QBE Insurance Group Limited ABN 28 008 485 014
Level 27, 8 Chifley Square, SYDNEY NSW 2000 Australia
GPO Box 82, Sydney NSW 2001
telephone + 612 9375 4444 • facsimile + 612 9231 6104

www.qbe.com

14 April 2020

The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

PRESENTATION ON 2020 Q1 UPDATE AND COMPREHENSIVE CAPITAL PLAN

Further to the Company's announcement to the market today in relation to its 2020 Q1 update and comprehensive capital plan, please find attached the presentation to be provided to investors this morning.

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

Yours faithfully

Carolyn Scobie
Company Secretary

Attachment

QBE INSURANCE GROUP LIMITED

2020

Q1 update and comprehensive capital plan

Tuesday 14 April 2020

All figures in US$ unless otherwise stated

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Disclaimer

This document (the ***Presentation***) is dated 14 April 2020 and has been prepared and authorised by QBE Insurance Group Limited (ABN 28 008 485 014) (the ***Company*** or ***QBE***) in connection with QBE's Q1 update and comprehensive capital plan, which includes the proposed capital raising (the ***Capital Raising***), comprising:

- an institutional placement of new fully paid ordinary shares in the Company (***New Shares***) to certain professional and sophisticated investors (the ***Placement***); and
- a share purchase plan to eligible shareholders in Australia and New Zealand (the ***Share Purchase Plan Offer*** or ***SPP Offer***).

The following disclaimer applies to this Presentation and you are therefore advised to read it carefully before reading or making any other use of this Presentation or any information contained herein. By accepting this Presentation, you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations contained within it.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This Presentation may not be distributed or released in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the U.S. Securities Act (which the Company has no obligation to do) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. Each person that reviews the information contained in this Presentation that is in the United States will be deemed to represent (a) that it is either (1) a "qualified institutional buyer" within the meaning of Rule 144A of the U.S. Securities Act or (2) a dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) of the U.S. Securities Act) for which it has, and is exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S, in reliance on Regulation S, and (b) and agree that it will not forward or deliver this Presentation, electronically or otherwise, to any other person.

The securities to be offered and sold in the SPP Offer may not be offered or sold, directly or indirectly, in the United States, and may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

The distribution of this Presentation in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws (see the international offer restrictions set out in this Presentation). By accepting this Presentation, you represent and warrant that you are entitled to receive such Presentation in accordance with the above restrictions and agree to be bound by the limitations contained therein.

Forward-looking statements and forecasts

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Capital Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Company and its subsidiaries (the ***Group***), statements about the insurance industry and the markets in which the Group operates and statements about the future performance of the Group's businesses. Indications of, and guidance or outlook on, financial position or performance, future earnings and distributions are also forward-looking statements.

Disclaimer

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Group's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Refer to the investor risks set out in this Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Several important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Other risks may materially affect the future performance of the Company and the price of the Company's shares. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect the Company's business. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by the Company or any other person. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this Presentation.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

You are strongly advised to read all of this Presentation carefully, including the disclaimer language set out on pages 34 to 37.

Comprehensive capital plan

Comprehensive capital plan	• Capital actions that form part of QBE's comprehensive capital plan: › Fully underwritten ~US$750M institutional placement and non-underwritten Share Purchase Plan (**"**SPP**"**) to raise up to ~US$75M (together, the "Offer") › Additional Tier 1 capital › Other non-dilutive initiatives • Materially de-risked investment book including exiting all equities and emerging market & high yield debt • Reinsurance actions to protect balance sheet and earnings
Fortified balance sheet	• Following implementation of the capital plan, pro-forma capital ratio and liquidity is as follows[1]: › PCA multiple: increases from 1.6x to ~1.9x (above the Group's 1.6-1.8x internal target range) › Group head office liquidity: ~US$1.8BN • Demonstrably stronger capital base positions QBE to: › Withstand a range of severe economic and investment market downside scenarios › Capture organic growth opportunities as crisis abates
Strong 1Q20 pricing and premium growth	• Strong group-wide premium rate momentum › 1Q20 premium rate increase +7.6%[2] • Strong group-wide gross written premium growth: › Headline GWP up 5% › Underlying GWP growth >9%[3]

1. Based on institutional placement of US$750M, planned equity-qualifying Tier 1 capital instrument of around $400M and other initiatives. Excludes additional US$75M proceeds from SPP
2. Excludes premium rate changes relating to Australian compulsory third party motor (CTP)
3. Constant currency basis excluding disposals

The Offer is part of a broader capital management plan

QBE

Investment asset de-risking

- Materially de-risked investment book including exiting all equities and emerging market & high yield debt
- Fixed income asset duration ~2.3 years, "economically" matched to claims duration

Reinsurance optimisation

- Purchased additional reinsurance to cede 90% of Crop hail exposure
- Purchasing additional CAT reinsurance to reduce the Group's North American peak peril retention to US$150M[1] from US$275M[2]
- Executing a portfolio transfer with respect to around US$300M of North American excess & surplus lines reserves

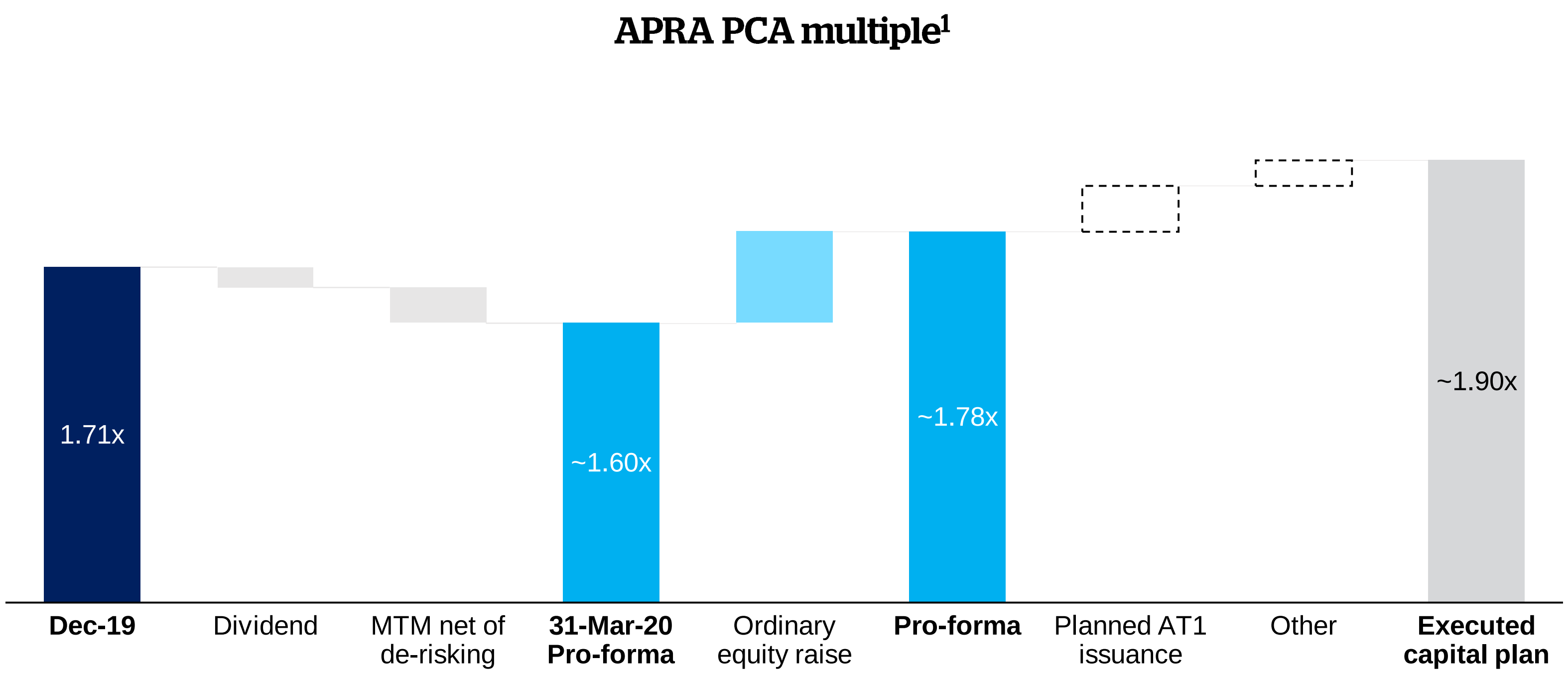
Capital markets

- Fully underwritten ~US$750M institutional placement and non-underwritten SPP to raise up to ~US$75M
- Planned issuance of Additional Tier 1 capital of around US$400M

1. Excludes small net retention of QBE Re and s1036
2. The North American division currently retains US$150M of the US$400M peak zone retention under the Group's catastrophe XOL program with US$250M retained by Equator Re that is protected by a 50% whole account quota share

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Moving to a position of demonstrable capital strength

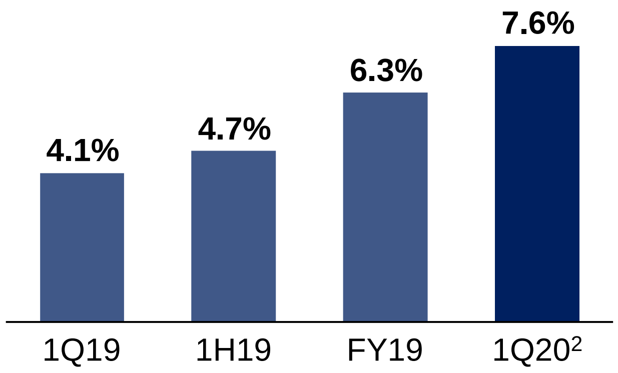


- Ordinary equity raising immediately strengthens PCA multiple towards the top end of our internal PCA range
- Additional Tier 1 capital raising of around US$400M lifts PCA multiple above the top end of our internal PCA range
- Pro forma capital above S&P 'AA' levels
- Further capital support from the unwind of ~US$350M of unrealised credit spread losses as markets stabilise and/or our high-quality credit matures
- Pro forma head office liquidity increases to ~US$1.8BN
- Pro-forma gearing of ~39% reduces to ~37% upon execution of capital plan. Targeting further reduction to within 25%-35% internal benchmark range within 12 months
- Other non-dilutive initiatives

