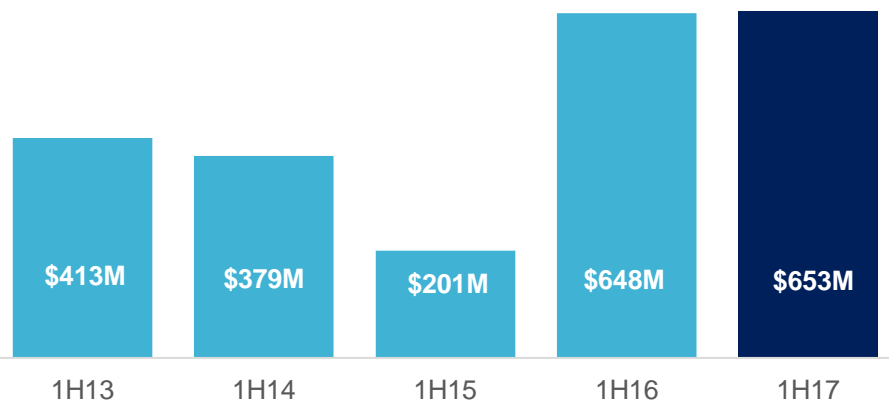


CAPITAL

1H17 APRA PCA: 1.69x

S&P maintain “positive” outlook

CASH REMITTANCES



DIVIDEND & SHARE BUYBACK

2017 interim dividend up 5% to 22 Australian cents per share

61% of cash profit, 30% franked

Share buyback active in 2H17

CASH REMITTANCES

Group head office cash flow at 31 Dec	H1 2016 \$M	H1 2017 \$M
Opening head office cash balance	845	1,007
Total divisional remittances	648	653
<u>Interest on parent entity borrowings</u>	<u>(45)</u>	<u>(75)</u>
Gross organic cash flow	603	578
<u>Dividends paid – net of DRP</u>	<u>(312)</u>	<u>(335)</u>
Net organic cash flows	291	243
<u>Other (including asset sales)</u>	<u>(342)</u>	<u>(261)</u>
<u>Closing head office cash balance</u>	<u>794</u>	<u>989</u>

- Interim dividend 22 Australian cents per share representing a 61% payout ratio on cash profits
- DRP to be neutralised by on-market purchases

- Targeting internal cash flow of greater than \$1bn again for 2017

BORROWINGS

Borrowings profile (%)

- Subordinated debt
- Senior debt
- Capital securities



	FY16	1H17
Subordinated debt	74	74
Senior debt	17	26
Capital securities	9	-

Repayment profile (%)

- Less than 1 year
- 1 – 5 years
- More than 5 years
- Debt to equity ratio

	FY16	1H17
Less than 1 year	9	17
1 – 5 years	27	21
More than 5 years	64	62
Debt to equity ratio	33.8	32.8

Market Activity

- 5-year 300M USD Senior raised (April '17)
- USD capital securities called (June '17)

