QBE INSURANCE GROUP LIMITED RESULTS

for the year ended 31 December 2003

& OUTLOOK

Highlights

year ended 31 December 2003

- Net profit after tax up 105% to $572 million (2002: $279 million)
- Net profit before tax up 146% to $765 million (2002: $311 million)
- Insurance profit up 54% to $627 million (2002: $406 million) or 10.4% of net earned premium (2002: 7.2%)
- Cash flow from operations up 38% to $2,089 million (2002: $1,511 million)
- Return on equity up 83% to 18.3% of average shareholders' funds

Highlights

year ended 31 December 2003

- Gross written premium up 8% to $8,350 million
- Reported top line growth would have been approximately 17% using 2002 rates of exchange
- Growth supported by higher premium rates, overall improved retention of business and an increase in new business including acquisitions made in 2002
- Net earned premium up 7% to $6,036 million
- Combined operating ratio (COR) decreased from 97.7% to 93.8%
- All insurance divisions achieved improved underwriting profits with CORs ranging from 90.0% to 95.1%

Highlights

year ended 31 December 2003

- Gross claims ratio reduced from 65.1% to 61.7%
- Net claims ratio reduced from 67.6% to 63.3%
- Improvements in the claims ratio were achieved from higher premium rates and improved policy terms and conditions, partly offset by increased prudential margins

Highlights

year ended 31 December 2003

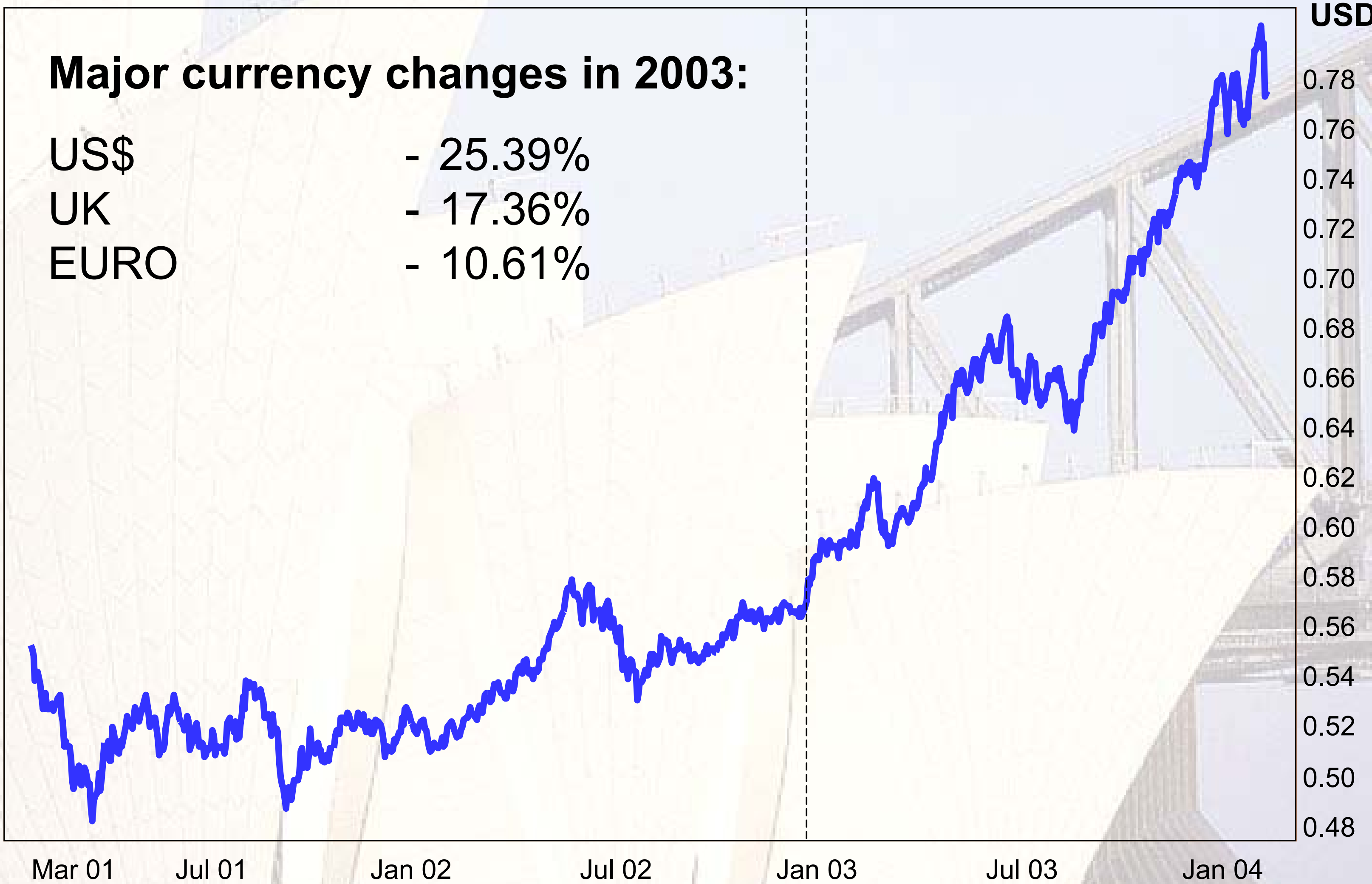
- Reinsurance costs increased from 22% to 23% of gross earned premium due to proportional reinsurance treaties on US agency business (2%+)
- Commission ratio increased from 17.7% to 18.2% reflecting a change in mix of business and higher profit commissions
- Expense ratio improved from 12.4% to 12.3% as a result of synergies from acquisitions and higher premium rates
- Expense ratio improvement is after higher staff incentives and superannuation contributions, expensing new systems development and increased cost of corporate governance and regulatory compliance

Highlights

year ended 31 December 2003

- Net investment income up 117% to \$393 million (2002: \$181 million)
- Gross investment yield before borrowing costs and expenses 4.6% (2002: 2.5%)
- Investment income includes realised and unrealised gains before tax of \$110 million, mainly reflecting improved equity markets (2002: losses of \$151 million)
- Income tax 24.6% of profit before tax – the increase from 10.6% last year reflects increased profits in higher tax paying countries and one-off benefits in 2002
- Risk profile further reduced including a 23% reduction in the maximum event retention from our largest realistic disaster scenario

