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11 August 2022

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

Dear Sir/Madam

Market Release for the half year ended 30 June 2022

Further to the announcement today of our results for the half year ended 30 June 2022, please find attached a market release in relation to those results.

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

Yours faithfully,

Carolyn Scobie
Company Secretary

Attachment

Half year 2022 result

"Despite the challenging operating backdrop, QBE demonstrated resilience in the period, with ongoing positive momentum across the business. We have made good early progress against our new strategic priorities, and our outlook for the remainder of the year remains positive."

Andrew Horton • Group CEO

QBE announced HY22 statutory net profit after tax of $151M, compared with $441M in HY21, reflecting adverse mark-to-market impacts on our investment portfolio, the transaction to reinsure North America Excess & Surplus (E&S) lines prior accident year liabilities, the Australian pricing promise review and an adverse risk free rate mismatch. Adjusted cash profit after tax reduced to $169 million from $463 million in the prior period.

Despite economic uncertainty, higher inflation, geopolitical tensions and record storm and flood events in Australia, QBE's underwriting performance remained resilient in the first half of 2022, with the adjusted combined operating ratio of 92.9% improving 0.4% compared to the prior period. Premium growth remains strong, with Group-wide renewal rate increases of 8.1% in the first half of 2022, which supported gross written premium growth of 18%.

QBE's indicative regulatory capital PCA multiple was 1.77x compared to 1.75x at 31 December 2021, and toward the upper end of the Group's 1.6-1.8x target range. The Board has declared an interim dividend of 9 Australian cents per share, a decrease from 11 Australian cents per share in the prior period. The strong dividend payout ratio of 57% reflects the Board's confidence around the strength of the balance sheet and positive business momentum.

Unless otherwise stated, the Group and business commentary following excludes the impact of the transaction to reinsure legacy North America E&S prior accident year liabilities, and the impact of the Australian pricing promise review.

Summary income statement and underwriting performance

FOR THE HALF YEAR ENDED 30 JUNE		STATUTORY 1H22	ADJUSTED 1H22	1H21
Gross written premium	US$M	**11,552**	**11,609**	10,203
Net earned premium	US$M	**6,789**	**7,232**	6,571
Net claims ratio (ex risk-free rate)	%	**65.4**	**66.1**	64.3
Net commission ratio	%	**15.5**	**14.5**	15.3
Expense ratio	%	**13.2**	**12.3**	13.7
Combined operating ratio (ex risk-free rate)	%	**94.1**	**92.9**	93.3
Risk-free rate impact on underwriting	US$M	**784**	**804**	205
Combined operating ratio	%	**82.5**	**81.8**	90.2
Tax rate	%	**17.7**		16.2
Net profit after income tax	US$M	**151**		441
Adjusted net cash profit after income tax	US$M	**169**		463
Debt to total capital	%	**24.5**		23.7
Probability of adequacy (PoA)	%	**91.7**		92.3
Prescribed Capital Amount (PCA) multiple [1]		**1.77x**		1.73x
Return on average shareholders' equity – adjusted cash basis	%	**4.3**		11.9
Basic earnings per share – adjusted cash basis	US cents	**11.4**		34.1
Dividend per share	A cents	**9**		11.0

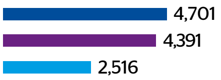
Underwriting performance

QBE's combined operating ratio improved by 0.4% to 92.9%, reflecting strong rate increases and gross written premium growth, lower catastrophe costs and material improvement in total acquisition costs, partially offset by adverse prior accident year development.

Gross written premium (US$M)

11,609

18% from 2021



GWP momentum continues with Group growth of 18% on a constant currency basis, or 13% excluding Crop. Growth continued across all divisions, with North America, International and Australia Pacific achieving growth of 24%, 19% and 6% respectively.

Average renewal premium rate increase

Group

+8.1%

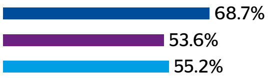
North America	+10.4%
International	+7.0%
Australia Pacific	+9.1%

Group-wide premium rate increases averaged 8.1% during the half compared with 9.7% in 1H21, with strong rate increases achieved across each division. Some moderation is present in classes which have experienced prolonged compound rate increases.

Ex-cat claims ratio

58.4%

2021 58.1%

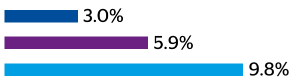


The ex-cat claims ratio increased by 0.3% due to the impact of higher inflation, some lift in frequency as economic activity picked up, large commercial property claims in North America and non-catastrophe weather related claims in Australia Pacific.

Catastrophe claims ratio

6.3%

2021 7.0%

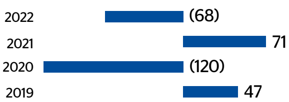


The net cost of catastrophe claims improved to $454 million or 6.3% of NEP compared to 7.0% in 1H21, though was slightly ahead of the first half allowance of $442 million. Catastrophe costs included a $75 million allowance for the Russia/ Ukraine conflict.

Prior accident year claims development (US$M)

(68)

2021 71

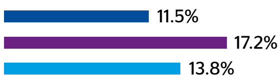


Adverse prior accident year claims development of $68 million compared with a $71 million release in the prior period, and was primarily due to strengthening in European business interruption liabilities, financial lines, discontinued programs and higher inflation allowances for certain classes.

Net commission ratio

14.5%

2021 15.3%



The net commission ratio reduced to 14.5% from 15.3% in the prior period, primarily due to higher quota share income, particularly from the increased Crop quota share, and favourable business mix.

