Conduit Holdings Limited

2023 Preliminary Results

21 February 2024

CONDUIT RE

2023 results - Comprehensive income of $190.8 million

Gross premiums written of **$931.4 million, +49.6%** over the same period in 2022[1]

Total Shareholder Return of 16.4% in 2023

Discounted combined ratio of **72.1%** compared with 103.0% for the twelve months of 2022

Book Value Per Share (BVPS) of $6.25 at year-end 2023, compared to $5.41 at year-end 2022

Comprehensive income of **$190.8 million** and **RoE of 22.0%**

Market conditions remain very favourable with property and specialty leading the way

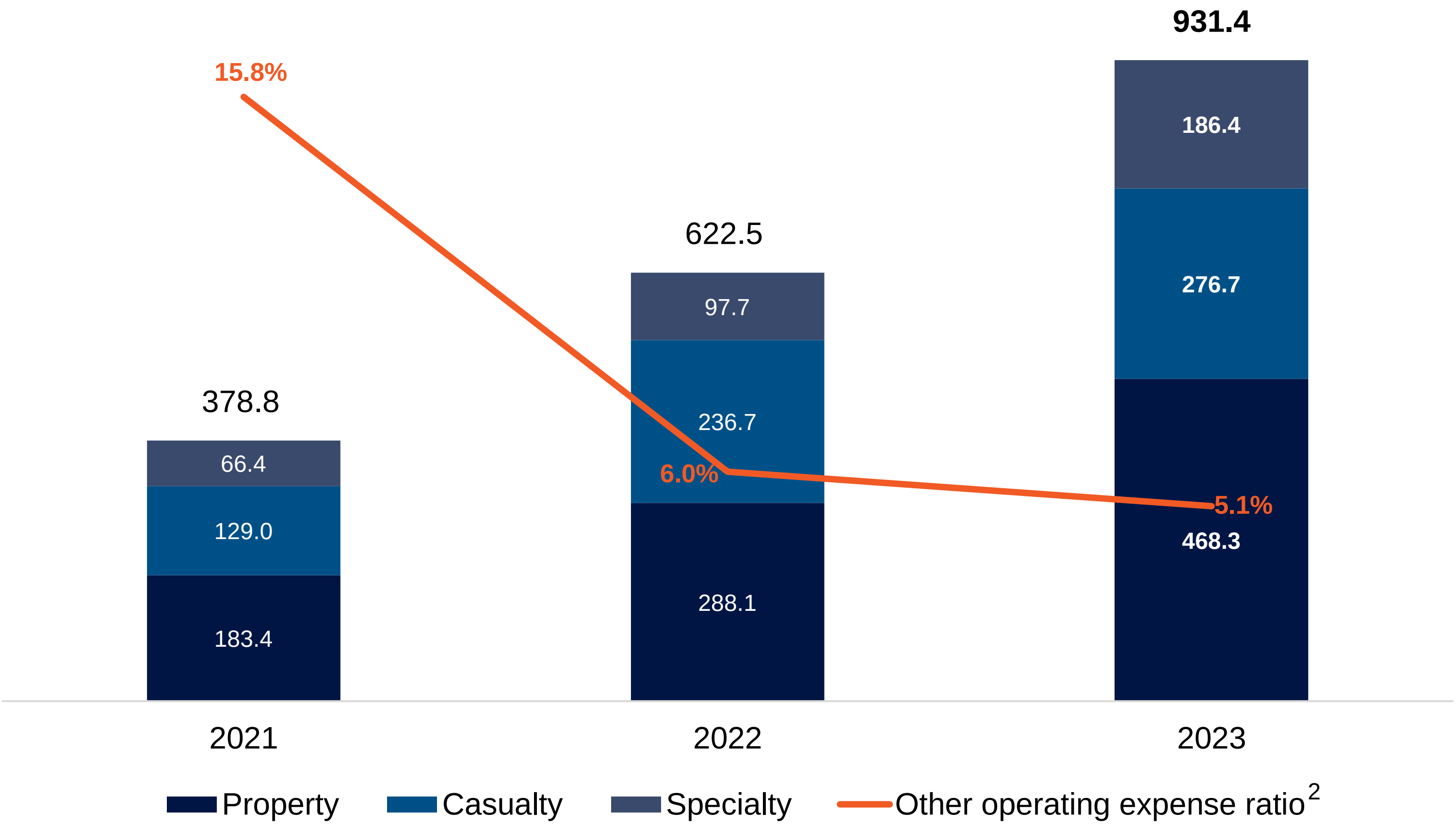
Final dividend of **$0.18** (c £0.14) per share declared; **full 2023 dividend $0.36** (c. £0.28) per common share

Strong organic growth trajectory sustained by robust capital base (**estimated BSCR 381%**) and retained earnings

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

Balanced portfolio of actively managed risks

Gross premiums written[1] ($m)



Highly diversified book of business, with ~2/3 not exposed to natural catastrophe

Low PMLs maintained with capacity to lean into more attractive opportunities

Strong origination platform supports continued scalability with selective, bespoke risk approach maintained across the three business segments

Overall, **16% weighted average risk-adjusted rate change**, net of inflation (2022: 4%)

Enduring pricing environment creating the opportunity for **improved margins in 2024** and onwards

Scalable business model brings increasing efficiencies: other operating expense ratio at year-end 2023 down to 5.1% from 6.0% at year-end 2022

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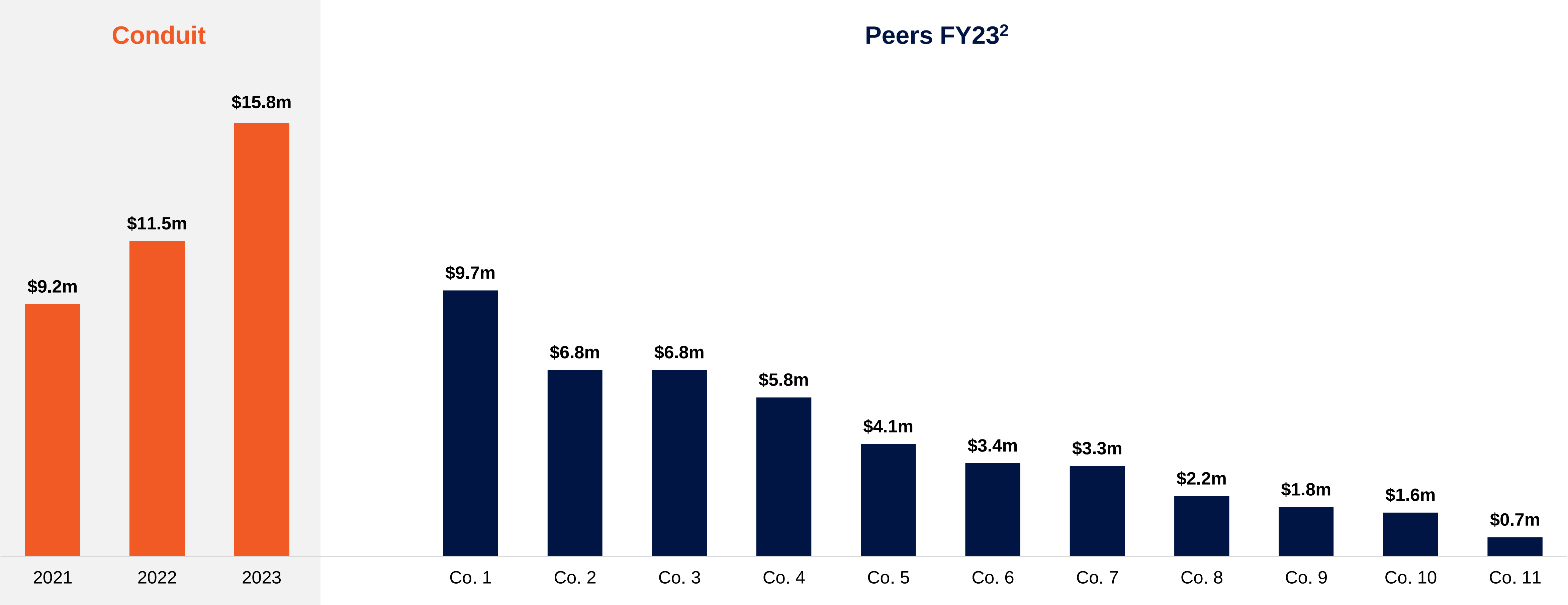
1. All FY'21 figures are on IFRS4 basis. FY'22 and FY'23 on IFRS17 basis. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. On previously reported IFRS4 basis, FY'22 Gross premiums written were $637.5m.
2. All FY'21 figures are on IFRS4 basis. FY'22 and FY'23 on IFRS17 basis. FY'22 Other operating expense ratio was 7.1%.

