QBE INSURANCE GROUP

Presented in week commencing 10 March 2008
Citigroup Conference – London
Goldman Sachs JB Were – New York

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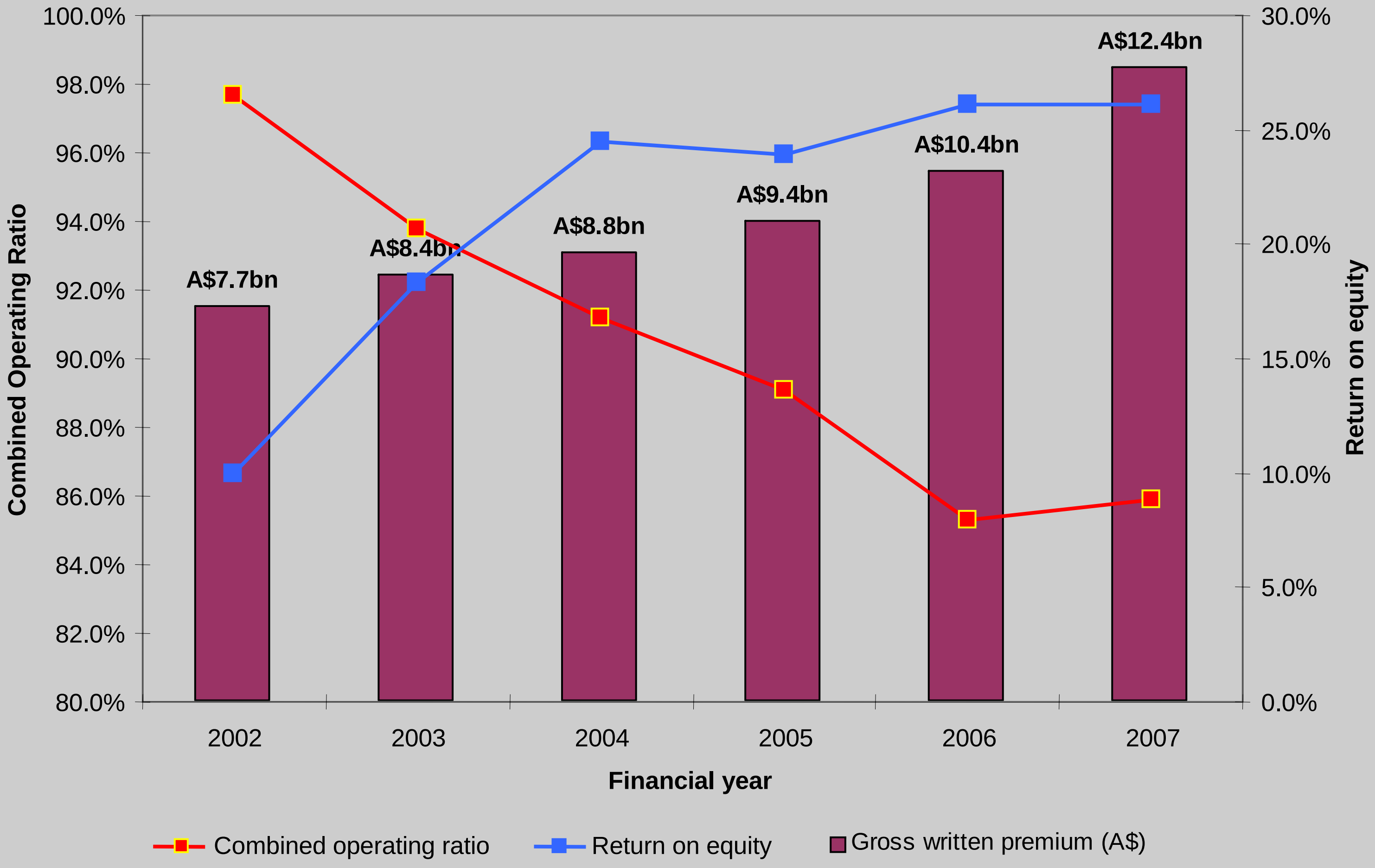
All amounts in Australian dollars unless otherwise stated.

