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Premiums

We have continued to build a balanced and diversified portfolio with the focus on high-quality quota share business, allowing us to benefit from the improving pricing and terms and conditions in the primary markets. We consider quota share business to have provided the best balance between price and risk as we build out our underwriting portfolio, and we will continue to have an increased weighting towards quota share contracts versus excess of loss business in the near term. This sets up an embedded pipeline of premium, which will flow through to income. While quota share contracts typically have higher acquisition costs associated with them, there tends to be less volatility in the underlying loss ratio, which we've experienced first hand with the elevated loss events of 2022.

During 2022, Conduit Re continued to show growth across all segments, benefiting from new business, high retention of renewal business and improving rates. Client count and submission numbers have increased in line with Conduit Re's growth strategy. Rate change continues to be positive, outpacing inflation.

Ultimate premiums written

For the year ended 31 December:

Segment	**2022 $m**	2021 $m	**Change $m**	Change %
Property	319.3	205.0	114.3	55.8
Casualty	234.4	182.4	52.0	28.5
Specialty	106.2	71.1	35.1	49.4
Total	**659.9**	**458.5**	**201.4**	**43.9**

Gross premiums written

For the year ended 31 December:

Segment	**2022 $m**	2021 $m	**Change $m**	Change %
Property	299.6	183.4	116.2	63.4
Casualty	236.7	129.0	107.7	83.5
Specialty	101.2	66.4	34.8	52.4
Total	**637.5**	**378.8**	**258.7**	**68.3**

As Conduit concludes its second year of operations, and as its earnings mature, the ratio of net premiums earned to net premiums written was 83.0% for the year ended 31 December 2022 compared with 56.1% for the prior year.

Pricing

Pricing and terms and conditions continued to improve in the markets we targeted. We were presented with an increasing number of opportunities to deploy our capital into the areas and products which we know well, and where both renewal and new prospects met our profitability requirements.

Conduit's overall risk-adjusted rate change, net of claims inflation, in 2022 was 4%, and by segment was:

Property	Casualty	Specialty
7%	1%	2%

Premiums ceded

Ceded reinsurance premiums for the year ended 31 December 2022 were $56.6 million compared to $32.6 million for the year ended 31 December 2021. The increase in cost relative to the prior period reflects additional limits purchased as the inwards portfolio and exposures grew over the period.

Losses

Both 2021 and 2022 were characterised by higher-than-average natural-catastrophe losses for the industry, with 2022 also experiencing losses from the crisis in Ukraine. The Group's net loss ratio was 71.7% compared with 73.2% for 2021. The accident year loss ratio for 2022, including the impact of foreign exchange revaluations, was 72.9% compared to 73.2% for 2021.

Hurricane Ian made landfall in Florida as a strong Category 4 hurricane on 28 September 2022, resulting in estimated industry losses of approximately $55 billion. It continued its path north-east across Florida before making a second landfall in South Carolina. Our ultimate loss estimate, net of reinsurance recoveries and reinstatement premiums, for Hurricane Ian is $40.9 million, which is in line with previously reported estimates, and contributed 8.8% to the net loss ratio. Our net loss ratio for the year, absent the impact of Hurricane Ian, was 62.9%.

As regards the ongoing conflict in Ukraine resulting from the Russian invasion commencing on 24 February 2022, Conduit has potential exposure across its property and specialty reinsurance books, via classes such as aviation, war on land and marine war. There is significant uncertainty in estimating losses emanating from the conflict, not least as it is an ongoing event. Based on current information, Conduit's previously announced estimated ultimate loss, net of reinsurance recoveries and reinstatement premiums, in relation to the conflict

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is unchanged at $24.6 million, which represented 5.1% of the net loss ratio. Our net loss ratio for 2022, absent the impact of the Ukraine conflict, would have been 66.6%.

While there were a number of other smaller catastrophe events, such as European storms Eunice and Dudley, hailstorms in France, floods in Australia and South Africa, and winter storm Elliott in the United States, none of these had a material impact on our 2022 results.

During 2021, we experienced net losses from the significant events of Hurricane Ida and the European floods of $27.1 million, net of reinsurance recoveries and reinstatement premiums. Absent these events our loss ratio would have been 58.8%.

Our ultimate loss estimates, net of reinsurance recoveries and reinstatement premiums, for the previously reported 2021 loss events remain relatively stable.

Our loss and reserve estimates have been derived from a combination of reports from brokers and cedants, modelled loss projections, pricing loss ratio expectations and reporting patterns, all supplemented with market data and assumptions. We will continue to review these estimates as more information becomes available.

Investments

We continue to maintain our conservative approach to managing our invested assets, with a strong emphasis on preserving capital and liquidity.

Our strategy remains maintaining a short duration, highly creditworthy portfolio, with due consideration of the duration of our liabilities. Our portfolio mix shows our conservative philosophy (more information on the portfolio mix is set out in the risk disclosures on page 111). Our asset allocation is dictated by our approved investment guidelines. There are currently no risk assets held in the portfolio. Risk assets will generally only be considered to diversify and protect the portfolio, and where the risk return profiles are appropriate.

