



QBE

MARKET RELEASE

12 October 2017

QBE INSURANCE GROUP'S 'A+' FINANCIAL STRENGTH RATINGS AND POSITIVE OUTLOOK AFFIRMED BY STANDARD & POOR'S

S&P Global Ratings ("S&P") last night affirmed the 'A+' financial strength ratings (FSR) on QBE Insurance Group's (QBE) core operating companies and 'A-' issuer credit rating (ICR) on QBE. The existing "Positive" rating outlook on QBE's core operating entities and other subsidiaries¹ has also been maintained.

In its announcement, S&P recognises that while QBE's full year 2017 operating performance has been impacted by atypical natural disasters and extreme weather events, "a very strong business franchise and solid risk profile, incorporating a very strong capital adequacy, continue to underpin the ratings."

While S&P is the first ratings agency to formally affirm QBE's ratings following the company's 3 October announcement of an increase in its 2017 large individual risk and catastrophe allowance, Moody's Investors Service published an "Issuer Comment" on 5 October and continues to have stable rating outlooks on QBE's Insurance Financial Strength and senior unsecured debt ratings. Moody's has stated that "Despite the weakened earnings for 2017, the group's balance sheet strength continues to support its credit profile" while "reserve adequacy has improved and the group has continued to report favourable prior year reserve development, consistent with its high probability of adequacy measuring 89.5% compared to the APRA minimum of 75%".

Commenting on these developments from the ratings agencies, John Neal, QBE Group CEO said: "In the midst of a challenging period for the global insurance industry, I am pleased that both S&P and Moody's recognise QBE's balance sheet strength and continued favourable prior year reserve development. QBE's continued delivery of sound underlying performance and strong competitive position in property and casualty insurance and reinsurance globally have also contributed to S&P's continued positive rating outlook."

(1) The Standard & Poor's Insurer Financial Strength rating of 'A+' and stable outlook for QBE's Lenders Mortgage Insurance subsidiaries were affirmed on 28 September.

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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 in excess of 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 significant 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 market release.