2024
Annual Report

QBE

About this report

This is the Annual Report for QBE Insurance Group Limited (and its controlled entities) for the year ended 31 December 2024.

This report is our primary report to shareholders and includes material information about our strategy and performance, in addition to our remuneration report and financial statements which have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards.

Definitions of key performance metrics in section 2 are provided in the glossary on pages 161 to 164. Key metrics disclosed on a statutory basis are derived from unadjusted components of financial statement line items. Financial information prepared on a management basis has not been audited or reviewed by QBE's external auditor. A reconciliation between the statutory and management result is provided on pages 14 to 15.

Unless otherwise stated, references in this report to 'QBE', 'the Group', 'we', 'us' and 'our' refer to QBE Insurance Group Limited (and its controlled entities). References to 'the Company' refer to QBE Insurance Group Limited, the ultimate parent entity.

All dollar figures are expressed in US dollars unless otherwise stated.

Disclaimer

This report contains general background information about the Group's activities current as at 21 February 2025. This report 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 at www.asx.com.au or QBE's website at www.qbe.com. The information is supplied in summary form and is therefore not necessarily complete. It is not intended to be and should not be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. 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.

Forward-looking statements

This report may contain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "outlook", "ambition" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future carbon emissions, 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 report and QBE assumes no obligation to update such information.

Any forward-looking statements in respect of earnings and financial position and performance assume ex-cat and catastrophe claims do not exceed the allowance in our business plans, no changes 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, recoveries from our reinsurance panel, no unplanned asset sales, no substantial change in regulation, and no material change to key inflation and economic growth forecasts; in each case, materially from the expectations described in this report. Should one or more of these assumptions prove incorrect, actual results may differ.

Climate-related statements

This report contains certain climate-related statements, including in relation to climate-related risks and opportunities, climate-related goals and ambitions, climate scenarios, emissions reduction pathways and climate projections. These climate-related statements are subject to uncertainties, limitations, risks, challenges, and assumptions associated with climate-related information, and may be dependent on many factors that are not fully within our control. These factors include progress of individuals, businesses and economies to transition, governmental action, availability and reliability of data, and availability of solutions and technologies that enable greenhouse gas emissions reduction and removal. The information in this report should be read in conjunction with the qualifications and guidance included in this report as well as the 2024 Sustainability Report and Data Book available at QBE's website.

QBE Insurance Group Limited
ABN 28 008 485 014

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2024 reporting suite

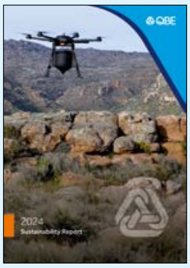
This report forms part of our annual reporting suite which brings together information on the Group's financial and sustainability performance for the year, and other disclosures.

Annual Report

Our primary disclosure document containing the operating and financial review, remuneration report, financial statements and key governance disclosures.

Investor Report

Provides performance highlights and supplementary management commentary on the Group's strategic and financial performance for the convenience of analysts and institutional investors.



Sustainability Report

Contains discussion of QBE's sustainability performance and progress, and discloses sustainability topics that affect QBE and our impacts on society and the environment.

Sustainability Data Book

Provides data for key sustainability metrics and trends.

Modern Slavery and Human Trafficking Statement

Describes how we identify, assess and address modern slavery risks within our operations and supply chains.

Corporate Governance Statement

Describes our corporate governance framework, including key policies and practices.

Where to find

	ANNUAL REPORT	INVESTOR REPORT	SUSTAINABILITY REPORT	SUSTAINABILITY DATA BOOK	MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT	CORPORATE GOVERNANCE STATEMENT
Business strategy and strategic priorities	●	●				
Risk management	●	○				
Corporate governance framework, policies and practices	○					●
Board membership, skills and experience	●					●
Financial performance	●	●				
Climate-related risks and opportunities	●		○			
Sustainability strategy	○	○	●			
Sustainability governance	○		●		○	
Sustainability performance	○	○	●	●	●	

Key: ○ Key messages ● Comprehensive

About **QBE**

QBE Insurance Group Limited (QBE) was founded in Townsville, Queensland in 1886 and is now headquartered in Sydney and listed on the Australian Securities Exchange.

QBE is an international insurer and reinsurer which holds leading franchises across commercial and specialty markets, organised across three divisions: North America, Australia Pacific, and International. Our diverse insurance portfolio includes property, motor, crop, public and product liability, professional indemnity, workers' compensation, energy, marine and aviation. QBE utilises three major rating agencies and is committed to maintaining its ratings at their current levels, with an A+ S&P rating, and more than $30 billion of funds under management. QBE has the financial strength to realise our purpose, and help those around us build strength and embrace change to their advantage.

Our purpose: Enabling a more resilient future

How we organise ourselves

3
Divisions

26
Countries of operation

13,275
People

Our business divisions

Net insurance revenue (US$)

~$18B

North America 27%

Our North America division is organised around our three segments of Crop, Specialty and Commercial

International 45%

Our International division encompasses our Lloyd's franchise, UK and European commercial segments, reinsurance business (QBE Re), and Asian operations

Australia Pacific 28%

In our home market, we offer a broad range of commercial, specialty, credit and personal insurance products

Our business focus

Net insurance revenue (US$)

~$18B

▮ Commercial 44%

QBE holds long-established leading market shares in SME through middle-market commercial P&C segments in Australia and the UK, with a strong presence in Continental Europe and Asia

▮ Specialty 27%

QBE is known for underwriting expertise across a diverse group of specialty classes, underpinned by our leading Lloyd's franchise

▮ Reinsurance 12%

QBE Re is a full platform, well diversified global reinsurance business, with presence in property, casualty and specialty segments

▮ Crop and LMI 12%

QBE holds leading market shares in two non-P&C lines, providing crop insurance in North America, and lenders mortgage insurance in Australia

▮ Consumer 5%

QBE has presence in the Australian personal lines segment, with a focus on home and motor products

Chair's message

Focused on providing consistency to our stakeholders

QBE has continued to strengthen its underwriting result across the Group, and I am very pleased with the consistent execution of our strategic priorities and improved performance, delivering for customers and shareholders.

As I reflect on another year of operating within a dynamic global environment, our purpose of enabling a more resilient future remains a guiding force. The geopolitical landscape remains uncertain and managing this increasingly complex environment underscores the importance of QBE remaining focused on providing consistency and reliability to our customers, communities, and shareholders.

We anticipate challenges to continue over the coming year, with inflationary pressures, security concerns across multiple regions and global uncertainty impacting economic growth. As a global organisation, these factors remain top of mind as we navigate their implications for our business and stakeholders.

Our financial results for 2024 reflect both the challenges of the external environment and the strength of QBE's strategy. QBE has concentrated on delivering consistently for our stakeholders and this is reflected in our financial results, capital position and increase in dividends for shareholders. QBE delivered a statutory net profit after tax of $1,779 million in 2024. Our capital position and balance sheet remain strong. Reflecting our confidence in the outlook, the Board has declared a final dividend of 63 Australian cents per share, compared to 48 Australian cents per share in 2023. This reflects our ongoing commitment to delivering value to shareholders while maintaining a strong capital position to support future growth.

Over the last year, the global insurance industry once again faced significant catastrophe events. QBE provided critical support to affected communities, including responding to Hurricane Helene and Hurricane Milton in the United States, severe European storms and flooding in Spain, and localised extreme weather events across Australia - the most recent being the Far North Queensland floods in early 2025. In January, we witnessed the devastating destruction of the wildfires in Southern California, resulting in profound and tragic losses of life and property. I am proud we are there to deliver for our customers around the world in their time of need and support communities recover. I am also acutely aware of the need for mitigation action to reduce the burden of increasing weather events globally and the imperative for greater investment in infrastructure to build more resilient communities.

The insurance landscape in Australia continues to evolve, with the 2024 Flood Insurance Parliamentary Inquiry highlighting the need for greater transparency, accountability, and customer-centric practices across the industry. QBE acknowledges the challenges and opportunities outlined for insurers during this process. We recognise the trust our customers put in us, and we are committed to strengthening the experience we provide them.

Sustainability remains important to our purpose of enabling resilience. In 2024, we continued to deliver on our sustainability strategy and Sustainability Scorecard commitments, while also progressing work on developing our climate transition plan. The transition plan will outline the steps we are taking as a business to address climate-related risks and opportunities and make progress on our climate commitments. It will be published with our first mandatory climate disclosures under Australian legislation in early 2026.

The QBE Foundation continues to play a vital role in delivering on our purpose. In October, the QBE Foundation won Program of the Year at the Australian Workplace Giving Awards and was listed among the Top 20 Companies in Australia at the Good Company Awards, reflecting the collective efforts of our people through payroll giving, volunteering, community sponsorships, and matched donations.

I would like to thank our 13,000 people for their dedication, our customers for their support, and our shareholders for their continued confidence in QBE. I would like to acknowledge the leadership of Andrew Horton and the Group Executive Committee who have executed consistently against our strategy and delivered strong results for QBE.

I believe QBE is well-positioned to adapt to emerging risks, and continue to navigate uncertainty, driving profitability and growth. We look forward to another year of creating value for all our stakeholders.

Mike Wilkins AO
Chair

Delivering greater consistency as a global enterprise

2024 marked the third year since we launched our new purpose, vision and strategic priorities, and our financial performance for the period speaks to the considerable progress we have achieved. We beat our plan for the year, continue to demonstrate greater resilience and are excited about our prospects for the year ahead.

Focused on our strategic priorities

Our vision is to be the most consistent and innovative risk partner

Actively managing our portfolio mix to reduce volatility

Sustainability Focus Areas will help us to deliver on our purpose of enabling a more resilient future

I am pleased with QBE's performance in 2024, which reflects our commitment to driving greater consistency, and unlocking value through operating as a global enterprise. We made meaningful progress against our strategic priorities and it has been particularly exciting to see the business transition from a focus on historic challenges, to concentrating on the opportunities ahead.

Our ability to deliver for our customers remains at the heart of everything we do, and I am enormously proud of our people across the globe who have supported our customers and partners. This year, we paid out $12,766 million in claims globally, helping our customers recover when they're most in need. Honouring our commitment to deliver on claims is at the core of our business, but we acknowledge there is more to do to get it right for our customers and we are taking actions to improve.

During 2024 I was pleased to welcome Julie Minor to the Group Executive Committee as Group Head of Distribution, who will drive our customer and partner engagement strategy. I also recently announced the appointment of Ian Fantozzi as Group Executive, Technology and Operations, who will replace Matt Mansour in early 2025.

Business performance

Financial performance in 2024 was encouraging, improved on the prior period in most aspects and tracked ahead of our plan for the year. Numerous initiatives to reduce volatility and build resilience are now supporting stronger and more predictable performance.

I was pleased with the resilience of our underwriting result in light of meaningful global catastrophe costs, plus challenges associated with inflation, large loss activity and Crop. Against this backdrop our combined operating ratio of 93.1% improved considerably from 95.2% in the prior period, with catastrophe costs comfortably within allowance and relative stability in central estimate reserves.

Into 2025, we see scope to drive further improvement in our combined operating ratio, and are confident that previously announced portfolio exits, reserve transactions and lower catastrophe retentions will drive a continuation of greater consistency.

Our Group adjusted return on equity of 18.2% was strong, and increased from 15.8% in the prior period. We also achieved further growth, with gross written premium growth of 3%, though closer to 9% on adjusting for the impact from recent portfolio exits and lower Crop premium.

We delivered a record investment result, supported by higher for longer interest rates and strong risk asset returns, and expect markets will remain supportive in 2025.

+ **For detailed discussion of Group and divisional performance, please refer to pages 8 to 15 of this report.**

Strategy in action

We have executed well against our strategy this year, which marked the third year since we launched our purpose, vision and strategic priorities. During this time, we have built greater consistency and resilience across the business, alongside a refresh of QBE's global brand proposition, 'At the heart of it', reflecting what matters most to our customers and people.

We have created a new Customer strategic priority, with the goal of providing a more customer centric approach to our product, service and distribution strategy. Alongside our strong relationships with major trading partners, we aim to build deeper relationships with our customers.

Our strategy to sustainably improve the performance of North America has been a primary focus for the Board and management, and the decision to exit middle-market was an important step for the division. While the core go-forward division combined operating ratio of ~94% remains encouraging, I was disappointed with the result for Crop, which deteriorated through the final weeks of the season. We will take a number of steps in 2025 to achieve more acceptable performance.

We executed well against our sustainable growth priority during the period, delivering ~5% Property and Casualty ex-rate growth (excluding the impact of exited portfolios). With our portfolio in better balance, we are confident we have the right settings in place to maintain recent momentum.

Our initial goal for each of the Strategic Priorities was to reach a stable state and transition into business-as-usual. This is particularly true for Culture, where significant strides have been made in recent years, including embedding our purpose, fostering an environment to safely speak up, and encouraging experimentation and innovation.

While Culture continues to be a key focus, we believe now is the right time to transition it to business-as-usual. This shift will be supported by robust Culture monitoring through regular reporting and a collective sense of ownership across the Group Executive Committee.

+ **Page 6 of this report details our progress and achievements against all six strategic priorities, along with future focus areas.**

Supporting our customers, communities and people

Our people are at the heart of our organisation, and we continue to be a more connected organisation, working as a global team to better serve our customers. In July 2024, QBE launched QCyberProtect, a globally consistent cyber policy designed to enhance cyber resilience for a broad range of clients worldwide.

Investing in new technology is fundamental to our vision of being the most consistent and innovative risk partner. QBE's venture investment arm, QBE Ventures plays an important role in this regard, providing a conduit to emerging financial technology platforms for experimentation and development.

We are advancing our responsible use of AI and implementing several use cases designed to drive greater efficiency. During 2024 we continued to enjoy positive outcomes from the progressive roll-out of our underwriting AI Co-pilots.

We made important progress on our modernisation journey in 2024, and have better aligned future investment to our priority businesses. A key initiative delivered in Australia Pacific was the launch of our new cloud-based data, analytics, machine learning and artificial intelligence ecosystem that aims to empower our people and supports a customer-led, digitally enabled organisation.

In 2025 QBE will launch a new global brand proposition, helping to support strong connections with our customers, and a clear articulation of bringing the enterprise together.

Retaining our people and attracting new talent remains an important focus and during 2024 we continued to embed our employee value proposition, "Why QBE?". I am pleased that these efforts have contributed to an increase in employees recommending QBE as a great place to work.

Outlook

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, with strong profitability across the majority of our business segments.

As a result, our priorities are becoming more future focused, and we are particularly excited about the breadth of opportunities we have to grow our business over the medium term, in what are expected to remain supportive markets.

Against this backdrop, we forecast constant currency gross written premium growth in the mid-single digits for 2025, and a Group combined operating ratio of around 92.5%. Elevated interest rates should continue to support strong investment returns.

Andrew Horton
Group Chief Executive Officer

Strategy

Our purpose is to enable a more resilient future. As an organisation, we have been helping our customers grow, innovate, explore, prepare and recover from setbacks since 1886. Our strategy should ensure we build on this legacy.

Our strategic priorities

	WHAT WE ACHIEVED IN 2024	FUTURE FOCUS
Portfolio optimisation **Strive for both improved and more consistent risk-adjusted returns by actively managing portfolio mix and volatility**	• Achieved lower peril retention in 2025 reinsurance program due to improvement in property catastrophe risk profile • Executed $1.6 billion reserve transaction, which will largely de-risk reserves for North America exited non-core lines	• Continue to become more medium-term in our approach to business planning • Continue to embed more enterprise level portfolio steering and enhance focus on aggregations/accumulations
Sustainable growth **Achieve consistent growth through innovative risk solutions, leveraging improved digital capability and existing skill-set across the enterprise**	• Formed medium-term growth ambition, with clear alignment of investment required to support priority businesses • Successful launch of inaugural catastrophe bond for QBE Re to support growth, and establish access to broader pools of capital	• Drive sustainable growth through deepening core franchises, expanding footprint in focus areas, and innovating across new opportunities • Focus investment in priority businesses to build and enhance capability
Bring the enterprise together **Simplify what we do and achieve greater consistency across the enterprise. Explore new ways to better leverage our global footprint and scale**	• Refresh of QBE's global brand proposition, 'At the heart of it', reflecting what matters most to our customers and people • Appointed newly created Chief Transformation Officer role, to drive an enterprise approach to our transformation roadmap	• Continue to identify enterprise opportunities unlocked through better sharing of knowledge and relationships • Leverage expertise, capabilities and scale to provide consistent support for our customers in an increasingly complex risk environment
Modernise our business **Strategically innovate and invest in differentiating capabilities that make things easier for our customers, partners and people**	• Meaningful progress in Australia Pacific modernisation program, with initial products to launch on new platform over coming months • Deepened application of AI across underwriting and operations, with several use cases implemented	• Improve performance through efficiency initiatives, optimise our organisational structure to ensure QBE is future fit • Support sustainable growth agenda through continued enhancement of underwriting tools, process and data capability
Our people **Empower a sustainable and diverse pipeline of leaders, while becoming an employer of choice in our markets**	• Pleasing leadership stability continued in 2024, with several key roles filled through internal appointments • Delivered multi-year technology and infrastructure workforce enablement program	• Modernise approach to workforce planning through improved global workforce processes and integrated tools • Increase the diversity of our workforce in line with targets including increasing representation of women in all leadership roles
Customer **Deliver an excellent experience for our customers and partners**	• Developed customer segmentation framework, to better understand and serve the unique needs of our customers • Commenced project to uplift and standardise trading partner data & analytics to enhance distribution relationships	• Build a consistent global Customer strategy focused on the differentiated value we deliver in each of the segments we serve • Become an easier partner to do business with, build deeper distribution relationships

Sustainability

As an insurer, QBE aims to identify the most material sustainability topics through our formal materiality assessment, which informs our sustainability strategy. Our strategy is described through our three Focus Areas, defined below, and supported by our Scorecard commitments. Our Sustainability Governance Framework facilitates oversight of the strategy and progress against the commitments.

OUR AREAS OF SUSTAINABILITY FOCUS

WHAT WE HAVE ACHIEVED IN 2024

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

We support an orderly and inclusive transition to a net-zero emissions economy, aligned with limiting warming to 1.5 degrees Celsius by the end of 2100. We recognise the importance of addressing climate change and incorporating climate-related risks and opportunities into our decision-making, facilitating a resilient future for our business and our customers.

As an insurer and reinsurer, we acknowledge that our business activities can have an impact on the environment in which we operate. This Focus Area recognises the potential impacts, risks and opportunities presented by climate change, and our role in the transition to a net-zero economy.

We continue to work towards our commitment of a net-zero underwriting portfolio by 2050, a net-zero investment portfolio by 2050 and net zero across our own operations by 2030. In 2024, we commenced work to develop a climate transition plan, which we will publish in 2026.

Further information on our targets and progress is included on pages 22 to 37.

100%	electricity use across QBE's offices certified as renewable[1]
74%	reduction of Scope 1 and 2 carbon emissions since 2018 Target of 30% reduction by 2025
28%	energy reduction Target to reduce energy use by 25% by 2025 (from 2019 levels)
6%	Climate Solutions investments Target 5% of the total investment portfolio by 2025

ENGAGEMENTS IN 2024:

100%	external fund managers across our investment portfolio, and 20 highest emitters in our investment grade corporate credit portfolio

Focus Area 2 Enable a sustainable and resilient workforce

The culture and capability of our people are drivers of value for QBE. A sustainable and resilient workforce is underpinned by how we engage and connect our people to our purpose and vision. Investing in our people's career development, and supporting flexibility and wellbeing, can allow us to continue to attract and retain the best talent.

This second Focus Area recognises the important role our people and culture play in attracting and retaining talent over the long term. It also recognises the importance of our people's technical knowledge, skills and capabilities in supporting our business and customers, and addressing the risks and opportunities that arise across our globally diverse business.

44.4%	Women on Group Board Target of 40% by 2025 (achieved)
58.3%	Women on Group Executive Committee (GEC) Target of 40:40:20 (40% women, 40% men, 20% any gender) by 2023
40.8%	Women in Leadership[2] Target of 40% by 2025 (achieved)

Focus Area 3 Partner for growth through innovative, sustainable and impactful solutions

Our landscape is changing, presenting opportunities to innovate and partner on impactful solutions through our investments, supplier and broker relationships, the QBE Foundation and QBE Ventures. We can explore ways to co-create solutions to meet the changing needs of our customers, and support communities affected by climate impacts and the net-zero transition. QBE seeks opportunities to partner with customers, suppliers and other stakeholders to address the risks and challenges that businesses and communities face.

We aim to influence and advocate for sustainable policies and positions through our industry memberships and participation in working groups, as we recognise that our most pressing sustainability challenges require action from multiple actors, including government, regulators, the broader financial services sector and other stakeholders in our communities.

$2.3B	market value of Premiums4Good investments Target of $2 billion by 2025
135	number of securities of Premiums4Good investments
16.9%	Increase in Corporate community investment[3] by QBE Foundation

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[1] Based on the RE100 Climate Group's materiality threshold guidance which excludes countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity via any credible sourcing options. We meet our RE100 commitment through a combination of contracts with electricity suppliers and purchasing unbundled energy attribute certificates.

[2] Defined as the next three tiers below the GEC.

[3] Refer to the Data Book for the definition of Corporate community investment.

Financial performance

QBE reported a statutory profit after tax attributable to ordinary equity holders of the Company of $1,779 million for the year ended 31 December 2024 compared with $1,355 million for the prior year.

Summary financial performance

		MANAGEMENT		STATUTORY	
FOR THE YEAR ENDED 31 DECEMBER		**2024**	**2023**	**2024**	**2023**
Insurance revenue	US$M	**21,778**	20,825	**21,778**	20,826
Reinsurance expenses	US$M	**(3,971)**	(4,226)	**(4,462)**	(4,848)
Insurance service result	US$M	**1,467**	984	**2,006**	1,503
Insurance operating result	US$M	**1,234**	796	**1,773**	1,315
Net investment income	US$M	**1,488**	1,374	**1,310**	1,369
Income tax expense	US$M	**(504)**	(473)	**(504)**	(473)
Profit after income tax attributable to ordinary equity holders	US$M	**1,779**	1,355	**1,779**	1,355
Key metrics					
Gross written premium	US$M	**22,395**	21,748	**22,395**	21,748
Net claims ratio	%	**63.2**	65.1	**58.8**	60.2
Net commission ratio	%	**17.7**	18.3	**18.5**	19.4
Expense ratio	%	**12.2**	11.8	**12.5**	12.2
Combined operating ratio	%	**93.1**	95.2	**89.8**	91.8

Gross written premium increased by 3%, driven by targeted new business growth and continued premium rate increases. Momentum was partly offset by portfolio exits in North America and Australia Pacific, and lower Crop premium.

The combined operating ratio improved to 93.1% from 95.2% in the prior year, supported by favourable catastrophe experience, and more stable development of the central estimate. Catastrophe costs remained below allowance despite global insured losses tracking at ~$150 billion, one of the most elevated years for the industry on record. Exposure to hurricanes Milton and Helene was notably lower than historic experience, given recent portfolio exits and portfolio optimisation initiatives.

During the year, QBE commenced the orderly closure of the middle-market business in North America, and executed a loss portfolio transfer which de-risked $1.6 billion in reserves. The loss portfolio transaction had an upfront cost of $80 million, of which ~$40 million was included in the insurance operating result, with the remainder presented as restructuring expenses in the management result. Profit for the year also included ~$100 million of costs associated with the closure of the middle-market business.

Total investment income, excluding fixed income losses from changes in risk-free rates, was $1,488 million or a return of 4.9%, compared with $1,374 million or 4.7% in the prior year. Performance was supported by strong risk asset returns and elevated interest rates. During the year, asset liability management activities resulted in a broadly neutral impact to earnings.

The Group's effective tax rate was 22.0% compared with 25.7% in the prior year, reflecting the full utilisation of previously unrecognised tax losses in the North American tax group.

QBE's balance sheet remains strong. The indicative APRA PCA multiple of 1.86x increased compared to 1.82x at 31 December 2023, and above our 1.6–1.8x target range. The Board declared a 2024 final dividend of 63 Australian cents per share, which represents a full year dividend payout ratio of 50% of adjusted net profit after tax. The APRA PCA multiple reduces to 1.77x, after allowing for the final dividend payment.

Unless otherwise stated, discussion of performance in this section of the report is on a management basis which is consistent with how performance is assessed internally. The management basis reflects adjustments to the statutory result to provide greater transparency over the underlying drivers of the Group's performance, and a reconciliation is provided on pages 14 and 15. Definitions of key metrics, including how they are calculated, are provided in the glossary on pages 161 to 164. The key metrics used by QBE to manage and assess underwriting performance are derived from components of financial statement line items. An analysis of the insurance operating result by these components is provided on page 15. 2023 shareholders' equity and insurance contract liabilities have been restated to reflect an updated transitional adjustment relating to discounting on initial application of AASB 17 *Insurance Contracts*, further information on which is included on page 74. Adjusted return on equity and other related balance sheet metrics have been restated accordingly.

Underwriting performance

Unless otherwise stated, discussion of performance is on a management basis. A reconciliation to the equivalent statutory result is provided on page 14.

Net insurance revenue

Gross written premium

Gross written premium increased 3% on a headline basis to $22,395 million from $21,748 million in the prior year. Trends were consistent on a constant currency basis, with gross written premium increasing by 3%. Organic growth was partly offset by non-core exits in North America and Australia Pacific, and weaker Crop premium from lower commodity prices. Excluding Crop, gross written premium growth was 5%, and 9% when further excluding exited portfolios. Portfolio exits in North America and Australia Pacific reduced 2024 gross written premium by around $600 million, which included middle-market and various third party property portfolios. The Group achieved an average renewal premium rate increase of 5.5% compared with 9.7% in the prior year. The result reflects moderation in certain property lines following substantial increases in 2023, alongside a backdrop of strong rate adequacy and lower claims inflation. Retention increased slightly to 82% from 81% in the prior year, reflecting favourable performance in International, partly offset by portfolio exits and higher competition in some lines.

Reinsurance expenses

Headline reinsurance expenses decreased to $3,971 million from $4,226 million in the prior year. The Group catastrophe and risk cover was broadly in line with the prior year, reflecting modest cost increases on parts of the program, which were mitigated by non-core property exits and the new Australian cyclone pool. Crop reinsurance costs reduced compared to 2023, reflecting lower premium for the year and reduced external quota share reinsurance. Reinsurance expenses also included a charge of ~$40 million, representing the upfront cost of the $1.6 billion reserve transaction completed in October 2024.

Net insurance revenue

Net insurance revenue increased 7% on a constant currency basis. This was higher than the growth in gross written premium, reflecting the earn-through of strong premium rate increases, recent portfolio exits and lower reinsurance expense. The upfront cost associated with the aforementioned reserve transaction was incurred in our North America and International business segments.

Net claims

The net claims ratio decreased to 63.2% from 65.1% in the prior year. The outcome was driven by more stable central estimate development and lower catastrophe costs, which tracked comfortably below allowance for the year.

The ex-cat claims ratio increased to 59.7% from 59.1% in the prior year. The result included current year risk adjustment of $637 million, compared to $518 million in the prior year. Excluding risk adjustment, the ex-cat claims ratio increased slightly to 56.1% from 56.0% in the prior year. On further excluding Crop, the Group ex-cat claims ratio improved to 53.0% from 53.8% in the prior year. The benefit from favourable premium rate increases was partly offset by large loss activity, business mix shift away from property classes, and persistent inflation in certain lines. Claims inflation continues to moderate most notably in the Northern Hemisphere, though remains more persistent than expected in a number of lines within Australia Pacific, including strata, motor and householders. While evidence of higher claims inflation across many longer tail classes is limited, QBE remains attuned to the potential for lags and persistency of inflation in these lines, alongside the risks posed by social inflation.

The net cost of catastrophe claims decreased to $1,048 million or 5.9% of net insurance revenue, from $1,092 million or 6.6% in the prior year. The outcome was $232 million below the Group's 2024 catastrophe allowance of $1,280 million, which is encouraging in light of meaningful insured losses for the industry, including an active North American hurricane season, the civil unrest in New Caledonia and a high frequency of secondary perils. Exposures to hurricanes Milton and Helene were notably lower than historic experience, given recent portfolio exits and portfolio optimisation initiatives.

The result was also supported by favourable prior accident year claims development of $424 million or 2.4% of net insurance revenue, increasing from $95 million or 0.6% in the prior year. This included modest strengthening of the central estimate of net outstanding claims by $21 million, compared with adverse development of $225 million in the prior year. The broadly stable outcome was a function of strengthening in certain International liability and reinsurance lines. This was partly offset by releases in North America short-tail lines and Crop, and LMI and CTP in Australia Pacific. The modest central estimate reserve strengthening was more than offset by favourable development of $445 million related to the unwind of risk adjustment from prior accident years, an increase from $320 million in the prior year.

Commission and expenses

The net commission ratio reduced to 17.7% from 18.3% in the prior year, primarily due to business mix changes across the Group. The Group's expense ratio of 12.2% increased from 11.8% in the prior year. Constant currency expense growth of 10% was elevated, although within expectations, and reflected increased change spend associated with our modernisation agenda. Excluding this investment, higher run costs in the period primarily reflected wage increases, and higher costs associated with new technology services and capabilities. This was partly offset by cost reductions from the middle-market exit in North America.

Divisional underwriting performance

Key metrics disclosed on a statutory basis are derived from unadjusted components of financial statement line items.

North America

Gross written premium decreased by 4% to $7,277 million, due to lower Crop premium and the run-off of non-core lines. Excluding Crop, gross written premium reduced by 2%. Net insurance revenue increased by 2% to $4,891 million, driven by recent premium rate increases and lower Crop reinsurance expense. Average premium rate increases of 7.3% compared to 10.5% in the prior year, and represented strong rate increases in property lines and Accident & Health, against ongoing rate declines in financial lines and workers compensation.

North America delivered an improved combined operating ratio of 98.9% relative to 103.7% in the prior year, driven by more favourable reserve development compared to a charge in the prior year. Despite a challenging result in Crop, core business performance was strong with a combined operating ratio of ~94%, driven by excellent results in core commercial and specialty of 87% and 91% respectively. 2024 global catastrophe costs had a heavy bias toward North America, which included an active hurricane season and a high frequency of convective storms. Against this backdrop, core property lines performed well, with the majority of the division's catastrophe costs recorded in non-core lines. Performance in Crop was disappointing. The combined operating ratio of 98.6% compares to 98.4% in the prior year, and includes $31 million of favourable prior year development. The result was impacted by adverse weather conditions and drought in a number of important states, weaker commodity prices and poor performance in some private products.

North America's net commission ratio reduced to 20.5% from 21.6% in the prior year. This was driven by a lower commission ratio in Crop due to geographic mix, and Accident & Health on account of favourable product and distribution channel mix.

		MANAGEMENT[1]		STATUTORY	
FOR THE YEAR ENDED 31 DECEMBER		2024	2023	2024	2023
Key underwriting metrics					
Gross written premium	US$M	**7,277**	7,555	**7,277**	7,555
Net insurance revenue	US$M	**4,891**	4,790	**4,566**	4,432
Net claims ratio	%	**69.4**	73.0	**63.7**	70.3
Net commission ratio	%	**20.5**	21.6	**21.9**	22.6
Expense ratio	%	**9.0**	9.1	**9.7**	9.8
Combined operating ratio	%	**98.9**	103.7	**95.3**	102.7

[1] Adjusted for subsequent impacts of in-force reinsurance loss portfolio transfer transactions (LPT), costs attributable to the middle-market exit, underlying prior accident year development (PYD) adjustment relating to Crop and the inclusion of unwind of discount on claims.

International

International maintained strong momentum in 2024, with gross written premium increasing by 11% to $9,837 million on a constant currency basis. Net insurance revenue increased by 14% in constant currency to $7,931 million. Average premium rate increases moderated to 3.7% from 7.8% in the prior year. This reflected lower property and reinsurance rate increases following significant hardening in 2023, while rate increases reduced across many Lloyd's portfolios, where profitability has significantly improved. Growth excluding premium rate increases was 8% compared to 10% in the prior year. This was driven by targeted organic growth, and comparable momentum across International Markets, QBE Re and UK insurance.

International's combined operating ratio of 88.7% was excellent, and improved compared to 89.5% in the prior period, underpinned by solid performance in both insurance and reinsurance. The strong underwriting result was supported by lower than expected catastrophe costs, where the benefit from recent actions to reduce property catastrophe volatility remains encouraging, particularly in light of meaningful global insured catastrophe losses in 2024. This was partly offset by elevated large loss costs from the Baltimore Bridge event, alongside reserve strengthening in certain liability and reinsurance lines. Catastrophe costs in the period included hurricanes Beryl, Helene and Milton, plus flooding and storm events in Dubai, Europe and Canada.

The net commission ratio in International of 17.5% was lower than 17.9% in the prior year, reflecting broadly stable commission ratios across most segments, alongside a favourable impact from changes in portfolio mix.

		MANAGEMENT[1]		STATUTORY	
FOR THE YEAR ENDED 31 DECEMBER		2024	2023	2024	2023
Key underwriting metrics					
Gross written premium	US$M	**9,837**	8,802	**9,837**	8,802
Net insurance revenue	US$M	**7,931**	6,921	**7,765**	6,643
Net claims ratio	%	**59.9**	60.0	**56.4**	54.2
Net commission ratio	%	**17.5**	17.9	**17.9**	18.7
Expense ratio	%	**11.3**	11.6	**11.6**	12.1
Combined operating ratio	%	**88.7**	89.5	**85.9**	85.0

[1] Adjusted for subsequent impacts of in-force reinsurance LPT and the inclusion of unwind of discount on claims.

Australia Pacific

On a constant currency basis, gross written premium declined by 1% to $5,281 million. The benefit from supportive premium rate increases was offset by the impact from exited portfolios, and greater competition across certain lines. On a constant currency basis, net insurance revenue increased by 3% to $4,985 million. Premium rate increases reduced to 8.4% from 12.5% in the prior year, reflecting moderation in certain liability lines, commercial property and strata, which more than offset the materially higher rate increases in consumer home and motor lines. Excluding premium rate increases, gross written premium reduced by 7% compared to the prior year, primarily due to the termination of third party property underwriting relationships. LMI gross written premium declined 12% to $84 million, reflecting a continuation of subdued housing market activity, alongside the impact from government initiatives to support first home buyers. As a result, for the 2024 underwriting year, QBE reduced the cession on its external quota share from 50% to 30%.

Australia Pacific delivered a combined operating ratio of 92.0% which improved relative to 93.6% in the prior year. Despite exposure to the civil unrest in New Caledonia of ~$200 million, catastrophe costs were lower than the prior period on account of more benign domestic catastrophe activity, while the result was also supported by more favourable prior year development relative to 2023. Claims inflation trends remain nuanced by class of business, and while inflation remains persistent in parts of the portfolio, the benefit from recent premium rate increases has driven some recovery in underwriting margins.

Australia Pacific's net commission ratio reduced to 15.1% from 15.7% in the prior year. This primarily reflected the exit of third-party consumer lines portfolios and favourable business mix impacts from growth in lower yielding commission lines such as CTP and homeowners through direct channels.

		MANAGEMENT[1]		STATUTORY	
FOR THE YEAR ENDED 31 DECEMBER		2024	2023	2024	2023
Key underwriting metrics					
Gross written premium	US$M	**5,281**	5,392	**5,281**	5,392
Net insurance revenue	US$M	**4,985**	4,881	**4,985**	4,901
Net claims ratio	%	**63.1**	64.0	**58.7**	60.2
Net commission ratio	%	**15.1**	15.7	**15.9**	16.8
Expense ratio	%	**13.8**	13.9	**13.8**	14.0
Combined operating ratio	%	**92.0**	93.6	**88.4**	91.0

1 Adjusted for the subsequent impacts of in-force reinsurance LPT, underlying PYD adjustment related to CTP and the inclusion of unwind of discount on claims.

Investment performance

Total investment income, excluding any fixed income losses from changes in risk-free rates, was $1,488 million, equating to a return of 4.9%, which increased from $1,374 million or 4.7% in the prior year.

Core fixed income includes cash and cash equivalents, and excludes enhanced fixed income risk assets which comprise emerging market debt, high yield debt and private credit. Enhanced fixed income risk assets are analysed as part of risk assets. Strong returns were achieved across both core fixed income and risk asset portfolios. Fixed income returns were supported by elevated interest rates, while returns for the risk asset portfolio tracked ahead of our long-term expectations, a pleasing outcome given valuation pressure in the unlisted property portfolio. The core fixed income portfolio delivered a return of 4.9% or $1,282 million, an increase from $1,247 million in the prior year. The result included a $63 million benefit from tighter credit spreads, compared to $116 million in the prior year. The core fixed income yield remained strong and relatively steady through the year, with a 31 December 2024 exit yield of 4.3%. Credit quality remains sound, and the corporate credit portfolio performed in line with broad market indices throughout the year. The portfolio remains conservatively positioned, and consists predominantly of high quality investment grade credit; with 91% rated A or higher, and an average A+ rating.

Risk asset performance improved notably compared to the prior year, with a return of 7.5% or $295 million, compared with 5.7% in the prior year. Developed market equities, infrastructure and enhanced fixed income delivered strong returns, helping to offset weaker performance in the unlisted property portfolio due to lower property valuations. Pleasingly, there were greater signs of stabilisation in property valuations through the course of the year.

Funds under management

Funds under management comprise cash and cash equivalents, investments and investment properties. Funds under management of $30,586 million increased by 2% from $30,064 million at 31 December 2023, or 6% on a constant currency basis. Strong investment returns and continued premium growth were partly offset by a material reduction in investment assets associated with the $1.6 billion reserve transaction completed in October 2024. The allocation to risk assets increased to 14% (and 16% on a committed basis) from 12% at 31 December 2023. To help manage interest rate sensitivity within regulatory capital, we established a portfolio of core fixed income securities of ~$3 billion, which has been accounted for at fair value through other comprehensive income. The change will have no impact on QBE's approach to asset-liability management in relation to earnings.

Tax

QBE's effective statutory tax rate was 22.0% compared with 25.7% in the prior year. The effective tax rate reflects the mix of corporate tax rates across QBE's key regions, together with the utilisation of previously unrecognised tax losses in the North American tax group against its improved profitability. QBE has now fully utilised these unrecognised tax losses. During the year, QBE paid $341 million in corporate income tax globally. The balance of the franking account stood at A$237 million as at 31 December 2024. Having regard to QBE's franked AT1 distribution commitments and carry over tax losses, the dividend franking percentage is expected to remain around 20%.

Balance sheet and capital management

Balance sheet and share information

		STATUTORY	
AS AT		31 DECEMBER 2024	31 DECEMBER 2023
Net assets	US$M	**10,731**	10,030
Less: intangible assets	US$M	**1,964**	2,112
Net tangible assets	US$M	**8,767**	7,918
Number of shares on issue	millions	**1,505**	1,494
Net tangible assets per share	US$	**5.83**	5.30

Net outstanding claims

Net outstanding claims comprise claims reserves within the net liability for incurred claims net of recoveries on reinsurance loss portfolio transfers. At 31 December 2024, the net discounted central estimate was $17,286 million, which increased from $17,198 million at 31 December 2023 due to organic growth, which was partly offset by the impact of the $1.6 billion reserve transaction, higher risk-free rates and foreign exchange rates. Excluding foreign exchange, discount rates and the reserve transaction, the net discounted central estimate increased by $2,357 million. This underlying growth primarily reflected new business growth and inflation.

At 31 December 2024, the risk adjustment was $1,382 million or 8.0% of the net discounted central estimate. As a proportion of the net discounted central estimate, this remains consistent with the 31 December 2023 position, and at the top end of our 6–8% target range.

Borrowings

At 31 December 2024, total borrowings were $2,664 million compared to $2,798 million at 31 December 2023. The broadly stable outcome reflects Tier 2 funding activity in the period, including the issuance of A$400 million and A$350 million in September 2024, and A$250 million in November 2024, which largely offset a $700 million redemption in December 2024.

Debt to total capital reduced to 19.9% at 31 December 2024, from 21.8% at 31 December 2023, reflecting modest growth in the equity base. At 31 December 2024, all of the Group's borrowings count towards regulatory capital. Net interest expense on borrowings for the year was $162 million, a decrease from $169 million in the prior year, reflecting the sequencing of funding activity in the period. The average annualised cash cost of borrowings at 31 December 2024 was 5.3%.

Capital

QBE's indicative PCA multiple of 1.86x at 31 December 2024 increased relative to 1.82x at 31 December 2023. Capital generation over the period was supported by strong profitability, alongside a ~3 basis point benefit associated with the $1.6 billion reserve transaction. This more than offset capital consumed through ongoing premium growth and the payment of dividends. Investment portfolio capital charges were also modestly higher due to portfolio mix, and steps taken to lengthen duration of the core fixed income portfolio.

Adjusted profit and dividends

Reconciliation of adjusted net profit after tax

FOR THE YEAR ENDED 31 DECEMBER	2024 US$M	2023 US$M
Net profit after income tax	**1,779**	1,355
Amortisation and impairment of intangibles after tax	**–**	59
Net gain on disposals after tax	**–**	(2)
Additional Tier 1 capital coupon	**(50)**	(50)
Adjusted net profit after income tax [1]	**1,729**	1,362
Basic earnings per share – statutory (US cents)	**115.2**	87.6
Diluted earnings per share – statutory (US cents)	**114.2**	87.0
Basic earnings per share – adjusted basis (US cents)	**115.2**	91.4
Diluted earnings per share – adjusted basis (US cents)	**114.2**	90.8
Average shareholders' equity – Adjusted for AT1 [2]	**9,492**	8,594
Adjusted return on equity (%) [2]	**18.2**	15.8
Dividend payout ratio (percentage of adjusted net profit after tax) [3]	**50.0**	45.0

1 The current period has not been adjusted for amortisation and impairment of intangibles, net gain on disposals and restructuring costs. On the same basis, the prior period adjusted net profit after income tax would have been $1,305 million.

2 Adjusted return on equity is calculated as the adjusted net profit after income tax divided by average shareholders' equity excluding the carrying value of Additional Tier 1 capital notes.

3 Dividend payout ratio is calculated as the total A$ dividend divided by adjusted net profit after tax converted to A$ at the period average rate of exchange.

Dividends

The Board declared a final dividend for 2024 of 63 Australian cents per share, which results in a full year dividend of 87 Australian cents per share, an increase from the 2023 full year dividend of 62 Australian cents per share. This represents a full year dividend payout ratio of 50% of adjusted net profit after tax.

QBE's dividend policy is calibrated to a 40–60% payout of annual adjusted net profit after tax, which has been set at a level which can support the Group's sustainable growth ambition, and provide flexibility to manage the dynamics of pricing cycles across different classes and regions. The full year dividend payout of A$1,309 million compares with A$928 million in 2023. The final dividend will be 20% franked and is payable on 11 April 2025. The Dividend Reinvestment Plan and Bonus Share Plan will operate with no discount applicable to shares allocated under the plans. The Bonus Share Plan will be satisfied by the issue of shares, and the Dividend Reinvestment Plan is anticipated to be satisfied by the on-market purchase of shares.

Outlook

2024 marked an important transition period for our business. The balance and health of our underwriting portfolio is attractive, and our portfolio optimisation agenda is pivoting from one focused on mitigating historic challenges, to a greater emphasis on growing our business in a manner which can sustain recent performance.

The closure of our middle-market business in North America is progressing well. The gross written premium drag from exited portfolios was meaningful in 2024, although will moderate from here, as we have good plans in place to remediate those remaining underperforming portfolios.

We expect 2025 will be an excellent environment to achieve further organic growth. While premium rate increases have moderated, the majority of our portfolio exhibits strong rate adequacy, and we are investing to ensure our priority businesses are equipped to succeed. North America performance will progressively improve as the drag from non-core lines concludes over coming periods. In 2024, core Commercial and Specialty segment performance extended a well-established track record of consistent underwriting profitability. We were encouraged by the stability in net reserves in the period. The $1.6 billion reserve transaction will serve to further de-risk long-tail reserves for older accident years, and drive greater capital efficiency.

To support our Modernisation agenda, elevated investment will continue in 2025. This will ultimately position QBE to grow our core franchises and become a partner that is easier and more efficient to do business with.

Statutory to management result reconciliation

	STATUTORY	ADJUSTMENTS					MANAGEMENT
		DISCOUNT UNWIND	UNDERLYING PYD	LPT	INVESTMENT RFR	MIDDLE-MARKET	
FOR THE YEAR ENDED 31 DECEMBER 2024	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Insurance revenue	**21,778**	**–**	**–**	**–**	**–**	**–**	**21,778**
Insurance service expenses [1]	**(18,716)**	**(816)**	**–**	**–**	**–**	**10**	**(19,522)**
Reinsurance expenses	**(4,462)**	**–**	**31**	**408**	**–**	**52**	**(3,971)**
Reinsurance income [1]	**3,406**	**215**	**(31)**	**(408)**	**–**	**–**	**3,182**
Insurance service result	**2,006**	**(601)**	**–**	**–**	**–**	**62**	**1,467**
Other expenses [1]	**(311)**	**–**	**–**	**–**	**–**	**–**	**(311)**
Other income [1]	**78**	**–**	**–**	**–**	**–**	**–**	**78**
Insurance operating result	**1,773**	**(601)**	**–**	**–**	**–**	**62**	**1,234**
Net insurance finance (expenses) income	**(459)**	**601**	**–**	**–**	**–**	**–**	**142**
Fixed income losses from changes in risk-free rates	**–**	**–**	**–**	**–**	**(178)**	**–**	**(178)**
Net investment income on policyholders' funds	**819**	**–**	**–**	**–**	**113**	**–**	**932**
Insurance profit	**2,133**	**–**	**–**	**–**	**(65)**	**62**	**2,130**
Net investment income on shareholders' funds	**491**	**–**	**–**	**–**	**65**	**–**	**556**
Financing and other costs	**(226)**	**–**	**–**	**–**	**–**	**–**	**(226)**
Gain on sale of entities and businesses	**2**	**–**	**–**	**–**	**–**	**–**	**2**
Share of net loss of associates	**(6)**	**–**	**–**	**–**	**–**	**–**	**(6)**
Restructuring and related expenses	**(85)**	**–**	**–**	**–**	**–**	**(62)**	**(147)**
Amortisation and impairment of intangibles	**(18)**	**–**	**–**	**–**	**–**	**–**	**(18)**
Profit before income tax	**2,291**	**–**	**–**	**–**	**–**	**–**	**2,291**
Income tax expense	**(504)**						**(504)**
Profit after income tax	**1,787**						**1,787**
Non-controlling interests	**(8)**						**(8)**
Net profit after income tax	**1,779**						**1,779**

	STATUTORY	ADJUSTMENTS				MANAGEMENT
		DISCOUNT UNWIND	UNDERLYING PYD	LPT	INVESTMENT RFR	
FOR THE YEAR ENDED 31 DECEMBER 2023	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Insurance revenue	20,826	–	(1)	–	–	20,825
Insurance service expenses [1]	(18,421)	(942)	1	–	–	(19,362)
Reinsurance expenses	(4,848)	–	(1)	623	–	(4,226)
Reinsurance income [1]	3,946	423	1	(623)	–	3,747
Insurance service result	1,503	(519)	–	–	–	984
Other expenses [1]	(250)	–	–	–	–	(250)
Other income [1]	62	–	–	–	–	62
Insurance operating result	1,315	(519)	–	–	–	796
Net insurance finance (expenses) income	(579)	519	–	–	–	(60)
Fixed income losses from changes in risk-free rates	–	–	–	–	(5)	(5)
Net investment income on policyholders' funds	883	–	–	–	3	886
Insurance profit	1,619	–	–	–	(2)	1,617
Net investment income on shareholders' funds	486	–	–	–	2	488
Financing and other costs	(232)	–	–	–	–	(232)
Gain on sale of entities and businesses	2	–	–	–	–	2
Share of net loss of associates	(2)	–	–	–	–	(2)
Impairment of owner occupied property	(25)	–	–	–	–	(25)
Amortisation of intangibles	(11)	–	–	–	–	(11)
Profit before income tax	1,837	–	–	–	–	1,837
Income tax expense	(473)					(473)
Profit after income tax	1,364					1,364
Non-controlling interests	(9)					(9)
Net profit after income tax	1,355					1,355

[1] Further analysed as net claims expense, net commission and expenses and other income in the management discussion as shown in the table on the next page.

Analysis of the insurance operating result

The insurance operating result is further analysed as net insurance revenue, net claims, net commission and expenses and other income for the purposes of explaining the key drivers of the Group's operating result and calculating key metrics. Analysis of the nature of income and expenses within the insurance operating result provides useful additional information about underlying trends in relation to the different components of underwriting profitability.

	NET INSURANCE REVENUE		NET CLAIMS EXPENSE		NET COMMISSION		EXPENSES AND OTHER INCOME		TOTAL	
FOR THE YEAR ENDED 31 DECEMBER	**2024 US$M**	**2023 US$M**	**2024 US$M**	**2023 US$M**	**2024 US$M**	**2023 US$M**	**2024 US$M**	**2023 US$M**	**2024 US$M**	**2023 US$M**
Statutory										
Insurance revenue	**21,778**	20,826	**–**	–	**–**	–	**–**	–	**21,778**	20,826
Insurance service expenses	**–**	–	**(13,794)**	(13,740)	**(2,984)**	(2,916)	**(1,938)**	(1,765)	**(18,716)**	(18,421)
Reinsurance expenses	**(4,462)**	(4,848)	**–**	–	**–**	–	**–**	–	**(4,462)**	(4,848)
Reinsurance income	**–**	–	**3,616**	4,122	**(210)**	(176)	**–**	–	**3,406**	3,946
Insurance service result	**17,316**	15,978	**(10,178)**	(9,618)	**(3,194)**	(3,092)	**(1,938)**	(1,765)	**2,006**	1,503
Other expenses	**–**	–	**–**	–	**–**	–	**(311)**	(250)	**(311)**	(250)
Other income	**–**	–	**–**	–	**–**	–	**78**	62	**78**	62
Insurance operating result	**17,316**	15,978	**(10,178)**	(9,618)	**(3,194)**	(3,092)	**(2,171)**	(1,953)	**1,773**	1,315
Adjustments										
Discount unwind	**–**	–	**(601)**	(519)	**–**	–	**–**	–	**(601)**	(519)
Underlying PYD	**31**	(2)	**(23)**	20	**(8)**	(17)	**–**	(1)	**–**	–
LPT	**408**	623	**(457)**	(688)	**49**	65	**–**	–	**–**	–
Middle-market	**52**	–	**10**	–	**–**	–	**–**	–	**62**	–
Management	**17,807**	16,599	**(11,249)**	(10,805)	**(3,153)**	(3,044)	**(2,171)**	(1,954)	**1,234**	796

Adjustments

The statutory result has been adjusted for the following items when discussing the result to provide greater transparency over the underlying drivers of performance.

Discount unwind

The subsequent unwind of claims discount within net insurance finance income is analysed as part of the net claims expense component of the insurance operating result as these are associated with claims and directly relate to the impact of initial discounting of claims reported within insurance service expenses.

Underlying prior year development (PYD)

Underlying prior accident year claims development within net claims expense amounting to $23 million in the current year has been reclassified to net insurance revenue and net commission. This principally related to Crop (North America) for additional premium cessions to the US government on prior year claims under the MPCI scheme, partly offset by CTP within Australia Pacific for profit commission income arising from favourable development under the 2021 reinsurance loss portfolio transfer.

Reinsurance loss portfolio transfer transactions (LPT)

The subsequent impacts of in-force reinsurance loss portfolio transfer contracts within reinsurance expenses and reinsurance income are analysed on a net basis within net claims expense to provide a view of the underlying development on these contracts against the corresponding development of the subject gross reserves, consistent with the focus on net underwriting performance. Adjustments relate to the current year reserve transaction to reinsure claims liabilities in North America and International, and other reinsurance loss portfolio transfer contracts entered into in prior years that remain in-force.

Investment risk-free rate (RFR) impacts

Net investment income is analysed separately between risk-free rate movement impacts on fixed income assets, and remaining income. This enables analysis of these risk-free rate movement impacts alongside the corresponding offsetting impacts on net insurance liabilities within insurance finance income.

Middle-market exit

Costs attributable to the decision to exit the middle-market business in North America include reinsurance expenses for loss portfolio transfer and catastrophe covers as well as onerous contract losses which are recognised within the statutory insurance service result. These costs have been reclassified to be presented together with the related restructuring expenses.

Risk management

QBE's Risk Management Strategy (RMS) enables the achievement of QBE's strategic agenda and business objectives by articulating the fundamental principles for managing risk, which apply to all levels of the organisation. We undertake ongoing monitoring of the effectiveness of the RMS and an annual audit review to assess compliance and effectiveness. QBE's Enterprise Risk Management Framework (RMF) is part of the RMS. It describes our approach to managing risk effectively and supports our strategy and fundamental principles.

Diagram of Enterprise Risk Management Framework (RMF)

Risk strategic priorities

As part of our Risk and Compliance Strategy, QBE has prioritised three key focus areas that enable the business and support the enterprise in achieving its vision. These include:

- **Advisory** – deep understanding of the business and the risk environment to inform and enable better business outcomes
- **Simplification** – simple processes, reporting, policies and frameworks that are easier to embed, principles-based and address the key risks to the enterprise
- **Integrated and organised for execution** – clarity, accountability and connection for better execution and targeted assurance across the enterprise

Strategic objectives and business plan

QBE requires the management of risk to be embedded in the business planning process to allow QBE's risks to be managed in an integrated manner and to support QBE's overall strategic objectives. QBE develops strategic objectives over a three-year period, and business plans annually. An assessment and identification of material risk and mitigation strategies occurs as part of the development of the annual business plan.

Risk governance

QBE's risk governance is defined as the authorities, accountabilities and responsibilities for managing risk. QBE's risk governance model reflects a 'three lines model' approach with Board oversight.

