



CONDUIT RE

Conduit Holdings Limited

H1 2023 results

26 July 2023



Market environment remains among the best in decades

- The market environment is the hardest it has been in a generation with reinsurer economics benefitting from strong pricing, favourable terms and conditions and higher attachment points
- We see a number of factors combining to maintain the current hard market environment:

Inflationary pressures persist across the globe

Interest rates continue upward trajectory in US, EU, UK

Traditional capital in the reinsurance industry at 2013/2014 levels¹⁾

Structural change in US primary market driving strong growth into the E&S market

Extreme weather events across the world (e.g.floods, heatwaves): June 2023 warmest on record²⁾ ; H1 2023 highest individual billion-dollar events on record (18)³⁾

Conduit Re is ideally positioned to capitalise on these market conditions

1) Source: AON Reinsurance Market Dynamics, June and July 2023

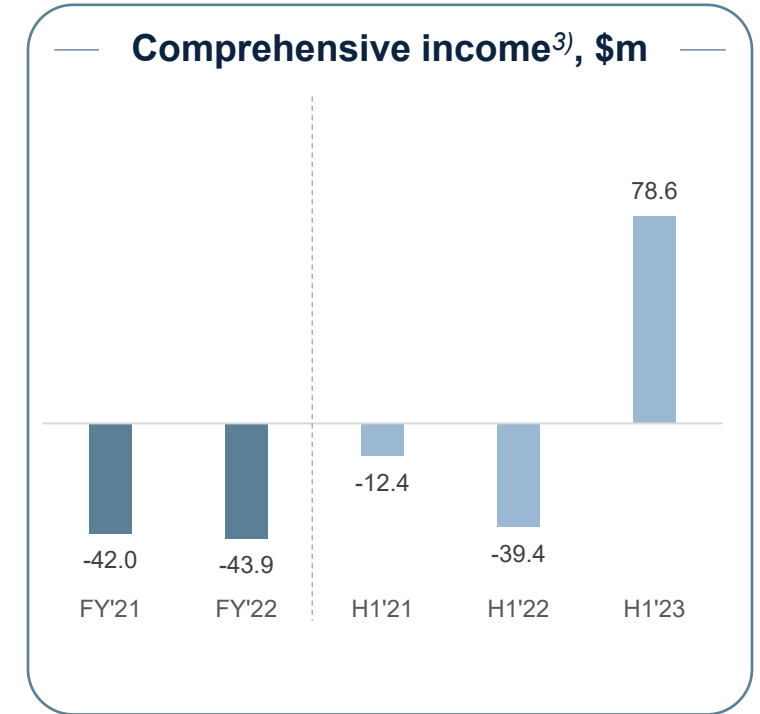
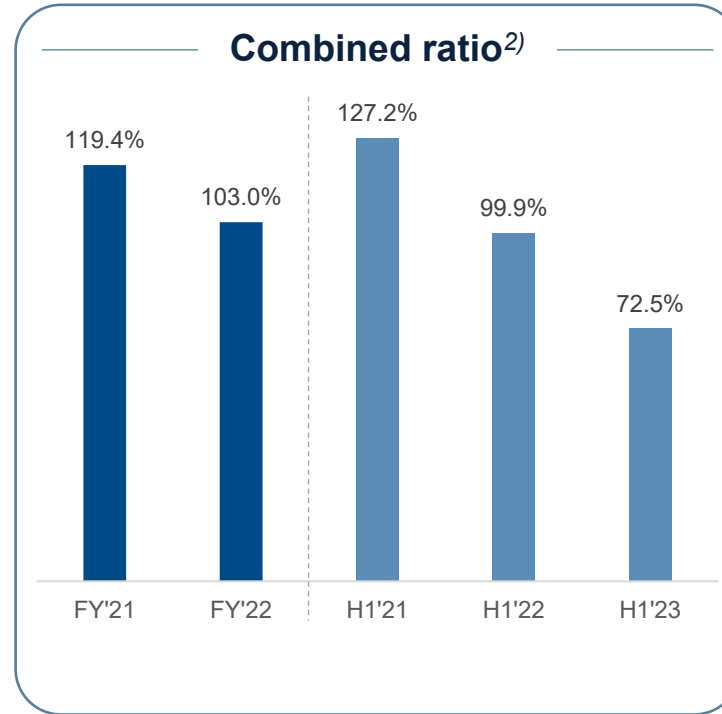
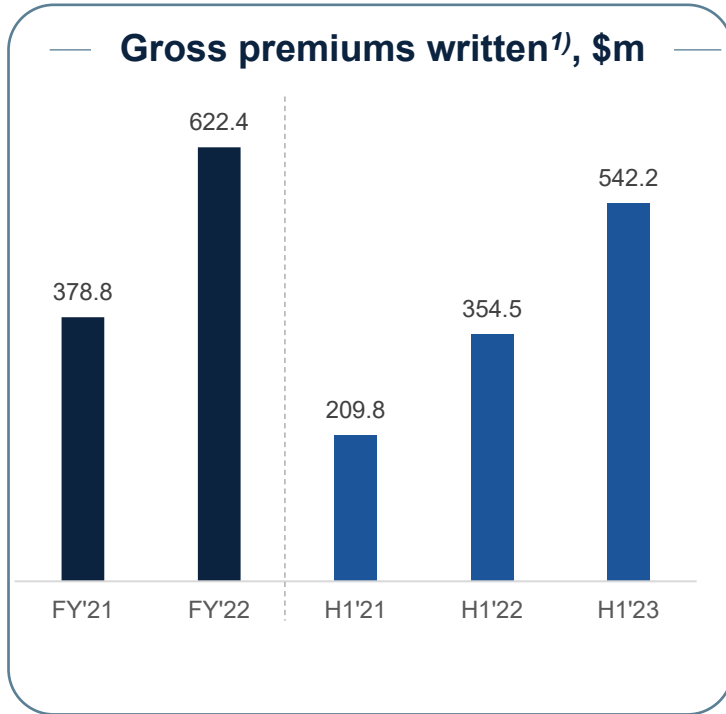
2) Source: World Meteorological Organization

