QBE Insurance Group Limited ABN 28 008 485 014
Level 18, 388 George Street, SYDNEY NSW 2000 Australia
GPO Box 82, Sydney NSW 2001
telephone + 612 9375 4444 • facsimile + 612 9231 6104

www.qbe.com

9 August 2024

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

Dear Sir/Madam

Market Release for the half year ended 30 June 2024

Further to the announcement today of our results for the half year ended 30 June 2024, please find attached a market release in relation to those results.

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

Yours faithfully,

Carolyn Scobie
Company Secretary

Encl.

2024 Half year result

“We have seen a positive start to the year, highlighted by further improvement in underwriting performance and strong return on equity. We have taken further steps to reduce volatility and ensure better performance in North America, and remain excited about the outlook for our business.”

Andrew Horton • Group CEO

QBE announced 1H24 statutory net profit after tax of $802 million, compared with $400 million in 1H23. Adjusted net profit after tax increased to $777 million from $405 million in the prior period, resulting in an adjusted return on equity of 16.9%, compared to 10.1% in the prior period.

Gross written premium increased by 2% reflecting Group-wide renewal rate increases of 6.7% and targeted organic growth, partially offset by the impact from portfolio exits and lower Crop premium. The combined operating ratio improved to 93.8% from 98.8% in the prior period, driven by lower catastrophe costs and more stable reserve development. QBE has today announced important reserve transactions which will de-risk $1.6 billion in reserves, and reduce risk associated with the run-off of North America non-core lines.

QBE’s indicative regulatory Prescribed Capital Amount (PCA) multiple reduced to 1.77x from 1.82x at 31 December 2023, and remains at the upper end of the Group’s 1.6–1.8x target range. The Board has declared an interim dividend of 24 Australian cents per share, which compares with the 2023 interim dividend of 14 Australian cents per share, and represents a payout ratio of 31% of adjusted net profit.

Summary income statement and underwriting performance

		MANAGEMENT	
FOR THE YEAR ENDED 30 JUNE		2024	2023
Gross written premium	US$M	**13,051**	12,803
Net insurance revenue	US$M	**8,512**	7,977
Net claims ratio	%	**64.2**	69.0
Net commission ratio	US$M	**17.6**	18.1
Expense ratio	%	**12.0**	11.7
Combined operating ratio	**%**	**93.8**	98.8
Net insurance finance (expense) income	US$M	**223**	149
Investment losses from risk-free rate movements	US$M	**(231)**	(201)
Net investment income	US$M	**733**	662
Net investment return	%	**2.4**	2.4
Tax rate	%	**23.3**	30.8
Net profit after income tax	**US$M**	**802**	400
Adjusted net profit after income tax	US$M	**777**	405
Return on average shareholders’ equity – adjusted basis	**%**	**16.9**	10.1
Basic earnings per share – adjusted basis	US cents	**51.9**	27.2
Dividend payout ratio (percentage of adjusted profit)	%	**31**	35
Dividend per share	**A cents**	**24**	14

AS AT		30 JUN 2024	31 DEC 2023
Debt to total capital	%	**21.4**	21.9
Book value per share	A$	**10.1**	9.8
Prescribed Capital Amount (PCA) multiple		**1.77x**	1.82x

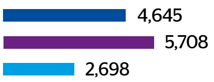
Underwriting performance

QBE's combined operating ratio improved to 93.8% from 98.8% in the prior year, reflecting continued premium renewal rate increases, lower catastrophe costs and more stable reserve development.

Gross written premium (US$M)

$13,051M

2% from 2023



Momentum continues, with constant currency growth of 2%, or 6% excluding Crop, and 11% on further adjusting for exited portfolios. Strong growth of 12% was achieved in International, while portfolio exits resulted in flat premium in Australia Pacific, and a 6% reduction in North America.

Average renewal premium rate increase

Group-wide

+6.7%

North America	+9.3%
International	+4.8%
Australia Pacific	+9.9%

Group-wide premium rate increases averaged 6.7% compared with 10.2% in the prior period. The result was led by short-tail lines in North America and Australia Pacific, while moderation in International tracked broadly in line with expectations.

