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16 February 2024

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

Dear Sir/Madam

**QBE Presentation on the 2023 results**

Further to the Company's announcement to the market today on its results for the year ended 31 December 2023, please find attached the presentation to be delivered to investors and analysts this morning.

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.



# 2023 Result

16 February 2024

QBE INSURANCE GROUP LIMITED

*Enabling a more resilient future*

# Important information

## Disclaimer

The information in this presentation provides an overview of the results for the year ended 31 December 2023.

This presentation 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 presentation 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 presentation and QBE assumes no obligation to update such information.

Any forward-looking statements assume ex-cat claims and catastrophe claims do not exceed the allowance in our business plans; no reduction in premium rates in excess of 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 presentation.

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

## Basis of presentation (unless otherwise stated)

1. QBE adopted AASB 17 *Insurance Contracts* from 1 January 2023 and has restated the comparative period (excluding premium growth rates and premium rate changes). The impacts of adoption are detailed in note 8.1.1 of the consolidated financial statements in the 2023 Annual Report. Further information was also provided in the AASB 17 transition update released on 30 May 2023 with a subsequent update on 8 August 2023.
2. All figures are in US dollars
3. Premium growth rates are quoted on a constant currency basis
4. Premium rate change excludes North America Crop and/or Australian compulsory third party motor (CTP)
5. Adjusted net cash profit after tax adjusts statutory net profit for Additional Tier 1 capital coupon accruals, as well as any gains on disposal, amortisation or restructuring costs
6. 2021 and prior periods are presented on an adjusted AASB 1023 basis as presented in prior reports
7. APRA PCA calculations at 31 December 2023 are indicative. Prior period calculation has been updated to be consistent with APRA returns finalised subsequent to year end



# Andrew Horton

Group Chief Executive Officer



# Key messages

## Financial performance

- ◆ **Financial performance continues to improve**  
Adjusted cash ROE increased to 16.0%
- ◆ **Growth remains a highlight**  
10% GWP growth supported by 9.7% premium rate increase and ex-rate growth of 4%
- ◆ **Improved and more resilient underwriting result**  
COR of 95.2%, or 94.6% excluding reserve transaction announced in February

## Strategic progress

- ◆ **North America strategic execution**  
Consistent strategy to improve core performance and successfully manage run-off
- ◆ **Property catastrophe de-risking**  
Reduced exposure to key perils whilst driving improved rate and terms
- ◆ **Greater enterprise alignment**  
Greater engagement and alignment across the enterprise is driving change and efficiency

# Performance update

## Growth

**+10%**

**Gross written premium**

Average rate increase  
+9.7%

Ex-rate growth +4%

## Underwriting result

**94.6%**

**Combined operating ratio**

Excludes 0.6% impact from  
reserve transaction

Catastrophe claims  
below allowance

## Investment result

**4.7%**

**Investment return**

Total investment income  
of \$1,374M

4.6% exit running yield

## Balance sheet

**1.82x**

**Regulatory capital**

Capital above S&P 'AA'  
level

Debt to total capital 21.9%

## Dividend

**A\$0.62**

**Full year dividend**

45% full year payout ratio

10% franked

# Strategic priorities building momentum

## What we achieved in 2023



### **Portfolio optimisation**

Improved property mix through targeted exits, better rate and terms, and ~10% ex-rate contraction in standalone property



### **Sustainable growth**

Strong momentum across QBE Re, global specialty & UK. Progressed opportunities in cyber and adjacent specialties in NA



### **Bring the enterprise together**

Improved enterprise alignment supported property initiatives, reserve transaction and global approach to new growth opportunities



### **Modernise**

Commenced review to assess opportunities for efficiency and simplification. Deepened AI across underwriting and operations



### **Our people**

Launched innovative targets focused on equal sense of belonging. Employee share plan launched with 27% take up

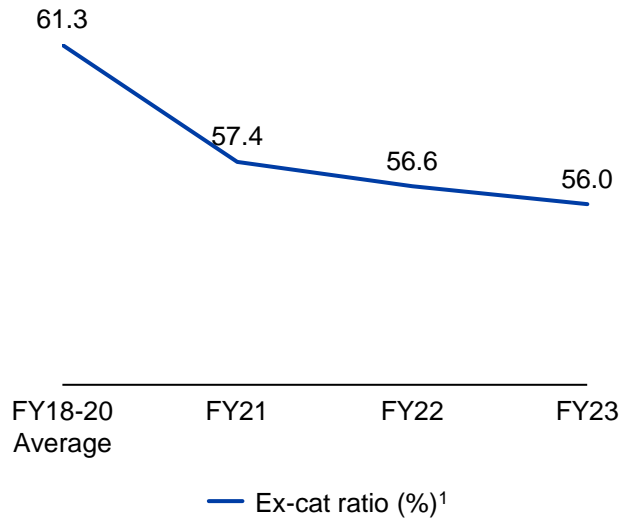


### **Our culture**

Launch of QGiving, QBE's employee fundraising and volunteering platform. Launched safety to speak up playbook

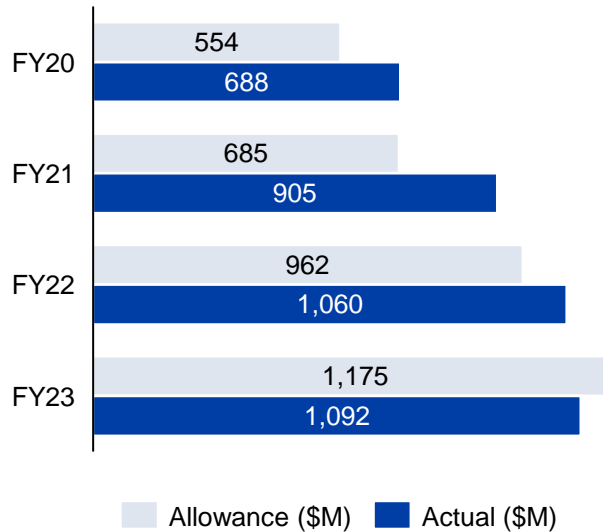
# Building greater resilience and consistency

