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15 August 2019

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

Dear Sir/Madam,

QBE results presentation for the half year ended 30 June 2019

Further to the Company's release to the market of its results for the half year ended 30 June 2019, please find attached a copy of the presentation to be delivered to the market today.

Yours faithfully

Carolyn Scobie
Company Secretary

Attachment

QBE Insurance Group

2019 half year results

Thursday 15 August 2019

All figures in US$ unless otherwise stated

Pat Regan

Group Chief Executive Officer

Performance update

Cell reviews

Focused performance management

Better quality MI

Rate adequacy improving

Improved risk selection leading to ~5%[1] lower large risk claims

Brilliant Basics

Capability continuing to improve

Tighter and more consistent Group-wide underwriting authorities

Targeted program of line size optimisation

Pricing momentum

1H19 average rate increase of ~5%[2,3]

Premium rate increases in all regions

Momentum increasing in North America and London Market

Results

Combined operating ratio 95.2%[4,5]

3.6%[6] improvement in attritional claims ratio

~3%[7] underlying GWP growth

Investments

Annualised net return of 6.8% (~4.5% ex rfr)

Significant mark-to-market gains

Lower sovereign bond yields

Tighter credit spreads

Balance sheet

Strong regulatory and rating agency capital

PCA remains at the upper end of range

S&P rating affirmed

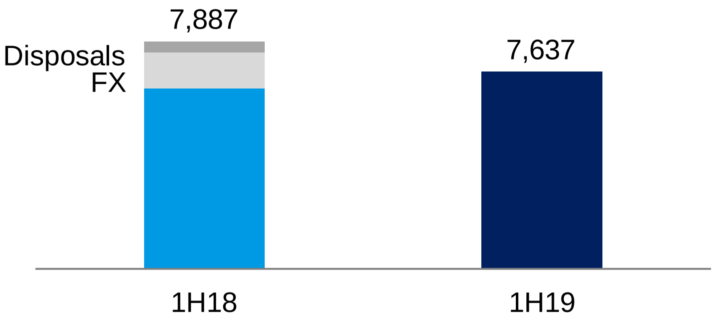
Dividend up 14%

1. On a like-for-like basis assuming the same Group reinsurance in 2018
2. Excludes premium rate changes relating to Australian compulsory third party motor (CTP)
3. Continuing operations basis
4. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
5. Excludes one-off impact of the Ogden decision in the UK
6. Excludes Crop and LMI
7. Adjusted and constant currency basis

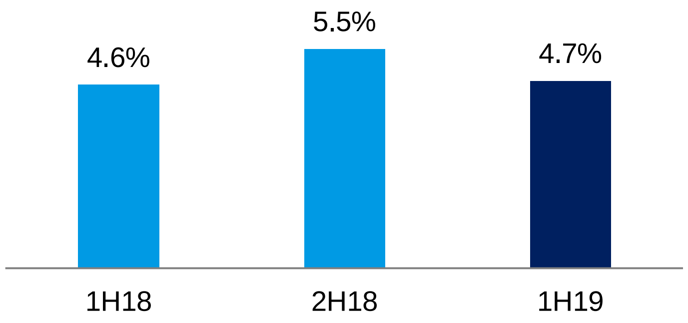
Results snapshot[1]

QBE

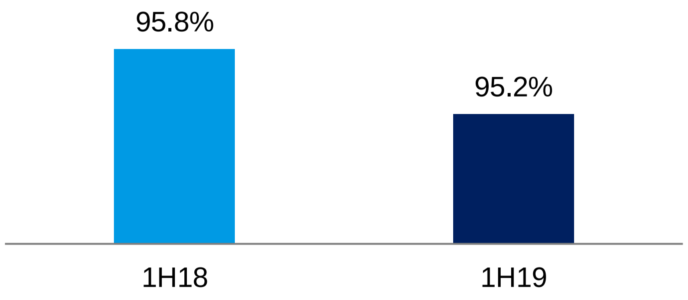
Gross written premium ($M)



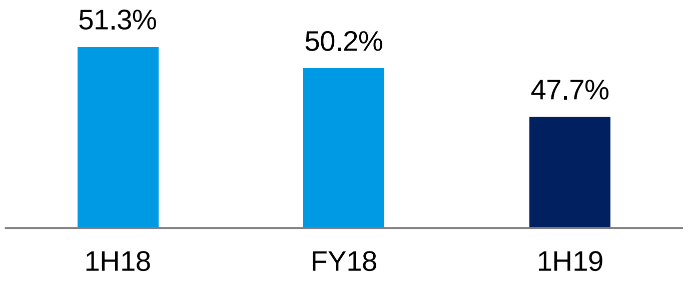
Premium rate increases[2]



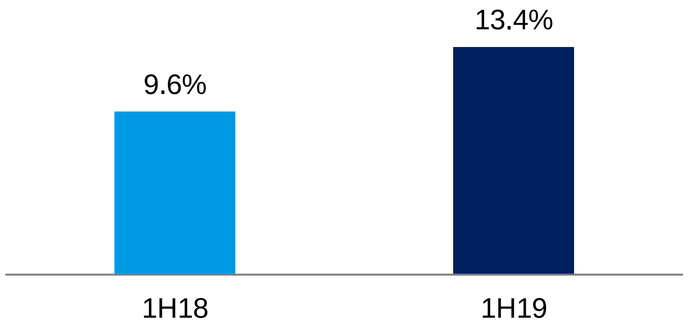
Combined operating ratio[3]



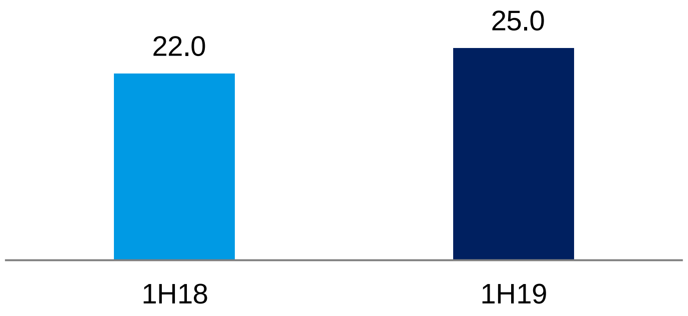
Attritional claims ratio[4]



Cash profit RoE[5]



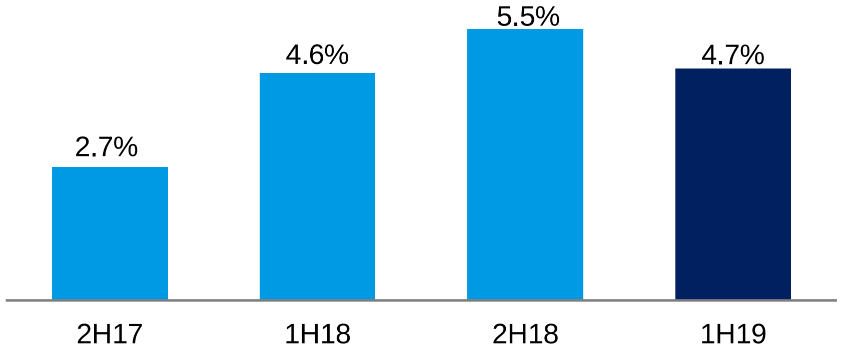
Dividends per share (A¢)



1. Continuing operations and adjusted basis as presented in annual and half year reports
2. Excludes premium rate changes relating to CTP
3. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
4. Excludes Crop and LMI
5. 2019 cash profit RoE excludes material non-recurring items such as gains (losses) on disposals, the impact of the Ogden decision in the UK and restructuring costs. 2018 cash profit RoE excludes the transaction to reinsure Hong Kong construction workers' compensation liabilities

