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QBE

Solvency and Financial Condition Report

QBE European Operations plc

QBE UK Limited

QBE Europe SA/NV

For the year ended 31 December 2024

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Summary

This document (the Solvency and Financial Condition Report ('SFCR')) is a single Group SFCR which sets out qualitative and quantitative information on the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management on a Solvency II group basis for QBE European Operations plc ('EO plc' or 'the Company') for the year ended 31 December 2024, and similar information on a solo basis for its UK and Belgian insurance company subsidiaries.

The single Group SFCR has been prepared in accordance with the Prudential Regulation Authority ('PRA') Rules and Solvency II Regulations ('Solvency UK' or 'SUK'). The structure of this document follows Chapter 3A Article 1A of the Reporting Part of the PRA Rulebook (the 'PRA Rulebook'). The single Group SFCR has also been prepared in accordance with the National Bank of Belgium ('NBB') Rules (the 'NBB Rules') and Solvency II Regulations ('Solvency II') as regards QBE Europe as a single entity.

For the purposes of this document the EO Group (the 'EO Group') is defined as EO plc and its subsidiary undertakings (the 'undertakings') including QBE UK Limited ('QBE UK'), QBE Europe SA/NV (QBE Europe), QBE Corporate Limited ('QBE Corporate') and QBE Underwriting Limited ('QUL').

In compliance with Solvency UK group reporting, QBE UK and QBE Europe are required to be fully consolidated as insurance undertakings, whereas EO plc's investment in QBE Corporate is required to be treated as a single line participation, as a Lloyd's Corporate member does not meet the definition of an insurance undertaking under the Solvency UK rules.

EO plc is a company incorporated in England and Wales whose principal activity is that of a holding and investment company. EO plc is the UK ultimate insurance holding company of the EO Group. Solvency UK group reporting to the 'PRA' is required to be prepared at the EO plc level.

EO plc's ultimate parent is the Sydney headquartered QBE Insurance Group Limited ('QBE Group'). QBE Group is listed on the Australian Securities Exchange ('ASX'), is subject to supervision by the Australian Prudential Regulation Authority and is a globally recognised general insurer and reinsurer. QBE Group financial statements are prepared under Australian International Financial Reporting Standards ('AIFRS') basis, EO plc entities financial information is fully consolidated under AIFRS.

QBE Group is one of the world's largest insurance and reinsurance companies with operations in all major insurance markets. Formed in Australia in 1886, QBE Group employs more than 13,000 people and carries on insurance activities in 26 countries, across three divisions:

- QBE North America ('QBE NA'),
- QBE Australia Pacific (consisting of Australia, New Zealand, The Pacific Islands) and
- QBE International (consisting of European Operations and Asia).

QBE Group's captive reinsurers, QBE Capital (Global) Ltd and QBE Capital Ltd (collectively referred to as 'QBE Capital'), provide reinsurance protection to the three divisions in conjunction with QBE Group's external reinsurance programmes. Its diverse insurance portfolio includes property, motor, crop, public and product liability, professional indemnity, workers' compensation, energy, marine and aviation.

EO plc indirectly owns the following insurance company subsidiaries through its wholly owned subsidiary QBE Holdings (EO) Limited ('QHEO').

QBE UK

QBE UK is incorporated in England and Wales. QBE UK is an insurer and reinsurer authorised by the PRA and regulated by the Financial Conduct Authority ('FCA') and the PRA. QBE UK writes UK and other non-European insurance and reinsurance business. QBE UK has a branch in the United Arab Emirates.

QBE UK is required to provide Solvency UK reporting at both a solo level and at EO plc Group level (the level of the ultimate UK insurance holding company). QBE UK holds a waiver from the PRA that allows it to publish a single Group SFCR that includes both the EO Group on a group basis and QBE UK on a solo basis. Solo reporting for QBE Europe is also included within this single Group SFCR. QBE Europe also publishes a separate solo SFCR.

QBE Europe

QBE Europe is a Belgium incorporated (re)insurer authorised by the NBB. QBE Europe writes (re)insurance business across the European Economic Area ('EEA') on a Freedom of Services ('FOS') basis through its head office (based in Brussels, Belgium), Freedom of Establishment ('FOE') basis through its EEA branches and in the UK and Bermuda through its UK and Bermudian branches. The Company also has a Representation Office in Colombia, Latin America.

EO plc undertakings

EO plc also owns other subsidiary undertakings, through QBE Holdings (EO) Limited, including QBE Corporate and QUL. QBE Corporate participates in two Lloyd's Syndicates (Syndicate 2999 and Syndicate 386). These syndicates are managed by EO Group's Lloyd's managing agent QUL.

Business and Performance

Key drivers of the business model and performance are the gross income written by each of the underlying insurance undertakings, the claims experience in relation to that net income, performance of the investment portfolio and management of the underlying expense and commission base.

Despite some challenging operating conditions that have characterised 2024, including inflationary pressures and geopolitical tensions, the EO Group undertakings achieved strong growth in the year. Trading conditions are expected to remain favourable in the year ahead. Challenges associated with changing market dynamics, inflation, geopolitics and climate will maintain a continued focus on underwriting discipline. Premium rates remain supportive of profitable growth after several years of compound increases.

EO Group continues to monitor the war in Ukraine, the conflict in Gaza as well as disruption to supply chains arising from escalating tensions in the Middle East and any resulting developments that may impact its assessment of potential exposures.

During the year, the underlying insurance undertakings in the EO Group (QBE UK, QBE Europe, Syndicate 2999 and Syndicate 386) entered into a transaction to reinsure against the adverse development of certain prior year claims liabilities. The transaction had positive impact on the reported profit for the financial year.

In an increasingly competitive marketplace for talent, EO Group have continued to focus on establishing QBE as the employer of choice and embedding the new global employee value proposition, 'Why QBE'. This year EO Group won Commercial Lines Insurer of the Year at the Insurance Times Awards 2024. EO Group also picked up the Silver for the Diversity and Inclusion Excellence Award for our commitment to ensuring everyone at QBE felt like they belong.

Underwriting performance

As explained above, only QBE UK and QBE Europe (and not QBE Corporate (which participates in Syndicates 2999 and Syndicate 386)) are required to be fully consolidated in the Solvency II balance sheet. Consistent with this approach, the Group underwriting performance for Solvency II reporting purposes (as reported in the public disclosures **IR.05.03.02** and **IR.05.04.02** for EO Group and QBE UK and **S.04.05.02** for QBE Europe and presented in **Appendix A**) is required to aggregate only the QBE UK and QBE Europe underwriting performance and therefore does not include the underwriting performance of QBE Corporate.

Commentary on the underwriting performance of QBE UK and QBE Europe is included below. Further information is included in **Section A.2**.

QBE UK

Details of QBE UK's underwriting performance and comparison to the prior year on a UK Generally Accepted Accounting Principles ('UK GAAP') basis are set out in **Section A.2.2**.

The Company reported a total profit of £161.8m (2023: £247.6m) and a combined operating ratio of 93.7% (2023: 84.1%). During the year, the Company entered into a transaction to reinsure against the

adverse development of certain prior year claims liabilities. The transaction had positive impact on the reported profit for the financial year.

Overall gross written premium of £2,093m (2023: £1,818m) is circa 15.1% up on the previous year, driven by direct insurance operations, with notable increases across Motor and Natural Resources partially offset by a decrease in QBE Portfolio Solutions.

The growth in reported Net Earned Premium is suppressed by the accounting treatment of the retrospective reinsurance arrangement entered in the year, although to a much lesser extent than the 2023 agreement. The cost of the arrangement entered reduced the reported net earned premium, with the associated reinsurance recoveries have reduced the reported net claims incurred.

2024 loss experience is adversely impacted by higher catastrophe claims experience, notably the Dubai floods event during the first half of the year and from the positive premium rate environment.

The overall commission and expense ratio is higher than 2023, mainly driven by the reduced net earned premium driven by the cost of the retrospective reinsurance agreement.

QBE Europe

Details of QBE Europe's underwriting performance and comparison to the prior year on a Belgian Generally Accepted Accounting Principles ('BE GAAP') basis are set out in **Section A.2.3.**

Gross written premium ('GWP') for the year totalled €2,138m (2023: €2,154m).

The Company has a reported profit for the year of €168m, and a combined operating ratio of 97.9% (2023: 104.8%) which was underpinned by underwriting profits and strong investment results.

The cost of the 2024 retrospective reinsurance arrangement concluded during the year has reduced the reported net earned premium, although to a much lesser extent than the 2023 retrospective reinsurance agreement.

The net acquisition costs and operating expenses have reduced compared to 2023, to a large extent as a result of the 100% prospective quota share on material Reinsurance Catastrophe exposures the Company has put in place for the 2024 occurrence year.

Investment performance

Consistent with the approach outlined above with respect to Group underwriting performance, Group investment return in **Section A.3** for Solvency II purposes only relates to entities which are required to be fully consolidated under Solvency II. This therefore only includes QBE UK, QBE Europe and EO plc (QBE UK, QBE Europe and EO plc being the only fully consolidated entities under Solvency II with significant investment portfolios).

In 2024, the Investment portfolio, primarily fixed income with a modest allocation to growth asset, navigated volatility due to central bank policy shifts from tightening to easing. Government bonds saw moderate yield compression, while quality investment-grade credit, particularly in the Eurozone, performed strongly with tightened spreads amid robust recovery.

Details of investment performance and comparison to the prior year are set out in **Section A.3 Investment Performance**.

System of Governance

The Board of Directors ('Board') of EO plc is collectively responsible for the long-term sustainable success of the EO Group. The role of the Board of EO plc is to provide leadership, to oversee the design and implementation of EO Group's strategy and to set a framework of prudent and effective controls which enable risk to be assessed and managed.

The Board of EO plc ensures that the necessary financial and people resources, policies and practices are in place for the EO Group to meet its objectives and measure performance of management in delivering on EO Group strategic aims, which are aligned with those of the QBE Group, the ultimate holding company of the EO Group. The key operating entities of the EO Group, QBE UK, QBE Europe and QUL, also have their own boards, with the similar responsibilities for these companies.

The International Executive Management Board ('EMB') supports the Chief Executive Officer of EO plc in providing executive management of the entire EO Group, as well as acting as a UK management committee for QBE UK and QUL. The Board of QBE Europe has separately established a management committee ('QEMC') which is responsible for the day-to-day management and operations of QBE Europe. The Chief Executive Officer of EO plc chairs both the EMB and QEMC.

Each year there is a formal Board Effectiveness Review ('BER'). In May 2024, the QBE Group undertook a BER encompassing the Divisional Boards, including the Boards of EO plc, QBE UK and QBE Europe. Comments supporting continuous improvement of the effectiveness of the Board arising from the review were discussed by the Boards and a number of actions were agreed.

During the year the Board Charters of EO plc, QBE UK and QBE Europe were reviewed and various changes made.

Updates on investments are provided directly to the Boards. Changes to the composition of EO plc, QBE UK and QBE Europe Boards, EMB and QEMC during the year are included in **Section B.1.4**.

The process of assessing the adequacy of the System of Governance is explained in **Section B.3.13**. From their annual review conducted in November 2024, the EO Risk team concluded that the EO Group's Three Lines Model remains appropriate, with appropriate checks and balances to support effective risk governance and management throughout the EO Group. The existence of assurance teams embedded in key 1st Line functions help maintain a strong risk and control culture around risk-taking activities.

For more information on the Systems of Governance, see **Section B**.

Risk Profile

The EO Group is exposed to various risks and uses a number of methods and techniques to identify, assess, evaluate and mitigate these risks on a continuous basis. The main risks comprise:

- Strategic risk;
- Insurance risk;
- Credit risk;
- Market risk;
- Liquidity risk;
- Operational risk;
- Compliance risk; and
- Group risk.

To address these risks, the EO Group uses a number of risk mitigation techniques, as described in **Section C**. A dedicated Risk function ensures these risks are fully understood and their impact on EO Group is comprehensively evaluated.

The EO Group has identified a number of top risks, which are considered executive management focus areas.

The top risk with the highest potential impact and likelihood throughout 2024 was 'Economic and Geopolitical Uncertainty', which was driven by geopolitical conflict (e.g. the Middle East conflict which continued to escalate throughout the first half of 2024 and the Ukraine war), uncertainty regarding governmental policy following key elections in the UK, France and the US, and by higher than usual rates of inflation in the UK and Europe following peaks in the previous year. The 'Heightened Regulatory Supervision' top risk was upgraded to the highest potential impact and likelihood in the second half of 2024 due to increasing divergence in regulation (e.g. with the introduction of "Solvency UK" in the UK, and in the EU the Digital Operational Resilience Act, EU AI Act, EU Data Act and EU Data Governance Act) leading to increasing complexity for the EO Group's business model. Other top risks for the EO Group with a high rating (in terms of impact or likelihood) include 'Cyber Security' and 'Climate Change', followed by 'Market Cycle Management' and 'Concentration of Distribution Partners'.

Data and modernisation have also been in focus during 2024, with Artificial Intelligence, Digitisation, Pricing Models and Financial and Actuarial Data all being considered at a medium level impact and

likelihood. The EO Group further started monitoring a new Modernisation Risk as a top risk from Q4 2024, which replaced the Digitisation risk under which risks associated with the Modernisation project were considered previously.

In 2024, we continued progressing in our approach to identifying, assessing, quantifying, managing and mitigating the Financial Risks for Climate Change ('FRCC').

Within the EO Group, we have continued to invest in and develop our capabilities in relation data, analysis, modelling and insights to be able to identify sustainability impacts, risks and opportunities in relation to broader Environmental, Social and Governance ('ESG') factors. For more information on the risk profile, see **Section C** 'Risk profile'.

Valuation for Solvency Purposes

Under Section 401 of the Companies Act 2006, EO plc is exempt from the requirement to publish group consolidated financial statements. The consolidated AIFRS financial statement values shown in **Section D** for the EO Group[1] are the consolidated unpublished and unaudited financial information prepared on a consistent basis with that used for reporting to QBE Group for inclusion in the overall QBE Group annual report ('Group AIFRS basis'). As explained below, whilst QBE Corporate is fully consolidated under Group AIFRS basis, the Solvency II net asset value is recognised under 'Holdings in related undertakings, including participations' for Solvency II reporting.

The scope of entities included in the EO plc consolidated financial statements prepared for the purposes of Solvency II Group reporting and the Solvency II consolidation is the same.

QBE UK reports statutory financial statements on a UK Generally Accepted Accounting Principles ('UK GAAP') basis (FRS 102)[2], while QBE Europe reports on a BE GAAP basis. The method of valuing assets and liabilities under the Solvency UK and Solvency II regulations differs in some cases from the methods used under AIFRS, UK GAAP and BE GAAP. The valuation of assets, technical provisions and other liabilities under Solvency UK and Solvency II compared to the financial statement basis is explained in **Section D**. Investments are measured at fair value under Solvency UK, Solvency II, AIFRS and UK GAAP. Under BE GAAP they are valued as follows:

- shares and similar securities are carried at acquisition value less related write-downs;
- fixed income securities are carried at amortised cost; and
- derivatives, including foreign exchange deals, are measured on a fair value basis.

Where alternative valuation methods are used, the key assumptions and adjustments are included in **Section D.4**.

The Solvency II balance sheet for the EO Group has been prepared using the default Method 1 (accounting consolidation method). The key difference between the consolidation approach under Solvency UK and AIFRS is that under Solvency UK 'other related undertakings', including the Group's investment in QBE Corporate (which participates in Lloyd's Syndicate 2999 and Syndicate 386), are not consolidated on a line-by-line basis, but recognised separately under 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet. This results in differences between the AIFRS and Solvency II balance sheet which are largely presentational rather than valuation differences.

The adjustments made to move from shareholders' funds statutory position to Solvency II excess of assets over liabilities and own funds are set out in **Section E.1.6**.

The valuation methodology for assets and liabilities for EO Group, QBE UK and QBE Europe under Solvency UK and Solvency II are set out in **Section D**.

[1] Since 1 January 2023, QBE Group has adopted International Financial Reporting Standard (IFRS) 17 Insurance Contracts (IFRS 17). Any references in this document to EO Group data on an AIFRS basis refers to unaudited EO Plc consolidated financial information that is consistent with the dataset used for QBE Group reporting on IFRS 17 basis.

[2] Referred to in this document as UK GAAP (FRS 102) or UK GAAP.

Capital Management

The EO Group's primary capital management objective is to maintain sufficient own funds to cover the Solvency Capital Requirement ('SCR') with an appropriate surplus. The EO Group has adopted a Capital Appetite Framework ('CAF') setting out the target and appetite levels of capital. The Capital Recovery Plans set out potential remediation actions in the event that capital falls below prescribed thresholds. The CAF and Capital Recovery Plans have been approved by the Boards of the EO Group, QBE UK and QBE Europe and senior management carry out regular reviews, on at least a quarterly basis, to monitor the ratio of Eligible Own Funds ('EOF') over SCR.

The EO Group has an approved Internal Model which it uses as the basis for the SCR.

As at 31 December 2024, EO Group and, separately, QBE UK and QBE Europe reported the following EOF, SCR and Minimum Capital Requirement ('MCR') coverage ratios:

Entity	Eligible own funds to meet the SCR	SCR	SCR coverage ratio[3]	Eligible own funds to meet the MCR	MCR	MCR coverage ratio[3]
EO Group (£m)	3,260	2,204	147.9%	2,847	836	340.3%
QBE UK (£m)	1,091	798	136.7%	931	359	259.2%
QBE Europe (€'m)	1,934	1,568	123.3%	1,514	572	264.4%

Key highlights are:

- As at 31 December 2024, the EO Group EOF available to cover the SCR are made up of Tier 1 unrestricted (82%) and Tier 2 (18%). The Tier 2 EOF of EO Group is in the form of £580m subordinated debt.
- The QBE UK eligible EOF available to cover the SCR are made up of Tier 1 unrestricted (85%) and Tier 2 (15%). Tier 2 EOF of QBE UK include £160m of Tier 2 ancillary own funds in the form of an irrevocable Standby Letter of Credit issued by external banks.
- The QBE Europe EOF available to cover the SCR are made up of Tier 1 unrestricted (74%) and Tier 2 (25%). Tier 2 EOF of QBE Europe include €400m of Tier 2 ancillary own funds in the form of irrevocable Standby Letters of Credit issued by external banks and €80m of subordinated debt. Tier 3 capital of €20m related to deferred tax assets.
- The EO Group EOF is after deduction of dividends of £195m paid in June 2024.
- The QBE UK EOF is after deduction of dividends of £70m paid in May 2024.
- No dividends have been paid by QBE Europe during 2024 or subsequently.
- There were no foreseeable dividends as at 31 December 2024 for EO plc, QBE UK or QBE Europe.

The movement in EOF to cover the SCR during the year is shown in **Section E.1.7**.

The EO Group, QBE UK and QBE Europe satisfied and complied with the MCR and SCR coverage requirements throughout the reporting period.

As a Lloyd's Corporate Member, QBE Corporate is required to provide Funds at Lloyd's ('FAL') as security for the liabilities of Syndicate 386 and Syndicate 2999. The majority of this FAL is however provided or guaranteed by entities outside the EO Group and therefore EO Group has limited exposure with respect to these arrangements. The FAL requirement provided by QBE Corporate in the form of investments and other assets deposited with Lloyd's was £89m (2023: £86m).

For more information on Capital Management, see **Section E**.

[3] Underlying calculations run to the nearest euro EOF to meet SCR/MCR, hence rounding differences may occur with the SCR/MCR cover ratios shown above.

Directors' Report

Statement of Directors' responsibilities for EO plc and QBE UK

The Directors of QBE European Operations plc and QBE UK Limited acknowledge their responsibility for ensuring that the Solvency and Financial Condition Report ('SFCR') has been prepared in all material respects in accordance with PRA Rulebook and Solvency UK regulations.

The Directors are satisfied that to the best of their knowledge and belief:

1) Throughout the financial year to 31 December 2024, EO Group and QBE UK Limited have complied in all material respects with the requirements of the PRA Rules; and
2) It is reasonable to believe that in respect of the period from 31 December 2024 to the date of the publication of the SFCR, the EO Group and QBE UK Limited have continued so to comply and that they will continue so to comply for the remainder of the financial year to 31 December 2025.

By order of the Board:

Director
QBE European Operations plc
Registered Number 2641728
London
3 April 2025

Director
QBE UK Limited
Registered Number 01761561

Statement of Directors' responsibilities for QBE Europe

The Directors acknowledge their responsibility for ensuring that the Solvency and Financial Condition Report ('SFCR') has been prepared in all material respects in accordance with NBB rules and Solvency II regulations.

The Directors are satisfied that to the best of their knowledge and belief:

1) Throughout the financial year to 31 December 2024, QBE Europe SA/NV has complied in all material respects with the requirements of the NBB Rules and Solvency II Regulations as applicable; and
2) It is reasonable to believe that in respect of the period from 31 December 2024 to the date of the publication of the SFCR, QBE Europe SA/NV has continued so to comply and that they will continue so to comply for the remainder of the financial year to 31 December 2025.

By order of the Board:

Director
QBE Europe SA/NV
Registered Number 0690.537.456
Belgium
3 April 2025

Auditors' Report

Report of the external independent auditors to the Directors of QBE European Operations plc ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2024:

- The 'Valuation for solvency purposes' and 'Capital management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2024, ('**the Narrative Disclosures subject to audit**');

- Group templates IR.02.01.02, IR.23.01.04 and IR.32.01.22 ('**the Group Templates subject to audit'**); and

- Solo templates IR.02.01.02, IR.12.01.02, IR.17.01.02, IR.23.01.01 and IR.28.01.01 in respect of QBE UK Limited ('the Group members'), (together '**Templates subject to audit'**).

The Narrative Disclosures subject to audit, the Group Templates subject to audit and the Solo Templates subject to audit are collectively referred to as the '**relevant elements of the Single Group-Wide Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the:

- **Other Information** which comprises:
  - Information contained within the relevant elements of the Single Group-Wide Solvency and Financial Condition Report set out above which is, or derives from the Solvency Capital Requirement, as identified in the Appendix to this report;

  - The 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Single Group-Wide Solvency and Financial Condition Report;

  - Group templates IR.05.02.01, IR.05.03.02, IR.05.04.02 and IR.25.04.22;

  - Solo templates IR.05.02.01, IR.05.03.02, IR.05.04.02, IR.19.01.21, and IR.25.04.21 in respect of QBE UK Limited;

  - Solo templates in respect of QBE Europe SA/NV; and

  - The written acknowledgement by management of their responsibilities, including for the preparation of the Single Group-Wide Solvency and Financial Condition Report ('**the Responsibility Statement**')

To the extent the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2024 is prepared, in all

material respects, in accordance with the financial reporting provisions of the PRA Rules, as modified by relevant supervisory modifications, and as supplemented by supervisory permissions.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Single Group-Wide Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing regulatory correspondence;
- Consideration of the Directors' assessment to continue to adopt the going concern basis of accounting;
- Assessing the expected cash flow movements over the next 12 months;
- Confirmation of the existence of cash and cash equivalents and other financial investments to assess the availability of liquid assets; and
- Assessment of the fair value of financial investments to determine the appropriateness of their valuation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Single Group-Wide Solvency and Financial Condition Report is authorised for issue.

In auditing the Single Group-Wide Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Single Group-Wide Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report, which describe the basis of accounting. The Single Group-Wide Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules, and therefore in accordance with a special purpose financial reporting framework. The Single Group-Wide Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Single Group-Wide Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Single Group-Wide Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Single Group-Wide Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Single Group-Wide Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Single Group-Wide Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Single Group-Wide Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA Rules, which have been modified by the modifications, and supplemented by the permissions made by the PRA under section 138A of FSMA and the PRA Rules, as detailed below:

- Permission to publish a Single Group-Wide SFCR;
- Approval to use full internal model to calculate group Solvency Capital Requirement; and
- Approval to use full internal model to calculate solo Solvency Capital Requirement for QBE UK Limited and QBE Europe SA/NV; and.

Approval to take an amount of ancillary own funds into account when determining its own funds for QBE UK Limited.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Single Group-Wide Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report is prepared, in all material respects, in accordance with financial reporting provisions of the PRA Rules.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Single Group-Wide Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Single Group-Wide Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group members and Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the breaches of UK and European regulatory principles, and we considered the extent to which non-compliance might have a material effect on the Single Group-Wide Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Single Group-Wide Solvency and Financial Condition Report such as the Solvency II Regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the Single Group-Wide Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to technical technical provisions. Audit procedures performed included:

- Inspecting relevant meeting minutes, including those of the Board and Audit Committee of the Company, and correspondence with regulatory authorities, including the Prudential Regulatory Authority and the Financial Conduct Authority;

- Discussions with the Board, management, compliance function and internal audit function of the companies, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- Testing and challenging, where appropriate, the assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the estimation of technical provisions;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Single Group-Wide Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

Other Matter –Error! Bookmark not defined. **internal model**

The Company has authority to calculate its Group Solvency Capital Requirement using a internal model ('the Group Model') approved by the Prudential Regulation Authority. The group members have authority to calculate their Solvency Capital Requirements using internal models ('the Solo Models') approved by the Prudential Regulation Authority. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Group Model and the Solo Models, or whether the Group Model and the Solo Models are being applied in accordance with the Company's and the Group members' application or approval order.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the relevant elements of the Solvency and Financial Condition Report and (where applicable) the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers LLP

Chartered Accountants

London

3 April 2025

Appendix – relevant elements of the Single Group-Wide Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Single Group-Wide Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template IR.02.01.02:
  - Row R0552: Risk margin - total
  - Row R0554: Risk margin - non-life
  - Row R0556: Risk margin - life

- The following elements of Group template IR.23.01.04
  - Row R0020: Non-available called but not paid in ordinary share capital at group level
  - Row R0060: Non-available subordinated mutual member accounts at group level
  - Row R0080: Non-available surplus at group level
  - Row R0100: Non-available preference shares at group level
  - Row R0120: Non-available share premium account related to preference shares at group level
  - Row R0150: Non-available subordinated liabilities at group level
  - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
  - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
  - Row R0210: Non-available minority interests at group level
  - Row R0380: Non-available ancillary own funds at group level
  - Row R0680: Group SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
  - Row R0750: Other non available own funds

- The following elements of Solo template IR.02.01.02:
  - Row R0552: Risk margin - total
  - Row R0554: Risk margin - non-life
  - Row R0556: Risk margin - life

- The following elements of Solo template IR.12.01.02
  - Row R0100: Risk margin

- The following elements of Solo template IR.17.01.02
  - Row R0280:Risk margin

- The following elements of Solo template IR.23.01.01
  - Row R0580: SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

- The following elements of Solo template S.28.01.01
  - Row R0310: SCR

- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

Section A: Business and Performance

A.1 Business

A.1.1 Business Overview

EO plc is an intermediate insurance holding company. EO plc is a company limited by shares, incorporated in England and Wales and is the ultimate UK insurance holding company at which level Solvency II Group supervision is applied by the PRA. The entire issued share capital of EO plc is owned by QBE Insurance Holdings Pty Limited.

QBE Insurance Holdings Pty Limited is ultimately wholly owned by QBE Group. QBE Group is listed on the ASX and is subject to supervision by the Australian Prudential Regulation Authority ('APRA'). Details of shareholders of QBE Group are disclosed in **Section 6 'Additional Information'** of the QBE Group 2024 Annual Report[4].

QBE Group manages its operations through three divisions:

- QBE International (consisting of European Operations and Asia);
- QBE North America ('QBE NA'); and
- QBE Australia Pacific (consisting of Australia, New Zealand, The Pacific Islands).

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE UK, QBE Europe, QBE Corporate and QUL. EO plc is the holding company of QBE Group's European operations. EO plc, through its wholly owned subsidiary, QHEO, has the following insurance company subsidiary undertakings:

QBE UK Limited ('QBE UK'): A UK incorporated (re)insurer authorised by the PRA and regulated by the FCA and the PRA. QBE UK writes UK and other non-EEA (re)insurance business through its UK head office and international reinsurance business through its Dubai branch.

QBE Europe SA/NV ('QBE Europe'): A Belgium incorporated insurer and reinsurer authorised by the NBB. QBE Europe writes (re)insurance business across the EEA on a Freedom of Services ('FOS') basis through its head office (based in Brussels, Belgium) and Freedom of Establishment ('FOE') basis through its EEA branches, and in the UK and Bermuda through its UK and Bermudian branches. On 19 May 2023 an application for QBE Europe's UK branch to obtain a permanent UK Part 4a permission was approved by the PRA and FCA, alongside approval of the required Senior Managers under the UK SM&CR regime. This authorisation extends to both the UK branch and any cross-border activities undertaken into the UK from QBE Europe's offices in continental Europe. The UK branch of QBE Europe is subject to supervision in the UK by the PRA in respect of prudential matters and the FCA from a conduct perspective.

EO plc also owns other subsidiary undertakings alongside QBE UK and QBE Europe, through its wholly owned subsidiary QHEO, including QBE Corporate and QUL. QBE Corporate participates in two Lloyd's Syndicates (Syndicate 2999 and Syndicate 386). These Syndicates are managed by EO Group's Lloyd's managing agent QUL.

The principal activity of QBE UK and QBE Europe is the transaction of insurance and reinsurance business. They will continue this activity through the development of existing lines of business, while actively seeking new opportunities for expansion and profitable growth. The strategic ambition of QBE Group, of which the EO Group forms a part, is to remain focused on further improving an already very strong business.

QBE UK underwrites non-EEA non-life insurance and reinsurance business including property, casualty, financial lines, marine, natural resources and motor business. In 2022, QBE UK obtained a Variation of Permission and Variation of Licence from the PRA and Dubai Financial Services Authority ('DFSA') respectively to also enable the underwriting of a limited portfolio of life reinsurance business via the QBE UK branch located in the United Arab Emirates with effect from 1 January 2023. Some of QBE UK's business is written in conjunction with Syndicate 2999 and Syndicate 386.

QBE Europe underwrites life and non-life reinsurance business, as well as trade credit, property, casualty, financial lines, marine, natural resources and motor direct insurance business.

[4] QBE Group 2024 Annual Report is available at 'https://www.qbe.com/investor-relations/reports-presentations/annual-results'.

Geographical locations

QBE UK has its head office in London and has further offices across the UK. It predominantly underwrites from its UK offices. It also has a branch in the United Arab Emirates.

QBE Europe has its head office in Brussels, Belgium and underwrites insurance and reinsurance business across the European Economic Area ('EEA') on a Freedom of Services ('FOS') basis through its head office and Freedom of Establishment ('FOE') through its EEA branches in Bermuda, Denmark, France, Germany, Ireland, Italy, Netherlands, Spain and Sweden.

The Bermuda branch is authorised and regulated by the Bermuda Monetary Authority ('BMA', as well as by the NBB as part of QBE Europe.

QBE Europe's UK branch is authorised by the PRA and regulated by the FCA with respect to conduct of business. It is also regulated by the NBB as part of QBE Europe.

The table below shows QBE UK and QBE Europe branch locations:

Subsidiary	Locations
QBE UK	United Kingdom – Head Office
	United Arab Emirates (Dubai International Financial Centre) – Branch[5]
QBE Europe	Belgium – Head Office
	Bermuda – Branch
	Denmark – Branch
	France – Branch
	Germany – Branch
	Ireland – Branch
	Italy – Branch
	Netherlands – Branch
	Spain – Branch
	Sweden – Branch
	United Kingdom – Branch

[5] Referred to as the Dubai branch.

A.1.2 Names and contact details of supervisory authorities

QBE UK Authorised and regulated by the PRA and FCA with respect to conduct of business. **Prudential Regulation Authority** Bank of England Threadneedle Street London EC2R 8AH Telephone: +44 (0) 203 4614 444 www.bankofengland.co.uk/prudential-regulation **Financial Conduct Authority** 12 Endeavour Square London E20 1JN Telephone: +44 (0) 207 066 1000 www.fca.org.uk	**QBE UK, Dubai branch** Regulated by the DFSA. The DFSA contact details are as follows: **Dubai Financial Services Authority** Level 13 West Wing The Gate DIFC +971 (0) 4362 1500 www.dfsa.ae

QBE Europe 's regulator is the NBB. Contact details for the NBB are as follows: **National Bank of Belgium** Boulevard de Berlaimont / de Berlaimontlaan 14 1000 Brussels Telephone: +32 (0) 2 221 21 11 www.nbb.be The Company is also regulated by the **Belgian Financial Services and Markets Authority** ('FSMA') with respect to conduct of business. The FSMA's contact details are as follows: Rue du Congrès/Congresstraat 12-14 1000 Brussels Telephone: +32 (0) 2 220 52 11 www.fsma.be	**QBE Europe's UK Branch** Authorised and regulated by the PRA and regulated by the FCA with respect to conduct of business. It is also regulated by NBB as part of QBE Europe. **Prudential Regulation Authority** Bank of England Threadneedle Street London EC2R 8AH Telephone: +44 (0) 203 4614 444 www.bankofengland.co.uk/prudential-regulation **Financial Conduct Authority** 12 Endeavour Square London E20 1JN Telephone: +44 (0) 207 066 1000 www.fca.org.uk	**QBE Europe, Bermuda branch** Regulated by the BMA. The BMA contact details are as follows: **Bermuda Monetary Authority** BMA House 43 Victoria Street Hamilton HM12 +441 (0) 295 5278 www.bma.bm

A.1.3 Names and contact details of the external auditors

The contact details of external auditors for EO Group and QBE UK, respectively, are as follows:

PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT Telephone: +44 (0) 2075 835 000 www.pwc.co.uk	**Forvis Mazars LLP** 30 Old Bailey London EC4M 7AU Telephone: +44(0) 20 7063 4000 https://www.forvismazars.com/uk/en

The external auditor of QBE Europe is PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL. Contact details are as follows:

PwC Bedrijfsrevisoren BV - PwC Reviseurs d'Entreprises SRL
Culliganlaan 5,
B-1831 Diegem
Telephone: +32 (0)2 710 42 11
www.pwc.be

A.1.4 Group structure chart

Group structure charts showing the structure of the EO Group as at 31 December 2024 and the subsidiaries of EO plc and QBE UK and QBE Europe's position within the structure are shown below.

The main operating entities in the EO Group are QBE UK and QBE Europe together with participations in two Lloyd's Syndicates through the Lloyd's corporate member, QBE Corporate Limited. These syndicates are managed by EO Group's managing agent QUL. There are also two service companies QBE Management Services (UK) Limited which provides services to QBE UK and QBE Management (Ireland) Limited which provides services to the Irish branch QBE Europe. QBE UK and QBE Europe do not have any subsidiaries.

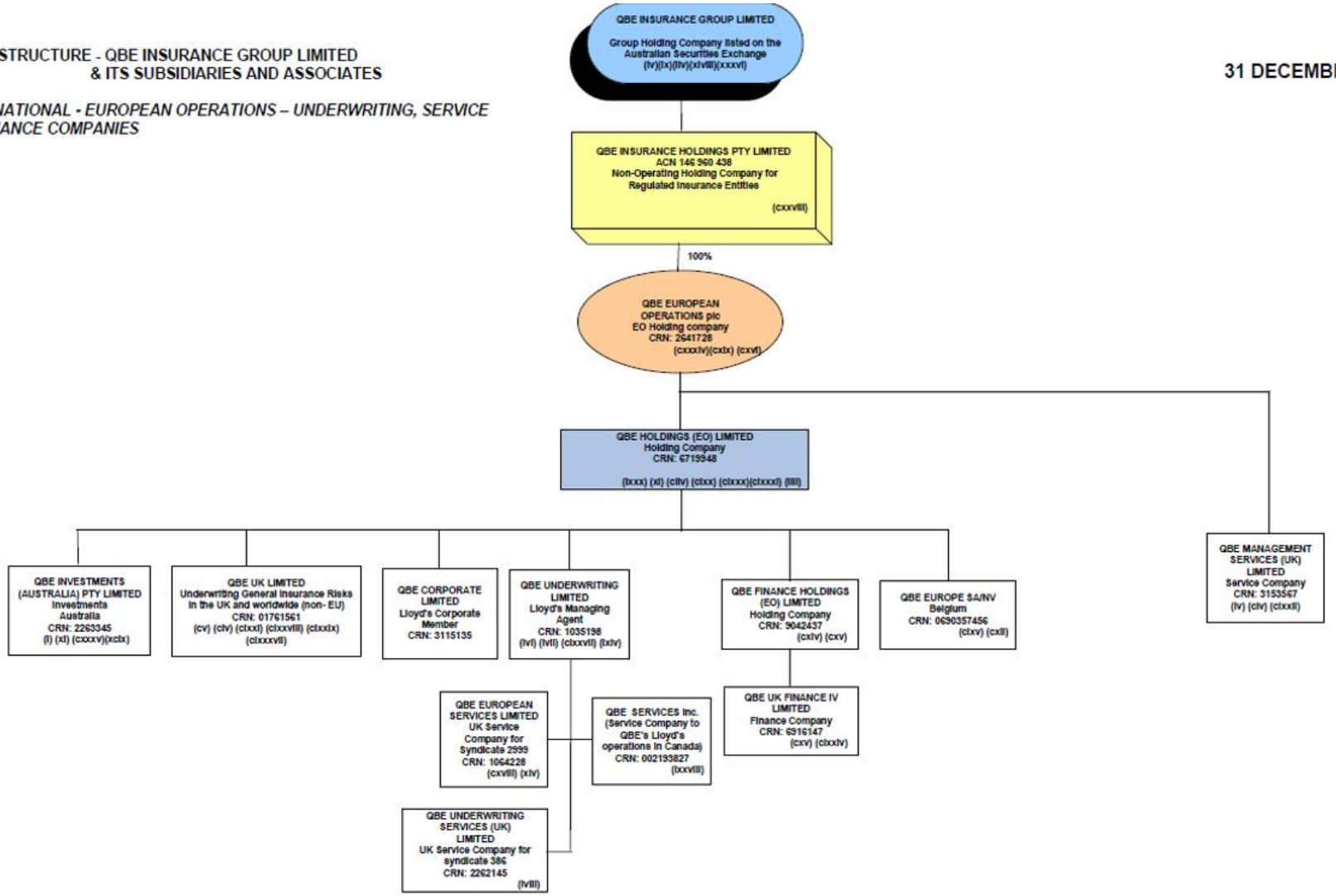
A full list of undertakings within the EO Group as at 31 December 2024, and the nature of those undertakings, can be found in the public disclosure **IR.32.01.22**, included in **Appendix A**.

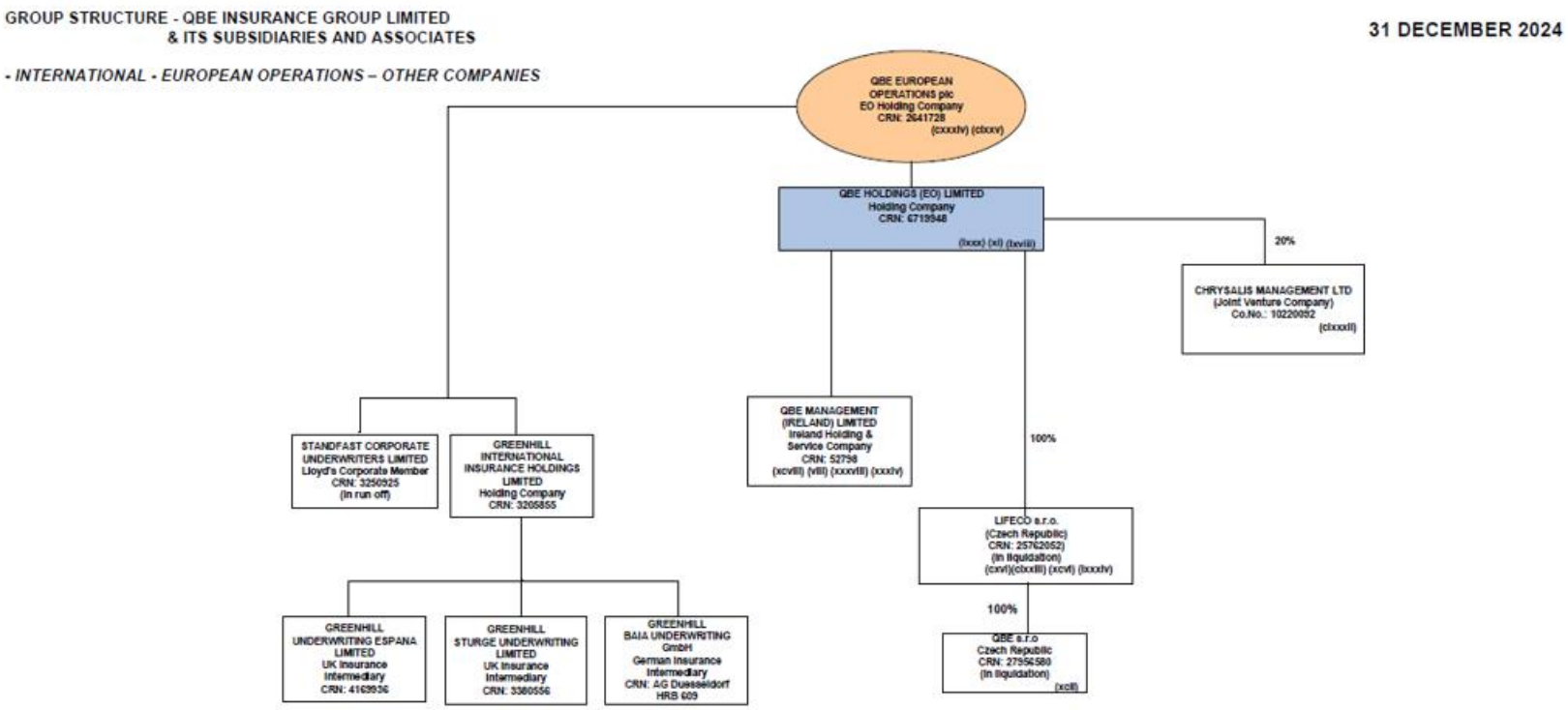
A list of all the QBE Group's controlled entities in terms of shares or contractual agreements is included in **Section 7** 'Group Structure'**, Note 7.3** 'Controlled entities' of the QBE Group 2024 Annual Report.

GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- INTERNATIONAL - EUROPEAN OPERATIONS – UNDERWRITING, SERVICE AND FINANCE COMPANIES

31 DECEMBER 2024




GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES
- INTERNATIONAL - EUROPEAN OPERATIONS – OTHER COMPANIES
31 DECEMBER 2024
QBE EUROPEAN OPERATIONS plc
EO Holding Company
CRN: 2641728
(cxxxiv) (cxxv)
QBE HOLDINGS (EO) LIMITED
Holding Company
CRN: 6719348
(lxxx) (xl) (lxviii)
20%
CHRYSALIS MANAGEMENT LTD
(Joint Venture Company)
Co.No.: 10220052
(cxxxii)
STANDFAST CORPORATE UNDERWRITERS LIMITED
Lloyd's Corporate Member
CRN: 3250925
(In run off)
GREENHILL INTERNATIONAL INSURANCE HOLDINGS LIMITED
Holding Company
CRN: 3205855
QBE MANAGEMENT (IRELAND) LIMITED
Ireland Holding & Service Company
CRN: 52794
(xcviii) (viii) (xxxviii) (xxxiv)
100%
LIFECO a.r.o.
(Czech Republic)
CRN: 25762052
(In liquidation)
(cxvi)(cxxiii) (xcvi) (lxxxiv)
100%
QBE a.r.o
Czech Republic
CRN: 27956580
(In liquidation)
(xcii)
GREENHILL UNDERWRITING ESPANA LIMITED
UK Insurance Intermediary
CRN: 4169936
GREENHILL STURGE UNDERWRITING LIMITED
UK Insurance Intermediary
CRN: 3380556
GREENHILL BAIA UNDERWRITING GmbH
German Insurance Intermediary
CRN: AG Duesseldorf HRB 609

A.1.5 Significant business and other events in the reporting period

The following significant events and transactions impacted the EO Group structure and its business during the year:

- The global macroeconomic environment and inflationary pressures remained a concern during 2024.
- In an increasingly competitive marketplace for talent, EO Group have continued to focus on establishing QBE as the employer of choice and embedding the new global employee value proposition, 'Why QBE';
- This year EO Group won Commercial Lines Insurer of the Year at the Insurance Times Awards 2024. EO Group also picked up the Silver for the Diversity and Inclusion Excellence Award for our commitment to ensuring everyone at QBE felt like they belong; and
- The Company continues to monitor the tensions in the Middle East and any resulting developments that may impact its assessment of potential exposures. The Company also has a programme of stress and scenario testing in order to review the potential impacts of a range of different strategic threats on its capital position and exposure to market, liquidity and operational risks.

QBE UK

The Company continues to monitor the war in Ukraine as well as tensions in the Middle East and any resulting developments that may impact its assessment of potential exposures. The exposure to these issues identified to date are not significant.

On 31 October 2024, the Company entered into a 100% retrospective reinsurance arrangement. This cover protects run-off of certain prior year claims reserves within the Company. The effective date of the arrangement is 1 July 2024.

During the year, the Company has set up a new dedicated Core Fixed Income investment portfolio with a longer duration that is measured at Fair Value through Other Comprehensive Income ('FVOCI'). The business model of this new portfolio is consistent with the measurement of the assets at FVOCI.

The capital of the Company comprises its net assets and totals £790.6m at year-end (2023 £706.3m). All externally imposed capital requirements have been met during the year.

QBE Europe

On 31 October 2024, the Company entered into a 100% retrospective reinsurance arrangement which covers certain prior year claims reserves within the Company. The effective date of the arrangement is 1 July 2024.

The Company's investment strategy adheres to its core principles of capital preservation, risk mitigation, and steady returns focusing on prudent asset allocation, diversified exposure, and a long-term outlook. The Company's investment portfolio is predominantly made up of high-quality government and investment grade bonds along with a moderate allocation to high yield debt, emerging market debt and growth assets. The growth asset portfolio includes investment in developed market equity, unlisted property funds, infrastructure funds and alternatives.

The Company benefitted from additional solvency qualifying ancillary own funds of €200m as from 18 December 2024. All externally imposed capital requirements have been met during the year.

A.1.6 Significant post-balance sheet events

In January 2025, devastating wildfires broke out in Southern California. EO Group continues to evaluate the financial impact on its insurance result for 2025.

A.1.7 Material intra-group transactions during the reporting period

EO plc paid dividends of £195m in June 2024 to its parent QBE Insurance Holdings Pty Limited.

The EO Group has reinsurance arrangements with QBE Capital (Global) Ltd ('QCAP Global')[6], a related undertaking (captive reinsurer) within the wider QBE Group. QCAP Global participates in the retrospective quota

[6] Formerly known as Equator Reinsurances Limited.

share arrangement introduced in the year. Details of exposures are included in **Section C.3.1 'Reinsurance credit risk'**.

QBE UK paid dividends of £70m in May 2024 to its intermediate parent, QHEO. QBE Corporate paid dividends of £135m in May 2024 to its immediate parent, QHEO. QHEO paid a dividend of £236m to its direct parent, EO plc in June 2024, including the dividends received from QBE UK and QBE Corporate.

QBE Management Services (UK) Limited ('MSUK') and QMSL recharged EO Group Companies directly during the year for services provided.

QBE Europe did not pay any dividends during the reporting period.

There are a number of intra-group funding arrangements within the EO Group and also inter-group funding arrangements with other companies within the wider QBE Group:

- As at 31 December 2024, EO plc holds a £580m (2023: £583m) Tier 2 qualifying loan from QBE Strategic Capital (Europe) Limited (a company outside the EO Group consolidation group), further details are shown in **Section E.1.2**;
- Details of intra-group Tier 2 subordinated debt of €80m (2023: €80m) issued by QHEO, a wholly owned subsidiary of EO plc and held by QBE Europe are disclosed in **Section E.1.2**
- The EO Group, including QBE UK and QBE Europe, executes derivative transactions with QBE Strategic Capital Company Pty Ltd, a related undertaking within the wider QBE Group; and
- As a Lloyd's Corporate Member, QBE Corporate is required to provide Funds at Lloyd's (FAL) as security for the liabilities of Syndicate 386 and Syndicate 2999. The majority of this FAL is provided or guaranteed by entities outside the EO Group and therefore EO Group has limited exposure with respect to these arrangements. Further details are provided in **Section E.1.1**.

A.1.8 Scope of the EO Consolidation Group under Solvency II compared to under AIFRS

Under Section 401 of the Companies Act 2006, EO plc is exempt from the requirement to publish group consolidated statutory financial statements. The comparative consolidated statutory financial statement values shown in **Section D** for the EO Group are therefore the consolidated unpublished and unaudited EO Group AIFRS[7] values. As explained below, whilst QBE Corporate is fully consolidated under Group AIFRS basis, the Solvency II net asset value is recognised under 'Holdings in related undertakings, including participations' for Solvency II reporting.

The scope of entities included in the EO plc AIFRS consolidated financial statements prepared for the purposes of Solvency II Group reporting and the Solvency II consolidation is the same.

The Solvency II balance sheet for the EO Group has been prepared using the default Method 1 (accounting consolidation method). The key difference between the consolidation approach under Solvency II and AIFRS is that under Solvency II only entities which meet the definition of insurance holding company, insurance undertaking and ancillary services undertaking are fully consolidated and 'other' undertakings, including EO Group's investment in QBE Corporate (which participates Lloyd's Syndicate 2999 and Syndicate 386), are not consolidated on a line by line basis, but recognised as investments under 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet. These investments are valued at the Solvency II value of their underlying assets using the adjusted equity method. This may result in material presentational differences between the AIFRS and Solvency II balance sheet even though the Solvency II valuation approach under the two bases is the same.

Further information is included in **Section D**.

A.1.9 Rounding convention

The SFCR is presented in pound sterling for the EO Group and QBE UK, and in euros for QBE Europe, rounded to the nearest million. Rounding differences of +/- one million can occur.

[7] From 1 January 2023 QBE Group adopted International Financial Reporting Standard (IFRS) 17 Insurance Contracts (IFRS 17). Therefore, reference to EO Group data on an AIFRS basis in this document refers to unaudited EO Plc consolidated financial information that is consistent with the dataset used for QBE Group reporting on IFRS 17 basis.

A.2 Underwriting Performance

A.2.1 The EO Group underwriting performance during the year

QBE UK and QBE Europe are the only insurance companies in the EO Group. The underwriting performance of the EO Group for the year ended 31 December 2024 as shown on public disclosures **IR.05.03.02** 'Life income and expenditure' and **IR.05.04.02** 'Non-life income and expenditure' in **Appendix A** is required to show the aggregation of QBE UK and QBE Europe underwriting performance. This does not include the underwriting performance of QBE Corporate (which participates in Syndicates 2999 and Syndicate 386). This is consistent with the required consolidation approach under Solvency II as explained in **Section A.1.8** above.

Information on the QBE UK and QBE Europe underwriting performance is detailed in the relevant sections below.

A.2.2 QBE UK underwriting performance during the year

A.2.2.1 QBE UK overview

QBE UK prepares its financial statements in accordance with UK GAAP (FRS 102). The table below presents the underwriting performance for the year ended 31 December 2024 together with comparative information.

As a (re)insurance company, for QBE UK key performance indicators include gross written premium ('GWP'), gross earned premium ('GEP') and net earned premium ('NEP'). Key ratios monitored by the Board include the combined ratio, including the claims ratio and commission and expense ratio (the 'Ratios'). The Ratios are net claims, expenses and commissions incurred for the year, expressed as a factor of the net earned premium.

Key metrics	2024 £'m	2023 £'m
Gross written premium	2,093	1,818
Net earned premium	1,452	1,180
Net claims ratio	65.5%	55.9%
Net commission and expense ratio	28.2%	28.2%
Net combined operating ratio (NCOR)	93.7%	84.1%

Overall gross written premium of £2,093m (2023 : £1,818m) is circa 15.1% up on the previous year, driven by a positive rating environment and volume growth in direct insurance operations (Motor and Natural Resources partially offset by a decrease in QBE Portfolio Solutions).

The cost of the 2024 retrospective reinsurance arrangement entered during the year has reduced the reported net earned premium, although to a much lesser extent than the 2023 retrospective reinsurance agreement.

The retrospective reinsurance arrangement entered into in 2024 resulted in an initial gain of £1m within the underwriting result.

2024 loss experience reflects the impact of higher CAT losses. Losses driven by floods in the United Arab Emirates were a significant factor in the increase in claims.

The overall commission and expense ratio remains consistent year on year at 28.2%.

A.2.2.2 QBE UK underwriting performance by Solvency II line of business

A summary of the material Solvency II lines of business by reference to gross written premium, a component of QBE UK underwriting performance, is presented below. The values are consistent with UK GAAP and are prepared on the same basis as the full public disclosures **'IR.05.03.02 - Life income and expenditure'** and **'IR.05.04.02 - Non-life income and expenditure'** presented in **Appendix A** in this document and **'S.05.01 - Premiums, claims and expenses by line of business (Life)'** and **'S.05.01 - Premiums, claims and expenses by line of business' (Non-Life)'** presented in **Appendix A** of the **2023 Single Group SFCR**.

The material Solvency II lines of business based on contribution to gross written premium is as follows:

Direct Business and Reinsurance Accepted (Non-life & Life)	2024	2023
	£m	£m
Fire and other damage to property insurance - non-personal lines	800	733
General liability insurance	555	454
Motor vehicle liability insurance - non-personal lines	438	347
Other motor insurance - non-personal lines	130	125
Marine, aviation and transport insurance	81	69
Credit and suretyship insurance	56	61
Other	33	29
Total – Gross written premiums	**2,093**	**1,818**

Fire and other damage to property insurance – non-personal lines

GWP was favourable with positive trading conditions experienced in a supportive market combined with new business opportunities in the natural resources portfolio (within the energy construction line of business), and growth in the UK business.

General liability insurance

GWP increased year on year supported by renewal rate increases along with new business growth in the International Markets and UK divisions.

Motor vehicle liability insurance – non- personal lines and Other Motor insurance – non-personal lines

GWP increased as a result of strong growth across the UK Motor business, supported by favourable rate and higher new business levels.

Marine, aviation & transport insurance

GWP increased as a result of rate growth where we saw geopolitical factors influence the market pricing environment and new business opportunities.

Credit and suretyship insurance

GWP reduced compared to the previous year driven by a decrease in renewals.

Other

The 'Other' Solvency II lines of business consist largely of:

- Direct and proportional reinsurance: Income Protection, Credit and suretyship, Legal expenses, Assistance, Miscellaneous financial loss;
- Non-proportional health reinsurance;
- Annuities stemming from non-life insurance contracts; and
- Life reinsurance business written in the Dubai branch.

'Other' lines of business represent 2% (2023: 2%) of QBE UK's GWP.

A.2.2.3 QBE UK underwriting performance by material geographical areas

Underwriting performance within QBE UK's material geographical areas for non-life business are shown in the table below for the current and prior year.

Results presented below are prepared on the same basis as the full public disclosure '**IR.05.02 - Premiums, claims and expenses by country**' presented in **Appendix A** in this document and '**S.05.02 'Premiums, claims and expenses by country**' presented in **Appendix A** of the **2023 Single Group SFCR**. These reporting requirements require the information to be reported by country where the risk is situated and where the contract was entered into.

Direct Business and Reinsurance Accepted (Non-life & Life)	2024	2023
	£m	£m
United Kingdom	1,501	1,320
United States of America	234	184
United Arab Emirates	91	77
Saudi Arabia	28	23
Qatar	23	-
South Africa	17	17
Canada	16	17
Other	183	180
Total – Gross written premiums	**2,093**	**1,818**

The largest market for the company is the UK, where market conditions continued to improve through 2024, albeit with renewal rate increases moderating across a number of lines. The growth in GWP was mainly observed within the motor vehicle liability and general liability lines of business.

Business written in other markets is typically customer focused and driven by their underlying insurance needs and exposures rather than a strategic desire to grow a material QBE UK footprint in any individual markets.

Life (Direct business and reinsurance accepted)

QBE UK's life business referred to in **Section A.2.2.2** above, consists of non-life annuities and life reinsurance business written in the Dubai branch. 2024 GWP was £7m (2023: £5m).

A.2.3 QBE Europe underwriting performance during the year

A.2.3.1 QBE Europe overview

QBE Europe prepares its financial statements in accordance with BE GAAP. The table below presents the underwriting performance for the current and prior year.

As a (re)insurance company, for QBE Europe, key performance indicators include GWP, GEP and NEP. Key ratios monitored by the Board include the combined operating ratio, including the claims ratio and commission and expense ratio (the 'Ratios'). The Ratios are net claims, expenses and commissions incurred for the year, expressed as a factor of the net earned premium.

Key metrics	2024	2023
	€m	€m
Gross written premium	2,138	2,154
Net earned premium	1,477	1,241
Claims ratio	65.9%	65.0%
Commission and expense ratio	32.1%	39.8%
Combined operating ratio	97.9%	104.8%

The GWP generated by the Non-Life business amounts to €2,071 million, 59% of which is insurance business being written out of the foreign insurance branches or on a freedom of services basis out of the head office in Belgium. Life business generated a gross premium income of €67m. The Life premium volume continues to be 100% generated by reinsurance business written out of the head-office in Belgium.

The cost of the 2024 retrospective reinsurance arrangement concluded during the year has reduced the reported net earned premium, although to a much lesser extent than the 2023 retrospective reinsurance agreement.

The net acquisition costs and operating expenses have reduced compared to 2023, to a large extent as a result of the 100% prospective quota share on material Reinsurance Catastrophe exposures the Company has put in place for the 2024 occurrence year.

A.2.3.2 QBE Europe underwriting performance by Solvency II line of business

A summary of the material Solvency II lines of business by reference to GWP, a component of QBE Europe underwriting performance, is presented below. The values are consistent with BE GAAP and are prepared on the same basis as the full public disclosure **'S.05.01 - Premiums, claims and expenses by line of business'** presented in **Appendix A**.

The material Solvency II lines of business based on contribution to gross written premium are as follows:

Direct Business and Reinsurance Accepted (Non-life & Life)	2024	2023
	€'m	€'m
General liability insurance	814	794
Fire and other damage to property insurance	626	648
Property (accepted non-proportional reinsurance)	202	210
Casualty (accepted non-proportional reinsurance)	182	178
Marine, aviation and transport insurance	120	128
Life reinsurance (life reinsurance obligations)	67	62
Other	127	134
Total – gross written premium	**2,138**	**2,154**

General liability insurance

The increase in GWP for the year was driven by a combination of the rate increases achieved across lines, and growth within the business. Measured expansion across a number of product lines allowed growth without expanding the risk appetite of the Company.

Fire and other damage to property insurance and Property (accepted non-proportional reinsurance)

The market remains challenging in several geographies. GWP reduced in 2024. The business experienced lower rate increases compared to 2023, along with lower retention levels.

Casualty (accepted non-proportional reinsurance)

GWP is broadly flat in 2024 due to more moderate premium rate increases.

Marine, aviation & transport insurance

Marine, aviation & transport book remained broadly flat year on year and the modest reduction in premium was driven by a less favourable rate environment.

Life reinsurance (life reinsurance obligations)

The life reinsurance business experienced marginal increases in income in a relatively low-rate environment.

Other

The 'Other' Solvency II lines of business consist largely of:

- Non-proportional health reinsurance; and
- Annuities stemming from non-life insurance contracts.

'Other' lines of business represent 6% (2023: 6%) of QBE Europe's gross written premium.

A.2.3.3 QBE Europe underwriting performance by material geographical areas

Underwriting performance within QBE Europe's material geographical areas for non-life business are shown in the table below for the current and prior year.

The results are prepared on the same basis as the full public disclosure **'S.05.02 'Premiums, claims and expenses by country'** presented in **Appendix A** which requires the information to be reported by country where the risk is situated and where the contract was entered into.

Non-Life (Direct business and reinsurance accepted)	2024	2023
	€'m	€'m
France	516	489
Belgium	309	341
Germany	171	157
Spain	170	157
United Kingdom	119	148
Other	786	801
Total – Gross written premium	**2,071**	**2,093**

Life reinsurance	2024	2023
	€'m	€'m
Belgium	26	28
United Kingdom	21	12
France	6	7
United States of America ('USA')	2	2
Switzerland	2	2
Other	10	11
Total – Gross written premium	**67**	**62**

The overall non-life portfolio reduced compared to prior year. The positive rating environment continued to reduce through 2024 as the market became more challenging across a range of product lines and geographies.

Growth in GWP was observed across certain geographies, notably France, Germany and Spain. The lower premium written in the United Kingdom and Belgium reflects the measured approach to reduce volatility and risk across the portfolio. The reduction was mainly within fire and other damage to property insurance and general liability business lines.

The life inwards reinsurance business remained marginally ahead of prior year as the market continues to operate in a relatively low-rate environment and continued inflationary pressures.

A.3 Investment Performance

A.3.1 Overview

The Company refined their investment strategy in 2024, maintaining overall asset allocation while adopting a longer duration Core Fixed Income (CFI) portfolio to protect returns from falling interest rates (refer to **Section C.2.2.3**). The majority of investments remain in fixed income, including Government and investment-grade bonds, with smaller allocations to High Yield Debt ('HYD') and Emerging Market Debt ('EMD'). Market volatility persisted as central banks shifted policy, with UK Gilts seeing moderate yield compression and investment-grade credit benefiting from strong corporate fundamentals. HYD and EMD delivered solid returns, acting as a hedge against steady inflation. The Growth Asset portfolio, including developed market equity, unlisted property, and infrastructure funds, saw strong performance in infrastructure and equities, while property funds showed signs of recovery.

Most fixed income portfolios have an average credit rating of S&P 'A' or higher, with a minimum permitted rating of 'BBB-' per Investment Guidelines. The Company adheres to Chapters 2 and 3 of the Investments Part of the PRA Rulebook and NBB 2016_31, embedding these in its processes and controls.

A.3.2 EO Group investment performance

Consistent with the approach outlined in **Section A.2.1** with respect to Group underwriting performance, Group investment return in **Section A.3** for Solvency II purposes only relates to entities which are required to fully consolidated under Solvency II. This therefore only includes QBE UK, QBE Europe and EO plc (EO plc being the only fully consolidated entity with a significant investment portfolio).

Investment performance for the EO Group discussed in this section relates only to EO plc, QBE UK and QBE Europe as these are the only entities which are fully consolidated on a Solvency II basis and have a significant investment portfolio. It therefore does not include the investment performance of QBE Corporate (which participates in Syndicate 2999 and Syndicate 386) and other EO Group entities.

Investment return is measured and reported at an asset class level for the EO Group. A summary of performance is provided to the applicable boards on a regular basis throughout the year.

The fixed income and enhanced fixed income investment return for the EO Group was 3.6% (2023: 5.4%). The growth asset investment return was 9.7% (2023: 0.2%).

The investments portfolio is divided into the asset classes as per the table below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined total return (percentage yield shown in the table below) for the year was 4.0% (2023: 5.0%) on a fair value basis.

@Asset type	2024			2023		
	Yield[8]	Investment return[9]	FUM at year end[10]	Yield[8]	Investment Return[9]	FUM at year end[10]
	%	£'m	£'m	%	£'m	£'m
Fixed income	3.4	214	6,499	4.9	287	5,915
Equities	9.7	22	191	12.2	9	75
Infrastructure assets	7.5	15	247	7.6	14	182
Unlisted property	2.2	4	149	(16.3)	(22)	134
High yield debt	5.9	12	199	12.0	20	167
Emerging market debt	3.5	4	88	6.7	7	98
Private credit	10.1	16	170	8.2	12	141
Alternatives	28.7	4	9	13.4	3	24
Total	**4.0**	**291**	**7,552**	**5.0**	**330**	**6,736**

Investment expenses and charges (including realised losses) were £33m for the period (2023: £100m). The decrease from prior year is due to lower level of realised losses on investments.

A.3.3 QBE UK investment performance

As at 31 December 2024, QBE UK's investments were primarily held in fixed income securities and money market instruments, with a modest exposure to private credit and growth assets through investment funds investing in infrastructure assets, unlisted property, exchange traded funds and exchange traded commodities.

Investments are monitored using the asset types below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined total return (percentage yield shown in the table below) for the year was 4.3% (2023: 5.1%) on a fair value basis.

Asset type	2024			2023		
	Yield[8]	Investment Return[9]	FUM at year end[10]	Yield[8]	Investment Return[9]	FUM at year end[10]
	%	£'m	£'m	%	£'m	£'m
Fixed income	3.5	93	2,869	4.9	123	2,498
Equities	9.5	9	95	7.3	3	41
Infrastructure assets	6.8	5	83	8.7	7	77
Unlisted property	4.5	5	94	(10.2)	(8)	75
Private credit	10.1	16	170	8.2	12	141
Alternatives	28.6	2	5	13.9	1	9
Total	**4.3**	**130**	**3,316**	**5.1**	**138**	**2,841**

Investment expenses and charges (including realised losses) were £7.2m for the period (2023: £32m). The decrease from prior year is due to lower level of realised losses on investments.

[8] Yield is calculated over the average of the last two months of the reporting period of funds under management balance.
[9] Includes foreign exchange and other income which do not form part of investment return reported in the table above.
[10] Funds under management ('FUM')/investment at market value.

A.3.4 QBE Europe investment performance

As at 31 December 2024, QBE Europe's investments were primarily held in fixed income bonds and money market instruments together with exposure to high yield debt, emerging market debt and growth assets through investment funds in infrastructure assets, unlisted property, exchange traded funds and exchange traded commodities.

Investments are monitored using the asset types below. The total investment returns achieved for the year together with the values of investments at the year end and prior year comparatives are set out below. The combined currency total return (percentage yield shown in the table below) for the year was 3.9% (2023: 5.0%) on a mark-to-market/fair value basis.

Asset type	2024			2023		
	Yield[8]	Investment Return[9]	FUM at year end[10]	Yield[8]	Investment Return[9]	FUM at year end[10]
	%	€'m	€'m	%	€'m	€'m
Fixed income	3.4	136	4,178	4.8	186	3,847
Equities	11.0	15	116	18.2	7	39
Infrastructure assets	8.5	11	198	6.5	8	121
Unlisted property	(2.0)	(1)	67	(23.1)	(16)	68
High yield debt	6.0	14	241	11.9	23	193
Emerging market debt	3.7	4	107	6.7	8	113
Alternatives	29.1	3	5	13.0	2	18
Total	**3.9**	**182**	**4,912**	**5.0**	**218**	**4,399**

Investment expenses and charges (including realised losses) were €31m for the period (2023: €86m). The decrease from prior year is due to a higher level of realised losses last year.

A.3.5 EO plc investment performance

EO plc's Investments are held in fixed income securities and money market instruments. The combined total return for the year was 6.3% (2023: 5.0%). Investment expenses and charges including realised losses were £nil for the period (2023: £(1)m). The increase from prior year is due to a lower level of realised losses on investments.

A.3.6 Gains and losses on investments recognised directly in equity

Net losses on investments recognised directly in equity, in relation to a long duration bond portfolio, for EO Group was £(3.6)m (2023: nil) and QBE UK £(8.4)m (2023: nil). There are no gains or losses recognised directly in equity by QBE Europe (2023: nil).

A.3.7 Investments in securitisation

The EO Group's Investment Guidelines and Restrictions impose certain criteria for investments in relation to securitised assets in addition to those which exist for fixed income investment in general. Specifically, and to observe the limitations on such investments set out in Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council (as referenced by c the fund manager shall, when investing in products specified as structured, ensure that:

- The originator of the product at all times retains a net economic interest of no more than 7%;
- That a dual rating is retained by each issue in order to avoid that issue being treated as having no rating; and
- Shall not invest in securities that are classified as 're-securitised' products.

As at 31 December 2024 exposure to securitisations within the EO Group's portfolio (including QBE UK and QBE Europe) was comprised of Asset Backed Securities ('ABS') £111m (2023: £163m) and Residential Mortgage Backed Securities ('RMBS') £4m (2023: £5m).

As at 31 December 2024 exposure to securitisations within QBE UK's portfolio was comprised of ABS' £2m (2023: £2m) and RMBS £4m (2023: £5m).

As at 31 December 2024 QBE Europe's investment in securitisation was €131m (2023: €185m) comprised of ABS.

A.4 Performance of other activities

A.4.1 Material leasing arrangements

EO Group and QBE UK apply IFRS 16 Leases for the purposes of Solvency II reporting. Further details on valuation methodology, and basis of comparison to local GAAP (IFRS/UK GAAP/BE GAAP) of property, plant and equipment for own use and lease liabilities is provided in **Sections D.1.4** and **D.3.2**.

As at 31 December 2024 and 31 December 2023, EO Group, QBE UK and QBE Europe did not hold any material right of use assets or have any material lease liabilities.

A.4.2 Other material income and expenses

There are no other material income and expenses for the EO Group, QBE UK or QBE Europe.

A.5 Any other information

There are no other material information regarding Business and Performance of the EO Group, QBE UK or QBE Europe.

Section B: System of Governance

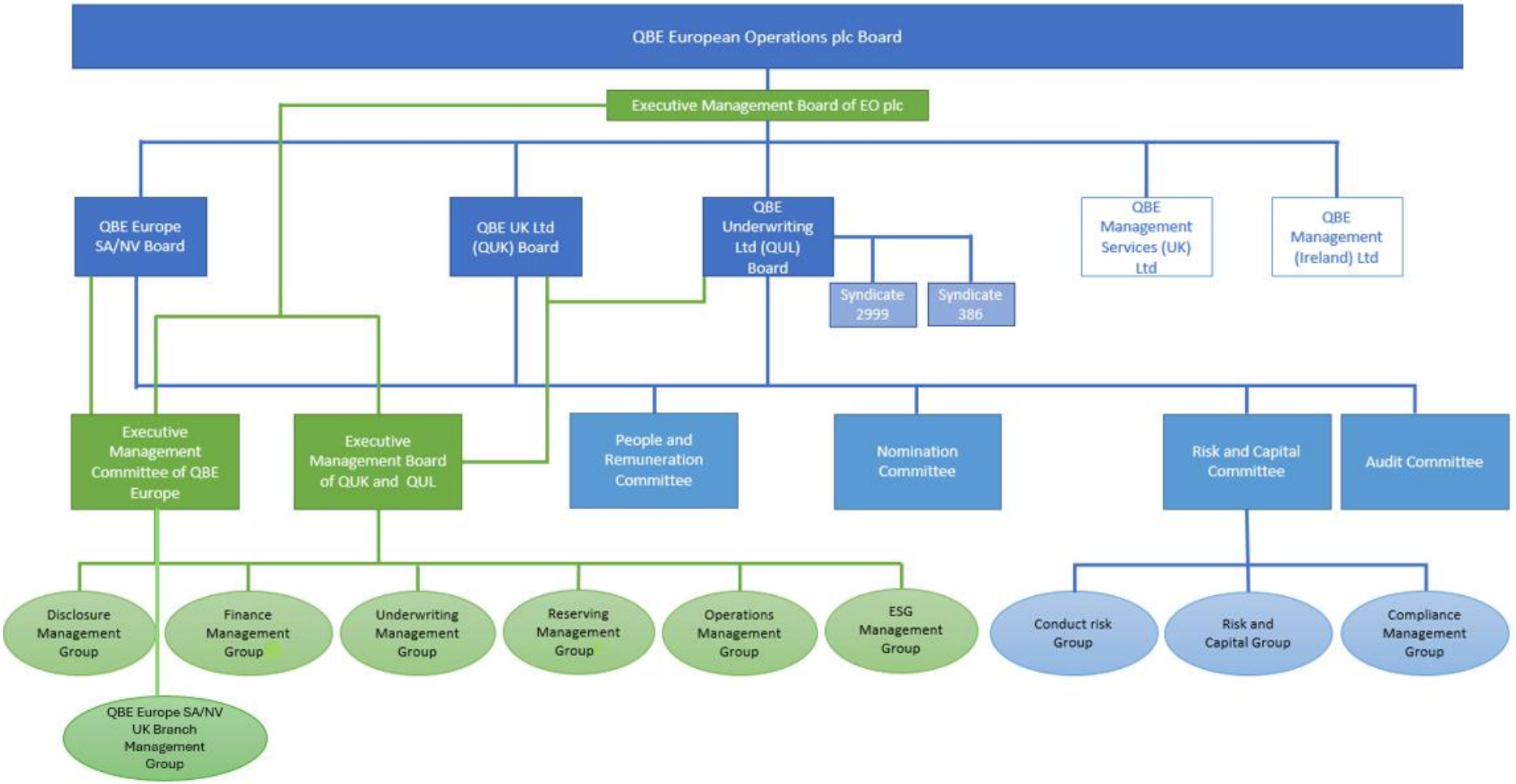
B.1 General information on the System of Governance

B.1.1 Overview

For the purposes of this document the EO Group is defined as EO plc and its subsidiary undertakings including QBE UK (UK authorised insurer), QBE Europe (Belgium authorised insurance company), QBE Corporate (which participates in Lloyd's Syndicates 2999 and 386) and QUL (Lloyd's managing agent for Syndicates 2999 and 386). EO plc is a wholly owned indirect subsidiary of the Sydney headquartered QBE Group'.

The Board and Committee structure of EO plc, QBE UK, QBE Europe and QUL is illustrated below. The International Executive Management Board ('EMB') supports the Chief Executive Officer of QBE International in providing executive management of the entire EO Group, as well as acting as a UK management committee for EO plc, QBE UK and QUL. In addition, the remit of the EMB was extended with effect from 1 August 2024 to provide ultimate executive divisional oversight of all connected QBE global underwriting operations within QBE International Division, including QBE Re North America and the business of QBE Asia overseen by the Asia Advisory Board ('AAB') and for which day to day executive management rests with the Asia Executive Committee ('AEC'). The Board of QBE Europe has separately established a management committee ('QEMC').

EO plc is the UK holding company of the EO Group. Apart from the Company, as at 31 December 2024 there were three key operating entities within the EO Group, namely: QBE UK, QBE Europe and QUL – the ('EO Key Regulated Companies').


QBE European Operations plc Board
Executive Management Board of EO plc
QBE Europe SA/NV Board
QBE UK Ltd (QUK) Board
QBE Underwriting Ltd (QUL) Board
Syndicate 2999
Syndicate 386
QBE Management Services (UK) Ltd
QBE Management (Ireland) Ltd
Executive Management Committee of QBE Europe
Executive Management Board of QUK and QUL
People and Remuneration Committee
Nomination Committee
Risk and Capital Committee
Audit Committee
Disclosure Management Group
Finance Management Group
Underwriting Management Group
Reserving Management Group
Operations Management Group
ESG Management Group
Conduct risk Group
Risk and Capital Group
Compliance Management Group
QBE Europe SA/NV UK Branch Management Group

The Board Charters of EO plc and each of the EO Key Regulated Companies state that the Board of Directors is responsible for the long-term sustainable success of the Company and, where applicable, its subsidiaries. The role of the Board is to provide leadership; to oversee the design and implementation of the EO Group's strategic priorities and to set a framework of prudent and effective controls which enable risk to be assessed and managed within it. The Board of EO plc ensures that the necessary financial and people resources, policies and practices are in place for the EO Group to meet its objectives and measures performance of management in delivering on EO Group strategic aims. The Board sets and instils EO Group values and culture in the light of those set by the QBE Group, the ultimate holding company of the EO Group, and ensure that its obligations to its shareholder and other stakeholders are understood and met, generate value for shareholders and contribute to wider society.

The Board of EO plc comprises five Board members: three Executive Directors, one non-independent Director, and one independent Non-Executive Director.

The role of the Chair of the Board is distinct from that of the Chief Executive Officer, and each role is clearly established. The Chair is responsible for chairing and overseeing the performance of the Board, leading the development of the Company's culture by the Board of Directors as well as leading the development of and monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the Board. The Chair promotes open debate and facilitates constructive discussion within the Board by ensuring that Directors receive meeting papers at least four working days prior to the scheduled Board meetings, in accordance with the Governance Protocols.

The CEO has responsibility for the day-to-day management and operations of the Company, supported by the EMB, which the CEO chairs. The CEO is responsible for leading, directing and being accountable for the performance of the Company and reporting to the Board of Directors in respect of these matters.

This separation of roles ensures that the balance of responsibilities, accountabilities and decision making are effectively maintained. Directors have equal voting rights when making decisions and the Chair has a casting vote when required. All Directors have access to the advice and services of the Company Secretary and are able to seek professional advice at the Company's expense.

The Board considers that the experience and areas of focus which each Board member brings to EO plc results in a strong and balanced leadership team to set and monitor the strategy and values of the EO Group.

The Boards of the EO Key Regulated Companies each have four non-executive directors, including the Chair. With the exception of Sir Norman Keith Skeoch ('Sir Keith'), the non-executive directors are members of the (jointly established by the EO Key Regulated Companies) Audit Committee ('AC'), the Risk and Capital Committee ('RCC'), and the People & Remuneration Committee ('PARC'). Sir Keith is Chair of the Nomination Committee. Three of the four non-executive directors of EO plc and all of the non-executive directors of the EO Key Regulated Companies are considered to be independent of management and free from any relationship that could materially interfere with the exercise of independent judgement.

In conjunction with QBE Group, and led by PARC, succession planning is undertaken in accordance with the talent and culture objectives within the strategic priorities of both EO Group and QBE Group whilst ensuring the Board has the right balance of skills, knowledge, experience and diversity to be effective.

B.1.2 Board Committees

The Boards of EO plc, QBE UK, QBE Europe and QUL (the 'EO Boards') have jointly constituted Board Committees. The Committees all comprise of appropriately skilled members and are supported by attendees as necessary.

The EO Boards Committees comprise:

- **Audit Committee**

  The role of the Committee is to support the EO Boards in overseeing the effectiveness of financial reporting (including non-financial reporting). In particular, the Committee oversees, monitors and keeps under review the transparency and integrity of financial reporting (including financial reporting to regulators and shareholders), financial reporting risks, systems and controls (including internal control and risk management systems), accounting policies, practices and disclosures and the scope and outcome of external and internal audit, whilst having regard for the broader strategy and frameworks set by QBE Group.

- **People and Remuneration Committee**

  The role of the Committee is to provide input to the design and operation of the QBE Group Global Remuneration Framework and provide related recommendations to the Boards. The Committee assists the Boards in oversight of: (i) the effectiveness of the QBE Group Remuneration Framework; (ii) the remuneration of, and incentive arrangements relating to, Directors, EMB members, QEMC members, QBE Europe Branch Managers, Senior Managers under the UK Senior Managers and Certification Regime ('SMCR'), Key Function Holders, Material Risk Takers, Heads of Control Functions and all individuals identified as Solvency II Staff or Identified Staff from time to time under the Solvency II Staff Identification Framework ('SII Staff'); and (iii) people programmes and projects including culture, employee engagement, diversity and inclusion and non-Board succession planning, in the context of the broader strategy and frameworks set by QBE Group.

- **Nomination Committee**

  The role of the Committee is to review the balance of skills, knowledge, experience and diversity of each of the EO Boards and Committees (including succession planning) in the context of the broader strategy and frameworks set by QBE Group. The Committee oversees the selection process for appointment of any director to any of the Boards or Board Committees and make recommendations to the relevant Board(s) for approval, whilst having regard for the QBE Group Governance Framework.

- **Risk and Capital Committee ('RCC')**

  The role of the Committee is to support the EO Boards in overseeing the integration and effectiveness of the Risk and Capital Management Frameworks (and management's implementation of those frameworks) in order to (i) support strategic objectives of EO Group; (ii) support and inform business plans; (iii) ensure that all risks are identified, assessed and monitored in line with risk appetite; and (iv) ensure that adequate capital is maintained against the risks associated with business activities, whilst having regard for the broader strategy and frameworks set by QBE Group.

The membership of each Board Committee is comprised of independent Non-Executive Directors only.

EO plc, QBE UK and QUL are also supported by the EMB. The EMB supports the CEO of QBE International in providing executive management of the entire EO Group, as well as acting as a UK management committee for QBE UK and QUL. The Board of QBE Europe has established a separate QEMC to provide support with day-to-day management of QBE Europe.

The role of the EMB is to support the CEO of QBE International in the performance of their duties including the following:

- Design, formulate and recommend to the Boards for approval the strategy and long-term planning of the EO Group in the light of the broader strategy of the QBE Group;
- Implement and deliver approved strategies and plans; and
- Manage the day-to-day effective running of the Companies and their operations and resources (including financial and human resources) in accordance with objectives and controls set by the Boards, as applicable.

The role of the QEMC is to manage QBE Europe in accordance with the strategy, business plans and policies approved by the QBE Europe Board to achieve the Company's agreed objectives. This includes specific responsibilities in respect of strategy and management activities, risk management and company organisation and operation.

In addition, the following Management Groups are established to support the above EO Boards, EMB, QEMC and Committees, and form part of the Governance Structure of the EO Group:

- Compliance Management Group ('CMG'), Conduct Risk Group ('CRG') and Risk and Capital Group ('RCG'), accountable to the RCC and the EO Boards; and
- Disclosure Management Group ('DMG'), Finance Management Group ('FMG'), Underwriting Management Group ('UMG'), Operations Management Group ('OMG'), ESG Management Group ('ESG MG'), and Reserving Management Group ('RMG') (accountable to the EMB, QEMC and the EO Group Boards).

QBE Europe UK Branch Management Group supports the QEMC and the QBE Europe Board in meeting their responsibilities with respect to the development, implementation, delivery and monitoring of the UK Branch of QBE Europe's business plans and strategy.

Delegation of responsibilities to the Committees and Management Groups is undertaken through Board or Committee approved Terms of Reference which are regularly reviewed (at least annually).

The membership of the Boards, Committees and Management Groups of EO plc and the EO Key Regulated Companies are reviewed regularly (at least annually).

EO plc and the EO Key Regulated Companies have a robust System of Governance which includes:

- Board Charters for each company setting out the role and responsibilities of the Board;
- Terms of Reference for each Committee and Management Group referred to above setting out the areas of responsibility of each Committee and Management Group, the composition and meeting formality requirements and the frequency of meetings;
- Functional Terms of Reference for all control functions;
- A structured Board, Committee and Management Group meetings calendar (with a forward plan of regularly recurring items for review and approval);
- Agendas, minutes and action points for all Boards, Committees and Management Groups; and
- Key Board approved policies and documents including the Own Risk and Solvency Assessment ('ORSA'), Internal Control Framework, Outsourcing Policy, Fit & Proper Policy and Management Responsibility Maps (as required under the UK SMCR).

The Boards of EO plc and the EO Key Regulated Companies consider the System of Governance to be appropriate and adequate considering the business strategy and objectives.

B.1.3 Key Function Roles and Responsibilities

A description of the main roles and responsibilities of the key functions of the EO Group are shown below. These functions do not relate solely to any individual entity but operate across EO plc, and its subsidiaries QBE UK, QBE Europe and QUL.