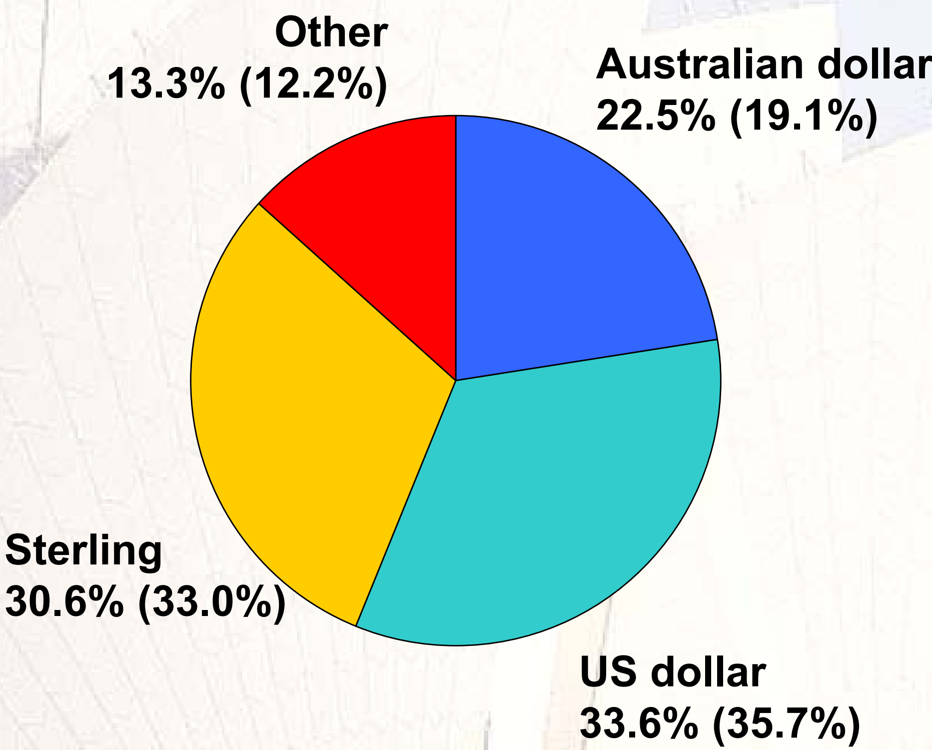
Stronger A$ in 2003



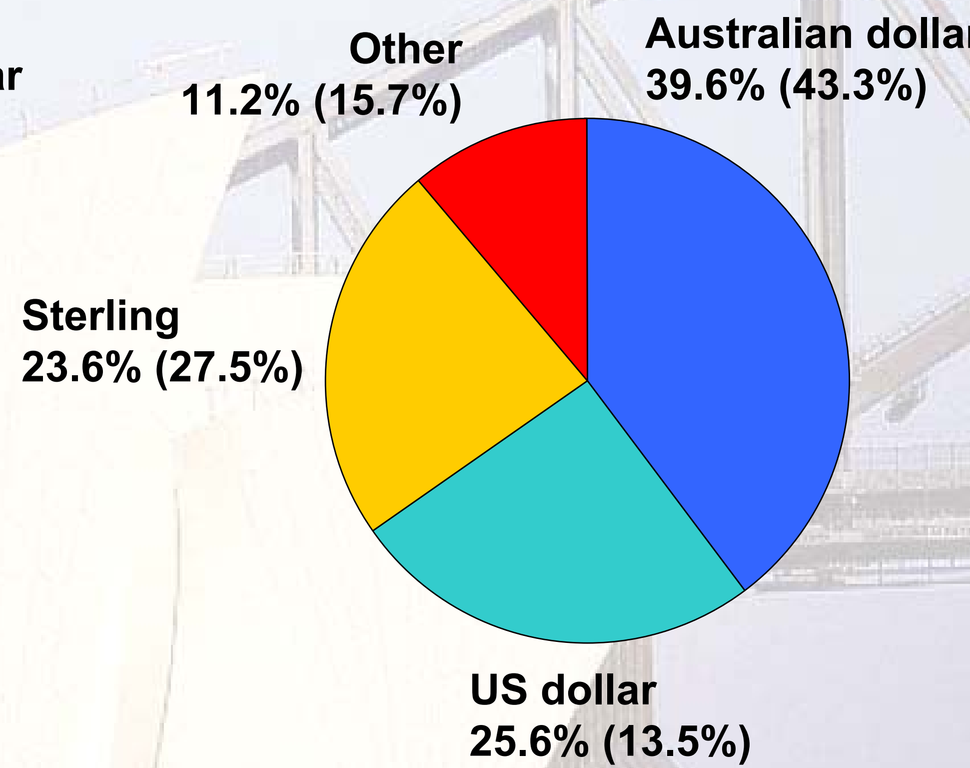
Currency mix

year ended 31 December 2003

Market value of investments and cash

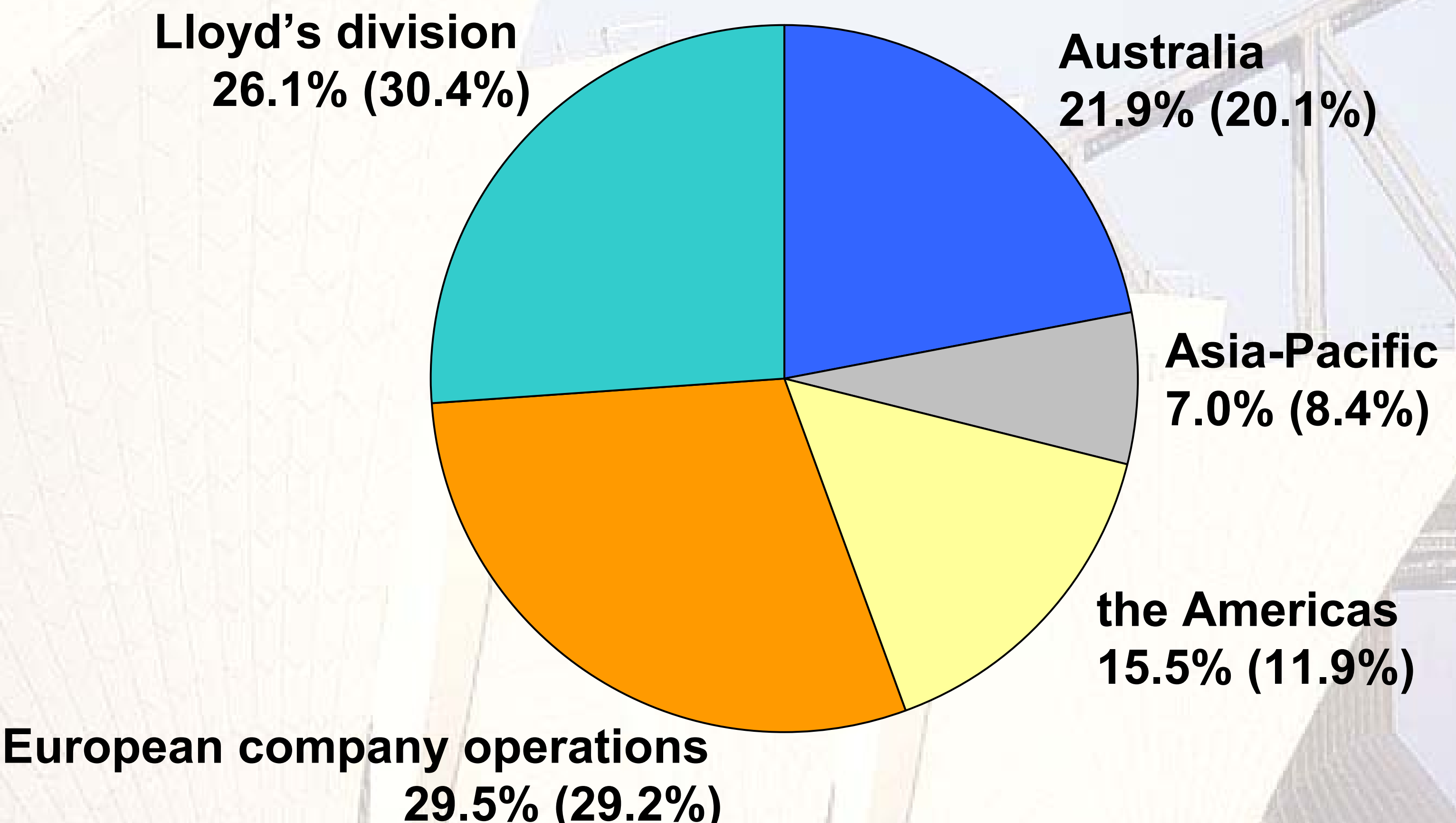


Market value of equities



Geographical diversification

year ended 31 December 2003
gross earned premium



Impact of stronger Australian dollar

	2003 Actual $M	2003 at 2002 exchange rates $M	Exchange rate impact %
Gross earned premium	7,816	8,622	9
Net earned premium	6,036	6,606	9
Net investment income	393	425	8
Profit after tax	572	621	8
Total investments and cash	11,823	14,065	16
Total assets	20,478	24,299	16
