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

19 February 2021

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

Dear Sir/Madam,

QBE Presentation on the 2020 results

Further to the Company's announcement to the market today on its results for the year ended 31 December 2020, please find attached the presentation to be delivered to investors and analysts this morning.

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

Yours faithfully

Carolyn Scobie
Company Secretary

Encl.

QBE INSURANCE GROUP LIMITED

2020

full year results

Friday 19 February 2021

All figures in US$ unless otherwise stated

Richard Pryce

Interim Group Chief Executive Officer

Performance update

QBE

Results

Combined operating ratio 104.2%[1]

COR 98.6%[1] (ex. COVID-19)

Underlying GWP growth +10%[2,3]

Attritional claims ratio down 2.9%[3,4]

Cat claims 1.1%[3] above allowance

Prior accident year claims development 3.1%[3]

Strong pricing momentum[5]

FY20 average rate increase 9.8%

Momentum accelerating – 3Q20: 9.8% and 4Q20: 12.6%

Continued rate increases in all regions

AusPac momentum recovering post COVID-19 pricing relief initiatives

Investments

Net investment return of 0.9%[6]

Credit spreads narrowed significantly in 2H20

1H20 mark-to-market losses on core FI more than recovered

Closing funds under management $27.7B

Conservative asset allocation

Balance sheet

Strong balance sheet

Regulatory capital at 1.72x, above the mid-point of our range

Capital above S&P 'AA' level

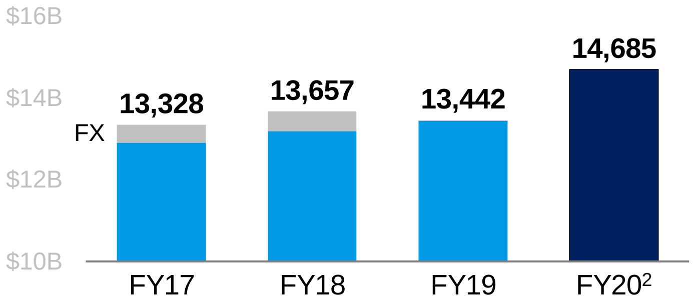
Pro forma gearing 32.4%[7]

Head Office liquidity $1.2B[7]

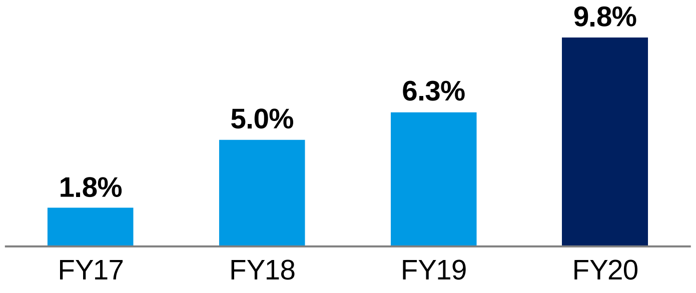
1. Excludes impact of changes in risk-free rates used to discount net outstanding claims
2. Constant currency basis and excludes impact of 2019 disposals
3. Excludes impact of COVID-19
4. Excludes Crop and lenders' mortgage insurance (LMI)
5. Excludes premium rate changes relating to North America Crop and Australian compulsory third party motor (CTP)
6. Includes FX gains (losses) and other income (expenses)
7. Pro forma adjusting for $200M pre-funded debt repayment to be completed in March 2021

Results snapshot[1]

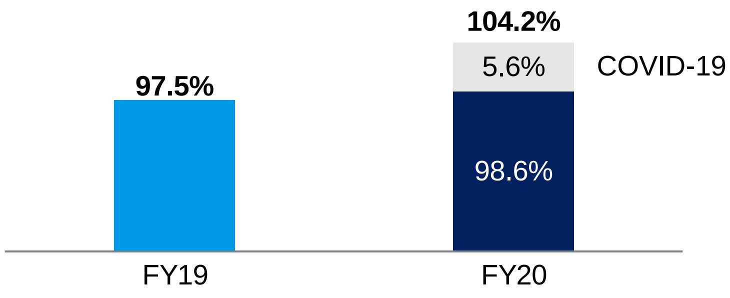
Gross written premium ($M)



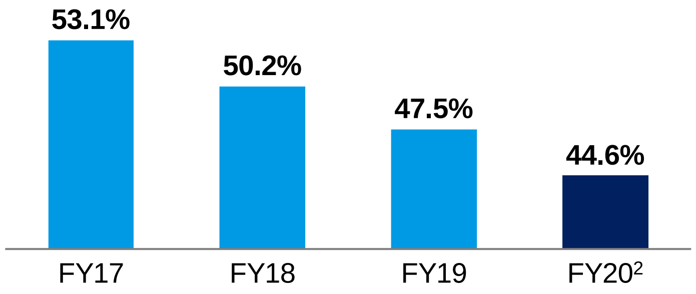
Premium rate increases[3]



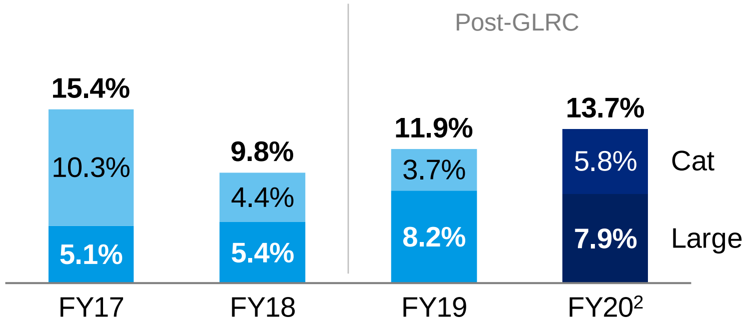
Combined operating ratio[4]



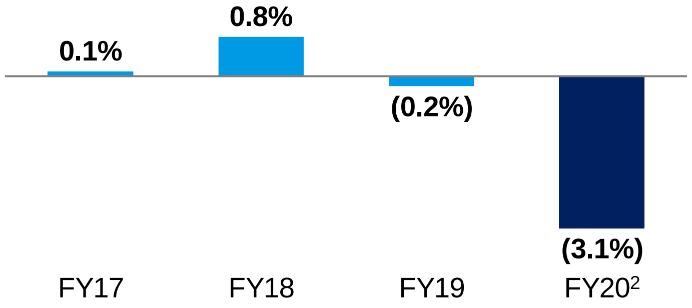
Attritional claims ratio[5]



Large risk & catastrophe claims ratio



Prior accident year development

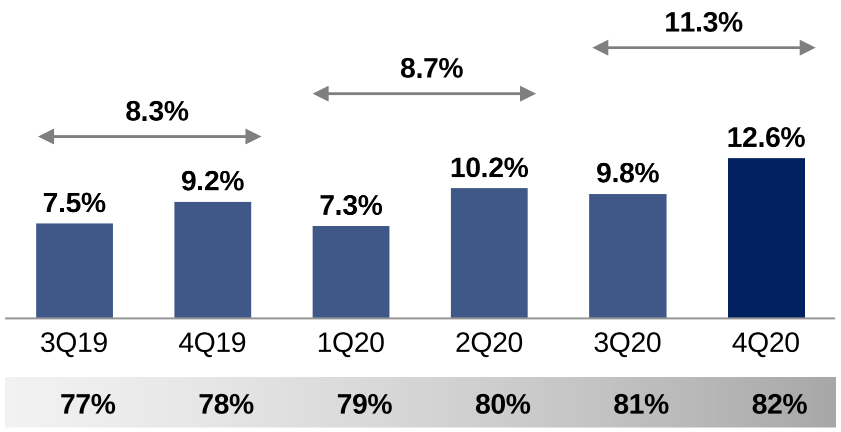


1. Prior periods presented on continuing operations and adjusted basis as presented in annual reports
2. Excludes impact of COVID-19
3. Excludes premium rate changes relating to North America Crop and Australian CTP
4. Excludes impact of changes in risk-free rates used to discount net outstanding claims
5. Excludes Crop and LMI

Pricing momentum

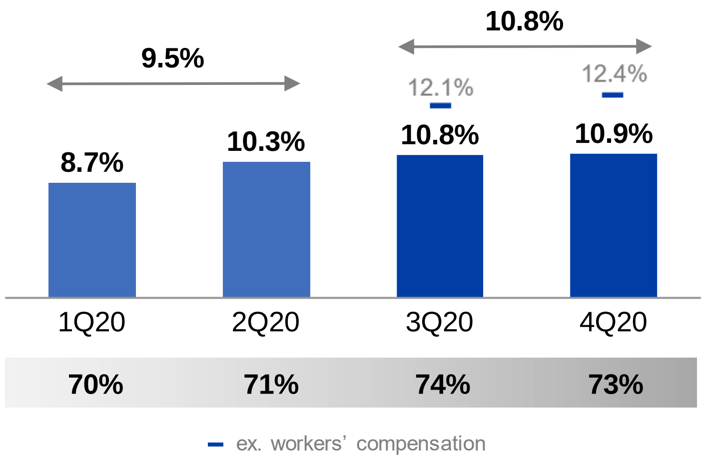
QBE

Continued group-wide premium rate increases[1]

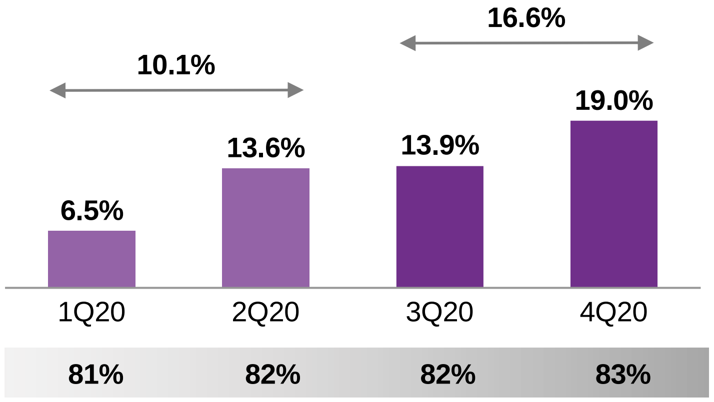


- Strong premium rate increases globally
- Material increase in pricing momentum across 2020, particularly in North America and International
- Australia Pacific pricing momentum impacted by COVID-19 response

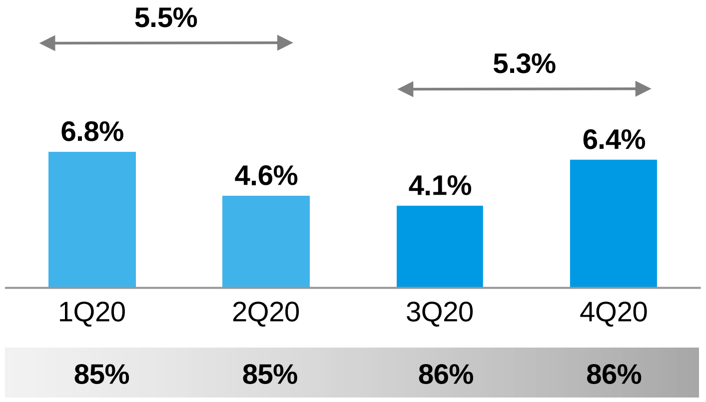
North America[1,2]



