# Reinsuring today, Ready for tomorrow.

**Conduit Holdings Limited**
Annual Report and Accounts 2024

CONDUIT RE

# Conduit Re is a Bermuda-based, pure-play reinsurer.

**Who are we?**

Conduit Re is a Bermuda-based multi-line reinsurer with global reach, supporting insurers and reinsurers with their property, casualty and specialty reinsurance needs.

We have proven experience across our business to make dynamic decisions throughout the market cycle. We use differentiated technology to provide insight and bespoke solutions to support our clients.

We have a strong balance sheet that is well capitalised for future growth.

We operate from a single location with a disciplined and collaborative culture. Social responsibility and inclusiveness are at the core of how we operate.

# In this report...

**Internships and Scholarships**
Find out more on page 23.


**Employees in the Community**
Find out more on page 29.


# Strategic Report

**In this section:**



## Strategic vision fuels robust growth

Reached $1,162.4m of gross premiums written in 2024, with 24.8% growth across our multi-line portfolio.

## Reasonable returns during an active loss period

RoE of 12.7% demonstrates Conduit's ability to generate returns for shareholders while absorbing losses.

# A model designed for sustainable growth

Our business model is designed around our strategy, and is fundamental to delivering long-term value to our stakeholders.

Inception to 31 December 2024 gross premiums written

$3.1bn

## Our vision

Our vision is for Conduit Re to be a reinsurance business with a global reach to deliver sustainable long-term returns through the market cycle.

## What we do

Conduit Re offers a broad range of traditional and tailored proportional and excess of loss reinsurance solutions to our clients on a worldwide or region-specific basis within our Property, Casualty and Specialty portfolios.

- Property
- Casualty
- Specialty

### We are...

- a multi-line reinsurer in a single location in Bermuda.
- a business with no conflicts of interest with our cedants.
- client, geography and product neutral.

We **enable** fast, flexible and informed decision-making.

### We use...

- an open culture where knowledge transfer is facilitated and collaborative challenge is encouraged.
- modern, modular technology to provide enhanced portfolio insight.

We **create** a diverse, inclusive and engaging working environment.

### We embrace...

- a broad view to exploring solutions in ever-changing market conditions, unhindered by legacy systems and issues.
- an integrated approach to ESG, building this into our operations, underwriting and investment activities.

We aim to **deliver** long-term sustainable benefits for our stakeholders.

## Our key resources

**People and talent**
Our people, with their skills and expertise, are critical to the success of the business.

**Technology**
We have invested in the latest technology to continuously improve the business.

**Financial capital**
We are a well-capitalised business to help support our market-driven strategy.

## Underpinned by our culture

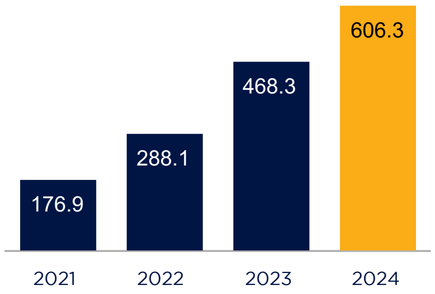
01. Transparent
02. Collaborative
03. Responsible
04. Enabled
05. Forward-thinking

## Underwriting

### Property
**Proportional and non-proportional**

Including catastrophe and non-catastrophe property business across US and international risks for personal and commercial lines.

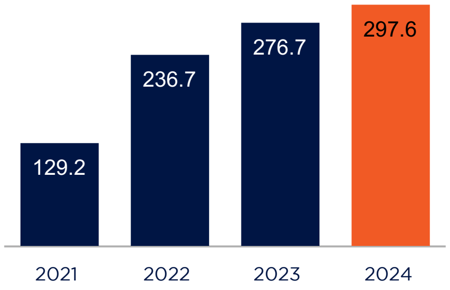
**Gross premiums written ($m)[1]**




### Casualty
**Proportional and non-proportional**

Including directors and officers liability, financial institutions liability, general liability, medical malpractice, professional liability and transactional liability.

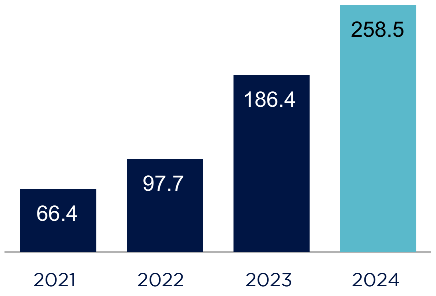
**Gross premiums written ($m)[1]**




### Specialty
**Proportional and non-proportional**

Including aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and whole account.

**Gross premiums written ($m)[1]**




## In numbers...

Bermuda-based reinsurer

**BMA regulated – Class 4 Licensed**

Members of staff

**65**

AM Best financial strength rating

**A-**

(Excellent)

Total shareholders' equity

**$1.05bn**

as at 31 December 2024

2024 Gross premiums written[1]

**$1,162.4m**

1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. 2021 in the graphs above, disclosed under IFRS 4, are also shown excluding reinstatement premiums for consistency.

# How we create value

## Our key business objectives

- Building a leading reinsurance business focused on underwriting expertise.
- Delivering profitability and a mid-teens return on equity (RoE) across the cycle.
- Maintaining a strong balance sheet to support our business plans.
- Building a sustainable business for the long-term benefit of our stakeholders.

## Our investment proposition

### Targeted, data-driven underwriting

- Pure reinsurance treaty focus.
- Balanced and diversified portfolio.
- Dynamic cycle management across classes of business and geographies.
- Agile decision-making and attention to detail to maximise returns.

Combined ratio (discounted)

**86.0%**

2023: 72.1%

### Operational excellence

- A single location and highly efficient corporate structure.
- An open and collaborative culture.
- Management team with proven industry track record across cycles.
- Targeted and effective use of data-driven pricing, analytics and exposure management thanks to an efficient cloud-based ecosystem.

Headcount

**65**

2023: 59

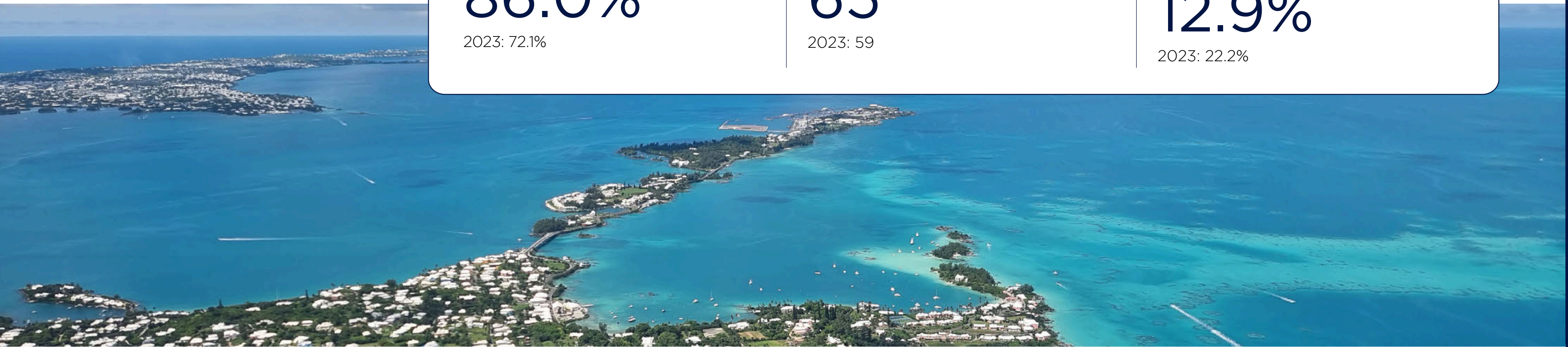
### Strong balance sheet

- Strong balance sheet that is well capitalised for future growth.
- AM Best (A-) Excellent financial strength rating with 'positive' outlook and 'very strong' balance sheet.
- High-quality investment portfolio, with average credit quality of AA.

Net tangible assets per share growth (including dividends)

**12.9%**

2023: 22.2%



# Our key performance indicators

## Gross premiums written[1] ($m)

| | | |
|---|---|---|
| 2024 | IFRS 17 | 1,162.4 |
| 2023 | IFRS 17 | 931.4 |
| 2022 | IFRS 17 | 622.5 |
| 2022 | IFRS 4 | 637.5 |
| 2021 | IFRS 4 | 378.8 |

In its fourth year of underwriting, Conduit has continued its growth across all segments, benefiting from new business, high retention and underlying growth of renewal business.

## RoE (%)

| | | |
|---|---|---|
| 2024 | IFRS 17 | 12.7 |
| 2023 | IFRS 17 | 22.0 |
| 2022 | IFRS 17 | (4.4) |
| 2022 | IFRS 4 | (9.1) |
| 2021 | IFRS 4 | (4.0) |

With elevated loss activity across smaller and mid-sized natural catastrophe and risk events in 2024, we achieved an RoE of 12.7%. Our investment portfolio also performed well and provided a meaningful contribution.

## Total net investment return (%)

| | |
|---|---|
| 2024 | 4.0 |
| 2023 | 5.8 |
| 2022 | (5.0) |
| 2021 | (0.3) |

After interest rate hikes in 2022, Conduit now has a generally higher-yielding investment portfolio to drive positive performance. Net investment income continued to grow in 2024, and was the primary driver of the investment returns.

## Total shareholder return (%)

| | |
|---|---|
| 2024 | 5.9 |
| 2023 | 16.4 |
| 2022 | 5.5 |
| 2021 | (12.2) |

Conduit generated a positive total shareholder return (TSR) in 2024, supported by its interim and final dividends. As a comparison, over the same period the FTSE 100 and FTSE 250 delivered +5.7% and +4.7% respectively.

## Combined ratio – discounted (%)

| | | |
|---|---|---|
| 2024 | IFRS 17 | 86.0 |
| 2023 | IFRS 17 | 72.1 |
| 2022 | IFRS 17 | 103.0 |
| 2022 | IFRS 4 | 107.0 |
| 2021 | IFRS 4 | 119.4 |

Our discounted combined ratio of 86.0% is reflective of a year with more than $140 billion of insured natural catastrophe and other losses for the industry.

## Net tangible asset value per share ($)

| | | |
|---|---|---|
| 2024 | IFRS 17 | 6.70 |
| 2023 | IFRS 17 | 6.25 |
| 2022 | IFRS 17 | 5.41 |
| 2022 | IFRS 4 | 5.08 |
| 2021 | IFRS 4 | 5.93 |

The increase in net tangible asset value per share (NTAVS) was due to comprehensive income generated for the year, less dividends paid by Conduit during the year.

1. Comparatives for 2022 have been restated on an IFRS 17 basis. Prior to IFRS 17 implementation the numbers were presented on an IFRS 4 basis. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue.

# Another year of strong growth

INTERVIEW WITH OUR EXECUTIVE CHAIRMAN


"Reflecting on everything we have achieved through the end of our fourth full year in business, I am particularly pleased to present Conduit's 2024 results.

On behalf of the Board, I am pleased to introduce Conduit's 2024 results. To begin with I would like to reflect on what we have achieved having completed our fourth full year in business.

We set out to establish Conduit as a multi-line reinsurer with a differentiated business model. As we move into 2025, we expect to see a continuing flow of global opportunities from our single location in Bermuda.

We have built an efficient operating and regulatory model which delivers results and is designed to maintain our operating expenses below normal industry cost levels.

In 2024, our team continued to execute on our growth strategy with gross premiums written of $1.16 billion, and increasing year on year by 24.8%. In a year when the industry experienced elevated levels and frequency of natural catastrophe and risk losses across multiple sectors and geographies, we delivered comprehensive income of $125.6 million and an RoE of 12.7%.

This continued trend of increased climate-related perils has contributed to the fifth consecutive year of more than $100 billion of insured natural catastrophe losses for the industry. The impact of severe convective storms, hail, flooding and wildfires has been far reaching as weather patterns shift and insured values continue to grow in exposed regions. Of particular note is the wildfire event which struck California in January 2025. These events have a devastating impact on communities and, as a reinsurer, Conduit is quick to respond so our cedants can help their policyholders begin the rebuilding process. This is another example of the vital role that reinsurance plays in protecting businesses and consumers.

The compounding effect of Conduit's business model has enabled us to increase our assets under management, and this in turn has delivered increased net investment income in 2024, while maintaining our conservative approach to risk in the investment portfolio. Our balance sheet continues to support our growth. Market cycles are a feature of our industry and the Board regularly discusses capital management and the long-term strategy to maximise our capital efficiency and returns. For 2024, we are maintaining our dividend at $0.18 per share making it $0.36 per share for the full year (approximately 28 pence).

We are delighted that AM Best recently revised the outlook of Conduit Re's Financial Strength Rating to 'positive' from 'stable.'

The environment was attractive when we commenced underwriting in 2021 and since then, the overall rating environment has continued to be attractive both at an industry level and within our underwriting portfolio. We will inevitably see softening in some sectors as the cycle progresses and, despite the challenges of wildfire, I am confident that the team's proactive approach will manage this by adjusting our exposures in areas that no longer match our return criteria, while continuing to grow in those areas that do.

We have a diverse Board, from a wide range of backgrounds and experiences which reflects the diversity that Conduit embraces throughout the business. The Board continues to provide valuable support to Conduit and its management team. The Board welcomed Stephen Redmond during 2024, who brings a wealth of insurance industry experience. Through his long career he has been a leading figure in the insurance market and underwriting community and is a past chairman of The Institute of London Underwriters.

We were deeply saddened by the death of Sir Brian Williamson in October, only a few months after he had stepped down from the Board. Sir Brian was a founder non-executive director of Conduit and an enormous source of both wisdom and good cheer throughout his time with us and he will be sorely missed.

Conduit is a thriving environment, and we pride ourselves on having a flat management structure with all staff having daily access to members of the senior executive team. Conduit's growth and success has been driven by its excellent team, led by Trevor, and we continued to add to our talent pool in 2024, with notable hires across the business. Our corporate values and work ethic, in my opinion, make Conduit a great place to be across all our functional divisions.

We aspire to the values expected by our shareholders, especially as they relate to sustainability and once again, the leadership displayed in the organisation of our charitable events has been outstanding. I would like to thank the ESG committee and the Board for their oversight and ensuring that these values are deeply embedded across all areas of our business.

In summary, 2024 was another year of strong growth and positive progress for Conduit. In the face of the elevated industry claims activity, we produced solid results founded on our robust business model and our balanced underwriting strategy.

In closing, I would like to thank Trevor and the entire Conduit team for their hard work and dedication to making Conduit a stronger organisation every day. To our brokers and client partners, thank you for your continued support. Finally, to our shareholders, thank you for your engagement and interest in the company.

"In 2024, our team continued to execute on our growth strategy with gross premiums written of $1.16 billion, and increasing year on year by 24.8%. In a year when the industry experienced elevated levels and frequency of natural catastrophe losses across multiple sectors and geographies, we delivered comprehensive income of $125.6 million and an RoE of 12.7%.

**Neil Eckert**
Executive Chairman
26 February 2025

# Focused on our results

INTERVIEW WITH OUR CEO


"Conduit continued to make meaningful progress during 2024. Our capital base remains strong, giving us continued capacity to achieve our goals.

## Introduction

Conduit continued to make meaningful progress during 2024. Our core underwriting strategy remained unchanged and enabled us to grow our portfolio meaningfully with gross premiums written increasing by 24.8% and net reinsurance revenue by 29.4%.

This growth was achieved while maintaining our commitment to a diversified and balanced portfolio. Our capital base remains strong, giving us continued capacity to achieve our goals.

Overall pricing conditions remained stable throughout the year, with some variability by class, but in total, at attractive levels to generate meaningful returns.

The business continued to scale, reaching $1,162.4 million in gross premiums written annually and $3.1 billion in total since our inception for the 2021 underwriting year, with this growth coming from our approach to deploy our capacity actively into classes with the optimum risk and return profiles.

We all work closely together and this creates a highly collaborative, agile and informed team that can quickly execute on both general management matters but also the ever-evolving underwriting and risk selection environment. We believe that this close alignment of senior management allows us to manage the business evolution and our underwriting portfolio across the cycles as they develop.

Our multi-line approach gives us a broad view of the market. We see opportunities across classes and quota share and excess of loss structures, allowing us to select the risks and clients we support carefully while managing our exposures proactively, with diversification across classes and non-catastrophe / catastrophe exposures. As a rated carrier we continue to be a valued partner for our clients.

## 2024 performance

Conduit's financial performance in 2024 was characterised by strong premium growth and contributions from the investment portfolio. Our gross premiums written grew by 24.8% to $1,162.4 million in 2024. We achieved a discounted combined ratio of 86.0% and reinsurance service result of $131.6 million. This underwriting performance, along with a solid investment contribution, resulted in comprehensive income of $125.6 million or $0.80 per share for 2024 – a reasonable outcome in a year of heightened loss activity from both natural catastrophes and man-made events.

Our growth since inception has been deliberate. We have created a diverse business profile by selecting what we believe to be the most attractive risks available to us across the classes we participate in. The portfolio has continued to gain scale, but with varying growth rates by division as we have focused our capacity and resources on areas with the highest expected returns.

Growth in premiums was driven by the property and specialty divisions during 2024. We have seen strong pricing and increased demand in these divisions, driven by persistent inflation and loss activity. Our casualty division experienced modest growth, as we remain patient for more robust pricing conditions. The California Wildfire losses are significant for the industry and indeed for Conduit. However overall I believe that the portfolio has maintained a good balance which leaves us well-positioned in the market.

We ended 2024 by delivering RoE of 12.7% for the year. Conduit's TNAVS increased from $6.25 as at 31 December 2023 to $6.70 as at 31 December 2024, after providing shareholders with $0.36 per share in dividends during the year.

## Reinsurance market conditions

2024 was an active year for natural and man-made catastrophe events, which included US land-falling hurricanes, as well as other climate-related perils such as severe convective storms, hail, flooding and wildfires across the globe. Man-made losses were also meaningful during 2024, such as the collapse of the Baltimore bridge and civil unrest in certain regions of the world. Early in the year, the US hurricane season was predicted to be above average by various forecasters, and it proved to be a very active season with meaningful losses for the industry, despite Hurricane Milton taking a less impactful track than initially projected. While insured losses from natural catastrophes have trended higher over time, each set of events has a different impact on local regions and the insurers and reinsurers that provide coverage. For example, Canada had a particularly damaging year in 2024, suffering from their largest individual catastrophe event and largest aggregate insured catastrophe losses on record.

These events have served as a reminder to the industry to remain disciplined in pricing to ensure an adequate return for shareholders, and generally we have continued to observe rational behaviour in the market after multiple years of compounding rate increases.

During 2024, prices in our markets remained elevated with tight terms and conditions across most classes. Overall, we achieved 1% risk-adjusted rate increases for the year, with some classes showing more strength than others. Our property and specialty divisions have continued to experience the strongest pricing conditions, with risk-adjusted rate increases of 3% and 1%, respectively during 2024. The events of 2024, and the impact of the California Wildfires in 2025, along with continued strong demand from the market for capacity, suggests that prices should remain at attractive levels for 2025 presenting favourable risk/return dynamics for our portfolio. Another factor supporting the rating environment in 2024 was the lack of significant capacity entering the market, aside from retained earnings generated by the industry over the last couple of years. Alternative capital and insurance linked securities ("ILS") have generated good returns for their investors and grown as well in 2024, although at a more modest pace than traditional balance sheets. That said, as a ground-up, predominantly quota share underwriter, it is difficult for many alternative capital sources to enter our space.

Growth of our specialty division has been a key focus for our team. It has been our fastest growing division over the last two years, more than doubling in scale. The diverse set of underlying specialty sub-classes add non-correlated risk to our portfolio (that is less exposed to natural catastrophes). Specialty is a broad market where pricing varies by class. With elevated loss activity in certain classes during 2024, such as marine liability, we expect pricing to respond favourably. Conduit has a clearly defined appetite within specialty, and we saw a healthy flow of new business opportunities as we continued to expand our book.

Moving on to casualty, pricing has been slow to respond to persistent economic and social inflation in our view. Legacy reserve issues continue to be in focus as the industry has struggled to capture fully the changes in the casualty risk environment. Risk selection is paramount in casualty, and we believe we have supported strong cross-cycle managers that are exhibiting prudence in a challenging environment. Certain casualty classes demonstrated re-acceleration of rate increases for primary insurers as 2024 progressed, and we are paying close attention to how our cedant partners adjust rates, terms and attachments. We expect the reinsurance market to show discipline as well and potentially push for additional rate in 2025.

## Capital management

Conduit benefits from a strong balance sheet with no debt leverage, a relatively conservative investment portfolio and no exposure to pre-2021 underwriting years, providing significant capital flexibility as we trade forward. We have continued to deploy our capacity into strong market conditions in a deliberate manner, creating a portfolio that benefits from diversification of exposures. We view the current environment as attractive and will continue to deploy capacity but also recognise that we have several tools at our disposal to manage capital for the benefit of shareholders.

Over the last two years, we have nearly doubled our premium base. We have also paid an attractive dividend to shareholders. Conduit's shareholders' equity was $1.05 billion as at 31 December 2024, and AM Best recently affirmed its (A-) Excellent financial strength rating and revised the ratings outlook to "positive" from "stable" with a "very strong" balance sheet. At 31 December 2024 Conduit Re's estimated Bermuda Solvency Capital Requirement

(BSCR) coverage ratio was 269% compared with 381% as at 31 December 2023. This is well within our expectations as we continue to grow and deploy our capital, and we plan to maintain our target BSCR solvency range of 200% to 300% over our planning horizon.

**Investments**

Our investment strategy remained consistent throughout 2024, with a focus on capital preservation and liquidity to support our underwriting operations. We expect to continue to invest our cash flow in a broadly similar manner to maintain our high average credit ratings in the investment portfolio (AA as at 31 December 2024 and 2023). The investment portfolio's duration is similarly positioned conservatively (2.5 years as at 31 December 2024) and within a reasonable range of our liabilities.

The investment portfolio made a significant contribution to our results in 2024 with a total investment return of $66.1 million. We benefited from growing investment leverage and a higher book yield on the portfolio of 4.1% (31 December 2023: 3.7%). Our cash and investments as at 31 December 2024 were $1.8 billion versus $1.4 billion as at 31 December 2023, or an increase of 26.0%.

Total investment return in 2024 was 4.0%, reflecting a generally higher-yielding portfolio. While total return was down from 5.8% in 2023, the higher portfolio book yield and investment leverage produced net investment income of $65.0 million in 2024, a 57.4% increase over 2023.

This positions us well for strong recurring earnings contributions from investments over the medium-term.

**People & ESG**

Conduit was founded on a commitment to being a responsible business and that commitment is embedded in our culture. It determines how we engage with our employees and the community, as we seek to attract and retain the very best talent and to be an employer of choice. We also engage proactively with other key stakeholders, including our shareholders, to understand their ESG priorities and receive feedback on our own approach.

The Conduit team continued to grow during 2024, as we added support roles and made senior hires in various functional groups. At 31 December 2024 we had 65 employees, up from 59 employees at 31 December 2023. Our focus has been on building a team with a diverse background of technical skills and knowledge, as well as strong character and values. Working together, the Conduit team has achieved meaningful progress for the organisation over the last year.

We are committed to attracting and retaining talented employees and this is a key focus of the leadership team. We aim to create an environment that offers employees a rewarding experience to be challenged, share ideas and develop skills that will provide opportunities for career development. We regularly engage with employees through surveys and 'town hall' meetings and we encourage staff to share feedback on ways to improve Conduit for the future.

**Outlook**

We remain encouraged by the outlook for Conduit. Our multi-line platform is well suited for this market, allowing us to be nimble around changes in the environment on a class-by-class basis. As we enter the next phase of the market cycle, we expect pricing to be more idiosyncratic – the tide is not lifting all boats. Our coordinated functional groups, separated by only a few metres rather than offices or even time zones, are highly collaborative and can execute quickly or make adjustments to the inwards and outwards portfolio.

Overall, we view the market as being in a very healthy place for 2025 and we are excited by the opportunities while having plenty of headroom to deploy our capacity. While pricing has generally stabilised, this comes after several years of compounding rate increases and we expect to continue to find profitable growth opportunities. The industry appears broadly to be acting in a disciplined manner, as the loss events of 2024 serve as a reminder that fortunes can change quickly.

In closing, I would like to say to my colleagues, together we have built an enduring culture that welcomes sharing of ideas and information to meet our goals. I wish to thank you for your continued commitment to Conduit.

To our client partners and brokers, with whom we engage daily, thank you for your continued support. We look forward to expanding and deepening our relationships for our mutual benefit as we head into 2025.

And finally, to our shareholders, we thank you for your engagement, feedback and support as we continue to focus on the growth and continuing development of Conduit. While we are always learning from the past, we are squarely focused on the future and generating returns for our shareholders. I am pleased with how the business is performing and I believe we are well positioned to deliver on our objectives.

**Trevor Carvey**
Chief Executive Officer
26 February 2025

"Our underwriting team continues to work closely with actuarial and risk colleagues to identify and select the best risks for our portfolio across each of our divisions.

Gregory Roberts, CUO

## Underwriting approach

Our underwriting principles have been consistent since Conduit's inception. We apply an analytical, data-driven approach to understanding risk and the partners we support. The client data shared with us is key to how we build our view of the market and the underwriting decisions that we make to construct and balance our portfolio. Our forensic approach is designed to spot early trends and markers in underwriting and pricing cycles as they emerge.

The diversification and balance within our portfolio are functions of our broad appetite and the opportunities we see in the market, where our underwriting decisions are driven by the expected contract-by-contract risk-adjusted returns rather than pre-set targets around any one particular product or geography. As our view of classes and structures change, we will adjust the shape of our portfolio to deploy our capital effectively. Our ability to do this is enhanced by our entire underwriting team sitting in one location. Speed of response is essential to our success, and we aim to be sustainable partners with our chosen clients and brokers.

We continue to see a good flow of new business opportunities, while our renewal portfolio also continues to grow. Clients prefer to work with reinsurers who can offer solutions across the product spectrum, and we have seen an expansion in cross-class relationships as we look to continue to deepen and broaden our relationships.