Ex-cat claims ratio

61.3%

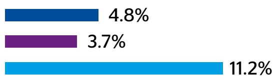
2023 60.6%

The ex-cat claims ratio increased by 0.7% during the period, or 0.3% excluding risk adjustment. The result reflected strain from Crop and elevated large loss activity, which offset the benefit associated with favourable rate increases relative to inflation.

Catastrophe claims ratio

6.2%

2023 8.7%



Net catastrophe costs of $527 million, or 6.2% of net insurance revenue tracked comfortably within allowance, and reduced from 8.7% in the prior period. Net catastrophe costs reflected the civil unrest in New Caledonia and elevated storm activity globally.

Prior accident year claims development

$282M

2023 $30M

Central estimate	$(18)M
Prior year risk adjustment	$300M

The result included modest unfavourable central estimate development of $18 million. This was more than offset by $300 million of favourable development related to the unwind of prior year risk adjustment.

Net commission ratio

17.6%

2023 18.1%

The net commission ratio improved to 17.6% from 18.1% in the prior period primarily due to business mix changes. This was most notable in North America, and driven by the reduction in non-core premium, alongside business mix shift toward Crop and Accident & Health.

Expense ratio

12.0%

2023 11.7%

The expense ratio increased to 12.0% from 11.7% in the prior period. Expense growth reflected continued investment in the Group's modernisation program, and higher run costs associated with recent business growth.

Combined operating ratio

93.8%

The combined operating ratio improved meaningfully to 93.8% from 98.8% in the prior period. The result was driven by lower catastrophe costs, more stable reserve development, and supportive premium rate increases.

● Group ● North America ● International ● Australia Pacific

Investment portfolio performance

Total investment income for the period was $733 million, or a return of 2.4%, compared with $662 million or 2.4% in the prior period. Higher interest rates continued to support fixed income returns, which also included a $55 million benefit from tighter credit spreads.

The core fixed income portfolio delivered a return of 2.4% or $633 million, an improvement on $583 million in the prior period. The running yield on the core fixed income portfolio remained strong, with the 30 June 2024 exit running yield of 4.7% around 10 basis points higher than at 31 December 2023.

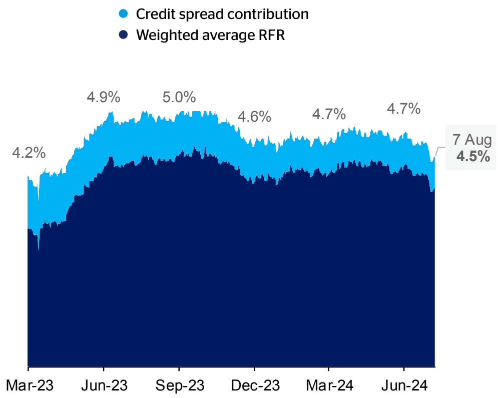
The risk asset portfolio had a good half, delivering a return of 3.3% or $128 million, which improved from 2.6% in the prior period. Enhanced fixed income and developed market equities delivered strong returns, helping to offset weaker performance in the unlisted property portfolio, due to lower property valuations.

Funds under management of $30.5 billion increased by 1% compared to $30.1 billion at 31 December 2023, or 3% on a constant currency basis, reflecting further premium growth, strong Group profitability and favourable investment returns. The allocation to risk assets increased to 14% from 12% at 31 December 2023, and the core fixed income portfolio now represents 86% of total investments.

1H24 investment return

	$M	%
FI yield (ex risk-free rate)	578	2.2
Credit spreads (mark to market)	55	0.2
Risk assets	128	3.3
Expenses and other	(28)	(0.1)
Net return	**733**	**2.4**

Core fixed income running yield



$1.6 billion reserve transaction

QBE has entered into important reserve transactions with RiverStone International and Enstar (NASDAQ: ESGR), that will de-risk the Group's exposure to reserves totalling ~$1.6 billion. The transactions will be effective as of 1 July 2024 and are expected to complete during 4Q24, subject to regulatory approvals.