International[2]



Australia Pacific[1]



1. Excludes premium rate changes relating to North America Crop and/or Australian CTP
2. Restated for the transfer of North America's inward reinsurance business to International

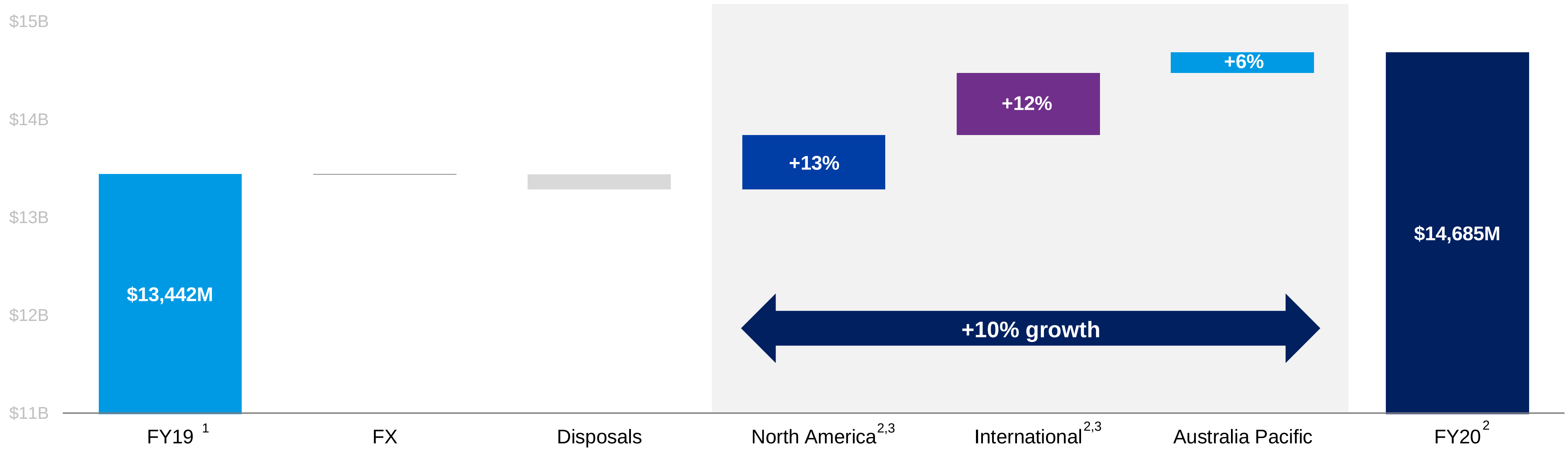
12mth premium rate change

12mth premium retention

Gross written premium

Underlying growth of +10%

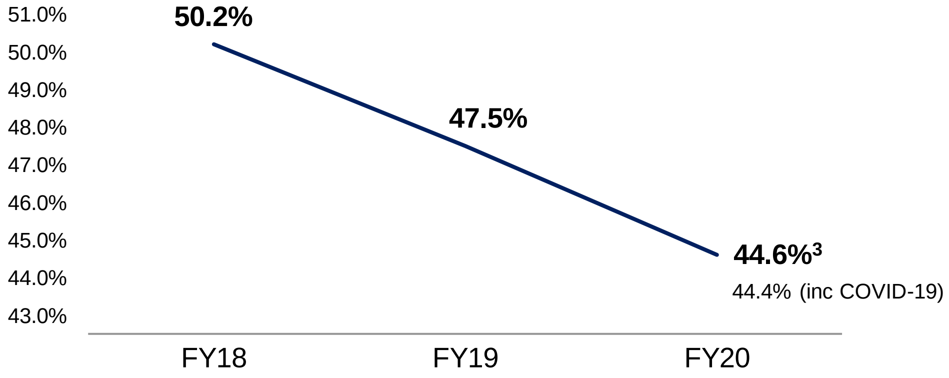
4% 'real' (volume) growth



1. Continuing operations basis
2. Excludes impact of COVID-19
3. Restated for the transfer of North America's inward reinsurance business to International

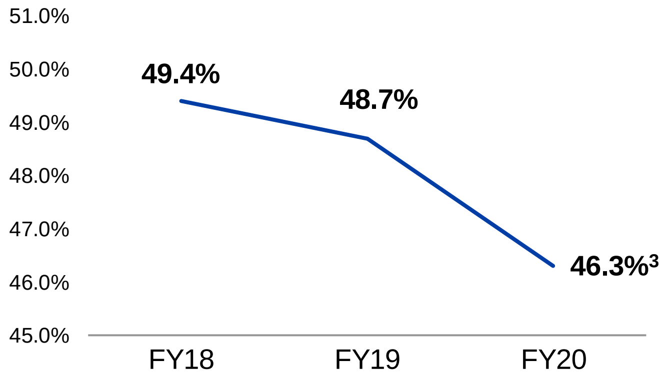
Attritional claims ratio[1]

Group[2]

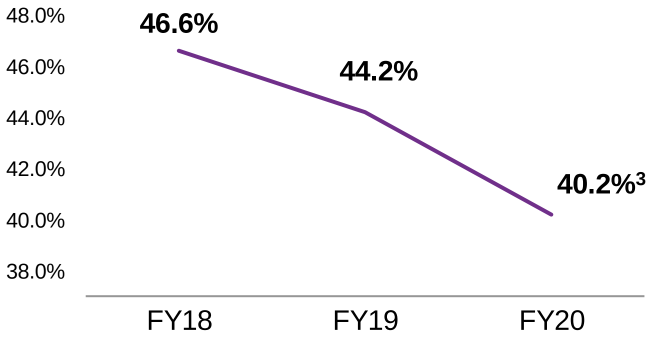


- 9.7%[3] improvement from 54.3% peak in 2H17
- Continued improvement across all divisions
  - Significant improvement in International reflects strong pricing momentum
  - Slightly positive impact from COVID-19 net of frequency benefits
  - North America FY20 improvement despite mix and higher CAY loss picks

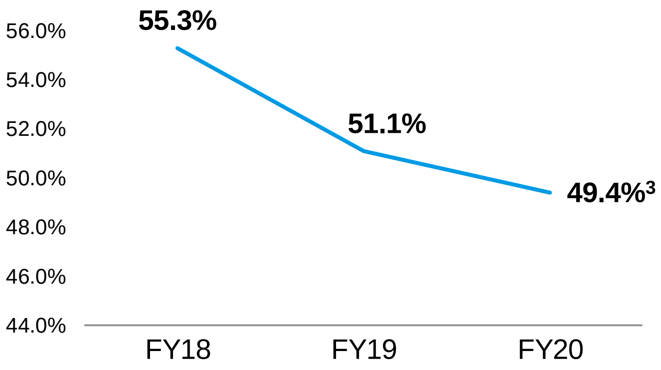
North America[2,4]



International[4]



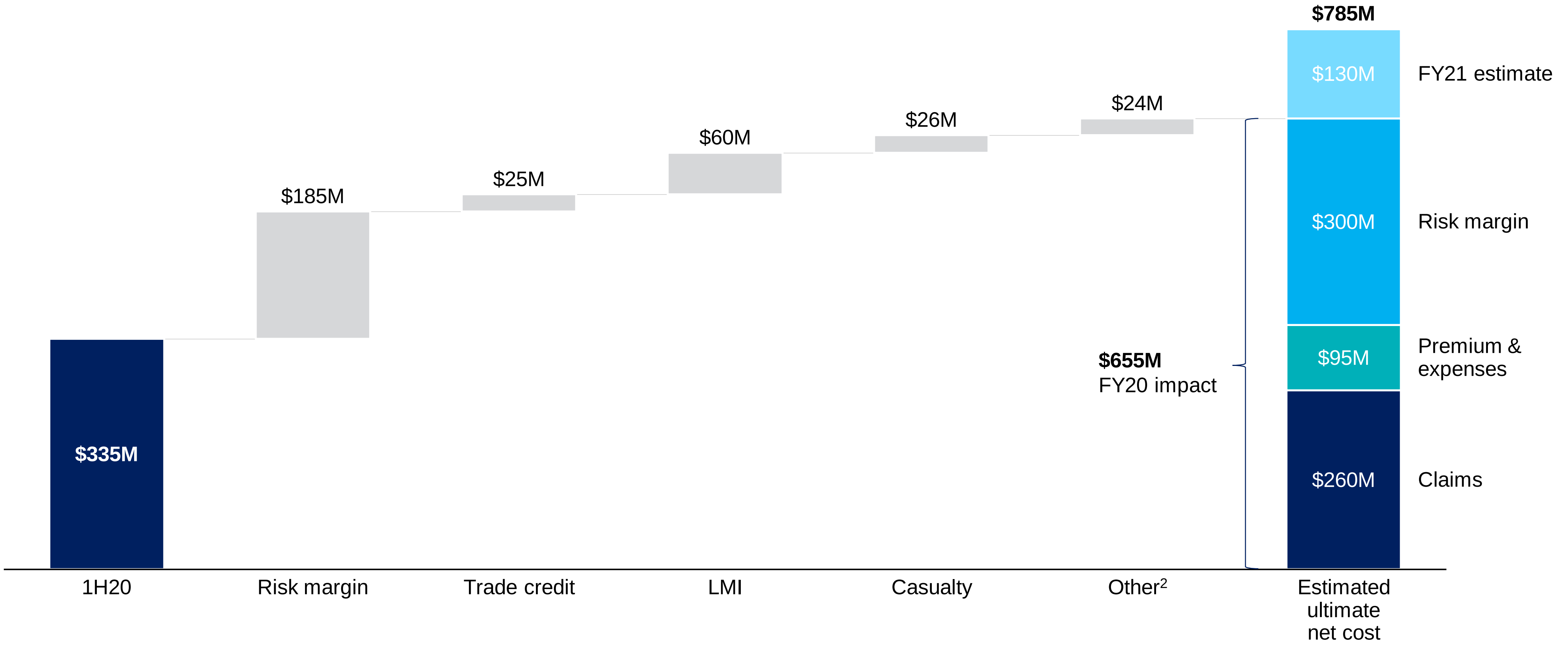
Australia Pacific[2]



1. Prior periods presented on continuing operations and adjusted basis as presented in annual reports
2. Excludes Crop and/or LMI
3. Excludes impact of COVID-19
4. Restated for the transfer of North America's inward reinsurance business to International

