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www.qbe.com

13 August 2020

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

Dear Sir/Madam,

QBE results presentation for the half year ended 30 June 2020

Further to the Company's release to the market of its results for the half year ended 30 June 2020, please find attached a copy of the presentation to be delivered to the market today.

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

Yours faithfully

Carolyn Scobie
Company Secretary

Attachment

QBE INSURANCE GROUP LIMITED

2020
half year results

Thursday 13 August 2020

All figures in US$ unless otherwise stated

Pat Regan

Group Chief Executive Officer

Response to COVID-19

Keeping our people safe

- Business continuity plan responded strongly
  - **Employees successfully transitioned** to work remotely
- Focus on **employee health and wellbeing**
  - Enhanced wellbeing support and ongoing access to counselling
- Deployed 1,800 additional laptops to GSSC employees in 48hrs
- **Protecting** those in the office; social distancing and enhanced cleaning

Supporting our customers

- North America – accelerated workers' compensation **premium refunds**
- Aus Pac: supported >1,300 impacted customers
  - Gift card **refunds** for personal motor
  - SME **premium deferrals** up to 6 months
  - Premium **rates frozen** on SME, commercial motor and A&H
  - 567 business policies afforded **relief support**
- Financial hardship provisions available

Repositioning for the new environment

- **Workplace of the future** – re-thinking how we use office vs. home
- **Accelerate digital** agenda
  - Process automation
  - Advancing AI
  - Increased digitisation of claims
  - Launch of Omni-channel
- **Increased remote network capacity** to support all homeworkers, up to 10,000 per region

Performance update

Balance sheet

Executed comprehensive capital plan

Regulatory capital at the top of 1.6-1.8x target range

Surplus above S&P 'AA' increased

Pro forma gearing ~30%[1]

Head Office liquidity $1.5B

Brilliant Basics

Building a platform for sustainable growth

Portfolio optimisation with data & analytics

Improving large individual risk claims trends

Enhanced digital claims processes

Accelerating pricing momentum[2]

1H20 average rate increase of 8.7%

Momentum accelerating – 1Q20: 7.3% & 2Q20: 10.2%

Continued rate increases in all regions

Australia Pacific 2Q20 momentum impacted by COVID-19 response

Results

Combined operating ratio 103.4%[3]

COR 97.4% (ex. COVID-19)

Organic GWP growth ~10%

Attritional claims ratio down 2.2%[4] (ex. COVID-19)

Large risk claims down 0.7%

Expense ratio down 0.5%[5]

Investments

Net return[6] of (0.4)% ((1.7)% ex rfr) YTD

De-risked portfolio

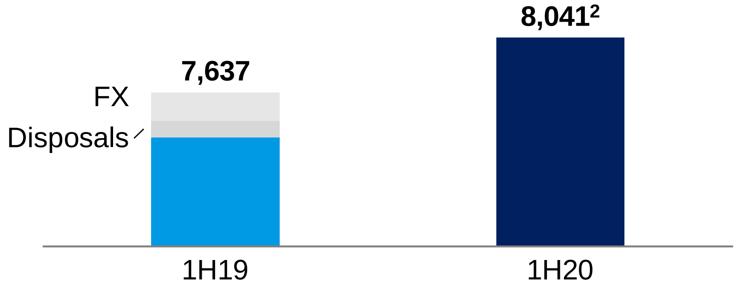
1Q20 unrealised losses largely unwound

No sub-investment grade fixed income investments

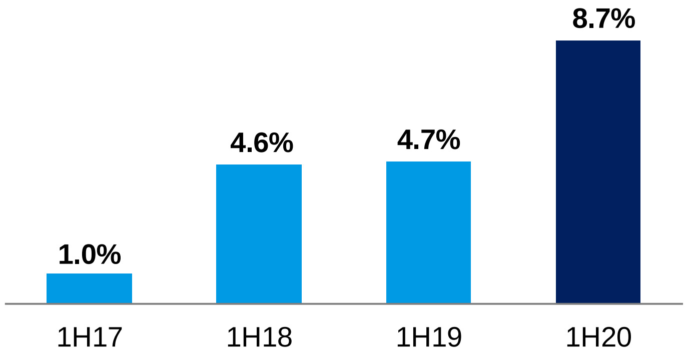
1. Allows for the post balance date reclassification of 2017 perpetual capital notes out of borrowings and into equity
2. Excludes premium rate changes relating to Australian compulsory third party motor (CTP)
3. Excludes impact of changes in risk-free rates used to discount net outstanding claims
4. Excludes Crop and LMI
5. Excludes impact of COVID-19
6. Includes FX gains (losses) & other income (expenses)

Results snapshot[1]

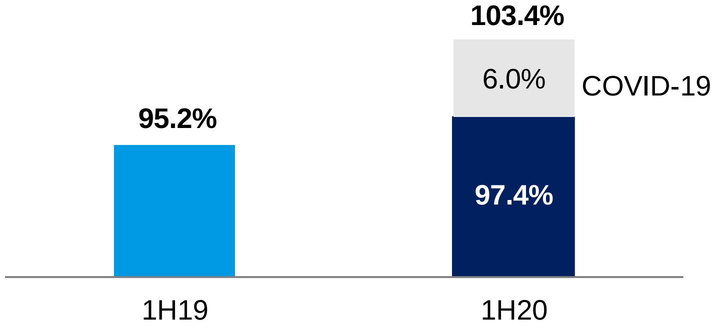
Gross written premium ($M)



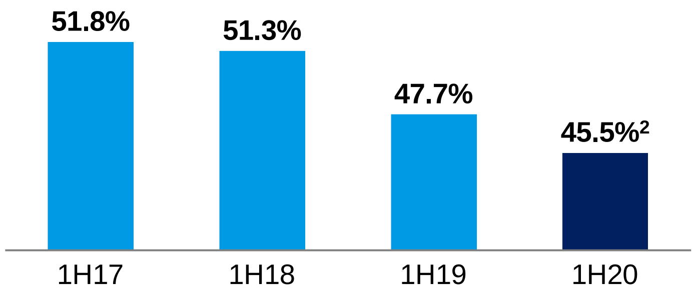
Premium rate increases[3]



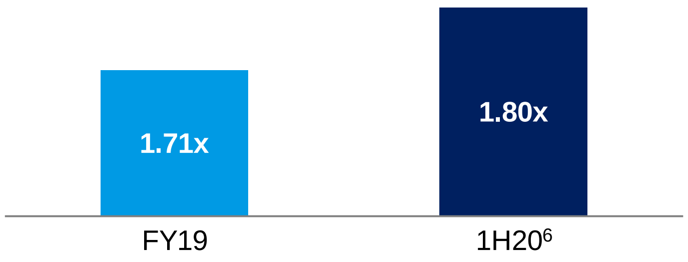
Combined operating ratio[4]



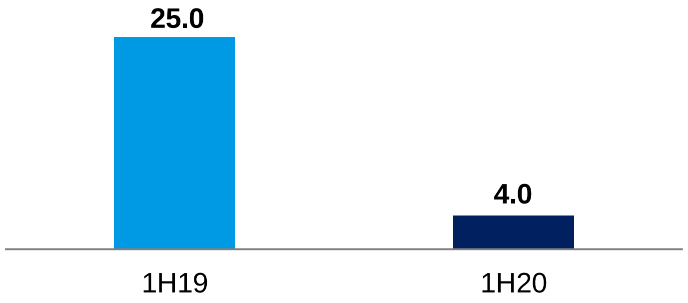
Attritional claims ratio[5]



PCA multiple



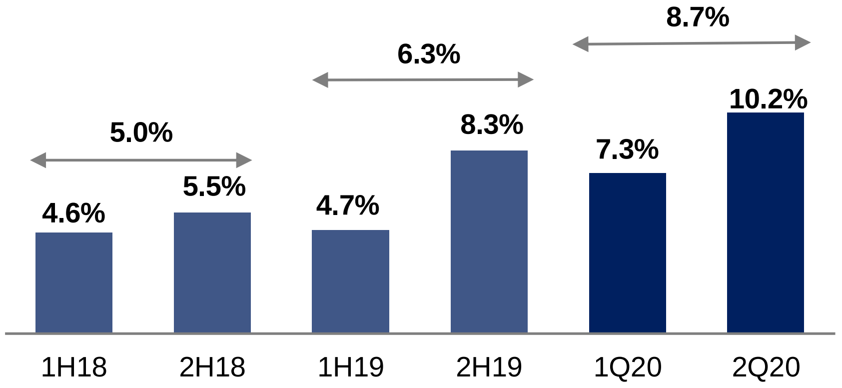
Dividends per share (A¢)



1. Prior periods presented on continuing operations and adjusted basis as presented in annual and half year reports
2. Excludes impact of COVID-19
3. Excludes premium rate changes relating to CTP
4. Excludes impact of changes in risk-free rates used to discount net outstanding claims
5. Excludes Crop and LMI
6. Indicative APRA PCA calculation at 30 June 2020

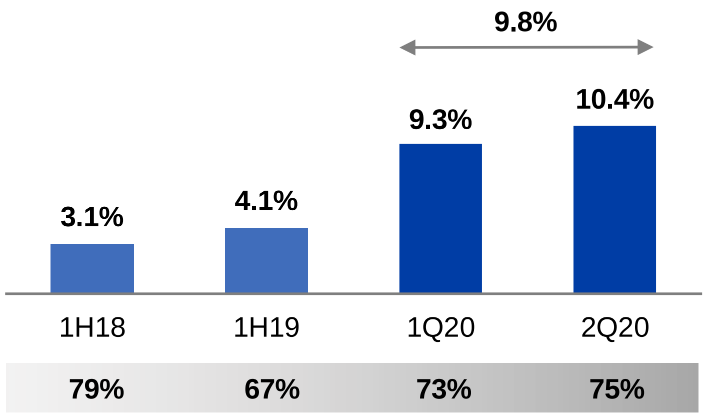
Pricing momentum

Continued Group-wide premium rate increases[1]

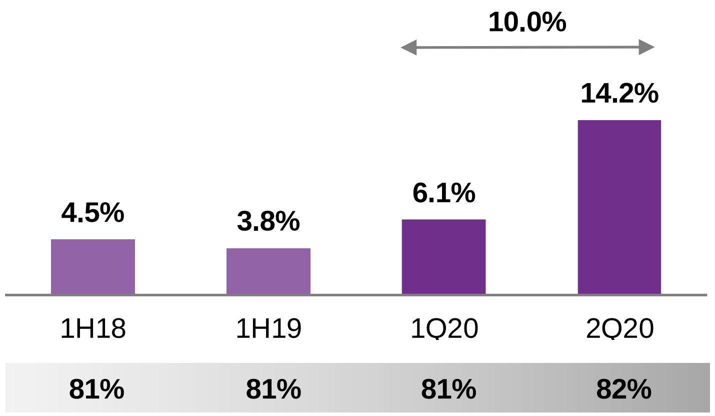


- Strong premium rate increases globally
- Material increase in pricing momentum, particularly in North America and International
- Australia Pacific pricing momentum impacted by COVID-19 response