Strategic cost benefit from operating structure

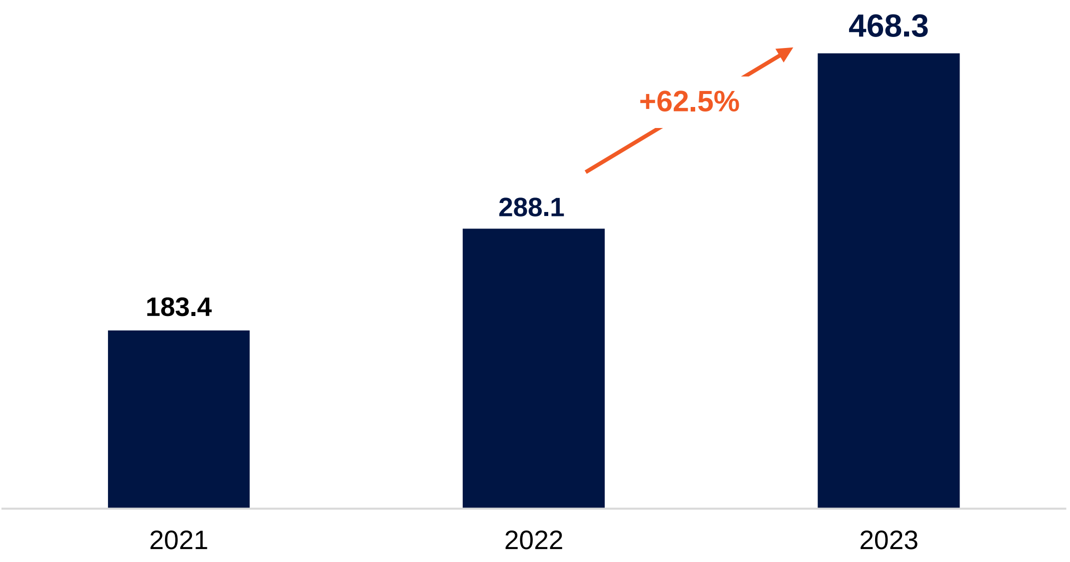
Gross premiums written per full time employee[1], $m



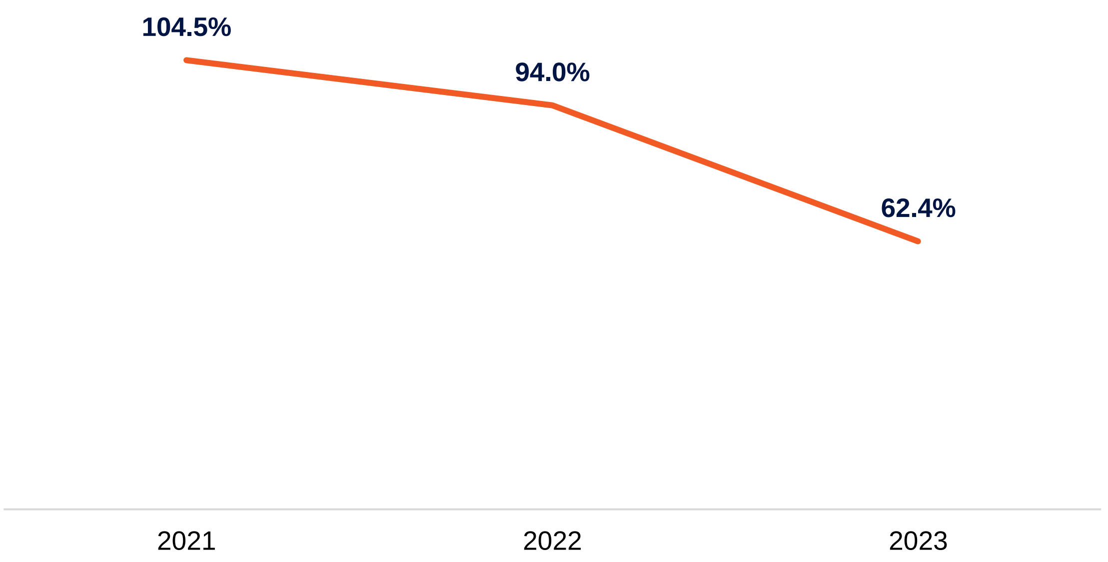
1. Conduit Re based on actual data. FY'21 on IFRS4 basis. FY'22 and FY'23 on IFRS17 basis: gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. Other companies' data is mean consensus gross premiums written for the financial year ending 31 December 2023 sourced using Refinitiv Eikon data on 31 January 2024. Gross premiums written are total group Gross premiums written. Full Time Employee data is the last published FTE figure as sourced using Company Interim and Annual Reports. Company 1 to Company 11, in no order by reference to the chart above, includes: Arch, AXIS Capital, Beazley, Everest, Hannover Re, Hiscox, Lancashire, Markel, Munich Re, SCOR, Swiss Re.
Source: Peel Hunt research

63% growth in property

Gross premiums written[1], $m



Undiscounted combined ratio[2]



Growth achieved in line with **current risk profile** of the underwriting portfolio

Ground-up risk evaluation of our quota share partners' portfolios demonstrates **improved conditions**

30% risk-adjusted **rate change**, net of inflation[3] for 2023 (2022: 7%)