The scope of the transactions will include all North America middle-market reserves up to 30 June 2024, the remaining North America non-core long-tail reserves that were not subject to prior reinsurance transactions, and a small number of other portfolios in International and North America where volatility and capital efficiency were motivating factors.

This will provide an important level of earnings certainty regarding reserve risk from exited lines in North America, and will ensure the future earnings profile for the division represents the go-forward business.

In aggregate, these reserves account for ~10% of QBE's total net reserves, and alongside other reserve transactions completed through recent periods, QBE has now de-risked ~20% of total long-tail reserves. Reserves subject to these collective transactions have contributed just over $1 billion of adverse prior year development since FY20.

This $1.6 billion reserve transaction will incur an upfront cost of ~$85 million in the second half of 2024, with a broadly neutral impact on earnings beyond. The upfront cost will be split across the insurance operating result and restructuring and related expenses. The transaction is expected to give rise to a ~$230 million net capital benefit, and increase QBE's APRA PCA multiple by ~0.03x.

Strategic priorities

QBE Group CEO, Andrew Horton, said: "We delivered a series of important initiatives through the period to support greater resilience and consistency. The shape and health of our underwriting portfolio has improved materially over recent years, and as a result, our priorities are becoming more future-focused."

"We announced our decision to commence an orderly closure of North America middle-market, which supports our continued focus on portfolio optimisation and improving performance in North America. This will allow us to refocus our North America strategy on those businesses which hold more meaningful market position, relevance and scale."

"I'm pleased with the improved alignment and connectivity across the enterprise. Our people remain highly engaged, and we are building a high performing, purpose-led organisation."

"We've made good progress on each of our six strategic priorities in the period, which are the foundations to support our vision of being the most consistent and innovative risk partner. Following a good start to the year, we are on track to deliver our plan in 2024, which will build on our recent trend of improved and more consistent financial performance."

Portfolio optimisation

Bring the enterprise together

Our people

Sustainable growth

Modernise our business

Our culture

Full year 2024 outlook

Gross written premium	Constant currency GWP growth of ~3%
Combined operating ratio	Combined operating ratio of ~93.5%
Investment returns	1H24 Exit running yield of 4.7%

Result presentation

Group CEO, Andrew Horton, and Group CFO, Inder Singh, will host a result briefing today (Friday 9 August 2024) at 9:30am (AEDT). Access details are below.

Webcast and conference call

The briefing will be available for viewing as a live webcast and conference call. **All participants need to register** to access the webcast or conference call using the links below. Registration is now open:

Webcast (watch or listen only): https://edge.media-server.com/mmc/p/gg7q5op9

Teleconference (Q&A participation): https://register.vevent.com/register/BIbcd0984fbf574261bba285d84254bc4b

Questions will only be open to analysts and investors who join via the teleconference.

Contact details

For further information, please contact:

Investor Relations
Ashley Dalziell
Head of Investor Relations
Tel: +61 2 9375 4007
investor.relations@qbe.com

Media Enquiries
Natalie Kitchen
Group Head of External Relations
Tel: +61 2 8275 9253
natalie.kitchen@qbe.com

QBE Insurance Group Limited
Level 18, 388 George Street, Sydney NSW 2000 Australia
telephone +61 2 9375 4444 | ABN 28 008 485 014 | www.qbe.com

Basis of presentation (unless otherwise stated)

1. All figures are in US dollars.
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.
5. Funds under management comprise cash and cash equivalents, investments and investment properties.
6. Core fixed income running yield relates to assets measured at fair value through profit and loss. A portion of fixed income is measured at fair value through other comprehensive income.
7. Adjusted net profit after tax adjusts statutory net profit for Additional Tier 1 capital coupon accruals. Prior periods remain as presented in prior reports.
8. APRA PCA calculations at 30 June 2024 are indicative. Prior period calculation has been updated to be consistent with APRA returns finalised subsequent to year end.
9. Where appropriate, comparative information has been restated to be comparable with information presented in the current period.

Disclaimer

The information in this announcement provides an overview of the results for the period ended 30 June 2024.

This announcement 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 or QBE's website 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 announcement 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 announcement 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 announcement.

This announcement does not constitute an offer or invitation for the sale or purchase of securities. In particular, this announcement 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.