3) Source: AON Global Catastrophe Recap, First Half of 2023

Excellent premium growth and strong profitability in H1 2023

- **Gross premiums** written of \$542.2 million, +52.9% over the same period in 2022
- **Discounted combined ratio** of 72.5% compared with 99.9% for the first six months of 2022
- **Comprehensive income** of \$78.6 million and RoE of 9.1%
- **Interim dividend** of \$0.18 (c14p) per share declared
- **Market conditions** remain very favourable with property and specialty leading the way

Strong premium trajectory and solid profitability in H1 2023



- In our third year, compounding effect flowing through of renewals on renewals and our increasing shares being written
- Diversification is a key strength of the overall business e.g. great opportunities in Cat but kept in perspective
- Capital deployed to retain well priced risk - forward Cat capacity enhanced with catastrophe bond placement in June

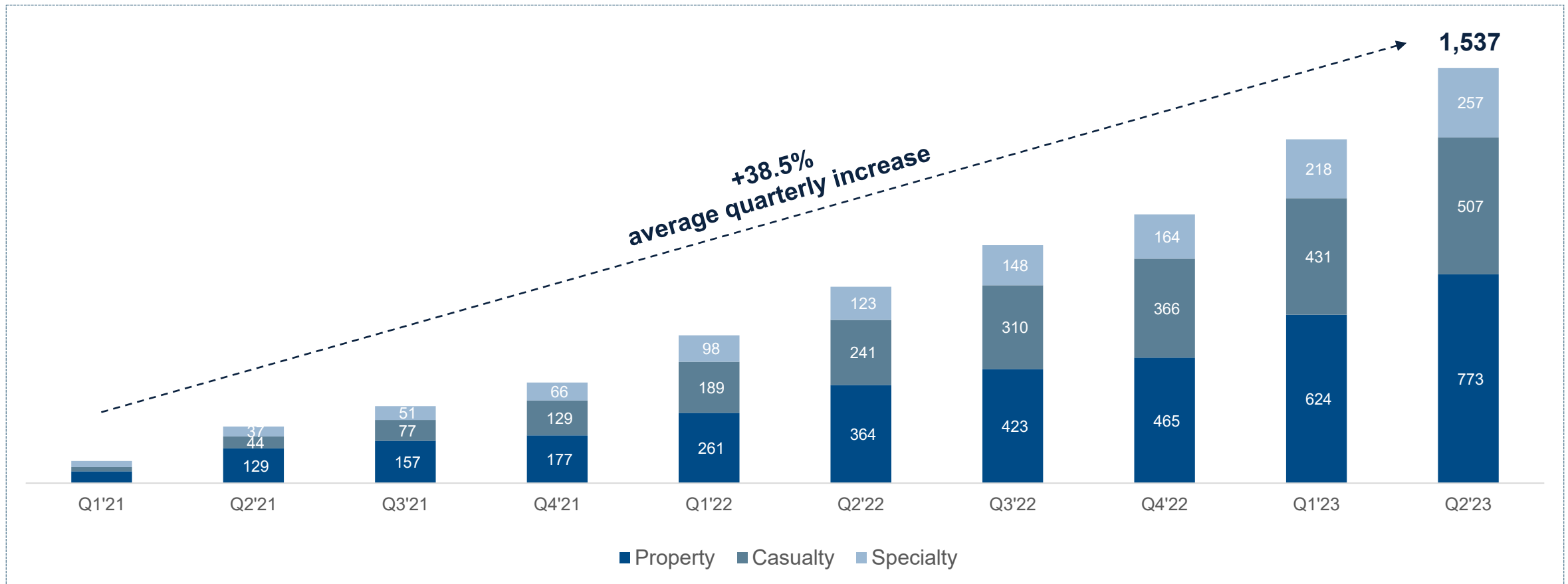
1) H1'21 and FY'21 on IFRS4 basis. H1'22, FY'22 and H1'23 on IFRS17 basis: gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. On previously reported IFRS4 basis, H1'22 and FY'22 gross premiums written were respectively \$359.0m and \$637.5m