Reinsurance service result **$116.0m**

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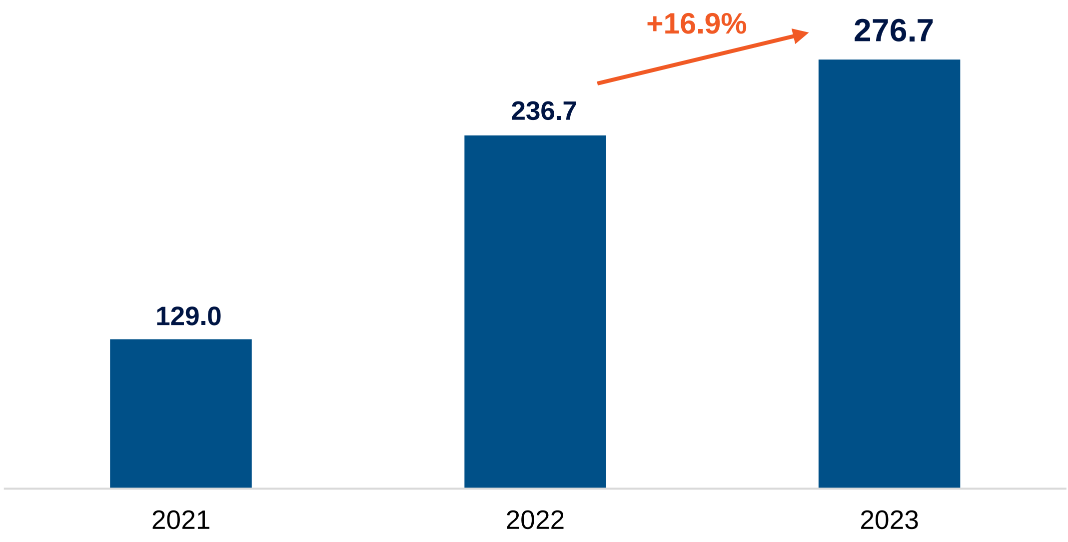
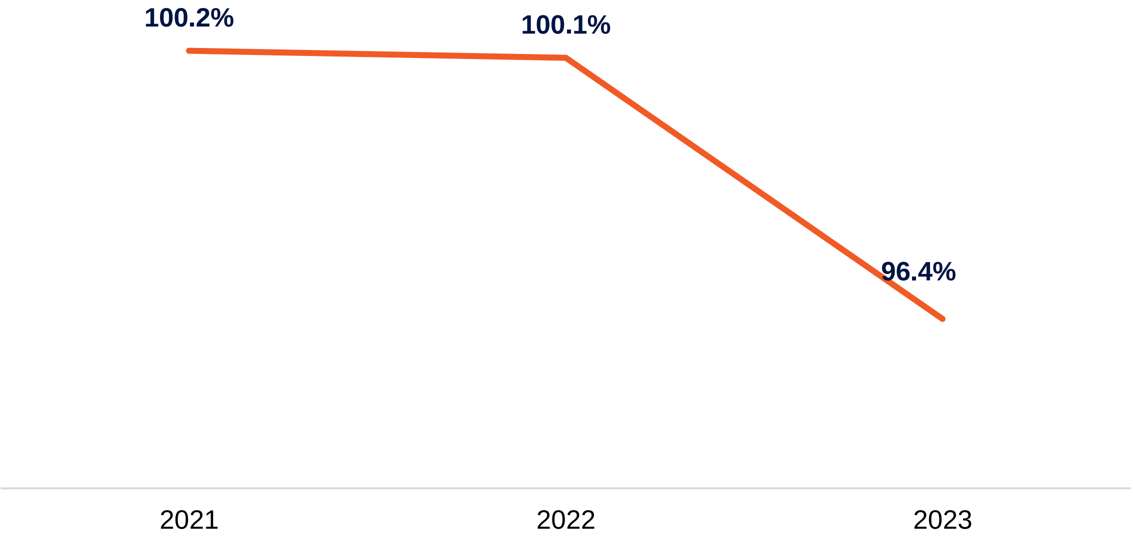
1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. The undiscounted combined ratio for 2021 is calculated in line with IFRS 4, the ratios for 2022 and 2023 are calculated in line with IFRS 17. At segment level it excludes the other operating expense ratio, which is at group level
3. 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 net rate changes are presented on a year-to-date basis

17% growth in casualty

Gross premiums written[1], $m



Undiscounted combined ratio[2]



Further **development and broadening** of existing **client relationships; targeted new clients** with focused risk strategies

Managed growth of segment **reflecting market conditions**

0% risk-adjusted **rate change**, net of inflation[3] for 2023 (2022: 1%)

Reinsurance service result **$38.1m**

1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. The undiscounted combined ratio for 2021 is calculated in line with IFRS 4, the ratios for 2022 and 2023 are calculated in line with IFRS 17. At segment level it excludes the other operating expense ratio, which is at group level
3. 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 net rate changes are presented on a year-to-date basis

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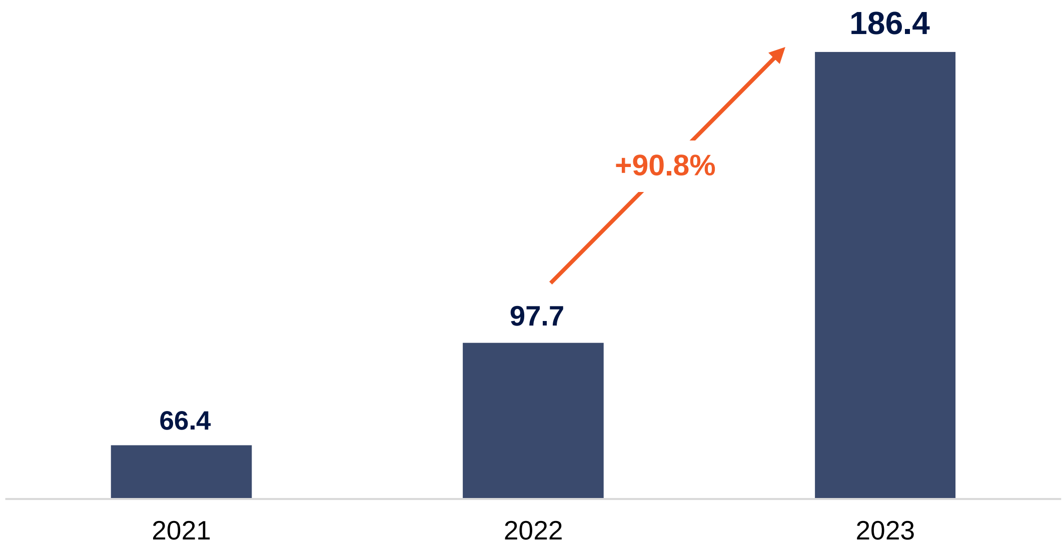
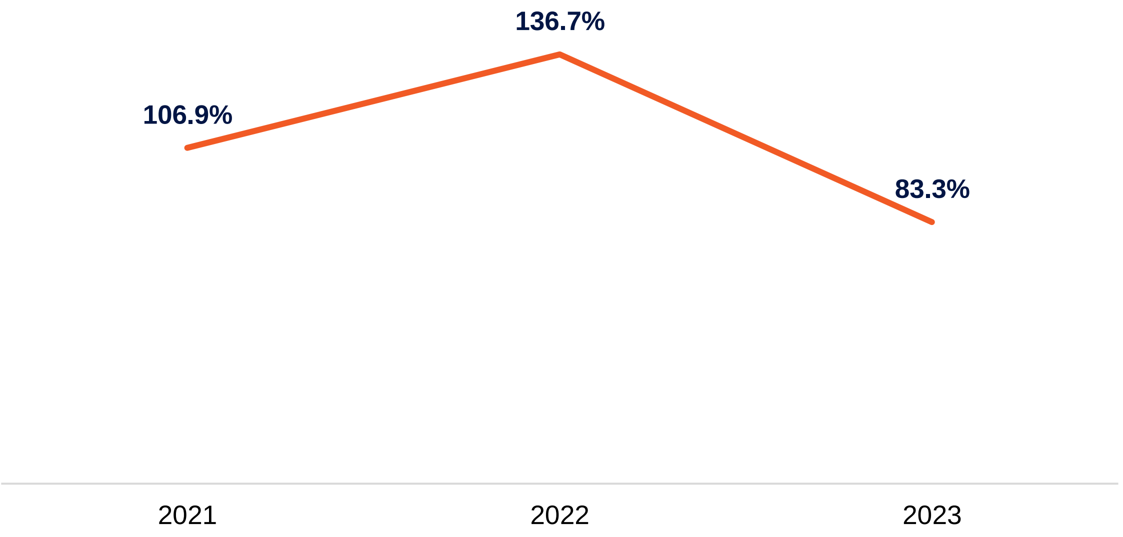
91% growth in specialty