Key Function	Main Roles and Responsibilities
Actuarial	• Establish and maintain a robust Actuarial control framework to ensure that the EO Group: • Complies with all material legal and regulatory requirements; • Adheres to relevant Actuarial standards and best practice; • Provide reserving data and analysis; • Calculate technical provisions and capital requirements; and • Responsible for pricing, benchmarking, portfolio analysis and support for business planning. The main roles and responsibilities of the Actuarial function are further detailed in **Section B.6**.
Claims Management	• Implement and maintain effective leading-edge practices and processes to provide maximum value to the business and excellent customer service; • Work closely with underwriters and other business functions and lead the development of processes to ensure that the function is aligned to the needs of the business; and • Support decision-making by developing and maintaining effective control reports based on the claims environment and claims activity.
Finance	• Establish and maintain a robust financial control and capital management framework; • Comply with all relevant legal and regulatory requirements; • Adhere to relevant accounting standards and good practice; and • Identify and effectively control financial risks (credit, market liquidity, commercial etc.).

Investments	• Implement and monitor the effectiveness of local investment strategies;
	• Monitor investment performance and investment risks; and
	• Oversee and monitor the effectiveness of the asset-liability strategy with respect to the relationship between:
	  • interest rate sensitive assets; and
	  • liabilities generated by insurance activities.

Internal Audit	• Evaluate the adequacy and effectiveness of the Risk Management Framework; and • Evaluate management's assessment of risk exposures relating to QBE Group's governance, operations, and information systems regarding the reliability and integrity of financial and operational information compliance with laws, regulations, policies, procedures and contracts. The main roles and responsibilities of the Internal audit function are further detailed in **Section B.5**.
Legal	• Pro-actively monitor and evaluate legal risks, emerging/pipeline legal and regulatory developments, alert the business to specific associated risks and extend principles around legal risk management into the wider business; • Provide high quality document execution, retention and administrative services to the Boards and business to ensure legal compliance, good internal governance and document control; and • Provide legal advice where required to the EMB and QEMC.
Operations	• Implement change programmes related to IT outsourcing, service management, and cost savings to achieve cost, service and scalability targets; and • Execute and manage the operations strategy of the business.
People	• Establish and maintain a robust People control framework;

Key Function	Main Roles and Responsibilities
	• Adhere to relevant People standards and good practice; and • Identify and effectively control People risks.
Risk Management & Compliance	• Establish and maintain a robust enterprise risk management framework; • Produce and perform the EO Group's ORSAs; and • Monitor the material risks the business faces and ensuring the adequacy of capital should these risks materialise. The main roles and responsibilities of the Compliance function are further detailed in **Section B.4**.
Treasury	• Managing and optimising liquidity and working capital across EO Group; • Managing bank relationships for transactional banking, collateral, FX, credit and capital markets activities; • Managing and forecasting cash and foreign exchange transactions; • Monitoring and managing Treasury related risks including operational, liquidity, credit, market and derivatives; • Creating, implementing and monitoring Group-wide Treasury-specific policies, procedures and controls; and • Selecting and implementing appropriate systems in support of the Group Treasury function
Underwriting	• Establish and maintain a robust underwriting control framework; and • Adhere to relevant underwriting standards and best practice.

The four key Solvency II functions (Risk, Compliance, Actuarial and Internal Audit) all have representation at key EO Boards, Committees and Management Groups, and independent decision-making rights within the management structure of the EO Group that provide them with the necessary authority, resources and operational independence to carry out their tasks.

B.1.4 Changes in the System of Governance during the Reporting Period

The following changes took place during the year.

There were no changes to EO plc. Changes to the composition of QBE UK, QUL and QBE Europe Boards, EMB and QEMC during the year and up to the date of this report were as follows:

QBE UK Board

- Mr Timothy Cardwell Wade was appointed as a director on 1 March 2024.
- Mr Malcolm Graham McCaig resigned as a director on 30 June 2024.

QBE Underwriting Limited Board

- Mr Timothy Cardwell Wade was appointed as a director on 1 March 2024.
- Mr Malcolm Graham McCaig resigned as a director on 30 June 2024.

EMB

- Mr Rob Kosova became a member on 1 April 2024.

QBE Europe Board

- Mr Timothy Cardwell Wade was appointed as a director on 9 April 2024.
- Mr Malcolm Graham McCaig resigned as a director on 27 April 2024.

QEMC

- Ms Emma Higgins was appointed a member on 9 April 2024.

Each year there is a formal BER. In May 2024, the QBE Group undertook a BER encompassing the Divisional Boards, including the Boards of the EO Key Regulated Companies. Comments supporting continuous improvement of the effectiveness of the Board arising from the review were discussed by the Boards and a number of actions were agreed.

B.1.5 Material transactions during the period with shareholders, persons who exercise significant influence on the EO plc, QBE UK or QBE Europe and with members of their boards

Details of dividends paid during the reporting period and other material intra-group transactions are disclosed in **Section A.1.7** above.

There were no other material transactions in the reporting period with shareholders, persons who exercise significant influence on EO Plc, QBE UK or QBE Europe or with members of their Boards.

B.1.6 Adequacy of the System of Governance

The process of assessing the adequacy of the System of Governance is explained in **Section B.3.13**. From the November 2024 review, the EO Risk team concluded that the EO Group's Three Lines Model remains appropriate, with appropriate checks and balances to support effective risk governance and management throughout the EO Group. The existence of specialist assurance teams embedded in most 1st Line functions (as explained in **Section B.3.12**) helps maintain a strong risk and control culture around significant risk-taking activities.

B.1.7 Remuneration

The EO Group, as part of the wider QBE Group, has a remuneration and reward framework and associated governance arrangements. This framework is designed to:

- Align remuneration and reward with robust risk management practices and strong governance principles; and
- Provide a market competitive remuneration structure that attracts, retains and motivates high quality and talented people whilst aligning their remuneration with the creation of sustained shareholder value and the expectations set out in the QBE Group Code of Ethics and Conduct (the Code).

The remuneration and reward framework is regularly reviewed to ensure that it evolves and remains appropriate in the context of:

- QBE Group's purpose, vision, strategic priorities and QBE DNA;
- The environments in which QBE Group operates;
- QBE Group's business model and geographical exposure; and
- Local market needs and regulatory requirements.

Within the framework is a remuneration policy, adopted by the Board of the EO Group, that is underpinned by QBE Group's remuneration strategy which integrates the various components of remuneration, reward and risk across the QBE Group.

QBE Group's global remuneration framework is intended to apply to all individuals employed by QBE Group on a permanent or contractual basis (including any controlled entity) to the extent possible and subject to local market conditions and regulatory requirements.

The Remuneration Policy is aligned with QBE Group's Risk Management Framework, which operates on the following fundamental principles:

- Managing risk is everyone's responsibility;
- Managing risk is integral to informed decision-making;
- Effectively managing risk is a mechanism to gain competitive advantage;
- Management of risk is clearly demonstrable; and
- Managing risk drives continuous improvement.

QBE Group's Remuneration Policy's guiding principles are designed to promote robust risk management practices and are applied effectively to manage remuneration and reward across QBE Group. Those principles are:

- Simple and clear – at-risk reward methodology is easily understood by internal stakeholders with transparency for external shareholders;
- Linked to strategy – incentive performance measures provide significant alignment and linkage to QBE Group's key strategic priorities;
- Globally consistent and locally competitive – responsibly competitive when setting fixed remuneration by considering the appropriate market data, diversity and expertise of individual roles and the

complexity of each operating environment; common global remuneration design that provides flexibility to calibrate local financial targets, enabling QBE to compete in key markets;

- Motivating – at-risk reward schemes combine stretch targets and performance measures linked to statutory disclosures and business plans, which improves the line of sight and leverages participant motivation; and locally competitive and flexible benefits designed to provide value to the employee and QBE; and
- Shareholder aligned – achievement of QBE Group divisional targets aligned to shareholder value; delivery of equity awards with significant levels of deferral align reward arrangements to shareholder interests; executive minimum shareholding requirements further link executive interests to those of shareholders; and calibration of remuneration and reward includes meeting expectations set out in the Code and QBEs Risk Management Strategy.

Reading, understanding and complying with the Code is mandatory for all employees. It is readily accessible on our internal website, QUBE, and on our external website, and the options for seeking advice are clearly identified. Failing to meet the standards set by the Code may lead to consequences being applied in accordance with the Group Consequence Management Policy. Consequences that may apply include an impact on an employee's eligibility for an incentive award for that performance year. The Consequence Management Policy sets out the Minimum Corporate Standards which also supports the QBE risk culture in a robust and consistent manner.

QBE Group's remuneration mix is reflective of each employee's ability to influence results. For all staff, fixed pay is designed to provide a predictable 'base' level of remuneration which is positioned at a level that reflects the contribution and value to the group whilst recognising capability and expertise.

Variable pay at QBE Group, through the application of short-term and long-term incentive is focused towards the longer-term time horizon, enhancing alignment with the delivery of the long-term strategy and shareholders' interests. QBE Group's variable short-term incentive scheme takes a broad view of performance and behaviours with an emphasis on both financial and non-financial performance including risk, people and strategic priorities measures. Performance is measured through the business scorecard containing financial measures alongside risk, people and strategic non-financial measures. In addition, personal performance objectives focus on what has been achieved and how it was achieved during the year.

Variable remuneration outcomes are reviewed to ensure that they appropriately reflect an individual's performance as well as the performance and risk outcomes of the QBE Group. Adjustments can apply to current year awards, deferred variable remuneration prior to vesting (i.e. malus), and remuneration that has already been paid or vested (i.e. clawback).

There are no supplemental retirement schemes for members of the Board and other key function holders.

Further information on remuneration is available in the 'QBE Group 2024 Annual Report', in **Section 4 'Remuneration Report'**, on pages 46 to 68 inclusive.

B.2 Fit and proper requirements

B.2.1 Overview

There is an established Board approved Fit and Proper Policy that applies to the EO Group including the EO Key Regulated Companies (QBE UK, QBE Europe and QUL). The policy is reviewed annually and updated as required. The Policy and supporting Guidelines incorporate the requirements of:

- The NBB Circular on the System of Governance, manual on assessment of fitness and propriety and various related NBB Regulations and Circulars on the Suitability of Directors, members of the Management Committee and individuals responsible for the Compliance and Independent Control Functions; and
- The UK SMCR' in relation to those individuals who perform regulated functions on behalf of the UK regulated entities (QBE UK and QUL) and the QBE Europe UK branch.

B.2.2 Requirements

The Fit and Proper Policy establishes minimum standards required of all Directors and key employees. The Solvency II Guidelines describe these individuals as those who 'effectively run the undertaking'. Supervisory approval is required for these individuals and it is necessary that they are of good repute, have integrity and possess the skills necessary to effectively discharge their responsibilities.

All employees of the EO Group and its subsidiaries are required to demonstrate the following:

- The requisite level of competence, knowledge and experience;
- The appropriate qualifications;
- The completion of, or current involvement in, relevant training to enable them to perform their role or function effectively and in accordance with all relevant regulatory requirements; and
- Good conduct (including business, financial, criminal and past supervisory conduct), supported where appropriate by satisfactory regulatory references.

Appointees to the Boards are further required to:

- Gain confirmation from the People and Remuneration and Nomination Committees that they are satisfied all relevant internal policies and procedures have been followed;
- Meet the minimum standards set out by the relevant regulatory authority for fitness, propriety and conduct; and
- Have gained approval from the regulatory authority (where applicable).

B.2.3 Assessment process

The Fit and Proper Guidelines are aligned with the EO Group's People and recruitment processes and apply both at the recruitment stage and throughout an individual's career in the EO Group. Regular assessments are carried out to ensure that the Guidelines are adhered to.

The frequency of assessments and the level of verification sought is determined by a risk-based approach that takes account of the following:

- The level of a person's authority, influence or control;
- The reliance of the EO Group on a person's role as an internal control (e.g. Risk, Compliance, Underwriting Governance, Actuarial and Internal Audit); and
- For regulated roles/functions, the regulatory and/or legal requirements for the role.

The assessment process encompasses a number of levels and stages and, for each of these, control checks are applied to ensure on-going adherence to the policies and guidelines. These stages and control checks include:

- Pre-employment, where the individual's fitness and propriety is assessed prior to commencement of the role. Background checks are carried out using a risk-based approach with particular emphasis on the following roles:
    - PRA, FCA and NBB/ Financial Services and Markets Authority ('FSMA') approved functions;
    - Defined senior management and internal control roles;
    - Individuals holding a delegated authority;
    - Finance; and
    - IT.
- Regular review of all employees, where performance and development assessments are carried out in line with the current QBE Group Performance Review process. Where individuals are, by virtue of their role and with reference to the risk-based approach previously noted, considered to represent a higher risk, the regularity of reassessments is increased. The performance management process incorporates appraisals of employee effectiveness, competency in role, and training requirements;
- Regular review of Board and Committee effectiveness and the fitness and propriety of individuals holding positions in these groups. Assessment of individuals in these roles is subject to more rigorous scrutiny; and
- Internal moves – where a change to a person's role may prompt a reassessment of their suitability.

The rigour and detail afforded to the assessment of members of the Board of Directors are particularly stringent.

The EO Group's Internal Control Functions, identified in accordance with published PRA and NBB rules (Actuarial, Compliance, Risk, Internal Audit and Underwriting Governance), are also required to ensure that they set out and maintain the competencies necessary to deliver the function to an adequate standard.

The framework of controls in this regard may include:

- Appropriate experience and skills mix;
- Verifications of any required qualifications specific to the role;
- Role profiles;
- Training and development;
- Centres of excellence (i.e., development of subject matter experts); and
- In-sourcing (e.g., joint projects, secondments etc.).

Where matters affecting a person's suitability are identified, the EO Group will consider the relevance to the person's role and the circumstances and seriousness of the matter. If a person is not deemed to be fit and proper, disciplinary action may be taken and regulators notified where appropriate.

B.3 Risk management system including the Own Risk and Solvency Assessment.

B.3.1 Risk function

The EO Group manages risk via a centralised Risk function. This is an appropriate and effective way for the EO Group to assess, evaluate and control risks given the commonality of systems and processes throughout the EO Group. Functions and processes that are consistent across the EO Group include:

- A common risk management framework applied consistently across all legal entities;
- Key risk assessment processes (e.g. business planning, reserving, exposure management, capital modelling), conducted by common functions using a consistent process across all trading entities;
- Key systems that operate consistently across all trading entities. This includes systems in Underwriting, Finance, IT, People and Risk Management;
- The Three Lines Model which operates consistently across all trading entities. Where identified control failures are legal entity specific, they are escalated to the appropriate legal entity Board; and
- A consistent Internal Model that operates across the EO Group, the outputs from which are reviewed by EO Group's management groups before being reported to their relevant entity Boards.

Responsibilities of the Risk Function include the following:

- Development and implementation of the Enterprise Risk Management ('ERM') Framework;
- Oversight and challenge of the EO Group and underlying solo Internal Models; and
- Production of the Own Risk and Solvency Assessment ('ORSA').

B.3.2 Risk Management Strategy and Framework

The EO Group has adopted the QBE Group Risk Management Strategy ('RMS') to identify and assess the risks the EO Group faces in delivering on its strategic and business objectives or performance. Given the centralised nature of the QBE Group's Risk Management Framework, the RMS applies equally to all the EO Key Regulated Companies and is approved by the Boards of those Companies. The strategy sets out the high-level governance arrangements and key roles and responsibilities relating to risk management and identifies the key risk processes and reporting mechanisms.

It is supported by the EO Group's ERM Framework, QBE Group and EO Group Risk Policies respectively and a number of more detailed procedures/standards, covering Risk and Control Self-Assessments, incident reporting, issues and actions management, scenario analysis, risk appetites, key risk indicators and risk reporting.

B.3.3 Risk and Control Self-Assessment framework

QBE Group has a Group-wide Risk and Control Self-Assessment ('RCSA') framework in place. This places responsibility on each business area and is overseen by the Risk Function. This framework ensures that risks are managed at a functional level and at a wider risk category level to support the achievement of EO Group's objectives. The Risk Management Framework provides further structure to the control environment, ensuring that risks have the appropriate controls in place with the appropriate owners. Control assessments are validated annually through a risk-based approach by the Risk function and verified through Internal Audit testing, where applicable.

B.3.4 Risk categories

EO Group identifies and assesses the risks to delivering on its strategic and business objectives. These risks are then categorised into one of eight material risk classes for aggregation, reporting and modelling purposes. The eight material risk classes are listed below. This categorisation enables the application of a specific risk policy element for each type of risk and is an effective means of aggregating, monitoring, reporting and measuring those risks.

- Strategic Risk;
- Insurance Risk;
- Credit Risk;
- Market Risk;
- Liquidity Risk;
- Operational Risk;
- Compliance Risk; and
- Group Risk.

Risk categories and sub-categories are reviewed regularly to ensure they continue to reflect the key risks faced by QBE Group. A QBE Group wide Material Risk Class Policy is in place, which covers the majority of the material risk classes (with separate policies in place for the rest of the material risk classes). The EO Group recognises the interconnectedness of risk when assessing risk categories and the impact this may have.

B.3.5 Risk Appetite

The EO Group's Risk Appetite Statement ('RAS') sets out the nature and level of risk that the EO Group Boards are willing to take in pursuit of the organisation's objectives. The RASs are used to support risk-based decision-making by clearly defining EO Group's appetite (what we should do) and tolerance (what we can do).

The RASs define the thresholds for Risk Appetite. Each statement is accompanied by 'breach', 'caution', 'within appetite' and 'conservative' ranges (where relevant) to provide management and the Board with clear reporting.

QBE Group level RASs set by the QBE Group Board are cascaded, as appropriate, to the Divisions, including the EO Group and its subsidiaries. This ensures a consistent approach and appetite to risk is applied across QBE Group, where it is appropriate and reasonable to do so.

The RASs are reviewed annually to ensure they reflect changes to strategic objectives and to the internal and external environment.

QBE Group's Risk Management Strategy establishes the approach for setting, monitoring and reporting QBE Group's Risk Appetite at Group and Divisional levels.

B.3.6 Risk Culture

The QBE Group is committed to, and supports, a strong risk culture. It recognises the importance of risk awareness and culture as being instrumental in the effectiveness of QBE Group's ERM Framework and a part of the control mechanisms for the organisation. QBE Group's approach to managing risk culture, as set out in the QBE Group Risk Management Strategy, is based on a set of key principles outlined below:

- Risk Culture is underpinned by a strong risk mindset;
- Risk Culture is a key element of the QBE organisational culture;
- Our Risk Culture supports our Risk Management Strategy; and
- Risk Culture is assessed and reported on to enable its ongoing effectiveness.

An EO Group Risk Culture Dashboard, aligned to a number of QBE Group wide risk culture target statements, is presented annually to the EO Group's RCC to ensure appropriate escalation of cultural issues and trends. This also forms part of an annual process to establish the risk maturity across the QBE and EO Group.

B.3.7 Internal Model

The EO Group has developed an Internal Model that can be used to identify and assess risk to ensure that adequate capital is held in relation to the risks faced by the business.

All business lines written within the EO Group are included within the scope of the Internal Model and are treated in a consistent manner, with differences only arising due to the specific risk profile of the business rather than a different approach to risk assessment. The Internal Model is supported by the ERM Framework, a number of processes within which feed the Internal Model directly as part of the EO Group's regulatory capital assessment.

The key processes that make up the Internal Model are as follows:

- Internal Model governance (B.3.8);
- Risk identification (including emerging risks) (B.3.9);
- Risk assessment (B.3.10);
- Risk reporting (B.3.11);
- Risk governance (B.3.12);
- Internal control framework B.3.13) and
- The economic capital model (B.3.14).

B.3.8 Internal Model governance

The high level and detailed governance of the Internal Model is the responsibility of the RCC and the Risk function respectively.

The RCC is a formal committee of the Boards and meets at least on a quarterly basis. The RCC is attended by members of the Risk function, who have oversight of the Internal Model, to ensure that adequate information regarding the Internal Model is reported to, and disseminated from, the RCC. The main points of discussion at each RCC meeting are reported at the EO Group Boards to ensure that matters regarding the Internal Model are documented and escalated to the appropriate forum.

There is an annual cycle of model validation tests to independently review and challenge the key assumptions, methodology and output of the Internal Model. This is part of a three-yearly targeted validation plan including annual core tests and, at least three-yearly, full deep dives. The independent validation is performed independently of individuals that have been involved in the design and/or operation of the Internal Model, with findings and any escalations reported through the EO Group's System of Governance. The validation process is independently managed by the Risk function, with the Head of Model Validation role held by a senior member of the Risk team. There were no material changes to the Internal Model validation process during the period.

Changes to the model are further monitored on a regular basis and reported to the RCC and Boards, as applicable, for approval via the model change process.

Use of the model in decision-making processes, for example through risk appetite development and monitoring and supporting reinsurance strategy and programme design, is also reviewed by the Risk team on an at least annual basis.

There were no material changes to the internal model governance processes during the reporting period.

B.3.9 Risk identification (including emerging risks)

The EO Group identifies, on a regular basis, top risks that have the potential to affect the business' ability to achieve its objectives. Each risk is assigned an owner, who is responsible for the overall management of that risk. Once a risk has been formally identified and included within the Framework, it then becomes fully integrated into the EO Group's risk and capital management processes.

Risk identification is implemented through the Risk function's engagement with each business function as part of the ORSA process (management focus areas) and RCSA process (functional risks) and is supported by the emerging risks process.

Emerging risks are defined as "a new or future risk beyond a 12 month time horizon that may be difficult to assess and may have a significant impact on QBE's business or the markets we operate in". The Emerging Risks Group ('ERG') co-ordinates the identification, assessment, monitoring, management and reporting of emerging risks applicable to the EO Group. Emerging risks are typically new or rapidly changing developments, likely to be unprecedented or not fully understood and/or characterised by a lack of historical data. Emerging risks can have a significant impact on QBE Group achieving its strategic or business objectives, but are not adequately captured within other risk classes or risk sub-classes within the QBE Group RMS. The ERG is attended by Subject Matter Experts ('SMEs'), who participate in knowledge sharing, identification, assessment, monitoring and management of emerging risks. The EO Group ERG maintains a matrix of emerging risks that is used as the basis for the reporting to management on a quarterly basis via the ORSA.

The Risk team also engages EMB members in assessing new top and emerging risks each quarter, to provide a top-down perspective for risk identification.

B.3.10 Risk assessment

Risks (by sub-risk category) are assessed by committees using a combination of qualitative and quantitative techniques via the ORSA process and the risk dashboard process. The assessment process brings together key information to support the analysis such as RAS, management key concerns/top risks, control assessments, emerging risks, significant transformation portfolio assessments and issues and incidents including action plans.

Risk assessment is supported by the EO Group's Economic Capital Model ('ECM'), part of its Internal Model. The ECM assesses the material risks to which the business is exposed and evaluates the level of capital required to meet solvency requirements at a more granular level than that required by regulatory minimum standards. The

role of the ECM in evaluating the solvency requirements of the EO Group, and facilitating the EO Group's strategy, is detailed in the **Section B.3.15 'The Own Risk and Solvency Assessment ('ORSA')'**.

Risks are further assessed on a functional level through the RCSA process (please refer to **Section B.3.3**).

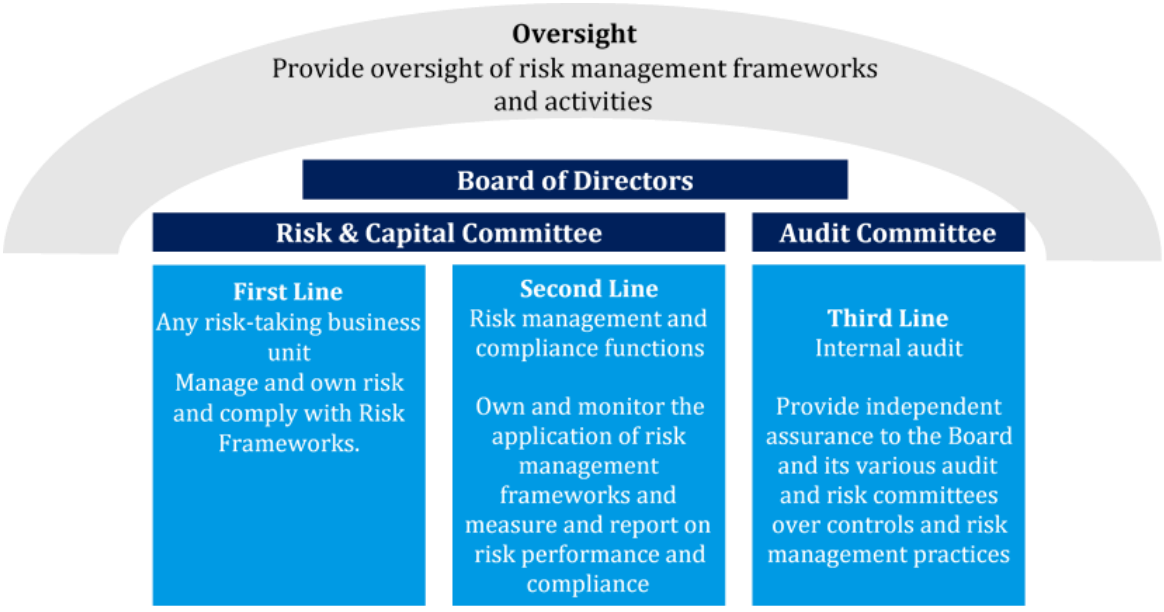
B.3.11 Risk Reporting

The EO Group's governance framework is supported by risk reporting, which is used to provide complete, accurate and timely risk data and analysis that can be used to support day-to-day business decisions. Key stakeholders for risk reporting include Boards, committees, forums, risk owners, business management and support functions. Risk and performance-related information is routinely reported to the Boards and the RCC.

A key element of the EO Group's risk reporting is the ORSA, details of which can be found in **Section B.3.15**.

B.3.12 Risk governance

Everyone within the QBE Group has responsibility for managing risks. The EO Group employs the Three Lines Model to managing risk, as described below:



Embedded in most of the 1st Line teams there is a 1b function providing:

- Review, challenge or oversight of 1st Line risk management and compliance activities. Although 1b functions are not fully independent of 1st Line management, they are one step removed from risk taking and decision-making activities led by 1st Line teams and are therefore able to provide an objective view;
- Specialist business advice or service to the business, such as training or legal advice; and
- Monitoring of 1st Line's compliance with procedures, policies or frameworks set out by the 1st, 2nd or 3rd Line.

B.3.13 Assurance and governance forums

A fully documented assurance operating model has been developed for each of the main business functions within the EO Group to ensure that the application of the Three Lines Model is adequate and appropriate to identify, manage and control risks that may arise in relation to those functions.

A RAG rating is used to assess each business function in relation to the adequacy of design of their assurance model across the lines of defence. Where the design of the assurance operating model needs some improvement, a designated owner is identified to ensure any remedial or business improvement actions are effectively undertaken in a timebound manner.

The Committees and Management Groups, noted in **Section B.1,** provide further challenge and assurance on risk taking and management activity. Members of the 2nd Line sit on all relevant Committees and Management Groups established by the EO Group Board and attend additional working groups and steering committees as appropriate to deliver risk and compliance oversight and challenge across the spectrum of business activity.

The EO Group's Three Lines Model provides an effective risk governance framework in which roles and responsibilities for risk management and oversight are clearly defined throughout the EO Group and its Regulated Subsidiaries. It also ensures the existence of appropriate checks and balances and enables remedial actions to be taken where weaknesses are identified. Further, by embedding 1b teams within the 1st Line business functions, the EO Group enables:

- The strengthening of the risk ownership and culture throughout the organisation;
- The business functions to take accountability for managing risk; and
- The best expertise within the ERM framework to be made available to address risk matters.

From the November 2024 review, the EO Group Risk team concluded that the EO Group's Three Lines Model remains appropriate and provides an effective risk governance framework with adequate checks and balances to support appropriate consideration of risk management throughout the EO Group.

B.3.14 Determination of solvency requirements – Economic Capital Model ('ECM')

The EO Group uses an ECM, as part of its Internal Model, to measure the material risks to which the EO Group and the Companies within the EO Group are exposed. As such, the ECM better informs decision-making and the formulation of business strategy.

Output from the ECM is used to assist the Board and senior management in evaluating risk and understanding the capital implications of business decisions. Use of the ECM has been approved by the Boards of the EO Group and its Regulated subsidiaries and the PRA, following first approval of the EO Group's Internal Model in December 2015. The QBE Europe model has been approved by the NBB since 2019.

The ECM measures the risks specified in the QBE Group RMS and related Risk Policies over a 12 month time horizon, the basis for which is the risk management assessment process. Hence, the risk management system interacts with, and is closely aligned to, capital management activities. The ECM does not assess those elements of strategic and emerging risks that are captured through the ORSA process.

Capital is maintained over time to ensure that the Risk Appetite of the EO Group's Boards and applicable regulatory capital requirements are met. Other relevant strategic and business objectives are also taken into account.

The ECM and Risk Management Framework are integrated through the following processes:

- Decision-making: the use of the ECM in decision-making is evidenced within the processes and principles of the Risk Management Framework. Business decisions supported by the ECM include:
    - Business Strategy (for example through use for business planning / business plan stress testing and strategic asset allocation);
    - Capital Appetite Framework;
    - Setting and monitoring against RAS;
    - Stress Testing (including Regulatory Stress Tests); and
    - Approval of regulatory reporting, including the ORSA.
- Capital setting: elements of the SCR are derived directly from the output of both the ECM and risk management processes;
- Risk appetite: some elements of the risk appetite for the entities are directly linked to capital metrics and monitored using outputs from the ECM through the Risk Management Framework;
- Reporting: the outputs of the ECM are used in the reporting of ORSA assessments and appetites in the Risk Management Framework; and
- Model risk: the governance around the ECM is based on the Risk Management Framework principles. Matters affecting any changes to the ECM such as methodology updates are included in the quarterly reporting presented to the relevant committees, including the RCC and Boards.

For further details about the Internal Model and the Economic Capital Model, refer to **Section E**: '**Capital Management'**.

B.3.15 The Own Risk and Solvency Assessment ('ORSA')

B.3.15.1 Overview

The EO Group produces an ORSA report to assess, on a continuous and forward-looking basis, the Solvency needs of the EO Group and its subsidiaries given the risks that it has identified and assessed.

The EO Group has adopted a working definition of the ORSA to be "the entirety of the processes and procedures employed to identify, assess, control, manage, and report the short- and long-term risks QBE Group faces or may face and determine the assets necessary to ensure that the undertaking's overall capital needs (solvency and economic) are met at all times".

The ORSA incorporates outputs of key management processes, including business planning, capital management and solvency assessment, stress and scenario tests, modelling and governance. In addition, it summarises the EO Group's risk profile and contains risk assessments and the control effectiveness ratings for each risk within the risk governance framework, including non-quantifiable risks and those not mitigated with capital. The ORSA is considered in conjunction with any breaches of appetite and Key Risk Indicators to ensure that the EO Group can respond quickly to changes in its risk profile and take appropriate mitigating action where required. The method of production and process of review and approval of the ORSA ensures that it is well integrated into the EO Group's decision-making process.

ORSA reports are prepared quarterly and annually for the EO Group to reflect the way the EO Group manages its risks and also the commonality of risk assessment, governance, systems and control processes across its subsidiary undertakings and its Internal Model. This ensures that risk management procedures are implemented consistently across all the undertakings within the scope of the EO Group. A separate ORSA report for QBE Europe is prepared in addition to that for the EO Group.

The EO Group ORSA report is reviewed and discussed by the RCG, RCC and QEMC (for the QBE Europe ORSA only) which, in aggregate, contain all the Directors of the EO Group, QBE UK and QBE Europe, prior to recommendation to the Boards for review and approval. This process ensures that detailed discussion and review takes place at the level of both individual subsidiaries and the EO Group as a whole.

The ORSA provides the link between the EO Group's risk strategy, risk profile, risk appetite and overall solvency needs. For the EO Group and its Regulated subsidiaries the ORSA ensures that:

- The risk profile in the context of the business plans and strategy is understood;
- The regulatory and economic capital requirements can be met based on the current business plan and over the longer term, considering severe events;
- The management actions that may be necessary to reduce risk and subsequent capital requirements, (including contingency plans associated with a stressed environment) have been considered; and
- The Internal Model continues to be considered adequately suitable and robust to support the above assessment of risk and capital, and specifically to set regulatory capital.

The ORSA process has been designed to ensure that the EO Group's Boards are provided with all relevant risk and capital information to enable them to act in the best interests of their stakeholders. The frequency of production of the full ORSA and ORSA updates are noted below.

B.3.15.2 Annual ORSA

A full ORSA report is produced for each calendar year. This report captures changes in the EO Group's risk profile that have occurred during the previous year and incorporates detailed analysis of the EO Group's current and future risk and capital position. The report provides analytical breakdown by risk type and regulated entity. PRA approval has been received to submit a single Group ORSA report covering EO Group (consisting of QBE UK and QBE Europe and the EO Group's Lloyd's Syndicates) as well as QBE UK individually. A separate Annual ORSA report is produced for QBE Europe, in addition to that for the EO Group.

The Annual ORSA is reviewed and approved by the Boards of the EO Group and the EO Key Regulated Companies.

B.3.15.3 Regular ORSA updates

ORSA updates are reported to the EO Group's RCC and RCG on a quarterly basis and include analysis of:

- Risk Appetite Statements;
- Risk profile;
- Areas of management key concern / top risks;
- Key Risk Indicators ('KRIs');
- Financial position and solvency ratios (including projections);
- The current and indicative SCR, where applicable, for each legal entity;
- The on-going suitability of the Internal Model for capital setting purposes (as required);
- Transformation risk and EO Group's Line 2 Risk Opinion;
- Emerging risks;
- Issues and Incidents analysis;
- Control environments;
- RCSA analysis; and
- Risk culture and Group Risk via the risk dashboard, as appropriate.

The ORSA update, or a summary of it, is also reported to the QEMC, a Committee of the QBE Europe Board.

B.3.15.4 Ad-hoc ORSA updates

If there is a significant change to the EO Group's risk profile an ad hoc ORSA may be produced outside the normal production and update cycle. Examples of such a change include:

- Material acquisitions or business re-organisation;
- A significant change in the Group's business plan e.g., entering into new markets, products etc;
- A significant loss event;
- Material changes to EO Group, QBE UK or QBE Europe's capital base; and
- Identification of a critical issue.

B.3.15.5 ORSA governance

The content of the ORSA is reviewed by various forums and committees before the full report is submitted to the relevant company Boards for approval by:

- EO Group Boards: The EO Group Boards have the ultimate responsibility for the ORSA and must review, approve and formally sign off the report on an annual basis;
- RCC: The EO Group Boards delegate their risk management oversight and monitoring activities to the RCC. The RCC is the primary forum for challenging both the ORSA content and process and the committee will review and approve the quarterly ORSA updates and the RCC will also review and recommend the annual ORSA report to the Boards for approval;
- RCG: The RCG consists of the EO Group's EMB. The primary responsibility of the RCG is to review and challenge risk related papers prior to submission to the RCC;
- QEMC: The QBE Europe Annual ORSA is further reviewed by the Management Committee for QBE Europe prior to QBE Europe Board approval. The QEMC also receives the quarterly ORSA updates; and
- Other Committees and Groups: Other Committees and Groups also have key roles, particularly the responsibility to challenge information that directly feeds the assessment of risk for the ORSA process. Their responsibilities in relation to risk management are included in the respective committee terms of reference.

B.4 Internal control system

B.4.1 Overview

EO Group has implemented a consistent internal control framework that seeks to ensure compliance with all relevant regulatory and legal requirements across EO plc and its subsidiaries. These requirements include meeting the standards contained within Article 46 of the Solvency II Directive (implemented in the UK in Rule 4 of the Conditions Covering Business Part of the PRA Rulebook for Solvency II Firms), FCA requirements under the Senior Management Arrangements, Systems and Controls Sourcebook ('SYSC') 3.1.1, which state that "a firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business", the NBB Overarching Circular on system of governance, and other NBB Regulations and Circulars including the *Regulation on the internal control system and the internal audit function* of 19 May 2015 which states that "Each institution must have an internal control system appropriate to its activities or planned activities, taking into account the nature, size and complexity of these activities and the associated risks".

As discussed in **Section B.3**, the EO Group has a defined structure to identify, assess, report and control risks that may affect the business.

The internal control mechanism at the core of this structure is the 'Three Lines of Defence'. Refer to the Risk Management **Section B.3.12** for further information.

B.4.2 Risk Governance

The risk governance forums within the EO Group represent further challenge and assurance on risk taking activity. They also generate strong practical working relationships between the 1a, 1b and 2nd line teams. Members of the 2nd line sit on or attend Committee and Management Groups established by the EO Group's Board and attend additional working groups and steering committees to deliver challenge across the wide spectrum of business activity. Transparency of issues is achieved through Board Committee/Group reporting or escalation, all overseen by the Risk and Capital Committee. Refer to the Board Committee **Section B.1** for further detail on the various committees and their functions within the EO Group.

B.4.3 The Compliance Function

The Compliance function comprises a central UK-based team (including a dedicated Monitoring function) and specific local resources in respect of continental Europe. The function reports through the Compliance Director (EO Group) and Head of Compliance (QBE Europe), to the respective entity Chief Risk Officers, who are both members of the respective Boards. Collectively, these individuals are members of, and/or report to, the various regulated entity Boards and key control committees within the EO Group. They have direct and unfettered access to any member of the EO Group Boards, the Management Committee or senior management or the EO Group Committees.

The principal purpose of the function is to ensure the business meets the standards set by its regulators and QBE Group, proactively support the development of a culture of compliance and appropriate management of regulatory risk across the EO Group, and to and provide appropriate second line independent challenge in respect of first line activities. Accountabilities include advising the Boards on compliance with PRA/FCA/NBB/FSMA requirements, the Principles for doing business at Lloyd's, other international regulatory requirements and the QBE Group standards and requirements established by the QBE Group Material Risk Class Policy and supporting Framework. This includes ensuring staff awareness of regulatory matters, Lloyd's requirements and providing best practice guidelines for key business topics including Conduct Risk, Sanctions and Licensing compliance, Data Privacy, Anti-Money Laundering and Anti-Bribery and Corruption. The function also produces and promotes awareness of the annual Compliance Plan, develops an annual Monitoring Plan, and in conjunction with other EO Group control functions (e.g., Underwriting Governance, Delegated Claims Management etc.) conducts a program of monitoring to challenge and test the effectiveness of internal controls.

The core objectives of the function are set out in the functional Terms of Reference and include:

- Promoting a robust and consistent compliance culture throughout the business including through on-going training and awareness;
- Providing assurance to the Boards that relevant regulatory and legal requirements are being met through monitoring activities, knowledge of the business and regular reporting to governance forums;
- Monitoring regulatory developments and co-ordinating and supporting business responses to proposed regulatory changes; and
- Developing and embedding a framework of policies and procedures designed to support business practices, promoting ethical standards and ensuring regulatory and legal requirements are met.

The function has implemented the compliance-related elements of the QBE Group Material Risk Class Policy. The Policy outlines QBE Group's approach to compliance risk management and defines roles and responsibilities within the Three Lines of Defence model for achieving a positive compliance culture and effective compliance management. The requirements of the QBE Group policy are applied as part of the EO Group Compliance Framework which includes but is not limited to:

- Developing, in conjunction with business areas, a framework of policies and procedures to support business practices, promote ethical standards and ensure legal and regulatory compliance;
- Developing, or assisting in the development of, educational and training programs to promote a positive compliance culture and a greater awareness and understanding of the importance of compliance and the EO Group's legal and regulatory obligations;
- Providing advisory assistance and support to business units regarding the interpretation and impact of, and compliance with, relevant legal and regulatory requirements and obligations;
- Implementing an annual Compliance Monitoring Plan (which is approved by the RCC) to test and challenge the on-going suitability and effectiveness of controls across all relevant risks and business areas;
- Monitoring, assessing and reporting regularly on regulatory risks (via the established Insight Risk Management platform); and
- Ensuring that regular compliance management information is supplied to the Boards and senior management to enable them to form a reasonable view of the standards of compliance across the business, know whether any material trends or issues have emerged and require redress, and be aware of any regulatory developments that may affect the business.

Further specific objectives are also established by the Compliance function annually using a risk-based approach. These are detailed in the annual Compliance Plan and Compliance Monitoring Plan which are reviewed and approved by the RCC and Boards. These collectively identify the key risks that the Company is likely to experience

over the coming year and any changes to the function created by specific regulatory and legislative developments.

The Board has also asserted its commitment to ensuring that all compliance staff are "trained and competent to enable the function to carry out its objectives". Individual member's knowledge, experience and competency are routinely assessed and monitored through the internal Performance review process.

In addition to active engagement with market bodies such as the Association of British Insurers ('ABI'), International Underwriting Association ('IUA'), Lloyd's Market Association ('LMA') and Assuralia (Belgium) as a means of identifying potential areas of change, members of the function regularly participate in conferences, workshops and forums on specific legislative/regulatory developments. The function also routinely monitors legal and regulatory information sources, consultations and official publications to inform risk assessments/gap analyses against proposed changes, co-ordinating and supporting the business response.

The Compliance function has also been designated responsibility for contributing to the assessment and management of the following on behalf of the Board:

- Material Risk Classes
- Compliance Risk (non-compliance with external requirements).
- Risk Sub-Classes
- Improper business practice (Operational Risk); and
- Internal and/or external fraud (Operational Risk).
- The function works with a number of other key assurance functions including Internal Audit, Risk, Legal, Underwriting and Claims Governance and Delegated Underwriting to ensure all significant areas of regulatory risk are addressed.

There is an established issue and incident reporting process as part of the wider Risk Management Framework which includes guidelines on the identification and reporting of breaches of compliance policies. The reporting requirements include the timely escalation of issues to appropriate senior management or governance bodies at EO Group level. The Compliance Director and QBE Europe Head of Compliance further escalate all material issues to the Boards and supervisory bodies through their regular discussion with the lead supervisors.