2) H1'21 and FY'21 on IFRS4 basis. H1'22, FY'22 and H1'23 on IFRS17 basis. On previously reported IFRS4 basis, H1'22 and FY'22 combined ratios were respectively 105.1% and 107.0%

3) H1'21 and FY'21 on IFRS4 basis. H1'22, FY'22 and H1'23 on IFRS17 basis. On previously reported IFRS4 basis, H1'22 and FY'22 comprehensive losses were respectively \$61.4m and \$89.7m

Over \$1.5 billion gross premiums written since inception

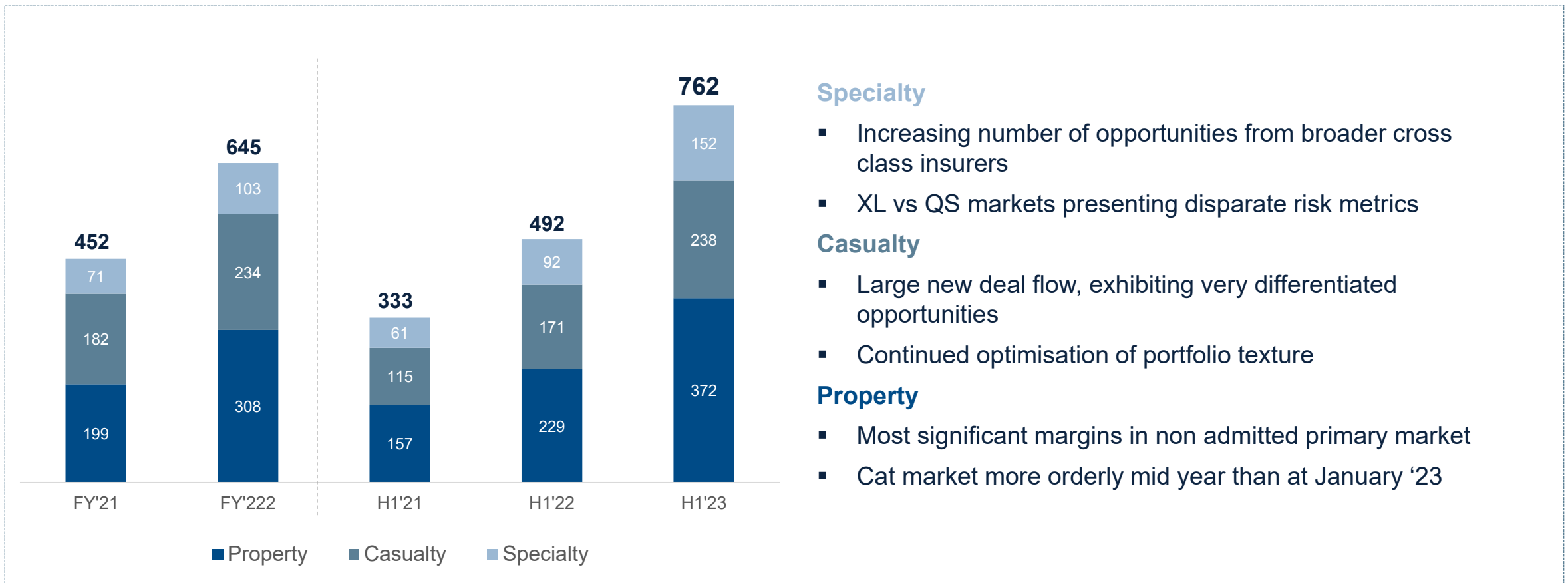
Cumulative gross premiums written¹⁾, \$m



1) Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue

Strong growth continues into H1 2023

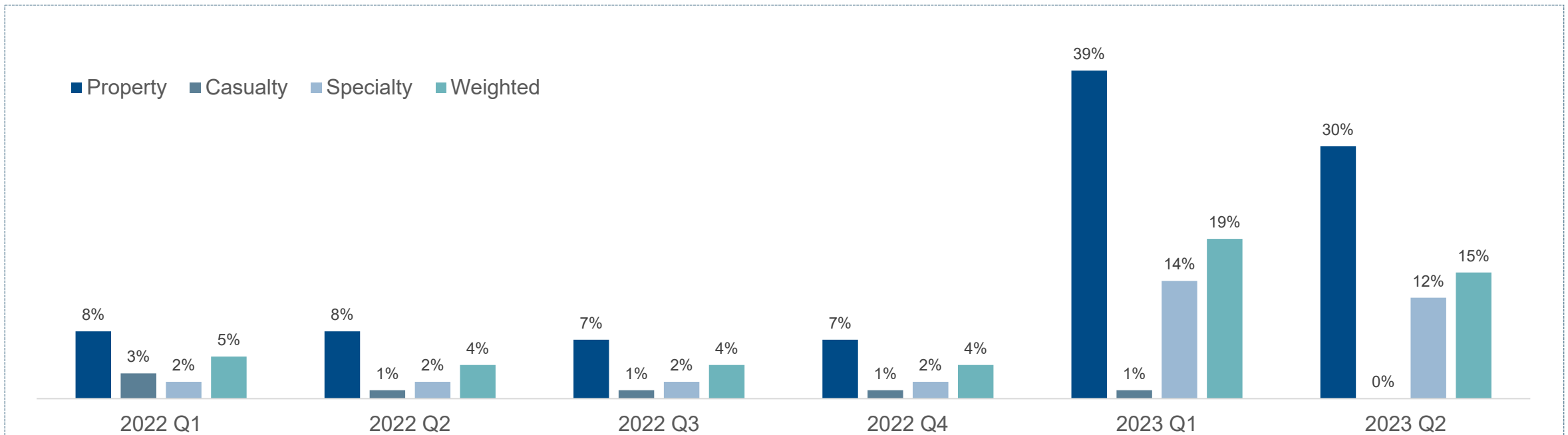
Estimated ultimate premiums written¹⁾, \$m



