

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

Coverage of QBE.AX is currently in Phase 1 (Baseline Ingest). As a provider in the Property & Casualty Insurance sector, we are prioritising narrative weight assessment and signal divergence tracking while detailed financial history is being audited.

OVERALL SENTIMENT

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

KEY TAKEAWAYS

- The T1 narrative ('Hard Market Sustains COR <94%') currently dominates the valuation math with 40.0% probability. Evidence suggests: 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.
- Risk profiling for QBE.AX prioritises If a severe cat season or cycle turn pushes COR above 97%, this narrative collapses.. We are monitoring 1H FY26 COR update and commercial insurance pricing surveys (CIAB, Aon). as the primary diagnostic milestone for narrative survival (ACH-2).
- Macro context update pending. Monitoring RBA cash rate and sector-specific volume signals.

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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.

The narrative structure for QBE.AX follows the FINANCIALS INSURERS framework. Our assessment focuses on the divergence between stated management goals and the cross-domain evidence aggregate. Current survival scores reflect this probabilistic weighting.

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	

The regime is currently in a neutral transition phase. Direct macro/sector influence is minimal, increasing the importance of company-specific execution and idiosyncratic evidence (ACH-1/2).

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).

Diagnostic milestones (synthesized):

- Monitor: 1H FY26 COR update and commercial insurance pricing surveys (CIAB, Aon).
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

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.

Diagnostic milestones (synthesized):

- Monitor: US Federal Reserve rate decisions and portfolio yield disclosures in ASX updates.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

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.

Diagnostic milestones (synthesized):

- Monitor: North Atlantic hurricane season (June-November 2026); QBE cat loss updates.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

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.

Diagnostic milestones (synthesized):

- Monitor: Commercial insurance pricing surveys turning negative; North America segment COR in next results.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

DIAGNOSTIC EVIDENCE

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

DIAGNOSTIC FRAMEWORK: What evidence would shift the narrative?

In the absence of active evidence items, we evaluate hypotheses against the following diagnostic benchmarks:

Hypothesis	Validating Signal	Invalidating Signal
T1	Support for 1H FY26 COR update and commercial insurance pricing...	Contradiction of Hard Market Sustains COR <94%
T2	Support for US Federal Reserve rate decisions and portfolio yield...	Contradiction of Investment Portfolio Outperforms
T3	Support for North Atlantic hurricane season (June-November 2026); QBE cat...	Contradiction of Catastrophe Season Overwhelms Rate Gains
T4	Support for Commercial insurance pricing surveys turning negative; North America...	Contradiction of Premium Cycle Reversal / North...

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:

RESEARCH AGENDA: 90-Day Analytical Objectives

As this ticker is in baseline coverage, our primary research agenda focuses on the following idiosyncratic drivers:

- Management guidance on Financials demand trajectory - required to validate narrative survival for dominant hypothesis (ACH-1).
 - Independent institutional positioning audit - needed to assess sentiment concentration and de-risking triggers.
 - Balance sheet stress-test under 100bps rate move - required to stress-test valuation integrity.
 - Historical narrative flip frequency analysis - to calibrate model sensitivity for upcoming earnings events.
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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.

NARRATIVE INTELLIGENCE PHILOSOPHY

Our approach is based on the principle that market prices represent the probability-weighted aggregate of multiple competing stories. By decomposing price action into macro, sector, and idiosyncratic narrative streams, we identify "Narrative Friction" — points where the market is pricing in a story that is increasingly at odds with observable evidence.

In our view, the most profitable opportunities occur when a dominant narrative becomes "fragile" (high survival score, high inconsistency), preceding a sharp de-rating or narrative flip.

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.

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