



16 February 2024

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

Dear Sir/Madam

**Market Release – QBE announces 2023 results**

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", with a small dot at the end.

Carolyn Scobie  
**Company Secretary**

Encl.

For personal use only

# 2023 Result

“Financial performance improved in the period, and QBE is demonstrating greater consistency and resilience. We are pleased with the ongoing progress across our strategic priorities, and expect trading conditions to remain favourable in the year ahead.”

**Andrew Horton • Group CEO**

QBE announced FY23 statutory net profit after tax of \$1,355 million, compared with \$587 million in FY22. Adjusted cash profit after tax increased to \$1,362 million from \$664 million in the prior year, resulting in an adjusted cash return on equity of 16.0%.

Strong premium growth continued, with gross written premium growth of 10% supported by Group-wide renewal rate increases of 9.7% and targeted new business growth. The combined operating ratio improved to 95.2%, or 94.6% excluding the upfront cost of the \$1.9 billion reserve transaction completed in the first half. The result was underpinned by supportive market conditions and favourable current year catastrophe experience, partially offset by the impact of short-tail prior year development.

QBE's indicative regulatory Prescribed Capital Amount (PCA) multiple improved to 1.82x from 1.79x at 31 December 2022, and remains at the upper end of the Group's 1.6-1.8x target range. The Board has declared a final dividend of 48 Australian cents per share, compared with the 2022 final dividend of 30 Australian cents per share. The 2023 dividend payout ratio of 45% of adjusted cash profit reflects the current strength of the Group's capital position, and what remains a favourable outlook for further growth.

From 1 January 2023, QBE adopted AASB 17 *Insurance Contracts* and has restated the comparative period (excluding premium growth rates and premium rate changes).

## Summary income statement and underwriting performance

| FOR THE YEAR ENDED 31 DECEMBER                                      |                | MANAGEMENT   |               |
|---|----------------|--------------|---------------|
|   |                | 2023         | RESTATED 2022 |
| Gross written premium   | US\$M          | 21,748       | 19,993        |
| Net insurance revenue   | US\$M          | 16,599       | 15,088        |
| Net claims ratio  | %              | 65.1         | 66.0          |
| Net commission ratio  | %              | 18.3         | 18.2          |
| Expense ratio   | %              | 11.8         | 11.7          |
| <b>Combined operating ratio</b>                                     | %              | <b>95.2</b>  | 95.9          |
| Net insurance finance (loss) income                                 | US\$M          | (60)         | 1,242         |
| Fixed income losses from changes in risk-free rates                 | US\$M          | (5)          | (1,343)       |
| Net investment income   | US\$M          | 1,374        | 570           |
| Net investment return   | %              | 4.7          | 2.0           |
| Tax rate  | %              | 25.7         | 12.0          |
| <b>Net profit after income tax</b>                                  | <b>US\$M</b>   | <b>1,355</b> | 587           |
| Adjusted net cash profit after income tax                           | US\$M          | 1,362        | 664           |
| Debt to total capital   | %              | 21.9         | 23.7          |
| PCA multiple  |                | 1.82x        | 1.79x         |
| <b>Return on average shareholders' equity – adjusted cash basis</b> | %              | <b>16.0</b>  | 8.3           |
| Basic earnings per share – adjusted cash basis                      | US cents       | 91.4         | 44.8          |
| Dividend payout ratio (percentage of adjusted cash profit)          | %              | 45           | 60            |
| <b>Dividend per share</b>   | <b>A cents</b> | <b>62</b>    | 39            |

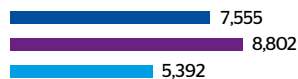
# Underwriting performance

QBE's combined operating ratio improved to 95.2% from 95.9% in the prior year, or 94.6% excluding the 0.6% impact from the upfront cost of the \$1.9 billion reserve transaction announced in February 2023.

## Gross written premium (US\$M)

**21,748**

⬆ 10% from 2022

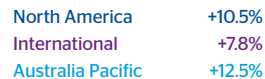


Momentum continues, with constant currency growth of 10%, or 9% excluding Crop, supported by ex-rate growth of 4%. Strong growth of 17% was achieved in International, while portfolio exits impacted growth of 8% in Australia Pacific, and 4% in North America.

## Average renewal premium rate increase

Group

**+9.7%**



Group-wide premium rate increases averaged 9.7% compared with 7.9% in the prior year. The strength of rate increases was consistent across each division, and underscored by rate increases in property classes.

## Ex-cat claims ratio

**59.1%**

2022 60.5%

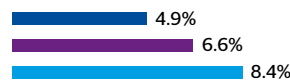


The ex-cat claims ratio reduced by 1.4% during the year, or 0.6% excluding the impact from current year risk adjustment. The stronger performance in International was partially offset by discrete inflation challenges in certain Australia Pacific and North America portfolios.

## Catastrophe claims ratio

**6.6%**

2022 7.0%



The net cost of catastrophe claims of \$1,092 million, or 6.6% of net insurance revenue, was within the Group's allowance, and reduced from 7.0% in the prior year. The cost of catastrophes was driven by significant secondary peril activity across all divisions.

## Prior accident year claims development (US\$M)

**95**

2022 228

Central estimate \$ (225)M  
Prior year risk adjustment \$320M

The result included adverse central estimate development of \$225 million, largely reflecting catastrophes from late 2022. This was more than offset by \$320 million of favourable development related to the unwind of prior year risk adjustment.

## Net commission ratio

**18.3%**

2022 18.2%

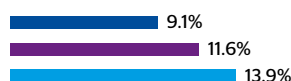


The net commission ratio increased to 18.3% from 18.2% in the prior year, primarily due to business mix changes, where the impact from quota share reinsurance ceding commissions is now recorded within reinsurance income.