Gross outstanding claims	10,480	12,590	17
Total liabilities	17,110	20,765	18

Shareholder returns

year ended 31 December 2003

- Final dividend 22.0¢ per share, 30% franked
  (2002: 18.5¢, 12% franked)
  - Ex dividend date 2 March 2004
  - Record date 8 March 2004
  - Payment date 25 March 2004
- Dividend payout $281 million for 2003, up 32% compared with 2002
- Shares on issue of 672 million (2002 : 615 million)
- Dividend reinvestment plans continue at 2.5% discount

Shareholder returns

year ended 31 December 2003

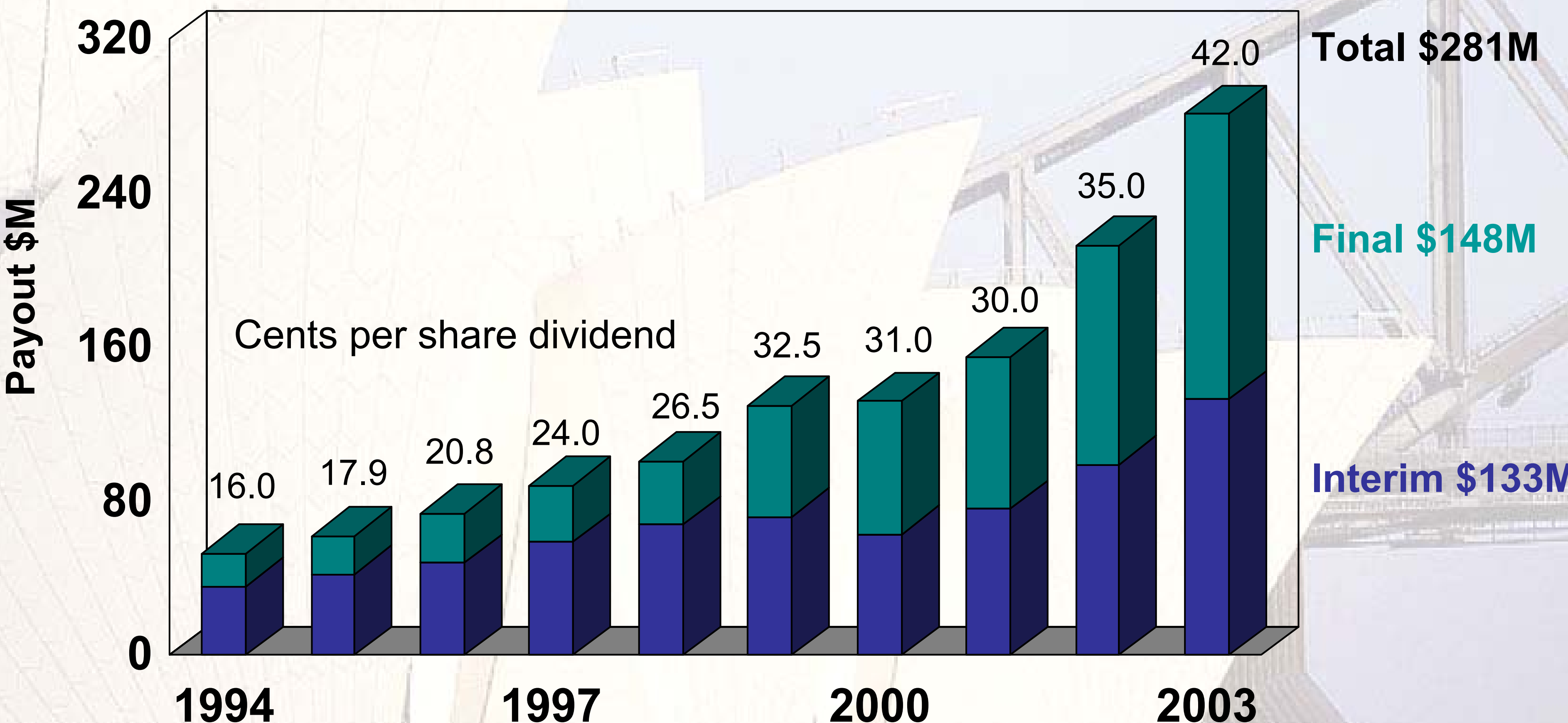
	2003	2002
• Earnings per share		
– basic	86.5 cents	42.7 cents
– diluted	77.5 cents	43.4 cents *