## Consistent ex-cat claims ratio improvement



Considered management of elevated inflationary pressures

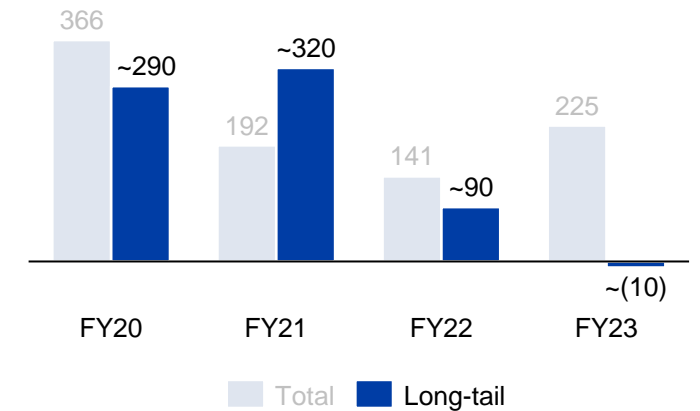
## Catastrophe claims better than planned in FY23



Multi-year effort to de-risk property portfolio and build more resilient catastrophe allowance

## Long-tail reserve development

### Central estimate movement (\$M) (Favourable) / unfavourable



Ongoing efforts to reduce long-tail reserve risk

Note:

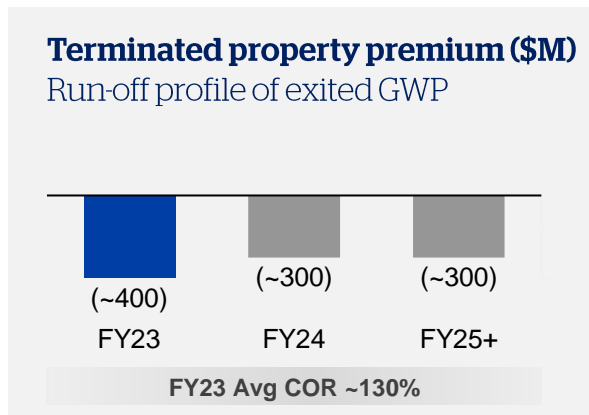
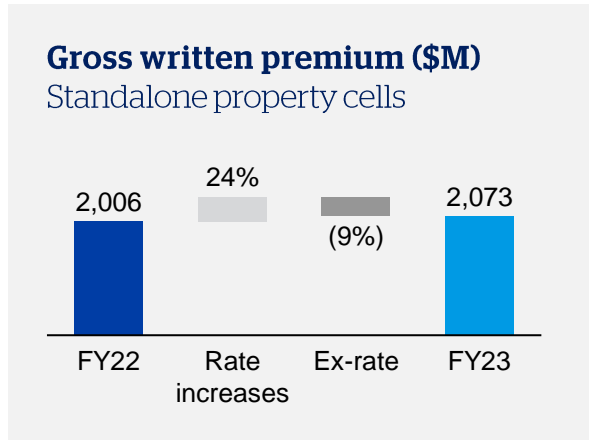
1. Ex-cat ratio excludes movement in risk margin (AASB 1023) / risk adjustment (AASB 17)



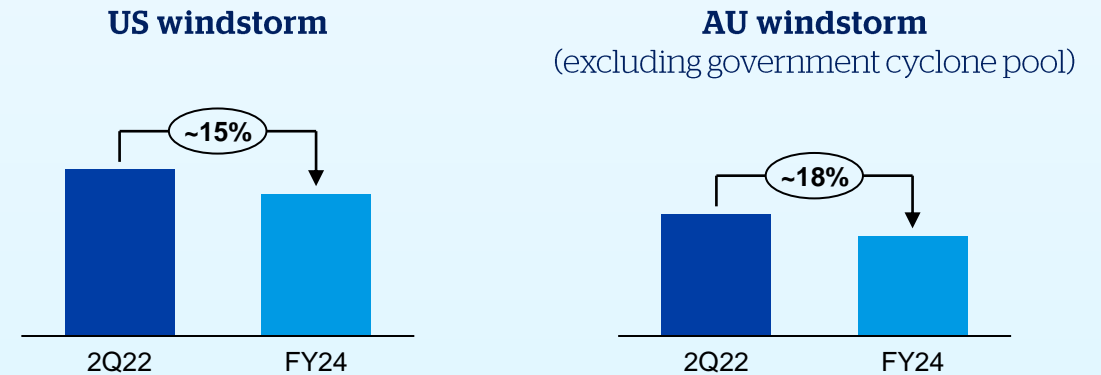
# Improving the quality of our property portfolio

## Improved mix, alongside better rate and terms

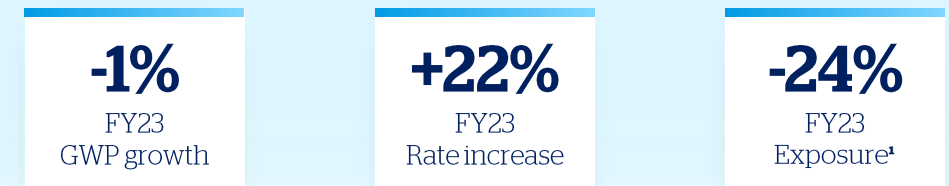
- Major focus on improving the quality of standalone property portfolios
- ~\$400M reduction in premium from terminated property portfolios in FY23, with a further ~\$600M expected in coming periods
- Exposure to peak perils expected to decline meaningfully into 2024
- Significant repositioning of QBE Re property portfolio expected to reduce volatility and better complement insurance business



## Reduced exposure<sup>1</sup> to peak perils



## Repositioning QBE Re's property portfolio



Note:

1. Exposure as measured by average annual loss (AAL)

# Sustainability

## Our areas of sustainability focus

1. Foster an orderly and inclusive transition to a net-zero economy

2. Enable a sustainable and resilient workforce

3. Partner for growth through innovative, sustainable and impactful solutions

## FY23 Highlights

Continued progress against our sustainability strategy

- In underwriting, set a formal engagement target to engage with over 50 priority customers on a regular basis to refine our net-zero underwriting approach
- Launched 'cradle to grave' insurance for AU renewable energy projects which offers coverage across entire project lifecycle, leveraging our EU expertise

- Achieved 2025 target of 40% women in leadership, as defined as the next three tiers below the Group Executive Committee
- Introduced innovative targets for fostering equal sense of belonging across gender, ethnicity, disability status and LGBTIQ+ identification

