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5 May 2021

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

Dear Sir/Madam,

**2021 Annual General Meeting of Shareholders - address**

Please find attached the joint Chairman's and Interim Group Chief Executive Officer's address.

This release has been authorised by the Interim Group Chief Executive Officer.

Yours faithfully

Carolyn Scobie
**Company Secretary**

Attachment

***Michael (Mike) Wilkins AO***

***Chair, QBE Insurance Group***

***Address to the QBE Annual General Meeting 2021***

***5 May 2021***

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I would like to acknowledge the Traditional Owners of the land on which I stand today, The Gadigal People of the Eora Nation, and recognise their continuing connection to land, waters and culture. I pay my respects to the Elders past, present and emerging and any First Nations People joining us today.

As our interim Group Chief Executive, Richard Pryce, resides in London and was unable to travel due to COVID restrictions I will present a combined Chair and Group Chief Executive Officer address for this Annual General Meeting. However, Richard has joined us by phone and is available to answer questions.

It is heartening to be able to meet in person for this year's AGM; however, we remain acutely aware that the world continues to battle the effects of the pandemic and the many repercussions beyond the disease itself, including the long term economic, social and health related consequences.

While there is reason for cautious optimism with the rollout of the vaccine gaining momentum, we are conscious that the prospects for economic recovery vary widely between countries and sectors.

In the markets in which we operate the economic outlook has improved with the global economy now projected to grow at 6% this calendar year, according to the International Monetary Fund (IMF)[1]. While monetary stimulus may be required in the short term to aid in the recovery and uncertainty remains, current indicators support a greatly improved global economic outlook for 2021.

In addition to the pandemic, we also witnessed significantly higher than normal catastrophe events around the world in 2020 which included a record number of storms in the US and major bushfires. This has continued into 2021 and I will discuss this in more detail when I provide an update on our first quarter performance.

Throughout these challenging events we continued to adapt the way we operate in response to the significant hardship some of our customers and communities are facing. In response to the pandemic, in Australia, we provided a range of additional support measures and financial relief including premium rebates and payment holidays. We also scaled up our support for our customers and communities in response to significant weather events, paying claims as quickly as possible and supporting with disaster relief and risk management education. In addition, we continued our important work with charity partners, the Red Cross and Save the Children.

This ongoing support for our customers and communities is made possible by the hard work and dedication of our people. I am proud of how our teams have responded in this time of uncertainty,

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[1] International Monetary Fund, World Economic Outlook, Managing Divergent Recoveries, April 2021

despite the many challenges they have faced with long periods of working remotely and for some, the terrible personal consequences of the pandemic.

On behalf of the Board, I extend my sincere thanks to all our people and to Richard and the entire executive team for their adaptability and perseverance.

***Performance***

Moving now to performance.

Your board recognises the disappointing headline statutory loss that was reported in 2020. The results were impacted by COVID-19 as well as heightened catastrophe activity along with an unacceptable level of prior year reserve deterioration. On investments, we decided early in 2020 to adopt a conservative asset allocation given greatly increased economic uncertainty and whilst we had a stronger end to the year, our annual investment return was much lower than expected.

In light of the substantial 2020 statutory loss, the Board elected not to declare a final dividend. In arriving at that decision, we were conscious of maintaining a strong balance sheet which provides us with considerable flexibility for future investment in, and growth of, our business.

However, we expect to resume dividend payments in 2021, up to 65% of adjusted cash profit, as the economies in which we operate recover and QBE returns to profitability.

Despite the challenging landscape, the strength and resilience of our business is evident in the Group's underlying financial performance. Pricing momentum accelerated during 2020, especially in the northern hemisphere, and this contributed to a further improvement in our attritional claims ratio. Encouragingly, growth in our top line was stronger than it has been for many years with underlying gross written premium (GWP) up 10% from 2019, underpinned by an average group-wide premium rate increase of 9.8%.

Strong market conditions are continuing into 2021 as evidenced by the 8.9% premium rate increase achieved in the first quarter, compared with 7.3% in the first quarter of 2020. Each of our divisions achieved premium rate increases in line with expectations and stronger than the increases recorded in the prior corresponding period, including 10.2% in North America, 9.1% in International and 7.5% in Australia Pacific.

The top-line has improved meaningfully with headline GWP increasing 28% compared with the first quarter of 2020 or 23% on a constant currency basis. This reflects premium rate increases and continued growth in select areas of the global portfolio coupled with a very substantial uplift in Crop premiums due to significantly higher commodity prices and underlying growth.

Excluding Crop insurance, constant currency GWP growth was 13% while overall Net Earned Premium (NEP) growth was 6% on a constant currency basis. Earned premium growth is expected to increase across the remainder of 2021, in line with premium earning patterns.