QBE performance

post WTC – six successive years of top and bottom line growth



QBE performance
2007 profit targets exceeded, but gross premium hit by strong A$

	2006 actual %	2007 target %	2007 actual %
Gross written premium growth A$	10.0	Close to 30.0	20.0
Gross written premium growth US$*	9.0	N/A	33.0
Insurance margin	21.9	17.5 to 18.5	22.2
Investment yield	5.2	Over 5.5	6.3
Tax	26.0	Around 26.0	24.0
Return on equity	26.1	Over 23.0	26.1
Net profit after tax A$m	1,483	1,780	1,925
Net profit increase	35.9	Over 20.0	29.8

* Estimate - translation of GWP in Australian dollars at cumulative average rate of exchange of A$ to US$ for each year

Highlights
year ended 31 December 2007

- Record net profit after tax, up 30% to $1,925 million (2006: $1,483 million)
- Insurance profit up 27% to $2,262 million (2006: $1,788 million) or 22.2% of net earned premium (2006: 21.9%) after the adverse impact of lower US and UK discount rates on claims reserves (net $181 million) taken to profit rather than risk margins
- Gross written premium up 20% to $12,406 million and net earned premium up 25% to $10,210 million
- Return on equity at 26.1% of average shareholders' funds, unchanged from 2006
- Diluted earnings per share* up 25% to 217.3 cents (2006:173.5 cents)
- Net investment income (after borrowing costs and investment expenses) increased 38% to $1,132 million (2006: $822 million) with a net yield of 5.8%, up from 5.0% last year
- Stronger Australian dollar adversely impacted profit after tax by $72 million
- Cash flow from operations increased to $2,374 million after higher tax payments following increased profits in recent years (2006: $2,039 million)

* assumes all hybrid securities are dilutive

Highlights
year ended 31 December 2007

- Gross written premium growth mainly due to 2007 acquisitions supported by high retention of business
- Gross written premium growth lower than original target of 30%, adversely affected by appreciation of A$ (6%), reduced inward reinsurance to improve risk profile (2%) and increased competition (2%)
- Overall average premium rates were down 3% for the year
- Net earned premium growth higher than gross primarily due to lower reinsurance costs in new acquisitions and increased participation of our captive Equator Re in external protections
- Combined operating ratio (COR) 85.9% compared with 85.3% last year
- All insurance divisions achieved strong underwriting profits with CORs ranging from 75.7% to 93.6%
- Net claims ratio reduced from 55.8% to 54.3%
- Maximum event retention for large individual risks and catastrophes down to 3.5% of net earned premium, compared with 4.0% in 2006

Analysis of claims incurred
restated to include the US acquisitions for all years

	2007 %	2006 %	2005 %
Net claims ratio [1]	**54.4**	**57.7**	**60.5**
Analysis of claims ratio:			
- attritional	47.7	47.4	48.5
- large and catastrophe [2]	6.6	8.9	10.1
- risk margin upgrade	0.1	1.4	1.9
	54.4	**57.7**	**60.5**

1) Represents net claims incurred as a % of net earned premium - the net claims ratios have been restated from actual reported ratios to include US acquisitions on an "as if" basis for the 2005, 2006 and 2007 years

2) Large individual risk and catastrophe claims defined as claims with a net cost to QBE in excess of $2.5 million

- 2007 includes 21 natural catastrophe claims with net cost to QBE above $2.5 million each, compared with 5 natural catastrophe claims in 2006