At the highest level, the Board oversees management of risk with support from the Board Risk & Capital Committee which reviews and monitors the effectiveness and implementation of risk frameworks. The Executive Risk Committee supports the Board in managing material risks and reviews policies, standards and processes to assist the Group Chief Risk Officer to assess if QBE is operating in alignment with the strategic objectives and business plan.

QBE aims to have a comprehensive view of all material risks to QBE and manages these in accordance with our 'three lines model', which defines roles and responsibilities relating to risk management.

Strategic planning, risk appetite and capital management

QBE's risk management is embedded in the business planning process through strategic planning which considers a variety of factors such as business objectives, risk appetites and market conditions.

Group-wide stress testing is performed as part of business planning and enables QBE to consider and design actions to increase its likelihood of achieving its business plan objectives whilst remaining within risk appetite and tolerance.

QBE's Risk Appetite Statements (RAS) set out the nature and level of risk we are willing to take by defining our appetite and tolerance. We continue to refine our key risk indicators to enhance the effectiveness of monitoring and reporting our adherence with our RAS to management and Board.

To achieve balance between strategic planning and risk appetite, QBE maintains adequate capital through our Internal Capital Adequacy Assessment Process (ICAAP). This provides an integrated and embedded framework for managing risk and capital to support our strategic priorities and business plans.

Risk processes and standards

QBE's Group Risk and Control Self-Assessment (RCSA) Standard sets minimum requirements for identifying, documenting and assessing risks that we face in delivering our strategic and business objectives. We continue to improve our RCSA documentation and assess the effectiveness of controls in mitigating risks to enhance the control environment and meet compliance obligations.

QBE's Incident and Issue Management Standard sets minimum requirements for managing incidents and issues to drive continuous improvement by understanding risk exposure and improving the overall control environment. The standard includes the requirements to identify, assess, record, escalate, manage and remediate, monitor and report incidents and issues which arise.

QBE's Risk Maturity Self Assessment (RMSA) assesses the risk management capability of our business to understand how our risk management practices are maturing. This helps us determine areas of strength and areas which require further capability uplift to continue improving efficiency, consistency and compliance and to align risks across teams and divisions.

QBE's internal governance, risk and compliance system 'Insight' supports our risk management processes and standards, and facilitates the recording, measurement, aggregation, monitoring and reporting of material risks. Insight's reporting functionality allows us to capture data and insights relating to our risks, controls, incidents, issues and obligations for monitoring and reporting.

Risk culture

QBE recognises the importance of a sound risk culture, and that risk culture is strongly intertwined with our QBE DNA. The Board, assisted by the Board Risk & Capital Committee, is responsible for overseeing our risk culture, including forming a view on whether it supports QBE to operate consistently within its risk appetite.

QBE regularly monitors and measures the maturity of our risk culture against Board-approved Target Statements, applying a range of tools and indicators. Important components which facilitate our risk culture include developing a strong risk mindset and risk skills in our business, a commitment to safety in speaking up, and recognising risk performance through balanced rewards and incentives.

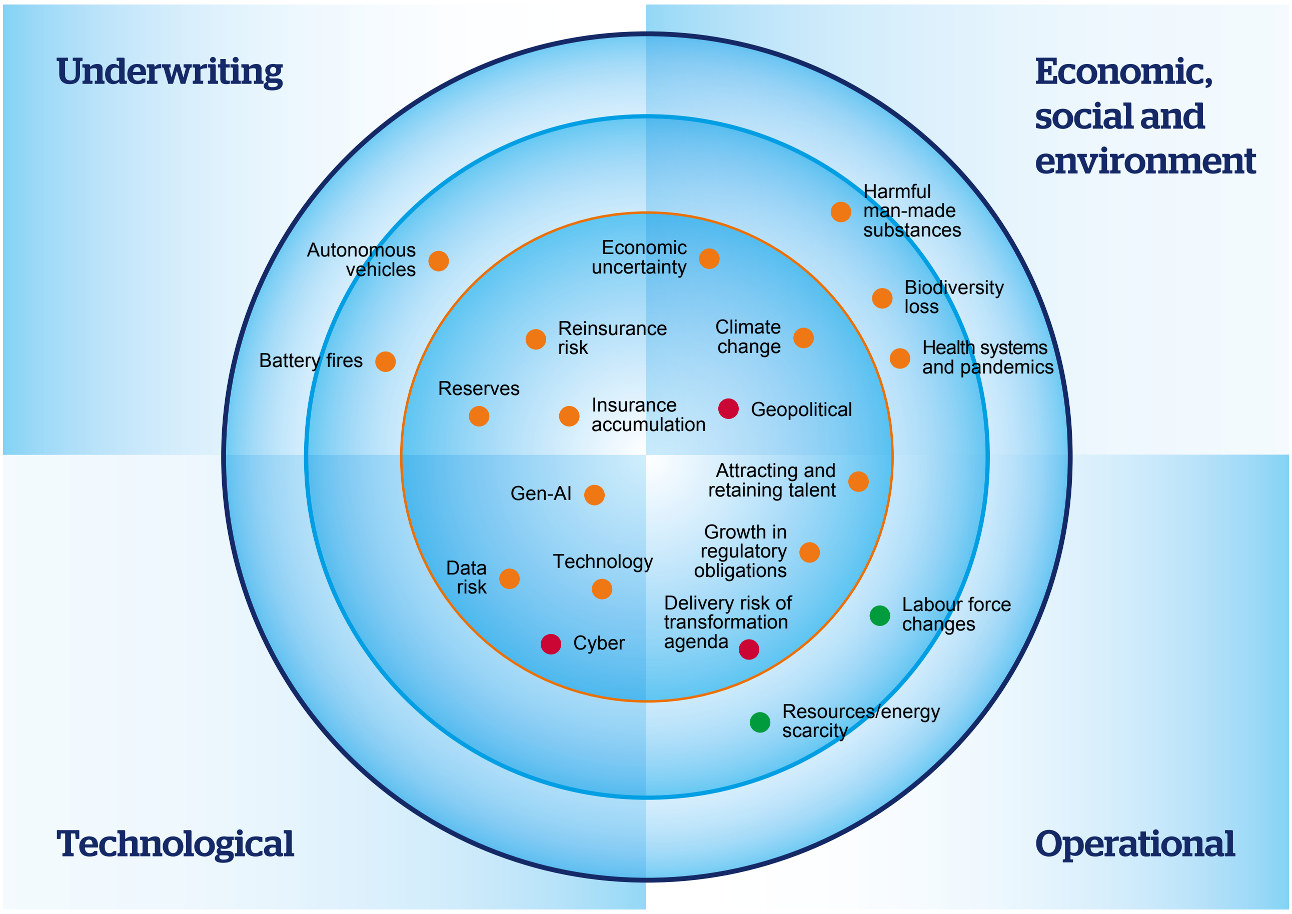
Our top risks

QBE's top risks are the most significant risks to the Group in achieving its strategic objectives. Assessing QBE's top risks occurs at least annually and more regularly when there are material changes in the risk profile. The profile is formed based on internal inputs and external trends identified in global industry reports. These inputs are considered and prioritised using likelihood of occurrence and impact of risk criteria.

In 2024, QBE continued to navigate a challenging geopolitical and economic environment including prolonged unrest from the Israel-Palestine conflict, the ongoing Russia-Ukraine conflict and the growing tensions surrounding Taiwan.

Whilst inflation rates have continued to decelerate in 2024, the risk of recession has persisted and economic growth has moderated in some geographies. The external cyber threat environment is changing at pace and therefore continuous work is required to ensure controls remain effective. We perform ongoing monitoring of the regulatory environment which continues to evolve, particularly in relation to the overall supervisory approach of regulators, as well as in the areas of environmental, social and governance, third party risk and generative artificial intelligence (GenAI). GenAI is increasingly adopted by the insurance industry and our suppliers and customers. In response, we have developed policies which stipulate robust governance relating to data and adherence to legal and ethical standards. Each year, the top risks support the planning of activities such as stress and scenario analysis, realistic disaster scenarios and the ICAAP.

Top and emerging risk radar



Key

Level of impact

- ● High
- ● Medium
- ● Low

Time horizon

- ○ Impact already seen or expected within 1 year (i.e. QBE top risks)
- ○ First significant impacts expected within 2 to 3 years
- ○ First significant impacts expected within 4 to 8 years
- (Outside) First significant impacts expected beyond 8 years

TOP RISK CONTEXT	HOW WE RESPOND	STRATEGIC PRIORITY LINKAGE	TREND
Geopolitical: Potential consequences associated with political shifts, international conflicts, trade disruptions and regulatory changes which can influence the insurance landscape, resulting in disruption to international trade and economic downturn leading to the business plan not being met, regulatory action due to non-compliance with sanctions and/or ratings downgrade.	Our proactive risk management approach involves monitoring new developments and considering their impacts in business decision-making, including scenario analysis and impact on QBE's strategy. We also monitor changes in the international sanctions landscape and undertake appropriate screening and due diligence.	🌱 🔍	↑
Economic uncertainty: The risk of inflation, recession or financial conditions, for example, adversely impacting QBE's balance sheet and/or our ability to achieve the business plan. Whilst core inflation rates continued to decelerate during the year, economic uncertainty remains an area of focus as it could lead to higher claims inflation, reduced demand for insurance, or a reduction in the value of QBE's investments.	We continue to monitor global economic conditions and engage in comprehensive analysis and modelling to understand the potential impact on our business. We use working groups and regular reporting to oversee and inform decision-making.	🌱 🔍	↔
Cyber: The proliferation of technology has brought about unprecedented opportunities and convenience, but it has also exposed businesses to a new realm of threats. Cyber attacks, data breaches and privacy violations can disrupt business operations and erode customer trust.	We continue to deliver our cyber strategy, roll out training and enhance our processes to protect our business and customers.	🌱 🔍	↔
Insurance accumulation: The risk arising from the potential concentration of policies or exposure within our portfolio, particularly in regions susceptible to common perils like natural disasters.	Our risk modelling tools and diversification efforts enable us to mitigate the adverse effects of accumulation risk thereby ensuring the continued protection of our policyholders.	🌱 🔍	↔
Reserves: The risk of significant earnings volatility due to the inherent uncertainty in estimating reserves. Inflation and catastrophe events are key drivers of uncertainty and potential adverse prior year claims development.	We plan and undertake regular reviews of our risk appetite, pricing, risk selection, reserve risk, and our reinsurance strategy (both prospective and retrospective) to effectively manage this risk. In 2024, we undertook a reinsurance loss portfolio transfer transaction to help reduce our reserves risk.	🔍	↔
Technology: The risk of a material unplanned, negative business outcome involving the failure, misuse or end of life of IT systems. For instance, obsolescence of IT assets may increase the likelihood of system down time leading to process inefficiencies.	Our 2023–25 Technology Services Strategy considers replacement technologies to manage end-of-life exposure (including transition to cloud), delivery of modernisation requirements, securing the required skill-base, and cost expectations.	💡	↔
Data risk: The inherent risk in capturing, processing, publishing, using and retaining data. Data issues may result in poor employee experience, errors in reports to external stakeholders or suboptimal business decisions, ultimately impeding strategic objectives.	Our Data Governance Framework supports the implementation of our Data Strategy and Roadmap. We continue to enhance our governance, policies and assurance mechanisms to better manage data risk.	💡	↑

Strategic priorities:

🔍 Portfolio optimisation
🌱 Sustainable growth
💡 Modernise our business
Bring the enterprise together
Our people
Our culture

Trends:

↑ Increase
↓ Decrease
↔ No change

TOP RISK CONTEXT	HOW WE RESPOND	STRATEGIC PRIORITY LINKAGE	TREND
Attracting and retaining talent: The risk of inadequate management of talent resulting in gaps in skills and capabilities and heightened key person dependencies.	We are proactively managing this risk through various activities including strategic workforce planning, regular review of succession plans, addressing key person dependent risks, monitoring high performers and attrition, conducting reviews of exit interview data, providing flexible working, establishment of the 'Why QBE' employee value proposition and a global focus on onboarding practices.	♡ ☆ 🔗	↔
Growth in regulatory obligations: The risk that regulators increase their supervision and tighten regulatory obligations, including imposing divergent obligations between the different regulators. Failure to comply may result in regulatory enforcement, and negative impacts on customers, financial results and reputation.	We continuously monitor regulatory developments and conduct proactive and open engagement with regulators in relation to business and regulatory changes. Current focus areas include sanctions, privacy, third party risk and sustainability. We maintain an obligations register for all key compliance obligations with review and oversight applied through Risk and Control Self Assessments.	🌱 🔍 🔗	↑
Delivery risk of transformation agenda: The delivery risks present in QBE's transformation portfolio can impact cost, regulatory compliance and benefits realisation.	We continue to conduct regular reviews and monitoring of the effectiveness of project delivery and alignment to, and impact on, our strategic pillars. We focus on uplifting value realisation across the change portfolio through refreshed policy coaching and governance. This year QBE appointed a Chief Transformation Officer focused on the development and delivery of QBE's transformation roadmap.	💡	↔
Climate change: The physical, transition or liability risks associated with climate change, resulting in potential impacts on QBE's operating environment, underwriting or investment activities, or impacts associated with failing to meet regulatory requirements or our own commitments.	We manage the risk through our sustainability strategy and risk frameworks and policies and report regularly on our approach. We have also undertaken scenario analysis to help us understand the risk and inform our actions. Regulatory requirements continue to evolve, and we regularly monitor global developments and assess their impacts.	🌱 🔍	↔
Reinsurance risk: The risk that QBE is unable to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons such as unfavourable market conditions.	By integrating risk management into business planning, QBE aims to monitor and respond to macro changes in the competitive environment. We conduct quarterly governance oversight of performance, quarterly rate and income monitoring, and monthly price adequacy monitoring.	🌱 🔍	↔
Generative artificial intelligence (GenAI): There are several risks associated with the use of generative AI in the insurance industry including data bias and discrimination, data privacy and security, and a lack of transparency of algorithms and associated decision-making.	As a new top risk for QBE, we are exploring pathways to manage AI-related risks via a multifaceted approach including robust data governance, testing and validation of AI models, ongoing monitoring for biases and fairness, transparency in algorithmic decision-making, and adherence to legal and ethical standards.	🌱 💡	↑

Strategic priorities:

🔍 Portfolio optimisation 🌱 Sustainable growth 💡 Modernise our business

🔗 Bring the enterprise together ♡ Our people ☆ Our culture

Trends:

↑ Increase ↓ Decrease ↔ No change

Emerging risks

Emerging risks are new or future risks which are difficult to assess but may have a significant impact on QBE's business or the markets we operate in. They are expected to emerge and have a notable impact in 12 months or more.

Battery fires

There is a growing concern over the increase in lithium-ion battery fires in electrical devices including electric vehicles (EVs) due to poor product design and thermal management practices. This may result in property damage claims, business interruptions, and potential liabilities arising from incidents involving EVs storage systems.

QBE has published a wide range of guidance blogs and documents on the safe use of lithium-ion batteries, EV management and health and safety issues (see QBE EO, Canada, Europe, Asia, Australia webpages). We have also produced learning webinars for customers, brokers, our own employees, and the wider commercial and industrial community.

Harmful man-made substances

Many chemicals can be harmful to the environment or health if inhaled, ingested or absorbed through the skin, including forever chemicals (e.g. per and polyfluoroalkyl substances (PFAS), endocrine disruptors) and small particles (fine dust, microplastics or man-made nanoparticles) which may pose risks that are not yet fully revealed. Better awareness and understanding of the effects of these substances may result in potential claims due to environmental pollution and health-related liabilities; and be reflected in the evolving regulatory landscape.

We continue to monitor how the issue progresses and have provided our underwriters with an awareness document on latest developments and possible mitigations.

Resources/energy scarcity

Due to supply chain disruptions and increased geopolitical tensions, the scarcity of natural resources is creating concern over energy security and vulnerability of resources. This may result in increased claims related to business interruptions and property damage (increased cost of rebuilding and repair). This may also result in shifts in asset values and in the regulatory landscape.

Labour force changes

Some of the risks increasingly facing insurers include a need for new skillsets in the wake of the digital and AI revolution as well as rising difficulty in retaining current workers, succession planning issues, compliance with labour laws, and cyber security concerns.

Biodiversity loss

Biodiversity continues to decline at an alarming rate in recent years, mainly due to human activities, such as land use changes, pollution and climate change. This may result in increased claims, disruptions in supply chains, health-related liabilities, regulatory compliance costs, reputational risks, and challenges associated with property and infrastructure damage.

Disclosure expectations in the biodiversity and nature space are developing rapidly. We continue to monitor environmental-related regulatory developments and adherence with our governing documents, as well as seek to better understand our exposure to biodiversity-related risk.

Health system and pandemics

Insurers face risk during and in the post effect of pandemics, including managing increased claims volume, challenges in underwriting and pricing policies, operational disruptions, regulatory changes, reputation risk and long-term shifts in health trends. Economic downturns and market volatility associated with pandemics can also impact investment portfolios.

Autonomous vehicles

As a result of new developments in mechatronics, speed learning and AI there has been rapid progress in the field of autonomous machines which is likely to change the risk landscape for various lines of insurance and will have an impact on the sharing economy.

Climate-related risks and opportunities

QBE continues to progress its sustainability strategy, including working towards our net-zero commitments and developing our transition plan. This year, sustainability performance measures were introduced as an element of our long-term incentive plans, and we have continued to refine our approach to engagement across our investments and suppliers. We also remain focused on improving the methodologies underpinning our metrics based on data availability and reliability, and developing capability as we prepare for mandatory climate-related disclosures in 2025.

Governance

Group Board and Committees

The Board is responsible for the oversight of climate-related risks and opportunities that have the potential to impact QBE. It also oversees the sustainability impact of the Group's activities and operations and sets standards on the Group's environmental, social and governance responsibilities and practices.

The Board is assisted in its oversight by committees composed of a majority of independent directors. In particular, the Board committees outlined on page 23 have oversight responsibilities relating to climate-related matters.

The Board and Committees' responsibilities in relation to climate-related risks and opportunities are set out in the Board and Committee charters which are available at www.qbe.com/investor-relations/corporate-governance/qbe-charters-and-constitution.

The Board has a skills matrix covering the range of competencies and experience of each director, including sustainability. The Board skills matrix is disclosed on pages 6 and 7 of the QBE Group's Corporate Governance Statement. The Board also participates in education sessions to enhance their awareness of, and capability surrounding sustainability issues, including climate-related risks and opportunities.

Group Executive and management committees

The Group Executive Committee (GEC) is responsible for the management and execution of the Group's strategic priorities, including managing climate-related risks and opportunities, and overseeing the execution of QBE's sustainability strategy and commitments.

QBE continues to integrate sustainability, including climate-related considerations, into the business. Functional representatives with responsibility for sustainability-related matters across the Group collaborate through key management working groups and committees to support the GEC in the delivery of our strategy, initiatives and reporting. During 2024, the composition and responsibilities of these committees were reviewed in preparation for mandatory climate-related disclosure requirements in Australia. The climate governance framework on page 23 reflects the updated management committees that are in place as at the date of this report.

In 2024

- The Group Board continued to oversee progress against our 2023-25 Sustainability Scorecard. Periodic updates on progress were provided during the year.
- In September, we held education sessions for our non-executive directors and the GEC on the evolving sustainability disclosure regulatory landscape and the risks and opportunities arising for insurers from the net-zero transition.
- In October, the Group Board Charter, Audit Committee Charter and Risk & Capital Committee Charter were reviewed and updated to include responsibilities for sustainability, including climate-related, reporting.
- Our 2024 long-term incentive (LTI) plan includes sustainability performance measures that are linked to progress against a range of targets aligned to QBE's sustainability Focus Areas detailed on page 7. Further detail is provided in the Remuneration Report on pages 59 and 60.
- Climate change continues to be one of the Group's top risks, which is overseen by the Executive Risk Committee and Risk & Capital Committee, as part of the Group top risk profile. Further detail is provided on page 18.
- The Group's management committees for the governance of sustainability matters were reviewed and updated to better support the execution of QBE's strategy and upcoming mandatory climate-related disclosures.

Climate governance framework

Group Board

Oversight of climate-related risks and opportunities

The Board is responsible for overseeing climate-related risks and opportunities and is assisted in its oversight by its Committees.

Risk & Capital Committee

Reviews the key risks to the Group, including climate risk, and considers the adequacy of awareness, understanding and management of those risks.

Audit Committee

Oversees the effectiveness of the Group's financial and sustainability reporting, including climate-related financial disclosures.

People & Remuneration Committee

Main governing body for key people and remuneration items across the Group, including the consideration of sustainability-related non-financial measures within incentive plans.

▼ OVERSIGHT

Group Executive Committee

REPORT ▲

Develop and implement the strategic approach to climate change

Environmental and Social (E&S) GEC Sub-Committee

Supports executive decision-making related to progressing the sustainability strategy, initiatives and targets in the Sustainability Scorecard, including climate-related commitments.

Chair: Group Executive, Corporate Affairs and Sustainability
Meetings in 2024: 5

Executive Risk Committee (ERC)

Oversees the identification, prioritisation and management strategies of risks, including climate risk.

Chair: Group Chief Risk Officer
Meetings in 2024: 5

Group Underwriting Committee (GUC)

Supports the GEC in the development, implementation and review of the Group’s underwriting and reinsurance strategy, business plan and underwriting governance, including consideration of relevant environmental, social and governance (ESG) issues and opportunities.

Chair: Group Chief Underwriting Officer
Meetings in 2024: 4

▼ OVERSIGHT

Management Committees

REPORT ▲

Integration across QBE's business

Sustainability Design Forum

Supports the operational execution of QBE’s sustainability strategy and reporting. Responsibilities include making recommendations to the E&S GEC Sub-committee on matters such as progress against the Sustainability Scorecard, reporting strategy, capability development and policies to support implementation.

Divisional Management

In Europe, the ESG Management Group (MG) supports Divisional executive management by responding strategically to financial, operating and regulatory ESG requirements. The ESG MG also supports the alignment and integration of the Group’s sustainability and climate strategy in Europe. In Australia Pacific, the Executive Management Board supports the progress of QBE’s sustainability commitments, as outlined in the Scorecard.

ESG Risk Committee

Supports the ERC in managing ESG risks across the Group, including overseeing the Environmental and Social Risk Framework and its implementation, and the outcomes of climate scenario analysis.

Strategy

QBE continues to consider and respond to climate-related risks and opportunities through our sustainability strategy Focus Areas.

As one of the world's largest insurance and reinsurance companies, with operations in all major insurance markets, there are a range of climate-related risks and opportunities that may impact our business, customers and the communities in which we operate over the short, medium and long term. Our response to climate-related risks and opportunities is part of our sustainability strategy, including initiatives driven by our sustainability Focus Areas.

Understanding our climate risks and opportunities

QBE recognises the importance of addressing climate change and incorporating climate-related risks and opportunities into our decision-making. A summary of the key climate-related risks and opportunities relevant to our business is included on the next page. We have also undertaken scenario analysis to further our understanding of climate risks and opportunities, and a summary is included on pages 26 to 28.

Our climate strategy

We continue to work towards our commitment of a net-zero underwriting portfolio by 2050, a net-zero investment portfolio by 2050 and net zero across our own operations by 2030. In 2024, we commenced work to develop a climate transition plan, which will be published in 2026. Our approach to managing our climate-related risks and opportunities is embedded in our sustainability strategy, specifically our Focus Area 1 – *Foster an orderly and inclusive transition to a net-zero economy*, and our Focus Area 3 – *Partner for growth through innovative, sustainable and impactful solutions*.

An orderly transition to a net-zero economy requires action by governments, regulators, communities, the finance sector, and other stakeholders, to enable economic stability as organisations move to more sustainable business models. QBE recognises that through working with others, we can help reduce the risks presented by climate change to our stakeholders and to QBE. We aim to influence and advocate for sustainable policies and positions through our industry memberships and participation in working groups, as we recognise that our most pressing sustainability challenges require action from multiple actors.

QBE contributes to industry research and initiatives to enhance resilience to climate risks and opportunities. For example, in October this year, QBE sponsored the University of NSW Institute for Climate Risk and Response Industry Forum. This event convened professionals from academia, industry and government to discuss emerging key themes, challenges and opportunities in climate risk and response. QBE also provides representatives on the Standards Australia building code committees and contributes to updates to the building codes to enhance building resilience.

We engage with key customers and partners on the transition and the progress of their transition journey, including our supply chain and external investment managers. Engagement remains a key approach in our climate strategy, as we seek to understand our stakeholders, what actions they are taking with their own transition to a net-zero economy and where we may be able to support them. Our underwriting approach includes engaging with, and monitoring the emissions management progress of, our priority commercial customers (as defined in the Underwriting section on page 33) operating in higher-emitting sectors across Australasia, Canada and Europe. For investments, we believe that we can deliver meaningful impact by engaging in conversation with our external asset managers to influence sustainable practices in the transition to net zero, and we continued to engage with all our external managers and the top 20 highest emitters in our investment grade corporate credit portfolio. We have also progressed our engagement with strategic suppliers on their net-zero progress.

Preparing for mandatory reporting

In September 2024, the Australian government passed an amendment to the *Corporations Act 2001*, introducing mandatory climate reporting requirements which will be applicable for reporting in QBE's 2025 Annual Report.

Work is underway to prepare for these mandatory disclosures, with a programme of work in place to implement the required processes and build capability to support future reporting in accordance with the newly issued Australian Sustainability Reporting Standards. This programme is being delivered by a cross-functional team of subject matter experts, overseen by the E&S GEC Sub-committee, and ultimately the Group Board.

Climate-related risks and opportunities

The table below provides a summary of the key climate-related risks and opportunities presented to our business. The identification of key risks and their impacts is supported by our climate scenario analysis, which is outlined on page 26, as well as our risk processes which are outlined on page 35. These risks and opportunities are considered as part of our strategy and risk management as well as the development of products and services, and investment decision-making. A summary of our strategic responses is identified for each risk and opportunity below, as well as the potential impacts that are expected to present over the short (0–3 years), medium (3–10 years) and long (10+ years) term. These timeframes align with the shorter time horizons for business planning, our average policy tenure and investment horizon and the longer time horizons align with our scenario analysis timeframes and 2050 net-zero commitments.

RISKS AND OPPORTUNITIES	RISK CATEGORY	POTENTIAL IMPACT	STRATEGIC RESPONSE
Risk: Increased frequency and severity of events related to certain perils and regions, particularly flood and storm in Europe and Australia, and hurricane in North America.	⌂	**Timeframe:** ◕ **Impact:** Increased claims and reinsurance costs.	- Manage natural catastrophe volatility by considering a wide range of event frequency and severity scenarios in capital planning, and through the purchase of reinsurance. - Establish catastrophe allowance as part of the business plan with input from modelled natural catastrophe scenarios. - Ongoing management of portfolio exposures.
Risk: Potential increase in climate-related litigation for our customers.	⇄	**Timeframe:** ◔ **Impact:** Increased claims, reputation risk.	- Monitor policy wording and climate-related claims.
Risk: Overexposure to sectors that are adversely affected by the transition to a net-zero economy.	⇄	**Timeframe:** ◕ **Impact:** Potential reduction in customer base and premium growth.	- Transition scenario analysis and monitoring of portfolio exposure to sectors which are more sensitive to the transition to net zero. - Our Environmental & Social Risk Framework sets out our investment and underwriting appetite for a range of sensitive sectors, including those facing higher transition risk.
Opportunity: Better support our customers through enhancing existing, and offering new products and services as market demand shifts and technology evolves as part of the transition to a net-zero economy.	⇄	**Timeframe:** ◔ **Impact:** Better support our customers in transition towards a net-zero economy.	- In line with our Group Underwriting Standards, QBE reviews existing products and/or assesses for potential new products that could look to support the transition and/or more sustainable business models. This led to the establishment of the Sustainable Energies Unit within our International Division in 2022, and launch of the renewable energy solutions in our Australia Pacific Division in 2023. Further detail is provided on page 33.
Opportunity: Support the financing of the transition through our investment decisions and opportunities.	⇄	**Timeframe:** ◔ **Impact:** Support the transition to a net-zero economy.	- Target an increase in our exposure to climate solution investments to 5% of assets under management to support financing the transition. - Evaluate potential opportunities including investing in industries that contribute to reducing emissions, for instance forestry, as well as energy efficiency and exploration of carbon markets.
Opportunity: Reduce our operational emissions and drive potential cost savings through optimising building energy efficiency, changes to energy sources, and transition to a hybrid and electric fleet.	⇄	**Timeframe:** ◔ **Impact:** Support the delivery of a net-zero economy, reduced operating expenses.	- Continue to deliver on our net-zero operational commitments to 2025 and refresh our roadmap to net-zero operations by 2030 across Scope 1, 2 and a defined inventory of Scope 3 emissions[1]. - Implemented an internal carbon price.
Risk: Growth in regulatory obligations, as analysis and disclosure expectations evolve.	⇄	**Timeframe:** ◔ **Impact:** Increased operating expenses.	- Closely monitor climate-related regulations which impact QBE at a Group and jurisdictional level. - Continue to enhance our assessment on climate-related impacts and improve the quality and availability of data. - Reviewed climate governance framework to enhance oversight of regulatory reporting.

Risk category: ⌂ Physical ⇄ Transition **Timeframe:** ◔ Short to medium term ◕ Medium to long term

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1 Refer to the Operations section on page 30 for more details.

Scenario analysis

Physical	Transition

Scope of portfolios

Physical	Transition
Underwriting (property) Investment (unlisted property funds)	Underwriting (casualty, financial lines) Investment (fixed income, high yield debt, emerging market debt)

Scenarios

Physical

less than 2°C, low emissions consistent with Representative Concentration Pathway (RCP) 2.6

greater than 2°C (3.2°C to 5.4°C), high emissions consistent with RCP 8.5

Transition

Network for Greening the Financial System [1]

Orderly	Net zero 2050	**1.5°C**
	Below 2°C	**1.7°C**
Disorderly	Divergent net zero	**1.5°C**
	Delayed transition	**1.8°C**
Hot house world	Nationally Determined Contributions	**2.4°C**
	Current policies	**3.0°C+**

Timeframe

Physical	Transition
2030, 2050 and 2090	2025, 2030, 2040 and 2050

Scope of assessment

Physical

Hurricane/cyclone/typhoon
North America, Australia, Japan,

Convective storm/hail
Australia, North America

Windstorm
Europe

Flood
Australia, Europe, New Zealand

Bushfire
Australia

Wildfire
North America

Transition

The analysis considers the impact of climate change on the profit of each sector globally.

Climate scenario analysis

Catastrophe models
Business planning
Portfolio management

Capital models and planning

Reinsurance programs

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1 Based on Network for Greening the Financial System (NGFS) scenarios phase III.

Physical risks and opportunities

QBE helps customers protect insured assets against threats caused by extreme weather. Consequently, QBE is exposed to risks associated with extreme weather events including the risk of increasing frequency and severity of weather events as the climate continues to change.

Climate change is one of several drivers of the increasing costs of natural disasters globally. This can create volatility in QBE's profitability. That risk is largely addressed through modelling and understanding the risk to grow a portfolio with diversity of location and risk. It is also mitigated through our pricing and risk selection and through our reinsurance and capital management. The global insurance market pricing for natural disaster risk has been increasing for a range of reasons including concentration of properties in areas prone to risk; increasing building costs; and increasing scarcity of labour and materials especially where the same region is impacted by multiple events. Increasingly, financial services regulators are seeking to understand how climate risk can contribute to an insurance protection gap impacting a greater proportion of the population. This year, QBE has continued to take part in the climate vulnerability assessment being run by the Australian Prudential Regulatory Authority.

Natural disasters and sea-level rise linked to climate change are exposing a growing insurance protection gap which worsens existing financial challenges.

To better understand the potential impact of climate change on specific perils and regions, we have worked with external partners to analyse the scientific literature related to the potential impact of climate change on specific perils and regions. The scope, scenarios and timeframes analysed are summarised on page 26. These scenarios do not represent forecasts of the impact of climate change, but are indicative of the potential outcomes assuming the scenario occurs. Following the conclusion of our analysis, our catastrophe models were recalibrated to reflect the potential change indicated by scientific literature in order to determine the potential impact to net claims costs under each scenario.

QBE sponsors global climate research with a range of partners. Two key partnerships are with the University of New South Wales, Australia, and the National Climate and Atmospheric Administration, Colorado. Both of these research programs focus on the current and future climatology of severe convective storms, particularly damaging hail, in Australia and the USA respectively. These studies have been prioritised as severe convective storms represent a large proportion of QBE's catastrophe risk. The outcomes of these studies will be used to inform QBE's view of climate risk for these perils, as well as being published and made available to the scientific community.

In 2024, we updated our models for key weather perils including North Atlantic hurricane and Australian flood, including updated climate projections for these perils. The climate projections for North Atlantic hurricane are provided by Moody's, and for Australia flood from Aon based on scientific literature review.

QBE's property exposures, most impacted by shorter term physical risks of climate change, are typically driven by exposure to North American hurricanes, and perils such as floods, bushfires and convective storms. The evaluation of the impact is supported by our accumulations management process, including regular updates to natural perils models, monitoring of property accumulations across the portfolio to simulate weather related loss potential, budgeting, price setting, and the use of reinsurance to protect capital and reduce earnings volatility. Our analysis concludes that the impact of climate change will vary significantly across both the regions and the types of catastrophes. From the perils and regions studied so far, QBE potentially could be most impacted by flood claims in Europe and Australia, while it may take longer (mid-century) for there to be a significant climate change impact on claims related to cyclones and convective storms in America and Australia.

2024 has experienced a number of major climate events including a significant convective storms season in the US, storms in Europe and Hurricanes Helene and Milton impacting the southern USA in September and October.

Transition risks and opportunities

Transition risks result from the changes associated with the global shift towards a net-zero economy. Transition risks are very broad in nature and can be difficult to quantify or model. For instance, regulatory, geopolitical, and social pressures can create material impacts on the operations of a business, its reputation, and the value of its assets.

QBE covers risks across the globe and across many sectors. We have undertaken transition scenario analysis on a global scale to better understand which sectors are expected to be disproportionately affected, positively and negatively, by the transition to net zero. In turn, the analysis assists us to understand the extent of QBE's exposure to those sectors across our underwriting and investment portfolios.

Transition risk analysis may support us in reviewing our underwriting strategy and portfolio mix. However, the ability to classify the Group's underwriting data at a sectoral level remains a challenge. Further, we continue to make investment in data, people and systems to allow us to better understand our underwriting exposure at a sectoral level.

We recognise the important role that insurance can play in facilitating the climate transition, including through how we manage our own operations, how we invest our assets, how we select the risks and companies that we underwrite, and how we manage our supply chains.

Our Environmental & Social Risk Framework sets out our investment and underwriting appetite for a range of sensitive sectors, including those facing higher transition risk.

We recognise that many of the actions that will guide the world to net zero – policy and regulation, corporate and individual behaviours and choices – happen outside of our direct influence. Moreover, in a well-regulated, deep and liquid insurance market, industry-wide action is needed to drive significant change.

Nonetheless, we believe that there are many things we can do to deliver on our commitment, and have articulated a range of activities to achieve real-world impact:

- **Advocacy**: Using our position and influence as a leading financial institution to advocate for policy and behavioural change within the wider economy.
- **Engagement**: Progressing engagement with our investment managers and some of our customers and suppliers to better understand and encourage their own transitions, and reducing their Scope 1, 2 and 3 emissions.
- **Insuring the transition:** Pursuing opportunities which also contribute over time to reducing emissions in the real-world, including increasing our investment in climate solutions, such as our renewable energy products.
- **Financing the transition**: Investing in climate solutions, including sustainability and green bonds, and increased exposure to infrastructure asset funds.
- **Emissions reduction:** Continuing to make progress against our emissions reduction targets as outlined on page 30.

Our exposure to climate-related risks and opportunities is also assessed through analysis of our investments portfolio, including carbon intensity. Further details are outlined on pages 31 and 32.

Our climate strategy

QBE continues to work toward our commitments of a net-zero underwriting portfolio by 2050, a net-zero investment portfolio by 2050 and net zero in our own operations by 2030.

Areas of sustainability focus

Operations

Commitment:
Net zero by 2030

Reach net zero for QBE's Scope 1, 2 and a defined inventory of Scope 3 emissions relevant to our operations by 2030.

+ **For Operations see page 30**

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

Supply chain

Commenced a formal engagement on net-zero progress with strategic suppliers in our global supply chain in 2023, with the goal of setting targets for those strategic suppliers by 2025.

+ **For Supply chain see page 30**

Focus Area ③
Partner for growth through innovative, sustainable and impactful solutions

Investments

Commitment:
Net zero by 2050

Transition our investment portfolio to net zero through our target setting, investments in climate solutions and engagement with external managers.

+ **For Investments see pages 31 and 32**

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

Focus Area ③
Partner for growth through innovative, sustainable and impactful solutions

Underwriting

Commitment:
Net zero by 2050

Progress our net zero in underwriting strategy through engagement with our priority customers as defined on page 33, and the exploration of products and/or services to support the transition.

Respond to climate risks and opportunities through portfolio management and business planning.

+ **For Underwriting see page 33**

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

Focus Area ③
Partner for growth through innovative, sustainable and impactful solutions

Operations

In 2021, QBE committed to net-zero operations by 2030 for our Scope 1 and Scope 2 emissions, expanding this in 2022 to include material Scope 3 emissions, and in 2024 further refining this to include a defined inventory of Scope 3 emissions relevant to our operations [1].

Over the last five years, we have made considerable progress toward reducing our Scope 1 and 2 emissions and, since 2019, we have reduced our Scope 1 and 2 emissions by 44%. Our actions include transitioning our fleet to hybrid and electric vehicles where the infrastructure supports this, optimising our property portfolio in line with hybrid ways of working, continuing to install energy-efficient lighting, appliances and temperature control, as well as increasing the proportion of our electricity sourced from renewable sources.

This year, we continued to invest in solutions to reduce the energy use in our buildings, exploring electrification of our larger gas-dependent North American and United Kingdom offices and installing a 'tap to power' system for desks in most of our Australian offices so that only occupied desks use electricity. In the Philippines, we moved to a Hub-and-Spoke model, opening smaller offices in more locations to reduce employee commuting time and associated emissions

Our global fleet contributed 84% of our Scope 1 and 2 emissions in 2024. In our North America business, further fleet vehicles were required, giving rise to an expected increase in our Scope 1 emissions, given the lack of electric vehicle (EV) charging infrastructure in areas of operation. We continue to explore further opportunities to transition our 2030 strategy.

In 2024, we met our RE100 target for the fourth year, with 100% of our electricity use across QBE offices (excluding Bermuda and Pacific Islands) certified as renewable [2], supporting our commitment to 100% renewable electricity by 2025. We met this using a combination of green energy contracts and unbundled energy attribute certificates. In 2024, we purchased and retired a volume of high-quality renewable energy and fire abatement carbon offset certificates to cover residual greenhouse gas emissions related to our global operations, as described in our Data Book.

Internal carbon price

Our internal carbon price was set at $65 per metric tonne of carbon dioxide equivalent in 2024 and was applied to all countries of operation. We will use this to support any expenditures required to maintain and progress our environmental commitments.

Scope 1 and 2

⬇ **74%**

since 2018

Meeting our target of a 30% reduction by 2025

Energy use

⬇ **28%**

reduction since 2019

Meeting our target of a 25% reduction by 2025

Electricity use

100%

certified renewable

Across QBE's offices (excluding Bermuda and Pacific Islands)

Supply chain

In 2024, we progressed our commitment to engage our strategic suppliers across our global supply chain. An engagement survey was developed to support us in gaining insights on climate risks and opportunities, measuring and reducing emissions, and to further understand our Scope 3 emissions. The survey was distributed to QBE's global strategic suppliers to gather information on their emissions reduction progress. This initiative will lay the groundwork for future mandatory Scope 3 reporting and our targets in relation to our supply chain.

In Australia Pacific and Europe, we held sessions with our strategic suppliers in the Indirect and Claims procurement areas. The theme for the sessions was to connect and share updates on net zero and sustainability progress, and identify potential opportunities to collaborate. Suppliers are increasingly prioritising net zero and sustainability within their businesses, however, some face challenges in emissions calculations due to costs, enterprise scale, complexity, and available information. We will continue with our engagement discussions to identify collaborative opportunities and mechanisms to share information. In other divisions, we are starting to incorporate sustainability into our procurement processes. For example, in Europe, we considered environmental and diversity factors as part of our tender evaluation documents for suppliers.

[1] The defined inventory of Scope 3 emissions relevant to our operations is, outlined in our Sustainability Data Book and includes business travel, fuel and energy-related activities and capital goods.

[2] Based on the RE100 Climate Group's materiality threshold guidance which excludes countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity via any credible sourcing options. We meet our RE100 commitment through a combination of contracts with electricity suppliers and purchasing unbundled energy attribute certificates. Refer to our Data Book (Focus Area 1 and Metrics Criteria) for all definitions, calculations, assumptions and methodologies.

Investments

QBE seeks to responsibly invest our proprietary assets, including our premium income, across the globe. We have a commitment to align our investments portfolio to a net-zero economy and we aim to do this through target setting and tracking, scaling investments in climate solutions and engaging with external asset managers to influence the decarbonisation of their operations and funds under management. To measure our progress, we undertake climate-related analysis to assess our portfolios' exposures to climate-related risks and opportunities, and continue to evolve our coverage and approach as methodologies and solutions to data challenges become available.

Our progress

Aligned with our broader climate strategy and our commitment to impact and responsible investments, QBE is committed to transitioning its investment portfolio to net-zero emissions by 2050. In 2021, we set our initial 2025 intermediate targets on sub-portfolio emissions, engagement, and financing the transition metrics, following established industry frameworks for target setting.

We have achieved our 2025 targets and are working on developing our 2030 targets which will guide our strategy and the actions we will take to deliver on our commitment to net zero in 2050.

Our 2025 targets

Engagement

All external managers across our investment portfolio

20 highest emitters in our investment grade corporate credit portfolio

Financing the transition

Increase our climate solutions investments to 5% of assets under management by 2025

Carbon intensity reduction

25% reduction of Scope 1 and 2 emissions in our developed market equity portfolio

Low carbon risk rating

Maintain a low carbon risk rating[1] in the Scope 1 and 2 weighted average carbon risk intensity of our investment grade corporate credit portfolio

[1] Defined by MSCI as being in the range of 15 to <70tCO_2e/$m sales.

Engagement

As asset owners, we have a unique role at the top of the investment value chain, and we acknowledge both the responsibilities and opportunities that come with this role. We believe that we can deliver meaningful impact by engaging in conversation with our external asset managers to influence sustainable practices in the transition to net zero.

In 2024, we continued to engage with all our external managers and the top 20 highest emitters in our investment grade corporate credit portfolio. We engage with our external managers as part of an annual process, which involves the collection and review of information and supporting documentation to understand how climate-related risks and opportunities are considered within their investment management processes as well as how these are managed within their own organisation. For the top 20 highest emitters in our investment grade corporate credit portfolio, we refined our engagement approach this year to include questions that are more targeted and tailored to each issuer based on consideration of their public disclosures. Our engagement was aimed at understanding their emission reduction targets and plans for achieving those targets, as well as readiness for compliance with the upcoming IFRS S2 *Climate-related Disclosures* (or the equivalent AASB S2 standard in Australia).

Financing the transition

We continue to invest in climate solutions and are proud to report that we have achieved our 2025 target. In 2024, we refined our climate solutions investments measurement approach to align with the definitions used in established industry frameworks and guidelines.

AT 31 DECEMBER		2024	2023
Climate solutions investments [1,2] % of assets under management	%	**6.0**	4.6

1 Climate solutions investments are investments in economic activities that contribute to climate change mitigation (including transition enabling) and/or adaptation. These include eligible components of sustainability and green bonds as well as investments in infrastructure asset funds which finance eligible projects such as renewable energy generation, energy efficiency and clean transportation. Components of investments which fund pollution prevention and control projects are excluded. 2023 has not been restated to reflect the current year approach.

2 The measurement of amounts attributable to climate solutions involves estimations and assumptions that rely on information reported by issuers and asset managers, and in some cases, inputs from an external data provider which have not been verified by QBE. Where data is not available, assumptions have been applied to estimate the allocation based on the attribution proportions of the remaining assets.

Emissions monitoring

Financed emissions represent the estimated carbon emissions of our investment portfolio categorised as Scope 3 Category 15 in the Greenhouse Gas (GHG) Protocol. Absolute financed emissions and carbon intensity metrics are disclosed for selected investment portfolios to the extent that established calculation methodologies and sufficient data are available. Our calculations have been guided by the principles developed by the Partnership of Carbon Accounting Financials (PCAF) insofar as possible. Inputs from external data providers have not been verified by QBE. We will continue to refine our estimates and scope of coverage as calculation methodologies continue to evolve alongside expected improvements in data availability and reliability.

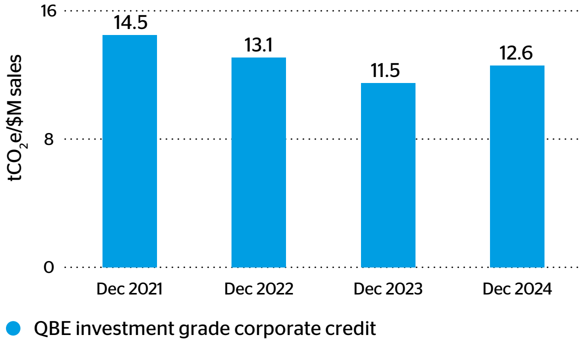
Carbon intensity

Developed market equity

We have met our carbon intensity target of a 25% reduction in our developed market equity portfolio, at 55 tCO_2e/\$m, which represents a 39% reduction against our 2019 baseline of 90 tCO_2e/\$m. The reduction is primarily driven by a decrease in the emissions of our investee companies.

Investment grade corporate credit

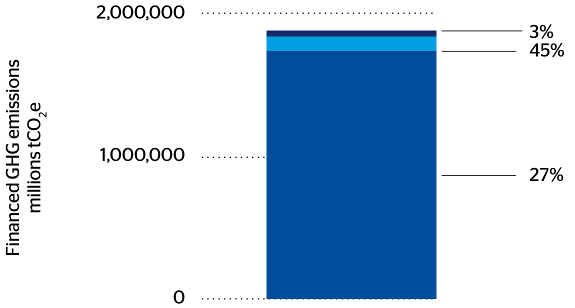
The carbon footprint of our investment grade corporate credit portfolio remains in line with our commitment to maintain a low carbon risk rating[1]. At reporting, our WACI is 12.6 tCO_2e/\$m sales.



[1] Carbon risk rating measures exposure to carbon intensive companies. MSCI Carbon Risk is categorised as Very Low (<15), Low (15 to <70), Moderate (70 to <250), High (250 to <525) and Very High (>=525).

Absolute financed emissions

We have estimated our absolute financed emissions for our corporate (including high yield debt and emerging market debt) and sovereign bonds and listed equity assets, comprising 75% of total assets under management.



Asset class	Financed GHG emissions tCO_2e[1]	% of assets under management[2]
● Listed equity	42,971	3%
● Corporate bonds	99,227	45%
● Sovereign bonds	1,740,411	27%
Total investments	**1,882,609**	**75%**

[1] Absolute financed emissions do not include investments for which data is not available from an external data provider, or when there is a lack of developed methodology for estimation. Reported % of assets under management represents the proportion attributable to investments for which absolute financed emissions have been calculated.

[2] Refers to the % of total assets under management on the Group's consolidated balance sheet.

	SCOPE	APPROACH
Carbon intensity	Developed market equity	Weighted average carbon intensity measure which expresses the portfolio's emissions based on the investee company's total emissions[2] per dollar of Enterprise Value including Cash (EVIC)[1], and weighted by the contribution of the investments to the developed market equity portfolio's market value.
	Investment grade corporate credit	Weighted average carbon intensity measure which expresses the portfolio's emissions based on the investee company's total emissions[2] per dollar of revenue, and weighted by the contribution of the investments to the investment grade corporate credit portfolio's market value.
Absolute financed emissions	Listed equity, corporate bonds and sovereign bonds[3]	Calculated using the methodology below: - Listed equity and corporate bonds: $\sum \frac{\text{Outstanding amount}}{\text{EVIC of the investee company}^{1}}$ x company emissions[2] - Sovereign bonds: $\sum \frac{\text{Outstanding amount}}{\text{Purchase Power Parity (PPP)-adjusted Gross Domestic Product (GDP)}}$ x sovereign emissions[4]

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[1] EVIC is based on market capitalisation of ordinary shares and preference shares plus total debt and minority interests, and has been sourced from an external data provider.

[2] Captures the Scope 1 and Scope 2 emissions of the investee companies and are sourced from an external data provider.

[3] Supranationals and sub-sovereign debt have been excluded due to the lack of available methodology.

[4] Captures the Scope 1 emissions of the borrowing country and are sourced from public disclosures of the country or other publicly available information.

Underwriting

We are progressing our net-zero underwriting strategy by seeking to understand and respond to the evolving needs and ambitions of our customers and the broader economy. This work is led by our Group Underwriting Committee under the guidance of the Group Chief Underwriting Officer and the Environmental & Social GEC Sub-Committee has oversight of how this contributes to our progress towards our net-zero commitments.

This year, we have continued to focus on progressing the three important areas:

1. Customer engagement and insights

Engagement with customers is critical and provides insight into our priority customers' progress. Our priority customers are commercial customers operating in higher-emitting sectors such as energy, transportation, and agriculture, with a focus on Australasia, Canada, and Europe.

Our engagement approach is as follows:

- Monitoring our priority customer cohort, and adding to it as appropriate.
- Assessing priority customer disclosures aligned to best practice climate disclosure frameworks.
- Working with our brokers to engage with a priority customer at time of renewal to understand the customer's disclosure progress.
- Monitoring and recording our priority customers' disclosure progress from our initial engagement.

QBE does not use information collected through the engagement process to set individual customer premiums. Engagement with stakeholders is critical and gives insight into realistic decarbonisation strategies alongside relevant scientific industry pathways.

2. Innovative products and services

Globally, our customers are facing increasingly interconnected and complex challenges, including heightened geopolitical risk and economic uncertainty. QBE continues to monitor these risks and opportunities to identify how we can support our customers through the transition. Our underwriting teams are at the forefront of these opportunities and continue to enhance their underwriting expertise in net-zero transition technologies and infrastructure in our key markets. Opportunities to support the transition are incorporated into our business plans for some of our key markets. For example, we recently expanded our transactional liability product for the European tax insurance market, so that it provides protection for tax-related risks associated with renewable energy projects.

Governments and insurers both play an important role in supporting the transition to a net-zero economy. QBE also continues to evolve its energy portfolio, supporting existing and new customers to decarbonise, and in 2024, agreed to underwrite the construction of two high profile carbon infrastructure projects in the UK. The HyNet project, covering the northwest of England and North Wales, will remove carbon dioxide emissions directly from energy-intensive industries, utilising depleted gas fields under Liverpool Bay for storage, and the Northern Endurance Partnership will provide the infrastructure needed to transport and store CO_2 emissions from the Teesside and Humber regions into geological storage in the North Sea. These projects look to support the transition, and we underwrite these in line with our responsible underwriting principles outlined in our Group Underwriting Standards.

3. Emissions modelling and tracking

We remain focused on improving our data and reporting to inform transition planning decision-making. Our ability to improve our data remains constrained by availability of methodologies and the absence of relevant enabling regulation in certain jurisdictions. We expect that over time, as climate-related disclosures come into effect across jurisdictions, we will see improvements in emissions data quality and availability, although challenges may remain for businesses outside of mandatory sustainability reporting scope.

Our progress

Customer engagement is on track, in line with our 2023-2025 Sustainability Scorecard target to undertake formal engagement with at least 50 priority commercial customers.

We continue to explore opportunities to support the transition, including enhancing existing and offering new products and services.

Progress in our three important areas help us refine our underwriting strategy to support the transition.

Our approach to managing climate risk in underwriting

It is expected that climate change will increase the frequency and severity of weather-related natural catastrophes over the medium to long term.

Our underwriting approach, implemented through the business planning process, aims to diversify and manage insurance risks accepted and reduce volatility of returns. Our approach to managing the impact of physical climate risks is supported by a number of features and processes, utilising specialist teams where appropriate, to help improve the reliability and consistency of our results. These include, but are not limited to annual policy renewal, pricing, our underwriting appetite, the purchase of reinsurance, and leveraging our catastrophe modelling capabilities.

The impacts of climate change are also considered as part of our approach to planning for catastrophe risks. Our catastrophe allowance is established above the long-term average of our modelled catastrophe costs. In 2024, our catastrophe costs of $1,048 million were below the Group's allowance of $1,280 million. In 2025, our catastrophe allowance is $1,160 million.

Annual renewability

As our insurance policies typically renew annually, we can continuously adjust our pricing or underwriting appetite.

Pricing

The Catastrophe Accumulation Management team provides technical catastrophe pricing for a large number of commercial property policies. Pricing factors are refreshed annually, using the most up to date catastrophe models where available, to reflect current catastrophe accumulations, reinsurance costs and required return on capital.

Underwriting appetite

We continue to manage our property exposures given its significance in terms of its exposure to physical climate risk and driving potential losses for our business.

Reinsurance

In the short term, we manage the volatility of natural catastrophe claims by purchasing a comprehensive Group catastrophe reinsurance program with long-standing high credit graded reinsurance partners. We also consider a wide range of event frequency scenarios in our capital planning.

Catastrophe modelling

QBE has a global Catastrophe Accumulation Management team and a Catastrophe Modelling Research team. The Catastrophe Modelling Research team enhances our in-house ability to validate and customise our models, including for potential impacts of climate change.

Risk management

QBE continues to mature our approach to climate risk management through integration with internal frameworks, policies and business activities.

Climate risk governance

At the Board level, our Board Risk & Capital Committee oversees climate risk and is supported by the Executive Risk Committee and ESG Risk Committee at the management level.

Climate risk management

QBE manages climate risk as part of ESG risk, a sub-class of strategic risk in our Risk Management Strategy. Climate risk interacts with other material risk classes such as insurance and operational risk.