## Underwriting performance

We reported strong growth in our property and specialty divisions where we identified profitable margin opportunities. Our casualty division grew at a slower pace in 2024 as the team continued careful selection of both renewal transactions and new business opportunities. In casualty, selecting the right partners over the cycle is extremely important. We continued to support cedants who, in our view, demonstrated leadership and control of their underwriting and business generally.

**Gross premiums written ($m)**

- Property: 606.3m
- Casualty: 297.6
- Specialty: 258.5

Gross premiums written

**$1,162.4m**

(2023: $931.4m)

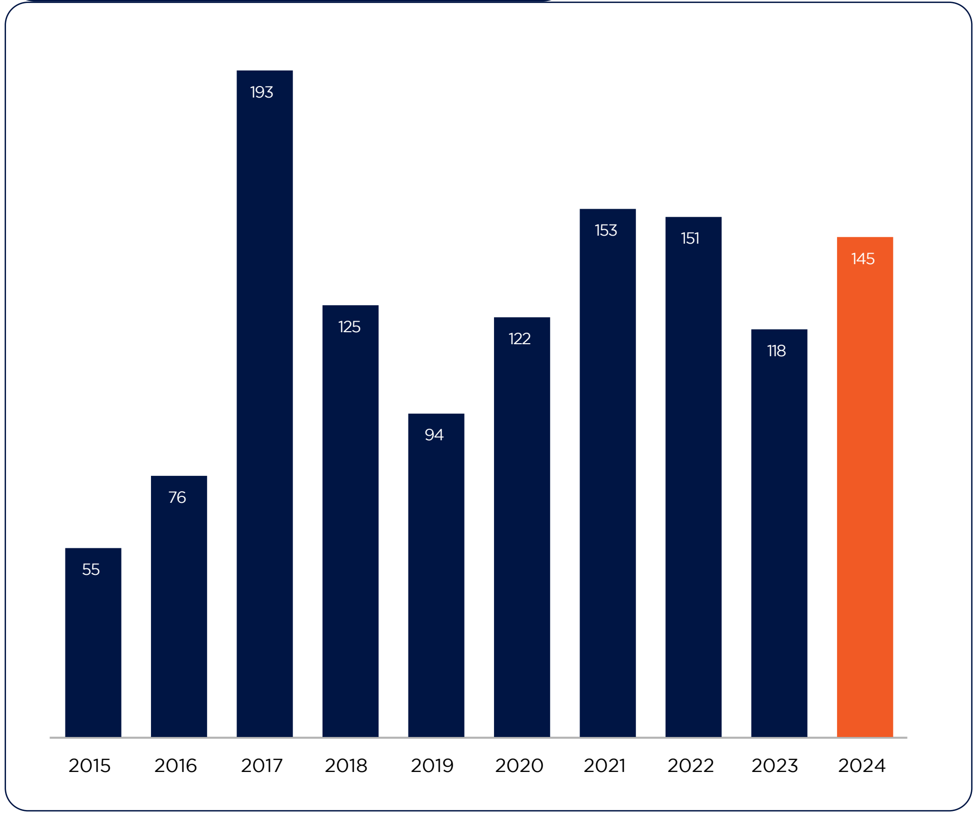
The momentum in our risk-adjusted rate change metrics slowed during 2024. Our data shows that the rates we achieved were broadly stable net of inflation, which is a key benchmark for us.

During the year the industry experienced a higher frequency of catastrophe loss events, with insured natural catastrophe losses estimated to have exceeded $140 billion. The events included US land-falling hurricanes as well as many other climate-related events globally. Attachment points for excess of loss reinsurance have increased over the last few years, meaning that a significant proportion of these loss events were retained by primary insurers. As a result, as a predominantly ground-up quota share reinsurer, our exposure was similar to a primary insurer. In addition to these losses, we experienced an accumulated exposure to several smaller and mid-sized natural catastrophe and risk losses during 2024.

The second half of 2024 included Hurricanes Helene and Milton, where we recorded an undiscounted net loss, after reinsurance and reinstatement premiums, of $68.0 million.

As our business has grown, we adjusted the levels of outwards protection while continuing to partner with a broad panel of reinsurers who demonstrate a solid understanding of how we build and manage risk in the portfolio. During the year we also continued to benefit from the Stabilitas Re retrocession cover (obtained as part of Conduit Re's sponsorship of Stabilitas Re's catastrophe bond issuance) which complemented our core natural catastrophe protections placed primarily at 1 January.

**Global insured losses from natural disasters ($bn)**




Data: Aon Catastrophe Insight.

## Property

In Property, gross premiums written for the year ended 31 December 2024 were $606.3 million (31 December 2023: $468.3 million), an increase of 29.5% over the prior year. Our risk-adjusted rate change in 2024 in our property division, net of claims inflation, was 3% (2023: 30%).

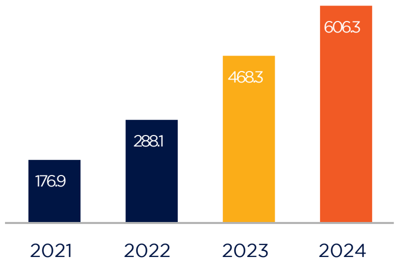
During 2024, we observed more competition in property markets than in 2023, but we were still able to generate strong growth in our portfolio. Since the inception of Conduit we have recognised the relative attractiveness of supporting the US non-admitted market on a quota share basis and we have established a strong footprint in this market segment which has continued to be an excellent source of our profitable growth. The US non-admitted market has shown generally good pricing behaviour and continues to gain market share over the admitted carriers who have been seeking to introduce improvements to their business.

Renewal pricing in our property division was relatively stable during 2024 with rates remaining at attractive levels. While the proportional business did experience a modest increase in ceding commissions during the year, our focus remained on the expected combined ratio year on year, on a contract by contract basis.

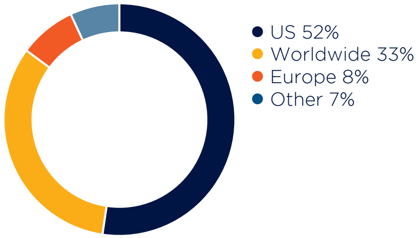
Despite predictions of an active hurricane season, there was noticeable increased capacity for reinsurers to take on US hurricane risk in 2024 with nationwide excess of loss business being priced more competitively than pure regional contracts. In Europe given relative pricing we have been deliberately underweight in our exposure through 2024, but given another active year for loss activity there we remain alert to any well-priced European opportunities as we look ahead to 2025.

### In numbers...

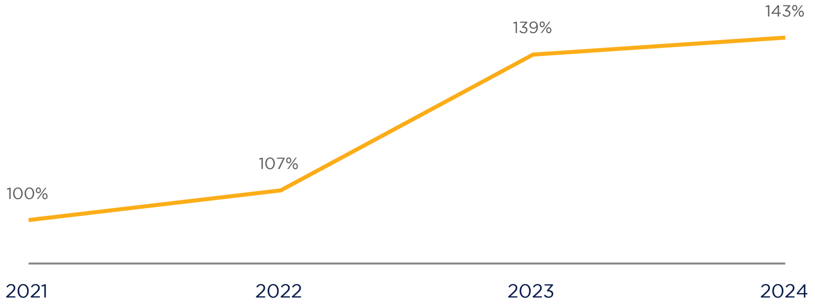
**Gross premiums written ($m)***




**Geographic breakdown**




**Risk-adjusted rate change**




* Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. 2021 in the graphs above, disclosed under IFRS 4, are also shown excluding reinstatement premiums for consistency.

## Casualty

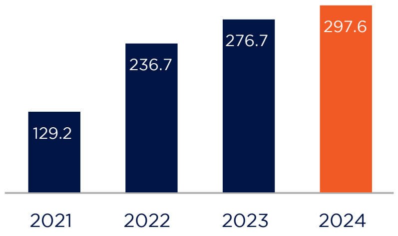
In Casualty, gross premiums written for the year ended 31 December 2024 were $297.6 million (31 December 2023: $276.7 million), an increase of 7.6% over the prior year. Our risk-adjusted rate change in 2024 in our casualty division, net of claims inflation, was (1)% (2023: 0%). Pricing conditions in casualty remained very differentiated by class during 2024 and we would note that our main class general liability consistently experienced rate improvement in excess of inflation. We noted that rates in a number of other classes of casualty, such as commercial and financial institutions directors & officers liability, were under pressure for much of the year.

Under these conditions, we underwrote our way carefully through the casualty market and premiums came in below our initial expectation for the year as we non-renewed or optimised shares on certain treaties. The team saw several new business opportunities and were prepared to support those at acceptable terms and prices.

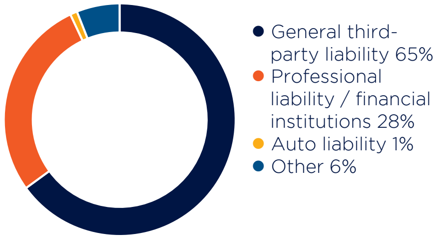
Our focus in casualty remains very much to analyse the ground-up underwriting actions of our partners and validate their behaviours. This includes carefully reviewing cedant approach around limits and attachment points through ongoing review of policy bordereaux and other data. In this way our focus is to always support and develop our position with casualty partners who clearly demonstrate an ability to navigate various phases of the cycle.

**In numbers...**

**Gross premiums written ($m)***




**Class of business breakdown**




**Risk-adjusted rate change**


* Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. 2021 in the graphs above, disclosed under IFRS 4, are also shown excluding reinstatement premiums for consistency.

## Specialty

In Specialty, gross premiums written for the year ended 31 December 2024 were $258.5 million (31 December 2023: $186.4 million), an increase of 38.7% over the prior year. Our risk-adjusted rate change in 2024 in our specialty division, net of claims inflation, was 1% (2023: 9%).

We experienced strong growth in our specialty business in 2024 while remaining focused on target classes and in regions where we believe the underlying insurance dynamics are positive and in a stable environment.

Our specialty portfolio features complementary exposures to our property and casualty divisions, with limited natural catastrophe exposure.

The specialty insurance market is very broad in nature and covers a wide range of classes and in this respect we remain very focused on those specialty classes that we believe present the clearer opportunities for longer term profitability and transparent risk management. In some classes our decline rate remains relatively high. Contract wordings and structuring remain a key part in our overall specialty underwriting approach.

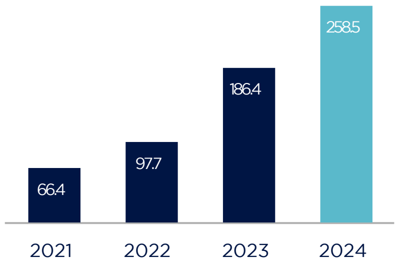
Across the industry in 2024, specialty classes continued to attract new participants as the market looked to grow in non-correlating lines of business. This has put pressure on some niche lines, but overall, the market remains healthy.

Whole account business, where we reinsure a broad range of pre-agreed classes, saw an increase in 2024. This continues to bring good diversification within the portfolio while enabling us to effectively manage any additional natural catastrophe exposure.

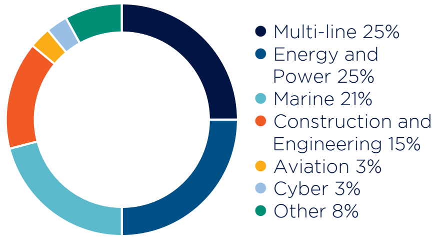
The collapse of the Baltimore bridge in 2024 will potentially cause the marine liability class one of the largest claims on record and the market may well see a positive risk-adjusted rate response in that class in 2025.

### In numbers...

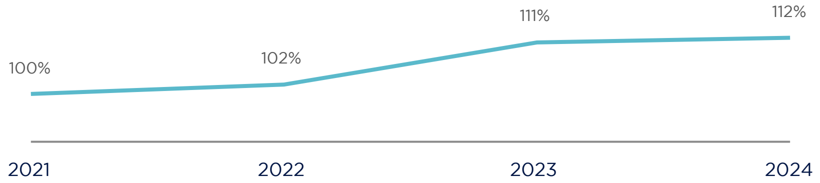
**Gross premiums written ($m)***




**Class of business breakdown**




**Risk-adjusted rate change**




* Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue. 2021 in the graphs above, disclosed under IFRS 4, are also shown excluding reinstatement premiums for consistency.

## Looking ahead

As we look forward to 2025, Conduit is well positioned, and the technical strengths of our team see us ready to adapt to the changing market environment. We have built a strong business where underwriting discipline and cycle management are core to our philosophy, and our data-driven analytical approach supports the construction and development of our multi-line portfolio.

We are entering a period where pricing trends are likely to be less uniform across classes but we recognise that demand for reinsurance is supported by both elevated loss activity and continued growth in insured exposures. We believe our capacity is valued in the market and we look forward to the opportunities that 2025 will bring.

**Gregory Roberts**
Chief Underwriting Officer
26 February 2025

“

Despite the activity in 2024, as we are now in our fourth year of underwriting, we have a much greater ability to absorb loss events, whether those are driven by frequency or severity.


Throughout 2024 we continued to deploy our capital and to grow our premium base. Our gross premiums written broke through the billion dollar barrier to $1,162.4 million compared with $931.4 million for 2023. Gross premiums written since Conduit started writing business in 2021 now exceed $3.1 billion. Pricing remains favourable across most of the classes of business we underwrite, and we expect the elevated loss activity in the year to underpin continued pricing strength.

As has been noted in other statements, 2024 was another active year in terms of industry losses, with insured natural catastrophe losses in excess of $140 billion currently being estimated, in addition to a number of risk losses adding to the overall tally for the year. Despite the activity in 2024, as we are now in our fourth year of underwriting, we have a much greater ability to absorb loss events, whether those are driven by frequency or severity. The losses resulted from a broad mix of events – several smaller and mid-sized natural catastrophe and risk loss events as well as more significant ones, such as Hurricane Milton making landfall in Florida in October. As a predominantly quota share underwriter, Conduit picked up its fair share of those losses. Across Hurricanes Helene and Milton, we recorded an undiscounted net loss, after reinsurance and reinstatement premiums, of $68.0 million. That had a 9.4% impact on our undiscounted combined ratio. On an undiscounted basis, our loss ratio for 2024 was 84.4% and our combined ratio was 97.1%. That compares with the prior year's undiscounted loss and combined ratios of 68.0% and 81.9%, respectively, which reflected a more favourable loss pattern despite 2023 also being an active year for industry losses. Our reinsurance service result was $131.6 million, compared with $183.6 million in 2023, and our RoE was 12.7% compared with 22.0% in 2023. Our cross-cycle target remains to produce a mid-teens RoE, acknowledging that we will have some years with higher returns than that mid-point, and some years with lower returns.

On the investment side, we produced an investment return of 4.0% compared with 5.8% in the prior year. While we have a total return view of performance, 2024's investment return reflects a higher-yielding portfolio with higher net investment income in addition to growing the assets under management and our investment leverage. Book and market yield at year-end were 4.1% and 4.8%, respectively, versus 3.7% and 5.1% for the prior year-end. There was a significant reduction in yields and narrowing of credit spreads during the latter part of 2023 which drove higher mark to market unrealised gains than in 2024, which conversely saw an increase in yields towards the end of the year. In terms of strategy, we have maintained a short-duration, highly liquid, high-quality investment portfolio, with our primary investment aim being capital preservation and liquidity to support our underwriting activities.

Our reinsurance finance expense was $30.8 million compared with $32.8 million for the prior year. Net interest accretion increased to $37.6 million versus $26.0 million in the prior year as our reserve balances continued to grow and therefore produce more discount to unwind. Revaluing reserves to current rates at the end of the year produced an income of $6.8 million in 2024 to offset the net interest accretion versus an expense of the same amount for 2023, reflecting movements in yields.

Operating expenses have increased in dollar terms as we continue to recruit talent to the business, but the ratio is reducing in line with expectations as our earnings base matures.

Lastly, as we continue to grow our book with balance in mind, we have more than enough capital to execute our plans and we have once again declared a final dividend of $0.18 per share, which will be paid in April 2025.

**Elaine Whelan**
Chief Financial Officer
26 February 2025

## Premiums

### Gross premiums written

For the year ended 31 December:

| Segment | 2024 $m | 2023 $m | Change $m | Change % |
|---|---|---|---|---|
| Property | 606.3 | 468.3 | 138.0 | 29.5% |
| Casualty | 297.6 | 276.7 | 20.9 | 7.6% |
| Specialty | 258.5 | 186.4 | 72.1 | 38.7% |
| **Total** | **1,162.4** | **931.4** | **231.0** | **24.8%** |

During 2024, our three segments delivered growth in gross premiums written and Conduit Re experienced an increasing number of opportunities to deploy its capital into the segments and products that it targets. The non-catastrophe elements of both Property and Specialty in particular provided good opportunities for selective growth throughout the year.

## Pricing

Pricing levels and terms and conditions continued to be very attractive in 2024 with a moderate increase of 1% in overall risk-adjusted rate change, net of claims inflation, against a backdrop of historically high rates.

Risk-adjusted rate change by segment:

| Property | Casualty | Specialty |
|---|---|---|
| 3% | (1)% | 1% |

## Net reinsurance revenue

| Year ended 31 December 2024 | Property $m | Casualty $m | Specialty $m | Total $m |
|---|---|---|---|---|
| Reinsurance revenue | 437.8 | 201.8 | 174.1 | 813.7 |
| Ceded reinsurance expenses | (81.7) | (1.4) | (10.6) | (93.7) |
| **Net reinsurance revenue** | **356.1** | **200.4** | **163.5** | **720.0** |

| Year ended 31 December 2023 | Property $m | Casualty $m | Specialty $m | Total $m |
|---|---|---|---|---|
| Reinsurance revenue | 345.2 | 171.8 | 116.0 | 633.0 |
| Ceded reinsurance expenses | (66.9) | (1.3) | (8.5) | (76.7) |
| **Net reinsurance revenue** | **278.3** | **170.5** | **107.5** | **556.3** |

Reinsurance revenue for the year ended 31 December 2024 was $813.7 million compared to $633.0 million for 2023. The increase in reinsurance revenue relative to the prior year was due to continued growth in the business plus the earn-out of premiums from prior underwriting years.

Ceded reinsurance expenses for the year ended 31 December 2024 were $93.7 million compared to $76.7 million for 2023. The increase in cost relative to the prior year reflected additional limits purchased due to the growth of the inwards portfolio exposures plus price increases on renewals.

## Net reinsurance service expenses

| Year ended 31 December 2024 | Property $m | Casualty $m | Specialty $m | Total $m |
|---|---|---|---|---|
| Reinsurance losses and loss-related amounts | (256.3) | (146.2) | (128.4) | (530.9) |
| Reinsurance operating expenses | (38.1) | (13.1) | (9.3) | (60.5) |
| Ceded reinsurance recoveries | (0.4) | – | 3.4 | 3.0 |
| **Net reinsurance service expenses** | **(294.8)** | **(159.3)** | **(134.3)** | **(588.4)** |

| Year ended 31 December 2023 | Property $m | Casualty $m | Specialty $m | Total $m |
|---|---|---|---|---|
| Reinsurance losses and loss-related amounts | (136.5) | (120.7) | (70.8) | (328.0) |
| Reinsurance operating expenses | (30.4) | (11.9) | (6.7) | (49.0) |
| Ceded reinsurance recoveries | 4.6 | 0.2 | (0.5) | 4.3 |
| **Net reinsurance service expenses** | **(162.3)** | **(132.4)** | **(78.0)** | **(372.7)** |

## Net reinsurance losses and loss related amounts

2024 was another above average year of loss activity for the industry. Hurricanes Helene and Milton made landfall in the United States, and there was also elevated activity across smaller and mid-size natural catastrophe and large risk events such as the Baltimore Bridge.

We recorded an undiscounted net loss, after reinsurance and reinstatement premiums, of $68.0 million related to Hurricanes Helene and Milton. These two events contributed 9.4% to our undiscounted loss ratio for 2024.

Our loss and reserve estimates have been derived from a combination of reports and statements 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.

Our discounted net loss ratio for the year ended 31 December 2024 was 73.3% compared with 58.2% for the 2023 year, while our undiscounted net loss ratio was 84.4% and 68.0% respectively. The increase for the year ended 31 December 2024 was primarily related to an increase in net losses related to natural catastrophes and large risk events. Although 2023 was an active year for natural catastrophes, no major loss event, individually or in aggregate, had an outsized or material impact on Conduit.

Our undiscounted ultimate loss estimates, net of ceded reinsurance and reinstatement premiums, for previously reported loss events remained stable. The inherent uncertainty in estimating the net liability for incurred claims gives rise to favourable or adverse development. During the year ended 31 December 2024 the favourable development in the discounted net liability for incurred claims for prior accident years was $4.3 million (31 December 2023: $3.9 million).

## Reinsurance operating expenses and other operating expenses

| Year ended 31 December | 2024 $m | 2023 $m | Change $m | Change % |
|---|---|---|---|---|
| Reinsurance operating expenses | 60.5 | 49.0 | 11.5 | 23.5% |
| Other operating expenses | 30.8 | 28.3 | 2.5 | 8.8% |
| **Total expenses** | **91.3** | **77.3** | **14.0** | **18.1%** |

| Year ended 31 December | 2024 % | 2023 % | Change (pps) |
|---|---|---|---|
| Reinsurance operating expense ratio | 8.4 | 8.8 | (0.4) |
| Other operating expense ratio | 4.3 | 5.1 | (0.8) |
| **Total reinsurance and other operating expense ratio** | **12.7** | **13.9** | **(1.2)** |

Reinsurance operating expenses includes brokerage and operating expenses deemed attributable to reinsurance contracts.

Total reinsurance and other operating expenses were $91.3 million for the year ended 31 December 2024 compared with $77.3 million for the prior year. The increase is due to the continued growth of the business and increased headcount. The decrease in the reinsurance operating expense ratio and other operating expense ratio was due to the growth in net reinsurance revenue during the year.

### Net reinsurance finance income (expense)

| Year ended 31 December | **2024 $m** | 2023 $m | Change $m |
|---|---|---|---|
| Net interest accretion | (37.6) | (26.0) | (11.6) |
| Net change in discount rates | 6.8 | (6.8) | 13.6 |
| **Net reinsurance finance income (expense)** | **(30.8)** | **(32.8)** | **2.0** |

The net reinsurance finance expense was $30.8 million for the year ended 31 December 2024 compared with $32.8 million for the prior year. The unwind of discount made up most of the expense in both years, although there was some income related to the increase in discount rates in the latter part of 2024 as we re-measured at those higher rates. The opposite was true for 2023 where discount rates decreased late in the year resulting in an additional expense.

### Investments

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

Our strategy remains maintaining a short-duration, highly-rated 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 charts on page 22 and in the risk disclosures on page 120). 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 receipts for fulfilling coverage of reinsurance contracts, ceded reinsurance recovered from reinsurers and net investment income, plus the sale and redemption of investments. Cash outflows are primarily the settlement of losses and loss-related amounts, payments for ceded reinsurance contracts held, 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 investment return for the year ended 31 December 2024 was 4.0% driven by net investment income given a generally higher yielding portfolio. For 2023 the portfolio returned 5.8% driven by net investment income and net unrealised gains on investments due to a significant reduction in treasury yields and narrowing of credit spreads during the latter part of 2023.

Net investment income, excluding realised and unrealised gains and losses, was $65.0 million for the year ended 31 December 2024 (31 December 2023: $41.3 million), or an increase of 57.4%, driven by a higher yielding portfolio and growth in cash and investment balances year on year. Total investment return, including net investment income, net realised gains and losses, and net change in unrealised gains and losses, was a gain of $66.1 million (31 December 2023: $70.6 million).

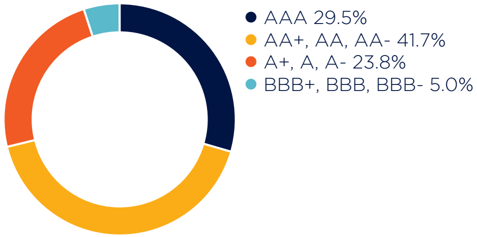
The breakdown of the managed investment portfolio as at 31 December is as follows:

| | **2024** | 2023 |
|---|---|---|
| Fixed maturity securities | 85.8% | 87.7% |
| Cash and cash equivalents | 14.2% | 12.3% |
| **Total** | **100.0%** | **100.0%** |

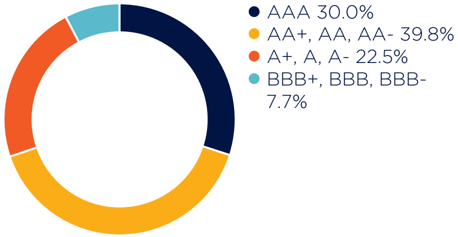
Key investment portfolio statistics for our fixed maturities and managed cash as at 31 December were:

| | **2024** | 2023 |
|---|---|---|
| Duration | 2.5 years | 2.4 years |
| Credit quality | AA | AA |
| Book yield | 4.1% | 3.7% |
| Market yield | 4.8% | 5.1% |

**Cash and investments credit ratings for managed portfolio 2024**




**Cash and investments credit ratings for managed portfolio 2023**




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 ESG summary on page 30.

## 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 $1.05 billion as at 31 December 2024 (31 December 2023: $0.99 billion). Further information on capital management is set out in the risk disclosures on page 137 and in the financing arrangements on page 157.

Tangible net assets per share as at 31 December 2024 was $6.70 or £5.35 (31 December 2023: $6.25 or £4.91). Including dividends, tangible net assets per share increased 12.9% during 2024.

Shares purchased by Conduit's Employee Benefit Trust (EBT) during 2024 amounted to $9.4 million (2023: $13.7 million) and will be held in 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 95 and in note 17 to the consolidated financial statements on page 158.

On 18 February 2025 Conduit's Board of Directors declared a final dividend of $0.18 (approximately 14 pence) per Common Share, resulting in an aggregate payment of $29.7 million. The dividend will be paid in pounds sterling on 17 April 2025 to shareholders of record on 21 March 2025 (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 2024 of $0.18 (approximately 14 pence) per Common Share. Consequently, the full 2024 dividend is $0.36 (approximately 28 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 2024 can be found on page 45.