During the first quarter we saw further devastating catastrophe events with Texas experiencing a winter freeze in mid-February which triggered widespread and sustained power outages and contributed to significant water damage from burst pipes. This was followed in March by widespread flooding in the Hawkesbury-Nepean Valley, the NSW mid-north coast and south-east Queensland, which ranged in severity from 1:50 to 1:100 year events.

Western Australia was also recently impacted by Cyclone Seroja with widespread property damage and power outages. These and other events contributed to a net catastrophe cost of around $260M which is above the Group's first quarter allowance of around $180M and the $230M of catastrophe claims incurred in the first quarter of 2020.

Despite the adverse catastrophe outcome, the Group's overall first quarter combined operating ratio is in line with expectations. Our position with respect to the net ultimate cost of COVID-19 remains unchanged.

Global yield curves steepened sharply in the first quarter of 2021 as the economy began to recover and central banks maintained stimulatory monetary policy settings. The decision to adopt slightly shorter asset duration relative to the Group's insurance liabilities resulted in a net mark-to-market gain from higher risk-free rates of around $70M.

Moreover, the shift in yield curves during the quarter has increased the Group's fixed income running yield to around 50 basis points at the end of the first quarter from around 40 basis points at the end of 2020.

Moving on to our balance sheet. As the pandemic emerged, we took pre-emptive action to strengthen our capital position and protect the balance sheet against potential downside scenarios. This action has proved beneficial, enabling us to capitalise on profitable growth opportunities as they arise, as well as support our target regulatory capital range and our gearing level.

At the end of the first quarter, capital remains strong with our APRA PCA multiple increasing marginally to 1.73x from 1.72x at the end of 2020, and in the top half of our target PCA range of 1.6-1.8x.

***Leadership***

During 2020, we saw changes to the Group Executive Committee with the departure of our Group Chief Executive Officer, Pat Regan, due to a breach of our Group Code of Ethics and Conduct. The Board acted swiftly in its decision, demonstrating our commitment to strong corporate governance and the importance of all employees being held to the same standards.

Following the departure of Pat Regan, we announced that we would undertake a review of QBE's culture which commenced this year through our 'Culture Accelerator' program. The Culture Accelerator will help enhance our culture whilst also building a blueprint for the future success of our business. It seeks to build on the great foundations we have with our QBE DNA to empower and motivate our people and help us reach the next stage in our evolution.

Through this process, we are committed to listening to our people and involving them along the way. An integral part of the Culture Accelerator is fostering an environment where everyone feels safe to speak up on matters big and small. With the support of the QBE Group Board sponsors John Green and Tan Le and the GEC, the Culture Accelerator will see us define our target culture, better understand our culture today and then set our blueprint for change.

We are aware of the important role a diverse and inclusive workforce plays in building our culture for the future and we maintain our ongoing commitment in this area. We were pleased to be recognised in the top 100 of Equileap's 2021 Gender Equality Global Report and also to be included as a member of the 2021 Bloomberg Gender Equality index. We came close to achieving our goal of having 35% women in leadership by 2020 with 34.8% and we achieved our target of having 30% women on the Group Board. However, we know there is more to do and have since developed a new target of having 40% women in leadership and on the Group Board by 2025. In highlighting our commitment to diversity, we were pleased to announce the appointments of Fiona Larnach, as our new Group Chief Risk Officer, and Sue Houghton, as our new Chief Executive Officer Australia Pacific, with the Group Executive Committee now comprising 45% women.

In March this year we were also pleased to announce the appointment of Andrew Horton as Group Chief Executive Officer, replacing Interim Group Chief Executive Officer, Richard Pryce. Andrew will commence with QBE on 1 September of this year and be based in Sydney. Andrew was most recently the Chief Executive Officer of Beazley PLC and brings to QBE more than 30 years' experience across insurance and banking with extensive experience across international markets. Importantly, he is an inclusive and collaborative executive who has a passion for developing talent, which will further support the Board's focus on succession planning and talent development. Furthermore, he has a deep understanding of the insurance landscape and the opportunities and challenges across each of our markets which see him well placed to build QBE for the future.

Upon Andrew's commencement, Interim Group Chief Executive Officer, Richard Pryce, will move to an advisory capacity, providing a three-month leadership transition before retiring from QBE in December of this year. I would like to thank Richard who stepped in and led QBE with focus and clarity at a critical time for the Group. On behalf of the Board and all the shareholders, we thank him for his commitment and service to our company over many years.

***Strategic priorities***

Throughout 2020 we made good progress around our strategic priorities. Our focus for 2021 intentionally remains consistent with our activities anchored around four key pillars: performance, customer focus, modernisation and talent & culture.

Underpinning our focus on performance are our cell review and Brilliant Basics programs, both of which are now fully embedded into the fabric of QBE. Recognising that there is always more work we can do to improve performance, we have reinvigorated the cell review process during the first quarter with a greater focus on more regular reporting metrics, including return on risk-adjusted capital. We also remain focussed on delivering against our sustainability and climate commitments which are a key element of our non-financial performance metrics.