Identifying and assessing climate risks

QBE reviews its top risks at least annually. As part of this process, we identify risks which may impact the business and assess their potential impact and likelihood, in line with our Risk and Control Self-Assessment (RCSA) Standard. Climate risk continues to be one of the top risks for QBE.

The RCSA Standard risk rating scales are applied to quantitatively and qualitatively assess the likelihood and impact of climate risk and determine its materiality to QBE. This assessment includes consideration of the impact of mitigation activities on the underlying risk. Due to the nature of the risks materialising, we consider the potential impacts of climate over the short, medium and long term, aligned to our business planning cycle, net-zero commitments and scenario analysis.

Climate risk is identified where relevant as part of our RCSA process and we continue to develop our ESG risks and controls library to support climate risk embedment and ownership across the business.

We undertake scenario analysis to understand the potential future impact of physical, transition and liability climate risks predominantly on our underwriting and investment portfolios. The outcomes of these scenarios help to inform strategic decisions made as part of business planning and portfolio optimisation.

	UNDERWRITING	INVESTMENT	SUPPLY CHAIN	OPERATIONS
Environmental and Social (E&S) Risk Framework (application, referrals, monitoring)	✓	✓	–	–
Climate scenario analysis	✓	✓	–	–
Risk and Control Self-Assessments	✓	✓	✓	✓
Group top risk process	✓	✓	✓	✓
Regulatory monitoring	✓	✓	✓	✓

Managing and monitoring climate risks

Climate risk is managed and monitored in line with the three lines model, with first line ownership of the risks across underwriting, investments, supply chain and operations. To support our climate risk management, QBE has several policies which apply to our own operations and to third parties we do business with, including our Group Environment Policy, Environmental and Social Risk Framework and Supplier Code of Responsible Conduct.

As part of our Key Reputational Issues List, climate and other ESG and sustainability-related topics require additional robust review to mitigate against incorrect information being released externally. Our greenwashing checklist and training module provide further guidance to employees.

Where necessary, function-specific training is available to first line teams to support their understanding of climate change and QBE's approach to risk management in business-as-usual activities.

Our ESG risk team review and challenge the management actions in place relating to our climate risk management such as our Sustainability Scorecard and Environmental & Social Risk Framework to enable effective implementation and monitoring. Second line also provides support to review risks and controls which relate to how we manage our internal and external climate risks and obligations. ESG risk management training continues to be available on a voluntary basis to all employees across the Group.

We continue to monitor climate key risk indicators through our Group ESG risk dashboard and have developed regional-specific dashboards which provide an additional localised approach to our climate risk management.

Group Internal Audit (third line) provides independent assurance over how we manage climate risk to ensure robust controls and governance processes are in place. This year, the internal controls assurance team supported first line teams with improving the robustness of their climate-related controls to develop our climate risk management maturity.

	UNDERWRITING	INVESTMENT	SUPPLY CHAIN	OPERATIONS
Risk appetite as per E&S Risk Framework	✓	✓	–	–
Management reporting	✓	✓	✓	✓
Engagement on climate transition and net-zero	✓	✓	✓	–
Business continuity plans	✓	✓	✓	✓
Portfolio management including annual renewability, pricing, underwriting appetite	✓	–	–	–
Catastrophe allowance and reinsurance	✓	–	–	–
Policies and processes	✓	✓	✓	✓
Training	✓	✓	✓	✓

Metrics and targets

We continue to set relevant targets and assess our progress and performance against them.

MEASURE	TARGET	2024	2023	STATUS
Operations				
Energy use (GJ) [1]	25% reduction by 2025 *2019 baseline*	**182,801** **▼ 28%**	191,367 ▼ 25%	**Achieved**
Renewable electricity use (MWh)	100% by 2025 [2]	**14,790** **100%**	17,154 100%	**Achieved**
Scope 1 and 2 emissions (1.5°C trajectory aligned science-based target) (tCO_2e)	30% reduction by 2025 *2018 baseline*	**8,456** **▼ 74%**	8,576 ▼ 73%	**Achieved**
Scope 1, 2 and a defined inventory of Scope 3 emissions relevant to our operations [3]	Net-zero operational emissions by 2030 *Restated baseline* [4]	**19,501** **▼ 28%**	23,143 ▼ 15%	**In progress**
Underwriting				
Customer engagement	Engage at least 50 priority customers at time of renewal in our Australasia, Canadian and European businesses with which we have a material commercial relationship, based on gross written premium; and who operate in higher-emitting sectors	**Ongoing**	Ongoing	**On track**
Investments				
Engagement	• All external managers across our investment portfolio • 20 highest emitters in our investment grade corporate credit portfolio	**Achieved**	Achieved	**Achieved**
Financing the transition	Increase our climate solutions investments to 5% of assets under management by 2025 [5]	**6.0%**	4.6%	**Achieved**
Carbon intensity reduction	25% reduction by 2025 of Scope 1 and 2 emissions in our developed market equity portfolio	**Achieved**	In progress	**Achieved**
Low carbon risk rating	Maintain a low carbon risk rating in the Scope 1 and 2 weighted average carbon intensity of our investment grade corporate credit portfolio [6]	**12.6 tCO_2e/\$m sales**	11.5 tCO_2e/\$m sales	**Achieved**

1 In 2024, the methodology for calculating GHG emissions on the North America fleet vehicles was updated from previously based on kilometres travelled to now based on actual fuel usage. This change impacted Energy use (GJ) and Scope 1 emissions (tCO_2e) used in the environmental performance targets and therefore the baseline has been restated for both Energy use and Scope 1 and 2 emissions to reflect this change. The Energy use baseline emissions have been increased from 239,524 GJ to 253,869 GJ and the Scope 1 and 2 emissions baseline has increased from 30,882 tCO_2e to 32,136 tCO_2e. 2023 has been restated to reflect the current approach.

2 2024 percentage of renewable electricity is based on the RE100 Climate Group's Materiality Threshold guidance which excludes countries with small electricity loads (<100 MWh/year and up to a total of 500 MWh/year) and where it is not feasible to source renewable electricity via any credible sourcing options. We meet our RE100 commitment through a combination of contracts with electricity suppliers and purchasing unbundled energy attribute certificates. This is the total percentage of renewable electricity sourced, not a year-on-year percentage change.

3 Two Scope 3 emission sources have been reclassified to better align with the Greenhouse Gas (GHG) Protocol. Specifically, emissions related to employees working from home previously disclosed as Category 3: *Fuel – and energy-related activities* were reclassified to Category 7: *Employee commuting*, and claimant travel emissions related to air travel and car hire previously disclosed as Category 6: *Business travel* were reclassified to Category 9: *Downstream transportation and distribution*. These emission sources are no longer included within the scope of our net-zero commitment. This change has resulted in baseline emissions of 27,251 tCO_2e reduced from 29,942 tCO_2e, and a resulting reduction against our target in the current year of 8%. 2023 has been restated to reflect the current approach.

4 In 2021, QBE committed to net-zero for its operational emissions by 2030 for Scope 1 and 2 emissions for our global operations, from a 2019 baseline year. This target was extended to include a defined inventory of Scope 3 emissions in 2022, and therefore, we have used 2022 as a baseline for the Scope 3 emissions included in the net-zero operational emissions target.

5 Our assessment considers information from external data provider relating to green and sustainability credentials indicators, and information reported by issuers and asset managers which may not necessarily reflect consistent reporting periods.

6 Carbon risk measures exposure to carbon intensive companies. MSCI Carbon Risk is categorised as Very Low (<15), Low (15 to <70), Moderate (70 to <250), High (250 to <525) and Very High (>=525).

+ More details on QBE's Sustainability Framework and our performance and progress are available in QBE's 2024 Sustainability Data Book

Board of Directors

Michael (Mike) Wilkins AO BCom, MBA, FCA, FAICD — **Independent Chair**

Mike became a non-executive director of QBE in November 2016 and was appointed Chair in March 2020. He is Chair of the Governance & Nomination Committee and a member of the Audit, People & Remuneration and Risk & Capital Committees. Mike has more than 30 years' experience in financial services. He was the Managing Director and CEO of Insurance Australia Group Limited until November 2015 and previously served as Managing Director and CEO of Promina Group Limited and Managing Director of Tyndall Australia Limited. He is currently Chair of Medibank Private Limited and a non-executive director of Scentre Group Limited. He previously served as a non-executive director of AMP Limited, Alinta Limited, Maple-Brown Abbott Limited, The Geneva Association and the Australian Business and Community Network. Mike was the founding member of the Australian Business Roundtable for Disaster Resilience & Safer Communities from 2013 until his retirement in 2015.

Andrew Horton BA Natural Sciences, ACA — **Group Chief Executive Officer**

Andrew joined QBE as Group Chief Executive Officer in September 2021. He was previously the CEO, and before that the Finance Director, of Beazley Group, a specialist insurer based in the United Kingdom with operations in Europe, the United States and Asia. Prior to this, he held various senior finance roles in ING, NatWest and Lloyds Bank. Andrew has more than 30 years' experience across insurance and banking, and has extensive experience across international markets.

Yasmin Allen AM BCom, FAICD — **Independent Director**

Yasmin became a non-executive director of QBE in July 2022. She is a member of the Audit and People & Remuneration Committees. Yasmin has more than 20 years' experience as a company director and chair serving companies across a wide range of sectors, including natural resources and financial services. She is currently a non-executive director of Santos Limited. She chairs Tiimely, formally known as Tic Toc Online, a digital home loan platform company, the Harrison Riedel Foundation, a charity supporting young mental health, and the Digital Skills Organisation. Yasmin is a member of the Federal Government Takeovers Panel and has been acting President since 2019 and is a member of Chief Executive Women. She has served as a non-executive director for a number of companies including Cochlear Limited, ASX Limited, Insurance Australia Group Limited and was the former Chair of Macquarie Group's Global Infrastructure Funds. She was previously a senior investment banking executive specialising in equity markets in Australia and the United Kingdom.

Stephen (Steve) Ferguson BCom, CA, GAICD — **Independent Director**

Steve became a non-executive director of QBE in November 2023. He is Chair of the Audit Committee and a member of the Risk & Capital Committee. Steve is an accomplished financial services executive and business leader with over 30 years' experience including serving as a Financial Services Leadership partner at Ernst & Young (EY) for more than 15 years, where he was also the signing Audit Partner for numerous top 50 ASX Listed companies. More recently, Steve has held Board level positions across the commercial, government and not-for-profit sectors for the past six years. Steve is currently serving as the Chair and non-executive director for Bank Australia Limited and non-executive director for GenRe Australia Limited, GenRe Life Australia Limited, BackTrack Youth Works Limited and for Parkinson's Australia Limited. He is also an external member of the UNSW Sydney Audit Committee and Risk Committee.

Penny James BSC (Hons), ACA — **Independent Director**

Penny became a non-executive director of QBE in January 2024. She is a member of the Risk & Capital and People & Remuneration Committees. Penny has over 30 years' experience in the financial services industry having held leadership roles in general insurance, life assurance, wealth management and asset management businesses. Her previous positions included Chief Executive Officer of Direct Line Insurance Group plc (having previously held the role of Chief Financial Officer), the Group Chief Risk Officer of Prudential plc and the Group Chief Financial Officer of Omega Insurance Holdings plc. Penny has been a Board Member of the Association of British Insurers and the Chair of the Financial Conduct Authority Practitioner Panel. She is currently Senior Independent Director of Hargreaves Lansdown plc and co-chair of the FTSE Women Leaders Review. Penny is also a non-executive director of Mitie Group plc and Vitality UK.

Tan Le BCom (Hons), LLB (Hons)

Independent Director

Tan became a non-executive director of QBE in September 2020. She is Chair of the People & Remuneration Committee and a member of the Governance & Nomination Committee. Tan is the founder and CEO of EMOTIV, a neuroinformatics company advancing understanding of the human brain. She was previously co founder and President of SASme, a wireless technology company. Tan is a contributor at the World Economic Forum (WEF) and currently serves on the WEF Network of Global Future Councils and previously served on the WEF Board of Stewards on Shaping the Future of Information & Entertainment.

Kathryn (Kathy) Lisson BSc (Hons)

Independent Director

Kathy became a non-executive director of QBE in September 2016. She is Deputy Chair of the People & Remuneration Committee and a member of the Risk & Capital Committee. Kathy has over 30 years' experience across insurance and banking in technology, operations and management. She was previously Chief Operating Officer for two insurance companies (QBE Europe (a QBE regulated entity) and Brit Insurance) and Operational Transformation Director at Barclays Bank, which included delivering global solutions in digital technology, cyber security and IT risk. Kathy also held executive positions at Bank of Montreal, including as President of its Mortgage Corporation and EVP Technology Strategy and Delivery. Kathy was a senior partner at Ernst & Young and Price Waterhouse in Canada, leading their insurance and banking advisory practices. Kathy has also held several other non-executive director roles in the United Kingdom and in Canada.

Rolf Tolle Dipl. Pol

Independent Director

Rolf became a non-executive director of QBE in March 2016. He is Chair of the Risk & Capital Committee and a member of the People & Remuneration and Governance & Nomination Committees. He has significant experience in specialist insurance and reinsurance businesses, having held senior positions in a number of global companies. He was the first ever Franchise Performance Director at Lloyd's, for which he was awarded the Silver Medal for Services at Lloyd's, an honour bestowed on only a few individuals since its creation in 1917. Rolf is currently Chair of Inceptum Insurance Company Limited, is a director of Marco International Insurance Company Limited and British Reserve Insurance Company Limited. Rolf was previously a director of Beazley plc and Beazley Furlonge Ltd.

Peter Wilson BEco

Independent Director

Peter became a non-executive director of QBE in September 2023. He is a member of the Audit and Risk & Capital Committees. Peter is an accomplished insurance executive and business leader with over 40 years' experience. He served as Chief Executive Officer of Axis Insurance from 2013 to 2022 and prior to that was President of United States Insurance. He was with CNA Insurance for more than 20 years, including as President and Chief Operating Officer for CNA Specialty. He also served as Executive Vice President at AIG, where he managed the commercial public D&O business in the United States.

Sir Brian Pomeroy MA, FCA

Retired Independent Director

Sir Brian served as an independent non-executive director of QBE from June 2014 until his retirement on 10 May 2024. Sir Brian was the Deputy Chair of the Audit Committee and a member of the Risk & Capital Committee.

Jann Skinner BCom, FCA, FAICD

Retired Independent Director

Jann served as an independent non-executive director of QBE from October 2014 until her retirement on 10 May 2024. Jann was the Chair of the Audit Committee, Deputy Chair of the Risk & Capital Committee and a member of the Governance & Nomination Committee.

Group Executive **Committee**

Andrew Horton BA Natural Sciences, ACA

Group Chief Executive Officer

Andrew joined QBE as Group Chief Executive Officer in September 2021. He was previously the CEO, and before that the Finance Director, of Beazley Group, a specialist insurer based in the United Kingdom with operations in Europe, the United States and Asia. Prior to this, he held various senior finance roles in ING, NatWest and Lloyds Bank. Andrew has more than 30 years' experience across insurance and banking, and has extensive experience across international markets.

Inder Singh BCom

Group Chief Financial Officer

Inder joined QBE in 2015 and was appointed Group Chief Financial Officer in 2018. His previous roles at QBE include Chief Financial Officer for Australian & New Zealand Operations and Group Head of Corporate Development and Financial Planning & Analysis. Inder has more than 25 years' experience in financial services spanning property and casualty, life insurance and banking. He started his career at Arthur Andersen before working in investment banking in Sydney and London with Deutsche Bank and UBS. Prior to joining QBE, he was Group M&A Director at Aviva plc in London where he led a number of transformational transactions.

Vivienne (Viv) Bower BA Organisational Communication, GAICD

Group Executive, Corporate Affairs and Sustainability

Viv joined QBE in 2017 and was appointed Group Executive, Corporate Affairs and Sustainability in January 2019 and since 2017 has been the Chair for the QBE Global Foundation. She previously held senior investor relations and corporate affairs roles, including Group Head of Corporate Affairs and Investor Relations at Lendlease, Head of Group Internal Communications at Westpac and Group General Manager of Communications at Multiplex Group.

Peter Burton BSc (Hons) Physics, CEng, CPhys

Group Chief Underwriting Officer

Peter joined QBE in 2008 and was appointed Group Chief Underwriting Officer in September 2023. His previous roles in QBE include Executive Director of International Markets for our European Operations (with a portfolio covering London, Singapore, Dubai, Canada and the US) and prior to that Director, Natural Resources. Early in his time at QBE, Peter established the QBE Lloyd's Asian Operations. Peter has more than 24 years' experience in the insurance industry. Prior to joining QBE, he worked for Marsh in their engineering and energy broking functions. Prior to joining the insurance industry, Peter worked in technical and engineering consultancy roles in the UK and internationally.

Ian Fantozzi MSc, Computation BA, Economics

Group Executive, Technology and Operations

Ian Fantozzi joined QBE in January 2025 as Group Executive, Technology and Operations. Prior to joining QBE, Ian held several positions at Beazley including CEO Beazley Digital, Group Chief Operating Officer and leadership roles in underwriting and claims operations. Ian has more than 25 years' experience in the financial services and insurance sector, specialising in digital transformation and operational efficiencies. His appointment is subject to the satisfactory completion of relevant regulatory approvals.

Jason Harris BSc (Hons) Geology

Chief Executive Officer, International

Jason joined QBE as Chief Executive Officer, International in October 2020. Prior to joining QBE, Jason held a number of global and international leadership roles at XL Group including as Chief Executive, Global Property and Casualty and as Chief Executive, International Property and Casualty. He previously worked at AIG/Chartis in several senior roles including Executive Director, Commercial Lines. He is an underwriter by background and started his career in offshore energy. He has worked in insurance for over 25 years.

Sue Houghton BA History, ACA

Chief Executive Officer, Australia Pacific

Sue joined QBE as Chief Executive Officer, Australia Pacific in August 2021. She was previously Managing Director, Insurance for the Westpac Group. Sue has more than 20 years' experience in the financial services sector, having held senior leadership and management roles at Wesfarmers Insurance, Insurance Australia Group and Arthur J Gallagher. She is a member of the Champions of Change Coalition and is a director and past President of the Insurance Council of Australia.

Amanda Hughes BCom, MBA, CA, GAICD, CPHR

Group Chief People Officer

Amanda joined QBE in June 2020 as Group Head of Culture, Performance and Reward and was appointed Group Chief People Officer in December 2021. Prior to joining QBE, she was the Director of People and Culture at AMP and she previously held senior HR roles at Lendlease and Macquarie Group. Amanda began her career as a chartered accountant and has worked in Sydney, London and Auckland.

Fiona Larnach BScDipEd, MFin, FCPA, MAICD

Group Chief Risk Officer

Fiona joined QBE in March 2021 as Group Chief Risk Officer. Prior to joining QBE, she was the Chief Risk Officer for Barclays based in London. Fiona has also held senior roles at major financial services companies in Australia and the United Kingdom, including the Commonwealth Bank of Australia and as a partner at Ernst & Young. She has also worked in senior executive roles at Westpac, AMP, GE Mortgage Insurance and Citibank.

Julie Minor B Business Administration, Finance

Group Head of Distribution

Julie joined QBE in June 2024 as Group Head of Distribution. Prior to joining QBE, she was with Marsh for over 20 years and held several leadership roles and led numerous key customer relationships. She was most recently the Southeast Zone Global Risk Management Leader and a member of the North America Global Risk Management Leadership team. Her previous roles at Marsh include Southeast Zone Corporate Segment Leader and Southeast Zone Global Risk Management Client Executive, Senior Vice President.

Carolyn Scobie BA, LLB, MA, AGIA, GAICD

Group General Counsel and Company Secretary

Carolyn joined QBE in 2016 as Group General Counsel and Company Secretary. Prior to joining QBE, she was Group General Counsel at Goodman Group for 17 years, where she ran a multi-disciplinary legal team. Carolyn has extensive experience in corporate governance, corporate law, compliance, regulatory matters, litigation and managing the complexity of multiple jurisdictions.

Julie Wood B Science, Economics, Sociology

Chief Executive Officer, North America

Julie joined QBE as Group Head of Distribution in January 2023 and was appointed to the role of Chief Executive Officer, North America in September 2023. She was previously at Marsh as their Southeast Partnership & Zonal Leader and a member of their US Executive Committee. Previously, she held the position of Zonal Casualty Leader at Marsh in Atlanta. Julie also held several senior executive roles at Zurich for 15 years.

Matt Mansour MBA

Departing Group Executive, Technology and Operations

Matt Mansour joined QBE in 2018 and was appointed Group Executive, Technology and Operations in March 2021. Matt will be departing QBE in June 2025.

Corporate **Governance**

QBE is committed to the highest standards of corporate governance. This ensures that we have a framework of systems, accountabilities, policies and processes that allows us to effectively execute our strategic priorities and deliver on our vision and purpose.

QBE Group's Corporate Governance Statement can be found at qbe.com/investor-relations/corporate-governance

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Key focus areas for the Board in 2024

Key areas of governance that the Board has focused on include:

- Continued oversight of and constructive challenge around delivery and execution of QBE's Strategic Priorities.
- Overseeing the growth and modernisation of our business and the continuing uplift of performance standards and execution.
- Defining the key capabilities within our people and systems needed to execute QBE's strategy and identifying the key opportunities for simplification across the enterprise.
- Enhancing QBE's consistency of high-level performance throughout its operations, as highlighted below.
- Overseeing the innovative use of artificial intelligence (AI) technologies within QBE and growing the understanding of the commercial, ethical and governance implications of AI for QBE and the insurance industry, as highlighted below.
- Enhancing the organisation's approach to the effective governance and execution of our major transformation initiatives including the establishment of a central transformation function to drive delivery.
- Continuing the effective oversight of Sustainability as a key focus for QBE's business including the progression of QBE's sustainability strategy and the enhancement of our Sustainability Scorecard performance, as highlighted below.
- Overseeing the practical implementation of enhanced operational risk management and resilience within the enterprise driven by commercial necessity and prudential requirements.
- Continuing to supervise the effective identification, assessment and management of the principal current and emerging risks to the enterprise.
- Successfully integrating the recently appointed non-executive directors into the QBE Group Board, its deliberations and its working environment.

Consistency of performance

- Focusing on the achievement of greater consistency in how we support and retain customers and simplify our governance approach and processes across the enterprise.
- Challenging the organisation to raise the bar on performance standards and expectations and emphasising the importance of effective leadership and communication in achieving this.

Artificial intelligence

- Overseeing the acceleration of AI adoption with the consistent development of promising use cases that lead to innovative insurance solutions and the committed roll out of comprehensive AI training across the organisation.
- Encouraging the connection around significant strategic opportunities which will drive business value and ensuring that our data strategy and operating model are sufficiently mature to support AI innovation and use.

Sustainability

- Overseeing progress towards compliance with the newly issued Australian climate-related disclosure requirements, including the review and uplift of governance structures in preparation for these requirements.
- Overseeing the continued delivery of the commitments in our 2023–2025 Sustainability scorecard.

Non-executive director (NED) tenure[1]

Number of NEDs	
● <3 years	4
● 3–6 years	1
● 6–9 years	3

Workforce diversity[1]

Women on Group Board

44.4%

target of 40% by 2025 (achieved)

Women in leadership (Levels 0-3)

40.8%

target of greater than 40% by 2025 (achieved)

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1 As at 31 December 2024.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Your directors present their report on QBE Insurance Group Limited and the entities it controlled at, or during, the year ended 31 December 2024.

Directors

Michael Wilkins AO (Chair)
Andrew Horton
Yasmin Allen AM
Stephen Ferguson
Penny James (from 1 January 2024)
Tan Le
Kathryn Lisson
Sir Brian Pomeroy (until 10 May 2024)
Jann Skinner (until 10 May 2024)
Rolf Tolle
Peter Wilson

Operating and financial review

Information on the Group's results, operations, business strategy, prospects and financial position is set out in the operating and financial review on pages 6 to 37 of this Annual Report.

Dividends

The directors are announcing a final dividend of 63 Australian cents per share (2023 48 Australian cents per share). The final dividend will be 20% franked (2023 10%). The 2024 full year dividend payout is A$1,309 million compared with A$928 million for 2023. Further details of dividends paid during the year are set out in note 5.4 to the financial statements.

Activities

The principal activities of QBE during the year were underwriting general insurance and reinsurance risks, management of Lloyd's syndicates and investment management.

Presentation currency

The Group has presented the Financial Report in US dollars because a significant proportion of its underwriting activity is denominated in US dollars. The US dollar is also the currency that is widely understood by the global insurance industry, international investors and analysts.

Group indemnities

Rule 78 of the Company's Constitution provides that the Company indemnifies past and present directors, secretaries or other officers against any liability incurred by that person as a director, secretary or other officer of the Company or its subsidiaries. The indemnity does not apply to any liability (excluding legal costs):

- owed to the Company or a related body corporate (e.g. breach of directors' duties);
- for a pecuniary penalty under section 1317G or a compensation order under sections 1317H or 1317HA of the *Corporations Act 2001* (Cth) (or a similar provision of the corresponding legislation in another jurisdiction); or
- that is owed to someone other than the Company or a related body corporate and which did not arise out of conduct in good faith.

The indemnity extends to legal costs other than where:

- in civil proceedings, one or more of the above exclusions apply;
- in criminal proceedings, the person is found guilty;
- the person is liable in proceedings brought by the Australian Securities and Investments Commission (ASIC), a corresponding regulator in another jurisdiction or a liquidator (unless as part of the investigation before proceedings are commenced); or
- the court does not grant relief after an application under the *Corporations Act 2001* or corresponding legislation in another jurisdiction.

In addition, a deed exists between the Company and each director which includes an indemnity in similar terms to rule 78 of the Company's Constitution.

Directors' and officers' insurance

QBE pays a premium each year in respect of a contract insuring directors, secretaries, senior managers and employees of the Group together with any natural person who is either a trustee or a member of a policy committee for a superannuation plan established for the benefit of the Group's employees against liabilities past, present or future. The officers of the Group covered by the insurance contract include the directors listed on pages 38 and 39 of this Annual Report, the Group General Counsel and Company Secretary, Carolyn Scobie, and Group Company Secretary, Peter Smiles.

In accordance with normal commercial practice, disclosure of the amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No such insurance cover has been provided for the benefit of any external auditor of the Group.

Significant changes

There were no significant changes in the Group's state of affairs during the financial year other than as disclosed in this Annual Report.

Likely developments and expected results of operations

Likely developments in the Group's operations in future financial years and the expected results of those operations have been included in the operating and financial review on pages 6 to 37 of this Annual Report.

Events after the balance date

Other than the declaration of the final dividend, no matter or circumstance has arisen since 31 December 2024 that, in the opinion of the directors, has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial periods.

Material business risks

As a global insurance and reinsurance business, QBE is subject to a substantial variety of business risks. The directors believe that effective management of these risks is critical to delivering value for QBE's stakeholders. It is QBE's policy to adopt a rigorous approach to managing risk throughout the Group. Risk management is a continuous process and an integral part of QBE's governance structure, QBE's broader business processes and, most importantly, QBE's culture.

Some of the material business risks that QBE faces include strategic, insurance, credit, market, liquidity, operational, compliance and Group risks. Explanations of these risks and their mitigations are set out in detail in note 4 to the financial statements which we recommend you read. Further details of how QBE manages risk are set out in the risk management section on pages 16 to 21, climate-related risks and opportunities section on pages 22 to 37 and the risk management section of the corporate governance statement on the website.

Meetings of directors

					MEETINGS OF COMMITTEES									
	FULL MEETINGS OF DIRECTORS		MEETINGS OF INDEPENDENT DIRECTORS		AUDIT		GOVERNANCE & NOMINATION		PEOPLE & REMUNERATION		RISK & CAPITAL		SUB-COMMITTEES[1]	
	H	A	H	A	H	A	H	A	H	A	H	A	H	A
Yasmin Allen	**8**	**8**	6	6	**5**	**5**	–	–	**4**	**4**	–	–	**2**	**1**
Stephen Ferguson	**8**	**8**	6	6	**5**	**5**	–	–	–	–	5	5	**9**	**9**
Andrew Horton	**8**	**8**	–	–	–	–	–	–	–	–	–	–	**5**	**5**
Penny James[2]	**8**	**8**	6	6	–	–	–	–	**4**	**4**	5	5	–	–
Tan Le	**8**	**8**	6	6	–	–	6	6	**4**	**4**	–	–	–	–
Kathryn Lisson	**8**	**8**	6	6	–	–	–	–	**4**	**4**	5	5	–	–
Sir Brian Pomeroy[2]	**3**	**2**	2	2	**1**	**1**	–	–	–	–	1	1	–	–
Jann Skinner[2]	**3**	**3**	2	2	**1**	**1**	2	2	–	–	1	1	**1**	**1**
Rolf Tolle	**8**	**8**	6	6	–	–	6	6	**4**	**4**	5	5	–	–
Michael Wilkins	**8**	**8**	6	6	**5**	**5**	6	6	**4**	**4**	5	5	**9**	**9**
Peter Wilson	**8**	**8**	6	6	**5**	**5**	–	–	–	–	5	5	–	–

H Number of meetings held while a Board or Committee member.
A Number of meetings attended while a Board or Committee member.

[1] Ad hoc committees of the Board were convened during the year in relation to the financial results and other reporting matters.

[2] Sir Brian Pomeroy and Jann Skinner retired from the Board effective 10 May 2024. Penny James was appointed to the Board effective 1 January 2024.

Further meetings occurred during the year, including meetings of the Chair, Group Chief Executive Officer, and meetings of the directors with management. Often directors attend meetings of committees of which they are not currently members.

Directorships of listed companies held by the members of the Board

From 1 January 2022 to 21 February 2025, the following directors also served as directors of the following listed entities:

DIRECTOR	POSITION	DATE APPOINTED	DATE CEASED
Michael Wilkins			
Medibank Private Limited	Director	25 May 2017	–
Scentre Group Limited	Director	8 April 2020	–
Jann Skinner			
Telix Pharmaceuticals Limited	Director	19 June 2018	–
Yasmin Allen			
Cochlear Limited	Director	2 August 2010	31 March 2024
Santos Limited	Director	22 October 2014	–
ASX Limited	Director	9 February 2015	25 September 2024

Qualifications and experience of directors

The qualifications and experience of each director are set out on pages 38 and 39 of this Annual Report.

Qualifications and experience of company secretaries

Carolyn Scobie, BA, LLB, MA, AGIA, GAICD
Carolyn joined QBE in 2016 as Group General Counsel and Company Secretary. Prior to joining QBE, Carolyn was Group General Counsel at Goodman Group for 17 years, where she ran a multi-disciplinary legal team. Carolyn has extensive experience in corporate governance, corporate law, compliance, regulatory matters, litigation and managing the complexity of multiple jurisdictions.

Peter Smiles, LLB, MBA, FGIA, FCIS, GAICD
Peter is Group Company Secretary of QBE Insurance Group Limited and a company secretary of various QBE subsidiaries in Australia. He has over 30 years of insurance experience, which includes 25 years as a corporate lawyer. In addition to his current company secretarial duties, he acts as a corporate lawyer advising Group head office departments.

Directors' interests and benefits

Ordinary share capital

Directors' relevant interests, including those of their personal related parties, in the ordinary share capital of the Company at the date of this report are as follows:

DIRECTOR	NUMBER OF SHARES HELD
Yasmin Allen	**18,333**
Stephen Ferguson	**1,945**
Andrew Horton	**341,075**
Penny James	**2,030**
Tan Le	**15,913**
Kathryn Lisson	**56,264**
Rolf Tolle	**84,874**
Michael Wilkins	**100,580**
Peter Wilson	**3,177**

Options and conditional rights

At the date of this report, Andrew Horton has 1,084,669 conditional rights to ordinary shares of the Company. No executives or directors hold options at the date of this report. Details of the schemes under which options and conditional rights are granted are provided in the Remuneration Report and in note 8.4 to the financial statements.

The names of all persons who currently hold options granted under the Employee Share and Option Plan and conditional rights to ordinary shares of the Company are entered in the registers kept by the Company pursuant to section 168 of the *Corporations Act 2001*.

Environmental regulation

Disclosures on climate-related risks and opportunities are provided on pages 22 to 37 of this Annual Report and operational GHG emissions and other environmental data are disclosed in the 2024 Sustainability Data Book.

Remuneration Report

Remuneration Report contents

To our shareholders,

On behalf of the Board, I present QBE's Remuneration Report for 2024.

I am pleased to highlight that continued progress on our strategic priorities has enabled us to deliver strong financial performance and share price appreciation during 2024, leaving us well positioned for the future. The Board and I are proud of the efforts to drive cultural change at QBE over the past few years. Making Culture a strategic priority until 2024 has supported many initiatives, including the embedment of the QBE DNA. While work will continue in this area, the addition of Customer as a new strategic priority creates further opportunities to support future growth.

Our People

We continued our focus on building a resilient workforce by developing our peoples' skills and workforce capability during the year. We have embarked on a major enterprise-wide, multi-year project focused on investing in technology and processes to better link skills, jobs, learning and overall career experience. This included the implementation of globally consistent new hire onboarding and new learning programs. We have continued to support our people leaders in their personal development through launching leadership programs on resilience, adaptive leadership, digital and data mindsets, and commercial acumen. We also ran our first global Future Festival to build a range of future-ready skills across QBE.

Our employee Voice surveys carried out during the year continued to show strong engagement as well as positive sentiment toward our culture, access to learning and career development. The culture journey we embarked on in 2021 has evolved significantly. In 2024, we further enriched our shared language with three new phases introduced to help our employees find the right words to encourage behaviours aligned to our DNA. An example includes "what's the flip side?" which is a very simple phrase to support healthy discussion, debate and challenge. We introduced the Respect@QBE program in Australia Pacific highlighting the simple actions all employees can take so that QBE remains an inclusive and respectful workplace for everyone. We also expanded QShare, our global 'opt-in' employee equity plan, to over 3,000 employee shareholders across 21 countries.

Pleasingly, our people practices continue to gain recognition across our international footprint in a number of areas, as highlighted by the awards on the right.

Performance and remuneration during 2024

Strong performance continued in 2024. Gross written premium growth of 3% was in line with our outlook for the year, while the Group combined operating ratio (COR) of 93.1% was slightly ahead of our plan. The improved resilience of our underwriting performance was again evident during the year. Despite elevated industry losses from natural catastrophes, 2024 catastrophe costs were comfortably below our allowance, and exposure to hurricanes Milton and Helene was notably lower relative to similar events over recent years. We have taken important steps to ensure performance is sustained and volatility is reduced; this includes the decision to exit the middle-market business in North America, alongside an important reserve transaction which will derisk the Group's exposure to reserves totalling $1.6 billion.

Favourable investment performance for the year was driven by supportive interest rates and positive risk asset returns. Our Group adjusted return on equity (ROE) of 18.2% was strong, and improved compared to the prior year. For details see page 13.

Key management personnel (KMP) remuneration

The QBE Board remains confident in the executive remuneration structures. The incentive arrangements strike the appropriate balance between financial and non-financial performance over the short and long term, underpinned by robust risk management practices and allow for the use of Board discretion as needed.

From a fixed remuneration perspective, aside from slight adjustments of up to 3% to the executive KMP, and the application of the new non-executive director base fees which were reflected in the prior Remuneration Report, no other changes were made.

The annual performance incentive (API) outcomes for the executive KMP range from 70% to 88% of their maximum opportunity. The Group Chief Executive Officer (Group CEO) received 121% of the target opportunity (81% of the maximum opportunity), with 50% deferred as conditional rights that vest over the next five years.

The Board considers the incentives awarded to executive KMP for the 2024 financial year are a fair reflection of both QBE's and their own performance. For details see pages 51 to 53.

Long-term incentives (LTI)

As highlighted last year, we introduced non-financial measures into our LTI plan. By incorporating these non-financial metrics, we align our LTI measures with the interests of all our stakeholders and enhance both our commitment to sustainable business practices and deliver value for our customers. Further, the non-financial metrics satisfy the APRA Prudential Standard CPS 511 *Remuneration* (CPS 511) regulatory requirements in Australia. For additional detail on these measures and their rationale, see page 59.

The 2021 LTI partially vested in early 2024 when measured against Group cash ROE and the two relative total shareholder return (TSR) performance measures, see page 50. Further, the 2022 LTI which is due to vest in late February 2025 has met the performance criteria following testing and will also vest. Further details will be provided in next year's Remuneration Report.

+ **For more information on 2024 Company performance and executive KMP remuneration, refer to pages 50 to 53.**

Looking ahead into 2025

Our people lie at the heart of delivering strong performance and so fostering an environment which supports and develops every QBE employee will continue throughout 2025. Further activity embedding career development, building our leaders' capabilities and advancing knowledge in AI will also be delivered. We will drive traction on the areas identified in our Voice surveys, progress our Inclusion of Diversity action plan and finalise the development of our new leadership program to help to support our focus on building a resilient workforce for the future.

Thank you for your support in 2024. As always, we welcome shareholder feedback.

Tan Le
Chair, People & Remuneration Committee

External recognition in 2024

Top 100 for Gender Equality
Equileap Global Report & Ranking

Australian Inclusion Award – Platinum Employer
Australian Workplace Equality Index

Top Insurance Employers
Insurance Business Asia

Top 25 Graduate Employers
Australian Association of Graduate Employers (medium program)

100 Best Adoption-Friendly Workplaces
Dave Thomas Foundation for Adoption (USA)

This Remuneration Report sets out QBE's remuneration framework and provides detail of remuneration outcomes for KMP for 2024 and how this aligns with QBE's performance. Accounting standards define KMP as those executives and non-executive directors with the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. The 2024 Remuneration Report has been prepared and audited in accordance with the disclosure requirements of the *Corporations Act 2001*.

Our remuneration at a glance

Remuneration framework

Our remuneration strategy is designed to attract, retain and motivate QBE's executives by providing market competitive remuneration, aligned with the creation of sustained shareholder value and robust risk management practices.

Our purpose and vision

Our purpose: Enabling a more resilient future

Our vision: To be the most consistent and innovative risk partner

Our strategic priorities

- Portfolio optimisation
- Sustainable growth
- Bring the enterprise together
- Modernise our business
- Our people
- Our culture

For more information on our strategic priorities, refer to page 6.
From 2025, Customer replaces Our culture as a strategic priority.

The remuneration framework supports our strategy

- Simple and clear
- Adaptable to changes in our strategy and external environment
- Measures that are correlated with performance
- Encourages our executives to think and act like business owners

For more information on how the remuneration framework supports our strategy, refer to pages 57 to 60.

Our remuneration principles

The guiding principles which promote robust risk management practices are applied effectively to manage remuneration and reward across the Group.

- Simple and clear
- Linked to strategy
- Motivating
- Aligned to shareholders
- Globally consistent and locally competitive

Aligning remuneration to culture and managing risk

The remuneration structure is designed to align remuneration with prudent risk-taking and is underpinned by our QBE DNA. The way executives comply with the requirements of our Group Code of Ethics and Conduct (the Code) and manage their risk is a key consideration for the Board in determining their incentive outcomes. We measure not only what was achieved, but how it was achieved. Additionally, the inclusion of non-financial metrics, together with extended deferral for certain regulated roles further supports QBE's effective risk management practices in our incentive plans.

For more information on the alignment between remuneration and managing risk, refer to page 54.

Remuneration key features

A summary of the terms of the Group CEO's incentive arrangements in 2024 is presented below:

Annual Performance Incentive (API)

Incentive opportunity

150% (target), 225% (maximum)

Performance period

One year

Delivered through

A mix of API cash (50%) and API deferred equity (50%)

Financial performance measures (70%)

Financial performance is measured over the performance period through a business scorecard containing both Group ROE and Group COR.

Non-financial performance measures (30%)

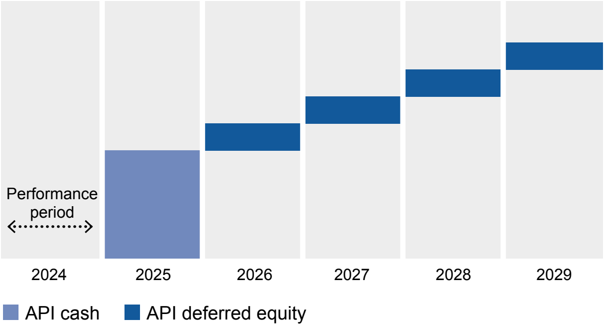
Non-financial performance incorporates metrics based on risk, people and culture and strategic priorities.

In addition, individual performance objectives focus both on what has been achieved and how it was achieved during the year.

+ For more information on the API performance measures, refer to page 58.

API equity deferral period

One to four years from the end of the performance period. Extended deferral may be applied, if necessary, to meet the CPS 511 regulatory requirement.



Long-term Incentive (LTI)

Incentive opportunity

200% (maximum face-value)

Performance period

Three years

Delivered through

LTI deferred equity (100%)

Financial performance measures (80%)

Long-term financial performance is measured against both average Group ROE and relative TSR with a global insurance peer group.

Non-financial performance measures (20%)

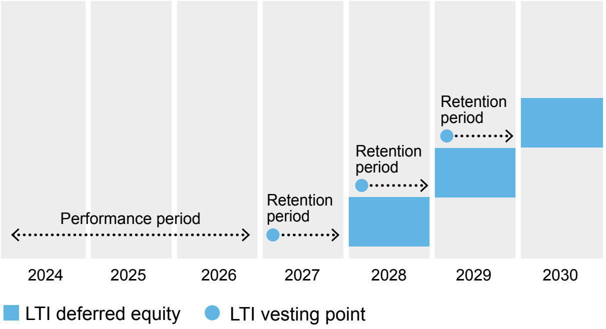
Sustainability performance is measured against our Sustainability Scorecard initiatives and targets, aligned to the three focus areas of our sustainability strategy.

Customer performance is measured by how successfully we deliver improved customer experiences through modernisation.

+ For more information on the LTI performance measures, refer to pages 59 and 60.

LTI equity deferral period

Three to five years from the start of the performance period, with an extended retention period of one year for each tranche to meet the requirements of CPS 511.

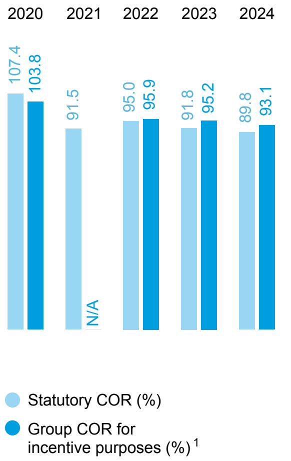


Malus and clawback provisions and executive minimum shareholding requirements (MSR) apply.

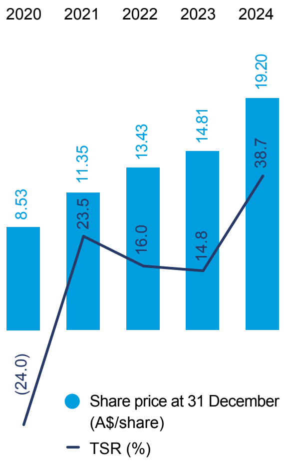
Five-year performance

The continued focus on our strategic priorities is reflected in greater consistency and resilience in our financial results.

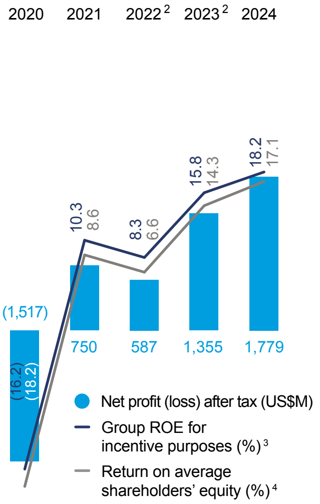
Group COR



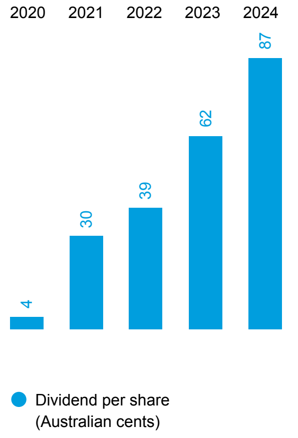
Return to shareholders



Profit measures



Dividend per share



Group CEO outcomes

	2020	2021	2022	2023	2024
Short-term incentive achievements as % of target[5]	90.4	115.2	98.1	91.9	**121.2**
LTI vested (% of grant)[6]	–	–	–	–	–

2021 LTI vesting outcome

The 2021 LTI achieved an outcome of 91.4% with conditional rights partially vesting in three tranches, over 2024, 2025 and 2026. Both relative TSR tranches achieved maximum performance resulting in full vesting outcomes. The average Group cash ROE for the three-year performance period was 12.5% p.a., which fell between the range of 8.7% and 13.7%, resulting in 82.7% vesting. Group cash ROE, explained in more detail in the relevant years' Remuneration Reports, comprised 11.0% for 2021 and 10.5% for 2022. Group ROE was 16.0% for 2023, restated to 15.8% to reflect an updated transitional adjustment relating to discounting on initial application of AASB 17 *Insurance Contracts* (details on page 74). This would have had a minor impact on the outcome, no change to the vesting outcome was made.

	ACHIEVEMENTS	WEIGHTING	% OUTCOME ACHIEVED
Relative TSR ASX 50 peer group	At the 89th percentile	25%	100.0%
Relative TSR global insurance peer group	At the 77th percentile	25%	100.0%
Average Group cash ROE	Between threshold and maximum	50%	82.7%
2021 LTI measures		**100%**	**91.4%**

Tracking of unvested LTI awards

2022 LTI award – vesting Q1 2025/26/27 – Average Group cash ROE and relative TSR performance – Vesting at 100%[7]

2023 LTI award – vesting Q1 2026/27/28 – Average Group cash ROE and relative TSR performance – On track

2024 LTI award – vesting Q1 2027/28/29 – Average Group ROE, relative TSR, Sustainability and Customer performance – On track

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1 For incentive purposes, the 2021 Group COR was replaced by a blended Group COR. For details please see the 2021 Remuneration Report.

2 2022 and 2023 results were restated to reflect the application of AASB 17 *Insurance Contracts*. Prior to the restatement, the Group cash ROE was 10.5% and 16.0% respectively. Remuneration outcomes were not revised as a result of the change in accounting standards.

3 In 2024, Group ROE for incentive purposes is not adjusted for amortisation and impairment of intangibles, net gain on disposals or restructuring costs, as provided on page 13. Prior to 2024, Group cash ROE was used for incentive purposes.

4 Return on average shareholders' equity is profit after income tax expressed as a percentage of average shareholders' equity.

5 The current Group CEO was not in the role in 2020. Legacy plans are detailed on page 61 and comprise Short-Term Incentive (STI) in 2020 and 2021. The current incentive plan, the API, was introduced in 2022.

6 The '–' indicates no LTI award was eligible for vesting in the relevant year. The current Group CEO did not receive an allocation of the 2021 LTI.

7 Further details on the vesting outcomes for the 2022 LTI award will be provided in the 2025 Remuneration Report.

How we performed – executive KMP business scorecard

Our focus on both financial and non-financial measures during the 2024 performance year resulted in the outcome for the executive KMP business scorecard as summarised below.

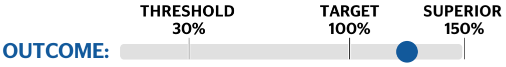
Financial

WEIGHTING: 70%

Group COR

The Group COR for incentive purposes was 93.1%, slightly ahead of plan for the year. North America delivered a number of important strategic initiatives, however a challenging Crop result impacted performance. The International division recorded another year of strong premium growth and underwriting profitability. Australia Pacific delivered resilient underwriting performance despite ongoing challenges from persistent inflation, and exposure to the civil unrest in New Caledonia.
For further detailed commentary on Group and divisional financial performance, please refer to pages 8 to 15.

Group ROE

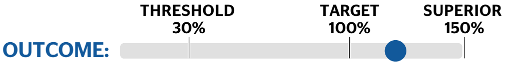


QBE recorded a Group ROE for incentive purposes of 18.2%, which was above plan for the year and improved compared to the prior period. The strong underwriting result was complemented by favourable investment performance, on account of elevated interest rates and strong risk asset returns. 2024 marked the third year since we launched our new purpose, vision and strategic priorities, and our financial performance for the period speaks to the considerable progress we have achieved.

Non-financial

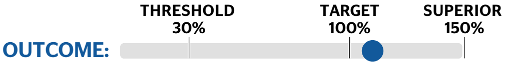
WEIGHTING: 30%

Risk



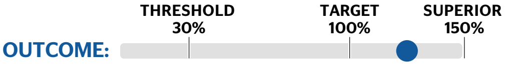
The 2024 Risk Maturity Self Assessment received an outcome of ‘embedded’, with an uplift across numerous elements of our enterprise risk management framework. ‘Risk Based Decision Making’ and ‘Risk Governance’ were the highest scoring elements with improvements across the Group in how risk is incorporated into key business decisions. ‘Tone from the Top’ remains strong and uplift was also evidenced in the co-ordination of our assurance activities.

People and culture



We have delivered strong engagement, women in leadership and belonging outcomes relative to targets. Our first global diversity awareness campaign, pay gap report, neurodiversity workplace guide and people leader toolkit for employees with disabilities were all introduced in the year. Additionally, our leadership programs on resilience, adaptive leadership, digital and data mindsets and commercial acumen have provided our people leaders with continued growth opportunities; and our first global Future Festival supported employees to develop future-ready skills.

Strategic priorities



In 2024, we delivered significant progress across our strategic priorities. Portfolio optimisation actions to reduce property catastrophe risk, drive down underperforming cells and de-risk reserves, supported strong performance. We clarified priority businesses and capabilities needed to support sustainable growth. We also launched new healthcare and construction franchises in North America, a global cyber product and issued a CAT bond. We continue to bring the enterprise together with our new Enterprise Transformation Office, global brand proposition and customer segmentation framework. On modernisation, we’ve refined our focus areas and investments, meaningfully progressed our Australia Pacific program and implemented several AI use cases.

API business scorecard weighted outcome: **above target**

The Board considered quantitative and qualitative factors in determining the final outcome of the executive KMP business scorecard.

Executive KMP performance snapshots

The realised remuneration outlined below provides an overview of actual remuneration outcomes for executive KMP.

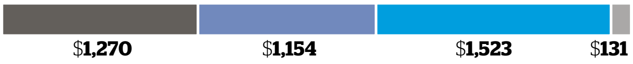
QBE discloses actual remuneration outcomes in the financial period under review for executive KMP in role at 31 December 2024. The realised 2024 remuneration figures below include the accrued API cash award for the 2024 financial year, the value of any conditional rights granted in prior years that vested during 2024 (including deferred cash) and executive shareholdings against the MSR.

Andrew Horton Group CEO

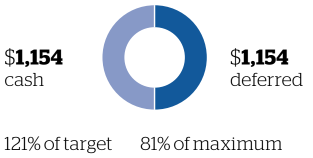
Term as KMP in 2024	Country of residence	MSR[2]
Full year	Australia	5.8

2024 realised remuneration[1] (US$000)

$4,078 Total



2024 API Outcome (US$000)

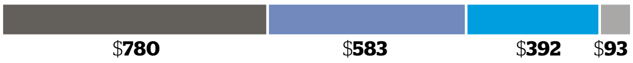


Peter Burton Group Chief Underwriting Officer

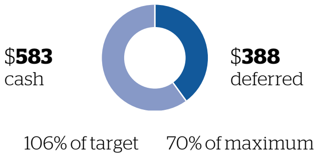
Term as KMP in 2024	Country of residence	MSR[2]
Full year	United Kingdom	1.1

2024 realised remuneration[1] (US$000)

$1,848 Total



2024 API Outcome (US$000)

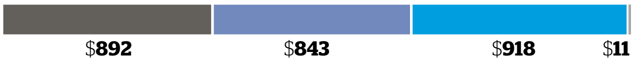


Jason Harris Chief Executive Officer, International

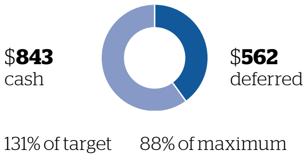
Term as KMP in 2024	Country of residence	MSR[2]
Full year	United Kingdom	2.8

2024 realised remuneration[1] (US$000)

$2,664 Total



2024 API Outcome (US$000)



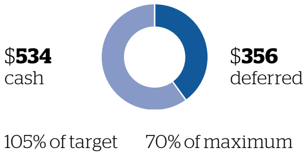
Sue Houghton Chief Executive Officer, Australia Pacific

Term as KMP in 2024	Country of residence	MSR[2]
Full year	Australia	4.4

2024 realised remuneration[1] (US$000)

$2,229 Total

2024 API Outcome (US$000)



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[1] The value of vested conditional rights awards has been calculated using the share price on the vesting date. These figures are different from those shown in the statutory table on page 62. For example, the statutory table includes an apportioned accounting value for all unvested conditional rights held during the year, which remain subject to performance and service conditions and consequently may or may not vest.

Key: ● Fixed remuneration ● API cash ● API deferred equity ● Value of vested rights/deferred cash awards ● Other

Amanda Hughes

Group Chief People Officer

Term as KMP in 2024	Country of residence	MSR[2]
Full year	Australia	2.1

2024 realised remuneration[1] (US$000)

$1,133 Total

2024 API Outcome (US$000)

116% of target 78% of maximum

Fiona Larnach

Group Chief Risk Officer (CRO)

Term as KMP in 2024	Country of residence	MSR[2]
Full year	Australia	3.0

2024 realised remuneration[1] (US$000)

$1,447 Total

2024 API Outcome (US$000)

111% of target 74% of maximum

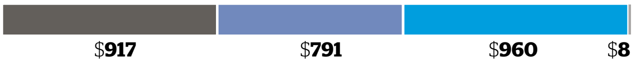
Inder Singh

Group Chief Financial Officer

Term as KMP in 2024	Country of residence	MSR[2]
Full year	Australia	2.4

2024 realised remuneration[1] (US$000)

$2,676 Total



2024 API Outcome (US$000)

120% of target 80% of maximum

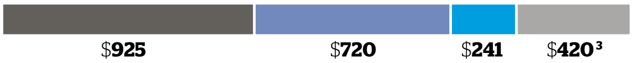
Julie Wood

Chief Executive Officer, North America

Term as KMP in 2024	Country of residence	MSR[2]
Full year	United States	1.1

2024 realised remuneration[1] (US$000)

$2,306 Total



2024 API Outcome (US$000)

111% of target 74% of maximum

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[2] The total value of shareholdings against the MSR as a proportion of fixed remuneration. For more information on the MSR see page 56.