Highlights
year ended 31 December 2007

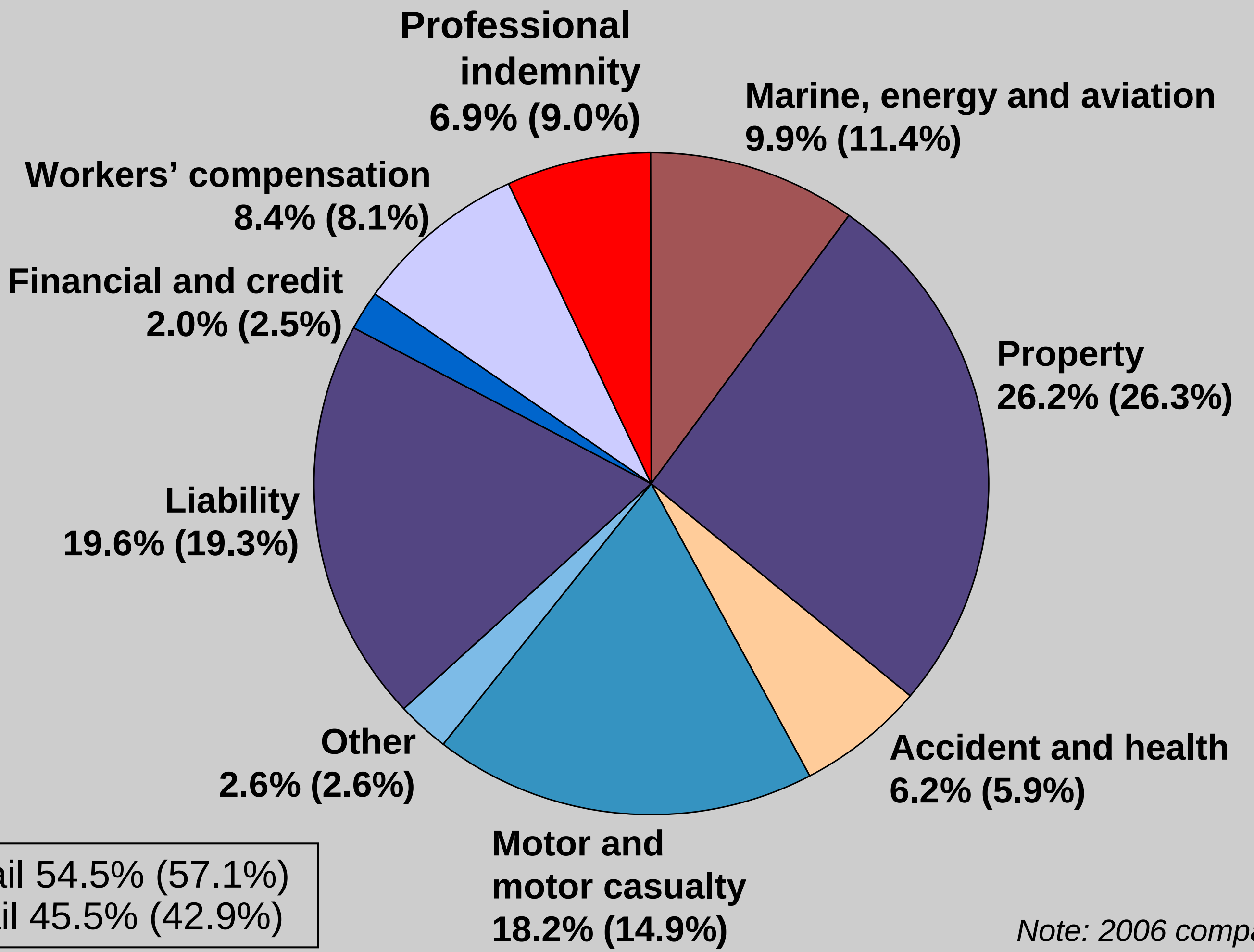
- Additional risk margins of $206 million were taken up in risk margins in outstanding claims to support a probability of adequacy at 94.0%. We believe this is appropriate given the current economic climate
- Risk margins likely be used to absorb any further impact of lower US and UK interest rates to probability of adequacy of 90.0%
- Commission ratio increased from 17.0% to 18.5% largely due to the change in distribution mix following the US acquisitions and slightly higher incentive commissions for our agents
- Expense ratio increased from 12.5% to 13.1% of net earned premium as a result of:

  - further investment in new IT systems
  - increased fire service levies in Australia, and
  - impact of stronger A$ and weaker US$ against sterling

Worldwide operations
year ended 31 December 2007

	GWP	Growth	COR		Net profit after tax	
	2007	2007	2007	2006	2007	2006
	$m	%	%	%	$m	$m
Australia	2,596	4	82.9	82.9	445	387
Asia Pacific	583	-	82.7	82.7	89	73
QBE Insurance Europe	2,503	(5)	92.1	88.9	341	399
Lloyd's division	2,634	(3)	75.7	82.1	465	374
the Americas	3,656	88	93.6	89.7	247	109
Equator Re	1,990	121	80.5	81.4	338	141
Elimination – internal reinsurance	(1,556)	-	-	-	-	-
Group	**12,406**	**20**	**85.9**	**85.3**	**1,925**	**1,483**
Direct and facultative	11,171	25	86.5	84.9	1,623	1,280
Inward reinsurance	1,235	(16)	81.6	87.9	302	203
Group	**12,406**	**20**	**85.9**	**85.3**	**1,925**	**1,483**