Central to our overall strategy is an imperative to ensure we are closely aligned with our customers and understand their particular industries and how they are evolving. To support this, we officially launched Customer@QBE in the latter part of 2020. Customer@QBE is our global approach to delivering value for our customers in a responsible and accountable way. We remain focused on creating a customer-centric business that is more digitally enabled and supported by a modern technology infrastructure, to better support the evolving needs of our customers, our people and our business.

We continue to make good progress with our talent and leadership strategy, building and developing our future talent pipeline. We will focus on enhancing our culture and reinforcing a positive risk culture through the Culture Accelerator and the Board is also committed to ensuring we continue to invest in our leaders, with succession planning a key area.

Board renewal is also an important part of setting QBE up for the future. As such, we were pleased to welcome Tan Le and Eric Smith who both joined our Board in September of last year, supporting our digital agenda and broadening our skills in the North American insurance market respectively.

***Resolution***

I would now like to address the resolution that was requisitioned by a small number of shareholders that you have been asked to consider today. This refers to resolution 4 on the Notice of Meeting and the substantive part of this resolution, part 4(b), can only be formally considered if shareholders vote in favour of resolution 4(a) which seeks to amend the QBE constitution.

I would like to summarise the Board's position in relation to this resolution.

Make no mistake, the Board acknowledges that climate change is a material risk for QBE. We are proud of our commitment towards addressing this and the progress we have made. We support the Paris Agreement and its objective to limit global temperature rises to well below 2˚C to mitigate against the impacts of climate change.

Throughout 2020, we continued to expand our analysis of physical, transition and liability risks, including the identification of opportunities and material exposures. As a result, we are developing appropriate responses and the output of this work is detailed in our 2020 Annual Report including our progress and performance against our Climate Change Action Plan.

In 2020, we performed scenario analysis to understand the impact of the transition to a low carbon economy on our business and we are committed to achieving net zero emissions by 2050 in our investment portfolio, becoming the first Australian-headquartered insurance business to join the UN-convened Net-Zero Asset Owner Alliance.

We continue the orderly transition of our business in line with the Paris Agreement and we have delivered on our commitment to set metrics and targets to measure and monitor climate related risks and opportunities. Our new Environmental and Social Risk Framework outlines our updated positions on a range of issues, including energy, across underwriting and investment. This framework also includes the setting of targets that relate to coal, oil and gas.

As of 1 January 2022, for existing companies with 30% or more revenue from oil sands and Arctic drilling, QBE will only provide insurance where the company is on a pathway consistent with achieving the Paris Agreement. As of 1 January 2030, for companies with 60% or more revenue from oil and gas extraction, QBE will assess whether the company is on a pathway consistent with achieving the Paris Agreement, and decline to provide insurance where this is not the case. This threshold will be reduced to 30% from 1 January 2040. In period leading up to these target dates, we will continue to work with our oil and gas customers as they transition in accordance with the Paris Agreement.

In addition to working with our energy customers, we increased our appetite for exposure to renewable energy. In 2020, we increased gross written premium from renewable energy by approximately 50%.

QBE has no direct investments in oil sands and Arctic drilling projects. We do have a small existing exposure to oil and gas companies in our direct investments and will seek to reduce this exposure and the associated emissions in line with our commitment to net-zero emissions from our investment portfolio by 2050.

We will continue to enhance our approach to managing and disclosing climate risks and opportunities in line with the Task Force on Climate-related Financial Disclosures recommendations. In 2020, we made strong progress on our climate and environment related commitments which are outlined in our Sustainability Report. We are proud of the external recognition of our progress, with our CDP score moving from a ‘B’ to ‘A-’ in 2020, putting us in the Leadership band.

The Board believes that it is essential that we continue to work through our analysis and strategic decisions in a methodical and coordinated way. In light of the significant progress we have made in recent years, and our strong analytical foundation for future strategic decision making, the Board recommends shareholders vote AGAINST this resolution.

***Conclusion***

In conclusion, I am proud of QBE and our people who work every day to support our customers. We have a hardworking and talented team, a sound balance sheet and a program of work that allows us to better serve our customers, our shareholders and our communities.

We continue to work with governments and regulators to better prepare for, and to respond to, low probability, high impact events like the COVID-19 pandemic. This has prompted a broad discussion within the industry as to how we provide appropriate support to our customers during this challenging time.

Once again, I would like to thank our 11,000 people around the world for their focus and dedication and I also thank my fellow directors for their ongoing support and counsel and welcome our new directors. I am enormously proud to be Chair of QBE and thank all of our shareholders for your ongoing commitment to our great company.

I will now take shareholder questions.