[3] This includes compensation for incentives forfeited in ceasing previous employment to join QBE, paid in February 2024.

Key: ● Fixed remuneration ● API cash ● API deferred equity ● Value of vested rights/deferred cash awards ● Other

1. REMUNERATION GOVERNANCE

QBE has a robust remuneration governance framework overseen by the Board. This ensures that the remuneration arrangements are appropriately designed and managed and that the agreed frameworks and policies are applied and monitored across QBE.

Board

Has overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors.

▲

People & Remuneration Committee

Is the main governing body for key people and remuneration items across the Group.

▲ **Risk & Capital Committee**

▲ **Divisional People & Remuneration Committees**

▲ **Group CEO**

▲ **Group CRO**

▲ **External Advisers**

Further details on the role and scope of the People & Remuneration Committee are set out in the QBE People & Remuneration Committee Charter, available from www.qbe.com/investor-relations/corporate-governance/qbe-charters-and-constitution.

Managing risk

Our ongoing focus and investment in risk management makes QBE a stronger and more resilient company. All employees are required to understand and comply with a range of Group-wide policies and practices to ensure risks are well managed, strong governance structures are in place and high ethical standards are maintained. QBE's remuneration governance framework incorporates risk oversight principles so that executives cannot unduly influence a decision that could materially impact their own variable pay outcomes. A comprehensive delegated authority for the Group CEO, approved by the Board, is an integral part of QBE's risk management process.

All Board members are invited to and attend the People & Remuneration Committee meetings throughout the year, strengthening remuneration governance across QBE. The People & Remuneration Committee collaborates closely with the Board Risk & Capital Committee, with at least one joint meeting during the year. The Group CRO provides the joint committee meetings with information regarding risk outcomes to further inform the remuneration decisions and to align with the Group's risk management strategy (RMS). The Group RMS enables QBE to achieve its strategic agenda and business objectives through effectively managing risk and applying key design principles aligned with the QBE DNA and the Code.

The performance-based components of remuneration established in QBE's incentive plans are designed to encourage behaviours that support the Group's long-term financial soundness. QBE's incentive plans:

- deliver a target remuneration mix balancing fixed and variable remuneration, short and long term time horizons, cash and equity;
- incorporate individual performance objectives through the API that measure proactive risk management, including an assessment of risk maturity and the setting of a clear and consistent tone about the importance of managing risk;
- incorporate robust corporate standards for all employees supporting the QBE risk culture;
- balance performance outcomes based on delivery against a range of financial and non-financial measures which are set in the context of business plans that have been appropriately stress-tested by the Group CRO;
- allow for multiple risk adjustments: in-year, malus for unvested awards and clawback of cash and vested equity (refer to page 55);
- provide the Board with discretion to take other factors into account when determining the appropriate incentive outcome; and
- enable the build-up of meaningful shareholding with API deferred equity and LTI underpinned by the MSR (refer to page 56).

As part of the 2024 year-end process, the Group CRO provided input to the Board regarding each senior executive's approach to risk management, recognising positive and negative risk-based behaviours across risk culture and risk management. This process resulted in upward and downward adjustments applied through performance ratings, incentive payouts and consequences (that can include executives leaving the organisation). Reviews against the malus and clawback provisions were also completed as part of the year-end process. While there was no application of malus or clawback in 2024, adjustments were applied that reflect how each senior executive is managing risk.

Group Code of Ethics and Conduct

The Code provides clear guidance to employees, contractors, directors and others representing QBE on how we should conduct ourselves, reinforcing our culture and highlighting the responsibilities we have to the organisation, each other, and to our customers, partners, communities and governments. Through following the Code and our QBE DNA behaviours, we demonstrate the expected standards of professionalism and ethical behaviour in our actions and interactions.

+ **A copy of QBE's Group Code of Ethics and Conduct is available from www.qbe.com/investor-relations/corporate-governance/global-policies.**

Consequence management

The QBE Consequence Management Policy includes principles and guidance to ensure consequences for misconduct or poor risk outcomes are fair, consistent and aligned with local legislative, regulatory and Code requirements.

Malus and clawback provisions reflect QBE's regulatory obligations to incorporate terms allowing for the adjustment of incentive awards to protect QBE's financial soundness and ability to respond to unforeseen significant issues.

Malus provision

The malus provision gives the People & Remuneration Committee and the Board discretion to reduce the amount of an unvested award (including to zero) in certain circumstances during the retention period, including in the case of:

- misconduct leading to significant adverse outcomes;
- a significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and/or
- significant adverse outcomes for customers, beneficiaries or counterparties.

Clawback provision

The clawback provision allows, to the extent permissible by applicable law, all variable remuneration (cash and deferred remuneration) to remain subject to clawback for a period of two years from the date of payment or vesting (as the case may be) of the relevant component of variable remuneration.

The Board can determine whether to apply clawback to paid or vested variable remuneration and, if so, the appropriate value over which clawback will be applied.

The circumstances in which the Board may apply clawback include those where it concludes in good faith that there is or has been:

- misconduct leading to material adverse outcomes;
- a material failure of financial or non-financial risk management;
- a material failure or breach of accountability, fitness and propriety, or compliance obligations;
- a material error or a material misstatement of criteria on which the variable remuneration determination was based; and/or
- material adverse outcomes for customers, beneficiaries or counterparties.

Clawback may be applied to any variable remuneration regardless of whether or not the employment or engagement of the relevant person is ongoing.

Adjustments to incentive plans

The API and LTI rules provide suitable discretion for the People & Remuneration Committee to adjust any formulaic outcomes to ensure awards under these plans appropriately reflect performance. The People & Remuneration Committee may defer the vesting of any award after the end of any performance period to one or more participants in circumstances where there is a dispute of any nature between a participant and QBE, or in cases where a participant's actions or inactions may be relevant to an ongoing internal or external investigation.

Further, the People & Remuneration Committee may reduce any unvested award to zero, if considered appropriate, in the instances of misconduct, misstatement or to protect the financial soundness of QBE.

1. REMUNERATION GOVERNANCE

Securities Trading Policy

Subject to compliance with insider trading laws, trading in QBE ordinary shares is generally permitted outside of designated closed periods. QBE's Securities Trading Policy states that non-executive directors and other designated employees must notify any intended share transaction to nominated people within the Group. The policy prohibits the hedging of QBE securities at all times. The purpose of this prohibition is to ensure that there is an alignment between the interests of non-executive directors, executives and shareholders.

+ **A copy of QBE's Securities Trading Policy for dealing in securities is available from www.qbe.com/investor-relations/corporate-governance/global-policies.**

Minimum shareholding requirement

The MSR ensures executives build their shareholding to have significant exposure to QBE's share price. Under the MSR, a minimum of three times fixed remuneration for the Group CEO (one-and-a-half times for other executive KMP) is to be maintained as long as the executive KMP remains at QBE. New executive KMP are required to build their shareholdings over a five-year period after becoming executive KMP.

The value of shareholdings as a multiple of fixed remuneration as at 31 December 2024 for each executive KMP is shown on pages 52 and 53. Shareholdings, for the purpose of the MSR, also include unvested conditional rights, except where the vesting of those conditional rights remains subject to a performance condition. All executive KMP have either met the MSR requirements as at 31 December 2024, or are within the five-year period to achieve the MSR.

Use of external advisers

Remuneration advisers provide guidance on remuneration for executives, facilitate discussion, and review remuneration and at-risk remuneration benchmarking within industry peer groups. They also provide guidance on current trends in executive remuneration practices. Any advice provided by remuneration advisers is used as a guide and is not a substitute for consideration of all the issues by each non-executive director on the People & Remuneration Committee.

Ernst & Young (EY) currently acts as the independent remuneration adviser to the People & Remuneration Committee. The People & Remuneration Committee and the Board are satisfied that the advice provided by EY during 2024 was free from undue influence.

During 2024, management requested and utilised reports on market practice from various reputable sources. No recommendations in relation to the remuneration of KMP were provided as part of these engagements.

Treatment of conditional rights on a change in control of QBE

In accordance with the rules of each of QBE's incentive plans, a change in control is defined as either a scheme of arrangement that has been approved by QBE's shareholders and become effective or a bidder has at least 50% of the issued and to be issued QBE shares under an unconditional takeover offer made in accordance with the *Corporations Act 2001*.

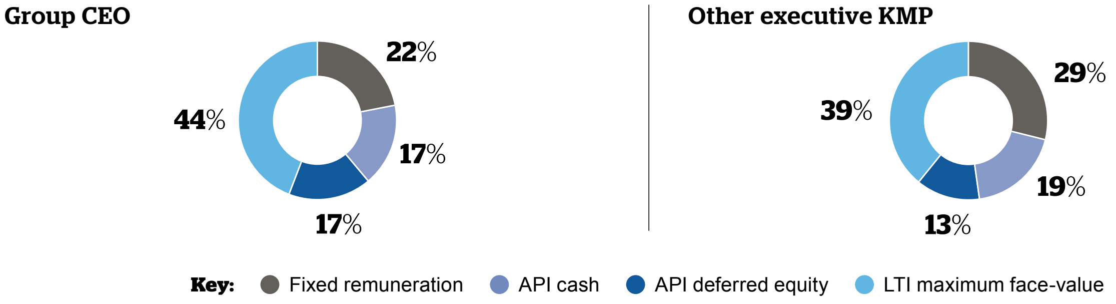
Should a change in organisational control occur, the People & Remuneration Committee has discretion to determine how unvested conditional rights should be treated, having regard to factors such as the length of time elapsed in the performance period, the level of performance to date and the circumstances of the change of control.

2. EXECUTIVE KMP REMUNERATION IN DETAIL

To deliver our strategic ambitions, we must ensure that our executive remuneration framework reflects QBE's desire to attract and retain the best people. Having the right talent across the Group enables us to create shareholder value, while prudently managing risk and maintaining strong corporate governance.

Group CEO and other executive KMP pay mix

The graphs below set out the typical remuneration structure and delivery for the Group CEO and other executive KMP for on-target performance at 31 December 2024. A significant portion of incentives is paid in equity which focuses executives on creating shareholder value, managing risk and being accountable for the long-term success of QBE.


Group CEO

Other executive KMP

The other executive KMP pay mix sets out the average of each individual pay mix reflecting the accountabilities, responsibilities and regulatory requirements of each executive KMP role.

Executive KMP remuneration structure

QBE's executive KMP remuneration structure for 2024 comprised a mix of fixed and at-risk remuneration through API and LTI plan arrangements. Each of these components is discussed in further detail on the following pages.

FIXED REMUNERATION – KEY DETAILS

Description

Fixed remuneration comprises cash salary, superannuation/pension and packaged benefits, additional annual benefits and associated taxes. Additional annual benefits may include health insurance, life assurance, personal accident insurance, expatriate benefits, occasional partner travel to accompany the executive on business and applicable taxes.

Fixed remuneration is delivered in accordance with terms and conditions of employment.

Determining fixed remuneration levels

Fixed remuneration considers the diversity, complexity and expertise required of individual roles. Remuneration quantum is set in the context of QBE's broader reward strategy and internal relativities.

To assess the competitiveness of fixed remuneration, the People & Remuneration Committee considers market data and recognised published surveys.

Australian-based executive roles are generally benchmarked to the Australian Securities Exchange (ASX) 50 peer groups of companies, with a specific focus on global companies and companies in the financial services industry. Overseas-based executives or roles that have a global reach are compared with a peer group consisting of global insurers. The peer group of companies used for remuneration benchmarking purposes is set out in the table below:

PEER GROUP	DESCRIPTION
ASX peer group	The financial services sub-peer group is determined based on the industry classification on the ASX and includes commercial banks and insurers.
Global insurance peer group	Consists of large, global insurance companies aligned with the peer group used for the LTI plan.

2. EXECUTIVE KMP REMUNERATION IN DETAIL

ANNUAL PERFORMANCE INCENTIVE PLAN – KEY DETAILS

Description

The API is an annual, performance-based incentive, measured over a 12-month period. The plan provides an incentive outcome with a clear link between business performance, risk management and individual performance and behaviours, and allows discretion by the Board to be applied where warranted. The API award is delivered as 60% cash and 40% deferred as conditional rights to QBE shares (50%:50% in the case of the Group CEO). The conditional rights vest in equal tranches over a further four years, on the first, second, third and fourth anniversaries of the award, subject to service conditions being met. The Board has discretion to apply additional deferral arrangements, if required, to meet regulatory requirements.

API outcomes may be adjusted by other items (such as material acquisitions or divestments) not included in the business plan and as deemed appropriate by the People & Remuneration Committee.

Performance measures and rationale

The performance measures and a summary of both the achievements and the position against targets is set out in the executive KMP business scorecard on page 51. Performance above threshold leads to outcomes ranging from 30% up to 150% of target. The measures and their rationale for use are provided below:

Financial

MEASURE/ WEIGHTING %	DEFINITION	RATIONALE
Group COR 45.5	Comprises net claims expense, net commission and expenses and other income as a percentage of net insurance revenue. The measure excludes the impact of risk-free rates because it is consistent with the way we report and the basis on which the market assesses the underwriting performance for QBE.	Group COR is a key measure reflecting the underwriting performance of our insurance operations.
Group ROE 24.5	Measured on the same basis used to determine shareholder dividends, set out on page 13. In 2024, Group ROE is not adjusted for amortisation and impairment of intangibles, net gain on disposals or restructuring costs.	Group ROE is a measure of how effectively we are managing shareholders' investment in QBE.
Non-financial		
Risk 10.0	Risk outcomes are assessed using the Risk Maturity Self Assessment, a framework QBE uses to understand the risk management capability of senior executives. These assessments cover how our risk management practices are maturing, and how we determine areas of strength and identify areas that may require further investment.	This multi-dimensional measure supports how we assess our effectiveness in managing risk, both from a qualitative and quantitative perspective.
People and culture 10.0	Investment in our people and the strengthening of alignment and collaboration across the enterprise are priorities that enable culture in order to drive performance. A blend of quantitative measures and qualitative outputs provides a comprehensive view of the effectiveness of our people and culture initiatives across the enterprise.	Enabling a more sustainable and resilient workforce will assist us to deliver a more resilient future for our customers, communities and people.
Strategic priorities 10.0	The determination of our progress against our strategic priorities: portfolio optimisation, sustainable growth, bring the enterprise together and modernise our business.	How we are actively managing the business to deliver achievements in each of our strategic priority areas is key to delivering our vision.

Individual performance objectives

Aligned with strategic priorities, the individual performance of the executive KMP is assessed both on what was achieved and how it was achieved at the end of the year. This embeds the QBE DNA behaviours in remuneration outcomes.

API conditional rights allocation

The API deferral is awarded as conditional rights. To calculate the number of conditional rights to be granted, the award value to be deferred is divided by the volume weighted average price of QBE shares over the five trading days prior to the grant date. Notional dividends accrue on conditional rights during the vesting and extended retention periods. Malus and clawback provisions apply.

+ **Executive KMP API outcomes for the 2024 performance year are detailed on pages 52 and 53.**

LONG-TERM INCENTIVE PLAN – KEY DETAILS

Description

The LTI plan consists of an award of conditional rights to QBE shares. Conditional rights are awarded at no cost to the executive KMP.

Performance measures and rationale

Vesting is subject to two financial and two non-financial performance measures, assessed over a three-year performance period, with service conditions throughout the vesting period.

LTI outcomes may be adjusted by other items (such as material acquisitions or divestments) not included in the business plan and as deemed appropriate by the People & Remuneration Committee.

The measures and their rationale for use are provided below:

Financial

MEASURE/ WEIGHTING %	DEFINITION	RATIONALE
Group ROE 50.0	The three-year arithmetic average of the annual Group ROE over the performance period assessed against targets set in the context of the three-year business plan. The Group ROE target is set with reference to the prevailing risk-free rate plus a set margin.	Group ROE is the primary financial measure of success for QBE and is most tangible for long-term decision making.
Relative TSR 30.0	TSR is the change in percentage value of an entity's share price plus the value of reinvested dividends and any capital returns measured over the three-year performance period. The TSR of QBE is measured against a global insurance peer group: Allianz SE, American International Group, Inc., AXA SA, Beazley plc, Chubb Limited, CNA Financial Corporation, Hiscox Limited, Insurance Australia Group Limited, QBE Insurance Group Limited, Suncorp Group Limited, The Hartford Financial Services Group, Inc., The Travelers Companies, Inc., Zurich Insurance Group AG.	The use of a relative TSR measure enables stronger pay for performance, aligned with shareholders.

Non-financial

Sustainability 10.0	Clear progress and achievements on the initiatives and targets in the Sustainability Scorecard will determine the extent to which this measure is achieved. Our Sustainability Scorecard focus areas are: fostering an orderly and inclusive transition to a net-zero economy; enabling a sustainable and resilient workforce; and partnering for growth through innovative, sustainable and impactful solutions. For more detail, see page 7.	Our Sustainability Scorecard initiatives and targets have been informed by our materiality assessment and engagement with our business and stakeholders. Delivering on our Sustainability Scorecard helps us to live our purpose of enabling a more resilient future.
Customer 10.0	Delivery against a suite of customer-focused initiatives which provide differentiated value to our customers over the long term. The size, scale and geographical impact of the initiatives drive clear focus on our performance and our key customer relationships, and use both quantitative and qualitative success measures.	Delivering an enhanced customer experience makes it easier for our customers to do business with us. This will be achieved through better understanding our customers' needs and priorities and driving improvements in accuracy and speed of service.

LTI conditional rights allocation

To calculate the number of conditional rights granted, the award value is divided by the volume weighted average price of QBE shares over the five trading days prior to the grant date. Notional dividends accrue on conditional rights during the vesting and any extended retention periods. Malus and clawback provisions apply.

2. EXECUTIVE KMP REMUNERATION IN DETAIL

LONG-TERM INCENTIVE PLAN – KEY DETAILS

Vesting schedules

For the 2024 LTI, the financial and non-financial vesting schedules are outlined below:

Financial performance measures

GROUP ROE PERFORMANCE	% OF LTI CONDITIONAL RIGHTS SUBJECT TO THE GROUP ROE COMPONENT WHICH MAY VEST
Below risk-free rate + 5.75%	0%
At risk-free rate + 5.75%	30%
Between risk-free rate + 5.75% and risk-free rate + 10.75%	Straight-line vesting between 30% and 100%
At or above risk-free rate + 10.75%	100%

TSR PERFORMANCE RELATIVE TO THE PEER GROUP	% OF LTI CONDITIONAL RIGHTS SUBJECT TO THE TSR COMPONENT WHICH MAY VEST
Less than 50th percentile	0%
At the 50th percentile	50%
Between 50th and 75th percentile	50% plus 2% for each percentile above the 50th percentile
75th percentile or greater	100%

Non-financial performance measures

Sustainability

The progress on the initiatives and targets of the Sustainability Scorecard tracks performance to date. At the end of the three-year performance period at least 60% of the initiatives and targets are required to be complete or on track (for longer-term commitments) in order to achieve the threshold, with 100% required to be on track in order to achieve maximum.

Customer

The delivery of enhanced customer experiences through focused initiatives and modernising key business processes will determine the extent to which the vesting is achieved. Ratings and customer key performance indicators are utilised as inputs into the Board's determination of outcomes.

SUSTAINABILITY AND CUSTOMER INITIATIVES AND TARGETS ACHIEVED	% OF LTI CONDITIONAL RIGHTS SUBJECT TO THE SUSTAINABILITY AND CUSTOMER COMPONENTS WHICH MAY VEST	PRE-VEST ASSESSMENT
Below the threshold	0%	In addition to the quantitative calculation, an assessment of qualitative measures will occur to determine if the measures: • were successful in driving the right behaviours; • delivered results against the plan; and • were effective in driving the long-term objectives.
At the threshold	30%	
Between threshold and maximum	Straight-line vesting between 30% and 100%	
At the maximum or greater	100%	

The above quantitative outputs and pre-vest assessment will be taken into account by the Board, together with a consideration of any unforeseen circumstances, to determine an appropriate level of vesting for the non-financial measures.

Vesting periods

Following assessment of the performance measures at the end of the three-year performance period, LTI conditional rights will typically vest in three tranches (on or about the vesting date) unless a longer deferral is required under regulatory requirements. The vesting details for the 2024 LTI are set out in the table below:

TRANCHE	VESTING DATE	VESTING PERIOD	PROPORTION OF ELIGIBLE 2024 LTI CONDITIONAL RIGHTS TO VEST[1]
1	26 February 2027	End of the three-year performance period	33%
2	28 February 2028	First anniversary of the end of the performance period	33%
3	28 February 2029	Second anniversary of the end of the performance period	34%

[1] Each tranche of the 2024 LTI conditional rights offered to the Group CEO will be held for an extended retention period of one year to meet the requirements of the CPS 511 regulations. The proportion of eligible 2024 LTI conditional rights offered to the Group CEO are 32% in both Tranche 1 and Tranche 2, and 36% in Tranche 3.

Other equity schemes

The information below summarises QBE's other equity plans mentioned in the Remuneration Report.

QShare

Our employee share purchase and matching plan, QShare, was launched in 2023 to bring our enterprise together, encourage retention and build share ownership. This plan is globally consistent and allows employees to purchase QBE shares up to an agreed threshold using after-tax salary. The QBE shares are matched with conditional rights which may vest in the future, subject to ongoing service and retention of the underlying purchased QBE shares.

Executive Incentive Plan – until 31 December 2018 (legacy plan)

The Executive Incentive Plan (EIP) was a performance-based incentive delivered in the form of an annual cash payment and deferred award in the form of conditional rights to fully paid ordinary QBE shares. Performance was measured over a 12-month period. The conditional rights were deferred over four equal tranches: 25% vested over each of the four anniversaries of the award. EIP outcomes were subject to the achievement of multiple performance measures comprising Group cash ROE and Group COR targets, individual performance ratings and, for divisional staff, divisional COR targets.

The EIP was replaced by the STI and LTI plans for executive KMP from 2019. The EIP awards made to Peter Burton prior to his appointment as executive KMP include cash-settled share-based payment awards which are subject to the same vesting conditions as the equivalent conditional rights described above. The benefit received at vesting is indexed to the movement in the A$ value of QBE's shares, including dividends declared, in the period between grant and vest dates.

Short-Term Incentive – until 31 December 2021 (legacy plan)

The STI was a performance-based incentive delivered in the form of an annual cash payment and deferred award in the form of conditional rights to fully paid ordinary QBE shares. Performance was measured over a 12-month period. The conditional rights were deferred in two equal tranches: 50% vested on the first and second anniversaries of the award.

STI outcomes were subject to the achievement of a blend of divisional CORs for 2021, Group cash ROE targets, divisional COR targets in the case of divisional employees, and individual performance objectives reflecting QBE's strategic priorities. The STI was replaced by the API from 2022.

Treatment of incentives on termination

Voluntary termination

All unvested incentives are forfeited.

Involuntary termination

On termination with cause or for poor performance:

All unvested incentives are forfeited.

On termination without cause:

For API, the executive remains eligible to be considered for an award on a pro-rata basis, with any award to be determined following the end of the performance year and subject to the standard deferral arrangements.

'Good leaver' provisions (for example retirement, redundancy, ill health, injury, or mutually agreed separation (in some cases)) will apply such that unvested deferred EIP, STI and API conditional rights remain in the plan subject to the original vesting dates and malus, with clawback provisions included from 2021. In cases of good leavers as described above, unvested LTI conditional rights may be reduced to a pro-rata amount to reflect the proportion of the performance period in service and may continue to be held subject to the same performance and vesting conditions.

Legacy equity awards generally remain in the plan subject to the original performance and vesting conditions however, the People & Remuneration Committee has discretion to vest these awards in accordance with the original terms and plan rules.

Employment agreements

The table below summarises the material terms for the current executive KMP which are subject to applicable laws. The terms and conditions of employment of each executive KMP reflect market conditions at the time of their contract negotiation on appointment and thereafter.

CONTRACTUAL TERM	GROUP CEO	OTHER EXECUTIVE KMP
Duration	Permanent full-time employment contract until notice given by either party	
Notice period (by executive KMP or QBE)	12 months QBE may elect to make a payment in lieu of notice	Six months QBE may elect to make a payment in lieu of notice
Post-employment restraints	12 months non-compete and non-solicitation	Six to 12 months non-compete and non-solicitation

3. EXECUTIVE KMP REMUNERATION TABLES

3.1 Statutory remuneration disclosures

The following table provides details of the remuneration of QBE's executive KMP as determined by reference to applicable Australian Accounting Standards for the year ended 31 December 2024. Remuneration has been converted to US dollars using the average rate of exchange for the relevant year, details of which can be found on page 78.

		SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM EMPLOYEE BENEFITS			
	YEAR	BASE SALARY US$000	OTHER[1] US$000	API CASH[2] US$000	SUPERANNUATION US$000	LEAVE ACCRUALS[3] US$000	SHARE-BASED PAYMENTS[4,5] US$000	TERMINATION BENEFITS US$000	TOTAL US$000
Andrew Horton	**2024**	**1,268**	**131**	**1,154**	**2**	**13**	**2,731**	**–**	**5,299**
	2023	1,237	137	855	2	9	2,346	–	4,586
Peter Burton	**2024**	**767**	**93**	**583**	**13**	**–**	**702**	**–**	**2,158**
	2023	242	23	145	4	–	169	–	583
Jason Harris	**2024**	**892**	**11**	**843**	**–**	**–**	**1,237**	**–**	**2,983**
	2023	839	12	634	–	–	925	–	2,410
Sue Houghton	**2024**	**684**	**27**	**534**	**19**	**6**	**987**	**–**	**2,257**
	2023	671	6	418	17	11	868	–	1,991
Amanda Hughes	**2024**	**547**	**4**	**396**	**19**	**(5)**	**584**	**–**	**1,545**
	2023	533	4	323	17	(15)	439	–	1,301
Fiona Larnach	**2024**	**616**	**1**	**317**	**19**	**–**	**633**	**–**	**1,586**
	2023	602	20	231	17	3	503	–	1,376
Inder Singh	**2024**	**898**	**8**	**791**	**19**	**(5)**	**1,298**	**–**	**3,009**
	2023	877	6	617	17	(2)	1,038	–	2,553
Julie Wood	**2024**	**900**	**65**	**720**	**25**	**–**	**852**	**–**	**2,562**
	2023	242	5	157	8	–	167	–	579
Total	**2024**	**6,572**	**340**	**5,338**	**116**	**9**	**9,024**	**–**	**21,399**
	2023[6]	5,243	213	3,380	82	6	6,455	–	15,379

1 Other includes, where relevant, provision of health insurance, partner travel, staff insurance discount benefits received during the year, taxation support services, life assurance and personal accident insurance and applicable taxes. It also includes tax accruals in respect of employment benefits and other one-off expenses. For Julie Wood, this includes pro-rated compensation for incentives forfeited in ceasing her previous employment to join QBE.

2 API cash is payable in March 2025 for the 2024 performance year.

3 Includes the movement in annual leave and long service leave provisions during the relevant year measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. See note 8.4 to the financial statements on page 139 for more detail.

4 Includes conditional rights and legacy cash-settled awards. The fair value of conditional rights at grant date is determined using appropriate models including Monte Carlo simulations and the Black-Scholes model, depending on the vesting conditions. The fair value of each conditional right is recognised evenly over the service period ending at vesting date. Where an award will no longer vest, the related accounting charge for any non-market component is reversed in full and the reversal is included in the table above. This may include conditional rights granted as compensation for incentives forfeited on ceasing previous employment to join QBE. Details of conditional rights are provided on pages 63 to 65.

5 For Peter Burton, the share-based payments expense includes amounts related to legacy cash-settled share-based awards for grants made prior to his appointment as executive KMP under the 2019 to 2021 EIP totalling $99,000. A description of the EIP is provided on page 61.

6 The total disclosed in the 2023 Remuneration Report of $17,572,000 included the remuneration of former executive KMP, who are excluded from the above table, comprising Sam Harrison ($750,000) and Todd Jones $2,943,000.

3.2 Executive KMP shareholdings

The table below provides details of movements during the year in the number of ordinary shares in QBE held by executive KMP, including their personally-related parties. In prior years, where non-recourse loans were provided by the Group to executive KMP for the purchase of shares in QBE, details are shown in the Remuneration Report of each relevant year. There were no loans provided to executive KMP during the year ended 31 December 2024.

2024	INTEREST IN SHARES AT 1 JANUARY 2024 NUMBER	DIVIDENDS REINVESTED NUMBER	CONDITIONAL RIGHTS VESTED NUMBER	SHARES PURCHASED (SOLD) NUMBER[1]	INTEREST IN SHARES AT 31 DECEMBER 2024 NUMBER
Andrew Horton	315,729	–	134,346	(109,000)	341,075
Peter Burton	60	–	21,008	(20,855)	213
Jason Harris	70,062	3,788	82,368	(108,685)	47,533
Sue Houghton	77,751	5,260	85,628	(39,859)	128,780
Amanda Hughes	27,972	719	14,983	141	43,815
Fiona Larnach	8,926	2,273	44,415	141	55,755
Inder Singh	101,819	2,377	86,181	(183,859)	6,518
Julie Wood	–	582	21,115	(7,481)	14,216

1 The shares listed as sold may either partially or fully relate to sales to meet withholding tax obligations on the vesting of conditional rights. Shares purchased include executive KMP participation in QShare.

3.3 Conditional rights movements

Equity awards at QBE are granted in the form of conditional rights. A conditional right is a promise by QBE to acquire or issue one fully paid ordinary QBE Insurance Group Limited share where certain conditions are met. The table below details conditional rights provided under the terms of both current and legacy plans, details of which can be found on pages 58 to 61, and contractual arrangements. LTI conditional rights are subject to future performance hurdles as detailed on page 59. Conditional rights under the API for the 2024 performance year will typically be granted in the first quarter of 2025.

2024	BALANCE AT 1 JANUARY 2024 NUMBER	GRANTED NUMBER	VALUE AT GRANT DATE US$000[1]	VESTED AND EXERCISED NUMBER	VALUE AT VESTING DATE US$000	FORFEITED/ LAPSED NUMBER[2]	NOTIONAL DIVIDENDS ATTACHING IN THE YEAR NUMBER	BALANCE AT 31 DECEMBER 2024 NUMBER
Andrew Horton	869,113	305,527	3,183	(134,346)	1,523	–	44,375	1,084,669
Peter Burton	124,581	97,911	1,004	(21,008)	234	–	8,585	210,069
Jason Harris	441,634	160,233	1,633	(82,368)	918	(11,434)	21,665	529,730
Sue Houghton	376,396	120,440	1,222	(85,628)	965	(8,467)	17,174	419,915
Amanda Hughes	174,781	70,515	721	(14,983)	167	–	9,813	240,126
Fiona Larnach	274,383	71,285	722	(44,415)	494	(8,920)	12,454	304,787
Inder Singh	481,722	161,131	1,638	(86,181)	960	(12,883)	23,174	566,963
Julie Wood	130,200	146,792	1,482	(21,115)	241	–	10,914	266,791

1 The value at grant date is calculated in accordance with AASB 2 *Share-based Payment*.

2 Amounts reflect lapsed incentives related to the 2021 LTI award and related notional dividends; details on page 50.

3. EXECUTIVE KMP REMUNERATION TABLES

3.4 Valuation of conditional rights outstanding at 31 December 2024

The table below details the conditional rights issued affecting remuneration of executives in the previous, current or future reporting periods:

2024	GRANT	GRANT DATE	PERFORMANCE PERIOD START DATE	VESTING/ EXERCISE DATE [1]	CONDITIONAL RIGHTS AT 31 DECEMBER 2024 NUMBER [2]	MAXIMUM VALUE OF AWARD TO VEST A$000 [3]	FAIR VALUE PER CONDITIONAL RIGHT A$ [4,5]		
							OTHER [6]	TSR	TIME
Andrew Horton	Special	1 Sep 2021	1 Sep 2021	1 Mar 2025	92,388	1,101	–	–	11.92
	2022 LTI	5 May 2022	1 Jan 2022	2025-2027	332,036	3,630	12.13	8.14	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	71,127	1,068	–	–	15.02
	2023 LTI	12 May 2023	1 Jan 2023	2026-2028	270,558	3,741	15.26	10.48	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	79,456	1,341	–	–	16.88
	2024 LTI [7]	10 May 2024	1 Jan 2024	2028-2030	239,104	3,691	17.37	10.93	–
Peter Burton	2020 EIP	26 Feb 2021	1 Jan 2020	25 Feb 2025	4,658	43	–	–	9.30
	2021 EIP	28 Feb 2022	1 Jan 2021	2025-2026	12,384	148	–	–	11.94
	2022 LTI	28 Feb 2022	1 Jan 2022	2025-2027	26,172	275	11.94	7.15	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	23,112	347	–	–	15.02
	2023 LTI [8]	2023	1 Jan 2023	2026-2028	41,601	563	14.92	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	30,114	508	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	71,815	1,076	16.88	10.57	–
	2023 QShare	2023-2024	1 Jul 2023	30 Jun 2026	166	2	–	–	14.08
	2024 QShare	2024	1 Jul 2024	30 Jun 2027	47	1	–	–	16.39
Jason Harris	2020 LTI	1 Oct 2020	1 Jan 2020	23 Feb 2025	6,568	17	–	2.54	–
	2021 LTI	26 Feb 2021	1 Jan 2021	2025-2026	84,353	596	9.30	5.21	–
	2022 LTI	28 Feb 2022	1 Jan 2022	2025-2027	111,184	1,168	11.94	7.15	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	29,218	439	–	–	15.02
	2023 LTI	27 Feb 2023	1 Jan 2023	2026-2028	131,284	1,787	15.02	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	40,694	687	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	126,216	1,892	16.88	10.57	–
	2023 QShare	2023-2024	1 Jul 2023	30 Jun 2026	166	2	–	–	14.08
	2024 QShare	2024	1 Jul 2024	30 Jun 2027	47	1	–	–	16.39
Sue Houghton	2021 LTI	3 Aug 2021	1 Jan 2021	2025-2026	62,472	534	10.89	6.61	–
	2022 LTI	28 Feb 2022	1 Jan 2022	2025-2027	92,237	969	11.94	7.15	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	26,840	403	–	–	15.02
	2023 LTI	27 Feb 2023	1 Jan 2023	2026-2028	112,734	1,534	15.02	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	25,919	438	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	99,514	1,491	16.88	10.57	–
	2023 QShare	2023-2024	1 Jul 2023	30 Jun 2026	154	2	–	–	14.10
	2024 QShare	2024	1 Jul 2024	30 Jun 2027	45	1	–	–	16.50
Amanda Hughes	2020 EIP	26 Feb 2021	1 Jan 2020	25 Feb 2025	1,905	18	–	–	9.30
	2021 EIP	28 Feb 2022	1 Jan 2021	2025-2026	13,993	167	–	–	11.94
	2022 LTI	28 Feb 2022	1 Jan 2022	2025-2027	73,782	775	11.94	7.15	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	16,751	252	–	–	15.02
	2023 LTI	27 Feb 2023	1 Jan 2023	2026-2028	60,121	818	15.02	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	19,993	337	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	53,382	800	16.88	10.57	–
	2023 QShare	2023-2024	1 Jul 2023	30 Jun 2026	154	2	–	–	14.10
	2024 QShare	2024	1 Jul 2024	30 Jun 2027	45	1	–	–	16.50
Fiona Larnach	2021 LTI	26 Feb 2021	1 Jan 2021	2025-2026	65,805	465	9.30	5.21	–
	2022 LTI	28 Feb 2022	1 Jan 2022	2025-2027	83,012	872	11.94	7.15	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	13,959	210	–	–	15.02
	2023 LTI	27 Feb 2023	1 Jan 2023	2026-2028	67,640	921	15.02	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	14,316	242	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	59,856	897	16.88	10.57	–
	2023 QShare	2023-2024	1 Jul 2023	30 Jun 2026	154	2	–	–	14.10
	2024 QShare	2024	1 Jul 2024	30 Jun 2027	45	1	–	–	16.50

2024	GRANT	GRANT DATE	PERFORMANCE PERIOD START DATE	VESTING/ EXERCISE DATE[1]	CONDITIONAL RIGHTS AT 31 DECEMBER 2024 NUMBER[2]	MAXIMUM VALUE OF AWARD TO VEST A$000[3]	FAIR VALUE PER CONDITIONAL RIGHT A$[4,5]		
							OTHER[6]	TSR	TIME
Inder Singh	2020 LTI	24 Feb 2020	1 Jan 2020	23 Feb 2025	4,988	51	–	10.31	–
	2021 LTI	26 Feb 2021	1 Jan 2021	2025-2026	95,052	671	9.30	5.21	–
	2022 LTI	28 Feb 2022	1 Jan 2022	2025-2027	119,902	1,259	11.94	7.15	–
	2022 API	27 Feb 2023	1 Jan 2022	2025-2027	32,424	487	–	–	15.02
	2023 LTI	27 Feb 2023	1 Jan 2023	2026-2028	146,550	1,995	15.02	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	38,260	646	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	129,588	1,942	16.88	10.57	–
	2023 QShare	2023-2024	1 Jul 2023	30 Jun 2026	154	2	–	–	14.10
	2024 QShare	2024	1 Jul 2024	30 Jun 2027	45	1	–	–	16.50
Julie Wood	Special	30 Jan 2023	30 Jan 2023	2025-2026	44,700	610	–	–	13.65
	2023 LTI	27 Feb 2023	1 Jan 2023	2026-2028	69,039	940	15.02	10.32	–
	2023 API	26 Feb 2024	1 Jan 2023	2025-2028	25,664	433	–	–	16.88
	2024 LTI	26 Feb 2024	1 Jan 2024	2027-2029	127,388	1,909	16.88	10.57	–

[1] The expiry date for awards is equivalent to the later of the relevant vesting or exercise date.

[2] The number of conditional rights presented includes both the original grant of conditional rights and notional dividends.

For the 2020 LTI award, the number of conditional rights shown reflects the extent to which the ASX 50 peer group relative TSR performance condition was achieved, being 69.1%.

For the 2021 LTI award, the number of conditional rights shown reflects the extent to which the performance conditions were met with details on page 50, where 82.7% of the Group cash ROE tranche vested and both relative TSR tranches' conditional rights vested in full.

For the 2022 and 2023 LTI awards, the number of conditional rights reflects a proportion of 70% Group cash ROE and 30% relative TSR performance conditions.

For the 2024 LTI awards, the number of conditional rights reflects a proportion of 50% Group ROE, 30% relative TSR and 10% each for Sustainability and Customer performance conditions.

[3] The maximum value to vest represents the fair value at grant date for all unvested conditional rights. The minimum amount executive KMP may receive will be zero if awards do not vest for any reason.

[4] The fair value of conditional rights at grant date is determined using appropriate models including Monte Carlo simulations and the Black-Scholes model, depending on the vesting conditions. The fair value of each conditional right is recognised evenly over the service period ending at vesting date.

For the 2020 LTI award, the relative TSR fair value at grant date reflects the ASX 50 peer group, the only portion left to vest.

For the 2021 LTI award granted on 26 February 2021, the relative TSR fair value reflects the weighted average fair value of the ASX 50 peer group of A$5.33 and global peer group of A$5.09.

For the 2021 LTI award granted on 3 August 2021, the relative TSR fair value reflects the weighted average fair value of the ASX 50 peer group of A$6.77 and the global peer group of A$6.44.

[5] 2023 QShare – There are five grant dates for the awards of 2023 QShare matching conditional rights. The fair value reflected is the weighted average of these five awards and varies based on the number of shares purchased by the executive KMP. The grant date and fair value for each purchase date are:

Grant date	11 Aug 2023	11 Dec 2023	19 Feb 2024	13 May 2024	12 Aug 2024
Fair value	A$13.30	A$12.57	A$14.29	A$15.60	A$14.61

2024 QShare – There are currently two grant dates for the awards of 2024 QShare matching conditional rights. The fair value reflected is the weighted average of these two awards at 31 December 2024 which varies based on the number of shares purchased by the executive KMP. The grant date and fair value for each purchase date are:

Grant date	12 Aug 2024	28 Nov 2024
Fair value	A$13.87	A$17.35

[6] For the 2021 LTI, the 2022 LTI and the 2023 LTI awards, the fair value represents the Group cash ROE performance condition.

For the 2024 LTI, the fair value reflects the three performance conditions of Group ROE, Sustainability and Customer.

[7] Shareholders approved the grant of 2024 LTI for Andrew Horton at the Annual General Meeting on 10 May 2024. Refer to the QBE 2024 Annual General Meeting Notice of Meeting for details.

[8] The 2023 LTI was comprised of two awards with grant dates of 27 February 2023 and 4 September 2023. The Group cash ROE fair value represents the weighted average of the two awards at A$15.02 and A$14.82 respectively. The relative TSR fair value comprises the weighted average of A$10.32 and A$10.31 at the two grant dates respectively.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

The following section contains information on the approach to non-executive director remuneration, their fees, other benefits and shareholdings.

Remuneration philosophy

Non-executive director remuneration reflects QBE's desire to attract, motivate and retain experienced independent directors and to ensure their active participation in the Group's affairs for the purpose of corporate governance, regulatory compliance and other matters.

QBE aims to provide a level of remuneration for non-executive directors comparable with that of its peers, which include international financial institutions. The Board reviews surveys published by independent remuneration consultants and other public information to ensure that fee levels are appropriate. The remuneration arrangements of non-executive directors are distinct and separate from those of the executive KMP.

Fee structure and components

The aggregate amount approved by shareholders at the Annual General Meeting on 5 May 2022 was A$4,750,000 per annum. The total amount paid to non-executive directors in 2024 was A$3,587,111 (2023 A$3,133,676).

Under the current fee framework, non-executive directors receive a base fee expressed in Australian dollars. In addition, a non-executive director (other than the Chair) may receive further fees for chairing or membership of a Board Committee.

The non-executive director fee structure is shown in the table below:

BOARD/COMMITTEE	ROLE	2024 A$
Board	Chair	683,000
	Member	215,000
Committee	Chair	50,000
	Member	27,000

Other benefits

Non-executive directors do not receive any performance-based remuneration such as cash incentives or equity awards. Under QBE's Constitution, non-executive directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of QBE. All non-executive directors are eligible to receive an annual cash travel allowance of A$42,750 (A$64,000 for the Chair), in addition to fees for the time involved in travelling to Board meetings and other Board commitments. This policy has remained unchanged since 2015, with the exception of the travel allowance being paused during COVID-19.

Superannuation

QBE pays superannuation to Australian-based non-executive directors in accordance with Australian superannuation guarantee (SG) legislation. Overseas-based non-executive directors receive the cash equivalent amount in addition to their fees. From 1 July 2024, the SG contribution increased by 0.5% to 11.5%. This change is reflected in table 4.1.

Since 1 January 2020, Australian-based directors may elect to opt out of superannuation contributions as long as they are still receiving contributions from at least one employer. In such cases, a superannuation allowance is paid in lieu of actual contributions.

4.1 Remuneration details for non-executive directors

The table below details the nature and amount of each component of the remuneration of QBE's non-executive directors. Remuneration has been converted to US dollars using the average rate of exchange for the relevant year, details of which can be found on page 78.

		SHORT-TERM EMPLOYMENT BENEFITS		POST-EMPLOYMENT BENEFITS		
NON-EXECUTIVE DIRECTOR	YEAR	FEES[1] US$000	OTHER US$000	SUPERANNUATION - SG[2] US$000	SUPERANNUATION - OTHER[2] US$000	TOTAL US$000
Michael Wilkins	**2024**	**493**	**–**	**19**	**37**	**549**
	2023	483	–	17	34	534
Yasmin Allen	**2024**	**206**	**–**	**10**	**13**	**229**
	2023	202	–	–	22	224
Stephen Ferguson	**2024**	**215**	**–**	**19**	**5**	**239**
	2023	34	–	4	–	38
Penny James[3]	**2024**	**229**	**6**	**–**	**–**	**235**
	2023					
Tan Le	**2024**	**226**	**3**	**–**	**–**	**229**
	2023	221	3	–	–	224
Kathryn Lisson	**2024**	**229**	**3**	**–**	**–**	**232**
	2023	224	2	–	–	226
Sir Brian Pomeroy[4]	**2024**	**82**	**–**	**–**	**–**	**82**
	2023	224	2	–	–	226
Jann Skinner[4]	**2024**	**80**	**–**	**–**	**9**	**89**
	2023	218	–	9	14	241
Rolf Tolle	**2024**	**246**	**3**	**–**	**–**	**249**
	2023	241	2	–	–	243
Peter Wilson	**2024**	**229**	**6**	**–**	**–**	**235**
	2023	74	1	–	–	75
Total	**2024**	**2,235**	**21**	**48**	**64**	**2,368**
	2023[5]	1,921	10	30	70	2,031

1 Fees include travel allowances and additional fees in lieu of superannuation in Australia. Penny James, Tan Le, Kathryn Lisson, Sir Brian Pomeroy (up to the retirement date of 10 May 2024), Rolf Tolle and Peter Wilson received additional fees of 11.0% in lieu of superannuation in Australia from 1 January 2024 to 30 June 2024, and 11.5% from 1 July 2024 to 31 December 2024.

Fees also include amounts sacrificed in relation to the Director Share Acquisition Plan (DSAP). During 2024, Michael Wilkins, Stephen Ferguson, Penny James, Tan Le, Kathryn Lisson, Sir Brian Pomeroy, Rolf Tolle and Peter Wilson elected to sacrifice a portion of their director pre-tax base fees to acquire QBE shares to meet their MSR over the required period. The amounts are included in the fees approved by shareholders and form part of the A$3,587,111 on page 66. Where applicable, the increase in their shareholdings in 2024 reflected in table 4.2 was mainly as a result of their participation in the DSAP.

2 Michael Wilkins, Yasmin Allen, Stephen Ferguson and Jann Skinner are Australian residents. Superannuation is calculated as 11.0% of fees, up to 30 June 2024, and increased by 0.5% to 11.5% through to 31 December 2024. Superannuation in excess of the statutory minimum may be taken as additional cash fees or in the form of superannuation contributions at the option of the director. Yasmin Allen and Jann Skinner both elected to opt out of superannuation contributions for part of 2024. Superannuation allowances were paid in lieu of superannuation contributions to 30 June 2024 for Yasmin Allen, and to the retirement date of 10 May 2024 for Jann Skinner.

3 Penny James commenced in the role on 1 January 2024.

4 Sir Brian Pomeroy and Jann Skinner retired on 10 May 2024.

5 The total disclosed in the 2023 Remuneration Report of $2,079,000 included the remuneration of former non-executive director, Eric Smith of $48,000.

Minimum shareholding requirement

With effect from 1 April 2014, a non-executive director MSR was introduced for the Board. Under this requirement, non-executive directors have five years to build a minimum shareholding equal to 100% of annual base fees.

To assist current and new non-executive directors in meeting the requirement, the DSAP was established with effect from 1 June 2014. The DSAP allows non-executive directors to sacrifice a portion of their director pre-tax base fees to acquire QBE shares. Shares acquired in this way are not subject to performance targets, as they are acquired in place of cash payments. Non-executive directors' shareholdings are shown overleaf.

All non-executive directors have met the MSR as at 31 December 2024, or are within the five-year period to achieve the MSR.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

4.2 Non-executive director shareholdings

The table below details movements during the year in the number of ordinary shares in QBE held by the non-executive directors, including their personally-related parties:

2024	POSITION	TERM AS KMP	INTEREST IN SHARES AT 1 JANUARY 2024 NUMBER	CHANGES DURING THE YEAR NUMBER	INTEREST IN SHARES AT 31 DECEMBER 2024 NUMBER[1]
Michael Wilkins	Chair	Full year	92,559	8,021	100,580
Yasmin Allen	Director	Full year	18,333	–	18,333
Stephen Ferguson	Director	Full year	–	1,945	1,945
Penny James	Director	Full year	–	2,030	2,030
Tan Le	Director	Full year	12,493	3,420	15,913
Kathryn Lisson	Director	Full year	52,800	3,464	56,264
Sir Brian Pomeroy	Director	Part year to 10 May 2024	46,215	1,727	47,942
Jann Skinner	Director	Part year to 10 May 2024	70,000	–	70,000
Rolf Tolle	Director	Full year	79,160	5,714	84,874
Peter Wilson	Director	Full year	–	3,177	3,177

[1] The interest in shares for Sir Brian Pomeroy and Jann Skinner represent their balances at the date they retired as non-executive directors on 10 May 2024.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2024

Auditor

PricewaterhouseCoopers, Chartered Accountants, continues in office in accordance with section 327B of the *Corporations Act 2001*.

Non-audit services

During the year, PricewaterhouseCoopers performed certain other services in addition to statutory duties.

The Board, on the advice of the Audit Committee, has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are also satisfied that the provision of non-audit services by the auditor, as set out in note 8.7 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

A copy of the auditor’s independence declaration required under section 307C of the *Corporations Act 2001* is set out on page 70.

Details of amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services are provided in note 8.7 to the financial statements.

Rounding of amounts

The Company is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*. Amounts have been rounded off in the Directors’ Report to the nearest million dollars or, in certain cases, to the nearest thousand dollars in accordance with that instrument.

Signed in SYDNEY this 21st day of February 2025 in accordance with a resolution of the directors.

Michael Wilkins AO
Director

Andrew Horton
Director

Auditor's independence declaration

As lead auditor for the audit of QBE Insurance Group Limited for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of QBE Insurance Group Limited and the entities it controlled during the period.

S Hadfield

Scott Hadfield
Partner, PricewaterhouseCoopers

Sydney
21 February 2025

Financial Report contents

This Annual Report includes the consolidated financial statements for QBE Insurance Group Limited (the ultimate parent entity or the Company) and its controlled entities (QBE or the Group). All amounts in this Financial Report are presented in US dollars unless otherwise stated. QBE Insurance Group Limited is a company limited by its shares and incorporated and domiciled in Australia. Its registered office is located at:

Level 18,
388 George Street
Sydney NSW 2000
Australia.

A description of the nature of the Group's operations and its principal activities is included on pages 2 to 15, none of which is part of this Financial Report. The Financial Report was authorised for issue by the directors on 21 February 2025. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All material press releases, this Financial Report and other information are available at our QBE investor centre at our website: www.qbe.com.