Gross premiums written[1], $m



Undiscounted combined ratio[2]



Improved underlying pricing metrics driving premium growth

New opportunities derived from **broadening trading relationships**, giving access to **attractive subclasses**

9% risk-adjusted **rate change**, net of inflation[3] for 2023 (2022: 2%)

Reinsurance service result **$29.5m**

1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. The undiscounted combined ratio for 2021 is calculated in line with IFRS 4, the ratios for 2022 and 2023 are calculated in line with IFRS 17. At segment level it excludes the other operating expense ratio, which is at group level
3. 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 net rate changes are presented on a year-to-date basis

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Natural catastrophe exposure remains in balance

	2021		2022		2023		2024 plan	
Net PMLs[1]	**$m**	**TNAV**	**$m**	**TNAV**	**$m**	**TNAV**	**$m**	**TNAV**
1:100	44	4.2%	54	5.5%	85	9.8%	83	8.4%
1:250	62	5.9%	75	7.6%	100	11.6%	93	9.4%

Conduit Re actively **manages its net exposure** with a retrocession programme designed to absorb capital-events shocks and minimise volatility

Successfully secured cat bond in 2023 and our **retro programmes** at **1 January 2024**, in line with our objectives, with **diverse and high-quality panel**

Capital and capacity available to continue growing our book at the right terms

1. The table shows the target modelled estimated exposures to our peak peril zones, calibrated to 1 July viewpoints for each year shown, for a first occurrence. The 2023 figures are the revised targets as communicated in our H1 2023 results presentation on 26 July 2023. Net positions are calculated by applying relevant reinstatement premiums and outwards reinsurance to the respective modelled gross exposures. The TNAV shows the planned PML exposure as a percentage of the respective year's opening tangible net asset value (2021 and 2022 on an IFRS 4 basis; 2023 and 2024 on an IFRS 17 basis).

2023 financial highlights

	FY 2023	FY 2022 (restated[1])	Change %
Key financials ($m)			
Gross premiums written	931.4	622.5	49.6%
Reinsurance revenue	633.0	392.4	61.3%
Net reinsurance revenue	556.3	343.8	61.8%
Reinsurance service result	183.6	10.4	1,665.4%
Net investment result	70.6	(52.8)	233.7%
Comprehensive income (loss)	**190.8**	**(43.9)**	**534.6%**

Financial ratios (%)	**FY 2023**	**FY 2022**	**Change (pps)**
Return on equity	22.0%	(4.4%)	26.4
Net loss ratio (discounted)	58.2%	88.4%	(30.2)
Reinsurance operating expense ratio	8.8%	8.6%	0.2
Other operating expense ratio	5.1%	6.0%	(0.9)
Combined ratio (discounted)	72.1%	103.0%	(30.9)
Combined ratio (undiscounted)	81.9%	109.3%	(27.4)
Total net investment return	5.8%	(5.0%)	10.8

61.3% growth in **reinsurance revenue** driven by year-on-year increases across property, casualty and specialty

RoE of 22.0% driven by **strong underwriting** and **investment performance**

Despite an active year for industry losses, **no major event** – individually or in the aggregate **– had an outsized material impact on Conduit**

Total capital and tangible **capital available was $0.99 billion** as at 31 December 2023 (31 December 2022 - $0.87 billion)

Tangible net assets per share as at 31 December 2023 was **$6.25, or £4.91** (31 December 2022 - $5.41, or £4.47)[2]

1. The financial results for FY2022 have been restated to reflect Conduit Re's adoption of IFRS 17 in 2023
2. The GBP conversion was calculated using the respective 31 December 2023 and 31 December 2022 exchange rates

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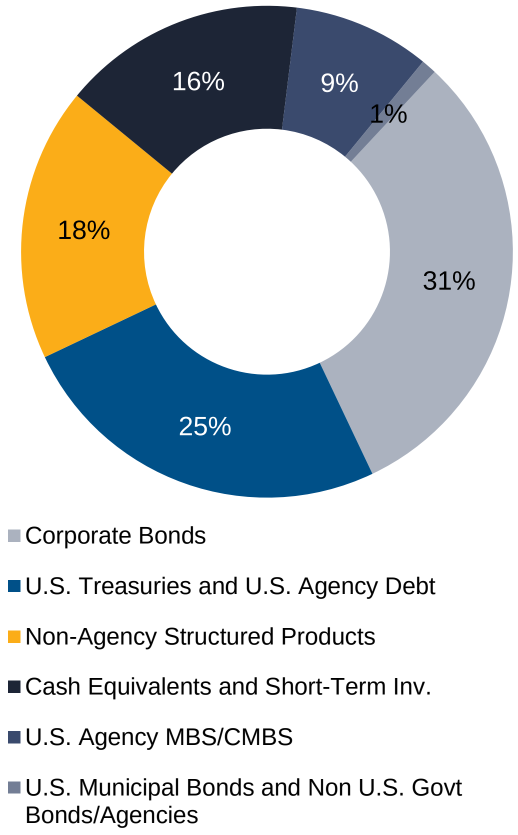
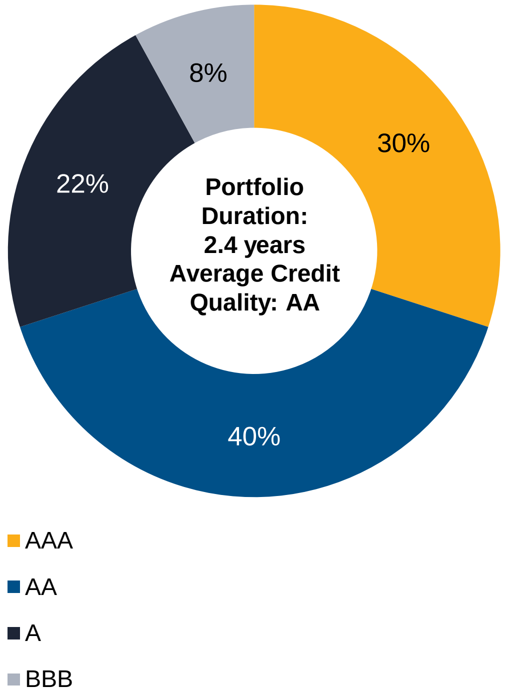
High quality investment portfolio

Asset type as at 31 December 2023



Asset ratings as at 31 December 2023



Capital preservation and liquidity remain of paramount importance

We maintain a short duration, highly-rated portfolio, with due consideration of our liabilities' duration: book yield 3.7%, market yield 5.1%

Total net investment result of $70.6 million for the year ended 31 December 2023 which includes a net unrealised gain of $30.6 million