- Premiums4Good investments of \$1.6B in 2023 representing 108 securities
- Launched QGiving, which allows employees to give their way, with donations for eligible causes automatically matched by the QBE Foundation

# Inder Singh

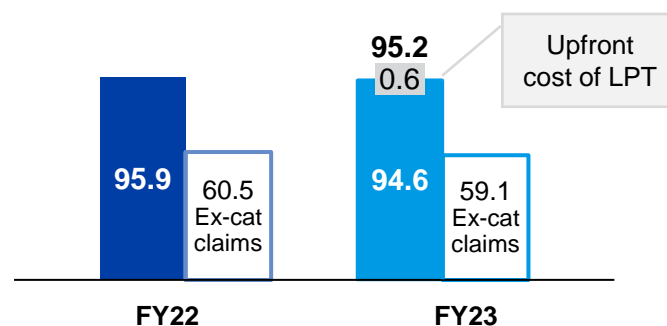
Group Chief Financial Officer



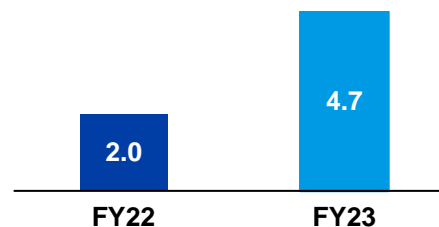
# Result snapshot

Improvement in profitability underscored by more resilient underwriting result and strong investment returns

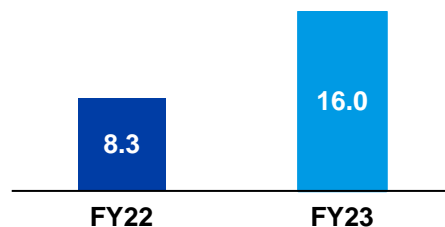
### Combined operating ratio (%)



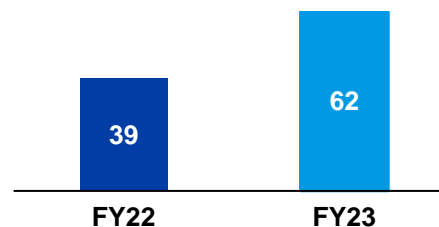
### Investment return (%)



### Adjusted cash ROE (%)



### Dividends per share (A\$ cps)

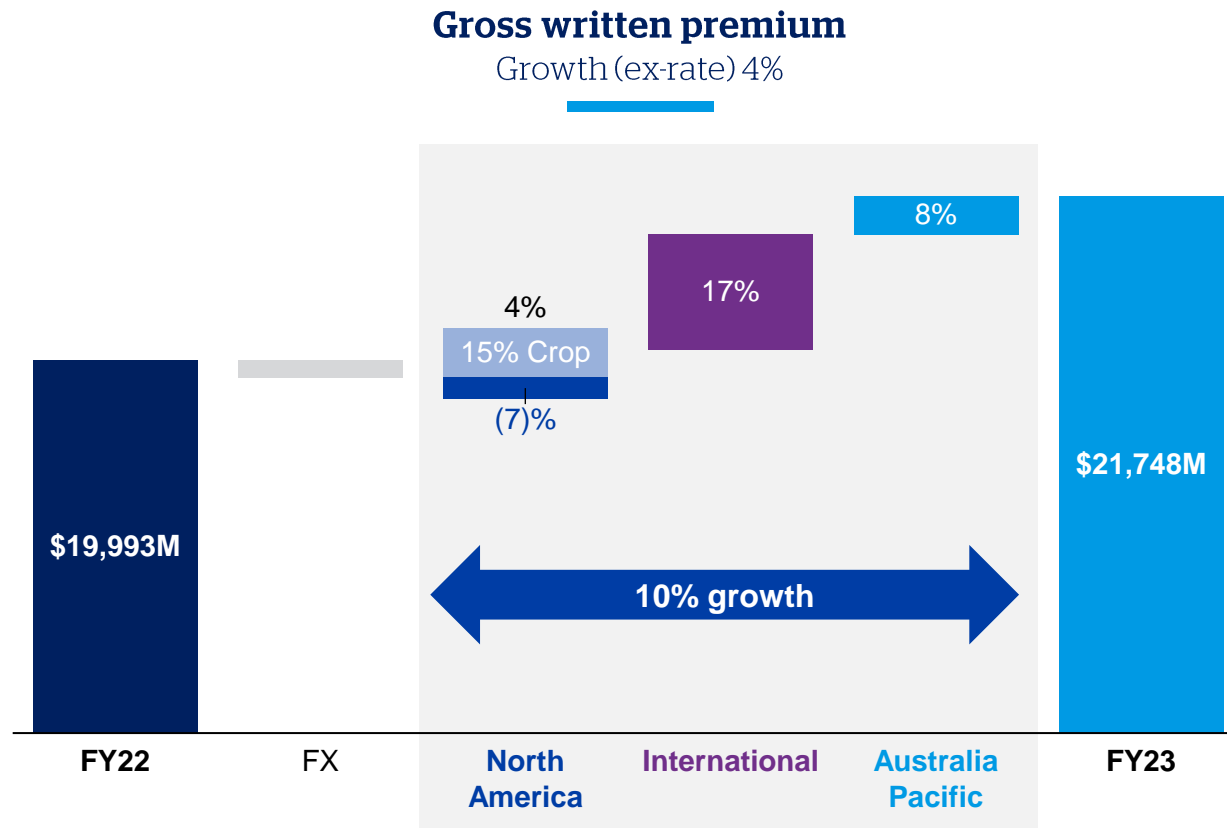


		FY22	FY23
Gross written premium	\$M	19,993	21,748
Net insurance revenue	\$M	15,088	16,599
Net claims ratio	%	66.0	65.1
Net commission ratio	%	18.2	18.3
Expense ratio	%	11.7	11.8
<b>Combined operating ratio</b>	<b>%</b>	<b>95.9</b>	<b>95.2</b>
<b>Insurance operating result</b>	<b>\$M</b>	<b>614</b>	<b>796</b>
Net insurance finance income (loss)	\$M	1,242	(60)
Investment losses from risk-free rate movements	\$M	(1,343)	(5)
Net investment income	\$M	570	1,374
Net profit after income tax	\$M	587	1,355
Adjusted cash profit after income tax	\$M	664	1,362
<b>Adjusted cash return on equity</b>	<b>%</b>	<b>8.3</b>	<b>16.0</b>



