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17 February 2023

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

Dear Sir/Madam

Market Release – QBE announces 2022 results

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

Encl.

Full year 2022 result

"While the operating backdrop has been marked by a number of challenges for the industry, QBE is demonstrating improved resilience, and has achieved a second consecutive double digit return on equity of 10.5%."

Andrew Horton • Group CEO

QBE announced FY22 statutory net profit after tax of $770M, compared with $750M in FY21. Adjusted cash profit after tax increased to $847 million from $805 million in the prior year, resulting in an adjusted cash return on equity of 10.5%, compared to 10.3% in the prior year.

In a backdrop underscored by heightened inflation, geopolitical tensions and elevated catastrophe activity, QBE's underwriting performance demonstrated improved resilience, with the adjusted combined operating ratio of 93.7% improving by 1.3% compared to the prior period. Strong premium growth continued, with Group-wide renewal rate increases of 7.9% in FY22, which supported gross written premium growth of 13%.

QBE's indicative regulatory capital PCA multiple was 1.79x compared to 1.75x at 31 December 2021, and toward the upper end of the Group's 1.6-1.8x target range. The Board has declared a final dividend of 30 Australian cents per share, compared with the FY21 final dividend of 19 Australian cents per share. The combined interim and final dividend of 39 Australian cents per share equates to a total dividend payout ratio of 48% of adjusted cash profit, and reflects the current strength of the Group's capital position and continued positive outlook for growth.

Unless otherwise stated, the commentary following excludes the impact of the transaction to reinsure legacy North America E&S prior accident year liabilities and the impact of the Australian pricing promise review, along with the previously disclosed CTP reinsurance transaction and COVID-19 impacts in the 2021 results.

Summary income statement and underwriting performance

FOR THE YEAR ENDED 31 DECEMBER		STATUTORY FY22	ADJUSTED FY22	STATUTORY FY21	ADJUSTED FY21
Gross written premium	US$M	**20,001**	**20,054**	18,457	18,453
Net earned premium	US$M	**14,327**	**14,770**	13,408	13,779
Net claims ratio (ex risk-free rate)	%	**66.6**	**67.0**	64.6	66.5
Net commission ratio	%	**14.8**	**14.3**	15.5	15.2
Expense ratio	%	**12.8**	**12.4**	13.6	13.3
Combined operating ratio (ex risk-free rate)	%	**94.2**	**93.7**	93.7	95.0
Risk-free rate impact on underwriting	US$M	**1,214**	**1,234**	301	301
Combined operating ratio	%	**85.7**	**85.3**	91.5	92.8
Tax rate	%	**15.3**		17.1	
Net profit after income tax	US$M	**770**		750	
Adjusted net cash profit after income tax	US$M	**847**		805	
Debt to total capital	%	**23.4**		26.9	24.1
Probability of adequacy (PoA)	%	**90.0**		91.7	
Prescribed Capital Amount (PCA) multiple		**1.79x**		1.81x	1.75x
Return on average shareholders' equity – adjusted cash basis	%	**10.5**		10.3	
Basic earnings per share – adjusted cash basis	US cents	**57.2**		54.6	
Dividend per share	A cents	**39**		30	

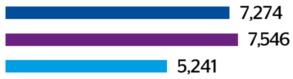
Underwriting performance

QBE's combined operating ratio improved to 93.7% from 95.0% in the prior year, reflecting the benefit of strong rate increases, lower total acquisition costs and a reduced level of adverse prior year development, partially offset by elevated catastrophe costs.

Gross written premium (US$M)

20,054

13% from 2021



GWP momentum continues with Group growth of 13% on a constant currency basis, or 10% excluding Crop. Growth continued across all divisions, with North America, International and Australia Pacific achieving growth of 16%, 14% and 9% respectively.

Average renewal premium rate increase

Group

+7.9%

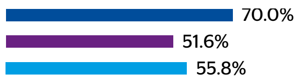
North America	+9.2%
International	+6.5%
Australia Pacific	+9.5%

Group-wide premium rate increases averaged 7.9% during the year compared with 9.7% in the prior year, with strong rate increases achieved across each division. Some moderation is present in classes which have experienced prolonged compound rate increases.