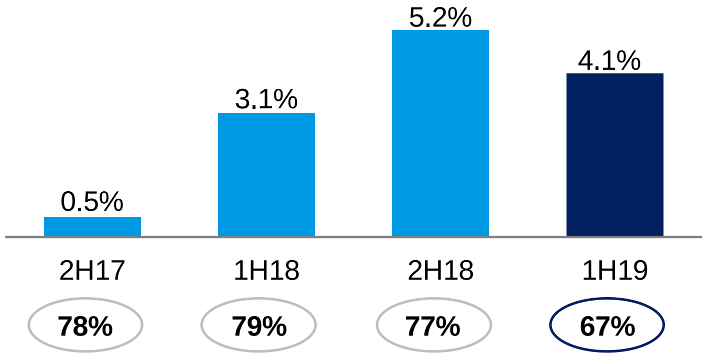
Pricing momentum

Continued Group-wide premium rate increases[1]

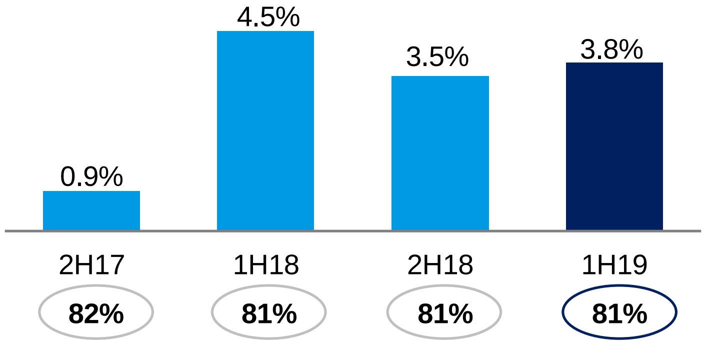


- **Strong premium rate increases across the Group**
- **Very strong premium rate momentum in London Market insurance business**
- **Retention stable in International and Australia Pacific; down on targeted portfolios in North America**

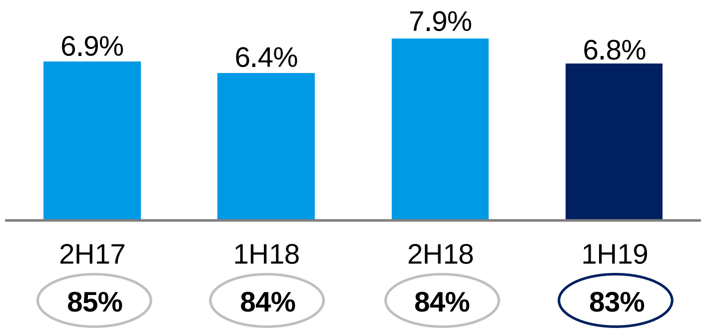
North America



International



Australia Pacific[1]

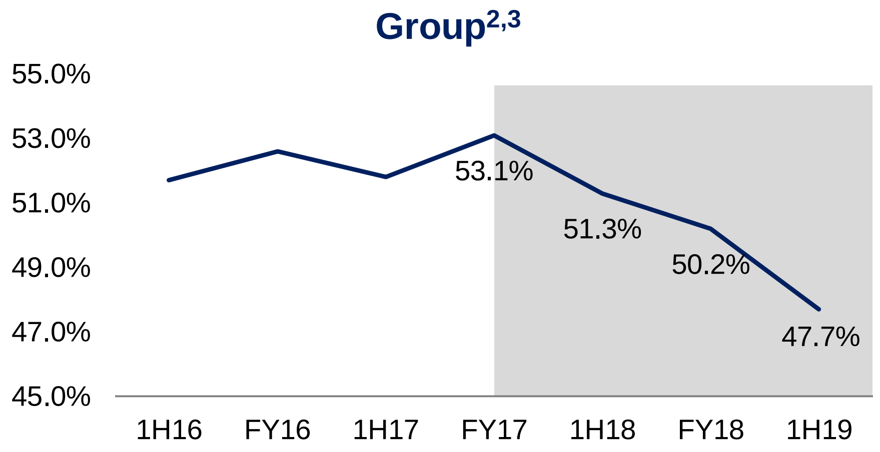


12mth premium rate change

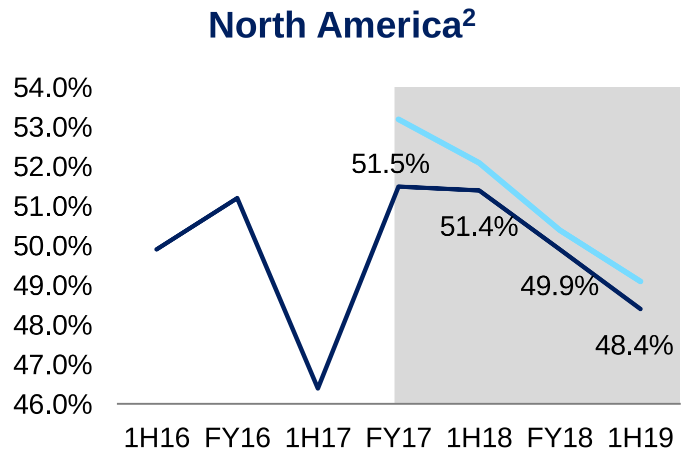
12mth premium retention

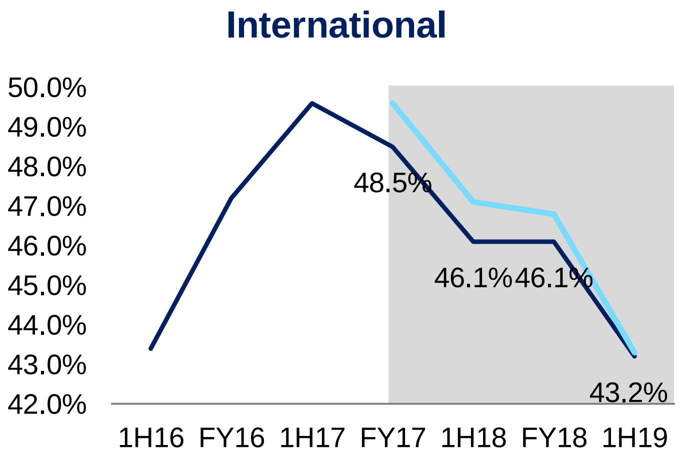
1. Excludes premium rate changes relating to CTP

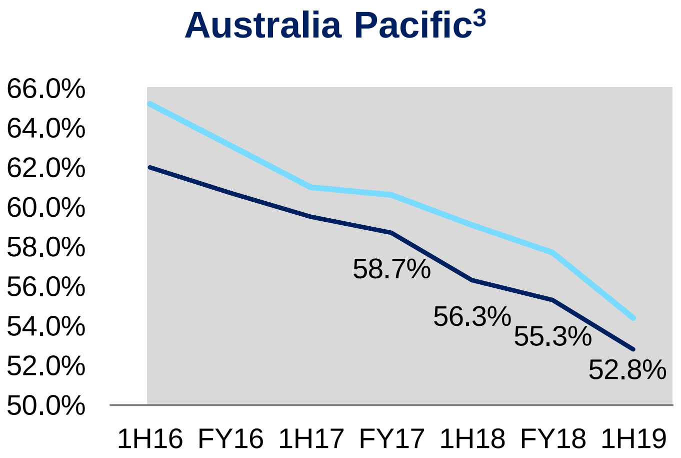
Attritional claims ratio[1] continues to improve



- **Down 6.6% from 54.3% peak in 2H17**
- **Improvement continuing in all divisions**







