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12 May 2023

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

Dear Sir/Madam

**1Q 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".

Carolyn Scobie  
**Company Secretary**

Attachment

For personal use only

# 1Q23 Performance update

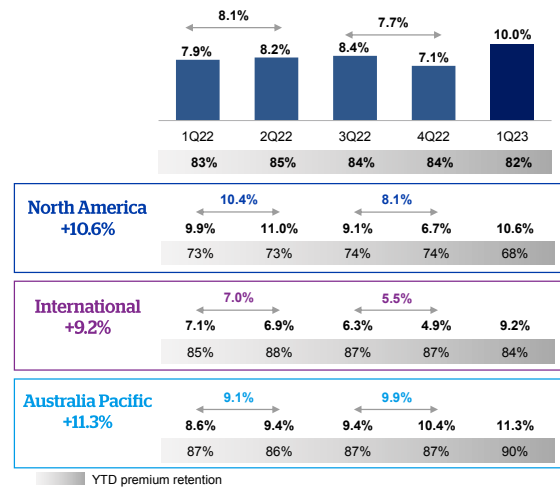
QBE updates on recent trading performance through 1Q23. Full year outlook has been updated to reflect a strong start to the year for premium growth, and the impact of catastrophe events.

## Growth and pricing momentum

Growth in gross written premium remained strong in 1Q23, up 11% on the prior corresponding period, or 14% in constant currency. Group-wide renewal rate increases averaged 10.0%, supported by a re-acceleration across property classes, and higher rate increases for QBE Re.

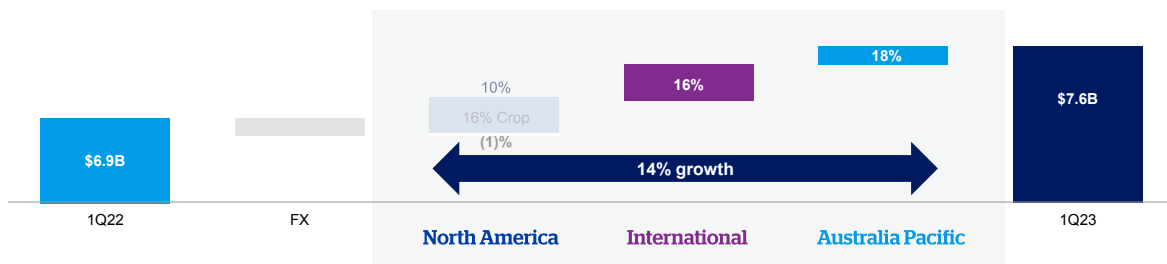
Ex-rate growth of 9%, or 5% excluding Crop, exceeded expectations despite the impact of planned program terminations in North America, and a reduction in growth across certain Financial lines segments. Organic growth in Crop continued, and QBE currently estimates that Crop gross written premium will be ~\$4.0B in FY23, with net earned premium of ~\$1.4B.

### Favourable rate and retention environment



### Constant currency GWP growth of 14%

Growth ex-rate 9%



# Claims performance

## Catastrophes

Catastrophe activity has remained elevated through the beginning of 2023, underscored by Cyclone Gabrielle and the North Island flooding events in New Zealand, alongside a series of storms in North America and Australia. To April, the net cost of catastrophe claims is ~\$480M, which compares to QBE's catastrophe allowance for 1H23 of \$535M.

	\$M
CAT April YTD	~480
<b>1H23 CAT allowance</b>	<b>535</b>
2H23 allowance	640
<b>FY23 CAT allowance</b>	<b>1,175</b>

## Prior accident year development

QBE has experienced adverse development on natural catastrophe events which primarily occurred in late 2022, including winter storm Elliot in North America and certain Australian events. Due to the timing and complexity of the events, particularly for winter storm Elliot, few claims were received and assessed prior to FY22 reporting. QBE has strengthened reserves by \$130M for these events.

