



20 July 2023

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

Dear Sir/Madam

**Market Release – 1H23 Result Update**

Please find attached an announcement for release to the market.

This release has been authorised by the QBE Board of Directors.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Carolyn Scobie".

Carolyn Scobie  
**Company Secretary**

Encl.

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# 1H23 result update

QBE outlines a number of items impacting the 1H23 result, and reiterates FY23 outlook.

## 1H23 result update

Given further catastrophe activity and ongoing volatility in financial markets, QBE highlights the following items which are expected to impact the 1H23 result:

- **Premium growth:** Recent momentum continued, with Group constant currency gross written premium growth of ~13%. Group wide premium rate increases are expected to be ~10% in both 1H23 and 2Q23. 1H23 gross written premium and net insurance revenue are expected to be ~\$12.8B and ~\$7.9B respectively.
- **Catastrophe costs:** A series of North American convective storms through the second half of June have resulted in additional pressure on catastrophe costs beyond those outlined on 12 May 2023. QBE currently expects 1H23 net catastrophe costs of ~\$700M.
- **Prior year development:** The 1H23 result is expected to include adverse central estimate development, including previously flagged catastrophe costs from 2022 events of ~\$140M, plus ~\$40M of Crop adverse development.
- **Investment result:** Total 1H23 investment income is expected to be ~\$660M, which includes a ~\$50M benefit from changes in credit spreads. Higher interest rates supported core fixed income returns, where the 1H23 exit running yield improved to ~4.9%. Investment funds under management declined to ~\$27.6B from \$29.1B at 1Q23, reflecting the impact of the \$1.9B reserve transaction announced in February 2023.
- **Other items:** The 1H23 result is expected to include an adverse net impact from asset liability management activities of ~\$30M, representing a ~\$200M impact from higher risk-free rates on core fixed income assets, partially offset by a favourable claims liability impact of ~\$170M. The 1H23 combined operating ratio will include previously flagged upfront costs of ~\$100M associated with the reserve transaction, which will be recorded within net insurance revenue, and represent a ~1.2% impact on the 1H23 combined operating ratio.

## Outlook

Based on its preliminary view of the 1H23 result, QBE reiterates prior full year 2023 outlook.

QBE continues to expect Group constant currency gross written premium growth of ~10% in FY23, and a FY23 Group combined operating ratio of ~94.5%. Combined operating ratio outlook now includes a revised FY23 catastrophe budget of ~\$1.330B, and continues to exclude the upfront impact from the reserve transaction announced in February.

QBE will release its 1H23 result on 10 August 2023.

## Contact details



For further information, please contact:

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## Basis of presentation (unless otherwise stated)

1. All figures are in US\$.
2. Premium growth rates are quoted on a constant currency basis.
3. Premium rate changes exclude North America Crop and/or Australian compulsory third party motor (CTP).
4. Core fixed income excludes enhanced fixed income risk assets which comprise emerging market debt, high yield debt and private credit.

## Disclaimer

The information in this announcement provides an unaudited overview of items expected to be included within the result for the period ended 30 June 2023.

This release should be read in conjunction with all information which QBE has lodged with the Australian Securities Exchange (ASX). Copies of those lodgements are available from either the ASX website [www.asx.com.au](http://www.asx.com.au) or QBE's website [www.qbe.com](http://www.qbe.com).

The information is supplied in summary form and is therefore not necessarily complete. Prior to making a decision in relation to QBE's securities, products or services, investors, potential investors and customers must undertake their own due diligence as to the merits and risks associated with that decision, which includes obtaining independent financial, legal and tax advice on their personal circumstances. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

This release contains certain 'forward-looking information' and 'forward-looking statements' within the meaning of applicable securities laws. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'outlook' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties

and other factors, many of which are beyond the control of QBE that may cause actual results to differ materially from those either expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. Such forward-looking statements only speak as of the date of this release and QBE assumes no obligation to update such information.

Any forward-looking statements assume no material variation in catastrophe claims or premium rates relative to our business plans; no significant change in equity markets and interest rates; no major movement in budgeted foreign exchange rates; no material change to key inflation and economic growth forecasts; recoveries from our reinsurance panel; no unplanned asset sales and no substantial change in regulation. Should one or more of these assumptions prove incorrect, actual results may differ materially from the expectations described in this release.

This release does not constitute an offer or invitation for the sale or purchase of securities. In particular, this release does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any U.S. person, or in any other jurisdiction in which such an offer would be illegal. Securities of QBE may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. persons without registration under the Securities Act or an exemption from registration.