## Expense ratio

**11.8%**

2022 11.7%



The expense ratio of 11.8% was a slight increase from 11.7% last year. Expense growth in the period reflected modernisation investment, the cost of targeted growth initiatives, and the impact of elevated inflation across the broader expense base.

## Combined operating ratio

**95.2%**



The combined operating ratio improved to 95.2% from 95.9% in the prior year and includes a 0.6% impact from the upfront cost of the \$1.9 billion reserve transaction. The result was supported by attractive premium rate increases which remain at or above inflation for most lines.

● Group ● North America ● International ● Australia Pacific

## Investment portfolio performance

Total investment income for the year was \$1,374 million, equating to a return of 4.7%. The result improved substantially from \$570 million or 2.0% in the prior year, with higher interest rates supporting fixed income returns, which also included a favourable mark to market impact from tighter credit spreads.

The core fixed income portfolio delivered a return of 4.8% or \$1,247 million, a significant increase on the \$544 million in the prior year. The running yield on the core fixed income portfolio remained strong through the year, with the 31 December 2023 exit running yield of 4.6% around 50 basis points higher than at 31 December 2022.

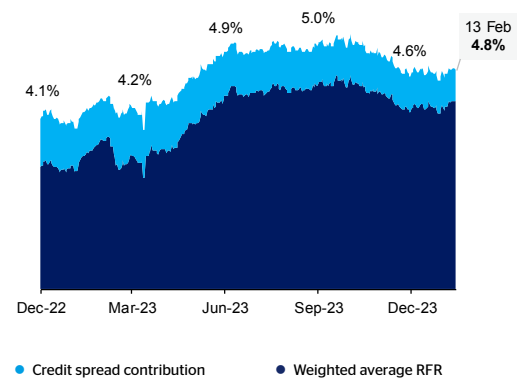
Risk asset performance improved significantly compared to the prior year. Enhanced fixed income and infrastructure assets delivered strong returns, helping to offset weaker performance in the unlisted property portfolio, due to lower property valuations. Despite negative unlisted property returns, the risk asset portfolio delivered a return of 5.7% or \$190 million compared with 1.2% in the prior year.

Funds under management of \$30.1 billion increased by 7% compared to \$28.2 billion at 31 December 2022, or 5% on a constant currency basis. Strong investment returns and continued premium growth were offset by the material reduction in investment assets associated with the \$1.9 billion reserve transaction announced in February 2023. Portfolio mix continued to trend toward our target strategic asset allocation in 2023. The allocation to risk assets increased to 12% (and 14% on a committed basis) from 11% at 31 December 2022, and the core fixed income portfolio now represents 88% of total investments.

### FY23 investment return

|                                 | \$M          | %          |
|---------------------------------|--------------|------------|
| FI yield (ex risk-free rate)    | 1,131        | 4.4        |
| Credit spreads (mark to market) | 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> |

### Core fixed income running yield



## Balance sheet and capital management

### APRA PCA multiple

**1.82x**



QBE's indicative PCA multiple improved to 1.82x at 31 December 2023 from 1.79x at 31 December 2022. Allowing for the payment of the 2023 final dividend of 48 Australian cents, the pro-forma PCA multiple would decline to 1.74x at 31 December 2023.

### Debt to total capital

**21.9%**



Total borrowings were \$2.8 billion, an increase of \$0.1 billion from \$2.7 billion at 31 December 2022. Debt to total capital improved to 21.9% from 23.7% at 31 December 2022.

### Adjusted cash return on equity

**16.0%**



Adjusted cash profit after tax increased to \$1,362 million from \$664 million in the prior year, and equates to an annualised return on equity of 16.0%.

# Strategic priorities

QBE Group CEO, Andrew Horton, said; “Over the last two years, QBE has been focused on delivering greater resilience and consistency. I see meaningful progress across the business, and I am confident that we can drive further progress against our strategic priorities in 2024.”

“Our strategy to improve performance in North America remains a key focus for the Board and management, and we are tasked to build a business which delivers performance that is consistent with our Group targets. We have renewed our focus on building and strengthening relationships with our major trading partners, and are confident we can successfully manage our priorities for the division.”

“We want to accelerate QBE’s data-centric capabilities and expand our ability to support customer resilience through new technologies, such as artificial intelligence. We will continue to leverage technology to deliver better outcomes for customers through our Modernisation strategic priority and QBE Ventures initiatives.”

“Our six strategic priorities remain consistent, and we are focused on having the right capabilities, people and technology to deliver our strategy, drive competitive advantage and support our customers. We are motivated to deliver on our plan, better leverage our unique global platform and ultimately realise our potential.”



**Portfolio optimisation**



**Bring the enterprise together**



**Our people**



**Sustainable growth**



**Modernise our business**



**Our culture**

## Outlook

|                                 |  |
|---------------------------------|--|
| <b>Gross written premium</b>    | 2024 constant currency GWP growth in the mid-single digits |
| <b>Combined operating ratio</b> | Combined operating ratio of ~93.5%                         |
| <b>Investment returns</b>       | FY23 exit running yield of 4.6%                            |

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## Result presentation

Group CEO, Andrew Horton, and Group CFO, Inder Singh, will host a result briefing today (Friday 16 February 2024) at 10:00am (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/qo7hsvm7>

Teleconference (Q&A participation): <https://register.vevent.com/register/B15cc25651d36d4e7eab04400058378338>

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

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## Contact details

For further information, please contact:

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## 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 changes exclude North America Crop and/or Australian compulsory third party motor (CTP).
5. Core fixed income excludes enhanced fixed income risk assets which comprise emerging market debt, high yield debt and private credit.
6. Funds under management comprise cash and cash equivalents, investments and investment properties.
7. 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.
8. 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.

## Disclaimer

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

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](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 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.