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5 May 2022

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

Dear Sir/Madam

**PERFORMANCE UPDATE**

Please find attached an announcement for release to the market.

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

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', followed by a period.

Carolyn Scobie  
**Company Secretary**

Attachment



# QBE

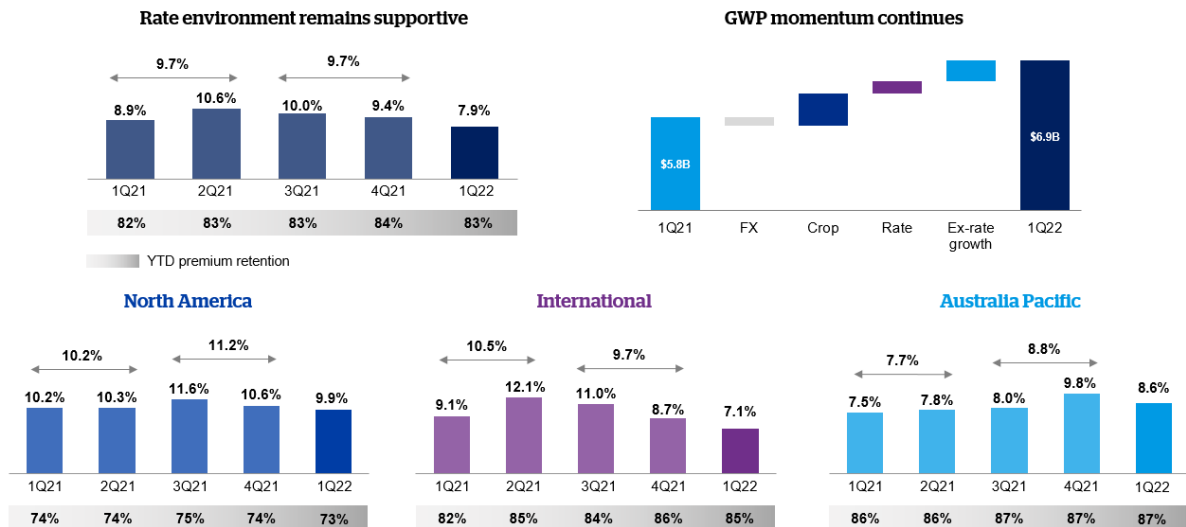
## MARKET RELEASE

5 May 2022

### PERFORMANCE UPDATE

Growth in gross written premium remained strong in 1Q22, up 19% on the prior corresponding period, or 22% in constant currency. Group-wide renewal rate increases averaged 7.9% in 1Q22, while growth ex-rate of 18% was substantial, albeit supported by growth in segments such as Crop and QBE Re where gross written premium is heavily weighted to the first quarter. Excluding Crop, Group gross written premium increased by 15%, with ex-rate growth of 10%.

QBE currently estimates that Crop gross written premium will be ~\$3.3B in FY22, a significant increase from \$2.7B in FY21. At this increased size, QBE has placed an external quota share on the 2022 underwriting year to manage net retention, and Crop net earned premium is expected to be ~\$1.3-1.4B in FY22 from \$1.2B in FY21.