1) Estimated ultimate premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue.

Exceptional market conditions continue

Risk-adjusted rate change, net of inflation¹⁾



- Enduring pricing environment creating the opportunity for improved margins in 2023 and beyond
- With a legacy-free balance sheet, Conduit has ample capacity to support the planned growth and beyond; AM Best A- (Excellent) rating, with “very strong” balance sheet strength

¹⁾ These net rate changes reflect management's assessment of rate changes of our renewal business net of the impact of claims inflation, exposure changes and changes in any other terms and conditions. All quarterly net rate changes are on a year-to-date basis

Updated natural catastrophe exposures

Net PMLs ¹⁾	2022 plan		2023 plan		Revised 2023 plan	
	\$m	% TNAV ²⁾	\$m	% TNAV ²⁾	\$m	% TNAV ²⁾
1:100	54	5.5%	65	7.5%	85	9.8%
1:250	75	7.6%	99	11.4%	100	11.6%

- We have benefited from exceptional market conditions and have been able to selectively grow our exposure.
- We will continue to evaluate opportunities presented in the remainder of the year
- Our estimated exposure at 1/7 is between our initial and revised plan at the 1:100 level and below initial plan at the 1:250 level
- Outwards reinsurance programme continues to operate efficiently, designed to manage volatility
- Sponsored inaugural \$100 million 36-month Catastrophe Bond, resulting retro complements traditional retrocession programme

1) PML: Probable Maximum Loss. The table shows the estimated target modelled exposures for the most significant region/peril combination we model. The 2022 plan and initial 2023 plan are calibrated to 1 July viewpoints. The revised 2023 plan provides flexibility to add exposure through the remainder of the year. The plan shown is on a first occurrence basis and may change. Net positions are calculated by applying relevant reinstatement premiums and outwards reinsurance to the respective modelled gross exposures

2) % TNAV (Tangible Net Asset Value) on IFRS17 basis using opening balance sheet positions for the year

A quick reminder about the impact of IFRS 17 on Conduit

No impact to strategy and reserving approach

- IFRS 17 is an accounting change and does not impact our underwriting strategy or the underlying economics
- Our reserving approach is unchanged but will include more granular disclosures surrounding the risk adjustment

Profitability and earnings

- No change to overall profitability. The timing of earnings initially benefit from the recognition of net incurred losses on a discounted basis, with the unwind of discount occurring over the settlement period of losses
- Reduced income statement volatility as movement in net reinsurance liabilities due to updating discount rates will partially offset unrealised gains/losses on investments caused from interest rate movements

Presentation and disclosure¹⁾

- New look income statement presents the Reinsurance service result separately
- Condensed balance sheet format but with more granular disclosures

1) See Appendix for Profit & Loss and Balance Sheet comparatives between IFRS4 and IFRS17 views for H1 2022

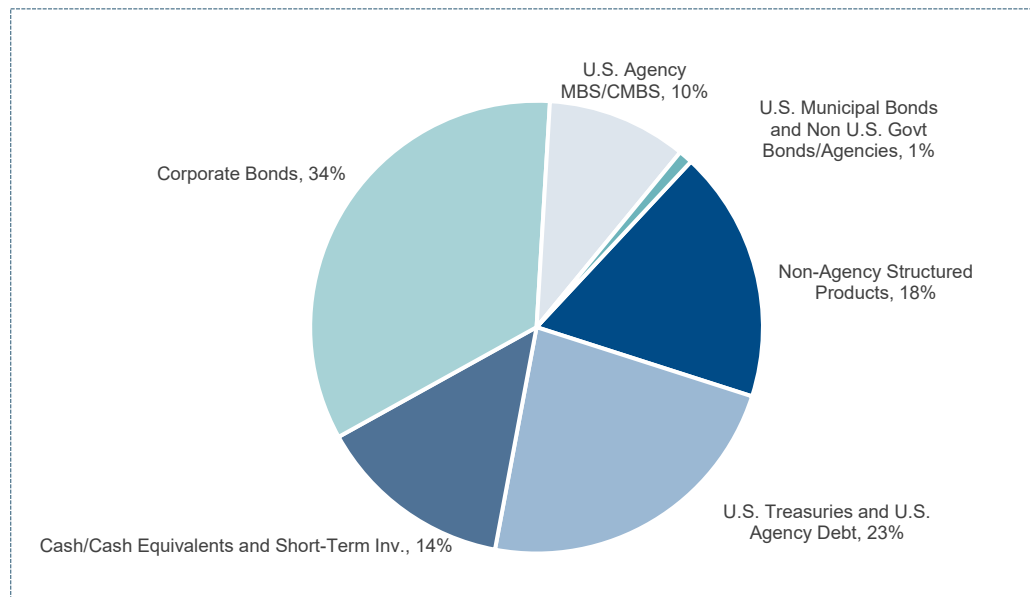
First half of 2023, financial highlights