- LYONs hybrid security holders will be provided with additional QBE shares at the dividend reinvestment rate – only if converted
- LYONs securities remain outstanding – conversion targeted for EPS accretive acquisition or growth

* in accordance with Australian Accounting Standards, 2002 EPS not diluted for LYONs

Dividend performance

year ended 31 December 2003



Worldwide operations

	HALF YEAR		FULL YEAR	
	June 2003	Dec 2003	Dec 2003	Dec 2002
Gross written premium $M	**4,821**	**3,529**	**8,350**	**7,723**
Gross earned premium $M	3,882	3,934	7,816	7,197
Net earned premium $M	3,083	2,953	6,036	5,642
Claims ratio %	65.1	61.4	63.3	67.6
Commission ratio %	18.7	17.7	18.2	17.7
Expense ratio %*	12.2	12.4	12.3	12.4
Combined operating ratio %	**96.0**	**91.5**	**93.8**	**97.7**
Underwriting profit $M	124	248	372	130
Investment income - insurance funds $M**	135	120	255	276
Insurance profit $M	259	368	627	406
Insurance profit % to NEP	**8.4**	**12.5**	**10.4**	**7.2**
Investment income - shareholders' funds $M	54	84	138	(95)
Net profit before tax $M	**313**	**452**	**765**	**311**

* All expenses other than investment expenses, borrowing costs and goodwill amortisation are allocated to the underwriting result

** Investment income on insurance funds includes 50% allocation of borrowing costs

Worldwide operations

year ended 31 December 2003

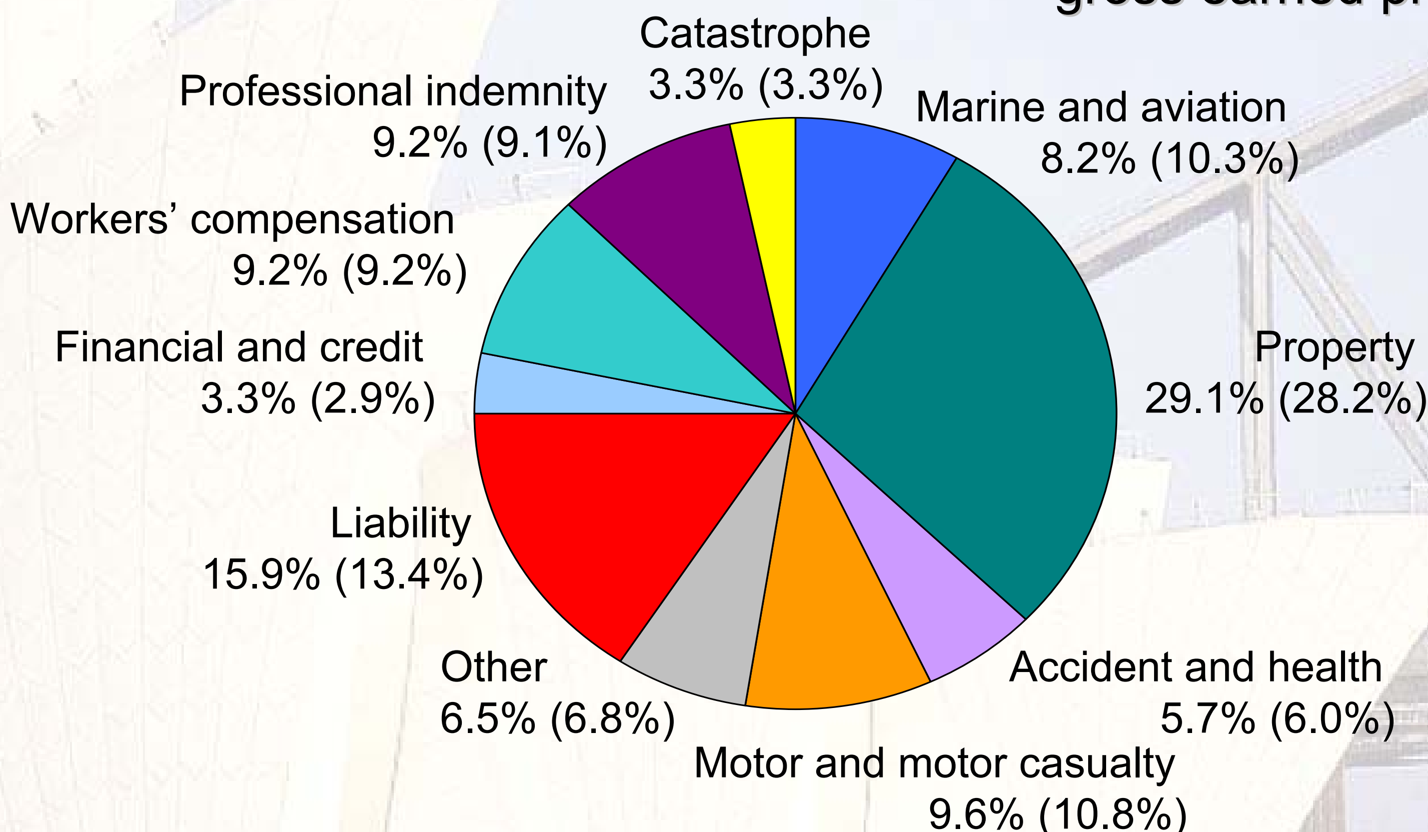
	GWP	Growth *	COR		Net profit after tax	
	2003 $M	2003 %	2003 %	2002 %	2003 $M	2002 $M
Australia	1,869	18	92.8	97.1	180	103
Asia-Pacific	542	(14)	90.0	95.9	38	18
the Americas	1,342	35	93.1	99.6	46	14
European companies	2,441	9	94.7	98.9	168	76
Lloyd's division	2,156	(5)	95.1	96.6	140	68
Group	**8,350**	**8**	**93.8**	**97.7**	**572**	**279**
General insurance	6,059	9	92.4	96.9	392	212
Inward reinsurance **	2,291	5	97.2	99.9	180	67
Group	**8,350**	**8**	**93.8**	**97.7**	**572**	**279**

