



12th February 2018

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**QBE INSURANCE (AUSTRALIA)
LIMITED**
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Dear Kerry,

It is with pleasure that we provide the following information in regard to both QBE Insurance and the QBE Deposit Bond product.

About QBE

QBE Insurance Group is one of the world's leading international insurers and reinsurers, headquartered in Sydney, Australia. The Group operates out of 37 countries across the globe, with a presence in all key insurance markets and are lead underwriters within its chosen markets. QBE Insurance (Australia) Limited has been recognised on twelve prior occasions as the NIBA General Insurer of the year.

QBE Insurance Group Limited is one of the top twenty publicly listed companies in Australia. The Group consists of four geographically focused operational divisions comprising Europe, the Americas, Asia, and the Australia / Pacific operations.

For the half year ended June 2017 the Group generated gross written premium of US\$8,038B and our Balance sheet reflected Net Assets of US\$10.7B.*

QBE is regulated by the Australian Prudential Regulation Authority (APRA), the regulatory body that monitors both the Australian insurance and banking industries

Ratings

Standard and Poor's insurer financial strength and counterparty credit rating for QBE's main insurance subsidiaries is "A+". Please see below a comparison of the Standard & Poor's Credit Ratings of QBE and the other major Deposit Bond issuer:

Credit Ratings (Local Currency) Outlook

QBE Insurance (Australia) Ltd
CBL Insurance Limited

A+ (Stable)
Not Rated by S&P

Please note: Standard & Poor's rating relates solely to wholesale products and therefore is not applicable to retail investors or consumers.

Who is QBE Surety?

QBE Surety specialises in the provision of both Contract and Commercial Surety bonds and is a division of QBE Insurance (Australia) Limited (“QBE”), with offices in Sydney, London, Paris, Singapore and Hong Kong and New York.

We are recognised as a Market Leader in these industries and provide a wide range of companies with an alternative to their traditional bank guarantee facilities.

The Standard and Poors “A+” rating for QBE, supports the financial strength and stability of the company. This rating places QBE in good standing when compared to other supporters of deposit bonds.

QBE Surety is also a member of the Australian Surety Association.

Deposit Bond Claims

A Vendor’s ability to make a claim and the Surety’s ability to make the payment to that beneficiary arises immediately upon the vendor making a demand in terms of the deposit bond. The payment must be made by the Surety upon demand, provided the original bond is produced at their office, and all documents listed on the bond are in order. The payment amount is the amount of the claim up to the face value of the bond in question.

Process for Redeeming the Security

QBE’s credibility in the marketplace rests with it making payment on any bond call in terms of its obligations.

Market Background

QBE deposit bonds are accepted by most Developers and Vendors.

Should any prospective party, have any concerns or queries regarding the acceptance of deposit bonds issued by QBE Surety Division, through our Agents, we would welcome the opportunity to discuss their concerns.

We acknowledge that you may disclose this correspondence to your financiers, bankers or other corporate entity, however, under no circumstances must the contents of this letter be disclosed or provided to any retail investors. Specifically, you must not use any information regarding the Standard & Poor’s rating in any promotion, your marketing or advertising literature or any promotion of our product to any retail investors or customers.

If we can be of any further assistance please do not hesitate to give me a call to discuss.

Yours Sincerely,



Janine Musgrove
Surety Underwriter
QBE Insurance (Australia) Limited

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- * Source QBE 2017 HY report dated 17th August 2017