Total net investment return for the year was **5.8%**

Continued consideration of ESG factors on management of investments

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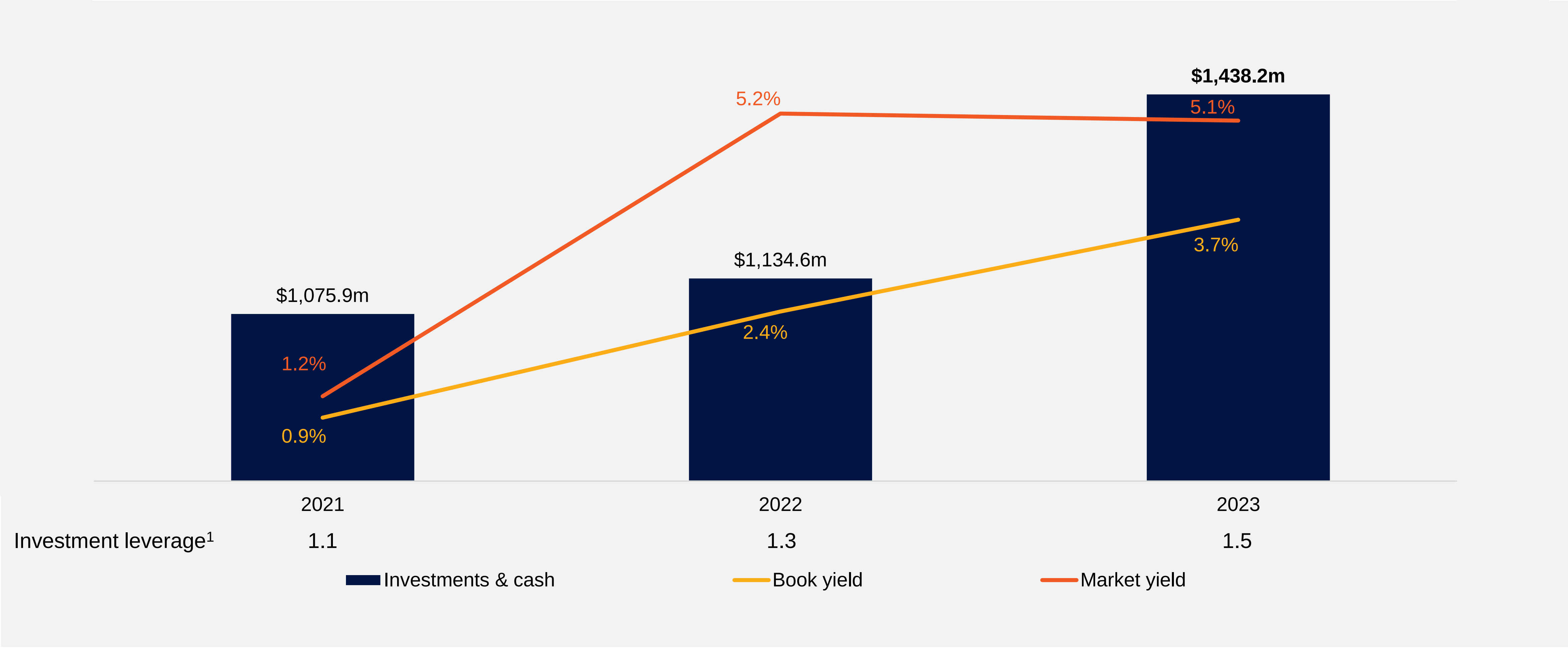
Increasing contribution from investment portfolio



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1. Investment leverage calculated as investments and cash divided by closing shareholders' equity; for all three years this is calculated under IFRS 17

Profitable growth platform in favourable market conditions

2023 represents an excellent year for Conduit

Strong organic growth (gross premiums written, +49.6%); Comprehensive income of $190.8 million and RoE of 22% validate our strategic and tactical choices

01

Exciting prospects ahead

Strong origination platform established from outset enables continued scalability with selective, ground-up portfolio management across all three business segments

02

No legacy issues

The pre-2020 year industry casualty reserve strengthening does not impact Conduit Re as we started underwriting for January 2021

03

Market environment

We maintain a positive view on the broader trading environment, with continued opportunities to deliver shareholder returns with our bespoke, disciplined, data-driven approach

04

Robust capital base supports strong growth trajectory

Conduit Re can continue its strong organic growth supported by existing capital base and expected future retained earnings

Any questions?

Appendices

HOW WE CREATE VALUE

Our key business objectives

Building a sustainable business for the long-term benefit of our stakeholders

Deliver profitability and mid-teens return on equity across the cycle

Our investment proposition

Targeted underwriting

- Pure-play reinsurance treaty focus
- Balanced and diversified portfolio
- Dynamic cycle management across classes of business and geographies

Operational excellence

- Single location, highly efficient set up with open and collaborative culture
- Management team with proven industry track record
- Targeted and effective use of data-driven pricing, analytics and exposure management thanks to efficient cloud-based ecosystem

Strong balance sheet

- Legacy-free balance sheet. Well capitalised for future growth
- AM Best (A-) Excellent financial strength rating with "very strong" balance sheet
- High quality investment portfolio, with average credit quality of AA

ESG is an important part of Conduit's culture

Environmental

- Carbon neutral in our operations
- Environmental considerations in underwriting and investment guidelines
- Interest-free green loans offered to staff
- Organised our first park clean up in 2023
- Diamond sponsor of the Bermuda Climate Summit 2023
- Public ClimateWise reporting
- Employee engagement initiatives in place, e.g., plastic free July, Beyond Plastics Bermuda Champion

Social

- Societal considerations in underwriting and investment guidelines.
- Volunteering allowance and opportunities, including weekly delivery route with Meals on Wheels
- Conduit Foundation supported 22 charities in 2023
- Scholarships and internships provided to local students
- Enhanced parental leave policy in 2023
- Paid representative leave provided in 2023 to two employees who represented their national teams

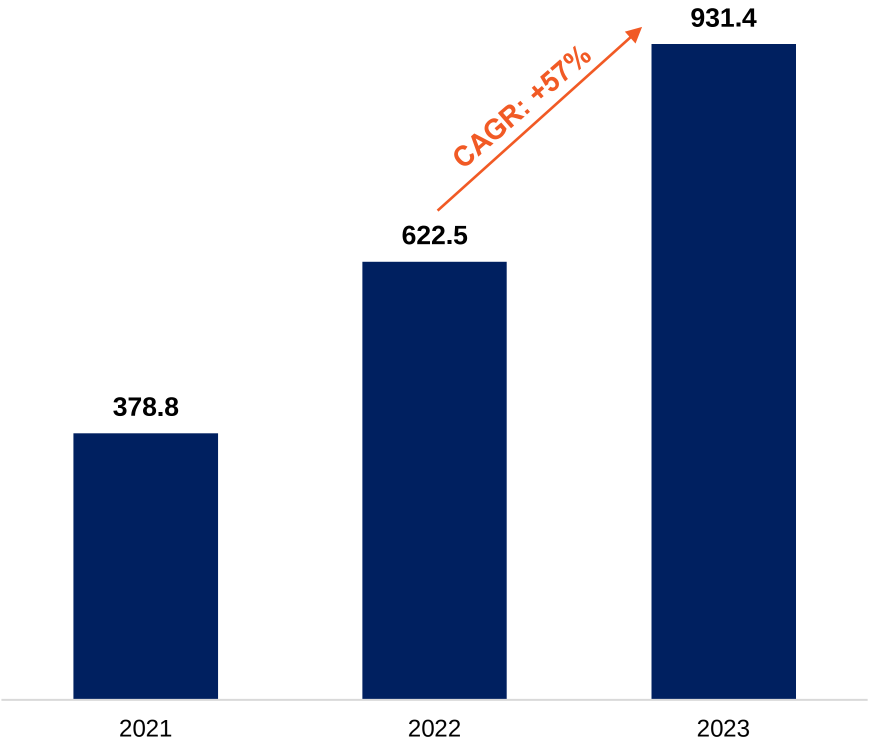
Governance

- Independent ESG Committee
- Diverse Board and employee base
- Enhanced ESG stakeholder materiality assessment undertaken
- ESG link to Executives' remuneration
- Signatory to the UN Principles of Sustainable Insurance
- Investment managers are signatory to the UN Principles of Responsible Investment
- Member of the Sustainable Markets Initiative, Insurance Task Force