Worldwide portfolio mix
gross earned premium - year ended 31 December 2007

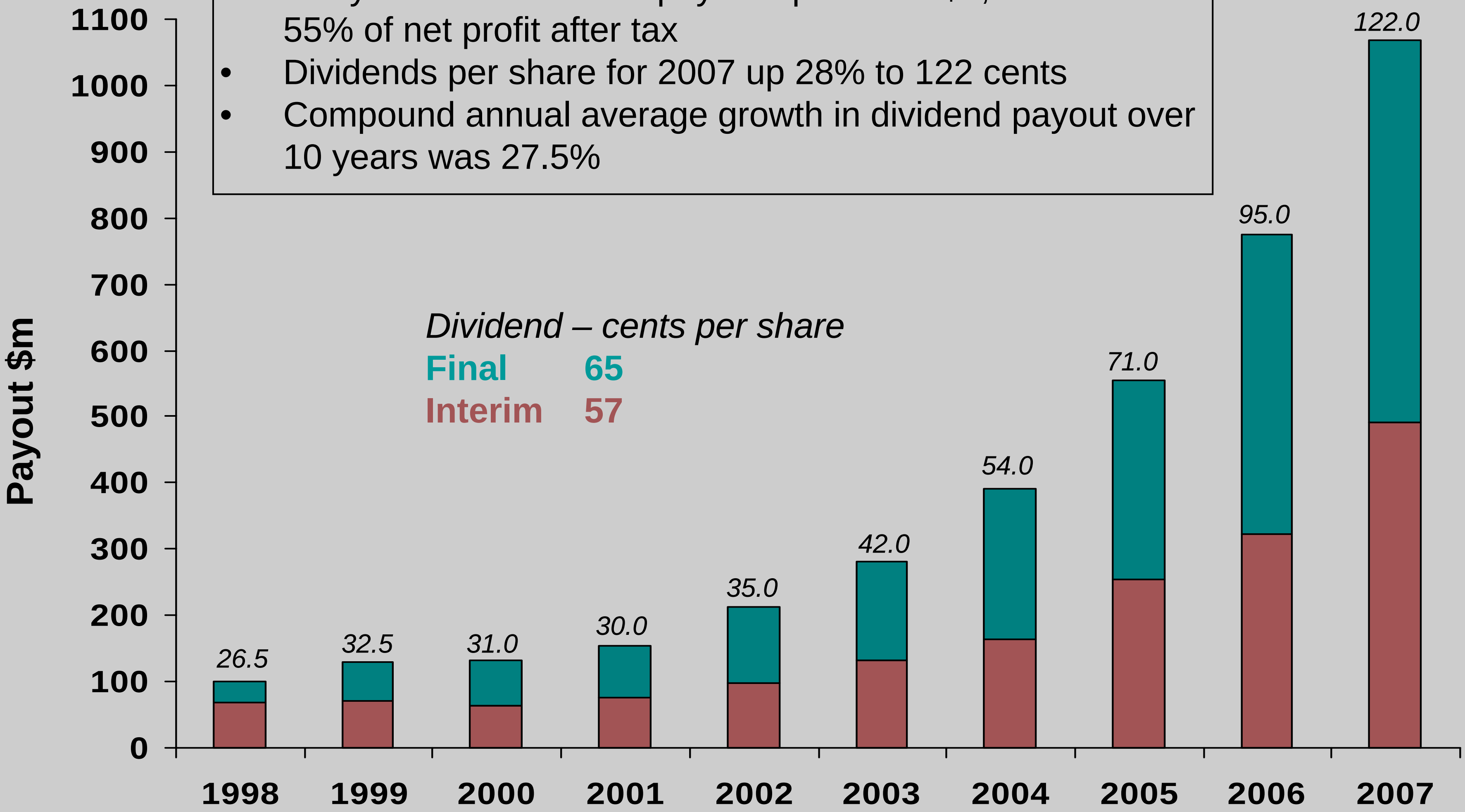


Short tail 54.5% (57.1%)
Long tail 45.5% (42.9%)