The EO Group's governance structure includes the Compliance Management Group ('CMG'), which supports the RCC in providing co-ordinated oversight and monitoring of the EO Group's adherence to the Compliance Framework. Key responsibilities include:

- Consideration of new policy requirements and management of existing policies within the Compliance Framework;
- Review of relevant policy related management information and reports;
- Recommendation of the annual Compliance and Monitoring Plans to the RCC; and
- Review of Compliance breach and incident reports.

The EO Group has implemented the QBE Group Conduct Risk Policy. The Conduct Risk Group ('CRG') is another key management group of the RCC and is responsible for identifying, assessing, mitigating and overseeing Conduct Risk, including application of the QBE Group Policy. Key responsibilities include:

- Providing focused oversight and challenge in respect of the EO Group's compliance with the FCA Consumer Duty and related requirements;
- Monitoring high product risk ('HPR') areas of the business and providing proportionate and fair challenge in respect of the effects of that business;
- Assessing the conduct risk inherent in the EO Group's products and distribution methods and whether mitigating controls and oversight are appropriate;
- Designing and providing effective management information around conduct risk within the EO Group; and
- Reporting to the RCC on the design and effectiveness of the EO Group's Conduct Risk Framework.

B.5 Internal audit function

B.5.1 Overview

QBE Group Internal Audit ('GIA') is a group-wide function, in which divisional internal audit teams operate on a globally integrated basis. The primary role of GIA is to assist the Board of Directors and senior management by providing independent assurance that the design and operation of the controls across the QBE Group are effective. The QBE Group Head of Internal Audit is responsible for the function, which operates under a written charter from the QBE Group Board Audit Committee, which is adopted by the respective Divisional Audit Committees. The Group Head of Internal Audit is responsible for the establishment of a team with the required skills, knowledge, and experience to deliver the internal audit plan. The Divisional Heads of Internal Audit report to the QBE Group Head of Internal Audit.

GIA includes a UK-based team led by the Head of Internal Audit, International, as well as a dedicated Head of Internal Audit for QBE Europe, who is based in Belgium. The Head of Internal Audit for QBE Europe reports to the Chair of the QBE Europe Audit Committee, the QBE Europe CEO, and the Head of Internal Audit, International. The role uses GIA EO audit staff, as necessary, as part of an outsourcing agreement with QBE Management Services (UK) Limited.

GIA operates within an established framework designed to meet key stakeholder expectations and achieve adherence to applicable professional mandatory guidance and requirements. This includes adherence to The Institute of Internal Auditors International Professional Practices Framework, specifically "Core Principles for the Professional Practice of Internal Auditing", "Definition of Internal Auditing", "Code of Ethics", and "International Standards for the Professional Practice of Internal Auditing" (Standards), and any other applicable professional mandatory guidance and requirements.

A risk-based plan of internal audits is determined annually in consultation with stakeholders e.g., senior management for approval by the Group and Divisional Audit Committees. GIA uses the QBE Risk Management Framework in developing the plan, incorporating the results of the risk assessments performed by management. This is overlaid by GIA's own assessment of risks and related controls. The plan also includes audits to address relevant regulatory requirements.

GIA maintains a quality assurance and improvement programme that covers all aspects of GIA assurance activity. This comprises both internal and external assessments, and findings of the quality assurance programme are reported to the Audit Committee Chair at least annually.

B.5.2 Independence

No person carrying out the internal audit function assumes any other key functions within the EO Group.

GIA is authorised to perform any audits, reviews, investigations, or conduct any form of inquiry, which it considers necessary to meet its purpose. GIA has full, free, and unrestricted access to all QBE activities, records, property, and personnel.

GIA maintains its independence by having no direct authority or responsibility for the activities it reviews. GIA does not have responsibility for developing or implementing procedures or systems, except for those related to internal audit. It does not prepare records or engage in original line processing functions or activities. The QBE Group Head of Internal Audit and divisional Heads of Internal Audit report to the QBE Group Audit Committee and their respective Divisional Audit Committees at least annually on the organisational independence of the internal audit activity.

B.6 Actuarial function

The Actuarial Function provides wide ranging actuarial support to the business, including reserving, capital, reinsurance analysis and performance monitoring.

At the core of all actuarial work, mathematical techniques are used to interpret the available data. This is collated from a wide variety of sources both internally and externally, including underwriting, claims, reinsurance and financial data.

The role of the Actuarial Function is defined in formal Terms of Reference. This document clearly outlines what areas of the Actuarial Function are performed by the EO Group's Actuarial Department, as others are performed elsewhere in the operation (e.g. the Enterprise Risk Management department).

The Actuarial Function is free from the external influence of other functions within the QBE Group and the formal Terms of Reference ensure that reserving analysis is performed independently of underwriting decisions, which enables objective review and challenge.

All supporting departments that form the Actuarial Function are subject to regular internal audits to ensure that the appropriate governance and processes are followed in their operation. External actuaries are contracted annually to provide an independent reserve review on a central estimate basis for all reserving classes with Syndicate exposure for the purpose of signing the Statements of Actuarial opinion. Reserving classes with Syndicate exposure may also have exposure on QBE UK and/or QBE Europe. In addition, other non-Syndicate reserving classes may also be selected for independent review e.g. those with more material reserve uncertainty. The results are compared to the EO Actuarial reserve results and differences discussed. Major differences are referred to the Reserving Management Group and relevant Board sub-committee.

B.7 Outsourcing

B.7.1 Overview

The EO Group Boards initially adopted the QBE Group Outsourcing Policy in July 2020 in place of the previous EO Group Outsourcing Policy, with an updated Group Policy adopted in May 2022. The Policy is regularly reviewed (with input from the EO Group on any required content changes) and updated where appropriate. The policy details the QBE Group's principles of outsourcing, delineates responsibilities according to business function, provides guidelines regarding the maintenance of the outsourcing register, and sets out the process and requirements for reporting to QBE Group.

The Policy is supported by an approach document which details how the requirements of the QBE Group policy are implemented within the EO Group. This approach document was initially adopted by the EO Group Boards in July 2022, with further updated versions adopted in May 2022, February 2023 and March 2024, and in combination with the QBE Group Policy forms the Outsourcing Policy for all EO Group entities. Collectively these documents establish criteria for the recording and management of critical and important outsourcing arrangements but also requires that the same core principles be applied to all outsourced relationships.

In particular, the Outsourcing Policy asserts QBE Group's commitment to "managing any risks associated with outsourcing through appropriate systems and controls", and "ensuring compliance with regulatory requirements", stating that outsourcing should only be undertaken where:

- It does not significantly increase our risk exposure;
- Ensures we remain in line with the relevant QBE Group Risk Appetite; and
- It supports QBE's strategic objectives and business plans.

The Policy and supporting approach document also establish obligations around the periodic review of all outsourced arrangements, which will differ according to the nature, scale and scope of those arrangements. The documents collectively require that appropriate systems and controls should be in place to manage the outsourcing risk and sets criteria for the inclusion and monitoring of material contracts on the outsourcing register, including the regular review and challenge of materiality assessments to ensure the appropriate classification and management of arrangements. An Outsourcing and Third-Party Risk Management Working Group ('OWG'), reporting to the Operations Management Group ('OMG'), oversees both the practical application of the policy within the EO Group and preparation of the material outsourcing register on an ongoing basis.

A separate Policy is also in place in respect of Delegated Underwriting/Coverholder arrangements. This details the required due diligence and on-going monitoring of delegated underwriting arrangements, including assessment of the Coverholder's competence and suitability, regulatory standing and financial strength.

The OMG monitor, review and report on matters relating to critical/important outsourcing and the service performance level of suppliers both directly to the Boards and indirectly through the QBE Group global contractual approach (whether provided by intra-group arrangements or from third-party service providers).

Once a contract is in place, the OMG will monitor and review the performance of both internal and external service providers on behalf of the Boards in key service areas in order to ensure that the operation of the companies is delivered effectively and efficiently. Focussed support is provided to the OMG in this regard by the OWG. The OMG also will review and challenge the operational strategy of the Companies and ensure such strategy is aligned with the Companies' business plans; monitor performance under outsourcing agreements and any other applicable arrangements (including performance against agreed service levels) and approve, monitor and oversee any corrective actions as required, identify risks and/or systemic performance issues in relation to the above areas and set and undertake any corrective action or recommend any corrective action, as necessary, to the QEMC and EMB.

This enables the relevant internal forums to maintain appropriate oversight and challenge over outsourced critical/important functions and activities. It also ensures that that outsourcing has no detrimental impact on the overall standard of governance and control.

The governance and control framework established around critical/important outsourcing (as outlined above) is designed to ensure that the Company has appropriate ongoing oversight over third parties performing material functions on its behalf. This includes generating appropriate Management Information ('MI') for review and assessment by the appropriate governance forums, and as a consequence, the Company's submissions and regulatory reporting will take full account of and be based on sound oversight of all material outsourced functions/activities.

The due diligence process around any proposed critical/important outsourcing will include an assessment of potential providers in the market and any decision will be based upon a range of factors including their regulatory authorisation, financial strength, business reputation, internal control environment, ability to perform the necessary functions and the experience and technical competence of the Company and its employees. The QBE Group Outsourcing Policy requires that such outsourced arrangements must also be monitored on an ongoing basis in line with the nature, scale and scope of the services provided including ongoing assessment of the factors outlined above.

For claims relationships, any potential financial and staffing issues identified as part of these reviews are detailed in contract summary documentation prepared by the Procurement function. For other outsourced partners, assessment of financial resourcing is included in summary documentation detailing key contract points and pricing. This follows the selection process established via the internal procurement process. Assessment of staffing considerations is a default term as part of the 'Requested For Proposal' ('RFP') process and is evidenced as part of the tender/award process.

B.7.2 Critical or important outsourcing

A number of critical or important functions and activities are performed on the EO Group's behalf by third-party providers in accordance with the requirements and principles set out in the QBE Group Outsourcing Policy and supporting EO Group Approach:

- Various class of business specific claims handling and loss adjusting services (including investigation and rehabilitation case management). These providers are delegated authority to manage claims on the EO Group's behalf and operate predominantly in the following territories:
    - Australia;
    - Canada;
    - The European Union;
    - United Kingdom; and
    - United States.
- IT services, including Disaster recovery, IT hosting and data centre services, Infrastructure and operational services and specialist software provision. These providers are predominantly located in the United Kingdom, though some infrastructure support services are located in Australia, India, Malaysia, the Philippines and the United States; and
- Two significant delegated underwriting arrangements operated by the EO Group are also currently considered to be critical or important outsourcing. These involve the underwriting of multiple classes of business on behalf of QUL via separate delegated authorities, which are reviewed annually and monitored by the EO Group Material DUA Oversight Group.

Various functions are also outsourced within the QBE Group to a shared services centre located in the Philippines. The principal activities are:

- Certain limited claims administration and processing functions;
- Financial processing (including basic analysis, internal reporting and administrative reconciliation activities);
- Insurance Administration (including data entry, bordereaux support and some credit control processing); and
- People (including Service Desk support, joiner/leaver processes and lifestyle changes).

In addition, various material intra-group outsourcings are implemented in accordance with the QBE Group Services Governance Framework. In all cases the QBE Group's Outsourcing Policy is applied in full to ensure a robust contractual framework is put in place:

- Information Technology services (consisting of Infrastructure services and the IT & Change function) are provided by the QBE Group Global IT function, with employees and infrastructure physically located within the EO Group. This intra-group outsourcing is governed by the QBE Group Master Services Agreement and is subject to formal on-going oversight by the EO Chief Operations Officer, Chief Information Officer and OMG, with established Service Level Agreements ('SLAs') and regular performance reviews;
- Treasury services are provided by the QBE Group Treasury function, with key employees physically located in Europe. These services are also within the scope of the QBE Group Master Services Agreement, with SLAs in place and formal oversight provided by the EO Chief Financial Officer and FMG;
- Investment management services are outsourced to the QBE Group Investments Division based in Australia. These are governed by a formal investment management agreement and are subject to on-going oversight by the EMB;
- Provision of reinsurance administration and support services for the EO Group's outwards reinsurance placement programme by a predominantly UK-based Group function that was previously part of the EO Group; and

A comprehensive Master Services Agreement is also in place between QBE Group and various contracting entities within the EO Group. This agreement extends to the provision of various services to those entities where centralised global or divisional functions and/or reporting lines have been established.

The QBE Group has entered into a number of global agreements for the provision of externally outsourced services which extend to its constituent divisions including the EO Group. Such agreements are predominantly

associated with the provision of IT infrastructure and support services and are implemented in accordance with the QBE Group Services Governance Framework.

Prior to entering into any global agreement, the contracting QBE entity carries out an appropriate due diligence process on the potential service provider and performs its own assessment of the risks related to the outsourcing arrangement. The Company's Management Committee and Board approve the general conditions of the contractual arrangement with the service provider after having received proper information. Procedures are in place for the performance of prior review of the proposed agreement by Legal and by the Company Head of Compliance. Both the Internal Audit and Compliance functions perform an independent review of outsourced activities, including Interaction with the PRA and NBB for reporting existing or planned outsourcing of critical functions or activities. In all such cases, the requirements and associated governance arrangements of the QBE Group Outsourcing Policy (incl. EO's Approach to Outsourcing & Third-Party Risk Management) apply.

B.7.3 Delegated Underwriting Authority ('DUA') Arrangements

In addition to the delegated underwriting arrangement referenced in **Section B.7.2** above, the EO Group also operates a worldwide network of coverholders which are delegated authority to underwrite business on the EO Group's behalf. The primary sources of delegated authority business are:

- Australia;
- Canada;
- The European Union;
- United Kingdom; and
- United States.

All delegated underwriting arrangements are subject to extensive on-going oversight and a risk-based control framework which includes due diligence, risk assessment and the on-going audit and review of coverholder conduct and operations.

B.8 Any other information

No other information is considered material regarding the EO Group, QBE UK or QBE Europe 'System of Governance'.

Section C: Risk profile

Introduction

The EO Group has identified a number of top risks, which are considered executive management focus areas.

The top risk with the highest potential impact and likelihood throughout 2024 was 'Economic and Geopolitical Uncertainty', which was driven by geopolitical conflict (e.g. the Middle East conflict which continued to escalate throughout H1 2024 and the Ukraine war), uncertainty regarding governmental policy following key elections in the UK, France and the US, and by higher than usual rates of inflation in the UK and Europe following peaks in the previous year. The 'Heightened Regulatory Supervision' top risk was upgraded to the highest potential impact and likelihood in the second half 2024 due to increasing divergence in regulation (e.g. with the introduction of "Solvency UK" in the UK, and in the EU the Digital Operational Resilience Act, EU AI Act, EU Data Act and EU Data Governance Act) leading to increasing complexity for the EO Group's business model. Other top risks for the EO Group with a high rating (in terms of impact or likelihood) include 'Cyber Security' and 'Climate Change', followed by 'Market Cycle Management' and 'Concentration of Distribution Partners'.

Data and modernisation have also been in focus during 2024, with Artificial Intelligence, Digitisation, Pricing Models and Financial and Actuarial Data all being considered at a medium level impact and likelihood. The EO Group further started monitoring a new Modernisation Risk as a top risk from Q4 2024, which replaced the Digitisation risk under which risks associated with the Modernisation project were considered previously.

The EO Group is exposed to various risks and uses a number of methods and techniques to identify, assess, evaluate and mitigate these risks. The main categories of risk are detailed below. To address these risks, the EO Group uses a number of risk mitigation techniques, as described in **Sections C.1 – C.6** below.

The below table shows the SCR calculated under the Internal Model for the EO Group, QBE UK and QBE Europe. More information is given on the risk types in this section.

Risk Components under Internal Model	EO Group		QBE UK		QBE Europe	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	€m	€m
Market risk	125	264	35	85	202	269
Counterparty default risk	263	199	110	85	188	135
Non-life underwriting risk	1,980	1,666	921	710	1,619	1,371
Operational risk	223	200	109	88	150	147
Pension risk	39	43	-	-	2	2
Capital adjustments	430	269	3	7	126	15
Debt servicing costs	47	46	-	-	-	-
Total undiversified components	**3,107**	**2,687**	**1,178**	**975**	**2,287**	**1,939**
Diversification	(903)	(903)	(380)	(353)	(719)	(722)
Solvency capital requirement	**2,204**	**1,784**	**798**	**622**	**1,568**	**1,217**

References to EO Group below also apply to QBE UK and QBE Europe on a solo basis.

C.1 Insurance risk

Description

The EO Group defines insurance risk as the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations.

Exposure measurement

Insurance risk is one of the key risks for the EO Group, for which exposure is measured mainly through the SCR derived from the Solvency II Internal Model. Insurance risk is modelled as three separate elements; risk around the proposed underwriting year (underwriting risk), risk around the balance sheet earned reserves (claims provision) and risk around the balance sheet unearned reserves (premium provision). Each of the risk elements including more specific exposure measurement information is detailed below in **Sections C.1.1 – C.1.4**.

Risk mitigation

Risk mitigation is mainly achieved through reinsuring a portion of risks underwritten to reduce EO Group's exposure to individual losses or an accumulation of losses. This allows the EO Group to control exposure to insurance losses, reduce volatility of reported results and protect capital. The EO Group has in place systems, internal controls and processes to ensure that its reinsurance arrangements are appropriate to enable it to meet its obligations to its various stakeholders, including policyholders and shareholders.

QBE UK does not reinsure to insurance special purpose vehicles. QBE Europe's reinsurance programme includes ceding to authorised Special Purpose Vehicles ('SPV') which are required to be fully funded on an equivalent basis to that required under the Solvency II rules. Exposures to these SPVs are not material.

The following key changes were made to the EO Group's reinsurance programme in 2024:

- 100% forward looking quota share and reduced retention on selected catastrophe product lines

Risk Concentration

Insurance risk concentrations consider the risks associated with accumulations of underwriting exposures within particular business lines, products and geographies. This includes the risks from natural or man-made events that have the potential to produce insurance losses from many of the EO Group's policyholders at the same time (e.g. catastrophes).

The EO Group's exposure to concentrations of insurance risk is mitigated by maintaining a business portfolio that is diversified across countries and classes of business. Product diversification is pursued through a strategy of developing strong underwriting skills in a wide variety of core and specialty classes of business.

The EO Group currently uses a variety of methodologies to monitor aggregates and manage catastrophe risk. These include the use of catastrophe models from third-party vendors such as RMS and Impact Forecast Elements, the Realistic Disaster Scenarios ('RDS'), and the QBE Group Aggregate Methodology ('GAM') and Realistic Event Methodology ('REM'). A risk appetite in relation to natural catastrophe insurance concentrations has been determined using the QBE Group's capital model, and in relation to non-natural catastrophe insurance concentrations using the RDSs. These are monitored against on a regular basis.

C.1.1 Underwriting risk

Underwriting risk is the risk that the premiums received for the business written in the year following the model date will not be sufficient to cover future claims and related costs arising from that business.

The risk is modelled separately for each class of business and involves an assessment of the following sources:

- The underwriting cycle and the potential for business to be written at inadequate rates. This has been based upon the submitted business plans and makes allowance for variability. The data has been reviewed by experts within the business;
- The potential for losses in excess of the business plan caused by a difference between the frequency and value of expected claims, compared to the frequency and value of actual claims (including inflationary trends). The losses have been split between:
  - Attritional losses – Historical experience combined with expert judgement is used to parameterise the potential distribution of outcomes;
  - Large losses – The frequency and severity of large loss distributions are modelled separately. The volatility is based on past experience with an overlay of expert judgement; and
  - Natural catastrophe losses – Catastrophe losses are modelled using a third-party catastrophe model combined with QBE Group's exposure profile. An uplift for catastrophe exposure not catered for by the third-party model is also applied.
- Reinsurance risk mitigation – Gross large and catastrophe claims are modelled explicitly and are passed through the reinsurance structure. The capital model uses the reinsurance structures that are currently in place to capture both the reinsurance recoveries due and reinstatement premiums payable from the modelled gross losses; and
- Commission and expenses – Commission and expense assumptions are aligned to the business plan and make an allowance for variability.

In addition, RASs are in place and monitored in relation to insurance risk, using, for example, probability of adequacy of claims reserves and insurance concentrations as a measure as well as performance from a more strategic perspective.

C.1.2 Catastrophe risk

EO Group has material exposure to losses from natural catastrophe events as well as man-made catastrophe events (e.g., terrorism or casualty events). Whilst the risk assessment processes set out below cover natural catastrophe exposure, man-made catastrophe events are also covered under underwriting risk.

Extensive monitoring of aggregates and reinsurance are in place to control this risk.

A variety of methodologies are used to monitor aggregates and manage catastrophe risk on a gross and net basis.

Methodologies include:

- The use of catastrophe models from third-party vendors, such as RMS;
- RDS which may be property related events (e.g., windstorms and earthquakes), but can also be liability-based events such as a collapse in the housing market (and therefore used to measure man-made catastrophes); and
- The QBE Group REM used to assess catastrophe risk in regions of the world that EO Group do not have a licenced cat model to allow consideration of potential losses from these regions.

The output of each of the above is monitored and measured against internal limits. The Insurance Concentrations risk is monitored by the EO Group Aggregate Management Group and reviewed at a summary level via the Underwriting Management Group risk dashboard. In addition, catastrophe risk is reviewed at QBE Group level via the QBE Group Aggregate Management Committee ('GAMC').

C.1.3 Claims provision risk

Claims provision risk is the risk that the outstanding claims provisions established are insufficient to cover the future claim payments and associated expenses for loss events which occurred before the balance sheet date. Claims provision risk is modelled separately for each class of business.

To calculate the risk around the earned provision, historical paid and/or incurred triangulations, have been analysed using a variety of statistical methods, such as:

- Bootstrapping;
- Mack; and
- Hertig.

These statistical techniques are used to project historical gross variability into the future. A number of adjustments based on expert judgements are then applied to take account of the following risk factors:

- Internal systematic risk, such as data issues;
- External systematic risk, such as claims inflation and legislative changes;
- The gross variability is then netted down to produce the net variability. The netting down process allows explicitly for potential exhaustion of prior reinsurance programmes; and
- The EO Group takes account of, and ensures consistency with, the QBE Group capital allocation model and also makes use of other data available across the QBE Group where that data can improve the accuracy of the variability measure.

The opening reserves used with the capital model are consistent with the technical provision as at the balance sheet date.

C.1.4 Premium provision risk

Premium provision risk is the risk that the premium provisions established are insufficient to cover the future claim payments and associated expenses for losses which occur on the unexpired exposures.

Premium provision risk is modelled separately for each class of business. The volatility parameters are derived from the claim distributions from the underwriting risk section of the model and are modelled separately for attritional, large and catastrophe claim types.

C.2 Market risk

Description

The QBE Group defines market risk as the risk of adverse impacts on earnings resulting from changes in market factors. Market factors include but are not limited to interest rates, credit spreads, foreign exchange rates and equity prices. The EO Group's exposure to market risk arises from movements in investment markets and foreign exchange rates.

Exposure measurement

Market risk is mainly measured based on the SCR derived from the Solvency II Internal Model.

Market risk modelling assesses the variability in asset returns, changes in asset values and changes to exchange rates over either a one-year period or a 'to-ultimate' timeframe. The calculation over the one-year period also includes the impact of the change in the discount on the Solvency II balance sheet between the opening and closing liabilities.

The EO Group adopts a relatively conservative investment strategy with the vast majority of assets held in cash equivalents, floating rate notes, investment-grade government and corporate fixed income securities. The investment of these assets is aligned with business objectives and policyholder interests, for example, through consideration of the nature and duration of liabilities. As at 31 December 2024, the duration of cash and fixed interest securities was 3.4 years (2023: 2.3 years) for the EO Group, 2.6 years (2023: 1.9 years) for QBE UK and 4.0 years (2023: 2.7 years) for QBE Europe.

The risk of loss due to default of corporate bonds is considered a market risk. Volatility of the returns on the assets held in the pension fund is considered in the section on pension risk.

A key component of market risk modelling is an Economic Scenario Generator. The Economic Scenario Generator simulates different investment returns for a variety of different asset types and takes account of varying durations and inflation rates (both CPI and wages). QBE Group uses a market-leading third-party Economic Scenario Generator. A significant amount of work is undertaken by the EO Group to assess and validate the Economic Scenario Generator and modelling of market risks to ensure this is fit for purpose for the companies within the EO Group.

The split of assets held by asset type, on which the current capital assessment is based, for the EO Group, QBE UK and QBE Europe are disclosed in the balance sheet reporting templates included in Appendix A.

In addition to the above, the adherence to market, credit and liquidity RASs is monitored by the EO RCG, RCC and the QEMC on a quarterly basis.

Risk mitigation

See **Section C.2.2** below.

Risk Concentration

Concentration risks are managed through adherence to the EO Group's Investment Guidelines which are designed to encourage diversification and prevent excessive exposure concentrations, for example, in terms of sector. Counterparty exposures are managed through counterparty limits and monitored and reported to the EMB and QEMC.

C.2.1 Prudent person principle

The EO Group has a defined approach, risk framework and governance process around the Prudent Person Principle ('PPP') as set out in the Solvency II regulations, PRA SS 1/20 and NBB 2016 31. These principles are embedded in processes and controls within the EO Group. Requirements set out in the principle include that:

- The undertaking only invests in assets and instruments whose risks it can properly identify, measure, monitor, manage, control and report and appropriately take into account in its overall solvency needs;
- All assets, in particular those covering the Minimum Capital Requirements and the SCR, are invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole as well as the availability of the assets;
- The nature and duration of assets held to cover the technical provisions closely match with that of the undertaking's liabilities. The EO Group's policies are consistent and compliant with this rule;
- The intention and effectiveness of any derivative instruments used within the investment portfolios are documented and reported upon;
- The characteristics and valuation methodology, including levels of valuation uncertainty within new products, instruments and significant changes in asset profile are assessed prior to approval of the new products, instruments or significant change in asset profile;
- Any significant valuation uncertainty within the portfolio is understood and monitored; and
- EO Group has internal capability to evaluate credit risk of the portfolio.

Restrictions on investments which are set out in specific Investment Guidelines and Restrictions are primarily based on the Solvency II Directive, the PRA's Rulebook and guidance in Supervisory Statements and Belgian regulatory requirements, as applicable, which give a sound framework for a prudent approach.

The Investment Guidelines and Restrictions are approved by the Boards and address market and credit risks; they are based on local regulatory requirements to ensure that principally all investment assets are admissible for solvency under the Solvency II Directive, the PRA Rulebook, Belgian regulatory requirements and, where applicable, Article 14 of the New York Insurance Department Regulations and the (Canadian) Insurance Companies Act.

The EO Group's investment philosophy is to protect the value of capital with a focus on gaining exposure to assets that are capable of producing a consistent and recurring flow of income over time, that also meet internally set targets.

In summary, the EO Group mitigates the level of market risk using the following:

- Application of and monitoring against Board-approved RASs;
- Active asset management;
- Diversified portfolio;
- Derivatives for efficient portfolio management;
- Hedging of residual non-functional currency exposure; and
- Monitoring of compliance with legal and regulatory requirements, including the PPP.

The responsibilities of the EMB and QEMC include the monitoring of compliance with legal and regulatory requirements including the PPP.

The Risk function monitors adherence to the Market RASs and a Market Risk Key Risk Indicator, and reports this to the RCG and the RCC on a quarterly basis as part of the ORSA process.

The CFO reports the following information to the EMB and QEMC on a regular basis: Detailed investment performance versus business plan, Asset-Liability matching information and compliance with the QBE Group's Investment and Regulatory Guidelines.

Further detail regarding the EO Group's investment processes and risk mitigation is set out below in **Section C.2.4**.

C.2.2 Investment Process including Risk Mitigation

C.2.2.1 Governance structure

The Boards of the EO Group retain authority to make decisions on investment policy and guidelines for the EO Group and to take responsibility for the implementation and monitoring of the agreed strategy. All material investment strategy decisions are reserved for the Boards.

C.2.2.2 Investments (including Investment and Treasury Credit Risk)

The EO Group has outsourced the investment function to QBE Group Services Pty Ltd ('Group Investments'). Group Investments provide asset management and investment administration services to QBE Group and its subsidiaries governed by the Global Investment Services Master Agreement ('GISMA') and associated investment guidelines and restrictions. Group Investments invests directly in the market, enters into arrangements with external investment managers, and provides investment advice across a wide range of asset classes. The investment strategy is prudent and broadly consistent with global peers, designed to deliver a diversified portfolio that will demonstrate resilience through the economic cycle.

The Investment Guidelines and Restrictions set out the requirements and constraints governing the permissible investments, asset class and issuer concentration limits, and compliance standards for managing the EO Group's assets, in accordance with PRA and relevant local regulatory requirements. Derivatives may only be used for hedging purposes or to efficiently replicate physical exposures, within defined limits set out in the respective derivatives policies where relevant.

The investment portfolios are structured into two key segments: Core Fixed Income ('CFI') and Risk Assets ('RA'), providing broad diversification across asset classes, issuers, markets, and currencies. It is usual to seek PRA 'No Objection' clearance in the UK; and to update the NBB via existing communication channels, when introducing major changes to the asset allocation model and this will include sharing proposed limits.

Under the terms of the GISMA, Group Investments is required to adhere to the Investment Guidelines and Restrictions, maintain a compliance monitoring framework within the trading system to oversee portfolio compliance, and promptly report any breaches as they occur. Compliance limits are monitored daily by Group Investments. Additionally, the EO Group's finance team also performs its own compliance checks, independently and conducts monthly portfolio analysis at the individual security level. Based on these findings and compliance reports from Group Investments, a consolidated monthly compliance report is submitted to the EMB and QEMC.

In the event of a breach, Group Investments is expected to promptly notify the Board of the Directors of the respective entity to determine whether immediate action is required to resolve the breach or if the Board will issue a waiver with additional clauses. Such waivers may be granted under specific conditions, including regular monitoring. Waivers are reviewed and re-issued periodically, subject to approval by the Board of Directors of the respective entities, or through the delegated authority from the Board.

The EO Group leverages the expertise of Group Investments in assessing the investment credit risk. Credit analysis will include detailed information sourced from the issuer and research providers including credit rating agencies, primarily Standard & Poor's ('S&P'). Derivatives exposure is also included when calculating the EO Group's overall exposure to a counterparty.

The average portfolio credit quality for the EO Group's fixed income portfolio is A (2023: A). Approximately 85.4% (2023: 84.6%) of the EO Group (EO plc, QBE UK and QBE Europe), 88.2%% (2023: 86.1%) of QBE UK and 82.7% (2023: 83.5%) of QBE Europe's total fixed interest and cash investments are with counterparties with a S&P rating of A or better.

Absolute counterparty limits are set for Treasury balances and instruments. The majority of counterparty exposure details are fed into a central reporting system. In addition, there are specific settlement limits in place for foreign exchange derivatives relating to volumes executed with the QBE Treasury banking group.

The QBE Group Treasury team monitors all Treasury counterparty exposures against a counterparty limit report on a daily basis and also carries out a pre-deal check of limits.

C.2.2.3 Asset Liability Management

In 2024, the EO Group refined its Asset Liability Management ('ALM') strategy to enhance interest rate risk management and regulatory capital sensitivity. QBE UK and QBE Europe introduced a dedicated Core Fixed Income portfolio with a longer duration. The extended duration:

- Enhances long-term investment returns;
- Provides a hedge against falling interest rates;
- Diversifies market risk exposure under stress scenarios; and
- Aligns duration with industry peers.

Investment Guidelines permit the investment manager to extend fixed income duration a maximum of 1 year greater than that of average net technical liabilities of each entity, with no restrictions for fixed income duration below the duration of average net technical liabilities.

Risks associated with ALM are managed through the ECM process, which calculates the capital requirement for the liabilities and assets of the EO Group based on the inter-dependencies of the insurance risk, market risk, credit risk, liquidity risk and operational risk to which the EO Group's assets and liabilities are exposed. Various scenarios are assessed as part of the determination of the appropriate level of capital.

An input into the ECM is the actuarial assessment of the payment pattern of liabilities for each portfolio within each entity within the EO Group. These are monitored and formalised by the RMG. Whilst there is not an explicit link to the investment strategy, the current focus is on investment grade quality bonds which can be liquidated within three days from request to QBE Group's internal asset management division.

For managing Asset-Liability mis-match risks, there is also a Risk Appetite Statement in place that is approved by the QBE Board and reported against each quarter at the RCG and at the RCC.

C.2.2.4 Derivatives

Derivatives are permitted to be used for risk reduction purposes or for efficient portfolio management within the investment portfolio, to manage interest rate risk, foreign exchange movements and equity price movement, the restrictions on use are outlined in the QBE Group's Investment Guidelines and Restrictions. They are not used for speculative purposes and must be fully covered. Derivatives may be used by the fund manager to reduce or increase exposure as an alternative to transacting in the underlying securities, but such use must not result in gearing of the portfolio. Performance of the derivatives is included in reports submitted to the EMB and QEMC on a monthly basis. Ultimately, the success of the derivatives is preserving the value of the investment portfolio against adverse movements in markets.

Separate to derivative usage within the investment portfolio, foreign exchange derivatives are permitted to be used to mitigate operational foreign exchange gains and losses. Foreign exchange derivatives may be used to hedge residual foreign exchange exposure to monetary net asset positions. The effectiveness of the foreign exchange derivatives mitigating foreign exchange gains and losses is reported to the FMG on a quarterly basis.

C.2.2.5 Foreign Exchange

An operational hedging cycle is in place to ensure that residual exposure is identified, validated and appropriately mitigated.

Separate to derivative usage within the investment portfolio, foreign exchange derivatives are permitted to be used to mitigate operational foreign exchange gains and losses. Foreign exchange derivatives may be used to hedge residual foreign exchange exposure to monetary net asset positions.

A report on the foreign exchange impact on the EO Group, QBE UK and QBE Europe is reported to the FMG on a quarterly basis. This report outlines movements in foreign exchange and the corresponding impact on operational results. The report also describes major currency exposures and the effectiveness of the foreign exchange derivatives mitigating foreign exchange gains and losses.

C.3 Credit risk

Description

QBE Group defines credit risk as the risk of financial loss from obligors' failure to meet their financial obligations, including both inability or willingness to pay, as well as loss due to credit quality deterioration.

Credit risk arises from a potential default of the EO Group's counterparties, mainly in respect of a reinsurer defaulting on reinsurance recoveries, or a broker on premiums. The credit risk arising from reinsurer defaults is much more material than the credit risk arising from broker defaults.

It should be noted that investment and treasury credit risk (including for example the default of corporate bonds), whilst being a sub-risk category of credit risk, are considered as part of market risk for modelling purposes and the relevant processes have been detailed in the market risk **Section C.2**. However, some risk mitigation processes are included in the credit risk section here.

Exposure Measurement

Credit risk is measured based on the SCR derived from the Solvency II Internal Model.

Credit exposures are also monitored quarterly against RASs', and supporting Key Risk Indicators, that apply to the EO Group's legal entities and are reported on a quarterly basis through the ORSA (please also refer to **Section C.6.1** below). Further details of collateral amounts posted in favour of the EO Group are shown in the following section.

An annual credit risk review is also performed for QCAP Global as a large internal reinsurer to the Company. This report is submitted for review and approval to the RCC each year.

Risk mitigation

The EO Group mitigates credit risk using the following:

- The posting of collateral to EO entities as beneficiary by counterparties in respect of specific exposures;
- An annual review of QCAP Global's financial performance by the Risk team, reported to the RCC;
- Various levels of credit risk limits that are monitored against on a regular basis;
- Regular counterparty monitoring through dedicated systems and procedures to manage and control exposure to counterparties;
- The monitoring on an on-going basis by QBE Group's Group Security Committee ('GSC') of external ratings and QBE Group ratings and updating as appropriate. A formal quarterly review of ratings is also conducted by the GSC. The quarterly EO Reinsurance Group monitors ratings changes as communicated by the GSC and considers the implications for EO; and
- The regular review of receivables, the collectability of those debts, and the adequacy of associated impairments.

Specific controls over reinsurers include the following:

- The monitoring on an on-going basis of first loss exposure and Realistic Disaster Scenario ('RDS') by Reinsurer and Reinsurance Debtors and Recoveries ('RIDAR');
- The management of counterparty concentration risk by referring to guidelines set down by the QBE GSC. Any use of a reinsurer outside of the Guidelines must be approved by the GSC prior to use; and
- The use of a reinsurance reporting system to monitor and report on the concentration of risk. The system holds details of all reinsurances purchased by the QBE Group from 2003 onwards and enables EO Group to identify the maximum cumulative exposure to each single reinsurer.

Specific controls over brokers include the following:

- Outstanding premium debtor balances are monitored by credit control teams on a monthly basis, as a minimum. Concentration risk is also monitored for large brokers; and
- The monitoring of broker balances on the basis of uncollected debt and debt outstanding in excess of six months. Debt over three months is pursued at an individual item level. Specific bad debt provisions are considered and applied to aged debts in accordance with QBE Group policy. Brokers are also subject to due diligence.

Specific controls over investments include the following:

- Approved counterparty concentration limits for deposits and core fixed income investments are set out in the Investment Guidelines and Restrictions;
- Daily pre-and post-trade compliance monitoring of the limits in the Investment Guidelines and Restrictions performed by Group Investments; and
- Monthly compliance monitoring of limits in the Investment Guidelines and Restrictions performed by the EO Finance Team.

Risk concentration

A key area of credit risk concentration is the exposure to the QBE Group's captive reinsurer as the EO Group's largest reinsurer. A separate Risk Appetite Statement is in place to help manage counterparty exposure to QCAP Global, including via collateral held to offset this exposure, as described under the Risk mitigation section above. Separate collateral arrangements are in place to help mitigate credit risk where exposure levels make this appropriate. Risk concentration regarding external reinsurers is mitigated by the GSC on behalf of the EO Group, through application of approved criteria for placing reinsurance with highly rated reinsurance counterparties.

C.3.1 Reinsurance credit risk

Credit risk arising from potential default by reinsurers and increase in bad debt reserve due to rating downgrade, is modelled to consider the likelihood of default on both existing and future reinsurance recoveries.

- Credit risk on reinsurance recoveries arising from future business - The capital model considers each individual layer on each programme in force and is able to calculate the aggregate reinsurance recoverable attributed to any one reinsurer. Credit risk ratings are applied to each reinsurer and assess the probability of downgrade or default over time. The downgrade and default probabilities are correlated, so one downgrading/reinsurer defaulting makes it more likely that other reinsurers will downgrade/default. There is also a link between the catastrophe losses incurred by the entire EO Group and the downgrade/default probabilities, making it more likely for reinsurers to downgrade/default when there is a large natural catastrophe; and
- Credit risk on the existing reinsurance asset - The model includes the amount of reinsurance recoveries due from each reinsurer. Combining this with the payment patterns for each class enables, at any point within the model, the calculation of the aggregate reinsurance recoverable attributed to any one reinsurer assuming a constant proportion of recoverable with each reinsurer is maintained. The modelling of potential credit risk then follows the same approach as for future reinsurance recoveries above. Thus, if a reinsurer downgrades or defaults, the impact on both the current reinsurance asset and the future recoveries can be modelled. There is also a link applied between reserve deteriorations and the downgrade/default probabilities, making it more likely for reinsurers to downgrade/default when there are large reserve deteriorations.

As at 31 December 2024 55.0% (2023: 59.5%) of the EO Group reinsurers' share of claims outstanding was with QBE Group's captive reinsurer QCAP Global and 94.1% (2023: 90.4%) of the remaining balance was with reinsurers with an S&P rating of A- or greater.

The EO Group holds letters of credit as security to mitigate credit risk exposure to reinsurers. As at 31 December 2024 the EO Group held £293m of letters of credit (2023: £685m) as collateral against credit risk. EO Group also held £605m (2023: £640m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and £41m (2023: £40m) deposits from reinsurers.

As at 31 December 2024 60.8% (2023: 51.8%) of QBE UK reinsurers' share of claims outstanding was with QBE Group's captive reinsurer QCAP Global and 95.0% (2023: 89.6%) of the remaining balance was with reinsurers with an S&P rating of A- or greater. The QCAP Global share includes the impact from the retrospective loss portfolio transfer transacted during the year.

QBE UK holds letters of credit as security to mitigate credit risk exposure to reinsurers. As at 31 December 2024 QBE UK held £217m of letters of credit (2023: £410m) as collateral against credit risk. QBE UK also held £264m (2023: £149m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and £nil (2023: £nil) deposits from reinsurers.

As at 31 December 2024 50.3% (2023: 65.8%) of QBE Europe reinsurers' share of claims outstanding was with QBE Group's captive reinsurer QCAP Global and 93.6% (2023: 91.3%) of the remaining balance was with reinsurers with an S&P rating of A- or greater. QBE Europe holds letters of credit as security to mitigate credit risk exposure to reinsurers.

As at 31 December 2024 QBE Europe held €92m of letters of credit (2023: €275m) as collateral against credit risk. QBE Europe also held €413m (2023: €491m) of assets pledged by reinsurers for ceded technical provisions (off balance sheet assets) and €50m (2023: €47m) of deposits from reinsurers.

C.3.2 Premium credit risk

The approach to modelling broker credit risk is very similar to the approach used to model reinsurer credit risk. The brokers are initially divided into groups, default probabilities are selected for each group, loss given default distributions are selected and the resulting credit losses are simulated.

C.4 Liquidity risk

Description

The EO Group defines liquidity risk as the risk of insufficient liquid assets to meet liabilities as they fall due to policyholders and creditors or only being able to access liquidity at excessive cost.

Exposure measurement

The most likely causes of liquidity risk arise from shortfalls in liquid assets when liabilities are required to be paid. The EO Group ensures that sufficient unencumbered investments are held in liquid securities to ensure that there are funds available to meet obligations to policyholders and other creditors, as they fall due.