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

# Empowering Future Leaders: Internships and Scholarships

During the summer of 2024 we were delighted to have hosted nine interns in our office. Conduit's intern programme is designed to give high-performing undergraduate students a working understanding of our business and to ignite their passion for the reinsurance industry. Our interns have gained meaningful, real-world experience while developing professional and functional skills across our business functions.

In partnership with the Association of Bermuda International Companies (ABIC), the Conduit Foundation selected the second recipient of its education award for 2024. The award provides three years of university funding for a student embarking on their higher education journey. In 2024 the Conduit Foundation was pleased to announce Chasity Armstrong as the award recipient. Chasity is a Bermudian student who completed an associate degree in Business Administration at the Bermuda College and is pursuing a Bachelor's in Computer Science (Cyber security) at the University of Kent. As part of the award, I have been assigned as a mentor to Chasity, to help guide her through her studies and provide advice on attaining her future career goals. In selecting its award recipient, the Conduit Foundation sought a candidate who not only met the Foundation's educational criteria but who was also engaged with the local community and understood the importance of ESG. In addition to offering the Conduit Foundation education award, Chasity will be given the opportunity to join Conduit as an intern in the summer of 2025.

**Stuart Quinlan**
Chief Operating Officer and
Deputy Chief Executive Officer

> Conduit's intern programme is designed to give high-performing undergraduate students a working understanding of our business and to ignite their passion for the reinsurance industry.

> In 2024 we have moved into our target capitalisation range, reflecting our increasing maturity.


### The challenge and opportunity of an increasingly volatile environment

Last year, I highlighted geopolitical risks and the increasing prominence of artificial intelligence as key factors in the risk landscape, and I see that very much continuing in the period ahead.

Devastating natural catastrophes have also been front of mind, with the delta between the tragic human cost of events and the associated industry-insured loss demonstrating the protection gap only too vividly. More positively, events have also demonstrated that improved building standards and legal reforms are having a positive impact.

We live in a more volatile world, both natural and economic, than recent generations providing both a challenge and opportunity for the risk-sharing industry.

At Conduit, we seek to increase our own relevance within the reinsurance markets through continued growth in areas where our cedants provide transparent data that helps us assess the risks as if we were primary insurers, while remaining focused on further increasing our level of diversification through careful management of aggregations and accumulations.

### Careful management of accumulations

Our approach remains one of seeking to limit aggregations within and across each line of business. While we do not consider ourselves a heavily natural catastrophe focused reinsurer, our largest accumulations, at the published return periods, remain those associated with such events, notably Florida windstorms and California earthquakes.

Our net tolerances for 2025 are increasing to $110 million from $95 million on a 1 in 100 basis and to $160 million from $133 million on a 1 in 250 basis. As in previous years, these tolerances are calibrated to a 1 July viewpoint, for a first occurrence, and may change.

Having increased our net modelled natural catastrophe exposure year on year since launch, as we grew into our balance sheet, our general expectation is that further increases will be aligned to balance sheet growth. That said, changes in market opportunity may vary this position.

### Important role of outwards reinsurance

Outwards reinsurance is the mechanism by which we protect the balance sheet from outsized insurance loss events, notably earthquakes and named storms. It also helps us be increasingly significant business partners to our cedants, leveraging reinsurance to link risk and capital in ways that allow us to support our cedants on a broader basis than we otherwise would.

In 2023 we sponsored our first catastrophe bond, Stabilitas Re, with the resulting retrocession cover providing protection over a three-year period, and we continue to explore opportunities for complementary transactions to match risk to capital, whether with traditional reinsurers or through third-party capital vehicles.

Regardless of the form or purpose of reinsurance, we seek to limit our credit risk through careful consideration of the counterparty, with all reinsurance counterparties approved by the Counterparty Security Committee.

Our core reinsurance protection is intended to protect our balance sheet from large catastrophe events. Beyond these perils, we also buy reinsurance to protect against casualty clash and specialty accumulations.

### Capital

While modelled catastrophe exposure, and the associated reinsurance, is a factor in our capital requirements[1], it has a relatively low impact in comparison to premium risk and reserve risk. Our estimated BSCR coverage ratio at 31 December 2024 is 269%, down from 381% at 31 December 2023 as we have continued to deploy our balance sheet toward our stated target range of a BSCR

1. All references to capital requirements, both regulatory and rating agency, refer to Conduit Reinsurance Limited (CRL) only as Conduit Holdings Limited (CHL) is a pure holding company.

coverage ratio of between 200% and 300%, which we are now within.

The decrease in coverage ratio is mainly driven by increased premium and reserve risks which are offset in part by retained earnings.

There are multiple measures of capital requirements with many variables and alternate views. The BSCR is the public metric we comment on, while rating agency and internal views are also considered in our internal assessment.

The current business plan anticipates that retained earnings will start to outpace increasing BSCR capital requirements within our three- to five-year business planning horizon. During that horizon we also expect the BSCR to replace the minimum solvency margin (MSM) as our regulatory capital requirement. Currently our MSM coverage ratio is 211% down from 269% at 31 December 2023. The MSM is less of a focus for us as it is a simple measure which can immediately be controlled by reducing the amount of business written or by buying more reinsurance, whereas the BSCR is a more complex risk-based model with many variables and therefore more aligned with our view of risk.

To give an indication of capital strength, the current excess of available capital over BSCR capital remains more than twice our modelled target 1 in 250 net probable maximum loss (PML) across the planning horizon. Our BSCR coverage ratio, as intended, positions us very much in the pack in comparison with other Class 4 Bermuda (re)insurers.

## Risk profile

Conduit's risk profile, despite the volatility in the outside world, remains relatively stable with the increasing scale of the business counterbalancing some of the volatility.

Underwriting risk remains the risk that we seek and is our primary risk. Our toolset in this regard remains strong, with selective recruitment to strengthen further our team and capitalise on the market opportunity. Freedom from legacy constraints and Conduit Re's relative organisational simplicity remain key differentiators.

Our investment risk philosophy remains unchanged and delivers lower volatility than we see reported by some peers, against the backdrop of inflationary factors that reduced during 2024.

Operationally, we continue to invest and benefit from a technology strategy that allows us to make quick and decisive action when needed. In preparation for the January 2024 renewals we replaced our policy administration system having discovered that an alternate system better fits our ambitions to leverage technology more effectively.

Regulatory change, having been quite limited in recent years, has increased to a more moderate pace as Bermuda seeks to remain in line with global standards. The direct impact on Conduit Re is limited. Similarly, Bermuda has implemented legislation to bring in a Corporate Income Tax from January 2025. However Conduit does not meet the criteria to be in scope for this tax and does not expect to be in scope over our current planning horizon.

Beyond my role as Chief Risk Officer (CRO), I also have responsibility for sustainability and very much see the roles as interconnected. Acting responsibly is core to how Conduit Re operates and helps us manage our risk. The sustainability choices we make are part of our view of risk and support our business objectives. This was validated through questions included in our 2024 staff survey regarding culture and risk.

## Risk governance

The Board is required under The UK Corporate Governance Code ('The UK Code') to establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks that Conduit is willing to accept in the context of achieving its long-term strategic objectives. To this end, the Board is supported by the CHL Audit Committee and the CRL Board and committees, most notably the CRL Risk, Capital and Compliance Committee.

The Board prescribes risk preferences that guide the CRL Board and committees as they establish risk appetite and tolerance statements. The Board also monitors the effectiveness of the overall enterprise risk management framework, leveraging the work undertaken by the CRL Board and committees.

CHL Directors are invited to attend CRL Board and committee meetings and are provided with the associated materials and minutes. In addition, four CHL Independent Non-Executive Directors also serve as Directors on the CRL Board.

Conduit operates under a ‘three lines of defence’ risk management model, with the CRO reporting directly to the CRL Board’s Risk, Capital and Compliance Committee. This reporting includes regular reporting of compliance with risk appetite and tolerance statements, emerging risks, risk event reports, key risk indicators and the solvency self-assessment. Membership of this committee includes Directors who also serve on the boards of both CHL and CRL.

The risk function provides independent challenge and oversight of the identification, measurement, management and monitoring of risk by the first line of defence, supporting the CRL Risk, Capital and Compliance Committee and the CHL Board.

Day-to-day oversight of the management of risk by the first line of defence and the independent challenge provided by the second line is supported by the CEO and the Executive Committee.

Outputs from other second line of defence functions (compliance and actuarial) and from the third line (internal audit, external audit and the independent Loss Reserve Specialist) are fed back into the overall risk assessment. Regular meetings take place between the second-line functions and Internal Audit. Outputs from all such functions may be used, where appropriate, to support independent validation, alongside the risk function's own reports and those of other independent third parties.

## Conclusion

From a risk perspective, our increasing market significance continues to build our level of diversification, while a strong renewing book provides the operational capacity to evaluate new opportunities to build corporate value.

**Andrew Smith**
Chief Risk Officer
26 February 2025

Increasing Decreasing No change

| Risk category | Relative appetite/preference | Trend | Commentary |
|---|---|---|---|
| **Overall – capital adequacy** | **Low**<br>We maintain capital to support a minimum rating of A- by AM Best and to provide a surplus over the regulatory enhanced capital requirement of twice that prescribed as an early warning buffer by the Bermuda Monetary Authority (BMA). | No change | After a period of initial capital deployment, we are now operating within our target capital range, all be it at the upper end of the range. This increases the importance of capital management to support continued growth. Our target level of capital is intended to support our rating ambitions with AM Best and our increasing maturity has been acknowledged by our rating, moving to a positive outlook. |
| **Underwriting – premium** | **High**<br>This is the risk we seek in order to generate return. The risk is managed by seeking a target portfolio based on our view of rate adequacy and target diversification, supported by event and/or aggregate retrocessional protections. | No change | Our well-established portfolio means that execution risk continues to decrease in Property and Casualty, but with rate momentum supported particularly in our chosen areas of Property. Our Specialty business presents strong growth opportunities notably on more complex transactions that have a higher execution risk. |
| **Underwriting – exposure and aggregations** | **Medium**<br>We underwrite catastrophe-exposed reinsurance through our property and specialty classes, and business exposed to other aggregations, notably across casualty lines. We seek to understand and manage our exposures generally to a lower level than our Bermuda peer group. | Increasing | In Property our portfolio approach means we continue to have capacity to increase our peak zone accumulations as market conditions support, while in Casualty and Specialty our increasing scale continues to provide diversification. |
| **Underwriting – reserve** | **Medium**<br>We underwrite a mix of classes including those where reserves take time to develop. We seek to minimise reserve risk through rigorous data analytics using market data, and benefit from an external loss reserve specialist review. | No change | Portfolio growth reduces reserve risk and an expected normalisation of inflationary factors supports this, albeit with some remaining macroeconomic uncertainty. |
| **Investment – market and liquidity** | **Low**<br>Our primary aim is to protect capital and, consequently, we have a low appetite to expose our capital base to investment losses and a low appetite for volatility. | Decreasing | Our relatively low risk portfolio continues to remain highly liquid while current investment yields provide lower downside asset risk. |

Increasing Decreasing No change

| Risk category | Relative appetite/preference | Trend | Commentary |
|---|---|---|---|
| **Credit** | **Low**<br>We use reinsurance to provide protection and therefore select reinsurers who provide limited credit risk. | No change | All retrocessionaires continue to be high quality and approved by the Counterparty Security Committee. Our collateralised reinsurers continue to be required to provide high-quality collateral, held in trust. |
| **Operational and systems** | **Low**<br>We seek to minimise our operational risk within the context of operating as a reinsurer. We seek to attract and retain high-quality staff and gain competitive advantage by use of high-quality and integrated systems. | No change | We benefit from a single operating location which reduces operational complexity. Our focus on leveraging leading technology solutions can require enhanced levels of investment of time and optimisation of activity allocation as working practices evolve. |
| **Strategic** | **Low**<br>We seek to manage risk by keeping a clear and focused strategy as a single balance sheet reinsurer based in one location. | Decreasing | We have executed on strategy to date and favourable market conditions further reduce strategic risk. The implementation of Bermuda Corporate Income Tax, previously identified as a risk, does not apply to Conduit Re. |
| **Reputational** | **Low**<br>A focus on maintaining and enhancing brand and franchise value with support from the ESG Committee, established by the CHL Board. | No change | Public coverage is favourable to date and the quality and maturity of our external disclosures continue to improve. Conversely, as recognition of Conduit increases, this provides greater visibility. |
| **Legal, regulatory and litigation** | **Very low**<br>We seek to minimise our legal, litigation and regulatory risk by investing in our systems and people. We have no appetite for censure by regulators and tax authorities. | Increasing | The level of regulatory change in Bermuda is increasing from low to moderate, though the topics addressed to date are not material to Conduit Re. Political changes in the US are generally expected to be more pro-business but could increase uncertainty. |

# Making a Difference: Employee Contributions to Community Charitable Initiatives

Conduit continues to demonstrate its commitment to corporate social responsibility through its employee charitable engagement. The supported initiatives encourage our employees to participate in community service, volunteer work, and fundraising events. Key components include paid volunteer days, employee donation matching, and team-led community projects.

In 2024, employees gave back to Waterstart, one of the Conduit Foundation-supported charities, by participating in a clean-up at Waterstart's living classroom on Burt Island. Waterstart is dedicated to promoting environmental awareness and personal growth through experiential education.

Waterstart has developed, and continues to expand, a collection of highly successful outdoor education programmes. These programmes typically involve training in snorkelling, scuba diving, and boating, aimed at environmental conservation and marine science, allowing students to embrace new experiences and gain skills through hands-on learning. In addition to the core programmes offered, students may also participate in projects such as woodland restoration, pilot aquaculture studies, seagrass monitoring, and fish identification surveys.

Looking ahead to 2025, Conduit remains committed to supporting Bermuda-based charitable initiatives. Continued employee involvement in community service projects makes a positive impact on the environment as well as in the local community.

It also underscores Conduit's belief in the importance of corporate social responsibility and its role in fostering a better future for all.

**Heather Mello**
Head of Human Resources

> Conduit believes that engaging with the local community through the support of local charities is critical to supporting the long-term sustainability of our business and our island community.

> Strong community engagement continued throughout 2024 and reflects Conduit's ongoing commitment to being a responsible company.

**The Rt Hon. Lord Soames of Fletching,** Chair, ESG Committee

As I reflect on the work of the ESG Committee over the past year, the exceptional commitment of the Conduit team to positively impact its stakeholders is clearly evident. A standout highlight was the Gala of Giving, which was organised by Conduit and supported by many other companies across the Bermuda community, raising over $430,000. This built on the success of the 2023 event and means that, in aggregate, more than $775,000 of support has been provided to the selected local charities over the two years.

The 13 charities supported by the Gala of Giving this year are all charities also supported by the Conduit Foundation, of which I am proud to serve as Chair of the Protector Committee. Overall, the Foundation has provided financial support to 20 Bermuda charities during 2024, while the Conduit Re team have also supported numerous causes by donating their time, including corporately coordinated input to Meals on Wheels, Relay for Life, Waterstart, Keep Bermuda Beautiful and the Bermuda Youth Climate Summit.

Engagement with the community goes beyond charitable giving, however, and arguably the greatest contribution to Conduit's local community is through its employees and future talent. 2024 was again a record for Conduit in terms of the number of interns hosted and students supported through scholarships. An important achievement too was the progress of a two-time intern into employment: Micah Cook interned with the risk team in 2023, returned as an intern with the underwriting team in 2024 and has subsequently accepted a position as an underwriting assistant. More broadly, Conduit continued to support its employees through an inflation-focused cost-of-living allowance for 2024 and a green loan policy that supports investment in solar power or electric vehicles.

As my exposure to the reinsurance community has increased, I have gained a heightened awareness of the vital role of reinsurance in addressing the environmental and social risks associated with climate change. While much of the discussion at the ESG Committee is focused on transparency and good governance, I'm always impressed by the knowledge and passion shown in discussions around emerging practices, projects and financial service solutions to far-reaching issues. I can see that, starting from Neil and Trevor, and permeating right through Conduit, there is a true desire to be a responsible and forward-looking company on all of these issues.

Transparency on ESG topics is very much part of demonstrating commitment and good governance to a wide range of stakeholders. I'm delighted that Conduit continues to enhance its public reporting on ESG topics. Beyond the specific requirements of the Taskforce on Climate-Related Financial Disclosures (TCFD), Conduit has embraced the evolution of the ClimateWise reporting framework, which is now designed to address the best emerging practices in the field. These efforts have been recognised by ClimateWise with Conduit moving now into the top-ten in their ranking of (re)insurance sector companies, alongside some much larger global peers, in terms of quality of disclosure.

I commend Conduit's continued commitment to being a sustainable and responsible company and wish the team continued success into 2025.

**Lord Soames**
ESG Committee Chair
26 February 2025

**2024 sustainability highlights**

Our key ESG achievements are highlighted on page 31.

**TCFD Reporting**

We leverage our ClimateWise Report to meet our TCFD reporting requirements. Find out more on page 33.

Conduit Re seeks to be a responsible company; we support the transition to a sustainable economy and focus on the long-term benefit of all our stakeholders.

Our approach to ESG is focused on maximising the positive impact we can have, while minimising the negative impacts. We do this recognising that we are a relatively small, treaty-focused reinsurer; and therefore a step back from the underlying business. We believe that Conduit and its employees benefit from the engagement and perspective provided by deliberate community engagement on environmental and social issues. Details on our ambitions and commitments, our impact, and updates on our key ESG metrics can be found in our standalone 2024 ESG Report, which is available on our website. Our ESG Report also sets out what we seek to achieve, how and why, and includes details on governance in place over climate and nature risks.

In this Annual Report and Accounts, we draw attention to specific matters of note and signpost our reporting in line with TCFD.

Our ESG ambitions remain:
- positively impacting our stakeholders;
- supporting the transition to a sustainable world; and
- minimising our negative impact on the environment.

As a relatively small company, we enjoy the benefits of being legacy-free in all its forms. This means we can take deliberate, purposeful and impactful steps as we seek to deliver on those ambitions.

## 2024 highlights

Our key ESG achievements for 2024 include:
1. the rollout of insurance sustainability training for all employees to help ensure that all staff have the opportunity to understand our own priorities in the context of wider ESG considerations and practices;
2. continuing to provide staff with Conduit-organised volunteering opportunities including coastal clean-ups and enhancing the facilities at a local environmental charity, in addition to staff's one day's volunteering allowance a year;
3. expanding our internships to a record number of university students, one of whom was subsequently hired into a full-time position at Conduit; and
4. hosted the Gala of Giving, which, together with the local Bermuda business community, raised over $430,000 for 13 Bermuda-based charities, taking the total raised over the two years, since we first founded the event, to over $775,000.

## Emissions

In this Annual Report and Accounts, we include disclosures associated with the carbon emissions for which we are responsible. For the fourth consecutive year, since we embarked on underwriting in 2021, we have maintained our commitment to offset our Scope 1 and 2, as well as select Scope 3 emissions[1]. We strategically choose our offsets, to ensure they meet high quality standards, such as projects that have received third-party verification on the completeness and accuracy of their project's asserted GHG emissions reduction, certified by Verra and/or VCS, or have an element of social impact.

KPMG, our external auditors, provide limited assurance over certain greenhouse gas (GHG) emissions that we disclose. We are also capturing data on the emissions avoided because of our green loans policy. Our longer-term ambition is that our financed solar and electric vehicle initiatives provide emissions avoidance greater than our Scope 2 emissions.

## TCFD reporting

A summary of our TCFD reporting follows on the next page. We use the ClimateWise framework to support our TCFD reporting and publish a standalone ClimateWise report. Following the release of new international regulatory requirements, in 2024, ClimateWise revised its guidance and launched a new set of principles for members to report on. ClimateWise score the quality of reporting against their framework and earlier this year we submitted a private disclosure to ClimateWise using their new principles for feedback. We are pleased to report that we received a significant increase in our results, testament to our commitment to transparency for all stakeholders and the sound governance we have in place over climate- and nature-related issues. Our latest report is available for review on our website and will be marked by ClimateWise later in 2025.

One aspect of TCFD is reporting on risks and opportunities associated with climate change. Further details are included in our ClimateWise and ESG Reports. These include both physical and transitional exposures, which are summarised on the following page.

1. Consistent with our approach first stated in 2022, this is in relation to business travel, hotel nights and staff commuting. We also report, but do not offset, our share of our suppliers' emissions.

Physical risks to which our underwriting is exposed stem from changing weather patterns, rising water levels and increased frequency and severity of extreme weather events, all of which can increase the value of insured losses in the long term. That said, the time horizon for such coverage is typically annual, thus the impact is more easily measured and factored into pricing and terms and conditions by our underwriters in contracts negotiations. Moreover, these events, as well as the growing populations and property values in vulnerable areas, are increasing the demand for property insurance, especially in the United States (US), expanding market opportunities for (re)insurance companies.

Transitional risks seen in underwriting are typically driven by liability for damage or harm stemming from our customers' business activities. As more economies strive to be more sustainable, there is an influx of new and increased ESG regulation, litigation, frameworks, investor demands and innovation pressures. Alongside these, an associated array of insurable transition risks has developed, creating a new casualty class with associated pricing risks, as there is for any new market. Currently, relevant casualty lines are offering a reasonable return for the risks we assume, but care is needed to ensure losses from risks that are yet to fully emerge are contained.

Our investment portfolio is lower risk and highly liquid in nature and, over the planning horizon, aims to have relatively limited performance exposure to climate-related change and nature loss. From an operational perspective, hurricanes can occur relatively frequently in Bermuda, the strength and frequency of which are forecast to increase as a result of climate change. Bermuda currently has robust infrastructure, providing resilience to, and protection from, hurricanes, and therefore we do not expect any significant damage to our office nor interruptions to our operations.

Reinsurance has a role to play in providing protection to those in transitioning industries. A careful balance between each of the environmental and social concerns must be found, all within the context of delivering returns for shareholders and reducing the protection gap.

The Board has overall responsibility for ensuring that Conduit is appropriately considering the risks and opportunities presented by climate change and in doing so is supported by the work of management and the ESG Committee.

BEYOND PLASTIC CHAMPION SAY NO TO SINGLE-USE PLASTIC

ClimateWise Insuring a sustainable future

Sustainable Markets Initiative

UN environment programme finance initiative Principles for Sustainable Insurance

Below is a summary of our TCFD disclosures, which are intended to provide context alongside a reference to where each topic is explored in more depth. ClimateWise provides an industry-specific framework for TCFD reporting and is most meaningfully read as a standalone document, so it has not been reproduced in full in the Annual Report and Accounts. Our ESG Report is a free-form disclosure in which we add additional context and commentary, notably in relation to our ESG metrics and the relevance of climate to each member of executive management. Both our 2024 ESG and ClimateWise reports are available to download on our website.

| TCFD pillars | TCFD recommended disclosures | Disclosure status and reference to where disclosures have been made |
|---|---|---|
| **Governance**<br>Disclose the organisation's governance around climate-related risks and opportunities. | A<br>Describe the Board's oversight of climate-related risks and opportunities. | **See Principle 1 of our ClimateWise Report.**<br>The Board has held strategy sessions that have considered climate-related risks and opportunities and have established parameters within which management can operate. It receives regular reports and is also supported by the ESG Committee. |
| | B<br>Describe management's role in assessing and managing climate-related risks and opportunities. | **See Principle 1 of our ClimateWise Report and the governance section of our ESG Report.**<br>Climate-related risk is integrated into various management policies. Each Executive Committee member has specific climate responsibilities as set out in our ESG Report which is available on our website. |
| **Strategy**<br>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material. | A<br>Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. | **See Principles 1 and 3 of our ClimateWise Report.**<br>Climate-related risks and opportunities exist across our underwriting, investments and operations. |
| | B<br>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. | **See Principles 1 and 3 of our ClimateWise Report.**<br>Climate-related risks and opportunities exist across our underwriting, investments and operations that are relevant for our business, strategy and financial planning. |
| | C<br>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | **See Principle 1 of our ClimateWise Report.**<br>Our planning time horizon and the short-tail nature of our insurance liabilities and asset portfolio limit the impact of a 2°C scenario on our business plan and short-term capital management. |

| TCFD pillars | TCFD recommended disclosures | Disclosure status and reference to where disclosures have been made |
|---|---|---|
| **Risk management**<br>Disclose how the organisation identifies, assesses and manages climate-related risks. | A<br>Describe the organisation's processes for identifying and assessing climate-related risks. | **See Principle 1 of our ClimateWise Report.**<br>Our processes are integrated with our wider risk management framework described in the enterprise risk management report, as well as in in our Financial Condition Report which is available on our website. |
| | B<br>Describe the organisation's processes for managing climate-related risks. | **See Principles 1 and 3 of our ClimateWise Report.**<br>Our processes are integrated with our wider risk management framework described in the Enterprise Risk Management Report, as well as in our Financial Condition Report which is available on our website. |
| | C<br>Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management. | **See Principles 1 and 3 of our ClimateWise Report.**<br>Our processes are integrated with our wider risk management framework described in the Enterprise Risk Management Report, as well as in our Financial Condition Report which is available on our website. |
| **Metrics and targets**<br>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | A<br>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | **See Principle 4 of our ClimateWise Report.**<br>Our metrics relate primarily to carbon neutrality and to our business partners' commitments to climate matters. |
| | B<br>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks. | **Disclosed in this section of the Annual Report and Accounts.**<br>Further detail can also be found in our ESG Report which is available on our website. |
| | C<br>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | **See the 'Environment' section of our ESG Report and Principle 4 of our ClimateWise Report.**<br>Our metrics relate primarily to offsetting Scope 1, 2 and select Scope 3 emissions (business travel including flights and hotels; employee commuting). |

## Carbon emissions

We have included in the table below our Scope 1 to 3 emissions for 2024 and 2023. We look to grow as sustainably as possible, with a focus on the average emissions per employee. For details on our methodology, our carbon offsets and our environmental commitments and priorities, please refer to Principle 4 of our ClimateWise Report which is available on our website.

| | | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| **Emission type** | **Activity** | **Basis of measurement** | **Quantity** | **$tCO_2e$** | **Quantity** | **$tCO_2e$** |
| **Scope 1** | | | | | | |
| Direct | None | | - | -△ | - | -△ |
| **Scope 2** | | | | | | |
| Indirect energy | Electricity | kWh | **205,240.1** | | **175,186.9** | |
| | – location based | | | **152.4△** | | **129.2△** |
| | – market based | | | **135.2△** | | **122.9△** |
| **Scope 3** | | | | | | |
| Indirect other | Business travel[1] | Kilometres | **2,084,991** | **403.9△** | **1,951,215** | **227.5△** |
| | Hotels | Nights | **515** | **27.7△** | **329** | **27.9△** |
| | Staff commuting | Kilometres | **191,907.9** | **21.6△** | **187,749.9** | **17.7△** |
| **Total gross emissions from our operations[2]** | | | | | | |
| Gross emissions (location based) | | | | **605.6△** | | **402.3△** |
| Gross emissions (market based) | | | | **588.4△** | | **396.0△** |
| Carbon offset applied | | | | **(588.4)** | | **(396.0)** |
| Net carbon impact from operations | | | | **-** | | **-** |
| **Gross emissions per average employee** | | | | | | |
| Average number of employees | | | **63.5** | | **57.6** | |
| Location based | | | | **9.5△** | | **7.0△** |
| Market based | | | | **9.3△** | | **6.9△** |
| **Gross emissions including our share of suppliers' emissions** | | | | | | |
| Total gross emissions as per above market-based approach | | | | **588.4△** | | **396.0△** |
| Share of suppliers' emissions[3] | | | | **220.6** | | **559.1** |
| **Grand total** | | | | **809.0** | | **955.0** |

1. Emissions for air travel were calculated using the International Civil Aviation Authority (ICAO) Emission Calculator, consistent with 2023 data. Emission factors have changed, and flight classes are now divided into first, business, premium, and economy, leading to higher emission factors for long-haul business flights. Our 2023 emissions calculated using these updated factors are (tCO2e): Business travel emissions: 423.5; Total Emissions (market based): 591.9; Gross emissions per employee: 10.3.
2. We do not differentiate Scope 3 emissions by location. Our Scope 2 emissions in the UK relate to less than 1% of the total emissions.
3. Previously, many of our suppliers disclosed their total emissions, and did not breakdown their Scope 1, 2 and 3 emissions. Now their reports are more advanced, suppliers are providing this breakdown. We have therefore updated our methodology for 2024, and restated the comparative for 2023, to include only emissions related to Scope 1 and 2 from suppliers, in line with PCAF's guidance. Where this is not provided, we continue to use total emissions.