# Investment performance

QBE delivered a strong investment result for the quarter, underpinned by supportive interest rates. The 1Q23 exit core fixed income running yield improved to 4.2%, from the FY22 exit running yield of 4.1%. Risk asset performance was also sound, and across the broader investment portfolio there were no direct impacts from recent turmoil in the Northern Hemisphere banking sector.

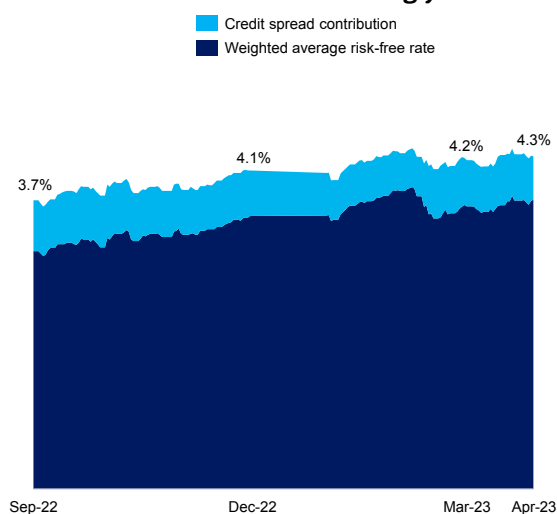
The gradual reduction in risk free rates through the quarter resulted in unrealised gains on fixed interest securities of \$78M, which was offset by a negative claims liability discount impact of ~\$100M.

Total investment funds under management (FUM) was \$29.1B, up from \$28.2B at FY22. In 2Q23 FUM will be negatively impacted by ~\$1.9B from the reserve transaction announced in February. Core fixed income remains 89% of total investments.

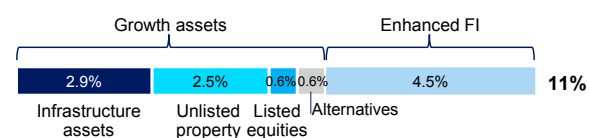
### 1Q23 investment return

	1Q23 \$M	1Q23 YTD %
Core fixed income yield	262	1.0
Credit spreads (mark to market)	6	0.0
Risk assets	67	2.1
Expenses and other	(29)	(0.1)
<b>Net return (ex risk-free rate)</b>	<b>307</b>	<b>1.0</b>
Asset risk-free rate impact	78	0.3
<b>Net return</b>	<b>384</b>	<b>1.3</b>

### Core fixed income running yield



### Risk assets - 11% of total 1Q23 FUM



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## Outlook

Due to the strong start for the year for premium growth, alongside our expectation that premium rate increases will remain supportive, QBE now expects FY23 Group constant currency GWP growth of -10% (from mid-to-high single digits previously).

Based on our assessment of underwriting performance to date, including the aforementioned catastrophe prior accident year development, the FY23 plan Group combined operating ratio has been revised to -94.5%. This continues to exclude the upfront impact of the reserve transaction announced in February.

QBE will host an AASB 17 investor briefing on 30 May 2023, at which point the outlook will be restated for the new accounting standard.

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## Management call

Group CEO, Andrew Horton, and Group CFO, Inder Singh, will host a briefing today (Friday 12 May 2023) at 8:30am (AEST). Access details are below.

### Conference call

Registration is now open, all participants need to register to access the conference call using the link below.

Register for this briefing: <https://register.vevent.com/register/BI7d8c19062be44b83ab3d614ee4cabb34>

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## Contact details

For further information, please contact:

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## Basis of presentation (unless otherwise stated)

1. All figures are in US\$.
2. All figures are prepared on a AASB 1023 basis.
3. Premium growth rates are quoted on a constant currency basis.
4. Premium rate change excludes North America Crop and/or Australian compulsory third party motor (CTP).
5. Combined operating ratios (COR) exclude the impact of changes in risk-free rates used to discount net outstanding claims.

## Disclaimer

The information in this release provides an unaudited overview of the results for the March 2023 quarter and where relevant with the addition of the results for April 2023.

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

Any forward-looking statements assume no material variation in catastrophe claims or premium rates relative to 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 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 release.

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