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18 December 2020

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

Dear Sir/Madam,

**QBE December 2020 Market Update Presentation**

Further to the Company's release today, 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

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', enclosed in a thin black rectangular border.

Carolyn Scobie  
**Company Secretary**

Attachment

QBE INSURANCE GROUP LIMITED

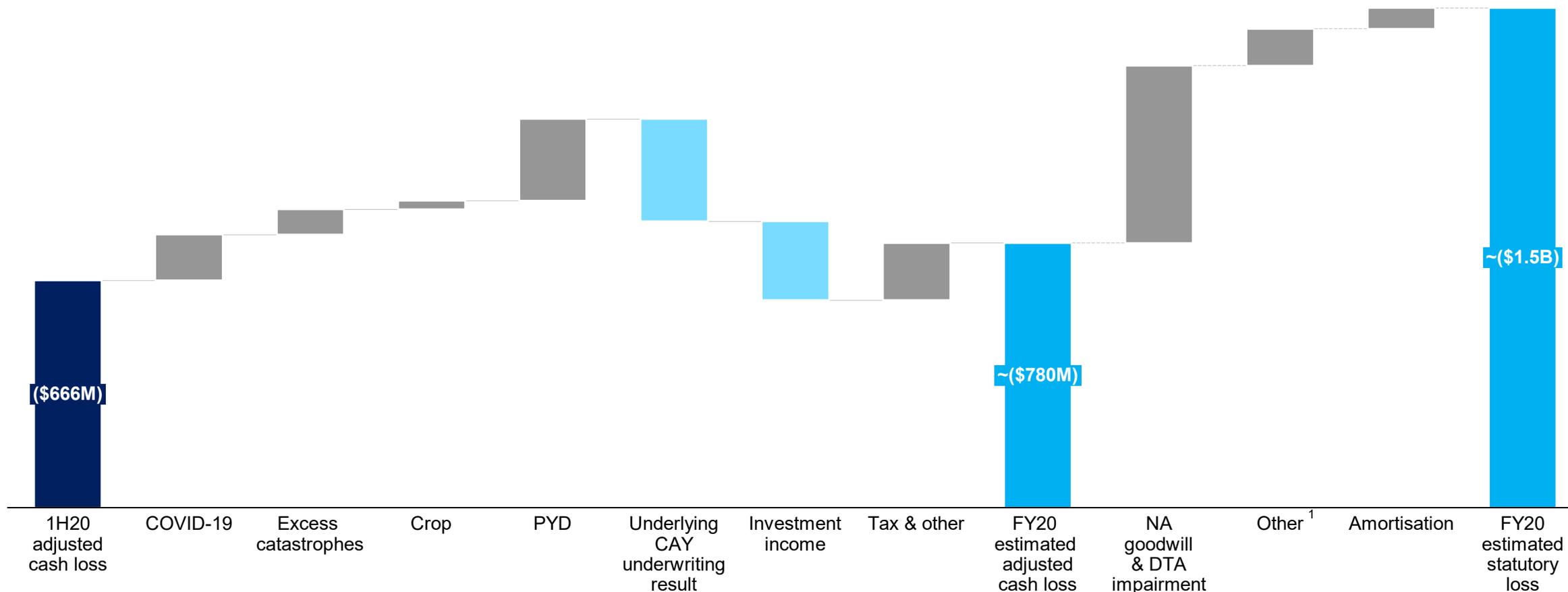
# December 2020 **Market update**

**Friday 18 December 2020**

All figures in US\$ unless otherwise stated



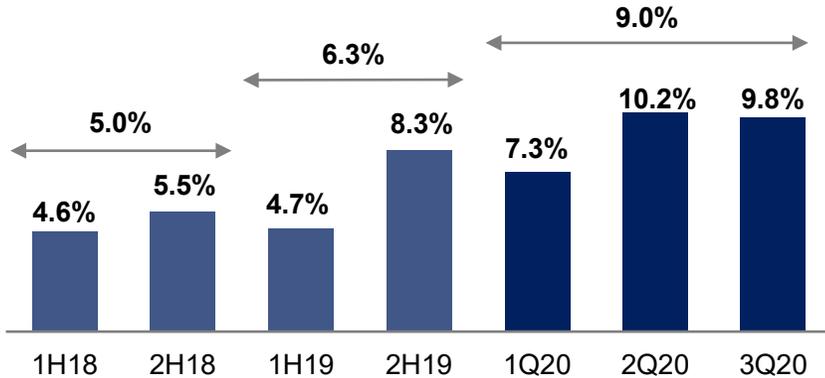
# Adjusted cash loss after tax: 1H20-FY20 (estimate)