Borrowings

- \$3,498M at 3 June 2017
- Weighted average cost of borrowings 5.52%

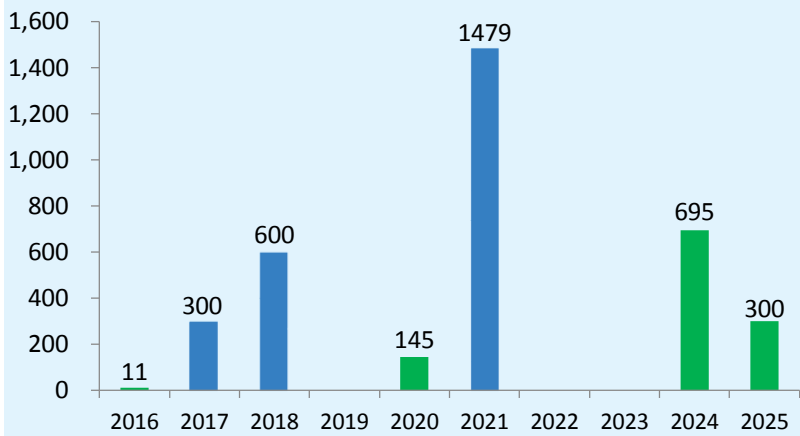
Debt to equity

- Ratio within 25% - 35% benchmark range
- Debt to tangible equity down to 50.5%

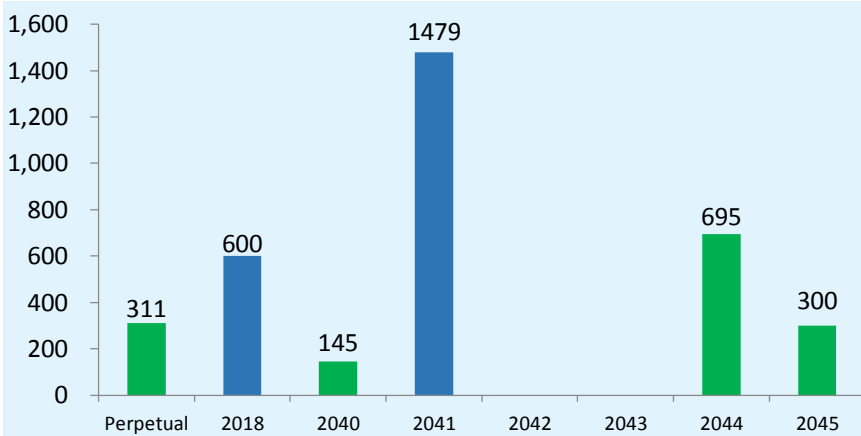
MATURITY PROFILE

Dec 15

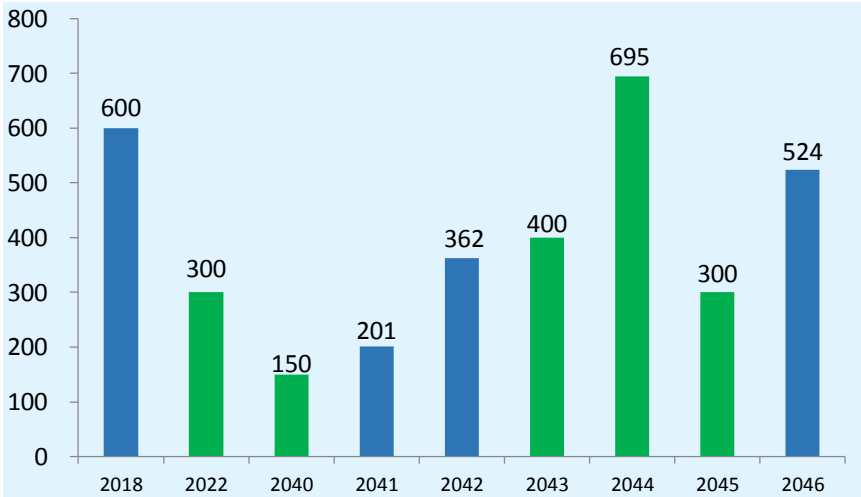
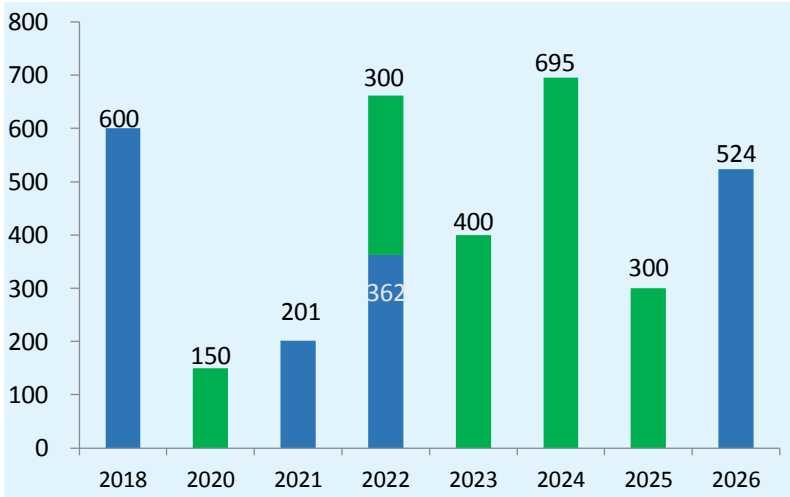
1st Call Date



Maturity Date



Jun 17



H1
H2

APRA PCA CALCULATION

	\$M	FY16 ¹	1H17 ²
Ordinary share capital and reserves		10,334	10,716
Net surplus relating to insurance liabilities		674	726
Regulatory adjustments to Common Equity Tier 1 Capital		(4,441)	(4,571)
Common Equity Tier 1 Capital		6,567	6,871
Additional Tier 1 Capital - Capital securities		180	-
Total Tier 1 Capital		6,747	6,871
Tier 2 Capital - Subordinated debt and hybrid securities		2,530	2,513
Total capital base		9,277	9,384
Insurance risk charge		2,779	2,973
Insurance concentration risk charge		1,219	1,298
Asset risk charge		1,962	1,908
Operational risk charge		479	531
Less: Aggregation benefit		(1,158)	(1,155)
APRA's Prescribed Capital Amount (PCA)		5,281	5,555
PCA multiple		1.76	1.69
CET1 ratio (APRA requirement >60%)		124%	124%

1. Prior year APRA PCA calculation has been restated to be consistent with APRA returns finalised subsequent to year end

2. Indicative APRA PCA calculation at 30 June 2017

2017 Key Priorities

KEY PRIORITIES FOR 2H17

PERFORMANCE IMPROVEMENT

- Maintain underlying improvement in ANZO
- Execute on profit improvement plans in North America
- Maintain underwriting discipline in challenging European markets