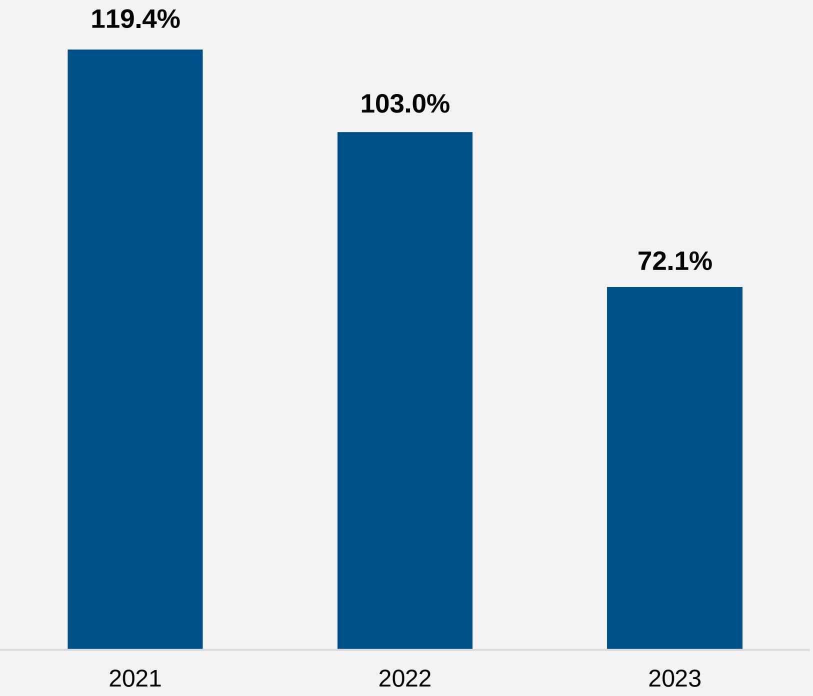
For more information, please refer to our ESG Report on our website

Underwriting performance

Gross premiums written[1], $m



Combined ratio[2]



In our third year, compound effect flowing through of renewals on renewals and results of prior **underwriting producing strong returns**

Diversification and active portfolio management is a key strength with the capacity to lean into more attractive opportunities

Capital deployed to **retain well priced risk**, with our business platform supporting our continued growth

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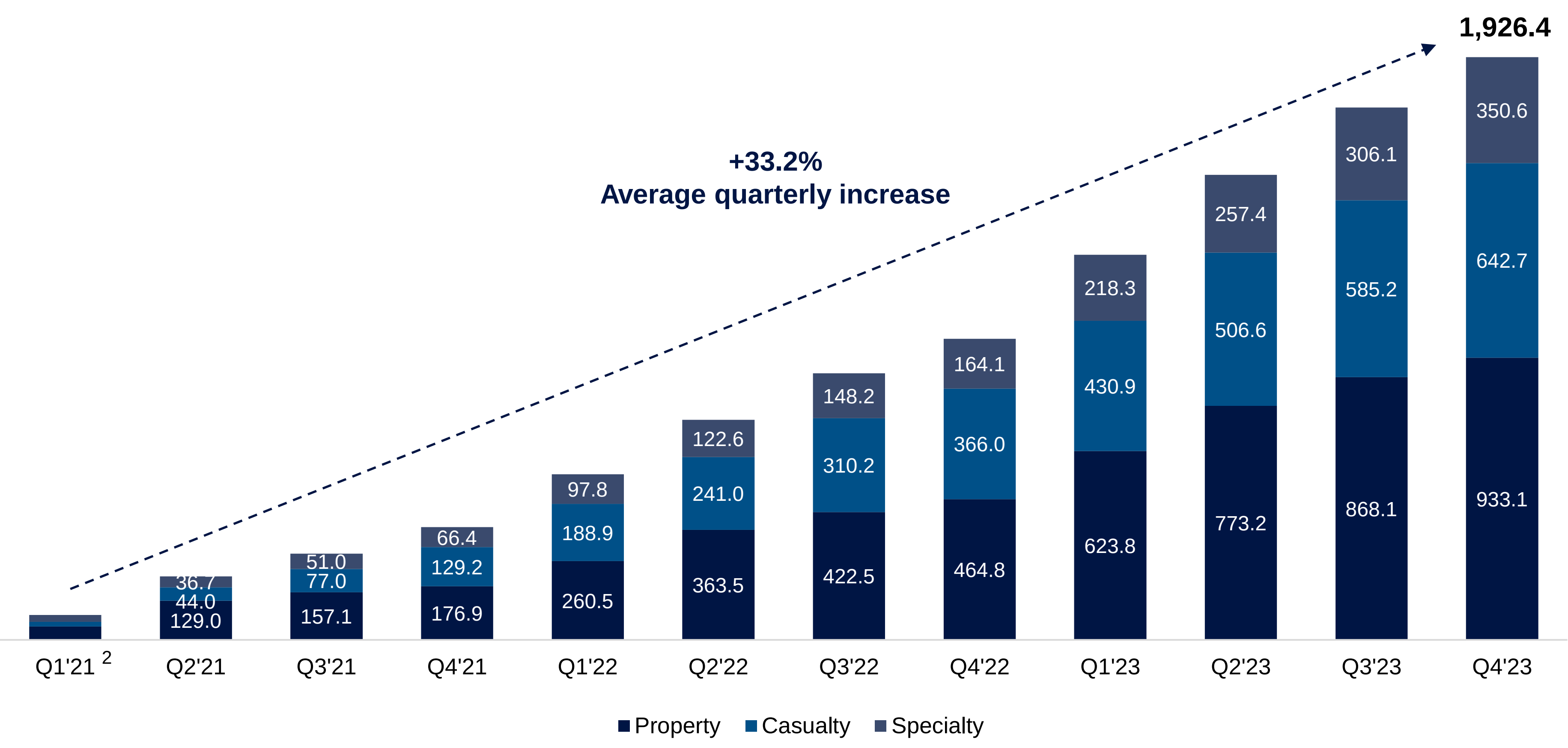
1. FY'21 on IFRS4 basis. FY'22 and FY'23 on IFRS17 basis: gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. On previously reported IFRS4 basis, FY'22 gross premiums written were $637.5m.
2. FY'21 on IFRS4 basis. FY'22 and FY'23 on IFRS17 basis. Refer to the 2022 Annual Report and Accounts for comparatives on an IFRS 4 basis.