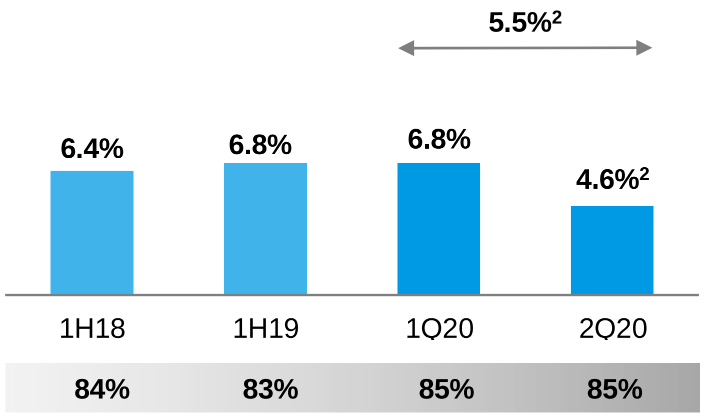
North America



International



Australia Pacific[1]



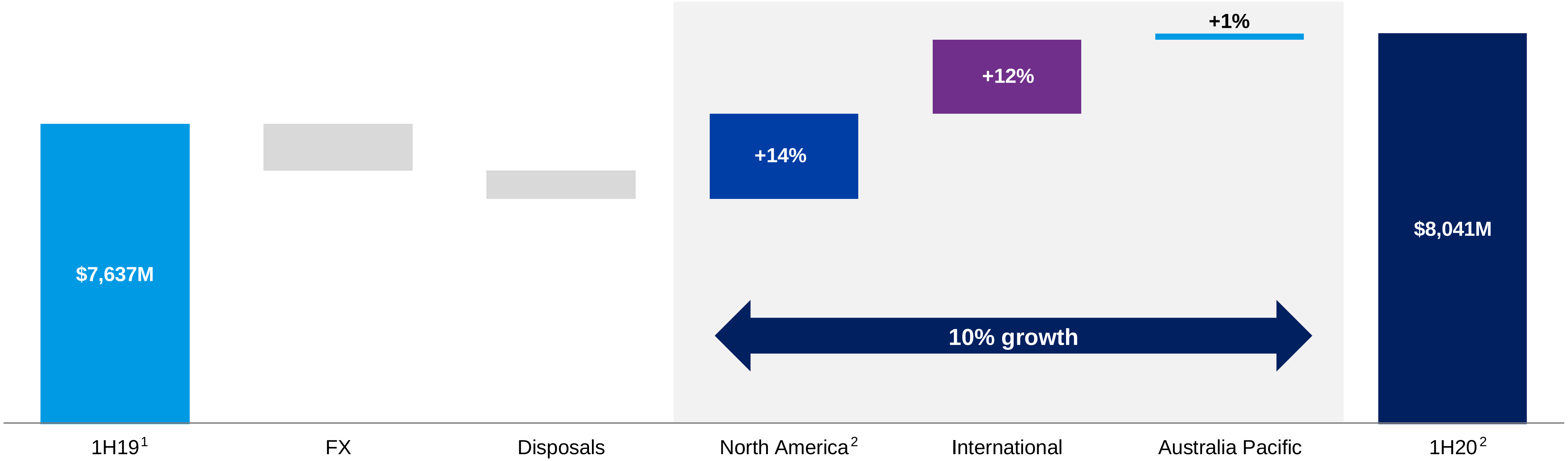
12mth premium rate change

12mth premium retention

1. Excludes premium rate changes relating to CTP
2. Adversely impacted by 2Q20 decision to temporarily suspend rate increases for business packages, commercial auto and A&H in response to COVID-19

Gross written premium

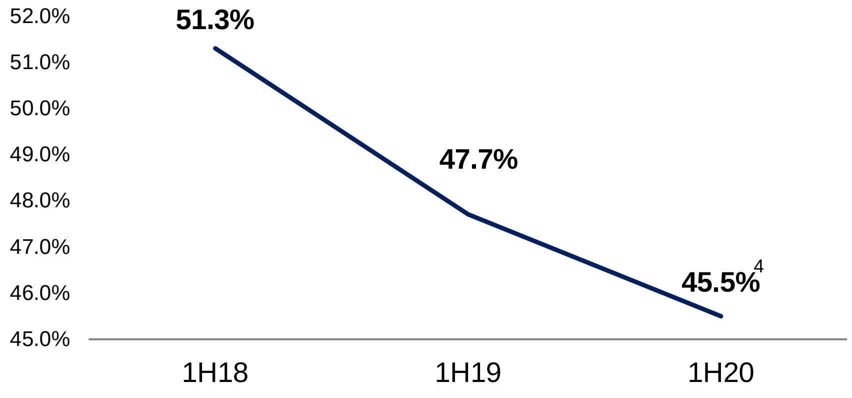
Underlying growth of 10%



1. Continuing operations basis
2. Excludes impact of COVID-19

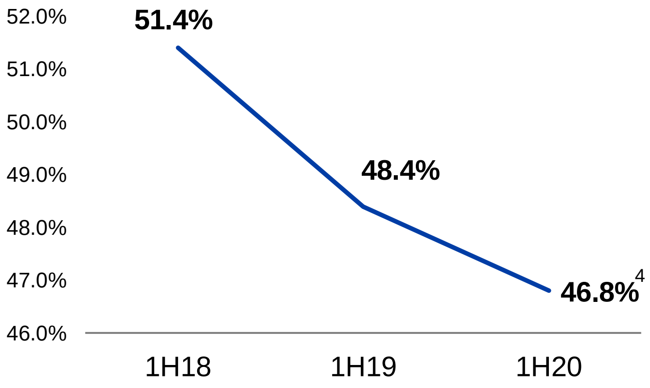
Attritional claims ratio[1]

Group[2,3]

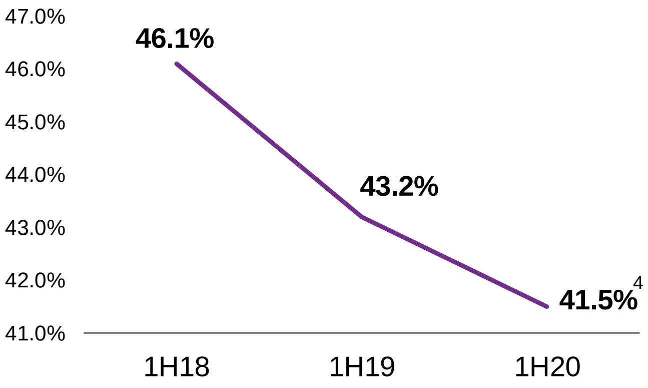


- 8.8%[4] improvement from 54.3% peak in 2H17
- Continued improvement across all divisions
  - North America 1H20 improvement despite mix and higher CAY loss picks
  - Australia Pacific ~13% improvement since 1H16

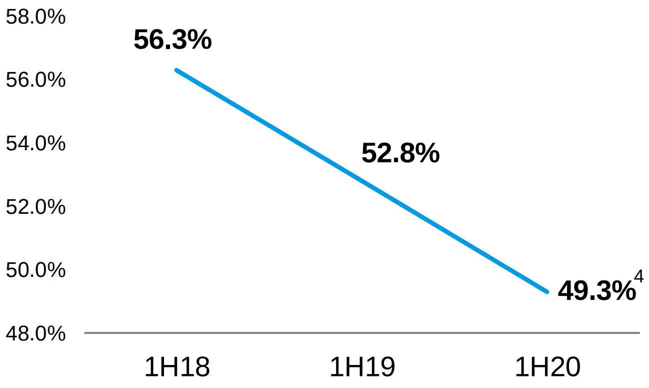
North America[2]



International



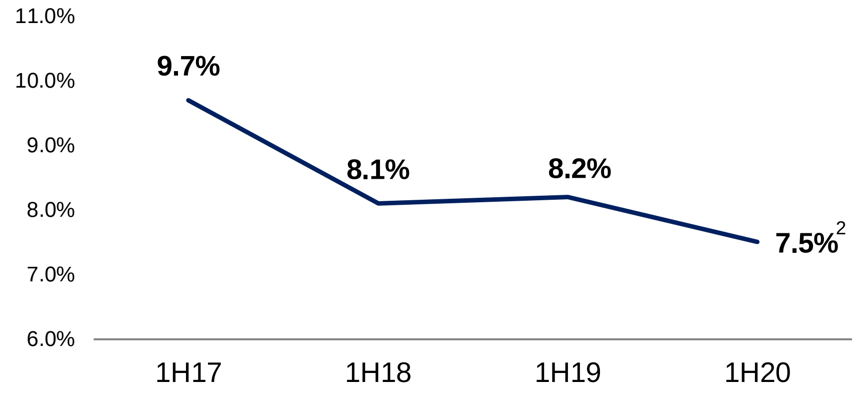
Australia Pacific[3]



1. Prior periods presented on continuing operations and adjusted basis as presented in annual and half year reports
2. Excludes Crop
3. Excludes LMI
4. Excludes impact of COVID-19

Large individual risk claims ratio

Group[1]

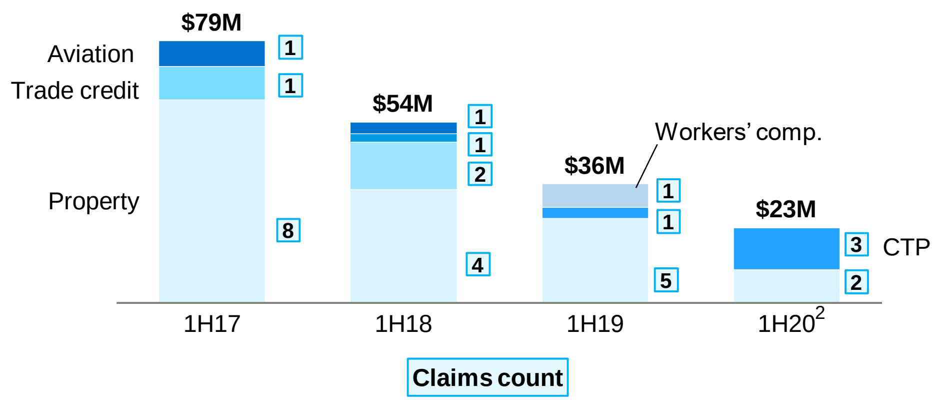


Large risk claims ratio trending favourably: down 0.7% from 1H19

- Australia Pacific continued improvement in large claims frequency since 1H17 driven by Brilliant Basics program
- North America and International improvements emerging following Australia Pacific lead

Australia Pacific[3]

Reported large individual risk claims



Significant improvement in large claims frequency and severity

- Significantly lower cost of commercial property claims due to reduction in higher hazard risks eg abattoirs, mines, pubs & clubs
- Australia Pacific's large claims ratio has more than halved since 1H17

1. 1H17 and 1H18 continuing operations basis and excludes the impact of the Group Large Risk and Cat ("GLRC") reinsurance program
2. Excludes impact of COVID-19
3. Reported claims only (i.e. excludes IBNR) presented net of reinsurance at respective balance date; accident year 1H17 and 1H18 excludes GLRC recoveries

Brilliant Basics: optimising portfolios with data analytics

QBE

Controlled growth without increasing overall PML[1] exposure…

GWP

↑ 23%

PML[1]

