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21 November 2022

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

Dear Sir/Madam

PERFORMANCE UPDATE

Please find attached an announcement for release to the market.

This release has been authorised by the QBE Board of Directors.

Yours faithfully,

Carolyn Scobie
Company Secretary

Attachment

ASX Announcement
21 November 2022

Performance update

QBE updates on recent trading performance through 3Q22 and updated full year outlook. While performance remains resilient across many facets of our business, higher than expected catastrophe costs have introduced some risk to our full year outlook.

Growth and pricing momentum

Growth in gross written premium remained strong in 3Q22, up 6% on the prior corresponding period, or 13% in constant currency. Group-wide renewal rate increases averaged 8.4% in 3Q22, while growth ex-rate of 8% reduced compared to 1H22. This reduction followed planned North America Program terminations and a large first half bias for written premium across a number of growth focus areas. Retention has remained at favourable levels.

In the year to September, Group gross written premium growth was 12% on the prior period, or 16% in constant currency, with ex-rate growth of 11%. Excluding Crop, Group gross written premium increased by 12% in constant currency, with ex-rate growth of 6%.

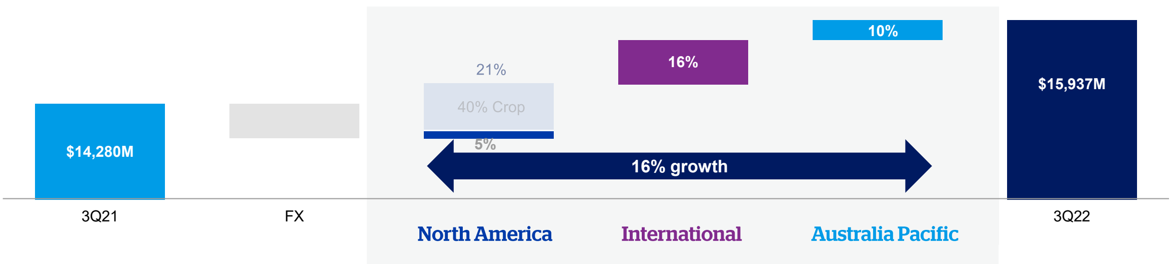
Continued favourable rate and retention

Rate increases	3Q21	4Q21	1Q22	2Q22	3Q22
Group +8.1% YTD	9.7%		8.1%		
	10.0%	9.4%	7.9%	8.2%	8.4%
	83%	84%	83%	85%	84%
North America +9.9% YTD	11.2%		10.4%		
	11.6%	10.6%	9.9%	11.0%	9.1%
	75%	74%	73%	73%	74%
International +6.9% YTD	9.7%		7.0%		
	11.0%	8.7%	7.1%	6.9%	6.3%
	84%	86%	85%	88%	87%
Australia Pacific +9.2% YTD	8.8%		9.1%		
	8.0%	9.8%	8.6%	9.4%	9.4%
	87%	87%	87%	86%	87%

YTD premium retention

3QYTD constant currency GWP growth of 16%

Growth ex rate 11%



Underwriting performance

Catastrophes

Elevated catastrophe activity has continued through the second half, with 2022 global catastrophe costs for the insurance industry likely to again exceed US$100B. To October, the net cost of catastrophe claims in the second half is tracking at ~$430M, with the total net cost of catastrophe claims tracking at ~$880M in the year to October.

QBE's catastrophe allowance for November and December is ~$180M. Alongside experience to date, QBE is now assuming FY22 net catastrophe costs of ~$1,060M, which is inclusive of the $75M charge for exposure to the Russia/Ukraine conflict, and exceeds the FY22 catastrophe allowance of $962M.

Natural CAT YTD October	805
Russia/Ukraine	75
Total CAT YTD October	**880**
November/December allowance	180
Revised FY22 CAT assumption	**1,060**

Inflation

Trends and observations regarding claims inflation remain similar to those outlined at our 1H22 result, and QBE continues to achieve rate increases at or above inflation in most classes. Despite aggressive central bank action over recent months, risks associated with the persistency of inflation remain elevated, and QBE expects to strengthen long tail reserves in the second half to build resilience for a more prolonged inflationary environment. The impact will be broadly offset by the release of COVID risk margin, where residual risk associated with COVID business interruption claims has reduced following recent legal decisions.