# Gross written premium

Organic growth continues across key areas, partially offset by exited property lines



## Premium growth metrics (%)

FY23	GWP growth	GWP growth (ex-rate)	Net insurance revenue growth
North America	4	1	3
NA (ex Crop)	(7)	(12)	1
International	17	10	17
Australia Pacific	8	(1)	11
<b>Group</b>	<b>10</b>	<b>4</b>	<b>11</b>



# Group underwriting performance

## Group-wide premium rate increases

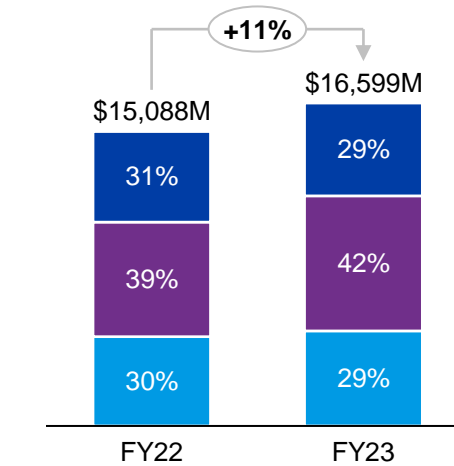
Improvement to +9.7%

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>North America</b> +10.5% YTD	8.1%		10.9%		10.0%	
	9.1%	6.7%	10.6%	11.5%	12.3%	6.7%
	74%	74%	68%	66%	66%	64%
<b>Int'l</b> +7.8% YTD	5.5%		9.4%		5.5%	
	6.3%	4.9%	9.2%	9.5%	6.0%	5.2%
	87%	87%	84%	85%	84%	85%
<b>AusPac</b> +12.5% YTD	9.9%		11.8%		13.2%	
	9.4%	10.4%	11.3%	12.2%	12.5%	13.9%
	87%	87%	90%	88%	86%	83%
<b>Group</b> +9.7% YTD	7.7%		10.2%		8.9%	
	8.4%	7.1%	10.0%	10.5%	9.6%	8.2%
	84%	84%	82%	82%	81%	81%

YTD premium retention

## Net insurance revenue

Strong growth led by International



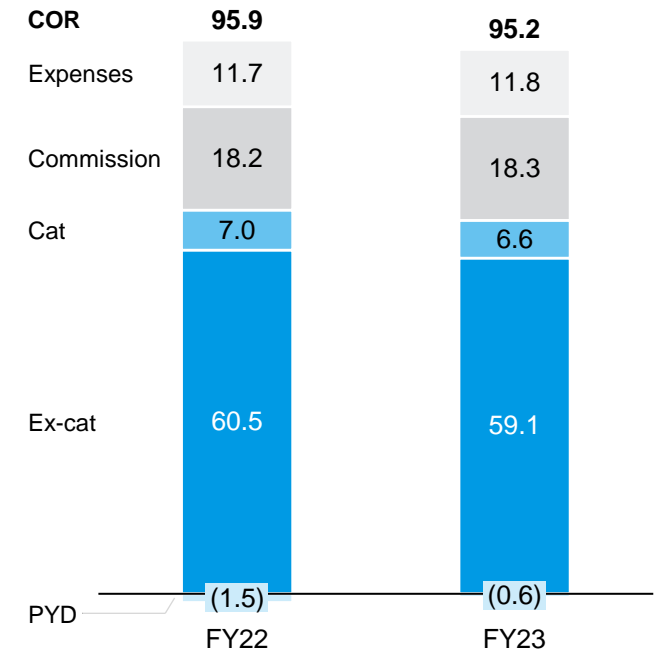
FY23

Growth

North America	3%
International	17%
Australia Pacific	11%

## Combined operating ratio (%)

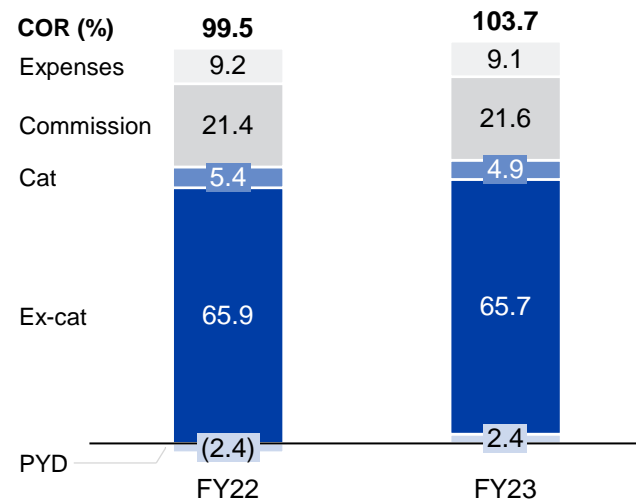
Impacted by prior year catastrophes



# Divisional underwriting highlights

## North America

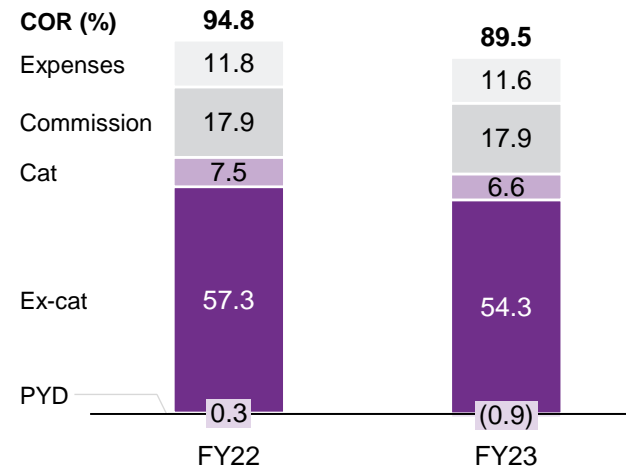
Impacted by prior year catastrophe costs and non-core drag



- Prior year strengthening from winter storm Elliott, Crop and non-core segment
- Crop current year COR 96.6% impacted by drought and commodity prices

