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23 November 2017

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

Dear Sir/Madam

APRA Quarterly Statutory Reporting

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Carolyn Scobie', is written over the typed name.

Carolyn Scobie
Company Secretary

Encl.



MARKET RELEASE

23 November 2017

APRA QUARTERLY STATUTORY REPORTING

APRA will commence reporting the quarterly statutory results of licensed Australian general insurers, with the 3Q17 results expected to be posted on APRA's website today.

In QBE's case, APRA's move to quarterly reporting will include the separate reporting of the results of QBE's two domestically licensed general insurers, QBE Insurance (Australia) Limited (QIA) and QBE Lenders' Mortgage Insurance Limited (LMI), which together account for a relatively small proportion of QBE Insurance Group Limited's global revenues.

The aggregated quarterly statutory results of QIA and LMI will differ materially from the ASX reported results of QBE's Australian & New Zealand Operations when QBE releases its segmented results for 30 June and 31 December due to fundamental reporting framework differences including but not limited to:

- QBE reports to the ASX in US dollars while APRA statutory reporting is in Australian dollars;
- The statutory results of QIA and LMI are net of significant reinsurance transactions with QBE's captive reinsurer, Equator Re, while the results of QBE's Australian & New Zealand Operations are reported to the ASX before the impact of those reinsurance transactions; and
- Certain fee-based businesses are not undertaken by QBE's licensed Australian general insurers and are therefore not captured by APRA's quarterly statutory reporting but are included within the ASX reported results for QBE's Australian & New Zealand Operations.

QBE notes that comprehensive actuarial reserving analysis is not undertaken for first and third quarter statutory results and the impact of movements in risk free rates used to discount net outstanding claims liabilities is not specifically identified in APRA's quarterly statutory reporting.

Further, while QBE's external reinsurance protection generally provides a reasonable degree of certainty as to the Group's likely annual net cost of large individual risk and catastrophe claims, the same degree of certainty does not apply to divisional experience which can vary without impacting Group performance.

QBE does not intend to comment on, or reconcile the differences between the aggregated quarterly statutory results of QIA and LMI and the basis upon which the results of QBE's Australian & New Zealand Operations are reported to the ASX.

- ENDS -



MARKET RELEASE

23 November 2017

For further information, please contact:

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QBE Insurance Group Limited is listed on the Australian Securities Exchange, is one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 37 countries.

IMPORTANT DISCLAIMER

Any forward-looking statements assume large individual risk and catastrophe claims do not exceed the significant allowance in our business plans; no overall reduction in premium rates; 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; 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 market release.