1. Includes IT & real estate writedowns, restructuring charges and other one off costs

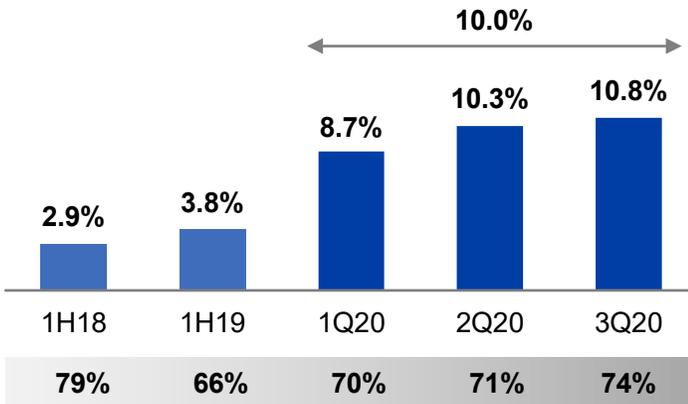
# Pricing momentum

## Accelerating Group-wide premium rate increases<sup>1</sup>

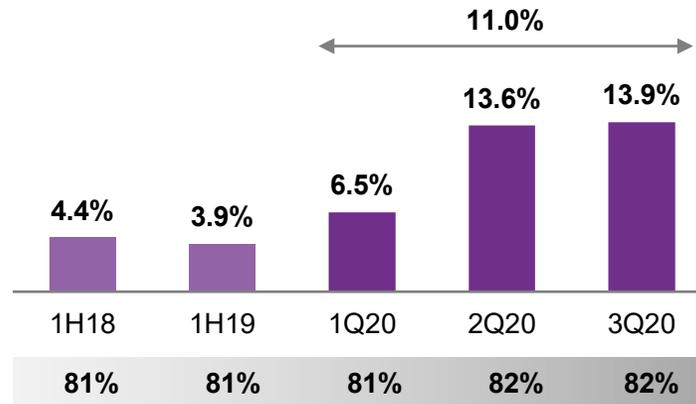


- Material increase in pricing momentum in North America and International
- Australia Pacific pricing momentum impacted by COVID-19 response: premium rate increases were reinstated on 1 October 2020
- Rate momentum has increased further across the Group in 4Q20, especially in the northern hemisphere
- Primarily driven by poor industry profitability, recent catastrophes, social inflation, cost of reinsurance and lower investment yields