Expense ratio

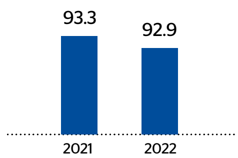
12.3%

2021 13.7%

The Group's expense ratio improved to 12.3% from 13.7% in the prior period, reflecting disciplined cost management, favourable business mix and ongoing operating leverage as a result of strong premium growth.

Combined operating ratio

92.9%



The Group reported a combined operating ratio of 92.9% compared with 93.3% in the prior period, which reflected strong rate increases and premium growth, lower net catastrophe costs, and a material improvement in total acquisition costs.

● North America ● International ● Australia Pacific

Investment portfolio performance

The total investment loss for the first half was $(840) million or (3.0)%, compared with return of $58 million or 0.2% for the prior period. The result was materially impacted by unrealised losses associated with the significant increase in bond yields during the period.

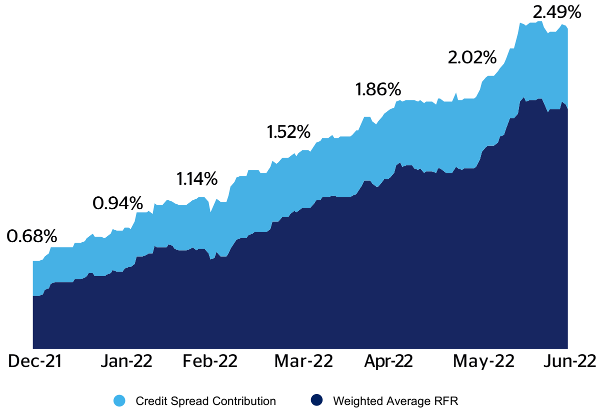
Adjusting for the impact of changes in risk-free rates on fixed income securities, the total investment return was $14 million or 0.1% for the half, a decrease from 0.7% in the prior period. In fixed income, the core yield from the portfolio was almost fully offset by adverse credit spread marks, and within risk assets, the returns from infrastructure and unlisted property were largely offset by unrealised losses on equities and enhanced fixed Income.

The recalibration in bond yields has however, resulted in a material increase in the exit running yield of our fixed income portfolio from 68bps to 249bps, which should enhance future investment returns. The 1H22 exit running yield of 2.49% alongside QBE's expected risk asset return of ~5.5% would equate to a forward annualised total investment return of ~2.8%.

1H22 investment return

	$M	FIRST HALF RETURN %
FI yield (ex risk-free rate)	214	0.8
Credit spreads MTM	(208)	(0.8)
Risk assets	(9)	(0.4)
Expenses and other	17	0.1
Net return (ex risk-free rate)	**14**	**0.1**
Asset risk-free rate impact	(854)	(3.1)
Net return	**(840)**	**(3.0)**

Fixed income running yield



Strategic priorities

QBE Group CEO, Andrew Horton, said; "Launched in February 2022, we have made pleasing progress against our new strategic priorities, which have been designed to support our new purpose, enabling a more resilient future, and our new vision, to be the most consistent and innovative risk partner."

"We have two Group Executives responsible for the delivery of each strategic priority, and have established a number of workstreams across the organisation to embed our new purpose. The new priorities are resonating with our people, which is evident in our latest QBE Voice people survey, and will ultimately support great outcomes for our customers and partners."

"Over the half we placed significant focus on our North America operations. We have materially simplified the business and I am confident we have the right strategy and team in place to drive a sustained improvement in performance."

Further information related to the focus of each strategic priority, and the progress we are making is detailed on page 6 of QBEs 2022 Half Year Report.

Portfolio optimisation

Bring the enterprise together

Our people

Sustainable growth

Modernise our business

Our culture

Outlook

Gross written premium	Combined operating ratio	Investment returns
FY22 constant currency GWP growth expected at around 10%	Improve on FY21 'exit' COR of ~94% in FY22 Consistent low to mid 90s COR through the cycle	1H22 exit running yield alongside QBE's expected risk asset return support an exit total investment return of ~2.8%

Result presentation

Group CEO, Andrew Horton, and Group CFO, Inder Singh, will host a result briefing today (Thursday 11 August 2022) at 9:30am (AEST). Access details are below.

Webcast and conference call

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

Register for this briefing:

Webcast (watch or listen only): https://webcast.openbriefing.com/8918/

Teleconference (Q&A participation): https://s1.c-conf.com/DiamondPass/10023426-h76e5f.html

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

Contact details

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Basis of presentation (unless otherwise stated)

1. All figures are in US dollars.
2. Combined operating ratios (COR), net claims ratio and underwriting results exclude the impact of changes in risk-free rates used to discount net outstanding claims.
3. 2022 figures exclude transaction to reinsure North America Excess & Surplus (E&S) lines liabilities, as well as the charge in relation to the Australian pricing promise review.
4. Premium growth rates are quoted on a constant currency basis.
5. Premium rate change excludes North America Crop and/or Australian compulsory third party motor (CTP).
6. Adjusted net cash profit after tax adjusts statutory net profit for Additional Tier 1 capital coupon accruals, as well as any gains on disposal, amortisation or restructuring costs.
7. Prior accident year claims development excludes North America Crop development that is matched by premium cessions under the MPCI scheme, as well as International development that is matched by premium adjustments.
8. APRA PCA calculations at 30 June 2022 are indicative. Prior year calculation is reported on a pro forma basis and has been updated to be consistent with APRA returns finalised subsequent to year end.

Disclaimer