* The stronger A$ reduced reported growth by approximately 9%

** Inward reinsurance reduced as a proportion of GWP - 27% compared with 28% in 2002. Excluding facultative reinsurance, inward reinsurance business is 22% (2002: 24%) of total GWP

Worldwide portfolio mix

year ended 31 December 2003
gross earned premium



Short tail 59.0% (61.7%) , Long tail 41.0% (38.3%)

Growth in long tail business is due to higher premium rate increases on the longer tail classes of business

Balance sheet

	31 Dec 2003 $M	31 Dec 2002 $M
ASSETS		
Investments and cash	11,823	11,504
Receivables	2,954	3,380
Recoveries on outstanding claims	2,885	3,666
Deferred insurance costs	1,167	1,131
Intangibles	511	516
ABC investments pledged for funds at Lloyd's	731	–
Fixed and other assets	407	438
TOTAL ASSETS	**20,478**	**20,635**
LIABILITIES		
Outstanding claims	10,480	11,660
Unearned premium	3,320	3,180
Borrowings	1,334	1,456
ABC securities for funds at Lloyd's	731	–
Other creditors and provisions	1,245	1,318
TOTAL LIABILITIES	**17,110**	**17,614**
NET ASSETS	**3,368**	**3,021**
EQUITY		
Equity attributable to shareholders	3,313	2,954
Outside equity interests	55	67
TOTAL EQUITY	**3,368**	**3,021**

Net invested funds

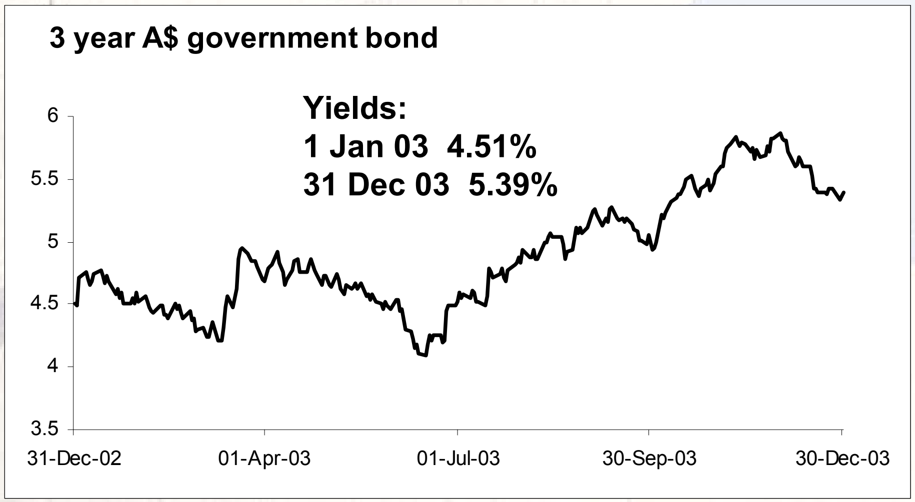
	31 Dec 2003		31 Dec 2002	
	$M	%	$M	%
Cash	717	6.1	745	6.5
Short term money	3,499	29.5	3,549	30.8
Fixed interest securities and other	6,216	52.6	6,073	52.8
Equities	1,272	10.8	1,026	8.9
Property	119	1.0	111	1.0
Total investments and cash	**11,823**	**100.0**	**11,504**	**100.0**
Borrowings	(1,334)		(1,456)	
Net invested funds	**10,489**		**10,048**	

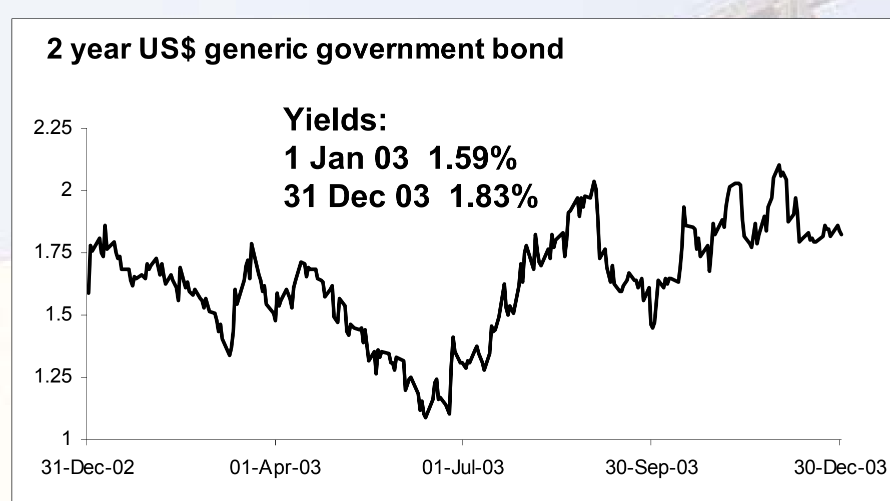
Balance sheet

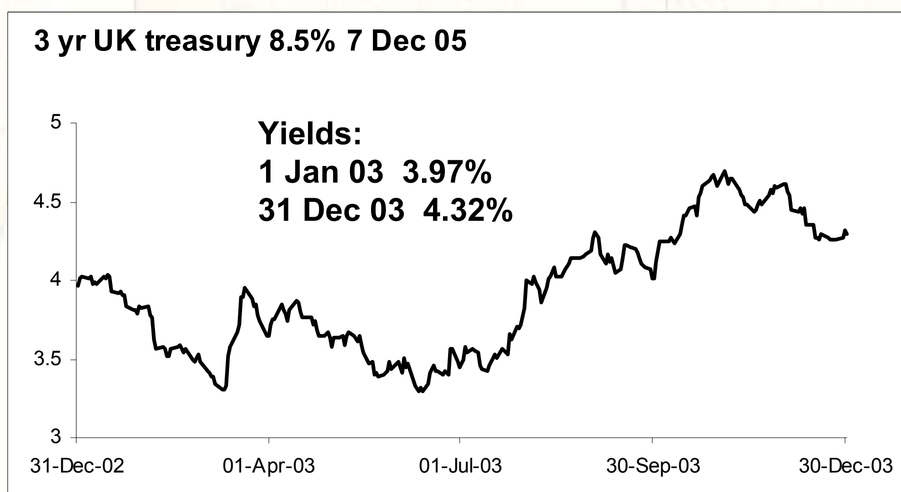
31 December 2003

- Net invested funds increased 4% to $10.5 billion due to strong operational cash flow, dividend reinvestment and acquisitions, offset by the negative impact of translating overseas investments to the stronger A$
- Approximately 88% of fixed interest and cash is AA rated or better
- Approximately 99% of investments are liquid
- We continue to adopt a conservative approach to our fixed interest portfolios, which average 1.0 years duration at balance date (December 2002: 1.6 years)