RASs, approved and owned by the Board, are in place to ensure that minimum levels of eligible available assets are consistently maintained to meet remote but plausible cash outflows under stress conditions. According to EO Group's Liquidity RAS, a minimum percentage of liabilities must be maintained in liquid assets. These apply to EO Group's individual legal entities, with coverage against these RASs reported on a regular basis, as well as quarterly through the ORSA reporting to the RCG and RCC. Available liquid assets, as defined by QBE, are substantially higher than the minimum entity RAS requirements and liquidity risk is considered to be low. Following the PRA's Supervisory Statement 5/19 - Liquidity risk management for insurers, scenario analysis has been integrated into the methodology and calibration of EO Group's entity Liquidity RAS.

In addition, a Liquidity Risk Dashboard is reported to the FMG on a regular basis. This dashboard reports liquidity metrics for each legal entity. Key risk indicators, key concerns, cash flow forecasts, risk mitigation options and details of the control environment for liquidity are also reported in this dashboard and reviewed by the FMG.

Within the ECM, liquidity risk is modelled considering any shortfall in the cash flow at the end of each future year of modelling, leading to an overdraft being required at a penal rate of interest while generating cash through selling other investments to pay off the overdraft.

Risk mitigation

The EO Group mitigates liquidity risk using the following:

- Ensuring that appropriate levels of liquid assets are available and reporting these quarterly against the RASs approved by the EO Board;
- Liquidity risk stress and scenario testing encompassing diverse scenarios across various risk types and return periods; and
- Implementation of the EO Group's Liquidity Contingency Plan, which details options available to the EO Group to access alternative funding in the event of remote Liquidity events.

C.4.1 Expected Profit in Future Premium ('EPiFP')

The EO Group calculates the EPiFP' by projecting the expected future gross of reinsurance profits directly. This is carried out separately for each actuarial reserving class and legal entity, with only profit-making classes included.

The gross of reinsurance EPiFP amounts for EO Group, QBE UK and QBE Europe are:

	2024	2023
EO Group (£m)	444	452
QBE UK (£m)	147	124
QBE Europe (€m)	359	379

C.5 Operational risk

Description

The EO Group defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. From an exposure measurement perspective, operational risk includes compliance risk. The EO Group's exposure to operational risk arises from various sub-risk categories as outlined in the section below.

Operational risk is a significant risk in the capital model, albeit one that is notably less important than underwriting and reserving risks (and is of similar magnitude to credit risk).

Exposure measurement

Operational risk is assessed and modelled using the following seven operational and one compliance sub-risk categories:

- Internal fraud;
- External fraud;
- Employment practices and workplace safety;
- Improper business practice;
- Damage to physical assets;
- Business disruption and system failure;
- Execution, delivery and process management; and
- Non-compliance with external requirements.

Each sub-risk is modelled with a frequency and severity element for each. The frequency is modelled using a Poisson distribution and the severity is modelled using a Generalised Pareto distribution.

The input parameters for the model are set using the scenarios developed through the Operational Risk Assessment process and the internal and external actual loss data taken from ORIC. The Operational Risk Assessment brings together key risk assessment information for each of the EO Group's operational and compliance risks, both at an extreme level (remote but plausible scenarios; for further detail on the scenario analysis please refer to the Risk Mitigation below) and over the business planning period. The input parameters for the model are estimated as per the above for all entities within the EO Group and the severity is allocated at an entity level using a weighted average of net reserves and premiums.

The distributions for each sub-risk are then aggregated assuming 50% correlation between the sub-groups to determine the overall operational risk distribution.

Operational risk losses are assumed to be in local currency and take place in the first model year.

Risk mitigation

The EO Group recognises that certain operational risks are unavoidable and arise from various areas across the business. The EO Group seeks to limit exposure to operational risks through ensuring that an effective infrastructure, robust systems and controls and appropriately experienced and qualified individuals are in place throughout the organisation.

The EO Group mitigates operational risk using the following:

- Active monitoring of key processes;
- Closely monitoring rapid changes in the international sanctions regulatory environment, undertaking appropriate screening and due diligence, and communicating requirements to the business as required;
- Scenario reviews to identify and quantify potential exposures for mitigation; and
- Effective segregation of duties, access controls, authorisation and reconciliation procedures.

In the first instance, operational risk is managed by the first line through various systems, controls and processes.

The EO Group uses several key processes to monitor operational risk, as follows:

Risk and control self-assessments ('RCSA')

The QBE Group has a Group-wide RCSA framework in place. The RCSA process places the responsibilities for functional risk and control assessments on each business area and it is overseen, challenged and validated by the Risk team. This framework ensures that risks are managed at a functional level and a wider risk category level to support the achievement of the EO Group's objectives. The Risk Management Framework provides further structure to the control environment, ensuring that risks have the appropriate controls in place with the appropriate owners. Control assessments are validated by the Risk team on an annual basis and verified through Internal Audit testing in line with their Internal Audit Plan.

Key risk indicators ('KRIs')

The EO Group monitors its risk through KRIs, defined as "early warning indicators that provide management with information on the level of risk that is being taken across the organisation and potential changes to the entity's risk profile". They are the common metrics agreed by all Divisions across the QBE Group to flag changing risk exposure.

Incidents

The incident process applies to operational risks that have materialised as "an operational breakdown that arises from an inadequate or failed internal process, people or systems, or from an external event, that leads to financial impacts and/or non-financial impacts."

A key component of the incident process is the incident recording. The QBE Group records incidents with a financial impact of $5,000 or greater within a risk management system.

On a quarterly basis, the Risk team analyses incident data and reports this to the RCC and QBE Group.

Issue management

The EO Group has an issue management process in place including the identification and recording of weaknesses or gaps in the control environment as well as the monitoring of relevant remediation actions and reporting to the executive management and relevant governance forums.

Scenario analysis

Scenarios explore events or a series of events that could cause extreme but plausible (though improbable) losses. Scenario analysis can be:

- Historical: involves applying adverse historical events to exxCurrent or emerging: where there is already some evidence to support the potential for the risk developing over the foreseeable future and the impact could be extreme; and
- Hypothetical: plausible but severe scenarios that could impact QBE Group, informed by expert input, are applied to existing portfolios or exposures.

C.6 Other material risks

The other material risks to which the EO Group is exposed are detailed below.

C.6.1 Group Risk

Description

The EO Group defines group risk as the risk to a Company arising specifically from being part of the wider QBE Group, including financial impact and loss of support from the parent company. This includes potential default on inter-company loans. It should be noted that group risk (from a capital modelling perspective) excludes reinsurance credit risk exposure in relation to the QBE Group captive QCAP Global, which is incorporated in the credit risk assessment.

Group risk has little impact on the overall capital. The assessment of group risk is based on the following scenarios which are identified as the most significant group risks within the QBE Group and, in aggregate, representative of the overall group risk.

- A QBE group company conducts business unlicensed/in breach of conduct rules in the name of another QBE Group company;
- Action taken in another QBE group company causes S&P to issue a one notch downgrade, from A+ to A; and
- Action taken in another division of QBE Group company causes S&P to issue a two-notch downgrade, from A+ to A-.

These scenarios are reviewed in context with the Group Risk Dashboard which identifies the material group risks. The RCC is responsible for the Group Risk Dashboard and has specific responsibilities for assessing and validating group risk assessments. Each scenario is then modelled as a binary event and assumed to be independent.

The QBE Group Material Risk Class Policy and EO Group Risk Policy describe EO Group's approach to the assessment, management, monitoring and reporting of group risks. Processes applied to managing group risk include:

- QBE Group Risk Dashboard: including monitoring of intra-group loans, intra-EO Group loans, exposure to QCAP Global and Group Outsourced Services service level agreements ('SLAs') monitoring;
- Monitoring and reporting of group risk appetite statements;
- The RCSA process providing periodic assessment of risks as well as assurance over control design and performance;
- KRIs and SLA monitoring: provide a current and trending view on levels of exposure to key risks and performance over outsourced services;
- Incidents, Issues and Actions: identification of incidents, root cause analysis and management activity required to resolve problems or address improvements identified through various risk processes; monitoring of Global issues impacting the EO Group; and
- ECM: the quantification of risk measurement for regulatory and economic capital purposes.

In addition to this, other risk processes are applied similarly to the processes set out in the Operational Risk **Section C.5**.

A key area of group risk concentration for the EO Group arises from the use of the QBE Group reinsurance captive, QCAP Global. This concentration is monitored on a regular basis via the risk appetite monitoring and reported to the RCC and Boards through the ORSA.

C.6.2 Pension Risk

Pension risk captures the risk of adverse balance sheet movements associated with the defined benefit pension schemes. The EO Group bears the economic and demographic risks associated with these schemes.

The EO Group's subsidiaries operate four defined benefit pension schemes:

- The Iron Trades ('IT') and Janson Green ('JG') schemes relate to certain current and former UK-based employees;
- the QBE Management (Ireland) Limited Pension and Life Assurance Plan ('QMIL') relates to certain current and former employees based in Ireland; and
- the Secura NV scheme relates to certain current and former Brussels-based employees of QBE Europe.

The UK and Irish schemes are run independently of the sponsoring company by scheme trustees and are subject to the relevant local legislation.

The QBE Europe Secura NV scheme is funded by the employer via group insurance contracts with KBC, a Belgian insurance company.

Pension contributions relating to each scheme are assessed in accordance with the advice of independent qualified actuaries in order to spread the cost over the service lives of employees.

Each UK and Irish scheme is fully valued every three years, and this valuation is updated each balance sheet date for current market rates, valuation and accounting standards.

The latest full actuarial valuations were completed in 2023 for the JG, IT and QMIL schemes, with no specific funding required for any scheme.

Actuarial estimates of the Secura NV scheme are completed each year end.

In addition, there is a post-employment medical care scheme related to the former Brussels-based employees of Secura/QBE Europe. This scheme is accounted for under a similar basis to the defined benefit pension scheme. Within the SCR calculation, the Company takes a prudent approach and treats this scheme in the same way as other defined benefit schemes within the EO Group and bears the economic and demographic risks associated with these schemes.

EO Group also operates defined contribution pension schemes. The risks associated with these schemes are borne by the employee. Hence, the associated risk is not considered in the capital model.

C.6.3 Strategic Risk

The EO Group defines strategic risk as "the current and prospective impact on earnings and/or capital arising from strategic business decisions and responsiveness to external change". This includes for example strategic risk in respect of growth and performance, capital management risk and ESG related risks, with a focus on climate change risk (further detail on the ESG and climate change risk is outlined below in **Section C.6.4**).

Whilst being within the scope of the Internal Model, strategic risk is not measured using the regulatory capital model, as strategic risk is not expected to materialise within the one-year timeframe applied in the capital model. Once strategic risks materialise, they transition to the relevant risk class where they are incorporated into the capital model.

Strategic risk is managed through several risk management processes such as:

- Risk appetite statements in relation to strategic risk and strategic risk preferences;
- Stress and scenario testing (for example long-term horizon climate change stress testing);
- Performance monitoring; and
- Emerging risk management.

Other strategic risk processes include:

- Business Strategy;
- Capital Strategy and Capital Appetite Framework;
- Reputational risk management; and
- ESG management (refer to the **Section C.6.4** below).

Ongoing monitoring, oversight and reporting of the QBE Group's exposure to strategic risk and its sub-risk categories are important to ensure that (potential) strategic issues are recorded, escalated and actioned in a timely manner. Risk reporting and analysis is provided to key stakeholders across QBE Group. This includes boards, committees, forums and business management including strategic board planning days and presentations.

C.6.4 Environmental, Social and Governance ('ESG') (including Financial Risks from Climate Change ('FRCC'))

The EO Group, including QBE UK and QBE Europe, defines ESG risk as 'the risk that QBE's strategic priorities or business objectives are negatively impacted by environmental (including climate change), social or governance issues. ESG risks are considered as part of EO's top risks.

The EO Group, as part of the QBE Group, recognises the material risk that climate change poses to its business and is committed to embedding climate change considerations within its decision-making. Our approach to managing the FRCC has been guided by our EO Board-approved Roadmap to meet the requirements of the PRA's Supervisory Statement SS3/19.

Climate-related Financial Disclosures ('CFD') have been adopted for UK-regulated entities in March 2024 in relation to 2023 reporting period. Mandatory Corporate Sustainability Reporting Directive ('CSRD') requirements have also been adopted in respect of QBE Europe, the directive taking effect in 2024 with first reporting due in 2025. The QBE Group, including QBE EO, continues to report under the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations.

Climate change is a material financial risk in and of itself, and it can also act as a risk multiplier. For example, coastal windstorms, together with increasing sea levels, may multiply the scale and severity of damage to property within a coastal region. There are also risks associated with climate transition, as part of the adjustment to a low-carbon economy, including where litigation actions may be taken against QBE's customers. In addition, the past may no longer be a good guide to the future; risk models based on historic experience need to be adjusted to allow for potential future changes in climate over time.

This represents a challenge where the EO Group and the QBE Group provide cover for physical loss or damage to assets. It also increases the potential for third-party injury and/or damage. Given this, the QBE Group has invested in scenario analysis to assess the potential impacts of climate change from physical, liability and transition risk perspectives. For physical risks, changes in expected and remote losses to the EO Group over longer time horizons (for example, in 2030 and 2050), are estimated based on the different reference climate scenarios (i.e. Representative Concentration Pathways per the IPCC – the Intergovernmental Panel on Climate Change). These scenarios do not represent forecasts of the impact of climate change and instead are indicative of the potential outcomes assuming the scenario occurs.

For transition risks, we measure the extent that the EO Group's premium within major product areas is exposed to industries considered sensitive to climate transition risks, and how this may change over longer time horizons in multiple adverse scenarios. Similarly, we are able to apply scenario analysis to assess the impacts that climate risks may have on EO Group's investments. For liability risks, EO assesses the potential exposure of our (re)insurance business to hypothetical climate litigation scenarios. Outputs from this scenario are used to assess insurance risk exposure and whether each EO entity's ECM underwriting and reserving risks are adequately calibrated to capture the potential losses associated with climate litigation in terms of solvency capital.

Governance

Ensuring we have adequate resource and governance in place to deal with climate-related risks and opportunities is essential to meet QBE Group's targets across the Sustainability Strategy Focus Areas (as set out in the QBE 2024 Group Sustainability Report).

In accordance with requirements of SS3/19, the EO Board is accountable for overseeing the management of the FRCC. The EO Board also approves the Company's strategic priorities, which includes consideration of climate risks and opportunities. Climate-related targets are set at the QBE Group level and the QBE Group Board monitors and oversees progress against these.

The EMB meets monthly and is responsible for developing and implementing strategy in relation to climate change and ESG-related topics – including climate change. The ESG Management Group ('ESG MG') is a management-level committee that reports and supports the EO EMB, QEMC and the Boards of the Companies in fulfilling this responsibility. The ESG MG is chaired by the EO Head of Executive Governance & Strategy. In 2024, the ESG Reporting & Disclosure Group ('ESG RDG') was established. The ESG RDG works alongside the ESG

Risk group ('ESG RG') and the ESG Underwriting Group ('ESG UG') (both of which were established in 2022). These three sub-groups each meet quarterly and report to the ESG MG on matters within their respective scopes.

As part of the oversight of the Company's Risk Management strategy, the EO Boards and the RCC, supported by the RCG, receive regular reports on material ESG risks, including those related to the PRA's SS3/19 on the FRCC. This allows the Boards to continuously review and challenge the management of climate change risks by the EO EMB.

The AC meets at least quarterly and reports directly to the EO Board. The AC's responsibilities include reviewing the effectiveness of our systems, controls and processes for monitoring compliance with non-financial reporting and disclosure, considering the extent to which ESG and climate-related regulatory compliance matters have been considered in the preparation of the company's financial statements.

In addition to the governance forums mentioned above, the EO Chief Underwriting Officer and EO Chief Risk Officer remain accountable to the PRA for the FRCC under the Senior Managers Regime.

In addition to receiving reports and recommendations from the sub-groups and committees, EO EMB and Board members continue to receive regular training to maintain and enhance their ability to carry out their responsibilities in respect of climate change, and to remain informed of both current and evolving relevant ESG trends and risks.

Risk Management

EO Group is guided by our Risk Management Strategy to ensure we achieve our strategic priorities while also establishing effective governance and fundamental principles for the management of risk across all levels of the organisation. The FRCC are a component of ESG risk, which is classified as a strategic risk sub-class, and are also considered across our other risk classes such as insurance, credit, market, and operational risk.

Identification and assessment of climate-related risks

We have a range of processes to assist with identifying and assessing and managing climate financial risks. The EO Legal team conducts a quarterly horizon scan for new and emerging trends in climate-related legislation, case law and disclosure requirements. This is reported to the ESG UG and the ESG RG and monitored as part of our risk management approach, considering potential exposure and wider business implications.

In line with SS3/19, exposures to physical, transition and liability risks are monitored and reported to RCG and the Board RCC on a quarterly basis using the EO Climate Risk dashboard ('CRD'). The CRD includes the following assessments:

- Physical risks: modelling of natural climate perils, for example assessing how EO's Insurance Concentration risk appetite statements would be impacted by future climate stress scenarios. When considering physical risks, Representative Concentration Pathway 8.5 ('RCP 8.5') is adopted, which is considered a 'worst-case scenario' and is based on a substantial global temperature increase.;
- Underwriting Transition risks: modelling transition scenario impacts on sensitive industry sectors and assessing how they could impact EO's GWP derived from products written for customers in these sectors;
- Investments Transition risks: assessments of specific EO's investment portfolios' exposure to transition risks.;
- Liability risks: climate-related litigation trends are monitored, and scenario assessments are conducted – supported by the litigation monitoring work performed by the Legal team; and
- Climate-related risks as they pertain to Operations KPIs and Claims trends.

Managing climate-related risks

The assessment processes described above as part of the CRD help inform our management of climate-related risks, for example by supporting climate underwriting strategy and business planning, and by informing our risk appetite and key risk indicators.

The Environmental and Social ('E&S') Risk Framework outlines our approach to addressing key environmental and social risks across our underwriting and investment activities. The framework became effective on 1 January 2022 and was updated and re-issued on 1 January 2023. Going forward it will undergo a review at least every 2 years at a minimum.

During 2024, EO Group has continued to enhance and refresh its approach to meeting the requirements of SS3/19 and continues to progress with CFD statutory reporting for UK-regulated entities. In addition, a program has been established to ensure delivery of CSRD requirements in respect of QBE Europe, with first reporting relating to the 2024-year end in 2025. Further developments to our approach to managing the FRCC, and broader ESG risks, have included:

- Further training on climate risk for the EO EMB and the Board;
- Updated scenario assessments to estimate changes in exposure materiality and to inform underwriting strategy updates for EO insurance products;
- Reassessing hypothetical climate litigation scenarios to ensure that frequency and severity estimates are updated and appropriate, including in relation to internal model validation; and
- Engagement with priority commercial customers to further understand their transition risks.

Our Accumulation Management team provides technical catastrophe pricing for a large proportion of our commercial property policies which is refreshed frequently to reflect current catastrophe accumulations, reinsurance costs, and required return on allocated capital.

Sustainability Strategy

The QBE 2024 Sustainability Report (which pertains to the entire Group), includes details of the Sustainability Strategy to better support the ambition and purpose of enabling a more resilient future. Climate change is a key consideration and is relevant to the three areas of focus identified:

- Focus area 1: Foster an orderly and inclusive transition to a net-zero economy;
- Focus area 2: Enable a sustainable and resilient workforce; and
- Focus area 3: Partner for growth through innovative, sustainable, and impactful solutions through our investments, supplier and broker relationships, the QBE Foundation and QBE Ventures.

Progress in EO against each of these focus areas is reported to the QBE Group on a regular basis.

C.7 Any other information

C.7.1 Stress and scenario analyses

As part of the validation of the Internal Model, stress and scenario analysis is used to help validate the overall level of capital. The following approaches have been considered:

- Reverse stress testing - ‘Extreme’ stress tests which consider scenarios that would leave the EO Group entities’ business model unviable; and
- Scenario analysis - Specific scenarios, covering multiple risk types at a range of severities.

Stress and scenario testing is also used to:

- Validate the internal model by comparing the outputs of stress and scenario tests to the internal model; and
- Assess the impact of various stresses/scenarios on the EO Group’s business plan.

C.7.2 Sensitivity tests

Sensitivity tests are a useful tool to assess the effect of parameter uncertainty and determine the material assumptions that are driving the capital assessment as well as confirming that the model is operating as expected. The sensitivity tests below on the expert judgements show the tests which have been updated this year and are ranked in order of the percentage impact on the one-year SCR for the EO Group, QBE UK and QBE Europe.

When comparing the relative impact of the sensitivity tests caution is advised as the severity of the tests varies and there will also be an element of simulation error within the results (note that the tests were run on 100,000 simulations).

The following table shows the impact on the one-year SCR of the sensitivity tests:

Test No.	Test Type	Test Description	EO Group	QBE UK	QBE Europe
			%	%	%
1	Correlation	Increase all class dependencies by 5%	10.7%	8.0%	6.3%
2	Reserve Risk	Using increased reserve variability assessments	6.9%	6.2%	6.3%
3	Market Risk	Change in capital from a 1% reduction in assumed investment returns	3.2%	3.5%	2.8%
4	Group Risk	Increase group risk scenarios by multiplicative 10%	0.2%	0.3%	0.1%
5	Correlation	Review varying dependencies between cohorts by type of business	(1.9)%	(1.0)%	(2.8)%
6	Reserve Risk	Reduce Level of tail dependence	(5.9)%	(5.2)%	(5.6)%

The sensitivity testing forms part of the model validation, ensuring that stressing input parameters results in explainable capital movements in terms of direction and quantum.

The expert judgement documents which form part of the Risk Management Framework identify important expert judgements (such as emergence factors and dependencies) and identify alternative judgements that could have been adopted to understand their capital impact. Their purpose is to aid senior managers' understanding of some of the key sensitivities, and also some of the limitations that might arise from judgements made where there is limited data to statistically justify assumptions or methodologies.

The sensitivity tests presented here, along with a more detailed set of sensitivities, are used as a key tool in the validation of the capital model. In 2024, the Independent Validators considered the sensitivity test results to be reasonable and explainable based on the risk profile of the business and inherent subjectivity in certain expert judgements.

Section D: Valuation for Solvency Purposes

D.1 Assets

The tables below show the value of assets held in each of the EO Group (**Section D.1.1**), QBE UK (**Section D.1.2**) and QBE Europe (**Section D.1.3**).

The differences between the Solvency UK (for EO Group and QBE UK) and Solvency II (QBE Europe) balance sheet and the financial statements balance sheet arises due to consolidation scope, valuation and presentational differences. **Section D.1.4** compares the asset valuation methodology under Solvency UK (for EO Group and QBE UK) and Solvency II (for QBE Europe) with the financial statement bases.

The bases, methods and assumptions applied to the valuation of assets in the Solvency II balance sheet is consistent between EO Group, QBE UK and QBE Europe unless specifically noted in **Sections D.1.4** and **D.3.2**.

Consolidation scope differences

Under section 401 of the Companies Act 2006, the EO Group is exempt from having to produce consolidated accounts at EO plc level. The consolidated financial statement values shown in this section for the EO Group are the consolidated unpublished and unaudited EO Group AIFRS financial information prepared on a consistent basis with that used for reporting to QBE Group for inclusion in the overall QBE Group annual report ('Group AIFRS basis'). The scope of entities included in the EO plc AIFRS consolidated financial statements prepared for the purposes of Solvency II Group reporting and the Solvency II consolidation is the same. As explained below, whilst QBE Corporate is fully consolidated under Group AIFRS basis, the Solvency II net asset value is recognised under 'Holdings in related undertakings, including participations' for Solvency II reporting.

QBE UK and QBE Europe report on a UK GAAP (FRS 102 ('The Financial Standard applicable in the UK and Republic of Ireland') and BE GAAP basis, respectively, and the financial statements information presented below is taken from the audited annual financial statements. The UK GAAP and BE GAAP figures are presented in the Solvency II balance sheet format and therefore do not directly correspond to the line items in the respective financial statements.

The Solvency II balance sheet for the EO Group has been prepared using the default Method 1, i.e., the accounting consolidation method. The key difference between the consolidation approach under Solvency II and AIFRS is that under Solvency II only entities which meet the definition of insurance holding company, insurance undertaking or ancillary services undertaking are fully consolidated and 'other related undertakings' including EO Group's investment in QBE Corporate (which participates in Lloyd's Syndicate 386 and Syndicate 2999) are not consolidated on a line by line basis but recognised as investments under 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet. These investments are valued at the Solvency II value of their underlying assets using the adjusted equity method. This results in material presentational differences between the AIFRS and Solvency II balance sheet, even though the Solvency II valuation approach under the two bases is the same.

Valuation and presentational differences

Except where noted in the table in **Section D.1.4**, assets are valued at fair value. Where alternative valuation methods are used to determine the fair value, the key assumptions and judgements are included in **Section D.4**.

Although the valuation bases between the financial statements and Solvency II may be consistent for certain asset classes, there are presentational and reclassification adjustments made to arrive at Solvency II asset and liabilities classifications.

Detailed information on asset valuation and reclassification differences between Solvency II and the financial statements is included in **Section D.1.4** below.

D.1.1 EO Group

The EO Group held total assets of £11,043m (2023: £10,129m) and total liabilities of £8,298m (2023: £7,773m) as at 31 December 2024 valued on a Solvency II basis.

The table below shows the analysis of assets by Solvency II summarised asset and liability classes on an AIFRS and Solvency II basis, together with the presentational, consolidation scope and valuation adjustments, that have been made to move from an AIFRS to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the AIFRS balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A**[11].

Solvency II Balance sheet items	AIFRS	Consolidation scope differences[11(a)]	Presentational and reclassification differences	Valuation differences	Solvency II
	(a) (unaudited)	(b) (unaudited)	(c) (unaudited)	(d) (unaudited)	(e)=(a)+(b)+(c)+(d)
	£m	£m	£m	£m	£m
Assets					
Goodwill	159	-	-	(159)	-
Intangible assets	72	(64)	-	(8)	-
Deferred tax assets	11	-	-	3	14
Pension benefit surplus	26	-	-	-	26
Property plant and equipment for	48	(1)	-	-	47
Investments[11(b)]	10,838	(3,730)	334	-	7,442
Holdings in related undertakings, including participations	-	782	-	-	782
Loans and mortgages	-	-	1	-	1
Deposits other than cash	-	-	135	-	135
Reinsurance recoverable	3,026	(1,259)	(119)	(421)	1,227
Deposits to cedants	-	-	145		145
Insurance and intermediaries	-	-	805		805
Reinsurance receivables	4	-	207		211
Receivables (trade, not insurance)	230	(94)	(30)		106
Cash and cash equivalents	593	(123)	(369)		101
Any other assets, not elsewhere	-	-	1		1
Total assets	**15,007**	**(4,489)**	**1,110**	**(585)**	**11,043**
Liabilities					
Technical provisions	10,928	(4,203)	284	(435)	6,574
Provisions other than technical	8	-	-	-	8
Pension benefit obligations	4	-	-	-	4
Deposits from reinsurers	-	-	41	-	41
Deferred tax liabilities	362	(247)	-	19	134
Derivatives	45	-	29	-	74
Insurance and intermediaries' payables	-	-	454	-	454
Reinsurance payables	-	-	166	-	166
Payables (trade, not insurance)	748	(41)	(448)	-	259
Subordinated liabilities	-	-	580	-	580
Any other liabilities, not elsewhere	-	-	4	-	4
Total liabilities	**12,095**	**(4,491)**	**1,110**	**(416)**	**8,298**
Excess of assets over liabilities	**2,912**	**2**	**-**	**(169)**	**2,745**

[11] In the table above:

a) Consolidation scope differences, presented in column (b) above, mainly relate to the deconsolidation of QBE Corporate (where the Lloyds' participations are consolidated) on a line-by-line basis and inclusion on the balance sheet as a one-line participation in the "Holdings in related undertaking, including participations" item.

b) Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertaking, Derivatives and Deposits other than cash equivalents.

D.1.2 QBE UK

QBE UK held total assets of £4,437m (2023: £3,943m) and total liabilities of £3,488m (2023: £3,116m) as at 31 December 2024 valued on a Solvency II basis.

The table below shows the analysis of assets by summarised asset class on a UK GAAP (FRS 102) and Solvency II basis, together with the presentational and valuation adjustments that have been made to move from a UK GAAP (FRS 102) to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the UK GAAP balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A**[12].

Solvency II Balance sheet items	UK GAAP	Presentational and reclassification differences	Valuation differences	Solvency II
	(a)	(b)	(c)	(d)=(a)+(b)+(c)
	£m	£m	£m	£m
Assets				
Deferred acquisition costs	216	-	(216)	-
Deferred tax assets	6	-	(6)	-
Investments[12(a)]	2,943	359	-	3,302
Reinsurance recoverable	910	(198)	(250)	462
Loans and mortgages		1	-	1
Deposits to cedants	17	-	-	17
Insurance and intermediaries receivables	782	(395)	-	387
Reinsurance receivables	145	-	-	145
Receivables (trade, not insurance)	86	-	(13)	73
Cash and cash equivalents	372	(322)	-	50
Any other assets[12(b)]	30	(30)	-	-
Total assets	**5,507**	**(585)**	**(485)**	**4,437**
Liabilities				
Technical provisions[12(c)]	3,895	(341)	(695)	2,859
Deferred tax liabilities	-	-	57	57
Derivatives	9	8	-	17
Insurance and intermediaries payables	322	(54)	-	268
Reinsurance payables	361	(198)	-	163
Payables (trade, not insurance)	118	-	-	118
Any other liabilities	13	-	(7)	6
Total liabilities	**4,718**	**(585)**	**(645)**	**3,488**
Excess of assets over liabilities	**789**	**-**	**160**	**949**

[12] In the table above:

a) Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertaking, Derivatives and Deposits other than cash equivalents.

b) Any other assets on a UK GAAP basis relate to accrued income which is required to be allocated to investments under Solvency II.

c) Technical provisions are gross of salvage and subrogation recoveries under UK GAAP.

D.1.3 QBE Europe

QBE Europe held total assets of €6,723m (2023: €6,181m) and total liabilities of €5,246m (2023: €4,753m) as at 31 December 2024 valued on a Solvency II basis.

The table below shows the analysis of assets by Solvency II summarised asset class on a BE GAAP and Solvency II basis, together with the presentational and valuation adjustments that have been made to move from a BE GAAP to a Solvency II basis. Presentational and reclassification adjustments have been made to **column (a)** below to align the BE GAAP balance sheet items to Solvency II balance sheet classifications. The full Solvency II balance sheet is included in **Appendix A**[13].

Solvency II Balance sheet items	BE GAAP	Presentational and reclassification differences	Valuation differences	Solvency II
	(a)	(b)	(c)	(d)=(a)+(b)+(c)
	€m	€m	€m	€m
Assets				
Deferred tax assets	-	-	20	20
Property, plant & equipment held for own use	3	-	10	13
Investments[13(a)]	4,851	97	(2)	4,946
Loans and mortgages	-	-	-	-
Reinsurance recoverable	1,474	(140)	(418)	916
Deposits to cedants	153	2	-	155
Insurance and intermediaries receivables	1,250	(554)	(188)	508
Reinsurance receivables	80	-	-	80
Receivables (trade, not insurance)	36	-	-	36
Cash and cash equivalents	101	(52)	-	49
Any other assets[13(b)]	47	(47)	-	-
Total assets	**7,995**	**(694)**	**(578)**	**6,723**
Liabilities				
Technical provisions	5,977	(463)	(896)	4,618
Deferred tax liabilities	-	-	79	79
Pensions benefit obligations	-	-	5	5
Deposits from reinsurers	50	-	-	50
Derivatives	29	-	38	67
Insurance and intermediaries payables	314	(91)	-	223
Reinsurance payables	167	(140)	(25)	2
Payables (trade, not insurance)	110	-	12	122
Subordinated liabilities	80	-	-	80
Total liabilities	**6,727**	**(694)**	**(787)**	**5,246**
Excess of assets over liabilities	**1,268**	-	**209**	**1,477**

[13] In the table above:

a) Investments include Government Bonds, Corporate Bonds, Collateralised Securities, Collective Investment Undertakings, Derivatives and Deposits other than Cash and Cash equivalents.

b) Any other assets on a BE GAAP basis relate to accrued income which is required to be allocated to investments under Solvency II.

D.1.4 Comparison of asset valuation methodology under Solvency II and financial statement bases

The below table sets out the material valuation differences between the bases, methods and main assumptions between the Solvency UK (for EO Group and QBE UK), Solvency II (QBE Europe) and financial statement bases for the material classes of assets.

Other presentational differences represent movement between line items with no overall impact on excess of assets over liabilities.

- The main difference between Solvency II and AIFRS is that the insurance and reinsurance receivable items considered to be "due" or "past due" are separated out from the reinsurance assets and insurance liabilities to the insurance and reinsurance receivable lines in the balance sheet;
- The main difference between Solvency II and UK/BE GAAP arises from items that are not considered to be "due" or "past due". In such instances Solvency II considers the receivables to be future cash flows and part of technical provisions;
- Investments (as defined in the footnote in **Section D.1.1**) and Loans and Mortgages are reclassified from AIFRS/UK GAAP/BE GAAP to meet the Solvency II reporting guidelines;
- The difference between AIFRS and Solvency II in respect of deposits to cedants is that balances are classified as reinsurance assets under AIFRS whilst separately disclosed under Solvency II;
- Accrued interest is presented as receivables on the AIFRS, UK GAAP and BE GAAP balance sheets, but on the Solvency II balance sheet it is included within the appropriate investment asset classes;
- Derivative assets and liabilities are presented as liabilities (net position) on the AIFRS, UK GAAP and BE GAAP balance sheets where the requirements permit, but on the Solvency II balance sheet derivative assets and derivative liabilities are presented on a gross basis; and
- As noted above, under 'Consolidation scope differences', Solvency II assets and liabilities of QBE Corporate and 'other related undertakings' are not consolidated on a line-by-line basis in the EO Group consolidated balance sheet but instead they are recognised separately under 'Holdings in related undertakings, including participations' under the adjusted equity method. This may result in material presentational differences.

Balance sheet item	AIFRS/UK GAAP/BE GAAP valuation basis and comparison with Solvency UK (for EO Group and QBE UK) and Solvency II (QBE Europe) valuation basis and assumptions
Goodwill/Intangible assets	Under AIFRS, UK GAAP and BE GAAP purchased goodwill is recognised as an asset and valued as the difference between the fair value of the asset(s) acquired and the consideration paid for those assets. Solvency II regulations, however, require that no value is ascribed to purchased goodwill. Intangible assets, other than goodwill, must be valued at zero under Solvency II unless they can be sold separately in an active market. Neither of these conditions are deemed to be met and therefore no intangible assets have been recognised under Solvency II. No goodwill and intangibles have been recognised for QBE UK and QBE Europe for the year ended 31 December 2024 and therefore there are no differences between Solvency II and the relevant GAAPs.
Deferred tax assets	The measurement principles for deferred tax assets and liabilities are consistent between AIFRS, UK GAAP and Solvency II. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The valuation difference relates to the change in the value of deferred tax, caused by the impact of adjustments made to balance sheet items in compliance with Solvency II regulations. The largest impact arises from the revaluation of technical provisions.

	Under BE GAAP, however, deferred tax assets / liabilities are not recognised. See also **Section D.3.6** for more information on the position as at 31 December 2024.
Pension benefit surplus	Pension benefit surpluses and obligations arise in the group's defined benefit pension schemes and are accounted for in accordance with UK or Irish GAAP (FRS 102) in the relevant ancillary services undertaking. These bases are consistent with IAS 19 under AIFRS and therefore no adjustments are required for the purposes of accounting under Solvency II. Under BE GAAP any pension benefit surpluses are not recognised. However, under Solvency II the surplus is recognised in line with IAS 19 rules.
Property, plant and equipment for own use	Property, plant and equipment other than leases The valuation basis under AIFRS, UK GAAP and BE GAAP is at cost less accumulated depreciation. This is considered to be a reasonable approximation for fair value under Solvency II. Leases The IFRS 16 valuation basis under AIFRS apply under Solvency II. Under BE GAAP lease payments are expensed as incurred. For the purposes of SII reporting, the Company applies IFRS 16 Leases. The valuation adjustment for Solvency II purposes relates to recognition of right of use assets.
Holdings in related undertakings, including participations	Under AIFRS, the assets and liabilities of related undertakings are fully consolidated by the EO Group where the parent has control over the related undertaking. Intra-group transactions are eliminated from the EO Group consolidated balance sheet. There are no subsidiaries to consolidate in the GAAP financial statements of QBE UK and QBE Europe. Under Solvency II, however, undertakings are consolidated and valued differently depending on the type of entity. Insurance company subsidiaries (QBE UK and QBE Europe), insurance holding companies and ancillary service undertakings are fully consolidated under Solvency II, the starting point for which is the AIFRS consolidation. Participations in 'other related undertakings' including the investment in QBE Corporate, are valued based on the adjusted equity method.
Equity **Government Bonds** **Corporate Bonds** **Collateralised Securities**	Investments are measured at fair value for Solvency II, AIFRS and UK GAAP purposes. Under BE GAAP, they are valued as follows: equity/shares and similar securities are carried at acquisition value less related write-downs; fixed income securities are carried at amortised cost. Fair value is obtained from quoted market prices, or if quoted market prices are not available, then by using relevant valuation techniques, see **Section D.4** for more information on assets valued using an alternative method. Money market instruments (accumulating certificates of deposit, and discounted securities) are valued using an external pricing source. Where a market quote is not available, a mark to model using market-based inputs is used. Where this is not possible, Alternative Methods of Valuation ('AVM') described in **Sections D.4.1** and **D.4.2** is used.
Collective investment undertakings	Collective investment undertakings are measured at fair value for Solvency II, AIFRS and UK GAAP purposes, whilst under BE GAAP the valuation basis is amortised cost. Fair value is obtained from quoted market prices, or if quoted market prices are not available, then by using relevant valuation techniques, see **Section D.4** for more information on assets valued using an alternative method.

Derivatives	Derivatives, including foreign exchange deals, are measured at fair value under Solvency II, AIFRS, UK GAAP and BE GAAP. Under AIFRS, UK GAAP and BE GAAP, where the requirements permit, derivatives are presented as an asset or liability (on a net position). On the Solvency II balance sheet, derivative assets and derivative liabilities are presented on a gross basis.
Loans and mortgages	Loans and mortgages are fair valued under Solvency II, AIFRS and UK GAAP using a mark to model valuation technique. Under BE GAAP an amortised cost basis is used. Where observable market prices are not readily available for infrastructure loans, the market prices provided by fund managers are used, albeit delayed.
Reinsurance recoverable	Under AIFRS, reinsurance assets include the asset for remaining coverage (including unamortised reinsurance costs, reinsurance receivables and reinsurance payables) and the discounted reinsurance recoveries on the central estimate. The reinsurance claim reserves are valued on a cash flow basis and discounted using Group discount rates. The valuation basis is the same under UK GAAP and BE GAAP, however, periodic payment orders are discounted under the UK GAAP while no discount is applied for QBE Europe. Under Solvency II, reinsurance recoverables are calculated as the present value of future reinsurance cash flows plus allowances for default that relate to the best estimate liability. Reinsurance receivable and payable items that are not considered to be “due” or “past due” are considered as future cash flows and part of technical provisions under Solvency II and are therefore valued using discounted cash flows techniques adjusted for the risk of default. See **Section D.2** for further details.
Deposits other than cash equivalents **Deposits to cedants** **Cash and cash equivalents**	Deposits other than cash equivalents, deposits to cedants and cash and cash equivalents and are valued at amortised cost under AIFRS, UK GAAP and BE GAAP, which is deemed a good approximation for fair value for Solvency II. Other than reclassification adjustments, there are no material valuation differences between these bases.
Insurance and intermediaries receivables	Insurance and reinsurance receivables are reported as part of the insurance liabilities and reinsurance assets under AIFRS at cost less impairment basis. The main difference between Solvency II and UK GAAP and BE GAAP arises for items that are not considered to be “due” or “past due”. In such instances Solvency II considers the receivables to be future cash flows and part of technical provisions and are therefore valued using discounted cash flows techniques adjusted for the risk of default. The main difference between Solvency UK/Solvency II and AIFRS is that the insurance receivable items considered to be “due” or “past due” are separated out from the insurance liabilities.
Reinsurance receivables	The valuation basis for insurance receivables and payables are the same under UK GAAP and BE GAAP which is at cost less impairment basis. The main difference between Solvency UK/Solvency II and AIFRS is that the reinsurance receivable items considered to be “due” or “past due” are separated out from the reinsurance assets.

Receivables (trade, not insurance)	The valuation basis is the same under Solvency II, AIFRS, UK GAAP and BE GAAP. As these assets have a short-term maturity, the AIFRS valuation basis is considered a close approximation to fair value.

D.2 Technical provisions

D.2.1 Definition of technical provisions[14]

Solvency II technical provisions are defined as the best estimate of future cash flows, discounted to allow for the time value of money using prescribed yield curves and considering all possible future scenarios. The key components of the technical provisions comprise:

- Claims Provisions: Best Estimate of future gross and reinsurance claims, premium and expenses relating to the earned exposure on insurance policies;
- Premium Provisions: Best Estimate of future gross and reinsurance claims, premium and expenses relating to the unearned exposure, i.e. based on unearned premium and policies that are bound but not incepted ('BBNI') at the valuation date; and
- Risk Margin: additional provision to bring the Best Estimates to the level required to transfer the obligations to a third-party undertaking.

