

QBE Insurance Group

QBE.AX | Financials | Property & Casualty Insurance

KEY METRICS

Price	Mkt Cap	Fwd P/E	EV/EBITDA
A\$21.78	A\$30.2B	Pending	Pending
52wk Range	Div Yield	Revenue	NPAT
Pending	Pending	Pending	Pending

OVERALL SENTIMENT

Overall Sentiment	+21 UPSIDE
External Environment	N/A
Company Research	+13

KEY TAKEAWAYS

- This is the bull case — QBE's FY25 underwriting beat is structural, not cyclical. Hard market pricing holds and investment income continues at elevated levels.
- If a severe cat season or cycle turn pushes COR above 97%, this narrative collapses.
- External environment: pending macro signal update.

Marc Duncan | DH Capital Partners

marc@dhcapital.com.au

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COMPANY OVERVIEW

QBE Insurance Group (ASX: QBE) — FY25 results beat: COR 91.9% vs 93-95% guidance, NPAT US\$2,157M (+21%), DPS +25%. Hard market and elevated investment income sustain the bull case at 12x P/E.

NARRATIVE ASSESSMENT

QBE Insurance Group (ASX: QBE) — FY25 results beat: COR 91.9% vs 93-95% guidance, NPAT US\$2,157M (+21%), DPS +25%. Hard market and elevated investment income sustain the bull case at 12x P/E.

MARKET CONTEXT

Macro Environment: NEUTRAL (external signal: +0)

Indicator	Value	Change
ASX 200	9,101.3	+3.2% 1mo
AUD/USD	0.7066	-0.8% 5d
RBA Cash Rate	4.10%	cutting gradually
VIX	19.6	

SECTOR CONTEXT

Model: FINANCIALS INSURERS | Sector signal: +20 (hard market intact)

COMPETING HYPOTHESES

Dominant Narrative: T1: Hard Market Sustains COR <94% (survival probability: 40%)

T1: Hard Market Sustains COR <94% [DOMINANT]

40%

This is the bull case — QBE's FY25 underwriting beat is structural, not cyclical. Hard market pricing holds and investment income continues at elevated levels.

Watch: 1H FY26 COR update and commercial insurance pricing surveys (CIAB, Aon).

- Evidence gathering in progress.

T2: Investment Portfolio Outperforms

30%

Higher-for-longer US rates are a structural benefit to QBE's bond portfolio. Investment income cushions underwriting volatility.

Watch: US Federal Reserve rate decisions and portfolio yield disclosures in ASX updates.

- Evidence gathering in progress.

T3: Catastrophe Season Overwhelms Rate Gains

30%

This is the key tail risk — a severe North Atlantic hurricane season or multiple secondary perils above budget forces QBE to report a poor year despite the hard market.

Watch: North Atlantic hurricane season (June-November 2026); QBE cat loss updates.

- Evidence gathering in progress.

T4: Premium Cycle Reversal / North America Deteriorates

25%

This is the structural bear case — insurance cycles always revert, and QBE's North America has a history of being the problem segment.

Watch: Commercial insurance pricing surveys turning negative; North America segment COR in next results.

- Evidence gathering in progress.

DIAGNOSTIC EVIDENCE

The following evidence items have the highest discriminating power between hypotheses:

Evidence matrix pending - no active evidence items recorded.

C = Consistent, I = Inconsistent, N = Neutral. Diagnosticity = ability to discriminate between hypotheses. HIGH/CRITICAL items are most informative.

KEY DISCRIMINATORS

Key discriminator analysis pending - will be populated as evidence items are assessed.

TRIPWIRES

Condition	Trigger	Action
1H FY26 COR update and commercial insurance pricing surveys (CIAB, Aon).	Per hypothesis thresholds	Reassess T1 narrative
US Federal Reserve rate decisions and portfolio yield disclosures in ASX updates.	Per hypothesis thresholds	Reassess T2 narrative
North Atlantic hurricane season (June-November 2026); QBE cat loss updates.	Per hypothesis thresholds	Reassess T3 narrative

TECHNICAL PICTURE

Technical analysis pending - signals will be incorporated when the TA agent is deployed.

ANALYTICAL GAPS

The following information would materially improve the confidence of this analysis:

- Management guidance on forward P/E and revenue trajectory - required to validate Growth/Recovery hypothesis.
- Independent market share data - needed to assess competitive dynamics and test downside scenarios.
- Balance sheet composition and net debt position - required to stress-test valuation under rate scenarios.
- Analyst consensus estimates and revision trends - to calibrate sentiment score against market positioning.
- Customer cohort data or NPS trends - to validate operational execution claims in company guidance.

UPCOMING CATALYSTS

Catalyst calendar pending. Key items to monitor:

- Next results date: Pending (monitor ASX announcements)
- Monitor hypothesis tripwires for narrative-change signals.

IMPORTANT INFORMATION

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METHODOLOGY

This analysis uses the Analysis of Competing Hypotheses (ACH) framework, originally developed by Richards Heuer at the CIA for intelligence analysis and adapted here for equity research. ACH evaluates multiple competing explanations against diagnostic evidence, ranking hypotheses by the fewest inconsistencies rather than the most confirmations. This approach is designed to reduce confirmation bias and anchoring effects common in traditional equity research.

Sentiment scores are generated by a three-layer decomposition model separating macro environment, sector/commodity factors, and company-specific research. The 40/60 rule ensures company-specific research always contributes at least 60% of the overall sentiment, maintaining focus on idiosyncratic stock drivers.

LIMITATIONS

- Hypothesis scores are model outputs, not price targets or investment recommendations.
- Evidence assessment involves subjective judgement and may contain errors.
- Past price performance is not indicative of future returns.
- This analysis does not account for individual investor circumstances, risk tolerance, or tax position.
- Data sources include ASX announcements, broker research, company filings, and market data. Errors in source data will propagate.

CONFLICTS

DH Capital Partners and/or its principals may hold positions in securities discussed in this document. Positions may change without notice.

CONTACT

Marc Duncan

DH Capital Partners

marc@dhcapital.com.au

Sydney, Australia

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