Comparison of international bond yields







Balance sheet

31 December 2003

- Receivables over 90 days have reduced with conservative provision held for doubtful premium debtors. Bad debt experience during the period continues to be low
- Reinsurance recoveries on outstanding claims decreased from \$3.7 billion to \$2.9 billion. Provision for doubtful debts of \$161 million considered adequate
- Intangible assets have reduced slightly due to increased amortisation and the effect of the stronger A\$ on Lloyd's capacity costs
- Group policy of matching assets and liabilities in local currency and using borrowings and hedges to protect shareholders' funds in overseas subsidiaries was beneficial in a year of extreme currency volatility

Balance sheet

31 December 2003

- Borrowings decreased to $1,334 million mainly due to the impact of the stronger A$
- Borrowings to shareholders' funds 40.3%* (2002: 49.3%)
- US$250 million subordinated debt issue (June 2003) used to repay debt and for general corporate purposes
- US$550 million asset backed capital (ABC) securities issued to support growth at Lloyd's – replaced majority of letters of credit supporting funds at Lloyd's
- Weighted average cost of borrowings at 31 December increased to 4.9% per annum from 4.8%
- Debt is 7% short term, 47% long term subordinated debt and 46% hybrid 20 year zero coupon securities

* excludes ABC investments pledged for funds at Lloyd's

Balance sheet

31 December 2003

- Outstanding claims – greater than 90% probability of adequacy – exceeds Group benchmark of 85%
- Level of prudential margins increased in 2003, despite the impact of the stronger A$
- The Group's main asbestos related claims exposure is in Australia – UK and US exposure is minimal – Group survival ratio* is over 24 times

* survival ratio is the ratio of net provisions held to the average of the past three years' net claims paid

Capital adequacy

31 December 2003

- QBE estimates the Group capital adequacy multiple is around 2.1 times the minimum capital requirement* (2002 1.6 times)
- Subordinated debt and hybrid securities are included as tier 2 capital for determining the Group's capital adequacy multiple
- The Australian regulator (APRA) has not yet defined capital requirements for non-operating holding companies

* using APRA's risk weighted capital adequacy model applicable to Australian licensed insurers

Capital adequacy

31 December 2003

- The capital adequacy multiple has improved due to a lower maximum event retention, higher prudential margins, increased tier 2 capital (sub debt) and a lower capital requirement on overseas assets and liabilities due to the stronger A$
- All subsidiaries maintain strong capital adequacy margins for local regulatory purposes
- Standard & Poor’s A+ rating retained for main insurance subsidiaries and also rated A+ by Fitch

Australian general insurance

year ended 31 December 2003

	2003	2002
Gross written premium $M	1,869	1,578
Gross earned premium $M	1,715	1,448
Net earned premium $M	1,425	1,221
Claims ratio %	67.2	72.1
Commission ratio %	11.1	10.5
Expense ratio %	14.5	14.5
Combined operating ratio %	**92.8**	**97.1**
Insurance margin %	**12.5**	**7.4**

- Gross written premium growth of 18% from improved customer retention, new business acquisitions and higher premium rates

Australian general insurance

year ended 31 December 2003

- CTP, workers' compensation, trade credit, professional liability, corporate property/liability results all ahead of plan
- Joint venture underwriting agency with ING again produced excellent results. Awarded National Insurance Brokers' Underwriter of the Year for the second successive year
- Western QBE achieved a strong underwriting profit despite the Canberra bush fire losses

Asia-Pacific general insurance

year ended 31 December 2003

	2003	2002
Gross written premium $M	542	629
Gross earned premium $M	549	602
Net earned premium $M	430	441
Claims ratio %	50.0	55.1
Commission ratio %	18.8	20.4
Expense ratio %	21.2	20.4
Combined operating ratio %	**90.0**	**95.9**
Insurance margin %	**13.0**	**8.4**

- Gross written premium down 14%, impacted by the stronger A$. In local currencies, most operations produced higher premium

Asia-Pacific general insurance

year ended 31 December 2003

- Improved underwriting result from focus on portfolio profitability and the general improvement in premium rates and policy terms and conditions
- Most operations recorded underwriting profits and profits achieved from the majority of products sold
- Claims ratio decreased from 55.1% to 50.0% reflecting a lower frequency of catastrophes and the continuing action taken to improve portfolio performance
- Potential for premium growth through acquisitions in selected markets

the Americas

year ended 31 December 2003

	2003	2002
Gross written premium $M	1,342	991
Gross earned premium $M	1,213	856
Net earned premium $M	740	672
Claims ratio %	63.4	68.4
Commission ratio %	23.5	24.7
Expense ratio %	6.2	6.5
Combined operating ratio %	**93.1**	**99.6**
Insurance margin %	**8.4**	**2.7**

- Gross written premium growth was 35% due largely to two new general insurance agency accounts with proven track records and higher premium rates for all classes of business. Premium growth was 60% in US$
- Inward reinsurance reduced from 52% to 44% of gross written premium

the Americas

year ended 31 December 2003

- Reinsurance expense was up 39% (2002: 22%) due to increased proportional reinsurance on new agency business
- Strong focus on disciplined growth from renewals and new business with proven profitable track records
- Improved COR achieved in both the general insurance and reinsurance businesses
- All operations reported improved results. Latin American operations were ahead of plan

European company operations

year ended 31 December 2003

	2003	2002
Gross written premium $M	2,441	2,249
Gross earned premium $M	2,302	2,103
Net earned premium $M	1,908	1,731
Claims ratio %	66.7	72.2
Commission ratio %	15.6	14.7
Expense ratio %	12.4	12.0
Combined operating ratio %	**94.7**	**98.9**
Insurance margin %	**8.4**	**6.5**

- Gross written premium up 9%, with growth primarily from further premium rate increases and new business opportunities from the withdrawal of capacity in the market. Premium growth was 17% in local currencies
- Inward reinsurance reduced from 32% to 31% of gross written premium