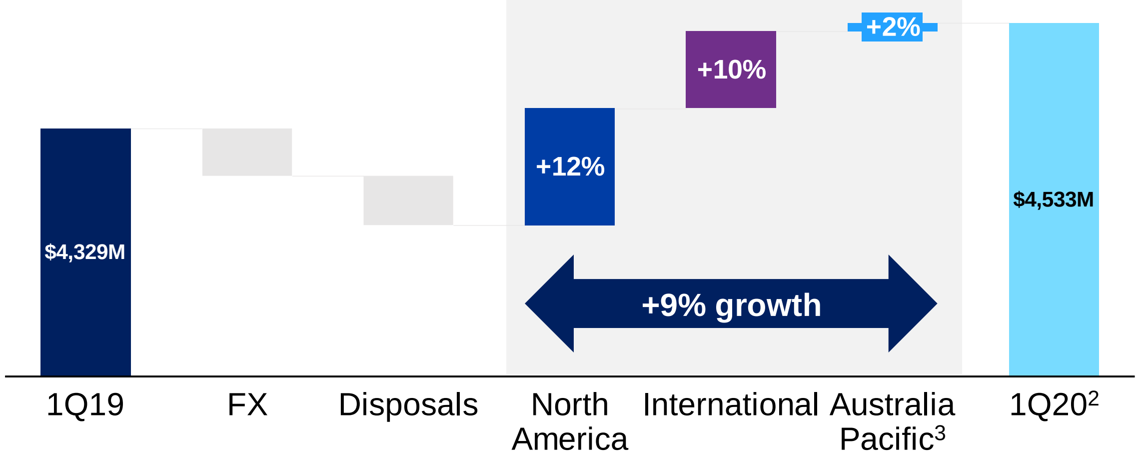
1. Estimated APRA PCA calculation at 31 March 2020

Strong 1Q20 pricing & GWP growth

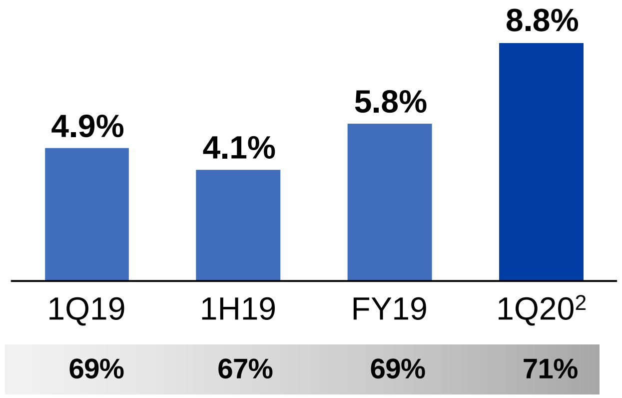
Strong group-wide premium rate increases[1]



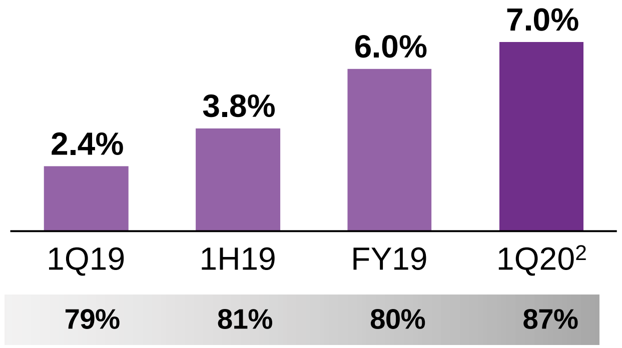
Underlying GWP growth of +9%



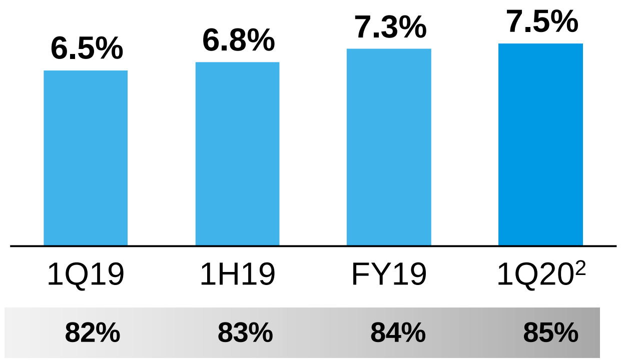
North America



International



Australia Pacific[1]



12mth premium rate change   12mth premium retention

1. Excludes premium rate changes relating to CTP
2. Reflects preliminary 1Q20 figures
3. Australia Pacific constant currency GWP growth ex divestments and CTP +5%

Impact of COVID-19: insurance risks

Trade Credit

FY19 GWP
US$195M

- Global trade credit portfolio is well diversified across regions and credit quality
- ~25% reduction to trade credit buyer limits achieved YTD has helped to de-risk the portfolio
- Reduced exposure to high risk sectors including airlines & travel, leisure & hospitality, retail & consumer, automotive
- Risk profile of trade credit book is significantly better than GFC
- Modelled loss in GFC-like scenario is $200M net of quota share and clash reinsurance

Lenders Mortgage Insurance

FY19 GWP
US$161M

- Strong lending quality and equity buffers
  - › Avg LVR of portfolio is ~51%
  - › Avg LVR of 2019 vintage is ~89%
- Govt and banks committed to minimising defaults via 3-6 month mortgage repayment holidays
- 3-year cumulative incremental claims scenarios

		Property prices	
		(18)%	**(29)%**
LMI Unemployment[1]	**9%**	US$105M	US$150M
	12%	US$195M	US$240M

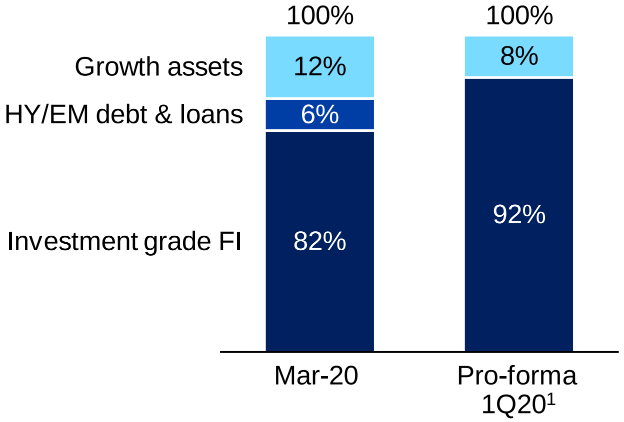
Broader portfolio

- Business interruption - requires physical damage trigger and/or pandemic is specifically excluded
- Landlords (rental default) modest
- Australian travel insurance business sold in 2019 – de minimis ROW travel insurance exposure
- QBE does not write any material event cancellation and contingency business
- Only modest GWP impact expected in 2020
- Prudent cost management – 2020 net expense ratio still expected to be ~14%

1. Headline unemployment would likely be higher reflecting a disproportionate unemployment impact on non-mortgagors e.g. young, part-time and low-paid workers

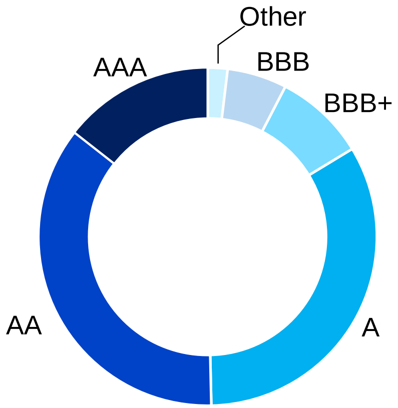
Investment portfolio de-risked

De-risked portfolio



- 92% investment grade fixed income
  - No emerging market debt
  - No high yield debt
- Duration ~2.3 years and economically matched
- Zero equities exposure
- Negative 1Q20 investment return of around 2% or nearly US$500M (including a risk-free rate benefit of around US$330M)

High quality credit[1]



- ~85% of fixed income rated A- or better
- BBB average maturity of 3.2 years
- No downgrades from investment grade to sub-investment grade
- No credit exposure is trading distressed
- 2% of QBE credit downgraded YTD vs 6% in the broader investment grade universe

Greatly reduced sensitivity

Key market sensitivities	%	Profit/(Loss)[2] Pro-forma 1Q20[1] US$M
Credit spread movement – corp interest-bearing financial assets	+/-0.5	(102)
Credit spread movement – high yield and emerging market debt	+/-0.5	NIL
Listed equities	+/-20	NIL