Crop

North America Crop insurance in 2022 has proven relatively resilient in a season characterised by a number of headwinds, including preventive planting, drought impacts, and damage from Hurricane Ian. Based on available data, QBE's current estimate is for a FY22 Crop combined operating ratio of around 96%.

Investment performance

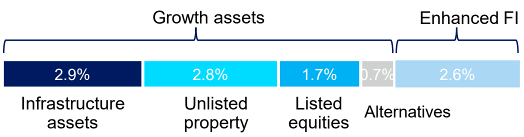
While financial market volatility has persisted into the second half, both risk asset and credit performance has remained sound. Interest rates have continued to increase across our key markets, resulting in a negative asset risk free rate impact of $461M in 3Q22, which was broadly offset by a beneficial claims liability discount impact of $413M.

As a result of higher risk-free rates, the 3Q22 exit fixed income running yield of 3.7% continued to build on the 1H22 exit running yield of 2.5%. 3Q22 total investment FUM was $26.3B, down from $26.7B at 1H22.

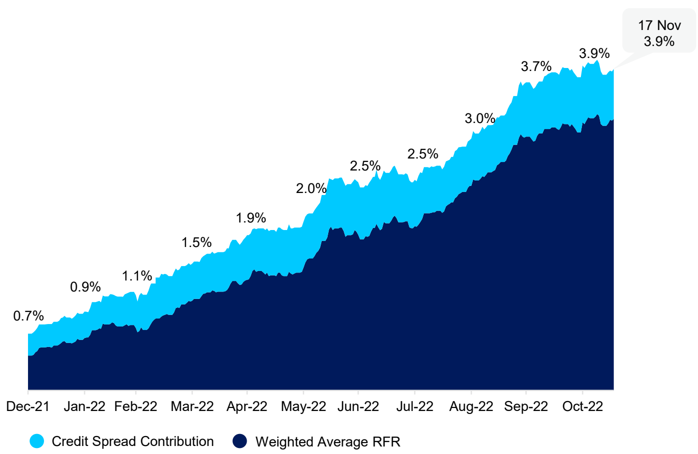
3Q22 investment return

	3Q22 $M	3Q22 YTD $M
FI yield (ex risk-free rate)	196	410
Credit spreads MTM	(12)	(220)
Risk assets	(35)	(44)
Expenses and other	(24)	(7)
Net return (ex risk-free rate)	**125**	**139**
Asset risk-free rate impact	(461)	(1,315)
Net Return	**(336)**	**(1,176)**

Risk assets – 11% of total 3Q22 FUM



Fixed income running yield



Outlook

Challenging operating conditions have persisted into the second half, and while performance remains resilient across many facets of our business, higher than expected catastrophe costs have introduced some risk to our original full year outlook.

QBE continues to expect FY22 Group constant currency GWP growth of around 10%, and we expect the supportive premium rate environment should continue into 2023.

Based on our assessment of underwriting performance to date, we now expect a FY22 Group combined operating ratio of around 94%. As outlined at the 1H22 result, QBE's FY22 combined ratio outlook excludes the impact of the Australian pricing promise review.

Contact details

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Basis of presentation (unless otherwise stated)

1. All figures are in US$.
2. Premium growth rates are quoted on a constant currency basis.
3. Premium rate change excludes North America Crop and/or Australian compulsory third party motor (CTP).
4. 2021 figures exclude the impact of COVID-19 and the transaction to reinsure Australian CTP liabilities.

Disclaimer

The information in this update provides an overview of the results for the September 2022 quarter and where relevant with the addition of October 2022.

This release 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 catastrophe claims do not exceed the revised assumption in our business plans; no reduction in premium rates in excess of our business plans; no significant change 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.

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