ASIA PACIFIC & LATIN AMERICA

- Implement Asia Pacific underwriting remediation
- Strategic review of Latin America
- Instigate cost reduction plan for both divisions

FINANCIAL RETURNS

- Maintain high quality balance sheet
- Effective capital management; dividend growth and buyback

FY17 FINANCIAL TARGETS

- Modest premium growth^{1 2}
- Towards the upper end of 94.5% – 96.0%^{3,4} COR
- Investment return around 3.0%

1. Premium growth target is on a constant currency basis

2. Excludes M&LS fronting (refer page 11 of HY17 report for details)

3. Excludes the impact of changes in risk-free rates used to discount net outstanding claims

4. Excludes a \$156M one-off adverse impact on the Group's underwriting result due to the Ogden decision in the UK (refer page 11 of HY17 report for details)

Questions & Answers

CONTACTS

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DISCLAIMER

The information in this presentation provides an overview of the results for the year ended 31 December 2016.

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", "outlook" 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 reduction in premium rates in excess of our business plans; 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 unplanned asset sales and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this presentation.

Appendices

Appendix 1:

1H 2017 Earnings

NORTH AMERICA

		1H16	1H17
Gross written premium	\$M	2,818	2,803
Gross earned premium	\$M	2,184	2,187
Net earned premium	\$M	1,710	1,712
Claims ratio	%	71.6	66.8
Commission ratio	%	16.8	15.5
Expense ratio	%	15.5	16.0
Combined operating ratio	%	104.0	98.3
Combined operating ratio (ex discount rate)	%	100.5	98.2
Insurance profit margin	%	(1.5)	4.1

- Premium rates up 1%
- Current accident year underwriting profitability stable
- Return to top-line growth with underlying GWP up 4%¹
- Continued growth trajectory in Specialty, with GWP up 27% on the prior year with the introduction of new products and programs, coupled with growth in liability and professional lines
- COR (ex discount) improved to 98.2% from 100.5% in the prior year
- Net claims ratio of 66.8%, reflecting small positive prior year release, largely from crop, as well as the exit of mono-line commercial auto business in 2H16
- Expense ratio increased slightly reflecting staff costs and technology spend
- Further cost efficiencies expected through a focused distribution model and partnership with Arrowhead
- Crop portfolio tracking in line with an average year

1. Excludes Latin American premium income fronted on behalf of Equator Re in 2016

EUROPE

		1H16 ¹	1H17 ²
Gross written premium	\$M	2,508	2,393
Gross earned premium	\$M	1,930	1,915
Net earned premium	\$M	1,561	1,532
Claims ratio	%	63.4	53.3
Commission ratio	%	17.9	19.3
Expense ratio	%	17.3	16.1
Combined operating ratio	%	98.6	88.7
Combined operating ratio (ex discount rate)	%	88.3	91.3
Insurance profit margin	%	5.2	15.1

- Overall premium rates down 1%, reflecting a slight improvement from 1H16
- Modest GWP growth on a constant currency basis
- Targeted growth achieved in Continental Europe insurance portfolio and QBE Re
- Positive prior year releases of \$131M across several portfolios and accident years
- Attritional claims ratio impacted by NEP suppression resulting from weaker sterling and additional reinsurance spend, coupled with increased claims activity, largely in property
- Expense ratio improved to 16.1% from 17.3%, reflecting ongoing expense management and FX
- COR (ex Ogden and discount rate) deteriorated to 91.3% from 88.3% in the prior year, due to an increase in the current accident year claims ratio due to the higher attritional claims ratio

1. Excludes transactions to reinsure UK long-tail liabilities (refer page 11 of HY17 report for details)

2. Excludes \$156M one-off adverse impact on the Group's underwriting result due to the Ogden decision in the UK (refer page 11 of HY17 report for details)

AUSTRALIA & NEW ZEALAND

		1H16	1H17
Gross written premium	\$M	1,861	2,007
Gross earned premium	\$M	1,871	2,024
Net earned premium	\$M	1,654	1,705
Claims ratio	%	67.7	63.6
Commission ratio	%	15.1	15.0
Expense ratio	%	13.1	13.9
Combined operating ratio	%	95.9	92.5
Combined operating ratio (ex discount rate)	%	93.9	92.2
Insurance profit margin	%	8.9	12.3

- GWP grew 5% on a constant currency basis reflecting 5% premium rate increases on the back of further rate increases in short-tail personal and commercial lines, coupled with improved risk selection and tighter claims management
- GWP grew 5% on a constant currency basis with significant premium rate increases achieved
- Despite the premium rate increases, policy retention remained broadly stable
- Net claims ratio decreased to 63.6%, largely due to improvement in attritional ratio through ongoing remediation activities and premium rate increases
- Attritional claims ratio improved 4.2% (ex LMI) on the back of continued remediation progress
- COR (ex-discount rate) improved to 92.2% from 93.9% in the prior period due to the reduction in the attritional claims ratio, partially offset by a lower level of positive prior year development

