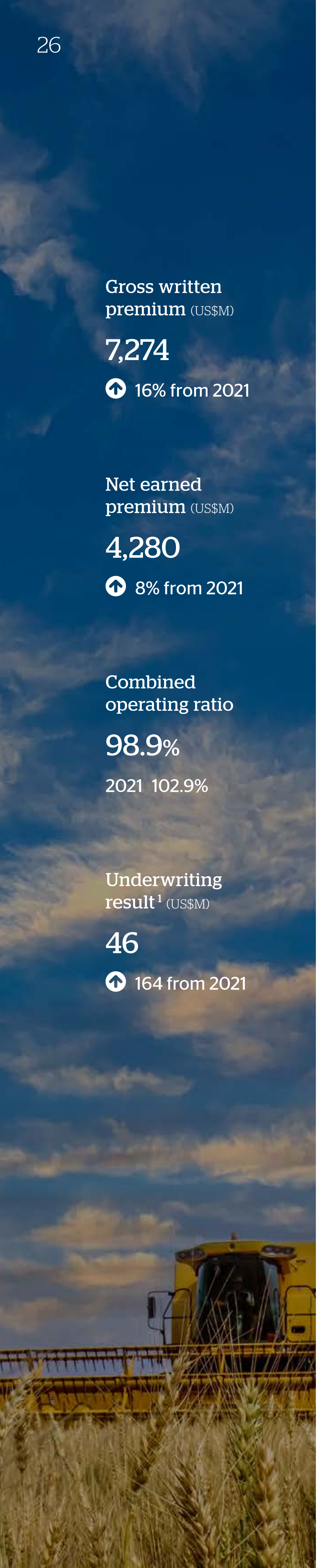


Gross written premium (US$M)

7,274

16% from 2021

Net earned premium (US$M)

4,280

8% from 2021

Combined operating ratio

98.9%

2021 102.9%

Underwriting result[1] (US$M)

46

164 from 2021

North America business review

The favourable premium rate environment alongside expanding benefits associated with portfolio optimisation initiatives, exposure management, and the pursuit of targeted organic growth have supported a return to underwriting profit for North America.

Todd Jones Chief Executive Officer, North America

2022 overview

Challenges associated with higher inflation and elevated catastrophe activity resulted in the need for further rate increases and disciplined risk selection. North America delivered on its organic growth strategy while improving portfolio balance, exiting a cohort of unprofitable programs and successfully executing the divestiture of the Westwood Insurance Agency. Alongside further improvement in underwriting quality, North America delivered a combined operating ratio of 98.9%, which compares to 102.9% in 2021, and represents an encouraging return to underwriting profitability.

Gross written premium growth was strong at 16%, supported by ex-rate growth of 12.5%. Pricing remained supportive despite moderating in certain pockets such as management liability and workers' compensation, supporting an average renewal rate increase of 9.2%, compared to 10.7% in the prior year.

North America executed on a number of portfolio optimisation initiatives calibrated around a multi-year shift in portfolio risk profile and balance. Technical rate adequacy improved from another year of compound rate increases while property catastrophe risk was reduced, with coastal wind exposure down by over 30%. We deployed a number of reinsurance solutions to manage earnings-at-risk in classes such as property and crop.

There is good momentum across our modernisation and efficiency initiatives. Foundational investments in policy administration and data architecture are nearing completion, including the migration of a number of key systems. Models were improved by integrating additional third-party data for better pricing and improved risk selection tools, while investments are underway to modernise and digitise underwriter workflows.

North America executed a loss portfolio transaction during the first half to facilitate the transfer of $327 million of outstanding claims reserves related to the runoff legacy E&S portfolio, resulting in an adverse pre-tax impact $65 million. All discussion of performance within has been adjusted for the impact of this transaction.

Underwriting result

FOR THE YEAR ENDED 31 DECEMBER		2022	EX-E&S 2022	2021	2020	2019
Gross written premium	US$M	**7,274**	**7,274**	**6,289**	4,775	4,361
Gross earned premium	US$M	**7,213**	**7,213**	**5,838**	4,551	4,375
Net earned premium	US$M	**3,890**	**4,280**	**3,965**	3,351	3,692
Net claims expense	US$M	**2,669**	**2,996**	**3,046**	2,917	2,929
Net commission	US$M	**456**	**456**	**512**	486	536
Underwriting expenses	US$M	**508**	**506**	**460**	469	488
Underwriting result	US$M	**257**	**322**	**(53)**	(521)	(261)
Net claims ratio	%	**75.2**	**76.4**	**78.4**	84.2	77.9
Net commission ratio	%	**11.7**	**10.7**	**12.9**	14.5	14.5
Expense ratio	%	**13.1**	**11.8**	**11.6**	14.0	13.2
Combined operating ratio	%	**100.0**	**98.9**	**102.9**	112.7	105.6
Statutory combined operating ratio	%	**93.4**	**92.5**	**101.3**	115.5	107.0
Insurance profit (loss) margin	%	**4.1**	**5.2**	**(0.6)**	(14.6)	(3.7)