European company operations

year ended 31 December 2003

- Improved claims ratio reflects a lower claims frequency, higher premium rates and improved policy terms and conditions
- Risk profile reduced, including withdrawal from primary satellite and engineering business
- Upgrades of prior year claims reserves for motor excess of loss and satellite business
- Paris and Central and Eastern European operations produced underwriting profits

Lloyd's division (Limit)

year ended 31 December 2003

	2003	2002
Gross written premium $M	2,156	2,276
Gross earned premium $M	2,037	2,188
Net earned premium $M	1,533	1,577
Claims ratio %	59.2	62.1
Commission ratio %	25.4	22.8
Expense ratio %	10.5	11.7
Combined operating ratio %	**95.1**	**96.6**
Insurance margin %	**11.1**	**9.4**

- Largest manager of capacity at Lloyd's
- Gross written premium down 5% primarily as a result of the impact of the stronger A$. Premium growth was 4% in sterling
- Inward reinsurance unchanged at 40% of gross written premium

Lloyd's division (Limit)

year ended 31 December 2003

- Improved claims ratio due to below average level of major catastrophes and risk losses and higher premium rates
- All syndicates and portfolios are currently producing underwriting profits
- Recently acquired Ensign commercial motor business will provide the Group with additional gross written premium in 2004 of around A$320 million
- Increased share of syndicate 386 to 54.6% (2002: 49.8%) will benefit 2004 premium growth

Investment income

	2003 $M	2002 $M
Dividends	46	30
Interest	365	365
Other income	16	17
Exchange (losses) gains	(13)	22
Interest expense and other borrowing costs	(82)	(73)
Amortisation of goodwill	(20)	(8)
Other expenses	(29)	(21)
	283	332
Realised gains on fixed interest securities	1	21
Realised losses on equities and properties	(13)	(29)
Unrealised (losses) gains on fixed interest securities	(54)	29
Unrealised gains (losses) on equities and properties	176	(172)
Investment income	393	181

Investment income

year ended 31 December 2003

- Investment income was affected by generally lower fixed interest yields and the translation of overseas investment income to the stronger A$
- Holding short dated fixed interest securities was rewarded with reduced volatility from market value movements and active management maximised yields
- Net realised and unrealised equity gains of $159 million before tax (2002: $207 million loss)
- Increase in equity exposure, mainly in US equities, assisted overall equity performance – listed equity holdings 10.5% of total portfolio (2002: 7.9%)

Business strategy and 2004 targets

Subject to no material movement in current exchange rates; large losses and catastrophes not exceeding the allowance in our business plans; and no major fall in equity markets or interest rates:

- Achieve an insurance margin of 10.0% to 11.0%
- Increase profit after tax and diluted earnings per share by more than 10%
- Continue to maximise opportunities in current market
  - achieve overall premium rate increases at least equal to claims inflation
  - increase customer retention
  - consider acquisitions as they arise
- Achieve gross written and net earned premium growth of 10% and 12.5% respectively

2004 projected gross written premium

Lloyd's	£1.12 billion
European company operations	£1.15 billion
USA / Latin America	US$1.05 billion
Australia	A$1.95 billion
Asia-Pacific (18 countries)	A$0.60 billion

At A$ to US$ 78c and A$ to £ 42p, equates to approximately A$9.2 billion gross written premium for 2004

Business strategy and 2004 targets

- Reinsurance costs to reduce to around 21% of gross earned premium
- Overall premium rate increases at the major renewal date of 1 January 2004 were slightly better than anticipated
- Continue to further reduce risk profile of insurance business – including maximum event retention
- Maintain improved insurance policy terms and conditions
- Maintain commission ratios
- Continue focus on expense management – expense ratio target 12.4% or less
- Target tax expense rate of 25% of net profit before tax

Business strategy and 2004 targets

- Continue low risk strategy for investments - target gross investment yield of 4% or higher
- Increase equities to 12.5% of total investments and cash if appropriate
- Net invested funds to benefit from strong cash flow and other initiatives
- A 5% movement in the A$ against all major currencies represents an impact of around $24 million net profit after tax
- Maintain Group capital adequacy multiple of more than 1.5 times minimum capital requirement
- Maintain borrowing and capital adequacy ratios within S&P AA rating category
- Continue to invest in our people

Growth and insurance margin

	Gross written premium A$M	COR %	Insurance profit %	Insurance profit A$M	Total investments A$M
1994	1,180*	100.2	7.4	72	1,755
1995	1,336	100.4	8.0	88	2,045
1996	1,561	99.3	8.4	101	2,694
1997	2,054	99.5	7.2	116	3,105
1998	2,409	100.3	7.7	147	3,505
1999	2,877	103.9	2.5	56	5,123
2000	4,406	102.5	5.4	186	6,986
2001	6,793	109.6	(2.6)	(119)	8,724
2002	7,723	97.7	7.2	406	10,759
2003	8,350**	93.8	10.4	627	11,106