△ KPMG performed limited assurance procedures over these GHG disclosures. Their report is included in our 2024 ESG Report, available on our website.

Provision 5 of The UK Code notes that the Board should understand the views of the Company's key stakeholders and describe in the Annual Report and Accounts how their interests and the matters set out in Section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making. Conduit is a Bermuda-incorporated issuer and the Board is obliged to follow director duties under Bermuda company law. Although Conduit is not required by law to prepare a Section 172 Statement it has chosen to do so as a matter of best corporate governance.

The Board confirms that during the year ended 31 December 2024 they have discharged their duties to act in a way that they believe promotes the long-term success of Conduit for the benefit of its members as a whole, while having regard to the matters set out in Section 172 of the UK Companies Act 2006. Further information on how these duties have been discharged is provided in this statement.

Section 172 requires a director to have regard, among other practical matters, to the:

- likely consequences of any decision in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

## Stakeholder engagement

In 2024, Conduit continued to focus on key stakeholder engagement, to understand their perspectives and the potential long-term consequences of decisions and matters of strategic importance to Conduit.

As key stakeholders, the Board discussed broker and client relationships, shareholder and employee engagement, government and regulator engagement, rating agency interaction, environmental matters and Conduit's impact on, and relationship with, the local community, and considered these matters in its decision-making.

### Brokers and clients

- Relationships with the reinsurance broking community and cedants are key to Conduit's success. In considering Conduit Re's strategy and business planning, the Board received reports on, and noted the extent of, the broker and cedant support received by Conduit Re.

### Shareholders

- In 2024, representatives of Conduit held over 200 meetings one on one with investors and via group calls. The Executive Chairman, the CEO, the CFO and Conduit's Head of Investor Relations regularly met with shareholders throughout the year, both quarterly to review trading results and on an ad-hoc basis to discuss various matters. Feedback from these meetings was presented to the Board on a regular basis and informed Board debate and decision-making on strategy and business planning.
- Our Directors and management recognise the benefits that come from dialogue with shareholders and we have embraced an active engagement strategy to discuss with our shareholders the issues that are important to them, hear their expectations of us and share our views.
- The Board strives to be proactive, transparent and interactive with shareholders, who are always welcome to ask questions. For further information, and contact details, visit the Investor Relations and Regulatory News Service section on the Conduit Re website (conduitreinsurance.com).
- Following consultation with Conduit's shareholders which occurred in early 2024, the Shareholders approved an amendment to the Directors' Remuneration Policy at the 2024 AGM held on 15 May 2024. The details of the revised Remuneration Policy, which is intended to apply for the years 2024, 2025 and 2026, are set out on pages 66 to 71.

### Employees

- Malcolm Furbert continued as Conduit's Non-Executive Director responsible for engagement with the workforce.
- Malcolm met with our COO and our Head of Human Resources regularly to discuss employee engagement at Conduit. The Board received reports of Malcolm's and HR's activities, ensuring workforce views were obtained and considered in Board and management decision-making.
- During 2024, the Head of Human Resources continued to conduct detailed reviews of Conduit's HR policies and procedures to ensure that they remain robust, current and competitive within the market.
- Having a supportive and inclusive culture is important to us and we regularly track how employees feel about working at Conduit. In 2024, we conducted another employee engagement survey. The results were shared across Conduit as well as with Malcolm, who provides his own observations on employee engagement to the Board from his meetings internally.

- The Board was kept apprised of Conduit's recruitment activities throughout 2024. Headcount grew from 59 to 65 as at 31 December 2024.
- In 2024 all staff participated in compliance training which covered key compliance topics including sanctions, information security and cyber risk, anti-money laundering, anti-terrorist financing, anti-bribery and corruption, conflicts of interest, and compliance with tax and regulatory operating guidelines. Training was also provided which covered Conduit's code of conduct and whistleblowing procedures.
- We prioritize transparent and open communication with our employees. For example, throughout the year, we organised regular "town hall" meetings where employees were provided with updates on key company matters and performance. These sessions foster a culture of inclusivity and help to ensure that all employees are aligned with the company's goals and objectives.

**Government and regulators**

- The Board recognises the need to monitor changes in law and regulation, and to work closely and openly with all relevant regulatory and supervisory bodies. Conduit's main operating subsidiary, CRL, is licensed and supervised by the BMA. Representatives of management met with the BMA every quarter through the year. The Board received regular reports covering governmental, legal, regulatory and supervisory matters and was kept apprised of communications with and from relevant bodies, in particular the quarterly meetings with the BMA, and this information was factored into strategy and business planning.
- In 2024, we obtained and expanded our reciprocal jurisdiction reinsurer (RJR) status in various states within the US which reduces the need for CRL to post collateral to support cedants in those states.
- The Bermuda Corporate Income Tax Act 2023 was enacted in late 2023, heralding the introduction of a corporate income tax in Bermuda for in-scope multinational groups. While Conduit does not currently meet the criteria to fall within the scope of the corporate income tax regime and has no plans to do so, the legislation has significant ramifications for Bermuda and consequently, Conduit followed developments closely in 2024, and participated, via its membership of industry associations such as the Association of Bermuda Insurers and Reinsurers (ABIR), in providing feedback to the Bermuda Government on related legislation where it was felt appropriate to do so.
- The Bermuda Personal Information Protection Act 2016 (PIPA), which became effective on 1 January 2025, was a point of focus for Conduit. Preparations included assessing data practices, implementing robust safeguards, training staff, and updating privacy policies to ensure compliance with the new regulations.
- CRL reviewed its adherence inter alia to the BMA Code of Conduct. Regular training sessions were conducted to reinforce ethical behaviour and compliance standards.
- In preparation for the changes to The UK Code effective from 1 January 2025, Conduit undertook a review of measures to ensure compliance (or explaining non-compliance). These included considering ways to improve the internal control framework and reporting, updating governance policies, and conducting briefings for Board members and staff.
- Under the new UK Listing Rules, which became effective 29 July 2024, Conduit was included automatically in the new Equity Shares (Transition) ('EST') category. Fundamentally there is no change in CHL's regulatory obligations because of this automatic inclusion in the EST category as the rules of the EST category have been designed to match the former standard listed segment. We are assessing the UK Listing Rules, recognising that the EST category is intended to be transitional in nature and a move to the Equity Shares (Commercial Companies) ('ESCC') category in due course could be beneficial, including potentially offering a pathway to index inclusion.

**Rating agencies**

- CRL having and maintaining an AM Best Financial Strength Rating of A– (Excellent), and a Long-Term Issuer Credit Rating of 'a-' (Excellent) is critical to Conduit's success. Maintaining this rating is factored into Board decisions with respect to capital adequacy and risk management.
- Management regularly kept AM Best apprised of developments within CRL and fed back to the Board the results of meetings and interactions with AM Best.
- In December 2024, AM Best reaffirmed CRL's AM Best Financial Strength Rating of A– (Excellent) and Long-Term Issuer Credit Rating of 'a-' (Excellent) and raised the ratings outlook to 'positive' from 'stable'.

## Our community and the environment

- As set out in the ESG summary on pages 30 to 35, environmental matters and the community are a key focus for Conduit.
- Board decision-making is influenced by a recognition that some economic activity has negative outcomes. As detailed in the ESG summary, we factor applicable criteria into our decisions. Resulting examples include Conduit's commitment to achieving and maintaining net-zero-carbon emissions[1] and to giving back to the community via initiatives such as the Conduit Foundation, whose mission includes supporting organisations and outreach projects focused on the environment, diversity and inclusion initiatives, education and Bermuda's vulnerable populations.

## Principal decisions

The principal decision made by the Board in 2024 was to continue with the current strategy of building a sustainable business for the long-term benefit of our stakeholders which delivers profitability and a mid-teens RoE across the market cycle.

The Board participated in a two-day strategy session before making its decision to continue with the current strategy.

**Trevor Carvey**
CEO
26 February 2025

**Elaine Whelan**
CFO
26 February 2025

1. Consistent with our approach first stated in 2022, we are carbon neutral in relation to our Scope 1 and Scope 2 emissions, and in relation to business travel, hotel nights and staff commuting. We also report, but do not offset our share of our suppliers' emissions.

# Corporate Governance

In this section:



## Governance at a glance

Read more about Conduit's compliance with the UK Corporate Governance Code on page 48.

## Remuneration at a glance

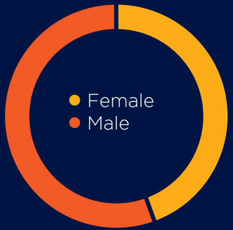
For a summary of Conduit's Remuneration go to page 63.

# Corporate Governance

Our 2024 Governance Report sets out the composition of our Board and explains how our Board governance framework operates, alongside the key areas of focus of Conduit's Board and Board Committees in 2024.

**Board inclusion**

In keeping with our commitment to diversity and inclusion, 44% of our Board are female professionals with a wide breadth of experience and expertise.




**Board meeting attendance**

97%

2023: 97%

**Board independence**

67%

2023: 67%

To view how we comply with The UK Code, please see page 48.

## Introduction to Corporate Governance

Neil Eckert,
Executive Chair

Read more on page 45

## Nomination Committee Report

Ken Randall,
Committee Chair

Read more on page 53

## Audit Committee Report

Elizabeth Murphy,
Committee Chair

Read more on page 57

## Directors' Remuneration Report

Rebecca Shelley,
Committee Chair

Read more on page 64

# Board of Directors

"Having conducted a planned evolutionary refresh over the last two years (with the retirement and replacement of two non-executive directors) the Board continues to be well positioned to lead the delivery of sustainable long-term returns through the market cycle.

**Neil Eckert**
Executive Chairman

## Neil Eckert

**Executive Chairman**
Appointed to the Board: 7 October 2020

**Skills and experience:**
Neil Eckert is Executive Chairman and an Executive Director of CHL.

Neil Eckert is an entrepreneur with more than four decades of (re)insurance industry experience and has a proven track record in the industry having held various roles since 1980, many of which involved starting new enterprises.

Beginning as a reinsurance broker, he rose through the ranks to board member at Benfield, Lovick & Rees & Co. Neil then founded Brit Insurance in 1995 and remained its CEO until 2005, following which he served as a non-executive director of the company until 2008. He was co-founder and CEO of Climate Exchange Plc, and founded Aggregated Micropower.

**External directorships:**
Incubex Ltd, Ebix Inc., Boutique Modern Holdings Limited, Chalvington Management Limited, NCX Family Office, Chalvington Batteries Limited, Chalvington Properties Limited, 10 Avis Way Limited, Bellaroma Investments Limited, Bellaroma South West Limited, NCX Consultants Limited, Old MIll Park Limited, Neil Eckert Investments Limited, Education Opportunity Limited, GWCT Natural Capital Advisory Limited, Arkley (South West) Limited) Seago Yachting Limited, Ripe Village Stores, NCEX Limited, Wingrove House Limited, Titan (South West) Limited.

**CHL Board Committee memberships:**
n/a

## Trevor Carvey

**Executive Director and Chief Executive Officer**
Appointed to the Board: 18 November 2020

**Skills and experience:**
Trevor Carvey is Chief Executive Officer and an Executive Director of CHL.

Trevor has a track record of profitable build-outs in the reinsurance industry. Having led the consolidation and subsequent profitable turnaround of the GE Frankona Marine & Energy Global portfolio in the 1990s, he then became a founding underwriter and leader at Arch Re Bermuda in 2002.

In 2007, Trevor joined Harbor Point Re in the UK to lead the build-out of its reinsurance operations. He became CUO Europe of the Alterra Re business after Harbor Point's merger with Max Re in 2012. Trevor was then responsible for the successful integration of Alterra Re's Global Re unit into Markel.

In 2015, Trevor joined Hamilton Re to assist in building out a new treaty reinsurance strategy in the UK and subsequently served as active underwriter for three years from 2016 to 2018.

Trevor has led Conduit since its launch in 2020. As well as serving on the Board of Conduit Holdings Limited, he is a Director of CRL and chairs the Executive Committee.

**External directorships:**
Triple R Industries Limited, Patsoh Limited, Beneficial House (Birmingham) Regeneration LLP, Stanley Dock (All Suite) Regeneration LLP,

**CHL Board Committee memberships:**
n/a

## Elaine Whelan

**Executive Director and Chief Financial Officer**
Appointed to the Board: 14 January 2021

**Skills and experience:**
Elaine Whelan is the Chief Financial Officer and an Executive Director of CHL.

Elaine is an accomplished and experienced public company CFO who has worked in the (re)insurance industry for over 25 years. She is a member of the Institute of Chartered Accountants of Scotland, a member of the Chartered Professional Accountants of Bermuda and a member of the Institute of Directors. After qualifying as a chartered accountant, Elaine joined Coopers & Lybrand in Bermuda in 1997. From 2001 to 2006, she held a number of positions at Zurich Insurance Company, Bermuda Branch, ultimately as chief accounting officer. In 2006, she joined the Lancashire Group as financial controller.

She subsequently performed various financial and management roles for the Lancashire Group, including as CEO, Lancashire Insurance Company Limited. From January 2011 to February 2020, Elaine was Group CFO, Lancashire Holdings Limited, and she was also a main board director from January 2013 to February 2020.

Elaine is responsible for all aspects of Conduit Re's financial management and reporting, is also a Director of CRL and is a member of the Executive Committee.

**External directorships:**
Cameron Holdings Inc., Salthouse Property Inc., Lomond Property Holdings Limited.

**CHL Board Committee memberships:**
n/a

## Rebecca Shelley

**Senior Independent Non-Executive Director**
Appointed to the Board: 24 July 2023

**Skills and experience:**
Rebecca Shelley brings extensive commercial and financial services experience to the Board, as well as her background of market-facing roles at listed companies. Having been investor relations and corporate communications director at Norwich Union Plc from 1998 to 2000, Rebecca moved to Prudential Plc in 2000, starting as investor relations director, and then became group communications director with a seat on their group executive committee. From 2012 to 2016, Rebecca was the group communications director of Tesco Plc and a member of their executive committee. During this time she held positions on the board of the British Retail Consortium and was a trustee of the Institute of Grocery Distribution. In her final executive role Rebecca spent three years at broker TP ICAP Plc as group corporate affairs director, and was a member of the global executive committee. Rebecca served as Chair of the Remuneration Committee of Sabre Insurance Group plc. from 2017 to 2023.

**External directorships:**
Sabre Insurance, Liontrust Asset Management, Hilton Food Group.

**CHL Board Committee memberships:**
Remuneration Committee (Chair) and Nomination Committee.

## Malcolm Furbert

**Independent Non-Executive Director**
Appointed to the Board: 18 November 2020

**Skills and experience:**
Malcolm Furbert is a corporate and regulatory lawyer with over 30 years' experience, including as a corporate lawyer with one of Bermuda's leading law firms, and over 15 years' diverse in-house legal counsel and management experience with Bermuda-based insurance and reinsurance companies (including American International Company Limited, Catlin Insurance Company Limited and XL Catlin), most recently as general counsel and head of compliance & regulatory affairs for the Bermuda operations of XL Catlin, a Bermuda-based global (re)insurance company (following the acquisition of the Catlin Group by XL Capital).

In these roles, he provided general and transactional legal and regulatory advice and support to all business areas and had oversight over the Bermuda compliance function. He also acted as company secretary to both regulated and non-regulated group companies.

He is a member of the Bar of England and Wales and the Bermuda Bar.

**External directorships:**
Somers Corporate Services Limited, Arden Reinsurance Company Ltd.

**CHL Board Committee memberships:**
Remuneration Committee and Nomination Committee.

## Elizabeth Murphy

**Independent Non-Executive Director**
Appointed to the Board: 18 November 2020

**Skills and experience:**
Elizabeth Murphy has worked in the insurance and (re)insurance industry for more than 30 years. Elizabeth qualified as a chartered accountant with Coopers & Lybrand in London and moved to work for them in Bermuda. She continued her career with ACE Tempest Reinsurance Ltd. as chief financial officer from 1993 to 2000 and as Treasurer of ACE Limited for the next two years.

From 2002 to 2006, Elizabeth worked for Scottish Re Group Limited, as chief financial officer and executive vice president. From 2006 to 2008 she was an executive director of Kiln Limited, chair of the compensation committee and non-executive member of the audit committee and she also served on the board of SCPIE Holdings Inc. where she was a member of the audit committee and stock option committee. From 2009 to 2015 Elizabeth was an executive director and chief financial officer of Amlin Bermuda Ltd., Amlin AG and a member of the risk committee. From 2018 to 2024 she was a non-executive director of Bernina Re Holdings Ltd. and Bernina Re Ltd. and served on a number of committees.

**External directorships:**
n/a

**CHL Board Committee memberships:**
Audit Committee (Chair) and Nomination Committee.

## Ken Randall

**Independent Non-Executive Director**
Appointed to the Board: 18 November 2020

**Skills and experience:**
Ken Randall is a certified accountant and has worked in the insurance industry for more than 50 years. During the early 1980s, Ken was head of regulation at Lloyd's. From 1985 until 1991 Ken served as chief executive of the Merrett Group, which managed a number of prominent syndicates at Lloyd's.

In 1991, Ken left Merrett and, with Alan Quilter, set up the Randall & Quilter Group, whose principal subsidiary, the Eastgate Group, grew into one of the UK's largest third-party provider of insurance services with 1,300 employees. Eastgate was sold to Capita Plc in November 2000.

Following the sale of Eastgate, Ken and Alan refocused Randall & Quilter on to the acquisition of non-life legacy run-off portfolios and again developed an insurance-servicing business in London and the US. Initially, the Randall & Quilter Group's service offering focused on legacy portfolios and later developed a fast-growing programme management business in Europe and the US. Ken retired from Randall & Quilter in 2021.

**External directorships:**
Roosevelt Road Re Ltd, Renaissance Capital Partners Limited, Financial Guaranty Insurance Company (UK) Ltd, Leamington Insurance Advisors Ltd (Bermuda), W.T. Butler & Co Ltd.

**CHL Board Committee memberships:**
Audit Committee, Nomination Committee (Chair) and Remuneration Committee.

## Michelle Seymour Smith

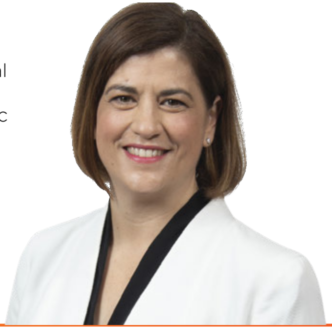
**Independent Non-Executive Director**
Appointed to the Board: 15 September 2021

**Skills and experience:**
Michelle Seymour Smith has over 20 years of experience in the insurance and reinsurance industry. During her career, Michelle has built a reputation of making strategic initiatives a reality and building effective teams and operations to support sustained growth in global organisations.

Michelle began her career with Arthur Andersen in 1995. In 2004, she joined Arch Reinsurance Ltd as vice president, controller. She performed several roles at Arch Re, including chief financial officer and chief operating officer, building and overseeing the financial operations of the insurance, reinsurance and mortgage divisions and their international subsidiary reinsurance division. She served as the chief transformation officer of Arch Capital Group Ltd until 2019, leading a global programme to grow business and improve operational efficiency. Michelle has been named as one of 100 Influential Women in Insurance and Reinsurance by Intelligent Insurer. She is a member of the Chartered Professional Accountants of Bermuda and the Institute of Directors.

**External directorships:**
Transport Intermediaries Mutual Association Ltd., Bermuda Public Accountability Board, Muuvment, Association of Bermuda International Companies, Centennial Foundation, Prismic Life Reinsurance, Ltd, Prismic Life Holdings GP LLC, Prismic Life Holding LP.

**CHL Board Committee memberships:**
Audit Committee and Nomination Committee.



## Stephen Redmond

**Independent Non-Executive Director**
Appointed to the Board: 14 May 2024

**Skills and experience:**
Stephen Redmond has worked in the insurance industry for in excess of 45 years and brings extensive insurance and reinsurance experience to the Board. Stephen commenced his career at General Accident before joining Eagle Star. During this time, he became one of the leading marine underwriters in the London Company market.

Stephen joined Württembergische Versicherung AG in 1999. From 2002–2019 he served as managing director of Württembergische. In 2008 Württembergische formed Antares Syndicate 1274, where Stephen was active underwriter. Antares Managing Agency was subsequently formed in 2010 and Stephen served as managing director until the business was successfully sold in 2014. Stephen assumed the role of chief transformation officer for 2019–2020.

Stephen is FCII qualified and has held the roles of chairman of The Institute of London Underwriters, and of the Joint Hull Committee. During his career Stephen has also been a member of numerous London Market Committees.

**External directorships:**
Asta Managing Agency Ltd.

**CHL Board Committee memberships:**
Remuneration Committee and Nomination Committee

## Greg Lunn

**General Counsel and Company Secretary**
Appointed: 3 November 2020

**Skills and experience:**
Greg Lunn is General Counsel and Company Secretary and leads the compliance function.

Greg is an experienced lawyer who has held a number of senior in-house legal positions in the global insurance industry over the last 25 years. His most recent role in the industry was group general counsel for Lancashire Holdings Limited. Prior to this role, he spent 10 years performing various legal and compliance roles at the ACE Group, including legal counsel for ACE in Europe and compliance counsel at ACE Holdings Limited.

Greg is responsible for all legal and corporate secretarial aspects of the Group's business including governance structure, regulation, and compliance. Greg serves on the board of CRL and is a member of the Executive Committee.

"With an effective and efficient governance framework to facilitate its oversight role, to support Conduit's strategic aims, the Board has overseen the delivery of another year of strong growth in challenging conditions.

**Neil Eckert,** Executive Chairman

## Introduction

With an effective and efficient governance framework to facilitate its oversight role, to support Conduit's strategic aims, the Board has overseen another year of solid returns in challenging conditions. Having conducted a planned evolutionary refresh over the last two years (with the retirement and replacement of two non-executive directors) the Board continues to be well positioned to lead the delivery of sustainable long-term returns through the market cycle.

We measure corporate governance and compliance against the requirements of The UK Code. We also monitor our compliance with applicable governance requirements under Bermuda law and regulations and, to ensure it retains decision-making power over material matters at an appropriate level, a schedule of matters reserved for Board decision is maintained and reviewed by the Board on a regular basis.

In 2024, in addition to face-to-face quarterly Board and committee meetings, information and education sessions on important topics were held, for example on changes in the UK Listing Rules, a refresher on the UK Market Abuse Regulations, and changes to The UK Code in 2024.

Feedback from the internally facilitated 2024 Board effectiveness evaluation reflected that, while there are opportunities for continuous improvement, overall the atmosphere in the boardroom allows for open contribution, constructive debate, candid discussion and critical thinking, supported by a high quality of written reports and presentations.

In May, the Board met over two days to review Conduit's business strategy and related topics of relevance to the business. Subjects covered included:

- a reminder of the current strategy and Conduit's progress scorecard across key areas;
- an updated broker's view of the reinsurance market and Conduit;
- an external view on the advances in artificial intelligence (AI) in reinsurance;
- looking ahead to trade in and take advantage of a changing market;
- maximising value; and
- emerging risks.

Conduit's current strategy, updated in light of actual market conditions and updated forecasting, covering a three- to five-year horizon, was affirmed in 2024 by the Board.

## Dividend policy and dividend payments

Conduit may pay dividends at such times and in such amounts as the Board determines appropriate and subject to the Board being satisfied that to do so will not prejudice CRL's ability to maintain at least an AM Best A– (Excellent) Financial Strength Rating and subject to applicable law and regulations.