COVID-19 estimated ultimate cost[1]

Breakdown of $785M COVID-19 estimated ultimate net cost



1. Net of COVID-19 frequency benefits and reinsurance
2. Includes premium, expenses, Australian business interruption and other net claims

COVID-19 impact: business interruption

Business Interruption (BI)

North America

Exposure minimal

- Requires physical damage AND all policies have explicit virus exclusions

- Protected by quota share and peak cat XOL reinsurance

International

Exposure understood and protected

- UK insurance BI claims capped at $70M net

- Protected by quota share, non-peak cat XOL and cat aggregate reinsurance

- No event cancellation insurance

Australia Pacific

Exposure uncertain - downside protected

- Special leave sought to appeal Quarantine Act ruling, additional test cases on policy wordings to be heard in 2021

- Protected by quota share, non-peak cat XOL, cat aggregate reinsurance and substantial risk margins

Inder Singh

Group Chief Financial Officer

Financial results summary[1]

Operating results

		FY19[1]	FY20	FY20 (ex. COVID-19)
Gross written premium	$M	13,442	14,643	14,685
Net earned premium	$M	11,609	11,708	11,785
Net claims ratio (ex discount rate)	%	67.3	73.1	67.8
Net commission ratio	%	15.6	16.1	16.1
Expense ratio	%	14.6	15.0	14.6
COR (ex discount rate)	**%**	**97.5**	**104.2**	**98.6**
Net investment yield[2]	%	4.4	0.9	
Net profit (loss) after income tax	$M	622	(1,517)	
Adjusted cash profit (loss) after income tax[3]	**$M**	**733**	**(863)**	

1. FY19 presented on a continuing operations and adjusted basis as presented in annual reports
2. Includes FX gains (losses) and other income (expenses)
3. FY20 adjusted for Additional Tier 1 capital (AT1) coupons and excludes material non-recurring items such as restructuring costs and losses on disposals

Group combined ratio impacted by COVID-19

GWP

$14,685M[1]

10% from FY19[2]

COR[3]

98.6%

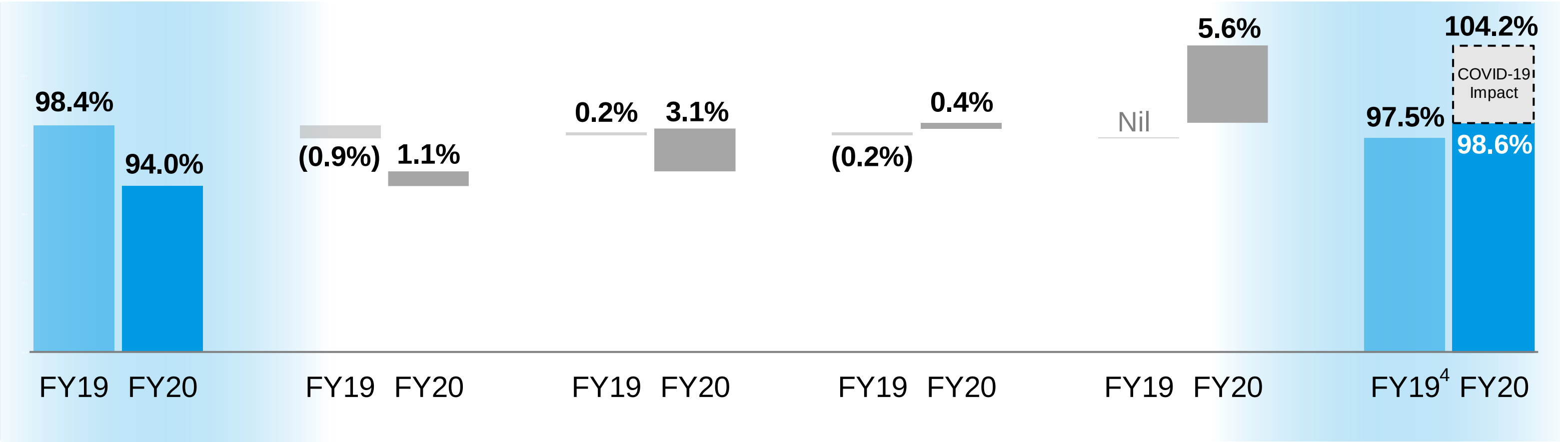
FY19 97.5%[4]

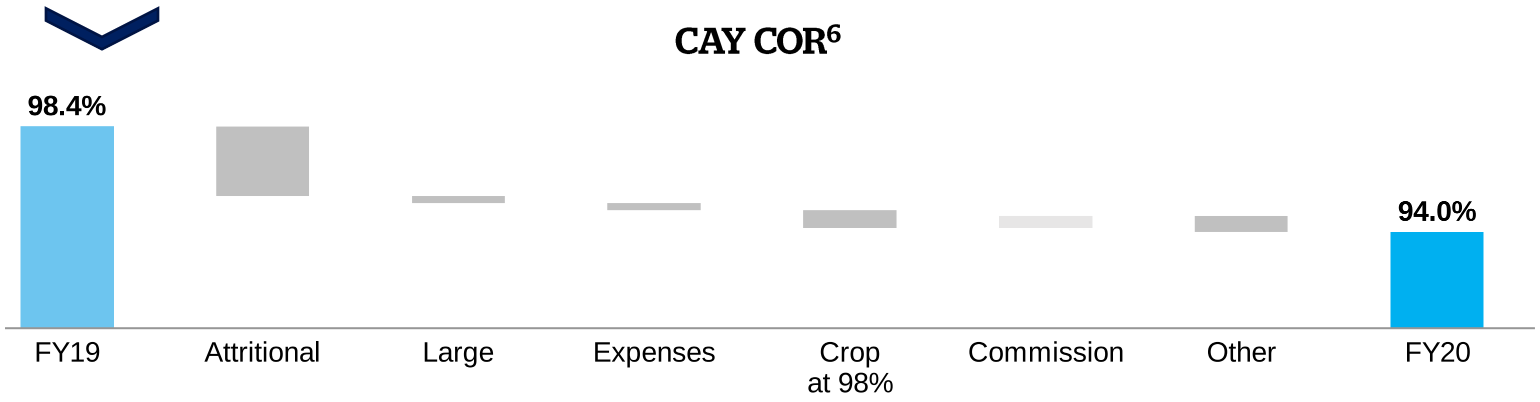
Attritional[5]

44.6%[1]

FY19 47.5%

CAY COR[1,6] + Cats vs allowance + PYD + Risk margin + COVID-19 = Reported COR[3]





1. Excludes impact of COVID-19
2. Constant currency basis and excludes impact of 2019 disposals
3. Excludes impact of changes in risk-free rates used to discount net outstanding claims
4. Excludes one-off impact of the Ogden decision in the UK
5. Excludes Crop and LMI
6. Current accident year COR adjusted to reflect catastrophe claims at allowance and excludes changes in risk margin

North America[1]

GWP

$4,775M[2]

13% from FY19[3]

COR[4]

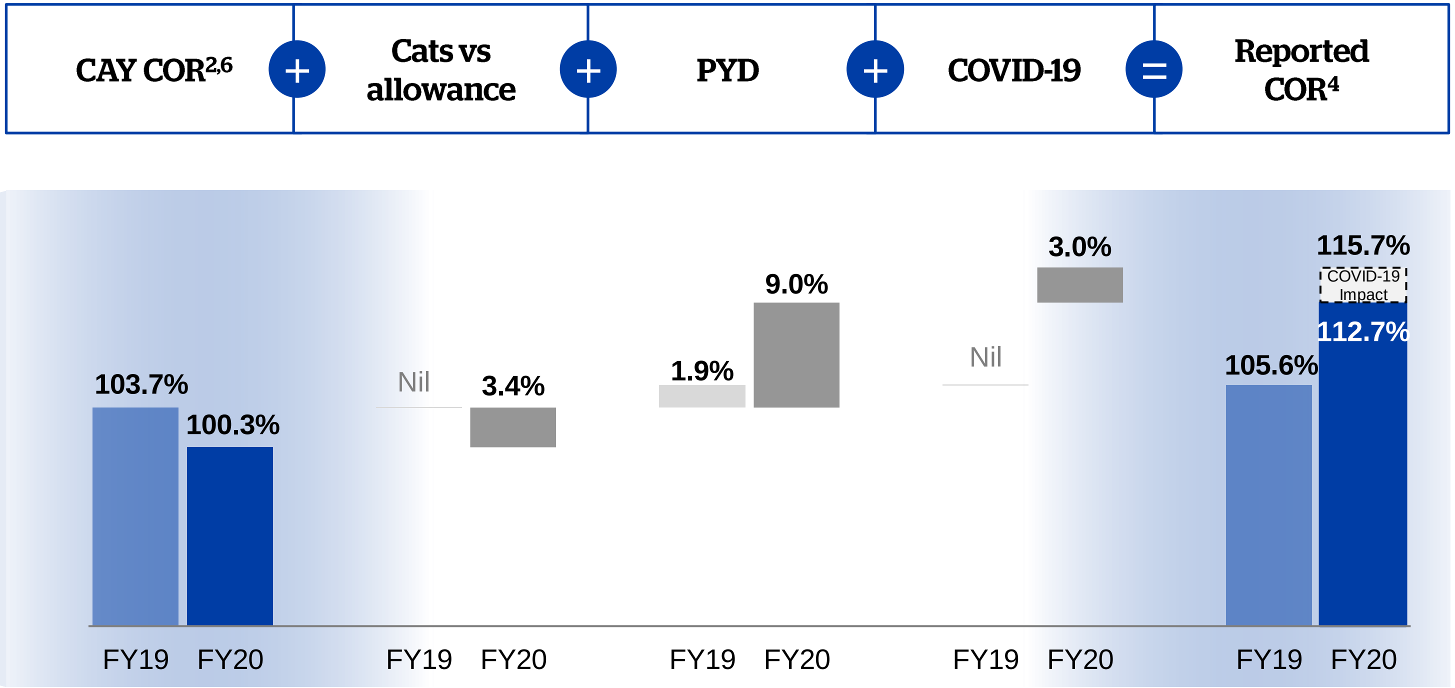
115.7%

FY19 105.6%

Attritional[5]

46.3%[2]

FY19 48.7%



- Attritional claims ratio improved by 2.4%[5]
- Large individual risk claims ratio increased by 2.3%[2]
- $305M PYD from E&S, cat claims, aviation and allowance for broader systemic risk factors
- Crop COR of 98%[2] impacted by Californian wildfires and Iowa derecho

1. FY19 restated for the transfer of North America's inward reinsurance business to International
2. Excludes impact of COVID-19
3. Excludes personal lines disposal
4. Excludes impact of changes in risk-free rates used to discount net outstanding claims
5. Excludes Crop
6. Current accident year COR adjusted to reflect catastrophe claims at allowance