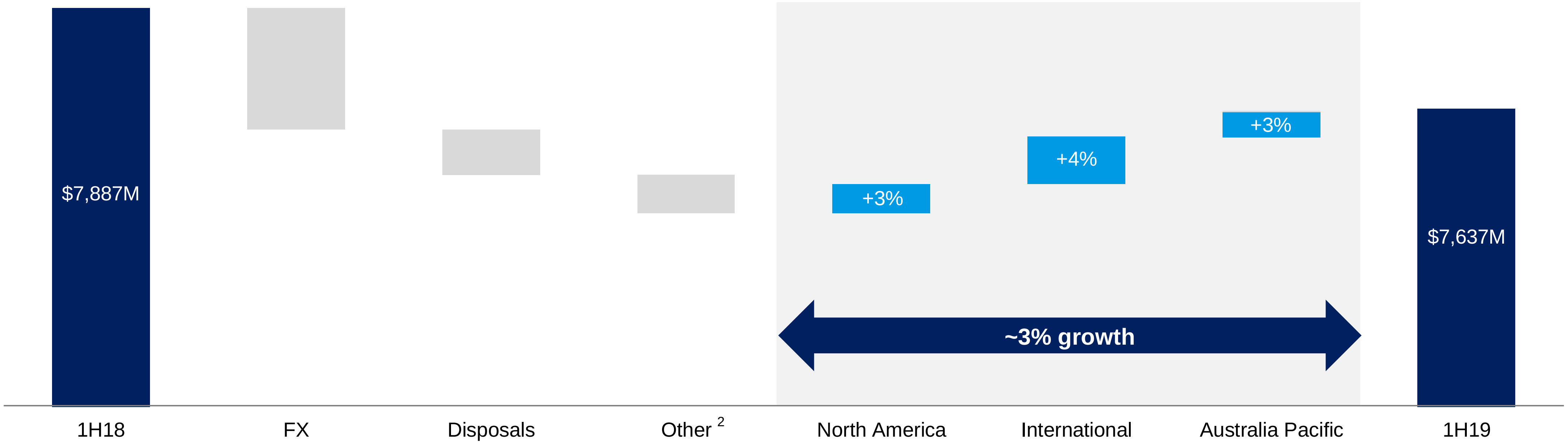
1. Continuing operations and adjusted basis as presented in annual and half year reports
2. Excludes Crop
3. Excludes LMI

Cell review performance management undertaken

Previously reported divisional ratio (North American Operations, European Operations, Australian & New Zealand Operations)

Gross written premium[1]

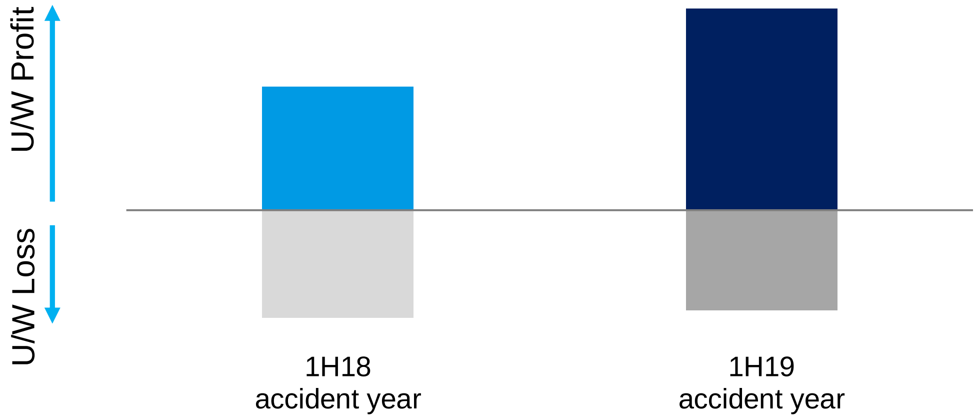
Underlying growth of ~3%



1. Continuing operations
2. LMI normalisation and the repositioning of corporate and excess & surplus lines in North America

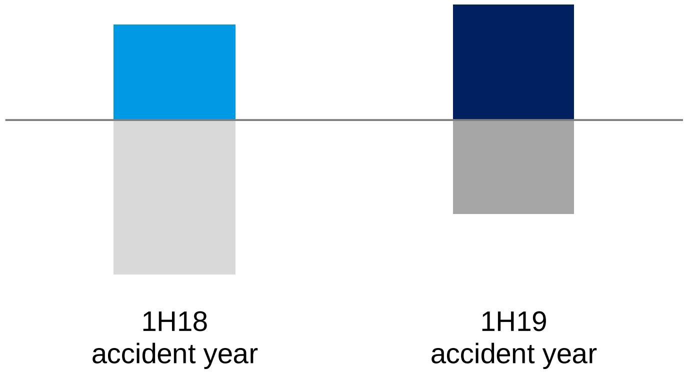
Cell reviews driving improved earnings resilience

Group[1,2]

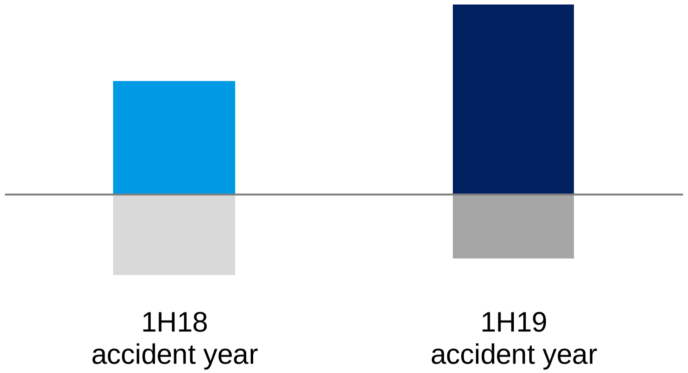


- Earnings consistency is improving in all divisions
- Australia Pacific impacted by catastrophe activity in 1H19

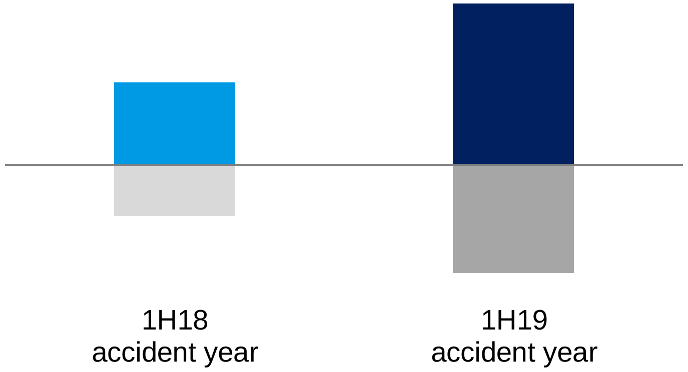
North America[1]



International



Australia Pacific[2]



1. Excludes Crop
2. Excludes LMI

Brilliant Basics: Consistency and standardisation

Pricing

- Global pricing framework and standards
- Enhanced capability and models
- Utilisation of 3rd party data & analytics
- Premium rate adequacy measures and analysis improving
- Capital allocation refinement
- Expanding rollout of pricing MI

Underwriting

- GCUOs office establishing global oversight
- Reducing high hazard grades
- Optimising line sizes
- Aggregation optimisation
- Standardising underwriter DALs[1]
- Clearer underwriting risk appetite
- Consistent governance on TPA[2] business
- Cultivating talent

Claims

- Data-led decision-making
- Core claims handling capabilities
- Optimising and improving workflow efficiency
- Supply chain optimisation
- Digital customer experience - AI, robotics and chatbots
- Global customer experience measurement

1. DALs – Delegated Authority Limits
2. TPA – Third Party Agent

Brilliant Basics: Underwriting strategies and portfolio optimisation

Examples:

International D&F[1] Property: cat AALs[2] lowered by reducing primary exposures:

- 65% less exposures >$20M
- 40%-65% reduction in peak catastrophe exposures

NA D&O: Portfolio-wide reduction in average limit (24%), and attachment (56%)

AusPac Property: use of data & analytics to improve claims triage; repair start times down 16% and completion times down 23%