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024 US$M	2023 US$M
Insurance revenue	2.1	**21,778**	20,826
Insurance service expenses		**(18,716)**	(18,421)
Reinsurance expenses	2.2.1	**(4,462)**	(4,848)
Reinsurance income	2.2.1	**3,406**	3,946
Insurance service result		**2,006**	1,503
Other expenses		**(311)**	(250)
Other income		**78**	62
Insurance operating result		**1,773**	1,315
Insurance finance expenses	4.4	**(618)**	(1,039)
Reinsurance finance income	4.4	**159**	460
Investment income – policyholders' funds	3.1	**845**	907
Investment expenses – policyholders' funds	3.1	**(26)**	(24)
Insurance profit		**2,133**	1,619
Investment income – shareholders' funds	3.1	**506**	499
Investment expenses – shareholders' funds	3.1	**(15)**	(13)
Financing and other costs	5.1.2	**(226)**	(232)
Gain on sale of entities and businesses	7.1	**2**	2
Share of net loss of associates		**(6)**	(2)
Restructuring and related expenses		**(85)**	–
Impairment of owner occupied property		**–**	(25)
Amortisation and impairment of intangibles	7.2	**(18)**	(11)
Profit before income tax		**2,291**	1,837
Income tax expense	6.1	**(504)**	(473)
Profit after income tax		**1,787**	1,364
Other comprehensive (loss) income			
Items that may be reclassified to profit or loss			
Net movement in foreign currency translation reserve	5.3.2	**(441)**	138
Net movement in cash flow hedge and cost of hedging reserves	5.3.2	**(13)**	(8)
Net movement in fair value through other comprehensive income reserve	5.3.2	**(6)**	–
Income tax relating to these components of other comprehensive income	5.3.2	**5**	2
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		**(3)**	(7)
Income tax relating to this component of other comprehensive income		**1**	2
Other comprehensive (loss) income after income tax		**(457)**	127
Total comprehensive income after income tax		**1,330**	1,491
Profit after income tax attributable to:			
Ordinary equity holders of the Company		**1,779**	1,355
Non-controlling interests		**8**	9
		1,787	1,364
Total comprehensive income after income tax attributable to:			
Ordinary equity holders of the Company		**1,322**	1,482
Non-controlling interests		**8**	9
		1,330	1,491

EARNINGS PER SHARE FOR PROFIT AFTER INCOME TAX ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	NOTE	2024 US CENTS	2023 US CENTS
For profit after income tax			
Basic earnings per share	5.5	**115.2**	87.6
Diluted earnings per share	5.5	**114.2**	87.0

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

AS AT 31 DECEMBER 2024

	NOTE	2024 US$M	2023 US$M
Assets			
Cash and cash equivalents	5.2	**1,638**	1,366
Investments	3.2	**28,932**	28,670
Derivative financial instruments	5.6	**308**	250
Other receivables		**533**	519
Current tax assets		**23**	30
Reinsurance contract assets	2.2	**9,438**	8,034
Other assets		**2**	2
Assets held for sale		**7**	1
Defined benefit plan surpluses	8.6	**32**	39
Right-of-use lease assets		**213**	264
Property, plant and equipment		**76**	119
Deferred tax assets	6.2	**609**	625
Investment properties		**16**	28
Investment in associates		**55**	49
Intangible assets	7.2	**1,964**	2,112
Total assets		**43,846**	42,108
Liabilities			
Derivative financial instruments	5.6	**402**	373
Other payables		**363**	432
Current tax liabilities		**46**	127
Insurance contract liabilities	2.2	**28,735**	27,490
Lease liabilities		**231**	289
Provisions		**147**	180
Defined benefit plan deficits	8.6	**21**	23
Deferred tax liabilities	6.2	**506**	366
Borrowings	5.1	**2,664**	2,798
Total liabilities		**33,115**	32,078
Net assets		**10,731**	10,030
Equity			
Contributed equity	5.3.1	**8,710**	9,381
Treasury shares held in trust		**(2)**	(3)
Reserves	5.3.2	**(925)**	(1,273)
Retained profits		**2,945**	1,922
Shareholders' equity		**10,728**	10,027
Non-controlling interests		**3**	3
Total equity		**10,731**	10,030

The consolidated balance sheet should be read in conjunction with the accompanying notes. Further information relating to an updated transitional adjustment impacting insurance contract liabilities and retained profits, which had no impact on current or prior year profit or loss, is included in the consolidated statement of changes in equity.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2024

	SHAREHOLDERS' EQUITY						
	CONTRIBUTED EQUITY US$M	TREASURY SHARES HELD IN TRUST US$M	RESERVES US$M	RETAINED PROFITS US$M	TOTAL US$M	NON-CONTROLLING INTERESTS US$M	TOTAL EQUITY US$M
At 1 January 2024	9,381	(3)	(1,273)	1,922	10,027	3	10,030
Profit after income tax	–	–	–	1,779	1,779	8	1,787
Other comprehensive loss	–	–	(455)	(2)	(457)	–	(457)
Total comprehensive (loss) income	–	–	(455)	1,777	1,322	8	1,330
Transactions with owners in their capacity as owners							
Shares issued under Employee Share and Option Plan and held in trust	34	(35)	–	–	(1)	–	(1)
Share-based payment expense	–	–	59	–	59	–	59
Shares vested and/or released	–	36	(36)	–	–	–	–
Reclassification on disposal of owner occupied property	–	–	(1)	1	–	–	–
Dividends paid on ordinary shares	–	–	–	(710)	(710)	(8)	(718)
Dividend Reinvestment Plan and Bonus Share Plan	89	–	–	5	94	–	94
Distributions on capital notes	–	–	–	(50)	(50)	–	(50)
Foreign exchange	(794)	–	781	–	(13)	–	(13)
At 31 December 2024	8,710	(2)	(925)	2,945	10,728	3	10,731

	SHAREHOLDERS' EQUITY						
	CONTRIBUTED EQUITY US$M	TREASURY SHARES HELD IN TRUST US$M	RESERVES US$M	RETAINED PROFITS US$M	TOTAL US$M	NON-CONTROLLING INTERESTS US$M	TOTAL EQUITY US$M
At 1 January 2023[1]	9,242	(1)	(1,363)	1,054	8,932	2	8,934
Profit after income tax	–	–	–	1,355	1,355	9	1,364
Other comprehensive income (loss)	–	–	132	(5)	127	–	127
Total comprehensive income	–	–	132	1,350	1,482	9	1,491
Transactions with owners in their capacity as owners							
Shares issued under Employee Share and Option Plan and held in trust	36	(37)	–	–	(1)	–	(1)
Share-based payment expense	–	–	42	–	42	–	42
Shares vested and/or released	–	35	(35)	–	–	–	–
Dividends paid on ordinary shares	–	–	–	(435)	(435)	(8)	(443)
Dividend Reinvestment Plan and Bonus Share Plan	49	–	–	3	52	–	52
Distributions on capital notes	–	–	–	(50)	(50)	–	(50)
Foreign exchange	54	–	(49)	–	5	–	5
At 31 December 2023[1]	9,381	(3)	(1,273)	1,922	10,027	3	10,030

[1] Restated to reflect an updated transitional adjustment relating to discounting on initial application of AASB 17 *Insurance Contracts*, resulting in a $77 million reduction in insurance contract liabilities and a corresponding increase in retained profits, with no impact on the current or prior year profit or loss, or the consolidated statement of cash flows. Current year opening retained profits has been consistently restated.

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024 US$M	2023 US$M
Operating activities			
Premium received		**23,056**	20,924
Reinsurance recoveries received		**3,740**	4,608
Reinsurance premium paid net of ceding commissions received		**(6,205)**	(5,879)
Acquisition costs paid		**(3,903)**	(3,732)
Claims and other insurance service expenses paid		**(13,854)**	(14,284)
Interest received		**901**	703
Dividends received		**60**	50
Other operating payments		**(647)**	(509)
Interest paid		**(232)**	(240)
Income taxes paid		**(341)**	(138)
Net cash flows from operating activities	8.3	**2,575**	1,503
Investing activities			
Net (payments for purchase) proceeds on sale of growth assets		**(374)**	54
Net payments for purchase of interest-bearing financial assets		**(829)**	(284)
Net payments for foreign exchange transactions		**(109)**	(23)
Payments for purchase of intangible assets		**(125)**	(145)
Payments for purchase of property, plant and equipment		**(27)**	(23)
Payments for investment in associates		**(15)**	(19)
Proceeds on disposal of entities and businesses (net of cash disposed)		**3**	9
Proceeds on disposal of joint venture investment		**–**	3
Net cash flows from investing activities		**(1,476)**	(428)
Financing activities			
Purchase of treasury shares		**(1)**	(1)
Payments relating to principal element of lease liabilities		**(57)**	(55)
Proceeds from borrowings		**687**	405
Repayments of borrowings		**(700)**	(406)
Dividends and distributions paid		**(674)**	(441)
Net cash flows from financing activities		**(745)**	(498)
Net movement in cash and cash equivalents		**354**	577
Cash and cash equivalents at the beginning of the year		**1,366**	833
Effect of exchange rate changes		**(82)**	(44)
Cash and cash equivalents at the end of the year	5.2	**1,638**	1,366

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. OVERVIEW

1.1 About QBE

About QBE Insurance Group

QBE is one of the world's largest insurance and reinsurance companies, with operations in all the major insurance markets. Formed in Australia in 1886, QBE employs more than 13,000 people and carries on insurance activities in 26 countries, with operations in Australia, Europe, North America, Asia and the Pacific. QBE's captive reinsurers, QBE Capital (Global) Ltd and QBE Capital Ltd (collectively referred to as 'QBE Capital'), provide reinsurance protection to our divisions in conjunction with the Group's external reinsurance programs.

The Company is listed on the Australian Securities Exchange and is a for-profit entity.

About insurance

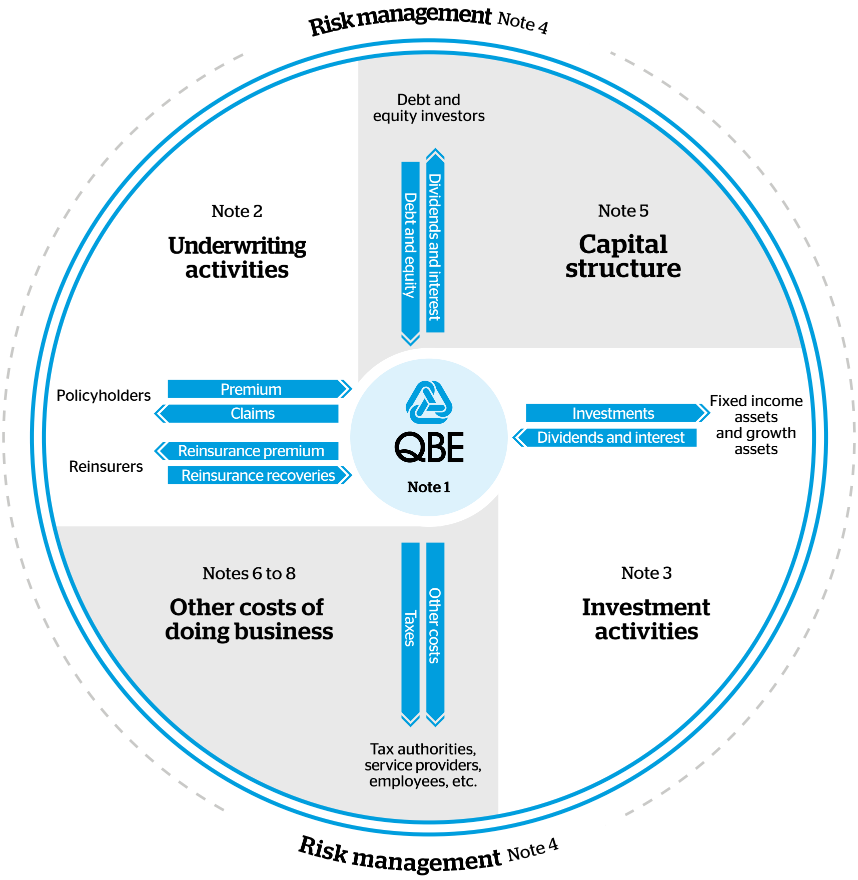
In simple terms, insurance and reinsurance companies help their customers (consumers, businesses and other insurance companies) to manage risk. More broadly put, an insurance company creates value by pooling and redistributing risk. This is done by collecting premium from those that it insures (i.e. policyholders), and then paying the claims of those that call upon their insurance protection. A company may also choose to reduce some of its own accumulated risk through the use of outward reinsurance (or referred to as reinsurance contracts held), which is insurance for insurance companies. As not all policyholders will actually experience a claim event, the effective pooling and redistribution of risk lowers the total cost of risk management, thereby making insurance protection more cost effective for all.

The operating model of insurance companies relies on profits being generated by:

- appropriately pricing risk and charging adequate premium to cover the expected payouts that will be incurred over the life of the insurance policy (both claims and operating expenses); and
- earning a return on the collected premium and funds withheld to pay future claims through the adoption of an appropriate investment strategy.

Insurance therefore serves a critical function of providing customers with the confidence to achieve their business and personal goals through cost-effective risk management. This is achieved within a highly regulated environment, designed to ensure that insurance companies maintain adequate capital to protect the interests of policyholders.

The diagram below presents a simplified overview of the key components of this Financial Report:



1.2 About this report

This Financial Report includes the consolidated financial statements of QBE Insurance Group Limited (the ultimate parent entity or the Company) and its controlled entities (QBE or the Group).

The Financial Report includes the four primary statements, namely the statement of comprehensive income (which comprises profit or loss and other comprehensive income or loss), balance sheet, statement of changes in equity and statement of cash flows as well as associated notes as required by Australian Accounting Standards. Disclosures have been grouped into the following categories in order to assist users in their understanding of the financial statements:

1. **Overview** contains information that impacts the Financial Report as a whole as well as segment reporting disclosures.
2. **Underwriting activities** brings together results and balance sheet disclosures relevant to the Group's insurance activities.
3. **Investment activities** includes results and balance sheet disclosures relevant to the Group's investments.
4. **Risk management** provides commentary on the Group's exposure to various financial and capital risks, explaining the potential impact on the results and balance sheet and how the Group manages these risks.
5. **Capital structure** provides information about the debt and equity components of the Group's capital.
6. **Tax** includes disclosures relating to the Group's tax expense and balances.
7. **Group structure** provides a summary of the Group's controlled entities and includes disclosures in relation to transactions impacting the Group structure.
8. **Other** includes additional disclosures required to comply with Australian Accounting Standards.

Where applicable within each note, disclosures are further analysed as follows:

- **Overview** provides some context to assist users in understanding the disclosures.
- **Disclosures** (both numbers and commentary) provide analysis of balances as required by Australian Accounting Standards.
- **How we account for the numbers** summarises the accounting policies relevant to an understanding of the numbers.
- **Critical accounting judgements and estimates** explains the key estimates and judgements applied by QBE in determining the numbers.

The notes include information which the directors believe is required to understand the financial statements and is material and relevant to the operations, balance sheet and results of the Group. Information is considered material and relevant if:

- the amount in question is significant because of its size or nature;
- it is important to assist in understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, significant acquisitions or disposals; or
- it relates to an aspect of the Group's operations that is important to its future performance.

1.2.1 Basis of preparation

This Financial Report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*;
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC);
- has been prepared on a historical cost basis as modified by certain exceptions, the most significant of which are the measurement of investments and derivatives at fair value and the measurement of the net insurance contract liabilities at present value;
- is presented in US dollars; and
- is presented with values rounded to the nearest million dollars or, in certain cases, to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

New and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are now effective are detailed in note 8.1.1.

The Group has not adopted any Accounting Standards and Interpretations that have been issued or amended but are not yet effective as listed in note 8.1.2.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 31 December 2024 and the results for the financial year then ended. In preparing the consolidated financial statements, all transactions between controlled entities are eliminated in full. Where control of an entity commences or ceases during a financial year, the results are included for that part of the year during which control existed. A list of entities controlled by the Company at the balance date is contained in note 7.3.

Lloyd's syndicates are accounted for on a proportional basis. The nature of Lloyd's syndicates is such that, even when one party provides the majority of capital, the syndicate as a whole is not controlled for accounting purposes.

Where necessary, comparative information has been restated to conform to the current year's disclosures.

1. OVERVIEW

1.2.2 Critical accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements and estimates that affect reported amounts.

In view of the geographic and product diversity of its international operations, the Group has developed a centralised risk management and policy framework designed to ensure consistency of approach across a number of operational activities, subject to the specific requirements of local markets, legislation and regulation. Such operational activities include underwriting, claims management, actuarial assessment of the outstanding claims within insurance liabilities and investment management.

Given the centralised approach, sensitivity analyses in respect of critical accounting estimates and judgements are presented at the consolidated Group level in order to provide information and analysis which is meaningful, relevant, reliable and comparable year-on-year. Sensitivity disclosure at business segment or product level would not provide a meaningful overview given the complex interrelationships between the variables underpinning the Group's operations.

The key areas in which critical estimates and judgements are applied are as follows:

- measurement of insurance and reinsurance contract assets and liabilities (note 2.2);
- recoverability of deferred tax assets (note 6.2.1); and
- impairment testing of intangible assets (note 7.2.1).

The Group has also considered the impact of climate change on the amounts reported and disclosed in the financial statements, particularly in the context of the risks and opportunities identified in our climate change disclosures on pages 22 to 37 of this Annual Report. Details of how these considerations have been reflected in the critical accounting judgements and estimates are discussed in the relevant notes where appropriate.

1.2.3 Foreign currency

Translation of foreign currency transactions and balances

Transactions included in the financial statements of controlled entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into functional currencies at the spot rates of exchange applicable at the dates of the transactions. At the balance date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date. Resulting exchange gains and losses are included in profit or loss.

Translation of foreign operations

The results and balance sheets of all foreign operations that have a functional currency different from the Group's presentation currency of US dollars are translated into US dollars as follows:

- income, expenses and other current period movements in comprehensive income are translated at average rates of exchange; and
- balance sheet items are translated at the closing balance date rates of exchange.

On consolidation, exchange differences arising from the translation of net investments in foreign operations are taken to shareholders' equity and recognised in other comprehensive income. When a foreign operation is sold in whole or part and capital is repatriated, exchange differences on translation from the entity's functional currency to the ultimate parent entity's functional currency of Australian dollars are reclassified out of other comprehensive income and recognised in profit or loss as part of the gain or loss on sale.

Hedging of foreign exchange risk

The Group manages its foreign exchange exposures as part of its foreign currency risk management processes, further information on which is provided in note 4.4.

QBE uses borrowings to mitigate currency risk on translation of net investments in foreign operations to the ultimate parent entity's functional currency of Australian dollars. QBE may elect to use derivatives to manage currency translation risk in order to preserve capital.

QBE also uses derivatives to mitigate risk associated with foreign currency transactions and balances.

The Group designates hedge relationships which meet the specified criteria in AASB 9 *Financial Instruments* as either cash flow hedges or hedges of net investments in foreign operations. Further information on the accounting for derivatives and for designated hedge relationships is provided in note 5.6.

Exchange rates

The principal exchange rates used in the preparation of the financial statements were:

	2024		2023	
	PROFIT OR LOSS	BALANCE SHEET	PROFIT OR LOSS	BALANCE SHEET
A$/US$	**0.660**	**0.619**	0.664	0.682
£/US$	**1.278**	**1.252**	1.243	1.275
€/US$	**1.082**	**1.035**	1.081	1.105

1.3 Segment information

Overview

Information is provided by operating segment to assist an understanding of the Group's performance. The operating segments are consistent with the basis on which information is provided to the Group Executive Committee for measuring performance and determining the allocation of capital, being the basis upon which the Group's underwriting products and services are managed within the various markets in which QBE operates.

Operating segments

The Group's operating segments are as follows:

- North America writes general insurance, reinsurance and Crop business in the United States.
- International writes general insurance business in the United Kingdom, Europe and Canada. It also writes general insurance and reinsurance business through Lloyd's; worldwide reinsurance business through offices in the United Kingdom, the United States, Ireland, Bermuda, Dubai and mainland Europe; and provides personal and commercial insurance covers in Hong Kong, Singapore, Malaysia and Vietnam.
- Australia Pacific primarily underwrites general insurance risks throughout Australia, New Zealand and the Pacific region, providing all major lines of insurance for personal and commercial risks.

Corporate & Other includes non-operating holding companies that do not form part of the Group's insurance operations; gains or losses on disposals; and financing costs and amortisation of any intangibles which are not allocated to a specific operating segment. Intersegment transactions are priced on an arm's length basis and are eliminated on consolidation.

2024	NORTH AMERICA US$M	INTERNATIONAL US$M	AUSTRALIA PACIFIC US$M	TOTAL REPORTABLE SEGMENTS US$M	CORPORATE & OTHER US$M	TOTAL US$M
Insurance revenue – external	7,220	9,075	5,457	21,752	26	21,778
Insurance revenue – internal	–	26	–	26	(26)	–
Insurance service expenses	(6,774)	(7,306)	(4,568)	(18,648)	(68)	(18,716)
Reinsurance expenses	(2,654)	(1,336)	(472)	(4,462)	–	(4,462)
Reinsurance income	2,462	721	223	3,406	–	3,406
Insurance service result	254	1,180	640	2,074	(68)	2,006
Other expenses	(44)	(92)	(131)	(267)	(44)	(311)
Other income	4	6	68	78	–	78
Insurance operating result	214	1,094	577	1,885	(112)	1,773
Insurance finance expenses	(245)	(157)	(216)	(618)	–	(618)
Reinsurance finance income	47	71	41	159	–	159
Investment income (loss) – policyholders' funds	123	439	275	837	(18)	819
Insurance profit (loss)	139	1,447	677	2,263	(130)	2,133
Investment income – shareholders' funds	141	199	114	454	37	491
Financing and other costs	(1)	(42)	(4)	(47)	(179)	(226)
Gain (loss) on sale of entities and businesses	–	3	(1)	2	–	2
Share of net loss of associates	(3)	–	(3)	(6)	–	(6)
Restructuring and related expenses	(85)	–	–	(85)	–	(85)
Amortisation and impairment of intangibles	–	(16)	(2)	(18)	–	(18)
Profit (loss) before income tax	191	1,591	781	2,563	(272)	2,291
Income tax (expense) credit	(40)	(401)	(221)	(662)	158	(504)
Profit (loss) after income tax	151	1,190	560	1,901	(114)	1,787
Net profit attributable to non-controlling interests	–	–	–	–	(8)	(8)
Net profit (loss) after income tax attributable to ordinary equity holders of the Company	151	1,190	560	1,901	(122)	1,779

1. OVERVIEW

2023	NORTH AMERICA US$M	INTERNATIONAL US$M	AUSTRALIA PACIFIC US$M	TOTAL REPORTABLE SEGMENTS US$M	CORPORATE & OTHER US$M	TOTAL US$M
Insurance revenue – external	7,447	8,047	5,318	20,812	14	20,826
Insurance revenue – internal	–	12	–	12	(12)	–
Insurance service expenses	(7,595)	(6,209)	(4,638)	(18,442)	21	(18,421)
Reinsurance expenses	(3,015)	(1,416)	(417)	(4,848)	–	(4,848)
Reinsurance income	3,085	629	232	3,946	–	3,946
Insurance service result	(78)	1,063	495	1,480	23	1,503
Other expenses	(42)	(70)	(107)	(219)	(31)	(250)
Other income	2	4	56	62	–	62
Insurance operating result	(118)	997	444	1,323	(8)	1,315
Insurance finance expenses	(429)	(453)	(157)	(1,039)	–	(1,039)
Reinsurance finance income	300	144	16	460	–	460
Investment income (loss) – policyholders' funds	140	522	248	910	(27)	883
Insurance (loss) profit	(107)	1,210	551	1,654	(35)	1,619
Investment income – shareholders' funds	145	205	99	449	37	486
Financing and other costs	(1)	(12)	(6)	(19)	(213)	(232)
Gain on sale of entities and businesses	–	–	2	2	–	2
Share of net loss of associates	–	–	(2)	(2)	–	(2)
Impairment of owner occupied property	(25)	–	–	(25)	–	(25)
Amortisation of intangibles	–	–	(2)	(2)	(9)	(11)
Profit (loss) before income tax	12	1,403	642	2,057	(220)	1,837
Income tax (expense) credit	(2)	(331)	(203)	(536)	63	(473)
Profit (loss) after income tax	10	1,072	439	1,521	(157)	1,364
Net profit attributable to non-controlling interests	–	–	–	–	(9)	(9)
Net profit (loss) after income tax attributable to ordinary equity holders of the Company	10	1,072	439	1,521	(166)	1,355

Geographical analysis

North America is defined by reference to its geographical location and, as such, satisfies the requirements of a geographical analysis as well as an operating segment analysis.

Insurance revenue – external was $4,951 million (2023 $4,796 million) for Australia, the ultimate parent entity's country of domicile, and was $3,075 million (2023 $2,572 million) for risks located in the United Kingdom. No other country within International or Australia Pacific is individually material in this respect.

Product analysis

QBE does not collect Group-wide revenue information by product and the cost to develop this information would be excessive. Insurance revenue by class of business is disclosed in note 4.2.

2. UNDERWRITING ACTIVITIES

Overview

This section provides analysis and commentary on the Group's underwriting activities. Underwriting, in simple terms, is the agreement by the insurer to assume insurance risk in return for a premium paid by the insured. The underwriter assesses the quality of the risk and prices it accordingly.

2.1 Insurance revenue

Overview

Insurance revenue reflects the consideration the Group expects to be entitled to in exchange for providing insurance contract services. Insurance revenue mainly comprises premiums charged for providing insurance coverage, excluding any amounts that are repayable to policyholders in all circumstances (referred to as investment components) and taxes collected on behalf of third parties.

	2024 US$M	2023 US$M
Contracts measured under the premium allocation approach		
Insurance revenue from contracts measured under the premium allocation approach	**21,578**	20,637
Contracts measured under the general model		
Insurance service expenses incurred in the period	**111**	101
Changes in risk adjustment	**16**	16
Contractual service margin recognised in profit or loss	**55**	54
Amounts relating to changes in the liability for remaining coverage	**182**	171
Recovery of insurance acquisition cash flows	**18**	18
Insurance revenue from contracts measured under the general model	**200**	189
Insurance revenue	**21,778**	20,826

How we account for the numbers

The measurement models applicable to measuring insurance and reinsurance contracts are described in note 2.2.1.

Insurance revenue under the premium allocation approach is an allocation of total expected premium to each period of coverage on the basis of the passage of time, or a pattern that reflects the expected timing of incurred insurance service expenses if the expected pattern of incidence of risk differs significantly from the passage of time.

For contracts measured under the general model, insurance revenue comprises:

- changes in the liability for remaining coverage (excluding the loss component) that relate to services provided in the period. The contractual service margin, which represents the unearned profit, is earned to insurance revenue based on a pattern of coverage units which reflects the provision of insurance services over the expected coverage period. The determination of the coverage units pattern is based on the quantity of benefits provided under the contracts in each period and includes consideration of amounts that can be validly claimed by policyholders if an insured event occurs, as well as expected lapses. The movement in the contractual service margin during the period is disclosed in note 2.2.3.
- the recovery of insurance acquisition cash flows, which is determined by allocating a portion of the premium that relates to recovering those cash flows on a straight line basis over the coverage period of the contracts.

2. UNDERWRITING ACTIVITIES

2.2 Insurance and reinsurance contract assets and liabilities

Overview

Insurance contract liabilities represent the rights and obligations arising from insurance and reinsurance contracts issued, and comprise the following components:

- the liability for remaining coverage, being the obligation to provide future insurance services in relation to contracts in force at the balance date; and
- the liability for incurred claims, being the obligation to pay claims reported but not yet paid, IBNR and other incurred insurance service expenses such as claims handling costs.

Reinsurance contract assets represent the rights and obligations arising from reinsurance contracts held, and comprise the following components:

- the asset for remaining coverage, being the amounts that are expected to be recoverable from reinsurers in relation to future insured claims that have not yet been incurred; and
- recoveries of incurred claims, being the amounts that are expected to be recoverable from reinsurers in relation to claims that have been incurred on underlying contracts.

The Group's insurance and reinsurance contracts are aggregated into portfolios, each comprising contracts that are of similar risks and managed together. Portfolios of insurance and reinsurance contracts issued that are assets are presented separately from those that are liabilities on the balance sheet. Similarly, portfolios of reinsurance contracts held that are assets are presented separately from those that are liabilities. There were no portfolios of insurance contracts issued that were assets or portfolios of reinsurance contracts held that were liabilities at the balance date and at 31 December 2023.

	2024			2023		
	PREMIUM ALLOCATION APPROACH US$M	GENERAL MODEL US$M	TOTAL US$M	PREMIUM ALLOCATION APPROACH US$M	GENERAL MODEL US$M	TOTAL US$M
Insurance contract liabilities	**28,297**	**438**	**28,735**	26,926	564	27,490
Reinsurance contract assets	**(5,933)**	**(3,505)**	**(9,438)**	(5,819)	(2,215)	(8,034)
Net insurance contract liabilities (assets)	**22,364**	**(3,067)**	**19,297**	21,107	(1,651)	19,456

How we account for the numbers

Insurance and reinsurance contracts must be measured using a general model, unless the contracts meet certain eligibility criteria, in which case they may be measured using a simplified approach known as the premium allocation approach. Contracts are eligible for the simplified approach if they have coverage periods of one year or less or if the liability for remaining coverage under that approach is not expected to materially differ from that under the general model. The Group applies the premium allocation approach to most of its insurance and reinsurance contracts on the basis that these eligibility requirements are met.

The opening liability for incurred claims reflects an updated transitional adjustment relating to discounting on initial application of AASB 17, which has no impact on current or prior year profit or loss, as disclosed in the consolidated statement of changes in equity. Corresponding notes have been consistently restated.

Critical accounting judgements and estimates

For contracts with coverage periods greater than one year, the Group's assessment of eligibility for the premium allocation approach involves a qualitative consideration of contract features and, where applicable, modelling of the liability for remaining coverage under a range of reasonably expected scenarios. The following key assumptions and estimates are modelled:

- expected future cash flows and the risk adjustment as described in notes 2.2.1 and 2.2.4;
- pattern of coverage units used to determine the earning pattern of the contractual service margin, which includes consideration of the economic value of policyholders' insurable interests and any contractual limits to amounts that can be claimed under the relevant insurance contracts; and
- expected variability in assumptions used, such as changes in discount rates.

2.2.1 Movement in the net carrying amounts

Insurance contract liabilities

	2024				2023			
	LIABILITY (ASSET) FOR REMAINING COVERAGE				LIABILITY (ASSET) FOR REMAINING COVERAGE			
	EXCLUDING LOSS COMPONENT US$M	LOSS COMPONENT US$M	LIABILITY FOR INCURRED CLAIMS US$M	TOTAL US$M	EXCLUDING LOSS COMPONENT US$M	LOSS COMPONENT US$M	LIABILITY FOR INCURRED CLAIMS US$M	TOTAL US$M
Insurance contract liabilities at 1 January	**(1,818)**	**86**	**29,222**	**27,490**	(1,262)	112	27,221	26,071
Insurance revenue – contracts under the modified retrospective approach	**(268)**	**–**	**–**	**(268)**	(314)	–	–	(314)
Insurance revenue – other contracts	**(21,510)**	**–**	**–**	**(21,510)**	(20,512)	–	–	(20,512)
Insurance revenue (a)	**(21,778)**	**–**	**–**	**(21,778)**	(20,826)	–	–	(20,826)
Incurred claims and other attributable expenses	**(96)**	**(82)**	**15,347**	**15,169**	(68)	(112)	14,573	14,393
Amortisation of insurance acquisition cash flows	**3,809**	**–**	**–**	**3,809**	3,654	–	–	3,654
Changes that relate to past service – prior accident years	**–**	**–**	**(584)**	**(584)**	–	–	92	92
Losses on onerous contracts and reversals of those losses	**–**	**101**	**–**	**101**	–	86	–	86
Insurance service expenses (b)[1]	**3,713**	**19**	**14,763**	**18,495**	3,586	(26)	14,665	18,225
Insurance service result (a)+(b)	**(18,065)**	**19**	**14,763**	**(3,283)**	(17,240)	(26)	14,665	(2,601)
Insurance finance expenses	**26**	**–**	**592**	**618**	19	–	1,020	1,039
Foreign exchange	**(99)**	**(4)**	**(1,007)**	**(1,110)**	(51)	–	393	342
Statement of comprehensive income	**(18,138)**	**15**	**14,348**	**(3,775)**	(17,272)	(26)	16,078	(1,220)
Investment components	**(76)**	**–**	**76**	**–**	(71)	–	71	–
Disposals	**(2)**	**–**	**(5)**	**(7)**	(3)	–	(8)	(11)
Cash flows								
Premium received	**22,571**	**–**	**485**	**23,056**	20,445	–	479	20,924
Acquisition costs paid	**(3,828)**	**–**	**(75)**	**(3,903)**	(3,655)	–	(77)	(3,732)
Claims and expenses, including taxes, paid	**–**	**–**	**(14,126)**	**(14,126)**	–	–	(14,542)	(14,542)
Total cash flows	**18,743**	**–**	**(13,716)**	**5,027**	16,790	–	(14,140)	2,650
Insurance contract liabilities at 31 December	**(1,291)**	**101**	**29,925**	**28,735**	(1,818)	86	29,222	27,490

[1] Excludes $221 million (2023 $196 million) of insurance service expenses which represent movements in assets and liabilities that do not form part of insurance contract liabilities on the balance sheet.

2. UNDERWRITING ACTIVITIES

Reinsurance contract assets

	2024				2023			
	ASSET FOR REMAINING COVERAGE				ASSET FOR REMAINING COVERAGE			
	EXCLUDING LOSS-RECOVERY COMPONENT US$M	LOSS-RECOVERY COMPONENT US$M	RECOVERIES OF INCURRED CLAIMS US$M	TOTAL US$M	EXCLUDING LOSS-RECOVERY COMPONENT US$M	LOSS-RECOVERY COMPONENT US$M	RECOVERIES OF INCURRED CLAIMS US$M	TOTAL US$M
Reinsurance contract assets at 1 January	(726)	3	8,757	8,034	(1,629)	6	8,767	7,144
Reinsurance expenses (a)	(4,462)	–	–	(4,462)	(4,848)	–	–	(4,848)
Recovery of incurred claims and other expenses	(16)	(3)	3,864	3,845	(25)	(6)	4,076	4,045
Changes in credit risk	–	–	(6)	(6)	–	–	5	5
Changes that relate to past service – prior accident years	–	–	(459)	(459)	–	–	(107)	(107)
Recovery of onerous contract losses and reversals of those recoveries	–	26	–	26	–	3	–	3
Reinsurance income (b)	(16)	23	3,399	3,406	(25)	(3)	3,974	3,946
Insurance service result (a)+(b)	(4,478)	23	3,399	(1,056)	(4,873)	(3)	3,974	(902)
Reinsurance finance income	36	–	123	159	110	–	350	460
Foreign exchange	13	–	(156)	(143)	(2)	–	74	72
Statement of comprehensive income	(4,429)	23	3,366	(1,040)	(4,765)	(3)	4,398	(370)
Investment components	(247)	–	247	–	(201)	–	201	–
Disposals	1	–	(2)	(1)	–	–	(1)	(1)
Cash flows								
Premium paid net of ceding commissions received	6,185	–	20	6,205	5,869	–	10	5,879
Recoveries and taxes received	–	–	(3,760)	(3,760)	–	–	(4,618)	(4,618)
Total cash flows	6,185	–	(3,740)	2,445	5,869	–	(4,608)	1,261
Reinsurance contract assets at 31 December	784	26	8,628	9,438	(726)	3	8,757	8,034

How we account for the numbers

The asset or liability for remaining coverage under the premium allocation approach is measured as premiums received net of unamortised acquisition cash flows and amounts recognised as insurance revenue for coverage that has been provided. Insurance acquisition cash flows are amortised over the coverage period of the related insurance contracts on the same basis as the insurance revenue earning pattern (note 2.1) for the business to which the cash flows relate. The liability for remaining coverage is not discounted where the time between providing each part of the services and the related premium due date is no more than a year.

The asset or liability for remaining coverage under the general measurement model is measured as the sum of:

- the present value of future cash flows that are expected to arise as the Group fulfils the contracts, which mainly comprise premium, claims and attributable expenses;
- a risk adjustment for non-financial risk (note 2.2.4); and
- a contractual service margin, representing the profit that has not yet been recognised in profit or loss as it relates to future services to be provided over the remaining coverage of the insurance contracts.

The liability for remaining coverage includes a loss component which depicts amounts recognised on onerous contracts. A corresponding loss-recovery component within the reinsurance asset for remaining coverage depicts amounts recoverable in respect of losses on onerous contracts covered by reinsurance contracts held.

Under both measurement models, the liability for incurred claims (and corresponding recoveries of incurred claims) is measured as the fulfilment cash flows (sum of present value of future cash flows and a risk adjustment) relating to incurred claims and attributable expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Critical accounting judgements and estimates

The determination of the amounts that the Group will ultimately pay for claims arising under insurance and reinsurance contracts issued involves a number of critical assumptions. Some of the uncertainties impacting these assumptions are as follows:

- changes in patterns of claims incidence, reporting and payment;
- volatility in the estimation of future costs for long-tail insurance classes due to the longer period of time that can elapse before a claim is paid in full;
- existence of complex underlying exposures;
- incidence of catastrophic events close to the balance date;
- changes in the legal environment, including the interpretation of liability laws and the quantum of damages; and
- changing social, environmental, political and economic trends, for example price and wage inflation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims that have been reported to the Group but are not yet paid, for which more information about claims is generally available. The notification and settlement of claims relating to liability and other long-tail classes of business may not happen for many years after the event giving rise to the claim. As a consequence, liability and other long-tail classes typically display greater variability between initial estimates and final settlement due to delays in reporting claims and uncertainty in respect of court awards and future claims inflation. Claims in respect of property and other short-tail classes are typically reported and settled soon after the claim event, typically giving rise to less uncertainty.

Estimates of future cash flows for each class of business are determined using a variety of estimation techniques, generally based on an analysis of historical experience and with reference to external benchmarks where relevant. The cash flows are discounted to present value using appropriate discount rates as described in note 2.2.5.

Onerous contracts

Insurance contracts are onerous when the liability for remaining coverage is insufficient to pay future claims and other insurance service expenses attributable to the contracts.

Contracts that are measured using the premium allocation approach are assumed not to be onerous unless facts and circumstances indicate otherwise. In identifying facts and circumstances that may be indicators of onerous contracts, the Group considers management information for Group planning and performance management, in combination with other indicators where relevant. If there are facts and circumstances that may indicate the existence of possible onerous contracts, the onerous contract losses are measured based on the extent to which the fulfilment cash flows attributable to the group of contracts exceed the liability for remaining coverage for that group.

Under both measurement models, onerous contract losses are measured on a gross basis (excluding the effect of reinsurance contracts held) and are immediately recognised in profit or loss. A loss component of the liability for remaining coverage is established (or increased) to depict the onerous contract losses recognised. Where the onerous contracts are covered by reinsurance contracts held, reinsurance income is recognised in profit or loss and a corresponding loss-recovery component of the reinsurance asset for remaining coverage is established to depict expected recoveries attributable to the onerous contract losses.

The consideration of facts and circumstances as well as the measurement of any onerous contract losses are determined separately for each underwriting year within a portfolio of contracts that are of similar risks and managed together. Where a subset of contracts within a portfolio would be identified as a separate group from other contracts within the portfolio only because of the existence of specific legal or regulatory constraints to the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics, such contracts are included in the same group for the purposes of identifying and measuring onerous contracts.

2. UNDERWRITING ACTIVITIES

2.2.2 Movement in the net liability for incurred claims

	2024			2023		
	PREMIUM ALLOCATION APPROACH US$M	GENERAL MODEL US$M	TOTAL US$M	PREMIUM ALLOCATION APPROACH US$M	GENERAL MODEL US$M	TOTAL US$M
Net liability for incurred claims						
Insurance contract liabilities	**29,803**	**122**	**29,925**	29,093	129	29,222
Reinsurance contract assets	**(8,184)**	**(444)**	**(8,628)**	(8,635)	(122)	(8,757)
	21,619	**(322)**	**21,297**	20,458	7	20,465

The movement in the net liability for incurred claims for contracts measured under the premium allocation approach is analysed in the tables below:

Insurance contract liabilities

	2024			2023		
	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	LIABILITY FOR INCURRED CLAIMS US$M	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	LIABILITY FOR INCURRED CLAIMS US$M
Insurance contract liabilities at 1 January	**27,110**	**1,983**	**29,093**	25,299	1,776	27,075
Incurred claims and other attributable expenses	**14,592**	**677**	**15,269**	14,210	285	14,495
Changes that relate to past service – prior accident years	**56**	**(587)**	**(531)**	342	(163)	179
Insurance service expenses	**14,648**	**90**	**14,738**	14,552	122	14,674
Insurance service result	**14,648**	**90**	**14,738**	14,552	122	14,674
Insurance finance expenses	**567**	**25**	**592**	980	40	1,020
Foreign exchange	**(920)**	**(77)**	**(997)**	347	46	393
Statement of comprehensive income	**14,295**	**38**	**14,333**	15,879	208	16,087
Investment components	**76**	**–**	**76**	71	–	71
Disposals	**(4)**	**(1)**	**(5)**	(7)	(1)	(8)
Cash flows						
Premium received	**478**	**–**	**478**	470	–	470
Acquisition costs paid	**(75)**	**–**	**(75)**	(77)	–	(77)
Claims and expenses, including taxes, paid	**(14,097)**	**–**	**(14,097)**	(14,525)	–	(14,525)
Total cash flows	**(13,694)**	**–**	**(13,694)**	(14,132)	–	(14,132)
Insurance contract liabilities at 31 December	**27,783**	**2,020**	**29,803**	27,110	1,983	29,093

Reinsurance contract assets

	2024			2023		
	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	RECOVERIES OF INCURRED CLAIMS US$M	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	RECOVERIES OF INCURRED CLAIMS US$M
Reinsurance contract assets at 1 January	**8,149**	**486**	**8,635**	8,236	475	8,711
Recovery of incurred claims and other expenses	**3,034**	**84**	**3,118**	3,382	1	3,383
Changes in credit risk	**(6)**	**–**	**(6)**	5	–	5
Changes that relate to past service – prior accident years	**(330)**	**(126)**	**(456)**	(103)	(1)	(104)
Reinsurance income	**2,698**	**(42)**	**2,656**	3,284	–	3,284
Insurance service result	**2,698**	**(42)**	**2,656**	3,284	–	3,284
Reinsurance finance income (expenses)	**110**	**13**	**123**	351	(1)	350
Foreign exchange	**(131)**	**(20)**	**(151)**	63	12	75
Statement of comprehensive income	**2,677**	**(49)**	**2,628**	3,698	11	3,709
Investment components	**181**	**–**	**181**	175	–	175
Disposals	**(2)**	**–**	**(2)**	(1)	–	(1)
Cash flows						
Premium paid net of ceding commissions received	**20**	**–**	**20**	10	–	10
Recoveries and taxes received	**(3,278)**	**–**	**(3,278)**	(3,969)	–	(3,969)
Total cash flows	**(3,258)**	**–**	**(3,258)**	(3,959)	–	(3,959)
Reinsurance contract assets at 31 December	**7,747**	**437**	**8,184**	8,149	486	8,635

2. UNDERWRITING ACTIVITIES

2.2.3 Analysis of contracts measured under the general model

Insurance contract liabilities

	2024				2023			
	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	CONTRACTUAL SERVICE MARGIN US$M	TOTAL US$M	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	CONTRACTUAL SERVICE MARGIN US$M	TOTAL US$M
Insurance contract liabilities at 1 January	**351**	**65**	**148**	**564**	340	68	237	645
Changes that relate to current service								
Contractual service margin release for services provided	**–**	**–**	**(55)**	**(55)**	–	–	(54)	(54)
Changes in risk adjustment	**–**	**(2)**	**–**	**(2)**	–	3	–	3
Experience adjustments	**(47)**	**–**	**–**	**(47)**	(38)	–	–	(38)
	(47)	**(2)**	**(55)**	**(104)**	(38)	3	(54)	(89)
Changes that relate to future service								
Contracts initially recognised in the period	**(36)**	**5**	**31**	**–**	(31)	7	24	–
Changes that adjust the contractual service margin	**(34)**	**(6)**	**40**	**–**	54	9	(63)	–
	(70)	**(1)**	**71**	**–**	23	16	(39)	–
Changes that relate to past service								
Adjustments to liability for incurred claims	**(37)**	**(16)**	**–**	**(53)**	(63)	(24)	–	(87)
	(37)	**(16)**	**–**	**(53)**	(63)	(24)	–	(87)
Insurance service result	**(154)**	**(19)**	**16**	**(157)**	(78)	(5)	(93)	(176)
Insurance finance expenses	**21**	**2**	**6**	**29**	14	2	5	21
Foreign exchange	**(24)**	**(3)**	**(17)**	**(44)**	2	–	(1)	1
Statement of comprehensive income	**(157)**	**(20)**	**5**	**(172)**	(62)	(3)	(89)	(154)
Cash flows								
Premium received	**89**	**–**	**–**	**89**	107	–	–	107
Acquisition costs paid	**(14)**	**–**	**–**	**(14)**	(17)	–	–	(17)
Claims and expenses, including taxes, paid	**(29)**	**–**	**–**	**(29)**	(17)	–	–	(17)
Total cash flows	**46**	**–**	**–**	**46**	73	–	–	73
Insurance contract liabilities at 31 December	**240**	**45**	**153**	**438**	351	65	148	564

Contracts initially recognised in the period

The following table provides an analysis of contracts measured under the general model that were initially recognised in the period:

	2024 US$M	2023 US$M
Insurance acquisition cash flows	**14**	15
Claims and other insurance service expenses payable	**33**	45
Estimates of the present value of future cash outflows	**47**	60
Estimates of the present value of future cash inflows	**(83)**	(91)
Risk adjustment	**5**	7
Contractual service margin	**31**	24
Movement in insurance contract liabilities	**–**	–

Contractual service margin by transition method

The following table provides an analysis of contractual service margin by transition method applied to measure the contracts on initial application of AASB 17:

	2024			2023		
	CONTRACTS UNDER THE MODIFIED RETROSPECTIVE APPROACH US$M	OTHER CONTRACTS US$M	TOTAL US$M	CONTRACTS UNDER THE MODIFIED RETROSPECTIVE APPROACH US$M	OTHER CONTRACTS US$M	TOTAL US$M
At 1 January	**97**	**51**	**148**	190	47	237
Changes that relate to current service						
Contractual service margin release for services provided	**(33)**	**(22)**	**(55)**	(39)	(15)	(54)
Changes that relate to future service						
Contracts initially recognised in the period	**–**	**31**	**31**	–	24	24
Changes in estimates that adjust the contractual service margin	**18**	**22**	**40**	(56)	(7)	(63)
Insurance service result	**(15)**	**31**	**16**	(95)	2	(93)
Insurance finance expenses	**2**	**4**	**6**	4	1	5
Foreign exchange	**(8)**	**(9)**	**(17)**	(2)	1	(1)
Statement of comprehensive income	**(21)**	**26**	**5**	(93)	4	(89)
At 31 December	**76**	**77**	**153**	97	51	148

2. UNDERWRITING ACTIVITIES

Reinsurance contract assets

	2024				2023			
	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	CONTRACTUAL SERVICE MARGIN US$M	TOTAL US$M	PRESENT VALUE OF FUTURE CASH FLOWS US$M	RISK ADJUSTMENT US$M	CONTRACTUAL SERVICE MARGIN US$M	TOTAL US$M
Reinsurance contract assets at 1 January	2,051	161	3	2,215	819	62	15	896
Changes that relate to current service								
Contractual service margin release for services provided	–	–	(5)	(5)	–	–	(2)	(2)
Changes in risk adjustment	–	(70)	–	(70)	–	(69)	–	(69)
Experience adjustments	(25)	–	–	(25)	(5)	–	–	(5)
	(25)	(70)	(5)	(100)	(5)	(69)	(2)	(76)
Changes that relate to future service								
Contracts initially recognised in the period	(194)	106	8	(80)	(282)	156	7	(119)
Changes in estimates that do not adjust the contractual service margin	373	30	–	403	76	5	–	81
Changes that adjust the contractual service margin	(14)	(2)	16	–	15	2	(17)	–
	165	134	24	323	(191)	163	(10)	(38)
Changes that relate to past service								
Adjustments to recoveries of incurred claims	(3)	–	–	(3)	(3)	–	–	(3)
	(3)	–	–	(3)	(3)	–	–	(3)
Insurance service result	137	64	19	220	(199)	94	(12)	(117)
Reinsurance finance income	24	13	1	38	107	4	–	111
Foreign exchange	(33)	(6)	(3)	(42)	51	1	–	52
Statement of comprehensive income	128	71	17	216	(41)	99	(12)	46
Cash flows								
Premium paid net of ceding commissions received	1,556	–	–	1,556	1,922	–	–	1,922
Recoveries received	(482)	–	–	(482)	(649)	–	–	(649)
Total cash flows	1,074	–	–	1,074	1,273	–	–	1,273
Reinsurance contract assets at 31 December	3,253	232	20	3,505	2,051	161	3	2,215

Contracts initially recognised in the period

The following table provides an analysis of contracts measured under the general model that were initially recognised in the period:

	2024 US$M	2023 US$M
Estimates of the present value of future cash outflows	**(1,512)**	(2,083)
Estimates of the present value of future cash inflows	**1,318**	1,801
Risk adjustment	**106**	156
Contractual service margin	**8**	7
Movement in reinsurance contract assets	**(80)**	(119)

Contractual service margin by transition method

The following table provides an analysis of contractual service margin by transition method applied to measure the contracts on initial application of AASB 17:

	2024			2023		
	CONTRACTS UNDER THE MODIFIED RETROSPECTIVE APPROACH US$M	OTHER CONTRACTS US$M	TOTAL US$M	CONTRACTS UNDER THE MODIFIED RETROSPECTIVE APPROACH US$M	OTHER CONTRACTS US$M	TOTAL US$M
At 1 January	**(6)**	**9**	**3**	9	6	15
Changes that relate to current service						
Contractual service margin release for services provided	**1**	**(6)**	**(5)**	–	(2)	(2)
Changes that relate to future service						
Contracts initially recognised in the period	**–**	**8**	**8**	–	7	7
Changes in estimates that adjust the contractual service margin	**5**	**11**	**16**	(15)	(2)	(17)
Insurance service result	**6**	**13**	**19**	(15)	3	(12)
Reinsurance finance income	**–**	**1**	**1**	–	–	–
Foreign exchange	**–**	**(3)**	**(3)**	–	–	–
Statement of comprehensive income	**6**	**11**	**17**	(15)	3	(12)
At 31 December	**–**	**20**	**20**	(6)	9	3

2. UNDERWRITING ACTIVITIES

2.2.4 Risk adjustment

The risk adjustment recognised in relation to the liability for incurred claims (net of reinsurance held) corresponds to a confidence level of 90.2% (2023 90.0%). The net liability for incurred claims excludes recoveries under reinsurance loss portfolio transfer contracts that are accounted for under the general model and recognised within the reinsurance asset for remaining coverage as they relate to underlying claims that have not yet been settled. The confidence level inclusive of these recoveries is 90.1% (2023 90.6%).

How we account for the numbers

The risk adjustment reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk. For contracts measured under the premium allocation approach, unless the contracts are onerous, an explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims.

The risk adjustment recognised in relation to the liability for incurred claims is determined with reference to QBE's weighted average cost of economic capital allocated to earned reserve risk. The risk adjustment also reflects the benefit from the diversification of the classes and geographies of the Group. The Group aims to maintain a risk adjustment within a range of 6% to 8% of the net present value of future cash flows in relation to the net outstanding claims liability (being claims reserves within the liability for incurred claims) inclusive of recoveries from reinsurance loss portfolio transfer contracts.

Changes in the risk adjustment are disaggregated between the insurance service result and insurance and reinsurance finance income and expenses.

Critical accounting judgements and estimates

The risk adjustment is approved by the Board and represents the compensation QBE requires for bearing the uncertainty in the net discounted estimate of future cash flows within the insurance liabilities. The determination of the appropriate level of risk adjustment takes into account:

- the level of economic capital that QBE allocates to support the net discounted cash flows and the weighted average cost of servicing that capital;
- the run-off profile and term to settlement of the net discounted cash flows;
- mix of business, in particular the mix of short-tail and long-tail business;
- the benefit of diversification between classes of business and geographic locations; and
- the level of uncertainty in the cash flow estimates due to estimation error, data quality, variability of key inflation assumptions, and possible economic and legislative changes.

The uncertainty by class of business is measured using techniques that determine a range of possible outcomes of ultimate payments and assign a likelihood to outcomes at different levels. These techniques generally use standard statistical distributions, and the measure of variability is referred to as the coefficient of variation.

The coefficient of variation for two or more classes of business or for two or more geographic locations combined is likely to be less than the coefficients of variation for the individual classes, reflecting the benefit of diversification in general insurance. The statistical measure used to determine diversification is called the correlation; the higher the correlation between two classes of business, the more likely it is that a negative outcome in one class will correspond to a negative outcome in the other class. For example, higher correlation exists between classes of business affected by court cases involving bodily injury claims such as motor third-party liability, workers' compensation and public liability, particularly in the same jurisdiction.

The confidence level for the Group is determined by analysing the variability of each class of business and the correlation between classes of business and divisions. Correlations are determined for aggregations of classes of business, where appropriate, at the divisional level. The correlations adopted by the Group are generally derived from industry analysis, the Group's historical experience and the judgement of experienced and qualified actuaries. The net present value of future cash flows used in the determination of the confidence level is discounted using risk-free rates.

2.2.5 Discount rates used to estimate the present value of future cash flows

Overview

Claims in relation to long-tail classes of business (e.g. professional indemnity and workers' compensation) typically may not settle for many years. As such, the liability is discounted to reflect the time value of money. The table below summarises the yield curves used to discount estimates of future cash flows within the net insurance contract liabilities.

	2024			2023		
	1 YEAR	5 YEARS	10 YEARS	1 YEAR	5 YEARS	10 YEARS
New Zealand dollar	**4.29**	**4.13**	**4.86**	5.79	4.51	4.70
US dollar	**4.59**	**4.71**	**4.89**	5.55	4.23	4.20
Canadian dollar	**3.37**	**3.26**	**3.56**	5.19	3.46	3.42
Sterling	**4.90**	**4.52**	**4.94**	5.18	3.68	3.92
Hong Kong dollar	**4.04**	**3.75**	**4.06**	4.58	3.46	3.55
Australian dollar	**4.48**	**4.22**	**4.71**	4.53	3.95	4.29
Euro	**2.85**	**2.40**	**2.67**	3.84	2.21	2.34

How we account for the numbers

AASB 17 requires the estimates of future cash flows to be discounted to reflect the time value of money and financial risks related to those cash flows. A bottom-up approach is applied to determine the discount rates used to discount insurance and reinsurance contract cash flows, which uses risk-free rates adjusted to reflect the liquidity characteristics of the insurance contracts.

Critical accounting judgements and estimates

The illiquidity premium within discount rates is derived based on the long-term weighted average credit spread of a reference portfolio of assets with a similar currency mix and weighted average duration as the related insurance liabilities over the longer term. The effect of credit risk and other factors that are not relevant to the liquidity characteristics of insurance contracts is eliminated to estimate the portion of the spread that reflects the illiquidity premium.

2. UNDERWRITING ACTIVITIES

2.2.6 Maturity profile of the net insurance contract liabilities

Overview

The maturity profiles below set out the Group's expectation of the period over which the cash flows arising from insurance and reinsurance contracts will be settled and the period over which the contractual service margin of contracts applying the general model is expected to be released to profit or loss. The Group uses information about the maturity profile of the present value of future cash flows to ensure that it has adequate liquidity to pay claims and expenses as they are due to be settled and to inform the Group's investment strategy.

Expected timing of settlement of the present value of future cash flows

The following table summarises the expected maturity profile of the present value of future cash flows within the Group's insurance and reinsurance contract assets and liabilities. The net liability for remaining coverage of contracts measured under the premium allocation approach is excluded from the below.

2024	1 YEAR OR LESS US$M	13 TO 24 MONTHS US$M	25 TO 36 MONTHS US$M	37 TO 48 MONTHS US$M	49 TO 60 MONTHS US$M	OVER 5 YEARS US$M	TOTAL US$M
Insurance contract liabilities	**12,657**	**4,601**	**3,111**	**2,269**	**1,600**	**3,785**	**28,023**
Reinsurance contract assets	**6,025**	**1,429**	**1,050**	**672**	**464**	**1,360**	**11,000**

2023	1 YEAR OR LESS US$M	13 TO 24 MONTHS US$M	25 TO 36 MONTHS US$M	37 TO 48 MONTHS US$M	49 TO 60 MONTHS US$M	OVER 5 YEARS US$M	TOTAL US$M
Insurance contract liabilities	12,646	4,413	2,980	2,092	1,494	3,836	27,461
Reinsurance contract assets	5,707	1,368	917	689	429	1,090	10,200

There were no amounts payable on demand at the balance date (2023 nil).