Ex-cat claims ratio

58.2%

2021 57.4%

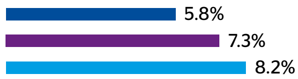


The ex-cat claims ratio increased by 0.8%, or by 0.2% excluding Crop. While premium rate increases broadly kept pace with heightened inflation, the result was impacted by higher frequency as economic activity increased, plus higher non-catastrophe weather claims.

Catastrophe claims ratio

7.2%

2021 6.6%



The net cost of catastrophe claims increased to $1,060 million or 7.2% of NEP, compared with 6.6% in the prior period. Catastrophe costs were underscored by Hurricane Ian, flooding in Australia and an allowance for the Russia/Ukraine conflict.

Prior accident year claims development (US$M)

(141)

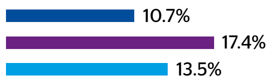
2021 (192)

Adverse prior year claims development of $141 million reduced from $192 million adverse in the prior period. Strengthening primarily reflected risks associated with inflation and an adverse business interruption judgement in the UK.

Net commission ratio

14.3%

2021 15.2%



The net commission ratio reduced to 14.3% from 15.2% in the prior period, primarily due to higher quota share income, particularly from the new external Crop quota share, and favourable business mix.

Expense ratio

12.4%

2021 13.3%

The Group's expense ratio improved to 12.4% from 13.3% in the prior period, reflecting disciplined cost management in a high inflation environment, and ongoing positive operating leverage as a result of strong premium growth.

Combined operating ratio

93.7%

The Group reported a combined operating ratio of 93.7% compared with 95.0% in the prior year, which reflected strong rate increases, improvement in total acquisition costs and a reduced level of adverse prior year development, partially offset by elevated catastrophe costs.

● North America ● International ● Australia Pacific

Investment portfolio performance

The total investment loss for the year was $(776) million or (2.7)%, compared with return of $122 million or 0.4% for the prior period. The result was heavily impacted by unrealised losses associated with the significant increase in bond yields over the year.

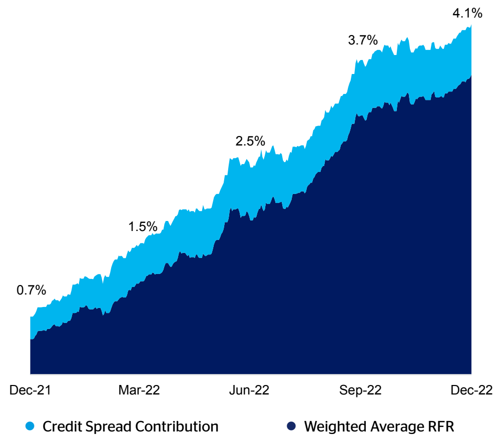
Adjusting for the impact of changes in risk-free rates on fixed income securities, the total investment return was $567 million or 2.0% for the year, an increase from 1.3% in the prior year. In fixed income, higher core yield income was partially offset by adverse credit spread marks. Within risk assets, the returns from infrastructure and unlisted property were largely offset by unrealised losses on equities and enhanced fixed income, delivering a total return of 1.2%.

The significant recalibration in global interest rates supported meaningful improvement in the fixed income running yield, with the 31 December 2022 exit running yield of 4.1% many multiples higher than 0.7% at 31 December 2021.

FY22 investment return

	$M	%
FI yield (ex risk-free rate)	671	2.6
Credit spreads MTM	(128)	(0.5)
Risk assets	47	1.2
Expenses and other	(23)	(0.1)
Net return (ex risk-free rate)	**567**	**2.0**
Asset risk-free rate impact	(1,343)	(4.7)
Net return	**(776)**	**(2.7)**

Fixed income running yield



Reserve transaction

QBE has entered into a broad-based reinsurance transaction with Enstar (NASDAQ: ESGR), that de-risks the Group's exposure to reserves totalling ~$1.9B. The transaction is subject to regulatory approvals.

The transaction portfolio encompasses a range of North America and International long tail reserves, primarily relating to financial lines, discontinued programs and reinsurance business, largely underwritten between 2010 to 2018. In aggregate, these reserves account for ~10% of QBE's FY22 net reserves, or ~15% of QBE's FY22 long tail reserves. QBE will maintain claims control over the majority of these reserves to ensure continuity and consistency for our customers and trading partners.