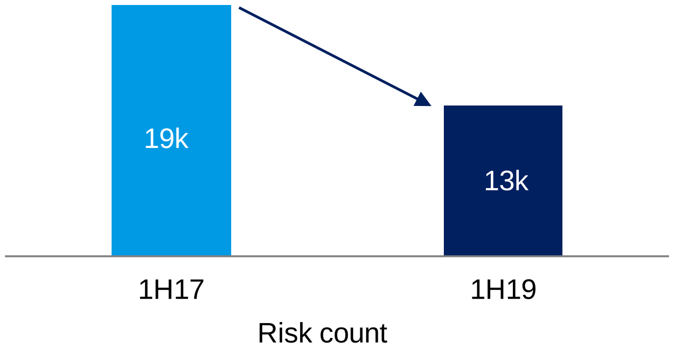
Australian commercial property

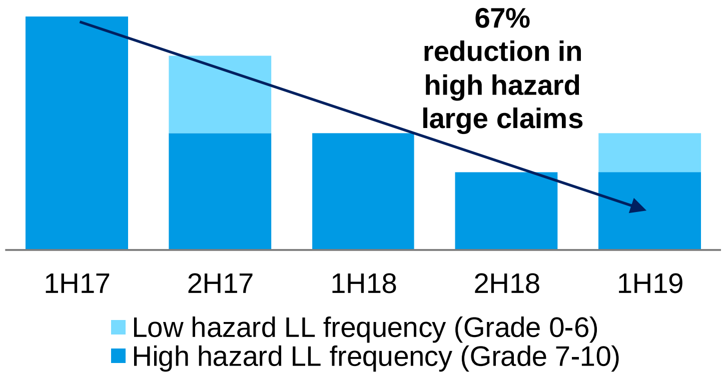
Risk count ⬇ **32%**

Premium rates ⬆ **~30%**

Large claims ⬇ **50%**

COR ⬇ **~40%**





1. D&F = Direct & Facultative
2. AALs = Average Annual Loss, the expected annual catastrophe losses

Inder Singh

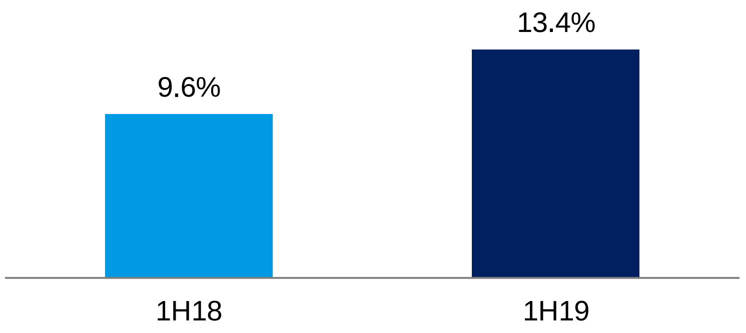
Group Chief Financial Officer

Financial results summary[1]

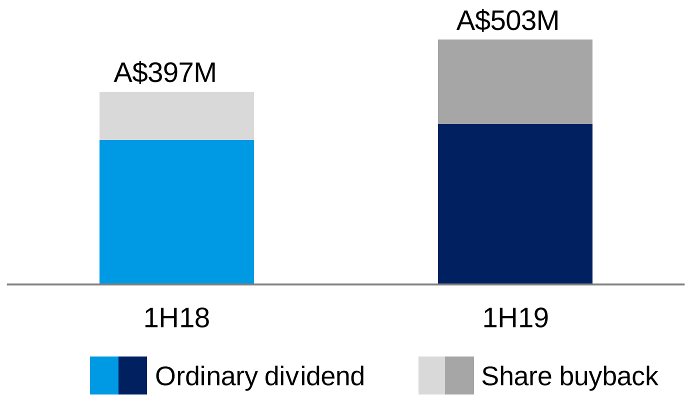
Operating results

		1H18	1H19
GWP	$M	7,887	7,637
NEP	$M	5,837	5,671
Net claims ratio	%	63.9	68.4
Net commission ratio	%	16.2	16.1
Expense ratio	%	15.0	14.8
COR	%	95.1	99.3
COR (ex discount rate)	**%**	**95.8**	**95.2**
Annualised net investment yield (ex discount rate)	%	2.4	4.5
Net profit after income tax	$M	392	531
Cash net profit after income tax[2]	**$M**	**385**	**520**

Cash profit RoE[3]



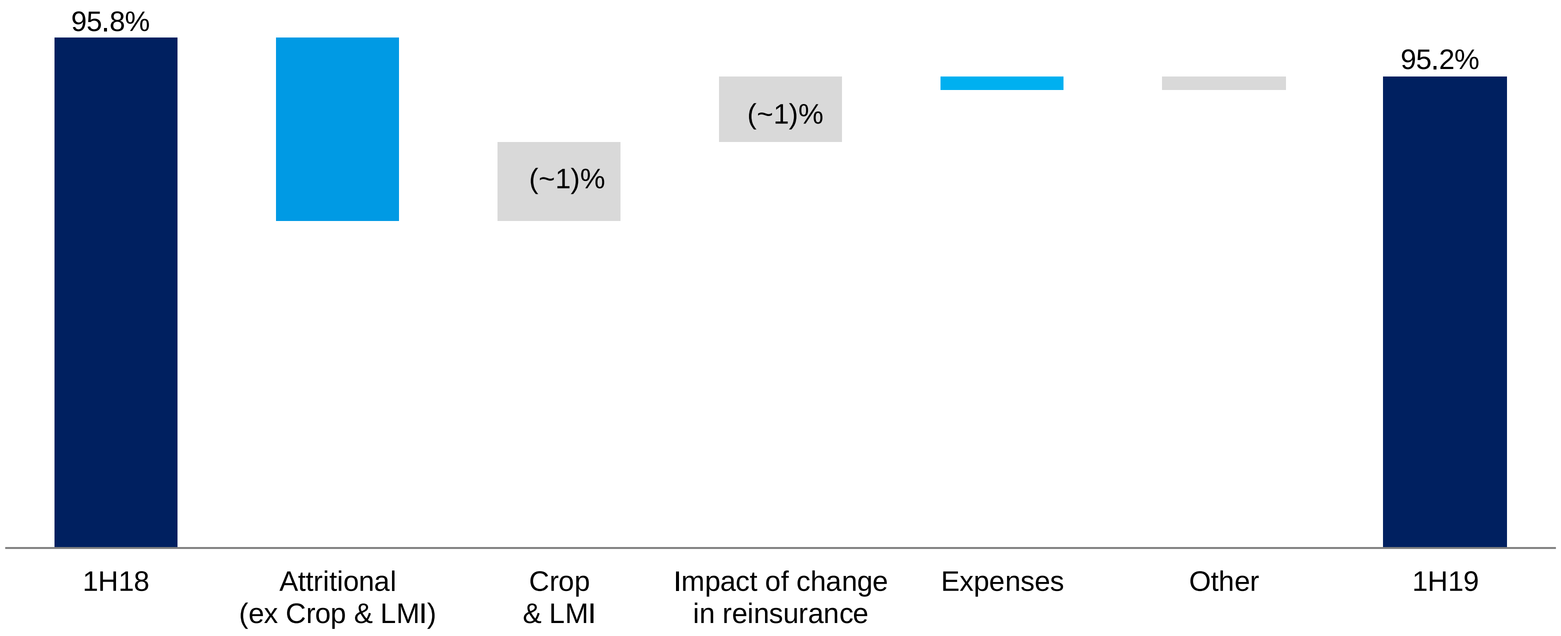
Shareholder payout



1. Continuing operations and adjusted basis as presented in annual and half year reports
2. Statutory net profit after income tax excluding amortisation, impairment and FCTR
3. 1H19 cash profit RoE excludes material non-recurring items such as gains (losses) on disposals, the impact of the Ogden decision in the UK and restructuring costs. 1H18 cash profit RoE excludes the transaction to reinsure Hong Kong construction workers' compensation liabilities

Combined operating ratio[1,2]

Underwriting margin improved despite reinsurance, Crop and LMI headwinds



- **Continued attritional claims ratio improvement**
- **Crop current accident year COR of ~98% (1H18 ~93%)**
- **Reduced contribution from LMI; COR to ~58% (1H18 ~51%)**
- **2019 reinsurance structure; higher retained large individual risk and catastrophe claims**