EMERGING MARKETS

		1H16	1H17
Gross written premium	\$M	850	857
Gross earned premium	\$M	793	804
Net earned premium	\$M	655	679
Claims ratio	%	54.8	64.9
Commission ratio	%	23.2	23.9
Expense ratio	%	21.5	22.1
Combined operating ratio	%	99.5	110.9
Combined operating ratio (ex discount rate)	%	99.5	110.8
Insurance profit margin	%	5.5	(7.1)

- The result significantly impacted by adverse claims experience across a number of portfolios in Latin America and Asia Pacific
- Deterioration in COR to 110.8% from 99.5% due to increased frequency of mid-sized claims, coupled with adverse prior accident year claims development in HK workers' compensation portfolio
- GWP up 3% on a constant currency basis, significantly lower than 10% growth in the prior period, reflecting 6% growth in Latin America, whilst Asia Pacific GWP declined 1%
- NEP up 6% on the same basis due to GWP growth, coupled with reduced reinsurance spend
- Claims ratio increased to 64.9% from 54.8% impacted by:
 - increased frequency of mid-sized claims in property & marine in Asia Pacific
 - adverse experience in Brazilian Affinity and Colombian SOAT, coupled with large fire claims in Mexico
 - reserve strengthening in HK workers' compensation

EQUATOR RE

		1H16	1H17
Gross written premium	\$M	1,125	1,375
Gross earned premium	\$M	583	798
Net earned premium	\$M	197	419
Claims ratio	%	58.9	68.7
Commission ratio	%	9.1	9.8
Expense ratio	%	2.0	2.1
Combined operating ratio	%	70.1	80.6
Combined operating ratio (ex discount rate)	%	63.5	79.9
Insurance profit margin	%	37.6	21.7

- GWP up 22% driven by an increase in proportional business underwritten to the divisions
- NEP up 113% from the prior period, largely from growth in the proportional book and new bespoke treaties
- Net claims ratio deteriorated to 68.7%:
 - \$49M adverse prior accident year development
 - growth in proportional business
- Increase in commission ratio due to growth in proportional business which incurs higher commissions relative to excess of loss portfolio
- COR (ex discount rate) deteriorated to 79.9% compared with 63.5% in the prior period reflecting the aforementioned growth in the proportional book, coupled with adverse prior accident year claims experience

1H17 ATTRITIONAL CLAIMS RATIO ANALYSIS

	1H16		1H17	
	NEP Attritional US\$M	%	NEP Attritional US\$M	%
Rest of world	5,484	51.1	5,672	51.5
US multi-peril crop insurance	307	83.1	373	80.6
QBE Group adjusted	5,791	52.8	6,045	53.3

1H17 CLAIMS RATIO ANALYSIS

		30 June 2016		30 June 2017	
		Statutory	¹ Adjusted	Statutory	² Adjusted
NEP	\$M	5,615	5,791	6,043	6,045
Attritional claims	%	54.5	52.8	53.3	53.3
Large individual risk and catastrophes	%	9.8	9.5	9.7	9.7
Claims settlement costs	%	3.0	2.9	3.1	3.0
Claims discount	%	(1.3)	(1.3)	(1.8)	(1.8)
Accident year claims ratio	%	66.0	63.9	64.3	64.2
PY central estimate development	%	³ (7.1)	³ (3.9)	⁴ 0.1	⁴ (2.4)
Change in discount rates	%	5.0	4.6	(0.5)	(0.5)
Other (including unwind of discount)	%	0.9	1.3	1.4	1.4
Financial year claims ratio	%	64.8	65.9	65.3	62.7