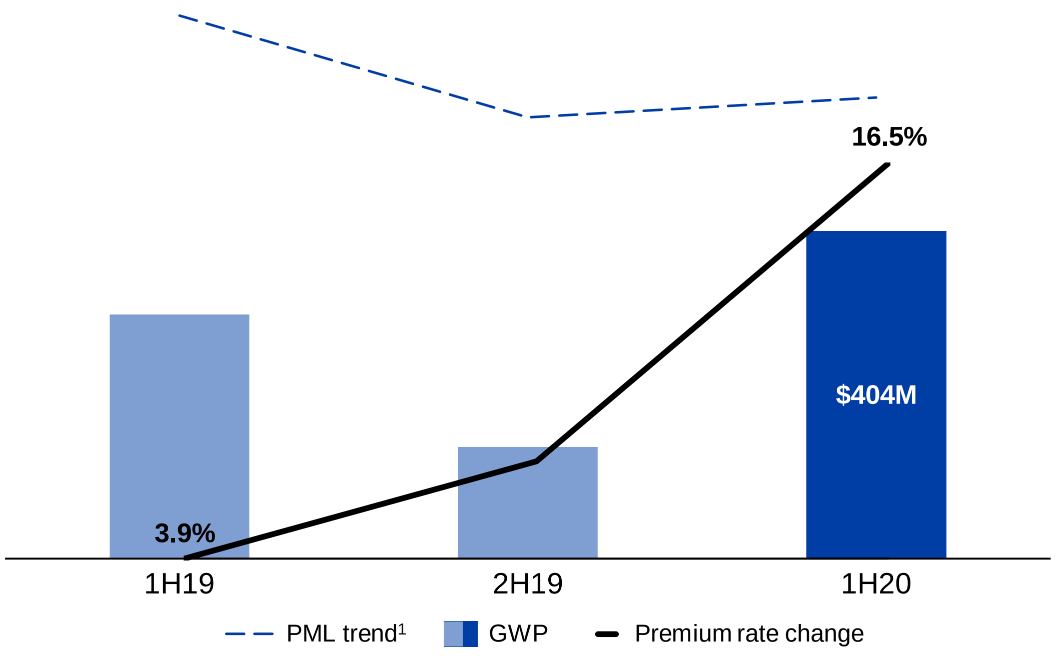
↓ 6%

Increase in premium rate adequacy

↑ 8%+

North America Programs (Property)

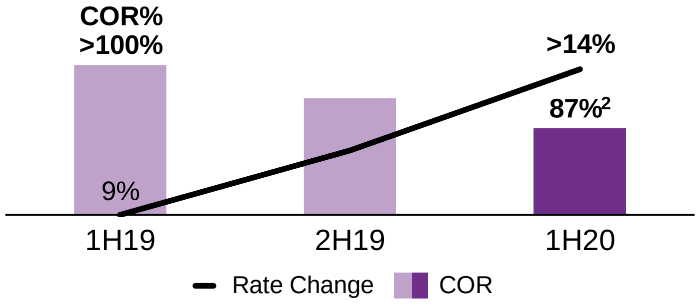
($404M GWP)

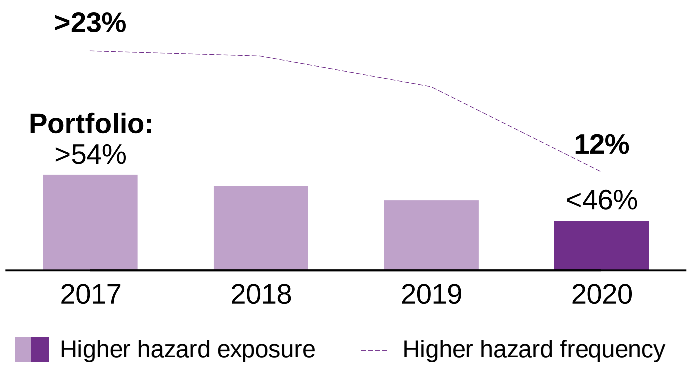


Increased focus on rate and risk selection in UK motor…

UK Motor

($320M GWP)

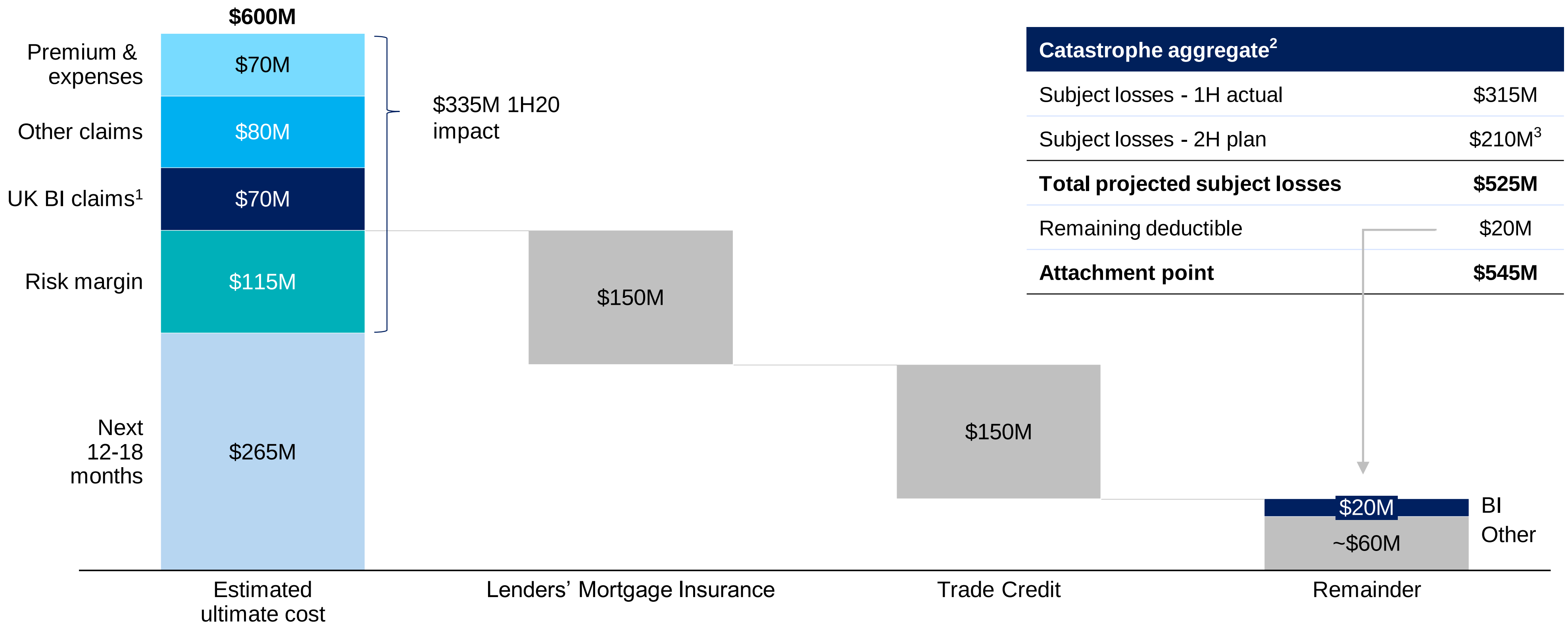




1. Probable maximum loss (PML) is the stated loss likely exceeded only once in 200yrs (i.e. 0.5% chance that the stated loss could be exceeded)
2. UK motor combined operating ratio (COR) excludes ~6% estimated claims benefit as a result of reduced claims frequency due to COVID-19

COVID-19 impact: 2020-21

Breakdown of $600M COVID-19 estimated ultimate cost



Catastrophe aggregate[2]	
Subject losses - 1H actual	$315M
Subject losses - 2H plan	$210M[3]
Total projected subject losses	**$525M**
Remaining deductible	$20M
Attachment point	**$545M**

1. UK primary BI is capped at $70M by virtue of non-peak Cat XOL and whole account quota share
2. Net of $5M per occurrence deductible
3. Corresponds to $300M 2H20 catastrophe allowance

COVID-19 impact: Business Interruption

Business Interruption (BI)

COVID-19 impact (1H20)	~$140M
Region	
North America	Minimal exposure • Requires physical damage and all policies have virus exclusion • Protected by quota share, non-peak cat XOL and cat aggregate reinsurance
International	Moderate exposure • UK primary BI claims capped at $70M • Protected by quota share, non-peak cat XOL and cat aggregate reinsurance
Australia Pacific	Minimal exposure • Confident that wordings exclude pandemic • Protected by quota share, non-peak cat XOL and cat aggregate reinsurance

QBE's reinsurance responds to COVID-19

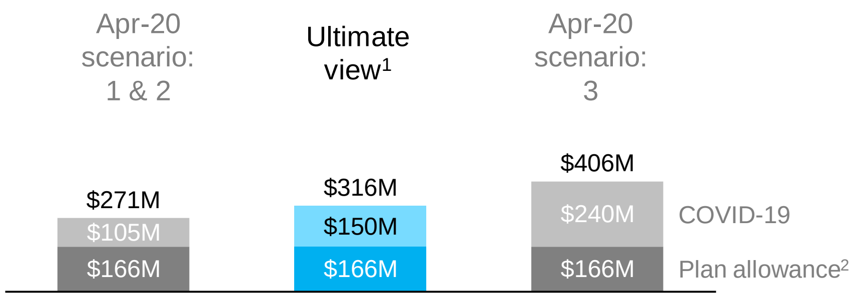
- **QBE's non-damage business interruption exposure arising from COVID-19 is protected by comprehensive property catastrophe XOL, catastrophe aggregate and "clash" reinsurance**
- QBE's property catastrophe and catastrophe aggregate treaties are **"all perils"** covers i.e. qualifying perils are **not** named or listed
- This contrasts with less expensive "named perils" covers, which only cover perils specifically named (and would therefore exclude COVID-19 unless pandemic was named as a qualifying peril)
- Classes of businesses covered by QBE's catastrophe treaties include **"property material damage and business interruption"** i.e. business interruption is covered in its own right and **does not require a material damage trigger**, unlike many primary policy wordings

COVID-19 impact: LMI & Trade Credit

Lenders' Mortgage Insurance (LMI)

COVID-19 impact $150M

- Previously modelled most severe downside scenarios are less likely:
  - › Successful fiscal stimulus
  - › Ongoing bank forbearance
- Capital impact of expected claims partly recognised in premium liabilities
- Updated 3-year cumulative incremental claims scenarios:



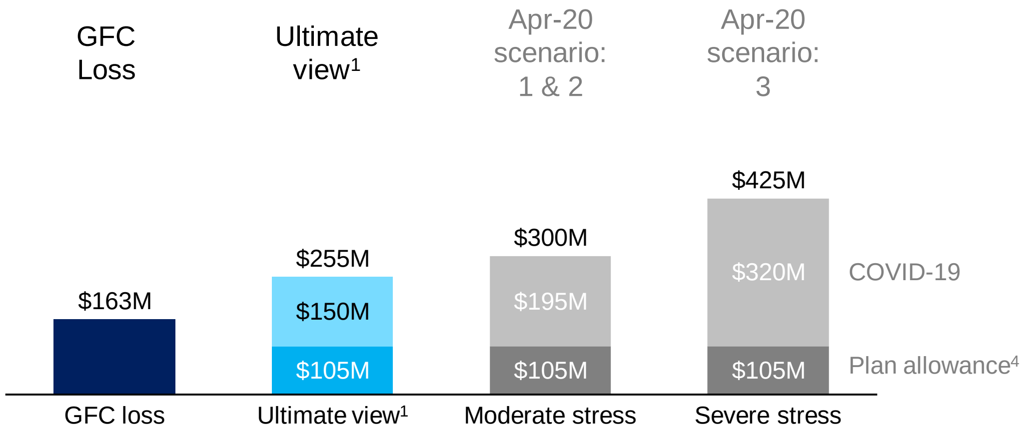
	Apr-20 scenario: 1 & 2	Ultimate view[1]	Apr-20 scenario: 3
Unemployment[3]	10.5%	12%	13.5%
House price decline	(18%)	(20%)	(29%)

Macro assumptions represent 3yr average

Trade Credit

COVID-19 impact $150M

- Previously modelled most severe downside scenarios are less likely:
  - › Successful fiscal stimulus
  - › Government backstop in UK
- ~30% reduction in trade credit buyer limits achieved YTD
  - › Limit reductions focused in high risk industries



1. Based on current view of ultimate cost which is a more conservative estimate than base case and is inclusive of significant risk margins
2. COVID-19 claims are expected to emerge over 3 years: plan allowance represents cumulative claims over 3 years
3. Long-term unemployment resulting from COVID-19 is likely to be higher than that impacting the LMI portfolio reflecting a disproportionate unemployment impact on non-mortgagors e.g. young, part-time and low-paid workers. We have conservatively assumed this variance to be around 1.5%
4. COVID-19 claims are expected to emerge over 12-18 months: plan allowance represents cumulative claims over 12 months

Inder Singh

Group Chief Financial Officer

Financial results summary[1]

Operating results

		1H19	1H20	1H20 (ex. COVID-19)
Gross written premium	$M	7,637	8,011	8,041
Net earned premium	$M	5,671	5,506	5,556
Net claims ratio (ex discount rate)	%	64.3	72.1	66.7
Net commission ratio	%	16.1	16.4	16.4
Expense ratio	%	14.8	14.9	14.3
COR (ex discount rate)	**%**	**95.2**	**103.4**	**97.4**
Net investment yield[2] (ex discount rate)	%	2.2	(1.7)	
Net profit (loss) after income tax	$M	531	(712)	
Cash net profit (loss) after income tax[3]	**$M**	**520**	**(682)**	

1. 1H19 presented on a continuing operations and adjusted basis as presented in annual and half year reports
2. Includes FX gains (losses) & other income (expenses)
3. Statutory net profit (loss) after income tax excluding amortisation, impairment and FCTR

Group combined ratio impacted by COVID-19[1]

QBE

GWP

$8,041M[2]

10% from 1H19[3]

COR

103.4%

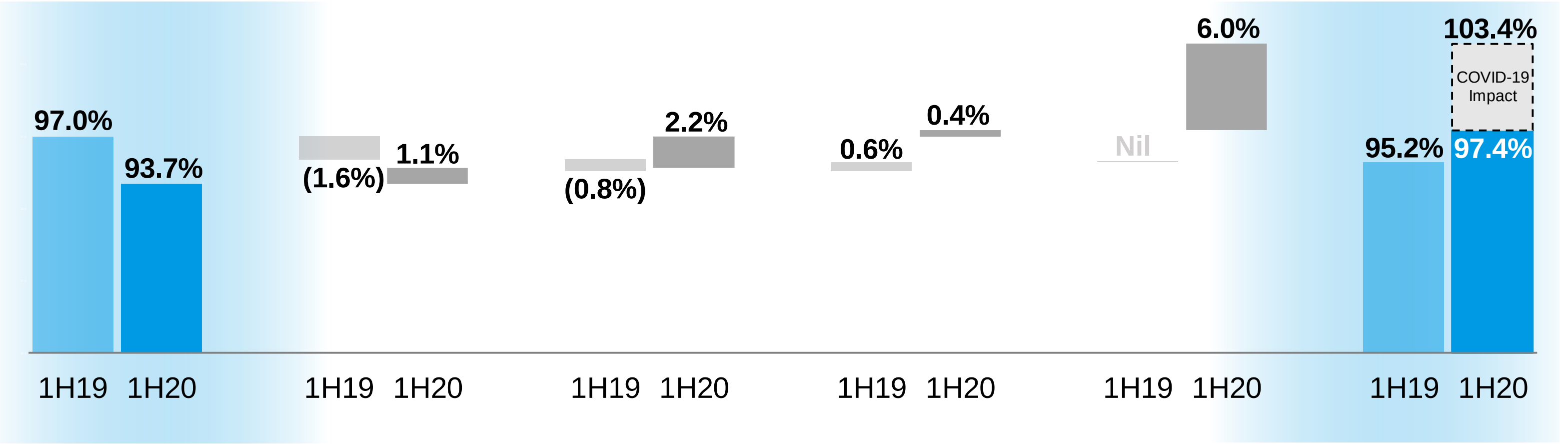
1H19 95.2%

Attritional[4]

45.5%[2]

1H19 47.7%

CAY COR[5] + Cats vs allowance + PYD[6] + Risk margin + COVID-19 = Reported COR



CAY COR[5]

1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes impact of COVID-19
3. Constant currency basis excluding disposals
4. Excludes Crop and LMI
5. Current accident year COR adjusted to reflect catastrophe claims at allowance and excludes risk margin strengthening
6. Excludes impact of Crop development that is matched by premium cessions under the MPCI scheme (resulting in a nil profit impact)

North America[1]

GWP

$3,081M[2]

14% from 1H19[3]

COR

108.8%

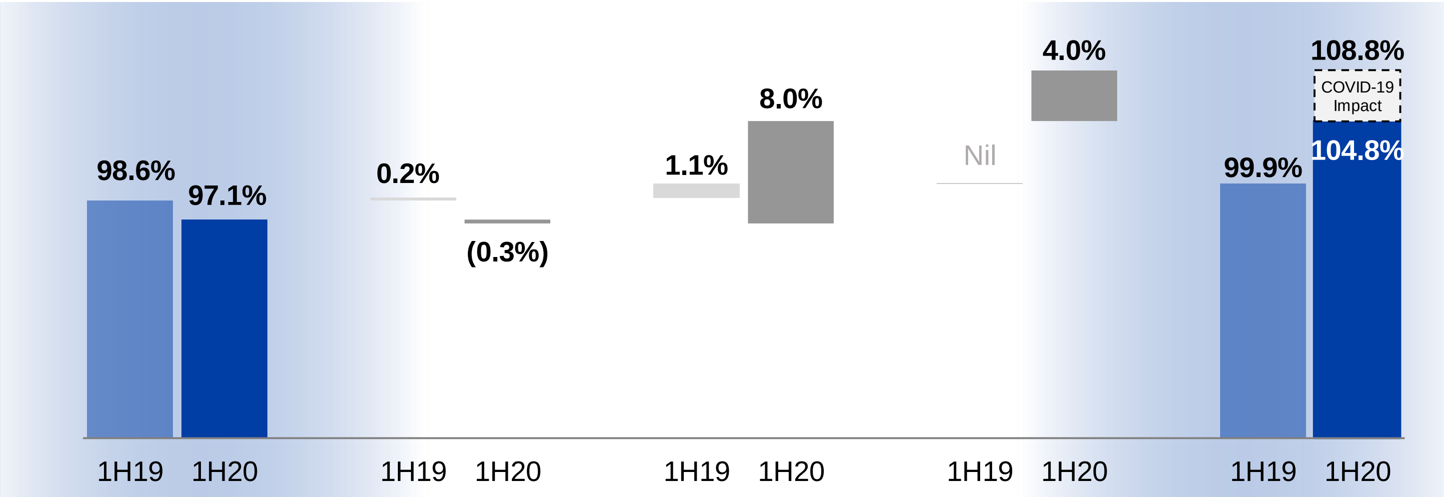
1H19 99.9%

Attritional[4]

46.8%[2]

1H19 48.4%

CAY COR[5]	+	Cats vs allowance	+	PYD[6]	+	COVID-19	=	Reported COR



- Strong premium rate momentum (2Q20 10.4%)
- Strong growth in profitable segments including A&H, crop and property programs
- ~$55M PYD from closed portfolios
- COVID-19 primarily related to workers' compensation

1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes impact of COVID-19
3. Excludes personal lines disposal
4. Excludes Crop
5. Current accident year COR adjusted to reflect catastrophe claims at allowance
6. Prior accident year claims development excludes Crop development that is matched by premium cessions under the MPCI scheme (resulting in net nil profit impact)

International[1]

GWP

$3,150M

12% from 1H19[2]

COR

97.5%

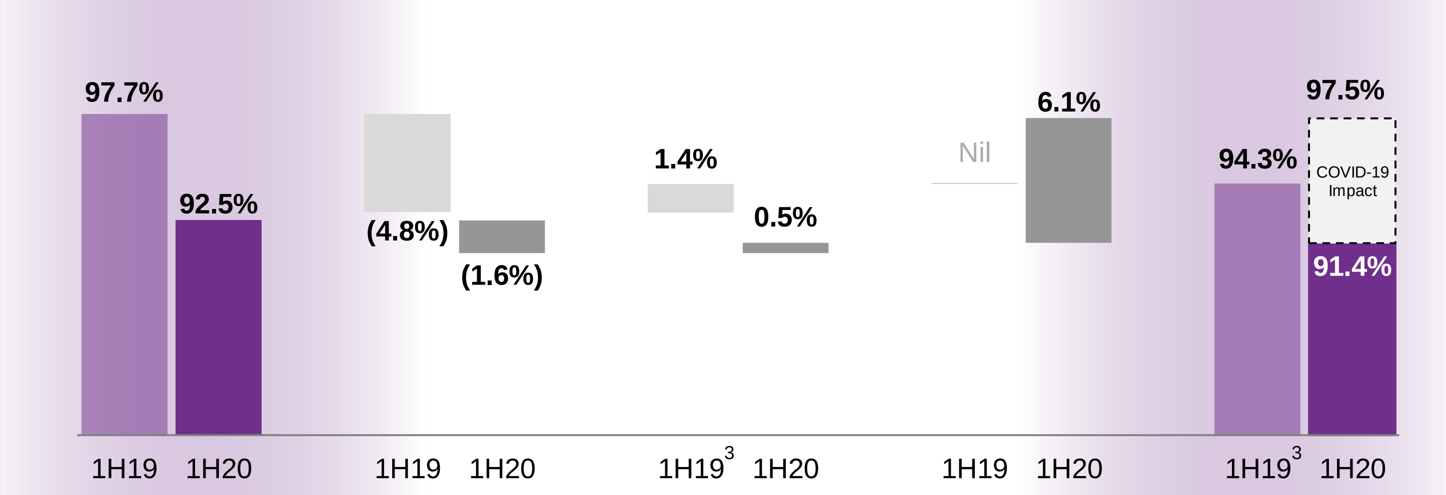
1H19 94.3%[3]