Note: 2006 comparatives in parentheses

Dividend performance

- Full year 2007 dividend payout up 38% to $1,069 million or 55% of net profit after tax
- Dividends per share for 2007 up 28% to 122 cents
- Compound annual average growth in dividend payout over 10 years was 27.5%



Balance sheet

	31 Dec 2007 $m	31 Dec 2006 $m
ASSETS		
Investments and cash	24,606	19,972
Receivables	4,876	3,934
Recoveries on outstanding claims	4,360	3,624
Deferred insurance costs	1,683	1,409
Intangibles	2,493	1,475
ABC financial assets pledged for funds at Lloyd's	900	995
Fixed and other assets	695	348
TOTAL ASSETS	**39,613**	**31,757**
LIABILITIES		
Outstanding claims	18,231	15,269
Unearned premium	5,698	4,642
Borrowings	3,458	2,364
ABC securities for funds at Lloyd's	867	946
Other creditors and provisions	2,816	2,187
TOTAL LIABILITIES	**31,070**	**25,408**
NET ASSETS	**8,543**	**6,349**
EQUITY		
Equity attributable to shareholders	8,479	6,283
Minority interest	64	66
TOTAL EQUITY	**8,543**	**6,349**
Key ratios;		
Probability of adequacy of outstanding claims	94.0%	94.6%
Borrowings to shareholders' equity	40.8%	37.6%
Capital adequacy multiple (APRA criteria)	2.4 times	2.4 times

Net invested funds

	31 Dec 2007		31 Dec 2006	
	$m	%	$m	%
Cash	988	4.0	1,019	5.1
Short term money	16,317	66.3	10,040	50.3
Fixed interest securities and other	5,552	22.6	7,134	35.7
Equities	1,656	6.7	1,741	8.7
Investment properties	93	0.4	38	0.2
Total investments and cash (1)	24,606	100.0	19,972	100.0
Borrowings	(3,458)		(2,364)	
Net invested funds	**21,148**		**17,608**	

- 96% of our fixed interest and cash was rated Moody's Aa3 or better
- Approximately 99% of investments are highly liquid
- We continue to adopt a conservative approach to our fixed interest portfolios. Fixed interest duration was an average of 0.3 years at the end of 2007 and has increased to around 0.7 years since year end (December 2006: 0.4 years)
- No direct investment exposure to US or other sub-prime mortgage assets, collateralised debt, collateralised loans or similar structured products; small indirect exposure via deposits and equity in major highly rated banks

(1) Excludes ABC financial assets and ABC securities

Balance sheet

Receivables

- Premium and reinsurance receivables over 90 days have decreased compared with last year with conservative provisions held for doubtful debts. Continued low bad debt experience.
- Reinsurance recoveries on outstanding claims increased to $4.4 billion from $3.6 billion – $1.2 billion increase due to US acquisitions.
- Reinsurance recoveries includes claims incurred but not reported of $2.2 billion (2006: $1.4 billion)
- Standard & Poor's credit rating of reinsurance counterparties

S&P rating	**2007 $m**	**2006 $m**
AAA	146	231
AA	2,527	1,835
A	1,378	1,288
BBB	55	76
Speculative grade*	89	64
Non rated*	165	130
	4,360	3,624

* Includes non rated subsidiaries of highly rated groups, and is before offsets, trust funds and other security held

Insurance liabilities

		2007	2006	2005	2004	2003
Outstanding claims						
QBE's record of claims development demonstrates our prudent management of claims						
Prior year release – net undiscounted	**$m**	931	528	618	140	44
Total net outstanding claims (discounted)	**$m**	13,871	11,645	10,870	9,462	7,595
Probability of adequacy of net outstanding claims	**%**	**94.0**	**94.6**	**94.1**	**94.0**	**91.0**
Unearned premium						
Total net unearned premium	$m	4,015	3,233	2,841	2,590	2,153
Probability of adequacy of unearned premium	**%**	**98.5**	**99.1**	**99.8**	**99.6**	**99.7**
Total insurance liabilities	**$m**	**17,886**	**14,878**	**13,711**	**12,052**	**9,748**
Risk margins in insurance liabilities	**$m**	**2,453**	**2,222**	**2,016**	**1,679**	**1,325**