## International

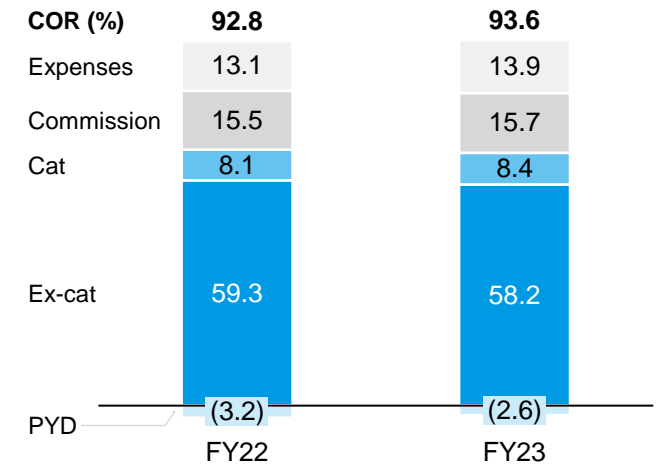
Strong improvement in underwriting result alongside targeted growth



- Improved ex-cat claims supported by rate increases above inflation
- Better than expected cat claims despite elevated global cat activity in 2023

## Australia Pacific

Persistent short-tail inflation and elevated catastrophe costs



- Catastrophes underscored by NZ flood events and late-year east coast storms
- Short-tail rate increases now above claims inflation to support outlook

# North America business update

Drag from non-core lines expected to more than halve into FY24

## Key segment underwriting performance

COR	FY18-22 Avg AASB 1023	FY22 AASB 1023	FY22 AASB 17	FY23 AASB 17
Crop	96%	96%	96%	98%
Specialty	98%	96%	96%	95%
Commercial	106%	94%	96%	95%
<b>Go-forward core segments</b>				<b>~96%</b>
Non-core				~140%
Division-wide impact from risk adjustment and internal reinsurance				~2%
<b>North America</b>				<b>103.7%</b>

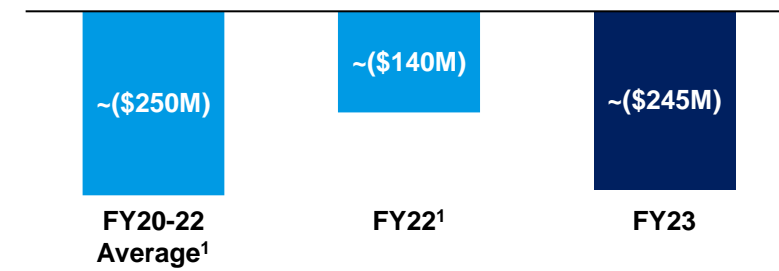
- Specialty segment continues to demonstrate improvement despite inflation challenges in Accident & Health
- Commercial segment performance recovered in 2H23 given lighter catastrophe experience

Note:

1. AASB 1023 basis

## Non-core underwriting result

FY23 impacted by elevated catastrophe costs and PYD



- Unprofitable non-core lines accounted for over half of North America's catastrophe costs, and a significant component of the adverse prior year claims development for the division
- Drag from non-core lines expected to more than halve into FY24

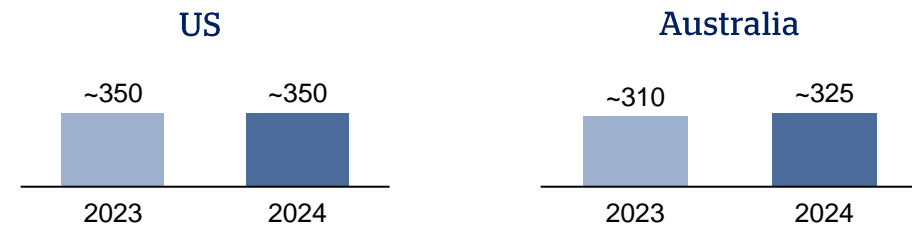
# Reinsurance update

2024 reinsurance renewal completed largely as expected, with broadly stable retention

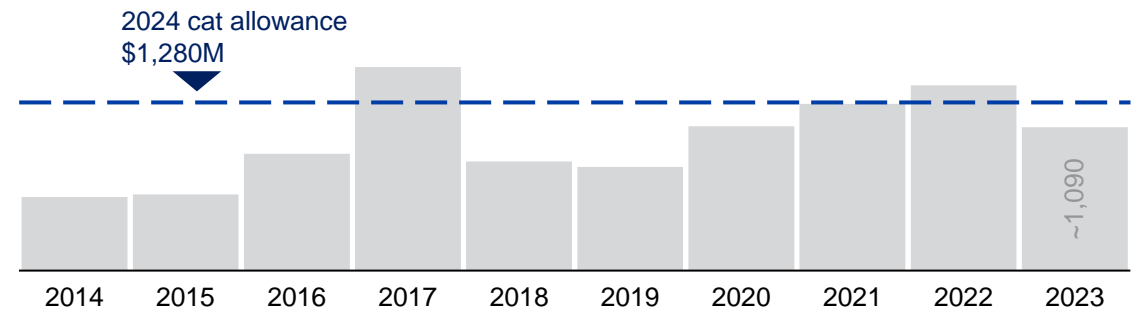
- 2024 program remains largely consistent. Retentions broadly stable year over year resulting in negligible APRA prescribed capital impact
- 2024 catastrophe allowance set at \$1,280M, which will drive a further increase in sufficiency compared to 2023
- “As if” analysis highlights the 2024 allowance would have been sufficient in 8 out of the last 10 years (vs 7 out of 10 in 2023)
- This analysis overlays the 2024 reinsurance program against QBE’s historic catastrophe claims experience (adjusted for inflation and business exits)

## Likely Group-wide maximum event retention (\$M)

Assumes single-occurrence multi-divisional major event for peak perils, noting International writes policies globally