The bases, methods and assumptions applied to the valuation of Solvency II Technical Provisions are consistent between EO Group, QBE UK and QBE Europe.

The table below summarises the net technical provisions ('TPs'), under Solvency II and local GAAP/IFRS reporting requirements, for the EO Group, QBE UK and QBE Europe.

		2024	2023	Movement
EO Group				
AIFRS net technical provisions - statutory basis	£m	7,902	7,208	694
Consolidation scope differences	£m	(2,944)	(2,838)	(106)
AIFRS net technical provisions after consolidation scope adjustments	**£m**	**4,958**	**4,370**	**588**
Solvency II net technical provisions	£m	5,347	4,841	506
QBE UK				
UK GAAP net technical provisions	£m	2,985	2,575	410
Solvency II net technical provisions	£m	2,397	2,122	275
QBE Europe				
BE GAAP net technical provisions	€m	4,503	4,216	287
Solvency II net technical provisions	€m	3,702	3,253	449

Of the £2,555m (2023: £2,367m) difference between the EO Group's Solvency II and AIFRS net technical provisions, £2,944m (2023: £2,838m) relates to participations at Lloyd's held by QBE Corporate (as explained in **Section D.1** under consolidation scope differences).

The differences between AIFRS/UK GAAP/BE GAAP and the SII valuation of the Technical Provisions are detailed under **Section D.2.2**.

[14] Any references to the Risk Margin are unaudited as it is derived from the Solvency Capital Requirement prepared under an approved Internal Model which is also outside the scope of the audit.

The net TPs as at 31 December 2024 for QBE UK and QBE Europe are summarised below, with major lines of business shown separately.

Line of business	QBE UK			QBE Europe		
	Best estimate	Risk Margin (unaudited)	Total net TPs	Best estimate	Risk Margin (unaudited)	Total net TPs
	£m	£m	£m	€m	€m	€m
Motor vehicle liability	689	33	722	76	12	88
Fire and property damage	612	26	638	537	51	588
General liability insurance	709	49	758	1,421	226	1,647
Non-proportional casualty reinsurance	160	8	168	628	103	731
Other non-life obligations	61	10	71	482	87	569
Total non-life obligations	**2,231**	**126**	**2,357**	**3,144**	**479**	**3,623**
Life obligations	**34**	**6**	**40**	**56**	**23**	**79**
Total obligations	**2,265**	**132**	**2,397**	**3,200**	**502**	**3,702**

Summaries of the gross and reinsurance technical provisions, split by Best Estimate liability and Risk Margin[15], for all Solvency II lines of business, are available in **Appendix A**, (public disclosures IR.12.01.02 (life) and IR.17.01.02 (non-life) for QBE UK and S.12.01.02 (life) and S.17.01.02 (non-life) for QBE Europe.

D.2.2 Differences between TPs under Solvency II and AIFRS/UK GAAP/BE GAAP

The most significant differences in the technical provisions reported to QBE Group under Group AIFRS and QBE UK (under UK GAAP and Solvency II) and QBE Europe (under BE GAAP and Solvency II) are as follows:

- Under AIFRS, insurance liabilities and reinsurance assets include the asset for remaining coverage (including unamortised reinsurance costs, reinsurance receivables and reinsurance payables) and the discounted reinsurance recoveries on the central estimate.
- Under UK GAAP, BE GAAP and SII, the reinsurance receivables and reinsurance payables items considered to be “due” or “past due” are reported separately from the technical provisions;
- Group AIFRS technical provisions include a Risk Adjustment under IFRS 17. Under UK GAAP and BE GAAP, the earned technical provision includes a reserve margin set to achieve the probability of adequacy; and
- Group AIFRS technical provisions are discounted using yields, including an illiquidity premium. For QBE UK, under UK GAAP, only the Periodic Payment Order reserves are discounted, using Group yields excluding the illiquidity premium. For QBE Europe under BE GAAP, the technical provisions are held undiscounted.

In addition, the EO Group Technical Provisions are different on Group AIFRS and Solvency II bases as the Technical Provisions of QBE Corporate are reported under participations in the Solvency II balance sheet (as explained in **Section D.1** under consolidation scope differences).

The Best Estimate liabilities are calculated in accordance with Solvency II regulations and PRA rules. The claims and premiums provisions are derived from the AIFRS/UK GAAP/BE GAAP best estimate reserves, and the premiums provision is derived from the liability for remaining coverage under AIFRS and the premium reserve under UK GAAP/BE GAAP. There are adjustments to incorporate the following:

- **Future Premiums**: Represent cash flows relating to future premiums that are receivable but not due. These cash flows are reclassified from insurance and reinsurance receivables on the UK GAAP/BE GAAP balance sheet to technical provisions;
- **Bound But Not Incepted policies**: Represent premiums, expenses and claims relating to policies that the EO Group has entered into that have not incepted at the valuation date;
- **Future Claims Costs**: Unearned claims are obtained by applying unearned loss ratios to unearned premiums;

[15] Any references to the Risk Margin are unaudited as it is derived from the Solvency Capital Requirement prepared under an approved Internal Model which is also outside the scope of the audit.

- **Expenses**: Assumed expenses incurred in servicing (re)insurance obligations are derived using expense assumptions. These expense loadings are applied separately to the earned and unearned future cash flows to obtain separate expense provisions for earned and unearned business;
- **Events Not In Data ('ENIDs')**: Best Estimate includes an allowance for "all possible outcomes", e.g. latent claims or extreme high severity, low probability claims. An ENID provision is calculated to allow for all possible scenarios, on a probability-weighted basis, where historical data may be lacking;
- **Risk Margin**: The Risk Margin is calculated using a cost of capital approach by applying the Best Estimate cash flow and the prevailing yield curve (as provided by the European Insurance and Occupational Pensions Authority ('EIOPA') or the PRA) to the Internal Model SCR capital measure; and
- **Discounting**: Future cash flows are discounted using 31 December 2024 risk free yield curves. The yields for QBE Europe solo reporting are provided by EIOPA and include the Volatility Adjustment ('VA')[16]. The yields for QBE UK solo reporting and the EO Group are provided by the PRA and exclude the VA. Future cash flows have been obtained by applying projected payment patterns derived for the Core Reserving process.

The table below shows the adjustments made to the technical provisions from statutory financial statement basis to Solvency II basis:

Reconciliation from GAAP TPs to Solvency II technical provisions	EO Group	QBE UK	QBE Europe
	AIFRS	UK GAAP	BE GAAP
	£m	£m	€m
Total net technical provisions – Statutory basis	**7,902**	**2,985**	**4,503**
Consolidation scope adjustments[17]	(2,944)		
Reclassification adjustments			
Reclassification of insurance and reinsurance receivables/payables	813		
Reclassification of future premiums	(410)		
Valuation adjustments			
Removal of Risk Adjustment (EO Group), AIFRS discount and add back inherent margin	580		
Removal of unearned premium reserves, deferred acquisition costs and inherent margin	(1,685)	(1,081)	(1,215)
Adjustment for Solvency II future claims costs, expenses, ENIDs and discounting	687	361	(88)
Risk Margin	404	132	502
Total net technical provisions – Solvency II basis	**5,347**	**2,397**	**3,702**

D.2.3 Material changes during the period on the technical provision methodology

There were no material changes to the Solvency II technical provision methodology during the year.

D.2.4 Currency

The Solvency II Directive and PRA rules require that the best estimate be calculated separately for obligations in different currencies to enable the calculation of discounted liabilities.

Currency allocations are performed by class of business via the Core Reserving process; each reserving class is typically analysed in one currency.

For Solvency II, the claims and premiums by currency provided in the data are derived by Finance using the outputs from the Core Reserving process, and no additional judgement is required.

D.2.5 Options and Guarantees

The EO Group does not have any exposure to embedded options and guarantees in its products offered, hence no allowance is made in the technical provisions for these items.

[16] The VA is an effective risk mitigant against mark-to-market driven solvency volatility caused by credit spread movements.
[17] As mentioned in **Sections D.1** (under consolidation scope differences) and in **D.2.1**, this balance relates to participations at Lloyd's held by QBE Corporate.

D.2.6 Uncertainty in Technical Provisions[18]

There are inherent uncertainties in the technical provisions, particularly in respect of the best estimate of unpaid claims and future premiums.

The estimation of unreported claims is generally subject to a greater degree of uncertainty than the estimate of settlement costs for reported claims, where more information about the claims is usually available. Furthermore, liability and other long tail classes of business, where claims settlement may not happen for many years after the event giving rise to the claim, typically display greater variability between initial estimates and final settlement due to delays in reporting claims and uncertainty in respect of court awards and future claims inflation.

Some of the main uncertainties are listed below:

- There is heightened uncertainty around future levels of inflation and how an unfavourable economic climate may impact claims for classes such as Liability, Credit and Financial Lines;
- Loss estimates resulting from ongoing geopolitical conflicts in Ukraine and Israel/Gaza;
- The level of uncertainty around COVID-19 loss estimates has continued to reduce following recent court rulings, however ongoing legal challenges remain;
- General levels of future new claim notifications which could differ from historical experience;
- Large natural or man-made catastrophic events, to the extent that claims have not been fully settled;
- Periodic Payment Orders ('PPO') and similar Structured Settlements;
- In December 2024, the Lord Chancellor increased the Ogden Discount Rate (the UK Personal Injury Discount Rate used to value claims) from -0.25% to +0.50%. Uncertainty remains around how this increase will impact insurer and claimant behaviour (e.g. PPO Propensity);
- Future, and as yet unknown and unquantifiable, large market loss events that could impact the EO Group;
- Future premiums in Bound But Not Incepted Premium, especially for the most recent underwriting year, are calculated using the EO Group's business plans and actual data with discussions with underwriters where required;
- Plan loss ratio estimates;
- Estimates for Events not in Data;
- Timing of claim, premium, reinsurance and expense cash flows; and
- The appropriateness of the development tail factors applied to the EO Group's classes of business.

D.2.7 Volatility Adjustment[19]

The VA is an effective risk mitigant against mark-to-market driven solvency volatility caused by credit spread movements. The yields including VA published by EIOPA are used to discount QBE Europe's cash flows for solo reporting purposes. The impact of the VA is disclosed in S.22.01.22 (see **Appendix A**) and is summarised in the following table.

QBE Europe	Including the VA	With the VA set to zero	Impact of the VA
	€m/%	€m/%	€m/%
Technical provisions (gross including risk margin)	4,619	4,665	(46)
Basic own funds	1,534	1,502	32
Eligible own funds to meet the SCR	1,934	1,902	32
SCR	1,568	1,578	(10)
SCR coverage	123.3	120.6	2.7

No VA is included in the yields used to discount the cash flows for QBE UK nor for the EO Group.

[18] Any references to uncertainty in technical provisions are unaudited.
[19] Any references to volatility adjustments are unaudited

D.2.8 Matching adjustment, transitional risk-free interest rate term structure and transitional adjustments/deductions[20,21]

EO Group, QBE UK and QBE Europe do not apply any matching adjustments, transitional adjustments or transitional deductions.

D.2.9 Recoverables from reinsurance contracts and special purpose vehicles

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

An initial estimate is made of the reinsurance recoveries as a proportion of gross. This is derived originally from the reinsurance pricing basis and the business plan, along with a review that considers catastrophe/large/ attritional losses and non-treaty cover. Any known large outstanding claims are considered on a case-by-case basis. Reinsurance Incurred But Not Reported (IBNR) is allocated in line with the gross to maintain a suitable net provision.

The technical provisions have been reviewed by members of the Actuarial Function to ensure that they adhere to the relevant Solvency II articles and texts.

The valuation of outwards reinsurance recoveries in the claims and premium provisions includes an explicit allowance for counterparty default risk.

To adhere to the principle of reinsurance correspondence, the reinsurance recoveries are calculated such that they are consistent with the gross premium forecasts and implicitly allow for expected recoveries in respect of losses occurring during ('LOD') and risks attaching during ('RAD') policies. In line with regulatory guidance, the EO Group's approach is as follows:

- Incepted and bound reinsurance valued to the extent that it covers existing (i.e. incepted and bound) inwards business;
- Adjusted to allow for reinsurance minimum premium terms; and
- Allowance for future reinsurance purchase management actions to protect the run-off to expiry of existing inwards business, consistent with the current reinsurance structure.

D.3 Other liabilities

D.3.1 Overview

The values attributed to other liabilities on the Solvency II balance sheet differ from the valuations reported in the financial statements due to the different valuation methodologies required by Solvency II. The tables below show the value of those other liabilities for EO Group, QBE UK and QBE Europe and the Solvency II methodologies used.

The bases, methods and assumptions applied to the valuation of other liabilities in the Solvency II balance sheet is consistent between EO Group, QBE UK and QBE Europe.

See **Sections D.1.1 – D.1.3** for details of the liabilities of EO Group, QBE UK and QBE Europe.

D.3.2 Comparison of liability valuation methodology under Solvency II and statutory bases

The below table sets out the valuation bases, methods and main assumptions for the financial statements, Solvency UK (for EO Group and QBE UK) and Solvency II (QBE Europe) for the material classes of other liabilities and the material differences.

Technical provisions related presentational and valuation differences are explained in **Section D.2.**

Presentational differences represent movement between line items with no overall impact on the excess of assets over liabilities. The most significant presentational differences being:

- **Insurance and intermediaries' payables** are reported as part of insurance liabilities under AIFRS while under Solvency II the insurance payable items considered to be "due" or "past due" are separated out to the insurance payable line in the balance sheet;

[20] Any references to matching adjustments are unaudited
[21] Any references to transitional adjustments/deductions are unaudited

- **Reinsurance payables** are reported as part of reinsurance assets under AIFRS while under Solvency II the reinsurance payable items considered to be "due" or "past due" are separated out to the reinsurance payable line in the balance sheet; and
- **Deposits from reinsurers** are classified as reinsurance assets under AIFRS whilst separately disclosed under Solvency II.
- **Liabilities from Attributable charges** are reported under insurance liabilities under AIFRS while these balances are reported under Payables (Trade, not insurance) under UK GAAP and Solvency II.

Balance sheet item	AIFRS/UK GAAP/BE GAAP valuation basis and comparison with Solvency UK (for EO Group and QBE UK) and Solvency II (QBE Europe) valuation basis and assumptions
Provisions other than technical provisions	Provisions other than technical provisions, relevant only to EO Group, are accounted for in accordance with IAS 37' 'Provisions, Contingent Liabilities and Contingent Assets' for both AIFRS and Solvency II purposes.
Pension benefit obligations	Pension benefit obligations arise in the Group's defined benefit pension schemes and are accounted for in accordance with UK or Irish GAAP (FRS 102) in the relevant ancillary services undertaking or under BE GAAP for QBE Europe. For EO Group no adjustment is required between IAS19 basis and Solvency UK. QBE UK does not have any pension benefit obligations. For QBE Europe pension benefit obligations are accounted for in accordance with BE GAAP. These are adjusted to an IAS19 basis under Solvency II.
Deferred tax liabilities	The measurement principles for deferred taxes are consistent between AIFRS, UK GAAP and Solvency II. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred taxation is measured on an undiscounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The valuation difference relates to the change in the value of deferred tax, caused by the impact of adjustments made to balance sheet items in compliance with Solvency II regulations. The largest impact arises from the revaluation of technical provisions to a Solvency II basis. Under BE GAAP, however, deferred tax assets/liabilities are not recognised. See also **Section D.3.6** for more information on the position as at 31 December 2024.
Insurance and intermediaries' payable	Insurance payables are reported as part of the insurance liabilities under IFRS 17 at fair value. The main difference between Solvency UK/Solvency II and AIFRS is that the insurance payable items considered to be "due" or "past due" are separated out from the insurance liabilities.
Deposits from reinsurers	The valuation basis is the same under AIFRS, UK GAAP, BE GAAP and Solvency II, being initially recognised at fair value and subsequently remeasured at amortised cost. For the short-term nature of these liabilities, the carrying value is deemed to be a close approximation to fair value and therefore no adjustment is made.

Reinsurance payables	Reinsurance payables are reported as part of the reinsurance assets under AIFRS at fair value. The main difference between Solvency UK/Solvency II and AIFRS is that the reinsurance payable items considered to be "due" or "past due" are separated out from the reinsurance assets. In addition, under Solvency UK/Solvency II, reinsurance payables are adjusted to exclude cash flows relating to future premiums which are taken into account when calculating the technical provisions, see **Section D.2** for further information. The valuation basis is the same under AIFRS, UK GAAP, BE GAAP and Solvency UK/Solvency II, being initially recognised at fair value and subsequently remeasured at amortised cost. For the short-term nature of these liabilities, the carrying value is deemed to be a close approximation to fair value and therefore no adjustment is made.
Payables (trade, not insurance)	The valuation basis is the same under AIFRS, UK GAAP and Solvency II for EO Group and QBE UK. Book value as per AIFRS or UK GAAP is used as a proxy to the fair value for Solvency II balance sheet purposes as the impact of discounting is not material. BE GAAP has the same valuation basis as Solvency II, except that under BE GAAP lease payments are expensed as incurred. For the purposes of SII reporting, the Company applies IFRS 16 Leases. The valuation adjustment for Solvency II purposes relates to recognition of right of use assets.
Subordinated liabilities	Under Solvency II subordinated liabilities are measured on a fair value basis whilst under AIFRS, UK GAAP and BE GAAP they are measured at an amortised cost basis or at nominal value. Subordinated liabilities are recognised at their current replacement cost (fair value) in line with Part 6.7(3) of the PRA Rulebook and Article 10 of the Solvency II Delegated Regulation's 'valuation hierarchy'. Article 10 paragraph 7 (c) allows the use of the 'cost approach or current replacement cost approach' where an Alternative Valuation Method is used.
Any other liabilities, not elsewhere shown	The valuation basis is the same under AIFRS, UK GAAP, BE GAAP and Solvency II. Where amortised cost basis is considered a good approximation to fair value, no further adjustment is made.

D.3.3 Changes to the valuation of other liabilities in the period

There have been no material changes to the recognition and valuation bases used or to estimations during the reporting period.

D.3.4 Pension Schemes

The EO Group operates both defined contribution and defined benefit pension plans. QBE UK operates a defined contribution scheme only. Within the EO Group, there are four defined benefit pension schemes: two in the UK (The Iron Trades ('IT') and Janson Green ('JG') schemes), one in Ireland (QBE Management (Ireland) Limited Pension) and one in Belgium ('the Secura NV scheme'). The UK and Irish schemes are closed to the accrual of future benefits. In addition, there is a post-employment medical care scheme related to the former employees of Secura/QBE Europe Belgium branch, within QBE Europe.

Defined benefit plans in the UK and Ireland are run independently of the sponsoring company by scheme trustees and are subject to relevant local legislation. Pension benefit surpluses and benefit liabilities relating to each scheme are assessed in accordance with the advice of independent qualified actuaries and accounted for in accordance with UK / Irish GAAP ('FRS 101') or BE GAAP. For EO Group no adjustment is required between the IAS 19 basis and Solvency II. QBE UK does not have any pension benefit obligations. For QBE Europe pension benefit obligations are accounted for in accordance BE GAAP. These are adjusted to an IAS 19 basis under Solvency II.

Refer also to **Section C.6.2** Pension Risk.

The pension surplus/deficit included on the EO plc Solvency II balance sheet arises largely from the two UK defined benefit pension schemes. Details of the assets and liabilities of these schemes are disclosed in note 20 of the published financial statements of QMSL.

D.3.5 Major sources of estimation uncertainty

There is no significant estimation uncertainly associated with liabilities covered in **Section D.3**, other than in relation to pension schemes covered in **Section D.3.4 'Pension Schemes'.**

D.3.6 Taxation

Management estimation is required to determine the amount of deferred taxes that can be recognised, based upon likely timing and level of future taxable profits.

Recoverability is assessed on a net basis i.e. for branches, deferred tax assets and deferred tax liabilities are offset within each branch. If net deferred tax assets arise, they are recognised only to the extent that they are recoverable from future taxable profits.

This is assessed with reference to the annual three-year business plan and, in territories where group relief is available, consideration is also given to profits likely to arise in other QBE group companies within the same territory which would be available for group relief.

If there is a recent history of losses in a territory, management judgement would be exercised on a case-by-case basis.

For QBE UK as at 31 December 2024, in the Solvency II balance sheet there was a £nil deferred tax asset (2023: £nil) and a deferred tax liability of £57m (2023: £45m). The deferred tax balances arise in the UK (£55m) and the Dubai branch (£2m). The UK branch balance has been calculated by reference to the 25% rate. The Dubai branch balance has been calculated by reference to the newly introduced 9% tax rate effective from 1 January 2024.

For QBE Europe as at 31 December 2024, in the Solvency II balance sheet there was a net deferred tax asset of €20m (2023: €7m) which is considered likely to be recoverable against future taxable profits together with a deferred tax liability of €79m (2023: €72m).

For EO Group, there was a net deferred tax asset of £14m (2023: £5m) which is considered likely to be recoverable against future taxable profits together with a deferred tax liability of £135m (2023: £127m).

D.4 Alternative methods for valuation

Where quoted prices of the same or similar assets are not available at year end, there is greater valuation uncertainty. Unquoted assets are fair valued using models and observable inputs where they are available. The valuation methods used are based upon QBE Group's Valuation Standard which governs the valuation of investment assets throughout QBE Group. The QBE Group's Revaluation Committee is responsible for overseeing the valuation of investment assets through approval of valuation methodologies and the source of independent valuation including pricing vendors and external fund managers. The QBE Group's Revaluation Committee also reviews and approves significant judgments related to fair value measurements of investment assets.

The principal assumptions underlying the valuation approach and key drivers of valuation uncertainty for those categories of assets valued using AVM are described in **Section D.4.1** and **Section D.4.2** below.

The valuation methodology applied to subordinated liabilities valued using AVM is disclosed in **Section D.3.2** above.

D.4.1 Infrastructure debt

The fair value of infrastructure debt is based on the following hierarchy, in accordance with QBE Group's Valuation Standard:

1. Quoted prices – Fair value measurements based on quoted prices (unadjusted) in active markets for identical instruments that the entity can access at the measurement date sourced from independent pricing vendors. Typically, there is no active market for infrastructure debt investments.

2. Observable inputs – Fair value measurements based on valuation techniques that use inputs other than quoted prices included in Level 1 that are observable for the financial instrument, either directly or indirectly (Quoted Marked Price for Similar Assets ('QMPS')). Where possible, infrastructure debt valuation is sourced from external pricing vendors based on market-based valuation approach.

3. Unobservable inputs – Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 (assets valued using AVM). In the absence of independent valuation sourced from recognised pricing vendors, the discounted cash flow model is used by the external fund manager to estimate fair values of infrastructure debt assets. Significant unobservable inputs include projected future cash flows and the discount rates which are calculated by incorporating, as appropriate, market observable data, including leverage loan indices, government bond yields and corporate debt metrics and the fair value of these assets is sensitive to changes in these inputs.

None of the companies in EO Group invest in infrastructure debt asset class.

D.4.2 Unlisted property trusts, infrastructure asset funds and other funds

The fair value of unlisted property trusts, infrastructure funds and other funds is determined using AVM by using the current unit price as advised by the responsible entity, trustee or equivalent of the investment management scheme.

The valuation uncertainty associated with the valuation of unlisted property trusts and other funds is considered to be immaterial when compared to the total funds under management of the entity.

As at 31 December 2024, the EO Group held investments in unlisted property trusts of £149m (2023: £134m), private credit funds of £170m (2023: £141m) and infrastructure funds of £247m (2023: £182m) valued using AVM.

As at 31 December 2024, QBE UK held investments in unlisted property trusts of £94m (2023: £75m), private credit funds of £170m (2023: £141m) and infrastructure funds of £83m (2023: £77m) valued using AVM.

As at 31 December 2024, QBE Europe held investments in unlisted property trusts of €67m (2023: €68m), and infrastructure funds of €198m (2023: €121m) valued using AVM.

D.4.3 Social impact investments

The fair value of social impact investments is determined using AVM by using the current unit price as advised by the responsible entity, trustee or equivalent.

The valuation uncertainty associated with the valuation of social impact investments is considered to be immaterial.

As at 31 December 2024, £1m of social impact investments (2023: £2m) in EO Group, £1m of social impact investments (2023: £2m) in QBE UK and €nil (2023: €nil) of social impact investments in QBE Europe were valued using AVM.

D.5 Any other information

No other information is considered material regarding the EO Group, QBE UK or QBE Europe's valuations for solvency purposes.

Section E: Capital Management[22]

E.1 Own funds

E.1.1 Objectives, policies and processes for managing own funds

The primary objective of the business from a capital management perspective is to maintain sufficient EOF to cover the SCR and MCR with an appropriate surplus. These funds should be of sufficient quality to meet the eligibility requirements in Own Funds Part 3 of the PRA Rulebook and Article 82 of the Solvency II Delegated Regulation ((EU) 2015/35).

The EO Group has adopted a CAF setting out the target levels of capital. The Capital Recovery Plans set out potential remediation actions in the event that capital falls below prescribed thresholds. The CAF and Capital Recovery Plans have been approved by the Boards of the EO Group, QBE UK and QBE Europe and senior management carry out regular reviews, on at least a quarterly basis, to monitor the ratio of EOF over SCR.

The EO Group, QBE UK and QBE Europe own funds have been assessed against Own Funds Part 3 of the PRA Rulebook and the criteria of Article 71 of the Solvency II Delegated Regulation and the majority of the capital has been classified as sufficient quality to meet the eligibility requirements of 'Tier 1' capital. Ancillary Own Funds and Subordinated debt have been classified as 'Tier 2' and Deferred Tax Assets have been classified as 'Tier 3' in accordance with the requirements.

The EOF is calculated after adjusting for valuation differences between AIFRS, UK GAAP and BE GAAP financial statements and Solvency II and applying restrictions in relation to Ring-Fenced Funds ('RFF'), reported under 'Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds' and to pension surplus restrictions under 'Other non-available own funds', see **Section E.1.4** for further details.

The EO Group has an approved Internal Model which it uses to calculate the SCR. The Internal Model reflects the risk assessment processes that have been reflected across the business for several years and considers all classes of business underwritten by the EO Group. The Internal Model incorporates consideration of underwriting risk, reserving risk, credit risk, market risk, liquidity risk, operational risk, group risk and pension risk.

The data flows within the Internal Model SCR are documented and self-assessed, and output reported to the Data Governance Forum. Areas identified as requiring remediation are recorded on a Data Quality Issues Log and progress reported regularly to the Data Quality Working Group with escalation to the Data Governance Forum if necessary.

Available own funds, EOF and the ratio of EOF over the SCR and MCR for the EO Group, QBE UK and QBE Europe are disclosed in public disclosures, IR.23.01.04 for EO Group, IR.23.01.01 for QBE UK and S.23.01.01 for QBE Europe presented in **Appendix A**.

Changes in the reporting period

There were no material changes to the method of calculating own funds over the reporting period.

[22] Any references in '**Section E**: Capital Management' to the SCR are unaudited.

Method of calculating own funds

The EO Group, QBE UK and QBE Europe follow four steps:

- Basic Own funds are calculated as the excess of assets over liabilities determined from Solvency II balance sheet less restricted own funds items plus subordinated liabilities (to the extent that these satisfy the Solvency II rules for recognition as part of basic own funds);
- Ancillary own funds are recognised in accordance with the relevant regulatory approval;
- Available own funds are calculated as the total of basic own funds and ancillary own funds and classified into tiers; and
- Eligible own funds by tier are determined by applying tiering limits to available own funds, in order to determine the amount of own funds eligible to cover the EO Group, QBE UK and QBE Europe's SCR and MCR.

Undertakings in the scope of the Solvency II consolidated balance sheet and Internal Model used to calculate the EO Group SCR

The EO Group consists of a number of entities that carry out different functions and have different characteristics. Different undertakings within the EO Group are treated in different ways in the Solvency II balance sheet, own funds and the SCR, as described below:

- Fully consolidated entities constitute the (re)insurance undertakings, insurance holding companies and ancillary services undertakings; and
- Other related undertakings are included under the adjusted equity method. These entities are recognised in a single line 'Holdings in related undertakings, including participations' gross of intra-group transactions on the EO Group Solvency II balance sheet valued on a Solvency II basis using the adjusted equity method. The EO Group SCR also treats these entities as investments.

EO Group's investment in QBE Corporate (which participates in Lloyd's Syndicate 386 and Syndicate 2999) does not meet the definition of an insurance undertaking and is therefore treated as a single line participation in the Group Solvency II consolidated balance sheet.

As a Lloyd's Corporate Member, QBE Corporate is required to provide FAL as security for the liabilities of Syndicate 386 and Syndicate 2999. The majority of this FAL is provided or guaranteed by entities outside the EO Group and therefore EO Group has limited exposure with respect to these arrangements. The FAL requirement provided by QBE Corporate in the form of investments and other assets deposited with Lloyd's was £88m (2023: £86m).

The Solvency II excess assets over liabilities for the EO Group is calculated using the default method, accounting consolidation based ('Method 1') in accordance with Rule 11 of the Group Supervision Part of the PRA Rulebook for Solvency II firms (which implements Own Funds Part 3 of the PRA Rulebook and Article 230 of the Solvency II Directive (2009/138/EC)). Intra-group transactions with entities that are fully consolidated within the EO group are eliminated on consolidation.

E.1.2 Eligible own funds to cover the Solvency Capital Requirement ('SCR')[23] and Minimum Capital Requirement ('MCR')

As at 31 December 2024 the EO Group, QBE UK and QBE Europe's EOF to meet the SCR, the SCRs and the SCR coverage ratios were:

Entity		Eligible Own funds to meet the SCR				SCR	SCR Coverage Ratio[24]
		Tier 1 (unrestricted)	Tier 2	Tier 3	Total		
EO Group (£m)	2024	2,679	580	-	3,259	2,204	147.9%
	2023	2,305	583	-	2,888	1,784	161.9%
QBE UK (£m)	2024	931	160	-	1,091	798	136.7%
	2023	821	160	-	981	622	157.8%
QBE Europe (€'m)	2024	1,434	480	20	1,934	1,568	123.3%
	2023	1,396	280	7	1,683	1,217	138.3%

As at 31 December 2024 the EO Group, QBE UK and QBE Europe's EOF to meet the MCR, the MCRs and the MCR coverage ratios were:

Entity		Eligible Own funds to meet the MCR			MCR	MCR Coverage Ratio[24]
		Tier 1 (unrestricted)	Tier 2	Total		
EO Group (£m)	2024	2,680	167	2,847	836	340.3%
	2023	2,305	148	2,453	739	332.1%
QBE UK (£m)	2024	931	-	931	359	259.2%
	2023	821	-	821	280	293.5%
QBE Europe (€'m)	2024	1,434	80	1,514	572	264.4%
	2023	1,396	80	1,476	525	281.1%

Own fund items are assessed and classified into tiers in accordance with criteria defined by Solvency II regulations as set out below.

Tier 1 (unrestricted)

The majority of QBE UK, QBE Europe and EO Group own funds are classified as unrestricted Tier 1 which consists of share capital, share premium and the reconciliation reserve.

	EO Group		QBE UK		QBE Europe	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	€	€m
Ordinary share capital	1,213	1,213	626	626	1,130	1,130
Reconciliation reserve	1,467	1,092	305	195	304	266
Total Tier 1 (unrestricted)	**2,680**	**2,305**	**931**	**821**	**1,434**	**1,396**

Tier 2

As at 31 December 2024, EO plc holds a £580m (2023: £583m) Tier 2 qualifying loan from QBE Strategic Capital (Europe) Limited (a company outside the EO Group consolidation group) under a loan facility which has a maturity date of 12 February 2031 and incurs interest at a fixed rate of 3.25% per annum[25].

[23] Any references in '**Section E**: Capital Management' to the SCR are unaudited.
[24] Underlying calculations run to the nearest euro EOF to meet SCR/MCR, hence rounding differences may occur with the SCR/MCR cover ratios shown above.
[25] The 2024 Tier 2 value excludes accrued interest, in the prior year Tier 2 included accrued interest £3m. As interest becomes payable as it accrues, it is not considered to be on the same terms as the underlying instrument and therefore not classified as capital.

Ancillary Own Funds

As at 31 December 2024, in accordance with Solvency II requirements and PRA approved treatment as Tier 2 ancillary own funds received on 29 June 2020, QBE UK holds £160m (2023: £160m) in the form of an irrevocable Standby Letter of Credit facility issued by external banks on behalf of QBE Insurance Group Limited expiring on 20 July 2025 and payable on demand to QBE UK. Current classification of these ancillary own funds as Tier 2 are one tier lower than the tier they would fall into once called up.

As at 31 December 2024, in accordance with Solvency II requirements and NBB approved treatment as Tier 2 ancillary own funds, QBE Europe holds:

- €200m in the form of an irrevocable Standby Letter of Credit approved by the NBB on 18 December 2023 and expiring on 18 December 2028; and
- €200m in the form of an irrevocable Standby Letter of Credit approved by the NBB on 18 December 2024, issued on 19 December 2024, and expiring on 19 December 2029.

Both Letters of Credit are issued under facilities supported by external banks on behalf of QBE Insurance Group Limited (the obligor). The Letters of Credit are not assignable and non-transferable and can only be cancelled with the prior consent of NBB. Current classification of these ancillary own funds as Tier 2 is one tier lower than the tier they would fall into once called up.

Subordinated debt

As at 31 December 2024, QBE Europe holds €80m of subordinated debt (2023: €80m) issued by QHEO the immediate parent of QBE Europe, which meets the criteria to be classified as Tier 2 own funds. The loan has an interest rate of 2.25% per annum and a maturity date of 10 December 2028.

This subordinated loan is eliminated on consolidation in the EO Group consolidated Solvency II balance sheet. The valuation methodology applied to subordinated debt is described in **Section D.3.2**.

Tier 3

QBE UK does not have net deferred tax assets included on the Solvency II balance sheet.

As at 31 December 2024, QBE Europe had net deferred tax assets on the Solvency II balance sheet of €20m (2023: €7m) which are required to be treated as Tier 3 capital.

EO Group does not have Tier 3 capital. The £16m deferred tax asset (2023: £5m) included on the Solvency II balance sheet has been treated as unavailable at group level.

Further information on the treatment of deferred tax assets is included in **Section D.3.6**.

E.1.3 Reconciliation reserve

The reconciliation reserve is comprised of the excess of assets over liabilities on a Solvency II valuation basis, less any foreseeable dividends, other basic own fund items, an adjustment for restricted own fund items in respect of immaterial ring-fenced funds and other non-available own funds.

Other basic own fund items include ordinary share capital, related share premium account and an amount equal to the value of net deferred tax assets. These items are excluded from the reconciliation reserve and included as separate items within basic own funds.

In accordance with 3A Tier 1 – List of Own Funds Items of the Own Funds Part of the PRA Rulebook and Article 69(a)(vi) of the Solvency II Delegated Regulation the reconciliation reserve is treated as Tier 1 Capital. The reconciliation reserve's volatility is materially dependent on the performance of the entity as well as any significant changes to the balance sheet. Refer to public disclosures IR.23.01.04 for EO Group, IR.23.01.01 for QBE UK and S.23.01.01 for QBE Europe presented in **Appendix A** for a full breakdown of the reconciliation reserve for EO Group, QBE UK and QBE Europe.

E.1.4 Deductions from own funds

Own funds restrictions from RFF described below are considered to be immaterial which means that the required restriction is based on the excess of assets over liabilities of each RFF and there is no requirement to calculate a separate SCR for each RFF.

QBE UK

The following restrictions apply to in relation to RFF:

- Capital required to be held locally by the Dubai regulator, the Dubai Financial Services Authority ('DFSA'), in respect of the local operations of QBE UK. QBE UK restricts the excess of the local capital requirement over the Dubai part of the internal model SCR ('IM SCR'). As at 31 December 2024, the restriction is £nil (2023: £nil);
- Restrictions relate to Letters of Credit ('LOC') of £10m (2023: £6m) reflecting the margin required by the issuer in excess of LOCs issued. Restriction to eligible own funds has been calculated on the basis that actual liabilities are equal to the LOCs issued and therefore restriction only relates to the margin required by the issuer;
- As a condition of writing US Excess and Surplus lines business, the Companies are required to deposit cash, readily marketable securities or letters of credit into Trust with a "United States Qualified Financial Institution". This is considered within the RFF calculations which did not result in any restrictions as at 31 December 2024 £nil (2023: £nil); and
- The restriction from excess assets pledged over liabilities was £8m as at 31 December 2024 (2023: £nil).

QBE Europe

The following restrictions in relation to RFF apply to:

- Restrictions relate to Letters of Credit ('LOC') of €9m (2023: €11m) reflecting the margin required by the issuer in excess of LOCs issued. Restriction to own funds has been calculated on the basis that actual liabilities are equal to the LOCs issued and therefore restriction only relates to the margin required by the issuer;
- Deposits with cedants to the extent that the amount deposited exceeds the liabilities secured, to the extent not readily available to withdraw €13m (2023: €14m);
- As a condition of writing US Excess and Surplus lines business, the Companies are required to deposit cash, readily marketable securities or letters of credit into Trust with a "United States Qualified Financial Institution". This is considered within the RFF calculations which did not result in any restrictions as at 31 December 2024 (2023: nil); and
- The restriction from excess assets pledged over liabilities was €nil as at 31 December 2024 (2023: €nil).

EO plc

The above detailed RFF restrictions were consolidated and applied as restrictions from RFF at EO Group level.

The restriction relating to the MSUK DB pension scheme of £15m (2023: £18m) represents the excess of the pension scheme surplus over the pension risk element of the Internal Model SCR and is disclosed in IR.23.01.04 public disclosure template as 'Other Non-Available Own Funds'.

E.1.5 Eligibility of own funds

The eligibility of own funds to cover the EO Group, QBE UK and QBE Europe SCR and MCR is subject to tiering limits, specifically:

- The eligible amounts of Tier 1 items must be at least 50% of the SCR and 80% of the MCR; and
- The sum of the eligible amounts of Tier 2 and Tier 3 items must not exceed 50% of the SCR;
- The eligible amounts of Tier 3 items must be less than 15% of the SCR;
- The eligible amounts of Tier 2 items must not exceed 20% of the MCR and Tier 3 items are not eligible to cover the MCR; and
- Ancillary own funds items are not eligible to cover the MCR.

As at 31 December 2024, there were no eligibility restrictions required to own funds to determine eligible own funds to cover the SCR (2023: £nil).

Tier 2 basic own funds items to cover the MCR for EO Group were restricted to 20% of the MCR, equivalent of £167m (2023: £148m). No Ancillary Own Funds are permitted to be treated as eligible to cover the MCR.

E.1.6 Material differences between Equity in the Financial Statements and the Excess of Assets over Liabilities

The valuation of a company's own funds under Solvency II legislation is different to that calculated in the financial statements. More detail around the different valuation methods used under Solvency II are in **Section D: Valuation for Solvency Purposes**. A reconciliation bridging between the different valuation approaches for EO Group, QBE UK and QBE Europe is shown below:

Reconciliation from GAAP equity to Solvency II Own Funds	EO Group		QBE UK		QBE Europe	
	AIFRS		UK GAAP		BE GAAP	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	€m	€m
Total equity – statutory basis	**2,912**	**2,479**	**789**	**707**	**1,268**	**1,100**
Technical provisions valuation differences	14	166	236	185	315	455
Elimination of goodwill and intangibles	(167)	(168)	-	-	-	-
Change in the value of participations	2	(48)				
Valuation adjustments						
Investments	-	-			(40)	(57)
Deferred tax, net	(16)	(57)	(63)	(48)	(59)	(65)
Other[26]	-	(16)	(13)	(17)	(7)	(5)
Solvency II excess of assets over liabilities	**2,745**	**2,356**	**949**	**827**	**1,477**	**1,428**
Adjustments						
Subordinated liabilities	580	583	-	-	80	80
Ancillary own funds	-	-	160	160	400	200
Deferred tax asset	(14)	(5)	-	-	-	-
Foreseeable dividends		-		-	-	-
Restricted own fund items in respect of ring-fenced funds	(37)	(28)	(18)	(6)	(23)	(25)
Restriction to fungibility and transferability of own funds	-	-	-	-	-	-
Other non-available own funds[27]	(15)	(18)		-	-	-
Eligible own funds – Solvency II basis	**3,259**	**2,888**	**1,091**	**981**	**1,934**	**1,683**

E.1.7 Movement in eligible own funds in the year

The table below shows the movement in the eligible own funds to cover the SCR:

	EO Group	QBE UK	QBE Europe
	£m	£m	€m
Eligible own funds to cover SCR brought forward as at 1 January 2024	**2,888**	**981**	**1,683**
Total comprehensive income for the year	628	152	168
Movement in consolidation scope differences	50	-	-
Movement in Solvency II valuation differences	(94)	40	(119)
Movement in deferred tax asset	(9)		
Movement in ring fenced funds restriction	(9)	(12)	2
Movement in subordinated liabilities	(3)	-	-
Movement in ancillary own funds	-	-	200
Movement in non-available own funds at group level	3		
Dividend paid in the year	(195)	(70)	-
Eligible own funds to cover SCR carried forward as at 31 December 2024	**3,259**	**1,091**	**1,934**

[26] Other adjustments include the removal of salvage and subrogation (QBE UK), IFRS 16 and IAS 19 adjustments (QBE Europe).
[27] Restriction relates to MSUK DB pension scheme surplus and represents the excess of pension scheme surplus over the pension risk element of the Internal Model SCR.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Overview[28]

As at 31 December 2023 the SCR and MCR for EO Group, QBE UK and QBE Europe were:

Entity	SCR (unaudited)		MCR	
	2024	2023	2024	2023
EO Group (£m)	2,204	1,784	836	739
QBE UK (£'m)	798	622	359	280
QBE Europe (€'m)	1,568	1,217	572	525

The SCRs for EO Group, QBE Europe and QBE UK are determined using an Internal Model. The SCRs for the EO Group, QBE UK and QBE Europe are also shown in separate public disclosures IR.25.04.21 (unaudited) for QBE UK, S.25.05.21 (unaudited) for QBE Europe and IR.25.04.22 (unaudited) for EO Group in **Appendix A**. These public disclosures provide information around the breakdown of the SCR values into constituent components. Separate public disclosures IR.28.01.01 and S.28.01.01 provide information on the MCRs for QBE UK and QBE Europe, respectively.