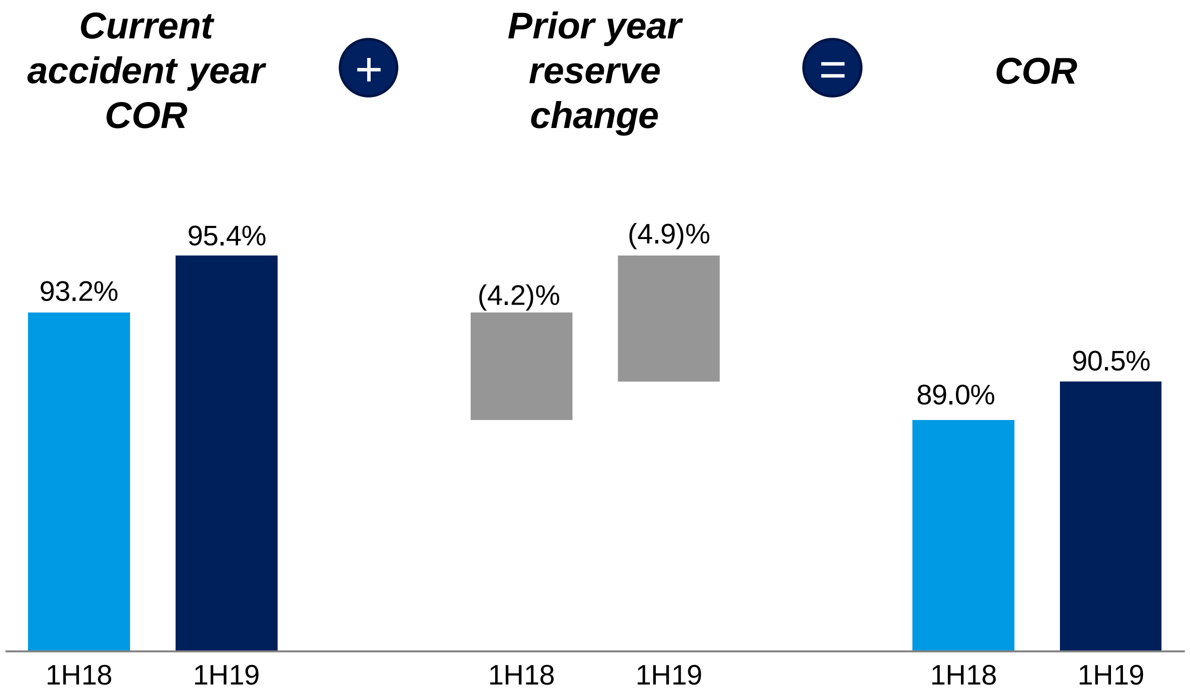
1. Continuing operations and adjusted basis as presented in annual and half year reports
2. Excludes the impact of changes in risk-free rates used to discount net outstanding claims

Australia Pacific[1]

GWP
$1,960M
+3% from 1H18[2]

COR
90.5%
1H18 89.0%

Attritional[3]
52.8%
1H18 56.3%



- **Attritional claims ratio improved 3.5%[3] and large individual risk claims reducing**
- **Catastrophe costs up 4.3% (mainly Townsville flood)**
- **LMI COR normalised to ~58%; outlook stabilising**

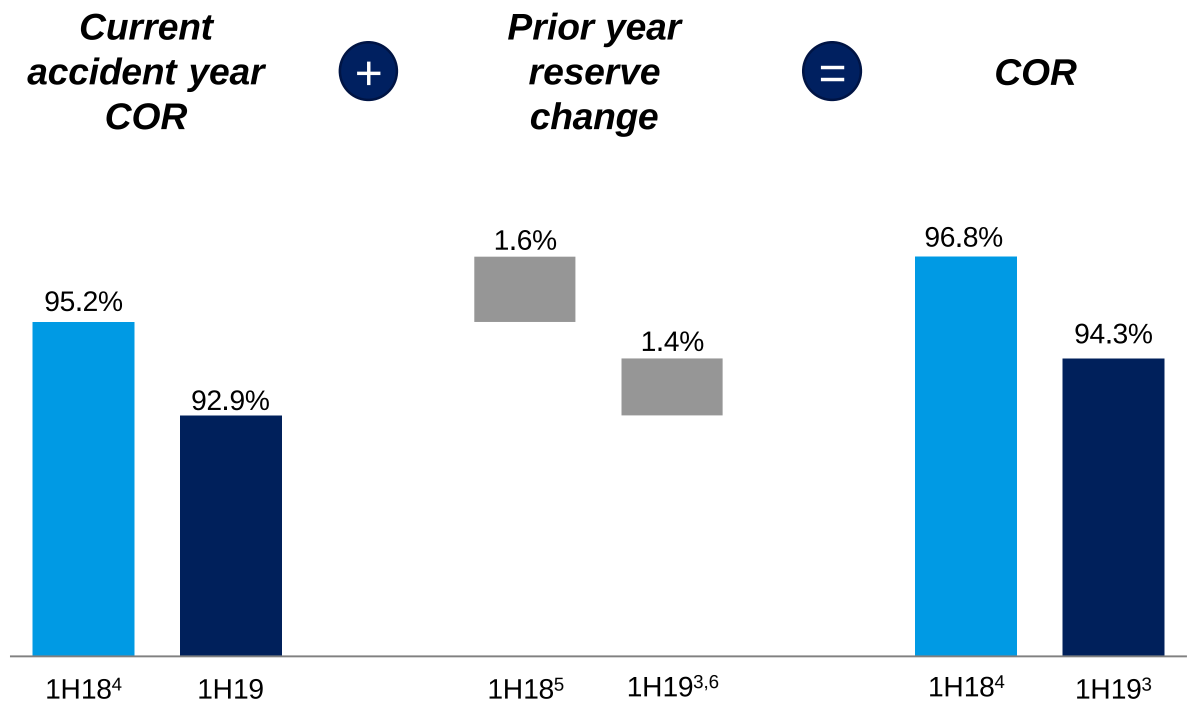
1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
2. Constant currency basis excluding LMI normalisation and Travel disposal
3. Excludes LMI

International[1]

GWP
$2,880M
+4% from 1H18[2]

COR
94.3%[3]
1H18 96.8%[4]

Attritional
43.2%
1H18 46.1%[4]



- **Attritional claims ratio improved 2.9%[4], albeit offset by increase in large individual risk claims**
- **Expense ratio 0.5% lower due to improved operating leverage**

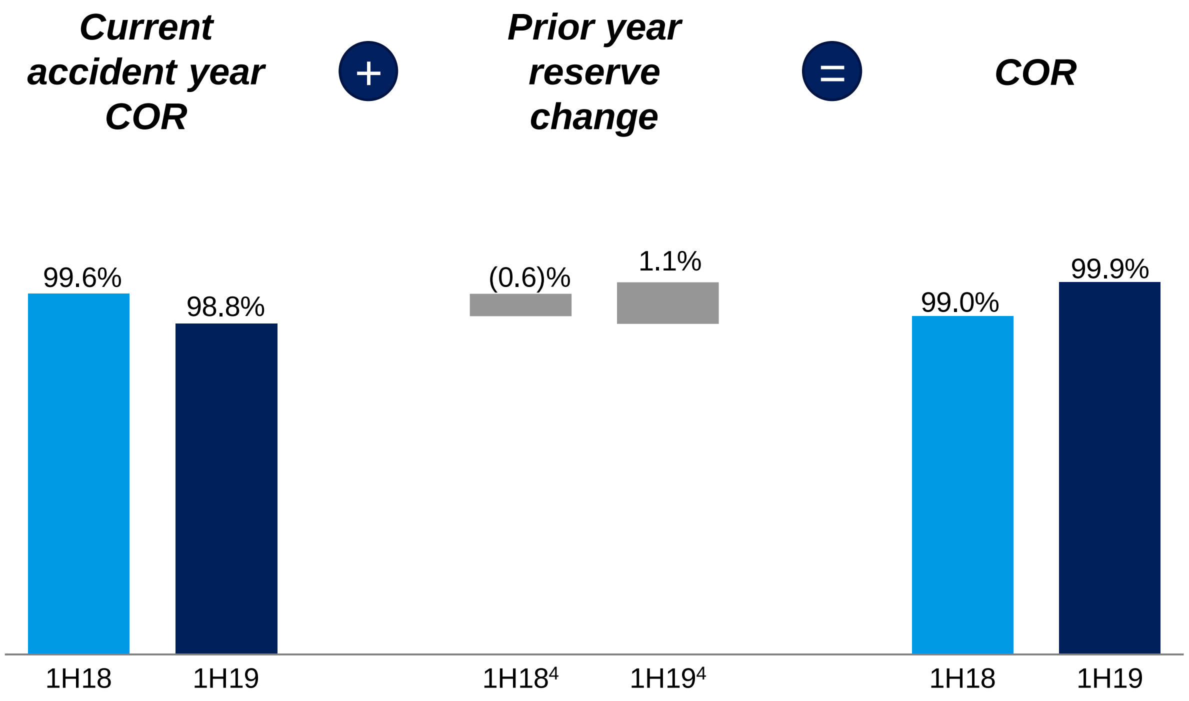
1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
2. Constant currency basis excluding disposals
3. Excludes one-off impact of the Ogden decision in the UK
4. Excludes transaction to reinsure Hong Kong construction workers' compensation liabilities
5. Includes benefit due to a lengthening of expected future claims payment patterns
6. Excludes impact of adjusting the periodic payment order rate that is matched by a reduced discount benefit (resulting in a nil profit impact)