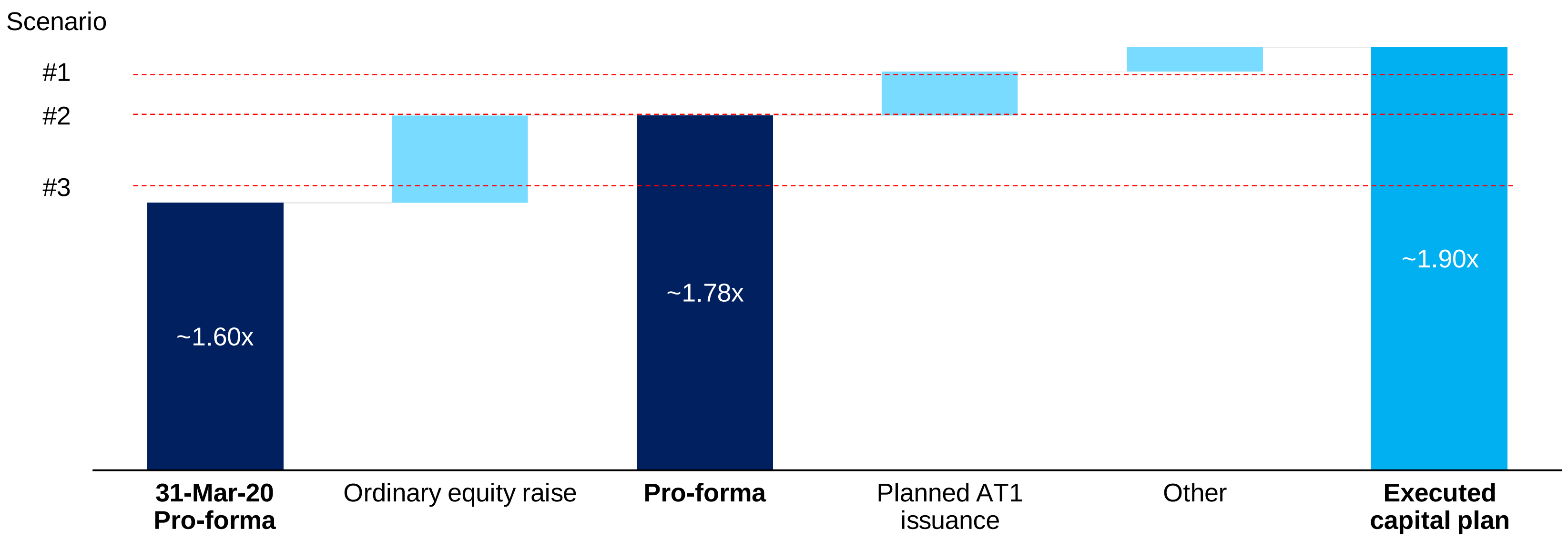
1. Pro forma 1Q20 includes portfolio actions taken in the first week of April 2020
2. NPAT impact net of tax at the Group's prima facie income tax rate of 30%

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Balance sheet resilience: severe stress scenario analysis

QBE

APRA PCA multiple[1]



	Stress scenario parameters[2]	Scenario #1	Scenario #2	Scenario #3
Economic conditions	**Severe global recession: recovery in**	2021	2021	2022
	Equity markets: (S&P500) down from current levels	~25%	~25%	~35%
Stress testing	**Trade Credit: projected probabilities of default vs GFC levels**	2.3x	2.3x	3.1x
	LMI: unemployment[3]/house prices	9% / (18)%	9% / (18)%	12% / (29)%
	Crop: COR (S#1 Plan, S#2-3 >2019)	90%	108%	108%
	Net annual catastrophe allowance: current plan ~US$550M	~US$600m	~US$750m (1:25yrs)	~US$750m (1:25yrs)
	Other portfolios: additional recessionary claims	~US$350m	~US$350m	~US$450m

1. Estimated APRA PCA calculation at 31 March 2020
2. Each of the severe stress scenarios presented above would equate to a meaningful net loss to QBE in 2020
3. Headline unemployment would likely be higher reflecting a disproportionate unemployment impact on non-mortgagors e.g. young, part-time and low-paid workers

Fortifying our balance sheet will position us for near-term resilience and long-term leadership

Negative economic outlook	Positive or benign economic recovery
✓ Stay within target PCA ratio	✓ Move above the top of our target PCA ratio
✓ Demonstrably stronger capital and liquidity at start of down cycle	✓ Enhance capital mix and maintain balance sheet flexibility
✓ Positioned to weather severe downside scenarios	✓ Capitalise on potential insurance market dislocation and "flight to quality"
✓ Underlying business well positioned to serve customers through the cycle	✓ Well positioned for subsequent organic growth opportunities during market recovery

Details of the equity Offer

Offer details

Placement size and structure	• Fully underwritten institutional placement ("Placement") to raise approximately A$1.2BN • Approximately 145.5M new shares to be issued, representing 11.1% of QBE's existing shares on issue ("New Shares")
Use of proceeds	• Lift regulatory capital to top of target range in view of economic and investment market uncertainty • Provide flexibility to return gearing closer to the top end of the Group's internal 25-35% benchmark over the next 12 months • Assist in capitalising on growth opportunities, particularly in the International division
Placement pricing	• Shares under the Placement will be issued at a fixed price of A$8.25 per New Share ("Placement Price") • The Placement Price represents: › 9.4% discount to last closing price of A$9.11 per share on 9 April 2020
Ranking	• All New Shares issued under the Placement and SPP will rank equally with existing QBE shares from respective issue dates
Underwriting	• The Placement is fully underwritten by Goldman Sachs Australia Limited and J.P.Morgan Securities Australia Limited • The SPP is not underwritten
Share purchase plan	• Non-underwritten share purchase plan ("SPP") offered to existing eligible shareholders[1] • Eligible shareholders in Australia and New Zealand will be invited to apply for up to A$30,000 per shareholder free of any brokerage, commission and transaction costs • The price for the SPP will be the lower of the Placement Price and a 2% discount to the 5 day VWAP of QBE shares up to, and including, the closing date of the SPP • QBE is targeting to raise approximately A$120M under the SPP, with the ability to scale back applications should it receive demand above that target or issue a higher amount above that target, at its absolute discretion (and if a higher amount is issued, either accept applications in full or scale back applications at its absolute discretion)

1. Being shareholders with registered addresses in Australia or New Zealand on QBE's share register at 7:00pm (AEST) on 9 April 2020, and who are not in the United States or acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States)

Offer timetable

Event	Date[1]
Record date for the SPP	7pm (AEST) Thursday, 9-Apr-2020
Trading halt, announcement of the Placement and SPP	Tuesday, 14-Apr-2020
Placement bookbuild	Tuesday, 14-Apr-2020
Placement completion announcement	Wednesday, 15-Apr-2020
Trading halt lifted	Wednesday, 15-Apr-2020
Settlement of New Shares issued under the Placement	Friday, 17-Apr-2020
Allotment and normal trading of New Shares issued under the Placement	Monday, 20-Apr-2020
SPP Offer opening date; dispatch of SPP booklet	Tuesday, 21-Apr-2020
SPP Offer closing date	5pm (AEST) Monday, 11-May-2020
Issue date for SPP Shares	Wednesday, 20-May-2020
New Shares issued under the SPP commence trading on ASX	Thursday, 21-May-2020
Holding statements for SPP shares dispatched	Friday, 22-May-2020

1. All dates in this presentation are indicative only. All dates and times AEST time, unless otherwise specified. QBE reserves the right to vary the dates of the Placement and SPP, in general or in particular cases, including closing them early or terminating them altogether, without prior notice

Investor risks

Investor risks

Introduction

You should be aware that there are risks involved with participating in the Placement and holding Shares in QBE Insurance Group Limited (the “Company”, “QBE”, "we" or "us"). Certain of these risks are specific to an investment in the Company and certain others are specific to investing in and holding Shares. As an international insurance and reinsurance business, QBE is in the business of managing risk and is subject to a substantial variety of business risks. Some of the material business risks that QBE faces include strategic, insurance, credit, market, liquidity, operational, compliance and group risks. The occurrence of these risks may have an adverse impact on the Group's business, results of operations, financial condition and the price of Shares.

The risks detailed below may change after the date of this document and other risks relevant to the Company and its subsidiaries (the “Group”) and the Shares may emerge which may have an adverse impact on the Group and the price of the Shares. In particular, investors should note that the unprecedented uncertainties and risks created by the COVID-19 pandemic could materially change the Group's risk profile at any point after the date of this document and adversely impact the financial position and prospects of the Group in the future.

The risks set out in this section are not exhaustive. Other risks may materially affect the future performance of the Group and the price of the Shares. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect QBE’s business. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by QBE or any other person.

Coronavirus (COVID-19)

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals, businesses, and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions. The impact of some or all of these factors could cause significant direct disruption to the Group’s operations and financial performance and could produce claims in a variety of industries and geographies from many of the Group’s policyholders at the same time. Furthermore, as an international business with multiple (geographic and jurisdictional) subsidiaries, the pandemic and associated impacts could necessitate further Divisional capital requirements / support (either on a standalone basis or concurrently), which creates additional challenges and risks for the financial position of the Group.

A continuation or escalation of the COVID-19 pandemic could also materially affect risk profiles and affect the ability of the Group to write new business and reinsure existing risk. Additionally, our investment portfolio (and, specifically, the valuations of investment assets held by the Group) has been, and may continue to be, adversely affected as a result of market developments from the COVID-19 pandemic and uncertainty regarding its outcome. Furthermore, the Group's financial position may be adversely impacted if certain of its suppliers (including its counterparties, suppliers of IT services, and other suppliers of goods and services) are unable to successfully implement business continuity plans in the current environment or if any such suppliers are unable to continue as going concerns as a result of the economic impact of COVID-19. The spread of COVID-19 has already resulted in governmental authorities in Australia, the United States, the United Kingdom and other countries around the world imposing a variety of measures restricting day-to-day life, including quarantines and travel restrictions of varying scope. This has resulted in significant disruptions in the global economy and the economies of particular countries, including travel, retail, tourism, health systems, food and manufacturing supply chains, consumption and overall economic output, which in turn has caused lower interest rates and significant volatility in global financial markets. However, the extent of the impact on our business, results of operations, financial condition, liquidity and cash flows is largely dependent on future developments, which are highly uncertain and not predictable, including the scale of COVID-19 and actions taken to address its impact.

