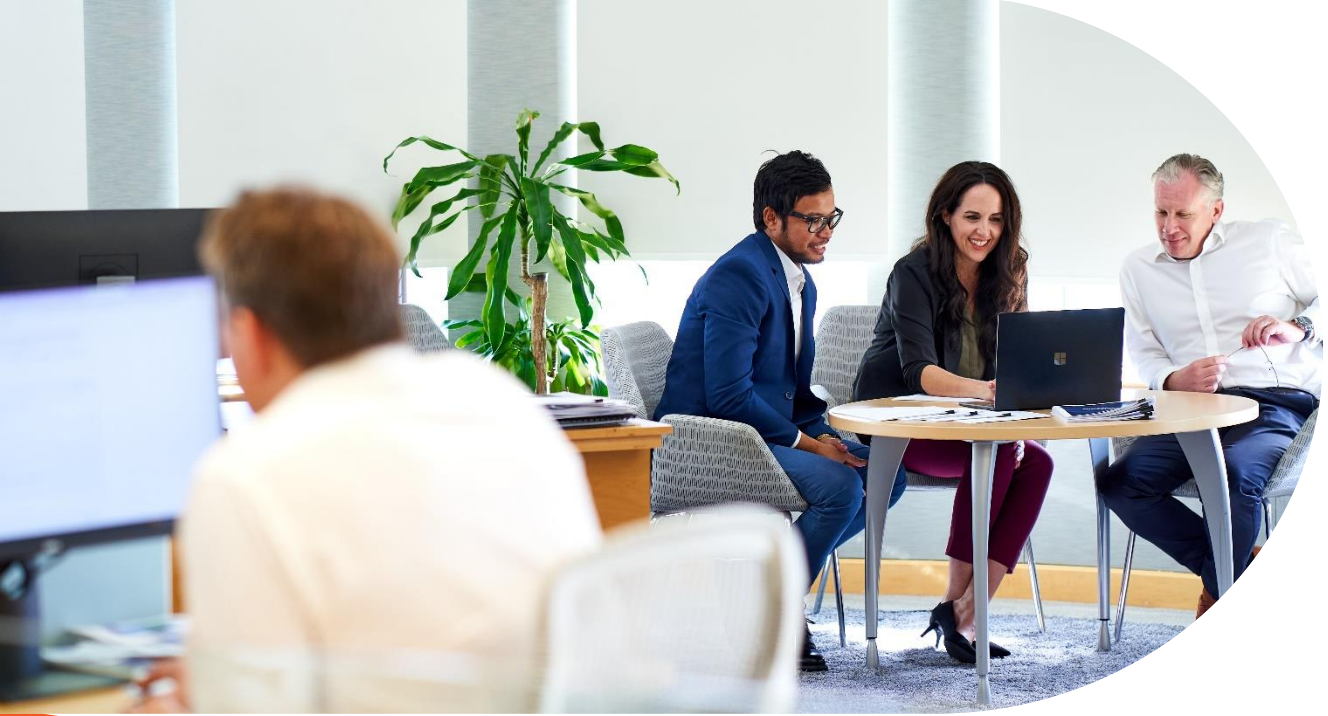
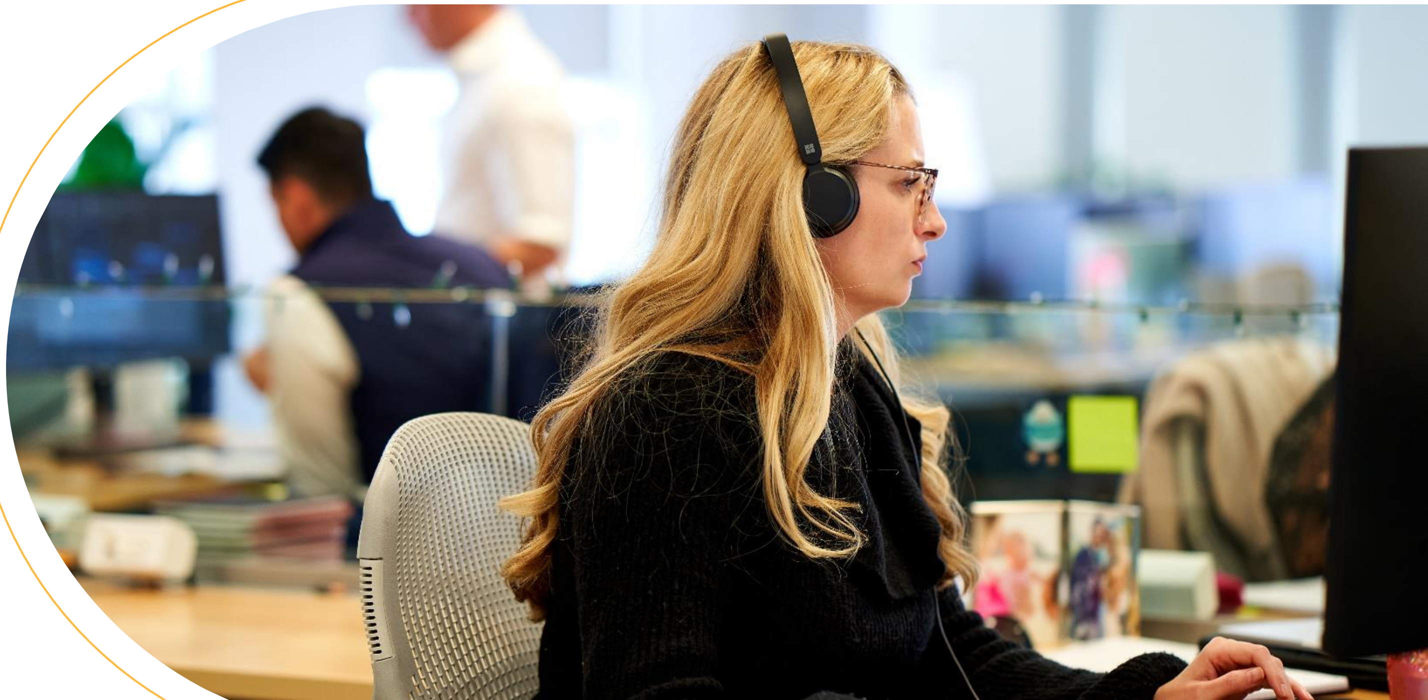