International[1]

QBE

GWP

$5,856M[2]

12% from FY19[3]

COR[4]

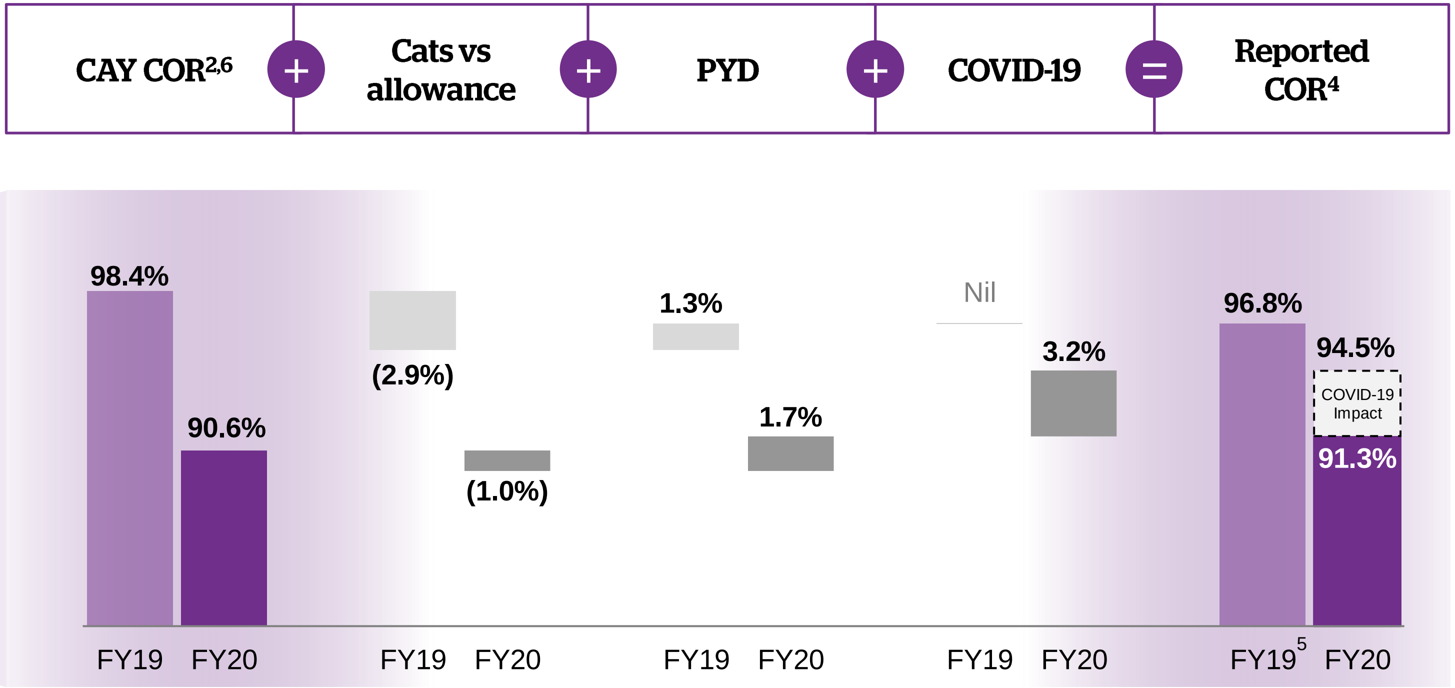
94.5%

FY19 96.8%[5]

Attritional

40.2%[2]

FY19 44.2%



- Attritional claims ratio improved 4.0%[2]
- Large individual risk and catastrophe claims below allowance
- COVID-19 impact primarily driven by business interruption
- Expense ratio improved by 1.4%

1. FY19 restated for the transfer of North America's inward reinsurance business to International
2. Excludes impact of COVID-19
3. Constant currency basis and excludes impact of 2019 disposals
4. Excludes impact of changes in risk-free rates used to discount net outstanding claims
5. Excludes one-off impact of the Ogden decision in the UK
6. Current accident year COR adjusted to reflect catastrophe claims at allowance

Australia Pacific

GWP

$4,079M

6% from FY19[1]

COR[2]

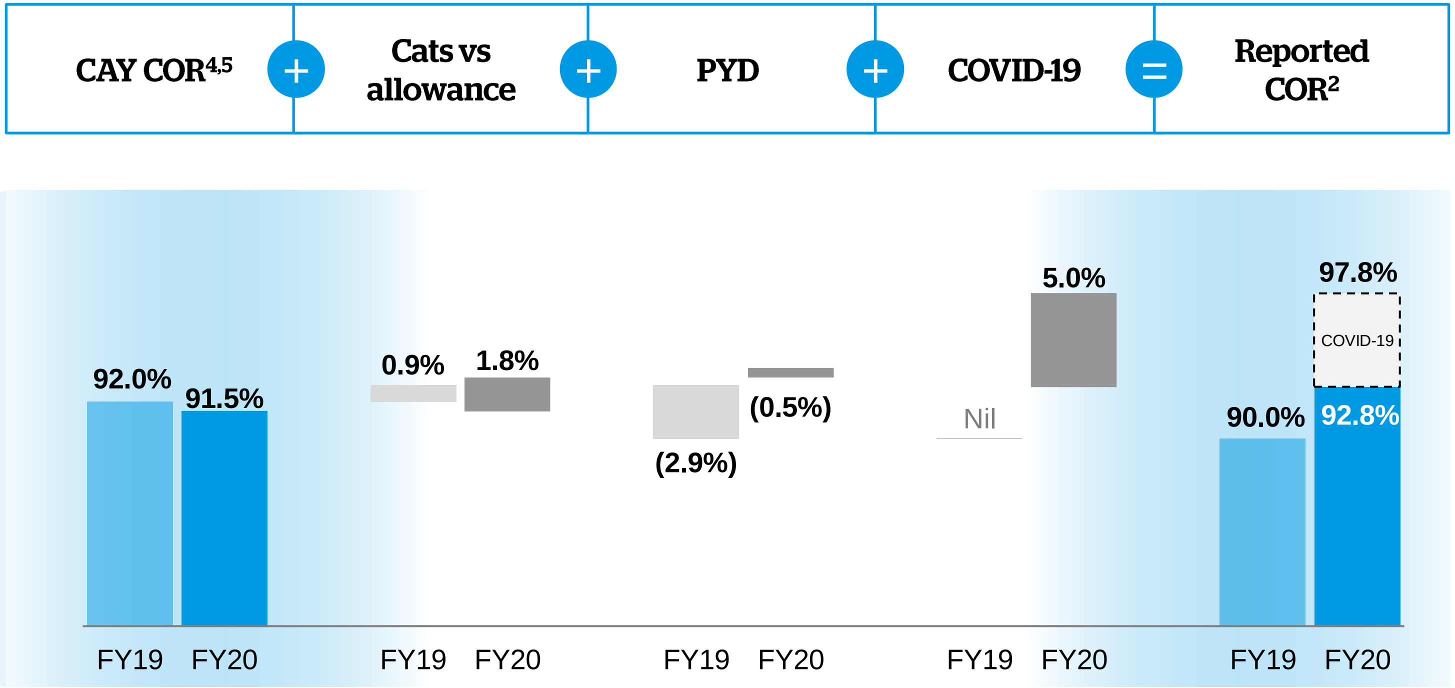
97.8%

FY19 90.0%

Attritional[3]

49.4%[4]

FY19 51.1%



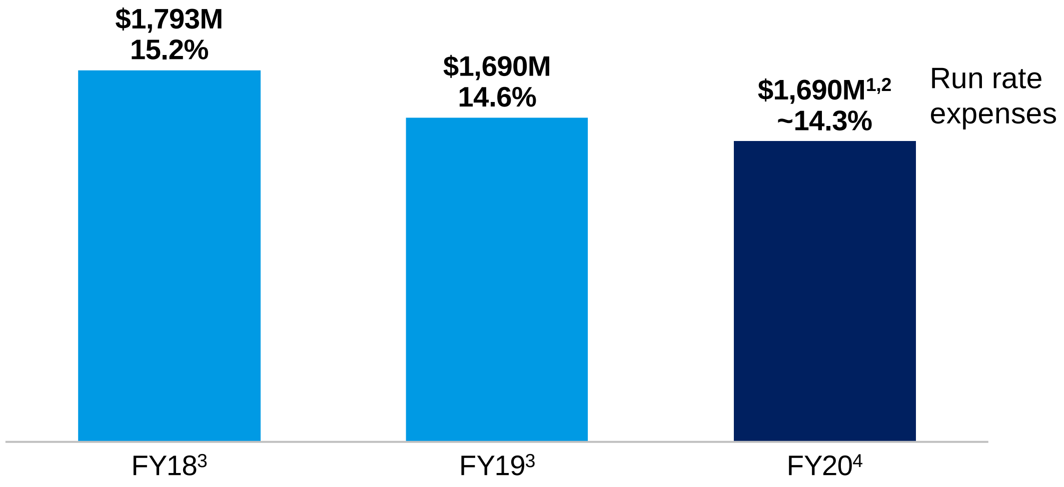
- Attritional claims ratio improved 1.7%[3,4] (~14.3% since 1H16)
- Catastrophe costs up 1.3%[4] vs FY19 driven by summer bushfires and storm activity
- LMI COR of 62.3%[2,4] or 102.6%[2] including a $60M provision for COVID-19 impact

1. Constant currency basis and excludes impact of 2019 disposals
2. Excludes impact of changes in risk-free rates used to discount net outstanding claims
3. Excludes LMI
4. Excludes impact of COVID-19
5. Current accident year COR adjusted to reflect catastrophe claims at allowance

Operational efficiency

Accelerating delivery against targets

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



	FY18[3]	FY19[3]	FY20[4]
NEP	**$11.8B**	**$11.6B**	**$11.8B[4]**
Premium rate Δ[5]	**5.0%**	**6.3%**	**9.8%**

Operational efficiency target

- **~$125M** net cost savings achieved since 2018, (one year ahead of three year FY21 target of $130M):

Operating model

Streamlining North America

Tactical savings

- **Next phase** of cost savings driven by IT modernisation:

Cloud First

Legacy consolidation

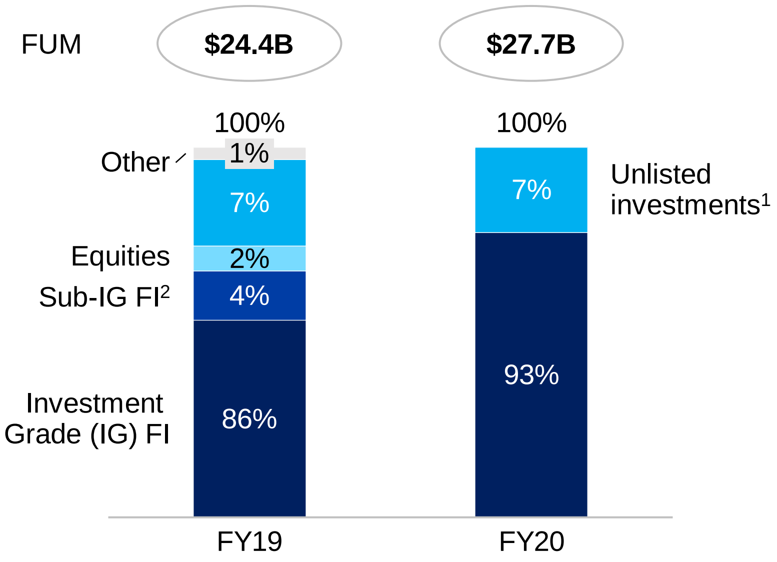
Process automation

- **Three year restructuring charge of $150M to support an expense ratio of 13% by FY23**

1. Adjusted for below-plan variable compensation
2. Excludes heightened risk and regulatory costs, TEPL and other one-off items
3. Continuing operations and adjusted basis as presented in annual reports
4. Excludes impact of COVID-19
5. Excludes premium rate changes relating to North America Crop and Australian CTP

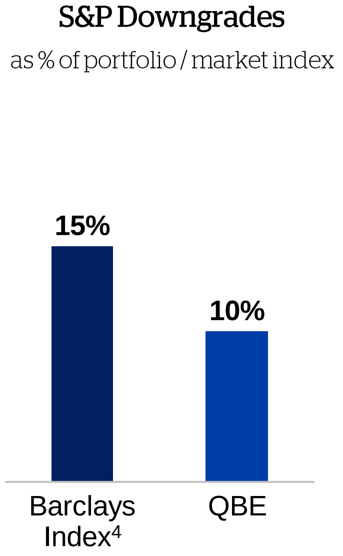
Investment portfolio and performance outlook

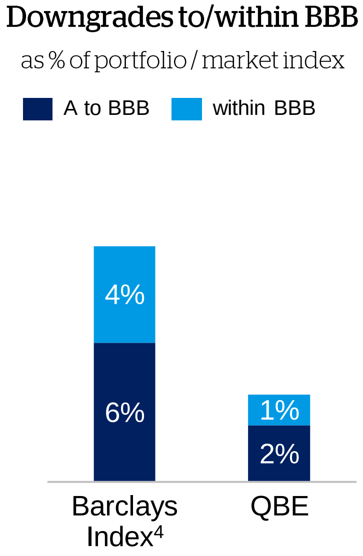
De-risked investment portfolio



- Zero listed equities exposure[3]
- Unrealised gains from credit spread movements $151M (2H20)

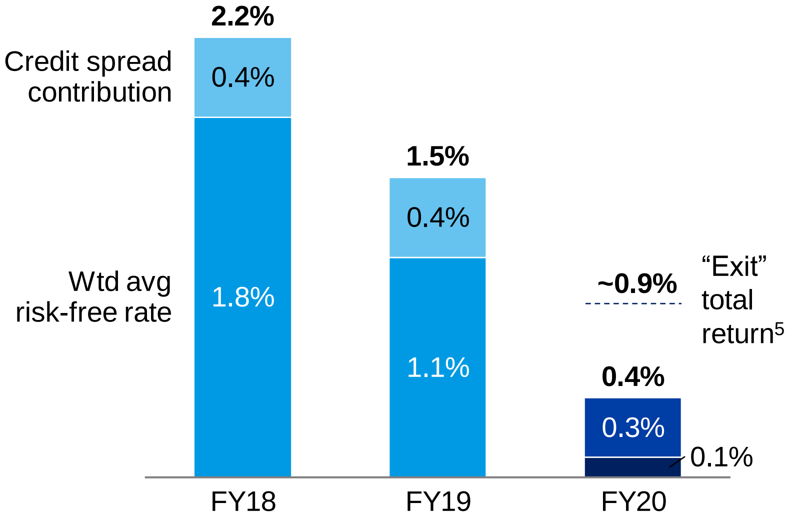
High quality, resilient investment grade FI portfolio





- ~85% of fixed income rated A- or better
- BBB average maturity of 3.5 years
- No downgrades from investment grade to sub-investment grade
- No credit trading distressed

Lower FI running yield

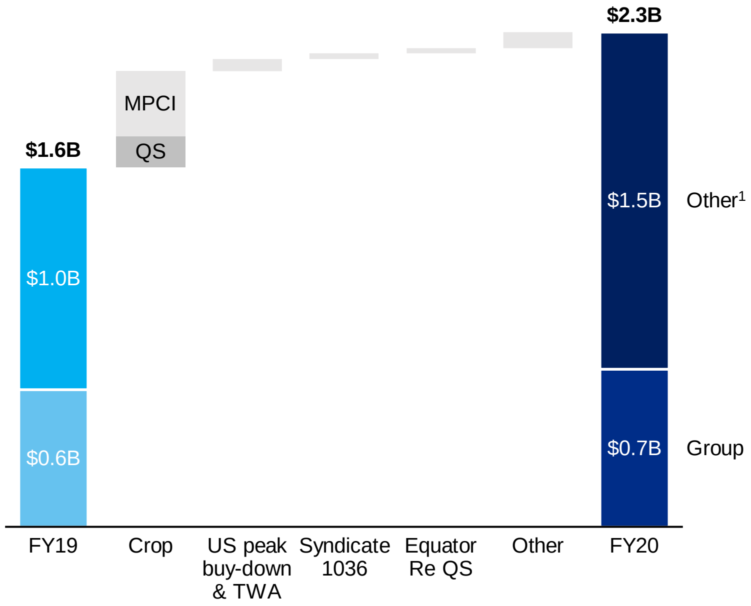


- Maintaining conservative asset allocation
- FY20 "exit" total investment return ~0.9%

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. "Exit" total return represents closing running yield on fixed income and expected return on current risk asset allocation

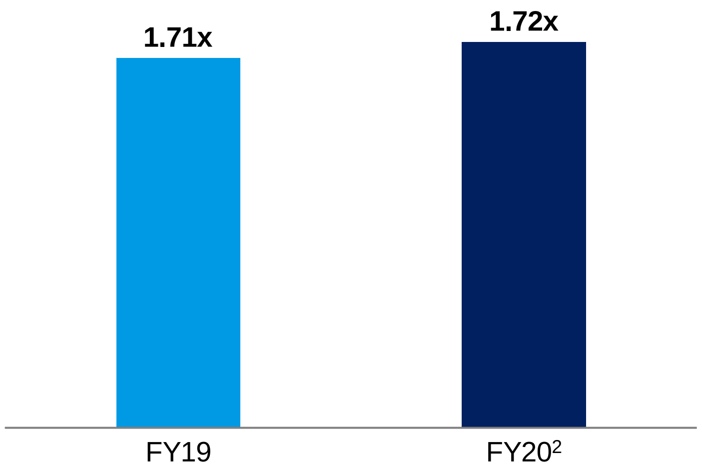
Balance sheet and capital management

Reinsurance



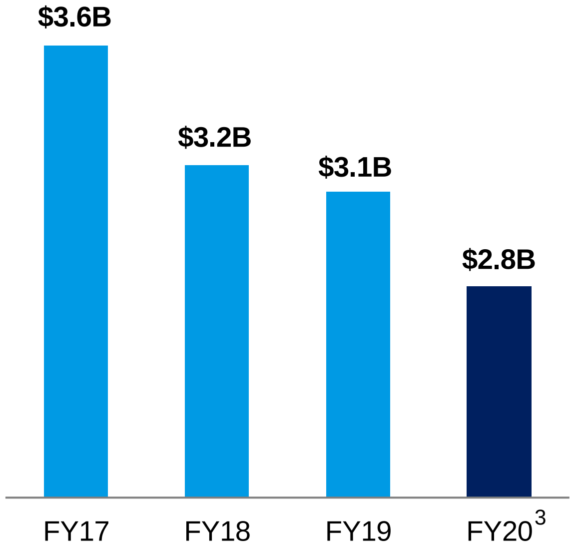
- Crop hail 90% quota share renewed to reduce earnings volatility
- Cost of Group XOL covers expected to increase ~$34M in FY21

APRA capital



- Regulatory capital remains above the mid point of our 1.6x-1.8x target range
- ~$100M prospective COVID-19 claims allowed for in premium liabilities
- Capital above S&P 'AA' level
- Head Office liquidity $1.2B[3]

Borrowings



	FY17	FY18	FY19	FY20[3]
Debt to equity	40.8	38.0	38.0	32.4
Debt to total capital	29.0	27.6	27.5	24.5

1. Other reinsurance treaties that do not form part of the main Group-wide reinsurance covers
2. Indicative APRA PCA calculation at 31 December 2020
3. Pro forma adjusting for $200M pre-funded debt repayment to be completed in March 2021

Richard Pryce

Interim Group Chief Executive Officer

Performance focus

Driving performance agenda

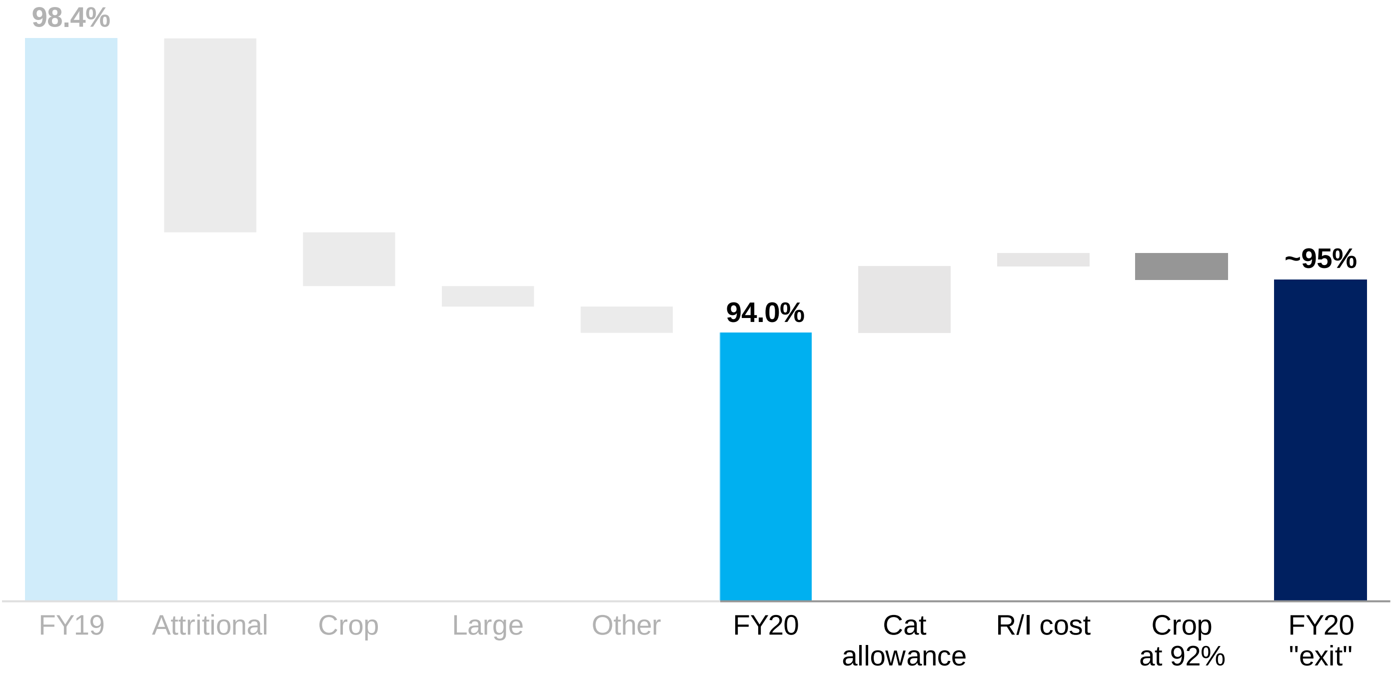
Maximise rate opportunity

Targeted and disciplined growth

Sharpen portfolio optimisation

Outlook

FY20 “exit” CAY COR[1]