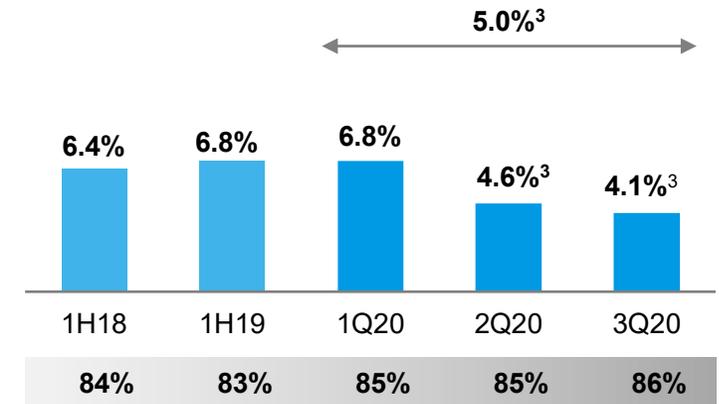
## North America<sup>2</sup>



## International<sup>2</sup>



## Australia Pacific<sup>1</sup>



1. Excludes premium rate changes relating to CTP

2. Restated for the transfer of Assumed Re from North America to International

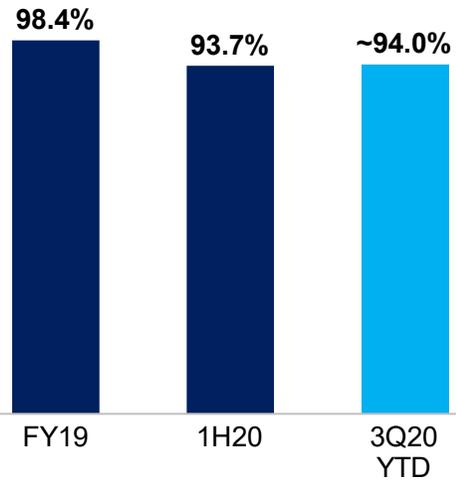
3. Adversely impacted by 2Q20 decision to temporarily suspend rate increases for business packages, commercial auto and A&H in response to COVID-19

12mth premium rate change

12mth premium retention

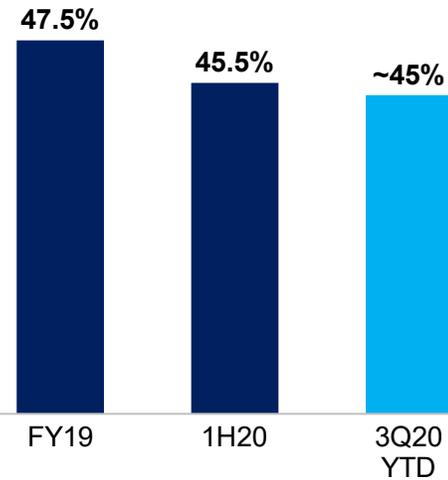
# Claims ratio analysis (ex COVID-19)<sup>1</sup>

## Underlying CAY COR<sup>2</sup>



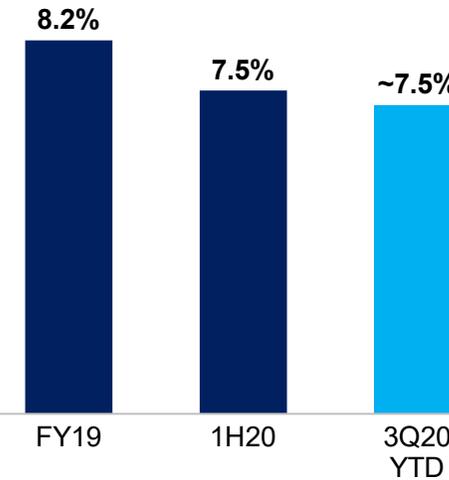
- Underlying COR trajectory broadly unchanged
- 4Q20 Crop headwind

## Attritional claims ratio<sup>3</sup>



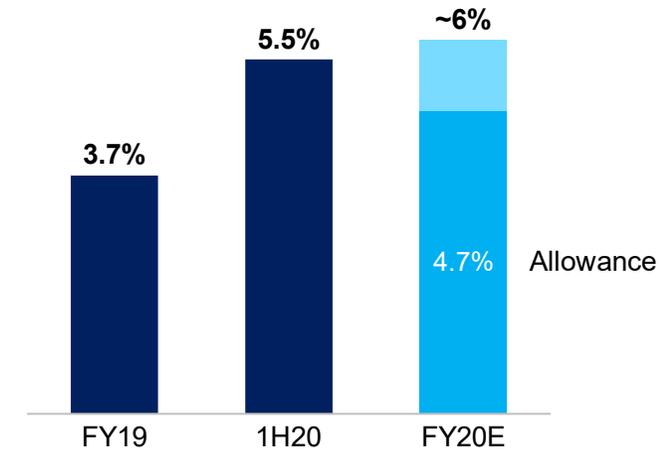
- Improvement YTD reflecting rate momentum and cell reviews