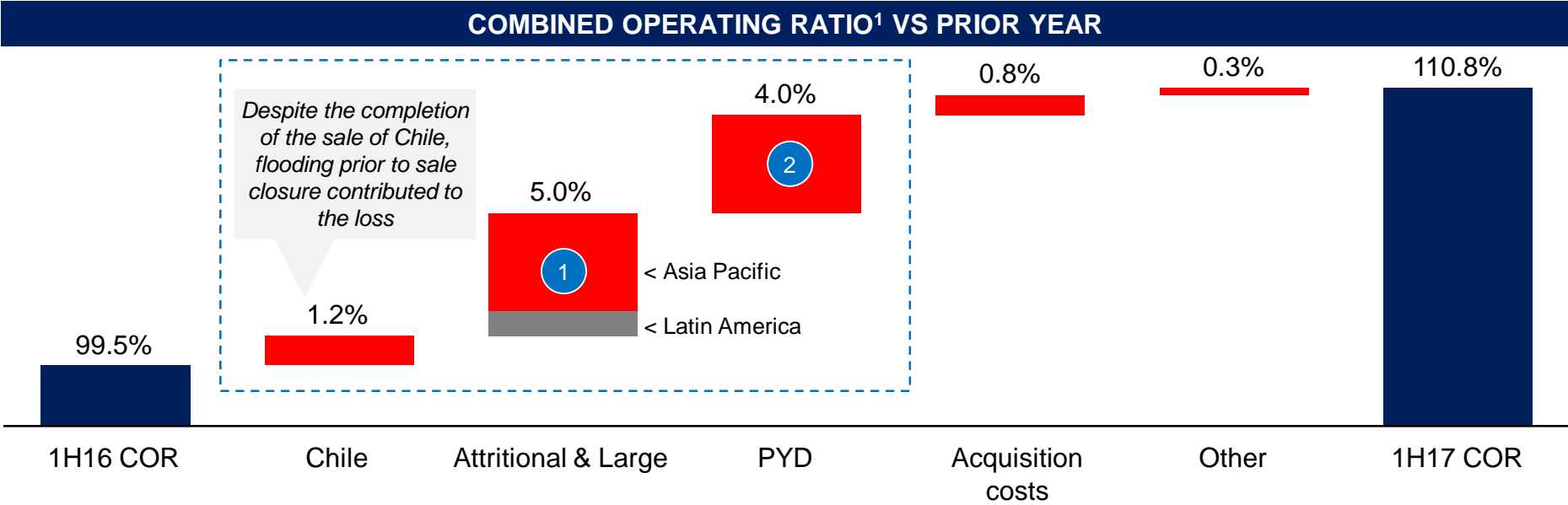
1. Excludes transactions to reinsure UK long-tail liabilities (refer page 11 of HY17 report for details)

2. Excludes a \$156 million one-off adverse impact on the Group's underwriting result due to the Ogden decision in the UK (refer page 11 of HY17 report for details)

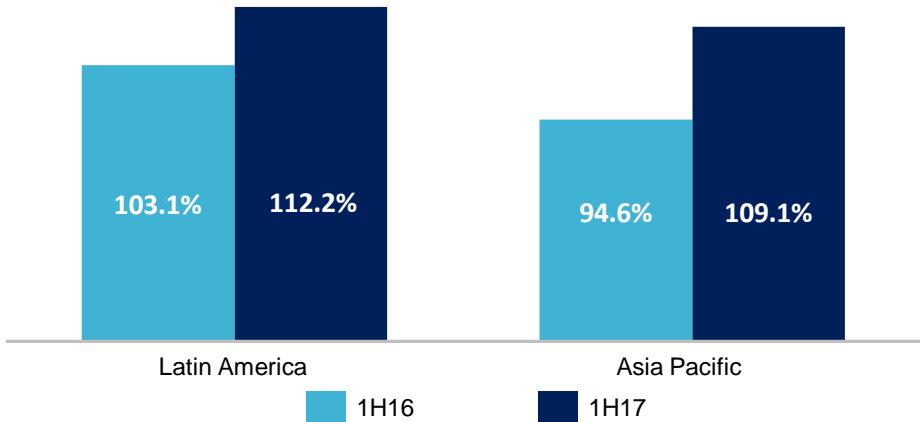
3. Net of discount movement (\$50 million cost) due to long tail classes including dust disease in Australia and motor third party bodily injury in Argentina, where the level of assumed claims inflation is directly linked to the discount rate.

4. Net of discount movement (\$17 million cost) due to long tail classes including dust disease in Australia and motor third party bodily injury in Argentina, where the level of assumed claims inflation is directly linked to the discount rate.

EMERGING MARKETS: IMPACTED BY HIGHER FREQUENCY OF MID-SIZED CLAIMS ACROSS SEVERAL PORTFOLIOS



COMBINED OPERATING RATIO¹ BY REGION



DETERIORATION IN 1H17 COMBINED OPERATING RATIO

- 1 Higher as a result of **property and marine** in Asia Pacific, along with **Brazil travel** and **large fire claims in Mexico**
- 2 Review of **Hong Kong workers' compensation** included a reserve strengthening; Colombian SOAT remains a drag

1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims



COMPREHENSIVE PROGRAM OF REMEDIAL ACTIONS UNDERWAY IN ASIA PACIFIC & LATIN AMERICA

ASIA PACIFIC

- Revised pricing models for property, marine and workers' compensation
- Reserves strengthened and reducing Hong Kong workers' compensation exposure
- Exit Thailand

LATIN AMERICA

- Significant reduction in acquisition costs
- Remediation of Mexican property business
- Exit Colombian SOAT
- Strategic review of geographical footprint