Expected timing of contractual service margin release

The following table sets out when the Group expects to recognise the remaining contractual service margin in profit or loss:

	2024				2023			
	1 YEAR OR LESS US$M	2 TO 5 YEARS US$M	MORE THAN 5 YEARS US$M	TOTAL US$M	1 YEAR OR LESS US$M	2 TO 5 YEARS US$M	MORE THAN 5 YEARS US$M	TOTAL US$M
Insurance contract liabilities	**37**	**83**	**33**	**153**	39	79	30	148
Reinsurance contract assets	**4**	**12**	**4**	**20**	(2)	3	2	3

2.2.7 Impact of changes in key variables on the net insurance contract liabilities

Overview

The impact of changes in key variables used in the calculation of the net insurance contract liabilities is summarised in the table below, and is shown gross and net of reinsurance held. Each change has been calculated in isolation from the other changes and shows the after-tax impact on profit or loss assuming that there is no change to any of the other variables. In practice, this is considered unlikely to occur as, for example, an increase in interest rates is normally associated with an increase in the rate of inflation. Over the medium to longer term, the impact of a change in discount rates is expected to be, at least partly, offset by the impact of a change in the rate of inflation.

The sensitivities below assume that all changes directly impact profit after tax. In practice, if the present value of future cash flows was to increase, it is possible that part of the increase may result in an offsetting change in the level of risk adjustment required rather than in a change to profit or loss after tax, depending on the nature of the change in the cash flow estimate and risk outlook.

		PROFIT (LOSS)[1]			
		GROSS		NET	
	SENSITIVITY %	2024 US$M	2023 US$M	2024 US$M	2023 US$M
Present value of future cash flows	+5	**(937)**	(895)	**(627)**	(635)
	-5	**937**	895	**627**	635
Risk adjustment	+5	**(71)**	(70)	**(48)**	(48)
	-5	**71**	70	**48**	48
Inflation rate	+1	**(527)**	(524)	**(363)**	(395)
	-1	**493**	486	**340**	366
Discount rate[2]	+1	**475**	462	**329**	348
	-1	**(518)**	(507)	**(358)**	(383)
Weighted average term to settlement	+10	**220**	197	**150**	145
	-10	**(223)**	(200)	**(152)**	(147)

[1] Net of tax at a prima facie income tax rate of 30%.

[2] The impact of reasonably possible changes in interest rates on interest-bearing financial assets owned by the Group at the balance date is shown in note 4.4.

2. UNDERWRITING ACTIVITIES

2.3 Claims development – net liability for incurred claims

Overview

The claims development table demonstrates the extent to which the original estimate of net ultimate claims payments in any one accident year (item (a) in the table below) has subsequently developed favourably (i.e. claims cost estimates have reduced) or unfavourably (i.e. further claims expense has been recognised in subsequent years). This table therefore illustrates the variability and inherent uncertainty in estimating the expected claims cash flows each year. The ultimate claims cost for any particular accident year is not known until all claims payments have been made which, for some long-tail classes of business, could be many years into the future. The estimate of net ultimate claims payments at the end of each subsequent accident year demonstrates how the original estimate has been revised over time (item (b)).

Cumulative net claims payments (item (d)) are deducted from the estimate of net ultimate claims payments in each accident year (item (c)) at the current balance date, resulting in the undiscounted claims estimate at a fixed rate of exchange (item (e)). This is revalued to the balance date rate of exchange (item (f)) to report the net undiscounted claims estimate (item (g)), which is reconciled to the net liability for incurred claims (item (h)). The treatment of foreign exchange in the claims development table is explained on the following page.

The net increase (decrease) in estimated net ultimate claims payments (item (i)) reflects the estimated ultimate net claims payments at the end of the current financial year (item (c)) less the equivalent at the end of the previous financial year (item (b)).

The claims development table is presented net of reinsurance. With insurance operations in 26 countries, hundreds of products, various reinsurance arrangements and with the Group's risk tolerance managed on a consolidated basis, it is considered neither meaningful nor practicable to provide this information other than on a consolidated Group basis.

		2018 & PRIOR US$M	2019 US$M	2020 US$M	2021 US$M	2022 US$M	2023 US$M	2024 US$M	TOTAL US$M
Net ultimate claims payments									
(a)	Original estimate of net ultimate claims payments		**6,933**	**7,013**	**7,670**	**9,228**	**9,638**	**10,250**	
(b)	One year later		**7,242**	**6,848**	**7,790**	**9,602**	**9,546**		
	Two years later		**7,467**	**7,096**	**7,749**	**9,559**			
	Three years later		**7,527**	**6,894**	**7,777**				
	Four years later		**7,581**	**6,922**					
	Five years later		**7,671**						
(c)	Current estimate of net ultimate claims payments		**7,671**	**6,922**	**7,777**	**9,559**	**9,546**	**10,250**	**51,725**
(d)	Cumulative net payments to date		**(6,819)**	**(5,635)**	**(6,025)**	**(6,609)**	**(5,135)**	**(2,221)**	**(32,444)**
(e)	Net undiscounted claims estimate at fixed rate of exchange	**3,530**	**852**	**1,287**	**1,752**	**2,950**	**4,411**	**8,029**	**22,811**
(f)	Foreign exchange impact								**(654)**
	Provision for impairment								**26**
(g)	Net undiscounted claims estimate at 31 December 2024								**22,183**
	Discount to present value								**(2,840)**
	Other attributable cash flows								**351**
	Risk adjustment								**1,603**
(h)	Net liability for incurred claims at 31 December 2024 (note 2.2.2)								**21,297**
(i)	Movement in estimated net ultimate claims payments	**352**	**90**	**28**	**28**	**(43)**	**(92)**	**10,250**	**10,613**

How we account for the numbers

The estimate of net ultimate claims payments attributable to business acquired that applied the modified retrospective transition approach on initial application of AASB 17 is included in the claims development table in the accident year in which the acquisition was made. Information about claims development has been disclosed for the six accident years preceding the end of the current reporting period as permitted by AASB 17.

The Group writes business in many currencies. The translation of estimated net ultimate claims payments denominated in foreign currencies gives rise to foreign exchange movements which have no direct bearing on the development of the underlying claims. To eliminate this distortion, estimated net ultimate claims payments have been translated to the functional currencies of our controlled entities at constant rates of exchange. All estimates of ultimate claims payments for the accident years reported that are in functional currencies other than US dollars have been translated to US dollars using 2024 average rates of exchange.

2.3.1 Reinsurance of prior accident year claims liabilities

During 2024, the Group entered into a reserve transaction to reinsure certain prior accident year claims liabilities in North America and International which resulted in the recognition of an upfront net cost of $80 million within reinsurance expenses. 2023 included an upfront net cost of $101 million for the reinsurance of prior year claims liabilities in North America and International. Reinsurance expenses also include $408 million (2023 $620 million) relating to these transactions and other reinsurance loss portfolio transfer contracts entered into in prior periods that remain in-force, reflecting amounts recognised over the coverage period as the underlying claims settle.

3. INVESTMENT ACTIVITIES

Overview

Premiums collected from policyholders are invested to meet the Group's cash flow needs to pay claims and other expenses, as well as generating a return that contributes to the Group's profitability. A sound investment strategy is therefore integral to the success of the Group's operations.

The Group invests across a diversified range of instruments to achieve an appropriate balance between risk and return. Decisions on where to invest are dependent on expected returns, cash flow requirements of the Group, liquidity of the instrument, credit quality of the instrument and the overall risk appetite of the Group. Further details on the management of risk associated with investment assets can be found in note 4.

3.1 Investment income

	2024 US$M	2023 US$M
Income on fixed interest securities, short-term money and cash	**1,207**	1,361
Income on growth assets	**192**	71
Gross investment income[1]	**1,399**	1,432
Investment expenses	**(41)**	(37)
Net investment income	**1,358**	1,395
Foreign exchange	**(38)**	(19)
Other expenses	**(10)**	(7)
Total investment income	**1,310**	1,369
Investment income – policyholders' funds	**845**	907
Investment expenses – policyholders' funds	**(26)**	(24)
Investment income – shareholders' funds	**506**	499
Investment expenses – shareholders' funds	**(15)**	(13)
Total investment income	**1,310**	1,369

[1] Amounts from investments measured at fair value through profit or loss (FVPL) comprise net fair value gains of $381 million (2023 $631 million), interest income of $830 million (2023 $739 million) and dividend and distribution income of $84 million (2023 $62 million). Amounts from investments measured at fair value through other comprehensive income (FVOCI) comprise net cumulative gains reclassified from FVOCI reserve of $4 million (2023 nil), interest income of $101 million (2023 nil) and allowance for expected credit losses (ECL) of $1 million (2023 nil).

How we account for the numbers

Investment income includes realised and unrealised gains or losses on financial assets measured at FVPL which are reported on a combined basis as fair value gains or losses on financial assets. Dividend and distribution income are recognised when the right to receive payment is established.

Interest income on investments measured at FVPL is measured based on contractual rates and is recognised in the period in which it is earned. Interest income on investments measured at FVOCI is recognised using the effective interest rate method by applying the effective interest rate to the gross carrying amount for assets that are not credit-impaired, or to the net carrying amount (after deduction of ECL allowance) for assets that are subsequently classified as credit-impaired.

The allowance for ECL on investments measured at FVOCI is a probability-weighted estimate of credit losses expected to arise from default events that are possible:

- within the next 12 months (Stage 1 or 12-month ECL); or
- over the expected life of the investments (lifetime ECL) where there has been significant increases in credit risk since initial recognition (Stage 2) or if the investments are credit-impaired due to the occurrence of a loss event (Stage 3).

3.2 Investments

	2024		2023	
	FVPL US$M	FVOCI US$M	FVPL US$M	FVOCI US$M
Fixed income assets				
Short-term money	**4,490**	**74**	6,728	–
Government bonds	**6,228**	**1,027**	6,325	–
Corporate bonds	**10,872**	**1,932**	12,030	–
Infrastructure debt	**33**	**–**	50	–
Emerging market debt	**530**	**–**	565	–
High yield debt	**800**	**–**	612	–
Private credit	**378**	**–**	194	–
	23,331	**3,033**	26,504	–
Growth assets				
Developed market equity	**817**	**–**	464	–
Unlisted property trusts	**599**	**–**	585	–
Infrastructure assets	**955**	**–**	928	–
Alternatives	**197**	**–**	189	–
	2,568	**–**	2,166	–
Total investments	**25,899**	**3,033**	28,670	–
Amounts maturing within 12 months	**8,522**	**292**	11,386	–
Amounts maturing in greater than 12 months	**17,377**	**2,741**	17,284	–
Total investments	**25,899**	**3,033**	28,670	–

At 31 December 2024, QBE had undrawn commitments to externally managed investment vehicles of $810 million (2023 $645 million).

How we account for the numbers

Investments measured at FVPL are managed and assessed on a fair value basis to optimise returns within risk appetites and investment strategy parameters and limits. These investments are initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and are remeasured to fair value through profit or loss at each reporting date.

Investments measured at FVOCI comprise debt instruments with contractual cash flows that are solely payments of principal and interest, and are held primarily to manage the incremental sensitivity of regulatory capital to movements in interest rates. Sales may occur for reasons including the rebalancing of the portfolio in response to changes in the capital positions of the Group or in-scope controlled entities, or to meet contingency liquidity requirements if and when they arise. These investments are initially measured at fair value plus directly attributable transaction costs, and are remeasured to fair value through other comprehensive income at each reporting date. These investments are assessed for impairment based on ECL as described in note 3.1, with the allowance recognised in the FVOCI reserve within equity, and an impairment gain or loss recognised in profit or loss for changes in the ECL. The cumulative gain or loss recognised in other comprehensive income is subsequently recognised in profit or loss when the investments are derecognised.

The fair value hierarchy and the Group's approach to measuring the fair value of each category of investment instrument are disclosed in note 3.2.1.

3. INVESTMENT ACTIVITIES

3.2.1 Fair value hierarchy

Overview

The Group Revaluation Committee is responsible for the governance and oversight of the valuation process. The fair value of investments is determined in accordance with the Group's investment valuation policy.

The investments of the Group are disclosed in the table below using a fair value hierarchy which reflects the significance of inputs into the determination of fair value as follows:

Level 1: Valuation is based on quoted prices in active markets for identical instruments.

Level 2: Valuation is based on quoted prices for identical instruments in markets which are not active, quoted prices for similar instruments, or valuation techniques for which all significant inputs are based on observable market data, for example, consensus pricing using broker quotes or valuation models with observable inputs.

Level 3: Valuation techniques are applied in which one or more significant inputs are not based on observable market data.

	2024				2023			
	LEVEL 1 US$M	LEVEL 2 US$M	LEVEL 3 US$M	TOTAL US$M	LEVEL 1 US$M	LEVEL 2 US$M	LEVEL 3 US$M	TOTAL US$M
Fixed income assets								
Short-term money	**337**	**4,227**	**–**	**4,564**	222	6,506	–	6,728
Government bonds	**5,904**	**1,351**	**–**	**7,255**	4,943	1,382	–	6,325
Corporate bonds	**–**	**12,804**	**–**	**12,804**	–	12,030	–	12,030
Infrastructure debt	**–**	**–**	**33**	**33**	–	–	50	50
Emerging market debt	**–**	**530**	**–**	**530**	–	565	–	565
High yield debt	**–**	**800**	**–**	**800**	–	612	–	612
Private credit	**–**	**–**	**378**	**378**	–	–	194	194
	6,241	**19,712**	**411**	**26,364**	5,165	21,095	244	26,504
Growth assets								
Developed market equity	**817**	**–**	**–**	**817**	464	–	–	464
Unlisted property trusts	**–**	**–**	**599**	**599**	–	–	585	585
Infrastructure assets	**–**	**–**	**955**	**955**	–	–	928	928
Alternatives	**40**	**71**	**86**	**197**	118	–	71	189
	857	**71**	**1,640**	**2,568**	582	–	1,584	2,166
Total investments	**7,098**	**19,783**	**2,051**	**28,932**	5,747	21,095	1,828	28,670

The Group's approach to measuring the fair value of investments is described below:

Short-term money

Cash managed as part of the investment portfolio is categorised as level 1 in the fair value hierarchy. Term deposits are valued at par. Other short-term money (bank bills, certificates of deposit, treasury bills and other short-term instruments) is priced using interest rates and yield curves observable at commonly quoted intervals.

Government bonds, corporate bonds, emerging market debt and high yield debt

These assets are valued based on quoted prices sourced from external data providers. The fair value categorisation of these assets is based on the observability of the inputs.

Infrastructure debt

Infrastructure debt is priced by external data providers where quoted prices are available or by the external fund manager who may use a combination of observable market prices or comparable prices where available and other valuation techniques. When valuation techniques require the use of significant unobservable inputs, these assets have been categorised as level 3.

Private credit

These assets comprise investments in fund vehicles that are valued using current unit prices as advised by the investment fund manager. As the valuation techniques require the use of significant unobservable inputs, these assets have been categorised as level 3.

Developed market equity

These assets mainly comprise listed equities traded in active markets valued by reference to quoted prices.

Unlisted property trusts and infrastructure assets

These assets are valued using current unit prices as advised by the responsible entity, trustee or equivalent of the investment management scheme. As the valuation techniques require the use of significant unobservable inputs, these assets have been categorised as level 3.

Alternatives

These assets comprise investments in exchange-traded commodity products, fund vehicles and strategic unlisted investments. Exchange-traded commodity products are listed, traded in active markets and valued by reference to quoted prices and have been categorised as level 1. Investments in fund vehicles and strategic unlisted investments are valued based on other valuation techniques utilising significant unobservable inputs.

Movements in level 3 investments

The following table provides an analysis of investments valued with reference to level 3 inputs:

LEVEL 3	2024 US$M	2023 US$M
At 1 January	**1,828**	1,809
Purchases	**433**	157
Disposals	**(172)**	(137)
Fair value movement recognised in profit or loss[1]	**29**	(17)
Foreign exchange	**(67)**	16
At 31 December	**2,051**	1,828

1 Includes net unrealised gains of $30 million (2023 $6 million losses).

3.2.2 Charges over investments and restrictions on use

A controlled entity has given fixed and floating charges over certain of its investments and other assets in order to secure the obligations of the Group's corporate members at Lloyd's as described in note 8.2.

Included in investments are amounts totalling $4,539 million (2023 $4,053 million) which are held in Lloyd's syndicate trust funds. In order to conduct underwriting business within some territories, Lloyd's syndicates are required to lodge assets in locally regulated trust funds. Under Lloyd's byelaws, these amounts can only be used to pay claims and allowable expenses of the syndicate and cannot be withdrawn from the trust funds until they become distributable as profit once annual solvency requirements are met. Included in this amount is $750 million (2023 $1,068 million) of short-term money.

3.2.3 Derivatives over investment assets

In accordance with our investment management policies and procedures, derivatives may be used in the investment portfolio as both a hedging tool and to alter the risk profile of the portfolio. Risk management policies over the use of derivatives are set out in note 4.

The Group's notional exposure to investment derivatives at the balance date is set out in the table below:

NOTIONAL EXPOSURE	2024 US$M	2023 US$M
Bond futures		
Short government bond futures	**(343)**	(527)
Long government bond futures	**1,640**	202
Interest rate futures		
Short interest rate futures	**(636)**	(2,809)

QBE may also have exposure to derivatives through investments in underlying pooled funds in accordance with the fund mandate. Those derivative exposures are not included in the table above.

How we account for the numbers

Derivatives over investment assets are required to be measured at fair value through profit or loss. They are therefore initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and are remeasured to fair value through profit or loss at each reporting date. For futures and options traded in an active market, the fair value is determined by reference to quoted market prices. The mark-to-market value of futures positions is cash settled on a daily basis resulting in a fair value of nil at the balance date. The fair value of options was not material at the balance date.

4. RISK MANAGEMENT

Overview

QBE is in the business of managing risk. The Group's ability to satisfy customers' risk management needs is central to what we do. QBE aims to generate wealth and maximise returns for its shareholders by pursuing opportunities that involve risk. Our people are responsible for ensuring that QBE's risks are managed and controlled on a day-to-day basis. QBE aims to use its ability to properly manage risk to provide more certainty and improved outcomes for all stakeholders.

QBE applies a consistent and integrated approach to enterprise risk management (ERM). QBE's ERM framework is articulated in the Group Risk Management Strategy (RMS) and Reinsurance Management Strategy (REMS), both of which are approved annually by the Board and lodged with APRA. QBE's framework sets out the approach to managing risk effectively to meet strategic objectives while taking into account the creation of value for our shareholders.

The ERM framework consists of complementary elements that are embedded throughout the business management cycle and culture of the organisation. Key aspects include risk appetite, governance, reporting, risk identification and measurement, modelling and stress testing, risk systems, and risk culture.

Risk management is a continuous process and an integral part of robust business management. QBE's approach is to integrate risk management into the broader management processes of the organisation. It is QBE's philosophy to ensure that risk management remains embedded in the business and that the risk makers or risk takers are themselves the risk managers. Specifically, the management of risk must occur at each point in the business management cycle.

The Group's strategy for managing risk is to:

- achieve competitive advantage by better understanding the risk environments in which we operate;
- give confidence to the business to make objective, risk-based decisions to optimise returns; and
- avoid unwelcome surprises to the achievement of business objectives by reducing uncertainty and volatility through the identification and management of risks.

The key risk categories used by QBE to classify risk are as follows:

- strategic risk (note 4.1);
- insurance risk (note 4.2);
- credit risk (note 4.3);
- market risk (note 4.4);
- liquidity risk (note 4.5);
- operational risk (note 4.6);
- compliance risk (note 4.7); and
- Group risk (note 4.8).

Risk culture

A sound risk culture underpins QBE's risk management strategy and is a key component of the ERM framework. QBE is committed to, and supports, a strong risk culture.

It recognises the importance of risk awareness and culture as being instrumental in the effectiveness of the ERM framework. Further information on risk culture is provided on page 17 of this Annual Report.

4.1 Strategic risk

Overview

Strategic risk is the current and prospective impact on earnings and/or capital arising from strategic business decisions and responsiveness to external change. QBE classifies strategic risk into five subcategories, as follows:

- Performance risk: QBE is not able to achieve its performance objectives.
- Capital risk: QBE's structure and availability of capital do not meet regulatory requirements and/or support strategic initiatives.
- Reputational risk: QBE's stakeholders have a negative perception of QBE's brand which may damage QBE's reputation and threaten overall performance.
- Environmental, social and governance (ESG) risk: this is the negative impact on QBE's strategic priorities or objectives from ESG issues.

QBE's approach to managing strategic risk is underpinned by the Group strategic risk appetite statement as set by the Board and is summarised below.

Performance risk

Failure to deliver acceptable performance can result in shareholders losing confidence, impacting our reputation in the market and ultimately impacting our ability to deliver our strategic objectives.

QBE evaluates performance risk by assessing potential earnings volatility against its risk appetite and considering the changing levels of risk in its business plan. The plan is supported by an established regime of attestations by chief underwriting officers, chief actuaries, chief financial officers and chief risk officers, enabling action prior to signing off the business plan and making market commitments. Performance risk is monitored throughout the year against committed business plans (supported by performance monitoring, cell reviews and mid-year risk reviews).

Capital risk

The Internal Capital Adequacy Assessment Process (ICAAP) outlines QBE's approach to:

- assessing the risks arising from its activities and ensuring that capital held is commensurate with the level of risk; and
- maintaining adequate capital over time, including the setting of capital targets consistent with risk profile, risk appetite and regulatory capital requirements.

QBE maintains a level of eligible regulatory capital that exceeds requirements, with the capital target set at a multiple of 1.6–1.8 times the Prescribed Capital Amount (PCA).

All regulated controlled entities are required to maintain a minimum level of capital to meet obligations to policyholders. It is the Group's policy that each regulated entity maintains a capital base appropriate to its size, business mix, complexity and risk profile which fully complies with and meets or exceeds local regulatory requirements.

QBE aims to maintain the ratio of borrowings to total capital at 15%–30%. At the balance date, this ratio was 19.9% (2023 21.8%).

The ICAAP also sets out QBE's approach to:

- accessing potential sources of additional capital if required;
- setting and monitoring risk indicators and triggers for capital levels, to alert management to periods of potential heightened risk;
- outlining the management actions that can be used to mitigate the potential implications of heightened risk;
- undertaking stress testing and scenario analysis to anticipate, and be better prepared for, certain adverse events;
- assessing the quality and composition of capital to meet regulatory requirements and rating agency guidelines and rules; and
- determining and monitoring allocated capital and ensuring that QBE targets an effective rate of return on its capital deployed.

The governance over the ICAAP includes the Board and Board Committees, the Executive Investment & Capital Committee, the Executive Risk Committee, senior management, and supporting functions.

4. RISK MANAGEMENT

Reputational risk

The quality of QBE's relationships with our customers, investors and the wider community can have an impact on QBE's reputation. One of the ways QBE manages reputational risk is through the implementation of policies and governance processes, including the External Communication and Reputation Management Policy which provides a suite of global principles to support the protection and enhancement of QBE's brand and mitigate the risks of brand damage. The policy also governs external representations made by employees on behalf of QBE, and provides guidance to support the management of risks associated with these communications. Further, QBE recognises that a responsible corporate culture and a sound risk culture are the foundations for managing and maintaining QBE's reputation. Further detail on how QBE manages risk culture is included on page 17 of this Annual Report.

The occurrence of an operational, strategic, compliance (including regulatory), insurance or financial risk event can also result in impacts to QBE's reputation. Issues and incidents which may impact QBE's reputation are managed in line with the Group Incident and Issue Management Standard. A Global Reputational Council is convened regularly throughout the year and includes discussion of issues that could have a reputational impact for QBE. This Council is chaired by the Group Head of External Communications and material issues are reported to the Group Executive Committee and the Board.

ESG risk

An ESG risk horizon scan is performed annually to identify and assess the key ESG risks to QBE. Oversight of ESG risks is maintained through the ESG Risk Committee and ESG risk is considered as part of the development of the Group's top risk profile. The Group's top risk profile is overseen by the Executive Risk Committee and the Board Risk & Capital Committee.

Climate change is one of the top risks for QBE, potentially impacting our business and customers in the medium to long term. We have considered short-term scenarios that could affect our insurance business written to date and current investments. Climate change is expected to increasingly impact the frequency and severity of weather-related natural catastrophes over the long term. In the short term, it is often difficult to distinguish the impact of climate change from the normal variability in weather and natural catastrophes. Claims in respect of classes most impacted by these events (e.g. property classes) are typically reported and settled soon after the claim event, and climate change is therefore not expected to materially impact the level of uncertainty in estimating the ultimate cost of those claims. QBE looks to manage for natural catastrophe volatility by considering a wide range of event frequency and severity scenarios in our capital planning, and by purchasing a comprehensive Group catastrophe reinsurance program.

QBE's investments continue to be resilient with respect to climate transition risks as they have limited exposure to highly impacted sectors. Given the medium to long-term nature of the estimated impacts of climate transition, this factor is not expected to be significant to the fair value measurement of the Group's investment assets at the balance date.

Further detail on QBE's approach to climate change is included in our climate change disclosures on pages 22 to 37 of this Annual Report.

4.2 Insurance risk

Overview

Insurance risk is the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations.

QBE classifies insurance risk into three subcategories, as follows:

- underwriting/pricing risk;
- insurance concentration risk; and
- reserving risk.

QBE's approach to managing insurance risk is underpinned by the Group's insurance risk appetite statement which is set by the Board and is summarised below.

Underwriting/pricing risk

QBE manages underwriting/pricing risk by appropriately setting and adjusting underwriting strategy, risk selection and pricing practices throughout the underwriting cycle. Underwriting/pricing risk is monitored throughout the year against committed business plans, underpinned by cell reviews.

QBE's underwriting strategy aims to diversify and limit the type of insurance risks accepted to reduce the variability of the expected outcome. The underwriting strategy is implemented through QBE's annual business planning process, supported by minimum underwriting and pricing standards and delegated authorities. These authorities reflect the level of risk that the Group is prepared to take with respect to each permitted insurance class.

Pricing of risks is controlled by the use of in-house pricing models relevant to specific portfolios and the markets in which QBE operates. Underwriters and actuaries maintain pricing and claims analysis for each portfolio, combined with a knowledge of current developments in the respective markets and classes of business.

Insurance concentration risk

QBE's exposure to concentrations of insurance risk is mitigated by maintaining a business portfolio that is diversified across countries and classes of business. Product diversification is pursued through a strategy of developing strong underwriting skills in a wide variety of classes of business.

The table below demonstrates the diversity of QBE's operations:

INSURANCE REVENUE	2024 US$M	2023 US$M
Commercial and domestic property	**6,338**	6,306
Agriculture	**4,332**	4,310
Public/product liability	**2,572**	2,703
Motor and motor casualty	**2,299**	2,059
Marine, energy and aviation	**1,805**	1,506
Professional indemnity	**1,733**	1,373
Workers' compensation	**1,126**	1,082
Accident and health	**1,077**	969
Financial and credit	**342**	385
Other	**154**	133
	21,778	20,826

Insurance concentration risk includes the risks from natural or man-made events that have the potential to produce claims from many of the Group's policyholders at the same time (e.g. catastrophes). QBE currently uses a variety of methodologies to monitor aggregate exposures and manage concentration risk. These include the use of catastrophe models from third-party vendors, realistic disaster scenarios and group aggregate methodology. In determining catastrophe risk accumulation, QBE considers the insurance concentration risk charge (ICRC), a capital measure under APRA prudential standards. QBE's maximum risk tolerance for an individual natural catastrophe is determined annually and is linked to the maximum net annual allowance for catastrophe claims. Determination of insurance concentration risk is a key input into the placement of our reinsurance arrangements. These are regularly reassessed to determine their effectiveness based on current exposures, historical claims and potential future claims based on the Group's insurance concentrations.

Reserving risk

Reserving risk is managed through the actuarial valuation of insurance liabilities, which is conducted at least half-yearly. The valuation of the present value of future claims cash flows within the net insurance contract liabilities is performed by qualified and experienced actuaries, with reference to historical data and reasoned expectations of future experience and events.

4.3 Credit risk

Overview

Credit risk is the risk of financial loss from a counterparty's failure to meet their financial obligations, including both inability or unwillingness to pay, as well as loss due to credit quality deterioration from rating downgrades. QBE's exposure to credit risk results from financial transactions with securities issuers, debtors, brokers, policyholders, reinsurers and guarantors.

QBE's approach to managing credit risk is underpinned by the Group's credit risk appetite as set by the Board and is summarised below.

Reinsurance credit risk

The Group's objective is to maximise placement of reinsurance with highly rated counterparties. Concentration of risk with reinsurance counterparties is monitored strictly and regularly by the Group's Security Committee and is controlled by reference to the following protocols:

- treaty or facultative reinsurance is placed in accordance with the requirements of the Group REMS and Group Security Committee guidelines;
- reinsurance arrangements are regularly reassessed to determine their effectiveness based on current exposures, historical claims and potential future claims based on the Group's insurance concentrations; and
- exposure to reinsurance counterparties and the credit quality of those counterparties are actively monitored.

4. RISK MANAGEMENT

Credit risk exposures are calculated regularly and compared with authorised credit limits. The Group is exposed to material concentrations of credit risk in relation to reinsurance recoveries at the balance date, in particular to large global reinsurers. In certain cases, the Group requires letters of credit or other collateral arrangements to be provided to guarantee the recoverability of the amount involved. Collateral held for the Group in respect of reinsurance arrangements, including loss portfolio transfer contracts, is $3,407 million (2023 $1,261 million). The carrying amount of relevant asset classes on the balance sheet represents the maximum amount of credit exposure. Collateral held may reduce the level of credit risk associated with this exposure but does not change the total amount recoverable. The credit rating analysis below includes the impact of such security arrangements. In some cases, further security has been obtained in the form of trust arrangements, reinsurer default protection and other potential offsets. This additional security has not been included in the credit rating analysis below.

The following table provides information about the quality of the Group's credit risk exposure in respect of reinsurance recoveries at the balance date. The analysis classifies the assets according to Standard & Poor's (S&P) counterparty financial strength credit ratings. AAA is the highest possible rating.

	CREDIT RATING					
	AAA US$M	AA US$M	A US$M	BBB US$M	NOT RATED US$M	TOTAL US$M
At 31 December 2024						
Reinsurance recoveries on incurred outstanding claims[1]	**71**	**5,176**	**2,837**	**2**	**84**	**8,170**
Reinsurance recoveries on paid claims	**15**	**2,076**	**567**	**–**	**28**	**2,686**
At 31 December 2023						
Reinsurance recoveries on incurred outstanding claims[1]	72	4,931	2,655	11	153	7,822
Reinsurance recoveries on paid claims	4	1,797	383	9	19	2,212

1 Includes $2,688 million (2023 $1,798 million) of recoveries under reinsurance loss portfolio transfer contracts that are recognised within the reinsurance asset for remaining coverage.

The following table provides further information regarding the ageing of reinsurance recoveries on paid claims at the balance date:

			PAST DUE BUT NOT IMPAIRED				
	YEAR	NEITHER PAST DUE NOR IMPAIRED US$M	0 TO 3 MONTHS US$M	4 TO 6 MONTHS US$M	7 MONTHS TO 1 YEAR US$M	GREATER THAN 1 YEAR US$M	TOTAL US$M
Reinsurance recoveries on paid claims	**2024**	**1,052**	**1,447**	**64**	**35**	**88**	**2,686**
	2023	1,119	1,031	5	1	56	2,212

Investment and treasury credit risk

The Group only transacts with investment counterparties within the limits outlined in the delegated authorities. Investment counterparty exposure limits are applied to individual counterparty exposures and to multiple exposures within a group of related companies in relation to investments, cash deposits and forward foreign exchange exposures. Counterparty exposure limit compliance is monitored daily.

The following table provides information regarding the Group's aggregate credit risk exposure at the balance date in respect of the major classes of financial assets. Amounts within insurance contract liabilities and other receivables are excluded from this analysis on the basis that they comprise smaller credit risk items which generally cannot be rated and are not individually material. The analysis classifies the assets according to S&P counterparty credit ratings. AAA is the highest possible rating. Rated assets falling outside the range of AAA to BBB are classified as speculative grade.

	CREDIT RATING						
	AAA US$M	AA US$M	A US$M	BBB US$M	SPECULATIVE GRADE US$M	NOT RATED US$M	TOTAL US$M
At 31 December 2024							
Cash and cash equivalents	**706**	**385**	**529**	**12**	**–**	**6**	**1,638**
Interest-bearing investments	**4,475**	**10,182**	**7,849**	**2,509**	**1,011**	**339**	**26,365**
Derivative financial instruments	**–**	**223**	**75**	**8**	**–**	**2**	**308**
At 31 December 2023							
Cash and cash equivalents	314	478	558	11	–	5	1,366
Interest-bearing investments	4,310	11,051	7,652	2,587	688	217	26,505
Derivative financial instruments	–	147	99	3	–	1	250

The carrying amount of non-derivative asset classes on the balance sheet represents the maximum amount of credit exposure at the balance date. The fair value of derivatives shown on the balance sheet represents the risk exposure at the balance date but not the maximum risk exposure that could arise in the future as a result of changing values.

Investments measured at FVOCI mainly comprise fixed income assets that are of investment grade (credit rating at or above BBB- at the time of purchase) and are subject to ongoing monitoring for changes in credit ratings, financial outlook and other macroeconomic conditions that influence credit losses. The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount of these investments which represents the fair value of the instruments prior to the recognition of any ECL.

	CREDIT RATING						
	AAA US$M	AA US$M	A US$M	BBB US$M	SPECULATIVE GRADE US$M	NOT RATED US$M	TOTAL US$M
At 31 December 2024							
Stage 1 – 12-month ECL	**342**	**1,290**	**1,048**	**353**	**–**	**–**	**3,033**

The Group's approach to measuring the allowance for ECL on investments measured at FVOCI is disclosed in note 3.1. There were no investments measured at FVOCI at 31 December 2023.

Insurance and other credit risk

The Group transacts with brokers that are reputable, suitable and approved in accordance with local broker policies. The continuous due diligence over brokers involves an assessment of the broker's reputation, regulatory standing and financial strength.

QBE regularly reviews the collectability of receivables and the adequacy of associated provisions for impairment. Concentration risk for large brokers is also monitored. Balances are monitored on the basis of uncollected debt and debt outstanding in excess of six months. Brokers are also subject to regular due diligence to ensure adherence to local broker policies and associated requirements.

The following table provides information regarding the ageing of the Group's financial assets that are past due but not impaired and which are largely unrated at the balance date:

		PAST DUE BUT NOT IMPAIRED				
	NEITHER PAST DUE NOR IMPAIRED US$M	0 TO 3 MONTHS US$M	4 TO 6 MONTHS US$M	7 MONTHS TO 1 YEAR US$M	GREATER THAN 1 YEAR US$M	TOTAL US$M
At 31 December 2024						
Premium receivable[1]	**8,775**	**411**	**122**	**64**	**51**	**9,423**
Other trade debtors	**232**	**1**	**1**	**1**	**5**	**240**
Receivables within insurance contract liabilities	**9,007**	**412**	**123**	**65**	**56**	**9,663**
Other receivables	**506**	**18**	**4**	**1**	**4**	**533**
At 31 December 2023						
Premium receivable[1]	9,312	427	115	71	27	9,952
Other trade debtors	212	2	1	4	1	220
Receivables within insurance contract liabilities	9,524	429	116	75	28	10,172
Other receivables	513	3	1	1	1	519

[1] Net of a provision for impairment.

Due to the predominantly short-term nature of these receivables, the carrying value is assumed to approximate the fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. No receivables are pledged by the Group as collateral for liabilities or contingent liabilities.

4. RISK MANAGEMENT

4.4 Market risk

Overview

Market risk is the risk of adverse impacts on earnings resulting from changes in market factors. Market factors include, but are not limited to, interest rates, equity prices, credit spreads and foreign exchange rates.

QBE's approach to managing market risk is underpinned by the Group's market risk appetite as set by the Board and is summarised below.

QBE's approach to managing investment market movements is underpinned by the Group's investment strategy which outlines QBE's view of the markets and its corresponding investment approach.

Investment market risk is managed through the application of risk limits. These limits are based on the market risk appetite as determined by the Board and apply to:

- losses generated on the investment portfolio under market stress scenarios. The scenarios assume adverse movements in market factors and are designed to reflect a significant market stress event; and
- sensitivities to changes in risk factors which have a significant impact on the investment portfolio such as interest rate risk.

Interest rate risk

QBE's exposure to interest rate risk arises mainly through its holdings in interest-bearing assets and the measurement of its net insurance contract liabilities. Interest-bearing borrowings issued by the Group are measured at amortised cost and therefore do not expose the Group result to fair value interest rate risk.

Interest-bearing investments with a floating interest rate expose the Group to cash flow interest rate risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. QBE's risk management approach is to minimise interest rate risk by actively managing investment portfolios to achieve a balance between cash flow interest rate risk and fair value interest rate risk. The Group predominantly invests in high quality, liquid interest-bearing securities and cash and may use derivative financial instruments to manage the interest rate risk of the fixed interest investment portfolio and other financial instruments. Movements in interest rates impacting the fair value of interest-bearing financial assets impact reported profit or loss after income tax, except for investments measured at FVOCI for which changes in fair value are recognised in other comprehensive income until the investments are derecognised.

The estimates of future cash flows in the net insurance contract liabilities are discounted to present value by reference to risk-free interest rates adjusted to reflect an illiquidity premium (note 2.2.5). The Group is therefore also exposed to potential profit or loss volatility arising from the measurement of the net insurance contract liabilities as a result of interest rate movements. In practice, over the longer term, an increase or decrease in interest rates is normally offset by a corresponding increase or decrease in inflation. The impacts of changes in interest rates on the Group's net insurance contract liabilities are recognised within the net insurance finance result in profit or loss which is analysed as follows:

	NOTE	2024 US$M	2023 US$M
Insurance finance expenses			
Effect of changes in interest rates		**226**	(72)
Discount unwind and changes in financial assumptions		**(838)**	(962)
Accretion of interest on contractual service margin		**(6)**	(5)
	2.2.1	**(618)**	(1,039)
Reinsurance finance income			
Effect of changes in interest rates		**(41)**	42
Discount unwind and changes in financial assumptions		**226**	434
Accretion of interest on contractual service margin and premium financing component		**(26)**	(16)
	2.2.1	**159**	460
Net insurance finance expenses		**(459)**	(579)

The profit or loss impact of changes in the fair value of interest-bearing financial assets measured at FVPL due to interest rate changes will be partially offset by the corresponding impact on the Group's net insurance contract liabilities. The Group seeks to minimise the net impact of movements in interest rates on the Group's profit or loss through managing the duration of these fixed interest securities relative to the net insurance contract liabilities. At the balance date, the average modified duration of cash and fixed interest securities at FVPL was 2.1 years (2023 1.7 years). Although QBE maintains a shorter asset duration relative to net insurance contract liabilities, the Group's overall exposure to interest rate risk is not material given the quantum by which the value of fixed income assets exceeds the value of the net insurance contract liabilities.

The impact of a 1.0% increase or decrease in interest rates on interest-bearing financial assets owned by the Group and the corresponding impact of a 1.0% increase or decrease in discount rates on the net insurance contract liabilities at the balance date is shown in the table below:

		PROFIT (LOSS)[1]		EQUITY INCREASE (DECREASE)[1]	
	SENSITIVITY %	2024 US$M	2023 US$M	2024 US$M	2023 US$M
Interest rate movement – interest-bearing financial assets	+1	**(374)**	(337)	**(468)**	(337)
	-1	**365**	347	**459**	347
Discount rate movement – net insurance contract liabilities[2]	+1	**329**	348	**329**	348
	-1	**(358)**	(383)	**(358)**	(383)

1 Net of tax at a prima facie income tax rate of 30%.

2 Net of reinsurance held. Further information relating to the sensitivity of the net insurance contract liabilities to changes in key variables is provided in note 2.2.7.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market.

QBE is exposed to equity price risk on its investment in growth assets and may use derivative financial instruments to manage this exposure. Exposure is also managed by diversification across international markets and currencies.

Growth assets are measured at fair value through profit or loss. The impact of a 20% increase or decrease in the value of investments owned by the Group at the balance date on profit or loss after income tax is shown in the table below:

		PROFIT (LOSS)[1]	
	SENSITIVITY %	2024 US$M	2023 US$M
Infrastructure assets	+20	**134**	130
	-20	**(134)**	(130)
Unlisted property trusts	+20	**84**	82
	-20	**(84)**	(82)
FTSE 100	+20	**33**	18
	-20	**(33)**	(18)
ASX 200	+20	**32**	21
	-20	**(32)**	(21)
S&P 500	+20	**32**	18
	-20	**(32)**	(18)
Alternatives	+20	**27**	26
	-20	**(27)**	(26)
EURO STOXX	+20	**17**	8
	-20	**(17)**	(8)

1 Net of tax at a prima facie income tax rate of 30%.

QBE is also exposed to price risk on its fixed interest securities as discussed above in relation to interest rate risk, and below in relation to credit spread risk.

4. RISK MANAGEMENT

Credit spread risk

Movements in credit spreads impact the value of corporate interest-bearing securities, emerging market and high yield debt and private credit, and therefore impact reported profit or loss after tax. This risk is managed by investing in mostly high quality, liquid interest-bearing securities and by managing the credit spread duration of the interest-bearing securities portfolio.

The impact of a 0.5% increase or decrease in credit spreads on interest-bearing financial assets held by the Group at the balance date is shown in the table below:

		PROFIT (LOSS)[1]		EQUITY INCREASE (DECREASE)[1]	
	SENSITIVITY %	2024 US$M	2023 US$M	2024 US$M	2023 US$M
Credit spread movement – interest-bearing financial assets[2]	+0.5	**(109)**	(116)	**(134)**	(116)
	-0.5	**105**	111	**129**	111

[1] Net of tax at a prima facie income tax rate of 30%.

[2] Includes infrastructure debt and other investments.

Foreign exchange risk

QBE's approach to foreign exchange management is underpinned by the Group's foreign currency strategy. The Group's foreign exchange exposure generally arises as a result of either the translation of foreign currency amounts to the functional currency of a controlled entity (operational currency risk) or due to the translation of the Group's net investments in foreign operations to the functional currency of the ultimate parent entity of Australian dollars and to QBE's presentation currency of US dollars (currency translation risk).

Operational currency risk

Operational currency risk is managed as follows:

- Each controlled entity manages the volatility arising from changes in foreign exchange rates by matching liabilities with assets of the same currency, as far as is practicable, thus ensuring that any exposures to foreign currencies are minimised. The Group's aim is to mitigate, where possible, its operational foreign currency exposures at a controlled entity level.
- Forward foreign exchange contracts are used where possible to protect any residual currency positions. Where appropriate, forward foreign exchange contracts may also be used in relation to the Group's borrowings and may be designated as hedge relationships for accounting purposes. Further information on forward foreign exchange contracts used to manage operational currency risk is provided in note 5.6.

The risk management process relating to the use of forward foreign exchange contracts involves close senior management scrutiny. All forward foreign exchange contracts are subject to delegated authority levels provided to management and the levels of exposure are reviewed on an ongoing basis.

The analysis below demonstrates the impact on profit or loss after income tax of a 10% strengthening or weakening of the major currencies against the functional currencies of the underlying QBE entities for which the Group has a material exposure at the balance date. The exposures below reflect the aggregation of operational currency exposures of multiple entities with different functional currencies. The sensitivity is measured with reference to the Group's residual (or unmatched) operational foreign currency exposures at the balance date. Operational foreign exchange gains or losses are recognised in profit or loss in accordance with the policy set out in note 1.2.3. The sensitivities provided demonstrate the impact of a change in one key variable in isolation while other assumptions remain unchanged.

The sensitivities shown in the table below are relevant only at the balance sheet date, as any unmatched exposures are actively monitored by management and the exposure subsequently matched.

	2024			2023		
EXPOSURE CURRENCY	RESIDUAL EXPOSURE US$M	SENSITIVITY %	PROFIT (LOSS)[1] US$M	RESIDUAL EXPOSURE US$M	SENSITIVITY %	PROFIT (LOSS)[1] US$M
US dollar	**422**	**+10**	**30**	165	+10	12
		(10)	**(30)**		(10)	(12)
Euro	**32**	**+10**	**2**	116	+10	8
		(10)	**(2)**		(10)	(8)
Canadian dollar	**26**	**+10**	**2**	(2)	+10	–
		(10)	**(2)**		(10)	–
Australian dollar	**25**	**+10**	**2**	64	+10	4
		(10)	**(2)**		(10)	(4)
Sterling	**(139)**	**+10**	**(10)**	17	+10	1
		(10)	**10**		(10)	(1)

[1] Net of tax at a prima facie income tax rate of 30%.

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Currency translation risk

QBE is exposed to currency risk in relation to the translation of:

- the ultimate parent entity's net investments in foreign operations to its functional currency of Australian dollars; and
- all non-US dollar functional currency operations to the Group's presentation currency of US dollars.

Currency translation risk in relation to QBE's investment in foreign operations is monitored on an ongoing basis and may be mitigated by designation of foreign currency borrowings as a hedge of this risk. Any borrowing that qualifies as a hedging instrument may be designated as a hedge of the Australian dollar ultimate parent entity's net investments in foreign operations and any residual exposure to foreign operations in tradeable currencies may be hedged up to the limit specified in the Group risk appetite statement. The extent of hedging this exposure is carefully managed to ensure an appropriate balance between currency risk and associated risks such as liquidity risk and stability of capital adequacy levels.

QBE does not ordinarily seek to use derivatives to mitigate currency translation risk on translation to the ultimate parent entity functional currency of Australian dollars for the following reasons:

- currency translation gains and losses generally have no cash flow;
- currency translation gains and losses are accounted for in the foreign currency translation reserve (a component of equity) and therefore do not impact profit or loss unless the related foreign operation is disposed of; and
- management of translation risk needs to be balanced against the impact on capital requirements and liquidity risk.

QBE may, however, elect to use derivatives to manage currency translation risk in order to preserve capital.

Currency management processes are actively monitored by Group Treasury and involve close senior management scrutiny. All hedge transactions are subject to delegated authority levels provided to management, and the levels of exposure are reviewed on an ongoing basis. All instruments that are designated as hedges are tested for effectiveness in accordance with AASB 9 *Financial Instruments*.

Further information on derivatives and borrowings designated as hedges of net investments in foreign operations is provided in note 5.6.1.

Foreign exchange gains or losses arising on translation of the Group's foreign operations from the ultimate parent entity's functional currency of Australian dollars to the Group's US dollar presentation currency are recognised directly in equity in accordance with the policy set out in note 1.2.3. The Group cannot hedge this exposure.

The analysis below demonstrates the impact on equity of a 10% strengthening or weakening against the US dollar of the major currencies to which QBE is exposed through its net investments in foreign operations. The basis for the sensitivity calculation is the Group's actual residual exposure at the balance date.

	2024			2023		
EXPOSURE CURRENCY	**RESIDUAL EXPOSURE US$M**	**SENSITIVITY %**	**EQUITY INCREASE (DECREASE) US$M**	**RESIDUAL EXPOSURE US$M**	**SENSITIVITY %**	**EQUITY INCREASE (DECREASE) US$M**
Australian dollar	**3,020**	**+10**	**302**	3,564	+10	356
		(10)	**(302)**		(10)	(356)
Euro	**1,788**	**+10**	**179**	1,670	+10	167
		(10)	**(179)**		(10)	(167)
Sterling	**1,684**	**+10**	**168**	1,144	+10	114
		(10)	**(168)**		(10)	(114)
New Zealand dollar	**322**	**+10**	**32**	302	+10	30
		(10)	**(32)**		(10)	(30)
Hong Kong dollar	**233**	**+10**	**23**	213	+10	21
		(10)	**(23)**		(10)	(21)
Singapore dollar	**143**	**+10**	**14**	137	+10	14
		(10)	**(14)**		(10)	(14)

4. RISK MANAGEMENT

4.5 Liquidity risk

Overview

Liquidity risk is the risk of having insufficient liquid assets to meet liabilities as they fall due to policyholders and creditors or only being able to access liquidity at excessive cost.

QBE's approach to managing liquidity risk is underpinned by the Group's liquidity risk appetite which is set by the Board and is summarised below.

QBE manages liquidity risk using a number of tools, as follows:

- cash flow targeting;
- maintenance of a minimum level of liquid assets relative to the Group's liabilities;
- cash flow forecasting; and
- stress testing and contingency planning.

Liquidity is managed across the Group using a number of cash flow forecasting and targeting tools and techniques. Cash flow forecasting and targeting are conducted at a legal entity level and involve actively managing operational cash flow requirements.

To supplement the cash flow targeting and to ensure that there are sufficient liquid funds available to meet insurance and investment obligations, a minimum percentage of QBE's liabilities is held, at all times, in cash and liquid securities. QBE also maintains a defined proportion of the funds under management in liquid assets.

QBE actively forecasts cash flow requirements to identify future cash surpluses and shortages to optimise invested cash balances and limit unexpected calls from the investment pool. The Group limits the risk of liquidity shortfalls resulting from mismatches in the timing of claims payments and receipts of claims recoveries by negotiating cash call clauses in reinsurance contracts and seeking accelerated settlements for large reinsurance recoveries.

The following table summarises the maturity profile of the Group's financial liabilities based on the remaining contractual obligations, and includes derivative assets used to hedge contractual undiscounted interest payments on borrowings. Contractual cash flows are undiscounted and may not necessarily agree with their carrying amounts. Borrowings and contractual undiscounted interest payments are disclosed by reference to the first call date of the borrowings, details of which, including redemption terms, are included in note 5.1.

	LESS THAN 1 YEAR US$M	13 TO 36 MONTHS US$M	37 TO 60 MONTHS US$M	OVER 5 YEARS US$M	NO FIXED TERM US$M	TOTAL US$M
At 31 December 2024						
Forward foreign exchange contracts	**402**	**–**	**–**	**–**	**–**	**402**
Other payables	**340**	**17**	**3**	**–**	**3**	**363**
Lease liabilities	**53**	**87**	**66**	**40**	**–**	**246**
Borrowings[1]	**300**	**834**	**891**	**647**	**–**	**2,672**
Contractual undiscounted interest payments	**151**	**193**	**117**	**96**	**–**	**557**
Interest rate swaps used to hedge contractual undiscounted interest payments	**(11)**	**(7)**	**–**	**–**	**–**	**(18)**
At 31 December 2023						
Forward foreign exchange contracts	378	–	–	–	–	378
Other payables	399	31	–	–	2	432
Lease liabilities	59	104	76	71	–	310
Borrowings[1]	700	1,165	735	205	–	2,805
Contractual undiscounted interest payments	166	191	75	8	–	440
Interest rate swaps used to hedge contractual undiscounted interest payments	(12)	(20)	–	–	–	(32)

[1] Excludes capitalised finance costs of $8 million (2023 $7 million). Redemption is subject to the prior written approval of APRA.

The maturity profile of the Group's insurance contract liabilities is analysed in note 2.2.6.

The maturity of the Group's interest-bearing financial assets is shown in the table below:

		INTEREST-BEARING FINANCIAL ASSETS MATURING IN:						
		LESS THAN 1 YEAR	13 TO 24 MONTHS	25 TO 36 MONTHS	37 TO 48 MONTHS	49 TO 60 MONTHS	OVER 5 YEARS	TOTAL
At 31 December 2024								
Fixed rate	US$M	**6,975**	**3,085**	**2,090**	**1,524**	**2,038**	**5,721**	**21,433**
Weighted average interest rate	% p.a.	**4.2**	**4.1**	**4.2**	**4.4**	**4.6**	**4.6**	**4.3**
Floating rate	US$M	**3,474**	**1,055**	**740**	**301**	**149**	**851**	**6,570**
Weighted average interest rate	% p.a.	**4.8**	**4.8**	**4.8**	**4.6**	**5.1**	**5.1**	**4.9**
At 31 December 2023								
Fixed rate	US$M	9,879	3,066	1,999	1,125	1,262	3,989	21,320
Weighted average interest rate	% p.a.	4.8	4.3	4.3	4.3	4.5	4.3	4.6
Floating rate	US$M	2,872	1,363	1,008	414	159	735	6,551
Weighted average interest rate	% p.a.	4.7	5.4	5.6	5.3	5.4	5.7	5.1

4.6 Operational risk

Overview

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk can materialise in a number of forms including fraud perpetrated by employees or by external parties (e.g. claims fraud or cyber attacks), employment practices (e.g. losses arising from acts inconsistent with laws or agreements governing employment, employee health or safety, or from diversity or discrimination events involving internal employees), improper business practices (e.g. failure to meet professional obligations or issues with the nature or design of an insurance product), business disruption and system failures, or business and transaction processing failures (e.g. inadequate management of data and governance of models).

QBE manages operational risk through setting policy, minimum standards, and process and system controls, including effective segregation of duties, access controls, authorisations and reconciliation procedures, business continuity management, fraud management, information security and physical security.

QBE identifies, assesses and manages operational risk through the:

- risk and control self-assessment process, which identifies and assesses the key risks to achieving business objectives and is conducted at the business unit level;
- operational, technology and cyber risk appetite statements, which sets out the nature and level of risk that the Board and Group Executive Committee are willing to take in pursuit of the organisation's objectives. The risk appetite statements are measured through an assessment of the control environment, key risk indicators, issues and incidents; and
- scenario analysis process, which assesses the impact of potentially extreme scenarios and the appropriateness of our contingency planning.

Key residual risks from the above processes are monitored by the Executive Risk Committee.

4. RISK MANAGEMENT

4.7 Compliance risk

Overview

Compliance risk is the risk of legal or regulatory penalties, financial loss or impacts and customer detriment resulting from non-compliance with laws, regulations or conduct standards.

QBE's approach to managing compliance risk is underpinned by the Group Material Risk Class Policy which is aligned to the Group RMS and risk appetite set by the Board and is summarised below.