The transaction will support improved capital efficiency, reduced reserve volatility risk and provide greater bandwidth to focus on customer outcomes and sustainable growth. Reserves subject to this transaction have contributed ~$0.6B of adverse prior year development over the past 5 years.

We anticipate the transaction will give rise to an increase in our APRA PCA multiple of ~0.06x, or ~$400M capital equivalent. We anticipate a pre-tax upfront cost for the transaction of ~$100M, with a broadly neutral impact on earnings beyond. Capital released from the transaction will be reallocated to support growth and other initiatives, ultimately supporting an improved outlook for returns.

Strategic priorities

QBE Group CEO, Andrew Horton, said; "Our new purpose, vision and strategic priorities launched at the start of 2022 have been embraced by our people, helping to bring us together and become a more consistent organisation. As we look forward, we have the right foundations in place, the right team and importantly, strong enterprise-wide engagement around a clear and consistent strategy."

"Our strategy continues to come to life. 2022 has been about laying the foundations and embedding our new vision, purpose and strategic priorities. I think we've achieved a lot this year, momentum is building, and our people are more engaged. As we move into 2023, benefits for our business, customers and partners will build if we can maintain this energy."

"As we look forward, I think we have the right foundations in place, the right team and importantly, strong enterprise-wide engagement around a clear and consistent strategy." Further information related to the focus of each strategic priority, and the progress we are making is detailed on page 8 of QBE's 2022 Annual Report.

Portfolio optimisation

Bring the enterprise together

Our people

Sustainable growth

Modernise our business

Our culture

Outlook

Gross written premium	2023 constant currency GWP growth expected in the mid-to-high single digits
Combined operating ratio	2023 Plan COR of ~93.5% (AASB 1023 basis) Consistent low-to-mid 90s COR through the cycle
Investment returns	Significant improvement in 2022 exit running yield to 4.1%

Result presentation

Group CEO, Andrew Horton, and Group CFO, Inder Singh, will host a result briefing today (Friday 17 February 2023) at 9:30am (AEDT). Access details are below.

Webcast and conference call

The briefing will be available for viewing as a live webcast and conference call. **All participants need to register** to access the webcast or conference call using the links below. Registration is now open.

Register for this briefing:

Webcast (watch or listen only): https://edge.media-server.com/mmc/p/q534nsth

Teleconference (Q&A participation): https://register.vevent.com/register/BIac652bb3339840109a1802353912bb70

Questions will only be open to analysts and investors who join via the teleconference.

Contact details

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Basis of presentation (unless otherwise stated)

1. All figures are in US dollars.
2. Combined operating ratios (COR), net claims ratio and underwriting results exclude the impact of changes in risk-free rates used to discount net outstanding claims.
3. 2022 figures exclude transaction to reinsure North America Excess & Surplus (E&S) lines liabilities, as well as the charge in relation to the Australian pricing promise review.
4. 2021 figures exclude the impact of COVID-19 and the transaction to reinsure Australian Compulsory Third Party motor (CTP).
5. Premium growth rates are quoted on a constant currency basis.
6. Premium rate change excludes North America Crop and/or CTP.
7. Adjusted net cash profit after tax adjusts statutory net profit for Additional Tier 1 capital coupon accruals, as well as any gains on disposal, amortisation or restructuring costs.
8. Prior accident year claims development excludes North America Crop development that is matched by premium cessions under the MPCI scheme, as well as any other divisional development matched by an underwriting adjustment in current period.
9. APRA PCA calculations at 31 December 2022 are indicative. Prior year calculation is reported on a pro forma basis, adjusting for GBP327 million pre-funded debt repayment, and has been updated to be consistent with APRA returns finalised subsequent to year end.

Disclaimer

The information in this announcement provides an overview of the results for the period ended 31 December 2022.

This announcement should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange (‘ASX’). Copies of those lodgements 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 announcement 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 announcement and QBE assumes no obligation to update such information.

Any forward-looking statements assume ex cat claims and catastrophe claims do not exceed the allowance 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 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 announcement.

This announcement does not constitute an offer or invitation for the sale or purchase of securities. In particular, this announcement 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.