	H1 2023	H1 2022	Change %
Key financials (\$m)			
Gross premiums written	542.2	354.5	52.9%
Reinsurance revenue	278.7	169.3	64.6%
Net reinsurance revenue	242.8	148.9	63.1%
Reinsurance service result	80.7	10.4	676.0%
Net investment result	22.6	(50.0)	145.2%
Comprehensive income (loss)	78.6	(39.4)	299.5%
Financial ratios (%)			
	H1 2023	H1 2022	Change (pps)
Return on equity	9.1%	(4.0%)	13.1%
Net loss ratio (discounted)	57.5%	85.0%	(27.5%)
Reinsurance operating expense ratio	9.3%	8.0%	1.3%
Other operating expense ratio	5.7%	6.9%	(1.2%)
Combined ratio (discounted)	72.5%	99.9%	(27.4%)
Combined ratio (undiscounted)	83.1%	105.8%	(22.7%)
Total net investment return	2.1%	(4.7%)	6.8%

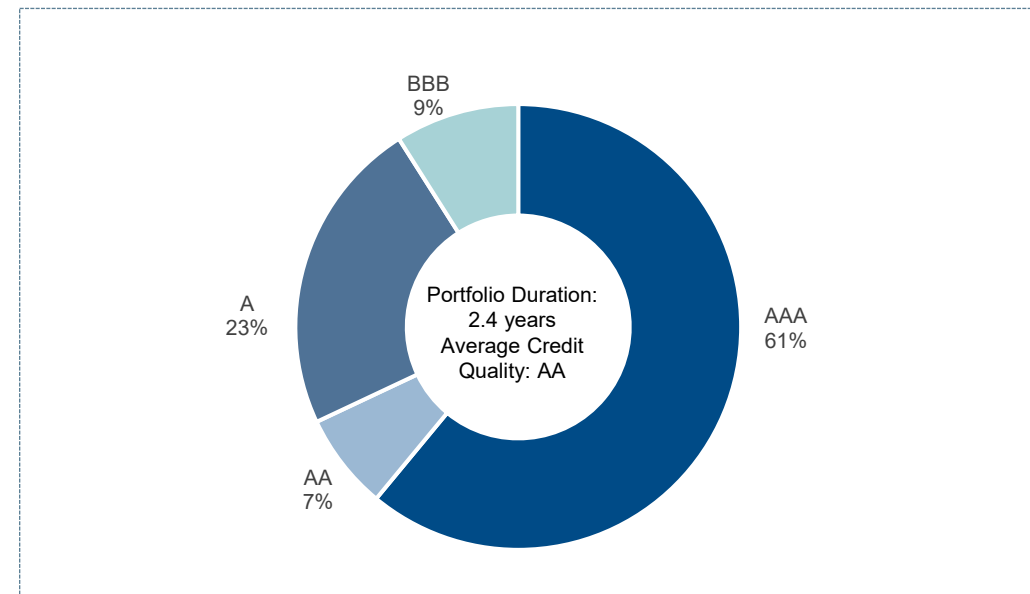
- Strong growth driven by continued positive rate increases, outpacing inflation
- Despite an active natural catastrophe H1 2023 of losses for the industry, no major event loss, individually or in aggregate, had an outsized or material impact on Conduit Re
- Comprehensive income for the first six months of 2023 of \$78.6 million
- On 26 July 2023 the Group's Board of Directors declared a final dividend of \$0.18 (approx. 14 pence) per common share, resulting in an aggregate payment of \$29.7 million
- Total capital and tangible capital available was \$0.92 billion at 30 June 2023, compared to \$0.87 billion at 31 December 2022