Moreover, changes in interest rates, reduced liquidity or a continued slowdown in Australia, the United States, the United Kingdom or global economic conditions may also adversely affect our business, financial condition, results of operations, liquidity or prospects. Further, extreme market volatility may leave us unable to react to market events in a prudent manner consistent with our historical practices in dealing with more orderly markets. As a result of the COVID-19 pandemic, the Group may also face increased costs associated with claims under our policies, an increased number of customers experiencing difficulty paying premiums or policies being designated as “no lapse” for periods of time. The cost of reinsurance to us for these policies could increase, and the Group may encounter decreased availability of such reinsurance.

The Group may also be adversely impacted by any policies, practices, laws, or regulations introduced by local, state, and federal governments which require or compel insurers to defer insurance premiums, pay claims in relation to COVID-19 losses which would not otherwise be payable under the relevant policy or in the normal course of business. Such policies, practices, laws, or regulations could apply retroactively and require insurers to make payments to policyholders who have suffered loss in connection with the COVID-19 pandemic who were not eligible for payments under the terms of their policy. Certain U.S. states (including New Jersey, New York, Massachusetts and Ohio) have introduced draft legislation proposing the introduction of such measures. The Group provides business interruption cover to businesses in these and in other states and the terms of such cover may be impacted by legislation to the detriment of the Group. The Group also cannot predict how legal and regulatory responses to concerns about COVID-19 and related public health issues, including the possible extension of insurance coverage beyond our policy language, will impact our business.

Furthermore, increased economic uncertainty and increased unemployment resulting from the economic impacts of the spread of COVID-19 could result in policyholders seeking sources of liquidity and withdrawing at greater rates than previously expected. It could also materially affect our ability to obtain and retain new policyholders. The extent to which COVID-19 impacts our business, results of operations, financial condition, liquidity or prospects will depend on future developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken to contain or treat its impact.

These factors are beyond the Group's control and could have an material adverse effect on the overall business sentiment and environment, causing material uncertainties, cause the Company's business to suffer in ways that cannot be predicted, and which may materially adversely impact the Group's business, financial condition and results of operations.

General economic conditions
The operating and financial performance of the Group is influenced by a variety of global economic and business conditions. Prolonged deterioration in general economic conditions, for example a decrease in consumer and business demand which may impact the demand of the Group’s customers for insurance, could be expected to have a material adverse impact on the Group’s business or financial condition. It is possible that a material deterioration of macroeconomic conditions could occur in the markets in which the Group operates as a result of the impact of COVID-19 and such a deterioration could materially adversely impact the Group's business, financial condition and results of operations.

The Company’s performance is influenced by economic conditions globally. Most regions in which the Company operates have been significantly and adversely affected by the actions taken to mitigate the spread of COVID-19, with many economies expected to experience severe economic recessions. The Group could be at risk of loss of earnings if it were unable to adapt cost structures, products, pricing, claims management or other activities in response to lower than expected revenues, or higher than expected costs (including claims costs), caused by these adverse changes in the economy and general business conditions or operating environment.
Economic and political factors and events in the countries in which QBE operates which can adversely affect QBE’s performance and results include, but are not limited to, short term and long-term interest rates, inflation and monetary supply, unemployment, fluctuations in both debt and equity capital valuations, relative changes in foreign exchange rates, consumer confidence and the strength of the economies of countries in which QBE operates. Global economic conditions may also be affected by geo-political instability, including, among other factors, actual or potential conflict and terrorism. The ongoing dislocation in credit and capital markets and the actions taken to mitigate the spread of COVID-19 have impacted global economic activity and created many challenges for financial services and other companies worldwide. Global economic conditions currently reveal a very weak trend in retail sales, materially subdued business and consumer confidence and a sharp contraction in GDP and material increases in unemployment in most global economies given the restrictions imposed in most countries to mitigate the spread of COVID-19. A continued or worsening general economic downturn and further increases in unemployment or other events that negatively impact household or corporate incomes or asset values could have a negative effect on the demand for QBE’s products and services, a reduction in the value of QBE’s assets and an increase the number of customers who claim on insurance policies and the severity of those claims.

Strategic business, operational, product, market and distribution risks
Strategic risk is the current and prospective impact on earnings and/or capital arising from strategic business decisions and responsiveness to external change, including but not limited to; (i) business, product, market and distribution approach, (ii) capital structure, organisational structure, strategic asset planning and management (iii) acquisition/disposal decisions and negotiations, (iv) tax planning and decisioning, and (v) external environment, including disruption from competitors, economic, social and governance (ESG) risks, reputational impact, and geo-political and regulatory uncertainty.

Given the uncertainty of the current and future environment, such decisions and responsiveness to change could have a material adverse impact on the Group's operations and therefore financial performance.

Investor risks

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk can materialise in a number of forms including fraud perpetrated by employees or by external parties (e.g. claims fraud or cyber-attacks), employment practices (losses arising from breaches of employment, health or safety laws), improper business practices (failure to meet professional obligations or issues with the nature or design of an insurance product), business disruption and system failures, or business and transaction processing failures. Any such inadequacies, failed processes, people and systems or external events could also have a material impact on the Group.

Whilst the Group is a geographically diversified international general insurance and reinsurance group, underwriting most major commercial and personal lines classes of business through insurance, a reduction in business in some or all of these geographic regions or lines of business could have a material adverse impact on the Group's financial performance.

If QBE fails to maintain its insurance products on an ongoing basis in line with market expectations and developments, legislation and claims trends, then it may lose business to competitors.

In addition to direct sales, QBE relies on distributed networks of insurance agents and brokers to undertake sales and marketing of its insurance products. Any material disruption to distribution channels, whether as a result of emerging technology, regulation, or as a result of other factors, including, for example the COVID-19 pandemic could have an adverse impact on the Group's operations and financial performance. In addition, in recent years there has been an increased focus on actual and alleged mis-selling of certain lines of insurance business by regulators in certain jurisdictions. In certain cases, such mis-selling investigations have resulted in the underlying insurer being held liable for the mis-selling practices of insurance brokers and has resulted, amongst other things, in significant fines. The Group is not currently aware of being the subject of such an investigation nor of any facts that may give rise to such an investigation but there is no guarantee that such facts may not come to the attention of the Group after the date of this document which could result in regulatory investigation and, ultimately, fines and other sanctions.

Group risk
Certain parts of the Group are interdependent and the risks which are relevant to one part of the Group may have an undue impact of other parts of the Group due to this interdependency. Sources of Group risk may include Group initiatives or strategies with a material impact on one or more divisions, shared global reinsurance programs, intercompany loans and shared use of centralised Group functions (e.g. Group IT). Group risk also includes the potential risk from reputational contagion.

Risk management policies and procedures
The Group has devoted significant resources to developing its risk management policies and procedures and expects to continue to do so in the future. Nonetheless, our policies and procedures may not be fully effective. Many of our methods for managing risk and exposures are based upon the use of observed historical market behaviour or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than our historical measures indicate. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated.

International operations
The Group operates in 27 countries around the world and continually assesses opportunities to expand its operations. Even though the Group typically has management and shareholder control of our non-Australian affiliates, the Group is subject to the attendant risks of doing business in many foreign countries such as political instability, difficulties in enforcing our rights, changes in foreign regulation or their interpretation or enforcement, unstable economic conditions, foreign taxes, adverse currency fluctuations and lack of experience in new markets.

Competition
The global insurance and reinsurance industries are undergoing a period of consolidation resulting from more robust capital requirements, technological change, and price competition. Increased competition from new entrants and consolidated competitors, the increased commoditisation of insurance products, and new distribution technology could all have an adverse impact on the Group. There is no guarantee that QBE will be able to remain competitive in the markets and geographies in which it operates. If competitors are able to better innovate and price products than QBE, then the Group may suffer a reduction in business in the affected markets and geographies.

Investor risks

Cyclical nature of the insurance and reinsurance industries
Our performance is affected by changes in economic conditions, both globally and in the jurisdictions in which the Group conducts its businesses. Premium and claim trends in the general insurance and reinsurance markets are cyclical in nature. Furthermore, the timing and application of these cycles differ among our geographic and product markets.

Unpredictable developments also affect the industry's profitability, including changes in competitive conditions and pricing pressures, unforeseen developments in loss trends, market acceptance of new coverages, changes in operating expenses, fluctuations in inflation and interest rates and other changes in investment markets that affect market prices of investments and income from such investments. Fluctuations in the availability of capital also have a significant influence on the cyclical nature of general insurance and reinsurance markets. For instance, the recent COVID-19 pandemic and related governmental response has resulted and is expected to continue to result in significant disruption in global financial and labour markets. These cycles influence the demand for and pricing of our products and services and, therefore, affect our financial position, profits and dividends.

Catastrophes or other events
General insurers and reinsurers may be impacted by an increased frequency or severity of claims from a catastrophe or other events, which could have a significant impact on their results of operations and financial condition. Catastrophes include various natural events, such as cyclones, hurricanes, earthquakes, wind, hail, droughts, floods, tsunamis, fires, volcanic eruptions, explosions and pandemics, epidemics or other health crises or outbreaks. Catastrophes can also be man-made such as terrorism, war and other hostilities. The frequency and severity of such events and the losses associated with them are inherently unpredictable or difficult to predict and may materially impact our results of operations. The Group has experienced, and can expect in the future to experience, claims from catastrophes that may have a material adverse impact on our results of operations and financial condition.

