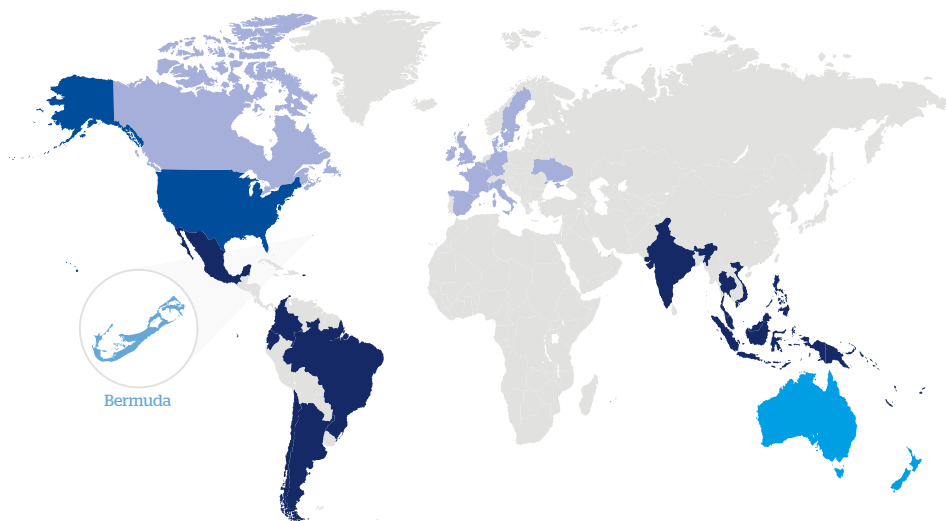


# Divisions at a glance

	North American Operations				European Operations				Australian & New Zealand Operations			
	General insurance and reinsurance in the US, through five major segments: standard lines, specialty lines, mortgage services, crop and assumed reinsurance.				Commercial insurance and reinsurance principally in the Lloyd's market, the UK, Ireland and mainland Europe.				General insurance operations throughout Australia and New Zealand, providing all major lines of insurance cover for personal and commercial risks.			
	2014	2013		Change	2014	2013		Change	2014	2013		Change
<b>Gross written premium (US\$M)</b>	5,310	5,951	↓	11%	4,526	5,236	↓	14%	4,392	4,805	↓	9%
<b>Gross earned premium (US\$M)</b>	5,457	6,225	↓	12%	4,805	5,146	↓	7%	4,386	4,626	↓	5%
<b>Net earned premium (US\$M)</b>	4,471	5,030	↓	11%	3,567	4,160	↓	14%	3,834	4,028	↓	5%
<b>Combined operating ratio (%)</b>	100.8	111.5	↓		93.8	93.7	↑		87.0	87.9	↓	
<b>Insurance profit (loss) (US\$M)</b>	8	(535)	↑	101%	345	376	↓	8%	680	693	↓	2%
<b>Insurance profit margin (%)</b>	0.2	(10.6)	↑		9.7	9.0	↑		17.7	17.2	↑	
<b>Staff numbers</b>	4,264	5,385	↓	21%	2,426	2,663	↓	9%	3,862	4,016	↓	4%
<b>Major events impacting operations in 2014</b>	<ul style="list-style-type: none"> <li>Gross written premium was down mainly due to lower premiums in crop, mortgage services and underwriting revisions in program</li> <li>Relatively benign claims experience across the majority of the property portfolios offset by crop insurance due to lower commodity prices and hail claims</li> <li>Stable attritional claims ratio and a significant improvement in prior year development compared with the past two years</li> <li>Successful operational transformation continues to drive improvements in the underlying expense base</li> </ul>				<ul style="list-style-type: none"> <li>Gross written premium down due to disposals, strong British Pound and continued competitive landscape</li> <li>Combined operating ratio better than plan with contributions from favourable claims experience and cost control initiatives despite expense strain from suppressed net earned premium</li> <li>Disposals of non-core portfolios and geographical remediation completed</li> <li>Successful transition of almost 350 roles to the Group's shared service centres in the Philippines</li> <li>Groundwork completed for several profitable growth initiatives including a new QBE Re branch in Bermuda and expanded capabilities in Continental Europe and the energy portfolio</li> </ul>				<ul style="list-style-type: none"> <li>Lower gross written premium largely reflects the depreciation of the Australian dollar, with 1% decline in local currency due to a continued competitive landscape</li> <li>Change program and ongoing portfolio restructuring instrumental in delivering an improved combined operating ratio and insurance profit margin</li> <li>Improvements in attritional claims ratio achieved, though large risk and particularly catastrophe claims costs increased following an exceptionally benign 2013</li> <li>Execution of a reinvigorated customer value proposition already delivering results across our distribution channels</li> </ul>			



**Countries in which QBE has operations**

- North American Operations
- European Operations
- Australian & New Zealand Operations
- Emerging Markets
- Equator Re

**Emerging Markets**

General insurance operations in 23 markets across the Asia Pacific and Latin American regions, providing commercial, specialist and personal insurance cover.

2014	2013		Change
2,179	2,107	↑	3%
1,942	1,984	↓	2%
1,705	1,702	↔	—
112.7	96.6	↑	
(109)	121	↓	190%
(6.4)	7.1	↓	
3,502	3,362	↑	4%

- Division formed in August 2014 bringing the Asia Pacific and Latin America regions together in support of the QBE value creation model. Emerging Markets structure and management team have been established
- The Asia Pacific profitable growth strategy continued to drive strong premium growth in the region
- Material prior year claim development in Argentine workers' compensation in response to the impact of legislative change and deteriorating economic conditions
- Strategic review underway to develop our Latin American footprint and improve profitability

**Equator Re**

QBE's captive reinsurer, providing reinsurance protection to all of the Group's operating divisions.

2014	2013		Change	
642	783	↓	18%	Gross written premium (US\$M)
764	802	↓	5%	Gross earned premium (US\$M)
525	509	↑	3%	Net earned premium (US\$M)
79.9	84.2	↓		Combined operating ratio (%)
145	135	↑	7%	Insurance profit (loss) (US\$M)
27.7	26.5	↑		Insurance profit margin (%)
30	29	↑	3%	Staff numbers

- Successfully reduced the risk in the portfolio by modifying retentions on larger catastrophe and per risk programs
- Written premium down due to softer market conditions combined with program changes
- Improved underwriting result with benign catastrophe claims activity offset by several large risk claims and adverse development in casualty reserves
- Continued investment in the operating model to build capabilities in the Bermuda office and leverage the global shared services centre (GSSC)

**Major events impacting operations in 2014**