Balance sheet

Borrowings

- Borrowings* increased by $1,094 million to $3,458 million to assist funding US acquisitions
- Borrowings* to shareholders' equity 40.8% (2006: 37.6%)
- Debt* is 9% short term, 71% long term subordinated debt and 20% hybrid securities
- Weighted average cost of borrowings* at 31 December was 6.7% (2006: 5.8%) – majority of interest rates are fixed

* excludes ABC securities for funds at Lloyd's

Major acquisitions by division since 2003

- Acquisition strategy
  - bolt-ons
  - renewal books
  - EPS accretive year 1
  - introduce QBE culture asap
- Experienced acquisition teams in each division
- In the past 5 years, acquisitions have added over A$6.3 billion of gross premium income

Potential gross annual premium A$m	APACE	Americas	European operations
Syn. 980 Ensign			320
Reliance Brazil - Aon portfolio		5	
ING Australian JV	650		
Tolson Messenger			12
Zurich Singapore	32		
Australian u/w agencies – securing distribution	375		
Nordicum, Estonia			7
Argentina w/comp renewal rights		9	
Central de Seguros Colombia		95	
Greenhill underwriting agency			80
Syndicate 386 increased equity, 28.1% to 68.4%			460
National Farmers Union		240	
MiniBus Plus			100
British Marine			180
US Agriculture portfolio		125	
General aviation team and Denmark portfolio			225
Praetorian		1,620	
Winterthur US		1,550	
Seguros Cumbre		60	
North Pointe*		160	

* Expected to complete by June 2008

Company history

QBE has a history of growth and profitability supported by over 100 acquisitions in the past 25 years

	Gross written premium A$m	Gross written premium US$m (2)	COR %	Insurance profit margin %	Insurance profit A$m	Total investments A$m	Net profit after tax A$m
1998	2,409	1,515	100.3	7.7	147	3,600	141
1999	2,877	1,854	103.9	2.5	56	5,232	132
2000	4,406	2,541	102.5	5.4	186	7,334	179
2001	6,793	3,484	109.6	(2.6)	(119)	9,183	(25)
2002	7,723	4,205	97.7	7.2	406	11,504	279
2003	8,350	5,407	93.8	10.4	627	11,823	572
2004	8,766	6,484	91.2	13.7	928	14,975	857
2005	9,408	7,171	89.1	17.4	1,288	17,597	1,091
2006	10,372	7,839	85.3	21.9	1,788	19,972	1,483
2007	12,406	10,391	85.9	22.2	2,262	24,606	1,925
2008 (1)	**13,340**	**12,000**	**87.5**	**19.0 to 20.0**	**-**	**27,000**	**-**

(1) Target at budgeted exchange rates (2) Estimate - translation of Australian dollar GWP at cumulative average rate of exchange of A$ to US$ for each year