Conduit expects to generate significant returns over time for its shareholders and to provide an ongoing and progressive dividend, recognising that some earnings fluctuations are to be expected. Conduit is targeting a dividend of $0.36 which is approximately 5% to 6% of equity capital raised at the IPO, allocated between an interim and final distribution. On 18 February 2025, Conduit's Board of Directors declared a final dividend for 2023 of $0.18 (approximately £0.14) per Common Share, which will result in an aggregate payment of $29.7 million. This final dividend followed an interim dividend of $0.18 (approximately £0.14) per Common Share declared on 30 July 2024.

Depending on Conduit's results and general market conditions, CHL may also from time to time consider the payment of special dividends and returns of capital to shareholders by way of share buybacks.

Special dividends (if any) are likely to vary significantly in amount and timing.

All dividends and returns of capital will be subject to the future financial performance of Conduit, including results of operations and cash flows, Conduit's financial position and capital requirements, rating agency considerations, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends and any other factors the Board deems relevant in its discretion, which will be taken into account at the time.

## Share purchases by Conduit's EBT

During 2024, Conduit's EBT continued with on-market purchases of Conduit's shares. Shares purchased are held in the EBT to meet future obligations under CHL's variable incentive schemes. Unless specifically directed by CHL, the Conduit EBT Trustee will abstain from exercising its voting rights over the shares held by the Conduit EBT at any general meeting of CHL. If CHL directs that the Conduit EBT Trustee may vote, CHL cannot direct the manner in which the Conduit EBT Trustee exercises its votes.

Further details of the share purchases are set out in the Directors' Report on page 95 and in note 17 to the consolidated financial statements on page 159.

## Opportunities and risks

With pricing conditions remaining stable throughout 2024, at an attractive level albeit with variability by class, we continued to take advantage of the opportunity for our portfolio to produce margin. Conduit's core underwriting strategy remains consistent: growing our portfolio while maintaining a careful balance under favourable market conditions. We have increased our annual premiums written by continuing to deploy our capacity into classes with the best expected return profiles.

2024 was another active year of natural and man-made catastrophe events around the world, with insured natural catastrophe losses exceeding $140 billion. These events have served as a reminder to the industry that discipline must be maintained in order to earn an adequate return. Generally we have continued to observe rational behaviour in the market after multiple years of compounding rate increases.

The uncertainties we have noted in prior reports continue to influence the market conditions we have experienced including, but not limited to:

- the future impact of climate change;
- heightened geopolitical uncertainties; and
- economic and social inflation.

We believe that we continue to be in a strong position to incorporate the potential impact of these risks into our underwriting and reserving.

Although we go to great efforts to manage the volatility in our underlying exposures, our exposure to loss events in 2024 is a reminder that we are in the business of protecting our clients against uncertainty. Consequently, our underwriting results will always be subject to the vagaries of major loss events, both natural and man-made.

A set of risk factors is set out in section 3 of the notes to the consolidated financial statements on page 120.

## Stakeholder engagement

We place great importance on obtaining feedback from stakeholders to factor into our governance considerations.

Malcolm Furbert, charged with employee engagement, continued his role with diligence and enthusiasm by meeting regularly with Heather Mello, our Head of Human Resources, and with Stuart Quinlan, Deputy CEO and COO.

Executives have continued to hold regular, routine quarterly update meetings with CRL's regulator, the BMA, to keep the regulator apprised of business progress and other developments at CRL.

I, together with the Head of Investor Relations, and often the CEO and the CFO, have held numerous meetings with shareholders, in addition to hosting quarterly investor and analyst calls.

More information on our stakeholder engagement is contained in the Section 172 Report on page 36.

## Purpose, values, strategy and culture

Our core values shape everything we do and play a key role in helping us to set strategy and achieve our objective of growing a reinsurance business that will stand the test of time. We expect all directors and employees of Conduit to consider and apply these core values when making decisions, when carrying out duties and when representing Conduit.

Our culture can be characterised as follows:

- An open and transparent approach where all ideas are welcome, and mistakes are a part of developing and learning.
- Information sharing is a daily occurrence.
- Communications are strong, constant and not just top down.
- Everyone is welcome and can be themselves – we embrace individuality and recognise that inclusivity will not only create a positive environment but will enhance our overall achievements.
- We are a lean group where everyone works hard.
- Formality and hierarchy is kept to a minimum and flexibility and responding to individual needs is key.
- A trust-based culture, rather than one of rules, where decisions are taken quickly.
- Significant opportunities for developing skills and careers. Potential will be identified, and colleagues will be appointed into new roles wherever possible and will be supported in realising their potential through training and coaching.
- A vibrant, fun environment where working as a team is a given and a pleasure. Our people like and want to work together.
- We celebrate success.
- We embrace technology.

## In-camera sessions

In addition to the activities of each of the committees described in the respective reports below, regular in-camera sessions of the independent directors, led by the Senior Independent Director, were held at each regularly scheduled Board meeting without management present.

## Induction

All of the CHL Non-Executive Directors went through an induction process, covering their duties and responsibilities as Directors of a company whose shares are admitted to trading on the main market of the LSE.

Stephen Redmond, the most recent Board appointee, was taken through a comprehensive induction process as part of his appointment to the Board in 2024.

Feedback from the strategy days held in May was that the sessions were highly informative and educational, assisting the Board in gaining further valuable insights into the business of Conduit which will help strengthen the Board's oversight of the business.

## The year ahead

In 2025 our governance will be focused on:

- continuing to support the execution of the strategy;
- continuing execution of the Board's succession plan;
- enhancements to Board reports, management of meetings and director education; and
- continuing to review and update Conduit's control environment as necessary as part of Conduit's drive for continuous improvement.

**Neil Eckert**
Executive Chairman
26 February 2025

## The UK Code

On 29 July 2024 the Financial Conduct Authority's new UK Listing Rules came into force. Conduit's shares were automatically included in the EST category of listing. The EST category was created to enable existing standard segment companies, such as Conduit, to continue 'as they are' for the time being, and its rules are based on the current standard segment rules.

As a Bermuda company, whose shares are included in the transition listing category and admitted to trading on the LSE, Conduit is not required to comply, or otherwise explain non-compliance, with the requirements of The UK Code published by the FRC in July 2018 (and which applies in respect of the reporting period covered by this report). However, Conduit has chosen to comply (or explain non-compliance) with The UK Code, because the Board is committed to the highest standards of corporate governance.

## Compliance statement

The Board considers that for the financial year ended 31 December 2024, Conduit has complied with the provisions of The UK Code, save that:

- Conduit did not comply with Provision 10 of The UK Code as Neil Eckert is Executive Chairman and was not independent at appointment as he was a founder of Conduit. However, 67% of the Board (excluding the Chair) are Non-Executive Directors whom the Board considers to be independent, and the roles of Chair and CEO are not exercised by the same individual. Further, the Board believes that effective business leadership is provided by Neil Eckert as Executive Chairman and Trevor Carvey as CEO, while at the same time appropriate checks and balances and scrutiny will be maintained through the balance of the Board as a whole, the strong and relevant experience of the independent Non-Executive Directors and the clear separation of duties between the Senior Independent Director, the Executive Chairman and the CEO, as set out in the Schedule of Responsibilities which is available on Conduit's website.
- In one respect, Conduit does not comply with Provision 37 of The UK Code which provides that remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. At the time of Conduit's establishment, it was determined that an absolute calibration to the Management Incentive Plan (MIP) programme with no discretionary assessment was appropriate in the circumstances. The MIP was put in place prior to the IPO, and no further MIP awards will be made. Malus and clawback provisions apply to the MIP programme. Further details can be found in the IPO Prospectus and p. 37 of the 2020 Annual Report and Accounts

## Governance framework

Conduit maintains a relatively simple corporate structure and governance framework. The Board maintains overall responsibility for Conduit and has established an Audit Committee, a Nomination Committee and a Remuneration Committee – whose terms of reference are available on Conduit's website and which are updated as necessary. It has also established a non-board advisory committee focused on Conduit's approach to ESG, which is chaired by Lord Nicholas Soames, a senior and independent industry figure who is not otherwise involved with Conduit as a Director or Officer.

The Audit Committee oversees the effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems in relation to Conduit's financial reporting processes, further details of which are set out on pages 57 to 62.

In relation to the day-to-day operations in Conduit's reinsurance business, the CHL Board relies on a strong Board at the CRL operating company level, which includes four Independent Non-Executive Board Members (Ken Randall (Chair), Malcolm Furbert, Elizabeth Murphy and Michelle Seymour Smith) who serve at both the CHL Board and CRL operating company Board level, each of whom has extensive board and operational level experience of regulated reinsurance companies in Bermuda.

The CRL Board has, in turn, established four sub-committees: Risk, Capital and Compliance; Audit; Strategy; and Underwriting. It has also established an Executive Management Committee comprising of the CEO and other Senior Executives.

CRL operates a strict 'three lines of defence' model with all second-line functions (for example reserving, risk and compliance) reporting to either the Audit Committee, the CRL Risk, Capital and Compliance Committee or the Board; and the third line (Internal and External Audit, Independent Loss Reserve Specialist) reporting to the CRL Audit Committee.

While four Independent Non-Executive Directors serve on the Board of CRL, all Independent Non-Executive Directors are encouraged to attend as observers at any Board or Board Committee meetings across Conduit, particularly at CRL. Conduit is committed to open and transparent governance.

Conduit has a comprehensive set of policies and procedures aimed at bolstering governance and compliance. Conduit's code of conduct, whistleblowing policy and procedures, and other compliance policies and procedures, including policies covering anti-bribery and corruption, anti-money laundering and anti-terrorism financing, anti-trust and anti-competitive practices, confidentiality of information, conflicts of interest and gifts and hospitality, discrimination, and environment, health and safety are made available to staff via the Conduit intranet. Regular compliance training is provided. Conduit has contracted an external independent specialist whistleblowing service provider to enable staff to report whistleblowing incidents, anonymously or otherwise, over the phone or in writing via online submission.

## The Board

Conduit has a Board with a strong blend of experience and expertise in diverse professional backgrounds including insurance and other financial services, accounting, regulatory, governance and other areas. The Board has overseen and will continue to oversee Conduit's trading and operation as a public company.

Biographical information for each of the current Directors of Conduit, including each Director's experience, qualifications, attributes and skills is on pages 41 to 44.

Succession planning was discussed at both Nomination Committee and Board level in 2024 and will continue to be a key topic for 2025. More information is contained in the Nomination Committee Report on page 53.

## Non-Executive Director independence

The UK Code recommends that at least half the Board of Directors of a UK-listed company, excluding the Chair, should comprise Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances that may affect, or could appear to affect, this judgement.

The Board has determined that all of the Non-Executive Directors (being Rebecca Shelley, Malcolm Furbert, Elizabeth Murphy, Ken Randall, Stephen Redmond, and Michelle Seymour Smith) are free from any business or other relationship that could materially interfere with the exercise of their independent judgement and are therefore 'independent Non-Executive Directors' within the meaning of The UK Code.

Conduit has three executive directors (including the Executive Chairman) and six independent non-executive directors.

As part of the Board's planned succession, Sir Brian Williamson stood down from the Board on 15 May 2024. For the purposes of this report Sir Brian was also determined to be an Independent Non-Executive Director within the meaning of The UK Code during the tenure of his appointment.

## Board meetings and attendance

The Board schedules meetings quarterly and receives additional updates as required on topics of importance arising in the months where no formal meetings are scheduled. Additional meetings have been and will be arranged as necessary, including in relation to the business of the committees. All Directors receive an agenda and meeting packs in advance of the meetings. As part of its risk management, Conduit follows regulatory and tax operating advice and guidelines, common for groups established in Bermuda, that require the situs of Conduit's Board and Committee meetings and decision-making to be Bermuda. The number of Board and committee meetings attended by each Director for the purposes of Provision 14 of The UK Code in the year ended 31 December 2024, relative to the number of meetings held during their time in office, was as follows:

| | Board | Nomination Committee | Remuneration Committee | Audit Committee |
|---|---|---|---|---|
| Neil Eckert | 4/4 | n/a | n/a | n/a |
| Trevor Carvey | 4/4 | n/a | n/a | n/a |
| Elaine Whelan | 4/4 | n/a | n/a | n/a |
| Sir Brian Williamson[1] | 2/2 | 2/2 | 2/2 | n/a |
| Rebecca Shelley[2] | 4/4 | 4/4 | 4/4 | n/a |
| Malcolm Furbert | 4/4 | 4/4 | 4/4 | n/a |
| Elizabeth Murphy | 4/4 | 4/4 | n/a | 4/4 |
| Ken Randall | 4/4 | 4/4 | 4/4 | 4/4 |
| Stephen Redmond[3] | 2/2 | 2/2 | 2/2 | n/a |
| Michelle Seymour Smith | 4/4 | 3/4 | n/a | 3/4 |

1. Sir Brian Williamson stepped down from the Board and related Board Committees on 15 May 2024
2. Rebecca Shelley was appointed on 21 February 2024 to serve as Senior Independent Director of the Board, and she was also appointed to serve as Chair of the Remuneration Committee on 15 May 2024
3. Stephen Redmond was appointed on 14 May 2024 to serve on the Board, and he was also appointed to serve on the Remuneration and Nomination Committees on 14 May 2024

## Board responsibilities

The Board is responsible for leading and controlling CHL, and has overall authority for the management and conduct of its business, strategy and development.
The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of Conduit.

To ensure transparency and accountability of the business to the Independent Non-Executive Directors, the CHL Board was invited to attend (and did attend) CRL Board-level and Underwriting Committee meetings, and is provided with all minutes and records of subsidiary Board and committee meetings. The Board has established procedures for Directors to take independent professional advice at the expense of Conduit in the furtherance of their duties. Each Director also has access to the General Counsel & Company Secretary to ensure that good governance and compliance is implemented throughout Conduit.

The division of responsibilities between the Executive Chairman, CEO and Senior Independent Director is summarised below and is available in full on Conduit's website.

| Executive Chairman | CEO | Senior Independent Director |
|---|---|---|
| Ensures the effective running of the Board and supports the CEO in an advisory role in the execution of the CEO's responsibilities (including with respect to ESG matters), makes sure that the views of the Board and shareholders are taken into account, and acts as the primary ambassador for Conduit in respect of Investor Relations and ESG matters. | Leads the executive management team in the day-to-day management of the Group to pursue Conduit's commercial objectives and execute and deliver Conduit's strategy, as approved by the Board. | Ensures that there is a culture of openness and debate, in particular by facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations between Executive and Non-Executive Directors. |
| Ensures that the Board as a whole plays a full and constructive part in the development and determination of Conduit's strategy and overall commercial objectives, with due consideration to Conduit's responsibilities to its shareholders, its suppliers, clients, customers, employees and other stakeholders. | Ensures, with the executive management team, that Board decisions are implemented effectively and that significant decisions made by the executive management team are communicated to the Board in line with granted authority. | Is available to shareholders if they have concerns that contact through the normal channels of the Executive Chairman or other Executive Directors has failed to resolve or for which such contact is inappropriate. |
| Shapes the culture in the boardroom, encouraging all Directors to engage in Board and Committee meetings by drawing on their skills, experience and knowledge; and fostering relationships based on trust, mutual respect and open communication – both in and outside the boardroom – between Non-Executive Directors and the executive team. | Provides clear leadership, inspires and supports Conduit's employees in all areas of Conduit's business, including the development of ideas, products and operations. Ensures that there is effective communication by Conduit with its workforce, including with respect to governance matters. | Assists in the maintenance of the stability of the Board and Company, particularly during periods of stress. |
| Promotes the highest standards of integrity, probity and corporate governance throughout Conduit and particularly at Board level. | Manages Conduit's risk profile, with the CRO and other members of the executive, in line with the extent of risk identified as acceptable by the Board, and ensures that appropriate internal controls are in place. | Acts as a sounding board for the Executive Chairman, providing support in the delivery of the Executive Chairman's objectives. |

## Board activities

In addition to monitoring closely Conduit's core underwriting business, Board activities in 2024 were focused on overseeing the continued growth of the business. The Board received regular written and oral reports from executive management on the financial and operational performance of the business, including developments in: human resources (covering both recruitment and career development for existing employees), information technology, operations, legal, compliance and corporate governance. The Board also participated in a session held over two days to review strategy considering the wider market and risk environment. It was determined that there would be no changes to the strategy, the objective of which is to build a sustainable business for the long-term benefit of our stakeholders and to deliver profitability and a mid-teens RoE across the cycle. Board meetings were held in Bermuda to approve all key actions, documentation and agreements.

## Workforce engagement mechanism

Malcolm Furbert acts as Conduit's Non-Executive Director responsible for workforce engagement. See details in the Section 172 Statement on page 36.

## Board effectiveness

Each year, the effectiveness of the Board, its committees and the individual directors are evaluated as part of our Board's desire for continual improvement.

In 2023 an externally facilitated evaluation was completed, and the findings were reported in the 2023 Annual Report and Accounts. In 2024 the Board continued to act on the recommendations which arose from that evaluation and improvements were made to the management of meetings and materials. In addition, an identified opportunity to improve the range and balance of skills on the Board was taken with the appointment of Stephen Redmond as an independent non-executive director.

For the financial year end 2024 an internal evaluation was carried out which sought the views of the directors, the Company Secretary, and other senior executives. The evaluation consisted of (i) an online questionnaire which covered various topics including board dynamics and composition, meeting management, strategic oversight, the workings of Board committees, succession planning and (ii) face-to-face interviews conducted by the Senior Independent Director. During the interviews additional insights were obtained including on the performance of individuals. Participants gave feedback on the working of the Board and its committees, on the governance of and information flow from CHL's operating subsidiary CRL and CRL's committees, and on other matters that participants wished to raise.

The evaluation confirmed that, while there were opportunities for further improvement, the Board, its committees and the governance of CHL, and oversight of CRL, were working effectively across all areas covered.

Based on the feedback obtained in the 2024 evaluation, in 2025 the Board will continue to focus on the development of executive management and their direct reports as part of long-term succession planning, as well as some further enhancements to Board reporting and the content of materials.

## Conclusion

The Board believes that it has applied the Principles of The UK Code in a manner that is consistent with the company's values and objectives. We are committed to continuous improvement in our governance practices and will continue to review and enhance our approach to corporate governance.

"During the year, the Committee focused on Succession Planning for both the Board and Conduit's executive management.


## Introduction

I am pleased to present my report on the activities of the Nomination Committee (the Committee) for the year ended 31 December 2024,

2024 saw the continued implementation of our Board succession plan. In May, Sir Brian Williamson stepped down from the Board and we welcomed Stephen Redmond to the Board. An independent specialist search agency, Heidrick & Struggles, with no other connection to Conduit, was appointed to identify and assess Independent Non-Executive Director candidates, including Stephen.

Rebecca Shelley, having succeeded Sir Brian as Senior Independent Director in February, took over from Brian as Chair of the Remuneration Committee in May.

Brian sadly passed away in October. His experience and expertise was hugely appreciated through the formation and growth of Conduit in its first three years of operation. It was privilege to have him on the Board and his contributions will be missed.

The Nomination Committee also focused on the development of executive and senior management succession plans. In doing so, the Nomination Committee has been mindful that Conduit has just under 70 employees and a flat management structure operating from one location in Bermuda, which itself is a small specialised labour market. This poses some challenges for succession in balancing tangible incremental development and internal promotions on the one hand, and external recruitment on the other. Conduit is also mindful of the rapid deployment of artificial intelligence, which is likely to have a rapid and profound impact on many aspects of underwriting and managing in the insurance business.

## Nomination Committee membership

In 2024, the Nomination Committee members were Ken Randall (Chair), Sir Brian Williamson, Malcolm Furbert, Elizabeth Murphy, Stephen Redmond, who joined the Committee in May 2024, Michelle Seymour Smith and Rebecca Shelley.

| Name | Appointed to the Committee | Maximum possible meetings | Meetings attended |
|---|---|---|---|
| Ken Randall | 18 November 2020 | 4 | 4 |
| Elizabeth Murphy | 18 November 2020 | 4 | 4 |
| Sir Brian Williamson[1] | 18 November 2020 | 2 | 2 |
| Malcolm Furbert | 18 November 2020 | 4 | 4 |
| Stephen Redmond[2] | 14 May 2024 | 2 | 2 |
| Michelle Seymour Smith | 22 February 2022 | 4 | 3 |
| Rebecca Shelley | 24 July 2023 | 4 | 4 |

1. Sir Brian Williamson left the Committee when he stepped down from the Board on 15 May 2024
2. Stephen Redmond was appointed to the Nomination Committee on 14 May 2024 and was only eligible to attend two of the four meetings held in 2024.

## Independence and experience

All Nomination Committee members are Independent Non-Executive Directors, each with many years of relevant experience serving as directors and/or working in the reinsurance industry. Detailed biographies are available on pages 41 to 44.

An annual review of the Nomination Committee membership was completed and, based in part on the results of the recently conducted Board effectiveness evaluation pertaining to the work of the Nomination Committee, I am satisfied that the current members are each independent and capable of carrying out the Nomination Committee roles and responsibilities.

## Role and responsibilities

The Nomination Committee's duties are set out in its terms of reference, which are available on Conduit's website, The duties include, but are not limited to:

- director induction, training and development.
- ensuring succession plans are in place for the Board and senior management.
- setting objectives and policy for Board and senior management diversity.
- identifying and nominating candidates to fill Board vacancies.

Details on how the Nomination Committee performed these key responsibilities in 2024 are set out in the remainder of this report.

## 2024 meetings

The Nomination Committee is required to meet at least twice annually, or more frequently if required, to discharge its duties. In 2024, there were four Nomination Committee meetings. In addition to the members, other individuals such as the Executive Chairman, the CEO and the Head of Human Resources attended all or part of the meetings.

## Effectiveness evaluation

The Committee reviewed the results of the Board effectiveness evaluation for the period ending 31 December 2024 as described on page 52.

The 2024 evaluation raised no concerns regarding the Board's composition or diversity, or how effectively members worked together to achieve objectives.

The evaluation did identify individual areas for improvement as set out on page 52 but, overall, no concerns were identified in respect of Non-Executive Director independence, performance, or external time commitments.

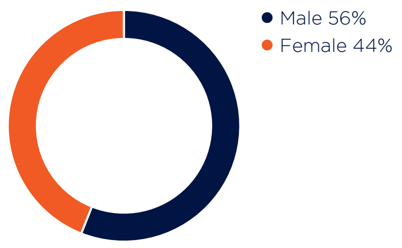
## Board and Committee composition and succession planning

As noted in my introductory remarks, continued implementation of the Board succession plan was a priority in 2024.

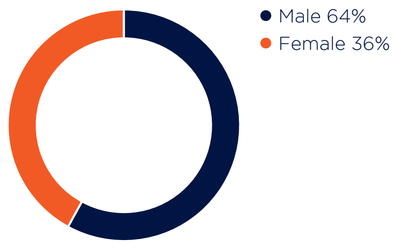
In addition, work has continued on succession planning for other key leadership positions within Conduit.

In the meantime, Conduit maintains a robust emergency succession plan for the Board and senior management. The plan was reviewed by the Committee in 2024.

**Board gender split**




**Executive Committee direct reports gender split**




## Director induction and training

An appropriate and comprehensive plan is in place for inducting new Directors and Conduit's leadership team. Induction is tailored to the needs of each individual but includes meetings with the executive leadership team, department heads and advisers, technical briefings and office visits. Stephen Redmond participated in the induction programme during the process for his appointment to the Board.

The strategy and planning sessions held in May 2024 also contained a training aspect for Directors. Diverse topics were presented and discussed, including a review of a broker's view of Conduit Re and approach to building the relationship, a review of the reinsurance market, Conduit's current strategy and market positioning, threats and opportunities, cycle, Conduit's approach to technology including the impact of artificial intelligence, and consideration of stock market perception of Conduit.

## Diversity and inclusion

Diversity and inclusion has been a priority since Conduit's inception. Management and the Board believe that valuing diversity and inclusiveness is important in enabling us to achieve our vision to create unmatched value for our customers, colleagues, business partners and shareholders.

Conduit's Diversity and Inclusion Policy reflects our principles for recruitment and advancement at all levels of Conduit and underlines the fact that Conduit is committed to recruiting, retaining and developing people with diverse backgrounds and experiences at all levels of Conduit's business, in a truly inclusive environment.

As an equal opportunities employer, Conduit does not tolerate discrimination or harassment of any kind in any aspect of employment. Conduit fully supports and celebrates differences, which could include but are not limited to race, age, gender, gender identity, sexual orientation, disability, beliefs, background (except as may be pertinent to the requirements of a role, such as educational qualifications or prior employment experience), socio-economic group, family or marital status, or nationality.

As at 31 December 2024, 44% of the Board was female.

The tables below set out data about the sex and ethnicity of the Board and executive management as at 31 December 2024, in the format prescribed by the UK Listing Rules.

| **Gender/sex diversity at 31 December 2024** | **Number of Board members** | **Percentage of the Board** | **Number of senior positions on the Board (CEO, CFO, SID and Chair)** | **Number in executive management** | **Percentage of executive management** |
|---|---|---|---|---|---|
| Men | 5 | 56% | 2 | 7 | 88% |
| Women | 4 | 44% | 2 | 1 | 13% |
| Other categories | 0 | —% | 0 | 0 | —% |
| Not specified/prefer not to say | 0 | —% | 0 | 0 | —% |

| **Ethnic diversity at 31 December 2024** | **Number of Board members** | **Percentage of the Board** | **Number of senior positions on the Board (CEO, CFO, SID and Chair)** | **Number in executive management** | **Percentage of executive management** |
|---|---|---|---|---|---|
| White British or other White (including minority-white groups) | 8 | 89% | 4 | 8 | 100% |
| Mixed/Multiple Ethnic Groups | 0 | —% | 0 | 0 | —% |
| Asian/Asian British | 0 | —% | 0 | 0 | —% |
| Black/African/Caribbean/Black British | 1 | 11% | 0 | 0 | —% |
| Other ethnic group, including Arab | 0 | —% | 0 | 0 | —% |
| Not specified/prefer not to say | 0 | —% | 0 | 0 | —% |

## Priorities for 2025

In 2025 the Committee will continue to focus on implementation of Board succession and on completing the establishment of a long-term succession plan for executive management and their direct reports, all with a view to satisfying Conduit's medium- to longer-term succession needs at Board and senior management levels. This will include implementation of personal development plans.