Attritional

41.5%[4]

1H19 43.2%

CAY COR[5] + Cats vs allowance + PYD + COVID-19 = Reported COR



- Attritional claims ratio improved 1.7%
- Large individual risk and catastrophe claims below allowance
- COVID-19 impact primarily driven by business interruption
- Combined acquisition costs ratio improved by 0.5%

1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Constant currency basis excluding disposals in Asia
3. Excludes one-off impact of the Ogden decision in the UK
4. Excludes impact of COVID-19
5. Current accident year COR adjusted to reflect catastrophe claims at allowance

Australia Pacific[1]

GWP

$1,829M

1% from 1H19[2]

COR

96.4%

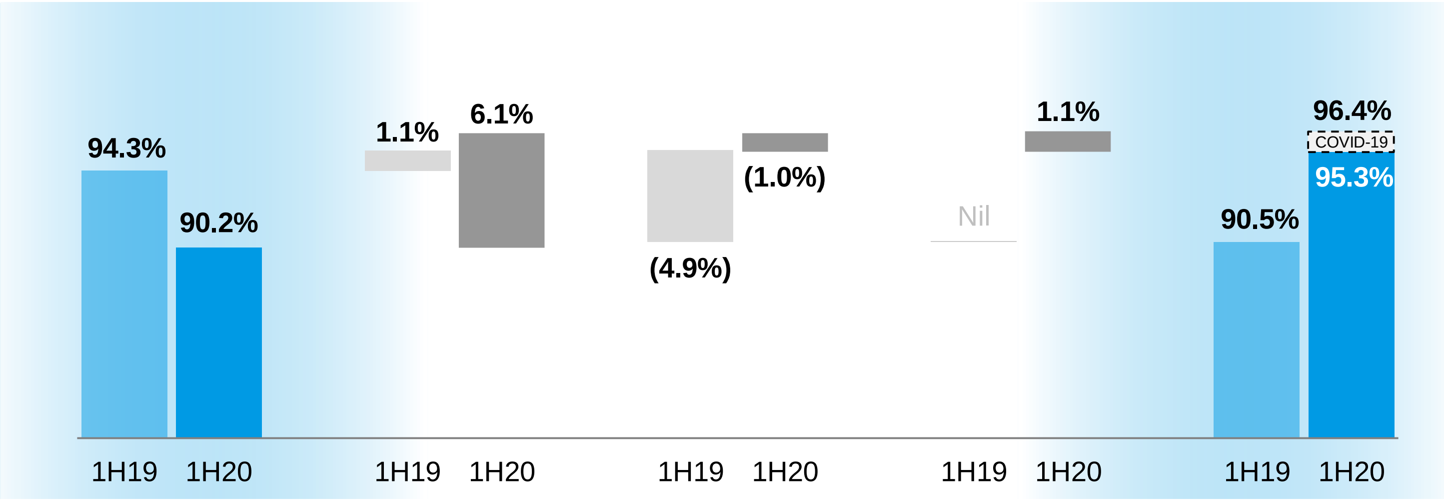
1H19 90.5%

Attritional[3]

49.3%[4]

1H19 52.8%

CAY COR[5] + Cats vs allowance + PYD + COVID-19 = Reported COR



- Attritional claims ratio improved 3.5%[3] (~13% since 1H16)
- Catastrophe costs up 5.0% vs 1H19 driven by summer bushfires and storm activity
- Customer rebates ~$16M primarily within private motor

1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Constant currency basis excluding disposals
3. Excludes LMI
4. Excludes impact of COVID-19
5. Current accident year COR adjusted to reflect catastrophe claims at allowance

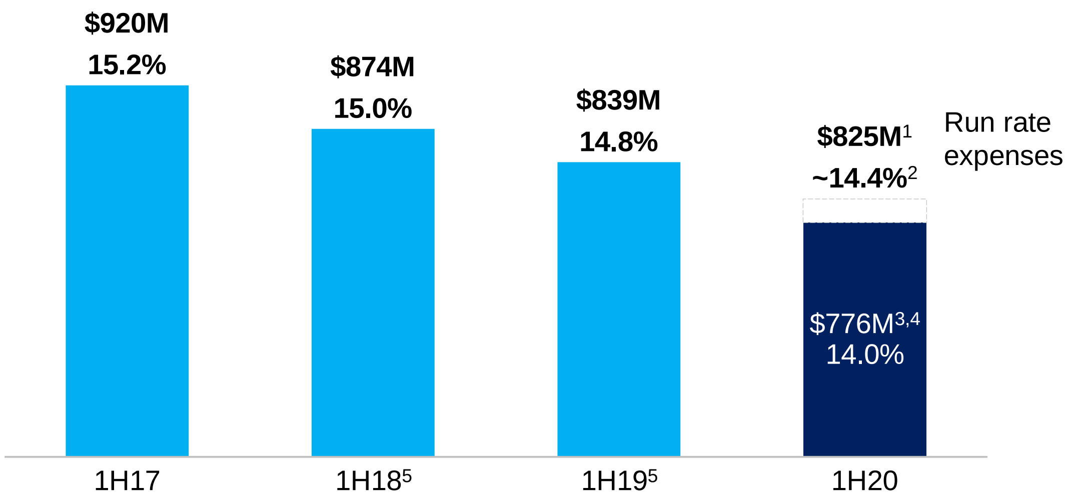
Operational efficiency ahead of schedule

Strong progress on clear, targeted initiatives

- Operating model cost savings
- Simpler and more streamlined North American business
- Rationalised technology estate and de-commissioned legacy applications
- Strong tactical expense discipline
- Journey towards greater digitisation and end-to-end process optimisation

Accelerating delivery against targets

Net underwriting expenses ($M) / ratio (%)

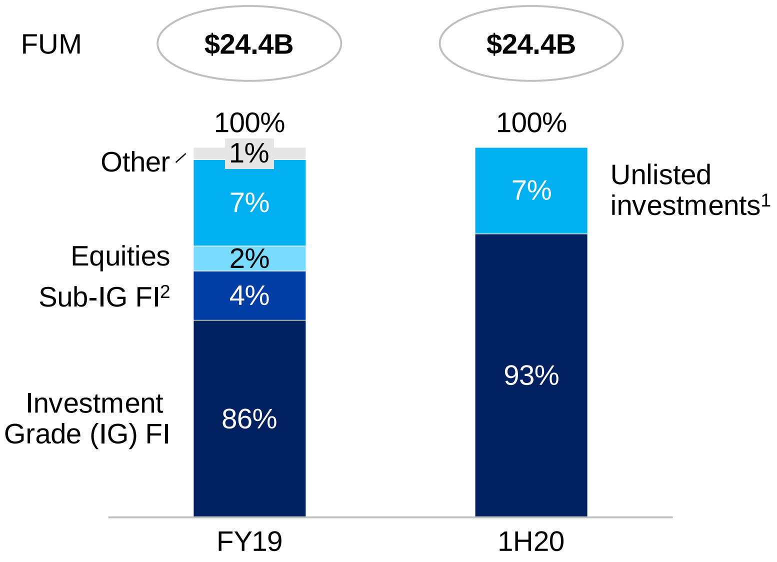


	1H17	1H18[5]	1H19[5]	1H20
NEP	$6.0B	$5.8B	$5.7B	$5.6B[3]
Premium rate Δ[6]	1.0%	4.6%	4.7%	8.7%

1. Adjusted for below-plan variable compensation and change spend
2. Based on premiums adjusted for de-risking reinsurance initiatives
3. Excludes impact of COVID-19
4. Excludes heightened risk and regulatory costs
5. Continuing operations and adjusted basis as presented in annual and half year reports
6. Excludes premium rate changes relating to CTP

Investment portfolio and performance outlook

De-risked investment portfolio

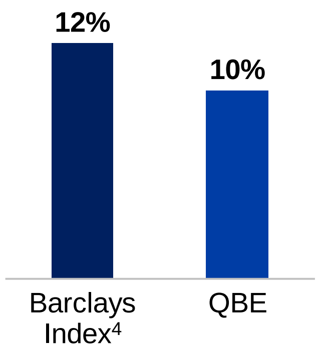


- Zero listed equities exposure[3]
- Unrealised losses from credit spread movements $350M (1Q20) and $21M (1H20)

High quality, resilient investment grade FI portfolio

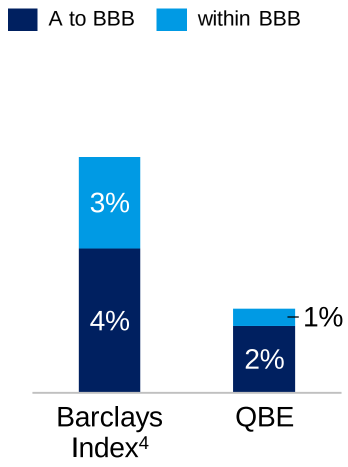
S&P Downgrades

as % of portfolio / market index



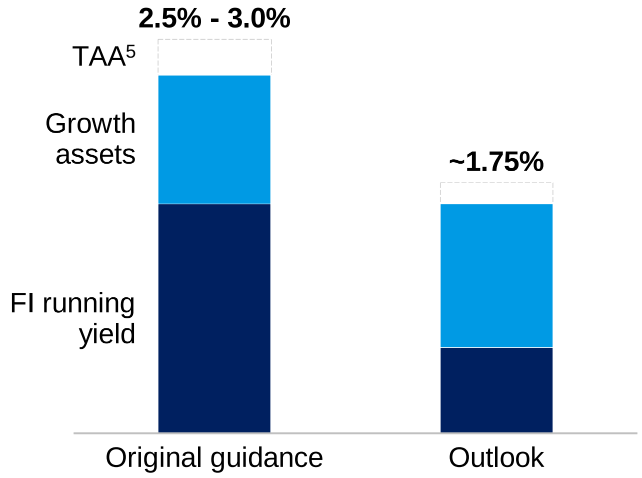
Downgrades to/within BBB

as % of portfolio / market index



- ~85% of fixed income rated A- or better
- BBB average maturity of 3.1 years
- No downgrades from investment grade to sub-investment grade
- No credit trading distressed

Investment return outlook

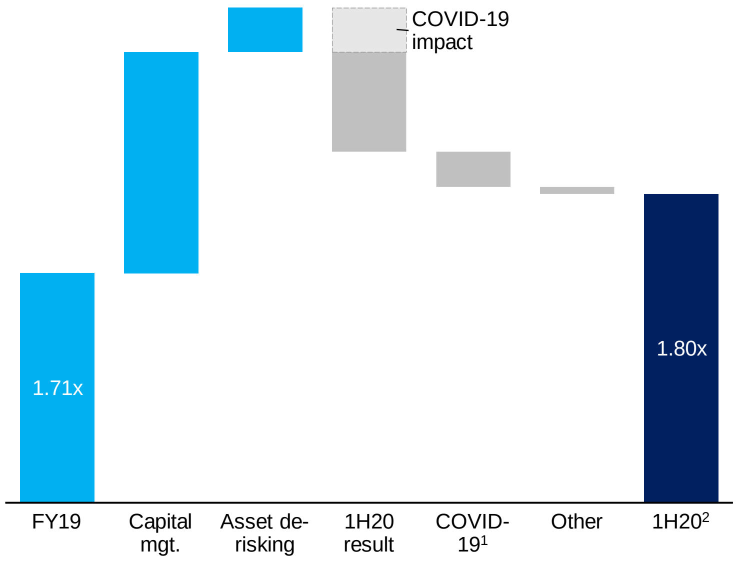


- Fixed income running yield 0.7% at 1H20 (vs 1.6% 1H19)
- Outlook assumes growth asset allocation in line with 15% benchmark