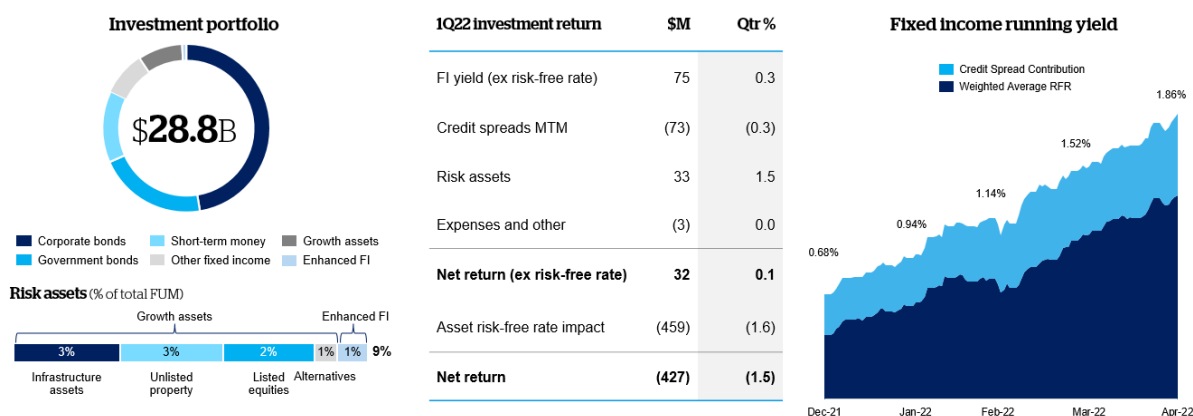


Elevated catastrophe experience continued in 1Q22, including widespread flooding and storms across the east coast of Australia and Storm Eunice in the UK and Europe. Natural catastrophe claims for the quarter were however in line with the 1Q22 allowance. QBE currently expects to have some exposure to the broader Russia/Ukraine conflict across a number of lines such as political violence, political risk and aviation. While the situation remains dynamic, potential net impact is currently estimated at around \$75M, and the ultimate impact from the conflict will be reported in catastrophe costs.

QBE has entered into a transaction (subject to regulatory approvals) to reinsure legacy North American Excess and Surplus (E&S) lines prior accident year liabilities. The transaction will reduce the Group's exposure to further reserve volatility in this run-off portfolio, and is currently expected to adversely impact QBE's FY22 underwriting result by ~\$50M.

QBE made progress in repositioning its investment portfolio over the quarter, with risk assets representing 9% of total investment assets at 31 March 2022. Risk free rates increased materially over the quarter resulting in a negative asset risk free rate impact of \$459M, which was broadly offset by a beneficial claims liability discount impact of \$440M.

As a result of higher risk-free rates and slightly wider credit spreads, the 1Q22 exit fixed income running yield of 1.52% increased materially on the FY21 exit running yield of 0.68%. The 1Q22 exit running yield of 1.52% alongside QBE's expected risk asset return of ~5.5% would equate to a 1Q22 exit total investment return run rate of ~2%.



Commenting on 1Q22 performance, QBE Group CEO Andrew Horton said: “Despite a number of natural catastrophes and significant geopolitical events, positive momentum experienced through FY21 continued into 1Q22, and I was pleased with QBE’s resilience through what was a turbulent operating environment. We have had a strong start to the year for gross written premium growth and will review FY22 outlook at the half-year result following the key mid-year renewal period.”

“As discussed at the recent 2021 result, our strategy centred around resilience and consistency should result in the business being capable of delivering a consistent low to mid-90s combined ratio. Based on our current view, in FY22 we continue to expect a Group combined operating ratio that demonstrates improvement on the FY21 exit combined operating ratio of ~94%.”

- ENDS -

For further information, please contact:

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**BASIS OF PRESENTATION (unless otherwise stated)**

- All figures are in US\$
- Combined operating ratios (COR) exclude the impact of changes in risk-free rates used to discount net outstanding claims
- Premium growth rates are quoted on a constant currency basis
- Premium rate change excludes North America Crop and/or Australian compulsory third party motor (CTP)
- 2021 figures exclude the impact of COVID-19 and the transaction to reinsure Australian CTP liabilities

**IMPORTANT DISCLAIMER**

The information in this update provides an overview of the performance for the quarter ended 31 March 2022.

This update 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).

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 update 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 update and QBE assumes no obligation to update such information.

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the allowance in our business plans; no reduction in premium rates in excess of our business plans; no significant change in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our 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 update.

This update does not constitute an offer or invitation for the sale or purchase of securities. In particular, this update does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any U.S. Person, or in any other jurisdiction in which such an offer would be illegal. Securities of QBE may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Persons without registration under the Securities Act or an exemption from registration.