2021 margin outlook

- COVID-19 related economic uncertainty
- Premium rate in excess of claims inflation
- PYD – reserves strengthened but lingering inflation uncertainty
- Risk margins – recent strain exacerbated by lower risk-free rates

1. Refer to slide 12

Questions & Answers

Disclaimer

The information in this presentation provides an overview of the results for the full 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 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.

This presentation does not constitute an offer or invitation for the sale or purchase of securities. In particular, this presentation 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.

Appendices

Currency mix of investments and cash, and GWP[1]

Total investments and cash	FY19 $M	FY19 %	FY20 $M	FY20 %
US dollar	8,292	34%	9,128	33%
Australian dollar	6,502	27%	7,420	27%
Sterling	4,029	17%	4,738	17%
Euro	3,054	12%	3,751	13%
Canadian dollar	1,180	5%	1,335	5%
New Zealand dollar	409	1%	460	2%
Hong Kong dollar	366	1%	372	1%
Singapore dollar	195	1%	192	1%
Other	347	2%	339	1%
Total	**24,374**	**100%**	**27,735**	**100%**

Gross written premium	FY19 $M	FY19 %	FY20 $M	FY20 %
US dollar	6,289	47%	6,977	48%
Australian dollar	3,653	27%	3,825	26%
Sterling	1,284	10%	1,532	10%
Euro	991	7%	1,058	7%
New Zealand dollar	294	2%	324	2%
Canadian dollar	271	2%	285	2%
Hong Kong dollar	240	2%	222	2%
Singapore dollar	160	1%	175	1%
Other	260	2%	245	2%
Total	**13,442**	**100%**	**14,643**	**100%**

1. Continuing operations basis

North America[1]

		FY19	FY20[2]
Gross written premium	$M	4,361	4,775
Gross earned premium	$M	4,375	4,551
Net earned premium	$M	3,692	3,351
Net incurred claims	$M	2,929	2,917
Net commission	$M	536	486
Expenses	$M	488	469
Underwriting result	$M	(261)	(521)
Net claims ratio	%	79.3	87.0
Net commission ratio	%	14.5	14.5
Expense ratio	%	13.2	14.0
Combined operating ratio	%	107.0	115.5
Adjusted combined operating ratio[3]	**%**	**105.6**	**112.7**
Insurance loss margin	%	(3.7)	(14.6)

1. 2019 results restated to reflect the transfer of North America's inward reinsurance business to International
2. Excludes impact of COVID-19
3. Excludes impact of changes in risk-free rates used to discount net outstanding claims
4. Excludes impact of 2019 disposals
5. Excludes premium rate changes relating to Crop
6. Excludes Crop development that is matched by premium cessions under the MPCI scheme (resulting in a nil profit impact)

- GWP growth 13%[2,4], reflecting strong growth in Crop, property programs and Accident & Health (A&H)
  - average renewal premium rate increase 10.2%[5] (FY19 5.7%[5])
  - premium retention 73% (FY19 68%)
- NEP was down 9%[2], impacted by the sale of retail personal lines and the purchase of additional catastrophe and Crop hail reinsurance; excluding these items growth was around 4%
- Net claims ratio increased to 84.1%[2,3] (FY19 77.8%[3]) due to:
  - a 2.4%[2,3] improvement in the attritional claims ratio (ex Crop) and improvement in the Crop performance (albeit still well below average); offset by
  - adverse prior accident year claims development of 9.0%[6] compared with 1.9%[6] in FY19. This was primarily in E&S, aviation, industry-wide development on Hurricane Irma, and a $100M charge to address systemic risks including social inflation and higher severity trends in casualty lines; and
  - catastrophe and large individual risk claims of 15.4%[2] compared with 8.7% in FY19 mainly due to the record number of Atlantic hurricanes.
- Although underwriting expenses reduced 4%, the expense ratio increased 0.8%[2] due mainly to the impact of 2019 disposals and the impact of additional reinsurance spend on net earned premium
- COR[2,3] deteriorated 7.1% 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 and Crop

International[1]

		FY19	FY20[2]
Gross written premium	$M	5,200	5,856
Gross earned premium	$M	5,010	5,542
Net earned premium	$M	4,339	4,812
Net incurred claims	$M	2,918	3,106
Net commission	$M	752	877
Expenses	$M	652	655
Underwriting result	$M	17	174
Net claims ratio	%	67.3	64.5
Net commission ratio	%	17.3	18.3
Expense ratio	%	15.0	13.6
Combined operating ratio	%	99.6	96.4
Adjusted combined operating ratio[3]	**%**	**96.8**	**91.3**
Insurance profit margin	%	7.9	5.5

- GWP was up 12%[2,4] reflecting accelerating pricing momentum and emerging new business opportunities
  - average renewal premium rate increase 12.8% (FY19 6.0%)
  - premium retention 83% (FY19 80%)
- NEP increased 10%[2,4], reflecting strong pricing momentum through 2019 and 2020, as well as targeted new business growth
- Net claims ratio improved to 59.4%[2,3] (FY19 64.5%[2,3]) due to:
  - a 4.0% improvement in the attritional claims ratio reflecting targeted underwriting actions and the strong premium rate environment;
  - a decrease in the net cost of large individual risk claims to 10.9% (FY19 13.9%) following ongoing de-risking and a continued focus on underwriting discipline; partly offset by,
  - an increase in catastrophe claims to 4.3% (FY19 3.1%) reflecting a record Atlantic hurricane season and the Iowa derecho
- Expense ratio improved 1.4% due to improved operating leverage and disciplined cost management
- COR improved 5.5%[2,3] mainly due to significant premium rate increases and an improved attritional claims ratio, partly offset by adverse prior accident year claims development and increased catastrophe claims

1. 2019 results restated to reflect the transfer of North America's inward reinsurance business to International; Excludes the one-off impact of the Ogden decision in the UK
2. Excludes impact of COVID-19
3. Excludes impact of changes in risk-free rates used to discount net outstanding claims
4. Constant currency basis and excludes impact of 2019 disposals

Australia Pacific

		FY19	FY20[1]
Gross written premium	$M	3,920	4,079
Gross earned premium	$M	3,885	3,985
Net earned premium	$M	3,568	3,626
Net incurred claims	$M	2,223	2,316
Net commission	$M	526	534
Expenses	$M	519	555
Underwriting result	$M	300	221
Net claims ratio	%	62.3	63.9
Net commission ratio	%	14.8	14.7
Expense ratio	%	14.5	15.3
Combined operating ratio	%	91.6	93.9
Adjusted combined operating ratio[2]	**%**	**90.0**	**92.8**
Insurance profit margin	%	13.6	6.9

- GWP was up 6%[3] reflecting a moderation in pricing, and a deterioration in economic conditions which impacted income in product lines where premiums adjust to turnover and/or payroll
  - average renewal premium rate increase 5.4%[4] (FY19 7.3%[4])
  - premium retention 86% (FY19 84%)
- NEP increased 3%[1,3], reflecting strong pricing momentum through 2019
- Net claims ratio increased to 62.8%[1,2] (FY19 60.7%[2]) due to:
  - reduced positive prior accident year claims development of 0.5% (FY19 2.9%). Favourable development, primarily in NSW CTP, commercial property and workers' compensation was largely offset by modest strengthening in liability lines and minor adverse development in short-tail classes and New Zealand
  - an increase in catastrophe claims to 6.7% (FY19 5.4%), reflecting bushfire, storm and cyclone activity in Australia and flooding in New Zealand; partly offset by
  - a 1.7%[5] improvement in the attritional claims ratio, reflecting targeted pricing increases, coupled with enhanced risk selection
- Expense ratio increased 0.8% due to elevated risk and regulatory costs and a $61 million NSW CTP TEPL charge which offset disciplined cost management
- COR deteriorated 2.8%[1,2] mainly due to increased catastrophe costs coupled with a reduced level of positive prior accident year claims development, partly offset by a further improvement in the attritional claims ratio

1. Excludes impact of COVID-19
2. Excludes impact of changes in risk-free rates used to discount net outstanding claims
3. Constant currency basis and excludes impact of 2019 disposals
4. Excludes premium rate changes relating to CTP
5. Excludes LMI

Financial strength and flexibility

QBE

Summary balance sheet	31 DEC 2019 $M	31 DEC 2020 $M
Investments and cash	24,374	27,735
Trade and other receivables	4,621	5,760
Intangibles	2,791	2,534
Other assets	1,238	1,786
Assets	**33,024**	**37,815**
Insurance liabilities, net	19,364	22,518
Borrowings	3,095	2,955
Other liabilities	2,412	3,850
Liabilities	**24,871**	**29,323**
Net assets	**8,153**	**8,492**
Shareholders' funds[1]	8,153	7,605
Capital notes	-	886
Non-controlling interests	-	1
Total equity	**8,153**	**8,492**

1. Shareholders' funds attributable to ordinary equity holders
2. Excludes impact of COVID-19
3. Pro forma adjusting for $200M pre-funded debt repayment to be completed in March 2021

Reserving

- ~$100M allowance for potential future COVID-19 related claims within premium liabilities
- $344M risk margin strengthening (FY19 $23M release)
  - including $300M COVID-19 related risk margin
- PYD adverse $366M[2] (FY19 $22M adverse)
- $381M adverse risk-free rate impact (FY19 $231M adverse)
- PoA strengthened to 92.5% (FY19 90.0%)