1. Inclusive of private equity, unlisted property and unlisted infrastructure investments
2. Inclusive of high yield debt, emerging market debt and other sub investment grade investments
3. QBE retains a small investment in an ASX listed investment company (FGG) which includes a social objective in its investment charter
4. Bloomberg Barclays Global Aggregate Corporate Bond Index
5. Targeted incremental returns due to tactical asset allocation changes

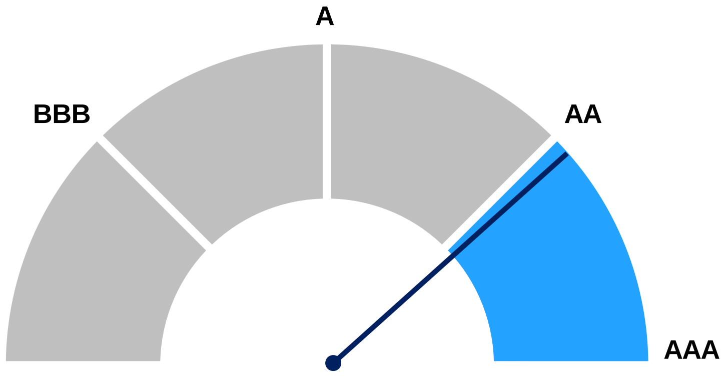
Balance sheet and capital management

APRA regulatory capital



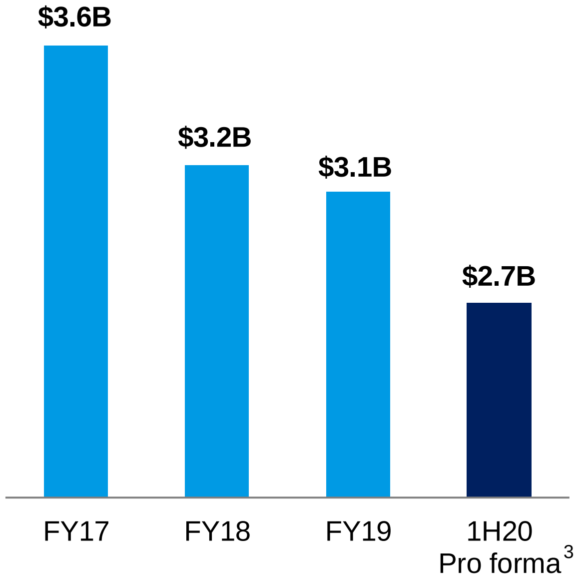
- Regulatory capital at the top of 1.6x-1.8x target range
- $175M prospective COVID-19 claims allowed for in premium liabilities
- Head Office liquidity $1.5B

S&P capital



S&P Capital remains above 'AA' level

Borrowings



	FY17	FY18	FY19	1H20 Pro forma
Debt to equity	40.8	38.0	38.0	30.2
Debt to total capital	29.0	27.6	27.5	23.2

1. Primarily premium liabilities charge pertaining to COVID-19
2. Indicative APRA PCA calculation at 30 June 2020
3. Allows for the post balance date reclassification of 2017 perpetual capital notes out of borrowings and into equity

Priorities

Pat Regan - Group Chief Executive Officer

2020 priorities unchanged

- Performance
- Brilliant Basics +
- Talent & culture
- Customer focus
- Innovation & Technology

Questions & Answers

Disclaimer

The information in this presentation provides an overview of the results for the half year ended 30 June 2020.

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

The information is supplied in summary form and is therefore not necessarily complete. Prior to making a decision in relation to QBE's securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

This presentation contains certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "outlook" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those either expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this presentation and QBE assumes no obligation to update such information.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no reduction in premium rates in excess of our business plans; no significant fall in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our strong reinsurance panel; no unplanned asset sales and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this presentation.

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Appendices

Currency mix of investments and cash, and GWP

Total investments and cash	1H19 $M	1H19 %	1H20 $M	1H20 %
US dollar	7,349	32%	8,756	36%
Australian dollar	6,565	28%	6,179	25%
Sterling	3,708	16%	3,849	16%
Euro	3,005	13%	3,169	13%
Canadian dollar	1,191	5%	1,235	5%
New Zealand dollar	378	2%	367	2%
Hong Kong dollar	367	2%	360	1%
Singapore dollar	184	1%	171	1%
Other	347	1%	346	1%
Total	**23,094**	**100%**	**24,432**	**100%**

Gross written premium	1H19[1] $M	1H19[1] %	1H20 $M	1H20 %
US dollar	3,757	49%	4,107	51%
Australian dollar	1,843	24%	1,719	21%
Sterling	649	8%	810	10%
Euro	748	10%	768	10%
New Zealand dollar	139	2%	141	2%
Canadian dollar	138	2%	138	2%
Hong Kong dollar	119	2%	118	1%
Singapore dollar	80	1%	88	1%
Other	164	2%	122	2%
Total	**7,637**	**100%**	**8,011**	**100%**

1. Continuing operations basis

North America

		1H19	1H20[2]
Gross written premium	$M	2,804	3,081
Gross earned premium	$M	2,194	2,198
Net earned premium	$M	1,849	1,672
Net incurred claims	$M	1,362	1,385
Net commission	$M	292	272
Expenses	$M	255	237
Underwriting result	$M	(60)	(222)
Net claims ratio	%	73.7	82.8
Net commission ratio	%	15.7	16.3
Expense ratio	%	13.8	14.2
Combined operating ratio	%	103.2	113.3
Adjusted combined operating ratio[1]	**%**	**99.9**	**104.8**
Insurance profit (loss) margin	%	1.0	(13.6)

- Underlying GWP growth was 14%[2,3], reflecting strong growth in A&H, property programs and Crop
- Underlying NEP was down 2%[2,3], impacted by the purchase of additional Crop hail and catastrophe reinsurance
- Average premium rate increases accelerated to 9.8% (1H19 4.1%)
- Net claims ratio increased to 74.3%[1,2] (1H19 70.4%[1]) due to:
  - adverse prior accident year claims development of 8.0%[2,4] compared with 1.1%[4] in 1H19
  - catastrophe and large individual risk claims of 10.6%[2] compared with 8.7% in 1H19; partially offset by
  - a 1.6%[2] improvement in the attritional claims ratio (ex Crop) and an improved Crop performance consistent with long-term average
- Commission ratio increased 0.6% due to the sale of retail personal lines and strong growth in programs
- Expense ratio increased 0.4%[2] due to the impact of 2019 disposals and the additional reinsurance spend on net earned premium
- COR[1,2] deteriorated 4.9% mainly due to adverse prior accident year claims development and increased large individual risk and catastrophe claims which more than offset improvement in the attritional claims ratio

1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes impact of COVID-19
3. Excludes impact of 2019 disposals
4. Excludes Crop development that is matched by premium cessions under the MPCI scheme (resulting in a nil profit impact)

International

		1H19[1]	1H20[3]
Gross written premium	$M	2,880	3,150
Gross earned premium	$M	2,319	2,498
Net earned premium	$M	2,019	2,191
Net incurred claims	$M	1,363	1,464
Net commission	$M	350	386
Expenses	$M	306	315
Underwriting result	$M	-	26
Net claims ratio	%	67.5	66.8
Net commission ratio	%	17.3	17.6
Expense ratio	%	15.2	14.4
Combined operating ratio	%	100.0	98.8
Adjusted combined operating ratio[2]	**%**	**94.3**	**91.4**
Insurance profit (loss) margin	%	11.4	(0.2)

- GWP was up 12% on a constant currency basis excluding disposals in Asia, reflecting strong pricing, improved retention and strong new business growth, especially in the European insurance operations
- Average renewal rate increases of 10.0% (1H19 3.8%); European Operations' rates increased 10.3% (1H19 3.9%) while rates in Asia increased 6.6% (1H19 2.2%)
- Net claims ratio decreased to 59.4%[2,3] (1H19 61.8%[1,2]) due to:
  - a decrease in the net cost of large individual risk claims to 11.0% (1H19 15.3%) following ongoing de-risking and positive market conditions
  - a further 1.7% improvement in the attritional claims ratio, reflecting targeted underwriting actions in both Europe and Asia, coupled with the beneficial rating environment; partly offset by
  - an increase in catastrophe claims to 2.9% (1H19 0.5%), reflecting an especially benign prior period and minor adverse prior accident year claims development, primarily relating to 2019 typhoon claims
- Expense ratio improved 0.8%[3] due to premium growth and expense reductions, primarily in Asia
- COR improved 2.9%[2,3] due to reduced large individual risk and attritional claims and improved efficiency, partly offset by an increase in the net cost catastrophe claims

1. Excludes the one-off impact of the Ogden decision in the UK
2. Excludes impact of changes in risk-free rates used to discount net outstanding claims
3. Excludes impact of COVID-19

Australia Pacific

		1H19	1H20[2]
Gross written premium	$M	1,960	1,829
Gross earned premium	$M	1,951	1,858
Net earned premium	$M	1,797	1,696
Net incurred claims	$M	1,157	1,151
Net commission	$M	269	256
Expenses	$M	258	237
Underwriting result	$M	113	52
Net claims ratio	%	64.4	67.9
Net commission ratio	%	14.9	15.2
Expense ratio	%	14.4	14.0
Combined operating ratio	%	93.7	97.1
Adjusted combined operating ratio[1]	**%**	**90.5**	**95.3**
Insurance profit margin	%	13.6	1.5

- GWP was up 0.4% on a constant currency basis but up 4% excluding CTP, disposals and discontinued portfolios
- Average renewal premium rate reduced to 5.5%[3], from 6.8%[3] in 1H19 due in part to premium rate freezes in response to COVID-19
- Net claims ratio increased to 66.1%[1,2] (1H19 61.2%[1]) reflecting:
  - 11.6% catastrophe claims ratio (1H19 6.5%) resulting from the severe catastrophe experience in Australia including extreme bushfires, hail and storm events and cyclone Mangga in Western Australia
  - reduced positive prior accident year claims development; partly offset by
  - a further 4.3%[4] improvement in the attritional and large individual risk claims ratios, reflecting targeted pricing increases, enhanced risk selection and claims management initiatives
- Commission ratio increased 0.3% due to strong growth in strata which attracts a higher commission ratio
- Expense ratio decreased 0.4% primarily due to a reduction in staff, travel and project costs, offset by increased regulatory and legal costs and a NSW CTP profit normalisation charge
- COR increased 4.8%[1,2] due to further material improvement in the attritional claims ratio[4] more than offset by increased catastrophe costs and a reduced level of positive prior year development