## Large claims ratio



- 4Q20 likely to be higher due to frequency and increased IBNR

## Catastrophe claims ratio

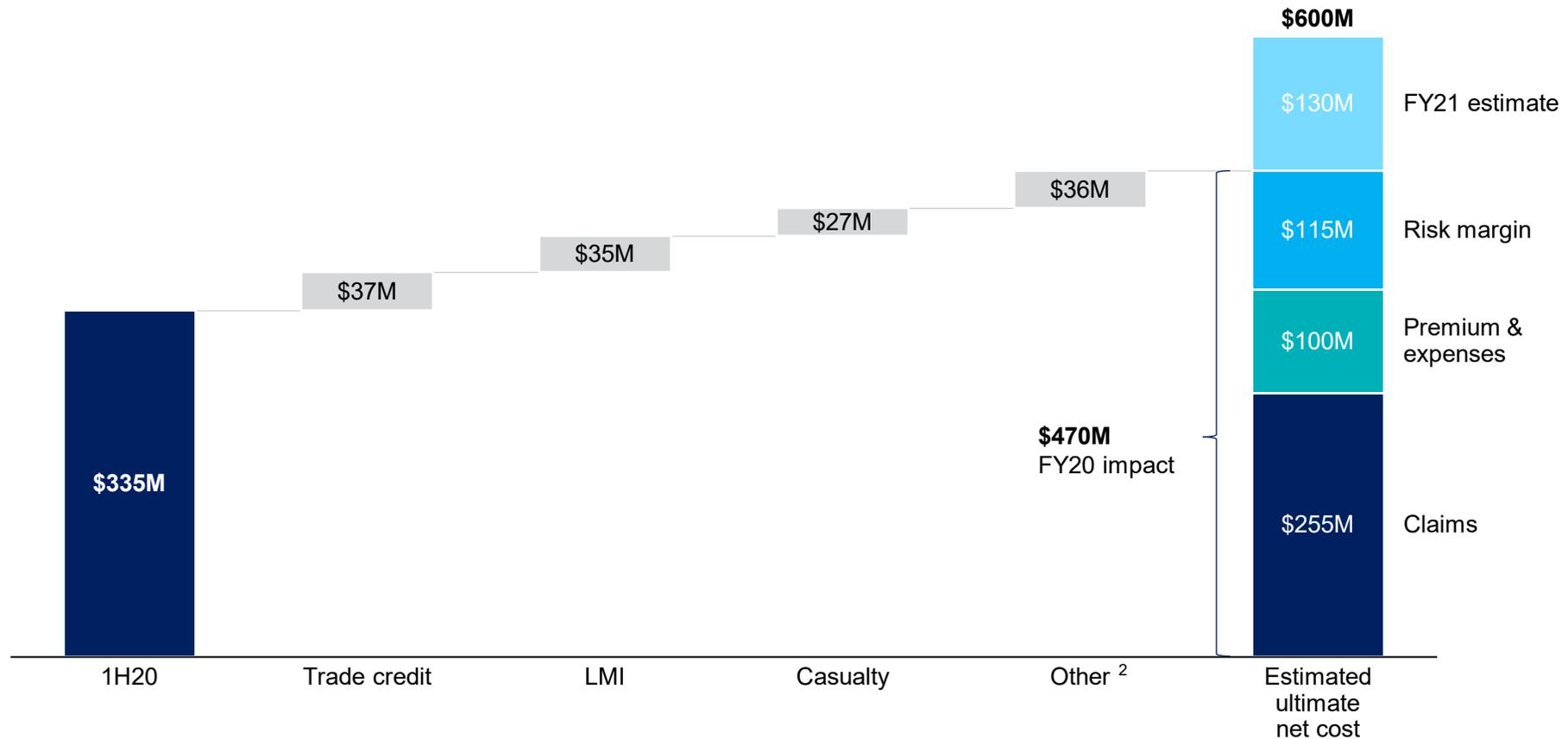


- 2H20 impacted by North American hurricanes Isaias, Laura, Sally, Delta and Zeta, US wildfires and south east Queensland hail and east coast storms/flooding

1. Prior periods presented on continuing operations and adjusted basis as presented in annual and half year reports  
 2. Excludes impact of movement in risk margins, prior accident year claims development and catastrophe claims relative to allowance  
 3. Excludes Crop and LMI