We currently have two portfolio categories – short-tail and long-tail – to match our underwriting categories and the differing obligations associated with different classes of business across our property, casualty and specialty divisions. Liquidity preferences are monitored for each.

Conduit's cash inflows are primarily derived from net premiums received (including reinstatement premiums), losses recovered from reinsurers and net investment income, plus the sale and redemption of investments. Cash outflows are primarily the settlement of claims, the payment of ceded reinsurance premiums (including reinstatement premiums), payment of other operating expenses, the purchase of investments and the distribution of dividends or other forms of capital returns. Excess funds are invested in the investment portfolio.

As part of our investment strategy, we seek to maintain a level of liquidity that we believe to be adequate to meet our foreseeable payment obligations. We believe that our liquid investments and cash flow will provide us with sufficient liquidity to meet our obligations to settle losses. However, the timing and amounts of actual claims payments vary based on many factors, including large individual losses, changes in the legal environment and general market conditions.

Investment performance

The Federal Reserve raised rates seven times in 2022, and has indicated further increases going forward. As a result, the portfolio return is negative 5.0% for the year ended 31 December 2022, mostly due to unrealised losses. Conduit recorded a small loss on the investment portfolio in the year ended 31 December 2021 due to rising yields in the fourth quarter of the year. While we expect market volatility to remain elevated in the near term, Conduit expects to be able to reinvest at higher rates as the existing portfolio matures.

Net investment income, excluding realised and unrealised losses, was $17.8 million for 2022 compared to $5.5 million for 2021. Total investment return, including net investment income, net realised gains and losses, and net change in unrealised gains and losses, was a loss of $52.8 million for 2022 compared to a gain of $3.1 million in 2021.

The breakdown of the managed investment portfolio as at 31 December is as follows:

	2022	2021
Fixed maturity securities	91.3%	95.3%
Cash and cash equivalents	8.7%	4.7%
Total	**100.0%**	**100.0%**

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Key investment portfolio statistics for our fixed maturities and managed cash as at 31 December were:

	2022	2021
Duration	2.2 years	2.4 years
Credit quality	AA	AA-
Book yield	2.4%	0.9%
Market yield	5.2%	1.2%

Cash and investments credit ratings for managed portfolio 2022

- AAA **58.2%**
- AA+, AA, AA- **6.6%**
- A+, A, A- **23.7%**
- BBB+, BBB, BBB- **11.5%**

Cash and investments credit ratings for managed portfolio 2021

- AAA **51.3%**
- AA+, AA, AA- **7.1%**
- A+, A, A- **27.3%**
- BBB+, BBB, BBB- **14.3%**

ESG considerations are incorporated into our individual portfolio investment guidelines. We believe that, all other things being equal, it is less risky to own securities with strong ESG ratings. More information about the ESG approach to our investments is contained in the CFO's report on page 18 and in the ESG summary on page 30.

Other operating expenses and equity-based compensation
Other operating expenses were $34.3 million for the year ended 31 December 2022 compared with $30.6 million for the prior year, while our equity-based incentives expense was $2.1 million compared with $0.3 million.

Other operating expenses contributed 7.1% to Conduit's combined ratio in 2022 compared with 15.8% for the same period of 2021.

The prior year ratio was a reflection of our start-up nature with earnings yet to mature but with employment costs and technology platform development costs incurred upfront.

Capital and dividends
Conduit remains well capitalised to achieve its objectives with a legacy-free balance sheet. Total capital and tangible capital available to Conduit was $0.81 billion at 31 December 2022 (31 December 2021: $0.98 billion). Further information on capital management is set out in the risk disclosures on page 118 and in the financing arrangements on page 130.

During 2022, Conduit continued on-market purchases of its shares under a share purchase programme announced on 29 December 2021, where shares may be repurchased pursuant to authority obtained at Conduit's most recent Annual General Meeting. Shares repurchased by Conduit and Conduit's EBT during 2022 amounted to $19.9 million and will be held in treasury and/or trust to meet future obligations under Conduit's variable incentive schemes.

Further details of the share repurchase scheme are set out in the Directors' report on page 81 and in note 18 to the consolidated financial statements on page 131.

On 22 February 2023 Conduit's Board of Directors declared a final dividend of $0.18 (approximately 15 pence) per common share, resulting in an aggregate payment of $28.8 million. The dividend will be paid in pounds sterling on 21 April 2023 to shareholders of record on 24 March 2023 (the "Record Date") using the pound sterling/US dollar spot exchange rate at 12 noon BST on the Record Date.

Conduit previously declared and paid an interim dividend during 2022 of $0.18 (approximately 15 pence) per common share. Consequently, the full 2022 dividend dividend is $0.36 (approximately 30 pence) per common share in line with our stated dividend policy. Conduit's dividend policy and information on the final dividend declared in respect of 2022 can be found on page 44.

There is no debt and there are no off-balance sheet forms of capital.