1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Excludes impact of COVID-19
3. Excludes premium rate changes relating to CTP
4. Excludes LMI

Financial strength and flexibility

Summary balance sheet	31 DEC 2019 $M	30 JUN 2020 $M	30 JUN 2020 Pro forma[1] $M
Investments and cash	24,374	24,432	24,432
Trade and other receivables	4,621	6,282	6,282
Intangibles	2,791	2,746	2,746
Other assets	1,238	1,376	1,376
Assets	**33,024**	**34,836**	**34,836**
Insurance liabilities, net	19,364	20,304	20,304
Borrowings	3,095	3,064	2,665
Other liabilities	2,412	3,030	3,030
Liabilities	**24,871**	**26,398**	**25,999**
Net assets	**8,153**	**8,438**	**8,837**
Shareholders' funds[5]	8,153	7,943	7,943
Capital notes	-	495	894
Non-controlling interests	-	-	-
Total equity	**8,153**	**8,438**	**8,837**

Reserving

- $175M additional allowance for potential future COVID-19 related claims within premium liabilities
- $138M[2] risk margin strengthening (1H19 $32M[2] strengthening)
  - $115M additional COVID-19 related risk margin strengthening
- PYD adverse $120M[3,4] (1H19 $47M[4] favourable)
- $335M adverse risk-free rate impact (1H19 $231M adverse)
- PoA strengthened to 91.2% (FY19 90.0%)

Borrowings

- Pro forma debt to equity ratio 30.2%[1] (FY19 38.0%)
- $495M AT1 Capital notes issued during 1H20 classified as contributed equity

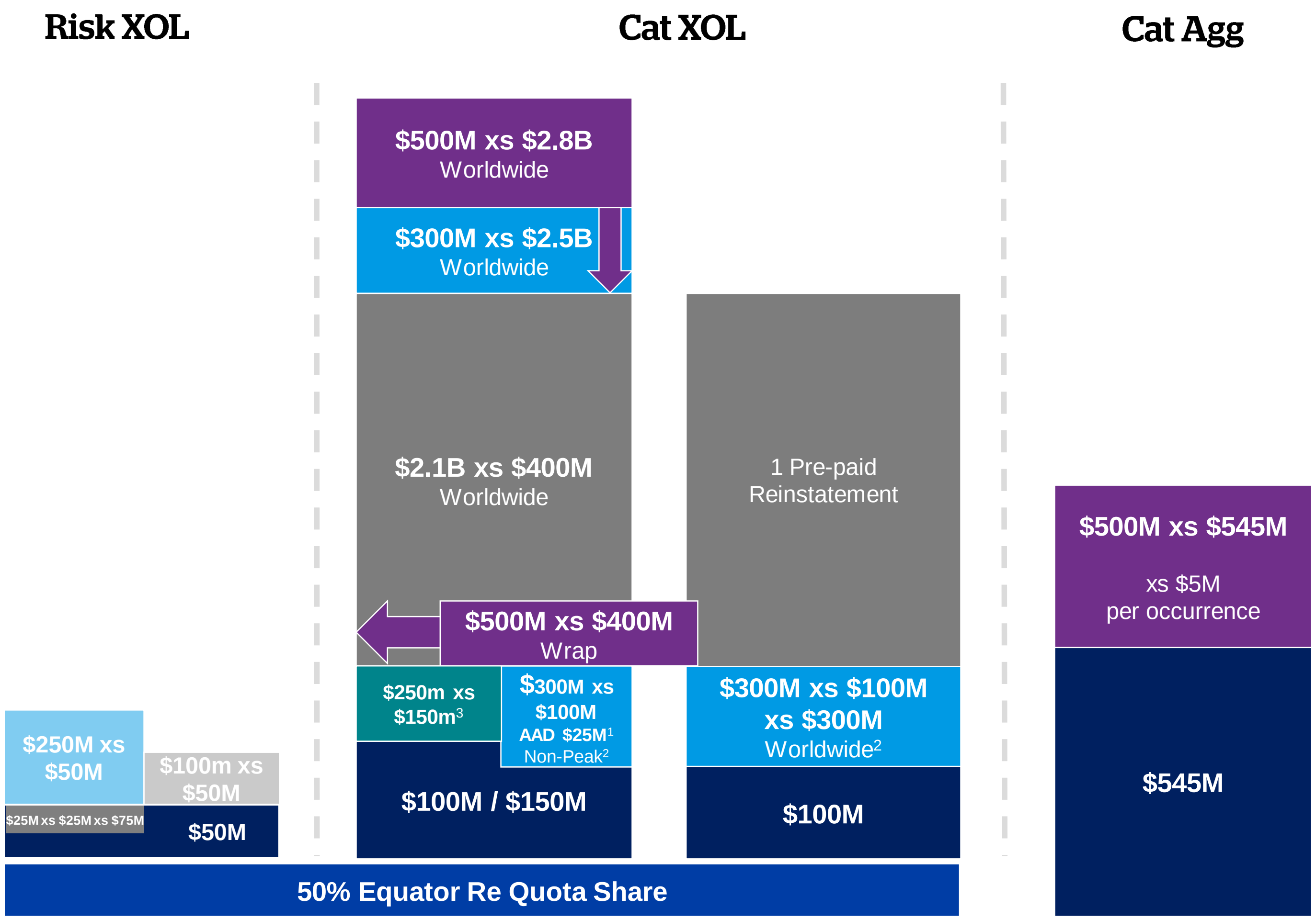
1. Allows for the post balance date reclassification of 2017 perpetual capital notes out of borrowings and into equity
2. Constant currency basis
3. Excludes impact of COVID-19
4. Excludes impact of Crop development that is matched by premium cessions under the MPCI scheme (resulting in a nil profit impact)
5. Shareholders' funds attributable to ordinary equity holders

APRA Prescribed Capital Amount

APRA PCA calculation	31 DEC 2019[1] $M	30 JUN 2020[2] $M
Ordinary share capital and reserves	8,153	7,943
Net surplus relating to insurance liabilities	718	835
Regulatory adjustments to Common Equity Tier 1 Capital	(3,326)	(3,393)
Common Equity Tier 1 Capital	**5,545**	**5,385**
Additional Tier 1 Capital – Capital securities	399	894
Total Tier 1 Capital	**5,944**	**6,279**
Tier 2 Capital – Subordinated debt and hybrid securities	2,558	2,496
Total capital base	**8,502**	**8,775**
Insurance risk charge	2,903	2,969
Insurance concentration risk charge	608	538
Asset risk charge	2,139	1,959
Operational risk charge	497	522
Less: Aggregation benefit	(1,181)	(1,113)
APRA Prescribed Capital Amount (PCA)	**4,966**	**4,875**
PCA multiple	**1.71x**	**1.80x**
CET1 ratio (APRA requirement >60%)	**112%**	**110%**

1. Prior year calculation has been restated to be consistent with APRA returns finalised subsequent to year end
2. Indicative APRA PCA calculation at 30 June 2020

2020 global reinsurance program



Key features of program

- Equator Re quota share protection significantly reduces claims volatility
- Low catastrophe retention
- Protection against catastrophe severity and frequency of medium-sized catastrophes
- Protection against large individual risk claim severity
- Increased aggregate protection
- Small additional annual aggregate deductible[1]
- Enhanced risk clash & cyber protection

Main Cat XOL
- $2.1B xs $400M

US Cat Buy Down
- $250M xs $150M

Cat Top *or* Drop *or* Non-Peak[2]
- Top $300M xs $2.5B for Peak *or*
- Drop $300M xs $100M xs $300M for Peak *or*
- Drop $300M xs $100M with AAD $25M

Cat Top *or* Agg *or* Wrap
- Top $500M xs $2.8B (or $2.5B) *or*
- Aggregate $500M xs $545M *or*
- Wrap $500M xs $400M including QBE Re & Syndicate 1036 retained claims and Equator Re Share

Risk
- Main cover $250M xs $50M
- Clash and Cyber Aggregate Section $100M xs $50M
- Sub layer $25M xs $25M xs $75M

1. AAD (Annual Aggregate Deductible) IRO Australian Hail, Bushfires and Flood, and US Wildfires
2. Peak perils defined as cyclone, hurricane & typhoon, and earthquake (and fire following) as respects Australia, New Zealand (quake only) and US (excluding Puerto Rico). All other perils are non-peak
3. US Hurricane and US Earthquake. 50% order.

Fixed income investor update

Key investment highlights

- ✓ QBE is **one of Australia's largest** general insurance and reinsurance groups
- ✓ Diversified insurance operations across **27 countries**
- ✓ ASX-listed and regulated by the Australian Prudential Regulation Authority (APRA)
- ✓ Robust capital metrics with a **PCA multiple of 1.80x**[1] as at 30 June 2020
- ✓ QBE has taken **pre-emptive and decisive action to fortify its balance sheet** to navigate a broad range of severe economic and investment market downside scenarios
- ✓ Implemented a **comprehensive capital plan** including de-risking the investment portfolio, securing additional reinsurance, successfully raising $813M Core Equity Tier 1 (CET1) in April/May 2020, and issuing $500M[2] in perpetual fixed rate resetting capital notes in May 2020
- ✓ Funds under management of **$24.4 billion** as at 30 June 2020, of which 93% investment portfolio is in investment-grade fixed income

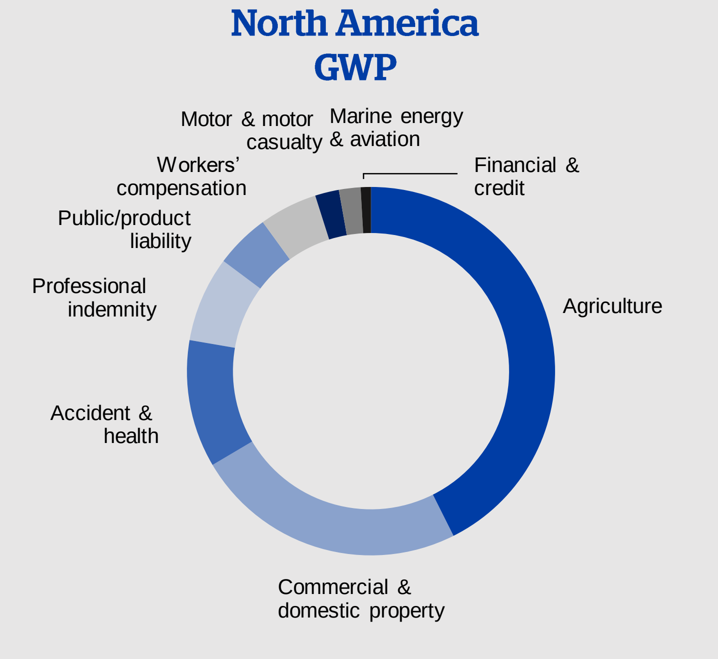
1. Indicative APRA PCA calculation as at 30 June 2020
2. $495M net of transaction costs