The extent of claims from a catastrophe caused by a peril is a function of two factors, namely, the total amount of insured exposure in the area affected by the event and the severity of the event. Many catastrophes are localised to small geographic areas. However, natural disasters have the potential to produce significant damage over large areas. In addition, catastrophes can occur in heavily populated or industrialised areas, which can lead to increased claims. As the world becomes more heavily populated and industrialised areas increase, there may be increases in the value and geographic concentration of insured property in such areas, which could increase the severity of claims from future catastrophes.

We monitor our aggregate exposures and the amount of reinsurance protection we buy takes into consideration the estimates of probable maximum loss. These estimates may prove to be incorrect and our aggregate claims may exceed our estimates. In addition, we consider the frequency, severity and potential locations of natural catastrophes on our business. Over the past several years, changing weather patterns and climatic change have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposures. The international geographic distribution of our businesses subjects us to catastrophe exposure from natural events occurring in a number of areas throughout the world. One of the significant risks is the potential under-estimation of the impact on our Group of catastrophic events related to changes in weather patterns. There is also the risk of increased claims and related operational costs and changes in the economy due to the impact of climate change scenarios. Over time, the adverse effects of climate change could threaten the resilience and financial stability of general insurers.

While we have historically managed our exposure to catastrophes through, among other things, the purchase of catastrophe reinsurance, retrocessional coverage and whole account reinsurance, there can be no assurance that such coverage will continue to be available to us at acceptable rates and levels, that our existing coverage will prove adequate or that counterparties to these arrangements will perform their obligations thereunder.

Climate change
Climate change is a material risk for QBE, its business and customers. QBE is involved in insuring and reinsuring a variety of risks which are directly and indirectly affected by the weather, climate, and other natural disasters. There has been an increased frequency of natural disasters globally in recent years and it is expected that this trend will continue in the medium to long term. In particular, the Australian bushfire season in 2019-2020, widespread flooding in various geographies in 2020, and the poor yield on crops driven by unusually cold and wet planting conditions in North America in 2019 have all had a direct impact on QBE and its customers. The increase in frequency and severity of natural disasters could lead to an increase in claims from the Group's customers, an increase in premiums (which could result in a fall in business) and could substantially alter the Group's risk profile and ability to write business.

Investor risks

The Group is exposed to a number of climate change related risks. Material climate change related risks include: changes in demand for products due to regulatory and technological changes (transitional risk); increases in operating costs of assets due to carbon-pricing policies or other market mechanisms; physical damage to assets or interruption to operations from climatic changes and extreme weather events; restrictions on capital deployment to carbon intensive industries; and reputational damage driven by stakeholder activism and changing societal expectations and other liability risks arising from the impact of climate change which could have an adverse impact on the Group's financial performance in the medium to long term.

The occurrence of any of these risks could result in asset impairment, lost revenue and damage to brand value, amongst other things.

Pricing, underwriting management, and reserving
QBE's business relies heavily on its ability to appropriately price and manage the underwriting of substantive risks. If QBE does not price and manage the pricing of its products appropriately then its payments on claims may be higher than anticipated in its pricing models in respect of certain customers, industries, geographies and lines of business. Whilst the Group's underwriters and actuaries conduct pricing and claims analysis for each portfolio, there is no guarantee that such analysis will result in effective pricing.

The Group must continually diversify and limit the type of insurance risks accepted and reduce the variability of the expected outcome and may be adversely impacted by a failure to effectively manage such risks.

Management of underwriting risk includes reducing concentration risk, i.e. the Group's exposure to the occurrence of any event or trend. Such concentration risk includes exposure to natural or man-made events that have the potential to produce claims from many of the Group’s policyholders at the same time (e.g. pandemics, wars, civil unrest, storms and hurricanes, flood, and other catastrophes) and exposure to certain lines of business. The Group is reliant on a variety of measures to monitor aggregates and manage catastrophe risk including use of catastrophe realistic models from third party vendors, disaster scenarios and group aggregate methodology. However, there is no guarantee that such modelling will protect the Group from the impact of a catastrophe on the Group's customers.

The Group reserving in respect of underwritten risks is managed through the half-yearly actuarial valuation of insurance liabilities and monitoring of the probability of adequacy of booked reserves, which could prove inadequate, resulting in the Group suffering impairments or losses. Monitoring of reserve adequacy is conducted at regular intervals between the half-yearly actuarial valuations, including analysis of actual experience against expectations from the previous valuation.

Differences between our actual claims experience and underwriting and reserving assumptions
Our earnings depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we use in setting the prices for our products, the pricing and capital models and forecasting techniques we use to analyse and estimate loss trends and the provisions we establish for our obligations to pay claims. Establishing provisions is an imprecise science, dependent upon the accuracy of the assessment of the underlying risks and subject to both internal and external variables. Due to the high degree of uncertainty associated with the determination of claims provisions, we cannot determine precisely the amounts that we will ultimately pay to settle these claims. Such amounts may vary from the estimated amounts, particularly when those payments may not occur until well into the future, as with our long-tail classes of insurance business. In such situations, claims provisions may, for example, increase to the extent risk-free discount rates decrease, or when claims are paid, on average, more quickly than we originally assumed. In addition, modelled results may differ materially from our actual experience. We evaluate our provisions periodically, factoring in any changes in the assumptions used to establish the provisions, as well as our claims experience. If the provisions we originally establish prove inadequate, this could have a material adverse effect on our businesses, financial condition and results of operations. There can be no assurance that the ultimate claims cost will not materially exceed our provisions and will not have a material adverse effect on our businesses, financial condition and results of operations.

The effects of emerging claim and coverage issues on our business are uncertain
As industry practices and legislative, regulatory, judicial, social, financial, technology and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our businesses by either extending coverage beyond our underwriting intent or by increasing the frequency and severity of claims. In some instances, these changes may not become apparent until after we have issued insurance or reinsurance contracts that are affected by such changes. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after issuance, which may adversely impact our business, financial condition and results of operation.

Investor risks

Trade credit
The Group's trade credit products provide protection over policyholders' accounts receivable in the event of debtor default on payment obligations. This business line is exposed to economic variables including economic activity, trade, supply, consumption and the accessibility and or the availability of capital and liquidity. Sustained and further adverse economic disruption, both in local markets and globally, could further adversely impact our trade credit portfolio (and therein the financial condition and results of the Group) beyond the mitigations and reasonable expectations of management based on available information and forecasts, judgements and factors within the Group's control.

Lenders' Mortgages Insurance ("LMI")
Our LMI business is materially exposed to economic variables and to the impact of government intervention with respect to these variables. The ability of a customer to service loan repayments, as a result of a change in employment status, introduces volatility to claim frequency. The level of equity in homes (effective loan to value), impacted by a reduction in property values, can result in increased claim size. QBE uses a stochastic model to simulate the correlation of LMI performance to movements in key economic indicators. As with all models, there is risk that actual outcomes will differ, possibly materially, from those simulated. In particular, the sustained duration of changes in economic variables, is likely to be a key driver of performance.

Inwards reinsurance
In addition to purchasing reinsurance coverage, we, primarily through our International (including our Lloyd's syndicates) and North American segments provide reinsurance coverage for third-party insurance company cedants. Due to various factors, including reliance on ceding company information concerning the underlying risks, reporting delays and the cyclical nature of reinsurance rates, our inward reinsurance business may be more volatile and present greater risks than our primary insurance business, especially for cover given in respect of catastrophes.

Profits generated from our investment portfolio are subject to market forces
Investment returns are an important contributor to our overall profit. While we generally invest in high quality fixed interest securities and have a relatively modest exposure to growth assets, our investment portfolio is naturally subject to market forces. The majority of our investment portfolio is invested in shorter duration, high quality investment grade fixed income, which is consistent with achieving absolute return outcomes Global debt and equity markets continue to experience significant volatility and the outlook remains relatively uncertain. Falling asset values have generated negative returns for the portfolio YTD. Any further declines in the value of fixed income instruments, in particular driven by credit spread widening, or in the value of our real asset exposures (property and infrastructure assets) will affect our investment income.

QBE is also exposed to movements in credit spreads which impact the value of corporate interest-bearing securities and therefore impact reported profit after tax. In addition, QBE is also exposed to price risk on its investment in unlisted property trusts, infrastructure asset funds, and private equity portfolio.

Capital structure
As a regulated insurance and reinsurance Group, it is essential that QBE maintains adequate Group capital coverage over time in line with the Group's risk profile, and regulatory capital requirements. Any failure of the Group to maintain adequate capital coverage could result in regulatory investigations and fines, erosion of trust from the Group's customers leading to a fall in business, and a requirement to seek additional capital. There is no guarantee that the Group will be able to raise capital if it is required to do so.

The Group has several regulated wholly owned entities which are each required to maintain a minimum level of capital to meet obligations to policyholders. Each of these entities maintain a capital base appropriate to its size, business mix, complexity and risk profile which fully complies with and meets or exceeds current local regulatory requirements. However, in recent years there have been, and we expect that there will continue to be, a number of changes in regulatory requirements in the markets in which such entities do business. A failure of any one or more of these entities to maintain its minimum capital requirements may have an adverse impact on that entity as well as on the broader Group.

Investor risks

Our ability to access funds from our subsidiaries is limited
As QBE Insurance Group Limited is a non-operating insurance holding company, we depend on dividends, distributions and other payments from our subsidiaries to make the payments due on our obligations, including outstanding debt, and pay dividends to our shareholders. The majority of our investments are held by our regulated subsidiaries. Our subsidiaries may be limited in their ability to make dividend payments or advance funds to us in the future because of the need to support their own capital requirements or because of regulatory limits (which may be imposed in times of economic distress or otherwise and may be beyond our control) or rating agency requirements. The inability of our subsidiaries to make payments, dividends or distributions in an amount sufficient to enable us to meet our cash requirements could have an adverse effect on our operations or our ability to meet our debt service obligations or our ability to pay dividends on our shares.