**Ken Randall, Chair**
Nomination Committee
26 February 2025

"In 2024, in addition to its normal duties, the Audit Committee focused on ensuring that IFRS 17 was embedded into 'business as usual' and also reviewed the effectiveness of both external and internal audit.

Elizabeth Murphy, Committee Chair

## Introduction

As Chair of the Audit Committee, I am pleased to present my report for the financial year ended 31 December 2024, detailing the Audit Committee's activities during the year, how it has discharged its responsibilities and the key topics it has considered.

One of the main areas of focus was ensuring that IFRS 17 was embedded into 'business as usual'. The Audit Committee also conducted detailed reviews of the effectiveness of the external and internal audit functions.

## Audit Committee membership

The Audit Committee membership is comprised of Independent Non-Executive Directors. For the full year 2024, the members were Elizabeth Murphy, Ken Randall and Michelle Seymour Smith. The Audit Committee membership is the same for CRL, which strengthens governance and oversight of Conduit's main operating subsidiary.

## 2024 meetings

The Audit Committee held four meetings during the year. Members of senior management and external and internal auditors were invited to present at each meeting. The Audit Committee also met privately with the external and internal auditors and in executive session with the CFO alone. The Chair of the Audit Committee also held regular meetings with the CFO and the external and internal auditors outside of the formal Audit Committee meetings.

There were no points of concern arising out of the Board's performance review regarding the Audit Committee's performance during 2024.

| Name | Appointed to the Committee | Maximum possible meetings | Meetings attended |
|---|---|---|---|
| Elizabeth Murphy | 18 November 2020 | 4 | 4 |
| Ken Randall | 18 November 2020 | 4 | 4 |
| Michelle Seymour Smith | 15 September 2021 | 4 | 3 |

## Independence and experience

All Audit Committee members are Independent Non-Executive Directors with recent and relevant financial experience and competence in accounting and/or audit, and all have competence relevant to the reinsurance sector in which Conduit operates. Detailed information on the Audit Committee members' experience and qualifications is set out in the Directors' biographies on pages 41 to 44.

## Role and responsibilities

The Audit Committee is required to carry out duties in the areas listed below for CHL and Conduit as a whole, as appropriate:

- Assessing the integrity of Conduit's financial reporting and satisfying itself that any significant financial judgements and estimates made by management are sound.
- Keeping under review internal controls and risk management systems.
- Reviewing compliance and fraud procedures and controls.
- Monitoring and reviewing the effectiveness of the internal audit function.
- Advising on the appointment of the external auditor and overseeing the relationship with the external auditor, including their independence and effectiveness.

More details around how these key responsibilities were performed are set out below. The Audit Committee's terms of reference are available on Conduit's website.

The Audit Committee provided a report on its activities to the Board every quarter.

## Assessing the integrity of financial reporting

The Audit Committee reviewed Conduit's quarterly trading updates, interim unaudited condensed consolidated financial statements and the annual audited consolidated financial statements for the purposes of recommending their approval by the Board. The Committee also reviewed and considered written analysis from management detailing areas of significant judgement and estimation in the preparation of the consolidated financial statements.

Throughout the year the CFO and the Audit Committee Chair met regularly by phone and in person to discuss matters related to the preparation and presentation of Conduit's consolidated financial statements, including the progress of the external audit.

The Audit Committee received reports from the external auditors on the consolidated financial statements, including an interim review report and a year-end audit results report. These reports were discussed with the external auditors at the Audit Committee meetings, both with management present and with the Audit Committee in private session. No significant external audit issues were identified.

The Audit Committee also received regular and ad-hoc reports on the following:

- Accounting treatment and policies in respect of business and investment activities.
- Loss-reserving developments and the reserving process including embedding new processes which are in place as a result of implementing IFRS 17 in the prior year.
- Recruitment and development within the finance, risk and actuarial teams.
- Accounting and financial reporting developments.
- The effectiveness of Conduit's control environment and the integrity of external financial reporting.
- The oversight of corporate and risk culture through the reporting of the internal audit and risk management functions.
- Finance reports from CRL including with respect to BMA filings (via the overlap with the CRL Audit Committee).
- Significant judgements and estimates and going concern assessments.
- Management's assessment of fraud risk.

In addition, the Audit Committee reviewed and recommended to the Board for approval the 2023 ESG and ClimateWise reports for publication on Conduit's website in 2024.

## Keeping under review internal controls and risk management systems

The Board has ultimate responsibility for ensuring the maintenance by Conduit of a robust framework of internal control and risk management systems. To assist the Board in discharging its obligations, the Audit Committee is charged with keeping under review the adequacy and effectiveness of Conduit's internal financial controls and internal control and risk management systems. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

During 2024, the Audit Committee received quarterly reports from Conduit's CRO covering:

- risk events, including control failures, and commentary on Conduit's risk profile;
- risk appetite and tolerance statement compliance;
- capital adequacy; and
- an update on any changes to previous assessments of risk.

The Committee reviewed management's assessment of the effectiveness of the risk management and control environment and noted areas for further enhancement and actions for improvement that were identified during the year. The Committee also continued to review and approve applicable policies and arrangements.

All members of the Audit Committee also participated in discussions on emerging risks and were briefed on Conduit's response. The Audit Committee also received updates on the ongoing development and enhancement of information technology systems.

The Audit Committee reviewed the internal audit plan and amendments thereto, and received reports on internal audits performed during the year and management's responses.

Further detail of the emerging and principal risks affecting Conduit, including those matters that have informed the Board's assessment of Conduit's ability to continue as a going concern, as well as the risk mitigation procedures in place to identify and manage them, can be found in the risk disclosures on page 120 onwards of the Annual Report and Accounts.

### Reviewing compliance and fraud procedures and controls

The Audit Committee received regular compliance reports from the General Counsel, covering:

- regulatory interactions with the BMA, regulatory reporting and updates on the regulatory environment;
- corporate governance updates;
- the status of the compliance plan execution;
- compliance and regulatory training; and
- review of compliance policies, including anti-money laundering, anti-bribery and financial crime, conflicts of interest, whistleblowing, sanctions and Conduit's code of conduct.

Along with the rest of the Board, the members of the Audit Committee participated in refresher training covering the UK market abuse regulations and Conduit's related disclosure processes.

The Audit Committee continued to review and discuss amendments to The UK Code which will come into force from 1 January 2025. Management will continue to monitor developing control reporting requirements and ensure adequate plans are in place to implement changes and report on compliance as required.

The Audit Committee received reports on the number of whistleblowing cases reported to Conduit's whistleblowing service. The Audit Committee reviewed and approved updates to Conduit's whistleblowing policy and procedure in 2024.

The Audit Committee also received a report from the CRO covering the annual fraud risk assessment conducted in 2024 that included details of management's assessment of fraud risks and the most material associated controls.

### Monitoring and reviewing the effectiveness of the internal audit function

EY Bermuda Limited (EY) is Conduit's outsourced internal auditor. EY has extensive and current relevant experience providing outsourced and co-sourced internal audit services to reinsurance businesses in Bermuda and internationally and they are considered to have the necessary skills and resources to deliver the internal audit function effectively. The internal auditor reports directly to the Audit Committee.

During the year, the Audit Committee considered and approved updates to the Internal Audit Charter made in response to revised internal audit standards issued by the Institute of Internal Auditors and monitored the execution of the internal audit plan. The internal audit plan was based on an updated risk assessment. Internal Audit provided quarterly written and oral reports to the Audit Committee. The findings of each internal audit were reported on orally and in writing at the Audit Committee's quarterly meetings. The Committee reviewed actions recommended to management for the improvement of internal controls and the status of implementation of the actions. The Committee also met privately with the internal auditors.

The Audit Committee also evaluated the independence of the internal auditors, and no concerns regarding their independence were identified.

A formal review of the effectiveness of the internal audit function and its activities was undertaken in 2024. The review was performed through completion of a questionnaire by the members of the Audit Committee, by members of Conduit's senior management, and those responsible for business areas subject to recent internal audit review. It also involved a review of working papers by a qualified internal auditor independent from EY. The Committee discussed the findings of the review and concluded that the internal audit function was operating effectively with some minor recommended enhancements.

## Overseeing the relationship with the external auditor

KPMG Audit Limited (KPMG) was originally appointed as Conduit's external auditor in December 2020. At Conduit's 2024 AGM, KPMG was reappointed as external auditors of Conduit until the conclusion of the 2025 AGM. The lead external audit partner is James Berry who was appointed at the same time as KPMG was appointed. In 2024 the Audit Committee assessed the fee arrangements with KPMG which are discussed in note 8 of the consolidated financial statements.

The Audit Committee met with KPMG regularly during 2024 (both in private session and with management present) and reviewed and approved the external audit work plan for the year ended 31 December 2024. The Audit Committee received written and oral reports from KPMG, which covered the progress of the audit, key matters identified and the views of KPMG on the significant judgements and estimates outlined below. KPMG also reported on matters such as their observations on Conduit's financial control environment, developments in the audit profession, key upcoming accounting and regulatory changes and certain other mandatory communications. The Audit Committee continues to monitor developments, recommendations and legislative proposals related to the quality and effectiveness of the external audit.

A review of external audit effectiveness was undertaken in 2024 to assist the Audit Committee in assessing the quality of external auditor services provided to Conduit. The review was performed through completion of a questionnaire by the members of the Audit Committee, by members of Conduit's senior management, and members of Conduit's finance team. The review focused on the effectiveness of the external auditor team, its expertise and resources and the external auditor's interaction with the finance team, the executive and the Audit Committee. Overall feedback was positive and the review concluded that the external auditors were operating effectively. There were some minor areas to consider for improvement which were not a reflection of any wider concerns. The Conduit team and KPMG have discussed the points raised and KPMG has proposed some modifications in their approach as a result.

## Auditor independence and objectivity

To assist in maintaining the external auditor's independence and objectivity, Conduit has adopted a formal policy governing the engagement of the external auditor to provide non-audit services, taking into account the relevant ethical guidance on the matter. The policy describes the circumstances in which the auditor may be engaged to undertake non-audit work for Conduit. The Audit Committee oversees compliance with the policy and will consider and approve requests to use the auditor for non-audit work when they arise, if appropriate.

Except for procedures conducted by KPMG with respect to Conduit's unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024, and an engagement to undertake a carbon emissions disclosure review of the 2024 year end reporting and provided limited assurance over certain disclosed greenhouse gas emissions, KPMG did not provide any non-audit services during 2024, Details of the fees paid with regard to non-audit services provided by KPMG are disclosed in note 8 to the consolidated financial statements on page 144.

The Non-Audit Services Policy is available on Conduit's website. The policy is reviewed annually by the Audit Committee.

The Audit Committee assesses the external auditor's independence annually and, taking into account the limited scope, nature and value of the non-audit services noted above, has assessed KPMG as independent.

## Auditor reappointment

Conduit is required to appoint auditors at every general meeting of Conduit at which consolidated financial statements are presented to shareholders. KPMG, acting as external auditor to Conduit in Conduit's fourth year, has advised of its willingness to stand for reappointment in 2025.

The Audit Committee and the Board consider KPMG to have extensive experience auditing publicly traded reinsurance businesses. Having assessed their performance positively and having determined that they continue to be independent, the Audit Committee and the Board have concluded that KPMG's appointment as auditors for 2025 would be in the best interests of Conduit and its shareholders. The resolution to reappoint KPMG at the 2025 AGM will propose that KPMG holds office until the conclusion of the next Annual General Meeting (AGM) at which accounts are laid before Conduit, at a level of remuneration to be determined by the Board.

Conduit is committed to maintaining the highest standards of independence and objectivity in the audit engagements. In compliance with applicable independence standards, Conduit adheres to stringent audit partner rotation policies which require a change of audit partner at least every seven years. Consequently, Conduit's audit partner at KPMG will rotate off the Conduit engagement on completion of the 2026 financial year audit.

In addition, Conduit plans to conduct a tender process for the provision of its external audit ahead of its 2030 financial year end.

## Significant areas of judgement and estimation

Annually, management provides the Audit Committee with an analysis of significant areas of judgement and estimation in the preparation of the consolidated financial statements plus an analysis of the appropriateness of preparing the statements on a going concern basis. As discussed in our accounting policies on page 111, the most significant estimates made by management are in relation to the undiscounted valuation of the liability for incurred claims and associated ceded reinsurance recoveries. Less significant estimates are made in determining the estimated fair value of certain financial instruments and the estimated premium cash flows used to determine reinsurance revenue recognised.

## Valuation of liability for incurred claims and associated ceded reinsurance recoveries

The valuation of the liability for incurred claims, including incurred but not reported (IBNR), involves a significant amount of judgement. As stated in our accounting policies, it is a complex process and it is reasonably possible that uncertainties in the reserving process and delays in cedants reporting losses to Conduit, together with the potential for unforeseen adverse developments, could lead to a material change in the estimated liability for incurred claims and associated ceded reinsurance recoveries. Judgement is exercised in estimating the future cash flows in relation to ultimate claims settlement and selecting the methodology to calculate a point estimate for the ultimate loss. The risk adjustment is estimated using a margin-based approach, calibrated to a targeted confidence interval range.

The Audit Committee receives a quarterly report on the liability for incurred claims, prior year development on the liability for incurred claims, and inflation considerations from Conduit's Chief Actuary. The Committee reviews the reasonableness of Conduit’s loss reserves and challenges the methodology and judgements applied.

The Audit Committee also receives reports from the independent loss reserve specialist semi-annually. The Audit Committee was able to compare their evaluation of the liability for incurred claims with Conduit's and understand the differences which naturally arise between them.

The Audit Committee also received semi-annual reports from the external auditors on the reasonableness of the liability for incurred claims.

The Audit Committee focused in particular on:

- the reserving for natural-catastrophe and large-loss events;
- the use of selected attritional reserving ratios, given the lack of historical data for Conduit;
- the difference in management’s estimates versus the independent loss reserve specialist, noting that the differences are within a reasonable range;
- the process for estimating cash flow patterns and establishing the risk adjustment;
- the process for determination of the confidence interval;
- the assessment and quantification of the impact of inflation on the liability for incurred claims; and
- the adequacy of disclosure on the uncertainties of the loss reserve estimates.

The Audit Committee was satisfied that all its queries were appropriately addressed and noted that there were no material differences between the liability for incurred claims calculated by Conduit's Chief Actuary and the independent loss reserve specialist.

The Committee was therefore satisfied that the valuation of the liability for incurred claims and associated ceded reinsurance recoveries was appropriate.

## Fair value of certain financial instruments

The asset types in which Conduit is invested are not complex with lower estimation uncertainty in determining fair value. The assets are highly liquid and are of high-credit quality. As disclosed in note 12, all of Conduit’s assets are Level (I) or Level (II) securities. There are no equities, hedge funds or derivative instruments.

Conduit’s investments are fair valued through the income statement (FVTPL). Conduit does not therefore have any judgement around impairment charges.

## Expected premium cash flows used to determine reinsurance revenue recognised

Conduit's quota share policies in particular are subject to estimates. Some management judgement is exercised in determining the initial ultimate premium cash flow estimates from which to establish the recognition of reinsurance revenue. While Conduit has a relatively short operating history, the policies underwritten are largely mature and known to the underwriting team and therefore establishing an appropriate estimate is not deemed to be a significant risk. Management carries out regular reviews on these estimates to validate their reasonability.

## Going concern assessment and longer-term viability statements

The Audit Committee reviewed and advised the Board on Conduit’s going concern and longer-term viability statements included in the Annual Report and Accounts and the assessment reports prepared by management in support of such statements. As part of this review, the Audit Committee assessed the methods, assumptions, judgements, business planning and stress testing underpinning the going concern assessment. The Audit Committee was satisfied with the level of analysis presented during the year, the related approach taken and statements made in Conduit's key external reporting. More information on the going concern and viability statements can be found on page 111.

## Annual Report and Accounts

The Audit Committee reviewed early drafts of the the Annual Report and Accounts in order to ensure that themes and points of importance from the Audit Committee's perspective were identified and addressed in the report. The Audit Committee subsequently recommended to the Board for approval Conduit's audited results and final Annual Report and Accounts together with the external auditor's report. The Audit Committee advised the Board that, in its view, the 2024 Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Conduit's position and performance, business model and strategy.

## Priorities for 2025

- (Working with the Nomination Committee and the Board as a whole) succession planning for the Audit Committee Chair, whose second three year term is due to end in 2026.
- Continued monitoring of the control environment and financial reporting processes.
- Continuing to monitor management's processes for assessing and reviewing the effectiveness of risk management and internal control systems as necessary as part of Conduit's drive for continuous improvement.
- Continuing to monitor and implement developments in climate and ESG reporting.
- In preparation for the changes to The UK Code effective from 1 January 2025, consideration of ways to enhance the internal control framework and reporting.

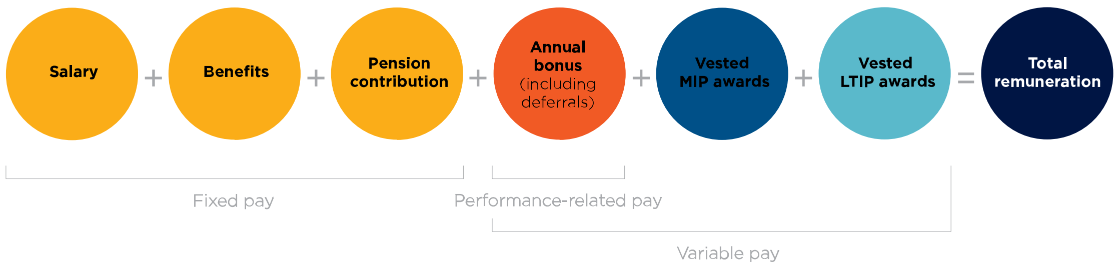
**Elizabeth Murphy, Chair**
Audit Committee
26 February 2025

# Remuneration at a glance

The Conduit Remuneration Policy is designed to drive a culture of high performance and create sustainable long-term value for shareholders. A summary of the 2024 remuneration outcomes for executive directors is provided opposite.

| | |
|---|---|
| Gross premiums written<br>**$1,162.4m**<br>2023: $931.4m | RoE<br>**12.7%**<br>2023: 22.0% |
| Net tangible asset value per share<br>**$6.70**<br>2023: $6.25 | Total net investment return<br>**4.0%**<br>2023: 5.8% |
| Combined ratio<br>**86.0%**<br>2023: 72.1% | Total shareholder return<br>**5.9%**<br>2023: 16.4% |

## Key components

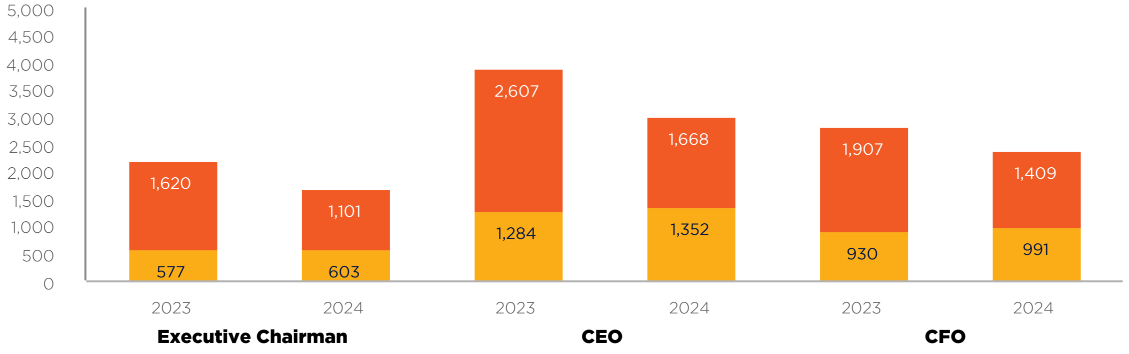



## Outcome

**Remuneration ($000)**

The charts below set out the financial outcomes of the remuneration package of the executive directors for 2024 against the 2023 outcomes as noted in the the single figure on remuneration on page 77.

- Fixed pay
- Variable pay (including performance-related pay)



> Conduit produced reasonable results despite elevated industry claims activity. Comprehensive income was $125.6 million or $0.80 per share. RoE for the year was 12.7%.


**Introduction**
I present the Directors' Remuneration Report for 2024 which consists of three sections:

1. This introduction, which explains our approach to remuneration and summarises the key decisions made by the Committee during the year (pages 64 to 65).
2. The Directors' Remuneration Policy – this sets out the Remuneration Policy which was approved by a binding shareholder vote at the 2024 AGM (pages 66 to 75).
3. The Annual Report on Remuneration – this sets out in detail how we have applied the Remuneration Policy in 2024; the remuneration received by Directors for the year; and how we expect to apply the Policy in 2025. This report, along with this Chair Statement, will be put to an advisory shareholder vote at the 2025 AGM (pages 64 to 93).

**Performance for the year under review**
2024 was a reasonable year for Conduit. The overall result was comprehensive income of $125.6 million or $0.80 per share. RoE for the year was 12.7%. Annual bonuses for 2024 were based 75% on financial (RoE) targets and 25% on the personal and strategic objectives of each Executive Director. As set out on page 77, the Committee set the threshold, target and stretch levels of RoE required to be achieved for the financial part of the 2024 annual bonus.

It is the opinion of the Remuneration Committee and the Board that Conduit's management has produced a reasonable result in a year when the industry experienced elevated levels and frequency of natural catastrophe losses across multiple sectors and geographies. Management has demonstrated the scalability and resilience of the business, with the Conduit Re brand now well recognised in the market for writing a diversified yet balanced book of business from one location with an excellent team, (now at 65 employees) utilising a technologically modern operating platform. Remuneration for 2024 reflects these achievements. The RoE achieved for 2024 has resulted in an above-target pay-out of the financial element of the annual bonus. The Committee determined that the personal element pay-out for the Executive Directors was appropriate and in line with the performance achieved by each Director. Details of the bonuses can be found on pages 77 to 81.

The Remuneration Policy requires up to half of any bonus to be deferred into shares, with malus and clawback provisions in place. The Executive Directors participate in the MIP, which was agreed and put in place ahead of Conduit's IPO in December 2020. Success in the MIP is measured by reference to growth in Conduit's market capitalisation adjusted for dividends and any other returns of value to shareholders since IPO Admission. The first performance condition calculation date was on 7 December 2024, the fourth anniversary of IPO. The performance condition was not met and therefore, no exchange of MIP shares into Conduit's Common Shares occurred in 2024.

At the May 2024 AGM, shareholders approved the current Remuneration Policy, which allows for the making of long-term incentive awards to the Executive Directors.

Subsequently, Conduit made a long-term incentive plan (LTIP) award to Elaine Whelan, Conduit's CFO, of 250% of base salary. Details of the award can be found on page 82.

Tranches of bonus deferral awards made to Executive Directors and staff from prior years' annual bonus awards vested during 2024 and additional tranches of awards will vest in March 2025. Details of the Executive Directors' deferred share bonus awards can be found on page 82.

### Remuneration Policy review

As a non-UK incorporated company, Conduit is not bound by UK law or regulation in respect of Directors' remuneration to the same degree as such law or regulation applies to UK-incorporated companies. However, as part of Conduit's commitment to high standards of corporate governance, the Committee has put its Remuneration Policy to a binding shareholder vote.

The Remuneration Policy, set out on pages 66 to 75 was approved at the 2024 AGM and will apply for the three-year period from 2024 to 2026 inclusive. The Remuneration Policy is designed to ensure that Executive Directors are appropriately rewarded and incentivised to deliver Conduit's strategy, for Conduit to meet best practice in the market in which it primarily competes for talent, and for compliance with the provisions of The UK Code.

### Remuneration for Executive Directors

The Remuneration Report on the following pages contains detailed disclosures on the 2024 remuneration outcomes for the Directors as well as disclosure of details of the implementation of the Remuneration Policy for the Executive Directors during 2025.

### Remuneration Committee membership

I was appointed as Chair of the Remuneration Committee by the CHL Board in May 2024.

### 2024 meetings

The Remuneration Committee held four meetings during the year. Committee attendance at meetings is shown in the accompanying table.

### Role and responsibilities

The responsibilities of the Remuneration Committee include the following:

- Determining, in accordance with the principles and provisions of the Code, the policy for directors' remuneration and setting remuneration for the Executive Directors and the other members of the Executive Group.
- Reviewing the ongoing appropriateness and relevance of the Remuneration Policy.
- Reviewing the ongoing appropriateness of workforce remuneration and related policies.
- Considering and determining all elements of the remuneration of the Executive Group.

The Remuneration Committee's terms of reference, which also set out the Committee's reporting obligations and authority to carry out its responsibilities, are available on Conduit's website. There were no points of concern arising out of the Board's performance review regarding the Remuneration Committee's performance during 2024.

### Key activities in the year

- Reviewed and made recommendations with respect to changes to the Remuneration Policy which was approved by Conduit's shareholders at the May 2024 AGM. This included consultation with shareholders prior to submitting the revised Remuneration Policy to the shareholders at the 2024 AGM. Details of shareholder voting is provided on page 91.
- Reviewed Conduit's business plan and set appropriate RoE targets as disclosed on page 77.
- Reviewed total compensation for the Executive Group (which includes the executive directors).
- Reviewed overall bonus and reward arrangements for staff.

### Summary

The Committee is committed to an open dialogue with investors and welcomes views on any part of our remuneration arrangements.