Close to $2bn gross premiums written since inception

Cumulative gross premiums written[1] ($m)



Significant pipeline of unearned premiums of approximately $500 million which will flow through over subsequent years

1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. For Q1 2021, the gross premiums written were: Property: $44.1m; Casualty: $15.7m; Specialty: $22.2m

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1 January: premium growth with positive risk-adjusted change

Reporting segments	Premium[1] 1/1/2024, $m	Premium[1] 1/1/2023, $m	Premium changes	Price changes
Property	311.0	197.3	58%	5%
Casualty	101.4	112.2	(10%)	(2%)
Specialty	170.0	111.9	52%	2%
Total 1 January	**582.4**	**421.4**	**38%**	**3%**

Strong, focused growth, with continued portfolio optimisation

Very strong levels of renewing business with our key partners - complemented by **high quality new business opportunities**

Positive risk-adjusted rate change of 3%, net of inflation, across the portfolio

Outwards retrocession programme secured successfully with diverse and high-quality panel

Success in expanding scale of business footprint thanks to strong origination platform

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1. Estimated ultimate premiums written; as presented in our 1 January trading update on 25 January 2024 and are not intended to present a current view.

Capital to support continued growth

The following slide shows our **BSCR coverage ratio** based on year-end 2021, 2022 and 2023. It demonstrates we continue to have capital to support organic growth. The estimated coverage ratio for year-end 2023 is **381%.**

The coverage ratio is based on required capital as a percentage of available capital. There are many drivers of required capital and available capital. Underwriting performance, growth and investment valuation are the primary drivers, with catastrophe exposure and portfolio mix (underwriting and investment) also featuring.

A peer comparison is shown to provide context to our current capital adequacy and our target of a long-term operating range of **200% to 300%.**

The BSCR is the one capital measure we publish annually and provides comparability to Bermuda peers who must also publish their data, but we equally consider **additional measures (such as, but not limited to, rating agency models)** and each provide different weightings to the drivers and use varying criteria.

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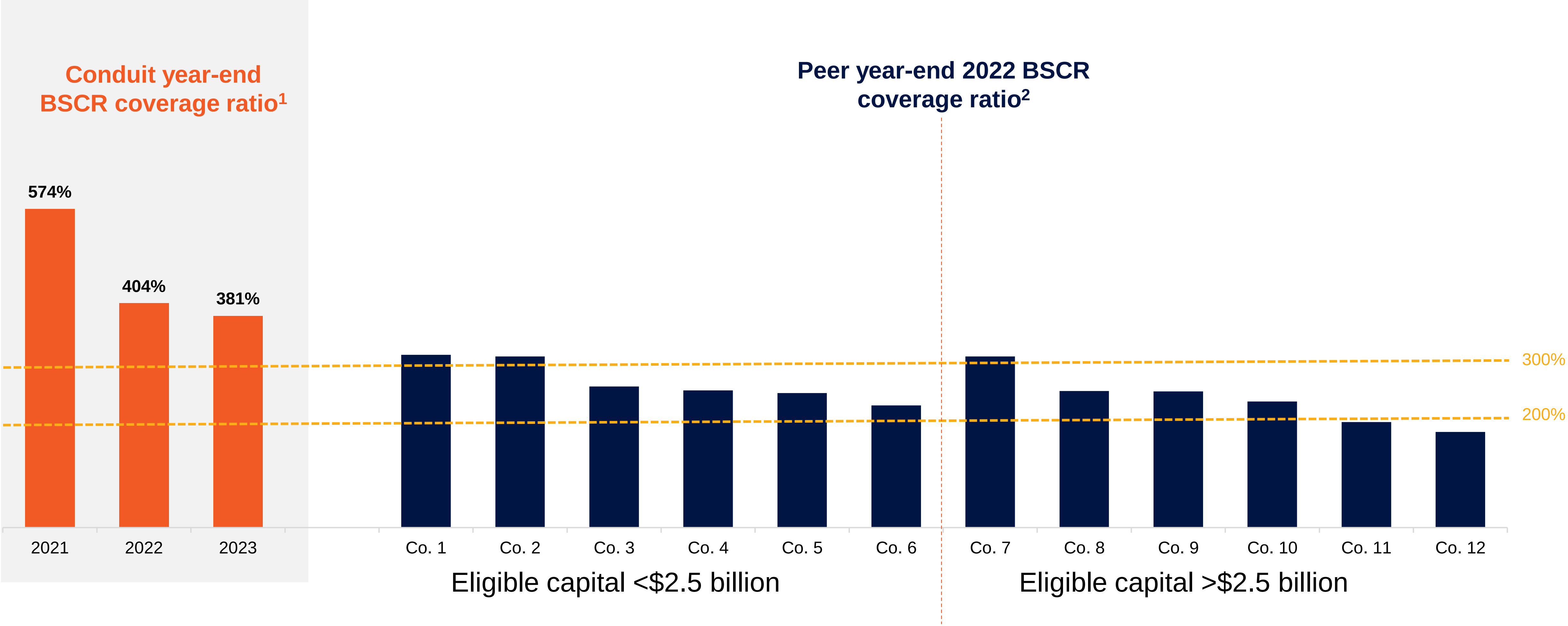
Capital to support continued growth



1. Conduit Re based on actual data for 2021 and 2022. 2023 is current estimate
2. Other companies' data is based on their year-end 2022 Financial Condition Reports. Includes Class 4 Bermuda (re)insurers and/or Bermuda Groups including one or more Class 4 (re)insurers, depending on data availability. Only companies with over $ 1 billion of eligible capital included. Companies part of a non-Bermuda Group also excluded. Data includes: Arch, Ascot, Aspen, Axis, Convex, Fidelis, Hamilton, Hiscox, Lancashire, Partner Re, Ren Re, Sirius Point

Bermuda corporate income tax consultation

Bermuda Corporate Income Tax Act 2023 (Bermuda CIT) passed into law in December and will apply from January 2025 to those multi-national entities that qualify

Conduit has a limited footprint, underwriting from a single location

Conduit does not meet the criteria to qualify at this time. If the Group were to meet the Bermuda CIT criteria in the future, it is likely that an exemption will be available for the first five years in which the tax would otherwise apply