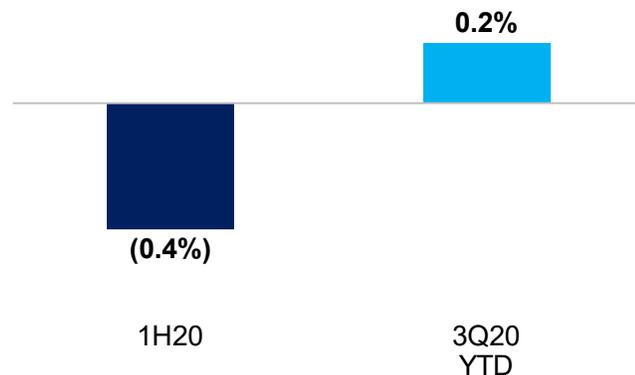
# COVID-19 estimated ultimate net cost unchanged at \$600M

## Breakdown of \$600M COVID-19 estimated ultimate net cost

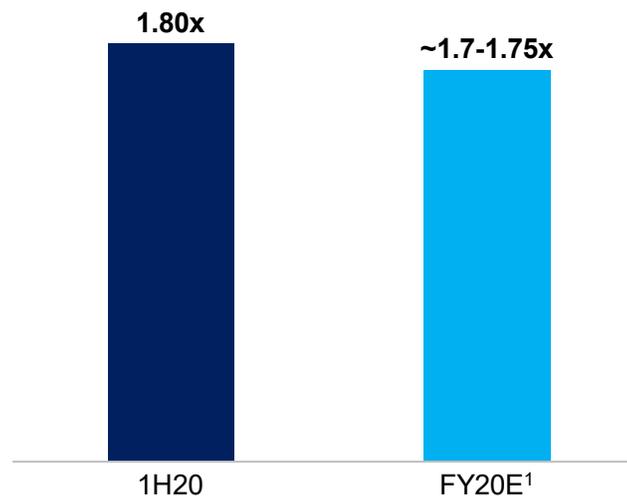


1. Net of reinsurance recoveries from the non-peak Cat XOL, whole account quota share and catastrophe aggregate reinsurance treaties  
 2. Includes premium, expenses, Australian BI and other net claims

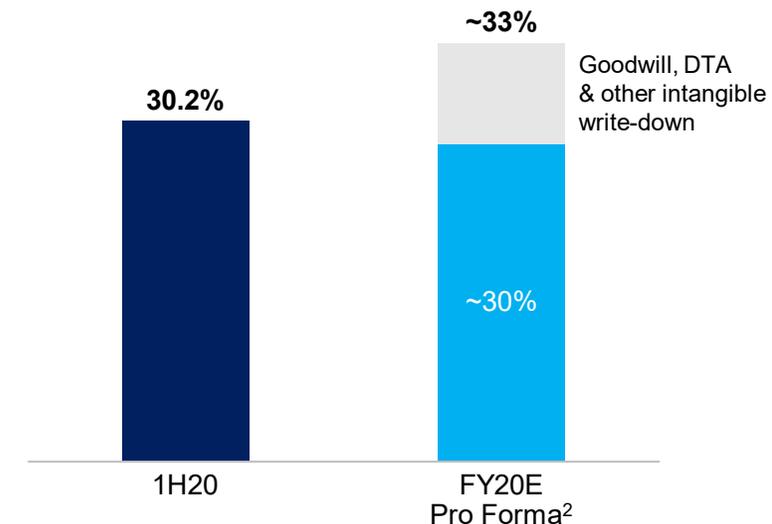
## Investment return



## PCA Multiple



## Gearing



- Credit spreads narrowed significantly in 3Q20 and 4Q20 and mark-to-market losses on core fixed income at 30 June now reversed
- Closing FUM ~\$27.4B

- PCA multiple expected to be above the midpoint of the 1.6-1.8x target PCA range

- Gearing remains within 25-35% target range
- \$197M T2 call in 2021 pre-funded

1. Estimated APRA PCA calculation at 31 December 2020  
 2. Pro forma for call of USD and GBP denominated debt in 2021

# Questions & Answers



This document (the “presentation”) is dated 18 December 2020 and has been prepared and authorised by QBE Insurance Group Limited (ABN 28 008 485 014) (the **Company** or **QBE**). The information in this presentation provides an unaudited update of results at 30 September 2020 and expectations for our results for the Financial Year ended 31 December 2020. This presentation should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange (“ASX”). Copies of those lodgements are available from either the ASX website [www.asx.com.au](http://www.asx.com.au) or QBE’s website [www.qbe.com](http://www.qbe.com).

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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. You should not 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

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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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