**Rebecca Shelley, Chair**
Remuneration Committee
26 February 2025

| Name | Appointed to the Committee | Maximum possible meetings | Meetings attended |
|---|---|---|---|
| Rebecca Shelley, Chair[2] | 24 July 2023 | 4 | 4 |
| Sir Brian Williamson, former Chair[1] | 17 November 2020 | 2 | 2 |
| Malcolm Furbert | 17 November 2020 | 4 | 4 |
| Ken Randall | 17 November 2020 | 4 | 4 |
| Stephen Redmond[3] | 14 May 2024 | 2 | 2 |

1. Sir Brian Williamson stepped down from the Board and related Board Committees on 15 May 2024
2. Rebecca Shelley was appointed on 21 February 2024 to serve as Senior Independent Director of the Board, and she was also appointed to serve as Chair of the Remuneration Committee on 15 May 2024
3. Stephen Redmond was appointed on 14 May 2024 to serve on the Board, and he was also appointed to serve on the Remuneration and Nomination Committees on 14 May 2024

This section sets out the Directors' Remuneration Policy, which received a binding shareholder vote of approval at the 2024 AGM.

As a non-UK incorporated company, Conduit is not required to comply with the requirements of the provisions of the UK Companies Act 2006 and Schedule 8 of the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008; however, it has chosen to do so voluntarily.

The Remuneration Policy was developed considering market best practice and The UK Code, noting that as a listed company whose shares are admitted to trading in the EST category under the UK Listing Rules, it complies with The UK Code on a voluntary basis, reflecting the Board's commitment to high standards of corporate governance.

The Remuneration Committee may make minor changes to the Remuneration Policy to support its operation or implementation (for example, for regulatory or administrative purposes), provided that any such change does not materially advantage any Directors, without obtaining shareholder approval for such changes.

## Approach to Senior Executive Reward

Conduit's approach to Senior Executive reward is shaped by the following key principles, where it is intended to deliver:

- Balancing short- and long-term goals – provide a package with an appropriate balance between short- and longer-term performance targets linked to the delivery of Conduit's business plan and the generation of sustainable long-term returns for shareholders.
- Shareholder alignment – ensure alignment of the interests of the Executive Directors, senior management and employees to the long-term interests of shareholders.
- Competitive remuneration – maintain a competitive package in order to attract, retain and motivate high-calibre talent to help ensure Conduit performs successfully.
- Fairness – take an active interest in the development of good practices to deliver fair remuneration at all levels of the organisation.
- Performance-focused compensation – encourage and support a sustainable, high-performance culture in line with the business plan and within the agreed risk profile of the business.

## Alignment with The UK Code

In addition, the approach to senior reward is tested against the six factors listed in The UK Code:

- Clarity – the Remuneration Policy is designed to be simple and to support long-term sustainable performance so should be well understood by participants and shareholders.
- Simplicity – the Remuneration Committee is mindful of the need to avoid overly complex remuneration structures – the executive remuneration policies and practices are relevant to the continued development of the business and simple to communicate and operate.
- Risk – the Remuneration Policy is designed to ensure that inappropriate risk taking is not encouraged and will not be rewarded. Appropriate limits are set out in the Remuneration Policy. A balance of financial and non-financial targets is used, which is designed to be stretching but achievable to ensure the arrangements do not encourage excessive risk taking. The Committee retains discretion to override formulaic outcomes. There is a significant role played by equity in the incentive plans, with up to half of any annual bonus deferred into shares, the LTIP, the MIP, and shareholding (including post-cessation) requirements. Malus and clawback provisions are in operation.
- Predictability – the Remuneration Policy contains appropriate caps for the different pay elements. The potential reward outcomes are set out in the illustrations provided, which clearly show the potential scenarios of performance.
- Proportionality – there is a clear link between individual awards, delivery of strategy and long-term performance. In addition, the significant role played by incentive/ 'at-risk' pay is designed to ensure that poor performance is not rewarded.
- Alignment to culture – the Remuneration Policy encourages performance that is aligned to the culture of Conduit and in accordance with accepted behaviours and values.

## Executive Director Remuneration Policy table

| **Base salary** | |
|---|---|
| **Purpose and link to strategy** | Base salary is a key element to recruiting, retaining and incentivising executives of the right calibre to successfully execute Conduit's business strategy. |
| **Operation** | Base salaries are reviewed annually, with any changes effective from 1 January. Exceptionally, an out-of-cycle review may be conducted if the Committee determines it is appropriate.<br><br>When setting base salary levels, the Committee will take into account several factors including (but not limited to):<br>• The Director's role, skills and experience.<br>• The economic environment.<br>• Overall business performance.<br>• Salary levels and pay conditions across the wider group.<br>• Individual performance.<br>• Market data for similar roles in comparable companies (including reinsurance company peers).<br>• Changes to the size and complexity of the business. |
| **Maximum opportunity** | There is no maximum base salary level.<br><br>The process for salary review is consistent for all employees and increases for the Executive Directors are normally considered in relation to the wider salary increases across Conduit.<br><br>Higher increases may be permitted where appropriate, for example development in role or a change in position or responsibilities. |
| **Performance metrics** | There are no formal metrics, although individual and group performance is taken into consideration as part of the annual review. |

| **Benefits (including pension benefits)** | |
|---|---|
| **Purpose and link to strategy** | Benefits support recruitment and retention and facilitate a healthy workforce. |
| **Operation** | **Pension benefits**<br>Conduit's pension schemes are based on defined contributions or equivalent cash in lieu or salary sacrifice, subject to applicable law and local market standards. For all staff, including Executive Directors, a cash allowance of up to 10% of salary is paid in lieu of the standard employer pension contribution, or a combination of pension contributions and cash allowance, totalling 10% of salary. Any changes in the workforce pension arrangements may be reflected in executive director remuneration.<br><br>**Other benefits**<br>Other benefits reflect normal market practice, are determined on a basis consistent with all employees, and are set within agreed principles. Benefits include, but are not limited to:<br>• Bermuda payroll tax and social insurance.<br>• Medical, dental and vision insurance.<br>• Life assurance.<br>• Long-term disability scheme.<br>• Gym and club membership.<br>• Travel allowance.<br>• Housing allowance for Bermuda-based Executive Directors.<br><br>Additional benefits may be provided as the Remuneration Committee considers appropriate and reasonable based on market practice. Executive Directors are included in the Directors' and Officers' Indemnity Insurance Policy. |

| Benefits (including pension benefits) | |
|---|---|
| **Maximum opportunity** | There is no maximum value of benefits; the value is set according to recruitment and retention needs, bearing in mind local market standards and requirements.<br><br>Pension contributions for Executive Directors will normally be in line with the wider workforce, currently 10% of salary. |
| **Performance metrics** | None. |

| Annual bonus | |
|---|---|
| **Purpose and link to strategy** | To reward the achievement of financial results and key objectives over the financial year, which are linked to Conduit's strategic priorities.<br><br>To facilitate and encourage share ownership to align senior employees with CHL shareholders through the use of deferral into shares. |
| **Operation** | Annual bonus awards for the Executive Directors are based on the financial performance of Conduit and the performance against personal and/or strategic objectives of each Executive Director during the financial year, with performance measures and objectives set by the Committee at the beginning of the financial year.<br><br>At the end of the performance period, the Remuneration Committee will determine the actual bonus awards for each Executive Director. The Remuneration Committee aims to ensure that awards for Executive Directors are based on performance viewed holistically rather than on a formulaic outcome and has the discretion to adjust the formulaic outcome.<br><br>Up to 50% of any bonus earned will be deferred into shares, which normally vest over three years with one-third of the award vesting in each of the following three years. Participants may also be entitled to receive dividend equivalents which have accrued on unvested shares during the vesting period, such dividend equivalents to be paid at vesting.<br><br>Bonus awards are subject to malus and clawback provisions. |

| Annual bonus | |
|---|---|
| **Maximum opportunity** | The maximum bonus achievable for the Executive Directors is 300% of base salary. |
| **Performance metrics** | The majority of the performance measures will be based on financial performance (for example, RoE). The financial component will normally comprise at least two-thirds of the overall opportunity. For 2024, the Committee has set the financial component at 75% of the overall opportunity.<br><br>A financial performance hurdle applies before any bonus is payable in relation to the financial component, which is reviewed annually. Where performance is deemed to be below a pre-determined hurdle, payouts for the financial component will be nil. 25% is payable for meeting the threshold performance required as set by the Committee in the financial metrics targets.<br><br>The Committee has the discretion to make an award under the personal performance component if the financial performance hurdle has not been met. |

| LTIP | |
|---|---|
| **Purpose and link to strategy** | Aligned to the main strategic objective of delivering superior returns to shareholders over the medium to long term.<br><br>Creates alignment with shareholders and provides focus on performance and increasing the Company's value over the medium term. |
| **Operation** | Annual grant of performance shares which may be structured as conditional awards or nil-cost options. Dividend equivalents which accrue during the vesting period and, where applicable, during the post-vesting holding period, may be paid. The Committee considers each year who should participate and at what level to ensure that total compensation remains competitive in light of peer practice.<br><br>Subject to performance conditions measured over three years and an additional two-year post-vesting holding period. Clawback and malus provisions apply.<br><br>The number of shares awarded will normally be determined by reference to the five-day average share price prior to the date of the grant. The Committee can in its discretion in exceptional circumstances scale back the vesting outcomes, or impose additional vesting conditions, to awards. The Committee will use discretion on vesting only in exceptional circumstances. |

| LTIP | |
|---|---|
| **Maximum opportunity** | Executive Directors will have a maximum individual opportunity of up to 300% of salary in respect of any financial year.<br><br>The Committee may make awards at a level below this limit. |
| **Performance metrics** | Vesting of awards will be subject to the achievement of performance conditions, measured over a three-year performance period.<br><br>Any performance measures which have been selected will reflect the long-term strategy of the Company.<br><br>Performance measures may include TSR, Net Asset Value (NAV) growth, ROE, financial KPIs or any other performance measures that the Committee may deem appropriate at the time. The Committee will also determine the weightings of performance conditions of each award.<br><br>A sliding scale of targets will be applied for financial metrics. No more than 25% vesting will be achieved for threshold performance. |

| Shareholding requirement | |
|---|---|
| **Purpose and link to strategy** | To ensure Executive Directors are aligned with shareholder interests. |
| **Operation** | Each of the Executive Directors is required to build and maintain a shareholding in the Company of 300% of salary while in post.<br><br>At least 50% of any vested shares (net of tax) should be retained from the portion of any future bonuses which are paid in shares (post-tax and vested), long-term incentive awards and other share awards. There is a seven-year period from the date of IPO (or if later, the date of appointment as an Executive Director) in which to achieve compliance.<br><br>Post-cessation shareholding requirements apply which will require Executive Directors to retain for two years following cessation of their employment by Conduit the lower in value of:<br>• such number of shares on cessation that have a market value equal to the shareholding guideline in place at that time; and<br>• the number of shares they hold at that time.<br><br>Shares that are personally acquired by the Executive Director will be excluded from this post-cessation holding requirement. |
| **Maximum opportunity** | None. |
| **Performance metrics** | None. |

## Non-Executive Director remuneration

| Fees | |
|---|---|
| **Purpose and link to strategy** | To provide an appropriate fee level to attract and retain Non-Executive Directors who have a broad range of skills and experience to oversee Conduit's strategy. |
| **Operation** | Non-Executive Directors receive an annual fee in respect of their Board appointments together with additional compensation for further duties (for example, Board committee membership and chair roles).<br><br>The fees paid are determined by reference to market data and the skills and experience required by Conduit, as well as the time commitment associated with the role. Fees are normally reviewed at least every two years, but not necessarily increased. Non-Executive Directors are not eligible for participation in Conduit's incentive plans.<br><br>Travel and other reasonable expenses incurred by Non-Executive Directors while performing their duties for Conduit are reimbursed (including any tax where these are deemed to be taxable benefits). Non-Executive Directors are included in the Directors' and Officers' Indemnity Insurance Policy. |
| **Maximum opportunity** | The amount of any remuneration payable to Non-Executive Directors shall be determined by the Board (excluding the Non-Executive Directors).<br><br>An aggregate remuneration limit applies under Conduit's Bye-laws and shall not exceed $1.3 million per annum (unless otherwise approved by the shareholders). |
| **Performance metrics** | None. |

## Performance targets

The Committee aims to ensure that performance targets for the annual bonus and long-term incentive awards to executive directors are closely aligned to Conduit's short-term and long-term objectives. The Committee has determined the most appropriate performance measures and targets, considering Conduit's key priorities over both the short and long-term.

Details are included in Conduit's Annual Report and Accounts each year, subject to limitations with regards to commercial sensitivity for the annual bonus (where general terms will be provided), and the full details are then disclosed following the end of the financial year in Conduit's next Annual Report and Accounts, again, subject to limitations with regards to commercial sensitivity for the annual bonus (if appropriate).

## Malus and clawback

The Committee will have the discretion to reduce a bonus or long-term incentive award (malus) or require repayment of a bonus award or require the return of shares received under the long-term incentive (clawback) where it considers that there are exceptional circumstances. Such exceptional circumstances are limited to:

- material misstatement of results, financial or otherwise;
- error in the calculation of the bonus payable or the number of shares over which an award is granted or vests;
- corporate failure resulting in the appointment of a liquidator or administrator to Conduit;
- Conduit entering into a compromise or similar arrangement with its creditors;
- material failure of risk management and/or regulatory non-compliance resulting in serious reputational damage for Conduit; or
- unreasonable failure to protect the interests of employees and/or customers.

Clawback will apply for a period of three years following vesting/payment of an award.

In addition to the above noted circumstances for initiating malus and clawback provisions, there are two additional exceptional circumstances which are applicable under the terms of the MIP:

- Material breach of any post-termination employment covenants; or
- Fraud or a financial criminal act, which affects Conduit and carries a custodial sentence during the course of employment.

## Committee discretions

The Committee operates under the powers delegated to it by the Board and operates the benefit and incentive plans in accordance with the relevant plan rules and any applicable legislation. The Committee retains a number of discretions to ensure effective operation of the benefit and incentive plans. These discretions are standard market practice and include (but are not limited to) the following:

- Selecting the participants in the plans.
- Determining the timing of payments/grant of awards.
- Determining the quantum of awards and/or payments (within the limits set out in the Remuneration Policy).
- Determining the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the Remuneration Policy and rules of each plan.
- Determining the extent of pay-out based on the assessment of performance.
- Overriding formulaic annual bonus or long-term incentive award vesting outcomes, taking account of overall or underlying company performance.
- Determining whether and to what extent dividend equivalents should apply to awards.
- Determining whether malus and/or clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which they shall be applied.
- Making appropriate adjustments required in certain circumstances, for instance for changes in capital structure (or any similar corporate event).
- Application of the holding period.
- Determining good leaver status for incentive plan purposes and applying the appropriate treatment.
- Agreeing to early payment of deferred bonuses to Executive Directors on an exceptional basis.
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan from year to year.

The Committee can relax the share ownership requirement in exceptional circumstances and may alter the operation of the guidelines to reflect changing market practice, the expectations of institutional shareholders and/or such other matters as the Committee considers appropriate.

If an event occurs that results in the annual bonus plan or LTIP performance conditions and/or the targets being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions.

In addition, the Committee may exercise its discretion to make other non-material decisions affecting the Executive Directors' awards in order to facilitate the plans.

Any use of the above discretion would, where relevant, be explained in Conduit's Annual Report on Remuneration of Directors.

## Legacy arrangements

For the avoidance of doubt, any commitments entered into by Conduit prior to the approval and implementation of the Remuneration Policy outlined in the policy table may be honoured, even if they are not consistent with the policy prevailing at the time the commitment is fulfilled.

This includes the MIP, which was in place prior to the IPO and this Remuneration Policy. Details of the MIP can be found on pages 36-37 of the 2020 Annual Report and Accounts.

It may also include commitments to future Executive Directors where the terms were agreed prior to (and not in contemplation of) promotion to Executive Director, which includes satisfying awards of variable remuneration based on the terms agreed at the time the award was granted.

## Service agreements – Executive Directors

Conduit's policy is for executive directors to have service agreements which (i) may be terminated by Conduit forthwith 'for cause' without any payment by way of compensation, damages, payment in lieu of notice or otherwise in certain circumstances including, inter alia, if the executive commits any act of gross misconduct or fraud or dishonesty, or commits any repeated misconduct or continued poor performance after due warning being given, and (ii) may be terminated by either party on six months' written notice to the other party.

If such notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension, per the terms of their service agreement, for the duration of their notice period during which time Conduit may require the individual to continue to fulfil their current duties or may assign a period of garden leave. Service agreements do not contain liquidated damages clauses.

Conduit may elect to make a payment in lieu of notice equivalent in value to a maximum of six months' base salary and benefits, including pension contribution but excluding bonus (which would be considered separately in the appropriate circumstances), payable in monthly instalments, which would be subject to mitigation if alternative employment is taken up during this time. Alternatively, the Remuneration Committee retains discretion to provide this payment as a lump sum.

In some cases, an Executive Director may be determined a good leaver. Good leavers may receive an annual bonus payment, which will normally be subject to the satisfaction of the relevant performance criteria tested at the normal date and, ordinarily, the outcome will be calculated on a time pro-rata basis to date of departure. The Committee retains discretion on whether the whole bonus payable is paid in cash, or whether part of it is deferred either in cash or shares.

In the event of termination for cause (e.g. gross misconduct) the Executive Director will cease to perform their services immediately.

In addition, and consistent with market practice, Conduit may pay a contribution towards the Executive Director's legal fees for entering into a statutory agreement, may pay a contribution towards fees for outplacement services as part of a negotiated settlement, or may make a payment to settle claims the Executive Director may have. There is no provision for additional compensation on termination following a change of control. Payment may also be made in respect of accrued benefits, including holiday not taken.

In the event of a change of control or similar event, equity scheme awards may vest early subject to the rules of the applicable schemes including satisfaction of performance conditions and, normally, any bonus entitlement would be subject to prorating on a time apportioned basis.

The Committee may at its discretion determine that awards shall not be subject to time pro-rating or be subject to pro-rating to a lesser extent if it considers it appropriate in the circumstances. Alternatively, following an internal reorganisation which results in a change of control, awards may be rolled over into awards in the acquiring company.

## Service agreements – Non-Executive Directors

Non-Executive Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period.

In addition, in accordance with The UK Code, all directors are subject to annual re-election at AGMs. Thus, any Non-Executive Director service term renewal is subject to Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period.

## Recruitment of Directors – approach to remuneration

Consistent with best practice, remuneration packages for any new appointments to the Board and senior employees (including those promoted internally) will be set in line with the Remuneration Policy which is in place for the period from 2024 to 2026 inclusive.

In setting base salaries for new Executive Directors, the Committee will consider the individual's level of skills and experience. Where it is appropriate to offer a below-market salary on initial appointment, the Committee will have the discretion to allow phased salary increases over a period of time for a newly appointed Executive Director up to an appropriate salary for the appointment, even though this may involve increases in excess of those awarded to the wider workforce.

Benefits will be offered in line with the Policy. For both external and internal appointments, the Committee may consider it appropriate to pay additional reasonable short-term benefits, such as relocation allowances, and any other market best practice benefits relevant to the industry and marketplace norms at the time. This will ordinarily be for a reasonable but fixed period of time and will be disclosed on appointment. Pension will normally be in line with the wider workforce.

Annual bonus will be determined in line with the Remuneration Policy and will be pro-rated in the year of joining to reflect the period of service. In setting the annual bonus, the Committee may set different performance metrics (to those of other Executive Directors) in the first year of appointment.

Participation in the LTIP would be in accordance with the information set out in the Remuneration Policy. Awards may be made on or shortly after an appointment, subject to prohibited periods. Different performance conditions may be set as appropriate.

For external appointments, the Remuneration Committee recognises that it may need to provide compensation for forfeited awards from the individual's previous employer. To the extent possible, the design of any buyout will be made on a broadly like-for-like basis and shall be no more generous than the terms of the incentives they are replacing, taking into account the performance conditions attached to the vesting of the forfeited incentives, the timing of vesting and the likelihood of vesting. For an internal appointment, any variable pay element or benefit awarded in respect of their prior role may be allowed to continue on its original terms.

The Committee may also use the flexibility provided (being best practice rather than a requirement) under the UK Listing Rules to make awards as provided for under UK Listing Rule 9.3.2 (2) without prior shareholder approval.

The terms of appointment for a new Non-Executive Director will be in accordance with the Remuneration Policy for Non-Executive Directors as set out in the Remuneration Policy table.

## Executive Directors' external appointments

Executive Directors may accept external appointments as Non-Executive Directors of other companies, as long as the companies concerned are not competitors of Conduit, and the appointment will not adversely affect the performance of the Executive Director for Conduit, and with the specific prior approval of the Board in each case. Any fees receivable may be retained by the executive director concerned.

## How shareholders' views are taken into account

The Committee considers the views of shareholders when reviewing the remuneration of Executive Directors and other senior executives, and takes into account published remuneration guidelines and the specific views of shareholders and proxy agencies. The Committee consults with Conduit's key shareholders when considering any significant changes to the implementation of the Remuneration Policy and when the Remuneration Policy is being reviewed (typically ahead of an AGM binding vote on the Remuneration Policy). The Committee will consider shareholder feedback received before and after an AGM. The Committee values feedback from its shareholders and seeks to maintain a continued, open dialogue.

| Director | Date of Appointment | Expiry of term[1] |
|---|---|---|
| Elizabeth Murphy | 18 November 2020 | 18 November 2026 |
| Ken Randall | 18 November 2020 | 18 November 2026 |
| Malcolm Furbert | 18 November 2020 | 18 November 2026 |
| Sir Brian Williamson[2] | 18 November 2020 | 15 May 2024 |
| Michelle Seymour Smith | 15 September 2021 | 15 September 2027 |
| Rebecca Shelley | 24 July 2023 | 24 July 2026 |
| Stephen Redmond | 14 May 2024 | 14 May 2027 |

1. Succession planning for Board positions is discussed on page 54. All Directors are put up for re-election annually at the AGM.
2. Sir Brian Williamson stepped down from the Board and related Board Committees on 15 May 2024.

## Broader employee context – consideration of employment conditions elsewhere in Conduit

In accordance with the Remuneration Committee's terms of reference, when setting remuneration for Executive Directors, the Committee reviews the pay and conditions across Conduit. Conduit aims to provide a market competitive package to all employees and the Committee considers executive remuneration in the context of the wider employee population.

The Remuneration Policy for Executive Directors is weighted more towards variable pay than for other employees, with a greater part of their pay therefore at risk to them and conditional on the successful delivery of Conduit's business strategy. The operation of the bonus scheme for the Executive Directors is consistent with Conduit's other senior employees. Bonus pools are determined based on financial performance against a target which is reviewed annually. Bonuses for more junior employees are calculated using a more formulaic approach. The operation of the LTIP for any Executive Director that participates is consistent with Conduit's other senior employees except that awards to Executive Directors must be subject to performance conditions.

While employees are not directly consulted on matters of remuneration policy for Executive Directors, the Committee liaises with the Head of Human Resources to ensure that there is an appropriate level of consultation between the Board, HR and Conduit's employees on remuneration matters. The results of any employee feedback, whether direct feedback or as part of the employee engagement survey process, is reported to the Committee.

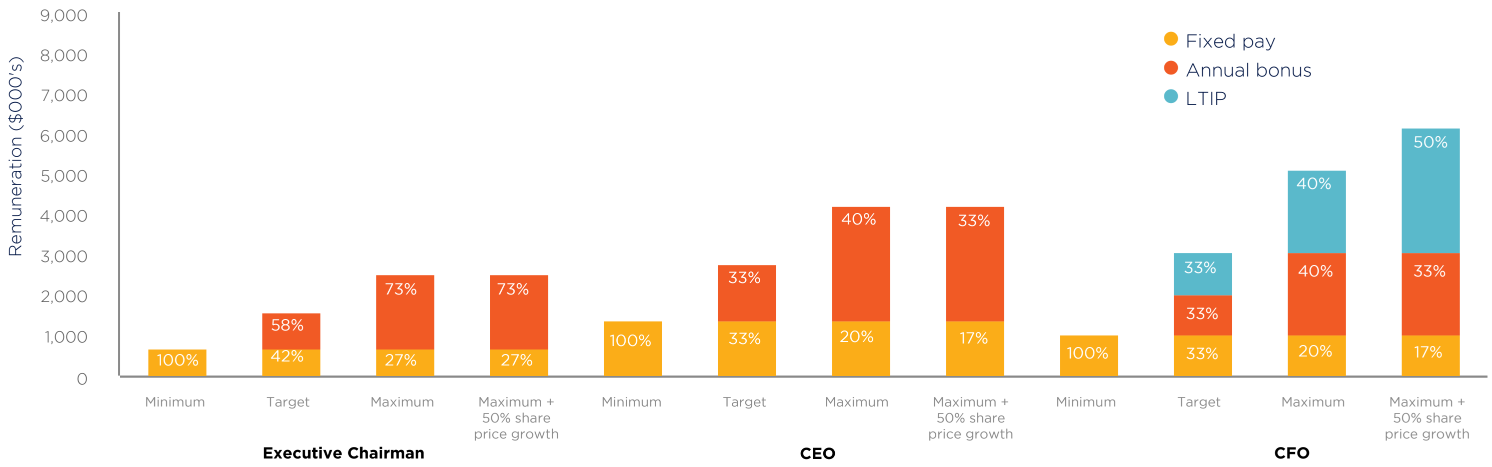
## Illustration of the Remuneration Policy

The chart below sets out the potential values of the remuneration package of the Executive Directors in line with the Remuneration Policy for 2025 under various performance scenarios.

### Notes to Future Policy Illustration

- Minimum: Fixed pay (salary, benefits and pension).
- Target: Fixed pay and annual bonus at 50% of the maximum opportunity and LTIP at 50% of maximum.
- Maximum: Fixed pay and maximum achievable annual bonus and LTIP.
- Maximum with 50% share price growth: Fixed pay and maximum achievable annual bonus and LTIP at 1.5x maximum.
- Salary represents annual base pay for 2025.
- Benefits have been included based on the actual 2024 value of benefits (including housing allowances).
- Pension represents the value of the annual pension of 10% of salary contributed by Conduit.
- LTIP represents intended awards for the CEO and CFO in 2025. No LTIP award is included for the Executive Chairman who has waived his right to participate in the LTIP.