Capital & Borrowings

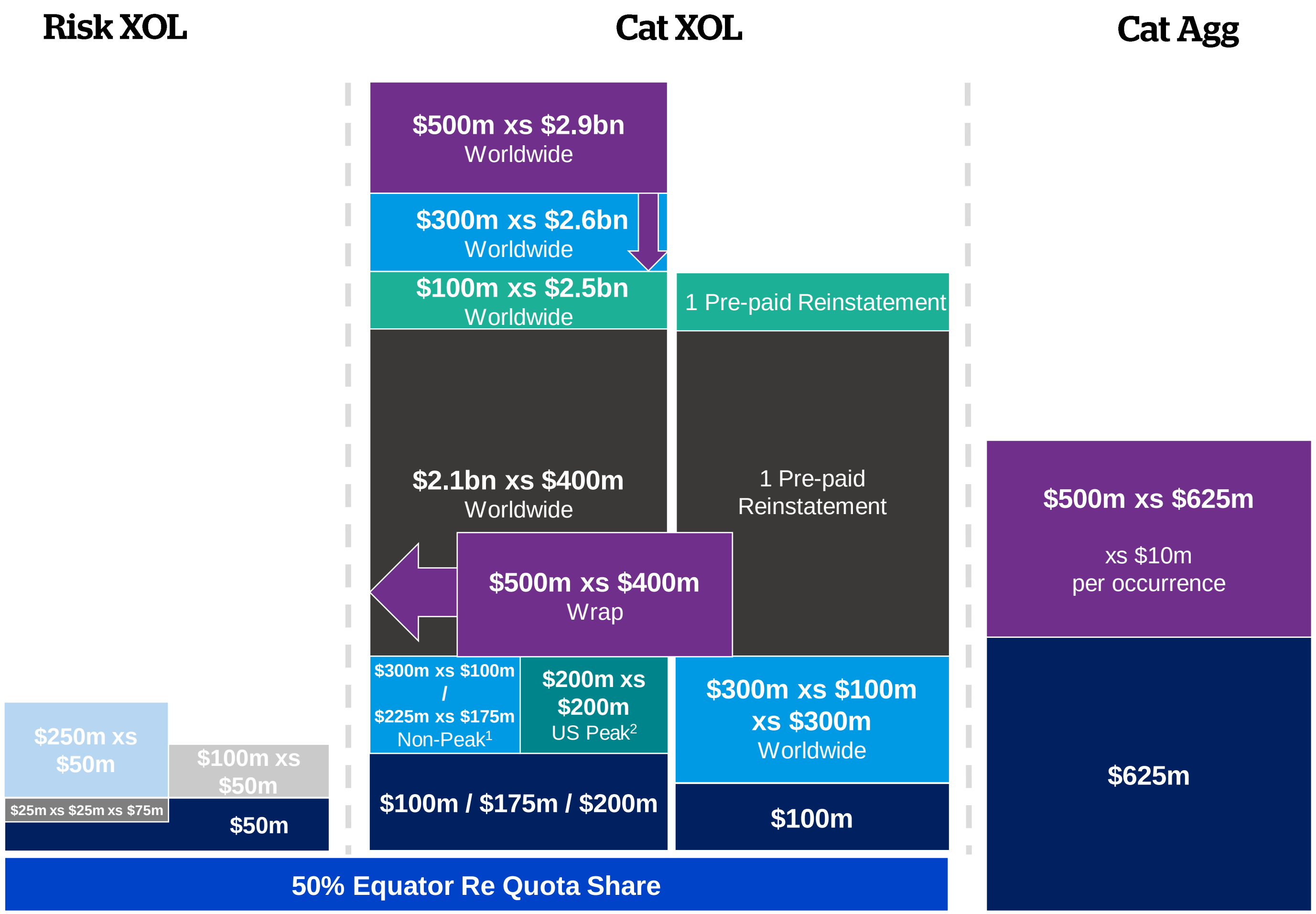
- Issued $500 million of AT1 qualifying perpetual fixed rate resetting capital notes
- Reclassified $400 million of perpetual fixed rate capital notes out of borrowings into equity
- Issued net A$300 million of Tier 2 subordinated debt
- Debt to equity ratio 32.4%[3] (FY19 38.0%)

APRA Prescribed Capital Amount

APRA PCA calculation	31 DEC 2019[1] $M	31 DEC 2020[2] $M
Ordinary share capital and reserves	8,153	7,606
Net surplus relating to insurance liabilities	718	1,194
Regulatory adjustments to Common Equity Tier 1 Capital	(3,326)	(3,125)
Common Equity Tier 1 Capital	**5,545**	**5,675**
Additional Tier 1 Capital – Capital securities	399	886
Total Tier 1 Capital	**5,944**	**6,561**
Tier 2 Capital – Subordinated debt and hybrid securities	2,558	2,787
Total capital base	**8,502**	**9,348**
Insurance risk charge	2,903	3,304
Insurance concentration risk charge	608	561
Asset risk charge	2,139	2,267
Operational risk charge	497	571
Less: Aggregation benefit	(1,181)	(1,268)
APRA Prescribed Capital Amount (PCA)	**4,966**	**5,435**
PCA multiple	**1.71x**	**1.72x**
CET1 ratio (APRA requirement >60%)	**112%**	**104%**

1. Prior year calculation has been restated to be consistent with APRA returns finalised subsequent to year end
2. Indicative APRA PCA calculation at 31 December 2020

2021 global reinsurance program



Key program changes

- **Cat Top or Drop or Non-Peak[1]**

  US and Australia Non-Peak1 attachment increased to $175m
- **US Peak Buy-Down**

  Attachment increased from $150m to $200m
- **Cat Top Layer**

  New purchase for 2021
- **Cat Top or Wrap or Agg**

  Aggregate attachment increased from $545m to $625m

  Per event deductible increased from $5m to $10m

Cat

Main Cat XOL
- $2.1bn xs $400m

Cat Top Layer
- $100m xs $2.5bn

Cat Top *or* Drop *or* Non-Peak[1]
- Top $300m xs $2.6bn for Peak *and/or*
- Drop $300m xs $100m xs $300m for Peak *and/or*
- Drop $225m xs $175m US & Aust Non Peak *and/or*
- Drop $300m xs $100m for All Other Non-Peak

US Peak Buy-Down
- $200m xs $200m 50% order due to Equator Re QS

Cat Top *or* Wrap *or* Agg
- Top $500m xs $2.9bn (or $2.6bn) *and/or*
- Wrap $500m xs $400m including QBE Re & Syndicate 1036 retained claims and EQ Re Share *and/or*
- Aggregate $500m xs $625m xs $10m

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

1. Peak perils defined as cyclone, hurricane & typhoon, and earthquake (and fire following) with respect to Australia, New Zealand (quake only) and US (excluding Puerto Rico). All other perils are non-peak.
2. US Peak perils defined as hurricane and earthquake (and fire following)

Fixed income investor update

FY20 results

Key highlights

- ✓ QBE is **one of Australia's largest** general insurance and reinsurance groups
- ✓ Diversified insurance operations across **27 countries**
- ✓ ASX-listed and lead regulated by the Australian Prudential Regulation Authority (APRA)
- ✓ Robust capital with a **PCA multiple of 1.72x**[1]
- ✓ QBE took **decisive action to fortify its balance sheet** in FY20 in response to COVID-19 and market disruption
- ✓ Executed a **comprehensive capital plan**; de-risking the investment portfolio, securing additional reinsurance, raising $813M Core Equity Tier 1 (CET1), issuing $500M[2] in AT1 and A$500M Tier 2 notes to finance the redemption of A$200M Tier 2 notes in September 2020 and $200M of Tier 2 notes in March 2021
- ✓ Pro forma gearing at 32.4%[3] as at 31 December 2020
- ✓ Funds under management of **$27.7 billion** as at 31 December 2020, of which 93% investment portfolio is in investment-grade fixed income

1. Indicative APRA PCA calculation as at 31 December 2020
2. $493M net of transaction costs
3. Pro forma adjusting for $200M pre-funded debt repayment to be completed in March 2021

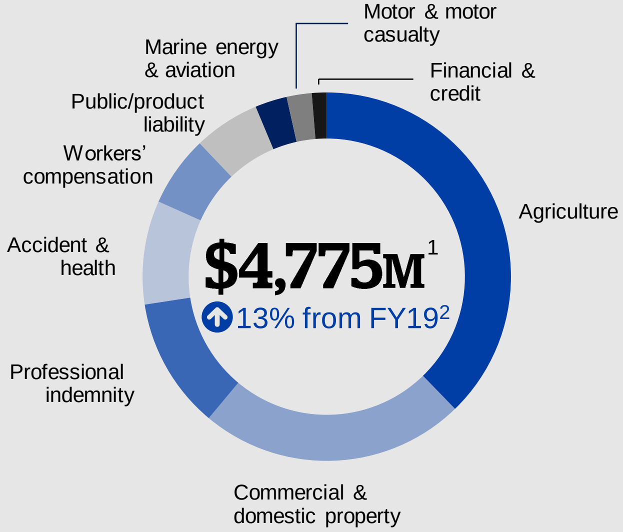
Global coverage: diversified

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

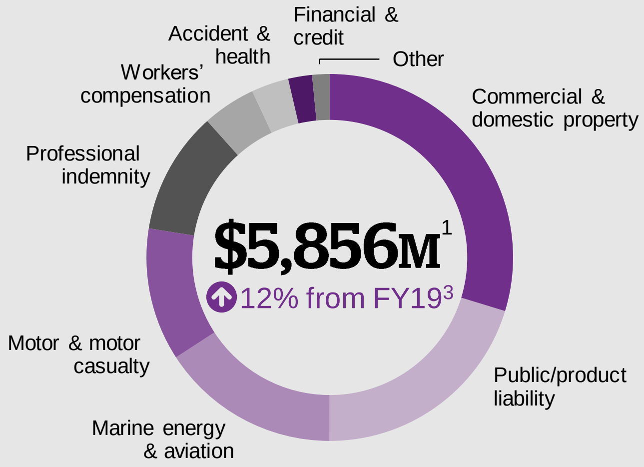
QBE is an international general insurance and reinsurance company, with substantial operations in North America, Europe and Australia. QBE also operates its captive reinsurer in Bermuda. QBE is listed on the Australian Securities Exchange, headquartered in Sydney, Australia and lead regulated by APRA

QBE had Gross Written Premium (GWP) of $14.7[1] billion for the full year ended 31 December 2020