North America[1]

GWP
$2,804M
+3% from 1H18[2]

COR
99.9%
1H18 99.0%

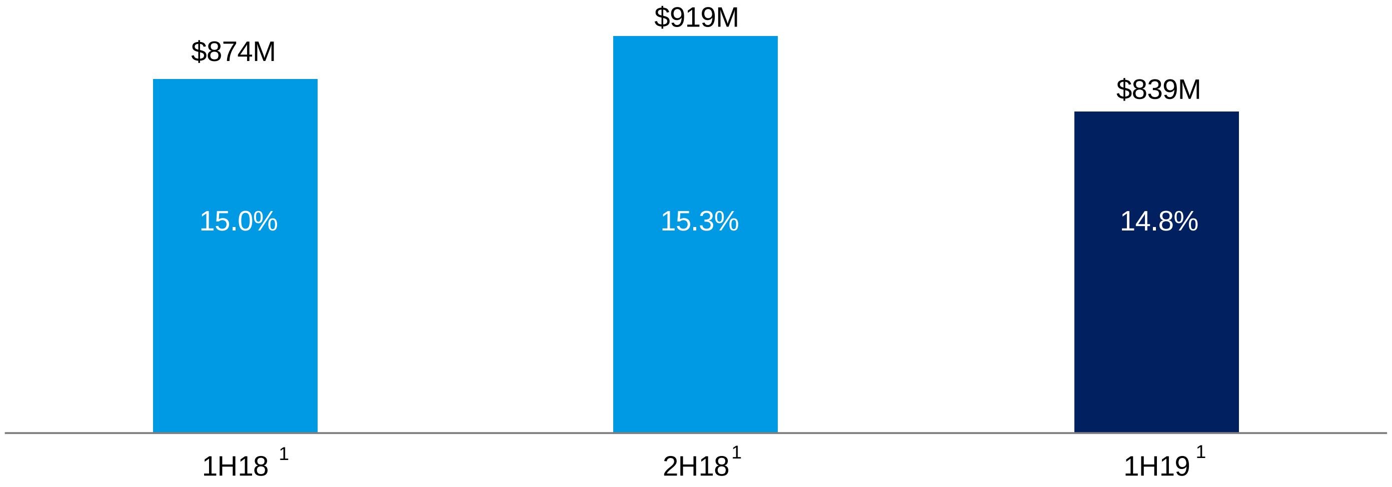
Attritional[3]
48.4%
1H18 51.4%



- **Attritional claims ratio improved 3.0%[3]**
- **Expense ratio improved 1.5%**
- **COR adversely impacted ~1% by Crop**

1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes disposals and the repositioning of corporate and excess & surplus lines
3. Excludes Crop
4. Prior accident year claims development excludes positive Crop development that is matched by additional premium cessions under the MPCI scheme

Operational efficiency: on track to achieve targets



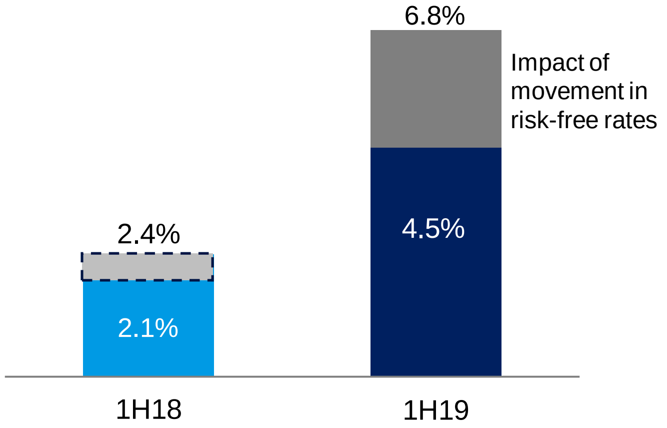
- >$20M underlying savings achieved YTD
- Expense ratio 14.8% (1H18 15.0%)
- $15M restructuring spend YTD
- One-time regulatory project cost FY20 (~$30M)

- >$200M gross savings by 2021
- ~$130M net reduction in expenses by 2021
- Target expense ratio <14% by 2021

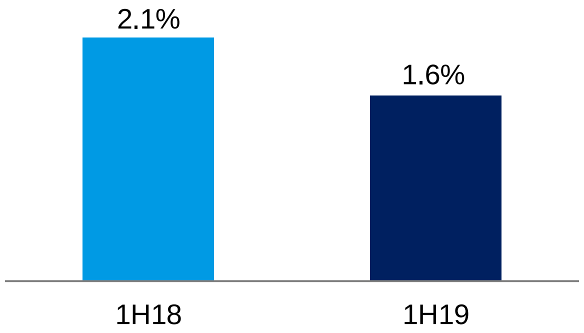
1. Continuing operations and adjusted basis as presented in annual and half year reports

Investment performance: key metrics[1]

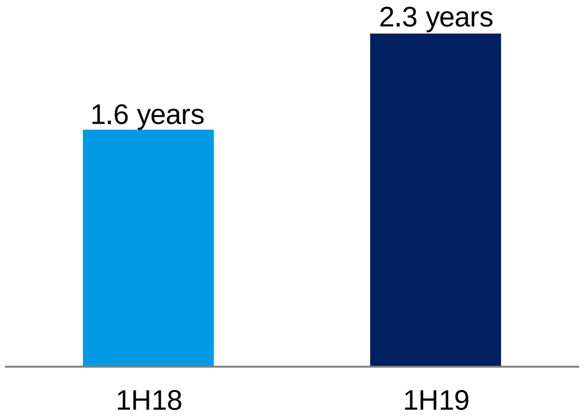
Annualised net investment yield[2]



Fixed income running yield



Duration



- **Growth asset returns of 7.6% (1H18 4.5%)**
- **Fixed income returns of 2.7% (1H18 0.6%)**
- **Funds under management $23.1Bn (FY18 $22.9Bn)**

1. Continuing operations basis
2. 1H18 annualised net investment yield of 2.1% includes 0.3% adverse impact of movement in risk-free rates. 1H19 annualised net investment yield of 6.8% includes 2.3% positive impact of movement in risk-free rates