2008 outlook

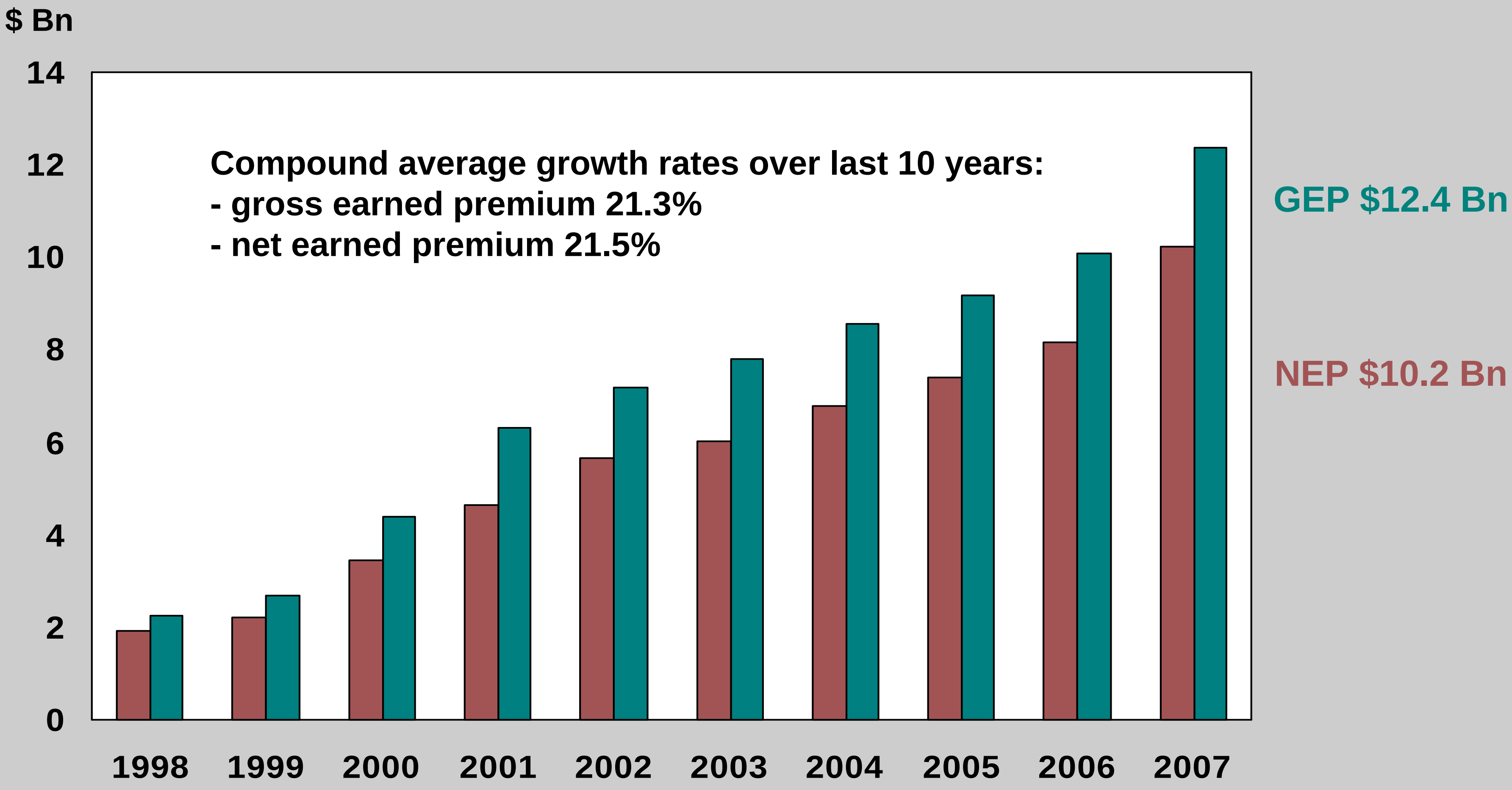
Subject to no material movement in budgeted exchange rates; large individual risk and catastrophe claims not exceeding the allowance in our business plans; no major fall in equity markets or interest rates; and regulatory approvals for acquisitions, we expect:

- gross written premium to increase by around 7.5% and net earned premium growth of around 10%, excluding new acquisitions
- 2008 premium rates expected to reduce by an overall average of 4%
  - organic growth expected to be slightly ahead of lapsed business with continued high customer retention
- acquisition pipeline to increase - prices reducing but market to remain competitive
- an insurance margin of 19.0% to 20.0% of net earned premium which includes an 8.5% allowance for large individual risk and catastrophe claims
- the attritional claims ratio to be around 48%

2008 outlook

- a combined commission and expense ratio of 31.5% or less
- income tax expense to continue to benefit from income in lower tax paying jurisdictions – target 24% of pre-tax profit
- the probability of adequacy of outstanding claims, after US acquisitions, to be maintained towards the upper end of our internal range of 85% to 94%
- the new aggregate reinsurance protection to limit large individual risk and catastrophe claims above $2.5 million between 8.5% and 10.3% of net earned premium
- gross investment yields to be around 5.5% including 5% capital gain on equities and allowance for interest rate differentials on forward currency hedges
- to continue our low risk strategy for investments and absolute return criteria
- key financial ratios to be managed to ensure we meet our rating agency and regulatory benchmarks, typically within AA rating levels

History of premium income - a growth story



Summary

- Excellent 2007 results
- Strong balance sheet
- History of growth
- History of successful acquisitions and pipeline
- Quality geographic and product diversification
- Solid 2008 outlook excluding acquisition but be aware of impact of rising A$

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