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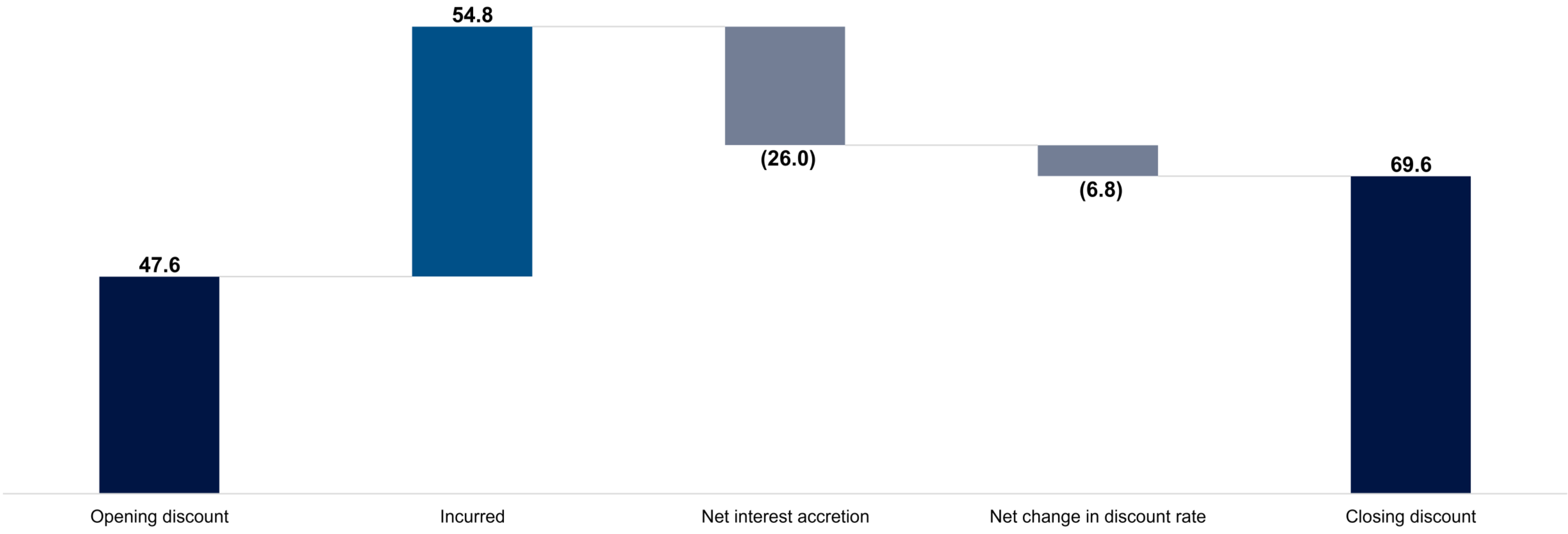
Discounting on losses

Reminder of our discounting calculation methodology

	Calculation methodology	Variability
Discount on new incurred	– New incurred claims discounted using opening discount rate or date of loss rate for material events.	– Opening discount rates are fixed for the period but discount on material events are subject to prevailing market rates at time of event. – Size of discount driven by undiscounted new incurred losses that remain unpaid at the end of the period.
Discount on PYD	– Prior year development discounted using opening discount rates.	– Opening discount rates fixed for the period. – Total discount dependent on undiscounted PYD for the period and the actual versus expected experience on timing of loss payments. – Discounted PYD can be lower or higher than undiscounted PYD.
Interest accretion on PY reserves	– Interest accretion based on opening discount rates on opening reserves.	– Very little variability in the unwind of prior year reserves during the period. – High level calculation of Yield x Opening Reserves can help estimate PY unwind.
Interest accretion on new incurred	– Interest accretion based on opening rates or date of loss rate for material events. Calculated on new incurred, not paid within the year.	– Variability on new incurred, amount of newly incurred claims paid during the period and markets rates for material events.
Change in discount rates	– Calculated as difference between closing reserves using opening/event rate versus closing reserves using closing rates.	– Size and direction of movements driven by how interest rates move during the period.

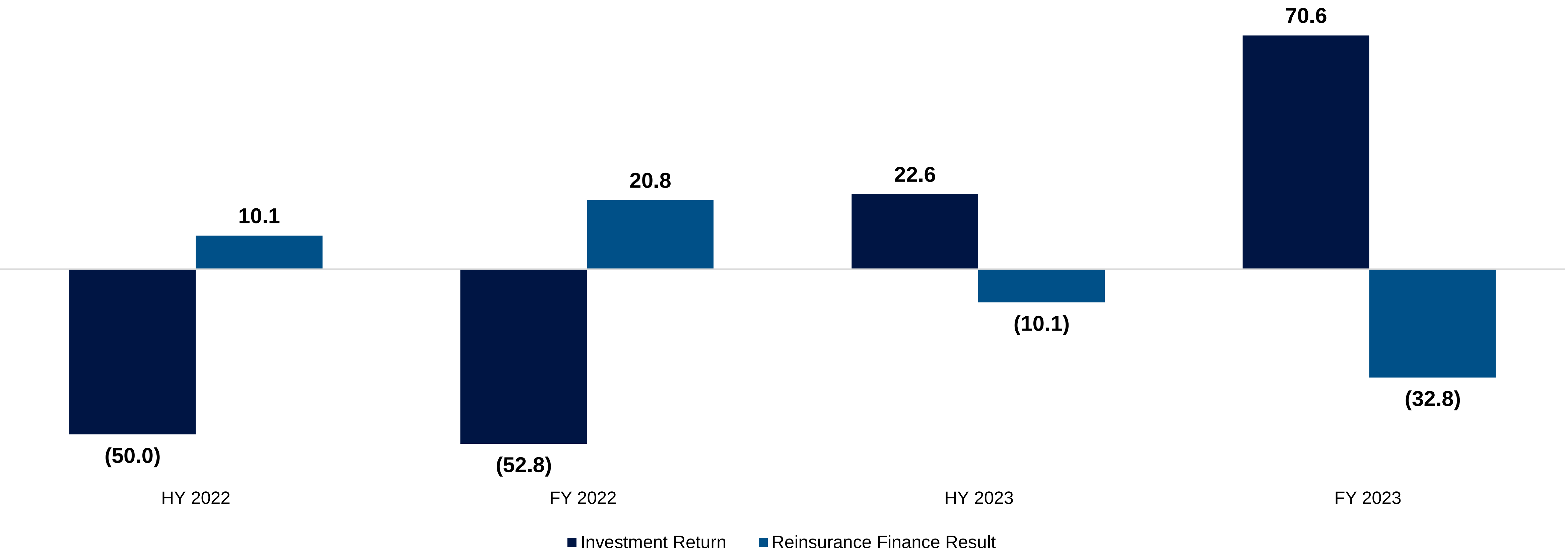
The discount on our balance sheet will be unwound over future years

Discount roll-forward for the year ended 31 December 2023



Reinsurance finance result reduces volatility from investment return

Investment return and reinsurance finance return for half year and full year results



Investor relations calendar - 2024

Although we endeavour to adhere to the dates below, all future planned events are provisional and subject to change

Conduit Re scheduled events

15 May 2024:
- Q1 2024 trading update
- AGM

Conduit Re planned attendance at conferences

5 March 2024:
- RBCC (New York)

13 March 2024:
- Morgan Stanley (London)

20 March 2024:
- Berenberg (The Grove, Watford)

21 March 2024:
- Jefferies (London)

Forward looking statements

Important information (disclaimers)
This announcement contains inside information for the purpose of the Market Abuse Regulation (EU) No 596/2014 (which forms part of UK domestic law pursuant to the European Union (Withdrawal) Act 2018, as amended).

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", "signals", "projects", "anticipates", "expects", "achieve", "intends", "tends", "on track", "well placed", "continued", "estimated", "projected", "upcoming", "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 requirements, 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, Ida, and Idalia, 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 and at policy inception; the pattern and development of premiums as they are earned; 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 the ongoing conflicts in Ukraine and the Middle East, 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 Bermuda, 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 trading 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. "Estimated ultimate premiums written" reflects underwriter expectations at time of writing and involves significant judgement. Prior year comparative figures reflect those presented in Conduit's previously published Trading Update and are not intended to present a current view of underwriting year expectations for prior periods. We caution against using estimated ultimate premiums written for anything other than understanding how we view 1/1 on this basis in comparison to prior periods. This figure is not representative of revenue recorded in the IFRS financial statements.

The Conduit renewal year on year indicative pricing change measure is an internal methodology that management uses to track trends in premium rates of a portfolio of reinsurance contracts. The change measure is specific for our portfolio and 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. It is not intended to be commentary on wider market conditions. 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.

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About Conduit Re

Conduit Re is a 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.

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