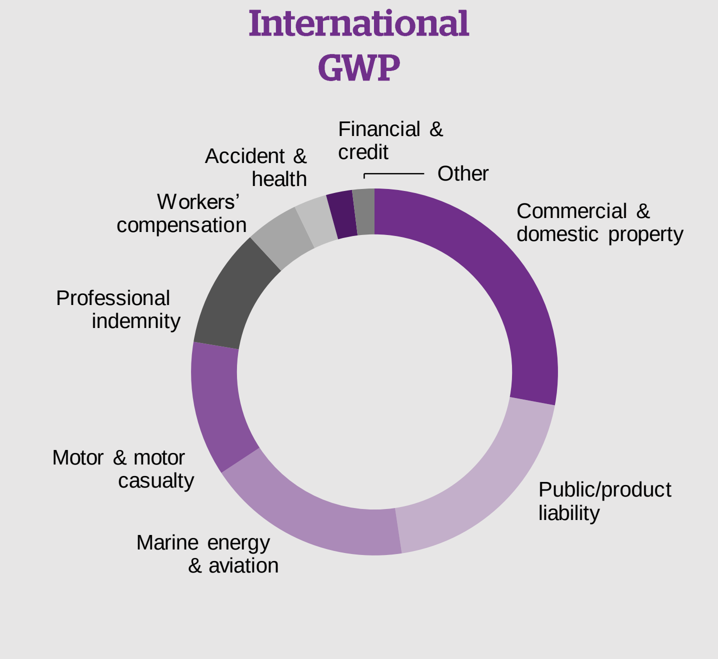
Global coverage

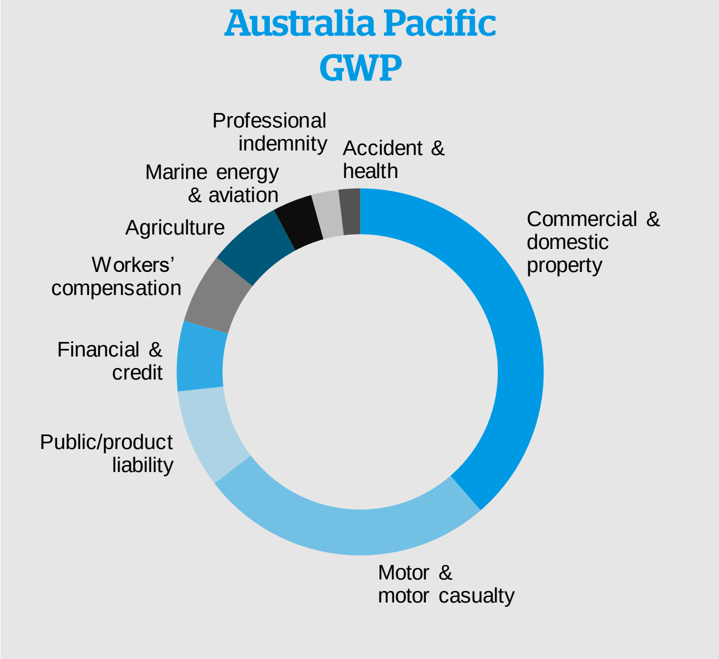
QBE operates in 3 segments with insurance operations in 27 countries globally

QBE is an international general insurance and reinsurance company, with meaningful operations in the major insurance hubs. QBE is listed on the Australian Securities Exchange, headquartered in Sydney, Australia and regulated by APRA

QBE had Gross Written Premium (GWP) of $8.041[1] billion for the half year ended 30 June 2020 and funds under management of $24.4 billion as at 30 June 2020







1. Excludes impact of COVID-19

Balance sheet management

Strong capital

Ratings strength

Globally regulated

Lower gearing

Maintaining strong capital position

- PCA multiple at 1.80x[1] (1.6x-1.8x target range)
- Remains above S&P 'AA' minimum levels

Ratings

- S&P, Moody's, Fitch and AM Best affirmed[2] QBE Group's credit ratings
- Ratings are supported by the Group's globally diversified multiline business, strong market positions and robust balance sheet

Regulatory

- QBE is regulated by key global regulators in Australia, UK, Europe, USA and Bermuda

Reducing debt

- Debt to equity ratio down from 40.8% at December 2017 to 30.2%[3] at 30 June 2020

1. Indicative APRA PCA calculation as at 30 June 2020
2. Ratings for Fitch and S&P affirmed in 1H20. AM Best and Moody's to assign rating actions in 2H20
3. Allows for the post balance date reclassification of 2017 perpetual capital notes out of borrowings and into equity

Rating agencies

QBE is rated by 4 major rating agencies

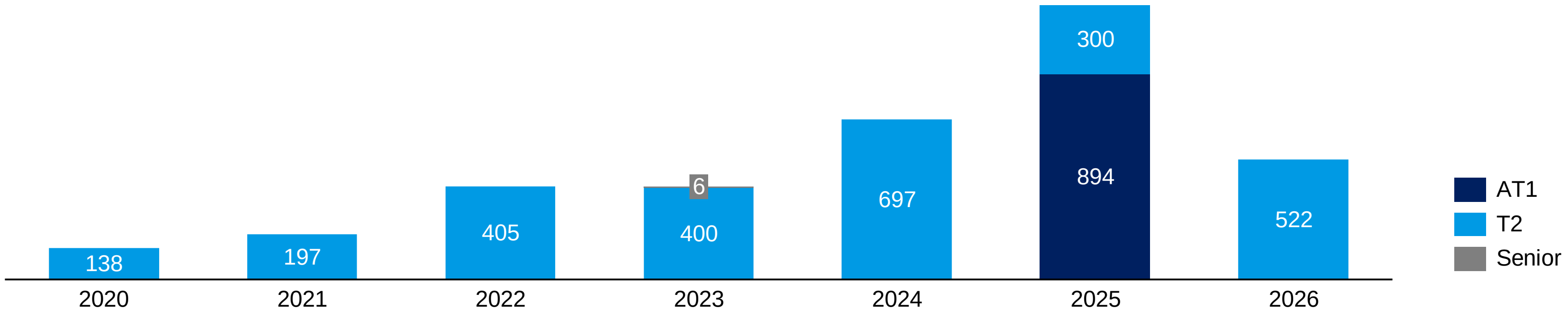
	Long term FSR[1]	Debt issue ICR[2]	Outlook	Rating affirmation
S&P Global Ratings	A+	A-	Stable	July 2020
Moody's	A1	A3	Stable	April 2019
Fitch Ratings	A+	A-	Stable	May 2020
AM Best	A	bbb+	Stable	July 2019

1. Insurance Financial Strength ratings (FSR) : reflects ability of an insurer to meet its obligations and claims. FSR is applicable to operating insurance entities. QBE Insurance Group Limited as the holding company is rated two notches lower
2. Debt ratings: reflects ability of the company to pay the security holder's interest in addition to principal repayment

Fixed income issuance profile

Date to first call ($M)

weighted average maturity: 4.5 years



	Issued instruments[1]	Issue date	First call date	Coupon	Balance sheet value[2] ($M)	Maturity date
Additional Tier 1 (AT1)	Capital Notes[3]	Nov-17	May-25	5.250%	399	Perp
	Capital Notes	May-20	May-25	5.875%	495	Perp
Subordinated (Tier 2)	AUD 25NC5	Sep-15	Sep-20	3M BBSW + 4.00%	138	Sep-40
	USD 30NC10	May-11	May-21	7.250%	167	May-41
	GBP 30NC10	May-11	May-21	7.500%	30	May-41
	GBP 26NC6	May-16	May-22	6.115%	405	May-42
	USD 27NC7	Oct-16	Nov-23	7.500%	400	Nov-43
	USD 30NC10	Nov-14	Dec-24	6.750%	697	Dec-44
	USD 30NC10	Nov-15	Nov-25	6.100%	300	Nov-45
	USD 30NC10	Jun-16	Jun-26	5.875%	522	Jun-46
Senior	USD 2023 Senior	Sep-17	-	3.000%	6	May-23
Total instruments					**3,559**	

1. Subject to market conditions and to preserve flexibility, QBE may issue a new Tier 2 instrument before year end to take advantage of currently record low interest rates and to allow for upcoming potential subordinated debt redemptions over the next 12 months
2. Balance sheet value as at 30 June 2020
3. In July 2020, the terms of these instruments were amended and have been reclassified out of borrowings and into equity

Australian insurance regulatory requirements

QBE

Capital base / Tiers of capital

Common Equity Tier 1 Capital	Additional Tier 1 Capital	Tier 2 Capital

CET1 > 60% of PCA

Total Tier 1 > 80% of PCA

Total Capital Base > PCR

Source: Prudential Standard GPS 112, "Capital Adequacy: Measurement of Capital", July 2019

$M	30 June 2020
Capital base	8,775
PCA	4,875
PCA multiple	1.80x[1]

Point of non-viability loss absorption

- All Additional Tier 1 Capital and Tier 2 Capital must include loss absorption provisions (via conversion or write-down) upon a non-viability trigger event
- Both sequential (loss absorption hierarchy) and partial loss absorption amongst parity securities are permitted by APRA, unless a public sector injection of capital or equivalent support is required:

"A regulated institution may provide for Additional Tier 1 Capital instruments to be converted or written off prior to any conversion or write-off of Tier 2 Capital instruments. In these circumstances, conversion or write-off of Tier 2 Capital instruments will only be necessary to the extent that conversion of Additional Tier 1 Capital instruments has not resulted in APRA withdrawing the notice issued to the regulated institution" - Prudential Standard GPS 112, "Capital Adequacy: Measurement of Capital", July 2019

1. Indicative APRA PCA calculation as at 30 June 2020

Our approach to sustainability

We have a focus on sustainability and the identification of current and emerging environmental, social and governance (ESG) trends is an integral part of achieving our purpose, understanding the needs of our customers and ensuring the sustainability of our own business

Our Sustainability Framework helps us drive performance, manage risks and identify opportunities across the areas of sustainability that are most important to our business, customers and stakeholders

See the Sustainability section of our website for more information.

Our approach to sustainability

QBE

2020: Key achievements thus far

One of Australia's top LGBTI Employer for second year
Received Gold Employer status for second year in the Australian Workplace Equality Index (AWEI)

2020 Bloomberg Gender-Equality Index
Included in the 2020 Bloomberg Gender-Equality Index

Financial Inclusion Action Plan (FIAP)
Launched QBE's first FIAP, which contains 29 initiatives designed to address key action areas to improve financial inclusion including products & services, understanding financial vulnerability, financial capability and economic security

Recognition
Awarded Green insurer of the Year in Finder Green Awards – 2020. The award recognises our focus on reducing our environmental footprint, sourcing electricity from renewable sources for our global operations and setting emissions reduction targets

GREEN finder AWARDS 2020 INSURER OF THE YEAR

QBE Foundation
Contribution of $1.7M to charity partners addressing the global COVID-19 crisis

QBE Foundation

2020: Forward focus

Premiums4Good
Deliver on our ambition to grow our impact investments to $2 billion by 2025. Refer to the Premiums4Good section of our website for more information

Climate Change Action Plan
Continue to implement our Climate Change Action Plan (in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures). Refer to our 2019 Annual Report for more information

Sustainability Scorecard
Deliver commitments outlined in our Sustainability Scorecard which are aligned to our priority United Nations Sustainable Development Goals (SDGs):

Further information about QBE's role in the SDGs can be found in our 2019 Sustainability Report

See the Sustainability section of our website for more information