QBE manages compliance risk through the following approach:

- governance arrangements that establish accountability, responsibility and authority in relation to the management of compliance risk;
- a culture based on honesty, integrity and respect that is embedded as part of QBE DNA and the Code of Ethics and Conduct;
- stakeholder management to maintain proactive and co-operative relationships with lawmakers, regulators and other relevant external parties;
- strategic priorities and objectives that are aligned to risk appetites set by the Board; and
- people, systems and processes to support effective compliance risk management.

QBE's approach to compliance management is subject to continuous review and improvement to recognise changes in the regulatory and legal environment and industry, customer and community expectations.

4.8 Group risk

Overview

Group risk is the risk to a division arising specifically from being part of the wider Group, including financial impact and loss of support from the Company.

QBE's approach to managing Group risk is supported by divisional Group risk appetite statements where divisions define the Board-approved plan to address identified Group risk exposures. Sources of Group risk are summarised below.

Sources of Group risk may include:

- shared global reinsurance program, including counterparty risk of QBE Capital;
- intercompany loans and receivables;
- contagion reputational risk;
- credit agency dependency;
- use of Group functions where there is a global operating model in place;
- use of QBE's internal asset management function – Group Investments;
- Group initiatives or decisions with a material impact on one or more divisions; and
- liquidity and central foreign exchange management.

QBE manages Group risk through various systems, controls and processes, including the management of reinsurance arrangements, use of intercompany transactions and balances accounting guidance, transfer pricing guidelines, investment management agreements, capital planning and assessments of the use of Group functions, Group initiatives and contagion reputational events.

5. CAPITAL STRUCTURE

Overview

QBE's objective in managing capital is to maintain an optimal balance between debt and equity in order to reduce the overall cost of capital while satisfying the capital adequacy requirements of regulators and rating agencies, providing financial security for our policyholders and continuing to provide an adequate return to shareholders.

The Company is listed on the Australian Securities Exchange and its share capital is denominated in Australian dollars. The Group also accesses international debt markets to diversify its funding base and maintain an appropriate amount of leverage. Borrowings are diversified across currencies and tenure.

Details of the Group's approach to capital risk management are disclosed in note 4.1.

5.1 Borrowings

FINAL MATURITY DATE	ISSUE DATE	PRINCIPAL AMOUNT	2024 US$M	2023 US$M
Subordinated debt				
11 June 2035	3 September 2024	A$400 million	**246**	–
25 August 2036	25 August 2020	A$500 million[1]	**309**	340
21 November 2036	13 November 2024	A$250 million	**154**	–
13 September 2038	13 September 2021	£400 million	**500**	508
26 October 2038	19 October 2023	A$330 million	**203**	224
28 June 2039	21 June 2023	A$300 million	**185**	204
11 September 2039	3 September 2024	A$350 million	**215**	–
2 December 2044	2 December 2014	$700 million/A$1,169 million[1]	**–**	699
12 November 2045	12 November 2015	$300 million	**300**	300
17 June 2046	17 June 2016	$524 million	**524**	523
Other subordinated debt			**28**	–
Total borrowings[2]			**2,664**	2,798
Amounts expected to be settled within 12 months[3]			**300**	699
Amounts expected to be settled in greater than 12 months[3]			**2,364**	2,099
Total borrowings			**2,664**	2,798

1 Details of related hedging activity are included in note 5.6.1.
2 $4 million of finance costs (2023 $2 million) were capitalised during the year.
3 Redemption of the securities is subject to the prior written approval of APRA.

Subordinated debt key terms

Subordinated debt due 2035

Interest is payable quarterly in arrears at a rate equal to the three-month BBSW rate plus a margin of 1.95% per annum.

Subordinated debt due 2036

For the securities due August 2036, interest is payable quarterly in arrears at a rate equal to the three-month BBSW rate plus a margin of 2.75% per annum.

For the securities due November 2036, interest is payable quarterly in arrears at a rate equal to the three-month BBSW rate plus a margin of 1.80% per annum.

Subordinated debt due 2038

For the sterling denominated debt, interest is payable semi-annually in arrears at a fixed rate of 2.5% per annum until 13 September 2028. The rate will reset in 2028 and 2033 to a rate calculated by reference to the then five-year gilt rate plus a margin of 2.061% per annum.

For the Australian dollar denominated debt, interest is payable quarterly in arrears at a rate equal to the three-month BBSW rate plus a margin of 2.55% per annum.

5. CAPITAL STRUCTURE

Subordinated debt due 2039

For the securities due June 2039, interest is payable quarterly in arrears at a rate equal to the three-month BBSW rate plus a margin of 3.1% per annum.

For the securities due September 2039, interest is payable semi-annually in arrears at a fixed rate of 6.3025% per annum until 11 September 2034. Thereafter, interest will be payable quarterly in arrears at a rate equal to the three-month BBSW rate plus a margin of 2.25% per annum.

Subordinated debt due 2044

The securities were redeemed on 2 December 2024. Interest was payable semi-annually in arrears at a fixed rate of 6.75% per annum.

Subordinated debt due 2045

Interest is payable semi-annually in arrears at a fixed rate of 6.1% per annum until 12 November 2025, at which time the rate will reset to a 10-year mid-market swap rate plus a margin of 3.993% per annum. The rate will reset again, on the same basis, on 12 November 2035.

Subordinated debt due 2046

Interest is payable semi-annually in arrears at a fixed rate of 5.875% per annum until 17 June 2026. The rate will reset in 2026 and 2036 to a rate calculated by reference to the then 10-year mid-market swap rate plus a margin of 4.395% per annum.

Other subordinated debt

The securities comprise A$45 million subordinated debt issued in October 2024 and due October 2039.

Deferral of interest

QBE has an option to defer payment of interest in certain circumstances and such deferral will not constitute an event of default for securities due August 2036, September 2038, October 2038, June 2039, November 2045 and June 2046.

Redemption terms

The securities are redeemable at the option of QBE, with the prior written approval of APRA, at any time in the event of certain tax and regulatory events and on:

- 11 June 2030, 25 August 2026, 26 October 2028, 28 June 2029 and 21 November 2031, and each interest payment date thereafter for Australian dollar denominated securities due June 2035, August 2036, November 2036, October 2038 and June 2039 respectively;
- the reset date and each interest payment date thereafter for securities due September 2039 and October 2039;
- any business day within the six-month period up to and including the first reset date of 13 September 2028 and on each reset date thereafter for sterling securities due 2038; and
- each reset date for securities due 2045 and 2046.

Conversion terms

The securities due 2035, 2036, 2038, 2039, 2045 and 2046 must be converted into a variable number of the Company's ordinary shares, or written off, if APRA determines QBE to be non-viable. The conversion rate is subject to a price floor of 20% of the VWAP of the shares in the five trading days before the date of issue of the securities.

Security arrangements

The claims of bondholders pursuant to the subordinated debt will be subordinated in right of payment to the claims of all senior creditors.

How we account for the numbers

Borrowings are initially measured at fair value net of transaction costs directly attributable to the transaction and are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised through profit or loss over the period of the financial liability using the effective interest method.

5.1.1 Fair value of borrowings

	2024 US$M	2023 US$M
Subordinated debt	**2,654**	2,726
Total fair value of borrowings	**2,654**	2,726

Consistent with other financial instruments, QBE is required to disclose the basis of valuation with reference to the fair value hierarchy which is explained in detail in note 3.2.1. The fair value of the Group's borrowings is categorised as level 2 in the fair value hierarchy. Fixed and floating rate securities are priced using broker quotes and comparable prices for similar instruments in active markets. Where no active market exists, floating rate resettable notes are priced at par plus accrued interest.

5.1.2 Financing and other costs

	2024 US$M	2023 US$M
Interest expense on borrowings	**162**	169
Other costs	**64**	63
Total financing and other costs	**226**	232

5.1.3 Movement in borrowings

	2024 US$M	2023 US$M
At 1 January	**2,798**	2,744
Net changes from financing cash flows	**(13)**	(1)
Other non-cash changes	**2**	2
Foreign exchange	**(123)**	53
At 31 December	**2,664**	2,798

5.2 Cash and cash equivalents

	2024 US$M	2023 US$M
Fixed interest rate	**9**	18
Floating interest rate	**1,629**	1,348
	1,638	1,366

Restrictions on use

Included in cash and cash equivalents are amounts totalling $134 million (2023 $113 million) which are held in Lloyd's syndicate trust funds. In order to conduct underwriting business within some territories, Lloyd's syndicates are required to lodge assets in locally regulated trust funds. Under Lloyd's byelaws, these amounts can only be used to pay claims and allowable expenses of the syndicates and cannot be withdrawn from the trust funds until allowed to be distributed as profit once annual solvency requirements are met.

Also included in cash and cash equivalents is $155 million (2023 $160 million) relating to policyholder trust accounts in the United Kingdom which can only be accessed by QBE in certain circumstances, such as when QBE is owed a deductible by the policyholder on a claim. The Group recognises a corresponding payable in relation to these until such an event occurs.

QBE has operations in many countries which have foreign exchange controls and regulations. These controls and regulations can vary from simple reporting requirements to outright prohibition of movement of funds without explicit prior central bank or regulator approval. The impact of these controls and regulations may restrict the Group's capacity to repatriate capital and/or profits.

How we account for the numbers

Cash and cash equivalents include cash at bank and on hand and deposits at call which are readily convertible to cash on hand and which are used for operational cash requirements. Amounts in cash and cash equivalents are the same as those included in the consolidated statement of cash flows.

The reconciliation of profit or loss after income tax to net cash flows from operating activities is included in note 8.3.

5. CAPITAL STRUCTURE

5.3 Contributed equity and reserves

Overview

Contributed equity comprises share capital and capital notes.

Ordinary shares in the Company rank after all creditors, have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

Capital notes are Additional Tier 1 instruments with discretionary and non-cumulative distributions, and no fixed redemption date.

5.3.1 Contributed equity

	2024 US$M	2023 US$M
Issued ordinary shares, fully paid	**7,824**	8,495
Capital notes	**886**	886
Contributed equity	**8,710**	9,381

Share capital

	2024		2023	
	NUMBER OF SHARES MILLIONS	US$M	NUMBER OF SHARES MILLIONS	US$M
Issued ordinary shares, fully paid at 1 January	**1,494**	**8,495**	1,485	8,356
Shares issued under the Employee Share and Option Plan	**3**	**34**	4	36
Shares issued under the Dividend Reinvestment Plan	**8**	**89**	5	49
Shares issued under the Bonus Share Plan	**–**	**–**	–	–
Foreign exchange	**–**	**(794)**	–	54
Issued ordinary shares, fully paid at 31 December	**1,505**	**7,824**	1,494	8,495
Shares notified to the Australian Securities Exchange	**1,505**	**7,825**	1,494	8,497
Less: plan shares subject to non-recourse loans, derecognised under accounting standards	**–**	**(1)**	–	(2)
Issued ordinary shares, fully paid at 31 December	**1,505**	**7,824**	1,494	8,495

Capital notes

ISSUE DATE	PRINCIPAL AMOUNT	2024 US$M	2023 US$M
12 May 2020	$500 million	**493**	493
16 July 2020[1]	$400 million	**393**	393
		886	886

[1] In July 2020, the terms of these instruments (originally issued in November 2017) were amended such that the notes are written off at a point of non-viability, as determined by APRA, with no possibility of conversion into ordinary shares of the Company. This resulted in the classification of these instruments as equity.

Key terms

Capital note issued 12 May 2020

Distributions of 5.875% per annum are paid semi-annually in arrears until 12 May 2025. The rate will reset in 2025 and on every fifth anniversary thereafter to a rate calculated by reference to the then five-year US Treasury rate plus a margin of 5.513% per annum.

Capital note issued 16 July 2020

Distributions of 5.250% per annum are paid semi-annually in arrears until 16 May 2025. The rate will reset in 2025 and on every fifth anniversary thereafter to a rate calculated by reference to the then five-year US Treasury rate plus a margin of 3.047% per annum.

Redemption terms

The notes are redeemable at the option of QBE, with the prior written approval of APRA, on each interest reset date or at any time in the event of certain tax or regulatory events. In the event that APRA was to declare a point of non-viability, the notes would be written off.

5.3.2 Reserves

	2024 US$M	2023 US$M
Owner occupied property revaluation reserve[1]		
At 1 January	**1**	1
Reclassification on disposal of owner occupied property	**(1)**	–
At 31 December	**–**	1
Cash flow hedge reserve[2]		
At 1 January	**20**	22
Hedging amounts recognised in other comprehensive income	**33**	10
Hedging amounts reclassified to profit or loss	**(43)**	(13)
Taxation	**3**	1
At 31 December	**13**	20
Cost of hedging reserve[3]		
At 1 January	**2**	6
Amounts recognised in other comprehensive income	**(5)**	(4)
Amounts reclassified to profit or loss	**2**	(1)
Taxation	**1**	1
At 31 December	**–**	2
Fair value through other comprehensive income reserve[4]		
At 1 January	**–**	–
Amounts recognised in other comprehensive income	**(10)**	–
Amounts reclassified to profit or loss	**4**	–
Taxation	**1**	–
At 31 December	**(5)**	–
Foreign currency translation reserve[5]		
At 1 January	**(1,458)**	(1,542)
Net movement on translation	**456**	93
Net movement on hedging transactions	**(103)**	(9)
At 31 December	**(1,105)**	(1,458)
Share-based payment reserve[6]		
At 1 January	**174**	162
Options and conditional rights expense	**59**	42
Transfers from reserve on vesting of options and conditional rights	**(36)**	(35)
Foreign exchange	**(13)**	5
At 31 December	**184**	174
Premium on purchase of non-controlling interests[7]		
At 1 January	**(12)**	(12)
At 31 December	**(12)**	(12)
Total reserves at 31 December	**(925)**	(1,273)

Each of the above reserves relates to the following:

[1] Fair value movements in the carrying value of owner occupied property.

[2] Cash flow hedges of foreign exchange and interest rate risk, the accounting policies for which are disclosed in note 5.6.1.

[3] Cost of hedging elections as described in note 5.6.1.

[4] Gains and losses on investments measured at fair value through other comprehensive income as described in note 3.2.

[5] Exchange gains and losses arising on translation of foreign controlled entities and related hedging instruments, the accounting policies for which are disclosed in note 5.6.1.

[6] Equity-settled share-based payment awards.

[7] Movements in ownership interests in controlled entities that do not result in a loss of control and represent the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received.

5. CAPITAL STRUCTURE

5.4 Dividends

Overview

Our dividend policy is designed to ensure that we reward shareholders relative to cash profit and maintain sufficient capital for future investment and growth of the business.

	2024	2023	
	INTERIM	**FINAL**	**INTERIM**
Dividend per share (Australian cents)	**24**	48	14
Franking percentage	**20%**	10%	10%
Franked amount per share (Australian cents)	**4.8**	4.8	1.4
Dividend payout (A$M)	**361**	719	209
Payment date	**20 September 2024**	12 April 2024	22 September 2023

On 21 February 2025, the directors declared a 20% franked final dividend of 63 Australian cents per share payable on 11 April 2025. The final dividend payout is A$948 million (2023 A$719 million).

	2024 US$M	2023 US$M
Previous year final dividend on ordinary shares – 10% franked (2022 10% franked)	**465**	300
Interim dividend on ordinary shares – 20% franked (2023 10% franked)	**245**	135
Bonus Share Plan dividend forgone	**(5)**	(3)
Total dividend paid	**705**	432

Dividend Reinvestment and Bonus Share Plans

The Company operates a Dividend Reinvestment Plan (DRP) and a Bonus Share Plan (BSP) which allow equity holders to receive their dividend entitlement in the form of ordinary shares of the Company.

Bonus Share Plan dividend forgone

The amount paid in dividends during the year has been reduced as a result of certain eligible shareholders participating in the BSP and forgoing all or part of their right to dividends. These shareholders were issued ordinary shares under the BSP. During the year, 459,569 (2023 360,792) ordinary shares were issued under the BSP.

Franking credits

The franking account balance on a tax paid basis at 31 December 2024 was a surplus of A$237 million (2023 A$46 million).

The unfranked part of the dividend is declared to be conduit foreign income. For shareholders not resident in Australia, the dividend will not be subject to Australian withholding tax.

5.5 Earnings per share

Overview

Earnings per share (EPS) is the amount of profit or loss after income tax attributable to each share. Diluted EPS adjusts the EPS for the impact of shares that are not yet issued but which may be in the future, such as shares potentially issuable from convertible notes, options and employee share-based payments plans.

	2024 US CENTS	2023 US CENTS
For profit after income tax		
Basic earnings per share	**115.2**	87.6
Diluted earnings per share	**114.2**	87.0

5.5.1 Reconciliation of earnings used for earnings per share measures

Earnings per share is based on profit or loss after income tax attributable to ordinary equity holders of the Company, as follows:

	2024 US$M	2023 US$M
Profit after income tax attributable to ordinary equity holders of the Company	**1,779**	1,355
Less: distributions paid on capital notes classified as equity (note 5.3.1)	**(50)**	(50)
Profit used in calculating basic and diluted earnings per share	**1,729**	1,305

5.5.2 Reconciliation of weighted average number of ordinary shares used for earnings per share measures

	2024 NUMBER OF SHARES MILLIONS	2023 NUMBER OF SHARES MILLIONS
Weighted average number of ordinary shares on issue and used as the denominator in calculating basic earnings per share	**1,501**	1,490
Weighted average number of dilutive potential ordinary shares issued under the Employee Share and Option Plan	**13**	10
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**1,514**	1,500

How we account for the numbers

Basic earnings per share is calculated by dividing profit or loss after income tax attributable to members of the Company, adjusted for the cost of servicing capital notes classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the weighted average number of shares to include dilutive potential ordinary shares and instruments with mandatory conversion features. As there are no impacts on interest and other financing costs from such instruments, diluted earnings per share utilises the same earnings figure used in the determination of basic earnings per share.

5. CAPITAL STRUCTURE

5.6 Derivatives

Overview

Derivatives may be used as a tool to hedge the Group's foreign exchange exposures. Each controlled entity manages operational foreign exchange volatility by matching liabilities with assets of the same currency, as far as practicable. Forward foreign exchange contracts are used to manage residual currency exposures, with both the foreign exchange gains or losses on translation of the exposure and the mark-to-market of related derivatives reported through profit or loss. Forward foreign exchange contracts may also be utilised in cash flow hedging of foreign currency borrowings and/or hedging exposure to net investments in foreign operations (NIFO).

Interest rate swaps are used to hedge exposure to interest rate movements on the Group's borrowings.

Refer to note 4.4 for additional information relating to QBE's approach to managing interest rate risk and foreign exchange risk.

The Group's exposure to treasury derivatives at the balance date determined by reference to the functional currency of the relevant controlled entity is set out in the table below:

	2024			2023		
	EXPOSURE US$M	FAIR VALUE ASSET US$M	FAIR VALUE LIABILITY US$M	EXPOSURE US$M	FAIR VALUE ASSET US$M	FAIR VALUE LIABILITY US$M
Forward foreign exchange contracts not in designated hedges	**1,018**	**292**	**392**	1,249	218	248
Forward foreign exchange contracts used in cash flow hedges	**–**	**–**	**–**	(854)	–	105
Forward foreign exchange contracts used in NIFO hedges	**115**	**–**	**10**	806	5	20
Interest rate swaps	**310**	**16**	**–**	341	27	–
		308	**402**		250	373

The fair value of these derivatives are categorised as level 2 in the fair value hierarchy. They are fair valued using present value techniques utilising observable market data, broker quotes and/or comparable prices for similar instruments in active markets.

How we account for the numbers

Derivatives are initially recognised at fair value, determined as the cost of acquisition excluding transaction costs, and remeasured to fair value at each reporting date. Remeasurements are recognised in profit or loss at each reporting date, unless the derivative is designated as part of a qualifying hedge relationship (refer to note 5.6.1).

5.6.1 Designated hedges

The Group's material designated hedge relationships are analysed below by risk category and are accounted for with reference to the accounting policies set out at the end of this note. Hedging ratios, being the relationship between the quantity of the hedging instrument and the quantity of the hedged item, are 1:1 as the nominal values of hedging instruments match those of the hedged items. Any ineffectiveness arising from factors such as credit risk is not expected to be material. Amounts recognised in equity or reclassified to profit or loss are disclosed in note 5.3.2.

Cash flow hedges of borrowings

During the period, forward foreign exchange contracts were used to hedge foreign currency risk associated with highly probable forecast transactions in relation to $700 million of subordinated debt maturing in 2044. Foreign currency risk on future coupons and the principal amount was hedged up to and including the first call date of the subordinated debt in December 2024. Similarly, interest rate swaps were used to hedge interest rate risk in relation to coupons on A$500 million of subordinated debt maturing in 2036. The interest rate swaps hedge coupon payments up to the first call date in August 2026. These hedges were put in place to more effectively manage currency exposures and costs of funding.

Only the spot components of forward foreign exchange contracts and the fair value of interest rate swaps are designated in hedge relationships. For forward foreign exchange contracts, reclassifications of hedging gains and losses to profit or loss are included in foreign exchange (refer to note 3.1), consistent with the currency movement of the hedged borrowings. For the interest rate swaps, reclassifications of any cumulative hedging gains or losses to profit or loss occur as related coupon payments are made during the period up to August 2026. A 'cost of hedging' election was made in respect of the forward foreign exchange contracts as described below, and amortisation of the forward and currency basis components is included in financing costs (refer to note 5.1.2) where they relate to hedged coupons, or in foreign exchange (refer to note 3.1) where they relate to principal amounts.

The timing of the nominal amounts of the hedging instruments and corresponding average rates, if applicable, are provided in the following table:

		2024			**2023**		
		MATURING IN:			**MATURING IN:**		
		LESS THAN 1 YEAR	**1 TO 5 YEARS**	**OVER 5 YEARS**	**LESS THAN 1 YEAR**	**1 TO 5 YEARS**	**OVER 5 YEARS**
Forward foreign exchange contracts							
Nominal amounts	Buy US$M/ Sell A$M	**–**	**–**	**–**	747/1,251	–	–
Average forward rate	US$/A$	**–**	**–**	**–**	0.60	–	–
Interest rate swaps							
Nominal amounts	A$M	**–**	**500**	**–**	–	500	–
Average fixed interest rate	%	**–**	**0.80**	**–**	–	0.80	–

Hedges of currency risk relating to translation of net investments in foreign operations

At the balance date, forward foreign exchange contracts and borrowings were designated as NIFO hedges. Only the spot components of the forward foreign exchange contracts are designated as being in hedge relationships. The forward and currency basis components are included in foreign exchange (refer to note 3.1), with a 'cost of hedging' election made in respect of US dollar NIFO hedges, as described below. Cumulative hedging gains or losses recognised in equity are recycled to profit or loss only on disposal of the foreign operation.

5. CAPITAL STRUCTURE

The timing of cash flows relating to the hedging instruments and corresponding average forward rates, if applicable, are provided in the following table, with borrowings being disclosed by reference to their first call dates where available (refer to note 5.1):

		2024			2023		
		MATURING IN:			MATURING IN:		
		LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS
Debt instruments used in US dollar NIFO hedges							
Subordinated debt	US$M	**300**	**523**	**–**	–	823	–
Debt instruments used in sterling NIFO hedges							
Subordinated debt	£M	**–**	**327**	**–**	–	327	–
Forward foreign exchange contracts used in Hong Kong dollar NIFO hedges							
Nominal amounts	Buy A$M/ Sell HKDM	**187/970**	**–**	**–**	190/970	–	–
Average forward rate	A$/HKD	**5.19**	**–**	**–**	5.10	–	–
Forward foreign exchange contracts used in US dollar NIFO hedges							
Nominal amounts	Buy A$M/ Sell US$M	**–**	**–**	**–**	991/700	–	–
Average forward rate	A$/US$	**–**	**–**	**–**	0.71	–	–

How we account for the numbers

When a derivative or other financial instrument is designated in a qualifying hedge relationship, the relevant controlled entity formally documents the relationship between the hedging instrument and hedged item, as well as its risk management objectives and its strategy for undertaking hedging transactions. The relevant entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedge effectiveness requirements are met, including the relevant economic relationship, the effect of credit risk and the hedge ratio.

For qualifying cash flow hedges and NIFO hedges, the gain or loss on the hedging instrument associated with the effective portion of the hedge is accumulated in equity through other comprehensive income and is subsequently reclassified to profit or loss when the hedged item also affects profit or loss. For cash flow hedges, this is reflected in the cash flow hedge reserve; for NIFO hedges, this is reflected in the foreign currency translation reserve (refer to note 5.3.2). The gain or loss on any ineffective portion of the hedging instrument is recognised in profit or loss immediately.

Where the forward and currency basis components of a designated derivative do not form part of the designated hedge relationship, these components are accounted for at fair value through profit or loss unless a 'cost of hedging' election is made. Under this election, the fair value of these components at inception of the hedge are amortised through profit or loss over time periods relevant to the hedge, with other changes in their fair values after inception recognised in equity through other comprehensive income. This election can be made on a hedge-by-hedge basis and is reflected in the cost of hedging reserve (refer to note 5.3.2).

Hedge accounting is discontinued when the qualifying hedge no longer meets the criteria for hedge accounting, including when the risk management objective is no longer met or is no longer relevant; the hedging instrument expires or is sold, terminated or exercised; the hedged item matures, is sold or repaid; or a hedged forecast transaction is no longer considered highly probable. When a cash flow hedge is discontinued, any cumulative hedging gain or loss in equity at that time remains in equity and is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is a forecast transaction that is no longer considered highly probable, the cumulative gain or loss is immediately reclassified to profit or loss. When a hedge of a net investment in a foreign operation is discontinued, any cumulative hedging gain or loss at that time remains in equity and is only recycled to profit or loss on disposal of the foreign operation, forming part of the resulting gain or loss.

6. TAX

Overview

Income tax expense or credit is the accounting tax outcome for the period and is calculated as the tax payable on the current period taxable income based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. The relationship between accounting profit or loss and income tax expense or credit is provided in the reconciliation of prima facie tax to income tax expense or credit (refer to note 6.1). Income tax expense does not equate to the amount of tax actually paid to tax authorities around the world, as it is based upon the accrual accounting concept.

Accounting income and expenses do not always have the same recognition pattern as taxable income and expenses, creating a timing difference as to when a tax expense or credit can be recognised. These differences usually reverse over time but, until they do, a deferred tax asset or liability is recognised on the balance sheet. Note 6.2 details the composition and movements in deferred tax balances and the key management assumptions applied in recognising tax losses.

Details of franking credits available to shareholders are disclosed in note 5.4.

6.1 Reconciliation of prima facie tax to income tax expense

	NOTE	2024 US$M	2023 US$M
Profit before income tax		**2,291**	1,837
Prima facie tax expense at the applicable income tax rate for each jurisdiction		**572**	460
Tax effect of non-temporary differences:			
Untaxed dividends		**(1)**	(2)
Other, including non-taxable income and non-allowable expenses		**17**	53
Prima facie tax adjusted for non-temporary differences		**588**	511
Deferred tax assets re-recognised		**(70)**	(41)
(Overprovision) underprovision in prior years		**(14)**	3
Income tax expense		**504**	473
Analysed as follows:			
Current tax		**339**	280
Deferred tax		**165**	193
		504	473
Deferred tax (credit) expense comprises:			
Deferred tax assets recognised in profit or loss	6.2.1	**(85)**	112
Deferred tax liabilities recognised in profit or loss	6.2.2	**250**	81
		165	193

How we account for the numbers

The current income tax expense or credit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries in which controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as appropriate.

6. TAX

6.2 Deferred income tax

	NOTE	2024 US$M	2023 US$M
Deferred tax assets	6.2.1	**609**	625
Deferred tax liabilities	6.2.2	**506**	366

6.2.1 Deferred tax assets

	NOTE	2024 US$M	2023 US$M
Amounts recognised in profit or loss			
Financial assets – fair value movements		**30**	19
Provision for impairment		**20**	19
Employee benefits		**71**	74
Intangible assets		**65**	65
Insurance provisions		**841**	761
Tax losses recognised		**315**	348
Other		**104**	101
		1,446	1,387
Amounts recognised in other comprehensive income and equity			
Defined benefit plans		**27**	28
Financial assets – fair value movements		**3**	–
Other		**13**	3
		43	31
Deferred tax assets before set-off		**1,489**	1,418
Set-off of deferred tax liabilities	6.2.2	**(880)**	(793)
	6.2	**609**	625

Movements

	NOTE	2024 US$M	2023 US$M
At 1 January		**1,418**	1,526
Amounts recognised in profit or loss	6.1	**85**	(112)
Amounts recognised in other comprehensive income		**12**	(3)
Foreign exchange		**(26)**	7
At 31 December		**1,489**	1,418

Critical accounting judgements and estimates

Recoverability of deferred tax assets

QBE assesses the recoverability of deferred tax assets at each balance date. In making this assessment, QBE considers in particular each controlled entity's future business plans, history of generating taxable profits, whether the unused tax losses resulted from identifiable causes which are unlikely to recur and if any tax planning opportunities exist in the period in which the taxable losses can be utilised.

The recognised deferred tax asset relating to the North American tax group of $429 million (2023 $420 million) comprises $288 million (2023 $300 million) of carry forward tax losses and $141 million (2023 $120 million) of deductible temporary differences, net of applicable offsetting deferred tax liabilities, as a result of insurance technical reserves and the tax deductibility of goodwill and other intangibles.

Uncertainty continues to exist in relation to the utilisation of this asset, which is subject to there being continued future taxable profits over the period of time in which the losses can be utilised. QBE has made a judgement that the North American tax group will be able to generate sufficient taxable profits over the foreseeable future, based upon the Group's business plan and assumptions which are consistent with those used in the impairment testing of goodwill. Key assumptions include an expectation of future taxable profit driven by no material deterioration in the estimates of prior accident year insurance liabilities, a sustained return to underwriting profitability, benefits flowing from initiatives to reduce the cost base of the division and sustained investment yields. Losses expire over the next 19 years, with the majority expiring between 2032 and 2040. The uncertainty around the recognition of the deferred tax asset will be resolved in future years if taxable profits are generated. Recovery of the asset continues to be sensitive to changes in forecast insurance and investment taxable income assumptions, including premium growth and investment yields as these items are the key drivers of future taxable income.

6.2.2 Deferred tax liabilities

	NOTE	2024 US$M	2023 US$M
Amounts recognised in profit or loss			
Intangible assets		**99**	93
Insurance provisions		**1,174**	951
Financial assets – fair value movements		**14**	15
Other provisions		**4**	6
Other		**87**	86
		1,378	1,151
Amounts recognised in other comprehensive income and equity			
Defined benefit plans		**6**	8
Financial assets – fair value movements		**2**	–
		8	8
Deferred tax liabilities before set-off		**1,386**	1,159
Set-off of deferred tax assets	6.2.1	**(880)**	(793)
	6.2	**506**	366

Movements

	NOTE	2024 US$M	2023 US$M
At 1 January		**1,159**	1,062
Amounts recognised in profit or loss	6.1	**250**	81
Amounts recognised in other comprehensive income		**–**	(2)
Foreign exchange		**(23)**	18
At 31 December		**1,386**	1,159

6. TAX

How we account for the numbers

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the controlled entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset in the consolidated financial statements when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

6.2.3 Tax losses

The Group has not brought to account $78 million (2023 $168 million) of tax losses, which includes some benefit arising from tax losses in overseas countries. $78 million (2023 $81 million) of tax losses not brought to account have an indefinite life. The benefits of unused tax losses will only be brought to account when it is probable that they will be realised.

This benefit of tax losses will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

6.2.4 Tax consolidation legislation

On adoption of the tax consolidation legislation, the Company and its wholly-owned Australian controlled entities entered into a tax sharing and tax funding agreement that requires the Australian entities to fully compensate the Company for current tax liabilities and to be fully compensated by the Company for any current tax or deferred tax assets in respect of tax losses arising from external transactions occurring after the date of implementation of the tax consolidation legislation. The contributions are allocated by reference to the notional taxable income of each Australian entity. The head entity is QBE Insurance Group Limited.

6.2.5 International tax reform – Pillar Two model rules

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income tax legislation, in accordance with AASB 112 *Income Taxes* as amended by AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules.*

Pillar Two legislation has been enacted in Australia, the jurisdiction in which the Company is incorporated, with an effective date of 1 January 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between the effective tax rate calculated in accordance with Pillar Two and a 15% minimum tax rate. The Group's current tax expense related to Pillar Two income taxes is not material.

7. GROUP STRUCTURE

Overview

This section provides information to help users understand the Group structure, including the impact of changes in the financial year. This includes acquisitions and disposals of businesses, intangible assets acquired or developed and the results of impairment reviews.

7.1 Disposals

During 2024, the Group disposed of QBE Insurance (Vanuatu) Limited.

During 2023, the Group disposed of QBE (PNG) Limited and its wholly-owned operating subsidiary, QBE Insurance (PNG) Limited.

7.2 Intangible assets

Overview

Intangible assets are assets with no physical substance. The most significant classes of intangible assets are detailed below:

Lloyd's syndicate capacity

The Lloyd's syndicate capacity intangible asset relates to the syndicate capacity acquired as part of the acquisition of QBE Underwriting Limited (formerly trading as Limit) in 2000 and costs incurred as a result of increasing capacity since that date. Syndicate capacity is the aggregate of the premium limits of each member of that syndicate at a point in time. An existing capital provider has the first right to participate on the next year of account, giving the indefinite right to participate on all future years of account. The Group has demonstrated a long-term commitment to developing its operations at Lloyd's. The value of this asset is in the access it gives to future underwriting profits at Lloyd's. For these reasons, Lloyd's syndicate capacity is deemed to have an indefinite useful life.

Customer relationships

Customer relationships comprise the capitalisation of future profits relating to insurance contracts acquired and the expected renewal of those contracts. It also includes the value of distribution networks and agency relationships. Customer relationships are amortised over remaining lives of up to five years depending on the classes of business to which the assets relate.

Brand names

These assets reflect the revenue-generating ability of acquired brands. In some circumstances, brand names are considered to have an indefinite useful life due to the long-term nature of the asset.

Insurance licences

These assets give the Group the right to operate in certain geographic locations and to write certain classes of business with a potential to generate additional revenue. In some cases, these are considered to have an indefinite useful life due to their long-term nature; however, where there is a finite useful life, assets are amortised over the remaining period, up to 12 years.

Software

This includes both acquired and internally developed software which is not integral or closely related to an item of hardware such as an underwriting system. Capitalised software is amortised over periods of up to 10 years, reflecting the period during which the Group is expected to benefit from the use of the software.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill has an indefinite useful life and therefore is not subject to amortisation but is tested for impairment annually, or more often if there is an indication of impairment.

7. GROUP STRUCTURE

	IDENTIFIABLE INTANGIBLES							
2024	**LLOYD'S SYNDICATE CAPACITY US$M**	**CUSTOMER RELATION-SHIPS US$M**	**BRAND NAMES US$M**	**INSURANCE LICENCES US$M**	**SOFTWARE US$M**	**OTHER US$M**	**GOODWILL US$M**	**TOTAL US$M**
Cost								
At 1 January	**81**	**390**	**25**	**133**	**567**	**10**	**1,596**	**2,802**
Additions	**–**	**–**	**–**	**–**	**125**	**–**	**–**	**125**
Impairment[1]	**–**	**–**	**–**	**–**	**(37)**	**–**	**–**	**(37)**
Disposals/reclassifications[2]	**–**	**(44)**	**–**	**–**	**95**	**–**	**–**	**51**
Foreign exchange	**(1)**	**(2)**	**(1)**	**(9)**	**(44)**	**–**	**(126)**	**(183)**
At 31 December	**80**	**344**	**24**	**124**	**706**	**10**	**1,470**	**2,758**
Amortisation								
At 1 January	**–**	**(386)**	**(21)**	**(76)**	**(197)**	**(10)**	**–**	**(690)**
Amortisation[3]	**–**	**(2)**	**–**	**(1)**	**(81)**	**–**	**–**	**(84)**
Disposals/reclassifications[2]	**–**	**44**	**–**	**–**	**(95)**	**–**	**–**	**(51)**
Foreign exchange	**–**	**2**	**–**	**7**	**22**	**–**	**–**	**31**
At 31 December	**–**	**(342)**	**(21)**	**(70)**	**(351)**	**(10)**	**–**	**(794)**
Carrying amount								
At 31 December	**80**	**2**	**3**	**54**	**355**	**–**	**1,470**	**1,964**

[1] Includes $23 million recognised in restructuring and related expenses.

[2] Includes derecognition of $68 million of fully amortised intangible assets that are expired or no longer in use.

[3] Amortisation of $80 million is included in insurance service expenses as it relates to intangible assets integral to the Group's underwriting activities.

	IDENTIFIABLE INTANGIBLES							
2023	**LLOYD'S SYNDICATE CAPACITY US$M**	**CUSTOMER RELATION-SHIPS US$M**	**BRAND NAMES US$M**	**INSURANCE LICENCES US$M**	**SOFTWARE US$M**	**OTHER US$M**	**GOODWILL US$M**	**TOTAL US$M**
Cost								
At 1 January	76	390	25	132	463	10	1,578	2,674
Additions	–	–	–	–	145	–	–	145
Disposals/reclassifications[1]	–	–	–	–	(44)	–	–	(44)
Foreign exchange	5	–	–	1	3	–	18	27
At 31 December	81	390	25	133	567	10	1,596	2,802
Amortisation								
At 1 January	–	(377)	(21)	(74)	(174)	(10)	–	(656)
Amortisation[2]	–	(9)	–	(2)	(65)	–	–	(76)
Disposals/reclassifications[1]	–	–	–	–	41	–	–	41
Foreign exchange	–	–	–	–	1	–	–	1
At 31 December	–	(386)	(21)	(76)	(197)	(10)	–	(690)
Carrying amount								
At 31 December	81	4	4	57	370	–	1,596	2,112

[1] Includes derecognition of $38 million of fully amortised intangible assets no longer in use.

[2] Amortisation of $65 million is included in insurance service expenses as it relates to intangible assets integral to the Group's underwriting activities.

How we account for the numbers

Intangible assets are measured at cost less accumulated amortisation and impairment. Those with a finite useful life are amortised over their estimated useful life in accordance with the pattern of expected consumption of economic benefits, with amortisation expense reported in insurance service expenses or in amortisation and impairment of intangibles depending on the use of the asset. Intangible assets with an indefinite useful life are not subject to amortisation but are tested for impairment annually or more frequently if there are indicators of impairment. Intangible assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

7.2.1 Impairment testing of intangible assets

Overview

An intangible asset's recoverable value is the greater of its value in use and its fair value less cost to sell.

For intangible assets with a finite life, if there are indicators that the intangible asset's recoverable value has fallen below its carrying value (e.g. due to changing market conditions), an impairment test is performed and a loss is recognised for the amount by which the carrying value exceeds the asset's recoverable value.

Intangible assets that have an indefinite useful life, such as goodwill, are tested annually for impairment or more frequently where there is an indication that the carrying amount may not be recoverable.

Goodwill is allocated to cash-generating units, or groups of cash-generating units, expected to benefit from synergies arising from the acquisition giving rise to the goodwill. Cash-generating units or groups of cash-generating units reflect the level at which goodwill is monitored for impairment by QBE. As the Group acquires or disposes of operations or reorganises the way that operations are managed, reporting structures may change, giving rise to a reassessment of cash-generating units and the allocation of goodwill to those cash-generating units.

The goodwill relating to certain acquisitions is denominated in currencies other than the US dollar and so is subject to foreign exchange movements.

Goodwill is analysed by groups of cash-generating units as follows:

	2024 US$M	**2023 US$M**
North America	**30**	30
International	**473**	501
Australia Pacific	**967**	1,065
	1,470	1,596

Impairment losses

During 2024, $37 million of software assets were impaired following management's review. No intangible assets were impaired during 2023.

7. GROUP STRUCTURE

How we account for the numbers

Impairment testing of identifiable intangible assets

The recoverable amount of each intangible asset with an indefinite useful life has been determined by reference to a value in use calculation based on the following key assumptions and estimates:

- Cash flow forecasts relevant to the initial valuation of the identifiable intangible asset are reviewed and updated (if appropriate). Cash flow forecasts are based on a combination of actual performance to date and expectations of future performance based on prevailing and anticipated market factors.
- Discount rates include a beta and a market risk premium determined with reference to observable market information, and a specific risk premium appropriate to reflect the nature of the risk associated with the intangible asset or the cash-generating unit to which the asset is allocated.

Impairment testing of goodwill

The recoverable amount of each cash-generating unit or group of cash-generating units has been determined by reference to a value in use calculation based on the following key assumptions and estimates:

- Cash flow forecasts reflect combined operating ratio and investment return assumptions that build from the latest three-year business plan. These forecasts cover a period of five years, with the final two years determined with reference to the terminal growth rates discussed below. The cash flow forecasts are based on a combination of historical performance and expectations of future performance based on prevailing and anticipated market factors and the benefit of committed cost saving measures.
- Terminal value is calculated using a perpetuity growth formula from the end of the cash flow forecast period. Growth rates reflect the long-term average growth rates of the countries relevant to the cash-generating unit or group of cash-generating units and are based on observable market information. The terminal growth rates used in impairment testing are: North America 2.3% (2023 2.3%), Australia Pacific 2.5% (2023 2.5%) and International 2.0% (2023 2.0%).
- Discount rates reflect a beta and a market risk premium determined with reference to observable market information, and a specific risk premium appropriate to reflect the nature of the business of each cash-generating unit or group of cash-generating units. The pre-tax discount rates used were: North America 12.8% (2023 12.9%), Australia Pacific 14.2% (2023 14.5%) and International 11.8% (2023 12.2%). The post-tax discount rates used were: North America 10.1% (2023 9.9%), Australia Pacific 10.0% (2023 10.1%) and International 8.8% (2023 9.0%).

Critical accounting judgements and estimates

The Group's business plan, which is the basis for cash flow forecasts used to determine the recoverable amount of goodwill, considers the potential impact of climate change through the catastrophe allowance which reflects the anticipated rise in trends in the frequency and cost of weather-related events, as well as other assumptions, including relating to premium rate, which reflect QBE's underwriting strategy and planned management actions in response to these risks.

7.3 Controlled entities

Overview

This section lists the Group's controlled entities. The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company at 31 December 2024 and the results for the financial year then ended, or for the period during which control existed if the entity was acquired or disposed of during the financial year.

7.3.1 Controlled entities

	COUNTRY OF INCORPORATION/ FORMATION	EQUITY HOLDING	
		2024 %	2023 %
Ultimate parent entity			
QBE Insurance Group Limited	Australia		
Controlled entities			
Austral Mercantile Collections Pty Limited	Australia	**100.00**	100.00
Australian Aviation Underwriting Pool Proprietary Limited	Australia	**100.00**	100.00
Burnett & Company, Inc.	United States	**100.00**	100.00
Challenger Private Debt Q Fund	Australia	**100.00**	100.00
Champlain Insurance PCC, Inc.	United States	**100.00**	100.00
Cumberland Insurance PCC, Inc.	United States	**100.00**	100.00
Elders Insurance (Underwriting Agency) Pty Limited	Australia	**80.00**	80.00
General Casualty Company of Wisconsin	United States	**100.00**	100.00
General Casualty Insurance Company	United States	**100.00**	100.00
Greenhill BAIA Underwriting GmbH	Germany	**100.00**	100.00
Greenhill International Insurance Holdings Limited	United Kingdom	**100.00**	100.00
Greenhill Sturge Underwriting Limited	United Kingdom	**100.00**	100.00
Greenhill Underwriting Espana Limited	United Kingdom	**100.00**	100.00
Lifeco s.r.o. (in liquidation)	Czech Republic	**100.00**	100.00
NAU Country Insurance Company	United States	**100.00**	100.00
North Pointe Insurance Company	United States	**100.00**	100.00
Praetorian Insurance Company	United States	**100.00**	100.00
QBE Administration Services, Inc.	United States	**100.00**	100.00
QBE Americas, Inc.	United States	**100.00**	100.00
QBE Asia Pacific Holdings Limited	Hong Kong	**100.00**	100.00
QBE Asia Services Sdn. Bhd.	Malaysia	**100.00**	100.00
QBE Capital (Global) Ltd. (formerly Equator Reinsurances Limited)	Bermuda	**100.00**	100.00
QBE Capital Ltd. (formerly QBE Blue Ocean Re Limited)	Bermuda	**100.00**	100.00
QBE Corporate Limited	United Kingdom	**100.00**	100.00
QBE Emerging Markets Holdings Pty Limited	Australia	**100.00**	100.00
QBE Employee Share Trust[1]	Australia	**–**	–
QBE Europe SA/NV	Belgium	**100.00**	100.00
QBE European Operations plc	United Kingdom	**100.00**	100.00
QBE European Services Limited	United Kingdom	**100.00**	100.00
QBE Finance Holdings (EO) Limited	United Kingdom	**100.00**	100.00
QBE FIRST Enterprises, LLC	United States	**100.00**	100.00
QBE FIRST Property Tax Solutions, LLC	United States	**100.00**	100.00
QBE General Insurance (Hong Kong) Limited	Hong Kong	**100.00**	100.00
QBE Group Services Pty Ltd	Australia	**100.00**	100.00
QBE Group Shared Services Limited	United Kingdom	**100.00**	100.00
QBE Holdings (AAP) Pty Limited	Australia	**100.00**	100.00
QBE Holdings (EO) Limited	United Kingdom	**100.00**	100.00
QBE Holdings, Inc.	United States	**100.00**	100.00
QBE Hongkong & Shanghai Insurance Limited	Hong Kong	**100.00**	100.00
QBE Insurance (Australia) Limited	Australia	**100.00**	100.00
QBE Insurance (Fiji) Limited	Fiji	**100.00**	100.00
QBE Insurance (International) Pty Limited	Australia	**100.00**	100.00
QBE Insurance (Malaysia) Berhad	Malaysia	**100.00**	100.00

7. GROUP STRUCTURE

	COUNTRY OF INCORPORATION/ FORMATION	EQUITY HOLDING 2024 %	EQUITY HOLDING 2023 %
QBE Insurance (Singapore) Pte Ltd	Singapore	**100.00**	100.00
QBE Insurance (Vanuatu) Limited (sold effective 31 July 2024)[2]	Vanuatu	**–**	100.00
QBE Insurance (Vietnam) Company Limited	Vietnam	**100.00**	100.00
QBE Insurance Corporation	United States	**100.00**	100.00
QBE Insurance Holdings Pty Limited	Australia	**100.00**	100.00
QBE Investments (Australia) Pty Limited	Australia	**100.00**	100.00
QBE Investments (North America), Inc.	United States	**100.00**	100.00
QBE Irish Share Incentive Plan[1]	Ireland	**–**	–
QBE Latin America Insurance Holdings Pty Ltd	Australia	**100.00**	100.00
QBE Lenders' Mortgage Insurance Limited	Australia	**100.00**	100.00
QBE Management (Ireland) Limited	Ireland	**100.00**	100.00
QBE Management, Inc.	United States	**100.00**	100.00
QBE Management Services (Philippines) Pty Ltd	Australia	**100.00**	100.00
QBE Management Services (UK) Limited	United Kingdom	**100.00**	100.00
QBE Management Services Pty Ltd	Australia	**100.00**	100.00
QBE Mortgage Insurance (Asia) Limited	Hong Kong	**100.00**	100.00
QBE Partner Services (Europe) LLP (dissolved 24 December 2024)	United Kingdom	**–**	100.00
QBE Regional Companies (N.A.), Inc.	United States	**100.00**	100.00
QBE Reinsurance Corporation	United States	**100.00**	100.00
QBE Reinsurance Services (Bermuda) Limited	Bermuda	**100.00**	100.00
QBE Services Inc.	Canada	**100.00**	100.00
QBE Specialty Insurance Company	United States	**100.00**	100.00
QBE s.r.o. (in liquidation)	Czech Republic	**100.00**	100.00
QBE Stonington Insurance Holdings Inc	United States	**100.00**	100.00
QBE Strategic Capital (Europe) Limited	United Kingdom	**100.00**	100.00
QBE Strategic Capital (International) Limited	United Kingdom	**100.00**	100.00
QBE Strategic Capital Company Pty Ltd	Australia	**100.00**	100.00
QBE UK Finance IV Limited	United Kingdom	**100.00**	100.00
QBE UK Limited	United Kingdom	**100.00**	100.00
QBE UK Share Incentive Plan[1]	United Kingdom	**–**	–
QBE Underwriting Limited	United Kingdom	**100.00**	100.00
QBE Underwriting Services (UK) Limited	United Kingdom	**100.00**	100.00
QBE Ventures Pty Ltd	Australia	**100.00**	100.00
QBE Workers Compensation (NSW) Ltd (dormant)	Australia	**100.00**	100.00
QBE Workers Compensation (VIC) Pty Limited (dormant)	Australia	**100.00**	100.00
Queensland Insurance (Investments) Pte Limited (in liquidation)	Fiji	**100.00**	100.00
Regent Insurance Company	United States	**100.00**	100.00
Southern National Risk Management Corporation	United States	**100.00**	100.00
Southern Pilot Insurance Company	United States	**100.00**	100.00
Standfast Corporate Underwriters Limited	United Kingdom	**100.00**	100.00
Stonington Insurance Company	United States	**100.00**	100.00
Trade Credit Collections Pty. Limited	Australia	**100.00**	100.00
Trade Credit Underwriting Agency NZ Limited	New Zealand	**100.00**	100.00
Trade Credit Underwriting Agency Pty Limited	Australia	**100.00**	100.00

[1] QBE Employee Share Trust, QBE Irish Share Incentive Plan and QBE UK Share Incentive Plan have been included in the consolidated financial statements as these entities are special purpose entities that exist for the benefit of the Group.

[2] Disclosures relating to the disposal of QBE Insurance (Vanuatu) Limited are included in note 7.1.

All equity in controlled entities is held in the form of shares or through contractual arrangements.

How we account for the numbers

Controlled entities

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over it. All transactions between and with controlled entities are eliminated in full. Non-controlling interests in the results and equity of controlled entities are shown separately in the consolidated statement of comprehensive income, balance sheet and statement of changes in equity.

Where control of an entity commences during a financial year, its results are included in the consolidated statement of comprehensive income from the date on which control is obtained. Where control of an entity ceases during a financial year, its results are included for that part of the year during which the control existed.

A change in ownership of a controlled entity without the gain or loss of control is accounted for as an equity transaction.

8. OTHER

Overview

This section includes other information that must be disclosed to comply with the Australian Accounting Standards or the *Corporations Act 2001*.

8.1 Other accounting policies

8.1.1 New accounting standards and amendments adopted by the Group

The Group adopted the following revised accounting standard from 1 January 2024:

TITLE	
AASB 2022-5	*Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*

The adoption of this revised standard did not significantly impact the Group's accounting policies or financial statements.

8.1.2 New accounting standards and amendments issued but not yet effective

TITLE		OPERATIVE DATE
AASB 2024-2	*Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*	1 January 2026
AASB 2024-3	*Amendments to Australian Accounting Standards – Annual Improvements Volume 11*	1 January 2026
AASB 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2028

The Australian Accounting Standards and amendments detailed in the table above are not mandatory for the Group until the operative dates stated; however, early adoption is often permitted.

The Group currently plans to adopt the standards and amendments detailed above in the reporting periods beginning on their respective operative dates. An assessment of the financial impact of the standards and amendments has been undertaken and they are not expected to have a material impact on the Group's financial statements, except where noted below.

AASB 18 *Presentation and Disclosure in Financial Statements*

In June 2024, the AASB issued AASB 18 which will replace AASB 101 *Presentation of Financial Statements* from 1 January 2027. The Group is in the process of assessing the impact of the new standard which is expected to result in changes to presentation and disclosure in the financial statements, including in relation to the presentation of certain line items in profit or loss and the disclosure of management-defined performance measures.

8.2 Contingent liabilities

Overview

Contingent liabilities are disclosed when the possibility of a future settlement of economic benefits is considered to be less than probable but more likely than remote. If the expected settlement of the liability becomes probable, a provision is recognised.

QBE is required to support the underwriting activities of the Group's controlled entities including corporate members at Lloyd's. Funds at Lloyd's are those funds of the Group which are subject to the terms of the Lloyd's Deposit Trust Deed and are required to support underwriting for the following year and the open years of account, determined by a formula prescribed by Lloyd's each year. At the balance date, letters of credit and similar forms of support of $2,468 million (2023 $2,361 million) were in place in respect of the Group's participation in Lloyd's, along with cash and investments of $116 million (2023 $110 million). In addition, a controlled entity has entered into various trust and security deeds with Lloyd's in respect of assets lodged to support its underwriting activities. These deeds contain covenants that require the entity to meet financial obligations should they arise in relation to cash calls from syndicate participations. A cash call would be made first on the assets held in syndicate trust funds and would only call on funds at Lloyd's after syndicate resources were exhausted. Only if the level of these trust funds was not sufficient would a cash call result in a draw down on the letters of credit and other assets lodged with Lloyd's.

In the normal course of business, the Group is also exposed to contingent liabilities in relation to claims litigation and regulatory examinations or investigations arising out of its insurance and reinsurance activities. The Group may also be exposed to the possibility of contingent liabilities in relation to insurance and non-insurance litigation including but not limited to regulatory enforcement proceedings and class actions, taxation and compliance matters, which may result in legal damages or regulatory penalties and financial or non-financial losses and other impacts.

Entities in the Group may also provide guarantees to support representations in commercial transactions.

8. OTHER

8.3 Reconciliation of profit after income tax to net cash flows from operating activities

Overview

AASB 1054 *Australian Additional Disclosures* requires a reconciliation of profit or loss after income tax to net cash flows from operating activities.