# Conduit Holdings Limited

**1 January 2024 trading update**

25 January 2024



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# Strong 1 January renewals

**Estimated ultimate premiums written of $582.4 million, +38% versus 2023, aligned with our 1/1 expectations**

- Underlying primary market margins remain attractive and continue to validate our quota share focus
- 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**

- 5% in property, -2% in casualty, 2% in specialty
- Accordingly, growth focused on property and specialty

**Outwards retrocession programme secured successfully**

- No material change in our net PMLs at 1 January, which continues to provide a balanced risk versus reward profile
- Diverse and high-quality panel

**Continuing success in expanding scale of business footprint**

- Strong origination platform established from outset enabling continued scalability
- Selective, bespoke risk approach being maintained across all three business segments

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2

# 1 January significant premium growth of 38%

**Property**
- Primary non-admitted market remains disciplined
- XoL market showing price stabilisation (e.g. US nationwide)

**Casualty**
- Portfolio combined ratio stable
- Professional lines under more pressure

**Specialty**
- Enhanced data analysis supports underwriting decisions
- Niche segments remain under watch (e.g. primary Aviation)

Estimated ultimate premiums written at 1 January 2024 increased by 38% compared to the same period in 2023:

| | 2024 $m[1] | % | 2023 $m[2] | % | Year-on-year change % |
|---|---|---|---|---|---|
| **Property** | 311.0 | 54% | 197.3 | 47% | 58% |
| **Casualty** | 101.4 | 17% | 112.2 | 27% | -10% |
| **Specialty** | 170.0 | 29% | 111.9 | 26% | 52% |
| **Total** | **582.4** | **100%** | **421.4** | **100%** | **38%** |

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1. These figures represent management's latest estimate as at 17 January 2024 for contracts incepting on 1 January 2024
2. Prior year comparative figures reflect those presented in our 1 January 2023 Renewals Trading Update and are not intended to present a current view of underwriting year expectations for prior periods