The SCRs for the EO Group, QBE UK and QBE Europe have been calculated using the Internal Model for 2024 and 2023.

Risk Components under Internal Model	EO Group		QBE UK		QBE Europe	
	2024	2023	2024	2023	2024	2023
	£m	£m	£m	£m	€m	€m
Market risk	125	264	35	85	202	269
Counterparty default risk	263	199	110	85	188	135
Non-life underwriting risk	1,980	1,666	921	710	1,619	1,371
Operational risk	223	200	109	88	150	147
Pension risk	39	43	-	-	2	2
Capital adjustments	430	269	3	7	126	15
Debt servicing costs	47	46	-	-	-	-
Total undiversified components	**3,107**	**2,687**	**1,178**	**975**	**2,287**	**1,939**
Diversification	(903)	(903)	(380)	(353)	(719)	(722)
Solvency capital requirement	**2,204**	**1,784**	**798**	**622**	**1,568**	**1,217**

The overall impact of group diversification on the 2024 Group SCR is £162m (2023: £55m) relating to non-life underwriting risk arising from the different mix of products and geographical spread between QBE UK and QBE Europe. The Group SCR also allows for the loss of EO plc's investment in QBE Corporate of £411m (2023: £262m) which does not impact either QBE UK or QBE Europe. This more than offsets the group diversification benefit when comparing the sum of the solo entity SCRs to the Group SCR.

E.2.2 The difference between the entity level Internal Model and the Group level Internal Model

QBE UK and QBE Europe follow the same risk drivers as the EO Group. This is as expected since the EO Group is a consolidation of the risks from the underlying subsidiaries.

However, there are some key differences between the Internal Model used at individual undertaking level and the Internal Model used to calculate the EO Group SCR. They are:

- The EO Group and its subsidiaries operate four defined benefit pension schemes. This is allowed for in the EO Group SCR and, where relevant, the QBE Europe SCR;
- The EO Group SCR also allows for QBE Corporate to be treated as an investment which, in a capital setting scenario, is assumed to be nil as the QBE Corporate net asset valuation is used to cover the liabilities of the syndicates; and
- The EO Group SCR is calculated under Solvency UK whereas the QBE Europe SCR is calculated under the European SII directive. There are currently a limited number of differences between the regimes, including the cost of capital used in the calculation of risk margin and a PPO Risk Tapering Factor within the calculation of the risk margin.

[28] Any references in '**Section E: Capital Management**' to the SCR are unaudited.

E.2.3 Inputs to calculate the MCR

The MCR for the (re)insurance undertakings, QBE UK and QBE Europe, is calculated using inputs for the net (of reinsurance) Solvency II best estimate, the net (of reinsurance) written premium in the last 12 months and capital at risk. Prescribed factors are applied to these inputs based on the technical specifications contained in the Solvency II Delegated Regulation.

The MCR is required to fall within the range of 25% to 45% of the solo SCR. The MCR also has an absolute floor of £3.5m for QBE UK and €4m for QBE Europe (for a non-life insurer with authorisation for liability business).

For QBE UK the MCR is limited to 45% of the SCR (2023: 45%), while for QBE Europe it is 43% of the SCR as at 31 December 2024 (2023: 43%).

The MCR at EO Group level under Solvency II is referred as the minimum consolidated Group MCR. The minimum consolidated EO Group MCR is calculated as the sum of the MCRs for the two insurance undertakings in the group, QBE UK and QBE Europe.

E.2.4 Material changes to the SCR[29] over the period

Details of the material changes in the SCR compared to the prior year are included below:

For all entities the Insurance risk has increased following increased planned exposure and increased technical provisions from recent growth. An increased allowance for market risk volatility has also been allowed for via the QBE Europe capital adjustment.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

EO Group, QBE UK and QBE Europe have fully approved Internal Models and therefore do not use the duration-based equity risk sub-module.

E.4 Differences between the Standard Formula and the Internal Model used[30]

The Standard Formula and Internal Model are based on two different modelling approaches, resulting in differences in outputs. Some of the main differences, and similarities, are noted below. The Internal Model is based on a 99.5% confidence level over a one-year time period. The methods used in the Internal Model for the calculation of the probability distribution forecast and the SCR are included in **Section C**.

E.4.1 Market risk

There are several differences within the components of market risk. In particular, the EO Group has exposure to currency risk (i.e. net asset exposure in any non-GBP currency). Within the Internal Model, currency risk is modelled as the difference between the net assets at the end of the period converted at i) the end of period stochastic foreign exchange rates ('FX') rates and ii) the average of the end of period stochastic FX rates. The currency splits on the assets and liabilities are modelled separately and they are not forced to match within the model.

Concentration risk for investments is implicitly allowed for in the Internal Model; the distributions in the Economic Scenario Generator are based on the assets held, and the concentration of assets.

[29] Any references in '**Section E: Capital Management**' to the SCR are unaudited.
[30] Any references to differences between the Standard Formula and the Internal Model are unaudited.

E.4.2 Counterparty default credit

The Internal Model and Standard Formula capitalise against reinsurance and premium defaults as described below:

- Within the internal model, the methodology models the possible credit rating of each counterparty at the end of the first year and then sets up a bad debt reserve dependent on the credit rating. The Standard Formula is also based around the expected change in bad-debt provisions from credit rating migrations, with minimal actual default during the first year; and
- The primary difference in the credit risk assessment within the Standard Formula and the Internal Model is due to the treatment of the Type II credit risk (broker defaults). The Standard Formula applies a material capital charge against premium debtors, taking 90% of any debts overdue by 3 months or more, and 15% of all other debtors. In practise the credit risk on broker balances (which are the main part of the debtor exposure) are well mitigated, and the Internal Model capital assessment reflects this.

E.4.3 Non-life underwriting risk

The methodological differences between the two models include:

- The Internal Model considers insurance risk as an absolute loss amount, so any profit in the plan acts as an offset against capital. The Standard Formula just does a relative assessment, in essence assuming that the business has a 100% net combined ratio;
- The Internal Model does not separate out lapse risk, but it is included in the risk around the level of business written in the new underwriting year. When business does lapse, it both removes the profit associated with this anticipated business (which the Standard Formula and Internal Model both capture), and also the risk associated with the business (which the Standard Formula does not capture); and
- For catastrophe risk the Internal Model allows for the full features of the reinsurance protections, whereas the Standard Formula approximates them, most notably through the lack of multiple reinstatements on protections, and the use of maximum line size losses within the man-made catastrophe component.

E.4.4 Health underwriting risk

The Internal Model does not capture this separately from the non-life underwriting risk.

E.4.5 Operational risk

The capital model allows operational risk to diversify against other risk types, whereas it is additive in the Standard Formula. If the diversified operational risk is calculated in the Internal Model, then the differences are smaller. This different treatment of operational risk also gives rise to an increased level of diversification benefit in the Internal Model compared to the Standard Formula.

E.4.6 Diversification benefit

Due to the differences between risk types, the Standard Formula has less diversification between risk types than the Internal Model.

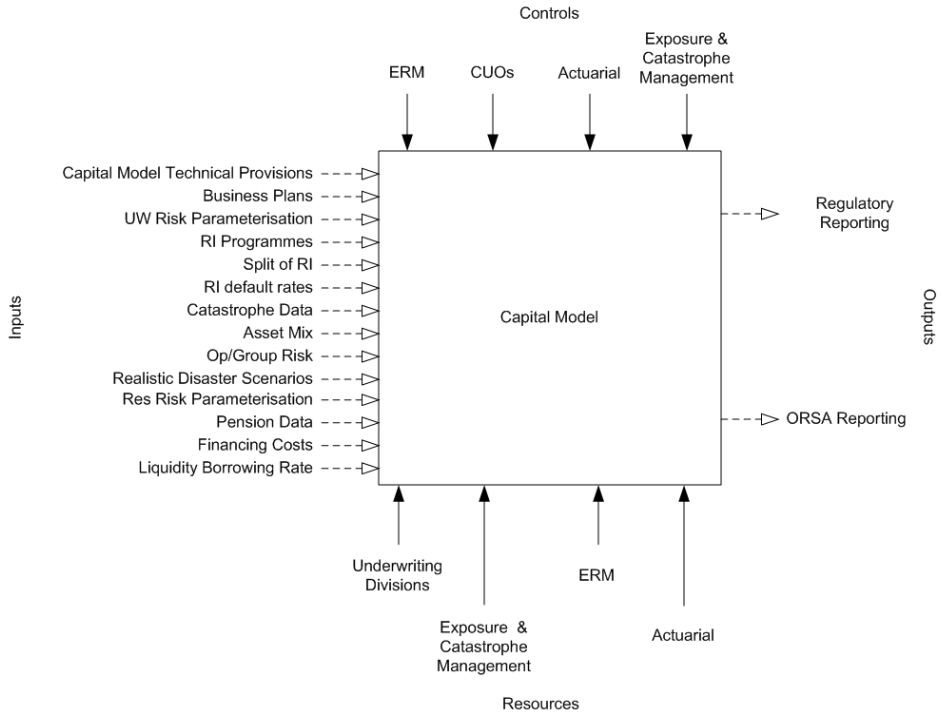
The Standard Formula does not capture Group risk, whereas it is included within the Internal Model. This risk is assumed to diversify well against the other risks, so it also increases the size of the diversification benefit in the Internal Model compared to the Standard Formula.

E.4.7 Data used in the Internal Model

The data flows within the capital model are documented within an Internal Model Data flow Map. As part of data quality management in EO Group, a Data Governance Team carry out a self-assessment exercise regularly with those business areas that provide data flows into the capital model. The results of this work, in particular any areas for remediation, are recorded on a Data Quality Issues Log which is reviewed and managed by the Data Quality Group, a sub-Group of the OMG.

The technical specifications of the data extracts that form the inputs to the capital model are held in a Data Directory, which is also verified by business owners as part of the self-assessment review. This ensures that the data specifications are regularly kept up to date.

An overview of each of the data flows is illustrated below.



There are several data items that feed into the capital model. Each of these sources of data is subject to all of the data requirements of the Internal Model:

- Technical provisions - these are provided by the Actuarial Function and comprise undiscounted paid and incurred claims and ultimate premium and claims, by class, currency and year of account;
- Claims development patterns - these are taken from the actuarial technical provisions. They comprise paid claims patterns by class of business and currency to support discounting of the liabilities in the capital model;
- Reserve risk parameterisation - this takes the output from the reserve variability analysis carried out by the Actuarial Function, with the parameters held at class of business level;
- Business plans - these are taken from the business planning database, and comprises the full business plan by class of business;
- Large and attritional loss parameterisation - this is the output from the large and attritional loss parameterisation process, which is currently carried out by the Actuarial Function;
- Reinsurance programs - this is the data detailing the outwards reinsurance programs EO Group has in place, and is taken from the reinsurance schematics produced by the Underwriting and Reinsurance Review Department;
- Split of reinsurers on technical provisions - this is taken from a query in the EO Group's reinsurance reporting system that produces the split of the reinsurance asset on the balance sheet at any quarter end by legal entity. The system itself is supported by QBE Group, although the Underwriting and Reinsurance Review Department maintain QBE Group ownership for the data;
- Reinsurer and broker default rates - these are taken from Standard and Poor's reports on the downgrade and default probabilities for differently rated companies and overlaid with any judgement by the QBE Group Security Committee;
- Natural catastrophe model output - this is predominantly the output from RMS, which comprises of event loss tables for different classes of business and is received from the Exposure and Catastrophe Management team. AIR and Impact Forecast Elements is also used alongside Realistic Event Methodology ('REM') data to assess the risk from regions and perils not modelled by RMS;
- Asset mix - this data lists the different investments held by each legal entity within the EO Group. These assets are input into the model as the opening asset position;

- Operational Risk Assessment - this data is taken from within the Risk team and provides the operational risk parameters;
- QBE Group Risk Dashboard - used to parameterise the group risk distributions. Data is provided by the ERM team; and
- Asset model output - this data is the output from the asset model, which is the distribution of asset returns split by asset type, currency and term (as well as inflation and currency exchange rates in the future).

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The EO Group, QBE UK and QBE Europe satisfied and complied with the MCR and SCR requirements over the reporting period[31].

E.6 Any other information

No other information is considered material regarding the EO Group, QBE UK and QBE Europe's capital management.

[31] Any references to the SCR are unaudited.

Forward-Looking statements

This document may contain “forward-looking statements” including those relating to the EO Group’s future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about the EO Group’s beliefs and expectations and including, without limitation, statements containing the words “may”, “will”, “should”, “continue”, “aims”, “estimates”, “projects”, “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking statements. Any such forward-looking statements in this document are based on plans, estimates and projections as at the date of this document, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. Many factors could cause the EO Group’s actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement.

Any forward-looking statements contained in this document speak only as of the date on which they are made. The EO Group expressly disclaims any obligations to update any forward-looking statement contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise.

Glossary

The following table details the definition of the terms and acronyms used in this document:

Term or Acronym	Definition
ABI	Association of British Insurers
ALM	Asset Liability Management
ASX	Australian Securities Exchange
ABS	Asset Backed Security
AIFRS	Australian International Financial Reporting Standards
BBNI	Bound But Not Incepted
BE GAAP	Belgian Generally Accepted Accounting Principles
BCM	Business Continuity Management
BER	Board Effectiveness Review
BMA	Bermuda Monetary Authority
BOF	Basic Own Funds
CAF	Capital Appetite Framework
CMG	Compliance Management Group
CPI	Consumer Prices Index
COR	Combined Operating Ratio
CRG	Conduct Risk Group
CRO	Chief Risk Officer
CSRD	Corporate Sustainability Reporting Directive
CUO	Chief Underwriting Officer
DAC	Deferred Acquisition Costs
DFSA	Dubai Financial Services Authority
DMG	Disclosure Management Group
ECM	Economic Capital Model
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EPiFP	Expected Profit in Future Premiums
EO Key Regulated Companies	QBE UK, QBE Europe and QUL
EOF	Eligible Own Funds
EO Group	QBE European Operations Group
EO plc	QBE European Operations plc
EMB	EO Executive Management Board of QBE UK and QUL
ENID	Events Not In Data
ERG	Emerging Risks Group
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESG MG	ESG Management Group
ESG RWG	ESG Risk Working Group
ESG UG	ESG Underwriting Group
FCA	Financial Conduct Authority (UK)
FMG	Finance Management Group
FSMA	Financial Services and Markets Authority (Belgium)
FOE	Freedom of Establishment
FOS	Freedom of Services
FUM	Funds Under Management
FRCC	Financial Risks from Climate Change
FRS 102	The Financial Reporting Standard applicable in in the UK and Republic of Ireland
GAAP	Generally Accepted Accounting Principles
GAM	Group Aggregate Methodology

Term or Acronym	Definition
GAMC	Group Aggregate Management Committee
GEP	Gross Earned Premium
GIA	Group Internal Audit
GSC	Group Security Committee
GWP	Gross Written Premium
IBNR	Incurred But Not Reported
HPR	High Product Risk
IFRS	International Financial Reporting Standards
I&I	Issues and Incidents
IMA	Investment Management Agreement
IT	Iron Trades
IUA	International Underwriting Association
JG	Janson Green
KRI	Key Risk Indicators
LOC	Letter of Credit
LMA	Lloyd's Market Association
MCR	Minimal Capital Requirement
MSUK	QBE Management Services (UK) Limited
NBB	National Bank of Belgium
NCOR	Net Combined Operating Ratio
OMG	Operations Management Group
ORSA	Own Risk & Solvency Assessment
OWG	Outsourcing Working Group
PPO	Payment Protection Order
PPP	Prudent Person Principle
PRA	Prudential Regulation Authority (UK)
QBE Corporate	QBE Corporate Limited
QBE Europe	QBE Europe SA/NV
QBE Group	QBE Insurance Group Limited
QBE NA	QBE North America
QBE Re	QBE Reinsurance Europe Limited
QEMC	QBE Europe Management Committee of QBE Europe
QHEO	QBE Holdings EO Limited
QMIL	QBE Management (Ireland) Limited Pension and Life Assurance Plan
QBE UK	QBE UK Limited
QUL	QBE Underwriting Limited
QRT	Quantitative Reporting Template
RAS	Risk Appetite Statement
RCC	Risk and Capital Committee
RCG	Risk and Capital Group
RCSA	Risk and Control Self-Assessment process
RDS	Realistic Disaster Scenarios
REM	Realistic Event Methodology
RFF	Ring-Fenced Funds
RFP	Requested For Proposal
RMBS	Residential Mortgage Backed Security
RMG	Reserving Management Group
RMS	Risk Management Strategy
S&P	Standard and Poor's
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report

Term or Acronym	Definition
SLA	Service Level Agreement
SMCR	Senior Managers and Certification Regime (UK)
SME	Subject Matter Expert
UK GAAP	UK Generally Accepted Accounting Principles
UMG	Underwriting Management Group
VA	Volatility Adjustment

Appendix A: Quantitative Reporting Templates

EO Group

Template code	Template name
IR.02.01.02	Balance sheet
IR.05.02.01	Premiums, claims and expenses by country (non-life)
IR.05.02.01*	Premiums, claims and expenses by country (life)
IR.05.03.02	Life income and expenditure
IR.05.04.02	Non-life income and expenditure
IR.23.01.04	Own funds
IR.25.05.21	Solvency Capital Requirement - for undertakings on Full Internal Model
IR.32.01.22	Undertakings in the scope of the group

QBE UK

Template code	Template name
IR.02.01.02	Balance sheet
IR.05.02.01*	Premiums, claims and expenses by country (non-life)
IR.05.02.01*	Premiums, claims and expenses by country (life)
IR.05.03.02	Life income and expenditure
IR.05.04.02	Non-life income and expenditure
IR.12.01.02	Life technical provisions
IR.17.01.02	Non-life technical provisions
IR.19.01.21	Non-life insurance claims
IR.23.01.01	Own funds
IR.25.04.21	Solvency Capital Requirement
IR.28.01.01	Minimum Capital Requirement

QBE Europe

Template code	Template name
S.02.01.02	Balance sheet
S.04.05.21	Activity by country - location of risk
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life technical provisions
S.19.01.21	Non-Life insurance claims
S.22.01.22	Impact of long-term guarantees measures and transitional
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement
S.28.01.01	Minimum Capital Requirement

* As set out by the PRA in 'Instructions regarding reporting templates', non-reporting thresholds apply. When gross written premiums are below £100 million and 5% of total gross premiums, countries other than Home, are not reported.

EO Group

Template code	Template name
IR.02.01.02	Balance sheet
IR.05.02.01	Premiums, claims and expenses by country (non-life)
IR.05.02.01*	Premiums, claims and expenses by country (life)
IR.05.03.02	Life income and expenditure
IR.05.04.02	Non-life income and expenditure
IR.23.01.04	Own funds
IR.25.05.21	Solvency Capital Requirement - for undertakings on Full Internal Model
IR.32.01.22	Undertakings in the scope of the group

* As set out by the PRA in 'Instructions regarding reporting templates', non-reporting thresholds apply. When gross written premiums are below £100 million and 5% of total gross premiums, countries other than Home, are not reported.

EO Group
IR.02.01.02 - Balance sheet (amounts in £'000)

		Solvency II value
Assets		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	14,295
Pension benefit surplus	R0050	25,636
Property, plant & equipment held for own use	R0060	46,738
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	8,358,332
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	781,855
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	6,401,575
Government Bonds	R0140	2,139,459
Corporate Bonds	R0150	4,147,107
Structured notes	R0160	-
Collateralised securities	R0170	115,008
Collective Investments Undertakings	R0180	1,000,007
Derivatives	R0190	40,385
Deposits other than cash equivalents	R0200	134,509
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	1,464
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	1,464
Reinsurance recoverables from:	R0270	1,226,610
Non-life and health similar to non-life	R0280	1,168,680
Life and health similar to life, excluding index-linked and unit-linked	R0315	57,930
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	145,139
Insurance and intermediaries receivables	R0360	805,341
Reinsurance receivables	R0370	211,031
Receivables (trade, not insurance)	R0380	106,469
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	101,250
Any other assets, not elsewhere shown	R0420	1,586
Total assets	R0500	**11,042,890**
Liabilities		
Technical provisions - total	R0505	6,573,923
Technical provisions - non-life	R0510	6,411,289
Technical provisions - life	R0515	162,634
Best estimate - total	R0542	6,170,274
Best estimate - non-life	R0544	6,032,613
Best estimate - life	R0546	137,661
Risk margin - total	R0552	403,649
Risk margin - non-life	R0554	378,676
Risk margin - life	R0556	24,973
Transitional (TMTP) - life	R0565	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	8,014
Pension benefit obligations	R0760	4,005
Deposits from reinsurers	R0770	41,012
Deferred tax liabilities	R0780	134,596
Derivatives	R0790	73,893
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	452,179
Reinsurance payables	R0830	166,386
Payables (trade, not insurance)	R0840	259,893
Subordinated liabilities	R0850	580,000
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	580,000
Any other liabilities, not elsewhere shown	R0880	3,665
Total liabilities	**R0900**	**8,297,565**
Excess of assets over liabilities	**R1000**	**2,745,325**

EO Group
IR.05.02.01
Premiums, claims and expenses by country (non-life obligations)
Amounts in £'000

		Home country	Top 5 countries (by amount of gross premium written) - non-life obligations					Total Top 5 and home country
			France	United States (US)	Belgium	Germany	Spain	
		C0080	C0090	C0100	C0110	C0120	C0130	C0130
Premiums written								
Gross - Direct Business	R0110	1,566,381	344,269	157,656	172,120	101,989	124,670	2,240,426
Gross - Proportional reinsurance accepted	R0120	25,046	15,732	106,845	54,755	6,510	15,609	202,377
Gross - Non-proportional reinsurance accepted	R0130	10,150	77,689	35,776	35,379	37,843	4,471	158,994
Reinsurers' share	R0140	335,066	72,319	160,650	89,413	39,139	37,267	657,448
Net	R0200	1,266,510	365,371	139,627	172,841	107,205	107,484	1,944,349
Premiums earned								
Gross - Direct Business	R0210	1,467,297	293,263	135,484	166,682	100,469	118,744	2,062,727
Gross - Proportional reinsurance accepted	R0220	24,039	16,757	104,800	58,722	7,121	15,911	204,318
Gross - Non-proportional reinsurance accepted	R0230	10,173	77,909	35,529	36,089	38,173	4,431	159,700
Reinsurers' share	R0240	306,911	71,180	144,708	91,070	35,807	36,362	613,869
Net	R0300	1,194,597	316,750	131,105	170,424	109,957	102,724	1,812,876
Claims incurred								
Gross - Direct Business	R0310	995,504	214,520	(8,811)	126,322	45,999	87,126	1,327,534
Gross - Proportional reinsurance accepted	R0320	17,091	15,719	28,373	42,632	4,036	2,756	103,815
Gross - Non-proportional reinsurance accepted	R0330	(9,650)	16,369	21,284	25,080	28,686	4,931	53,083
Reinsurers' share	R0340	117,256	66,675	76,155	36,907	15,969	31,821	296,994
Net	R0400	885,690	179,932	(35,510)	157,127	62,751	62,992	1,187,439
Net expenses incurred	R0550	373,755	134,439	44,822	74,040	36,195	41,897	627,056

IR.05.02.01
Premiums, claims and expenses by country (life obligations)
Amounts in £'000

		Home country*
		C0080
Premiums written		
Gross	R1410	17,609
Reinsurers' share	R1420	2,654
Net	R1500	14,956
Premiums earned		
Gross	R1510	17,609
Reinsurers' share	R1520	2,654
Net	R1600	14,956
Claims incurred		
Gross	R1610	11,449
Reinsurers' share	R1620	(1,249)
Net	R1700	12,672
Net expenses incurred	R1900	3,263

* As set out by the PRA in 'Instructions regarding reporting templates', non-reporting thresholds apply. When gross written premiums are below £100 million and 5% of total gross premiums, countries other than Home, are not reported.

EO Group
IR.05.03.02
Life income and expenditure
Amounts in £'000

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written								
Gross direct business	R0010	-	-	-	-	-	-	-
Gross reinsurance accepted	R0020	-	-	-	-	63,786	6	63,792
Gross	R0030	-	-	-	-	63,786	6	63,792
Reinsurers' share	R0040	-	-	-	-	8,568	-	8,568
Net	R0050	-	-	-	-	55,218	6	55,224
Claims incurred								
Gross direct business	R0110	-	-	-	(548)	-	-	(548)
Gross reinsurance accepted	R0120	-	-	-	16,381	17,318	(117)	33,582
Gross	R0130	-	-	-	15,833	17,318	(117)	33,034
Reinsurers' share	R0140	-	-	-	8,011	990	-	9,001
Net	R0150	-	-	-	7,822	16,328	(117)	24,033
Expenses incurred								
Gross direct business	R0160	-	-	-	-	-	-	-
Gross reinsurance accepted	R0170	-	-	-	-	16,150	130	16,281
Gross	R0180	-	-	-	-	16,150	130	16,281
Reinsurers' share	R0190	-	-	-	-	3,558	-	3,558
Net	R0200	-	-	-	-	12,592	130	12,723
Other expenses	R0300							-
Transfers and dividends								
Dividends paid	R0440							-

EO Group
IR.05.04.02
Life income and expenditure
Amounts in £'000

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)												
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)											
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations										
					Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines)	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal lines	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines
		C0010	C0015	C0109	C0110	C0120	C0130	C0140	C0141	C0150	C0151	C0160	C0170	C0180
Income														
Premiums written														
Gross written premiums	R0110		3,839,204		538	24,220	-	-	446,886	-	137,014	182,594	-	1,329,282
Gross written premiums - insurance (direct)	R0111		2,825,154		-	135	-	-	413,886		133,168	92,726	-	916,258
Gross written premiums - accepted reinsurance	R0113		1,014,049		538	24,085	-	-	33,281	-	3,846	89,869	-	413,024
Net written premiums	R0160		2,771,945		538	24,852	-	-	427,380	-	128,650	108,412	-	891,398
Premiums earned and provision for unearned														
Gross earned premiums	R0210		3,621,227		1,909	25,761	-	-	418,385	-	115,515	168,317	-	1,288,093
Net earned premiums	R0220		2,648,213		1,909	26,086	-	-	398,699	-	109,762	95,650	-	897,024
Expenditure														
Claims incurred														
Gross (undiscounted) claims incurred	R0610		2,151,734		690	25,470	-	-	203,956	-	163,162	123,344	-	642,330
Gross (undiscounted) direct business	R0611		1,535,634		-	216	-	-	179,009	-	159,691	76,463	-	412,506
Gross (undiscounted) reinsurance accepted	R0612		616,100		690	25,254	-	-	24,947	-	3,472	46,881	-	229,824
Net (undiscounted) claims incurred	R0690		1,675,198		694	25,442	-	-	186,166	-	165,137	74,034	-	529,371
Net (discounted) claims incurred	R0730	1,669,001												
Analysis of expenses incurred														
Technical expenses incurred net of reinsurance ceded	R0910	859,672												
Acquisition costs, commissions, claims management costs	R0985	660,689	660,689		896	3,678	-	-	82,777	-	28,176	23,316	-	223,512
Other expenditure														
Other expenses	**R1140**	-												
Total expenditure	**R1310**	2,528,673												

QBE UK
IR.05.04.02
Life income and expenditure (continued)
Amounts in £'000

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)										
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)									
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations								
					General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
					Employers Liability	Public & products Liability	Professional Indemnity	Other general liability				
		C0010	C0015	C0109	C0189	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Income													
Premiums written													
Gross written premiums	R0110		3,839,204			142,780	210,999	181,104	708,931	87,412	-	-	-
Gross written premiums - insurance (direct)	R0111		2,825,154			142,780	206,377	177,506	662,289	80,311	-	-	-
Gross written premiums - accepted reinsurance	R0113		1,014,049			-	4,622	3,598	46,642	7,101	-	-	-
Net written premiums	R0160		2,771,945			118,221	146,762	137,913	594,986	12,353	-	-	-
Premiums earned and provision for unearned													
Gross earned premiums	R0210		3,621,227			142,659	206,877	177,577	580,573	104,291	-	-	-
Net earned premiums	R0220		2,648,213			118,652	145,388	134,516	485,875	26,625	-	-	-
Expenditure													
Claims incurred													
Gross (undiscounted) claims incurred	R0610		2,151,734			79,562	96,783	144,981	352,927	46,119	-	-	-
Gross (undiscounted) direct business	R0611		1,535,634			79,562	95,770	141,965	345,894	44,558	-	-	-
Gross (undiscounted) reinsurance accepted	R0612		616,100			-	1,013	3,016	7,033	1,561	-	-	-
Net (undiscounted) claims incurred	R0690		1,675,198			83,786	75,224	126,106	259,239	(13,094)	-	-	-
Net (discounted) claims incurred	R0730	1,669,001	-			-	-	-	-	-	-	-	-
Analysis of expenses incurred													
Technical expenses incurred net of reinsurance ceded	R0910	859,672											
Acquisition costs, commissions, claims management costs	R0985	660,689	660,689			33,814	48,446	27,860	146,531	22,354	-	-	-
Other expenditure													
Other expenses	R1140	-											
Total expenditure	R1310	2,528,673											

QBE UK
IR.05.04.02
Life income and expenditure (continued)
Amounts in £'000

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)									
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)							Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations	Line of Business for: accepted non-proportional reinsurance						
						Health	Casualty	Marine, aviation and transport	Property		
		C0010	C0015	C0109	C0309	C0310	C0320	C0330	C0340	C0525	C0545
Income											
Premiums written											
Gross written premiums	R0110		3,839,204			25,963	161,825	8,893	190,762		
Gross written premiums - insurance (direct)	R0111		2,825,154								
Gross written premiums - accepted reinsurance	R0113		1,014,049			25,963	161,825	8,893	190,762		
Net written premiums	R0160		2,771,945			22,022	158,926	6,033	(6,501)		
Premiums earned and provision for unearned											
Gross earned premiums	R0210		3,621,227			26,236	165,319	7,931	191,786		
Net earned premiums	R0220		2,648,213			22,675	161,649	5,063	18,642		
Expenditure											
Claims incurred											
Gross (undiscounted) claims incurred	R0610		2,151,734			9,943	87,036	5,511	169,920		
Gross (undiscounted) direct business	R0611		1,535,634								
Gross (undiscounted) reinsurance accepted	R0612		616,100			9,943	87,036	5,511	169,920		
Net (undiscounted) claims incurred	R0690		1,675,198			7,085	87,382	918	67,709		
Net (discounted) claims incurred	R0730	1,669,001				-	-	-	-	-	-
Analysis of expenses incurred											
Technical expenses incurred net of reinsurance ceded	R0910	859,672									
Acquisition costs, commissions, claims management costs	R0985	660,689	660,689			2,190	25,473	1,033	(9,367)	-	-
Other expenditure											
Other expenses	R1140	-									
Total expenditure	R1310	2,528,673									

EO Group
IR.23.01.04
Own funds (amounts in £'000)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds						
Ordinary share capital (gross of own shares)	R0010	1,212,279	1,212,279		-	
Non-available called but not paid in ordinary share capital at group level	R0020	-	-		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Non-available subordinated mutual member accounts at group level	R0060	-		-	-	-
Surplus funds	R0070	-		-	-	
Non-available surplus funds at group level	R0080	-		-	-	
Preference shares	R0090	-		-	-	-
Non-available preference shares at group level	R0100	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Non-available share premium account related to preference shares at group level	R0120	-		-	-	-
Reconciliation reserve	R0130	1,466,933	1,466,933			
Subordinated liabilities	R0140	580,000		-	580,000	-
Non-available subordinated liabilities at group level	R0150	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	14,295				14,295
The amount equal to the value of net deferred tax assets not available at the group level	R0170	14,295				14,295
Other items approved by supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Non available own funds related to other own funds items approved by supervisory authority	R0190	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	R0200	-	-	-	-	-
Non-available minority interests at group level	R0210	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Deductions for participations where there is non-availability of information	R0250	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	R0260	-	-	-	-	-
Total of non-available own fund items	R0270	14,295	-	-	-	14,295
Total deductions	R0280	14,295	-	-	-	14,295
Total basic own funds after deductions	R0290	3,259,212	2,679,212	-	580,000	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees	R0340	-			-	
Letters of credit and guarantees other	R0350	-			-	
Supplementary members calls	R0360	-			-	
Supplementary members calls - other	R0370	-			-	-
Non available ancillary own funds at group level	R0380	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	R0410	-	-	-	-	
Institutions for occupational retirement provision	R0420	-	-	-	-	-
Non regulated entities carrying out financial activities	R0430	-	-	-	-	
Total own funds of other financial sectors	R0440	-	-	-	-	-
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	-	-	-	-	-
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	-	-	-	-	-
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	3,259,212	2,679,212	-	580,000	-
Total available own funds to meet the minimum consolidated group SCR	R0530	3,259,212	2,679,212	-	580,000	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	3,259,212	2,679,212	-	580,000	-
Total eligible own funds to meet the minimum consolidated group SCR	R0570	2,846,497	2,679,212	-	167,285	
Consolidated Group SCR	R0590	2,204,274				
Minimum consolidated Group SCR	R0610	836,427				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	R0630	147.9%				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	340.3%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	3,259,212	2,679,212	-	580,000	-
SCR for entities included with D&A method	R0670	-				
Group SCR	R0680	-				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	147.9%				

EO Group
IR.23.01.04 (continued)
Own funds
Amounts in £'000

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,745,325
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Deductions for participations in financial and credit institutions	R0725	-
Other basic own fund items	R0730	1,226,574
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	36,946
Other non available own funds	R0750	14,872
Reconciliation reserve	R0760	**1,466,933**

EO Group
IR.25.05.21
Solvency Capital Requirement – for undertakings in Full Internal Model
Amounts in £'000

Rows		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	**125,469**
Interest rate risk	R0070	(75,018)
Equity risk	R0080	160,393
Property risk	R0090	28,527
Spread risk	R0100	244,383
Concentration risk	R0110	-
Currency risk	R0120	231,305
Other market risk	R0125	-
Diversification within market risk	R0130	(464,121)
Counterparty default risk	R0180	**262,673**
Type 1 exposures	R0150	259,219
Type 2 exposures	R0160	33,826
Other counterparty risk	R0165	-
Diversification within counterparty default risk	R0170	(30,373)
Life underwriting risk	R0270	-
Mortality risk	R0190	-
Longevity risk	R0200	-
Disability-Morbidity risk	R0210	-
Life-expense risk	R0220	-
Revision risk	R0230	-
Lapse risk	R0240	-
Life catastrophe risk	R0250	-
Other life underwriting risk	R0255	-
Diversification within life underwriting risk	R0260	-
Total health underwriting risk	R0320	-
Health SLT risk	R0280	-
Health non SLT risk	R0290	-
Health catastrophe risk	R0300	-
Other health underwriting risk	R0305	-
Diversification within health underwriting risk	R0310	-
Non-life underwriting risk	R0370	**1,980,091**
Non-life premium and reserve risk (ex catastrophe risk)	R0330	2,223,993
Non-life catastrophe risk	R0340	286,528
Lapse risk	R0350	-
Other non-life underwriting risk	R0355	-
Diversification within non-life underwriting risk	R0360	(530,431)
Intangible asset risk	R0400	-
Operational and other risks	R0430	**775,545**
Operational risk	R0422	222,842
Other risks	R0424	552,703
Total before all diversification	R0432	4,168,703
Total before diversification between risk modules	R0434	3,143,778
Diversification between risk modules	R0436	(939,504)
Total after diversification	R0438	2,204,274
Loss-absorbing capacity of technical provisions	R0440	-
Loss-absorbing capacity of deferred taxes	R0450	-
Other adjustments	R0455	-
Solvency capital requirement including undisclosed capital add-on	R0460	2,204,274
Disclosed capital add-on - excluding residual model limitation	R0472	-
Disclosed capital add-on - residual model limitation	R0474	-
Solvency capital requirement including capital add-on	R0480	**2,204,274**
Undisclosed capital add-on - residual model limitation	R0482	19,109
Capital add-on	R0484	19,109
Biting interest rate scenario	R0490	
Biting life lapse scenario	R0495	

EO Group
IR.25.05.21
Solvency Capital Requirement – for undertakings in Full Internal Model (continued)
Amounts in £'000

Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530	-
Capital requirement for non-controlled participation requirements	R0540	-
Capital requirement for residual undertakings	R0550	-
Overall SCR		
Solvency capital requirement (consolidation method)	R0555	2,204,274
SCR for undertakings included via D and A	R0560	-
SCR for sub-groups included via D and A	R0565	-
Solvency capital requirement	R0570	**2,204,274**

EO Group

S.32.01.22

Undertakings in the scope of the group

							Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if excluded	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800GB00038	Chrysalis Management Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		20%	20%	20%		Significant	20%	Yes		Method 1: Adjusted equity method
DE	213800DE00003	Greenhill BAIA Underwriting GmbH	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800GB00016	Greenhill International Insurance Holdings Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	213800GB00004	Greenhill Sturge Underwriting Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800GB00005	Greenhill Underwriting Espana Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
CZ	213800CZ00017	Lifeco s. r. o.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	213800M5ZP1KSX9UYB71	QBE Corporate Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
BE	213800PWJMAF6INXSV90	QBE Europe SA/NV	Composite undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Nationale Bank van België	100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation

Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if excluded	Method used and under method 1, treatment of the undertaking
GB	213800791EF5XP7WW494	QBE European Operations Plc	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		-	-	-		-	-	Yes		Method 1: Full consolidation
GB	213800GB00029	QBE European Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138001YKXKPQ6DYEI15	QBE Finance Holdings (Eo) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138001VJLIGBUFEQE54	QBE Holdings (Eo) Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
AU	213800AU00013	QBE Investments (Australia) Pty Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
IE	213800CDFJ12UGMK9342	QBE Management (Ireland) Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800F6M2ZYHXYJOV75	QBE Management Services (Uk) Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
CA	213800CA00024	QBE Services Inc.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138003HAOJ2X4PBKS90	QBE UK Finance IV Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	2138008RZQUZIMFBAS79	QBE UK Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	The Prudential Regulation Authority	100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation

Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if excluded	Method used and under method 1, treatment of the undertaking
GB	213800G4VF3APWBP7231	QBE Underwriting Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
GB	213800GB00028	QBE Underwriting Services (UK) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method
CZ	213800CZ00006	QBE s. r. o.	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Full consolidation
GB	213800GB00015	Standfast Corporate Underwriters Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual		100%	100%	100%		Dominant	100%	Yes		Method 1: Adjusted equity method

QBE UK

Template code	Template name
IR.02.01.02	Balance sheet
IR.05.02.01*	Premiums, claims and expenses by country (non-life)
IR.05.02.01*	Premiums, claims and expenses by country (life)
IR.05.03.02	Life income and expenditure
IR.05.04.02	Non-life income and expenditure
IR.12.01.02	Life technical provisions
IR.17.01.02	Non-Life Technical Provisions
IR.19.01.21	Non-Life insurance claims
IR.23.01.01	Own funds
IR.25.04.21	Solvency Capital Requirement
IR.28.01.01	Minimum Capital Requirement

* As set out by the PRA in 'Instructions regarding reporting templates', non-reporting thresholds apply. When gross written premiums are below £100 million and 5% of total gross premiums, countries other than Home, are not reported.