High quality investment portfolio

Asset allocation as at 30 June 2023



Credit quality as at 30 June 2023



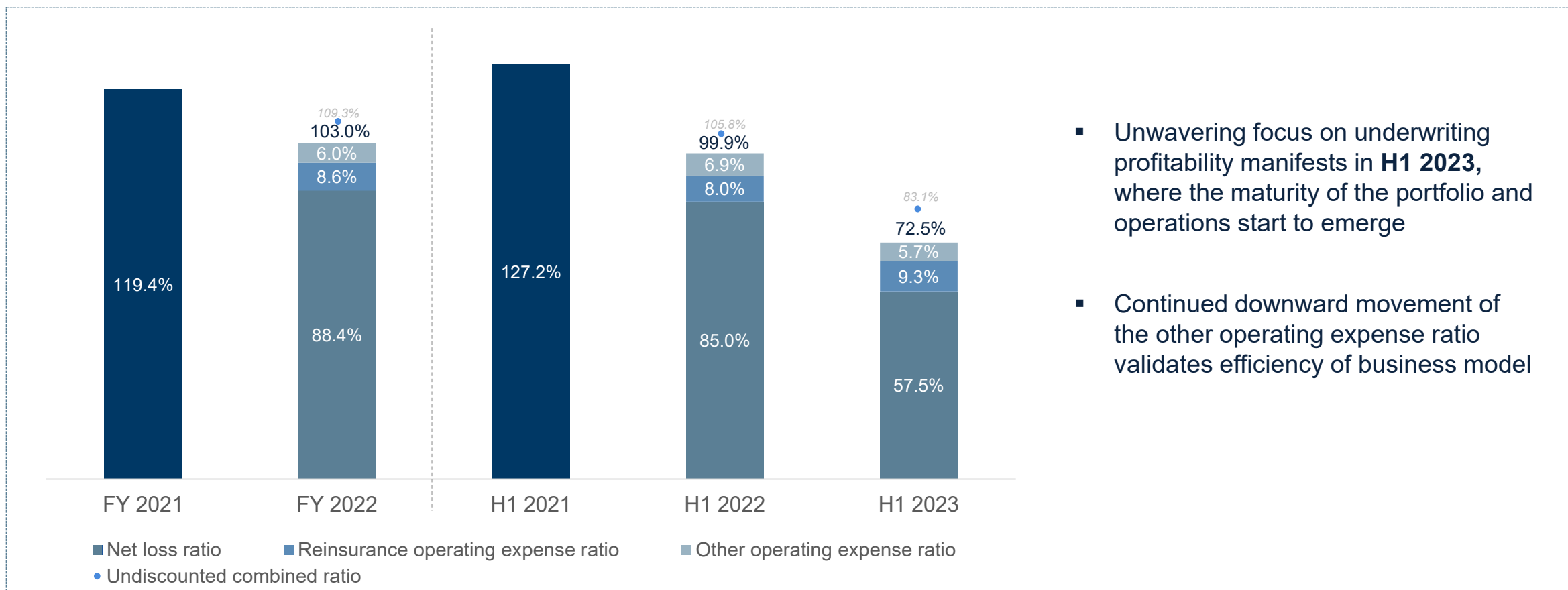
- Capital preservation and liquidity to support our underwriting teams remain of paramount importance and determines our low-risk strategic portfolio allocation
- High quality investment portfolio with average credit quality of AA; book yield 3.2%, market yield 5.5%
- Short portfolio duration of 2.4 years; opportunity to reinvest at higher interest rates as the existing portfolio rolls over
- Total investment return of \$22.6 million for the six months ended 30 June 2023 which includes a net unrealised gain of \$5.7 million
- Total return for the six months ended 30 June 2023 was 2.1%
- Continued consideration of ESG factors on management of investments

Strong interim results. Hard market. Excellent prospects

- **Solid comprehensive income** for the first six months of 2023, with interim dividend payment covered 2.6 times
- **Business model remains on strong growth trajectory**, prioritising on the most attractive business lines, with solid pipeline of premiums earning through as book matures
- **Conduit Re is forward-looking** and does not have to manage back years reserving issues caused by inflation
- **Short duration, highly rated investment portfolio**, provides opportunity to reinvest at higher rates as the existing portfolio rolls over
- **Efficient and scalable business model** continues its growth path, with low expense base
- **Ample capital to support continued growth plans**, driven by our highly selective underwriting culture, within highly attractive market conditions

APPENDICES

Downward trend of Conduit's combined ratio¹⁾



- Unwavering focus on underwriting profitability manifests in **H1 2023**, where the maturity of the portfolio and operations start to emerge
- Continued downward movement of the other operating expense ratio validates efficiency of business model

1) H1'21 and FY'21 on IFRS4 basis. H1'22, FY'22 and H1'23 on IFRS17 basis, showing both discounted (the sum of net loss ratio, reinsurance operating expense ratio and other operating expense ratio) and undiscounted (blue dot) combined ratios. On previously reported IFRS4 basis, H1'22 and FY'22 combined ratios were respectively 105.1% and 107.0%

Evolution of Conduit employee base

	2021 FY	2022 FY	2023 H1
Total employees ¹⁾	41	54	56

As of 30 June 2023:

- Female-male: 50-50
- 70% of the Bermuda-based employees do not require work permits

1) All employees are based in Bermuda except the Executive Chairman and Head of IR & Marketing, who are based in London