## 2024 catastrophe allowance “as if” analysis (\$M)



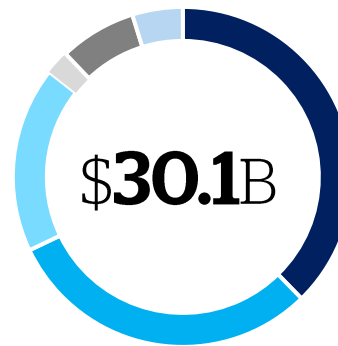
# Investment portfolio performance

**FY23 investment return**      **\$M**      **%**

FI yield (ex risk-free rate)	1,131	4.4
Credit spreads MTM	116	0.4
Risk assets	190	5.7
Expenses and other	(63)	(0.2)
<b>Net return</b>	<b>1,374</b>	<b>4.7</b>

- Further improvement in fixed income running yield, exiting FY23 at 4.6%
- Duration 'economically' matched at 1.7 years

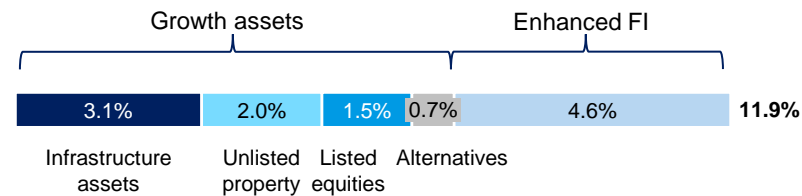
## Investment portfolio



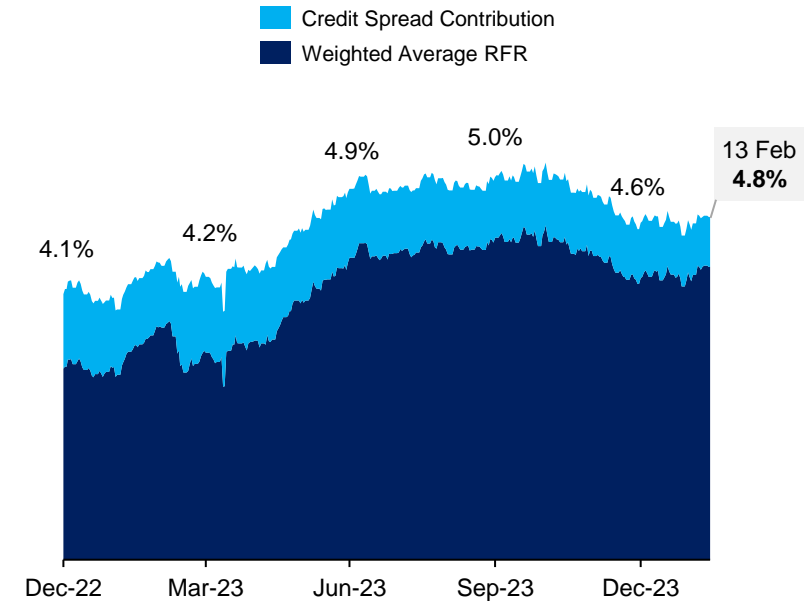
■ Corporate bonds    ■ Short-term money    ■ Growth assets  
■ Government bonds    ■ Other fixed income    ■ Enhanced FI

### Risk assets

12% of total FUM

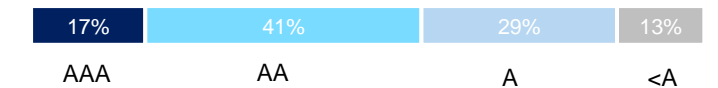


## Fixed income running yield



## Fixed income assets - S&P security grading

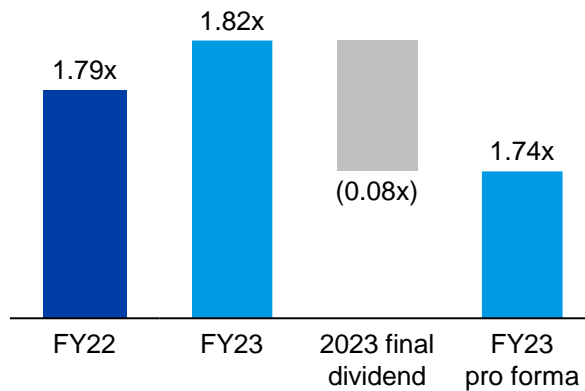
Fixed income and enhanced fixed income





# Balance sheet and capital management

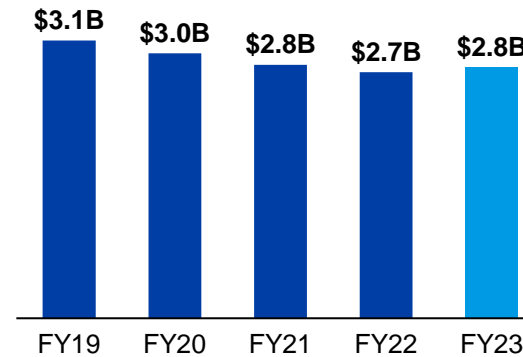
## APRA capital PCA multiple



- Regulatory capital at the top end of our 1.6x-1.8x target range
- Includes ~6pt benefit from \$1.9B reserve transaction announced earlier in the year
- Final dividend to impact capital by ~8pt
- Capital above S&P 'AA' level

## Borrowings

Debt to total capital target range: 15-30%



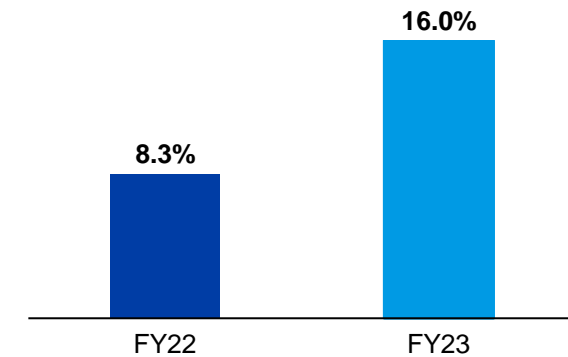
Debt to total capital

27.5	25.8	24.1	23.7	21.9
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Debt to equity

38.0	34.8	31.8	31.0	28.1
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## Adjusted cash return on equity



- Encouraging resilience and improvement
- Almost two-fold increase in ROE versus prior period

# Andrew Horton

Group Chief Executive Officer



# Outlook

Underlying settings behind 2024 business plan are more robust, with lower expected earnings volatility