QBE UK
IR.02.01.02 - Balance sheet (amounts in £'000)

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3,302,080
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	2,527,033
Government Bonds	R0140	899,633
Corporate Bonds	R0150	1,621,726
Structured notes	R0160	-
Collateralised securities	R0170	5,674
Collective Investments Undertakings	R0180	644,122
Derivatives	R0190	7,372
Deposits other than cash equivalents	R0200	123,553
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	1,464
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	1,464
Reinsurance recoverables from:	R0270	461,664
Non-life and health similar to non-life	R0280	442,501
Life and health similar to life, excluding index-linked and unit-linked	R0315	19,163
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	16,994
Insurance and intermediaries receivables	R0360	387,232
Reinsurance receivables	R0370	145,324
Receivables (trade, not insurance)	R0380	73,758
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	49,252
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	**4,437,768**
Liabilities		
Technical provisions - total	R0505	2,859,719
Technical provisions - non-life	R0510	2,801,165
Technical provisions - life	R0515	58,554
Best estimate - total	R0542	2,728,011
Best estimate - non-life	R0544	2,675,119
Best estimate - life	R0546	52,892
Risk margin – total	R0552	131,709
Risk margin – non-life	R0554	126,046
Risk margin – life	R0556	5,662
Transitional (TMTP) – life	R0565	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	56,870
Derivatives	R0790	17,284
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	268,103
Reinsurance payables	R0830	163,471
Payables (trade, not insurance)	R0840	118,101
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	5,088
Total liabilities	**R0900**	**3,488,635**
Excess of assets over liabilities	**R1000**	**949,133**

QBE UK
IR.05.02.01
Premiums, claims and expenses by country (Non-Life)
Amounts in £'000

		Total Top 5 and home country - non-life obligations*		
		Home	United States (US)	Total Top 5 and home country*
		C0080	C0090	C0140
Premiums written				
Gross - Direct Business	R0110	1,482,652	146,602	1,629,254
Gross - Proportional reinsurance accepted	R0120	17,785	87,415	105,200
Gross - Non-proportional reinsurance accepted	R0130	293	2	295
Reinsurers' share	R0140	294,894	96,507	391,401
Net	R0200	1,205,836	137,512	1,343,348
Premiums earned				
Gross - Direct Business	R0210	1,370,553	124,534	1,495,087
Gross - Proportional reinsurance accepted	R0220	16,920	84,104	101,024
Gross - Non-proportional reinsurance accepted	R0230	446	4	450
Reinsurers' share	R0240	268,358	88,425	356,783
Net	R0300	1,119,561	120,217	1,239,778
Claims incurred				
Gross - Direct Business	R0310	932,888	(15,025)	917,863
Gross - Proportional reinsurance accepted	R0320	10,376	5,097	15,473
Gross - Non-proportional reinsurance accepted	R0330	(12,095)	(3,579)	(15,674)
Reinsurers' share	R0340	103,921	2,027	105,948
Net	R0400	827,248	(15,534)	811,714
Net expenses incurred	R0550	335,700	39,521	375,221

Premiums, claims and expenses by country (Life)
Amounts in £'000

		Total Top 5 and home country*	Home country
		C0220	C0280
Premiums written			
Gross	R1410		
Reinsurers' share	R1420		
Net	R1500		
Premiums earned			
Gross	R1510		
Reinsurers' share	R1520		
Net	R1600		
Claims incurred			
Gross	R1610	(985)	(985)
Reinsurers' share	R1620	(1,783)	(1,783)
Net	R1700	798	798
Net expenses incurred	R1900		

* As set out by the PRA in 'Instructions regarding reporting templates', non-reporting thresholds apply. When gross written premiums are below £100 million and 5% of total gross premiums, countries other than Home, are not reported.

QBE UK
IR.05.03.02
Life income and expenditure (Life)
Amounts in £'000

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written								
Gross direct business	R0010	-	-	-	-	-	-	-
Gross reinsurance accepted	R0020	-	-	-	-	6,925	-	6,925
Gross	R0030	-	-	-	-	6,925	-	6,925
Reinsurers' share	R0040	-	-	-	-	-	-	-
Net	R0050	-	-	-	-	6,925	-	6,925
Claims incurred								
Gross direct business	R0110	-	-	-	(548)	-	-	(548)
Gross reinsurance accepted	R0120	-	-	-	(438)	3,775	-	3,337
Gross	R0130	-	-	-	(986)	3,775	-	2,789
Reinsurers' share	R0140	-	-	-	(1,783)	-	-	(1,783)
Net	R0150	-	-	-	798	3,775	-	4,573
Expenses incurred								
Gross direct business	R0160	-	-	-	-	-	-	-
Gross reinsurance accepted	R0170	-	-	-	-	470	-	470
Gross	R0180	-	-	-	-	470	-	470
Reinsurers' share	R0190	-	-	-	-	-	-	-
Net	R0200	-	-	-	-	470	-	470
Other expenses	R0300							-
Transfers and dividends								
Dividends paid	R0440							-

QBE UK
IR.05.04.02
Life income and expenditure
Amounts in £'000

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)												
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)											
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations										
					Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines)	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal lines	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines
		C0010	C0015	C0109	C0110	C0120	C0130	C0140	C0141	C0150	C0151	C0160	C0170	C0180
Income														
Premiums written														
Gross written premiums	R0110		2,085,869		-	132	-	-	437,716	-	130,098	80,714	-	799,558
Gross written premiums - insurance (direct)	R0111		1,719,076			**132**			409,218		130,098	13,759		555,953
Gross written premiums - accepted reinsurance	R0113		366,793		-	-	-	-	28,498	-	0	66,955	-	243,605
Net written premiums	R0160		1,579,928		-	124	-	-	418,381	-	121,763	17,311	-	561,406
Premiums earned and provision for unearned														
Gross earned premiums	R0210		1,911,760		-	121	-	-	408,212	-	108,625	68,850	-	745,531
Net earned premiums	R0220		1,446,345		-	113	-	-	388,641	-	102,899	9,409	-	523,011
Expenditure														
Claims incurred														
Gross (undiscounted) claims incurred	R0610		1,103,359		-	199	-	-	195,896	-	156,357	44,907	-	340,108
Gross (undiscounted) direct business	R0611		881,811		-	199	-	-	173,104	-	156,357	8,322	-	216,533
Gross (undiscounted) reinsurance accepted	R0612		221,548		-	-	-	-	22,792	-	0	36,585	-	123,575
Net (undiscounted) claims incurred	R0690		924,879		-	208	-	-	180,622	-	158,500	11,098	-	320,048
Net (discounted) claims incurred	R0730	918,682												
Analysis of expenses incurred														
Technical expenses incurred net of reinsurance ceded	R0910	440,729												
Acquisition costs, commissions, claims management costs	R0985	366,960	366,960		-	-	-	-	80,926	-	25,867	6,160	-	120,649
Other expenditure														
Other expenses	**R1140**	-												
Total expenditure	**R1310**	1,414,354												

QBE UK
IR.05.04.02
Life income and expenditure (continued)
Amounts in £'000

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)											
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)										
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations									
					General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
					Employers Liability	Public & products Liability	Professional Indemnity	Other general liability				
		C0010	C0015	C0109	C0189	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Income													
Premiums written													
Gross written premiums	R0110		2,085,869			116,486	166,270	91,227	181,129	55,602	-	-	-
Gross written premiums - insurance (direct)	R0111		1,719,076			116,486	166,244	91,227	180,834	55,125	-	-	-
Gross written premiums - accepted reinsurance	R0113		366,793			-	26	-	295	477	-	-	-
Net written premiums	R0160		1,579,928			112,003	128,911	84,905	106,782	3,602	-	-	-
Premiums earned and provision for unearned													
Gross earned premiums	R0210		1,911,760			113,238	160,615	91,765	129,030	58,672	-	-	-
Net earned premiums	R0220		1,446,345			109,370	125,348	86,945	70,610	4,623	-	-	-
Expenditure													
Claims incurred													
Gross (undiscounted) claims incurred	R0610		1,103,359			64,829	73,138	79,536	77,117	32,924	-	-	-
Gross (undiscounted) direct business	R0611		881,811			64,829	73,170	79,536	77,110	32,650	-	-	-
Gross (undiscounted) reinsurance accepted	R0612		221,548			-	(32)	-	7	275	-	-	-
Net (undiscounted) claims incurred	R0690		924,879			73,041	59,231	62,127	39,703	(9,975)	-	-	-
Net (discounted) claims incurred	R0730	918,682				-	-	-	-	-	-	-	-
Analysis of expenses incurred													
Technical expenses incurred net of reinsurance ceded	R0910	440,729											
Acquisition costs, commissions, claims management costs	R0985	366,960	366,960			30,288	45,552	15,310	25,151	11,157	-	-	-
Other expenditure													
Other expenses	R1140	-											
Total expenditure	R1310	1,414,354											

QBE UK
IR.05.04.02
Life income and expenditure (continued)
Amounts in £'000

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)									
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)							Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations	Line of Business for: accepted non-proportional reinsurance						
						Health	Casualty	Marine, aviation and transport	Property		
		C0010	C0015	C0109	C0309	C0310	C0320	C0330	C0340	C0525	C0545
Income											
Premiums written											
Gross written premiums	R0110		2,085,869			-	7,427	56	19,453		
Gross written premiums - insurance (direct)	R0111		1,719,076								
Gross written premiums - accepted reinsurance	R0113		366,793			-	7,427	56	19,453		
Net written premiums	R0160		1,579,928			-	7,100	(150)	17,787		
Premiums earned and provision for unearned											
Gross earned premiums	R0210		1,911,760			-	8,371	73	18,658		
Net earned premiums	R0220		1,446,345			-	7,956	(133)	17,553		
Expenditure											
Claims incurred											
Gross (undiscounted) claims incurred	R0610		1,103,359			-	18,034	123	20,190		
Gross (undiscounted) direct business	R0611		881,811								
Gross (undiscounted) reinsurance accepted	R0612		221,548			-	18,034	123	20,190		
Net (undiscounted) claims incurred	R0690		924,879			-	15,199	(92)	15,169		
Net (discounted) claims incurred	R0730	918,682				-	-	-	-	-	-
Analysis of expenses incurred											
Technical expenses incurred net of reinsurance ceded	R0910	440,729									
Acquisition costs, commissions, claims management costs	R0985	366,960	366,960			-	1,710	26	4,163	-	-
Other expenditure											
Other expenses	R1140	-									
Total expenditure	R1310	1,414,354									

QBE UK
IR.12.01.02
Life and Health SLT Technical Provisions
Amounts in £'000

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Best Estimate								
Gross Best Estimate (direct business)	R0025	-	-	-	43,079	-	-	43,079
Gross Best Estimate (reinsurance accepted)	R0026	-	-	-	8,025	1,788	-	9,813
Gross Best Estimate	R0030	-	-	-	51,104	1,788	-	52,892
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-	-	-	19,163	-	-	19,163
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	-	-	-	31,941	1,788	-	33,729
Risk Margin	R0100	-	-	-	2,994	2,668	-	5,662
Amount of the transitional on Technical Provisions								
TMTP - risk margin	R0140	-	-	-	-	-	-	-
TMTP - best estimate dynamic component	R0150	-	-	-	-	-	-	-
TMTP - best estimate static component	R0160	-	-	-	-	-	-	-
TMTP - amortisation adjustment	R0170	-	-	-	-	-	-	-
Transitional Measure on Technical Provisions	R0180	-	-	-	-	-	-	-
Technical provisions – total	R0200	-	-	-	54,098	4,456	-	58,554

QBE UK
IR.17.01.02
Life and Health SLT Technical Provisions (continued)
Amounts in £'000

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Best estimate													
Premium provisions													
Gross	R0060	-	513	-	86,220	90,240	(3,284)	31,136	60,510	12,447	7,390	(8)	244
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	2	-	4,003	8,311	(12,608)	(119,013)	(36,309)	(14,053)	(102)	-	-
@ANINet Best Estimate of Premium Provisions	R0150	-	511	-	82,217	81,929	9,324	150,149	96,818	26,499	7,491	(8)	244
Claims provisions													
Gross	R0160	(4)	739	-	517,214	52,815	109,164	520,414	939,987	72,809	(384)	197	3,792
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	(1)	104	-	39,075	6,274	71,215	58,395	326,647	73,486	(4,829)	-	(22)
Net Best Estimate of Claims Provisions	R0250	(3)	635	-	478,139	46,542	37,949	462,019	613,340	(677)	4,446	198	3,814
Total Best estimate - gross	R0260	(4)	1,252	-	603,434	143,055	105,880	551,550	1,000,496	85,256	7,006	189	4,035
Total Best estimate - net	R0270	(3)	1,146	-	560,356	128,470	47,273	612,168	710,158	25,822	11,937	189	4,058
Risk margin	R0280	-	22	-	29,627	3,491	6,727	25,807	48,645	2,110	-	12	166
Technical provisions - total (best estimate plus risk margin)													
Technical provisions - total	R0320	(4)	1,274	-	633,061	146,546	112,607	577,357	1,049,141	87,366	7,006	201	4,201
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	(1)	106	-	43,078	14,585	58,607	(60,618)	290,338	59,434	(4,931)	-	(22)
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	(3)	1,168	-	589,983	131,961	54,000	637,975	758,803	27,933	11,937	202	4,224

QBE UK
IR.17.01.02
Life and Health SLT Technical Provisions (continued)
Amounts in £'000

		Accepted non-proportional reinsurance				
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0140	C0150	C0160	C0170	C0180
Best estimate						
Premium provisions						
Gross	R0060	900	4,438	3,543	(83)	294,205
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	(470)	2	(2,665)	(172,899)
Net Best Estimate of Premium Provisions	R0150	900	4,907	3,541	2,582	467,104
Claims provisions						
Gross	R0160	1,459	174,666	(26,188)	14,234	2,380,914
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	2,636	19,314	1,362	21,746	615,401
Net Best Estimate of Claims Provisions	R0250	(1,177)	155,352	(27,550)	(7,512)	1,765,514
Total Best estimate - gross	R0260	2,359	179,104	(22,645)	14,150	2,675,119
Total Best estimate - net	R0270	(276)	160,260	(24,009)	(4,930)	2,232,618
Risk margin	R0280	-	8,254	-	1,184	126,046
Technical provisions - total (best estimate plus risk margin)						
Technical provisions - total	R0320	2,359	187,359	(22,645)	15,335	2,801,165
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	2,636	18,844	1,365	19,081	442,501
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	(276)	168,514	(24,009)	(3,746)	2,358,664

QBE UK
IR.19.01.21
Non-life insurance claims
Amounts in £'000

Total Non-Life business

Z0020	Accident year

Gross Claims Paid (non-cumulative) - Development year. Total Non-Life Business

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											2,704,775
N-9	R0160	51,431	257,536	60,236	89,559	53,055	51,249	37,781	3,080	12,525	6,001	
N-8	R0170	54,379	85,572	135,828	58,519	62,688	59,739	29,187	10,516	18,829		
N-7	R0180	38,159	184,521	90,388	52,913	34,155	44,769	35,507	40,679			
N-6	R0190	55,728	176,729	91,850	45,430	50,488	38,931	11,928				
N-5	R0200	42,045	80,645	227,777	83,997	41,814	19,572					
N-4	R0210	33,162	131,774	66,087	50,857	32,070						
N-3	R0220	39,409	135,504	77,207	72,484							
N-2	R0230	75,202	202,446	127,440								
N-1	R0240	99,661	263,326									
N	R0250	68,933										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	104,834	2,704,775
N-9	R0160	6,001	622,454
N-8	R0170	18,829	515,256
N-7	R0180	40,679	521,093
N-6	R0190	11,928	471,084
N-5	R0200	19,572	495,849
N-4	R0210	32,070	313,949
N-3	R0220	72,484	324,604
N-2	R0230	127,440	405,089
N-1	R0240	263,326	362,987
N	R0250	68,933	68,933
Total	R0260	**766,096**	**6,806,072**

Z0020	Accident year

Gross undiscounted Best Estimate Claims Provisions - Development year. Total Non-Life Business

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											4,712,461
N-9	R0160	0	634,940	472,526	348,351	252,955	148,995	103,405	71,631	51,815	38,684	
N-8	R0170	454,809	586,527	447,475	326,804	251,664	128,001	104,007	100,471	61,657		
N-7	R0180	351,748	497,486	335,291	237,184	182,782	171,280	135,515	79,490			
N-6	R0190	386,859	438,032	314,154	256,038	185,762	131,727	102,291				
N-5	R0200	238,998	551,747	306,454	225,146	158,221	125,216					
N-4	R0210	243,991	308,131	257,176	200,822	184,528						
N-3	R0220	277,849	445,019	361,695	290,308							
N-2	R0230	357,097	509,318	411,618								
N-1	R0240	495,280	732,309									
N	R0250	506,588										

		Year end (discounted data)
		C0360
Prior	R0100	127,076
N-9	R0160	34,181
N-8	R0170	54,120
N-7	R0180	70,404
N-6	R0190	91,320
N-5	R0200	111,420
N-4	R0210	166,003
N-3	R0220	259,343
N-2	R0230	367,094
N-1	R0240	653,251
N	R0250	449,982
Total	R0260	**2,384,191**

Z0020	Accident year

Gross premium

		Gross earned premium at reporting reference date	Estimate of future gross earned premium
		C0570	C0580
Prior	R0100		
N-9	R0160	910,744	319
N-8	R0170	804,524	(176)
N-7	R0180	781,065	1,164
N-6	R0190	804,323	899
N-5	R0200	796,185	2,812
N-4	R0210	874,321	5,732
N-3	R0220	1,056,830	15,537
N-2	R0230	1,289,735	40,881
N-1	R0240	1,490,414	116,029
N	R0250	778,002	990,518

QBE UK
IR.23.01.01
Own funds
Amounts in £'000

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	625,905	625,905			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-				
Share premium account related to preference shares	R0110	-				
Reconciliation reserve	R0130	305,013	305,013			
Subordinated liabilities	R0140	-	-	-	-	-
An amount equal to the value of net deferred tax assets	R0160					-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				-
Deductions						
Total basic own funds after deductions	R0290	930,918	930,918	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	160,000			160,000	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390					
Total ancillary own funds	R0400	160,000			160,000	
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,090,918	930,918		160,000	
Total available own funds to meet the MCR	R0510	930,918	930,918		-	
Total eligible own funds to meet the SCR	R0540	1,090,918	930,918		160,000	
Total eligible own funds to meet the MCR	R0550	930,918	930,918		-	
SCR	R0580	798,072				
MCR	R0600	359,132				
Ratio of Eligible own funds to SCR	R0620	136.7%				
Ratio of Eligible own funds to MCR	R0640	259.2%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	949,133
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Deductions for participations in financial and credit institutions	R0725	-
Other basic own fund items	R0730	625,905
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	18,214
Reconciliation reserve	R0760	305,013

QBE UK
IR.25.04.21
Solvency Capital Requirement
Amounts in £'000

Rows		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	**34,795**
Interest rate risk	R0070	(30,085)
Equity risk	R0080	69,650
Property risk	R0090	19,195
Spread risk	R0100	96,795
Concentration risk	R0110	-
Currency risk	R0120	54,332
Other market risk	R0125	1,855
Diversification within market risk	R0130	(176,947)
Counterparty default risk	R0180	**109,699**
Type 1 exposures	R0150	107,690
Type 2 exposures	R0160	13,522
Other counterparty risk	R0165	-
Diversification within counterparty default risk	R0170	(11,513)
Life underwriting risk	R0270	-
Mortality risk	R0190	-
Longevity risk	R0200	-
Disability-Morbidity risk	R0210	-
Life-expense risk	R0220	-
Revision risk	R0230	-
Lapse risk	R0240	-
Life catastrophe risk	R0250	-
Other life underwriting risk	R0255	-
Diversification within life underwriting risk	R0260	-
Total health underwriting risk	R0320	-
Health SLT risk	R0280	-
Health non SLT risk	R0290	-
Health catastrophe risk	R0300	-
Other health underwriting risk	R0305	-
Diversification within health underwriting risk	R0310	-
Non-life underwriting risk	R0370	**920,836**
Non-life premium and reserve risk (ex catastrophe risk)	R0330	1,068,117
Non-life catastrophe risk	R0340	162,545
Lapse risk	R0350	-
Other non-life underwriting risk	R0355	-
Diversification within non-life underwriting risk	R0360	(309,826)
Intangible asset risk	R0400	-
Operational and other risks	R0430	**128,419**
Operational risk	R0422	**108,505**
Other risks	R0424	19,914
Total before all diversification	R0432	1,692,035
Total before diversification between risk modules	R0434	1,193,749
Diversification between risk modules	R0436	(395,677)
Total after diversification	R0438	798,072
Loss-absorbing capacity of technical provisions	R0440	-
Loss-absorbing capacity of deferred taxes	R0450	-
Other adjustments	R0455	-
Solvency capital requirement including undisclosed capital add-on	R0460	798,072
Disclosed capital add-on - excluding residual model limitation	R0472	-
Disclosed capital add-on - residual model limitation	R0474	-
Solvency capital requirement including capital add-on	R0480	**798,072**
Biting interest rate scenario	R0490	-
Biting life lapse scenario	R0495	-

QBE UK
IR.28.01.01
Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity
Amounts in £'000s

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	387,841

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0021
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	1,168	132
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	589,983	401,011
Other motor insurance and proportional reinsurance	R0060	131,961	116,442
Marine, aviation and transport insurance and proportional reinsurance	R0070	54,000	19,418
Fire and other damage to property insurance and proportional reinsurance	R0080	637,975	536,566
General liability insurance and proportional reinsurance	R0090	758,803	391,161
Credit and suretyship insurance and proportional reinsurance	R0100	27,933	7,450
Legal expenses insurance and proportional reinsurance	R0110	11,937	805
Assistance and proportional reinsurance	R0120	202	1
Miscellaneous financial loss insurance and proportional reinsurance	R0130	4,224	5
Non-proportional health reinsurance	R0140	-	3
Non-proportional casualty reinsurance	R0150	168,514	8,699
Non-proportional marine, aviation and transport reinsurance	R0160	-	88
Non-proportional property reinsurance	R0170	-	16,089

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	4,734

Total capital at risk for all life (re)insurance obligations

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	39,391	
Total capital at risk for all life (re)insurance obligations	R0250		5,581,070

Overall MCR calculations

		C0070
Linear MCR	R0300	392,575
SCR	R0310	798,072
MCR cap	R0320	359,132
MCR floor	R0330	199,518
Combined MCR	R0340	359,132
Absolute floor of the MCR	R0350	3,500
Minimum Capital Requirement	R0400	**359,132**

QBE Europe

Template code	Template name
S.02.01.02	Balance sheet
S.04.05.21	Activity by country – location of risk
S.05.01.02	Premiums, claims and expenses by line of business (Non-Life)
S.05.01.02	Premiums, claims and expenses by line of business (Life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.22.01.21	Impact of long-term guarantees measures and transitionals
S.23.01.01	Own funds
S.25.05.21	Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.01.01	Minimum Capital Requirement

QBE Europe
S.02.01.02 - Balance sheet (amounts in €'000s)

		Solvency II
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	20,217
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	13,227
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	4,946,185
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	4,472,518
Government Bonds	R0140	1,390,681
Corporate Bonds	R0150	2,949,602
Structured notes	R0160	-
Collateralised securities	R0170	132,235
Collective Investments Undertakings	R0180	427,142
Derivatives	R0190	37,740
Deposits other than cash equivalents	R0200	8,786
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	915,342
Non-life and health similar to non-life	R0280	868,454
Non-life excluding health	R0290	862,267
Health similar to non-life	R0300	6,187
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	46,888
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	46,888
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	154,987
Insurance and intermediaries receivables	R0360	507,804
Reinsurance receivables	R0370	79,908
Receivables (trade, not insurance)	R0380	36,126
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	49,163
Any other assets, not elsewhere shown	R0420	209
Total assets	**R0500**	**6,723,169**
Liabilities		
Technical provisions - non-life	R0510	4,492,821
Technical provisions - non-life (excluding health)	R0520	4,341,168
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	3,891,864
Risk margin	R0550	449,304
Technical provisions - health (similar to non-life)	R0560	151,652
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	122,248
Risk margin	R0590	29,404
Technical provisions - life (excluding index-linked and unit-linked)	R0600	125,881
Technical provisions - health (similar to life)	R0610	53
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	49
Risk margin	R0640	4
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	125,828
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	102,476
Risk margin	R0680	23,352
Technical provisions - index-linked and unit-linked	R0690	-
Technical provisions calculated as a whole	R0700	-
Best Estimate	R0710	-
Risk margin	R0720	-
Pension benefit obligations	R0760	4,844
Deposits from reinsurers	R0770	49,602
Deferred tax liabilities	R0780	78,991
Derivatives	R0790	67,391
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	222,633
Reinsurance payables	R0830	1,864
Payables (trade, not insurance)	R0840	122,162
Subordinated liabilities	R0850	80,000
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	80,000
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	**R0900**	**5,246,189**
Excess of assets over liabilities	**R1000**	**1,476,981**

QBE Europe
S.04.05.21
Activity by country – location of risk
Amounts in €'000s

		Home country	Top 5 countries - non-life obligations				
		Belgium (BE)	France (FR)	Germany (DE)	Spain (ES)	United Kingdom (After Brexit)	Italy (IT)
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written (gross)							
Gross Written Premium (direct)	R0020	202,512	406,130	119,019	147,248	98,906	77,418
Gross Written Premium (proportional	R0021	64,679	18,583	7,543	17,062	8,576	7,080
Gross Written Premium (non-proportional	R0022	41,791	91,754	44,702	5,280	11,644	11,095
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030	196,148	345,920	117,333	140,249	114,282	78,246
Gross Earned Premium (proportional	R0031	69,366	19,794	8,268	17,502	8,409	7,232
Gross Earned Premium (non-proportional	R0032	42,631	92,013	45,093	5,230	11,488	11,406
Claims incurred (gross)							
Claims incurred (direct)	R0040	150,547	255,824	52,174	103,910	74,677	26,105
Claims incurred (proportional reinsurance)	R0041	50,843	18,747	5,214	3,172	8,008	890
Claims incurred (non-proportional reinsurance)	R0042	28,508	20,146	34,972	5,558	2,917	34,336
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050	64,382	147,209	34,443	46,038	36,802	3,831
Gross Expenses Incurred (proportional	R0051	26,400	4,316	2,737	5,769	3,329	1,876
Gross Expenses Incurred (non-proportional	R0052	8,797	20,533	10,263	1,812	6,520	2,421

		Home country	Top 5 countries: life and health SLT				
		Belgium (BE)	United Kingdom (After Brexit)	France (FR)	United States of America (US)	Netherlands (NL)	Switzerland (CH)
		C0030	C0040	C0040	C0040	C0040	C0040
Gross Written Premium	R102	25,565	20,801	6,217	2,445	1,601	1,557
Gross Earned Premium	R103	25,565	20,801	6,217	2,445	1,601	1,557
Claims incurred	R104	35,404	14,751	(2,564)	(1,361)	661	377
Gross Expenses Incurred	R105	7,729	5,194	2,197	779	417	563

QBE Europe
S.05.01.02
Premiums, claims and expenses by line of business (non-Life)
Amounts in €'000s

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written													
Gross - Direct Business	R0110	-	3	-	5,182	3,627	93,280	425,614	749,109	29,751	-	-	-
Gross - Proportional reinsurance accepted	R0120	635	28,451	-	5,651	4,543	27,067	200,127	64,427	7,825	-	-	-
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140	-	(756)	-	203	35	12,734	235,935	145,793	27,239	-	-	-
Net	R0200	635	29,210	-	10,630	8,135	107,613	389,806	667,742	10,337	-	-	-
Premiums earned													
Gross - Direct Business	R0210	-	3	-	5,433	3,441	90,880	437,649	662,636	42,490	-	-	-
Gross - Proportional reinsurance accepted	R0220	2,255	30,284	-	6,584	4,698	26,617	203,257	61,519	11,399	-	-	-
Gross - Non-proportional reinsurance accepted	R0230												
Reinsurers' share	R0240	-	(393)	-	136	33	15,624	199,100	142,790	27,899	-	-	-
Net	R0300	2,255	30,680	-	11,882	8,106	101,873	441,806	581,365	25,989	-	-	-
Claims incurred													
Gross - Direct Business	R0310	-	21	-	7,042	3,976	81,266	233,719	439,530	14,202	-	-	-
Gross - Proportional reinsurance accepted	R0320	823	30,118	-	2,570	4,140	12,279	126,714	13,223	1,534	-	-	-
Gross - Non-proportional reinsurance accepted	R0330												
Reinsurers' share	R0340	(8)	(70)	-	2,976	171	18,203	109,849	81,344	19,470	-	-	-
Net	R0400	831	30,209	-	6,636	7,945	75,342	250,585	371,409	(3,734)	-	-	-
Expenses incurred	R0550	1,427	8,960	-	4,001	3,286	27,857	164,134	234,145	17,912	-	-	-
Balance - other technical expenses/income	R1210												
Total technical expenses	R1300												

QBE Europe
S.05.01.02 (continued)
Premiums, claims and expenses by line of business (non-life)
Amounts in €'000s

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					1,306,566
Gross - Proportional reinsurance accepted	R0120					338,725
Gross - Non-proportional reinsurance accepted	R0130	30,669	182,383	10,438	202,361	425,852
Reinsurers' share	R0140	4,655	3,038	3,135	231,051	663,063
Net	R0200	26,014	179,345	7,304	(28,690)	1,408,080
Premiums earned						
Gross - Direct Business	R0210					1,242,531
Gross - Proportional reinsurance accepted	R0220					346,613
Gross - Non-proportional reinsurance accepted	R0230	30,991	185,397	9,282	204,509	430,179
Reinsurers' share	R0240	4,206	3,845	3,144	203,222	599,604
Net	R0300	26,785	181,551	6,138	1,287	1,419,718
Claims incurred						
Gross - Direct Business	R0310					779,756
Gross - Proportional reinsurance accepted	R0320					191,401
Gross - Non-proportional reinsurance accepted	R0330	11,858	82,293	6,426	178,570	279,146
Reinsurers' share	R0340	3,376	(4,119)	5,216	115,673	352,080
Net	R0400	8,481	86,411	1,210	62,897	898,223
Expenses incurred	R0550	6,493	47,778	2,236	(10,236)	507,993
Balance - other technical expenses/income	R1210					-
Total technical expenses	R1300					507,993

QBE Europe
S.05.01.02
Premiums, claims and expenses by line of business (Life)
Amounts in €'000s

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	-	-	-	-	-	-	7	67,168	67,175
Reinsurers' share	R1420	-	-	-	-	-	-	-	10,122	10,122
Net	R1500	-	-	-	-	-	-	7	57,047	57,054
Premiums earned										
Gross	R1510	-	-	-	-	-	-	7	67,168	67,175
Reinsurers' share	R1520	-	-	-	-	-	-	-	10,122	10,122
Net	R1600	-	-	-	-	-	-	7	57,046	57,053
Claims incurred										
Gross	R1610	-	-	-	-	-	19,867	(140)	16,152	35,879
Reinsurers' share	R1620	-	-	-	-	-	11,570	-	1,169	12,739
Net	R1700	-	-	-	-	-	8,298	(140)	14,982	23,140
Expenses incurred	R1900	-	-	-	-	-	-	159	14,813	14,973
Balance - other technical expenses/income	R2510									-
Total expenses	R2600									14,973
Total amount of surrenders	R2700	-	-	-	-	-	-	-	1,782	1,782

QBE Europe
S.12.01.02
Life and Health SLT Technical Provisions
Amounts in €'000s

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	-	-			-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re	R0020	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	R0030	-		-	-	-	-	-	-	102,476	102,476
Total Recoverables from reinsurance/SPV and Finite Re	R0080	-		-	-	-	-	-	-	46,888	46,888
Best estimate minus recoverables from reinsurance/SPV	R0090	-		-	-	-	-	-	-	55,589	55,589
Risk Margin	R0100	-				-			-	23,352	23,352
Technical provisions - total	R0200	-	-			-			-	125,828	125,828

		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		-	-	-	49	49
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for	R0080		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		-	-	-	49	49
Risk Margin	R0100	-			-	4	4
Technical provisions - total	R0200	-			-	53	53

QBE Europe
S.17.01.02
Life and Health SLT Technical Provisions
Amounts in €'000s

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions	R0010	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from	R0050	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions													
Best estimate													
Premium provisions													
Gross	R0060	118	(4,378)	-	24	5,348	6,451	10,300	313,655	33,336	3,803	-	1,068
Total recoverable from	R0140	-	(446)	-	73	1	(9,540)	(60,281)	(45,014)	2,036	-	-	2,125
Net Best Estimate of	R0150	118	(3,932)	-	(49)	5,347	15,991	70,581	358,669	31,300	3,803	-	(1,057)
Claims provisions													
Gross	R0160	(141)	62,836	-	77,065	2,729	181,608	633,507	1,419,323	49,628	923	-	6,030
Total recoverable from	R0240	-11	1,257	-	8,668	734	91,456	166,822	354,533	38,003	608	-	(324)
Net Best Estimate of	R0250	(131)	61,578	-	68,398	1,995	90,152	466,685	1,064,789	11,625	315	-	6,354
Total Best estimate - gross	R0260	(23)	58,458	-	77,089	8,077	188,060	643,807	1,732,977	82,964	4,727	-	7,098
Total Best estimate - net	R0270	(12)	57,646	-	68,348	7,342	106,143	537,266	1,423,458	42,925	4,119	-	5,297
Risk margin	R0280	345	13,563	-	11,344	890	17,528	51,421	224,371	9,655	-	-	254
Technical provisions - total													
Technical provisions - total	R0320	322	72,021	-	88,434	8,967	205,588	695,228	1,957,349	92,619	4,727	-	7,352
Recoverable from	R0330	(11)	812	-	8,741	736	81,917	106,541	309,519	40,039	608	-	1,801
Technical provisions minus	R0340	333	71,209	-	79,693	8,231	123,671	588,686	1,647,829	52,580	4,119	-	5,551

		Accepted non-proportional reinsurance				Total Non-Life obligation
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	(10,216)	(51,430)	(2,440)	(88,254)	**217,386**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(194)	(2,734)	(1,902)	(31,880)	**(147,754)**
Net Best Estimate of Premium Provisions	R0150	(10,022)	(48,696)	(538)	(56,374)	**365,140**
Claims provisions						
Gross	R0160	74,030	831,302	28,863	429,024	**3,796,727**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	5,581	155,048	7,990	185,843	**1,016,208**
Net Best Estimate of Claims Provisions	R0250	68,449	676,255	20,872	243,181	**2,780,519**
Total Best estimate - gross	R0260	63,814	779,872	26,422	340,771	**4,014,113**
Total Best estimate - net	R0270	58,427	627,558	20,334	186,807	**3,145,659**
Risk margin	R0280	15,496	103,459	6,175	24,206	**478,708**
Technical provisions - total						
Technical provisions - total	R0320	79,310	883,331	32,598	364,977	**4,492,821**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	5,387	152,314	6,088	153,963	**868,454**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	**73,923**	**731,017**	**26,510**	**211,014**	**3,624,367**

QBE Europe
S.19.01.02
Non-life insurance claims
Amounts in €'000s

Total Non-Life business

Z0020	Accident year/underwriting year

Gross Claims paid (non-cummulative)

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											1,626,320
N-9	R0160	18,826	82,064	36,374	15,250	18,155	20,372	17,017	20,549	13,303	12,130	
N-8	R0170	29,811	86,212	68,285	51,619	29,079	26,700	33,686	55,229	8,932		
N-7	R0180	37,645	97,709	85,119	46,973	18,342	37,416	28,720	23,940			
N-6	R0190	20,578	143,930	106,206	79,164	35,505	22,556	21,715				
N-5	R0200	51,414	176,759	167,846	71,849	129,133	38,793					
N-4	R0210	53,270	150,035	114,660	77,573	47,238						
N-3	R0220	71,849	275,896	260,165	108,348							
N-2	R0230	52,560	210,047	210,097								
N-1	R0240	44,145	198,426									
N	R0250	25,516										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	98,437	1,626,320
N-9	R0160	12,130	254,039
N-8	R0170	8,932	389,552
N-7	R0180	23,940	375,864
N-6	R0190	21,715	429,653
N-5	R0200	38,793	635,794
N-4	R0210	47,238	442,775
N-3	R0220	108,348	716,258
N-2	R0230	210,097	472,704
N-1	R0240	198,426	242,571
N	R0250	25,516	25,516
Total	R0260	**793,571**	**5,611,046**

Gross Undiscounted Best Estimate Claims Provisions

Development year

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											2,338,046
N-9	R0160	-	-	-	-	163,071	212,194	129,092	114,456	109,460	93,383	
N-8	R0170	-	-	-	171,443	223,603	206,998	201,503	143,239	117,210		
N-7	R0180	-	-	192,327	213,299	196,728	160,773	146,658	116,254			
N-6	R0190	-	301,538	315,881	244,752	208,855	192,712	173,109				
N-5	R0200	388,917	505,584	410,741	358,567	289,552	230,770					
N-4	R0210	433,735	523,869	474,187	369,562	289,367						
N-3	R0220	648,509	790,581	645,208	506,733							
N-2	R0230	845,234	878,742	721,681								
N-1	R0240	697,526	887,506									
N	R0250	702,333										

		Year end (discounted data)
		C0360
Prior	R0100	421,321
N-9	R0160	83,347
N-8	R0170	103,934
N-7	R0180	103,525
N-6	R0190	151,957
N-5	R0200	204,818
N-4	R0210	257,113
N-3	R0220	450,098
N-2	R0230	632,352
N-1	R0240	797,220
N	R0250	626,434
Total	R0260	3,832,119

QBE Europe
S.22.01.21
Impact of long-term guarantees measures and transitionals
Amounts in €'000s

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	**C0090**
Technical provisions	R0010	4,618,702	-	-	(46,655)	-
Basic own funds	R0020	1,534,326	-	-	32,010	-
Eligible own funds to meet Solvency Capital Requirement	R0050	1,934,326	-	-	32,010	-
Solvency Capital Requirement	R0090	1,568,499	-	-	(9,022)	-
Eligible own funds to meet Minimum Capital Requirement	R0100	1,514,109	-	-	32,701	-
Minimum Capital Requirement	R0110	572,627	-	-	(4,645)	-

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Own funds
Amounts in €'000s

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial						
Ordinary share capital (gross of own shares)	R0010	1,129,062	1,129,062		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own -	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	305,047	305,047			
Subordinated liabilities	R0140	80,000		-	80,000	-
An amount equal to the value of net deferred tax assets	R0160	20,217				20,217
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-				
Deductions						
Total basic own funds after deductions	R0290	1,534,326	1,434,109	-	80,000	20,217
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	400,000			400,000	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	400,000			400,000	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,934,326	1,434,109	-	480,000	20,217
Total available own funds to meet the MCR	R0510	1,514,109	1,434,109	-	80,000	
Total eligible own funds to meet the SCR	R0540	1,934,326	1,434,109	-	480,000	20,217
Total eligible own funds to meet the MCR	R0550	1,514,109	1,434,109	-	80,000	
SCR	R0580	1,568,499				
MCR	R0600	572,627				
Ratio of Eligible own funds to SCR	R0620	123.3%				
Ratio of Eligible own funds to MCR	R0640	264.4%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,476,981
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	1,149,279
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	22,655
Reconciliation reserve	**R0760**	305,047
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	12,674
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	346,041
Total Expected profits included in future premiums (EPIFP)	R0790	358,715

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Solvency Capital Requirement - for undertakings on Full Internal Models
Amounts in €'000s

Solvency Capital Requirement information

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020	(617,162)	(617,162)	9 - None	9 - None
Total diversified risk before tax	R0030	1,458,499	1,458,499	9 - None	9 - None
Total diversified risk after tax	R0040	1,458,499	1,458,499	9 - None	9 - None
Total market & credit risk	R0070	209,632	209,632	9 - None	9 - None
Market & Credit risk - diversified	R0080	172,496	172,496	9 - None	9 - None
Credit event risk not covered in market & credit risk	R0190	-	-	9 - None	9 - None
Credit event risk not covered in market & credit risk - diversified	R0200	-	-	9 - None	9 - None
Total Business risk	R0270	-	-	9 - None	9 - None
Total Business risk - diversified	R0280	-	-	9 - None	9 - None
Total Net Non-life underwriting risk	R0310	1,994,689	1,994,689	9 - None	9 - None
Total Net Non-life underwriting risk - diversified	R0320	1,351,278	1,351,278	9 - None	9 - None
Total Life & Health underwriting risk	R0400	-	-	9 - None	9 - None
Total Life & Health underwriting risk - diversified	R0410	-	-	9 - None	9 - None
Total Operational risk	R0480	149,514	149,514	9 - None	9 - None
Total Operational risk - diversified	R0490	149,514	149,514	9 - None	9 - None
Other risk	R0500	400,378	400,378	9 - None	9 - None

Calculation of the Solvency Capital Requirement

		C0100
Total undiversified components	R0110	2,075,661
Diversification	R0060	(617,162)
Adjustment due to RFF/MAP nSCR aggregation	R0120	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement, excluding capital add-ons	R0200	1,458,499
Capital add-ons already set	R0210	110,000
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	-
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	110,000
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	-
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	-
Solvency capital requirement	R0220	1,568,499
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	-
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	-

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	2 - No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
Amount/estimate of LAC DT	R0640	-
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	-
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	-
Amount/estimate of LAC DT justified by carry back, current year	R0670	-
Amount/estimate of LAC DT justified by carry back, future years	R0680	-
Amount/estimate of Maximum LAC DT	R0690	-

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Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity
Amounts in €'000s

Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
MCR_{NL} Result	R0010	571,417

Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0021
Medical expense insurance and proportional reinsurance	R0020	-	1,944
Income protection insurance and proportional reinsurance	R0030	57,646	27,001
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	68,348	13,545
Other motor insurance and proportional reinsurance	R0060	7,342	10,918
Marine, aviation and transport insurance and proportional reinsurance	R0070	106,143	87,331
Fire and other damage to property insurance and proportional reinsurance	R0080	537,266	410,305
General liability insurance and proportional reinsurance	R0090	1,423,458	691,223
Credit and suretyship insurance and proportional reinsurance	R0100	42,925	24,808
Legal expenses insurance and proportional reinsurance	R0110	4,119	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	5,297	18
Non-proportional health reinsurance	R0140	58,427	26,458
Non-proportional casualty reinsurance	R0150	627,558	177,488
Non-proportional marine, aviation and transport reinsurance	R0160	20,334	6,430
Non-proportional property reinsurance	R0170	186,807	-

Linear formula component for life insurance and reinsurance obligations

		MCR components
		C0040
MCRL Result	R0200	1,210

Total capital at risk for all life (re)insurance obligations

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation -	R0210	-	
Obligations with profit participation - future discretionary benefits	R0220	-	
Index-linked and unit-linked insurance obligations	R0230	-	
Other life (re)insurance and health (re)insurance obligations	R0240	55,638	
Total capital at risk for all life (re)insurance obligations	R0250		58,813

Overall MCR calculation

		C0070
Linear MCR	R0300	572,627
SCR	R0310	1,568,499
MCR cap	R0320	705,825
MCR floor	R0330	392,125
Combined MCR	R0340	572,627
Absolute floor of the MCR	R0350	4,000
		C0070
Minimum Capital Requirement	R0400	572,627

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