PEOPLE & ORGANISATION

- Revert to two division structure to enhance regional focus
- Jason Brown appointed CEO, Asia Pacific
- Carola Fratini appointed CEO, Latin America
- Tightened governance: dedicated CUOs and CROs

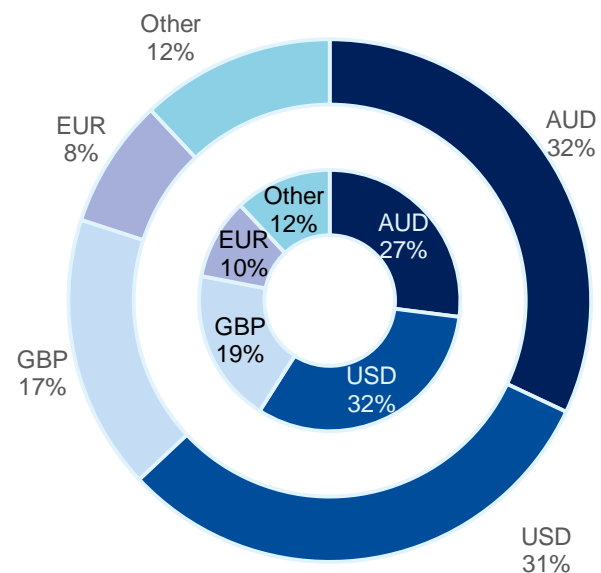
Appendix 2:

2H 2017 Balance Sheet

CURRENCY MIX

Currency mix of interest bearing financial assets

	30 JUNE 2017		31 DECEMBER 2016	
	US\$M	%	US\$M	%
Australian dollar	7,043	27	7,993	32
US dollar	8,320	32	7,786	31
Sterling	4,819	19	4,473	17
Euro	2,473	10	2,104	8
Canadian dollar	1,025	4	941	4
Hong Kong dollar	484	2	497	2
New Zealand dollar	406	2	410	2
Argentinian peso	235	1	236	1
Singapore dollar	226	1	221	1
Other	634	2	574	2
Total	25,665	100	25,235	100



GWP currency mix table	30 JUNE 2017		30 JUNE 2016	
	US\$M	%	US\$M	%
US dollar	2,874	36	3,020	37
Sterling	1,940	24	2,111	26
Australian dollar	1,884	23	1,748	22
Argentinian peso	201	3	191	2
Euro	414	5	359	4
Hong Kong dollar	155	2	168	2
New Zealand dollar	138	2	118	2
Singapore dollar	100	1	86	1
Other	332	4	306	4
Total	8,038	100	8,107	100

OUTSTANDING DEBT INSTRUMENT DETAILS

ISN/CUSIP	Currency	Issued Amount mm's	Outstanding Amount mm's	USD Equivalent mm's	Interest Rate	First Call Date	Maturity Date
Senior debt							
USQ78063AF38	USD	600	600	600	2.400%	N/A	1 May 2018
XS1589873097	USD	300	300	300	3.000%	N/A	21 October 2022
Subordinated debt							
US74737DAA46	USD	399	399	399	7.500%	24 November 2023	24 November 2043
USG7306BAA29	USD	1,000	167	167	7.250%	24 May 2021	24 May 2041
XS0615238473	GBP	325	27	34	7.500%	24 May 2021	24 May 2041
XS1311098815	USD	300	300	300	6.100%	12 November 2025	12 November 2045
XS1144495808	USD	700	700	700	6.750%	02 December 2024	02 December 2044
XS1419859142	GBP	327	327	411	6.115%	24 May 2022	24 May 2042
XS1423722823	USD	524	524	524	5.875%	17 June 2026	17 June 2046
AU3FN0029039	AUD	200	200	151	FRN	29 September 2020	29 September 2040

APRA CAPITAL REQUIREMENTS

APRA Prudential Standard – Capital Adequacy

- Institutions must have in place a documented Internal Capital Adequacy Assessment process ‘ICAAP’
 - CET1 must be > 60% of PCA
 - Tier 1 must be > 80% of PCA
 - Compulsory annual disclosure of CET1, Additional Tier 1 and Tier 2 capital as well as any regulatory adjustments
-