# Positive risk-adjusted rate change

**Property**
- More capacity for high excess cat
- Our target classes remain well positioned

**Casualty**
- Professional lines and D&O[3] softened
- Our combined ratios maintained year-over-year

**Specialty**
- Varied across sub classes
- Overall portfolio margins remain attractive

Year-on-year renewed business written at 1 January 2024 show an overall risk-adjusted rate change of 3%[1], net of inflation:

| | 2024 January renewals | 2023 January renewals[2] |
|---|---|---|
| **Property** | 5% | 39% |
| **Casualty** | -2% | 1% |
| **Specialty** | 2% | 14% |
| **Weighted** | **3%** | **19%** |

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1. These net rate changes reflect management's assessment, as at 17 January 2024 for contracts incepting on 1 January 2024, of rate changes of our renewed business net of the impact of claims inflation, exposure changes and changes in any other terms and conditions
2. Prior year comparative figures reflect those presented in our 1 January 2023 Renewals Trading Update and are not intended to present a current view of underwriting year expectations for prior periods
3. Directors and Officers

# Ground-up approach to portfolio management

**“Focused and diversified” remains the key tenet of the Conduit Re portfolio construction philosophy**

## Property

- E&S and D&F[1] portfolios showed continued momentum and provide attractive growth opportunities
- European XoL business renewed strongly with positive rate and discipline in coverage and separation of perils / exclusions
- US margins remain attractive - some increased price competition seen in high excess layers and some requests for coverage broadening

## Casualty

- Generally stable combined ratios achieved, with higher loss ratios broadly offset with reduced acquisition costs
- Continued review of underlying client portfolios enabled informed risk selection
- We reduced capacity in sub-classes such as D&O[2] due to weaker primary market

## Specialty

- Our exposure trimmed for political risk classes e.g. civil unrest, war & terror - low primary rates relative to global outlook
- Aviation XoL positive rate signs following recent incidents but aviation insurance still weak
- New strategic partner specialty deals added - lower embedded volatility and broad mix of attractive sub classes

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1. Excess and Surplus lines/ non-admitted market; Direct and Facultative
2. Directors and Officers

# An attractive market environment

**The reinsurance market environment remains attractive** with reinsurer economics benefiting from year-on-year rate increases, higher attachment points and disciplined client behaviour

1 January 2024 renewal season was characterised by further re-pricing of risk and continued focus on adequacy of reinsurer's margins, driven by:

## 01

**Limited & targeted new capital inflows,** into niche areas such as property cat and retro markets - less new capacity for more complex products

## 02

**Increased attention to coverage in T&Cs** Clients seeking inclusion (e.g. Terror, SRCC[1]); reinsurers partially accommodating

## 03

**E&S[2] market continues to reprice risk** with improving margins since 2021. Market still growing whilst delivering rate and improved policy forms

## 04

**Natural catastrophe frequency and severity trends[3]** underpinning higher demand for protection

## 05

**Persistence of high inflation** drives continued disciplined client behaviour - industry back-year reserving keeping the market alert

1. Strikes, riots, and civil commotion
2. Excess and Surplus lines/ non-admitted market
3. Gallagher Re: Natural catastrophes caused an estimated $123 billion of insured losses in 2023, including some significant events in France, Italy and Turkey. This total was 11% above the decadal average ($111 billion), and 36% higher than the 21st century average ($91 billion). Whilst no major landfall in the US, mainland Severe Convective Storms (SCS) losses exceeded $59 billion, with an unprecedented 20 individual billion-dollar insured losses from the peril

# Capitalising on our established business model in excellent market conditions

**Strong growth at 1 January was focused**

- +38% premium growth is aligned with our 1 January expectations, with continued portfolio optimisation

**Broad submission flow from established distribution channels**

- Decision making driven from single underwriting location - enables dynamic decisions and complex risk evaluation

**We have the capital to support our growth and RoE delivery**

- Organic growth trajectory sustained by robust capital base and expectation of retained earnings

**Market environment**

- We maintain a positive view on the broader trading environment - continued opportunities to grow

# Any questions?

# 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

**21 February 2024:**
- 2023 Preliminary Results

## Conduit Re planned attendance at conferences

**31 January 2024:**
- Peel Hunt ESG (virtual)

**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 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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