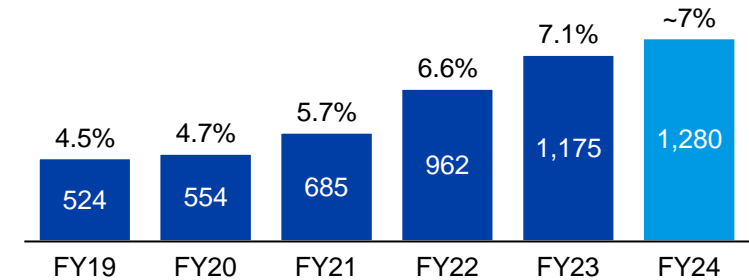
<p><b>Gross written premium</b></p>	<ul style="list-style-type: none"> <li>Expect 2024 constant currency GWP growth in the mid-single digits</li> </ul>	<ul style="list-style-type: none"> <li>Premium rate increases expected to remain supportive</li> <li>Markets to remain conducive for further targeted organic growth</li> </ul>
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<p><b>Combined operating ratio</b></p>	<ul style="list-style-type: none"> <li>Consistent low-to-mid 90s COR through-cycle</li> <li>2024 COR of ~93.5%</li> </ul>	<ul style="list-style-type: none"> <li>Underlying business settings continue to improve</li> <li>QBE to provide 1Q24 update on 10 May 2024</li> </ul>
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<p><b>Investment returns</b></p>	<ul style="list-style-type: none"> <li>FY23 exit running yield of 4.6%</li> </ul>	<ul style="list-style-type: none"> <li>Continue to rebalance the portfolio toward our 15% target risk asset allocation</li> </ul>
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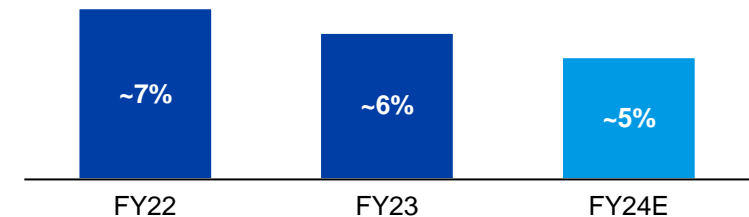
## More resilient catastrophe allowance (\$M)