Dividends
The Group's dividend policy sets the dividend payout ratio in an ordinary year at around 65% of full year adjusted net cash profit. APRA's Capital Management letter published 7 April 2020, addressed to all authorised deposit-taking institutions and insurers, outlines APRA's expectation that ADIs and insurers will limit discretionary capital distributions in the months ahead to ensure that capital buffers are maintained and used to continue to lend and underwrite insurance. This guidance will be taken under consideration by the Board.

Liquidity
QBE maintains an asset duration that, at a minimum provides an economic match relative to insurance liabilities and can exceed it. We need liquidity to pay claims and other operating expenses, pay interest on our debt, satisfy our maturing debt obligations and meet any statutory capital requirements of our subsidiaries. If our liquidity is insufficient to meet our needs, we may need to seek third-party financing, including in the external debt or equity capital markets, which may not be available or could be prohibitively expensive. The availability and cost of any additional financing at any given time depends on a variety of factors, including general market conditions, the volume of trading activities, the overall availability of credit, regulatory actions and our credit ratings and credit capacity. It is also possible that, as a result of such recourse to external financing, customers, lenders or investors could develop a negative perception of our long- or short-term financial prospects. Disruptions, volatility and uncertainty in the financial markets, and downgrades in our credit ratings, may limit our ability to access external capital markets at times and on terms favourable to us to meet our capital and liquidity needs.

A downgrade in our financial strength ratings or our debt ratings
Our insurer financial strength ratings are important factors in establishing and maintaining our competitive position. The rating agencies regularly review our rating and the ratings of our main insurance and reinsurance subsidiaries. Rating agencies may change their methodology or requirements for determining ratings, or they may become more conservative in assigning ratings. Rating agencies or regulators may also increase capital requirements for us and/or our subsidiaries. Our ratings could be negatively affected by such increased capital requirements or amendments to the rating agencies' criteria.

Future downgrades in the ratings of any of our insurance or reinsurance subsidiaries (or the potential for such a downgrade) could, among other things, materially increase the number of policy cancellations and non-renewals, adversely affect relationships with the distributors of our products and services, including new sales of our products, and negatively impact the level of our premiums and adversely affect our ability to obtain reinsurance at reasonable prices or at all.

If one or more of our debt ratings were downgraded, we could also incur higher borrowing costs, and our ability to access the debt capital markets could be impacted. This could adversely affect our businesses, financial condition, results of operations and our cost of capital.

A credit rating of any entity or any security is not a recommendation to buy, sell or hold securities in so far as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances warrant.

Interest rates
QBE is exposed to interest rate risk through its holdings including in interest-bearing assets, and debt investments. Financial instruments with a floating interest rate expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. All investments are financial assets measured at fair value through profit or loss. Movements in interest rates impact the fair value of interest-bearing financial assets and therefore impact reported profit after tax. The net central estimate of outstanding claims is discounted to present value by reference to risk-free interest rates. The Group is therefore exposed to potential underwriting result volatility as a result of interest rate movements.

Recent periods have also been characterised by low interest rates relative to historical levels. Sustained low interest rates can negatively affect the performance of our investment securities and reduce the level of investment income earned on our investment portfolios. If a low interest rate environment continues to persist, we may experience lower investment income growth. Due to practical and capital markets limitations, we may not be able to fully mitigate our interest rate risk by matching exposure of our assets relative to our liabilities. Continued low interest rates could also impair our ability to earn the returns assumed in the pricing and the reserving for our products at the time they were sold and issued. Changes in interest rates may be correlated with inflation trends, which would negatively impact our loss trends.

Commodity price risk
U.S. crop insurance comprises a significant portion of QBE's North American Operations. Crop policies predominantly provide revenue coverage for changes in crop prices from planting to harvest with premiums locked in prior to planting based on average futures trading prices. Changes in crop prices could therefore have an adverse effect on QBE's financial condition and results of operations. In addition, the crop insurance business is subsidised significantly by the U.S. government paying farm insurance subsidies to the agricultural industry. While recent plans to reduce the amount of crop subsidies have not gained support in the U.S. Congress to date, QBE's crop insurance business could be adversely affected if the U.S. government were to reduce crop subsidies in the future.

Foreign exchange
QBE's foreign exchange exposure generally arises as a result of either operational currency risk, i.e. the translation of foreign currency amounts to the functional currency of a controlled entity, or currency translation risk. QBE's currency translation risk arises as a result of (i) the translation of the ultimate parent entity's net investments in foreign operations to its functional currency of Australian dollars; and (ii) the translation of all non-US operations to the Group's presentation currency of US dollars. Certain of these risks cannot be effectively hedged and there is no guarantee that the Group will be able to effectively manage the operational currency risk and currency translation risk arising from foreign exchange rate volatility.

Credit and counterparty risk
The Group is exposed to credit risk in respect of various counterparties and trade creditors. Most significantly, the Group is exposed to concentrations of credit risk in relation to reinsurance recoveries, in particular to large global reinsurers. In certain cases, the Group requires letters of credit or other collateral arrangements to be provided to guarantee the recoverability of the amount involved. Any failure of such reinsurance counterparties to make payments under reinsurance arrangements could have a material adverse impact on the Group and its financial performance. The Group is also exposed to counterparty risk in respect of investment counterparties in relation to investments, cash deposits and forward foreign exchange exposures.

The Group is also reliant on its relationships with brokers and may suffer from reputational and financial damage if such brokers do not operate within the Group's and the relevant regulator's expectations and requirements. A deterioration of the financial covenant strength of such brokers could also have an adverse impact on the Group.

The Group is exposed to ordinary course credit risk in respect of its trade debtors. A dispute, or a breakdown in the relationship, between the Group and its suppliers or customers, a failure to reach a suitable arrangement with a particular supplier or customer, or the failure of a supplier or customer to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress or the impacts of COVID-19), could have an adverse effect on the reputation and/or the financial performance of the Group.

The Group is reliant on the integrity of the representations made by its customers when pricing and underwriting risks and when paying claims. The Group is exposed to the possibility of paying claims under insurance contracts where misrepresentations have been made to the Group or fraud committed.

Investor risks

Reinsurance risk

QBE enters into a significant number of reinsurance contracts to limit its risk. Under these arrangements, other reinsurers assume a portion of the claims and related expenses in connection with insurance policies QBE writes. The availability, amount and cost of reinsurance depends on prevailing market conditions. There can be no assurance regarding the adequacy of QBE's current reinsurance or retrocessional coverage or the future availability of coverage at adequate rates and levels for its external reinsurance arrangements. In the event that adequate reinsurance capacity at acceptable rates becomes unavailable, QBE would attempt to reduce its exposures to within available reinsurance capacity or acceptable levels of insurance risk, however, it may not be successful and QBE may remain exposed to certain risks unless and until this reduction could be completed.

Ceding of risk to reinsurers does not relieve QBE of its primary liability to its insureds. Accordingly, QBE is subject to credit risk with respect to its reinsurers. A reinsurer's failure to make payments under the terms of a significant reinsurance contract would have a material adverse effect on QBE's businesses, financial condition and results of operations. In addition, after making large claims on its reinsurers, QBE may have to pay substantial reinstatement premiums to continue reinsurance cover. If capital becomes scarce in a significant downside economic environment, reinsurance premiums may also increase, and this will impact external reinsurance costs for QBE. QBE may also be required to hold more regulatory capital against insurance risks, which have been reinsured, should QBE's reinsurers experience a credit de-rating.

Our wholly owned subsidiaries, Equator Reinsurances Limited ("Equator Re") and QBE Blue Ocean Re Limited ("Blue Re"), Bermuda corporations, provide both excess of loss and proportional reinsurance protections for our operating subsidiaries globally. The use of a captive reinsurer exposes us to additional risks, including placing more of our own capital at risk than would be the case if all or a portion of our excess of loss protections for our insurance subsidiaries were placed in the external markets. The use of a captive reinsurer also exposes us to changes in regulatory requirements related to reinsurers, particularly changes promulgated by the Bermuda Monetary Authority, the chief regulator of the financial services sector in Bermuda. If insurance regulators in the jurisdictions in which we operate were to restrict the use of captive reinsurers or if we otherwise were unable to continue to use a captive reinsurer, the capital management benefits we receive under this reinsurance arrangement could be adversely affected, which could adversely affect our competitive position, capital, liquidity and financial condition and results of operations. A significant deterioration in the financial condition of Equator Re or Blue Re would likely have a material adverse effect on our business and financial condition.

Acquisitions or disposals

Historically, acquisitions have played a significant role in the growth of some of our businesses, and we may continue to pursue growth through acquisitions in the future. We may not, however, be able to identify suitable acquisition candidates or to finance or complete such transactions on acceptable terms. Additionally, the integration of acquired businesses may result in significant challenges, and we may be unable to accomplish such integration smoothly or successfully. We may also seek to dispose of certain businesses or entities. There can be no assurance that any future disposal or acquisition will provide us with the benefits that we anticipate when entering into the transaction. Our failure to adequately address these disposal and acquisition risks could materially adversely affect our liquidity, results of operations, ratings and financial condition.