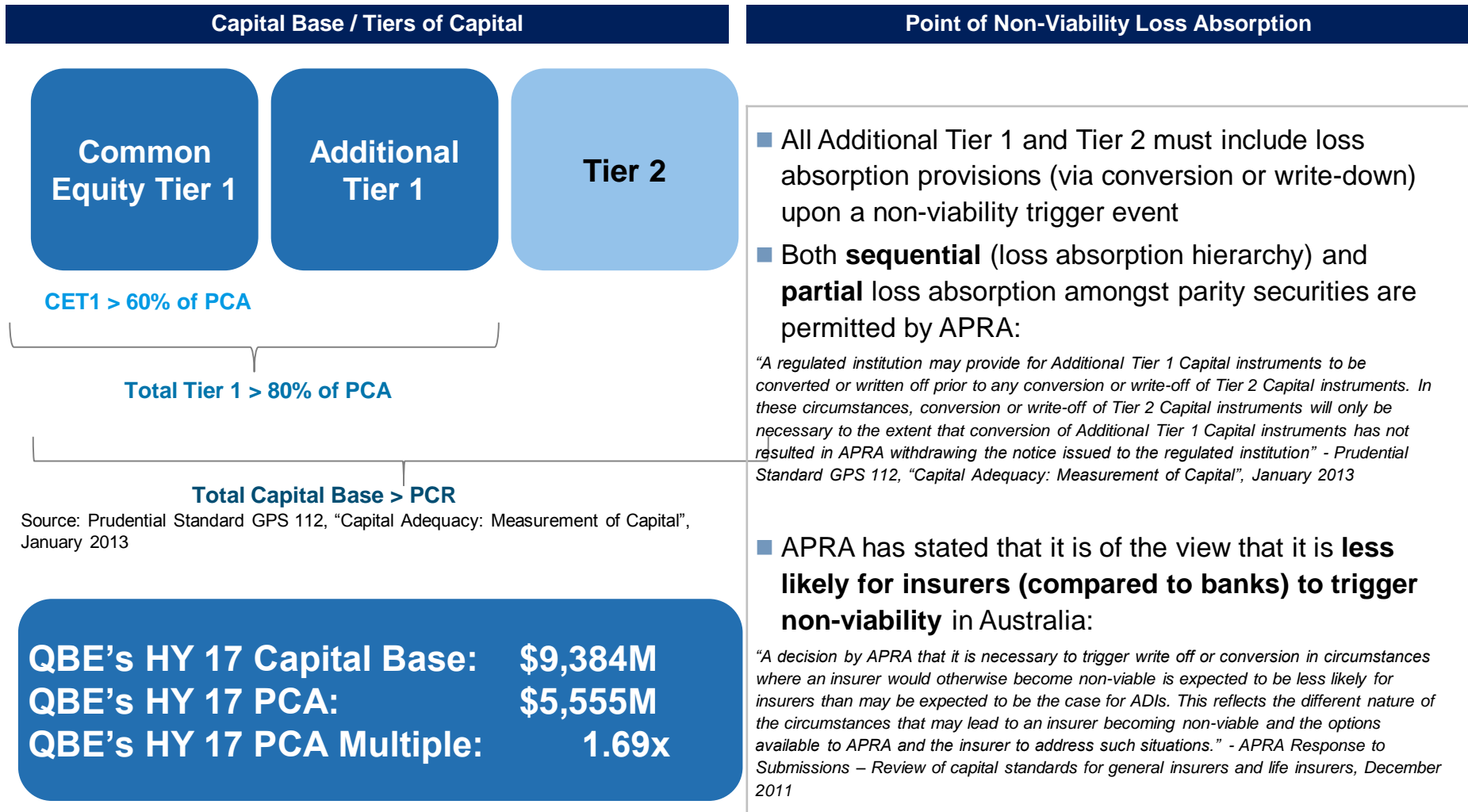
Prescribed Capital Amount ‘PCA’

- Comprises the sum of capital charges for asset risk, asset concentration risk, insurance risk, insurance concentration risk and operational risk less an aggregation benefit
 - Compulsory annual disclosure of components of PCA
-

Prescribed Capital Requirement ‘PCR’

- The sum of the PCA plus any supervisory adjustment determined by APRA
- Supervisory adjustment must not be disclosed

AUSTRALIAN INSURANCE REGULATORY REQUIREMENT



Appendix 3:

Rates

FX RATES VERSUS US\$

	June 2016		December 2016		June 2017		2017 assumed
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate	Average rate
AUD	0.75	0.73	0.72	0.74	0.77	0.75	0.75
GBP	1.33	1.43	1.23	1.35	1.30	1.26	1.26
EUR	1.11	1.12	1.05	1.11	1.14	1.08	1.08
ARS	0.07	0.07	0.06	0.07	0.06	0.06	0.06