	2024 US$M	2023 US$M
Profit after income tax	**1,787**	1,364
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**33**	59
Amortisation of right-of-use lease assets	**55**	58
Amortisation/impairment of intangibles	**98**	76
Gain on sale of entities and businesses	**(2)**	(2)
Share of net loss of associates	**6**	2
Net foreign exchange losses	**24**	9
Fair value gains and interest accrued on financial assets	**(412)**	(631)
Equity-settled share-based payments expense	**59**	42
Balance sheet movements:		
Decrease in other receivables	**13**	8
Increase in net operating assets	**(26)**	(40)
Decrease in other payables	**(31)**	(47)
Increase in insurance contract liabilities	**2,361**	1,087
Increase in reinsurance contract assets	**(1,548)**	(818)
Increase in net defined benefit obligation	**3**	1
Decrease in net tax assets	**155**	335
Net cash flows from operating activities	**2,575**	1,503

8.4 Share-based payments

Overview

Share-based payments are equity-based compensation schemes provided to employees and executives. The Company issues shares from time to time under an Employee Share and Option Plan (the Plan). Any full-time or part-time employee of the Group or any equally-owned joint venture who is offered shares or options is eligible to participate in the Plan.

8.4.1 Share schemes

A summary of deferred equity award plans is set out below:

Current deferred equity plans

PLAN	AVAILABLE TO	NATURE OF AWARD	CONDITIONS
Annual Performance Incentive (API) (2022–2024)	Executives and other key senior employees	• 60%–67% delivered in cash (50% in the case of the Group CEO)[1]. • 33%–40% deferred as conditional rights to fully paid ordinary shares of the Company (50% in the case of the Group CEO)[1].	The conditional rights vest in equal tranches over two, three or four years[1]. API outcomes are subject to the achievement of: • performance outcomes measured through a business scorecard containing key financial measures alongside strategically important non-financial measures; and • individual performance objectives measured both on what has been achieved and how it was achieved during the year.
Long-term Incentive (LTI) (2019–2024)	Executives and other key senior employees	• Conditional rights to fully paid ordinary shares of the Company.	The conditional rights vest in three tranches on achievement of the performance measures at the end of a three-year period as follows[1]: • 33% at the end of the three-year performance period; • 33% on the first anniversary of the end of the performance period; and • 34% on the second anniversary of the end of the performance period. Vesting is subject to performance conditions, measured over a three-year performance period, as follows: • For 2024 awards, 50% of conditional rights are subject to the achievement against the Group ROE performance target based on a three-year arithmetic average; 30% of conditional rights are based on the Group's relative total shareholder return, compared against a global insurance peer group; and 20% of conditional rights are based on progress against sustainability (10%) and customer (10%) non-financial measures. • For 2022–2023 awards, 70% of conditional rights are subject to the achievement against the Group ROE performance target based on a three-year arithmetic average; and 30% of conditional rights are based on the Group's relative total shareholder return, compared against a global insurance peer group. • For 2019–2021 awards, 50% of conditional rights are subject to the achievement against the Group ROE performance target based on the average of three individual annual performance ranges set over three individual years (for 2021 awards), or a three-year arithmetic average (for 2019 and 2020 awards); and 50% of conditional rights are based on the Group's relative total shareholder return, compared against two independent peer groups.

8. OTHER

PLAN	AVAILABLE TO	NATURE OF AWARD	CONDITIONS
QShare (2023–2024)	Permanent employees in approved countries	• Conditional rights to fully paid ordinary shares of the Company which match the number of shares purchased by participants under the plan.	The conditional rights vest at the end of three years, subject to the following conditions: • participants must remain in the Group's service throughout the three-year period except in cases where good leaver provisions apply. Under good leaver provisions (e.g. retirement, redundancy, ill health, injury or mutually agreed separation and death), all awarded conditional rights may vest and be converted into ordinary shares of the Company; and • participants must retain the underlying purchased shares throughout the three-year service period in order for the awards to vest. The conditional rights do not provide participants with entitlement to dividends (including notional dividends).

1 2024 awards may be subject to the following adjustments to comply with regulatory requirements:
- in relation to the 2024 API plan, adjustments may be made to the proportion of the award delivered in cash and conditional rights; and
- in relation to the 2024 API and LTI plans, conditional rights may be subject to extended deferral beyond the vesting period.

Legacy deferred equity plans

PLAN	AVAILABLE TO:	NATURE OF AWARD	VESTING CONDITIONS
Executive Incentive Plan (EIP) (2017–2021)	Executives (before 1 Jan 2019) and other key senior employees	• 40%–50% delivered in cash. • 50%–60% deferred as conditional rights[1] to fully paid ordinary shares of the Company.	The conditional rights are deferred in four equal tranches, such that 25% vests on each of the first, second, third and fourth anniversaries of the award. EIP outcomes were subject to the achievement of: • a blend of divisional combined operating ratios (COR) for 2021, or Group COR for 2017–2020, and Group cash ROE targets; • divisional COR targets in the case of divisional employees; and • individual performance objectives reflecting QBE's strategic priorities.
Short-term Incentive (STI) (2014–2021)	Executives and other key senior employees	• 67% delivered in cash (50% in the case of the Group CEO). • 33% deferred as conditional rights to fully paid ordinary shares of the Company (50% in the case of the Group CEO).	The conditional rights are deferred in equal tranches over two or three years dependent on the vesting period of the award. STI outcomes were subject to the achievement of: • a blend of divisional CORs for 2021, or Group COR for 2017–2020, and Group cash ROE targets; • divisional COR targets[2] in the case of divisional employees; and • individual performance objectives reflecting QBE's strategic priorities.

[1] For participants outside Australia, the deferred component was generally delivered in equal shares of conditional rights and cash.

[2] Divisional return on allocated capital targets until 31 December 2016.

Additionally, for the API, LTI, EIP and STI deferred equity plans:

- plan rules provide suitable discretion for the People & Remuneration Committee to adjust any formulaic outcome to ensure that awards made appropriately reflect performance;
- during the period from the grant date to the vesting date, further conditional rights are issued under the BSP to reflect dividends paid on ordinary shares of the Company. These conditional rights are subject to the same vesting conditions as the original grant of conditional rights;
- recipients must remain in the Group's service throughout the service period in order for the awards to vest, except in cases where good leaver provisions apply. Vesting is also subject to malus, with clawback provisions applicable to allocations since 2021 under the plans;
- under good leaver provisions, conditional rights remain subject to the performance and vesting conditions; and
- once vested, conditional rights can be exercised for no consideration unless additional deferral arrangements apply.

8.4.2 Conditional rights

Details of the number of employee entitlements to conditional rights to ordinary shares granted, vested and transferred to employees during the year are as follows:

	2024 NUMBER OF RIGHTS	2023 NUMBER OF RIGHTS
At 1 January	**15,404,456**	12,660,558
Granted	**6,323,772**	6,477,583
Dividends attaching	**450,362**	593,365
Vested and transferred to employees	**(3,295,175)**	(3,610,031)
Forfeited	**(639,996)**	(717,019)
At 31 December	**18,243,419**	15,404,456
Weighted average share price at date of vesting of conditional rights during the year	**A$16.98**	A$15.14
Weighted average fair value of conditional rights granted during the year	**A$15.88**	A$14.24

8.4.3 Fair value of conditional rights

The fair value of conditional rights granted during the year was determined using the following significant assumptions:

		2024	2023
Five-day volume weighted average price of instrument at grant date	A$	**16.25–19.64**	12.57–15.26
Expected volatility	%	**24–26**	27–29
Risk-free rate	%	**3.71–4.02**	3.04–3.83
Dividend yield[1]	%	**4.65–5.52**	5.41–6.21
Expected life of instrument	Years	**0.1–5.0**	0.1–5.0

[1] Applies to QShare where participants are not entitled to dividends on conditional rights during the vesting period.

The fair value is determined using appropriate models including Monte Carlo simulations and the Black-Scholes model, depending on the vesting conditions. Some of the assumptions used may be based on historical data which is not necessarily indicative of future trends. Reasonable changes in these assumptions would not have a material impact on the Group's financial statements.

8.4.4 Employee options

Options were issued to employees in 2004 in lieu of shares under the Plan with an exercise price of A$11.08. The options vested immediately and were exercisable until March 2024. During 2024, no options (2023 14,250) were cancelled or forfeited and the remaining 500 options (2023 2,250) were exercised.

8.4.5 Share-based payment expense

This expense, which includes amounts in relation to cash-settled share-based payment awards, was $51,265 thousand (2023 $47,712 thousand). These amounts are included in insurance service expenses.

8.4.6 Shares purchased on-market

The Group may purchase shares on-market to satisfy entitlements under employee share schemes. The Group acquired 0.5 million (2023 0.3 million) such shares during the period at an average price of A$17.41 (2023 A$14.97).

How we account for the numbers

The fair value of the employee services received in exchange for the grant of equity-settled instruments is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted, excluding the impact of any non-market vesting conditions. The impacts of non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable.

The fair value of each instrument is recognised evenly over the service period ending at the vesting date; however, at each balance date, the Group revises its estimates of the number of instruments that are expected to become exercisable due to the achievement of non-market vesting conditions. The Group recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity.

8. OTHER

8.5 Key management personnel

Overview

AASB 124 *Related Party Disclosures* requires disclosure of the compensation of directors (executive and non-executive) and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. This group is collectively defined as key management personnel. Additional details in respect of key management personnel and their remuneration are shown in the Remuneration Report.

	2024 US$000	2023 US$000
Short-term employee benefits	**14,506**	12,201
Post-employment benefits	**228**	200
Other long-term employment benefits	**9**	6
Share-based payments	**9,024**	7,244
	23,767	19,651

How we account for the numbers

Short-term employee benefits – profit sharing and bonus plans

A provision is recognised for profit sharing and bonus plans where there is a contractual obligation or where past practice has created a constructive obligation at the end of each reporting period. Bonus or profit sharing obligations are settled within 12 months from the balance date.

Post-employment benefits – defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays a fixed contribution into a fund during the course of employment and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are expensed as incurred.

Other long-term employee employment benefits

The liabilities for long service leave and annual leave are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using high quality corporate bond yields with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Share-based payments

Further information in relation to remuneration under equity-based compensation schemes is provided in note 8.4.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. When applicable, the Group recognises termination benefits at the earlier of the date when the Group:

- can no longer withdraw the offer of those benefits; and
- recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

8.6 Defined benefit plans

Overview

Defined benefit plans are post-employment plans which provide benefits to employees on retirement, disability or death. The benefits are based on years of service and an average salary calculation. Contributions are made to cover the current cash outflows from the plans and a liability is recorded to recognise the estimated accrued but not yet funded obligations.

		FAIR VALUE OF PLAN ASSETS		PRESENT VALUE OF PLAN OBLIGATIONS		NET RECOGNISED SURPLUSES (DEFICITS)	
	DATE OF LAST ACTUARIAL ASSESSMENT	2024 US$M	2023 US$M	2024 US$M	2023 US$M	2024 US$M	2023 US$M
Defined benefit plan surpluses							
Iron Trades Insurance staff trust	31 Dec 2024	**184**	211	**(157)**	(177)	**27**	34
Janson Green final salary superannuation scheme[1]	31 Dec 2024	**105**	120	**(100)**	(115)	**5**	5
		289	331	**(257)**	(292)	**32**	39
Defined benefit plan deficits							
QBE the Americas plan[1]	31 Dec 2024	**137**	153	**(146)**	(164)	**(9)**	(11)
Other plans[2]	31 Dec 2024	**24**	24	**(36)**	(36)	**(12)**	(12)
		161	177	**(182)**	(200)	**(21)**	(23)

[1] Defined benefit plan obligations are funded.

[2] Other plans include $8 million (2023 $8 million) of defined benefit post-employment plan obligations that are not funded.

The measurement of assets and liabilities in defined benefit plans makes it necessary to use assumptions about discount rates, expected future salary increases, investment returns, inflation and life expectancy. If actual outcomes differ materially from actuarial assumptions, this could result in a significant change in employee benefit expense recognised in profit or loss or in actuarial remeasurements recognised in other comprehensive income, together with the defined benefit assets and liabilities recognised in the balance sheet.

The Group does not control the investment strategies of defined benefit plan assets, most of which are managed by trustees. Nonetheless, the Group has agreed, as part of ongoing funding arrangements, that the trustees should manage their strategic asset allocation in order to minimise the risk of material adverse impact. In particular, the Group has agreed with the trustees to reduce the level of investment risk by investing in assets that match, where possible, the profile of the liabilities. This involves holding a mixture of government and corporate bonds. The Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is also appropriate.

The charge recognised in profit or loss in the year of $3 million (2023 $1 million) is included in insurance service expenses. Total employer contributions expected to be paid to the various plans in 2025 amount to $2 million.

How we account for the numbers

The surplus or deficit recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have a term to maturity approximating the term of the related superannuation liability. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, and are recognised in other comprehensive income. Past service costs are recognised immediately in profit or loss.

8. OTHER

8.7 Remuneration of auditors

Overview

QBE may engage the external auditor for non-audit services (which include assurance and non-assurance services) other than excluded services. This is subject to the general principle that the fees for non-assurance services should not exceed 50% of all fees paid to the external auditor in any one financial year. The Board believes some non-audit services are appropriate given the external auditor's knowledge of the Group. External tax services are generally provided by an accounting firm other than the external auditor. Consistent with prior periods, the external auditor cannot provide excluded services which include preparing accounting records or financial reports or acting in a management capacity.

	2024 US$000	2023 US$000
PricewaterhouseCoopers (PwC) Australian firm		
Audit or review of financial reports of the ultimate parent entity	**2,329**	2,208
Audit of financial reports of controlled entities	**2,161**	2,176
Audit of statutory returns	**668**	656
Other assurance services	**515**	1,465
Taxation services	**9**	11
Advisory services	**–**	484
	5,682	7,000
Related practices of PwC Australian firm (including overseas PwC firms)		
Audit of financial reports of controlled entities	**10,925**	10,419
Audit of statutory returns	**1,183**	1,688
Other assurance services	**188**	180
Taxation services	**9**	4
Advisory services	**29**	22
	12,334	12,313
	18,016	19,313
Audit and assurance services	**17,969**	18,792
Other services	**47**	521
	18,016	19,313
Other auditors		
Audit of financial reports of controlled entities	**1,864**	1,754

8.8 Ultimate parent entity information

Overview

The *Corporations Act 2001* requires the disclosure of summarised financial information relating to the ultimate parent entity, QBE Insurance Group Limited.

8.8.1 Summarised financial data of QBE Insurance Group Limited (the Company)

	2024 US$M	2023 US$M
Profit after income tax	**819**	16
Other comprehensive (loss) income	**(1,036)**	77
Total comprehensive (loss) income	**(217)**	93
Assets maturing within 12 months[1]	**573**	712
Shares in controlled entities	**11,935**	13,153
Other assets	**188**	175
Total assets	**12,696**	14,040
Liabilities maturing within 12 months[2]	**190**	602
Borrowings	**2,664**	2,798
Total liabilities	**2,854**	3,400
Net assets	**9,842**	10,640
Contributed equity	**8,710**	9,381
Treasury shares held in trust	**(2)**	(3)
Foreign currency translation reserve	**(231)**	(38)
Other reserves	**122**	121
Retained profits	**1,243**	1,179
Total equity	**9,842**	10,640

1 Includes amounts due from controlled entities of $106 million (2023 $434 million).

2 Includes amounts due to controlled entities of $133 million (2023 $366 million).

8.8.2 Guarantees and contingent liabilities

	2024 US$M	2023 US$M
Support of the Group's participation in Lloyd's (note 8.2)	**2,468**	2,361
Letters of credit issued in support of other insurance operations of controlled entities	**1,443**	1,571

8.8.3 Tax consolidation legislation

The accounting in relation to the legislation is set out in note 6.2.4. On adoption of the tax consolidation legislation, the directors of the Company and its wholly-owned Australian controlled entities entered into a tax sharing and tax funding agreement that requires the Australian entities to fully compensate the Company for current tax liabilities and to be fully compensated by the Company for any current tax or deferred tax assets in respect of tax losses arising from external transactions occurring after the date of implementation of the tax consolidation legislation. The contributions are allocated by reference to the notional taxable income of each Australian entity.

Details of franking credits available to shareholders are shown in note 5.4.

How we account for the numbers

The financial information of the ultimate parent entity of the Group has been prepared on the same basis as the consolidated financial report except for shares in controlled entities, which are recorded at cost less any provision for impairment.

Consolidated entity disclosure statement

AS AT 31 DECEMBER 2024

The table below includes information required by section 295(3A) of the *Corporations Act 2001* for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements.*

				TAX RESIDENCY[1]	
	ENTITY TYPE	COUNTRY OF INCORPORATION/ FORMATION	PERCENTAGE OF SHARE CAPITAL HELD	AUSTRALIAN OR FOREIGN	FOREIGN JURISDICTION
Ultimate parent entity					
QBE Insurance Group Limited	Body corporate	Australia	N/A	Australian	N/A
Controlled entities					
Austral Mercantile Collections Pty Limited	Body corporate	Australia	100.00	Australian	N/A
Australian Aviation Underwriting Pool Proprietary Limited	Body corporate	Australia	100.00	Australian	N/A
Burnett & Company, Inc.	Body corporate	United States	100.00	Foreign	United States
Challenger Private Debt Q Fund	Trust	Australia	100.00	Australian	N/A
Champlain Insurance PCC, Inc.	Body corporate	United States	100.00	Foreign	United States
Cumberland Insurance PCC, Inc.	Body corporate	United States	100.00	Foreign	United States
Elders Insurance (Underwriting Agency) Pty Limited	Body corporate	Australia	80.00	Australian	N/A
General Casualty Company of Wisconsin	Body corporate	United States	100.00	Foreign	United States
General Casualty Insurance Company	Body corporate	United States	100.00	Foreign	United States
Greenhill BAIA Underwriting GmbH	Body corporate	Germany	100.00	Foreign	Germany
Greenhill International Insurance Holdings Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
Greenhill Sturge Underwriting Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
Greenhill Underwriting Espana Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
Lifeco s.r.o.	Body corporate	Czech Republic	100.00	Foreign	Czech Republic
NAU Country Insurance Company	Body corporate	United States	100.00	Foreign	United States
North Pointe Insurance Company	Body corporate	United States	100.00	Foreign	United States
Praetorian Insurance Company	Body corporate	United States	100.00	Foreign	United States
QBE Administration Services, Inc.	Body corporate	United States	100.00	Foreign	United States
QBE Americas, Inc.	Body corporate	United States	100.00	Foreign	United States
QBE Asia Pacific Holdings Limited	Body corporate	Hong Kong	100.00	Foreign	Hong Kong
QBE Asia Services Sdn. Bhd.	Body corporate	Malaysia	100.00	Foreign	Malaysia
QBE Capital (Global) Ltd.	Body corporate	Bermuda	100.00	Foreign	Bermuda
QBE Capital Ltd.	Body corporate	Bermuda	100.00	Foreign	Bermuda, United States
QBE Corporate Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Emerging Markets Holdings Pty Limited	Body corporate	Australia	100.00	Australian	N/A
QBE Employee Share Trust	Trust	Australia	N/A	Australian	N/A
QBE Europe SA/NV	Body corporate	Belgium	100.00	Foreign	Belgium
QBE European Operations plc	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE European Services Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Finance Holdings (EO) Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE FIRST Enterprises, LLC	Body corporate	United States	100.00	Foreign	United States
QBE FIRST Property Tax Solutions, LLC	Body corporate	United States	100.00	Foreign	United States
QBE General Insurance (Hong Kong) Limited	Body corporate	Hong Kong	100.00	Foreign	Hong Kong
QBE Group Services Pty Ltd	Body corporate	Australia	100.00	Australian	N/A
QBE Group Shared Services Limited	Body corporate	United Kingdom	100.00	Australian	N/A
QBE Holdings (AAP) Pty Limited	Body corporate	Australia	100.00	Australian	N/A
QBE Holdings (EO) Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Holdings, Inc.	Body corporate	United States	100.00	Foreign	United States
QBE Hongkong & Shanghai Insurance Limited	Body corporate	Hong Kong	100.00	Foreign	Hong Kong
QBE Insurance (Australia) Limited	Body corporate	Australia	100.00	Australian	N/A
QBE Insurance (Fiji) Limited	Body corporate	Fiji	100.00	Foreign	Fiji
QBE Insurance (International) Pty Limited	Body corporate	Australia	100.00	Australian	N/A
QBE Insurance (Malaysia) Berhad	Body corporate	Malaysia	100.00	Foreign	Malaysia
QBE Insurance (Singapore) Pte Ltd	Body corporate	Singapore	100.00	Foreign	Singapore
QBE Insurance (Vietnam) Company Limited	Body corporate	Vietnam	100.00	Foreign	Vietnam
QBE Insurance Corporation	Body corporate	United States	100.00	Foreign	United States
QBE Insurance Holdings Pty Limited	Body corporate	Australia	100.00	Australian	N/A

	ENTITY TYPE	COUNTRY OF INCORPORATION/ FORMATION	PERCENTAGE OF SHARE CAPITAL HELD	TAX RESIDENCY[1]	
				AUSTRALIAN OR FOREIGN	FOREIGN JURISDICTION
QBE Investments (Australia) Pty Limited	Body corporate	Australia	100.00	Australian	N/A
QBE Investments (North America), Inc.	Body corporate	United States	100.00	Foreign	United States
QBE Irish Share Incentive Plan	Trust	Ireland	N/A	Foreign	Ireland
QBE Latin America Insurance Holdings Pty Ltd	Body corporate	Australia	100.00	Australian	N/A
QBE Lenders' Mortgage Insurance Limited	Body corporate	Australia	100.00	Australian	N/A
QBE Management (Ireland) Limited[2]	Body corporate	Ireland	100.00	Foreign	Ireland
QBE Management, Inc.	Body corporate	United States	100.00	Foreign	United States
QBE Management Services (Philippines) Pty Ltd	Body corporate	Australia	100.00	Australian	N/A
QBE Management Services (UK) Limited[3]	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Management Services Pty Ltd[4]	Body corporate	Australia	100.00	Australian	N/A
QBE Mortgage Insurance (Asia) Limited	Body corporate	Hong Kong	100.00	Foreign	Hong Kong
QBE Regional Companies (N.A.), Inc.	Body corporate	United States	100.00	Foreign	United States
QBE Reinsurance Corporation	Body corporate	United States	100.00	Foreign	United States
QBE Reinsurance Services (Bermuda) Limited	Body corporate	Bermuda	100.00	Foreign	Bermuda
QBE Services Inc.	Body corporate	Canada	100.00	Foreign	Canada
QBE Specialty Insurance Company	Body corporate	United States	100.00	Foreign	United States
QBE s.r.o.	Body corporate	Czech Republic	100.00	Foreign	Czech Republic
QBE Stonington Insurance Holdings Inc	Body corporate	United States	100.00	Foreign	United States
QBE Strategic Capital (Europe) Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Strategic Capital (International) Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Strategic Capital Company Pty Ltd	Body corporate	Australia	100.00	Australian	N/A
QBE UK Finance IV Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE UK Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE UK Share Incentive Plan	Trust	United Kingdom	N/A	Foreign	United Kingdom
QBE Underwriting Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Underwriting Services (UK) Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
QBE Ventures Pty Ltd	Body corporate	Australia	100.00	Australian	N/A
QBE Workers Compensation (NSW) Ltd	Body corporate	Australia	100.00	Australian	N/A
QBE Workers Compensation (VIC) Pty Limited	Body corporate	Australia	100.00	Australian	N/A
Queensland Insurance (Investments) Pte Limited	Body corporate	Fiji	100.00	Foreign	Fiji
Regent Insurance Company	Body corporate	United States	100.00	Foreign	United States
Southern National Risk Management Corporation	Body corporate	United States	100.00	Foreign	United States
Southern Pilot Insurance Company	Body corporate	United States	100.00	Foreign	United States
Standfast Corporate Underwriters Limited	Body corporate	United Kingdom	100.00	Foreign	United Kingdom
Stonington Insurance Company	Body corporate	United States	100.00	Foreign	United States
Trade Credit Collections Pty. Limited	Body corporate	Australia	100.00	Australian	N/A
Trade Credit Underwriting Agency NZ Limited	Body corporate	New Zealand	100.00	Foreign	New Zealand
Trade Credit Underwriting Agency Pty Limited	Body corporate	Australia	100.00	Australian	N/A

1 Disclosure of tax residency as Australian or foreign resident within the meaning of the *Income Tax Assessment Act 1997* reflects the tax residency of those entities at the reporting date. The determination of tax residency involves judgement as it is fact dependent and subject to interpretation. The following interpretations have been applied in determining tax residency:

- Australian tax residency has been assessed based on current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Taxation Ruling TR 2018/5*.
- Foreign tax residency has been determined based on relevant foreign legislation and, where available, tax authority guidance.
- Australian tax law generally does not contain specific tax residency tests for trusts and these entities are generally taxed on a flow-through basis. The residency of each trust has been determined based on the residency of the trustee.

2 QBE Management (Ireland) Limited is the trustee of QBE Irish Share Incentive Plan.

3 QBE Management Services (UK) Limited is the trustee of QBE UK Share Incentive Plan.

4 QBE Management Services Pty Ltd is the trustee of QBE Employee Share Trust.

Directors' declaration

FOR THE YEAR ENDED 31 DECEMBER 2024

In the directors' opinion:

(a) the financial statements and notes set out on pages 72 to 145 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;

(b) the consolidated entity disclosure statement set out on pages 146 to 147 is true and correct; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1.2.1 confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Group Chief Executive Officer and Group Chief Financial Officer required by section 295A of the *Corporations Act 2001* and as recommended under the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Signed in Sydney this 21st day of February 2025 in accordance with a resolution of the directors.

Michael Wilkins AO **Director**	Andrew Horton **Director**

Independent auditor's report

TO THE MEMBERS OF QBE INSURANCE GROUP LIMITED

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of QBE Insurance Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 31 December 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 31 December 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (Refer to note 2.2)	
Insurance contract liabilities comprises of liabilities for remaining coverage and liabilities for incurred claims. Liabilities for remaining coverage are made up of fulfilment cash flows related to future services to be provided under groups of insurance contracts. Where the general measurement model is adopted, this balance is also inclusive of a risk adjustment, contractual service margin and discounting. Liabilities for incurred claims consists of fulfilment cash flows related to past services provided under groups of insurance contracts which have not yet been paid, including claims that have been incurred but not yet reported (IBNR) and claims incurred but not enough reported (IBNER). This balance is also inclusive of a risk adjustment and discounting.	Together with PwC actuarial experts, our procedures included: • Developing an understanding of the control activities relevant to our audit over the Group's process for determining insurance contract liabilities, and for certain control activities, assessing whether they were appropriately designed, implemented and operating effectively on a sample basis, throughout the year ended 31 December 2024. • Developing point estimates for selected groups of contracts, focusing on groups of contracts which were material and had a heightened level of uncertainty. • Testing specific groups of contracts including those most impacted by the higher inflationary environment, war conflicts, natural catastrophes and other large losses by assessing the methodology and assumptions used by the Group and, where available, comparing to historical experience, industry trends and benchmarks, and other publicly available information. • Performing risk-based testing procedures on a selection of contracts from the remaining groups of contracts, where there have been material movements and/or assumption changes.

Key audit matter	How our audit addressed the key audit matter
We considered the valuation of insurance contract liabilities to be a key audit matter due to the significant judgement required by the Group in estimating future cash flows, and in particular IBNR and IBNER. These estimates are inherently uncertain and can be further impacted by a number of factors such as long-tail classes and natural catastrophe events occurring close to year end where data is limited and as a result require greater reliance on expert judgement. The risk adjustment is also a key area of judgement given it is intended to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows associated with insurance contracts that arise from non-financial risks.	• Evaluating the appropriateness and reliability of significant data used to estimate future cash flows associated with groups of contracts, including agreeing a sample of claims to underlying information. • Evaluating onerous contract assessments, and analysing the significant assumptions against relevant supporting information. • Evaluating the relevant underlying calculations used to derive the risk adjustment, including the significant assumptions applied. • Assessing the discount rates applied through evaluating yield curves, claims payment patterns and the adopted illiquidity premium. This included comparing the rates applied to external market data and the payment patterns to historical information. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.
Valuation of reinsurance contract assets (Refer to note 2.2)	
We considered the valuation of reinsurance contract assets to be a key audit matter due to the significant judgement applied by the Group in valuing the associated insurance contract liabilities that have been reinsured, the complexity of the application and coverage of divisional and Group-wide reinsurance programmes, and the risk of non-performance by the reinsurers. The Group has also executed a significant loss portfolio transfer during the year. This has required the use of judgement by the Group in the accounting for the contract and significant assumptions used.	Our procedures included: • Developing an understanding of the control activities relevant to our audit over the Group's process for determining reinsurance contract assets, and for certain control activities, assessing whether they were appropriately designed, implemented and operating effectively on a sample basis, throughout the year ended 31 December 2024. • Testing a sample of reinsurance income related to recoveries on the underlying insurance contracts held by divisions and the Group against reinsurance contracts to assess the existence of cover and appropriateness of their recognition. • Assessing the risk of non-performance of reinsurers by considering the payment history and credit worthiness for a selection of reinsurance contract assets. • Assessing the accounting adopted for loss portfolio transfers, including evaluating the underlying claims data used to recognise the related reinsurance contract assets. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Independent auditor's report

TO THE MEMBERS OF QBE INSURANCE GROUP LIMITED

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (Refer to note 7.2)	
An impairment assessment is performed annually by the Group, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Potential impairment is identified by comparing the value-in-use of the cash-generating unit (CGU) to its carrying value, including goodwill. The value-in-use for each of the CGU is estimated by the Group using a discounted cash flow model which includes significant judgements and assumptions relating to cash flow projections, investment returns, terminal growth rates and discount rates. We considered the carrying value of goodwill to be a key audit matter due to the inherent estimation uncertainty and subjectivity in a number of the assumptions.	Our procedures included: • Developing an understanding of the control activities relevant to our audit over the Group's process for determining the carrying value of goodwill, and for certain control activities, assessing whether they were appropriately designed and implemented. • Evaluating the determination and composition of the CGUs to which goodwill is allocated in the context of the Group's operations and reporting processes. • Developing an understanding of the process by which the cash flow projections were developed and comparing the cash flows included in the impairment assessment with the three-year business plan presented to the Board, current and past performance of the CGUs, and other external market and industry data where available. • Together with PwC valuation experts, we: – Evaluated the appropriateness of the value-in-use methodology adopted against the requirements of Australian Accounting Standards. – Assessed the appropriateness of the terminal growth rates and investment returns with available external information. – Reperformed the calculation of the discount rates applied to cash flow projections, comparing key inputs (including risk-free rates, market premiums and unlevered betas) to industry and other benchmarks. • Testing the mathematical accuracy of the models which were used to determine the value-in-use of the CGUs. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Valuation of level 3 investments (Refer to note 3.2)	
The Group exercises judgement in valuing level 3 investments as there are significant unobservable inputs as a result of market illiquidity and/or instrument complexity. The level 3 investments held at fair value predominantly consist of infrastructure assets, unlisted property trusts and private credit. We considered the valuation of level 3 investments to be a key audit matter due to the extent of judgement involved in determining the fair value of investments as a result of significant unobservable market inputs.	Our procedures included: • Developing an understanding of the control activities relevant to our audit over the Group's process for measuring level 3 investments at fair value, and for certain control activities, assessing whether they were appropriately designed, implemented and operating effectively on a sample basis, throughout the year ended 31 December 2024. • Evaluating the appropriateness of the valuation methodologies used against the requirements of Australian Accounting Standards. • For a selection of investments in infrastructure assets, unlisted property trusts and private credit, where the Group determined the fair value, we: – Compared the price used by the Group to the 31 December 2024 price quoted by the fund manager. – Evaluated the reliability and accuracy of relevant past fund manager statements by reference to the most recent audited financial statements of the relevant funds. – Inspected the most recent reports provided by the fund manager setting out the controls in place at the fund manager, including consideration of the relevant assurance reports on the design, implementation and operating effectiveness of their controls, where available. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of Australian Accounting Standards.

Independent auditor's report

TO THE MEMBERS OF QBE INSURANCE GROUP LIMITED

Key audit matter	How our audit addressed the key audit matter
Operation of financial reporting IT systems and controls	
The Group's operations and financial reporting processes are heavily dependent on information technology (IT) systems for the processing and recording of a significant volume of transactions. A fundamental component of these IT systems is ensuring that risks in relation to inappropriate user access management, unauthorised program changes and IT operating protocols are managed. Due to this, we considered the operation of financial reporting IT systems and relevant controls to be a key audit matter.	For material financial statement balances, we developed an understanding of the business processes, IT systems used to generate and support those balances, and associated IT application controls and dependencies where relevant. Our procedures included assessing the design, implementation and operating effectiveness of controls in the following areas of IT systems relevant to financial reporting: • Change management: the processes and controls used to develop, test and authorise changes in the functionality and configurations of systems. • System development: the project disciplines which ensure that significant developments or implementations are appropriately tested before implemented and that data is converted and transferred completely and accurately. • Security: the access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means. • IT operations: the controls over operations are used to ensure that any issues that arise are managed appropriately. Within the scope of our audit where IT services are provided by a third party, we considered assurance reports from the third party's auditor on the design, implementation and operating effectiveness of controls relevant to the audit. We also carried out tests, on a sample basis, of IT application controls and IT dependencies that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. Where we identified design, implementation or operating effectiveness matters relating to IT systems or their controls, we performed alternative or additional audit procedures. This included considering mitigating controls in order to respond to the impact on our overall audit approach.

Other information

The directors of the Company (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Independent auditor's report

TO THE MEMBERS OF QBE INSURANCE GROUP LIMITED

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2024.

In our opinion, the remuneration report of QBE Insurance Group Limited for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

S Hadfield

Scott Hadfield
Partner

Sydney
21 February 2025

Shareholder information

The Company was incorporated in Australia, is listed on the Australian Securities Exchange (ASX) and trades under the code ‘QBE’.

Registered office

QBE Insurance Group Limited
Level 18, 388 George Street
Sydney NSW 2000 Australia

Telephone: +61 2 9375 4444
Facsimile: +61 2 9231 6104

Website: www.qbe.com

QBE website

QBE’s website provides investors with information about QBE including annual reports, corporate governance statements, sustainability reports, half-yearly reports and announcements to the ASX. The website also offers regular QBE share price updates, a calendar of events, a history of QBE’s dividends and online access to your shareholding details via the share registry.

Shareholder information and enquiries

Enquiries and correspondence regarding shareholdings can be directed to QBE’s share registry:

Computershare Investor Services Pty Limited (Computershare)
GPO Box 2975
Melbourne VIC 3001 Australia

452 Johnston Street
Abbotsford VIC 3067 Australia

Telephone: 1300 723 487 (Australia)
Telephone: +61 3 9415 4840 (International)

Website: www.computershare.com.au
Email: qbe.queries@computershare.com.au

For security purposes, you will need to quote your Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

If you are broker (CHESS) sponsored, queries relating to incorrect registrations and changes to name and/or address can only be processed by your stockbroker. Please contact your stockbroker. Computershare cannot assist you with these changes.

Shareholding details online

Manage your shareholding online by visiting QBE’s share registry, Computershare. Log onto www.investorcentre.com to view your holding balance and dividend statements, to update your address (if you are registered with an SRN) or direct credit instructions, provide DRP or BSP instructions or change/add your tax file number (TFN)/Australian Business Number (ABN) details.

You may also register to receive shareholder documentation electronically including your dividend statements, notices of meetings and proxy and annual reports.

Privacy legislation

Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in QBE’s share register. These details must continue to be included in the public register even if you cease to be a securityholder. A copy of the privacy policy is available on Computershare’s website.

Dividends

QBE pays cash dividends to shareholders resident in Australia and New Zealand by direct credit. Shareholders in the United Kingdom and the United States also have the option to receive their cash dividends by direct credit, although it is not mandatory. The benefit to shareholders of the direct credit facility is access to cleared funds quickly and securely, reducing the risk of cheques being lost or stolen. Shareholders in other countries will receive cheque payments in Australian dollars if they have not elected to receive their payment by direct credit. Shareholders receive a dividend statement for tax records, either by post or by email depending on the selected communications option.

Eligible shareholders can participate in QBE’s DRP and BSP when the plans are active. The DRP enables shareholders to subscribe for additional shares. The BSP is a bonus share plan whereby the dividend entitlement is forgone for bonus shares in lieu of the dividend. In order to participate in either the DRP or BSP, shareholders must have a minimum shareholding of 100 shares and have a registered address in Australia or New Zealand.

Participants may change their election to participate in the DRP and BSP at any time. DRP/BSP election cut-off dates and application forms are available from QBE’s website.

Tax file number (TFN), Australian Business Number (ABN) or exemption – Australian residents

You can confirm whether you have lodged your TFN, ABN or exemption by visiting Computershare's Investor Centre. If you choose not to lodge these details, QBE is obliged to deduct tax at the highest marginal rate (plus the Medicare levy) from the unfranked portion of dividends paid. Australian shareholders living abroad should advise Computershare of their resident status.

Conduit foreign income (CFI)

Shareholders will receive CFI credits in respect of the whole unfranked portion of QBE dividends. These credits exempt non-resident shareholders from Australian withholding tax.

Unpresented cheques/unclaimed money

Under the *Unclaimed Moneys Act 1950*, unclaimed dividends six or more years old must be given to the Australian Capital Territory. It is very important that shareholders bank outstanding dividend cheques promptly and advise Computershare immediately of changes of address or bank account details.

Recent QBE dividend

DATE PAID	TYPE	RECORD DATE	AUSTRALIAN CENTS PER SHARE	FRANKING %
13 April 2015	Final	6 March 2015	22	100
2 October 2015	Interim	28 August 2015	20	100
14 April 2016	Final	11 March 2016	30	100
28 September 2016	Interim	26 August 2016	21	50
13 April 2017	Final	10 March 2017	33	50
29 September 2017	Interim	25 August 2017	22	30
20 April 2018	Final	9 March 2018	4	30
5 October 2018	Interim	24 August 2018	22	30
18 April 2019	Final	8 March 2019	28	60
4 October 2019	Interim	23 August 2019	25	60
9 April 2020	Final	6 March 2020	27	30
25 September 2020	Interim	21 August 2020	4	10
24 September 2021	Interim	20 August 2021	11	10
12 April 2022	Final	8 March 2022	19	10
23 September 2022	Interim	19 August 2022	9	10
14 April 2023	Final	7 March 2023	30	10
22 September 2023	Interim	18 August 2023	14	10
12 April 2024	Final	7 March 2024	48	10
20 September 2024	Interim	19 August 2024	24	20

Annual General Meeting

The Annual General Meeting of QBE Insurance Group Limited will be held at 10am on Friday, 9 May 2025. Details of the meeting, including information about how to vote, will be contained in our Notice of Meeting. QBE's Notice of Meeting is published on our website at www.qbe.com. If you wish to receive a hard copy of the Notice of Meeting, please update your communication preferences by logging into your shareholding at www.investorcentre.com.

Annual Report

QBE's Annual Report is published on our website at www.qbe.com. If you wish to receive a hard copy of the Annual Report, please update your communication preferences by logging into your shareholding at www.investorcentre.com.

Top 20 shareholders as at 31 January 2025

NAME	NUMBER OF SHARES	% OF TOTAL
HSBC Custody Nominees (Australia) Limited	583,922,881	38.79
J P Morgan Nominees Australia Pty Limited	400,703,330	26.62
Citicorp Nominees Pty Limited	201,992,562	13.42
BNP Paribas Nominees Pty Ltd (Agency Lending A/C)	56,951,324	3.78
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	26,350,374	1.75
BNP Paribas Noms Pty Ltd	20,198,961	1.34
National Nominees Limited	17,780,901	1.18
BNP Paribas Noms Pty Ltd Deutsche Bank TCA	11,493,849	0.76
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/C)	10,920,307	0.73
Argo Investments Limited	9,290,088	0.62
BNP Paribas Noms Pty Ltd (HUB24 Custodial Serv Ltd)	5,908,066	0.39
HSBC Custody Nominees (Australia) Limited	5,560,684	0.37
Netwealth Investments Limited (Wrap Services A/C)	4,016,317	0.27
BNP Paribas Noms Pty Ltd (Global Markets)	2,507,588	0.17
BNP Paribas Noms (NZ) Ltd	2,335,171	0.16
UBS Nominees Pty Ltd	1,963,793	0.13
Netwealth Investments Limited (Super Services A/C)	1,617,000	0.11
HSBC Custody Nominees (Australia) Limited – A/C 2	1,463,523	0.10
HSBC Custody Nominees (Australia) Limited -(GSCO Customers A/C)	1,116,186	0.07
Citicorp Nominees Pty Limited (143212 NMMT Ltd A/C)	1,080,739	0.07
	1,367,173,644	90.83

QBE substantial shareholders as at 31 January 2025

NAME	NUMBER OF SHARES	% OF TOTAL [1]	DATE OF NOTICE
AustralianSuper Pty Ltd	141,252,787	9.40	20 September 2024
BlackRock Group (and its associated entities)[2]	109,707,892	7.23	1 December 2023
State Street Corporation	106,999,318	7.12	2 September 2024
Vanguard Group (The Vanguard Group, Inc and its controlled entities)	80,289,148	6.06	17 May 2019

[1] Percentage of total at date of notice.

[2] Totals include Fully Paid Ordinary Shares and American Depository Receipts.

Distribution of shareholders and shareholdings as at 31 January 2025

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 1,000	41,787	62.01	14,713,258	0.98
1,001 to 5,000	20,643	30.63	46,189,975	3.07
5,001 to 10,000	3,138	4.66	21,932,643	1.46
10,001 to 100,000	1,735	2.58	36,425,796	2.42
100,001 and over	82	0.12	1,386,144,851	92.07
Total	67,385	100.00	1,505,406,523	100.00

Shareholdings of less than a marketable parcel as at 31 January 2025

	SHAREHOLDERS		SHARES	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL
Holdings of 24 or fewer shares[1]	2,711	4.02	21,003	0.0014

[1] Determined based on less than marketable parcel of $500 based on a closing price of $20.94 on 31 January 2025.

Financial calendar

YEAR	MONTH	DAY	ANNOUNCEMENT
2025	**February**	**21**	Results and dividend announcement for the year ended 31 December 2024
	March	**5**	Shares begin trading ex-dividend
		6	Record date for determining shareholders' entitlement to the 2024 final dividend
		7	DRP/BSP election close date – last day to nominate participation in the DRP or BSP
	April	**11**	Payment date for the 2024 final dividend
	May	**9**	2025 Annual General Meeting 1Q25 Performance update
	June	**30**	Half year end
	August	**8** [1]	Results and dividend announcement for the half year ended 30 June 2025
		19 [1]	Shares begin trading ex-dividend
		20 [1]	Record date for determining shareholders' entitlement to the 2025 interim dividend
		21 [1]	DRP/BSP election close date – last day to nominate participation in the DRP or BSP
	September	**26** [1]	Payment date for the 2025 interim dividend
	November	**27** [1]	3Q25 Performance update
	December	**31**	Year end

[1] Dates shown may be subject to change.

Glossary

Accident year	The year in which the event causing the claim occurs, regardless of when reported or paid.
Acquisition costs	Commission and other costs incurred in selling, underwriting and starting insurance contracts.
Adjusted return on equity (ROE)	Net profit after tax adjusted to include coupon on Additional Tier 1 capital notes, expressed as a percentage of average shareholders' equity. Average shareholders' equity excludes the carrying value of Additional Tier 1 capital notes.
Admitted insurance	Insurance written by an insurance company that is admitted (or licensed) to do business in the state in the United States in which the policy was sold.
Agent	One who negotiates contracts of insurance or reinsurance as an insurance company's representative i.e. the agent's primary responsibility is to the insurance company, not the insured party.
Aggregate reinsurance	Reinsurance cover that provides protection for an accumulation of claims arising from multiple events over a specified period of time.
APRA	Australian Prudential Regulation Authority, being the Group's primary insurance regulator.
Attachment point	The amount of claims retained by the cedant in a reinsurance arrangement, after which reinsurance protection will apply.
Attributable expenses	Administrative, general and other expenses that directly relate to fulfilling insurance contracts.
Borrowings to total capital	The Group's gearing ratio (also referred to as debt to total capital), calculated as borrowings expressed as a percentage of total capital. Total capital is shareholders' equity plus subordinated debt and where applicable, Tier 1 instruments classified as liabilities (which are excluded from borrowings for the purposes of this calculation).
Broker	One who negotiates contracts of insurance or reinsurance on behalf of an insured party, receiving a commission from the insurance or reinsurance company for placement and other services rendered. In contrast with an agent, the broker's primary responsibility is to the insured party, not the insurance company.
Capacity	In relation to a Lloyd's member, the maximum amount of insurance premium (gross of reinsurance but net of brokerage) which a member can accept. In relation to a syndicate, it is the aggregate of each member's capacity allocated to that syndicate.
Captive	A licensed entity within the Group that provides reinsurance protection to other controlled entities.
Casualty insurance	Insurance that is primarily concerned with the claims resulting from injuries to third persons or their property (i.e. not the policyholder) and the resulting legal liability imposed on the insured. It includes, but is not limited to, general liability, employers' liability, workers' compensation, professional liability, public liability and motor liability insurance.
Catastrophe claims	Total of all net claims resulting from catastrophe events. Referred to as catastrophe claims ratio when expressed as a percentage of net insurance revenue.
Catastrophe reinsurance	A reinsurance contract (often in the form of excess of loss reinsurance) that, subject to specified limits and retention, compensates the ceding insurer for financial losses related to an accumulation of claims resulting from a catastrophe event or series of events.
Claim	The amount payable under a contract of insurance or reinsurance arising from a loss relating to an insured event.
Claims incurred	The aggregate of all claims paid during an accounting period adjusted for the change in the claims provision in that accounting period.

Glossary continued

Combined operating ratio (COR)	The sum of the net claims ratio, commission ratio and expense ratio. A combined operating ratio below 100% indicates an underwriting profit. A combined operating ratio over 100% indicates an underwriting loss.
Commercial lines	Refers to insurance for businesses, professionals and commercial establishments.
Confidence level	A statistical measure of the level of confidence that the insurance contract liabilities will be sufficient to pay claims as and when they fall due.
Contractual service margin (CSM)	A component of the asset or liability for remaining coverage of contracts measured under the general model, which represents profit that has not yet been recognised in profit or loss as it relates to future services to be provided over the remaining coverage of the insurance contracts.
Credit spread	The difference in yield between a bond and a reference yield (e.g. BBSW or a fixed sovereign bond yield).
Credit spread duration	The weighted average term of cash flows for a corporate bond. It is used to measure the price sensitivity of a corporate bond to changes in credit spreads.
Ex-cat claims	Net claims excluding catastrophe claims and prior accident year claims development (including movements in risk adjustment related to prior accident years). Referred to as ex-cat claims ratio when expressed as a percentage of net insurance revenue.
Expenses and other income	The sum of attributable expenses (within insurance service expenses), other expenses and other income. Referred to as expense ratio when expressed as a percentage of net insurance revenue.
Facultative reinsurance	The reinsurance of individual risks through a transaction between the reinsurer and the cedant (usually the primary insurer) involving a specified risk.
General insurance	Generally used to describe non-life insurance business including property and casualty insurance.
Gross written premium (GWP)	The total premium on insurance underwritten by an insurer or reinsurer during an accounting period, before deduction of reinsurance premium. This metric is used to derive insurance revenue under the premium allocation method, which is an allocation of total expected premium, derived based on gross written premium, to each period of coverage on the basis of the passage of time as described in note 2.1 of the Financial Report.
Illiquidity premium	A component within discount rates applied in the measurement of net insurance contract liabilities which reflects the liquidity characteristics of the insurance contracts.
Incurred but not reported (IBNR)	Claims arising out of events that have occurred before the end of an accounting period but have not been reported to the insurer by that date.
Indirect and Claims procurement	Indirect procurement refers to suppliers of goods and services that are not related to IT or claims (e.g. office suppliers, facilities, recruitment services, business consulting and marketing). Claims procurement refers to all suppliers that support the claims fulfilment process.
Insurance profit or loss	The sum of the insurance operating result, net insurance finance income or expenses and net investment income or loss on assets backing policyholders' funds. On a management basis, it also includes fixed income gains or losses from changes in risk-free rates attributable to shareholders' funds. Referred to as insurance profit margin when expressed as a percentage of net insurance revenue.
Insurance revenue	The proportion of gross written premium recognised as revenue in the current accounting period, reflecting insurance coverage provided during the period.
Lead/non-lead underwriter	A lead underwriter operates in the subscription market and sets the terms and price of an insurance or reinsurance policy. The follower or non-lead underwriter is an underwriter of a syndicate or an insurance or reinsurance company that agrees to accept a proportion of a given risk on terms set by the lead underwriter.
Lenders' mortgage insurance (LMI)	A policy that protects the lender (e.g. a bank) against non-payment or default on the part of the borrower on a residential property loan.

Letters of credit (LoC)	Written undertaking by a financial institution to provide funding if required.
Liability for incurred claims (LIC)	The liability established for claims and attributable expenses that have occurred but have not been paid.
Liability for remaining coverage (LfRC)	The liability that represents insurance coverage to be provided by QBE after the balance date.
Lloyd's	Insurance and reinsurance market in London. It is not a company but is a society of individuals and corporate underwriting members.
Long-tail	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer.
Loss component	A component of the LfRC within the insurance contract liabilities that relates to losses recognised on onerous contracts.
Loss-recovery component	A component of the asset for remaining coverage (AfRC) within the reinsurance contract assets that represents recoveries on reinsurance contracts held that correspond to losses recognised on onerous contracts.
Managing General Agent (MGA)	A wholesale insurance agent with the authority to accept placements from (and often to appoint) retail agents on behalf of an insurer. MGAs generally provide underwriting and administrative services such as policy issuance on behalf of the insurers they represent. Some may handle claims.
Maximum event retention (MER)	An estimate of the largest claim to which an insurer will be exposed (taking into account the probability of that loss event at a return period of one in 250 years) due to a concentration of risk exposures, after netting off any potential reinsurance recoveries and inward and outward reinstatement premiums.
Modified duration	The weighted average term of cash flows in a bond. It is used to measure the price sensitivity of a bond to changes in interest rates.
Multi-peril crop insurance (MPCI)	United States federally regulated crop insurance protecting against crop yield losses by allowing participating insurers to insure a certain percentage of historical crop production.
Net claims expense	The portion of insurance service expenses related to gross claims expenses, net of reinsurance income associated with reinsurance recoveries on claims. Management analysis of net claims expense includes the impacts of unwind of discount on claims reserves. Referred to as net claims ratio when expressed as a percentage of net insurance revenue.
Net commission	The portion of insurance service expenses related to commission expenses, net of commission income from reinsurance contracts held that are recognised within reinsurance income. Referred to as net commission ratio when expressed as a percentage of net insurance revenue.
Net insurance revenue	Insurance revenue net of reinsurance expenses.
Net outstanding claims	Claims reserves within the net LIC and unless otherwise stated, also include recoveries from reinsurance loss portfolio transfers.
Personal lines	Insurance for individuals and families, such as private motor vehicle and homeowners' insurance.
Policyholders' funds	The net insurance liabilities of the Group.
Premium	Amount payable by the insured or reinsured in order to obtain insurance or reinsurance protection.
Prescribed Capital Amount (PCA)	The sum of the capital charges for asset risk, asset concentration risk, insurance concentration risk and operational risk as required by APRA. The PCA must be disclosed at least annually.

Glossary continued

Prior accident year claims development	The portion of net claims expense attributable to prior accident years. Referred to as prior accident year claims development ratio when expressed as a percentage of net insurance revenue.
Prudential Capital Requirement (PCR)	The sum of the PCA plus any supervisory adjustment determined by APRA. The PCR may not be disclosed.
Recoveries	The amount of claims recovered from reinsurance, third parties or salvage.
Reinsurance	An agreement to indemnify an insurer by a reinsurer in consideration of a premium with respect to agreed risks insured by the insurer. The entity accepting the risk is the reinsurer and is said to accept inward reinsurance (or referred to as a reinsurance contract issued). The entity ceding the risks is the cedant or ceding company and is said to place outward reinsurance (or referred to as a reinsurance contract held).
Reinsurance to close	A reinsurance agreement under which members of a syndicate, for a year of account to be closed, are reinsured by members who comprise that or another syndicate for a later year of account against all liabilities arising out of insurance business written by the reinsured syndicate.
Reinsurer	The insurer that assumes all or part of the insurance or reinsurance liability written by another insurer or reinsurer.
Retention	That amount of liability for which an insurer will remain responsible after it has completed its reinsurance arrangements.
Retrocession	Reinsurance of a reinsurer by another reinsurance company.
Risk adjustment	A component of insurance and reinsurance contract assets and liabilities that reflects the compensation required for bearing uncertainty about the amount and timing of cash flows that arises from non-financial risk.
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months.
Surplus (or excess) lines insurers	In contrast to admitted insurers, every state in the United States also allows non-admitted (or surplus lines or excess lines) carriers to transact business where there is a special need that cannot or will not be met by admitted carriers. The rates and forms of non-admitted carriers generally are not regulated in that state, nor are the policies back-stopped by the state insolvency fund covering admitted insurance. Brokers must inform insurers if their insurance has been placed with a non-admitted insurer.
Syndicate	A member or group of members underwriting insurance business at Lloyd’s through the agency of a managing agent.
Total investment income or loss	Gross investment income or loss including foreign exchange gains and losses and net of investment expenses.
Total shareholder return (TSR)	A measure of performance of a company’s shares over time. It includes share price appreciation and dividend performance.
Treaty reinsurance	Reinsurance of risks in which the reinsurer is obliged by agreement with the cedant to accept, within agreed limits, all risks to be underwritten by the cedant within specified classes of business in a given period of time.
Underwriting	The process of reviewing applications submitted for insurance or reinsurance coverage, deciding whether to provide all or part of the coverage requested and determining the applicable premium.
Underwriting year	The year in which the contract of insurance commenced or was underwritten.
Volume weighted average price (VWAP)	A measure of the average trading price during a period, adjusted for the volume of transactions. This is often used for determining the share price applicable to dividend and other share-related transactions.

ARMSTRONG

Communication design, consultancy and production.

QBE

Enabling a more resilient future

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