1 Excludes impact of changes in risk-free rates used to discount net outstanding claims.

Underwriting performance

North America reported a combined operating ratio of 98.9%, which improved by 4.0% from 102.9% in the prior year.

The result reflected a lower level of catastrophe claims, which fell to $251 million and accounted for 5.8% of net earned premium, slightly below allowance and down from 7.7% in the prior period.

The Crop combined operating ratio deteriorated by 2.8% to 95.5%, primarily relating to drier conditions across a number of states.

Heightened inflation, which alongside higher claims in Crop and elevated severity from terminated programs, saw a 3.3% deterioration in the ex-cat claims ratio to 70.0%.

Premium income

Gross written premium increased 16% to $7,274 million. This reflected particularly strong growth in Crop, and broader property and casualty business growth of 8.1% driven by continued strong rate increases, new business growth, and improved retention. Overall, growth excluding rate was 12.5% compared to the prior period, or negative 1.1% excluding Crop.

Crop gross written premium rose 30.7% primarily due to heightened commodity prices and organic growth of 14%. QBE continued to grow market share with its leading technology-oriented customer proposition, deeply ingrained agent loyalty and investment in new talent.

Commercial gross written premium growth of 17% was supported by strong premium rate increases across most lines and organic growth in targeted areas including middle market and workers compensation. We exited a number of programs representing around $400 million of gross written premium which reduced exposure to convective storm and social inflation exposed classes.

Specialty gross written premium was broadly steady as strong new business growth and rate capture in both accident and health, and professional liability was offset by moderation in management and transaction liability, in response to less supportive market conditions.

Net earned premium increased 8% to $4,280 million, a slower pace than on a gross basis due to growth in heavily reinsured portfolios such as Crop, which had a new quota share in place for 2022.

Claims expense

The ex-cat claims ratio deteriorated by 3.3% to 70.0%, or 1.5% excluding Crop to 58.6%.

This reflected increased severity observed in certain property segments, and higher social inflation across a discrete portion of the portfolio. These trends ultimately underscore the importance of our decision to terminate a number of program relationships.

The ex-cat claims ratio for Crop deteriorated by 7.6% compared to the prior period, primarily as a result of drier conditions across a number of states.

Catastrophe claims decreased 1.9% to 5.8% of net earned premium from 7.7% in the prior year. Catastrophe claims were driven by Hurricane Ian, and the high frequency of smaller events.

Adverse prior accident year claims development was $43 million, or 1.0% of net earned premium, compared to adverse development of $148 million, or 3.7% in the prior period. This reflected strengthening in older accident years for certain discontinued books of business. Further strengthening was also made to incorporate higher inflation assumptions across several lines.

Commission and expenses

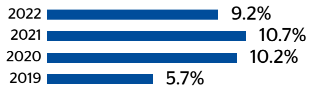
The total acquisition cost ratio improved by 2.0% to 22.5%, compared with 24.5% in the prior period. This partly reflected the benefit from efficiency initiatives and ongoing improvement in operating leverage, but also mix benefits associated with strong growth in Crop, which operates on a cost base below the North American average.

Excluding Crop, North America's combined commission and expense ratio improved by 1.0% to 32.4%, which has declined meaningfully from historical levels.

Average renewal premium rate increase

9.2%

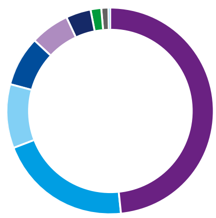
1.5% from 2021



Gross written premium by segment

	2022 %
Crop	48.6
Commercial	26.1
Specialty	25.3

Gross written premium by class of business



	2022 %
Agriculture	48.5
Commercial & domestic property	20.8
Professional indemnity	10.0
Accident & health	7.9
Workers' compensation	5.9
Public/product liability	4.0
Marine, energy & aviation	1.7
Motor & motor casualty	1.0
Financial & credit	0.2

Combined commission and expense ratio

22.5%

2.0% from 2021