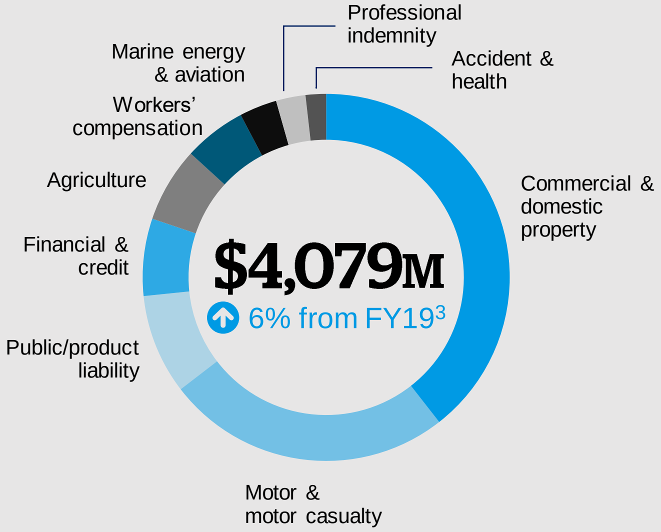
North America GWP



International GWP



Australia Pacific GWP



1. Excludes impact of COVID-19
2. Excludes personal lines disposal
3. Constant currency basis and excludes impact of 2019 disposals

Balance sheet management

Strong capital

Ratings strength

Globally regulated

Lower gearing

Maintaining strong capital position

- PCA multiple at 1.72x[1] (1.6x-1.8x target range)
- Remains above S&P 'AA' minimum levels

Ratings

- S&P, Moody's, Fitch and AM Best affirmed QBE Group's credit ratings. Refer overleaf for updates on ratings
- Ratings are supported by the Group's globally diversified multiline business, strong market positions and robust balance sheet

Regulatory

- QBE is lead regulated by APRA in Australia. QBE also has substantial operations regulated in UK, Europe, USA, Asia and Bermuda

Reducing debt

- Pro forma debt to equity ratio 32.4%[2] at 31 December 2020 down from 38.0% at December 2019

1. Indicative APRA PCA calculation as at 31 December 2020
2. Pro forma adjusting for $200M pre-funded debt repayment to be completed in March 2021

Rating agencies

QBE is rated by four major rating agencies

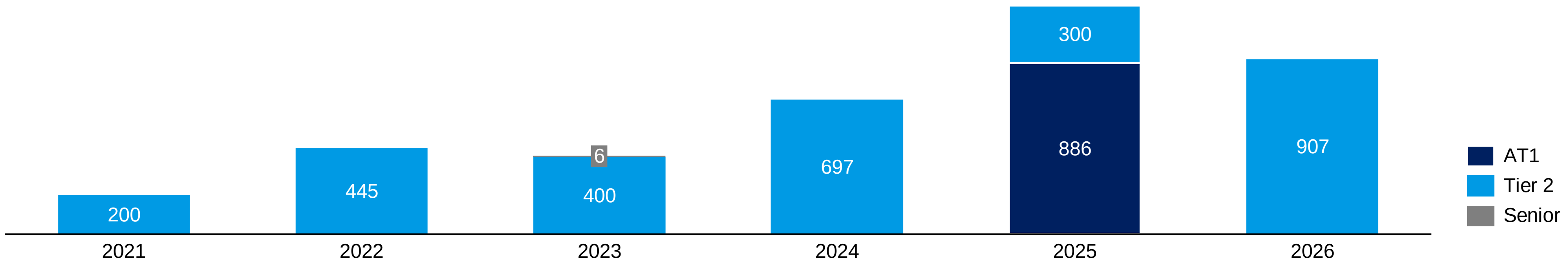
	Long term FSR[1]	Debt issue ICR[2]	Outlook	Effective date
S&P Global Ratings	A+	A-	Stable	July 2020
Moody's	A1	A3	Negative	December 2020
Fitch Ratings	A+	A-	Negative	December 2020
AM Best	A	bbb+	Stable	August 2020

1. Insurance Financial Strength ratings (FSR) : reflects ability of an insurer to meet its obligations and claims. FSR is applicable to operating insurance entities.
2. Issuer Credit Rating (ICR): reflects ability of the company to pay the security holder's interest in addition to principal repayment

Capital markets issuance profile

Date to first call ($M)[1]

Weighted average maturity: 3.7yrs
Pro forma weighted average maturity: 3.9yrs[2]



		Issued instruments	Issue date	First call date	Coupon	Maturity date	Balance sheet value[3] ($M)
Equity Accounted	**Additional Tier 1 (AT1)**	Capital Notes	Nov-17	May-25	5.250%	Perp	393
		Capital Notes	May-20	May-25	5.875%	Perp	493
	AT1 Subtotal						**886**
Debt Accounted	**Tier 2**	AUD 16NC6	Aug-20	Aug-26	3M BBSW + 2.75%	Aug-36	385
		USD 30NC10[2]	May-11	May-21	7.250%	May-41	167
		GBP 30NC10[2]	May-11	May-21	7.500%	May-41	33
		GBP 26NC6	May-16	May-22	6.115%	May-42	445
		USD 27NC7	Oct-16	Nov-23	7.500%	Nov-43	400
		USD 30NC10	Nov-14	Dec-24	6.750%	Dec-44	697
		USD 30NC10	Nov-15	Nov-25	6.100%	Nov-45	300
		USD 30NC10	Jun-16	Jun-26	5.875%	Jun-46	522
	Tier 2 Subtotal						**2,949**
	Senior	USD 2023 Senior	Sep-17	-	3.000%	May-23	6
Total instruments							**3,841**

1. Subject to APRA approval
2. Exercised early call. Redemption to be completed in March 2021
3. Balance sheet value as at 31 December 2020

APRA regulatory capital requirements

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 > PCA

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

$M	31 December 2020
Capital base	9,348
PCA	5,435
PCA multiple	1.72x[1]

1. Indicative APRA PCA calculation

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

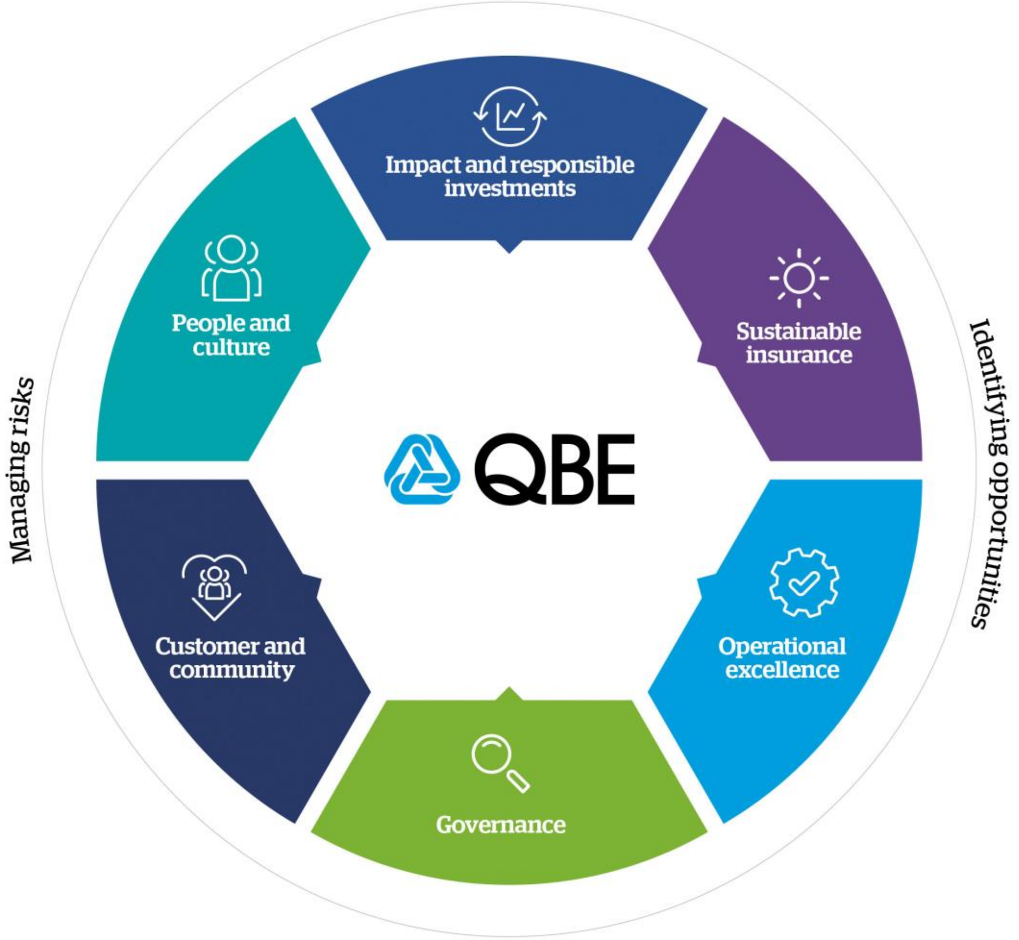
Classification of QBE as an IAIG

- In 2020, APRA announced that will it align its prudential standards and practices with the International Association of Insurance Supervisors' (IAIS) Common Framework for the Supervision of Internationally Active Insurance Group (ComFrame) and classified QBE as an Internationally Active Insurance Group (IAIG).
- It is expected that this classification will enhance APRA's group-wide supervision of QBE and promote the coordination of supervisory activities efficiently and effectively between APRA and other international supervisors.

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

2020 : Key achievements thus far

CDP Climate Disclosure Score
Received A- in CDP disclosure, up from a B in 2019.

UN-convened Net-Zero Asset Owner Alliance
Joined the alliance committing to transition our investment portfolio to net-zero greenhouse gas emissions by 2050.

2021 Bloomberg Gender-Equality Index
Included in Bloomberg Gender-Equality Index for the 4th year in a row. QBE is one of only 10 ASX listed companies in the index this year.

Joined UN Global Compact
Joined the UN Global Compact, committing to the Ten Principles on human rights, labour, environment and anti-corruption.

QBE Foundation
Contribution of over $4.9M in social and community investment programs, of which $1.5M was directed to addressing COVID-19 crisis.

Recognition
Recognised in the Australian HR Awards for our Wellbeing program "At My Best", and won the *JobAccess Best Workplace Diversity & Inclusion program*, for our work in gender-equal paid parental leave.

Won the Business Intelligence Group Sustainability Leadership Award and the Inaugural Environmental Impact Award for Re/insurer of the year for our Premiums4Good initiative.

Awarded the Insurance Business Asia Top insurance workplace.

2021 : Forward focus

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

Managing Climate Risk
Continue to manage climate risk in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

Continue to integrate ESG considerations into our Group Underwriting Standards with reference to our new Environmental & Social Risk Framework.

Transition our investment portfolio to net-zero greenhouse gas emissions by 2050, according to our commitment to UN-convened Net-Zero Asset Owner Alliance. Refer to our 2020 Annual Report for more information.

Human Rights
Publish a Group Human Rights Policy and continue to integrate human rights considerations across the business.

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

Refer to our 2020 Sustainability Report for more information

See the Sustainability section of our website for more information