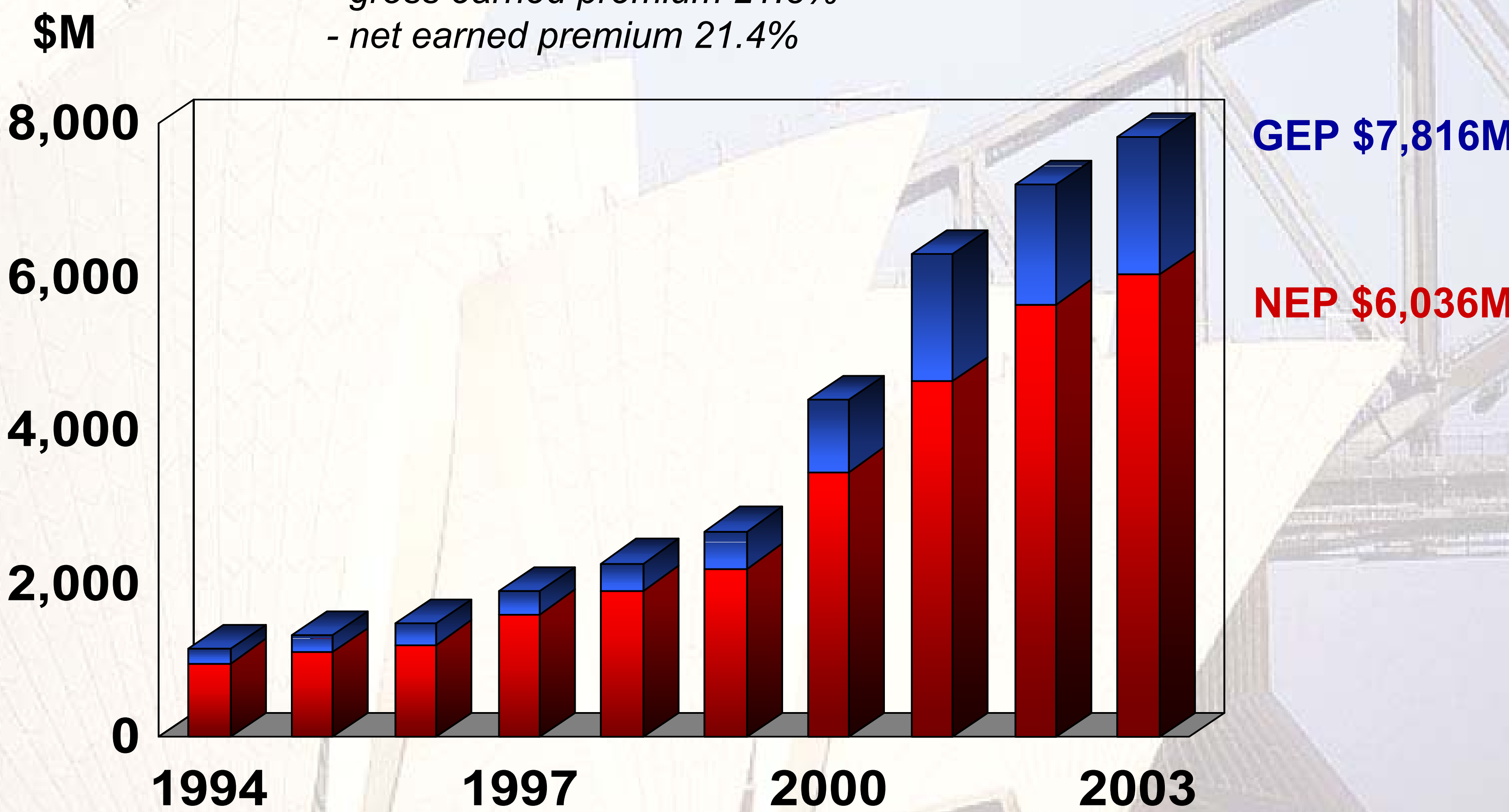
* $498 million overseas

** $6.5 billion overseas

History of growth

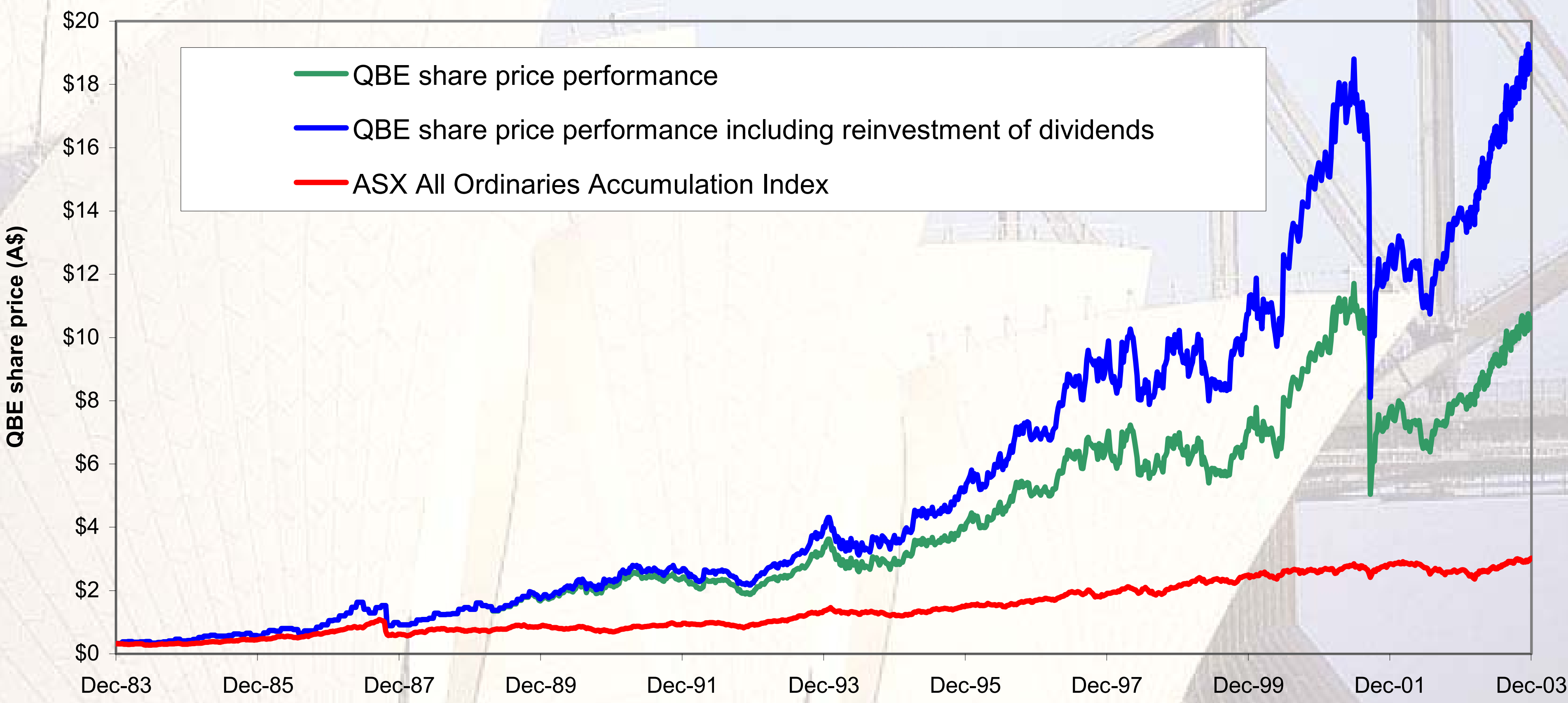
year ended 31 December 2003
gross and net earned premium

Compound average growth rates over last 10 years:
- gross earned premium 21.8%
- net earned premium 21.4%



Historical share price performance

An investment in QBE has outperformed the Australian All Ordinaries Index and inflation with a compound average annual growth rate of 14.2% over 5 years, 16.8% over 10 years and 22.5% over 20 years



Internet

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