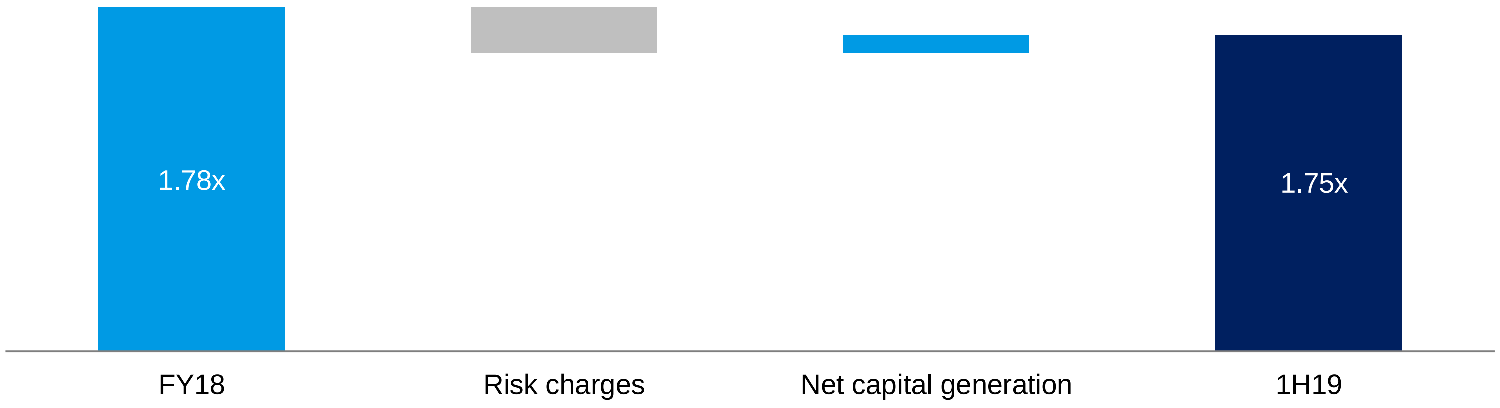
Balance sheet and capital management

Strong capital
1.75x

Lower gearing
36.8%

Shareholder payout
A$0.5Bn

PCA towards upper end of target range



- **Progressing share buyback; A$646M - 58.6M shares**
- **Further $195M debt buyback completed; ~$600M since 2017**
- **Ratings affirmed**

Outlook

Pat Regan Group Chief Executive Officer

Focus unchanged

Deliver the 2019 plan

Targeted rate increases

Cell reviews

Operational efficiency program

Brilliant Basics

Underwriting, pricing and claims

Detailed underwriting guides

Improve global pricing capabilities

Talent and culture

Continue to add and develop talent

QBE DNA

Refresh and revitalise culture

Customer focus

Global rollout of EQUITY customer commitment program

High quality customer service

Operating sustainably

Further improve our sustainability credentials

Continue implementing TCFD recommendations

Managing risk

Stronger and more resilient

Continued focus on risk governance

Future focus

More digitally enabled

Enhance data and analytics capabilities

Reduce complexity

FY19 targets unchanged

COMBINED OPERATING RATIO	94.5% – 96.5%[1,2]
INVESTMENT RETURN	3.00% – 3.50%[1]

1. Assumes risk-free rates as at 31 December 2018
2. Excludes one-off impact of the Ogden decision in the UK

Questions & Answers

Disclaimer

The information in this presentation provides an overview of the results for the half year ended 30 June 2019.

This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange ("ASX"). Copies of those lodgments are available from either the ASX website www.asx.com.au or QBE's website www.qbe.com.

The information is supplied in summary form and is therefore not necessarily complete. 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. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

This presentation contains certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. 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.

This presentation does not constitute an offer or invitation for the sale or purchase of securities. In particular, this presentation does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any U.S. Person, or in any other jurisdiction in which such an offer would be illegal. Securities of QBE may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Persons without registration under the Securities Act or an exemption from registration.

Appendices

Currency mix of investments and GWP[1]

Total investments and cash ($M)	1H18		1H19	
US dollar	6,940	30%	7,349	32%
Australian dollar	7,052	30%	6,565	28%
Sterling	4,355	19%	3,708	16%
Euro	2,463	10%	3,005	13%
Canadian dollar	1,089	5%	1,191	5%
New Zealand dollar	376	2%	378	2%
Hong Kong dollar	375	2%	367	2%
Singapore dollar	180	1%	184	1%
Other	450	1%	347	1%
Total	**23,280**	**100%**	**23,094**	**100%**
Gross written premium ($M)				
US dollar	3,703	47%	3,757	49%
Australian dollar	1,957	25%	1,843	24%
Euro	813	10%	748	10%
Sterling	714	9%	649	8%
New Zealand dollar	146	2%	139	2%
Canadian dollar	134	2%	138	2%
Hong Kong dollar	129	2%	119	2%
Singapore dollar	90	1%	80	1%
Other	201	2%	164	2%
Total	**7,887**	**100%**	**7,637**	**100%**

1. Continuing operations basis

North America

		1H18	1H19
Gross written premium	$M	2,896	2,804
Gross earned premium	$M	2,162	2,194
Net earned premium	$M	1,753	1,849
Adjusted net claims ratio[1]	%	67.9	70.4
Net claims ratio	%	65.6	73.7
Net commission ratio	%	15.8	15.7
Expense ratio	%	15.3	13.8
Combined operating ratio	%	96.7	103.2
Adjusted combined operating ratio[1]	%	99.0	99.9
Insurance profit margin	%	5.9	1.0

- Excluding the impact of disposals and business intentionally lapsed, underlying gross written premium growth was around 3%
- Net earned premium grew by 5% primarily due to growth in Crop coupled with lower reinsurance costs following the restructure of the Group's reinsurance program
- Average premium rate increase of 4.1% (1H18 3.1%)
- Net claims ratio (ex discount rate) increased to 70.4% (1H18 67.9%) due to:
  - Adverse prior accident year claims development of 1.1%[2] compared with positive development of 0.6%[2] in prior period
  - Significantly reduced Crop profitability due to challenging planting conditions; partly offset by
  - 3.0% improvement in attritional claims ratio (excluding Crop)
- Expense ratio improved due to rigorous cost management coupled with positive operating leverage from net earned premium growth
- COR (ex discount rate) deteriorated by 0.9% with a significant improvement in the attritional claims ratio (excluding Crop) and the expense ratio more than offset by reduced Crop profitability coupled with adverse prior accident year claims development

1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
2. Excluding positive Crop development that is matched by additional premium cessions under the MPCI scheme (resulting in a nil profit impact)

International

		1H18[1]	1H19[2]
Gross written premium	$M	2,896	2,880
Gross earned premium	$M	2,435	2,319
Net earned premium	$M	2,098	2,019
Adjusted net claims ratio[3]	%	63.0	61.8
Net claims ratio	%	62.8	67.5
Net commission ratio	%	18.1	17.3
Expense ratio	%	15.7	15.2
Combined operating ratio	%	96.6	100.0
Adjusted combined operating ratio[3]	%	96.8	94.3
Insurance profit margin	%	6.3	11.4

- GWP increased 4% on a constant currency basis, reflecting the positive pricing environment and targeted growth
- Average premium rate increase of 3.8% (1H18 4.5% which included significant Ogden related increases in QBE Re); European Operations' insurance rates increased 5.0% (1H18 4.4%) while Asia achieved 2.2% rate increases (1H18 0.5%)
- Net claims ratio (ex discount rate) reduced to 61.8% (1H18 63.0%) due to:
  - A 2.9% improvement in the attritional claims ratio due to targeted actions across all portfolios coupled with premium rate increases; partly offset by
  - An increase in the net cost of large individual risk and catastrophe claims to 15.8% (1H18 13.3%) following the restructure of the Group's reinsurance program
- Expense ratio improved to 15.2% (1H18 15.7%) due to expense reductions coupled with improved operating leverage
- COR (ex discount rate) improved due to a reduced attritional claims ratio and a reduced total acquisition cost ratio partially offset by an increase in the net cost of large individual risk and catastrophe claims

1. Excludes transaction to reinsure Hong Kong construction workers' compensation liabilities
2. Excludes the one-off impact of the Ogden decision in the UK
3. Excludes the impact of changes in risk-free rates used to discount net outstanding claims

Australia Pacific

		1H18	1H19
Gross written premium	$M	2,106	1,960
Gross earned premium	$M	2,095	1,951
Net earned premium	$M	1,926	1,797
Adjusted net claims ratio[1]	%	60.7	61.2
Net claims ratio	%	61.0	64.4
Net commission ratio	%	14.7	14.9
Expense ratio	%	13.6	14.4
Combined operating ratio	%	89.3	93.7
Adjusted combined operating ratio[1]	%	89.0	90.5
Insurance profit margin	%	14.8	13.6