H1 2022 comparatives – Income statement

IFRS 4	2022	2022	IFRS 17
	\$m	\$m	
Gross premium written	359.0	169.3	Reinsurance revenue
Ceded premium written	(45.6)	(149.8)	Reinsurance service expenses
Net premium written	313.4		
Change in gross UEPR	(125.6)	(20.4)	Ceded reinsurance expense
Change in ceded UEPR	22.2	11.3	Ceded reinsurance recoveries
Net premium earned	210.0	10.4	Reinsurance service result
Net investment income	6.4	6.4	Net investment income
Net realised losses on investments	(2.1)	(2.1)	Net realised losses on investments
Net unrealised losses on investments	(54.3)	(54.3)	Net unrealised losses on investments
		(50.0)	Net investment result
		10.1	Net reinsurance finance (expense) income
		1.4	Net foreign exchange gains
Total net revenue	160.2	(28.1)	Net financial result
Net insurance losses	(142.3)		
Net acquisition costs	(61.5)		
Equity-based incentives	(0.7)	(0.7)	Equity-based incentives
Other operating expenses	(16.7)	(10.2)	Other operating expenses
Total expenses	(221.2)		
Results of operating activities	(61.0)	(39.0)	Results of operating activities
Financing costs	(0.4)	(0.4)	Financing costs
Total comprehensive loss	(61.4)	(39.4)	Total comprehensive loss

All numbers presented are illustrative or indicative, unaudited and subject to change.

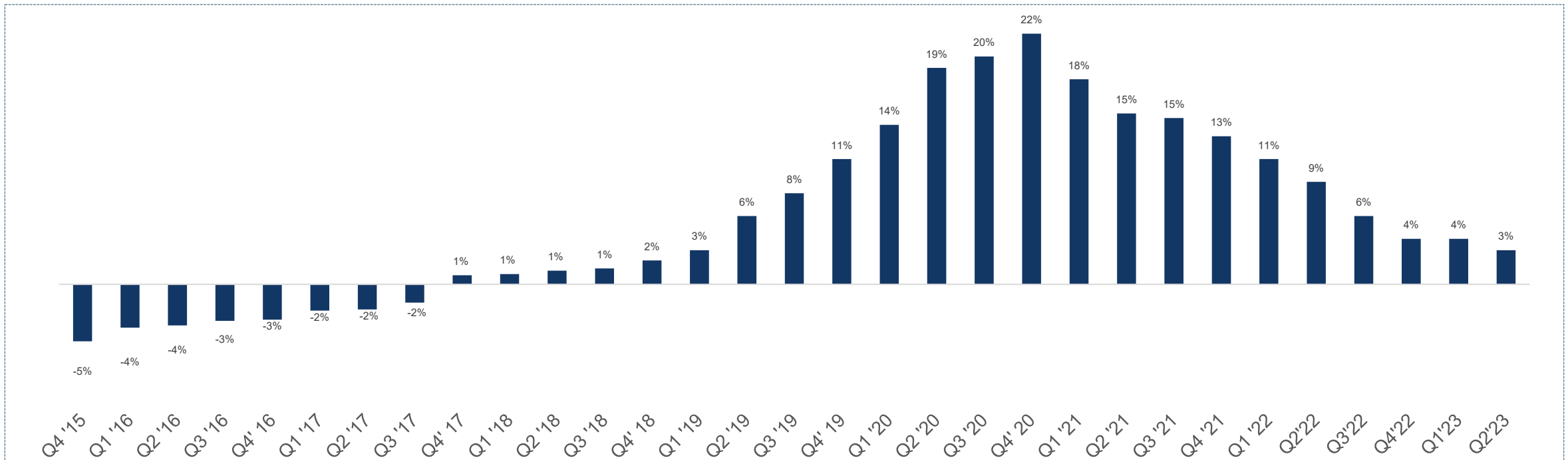
H1 2022 comparatives – Balance sheet

IFRS 4	2022	2022	IFRS 17
	\$m	\$m	
Cash and cash equivalents	92.0	92.0	Cash and cash equivalents
Accrued interest	4.0	4.0	Accrued interest
Investments	952.7	952.7	Investments
Inwards premium receivable	288.7	-	Reinsurance assets
Reinsurance assets	87.8	48.2	Ceded reinsurance assets
Deferred acquisition costs	73.1		
Other assets	6.2	6.2	Other assets
Total assets	1,504.5	1,103.1	Total assets
Reinsurance contracts			
- Losses and loss adjustment expenses	290.1	177.5	Reinsurance liabilities
- Unearned premiums	278.4		
- Other reinsurance payables	5.0		
Amounts payable to reinsurers	34.4		- Ceded reinsurance liabilities
Other liabilities	8.8	8.8	Other liabilities
Total liabilities	616.7	186.3	Total liabilities
Share capital	1.7	1.7	Share capital
Other reserves	1,053.5	1,053.5	Other reserves
Retained earnings	(167.4)	(138.4)	Retained earnings
Shareholders' equity	887.8	916.8	Shareholders' equity
Total liabilities and shareholders' equity	1,504.5	1,103.1	Total liabilities and shareholders' equity

All numbers presented are illustrative or indicative, unaudited and subject to change.