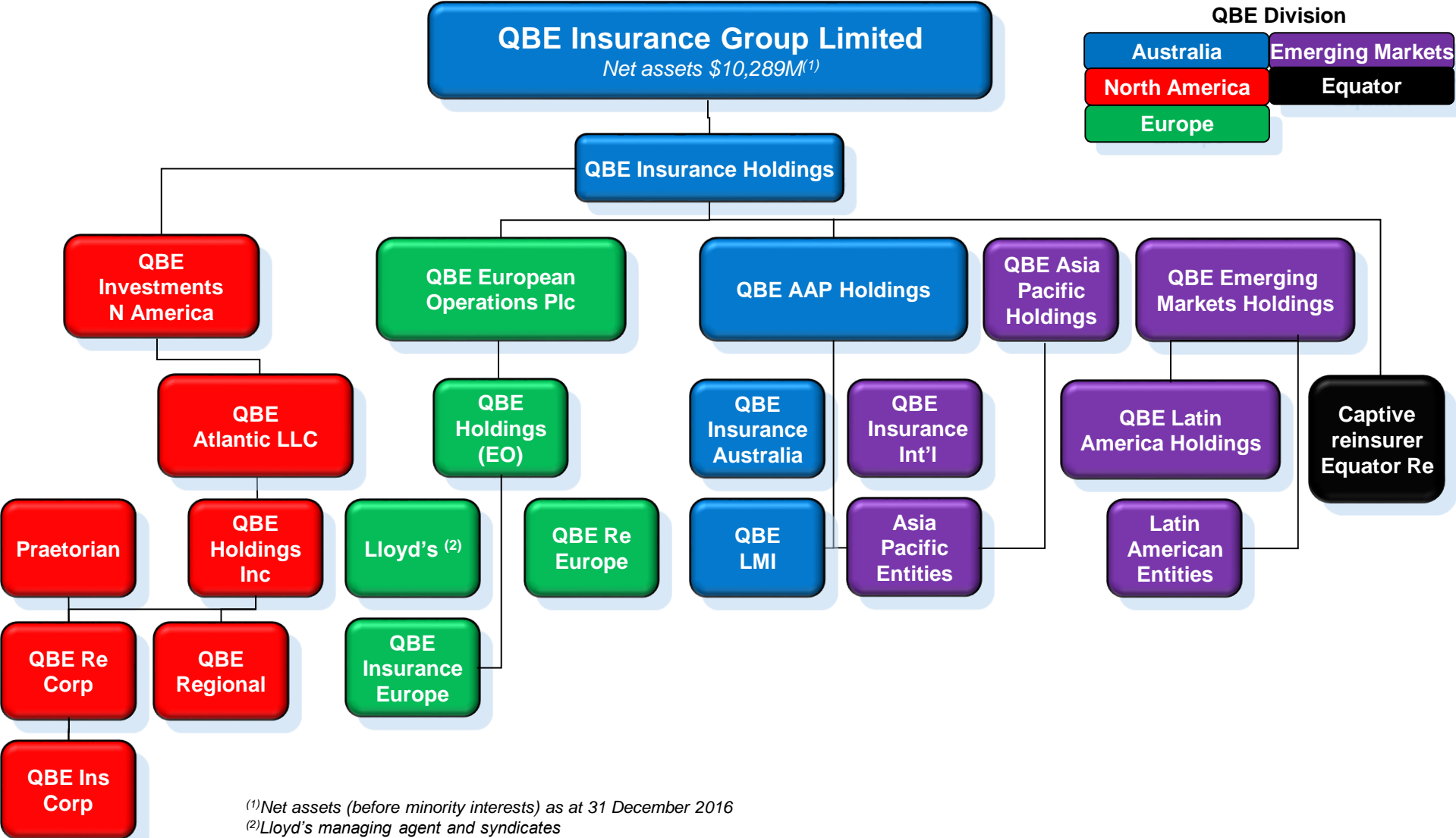
1H17 MOVEMENT IN WEIGHTED AVERAGE DISCOUNT RATE

Weighted average risk-free discount rates on outstanding claims %

Currency	30 June 2016	31 Dec 2016	30 June 2017
Australian dollar	1.77	2.26	2.17
US dollar	1.20	2.04	2.05
Sterling	0.56	0.68	0.80
Euro	(0.16)	0.19	0.46
Group weighted average (ex Argentine peso)	0.92	1.33	1.41
Estimated impact of discount rate movement¹	\$M	²(267)	29

1. Excludes discount movement due to changes in yields for our Australian dust disease and Argentine peso denominated liabilities, where the level of assumed inflation is directly linked to the discount rate
2. Excludes \$16 million of discount associated with transaction to reinsure UK long-tail liabilities

OVERVIEW OF QBE ENTITIES



⁽¹⁾Net assets (before minority interests) as at 31 December 2016
⁽²⁾Lloyd's managing agent and syndicates

GLOSSARY OF COMMON TERMS

APRA: Australian Prudential & Regulatory Authority

COR: Combined operating ratio

CTP: Compulsory Third Party

DM: Developed Markets

EM: Emerging Markets

FI: Fixed Income

GLRC: Group large risk and catastrophe programme

GWP: Gross written premium

HY: High Yield

LMI: Lenders' mortgage insurance

NEP: Net earned premium

PAY: Prior accident year

PCA: Prescribed Capital Amount

PCR: Prescribed Capital Requirement

PoA: Probability of adequacy

PY: Prior year

PYD: Prior year development