- GWP increased 3% on a constant currency basis (excluding LMI normalisation and Travel divestment) reflecting premium rate increases across majority of the portfolio and targeted growth in selected portfolios
- Average premium rate increase of 6.8%[2], up from 6.4%[2] in 1H18
- Net claims ratio (ex discount rate) increased to 61.2% (1H18 60.7%) reflecting:
  - The impact of catastrophes which increased to 6.5% of net earned premium from 2.2% in 1H18
  - A further modest increase in the LMI claims ratio; largely offset by
  - Further improvement in the attritional claims ratio which fell by 3.5% (excluding LMI), reflecting improved pricing, risk selection and claims management
- Expense ratio increased primarily due to a reduction in builders' warranty fee income and increased emergency services levy expense
- COR (ex discount rate) increased to 90.5% from 89.0% in 1H18 reflecting further material improvement in the attritional claims ratio more than offset by the increased cost of catastrophe claims and further LMI margin normalisation

1. Excludes the impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes premium rate changes relating to CTP

Financial strength and flexibility

Summary balance sheet ($M)	31 Dec 2018	30 Jun 2019
Investments and cash	22,887	23,094
Trade and other receivables	5,185	6,126
Intangibles	2,800	2,774
Other assets	1,497	1,462
Assets	**32,369**	**33,456**
Insurance liabilities, net	18,578	19,278
Borrowings	3,188	3,076
Other liabilities	2,203	2,723
Liabilities	**23,969**	**25,077**
Net assets	**8,400**	**8,379**
Shareholders' funds	8,381	8,366
Non-controlling interests	19	13
Total equity	**8,400**	**8,379**

Reserving

- Positive prior accident year claims development of $47M[1] (1H18 $40M)
- $231M negative discount rate impact (1H18 $40M positive)
- $32M risk margin increase
- PoA stable at 90.1% (FY18 90.1%)

Borrowings

- Debt to equity ratio 36.8% (FY18 38.0%)
- Buyback of $195M senior unsecured debt

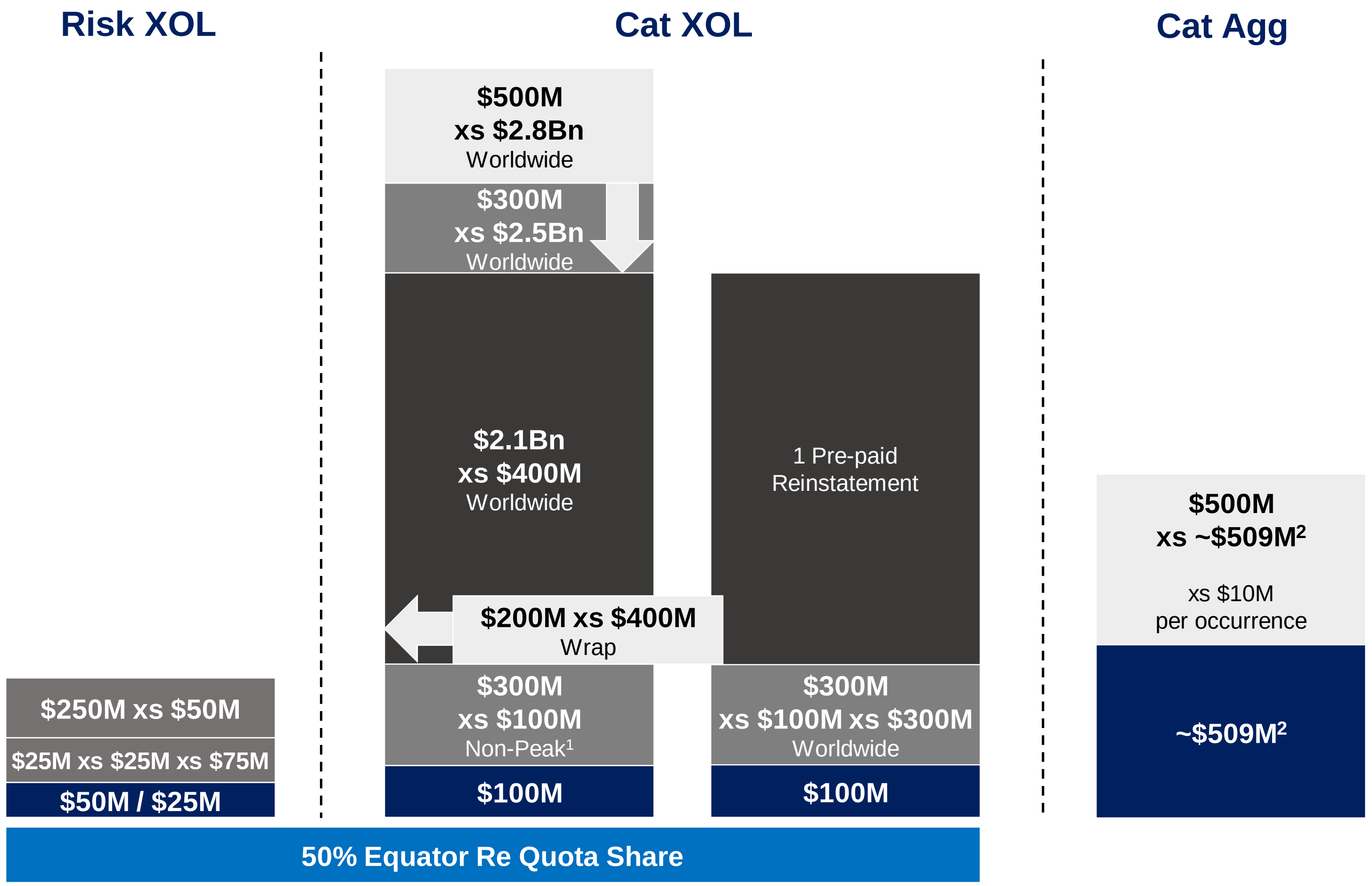
1. Excluding $32M of positive prior accident year claims development pertaining to North America Crop that is matched by additional premium cessions under the MPCI scheme (resulting in a nil profit impact) and a $33M benefit in International due to the impact of adjusting the periodic payment order rate that is matched by a reduced discount benefit (also resulting in a nil profit impact)

APRA Prescribed Capital Amount

APRA PCA calculation ($M)	31 Dec 2018[1]	30 Jun 2019[2]
Ordinary share capital and reserves	8,400	8,379
Net surplus relating to insurance liabilities	818	835
Regulatory adjustments to Common Equity Tier 1 Capital	(3,311)	(3,286)
Common Equity Tier 1 Capital	**5,907**	**5,928**
Additional Tier 1 Capital – Capital securities	399	399
Total Tier 1 Capital	**6,306**	**6,327**
Tier 2 Capital – Subordinated debt and hybrid securities	2,456	2,539
Total capital base	**8,762**	**8,866**
Insurance risk charge	2,819	2,871
Insurance concentration risk charge	779	780
Asset risk charge	1,984	2,081
Operational risk charge	480	498
Less: Aggregation benefit	(1,131)	(1,174)
APRA Prescribed Capital Amount (PCA)	**4,931**	**5,056**
PCA multiple	**1.78x**	**1.75x**
CET1 ratio (APRA requirement >60%)	**120%**	**117%**

1. 31 Dec 2018 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 2019

2019 global reinsurance program



Key features of 2019 reinsurance program include:

- significantly reduced catastrophe event retention;
- greatly increased protection against cat severity;
- protection against frequency of medium-sized cats;
- significantly reduced large individual risk claim retention;
- improved protection against large individual risk claim severity; and
- increased quota share protection to significantly reduce claims volatility.

Main cat XOL limit

- $2.1Bn xs $400M

Cat Top *or* Drop *or* Non-Peak[1] limit

- Top $300M xs $2.5Bn for Peak *or*
- Drop $300M xs $100M xs $300M for Peak *or*
- Drop $300M xs $100M for Non-Peak[1]

Cat Top *or* Agg *or* Wrap limit

- Top $500M xs $2.8Bn (or $2.5Bn) *or*
- Aggregate $500M xs ~$509M[2] *or*
- Wrap $200M xs $400M including QBE Re & Syndicate 1036 retained claims and EQ Re Share

1. Peak perils defined as cyclone, hurricane & typhoon, and earthquake (and fire following) as respects Australia, New Zealand (quake only) and US (excluding Puerto Rico). All other perils and regions are non-peak
2. 58% of this layer attaches at $515M and 42% of this layer attaches at $500M, actual blended attachment is $508.7M