Commercial insurance pricing environment remains robust

Marsh Global Insurance Market Index



- Global commercial insurance prices rose 3% in the second quarter of 2023
- The Marsh Global Insurance Market Index was up 3 percent overall in the second quarter, down from 4 percent in Q1 as hardening property momentum was offset by faster softening in financial and professional liability while cyber rates stabilised

Investor relations calendar - 2023

Conduit Re scheduled disclosures

- 8 November: Q3 2023 trading update

Conduit Re planned roadshows & conferences

- 11-12 September: Monte Carlo rendez-vous
- 2-4 October: New York, Boston, Chicago
- 12 October: Berenberg conference in London

Forward looking statements

Important note:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "goals", "objective", "rewards", "expectations", "projects", "anticipates", "expects", "achieve", "intends", "tends", "on track", "well placed", "estimated", "projected", "may", "will", "aims", "could" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, targets, future events or intentions. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, unearned premiums pricing rate changes, terms and conditions, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, claims development, losses and loss estimates and future business prospects; and (ii) business and management strategies and the expansion and growth of Conduit's operations.

Forward-looking statements may and often do differ materially from actual results. Forward-looking statements reflect Conduit's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Conduit's business, results of operations, financial position, liquidity, prospects, growth and strategies. These risks, uncertainties and assumptions include, but are not limited to: the possibility of greater frequency or severity of claims and loss activity than Conduit's underwriting, reserving or investment practices have anticipated; the reliability of catastrophe pricing, accumulation and estimated loss models; the actual development of losses and expenses impacting estimates for claims which arose as a result of recent loss activity such as the Ukraine crisis, Hurricanes Ian and Ida, the European storms and floods in 2021 and 2022 and, the earthquake in Turkey and wildfires in Canada and Europe; the impact of complex causation and coverage issues associated with attribution of losses to wind or flood damage; unusual loss frequency or losses that are not modelled; the effectiveness of Conduit's risk management and loss limitation methods, including to manage volatility; the recovery of losses and reinstatement premiums from our own reinsurance providers; the development of Conduit's technology platforms; a decline in Conduit's ratings with A.M. Best or other rating agencies; the impact that Conduit's future operating results, capital position and ratings may have on the execution of Conduit's business plan, capital management initiatives or dividends; Conduit's ability to implement successfully its business plan and strategy during 'soft' as well as 'hard' markets; the premium rates which are available at the time of renewals within Conduit's targeted business lines; increased competition on the basis of pricing, capacity or coverage terms and the related demand and supply dynamics as contracts come up for renewal; the successful recruitment, retention and motivation of Conduit's key management and the potential loss of key personnel; the credit environment for issuers of fixed maturity investments in Conduit's portfolio; the impact of swings in market interest rates, currency exchange rates and securities prices; changes by central banks regarding the level of interest rates and the timing and extent of any such changes; the impact of inflation or deflation in relevant economies in which Conduit operates; Conduit becoming subject to income taxes in the United States or in the United Kingdom; and changes in insurance or tax laws or regulations in jurisdictions where Conduit conducts business. Forward-looking statements contained in this tradinginterim update may be impacted by the escalation or expansion of the Ukraine conflict on Conduit's clients, the volatility in global financial markets and governmental, regulatory and judicial actions, including coverage issues.

Forward-looking statements speak only as of the date they are made. No representation or warranty is made that any forward-looking statement will come to pass. Conduit disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by law or regulation. All subsequent written and oral forward-looking statements attributable to Conduit and/or the group or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above.

"Estimated ultimate premiums written" is the estimated total gross premiums written (excluding reinstatement premiums) that is expected to be earned assuming all bound contracts run to the end of the period of cover, after management discount for prudence.

The Conduit renewal year on year indicative pricing change measure is an internal methodology that management intends to use to track trends in premium rates of a portfolio of reinsurance contracts. The change measure reflects management's assessment of relative changes in price, exposure and terms and conditions. It is also net of the estimated impact of claims inflation. The calculation involves a degree of judgement in relation to comparability of contracts and the assessment noted above, particularly in Conduit's initial years of underwriting. To enhance the methodology, management may revise the methodology and assumptions underlying the change measure, so the trends in premium rates reflected in the change measure may not be comparable over time. Consideration is only given to renewals of a comparable nature so it does not reflect every contract in the portfolio of Conduit contracts. The future profitability of the portfolio of contracts within the change measure is dependent upon many factors besides the trends in premium rates.

Enquiries please contact:
H/Advisors Maitland
Vikki Kosmalska / Alistair de Kare-Silver
+44 (0) 207 379 5151
conduitre@h-advisors.global

Antonio Moretti
Investor Relations
+44 (0) 7935 708 723
Antonio.Moretti@conduitre.bm

About Conduit Re

Conduit Re is a pure-play Bermuda-based reinsurer, with a global reach.

Conduit Reinsurance Limited is licensed by the Bermuda Monetary Authority as a Class 4 insurer.

A.M. Best has assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of a- (Excellent) to Conduit Reinsurance Limited. The outlook assigned to these ratings is stable.

Conduit Holdings Limited is the ultimate parent of Conduit Reinsurance Limited and is listed on the London Stock Exchange (ticker: CRE). References to "Conduit" include Conduit Holdings Limited and all of its subsidiary companies.

conduitreinsurance.com