Significant increase in the sufficiency of the allowance over recent years



## Group claims inflation assumptions

Limited moderation expected



# Questions and answers



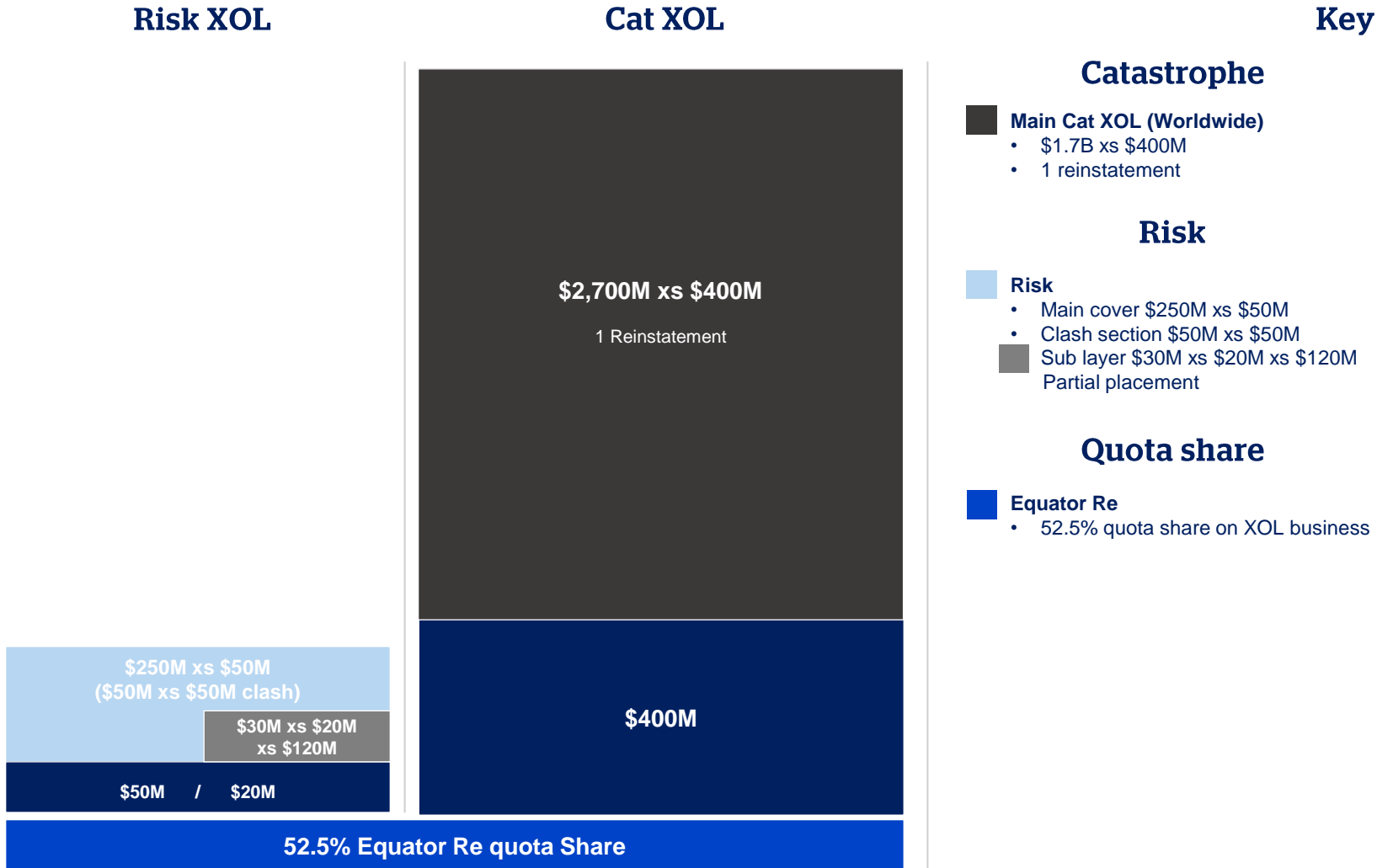
# Key metrics summary

		Group		North America		International		Australia Pacific	
		FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
Gross written premium	\$M	19,993	21,748	7,280	7,555	7,502	8,802	5,219	5,392
Insurance revenue	\$M	18,834	20,825	7,170	7,529	6,701	8,000	4,965	5,294
<b>Net insurance revenue</b>	<b>\$M</b>	<b>15,088</b>	<b>16,599</b>	<b>4,641</b>	<b>4,790</b>	<b>5,871</b>	<b>6,921</b>	<b>4,585</b>	<b>4,881</b>
NIR (ex Crop and LMI)	\$M	13,367	14,784	3,102	3,136	5,871	6,921	4,403	4,720
Net claims expense	\$M	(9,964)	(10,805)	(3,196)	(3,497)	(3,822)	(4,151)	(2,943)	(3,126)
Net commission	\$M	(2,741)	(3,044)	(995)	(1,037)	(1,053)	(1,241)	(714)	(761)
Expenses and other income	\$M	(1,769)	(1,954)	(428)	(436)	(690)	(803)	(599)	(679)
<b>Insurance operating result</b>	<b>\$M</b>	<b>614</b>	<b>796</b>	<b>22</b>	<b>(180)</b>	<b>306</b>	<b>726</b>	<b>329</b>	<b>315</b>
Ex-cat (ex Crop, LMI, RA)	%	54.9	54.2	56.8	57.1	52.5	50.9	56.8	56.0
Ex-cat (ex RA)	%	56.6	56.0	63.1	63.3	52.5	50.9	55.4	55.0
Ex-cat claims ratio	%	60.5	59.1	65.9	65.7	57.3	54.3	59.3	58.2
Catastrophe claims	%	7.0	6.6	5.4	4.9	7.5	6.6	8.1	8.4
Prior year development	%	(1.5)	(0.6)	(2.4)	2.4	0.3	(0.9)	(3.2)	(2.6)
<b>Net claims ratio</b>	<b>%</b>	<b>66.0</b>	<b>65.1</b>	<b>68.9</b>	<b>73.0</b>	<b>65.1</b>	<b>60.0</b>	<b>64.2</b>	<b>64.0</b>
Net claims ratio	%	66.0	65.1	68.9	73.0	65.1	60.0	64.2	64.0
Net commission ratio	%	18.2	18.3	21.4	21.6	17.9	17.9	15.5	15.7
Expense ratio	%	11.7	11.8	9.2	9.1	11.8	11.6	13.1	13.9
<b>Combined operating ratio</b>	<b>%</b>	<b>95.9</b>	<b>95.2</b>	<b>99.5</b>	<b>103.7</b>	<b>94.8</b>	<b>89.5</b>	<b>92.8</b>	<b>93.6</b>

		Group		North America		International		Australia Pacific	
		FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
Ex-cat claims	\$M	(9,132)	(9,808)	(3,056)	(3,150)	(3,368)	(3,761)	(2,721)	(2,843)
- CAY risk adjustment	\$M	(591)	(518)	(128)	(113)	(284)	(233)	(180)	(157)
Catastrophe claims	\$M	(1,060)	(1,092)	(251)	(234)	(438)	(449)	(371)	(409)
Prior year development	\$M	228	95	111	(113)	(16)	59	149	126
- PYD (Central estimate)	\$M	(141)	(225)	(42)	(200)	(142)	(57)	44	20
- PYD (Risk adjustment)	\$M	369	320	153	87	126	116	105	106
<b>Net claims incurred</b>	<b>\$M</b>	<b>(9,964)</b>	<b>(10,805)</b>	<b>(3,196)</b>	<b>(3,497)</b>	<b>(3,822)</b>	<b>(4,151)</b>	<b>(2,943)</b>	<b>(3,126)</b>
Ex-cat claims	%	60.5	59.1	65.9	65.7	57.3	54.3	59.3	58.2
- CAY risk adjustment	%	3.9	3.1	2.8	2.4	4.8	3.4	3.9	3.2
Catastrophe claims	%	7.0	6.6	5.4	4.9	7.5	6.6	8.1	8.4
Prior year development	%	(1.5)	(0.6)	(2.4)	2.4	0.3	(0.9)	(3.2)	(2.6)
- PYD (Central estimate)	%	0.9	1.3	0.9	4.2	2.4	0.8	(0.9)	(0.4)
- PYD (Risk adjustment)	%	(2.4)	(1.9)	(3.3)	(1.8)	(2.1)	(1.7)	(2.3)	(2.2)
<b>Net claims ratio</b>	<b>%</b>	<b>66.0</b>	<b>65.1</b>	<b>68.9</b>	<b>73.0</b>	<b>65.1</b>	<b>60.0</b>	<b>64.2</b>	<b>64.0</b>



# 2024 Simplified reinsurance program<sup>1</sup>



## Key covers<sup>1</sup>

### Catastrophe

- Main Cat XOL (Worldwide)**
  - \$1.7B x \$400M
  - 1 reinstatement

### Risk

- Risk**
  - Main cover \$250M x \$50M
  - Clash section \$50M x \$50M
- Sub layer \$30M x \$20M x \$120M**  
Partial placement

### Quota share

- Equator Re**
  - 52.5% quota share on XOL business

### Other covers not highlighted

- Top**
- US and ANZ cat layers** (incl in Cat XOL diagram)
    - \$1B x \$2.1B
    - 1 reinstatement

- Wrap**
- Catastrophe wrap**
    - \$150M x \$500M
    - US and AU windstorm / US, AU & NZ quake only
    - Wrap cover limits Group MER by including QBE Re & Syndicate 1036 retained claims and EQ Re Share
    - Partial placement

- Agg**
- Catastrophe aggregate**
    - \$300M x \$500M in the aggregate
    - xs \$75m per occurrence for US Wind & Quake and all ANZ
    - xs \$25m per occurrence all other covered perils (non-peak)<sup>2</sup>
    - Partial placement

- Risk**
- Cyber**
    - Stop loss 100% x \$100M
      - Partial placement
    - 35% Quota Share

1. Program schematic and cover summary does not show all contracts, sub-layers, placement % or regional covers.

2. Peak perils defined as cyclone, hurricane & typhoon, and earthquake (and fire following) as respects Australia, New Zealand (quake only) and US (excluding Puerto Rico). All other perils are non-peak.

*Enabling a more resilient future*