Legal, regulatory and compliance

QBE operates in a highly regulated environment and is subject to extensive laws, regulatory requirements and obligations, policy, industry codes and business and ethical standards in multiple jurisdictions. QBE is reliant on the expertise and judgement of its directors, management, and advisors in ensuring ongoing compliance with its regulatory obligations, as well as the establishment and maintenance of appropriate systems and procedures, and the Group's ability to attract and retain qualified personnel. In the case of actual or alleged noncompliance with regulatory requirements, the Group could also be subject to investigations and administrative or judicial proceedings that may result in substantial penalties, including the revocation of licenses. Any such investigation or proceeding, whether successful or unsuccessful, could result in substantial costs and diversion of resources and could adversely affect our business, financial condition and results of operations. Furthermore, action by any of our regulators requiring us to limit or otherwise change our operations, or prohibiting us from engaging in certain activities, could materially adversely affect our business, financial condition and results of operations.

QBE was recently joined as fourth respondent in a class action in respect of consumer credit insurance. QBE has largely ceased selling these products but was comfortable at the time of sale that the products had value to its customers. Australia has become an active jurisdiction for class actions as a result of its strict continuous disclosure regime. This creates increased risks of litigation, regulatory penalties and regulatory review for listed companies.

Investor risks

QBE and its subsidiaries are subject to a wide range of law and regulation relating to the prevention of financial crime, including anti-money laundering, anti-bribery and corruption, counter terrorism financing, and sanctions laws ("AML Laws"). The Group seeks to comply with all such AML Laws, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) of Australia, the U.S. Foreign Corrupt Practices Act of 1977 and the UK Bribery Act 2010, many of which include positive obligations on the Group to take steps to prevent illegal activities. The Group has put in place internal policies, procedures and controls to monitor and ensure compliance with all such AML Laws. However, there can be no assurance that such policies, procedures and controls will adequately protect the Group against fraudulent, corrupt, or otherwise illegal activity and such activity could have an adverse effect on the Group's business, reputation, results of operations, financial condition and/or prospects.

Government / regulatory intervention
Interventions including but not limited to moratoriums on cancellations for non-pay, non-renewal, conditional renewals, grace periods and extensions, changes to coverage (including but not limited to policy wording) either retrospectively or otherwise could significantly impact QBE. Any governmental or regulatory interventions that require us to limit or otherwise change our operations, or prohibiting us from engaging in certain activities, could materially adversely affect our business, financial condition and operating results. As an international business, QBE may be subject to multiple jurisdictional interventions concurrently given the wide geographical reach of its operations.

Lloyd's market
The Group writes business through Lloyd's of London ("Lloyds") and is reliant on the effective operation of the Lloyd's market. Any significant matters with respect to the Lloyd's market, such as damage to its reputation or a loss of any of its international licences, may result in a material adverse effect on the Group's business. If, for whatever reason, Lloyd's members were to be restricted or otherwise unable to write (re)insurance through the Lloyd's market, it could have a material adverse effect on the Group's business and results of operations. In particular, any damage to the brand or reputation of Lloyd's, whether such damage is caused by financial mismanagement, fraudulent activity or otherwise, or any loss of international licences in relation to the insurance or reinsurance business (which may, for example, arise out of the regulatory risks and uncertainties surrounding the United Kingdom's exit from the European Union) may have a material adverse effect on the Group's ability to write new business and/or its reputation. Additionally, any material increase or amendment to the conditions associated with Lloyd's participation either from a capital or operating perspective could also materially affect our ability to conduct business and therefore result in an adverse financial impact to the Group.

Furthermore, any deterioration or sustained financial and operational pressures on Lloyd's as reflected in its Ratings Agency ratings and or outlook (downgrades) may directly or indirectly impact the capital and liquidity position of QBE and its subsidiaries.

Business continuity
The Group relies on its business continuity management plan (BCM Plan) to ensure that it is able to continue its business if adverse circumstances prevent operations in the ordinary course. The Group is currently operating certain parts of its business under its BCM Plan as a result of the COVID-19 pandemic, which includes a large proportion of the Group's workforce working from home. Whilst the Group's BCM Plan is designed to minimise disruption to the business and is regularly updated in consultation with the Group's regulators, the Group is exposed to a number of risks when relying on business continuity measures (which includes sustained work from home arrangements), including an increased risk of workplace and occupational health and safety claims from employees, a potential inability of employees to communicate and deliver products and services effectively, increased exposure to cyber-attacks, an increased risk of breaching confidentiality to clients and others, and a curtailment of the Group's ability to monitor compliance and risk which increases the Group's risk profile. Sustained disruption associated with COVID-19 and or any other events (either in parallel with COVID-19 or in isolation either on a local or global basis) will further strain QBE's continuity plans including its large scale work from home arrangements, which, together or individually could have a material adverse effect on the Group's operations and financial performance.

System security risks, data protection breaches and cyber
Our information technology systems are vulnerable to threats from computer viruses, natural disasters, unauthorised access, cyber-attacks and other similar disruptions. To the extent any disruption or security breach results in a loss or damage to our data, or inappropriate disclosure of our confidential information or that of others, it could cause significant damage to our reputation, affect our relationships with our customers and clients, lead to claims against us, result in regulatory action and ultimately harm our business and results of operations. In addition, we may be required to incur significant costs to mitigate the damage caused by any security breach, or to protect against future damage.

Although we have network security measures in place, experienced computer programmers and hackers may be able to penetrate our network and misappropriate or compromise confidential information, create system disruptions or cause shutdowns. As an insurer, we receive and are required to protect confidential information from customers, vendors and other third parties that may include financial information. Cyber breaches and attacks have the potential to impact the Group's operations, business, customers and other key stakeholders. The integrity, availability and reliability of data within QBE's information technology systems may be subject to intentional or unintentional disruption. Given the level of increasing sophistication and scope of potential cyber-attacks, these attacks may lead to significant breaches of security which could jeopardise the sensitive information and financial transactions of the Group. Whilst QBE employs a global approach to effectively manage internal and external threats to the confidentiality, integrity and availability of our customer and corporate data, there is a risk that the Group or any part of the Group may experience cyber breaches and attacks but there is no guarantee that this approach will be successful. If QBE or any part of the Group is subject to a material cyber-attack it may significantly disrupt its ability to operate and may result in the disclosure of confidential and sensitive personal information which could adversely affect the Group's reputation and financial performance.

Employee error and misconduct

Instances of fraud, illegal acts, errors, failure to document transactions properly or to obtain proper internal authorisation, misuse of customer or proprietary information, or failure to comply with regulatory requirements or our internal policies may result in losses and/or reputational damage to our businesses. It is not always possible to deter or prevent employee misconduct, and the controls that we have in place to prevent and detect this activity may not be effective in all cases.

Errors in critical accounting judgements and estimates

We prepare our consolidated financial statements in accordance with AAS and IFRS, the application of which often requires management to make judgements and estimates that affect amounts reported. In determining and applying accounting policies, judgement is often required in respect of items where the choice of a specific policy, accounting estimate or assumption to be followed could materially affect our reported results or net asset position; it may later be determined that a different choice would have been more appropriate.

Management considers that certain accounting estimates and assumptions relating to the net outstanding claims liability and associated risk margin, liability adequacy tests, intangible assets and recoverability of deferred tax assets are its critical accounting estimates. A discussion of these critical accounting estimates is provided under "Critical accounting judgments and estimates" and in notes 1.2.2, 2.3.1, 2.3.3, 2.5.1, 6.2.3 and 7.2.1 to our 2019 Annual Financial Statements. There is a risk that these judgements and estimates may be incorrect or that over time the valuations of the assets and liabilities develop differently to the judgements or estimates, any of which could have a material adverse effect on our businesses, financial condition and results of operations.

Impairment of intangibles

Appropriate impairment testing requires underlying assumptions and forecasts to be reasonable, supportable and consistent with the requirements of standards. Impairment testing is both complex and there is subjectivity and judgement involved in applying the requirements. Assumptions made must be reasonable and supportable, weighted towards external evidence, and based on forecasts aligned with QBE management's understanding of the Company's position as it pertains to both the current and future macro and microeconomic prospects. Given the scale and rapidly evolving situation in relation to COVID-19, any such assumptions in the current environment are inherently more challenging. QBE's most significant classes of intangible assets are; Lloyd's syndicate capacity, customer relationships, brand names, insurances licences, software and goodwill. As noted in QBE's 2019 Annual Financial Statements, the goodwill valuation associated with QBE's North American division continues to be highly sensitive to a range of assumptions. Further details are disclosed in QBE's 2019 Annual Financial Statements on both the goodwill associated with North America and other intangible assets.

Tax

Any failure by QBE to operate in line with its Group Tax Risk Policy or to otherwise interact with tax authorities in an open, honest and transparent relationship manner could have an adverse impact on the Group's financial performance. QBE engages in efficient tax planning that supports business and reflects commercial and economic activity but there is no guarantee that the Group will not be levied with unexpected tax liabilities in respect of such planning or other activities.

Investor risks

Modelled Scenarios
The scenarios provided in this presentation are not QBE forecasts. Future economic conditions, business performance, claims and catastrophe experience, FX and investment returns may differ to the inputs and assumptions in the stress testing scenarios contemplated and presented by QBE and QBE's future capital position may therefore fall below its targeted PCA multiple range of 1.6-1.8x.

General risks associated with investments in equity capital
Investors should be aware that there are risks associated with any investments in equity capital. The value of the New Shares may rise above or fall below the Offer Price, depending on the financial position and operating performance of the Group. Further, the price at which the New Shares trade on the ASX may be affected by several factors unrelated to the financial and operating performance of the Group and over which QBE and the Directors have limited or have no control. These external factors may include: (i) the impact of COVID-19; (ii) macroeconomic conditions and outlook in Australia and globally; (iii) changes in interest rates and the rate of inflation; (iv) investor sentiment in the local and international stock markets; (v) changes in fiscal, monetary, regulatory and other government policies; (vi) changes in government legislation and policies, including tax laws; (vii) the development of new technologies and displacement of existing technologies; and (viii) geo-political conditions such as acts or threats of terrorism or military conflicts.

