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19 June 2024

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

Dear Sir/Madam

**QBE announces outcome of North America middle-market strategic review, and provides updated colour on 1H24 performance**

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**

Attachment

For personal use only

# Market update

QBE announces outcome of North America middle-market strategic review, and provides updated colour on 1H24 performance.

## Strategic review of North America middle-market

Following an extensive strategic review, QBE has determined it will commence an orderly closure of its North America middle-market segment. The segment represented gross written premium of ~\$500M in FY23, and has experienced performance challenges over several years.

The closure of middle-market will serve to refocus North America's strategy on those businesses which hold more meaningful market position, relevance and scale. The closure will have no incremental impact on appetite or strategy for North America's three core businesses, Specialty, Crop and Commercial.

QBE will begin non-renewing middle-market policies in accordance with applicable state regulations, with gross written premium expected to begin reducing in FY24, before falling more substantially in FY25. A restructuring charge of ~\$100M before tax will be recorded in the FY24 result to account for costs associated with the business closure.

The closure is expected to have limited impact on QBE's FY24 Group combined operating ratio, and further information will be provided at QBE's 1H24 result on 9 August, 2024.

## 1H24 performance update

Following the 1Q24 Performance update released on 10 May, QBE provides additional colour on Group performance ahead of its 1H24 result:

- **Premium growth:** 1H24 gross written premium is expected to be ~\$13.1B, representing constant currency growth of ~3% on the prior corresponding period, with net insurance revenue expected to be ~\$8.4B.
- **Catastrophe costs:** Group catastrophe costs in the five months to May-2024 are estimated at ~\$500M, relative to the 1H24 catastrophe budget of \$609M. Recent events have included US convective storms, the Dubai floods and an initial estimate of \$175M-\$225M to account for QBE's net exposure to the ongoing civil unrest in New Caledonia.
- **Prior year development:** Following the completion of recent 1H24 reserve reviews, QBE continues to expect a modest level of adverse prior year development.
- **Investment result:** Total investment income in the five months to May-2024 was \$643M, which improved from \$406M in 1Q24. The result included a favourable credit spread impact of \$76M, and a risk asset result of \$104M. To May-2024 the net impact from asset-liability management activities remained neutral.

Based on its preliminary view of the 1H24 result, QBE continues to expect FY24 Group constant currency gross written premium growth in the mid-single digits, and a FY24 Group combined operating ratio of ~93.5%.

## Contact details



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## Basis of presentation (unless otherwise stated)

1. All figures are in US\$.

## 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 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](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.