Investors should also note that the historic share price performance of the Group shares provides no guidance as to its future share price performance.

There have been significant fluctuations and volatility in the prices of equity securities in recent months, which may have been caused by general rather than company-specific factors, including the general state of the economy, the response to the COVID-19 pandemic, investor uncertainty, geopolitical instability, and global hostilities and tensions. In particular, the COVID-19 pandemic has resulted in significant market falls and volatility both in Australia and overseas, including in the prices of equity securities. As detailed above, there continues to exist considerable uncertainty as to the further impact of COVID-19 on the Australian and global economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the economy and share markets. Any of these events and resulting fluctuations may materially adversely impact the market price of the Shares.

The Placement may not be fully underwritten, and it may not complete
The Placement is subject to a range of conditions and termination events which are set out in the underwriting agreement which has been entered into by the Company and the Underwriters. If certain conditions are not satisfied or certain events occur then the Underwriters may terminate the underwriting agreement, including (but not limited to) where:

- ASX announces that the Company will be removed from the official list of ASX or that the Shares will be suspended from quotation (for any reason other than a trading halt in connection with the Placement);
- the S&P or ASX200 experiences a fall of 10% or more between open and market close on the date that the underwriting agreement is entered into;
- there is a material adverse change in the financial position, business, assets, results, operations or prospects of the Company or the Group;
- there are material financial, political or economic disruptions in certain key markets or there are hostilities in certain key countries, including an outbreak or a major escalation, otherwise than as subsisting as at the date that the underwriting agreement is entered into, of a pandemic or epidemic, such as novel coronavirus;
- the Company withdraws the Placement;
- the Company contravenes its constitution, the Corporations Act, the ASX Listing Rules or the terms of the underwriting agreement;
- the Company's directors commit certain offences or there are changes to the composition of the Company's board or senior management; and
- an event occurs or does not occur which is beyond the control of an Underwriter which prevents or causes that Underwriter to be delayed in performing any of its obligations under the underwriting agreement, including an act of God.

The ability of the Underwriters to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a materially adverse effect on the marketing or success of the Placement, settlement of the Placement, or the price of New Shares.

If the underwriting agreement is terminated, it may have an adverse impact on the ability of the Company to proceed with the Offer and the quantum of funds raised as part of the Offer. In the event the underwriting agreement is terminated, there is no guarantee that the Offer will continue in its current form or continue at all. Failure to raise sufficient funds under the Offer (as a result of it not proceeding or otherwise) could materially adversely affect the Company's business, cash flow, financial position and results of operations.

International offer restrictions

International offer restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)
This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed comment upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also complies with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in United States dollars.

Statutory rights of action for damages and rescission
Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

International offer restrictions

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations
Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada
Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Union
This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong
WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan
The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

International offer restrictions

Korea
The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the New Shares under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The New Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the New Shares may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).

Malaysia
No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act.

New Zealand
This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway
This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore
This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International offer restrictions

Switzerland
The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

United Arab Emirates
This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (“SCA”) or any other authority in the UAE.

This document may be distributed in the UAE only to “qualified investors” (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom
Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

International offer restrictions

United States

This Presentation may not be distributed or released in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities to be offered and sold in the Placement may not be offered or sold, directly or in directly, in the United States unless such securities have been registered under the U.S. Securities Act (which the Company has no obligation to do) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The securities to be offered and sold in the SPP may not be offered or sold, directly or in directly, in the United States.

The securities to be offered and sold in the Placement may be offered and sold only (a) in the United States (1) to persons that are “qualified institutional buyers” within the meaning of Rule 144A under the U.S. Securities Act or (2) to dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not “U.S. persons” (a defined in Rule 902(k) of the Securities Act) for which they have, and are exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S, in reliance on Regulation S, and (b) outside the United States in “offshore transactions” (as defined in Rule 902(h) under Regulation S under the U.S. Securities Act) in reliance on Regulation S.

Disclaimer

Disclaimer

Summary information
This Presentation contains summary information about the Group and its respective activities which are current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete, nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (*Cth*) (the ***Corporations Act***). This Presentation must be read in conjunction with the Company's other periodic and continuous disclosure information lodged with the ASX, which are available at www.asx.com.au.

Market and industry data
Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Company, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer
This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (***ASIC***)). This Presentation is not and should not be considered an offer or an invitation to acquire New Shares or any other financial products.

The Share Purchase Plan Offer will be made on the basis of the information contained in the SPP Offer booklet (the ***SPP Offer Booklet***) to be prepared for eligible shareholders in Australia and New Zealand and made available following its lodgement with ASX. Any eligible shareholder in Australia or New Zealand who wishes to participate in the SPP Offer should consider the SPP Offer Booklet before deciding whether to apply for New Shares under the SPP Offer. Anyone who wishes to apply for New Shares under the SPP Offer will need to apply in accordance with the instructions contained in the SPP Offer Booklet.

This Presentation is not and should not be considered an offer or an invitation to acquire the New Shares or any other financial products and does not and will not form any part of any contract for the acquisition of the New Shares.

Not financial product advice
This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. The Company is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Capital Raising.

Investment risk
An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Group. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee any particular tax treatment. Persons should have regard to the investor risks set out in this this Presentation.

Disclaimer

Financial data
All references to dollars, cents or $ in this document are to United States currency, unless otherwise stated.

This Presentation includes certain historical financial information extracted from the Company's audited consolidated financial statements for the year ended 31 December 2019 (collectively, the ***Historical Financial Information***). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards (AAS), the International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) (IFRS) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance.

Recipients of this Presentation should specifically note that this Presentation contains pro forma financial information (in particular, a pro forma historical balance sheet, pro forma capitalisation, liquidity and gearing to reflect the impact of the Capital Raising and transaction costs). The pro forma historical balance sheet has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information is for illustrative purposes only, is not represented as being indicative of the Company's views on its future financial condition and or performance and does not purport to be in compliance with Article 11 of Regulation S X of the rules and regulations of the U.S. Securities and Exchange Commission.

Recipients of this Presentation should also be aware that certain financial information included in this Presentation are (i) "non IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non IFRS financial information" and (ii) "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this Presentation may not be permissible in a registration statement under the U.S. Securities Act.

The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of the Group. This non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS, and therefore, may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Recipients of this Presentation are cautioned, therefore, not to place undue reliance on any non IFRS financial information or non-GAAP financial measures and ratios included in this Presentation.

Past performance
This Presentation contains a pro forma historical balance sheet. Past performance and pro forma financial information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Group's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Group including future share price performance. The historical financial information contained in this Presentation is, or is based on, information that has previously been released to the market.

The information in this Presentation has been obtained from or based on sources believed by the Company to be reliable.

Effect of rounding
Several figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.

Disclaimer

Disclaimer
Neither Goldman Sachs Australia Pty Ltd and J.P. Morgan Securities Australia Limited (together the ***Underwriters***), nor any of their or the Company's respective advisers nor any of their respective affiliates or related bodies corporate, nor any of their respective directors, officers, partners, employees or agents (together, the ***Beneficiaries***), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, the Company, each Underwriter and their respective advisers, and each of their respective Beneficiaries exclude and disclaim all responsibility and liability, including, without limitation, for negligence or for any expenses, losses, damages or costs incurred by you as a result of the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, the Company, the Underwriters and their respective advisers, and each of their respective Beneficiaries make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to each Underwriter, it and its advisers, and each of their respective Beneficiaries take no responsibility for any part of this Presentation or the Capital Raising.

Each Underwriter and its advisers, and each of their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Capital Raising nor do they make any representations or warranties to you concerning the Capital Raising. You represent, warrant and agree that you have not relied on any statements made by the Underwriters, their advisers, or any of their respective Beneficiaries in relation to the Capital Raising. You further expressly disclaim that you are in a fiduciary relationship with any of the Company, the Underwriters or their advisers or any of their respective Beneficiaries.

To the maximum extent permitted by law, you agree to release and indemnify the Company, the Underwriters and their respective advisers from and against all claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of, or any purported reliance on, this Presentation and you covenant that no claim or allegations will be made against any of the them in relation to this Presentation.

You acknowledge and agree that determination and eligibility of investors for the purposes of the Capital Raising is determined by reference to several matters, including legal and regulatory requirements and the discretion of the Company and the Underwriters. You further acknowledge and agree that the Company and the Underwriters and their respective Beneficiaries exclude and expressly disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion, to the maximum extent permitted by law.

The Underwriters may have interests in the securities of the Company, including by providing investment banking services to the Company. Further, the Underwriters may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriters may receive fees for acting in their capacity as a lead manager and underwriter to the Capital Raising.

Statements made in this Presentation are made only as at the date of this Presentation. None of the Underwriters, nor any of their or the Company's respective advisers nor any of their respective Beneficiaries have any obligation to update statements in this Presentation. The information in this Presentation remains subject to change without notice.

The Company reserves the right to withdraw the Capital Raising or vary the timetable for the Capital Raising without notice. All references to time are to AEST, unless otherwise indicated.

Acknowledgement and representation and warranty
By attending or receiving this Presentation you acknowledge and agree that you understand the contents of this notice and that you agree to abide by its terms and conditions. By attending or receiving this Presentation you further agree, irrevocably and unconditionally, to submit to the non-exclusive jurisdiction of the courts of New South Wales, in respect of any disputes, actions, suits or proceedings arising out of, or relating to, this Presentation.