### Remuneration Policy Future Illustration



# 2024 Remuneration Report

This section summarises the Directors' remuneration for the year ended 31 December 2024 and how the Remuneration Policy will be implemented for the year ahead. This report on remuneration together with the Remuneration Committee Chair's Statement, as detailed on pages 64 to 65, will be put to an advisory vote at the 2025 AGM. The following sections in respect of Directors' remuneration have been audited by KPMG Audit Limited:

- Single figure of remuneration.
- Non-Executive Director fees.
- 2025 annual bonus payments in respect of 2024 performance.
- Deferred bonus awards.
- Directors' shareholdings and share interests.

## Executive Directors' single figure of remuneration

The table below sets out the total remuneration (in $000) for Executive Directors for the year ended 31 December 2024.

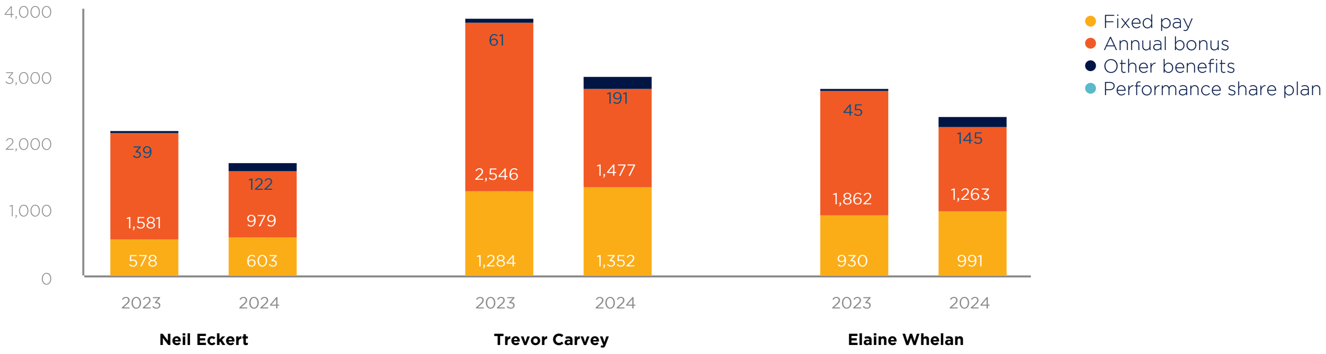
| **Executive Director** | Year | Salary | Benefits[1] | Pension or payment in lieu[2] | Annual bonus[3] | LTIP[4] | MIP[5] | Other[6,7] | **Total fixed remuneration** | **Total variable remuneration** | **Total remuneration** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Neil Eckert[8] | **2024** | **590** | **1** | **11** | **979** | **-** | **-** | **122** | **602** | **1,101** | **1,703** |
| | 2023 | 562 | 1 | 14 | 1,581 | – | – | 39 | 577 | 1,620 | 2,197 |
| Trevor Carvey | **2024** | **891** | **372** | **89** | **1,477** | **-** | **-** | **191** | **1,352** | **1,668** | **3,020** |
| | 2023 | 849 | 350 | 85 | 2,546 | – | – | 61 | 1,284 | 2,607 | 3,891 |
| Elaine Whelan | **2024** | **652** | **274** | **65** | **1,263** | **-** | **-** | **145** | **991** | **1,408** | **2,399** |
| | 2023 | 621 | 247 | 62 | 1,862 | – | – | 45 | 930 | 1,907 | 2,837 |

Notes to single figure table

1. Benefits for Bermuda-based executive Directors are comprised of the employee obligations which are paid by Conduit with respect to: Bermuda payroll taxes, Bermuda social insurance, medical, dental and vision coverage, life insurance, housing and other allowances paid or to be paid by Conduit in line with standard market practice. Benefits for the Executive Chairman, Neil Eckert, who is UK-based, represent the annual well-being/gym allowance paid to him; there are no other benefits paid to the Executive Chairman.
2. The Executive Directors' pension provision is aligned to that of the rest of the workforce at 10% of pensionable earnings. Executive Directors may elect to take cash in lieu of pension, subject to compliance with applicable law From 1 January to 30 September 2024, Neil Eckert was employed via service agreements split between CHL and CRSL. The noted pension payment for Neil is a reflection of his UK contractual pension benefit until 30 September 2024. He was not eligible to receive a pension benefit in respect of his services agreement with CHL.
3. Executive Director bonus awards are stated as the full value of the bonus award; up to 50% of bonuses awarded are payable as a deferred share award of an equivalent value.
4. No LTIP awards were made to Executive Directors in 2023. Elaine Whelan received a LTIP award in 2024, none of which vested during 2024.
5. The first relevant anniversary date for calculation of the performance condition under the MIP was 7 December 2024. No awards vested under the MIP during the year.
6. Dividend equivalents on the deferred bonus awards which vested during the year are included at the date of vesting, 25 March 2024 (using a share price of £3.6360 and a GBP to US$ foreign exchange rate of 1.25820).
7. 2023 'Other' has been re-presented to reflect the value of dividends accrued on Deferred Share Bonus Plan (DSBP) awards which vested on 25 March 2023.
8. CRSL ceased to operate with effect from 30 September 2024 and entered a process of dissolution. Therefore, Neil Eckert's employment agreement with CRSL was terminated and he entered into a new services agreement solely with CHL with effect from 1 October 2024 in his capacity as Executive Chairman of CHL. As Neil is resident in the UK, there are no contractual benefits for which he is eligible under his terms and conditions.

The following chart summarises the remuneration disclosed above for each Executive Director in respect of 2023 and 2024:

**Executive Director remuneration ($000s)**




## Annual bonus

In line with the Remuneration Policy, annual bonus awards for the Executive Directors were based on the financial performance of Conduit and the personal contributions of each Executive Director, with the financial component making up 75% of the overall opportunity and 25% based on personal contribution and/or meeting strategic objectives. The financial measure for 2024 was RoE. The following table shows the targets and the resulting level of payout for each Executive Director.

### Financial Performance (75%)

| | Threshold | Target | Maximum | Actual | Financial element pay-out |
|---|---|---|---|---|---|
| RoE | 9.0% | 12.0% | 17.0% | 12.7% | 114% |

**Executive Directors' performance objectives (25%)**

The performance of each of the Executive Directors was evaluated against their performance objectives for the year.

| | Performance objectives | Assessment |
|---|---|---|
| **Neil Eckert**<br>• Effective leadership and management of the Board of Directors.<br>• Development of the investor relations and general business strategy.<br>• Advocate for Conduit's ESG strategy. | Effectively perform the duties of the Chairman's role, primarily achieved through overseeing the business and investor relations strategy as well as managing the Board of Directors.<br><br>Perform a leading role in promoting ESG principles across the business.<br><br>Support the CEO to ensure the efficient operation of Conduit. | In Neil's executive role, his primary focus is on the comprehensive oversight and active participation in shaping and executing Conduit's investor relations strategy. This involves engaging directly with both current and potential investors, as well as conducting discussions with brokers and financial analysts. Through these key relationships, Neil ensures that Conduit's investment narrative is compelling and transparent, thereby enhancing investor confidence and market perception.<br><br>Moreover, Neil plays a pivotal role in driving Conduit's ESG initiatives. He represents Conduit in various high-profile public forums, articulating Conduit's commitment to sustainable and responsible business practices. His contributions in this area are instrumental in aligning Conduit's operations with global sustainability standards and societal expectations.<br><br>Beyond these specific responsibilities, Neil provides invaluable advice and strategic guidance to Trevor and the Board. His insights are particularly useful in navigating corporate strategy matters and orchestrating effective Board succession planning. Through his seasoned leadership and comprehensive understanding of Conduit's business landscape, he helps to ensure that Conduit is well-positioned for long-term success. |

| | Performance objectives | Assessment |
|---|---|---|
| **Trevor Carvey**<br>• Effective leadership and management of the senior executive team and group.<br>• Development of the general business strategy.<br>• Incorporate ESG principles into the business. | Effectively perform the duties of the CEO role: managing the business in line with the strategy and business plan, participation in relevant Committee meetings including leading the executive team, making recommendations to improve business operations, and actively participate in the development and execution of the investor relations strategy.<br><br>Lead the executive team, ensuring they are all contributing to business strategy growth and development, including fostering strong relationships with our investors.<br><br>Perform a leading role in promoting ESG principles across the business. | Trevor's leadership as CEO has been instrumental in ensuring the continued growth and development of Conduit. His strategic guidance and effective management have led to significant achievements in the business's fourth year.<br><br>Trevor has spent time managing key investor and stakeholder relationships, actively engaging with them to build trust and confidence. Simultaneously, he has provided oversight and direction to the business, facilitating the addition of key leadership roles. This has been important in maintaining Conduit's trajectory towards achieving its strategic objectives and cultivating a quality portfolio of business.<br><br>Trevor has steered Conduit through another successful growth phase and his leadership has positioned Conduit to navigate the current market cycle and capitalise on emerging business opportunities. |

| | Performance objectives | Assessment |
|---|---|---|
| **Elaine Whelan**<br>• Effective leadership and management of the finance and investments and treasury functions for Conduit.<br>• Contribution to the general finance and investment strategies.<br>• Incorporation of ESG principles into the investment portfolio. | Effectively perform the duties of the CFO role: managing production of financial reports which are required as a public company, participation in relevant Committee meetings including making recommendations to improve capital efficiency and risk-adjusted returns, and actively participating in the development and execution of the investor relations strategy.<br><br>Demonstrate leadership and management of the finance team.<br><br>Manage Conduit's investment portfolio while working in conjunction with the Investment Committee and CEO.<br><br>Perform a leading role in promoting ESG principles within the investment portfolio. Manage our rating agency relationships, update the CEO on matters which will get rating agency attention and recommend action/ communication.<br><br>Contribute, as a member of the executive team, to the efficient operation of Conduit. | In the fourth year of Conduit's operation, Elaine sponsored and led a number of key deliverables and projects. Work continued to embed IFRS 17 into our BAU and the relevance on results and our disclosures. All financial reporting deadlines were met and projects were within budget. Elaine fostered strong engagement both internally and externally with relevant stakeholders. Elaine continued to oversee the Company's investment portfolio, making recommendations for new products, managers and ESG goals.<br><br>Elaine's forward-planning skills have ensured that there is appropriate resource allocation to ensure that financial reporting and systems projects are delivered in a timely manner.<br><br>Elaine is a strong contributor to management discussions and general direction of the broader business and interacts well while delivering her viewpoint to colleagues and team members.<br><br>Elaine continues to ensure that all finance systems continue to be robust and integrated with the business to support the business strategy and to ensure timely and accurate financial reporting. |

As a result of the performance assessment outcomes, the Committee determined bonuses for the Executive Directors as follows:

| | Financial element pay-out (% of weighted element) | Personal element pay-out (% of weighted element) | Actual bonus pay-out (% of maximum) |
|---|---|---|---|
| Neil Eckert | 114% | 100% | 55.3% |
| Trevor Carvey | 114% | 100% | 55.3% |
| Elaine Whelan | 114% | 175% | 64.6% |

In accordance with the Remuneration Policy, bonus awards are subject to a maximum of 300% of base salary. Up to 50% of bonuses awarded are payable as a deferred share award of an equivalent value (with the number of shares calculated using the average of the share price at the close of the market over the five days prior to the day that the award is granted). These awards vest under the terms defined in the deferred shares bonus scheme rules; i.e., over three years with one-third of the award vesting (including dividend equivalents) in each of the following three years. The Committee considers this to be an appropriate structure with the deferral serving as a retention mechanism over the three-year period. Deferral over three years is also in line with the expected duration of Conduit's claims reserves.

| | Actual bonus pay-out (% of maximum) | Maximum opportunity (% of salary) | Actual bonus pay-out (% of salary) | Outcome ($000) | Cash bonus paid, $000 (50%) | Bonus deferred into shares, $000 (50%) |
|---|---|---|---|---|---|---|
| Neil Eckert | 55.3% | 300 | 165.8% | 978,573 | 489,287 | 489,286 |
| Trevor Carvey | 55.3% | 300 | 165.8% | 1,477,091 | 738,546 | 738,545 |
| Elaine Whelan | 64.6% | 300 | 193.9% | 1,263,402 | 631,701 | 631,701 |

## Scheme interests awarded during the year

### Deferred Share Bonus Plan (DSBP) awards

All Conduit employee's are eligible to participate in the DSBP. Under the Remuneration Policy, up to 50% of an Executive Director's annual bonus is deferred into shares under the DSBP. Details of the awards for Executive Directors under the DSBP made during the year, in respect of their 2023 annual performance bonus, are below.

| | Award Type | Grant date | Number of awards granted during the year | Face value of awards granted during the year[1] ($000) | % vesting annually (not subject to performance conditions) |
|---|---|---|---|---|---|
| Neil Eckert | Deferred Bonus | 25-Mar-24 | 121,603 | 791 | 33.33 |
| Trevor Carvey | Deferred Bonus | 25-Mar-24 | 195,788 | 1,273 | 33.33 |
| Elaine Whelan | Deferred Bonus | 25-Mar-24 | 143,170 | 931 | 33.33 |

1. The awards were calculated using the five-day average closing share price and FX rate preceding the award date, being $6.50 using the pound sterling to US dollar FX conversion rate of 1.2684.

### Long-term incentive plan

Executive Director awards granted during the year as a Performance Condition award under the CHL LTIP are disclosed below. Further details of the LTIP can be found in the policy table on pages 67 to 71.

| | Award level[1] (% of salary) | Grant date | Number of awards granted during the year[2] | Face value of awards granted during the year[3] ($000) | % vesting at threshold performance |
|---|---|---|---|---|---|
| Neil Eckert | – | – | – | – | n/a |
| Trevor Carvey | – | – | – | – | n/a |
| Elaine Whelan | 250 | 21-Jun-2024 | 248,123 | 1,629 | 25 |

1. Neil Eckert and Trevor Carvey did not receive an LTIP award in 2024. Neil Eckert has agreed to forgo any participation in the LTIP scheme.
2. The number of awards was based on the five-day average closing share price following shareholder approval of the Remuneration Policy at Conduit's 15 May 2024 AGM. The award date was set at 21 June 2024 with the awards being granted at a share price of $6.57 using the pound sterling to US dollar FX conversion rate of 1.2695.
3. These awards are due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2026 and becoming exercisable in the first open period following the release of Conduit's 2026 year-end results.

## Performance conditions attached to LTIP awards

### Growth in Net Asset Value (NAV) per share – 75% weighting[1]

| Vesting % | 2024 |
|---|---|
| 100 % | 13 % |
| 25 % | 5 % |
| Nil | <5% |

### Absolute Total Shareholder Return (TSR) – 25% weighting[2]

| Vesting % | 2024 |
|---|---|
| 100 % | 13 % |
| 25 % | 5 % |
| Nil | <5% |

1. The NAV performance condition will be measured on an annual basis, with the award effectively split into three. In each year, performance will be measured against the target range established for that year, to determine the level of vesting in respect of one third of the total award. Actual vesting will only occur after completion of the full three-year performance period and is subject to continued employment of the Executive Director at the time of vesting. Year-end shareholders' equity includes the comprehensive income (loss) for the financial year adjusted for dividends declared. Intangible assets are excluded from shareholders' equity to calculate the net tangible asset value per share.
2. Absolute TSR will be measured over the full three-year period of the award, rather than each individual year within the period.

## Payments for loss of office

No Executive Director left the employment of Conduit during the year under review.

## Payments to past Directors

No payments were made to past Directors during the year except agreed fees in respect of the period during which they served as director (as set out in the fees paid table below).

## Non-Executive Directors

The Non-Executive Director fees have been determined in accordance with the Remuneration Policy set out on page 71. CHL and CRL's Non-Executive Director fees had been unchanged since they were set in November 2020. Consequently, in 2024, Alvarez & Marsal Tax LLP ('A&M'), was engaged to undertake a review of the Non-Executive Director fee rates and to provide recommendations (if any) regarding adjustments to the fees based on A&M's benchmarking analysis.

As a result of the benchmarking review exercise undertaken, the CHL base Non-Executive Director fee was increased from May 2024; all other fees remain the same. The Non-Executive Directors' basic fee is $85,000 per annum (increased in May 2024 from $75,000), with additional annual fees payable in respect of membership of Board Committees of $15,000 per committee and $25,000 for appointment as Chair of a committee (and $15,000 for appointment as Senior Independent Director). The Non-Executive Directors do not participate in incentive schemes. A fee of $25,000 per annum is also payable in respect of Non-Executive Director appointment to the CRL board.

For the year ended 31 December 2024 under the terms of their appointments the Non-Executive Directors of CHL were paid the following fees:

## Aggregate fees paid (including in respect of CRL) $000

| Non-Executive Director | 2024 | 2023 |
|---|---|---|
| Sir Brian Williamson[1] | **45** | 130 |
| Malcolm Furbert | **136** | 130 |
| Elizabeth Murphy | **146** | 140 |
| Ken Randall | **161** | 155 |
| Dr. Richard Sandor[2] | **–** | 89 |
| Michelle Seymour Smith | **136** | 130 |
| Rebecca Shelley[3] | **130** | 46 |
| Stephen Redmond[4] | **73** | – |
| **Total** | **827** | **820** |

1. For 2024, fees include pro-rated fees which reflects Sir Brian Williamson stepping down from the Board and Board Committees with effect from 15 May 2024.
2. For 2023, fees include pro-rated fees which reflects Dr. Richard Sandor stepping down from the Board and Board Committees on 7 November 2023.
3. Rebecca Shelley was appointed to the Board on 24 July 2023. Fees for 2023 were pro-rated from the date of her appointment. Rebecca was appointed Lead Independent Director of the Board from February 2024 and she was appointed to serve as Chair of the Remuneration Committee on 15 May 2024. Fees have been pro-rated.
4. Stephen Redmond was appointed to the Board on 14 May 2024. He was also appointed to serve on the Remuneration and Nomination Committees. Fees for 2024 have been pro-rated from the date of his appointment.

The aggregate remuneration paid for the year ended 31 December 2024 by way of fees for all the Non-Executive Directors was $827,483, made up of $727,483 in respect of CHL and $100,000 in respect of CRL.

## Details of Executive Directors awards under the LTIP and DSBP

Details of the awards for Executive Directors under the LTIP and DSBP are below, including awards made during the year.

| | Scheme under which award was granted | Grant date[1] | Awards held at 1 Jan 2024 | Awards granted during the year | Awards vested during the year[2] | Awards held at 31 Dec 2024 |
|---|---|---|---|---|---|---|
| **Neil Eckert** | DSBP 2022 | 25-Mar-22 | 63,821 | – | 31,905 | 31,916 |
| | DSBP 2023 | 24-Mar-23 | 26,333 | – | 8,776 | 17,557 |
| | DSBP 2024 | 22-Mar-24 | – | 121,593 | – | 121,593 |
| | LTIP 2024[3] | 21-Jun-24 | – | – | – | – |
| | | | **90,154** | **121,593** | **40,681** | **171,066** |
| **Trevor Carvey** | DSBP 2022 | 25-Mar-22 | 100,174 | – | 50,079 | 50,095 |
| | DSBP 2023 | 24-Mar-23 | 39,747 | – | 13,247 | 26,500 |
| | DSBP 2024 | 25-Mar-24 | – | 195,788 | – | 195,788 |
| | LTIP 2024[3] | 21-Jun-24 | – | – | – | – |
| | | | **139,921** | **195,788** | **63,326** | **272,383** |
| **Elaine Whelan** | DSBP 2022 | 25-Mar-22 | 74,252 | – | 37,119 | 37,133 |
| | DSBP 2023 | 24-Mar-23 | 33,905 | – | 11,300 | 22,605 |
| | DSBP 2024 | 25-Mar-24 | – | 143,170 | – | 143,170 |
| | LTIP 2024[3] | 21-Jun-24 | – | 248,123 | – | 248,123 |
| | | | **108,157** | **391,293** | **48,419** | **451,031** |

1. The vesting dates for the DSBP awards are subject to CHL not being in a closed period and are as follows:
   2022 award (for 2021 performance bonus) – vests 33.33% per year over a three-year period, being 25 March 2023, 25 March 2024 and 25 March 2025.
   2023 award (for 2022 performance bonus) – vests 33.33% per year over a three-year period, being 24 March 2024, 24 March 2025 and 24 March 2026.
   2024 award (for 2023 performance bonus) – vests 33.33% per year over a three-year period, being 25 March 2025, 25 March 2026 and 25 March 2027.
2. Vested awards are included in the Executive Directors' shareholdings disclosed on the following page.
3. Neil Eckert and Trevor Carvey did not receive an award under the LTIP in 2024. Elaine Whelan's LTIP award was made after the Remuneration Policy was approved by CHL's shareholders at the 2024 AGM held on 15 May 2024. The number of awards was calculated based on 250% of her base salary, which is below the maximum award level permitted under the provisions of the Remuneration Policy.

## Directors' shareholdings

Details of the Directors' interests in Common Shares are shown in the following table. Executive Directors are required to build and retain a holding of CHL shares equivalent to at least 300% of their base salary.

| | | as at 31 Dec 2024 | | | | |
|---|---|---|---|---|---|---|
| **Executive Director** | Beneficially owned as at 1 Jan 2024 | **Beneficially owned as at 31 Dec 2024** | Share awards not subject to performance conditions DSBP (unvested[1]) | Share awards subject to performance conditions LTIP (unvested[2]) | Guideline % of base salary | Guideline met |
| Neil Eckert[3] | 707,387 | **744,676** | 171,066 | – | 300% | Yes |
| Trevor Carvey[4] | 442,709 | **605,557** | 272,383 | – | 300% | Yes |
| Elaine Whelan | 233,266 | **323,185** | 202,908 | 248,123 | 300% | Yes |

1. Share awards under the DSBP are calculated as up to 50% of the annual bonus award, with the number of shares calculated using the average of the share price at the close of the market over the five trading days prior to the day that the award is granted. See page 82 for details.
2. Awards granted under the LTIP to Executive Directors have performance conditions attached. At the time of vesting, the final vesting details will be disclosed.
3. Neil Eckert's beneficially owned Common Shares includes 49,366 shares owned by his spouse, Nicola Eckert.
4. Trevor Carvey's beneficially owned Common Shares include 4,022 shares owned by his spouse, Catherine Carvey.

| **Non-Executive Director[1]** | Beneficially owned as at 1 Jan 2024 | Beneficially owned as at 31 Dec 2024 |
|---|---|---|
| Sir Brian Williamson[2] | 30,000.00 | 30,000.00 |
| Malcolm Furbert | 8,000.00 | 8,000.00 |
| Elizabeth Murphy | 15,000.00 | 15,000.00 |
| Ken Randall | 55,000.00 | 55,000.00 |
| Michelle Seymour Smith | 20,000.00 | 20,000.00 |
| Rebecca Shelley[3] | 4,088.00 | 4,088.00 |
| Stephen Redmond[4] | – | 25,000.00 |

1. Non-Executive Directors do not receive an annual bonus and therefore do not participate in the DSBP.
2. Sir Brian Williamson retired from the Board with effect from 15 May 2024; any shares purchased or sold by him after this date are not reflected above. From 2025 Sir Brian's holdings will not be reported.
3. Rebecca Shelley was appointed to the Board on 24 July 2023.
4. Stephen Redmond was appointed to the Board on 14 May 2024.

**Management Incentive Plan (MIP)**
As previously disclosed, a share incentive plan, the MIP, was put in place prior to Admission for Neil Eckert and Trevor Carvey (the founders of Conduit) and other senior managers who are expected to make key contributions to the success of Conduit from Admission. Upon appointment in January 2021, Elaine Whelan was awarded options over MIP Shares as disclosed below.

The table below sets out the respective MIP Share allocations for each of the Executive Directors at 31 December 2024:

| Name | USD MIP Shares | GBP MIP Shares | Percentage of MIP |
|---|---|---|---|
| Neil Eckert | 45,000 | 45,000 | 45 % |
| Trevor Carvey | 30,000 | 30,000 | 30 % |
| Elaine Whelan[1] | 5,000 | 5,000 | 5 % |
| Total | 80,000 | 80,000 | 80 % |

1. Elaine Whelan's MIP award is in the form of a nil-cost option over MIP Shares.

No additional MIP awards can be granted. The MIP was facilitated by subscription for shares in Conduit MIP Limited (CML) (a direct subsidiary of CHL, which is an intermediate holding company of CRL). Under the MIP, Executive Directors and other senior managers invited to participate subscribed for MIP Shares or were issued nil-cost options over MIP Shares in CML. Half of the MIP Shares are denominated in pounds sterling (GBP MIP Shares) and half in US dollars (USD MIP Shares).

The first relevant anniversary date for calculation of the performance condition under the MIP was 7 December 2024. As the performance condition was not met, no awards under the MIP were exercised in the year under review. Tranches of MIP awards that do not meet the performance condition will roll forward for assessment at the next relevant anniversary date which is 7 December 2025. Subject to the terms of the MIP, if the performance condition is satisfied at the relevant time, the MIP Shares will be exchanged automatically for Common Shares of CHL for an aggregate value equivalent of up to 15% of the excess of the Market Value of CHL over and above the Invested Equity (the 'Growth'). This equates to 7.5% of the Growth based on calculations in pounds sterling for the GBP MIP Shares and 7.5% of the Growth based on calculations in US dollars for the USD MIP Shares.

If (1) the performance condition is satisfied for either or both of the GBP MIP Shares or the USD MIP Shares on each of the fourth, fifth, sixth and seventh anniversaries of Admission and (2) no takeover of CHL or sale or liquidation of CML has taken place before any of those dates, one quarter of the relevant MIP Shares (delivering 1.875% of the Growth to the relevant shares) (each a Tranche) will be automatically exchanged for such number of Common Shares of CHL as have an aggregate value (at the closing share price for the trading day immediately prior to the date of the exchange) equal to 1.875% of the Growth at the date of the exchange. Whenever the performance condition has not been satisfied on the relevant anniversary date in respect of a Tranche, those MIP Shares which might otherwise have been exchanged will not be exchanged and will automatically exchange at the next anniversary date on which the performance condition is satisfied. If the performance condition is satisfied, any MIP Shares that have not automatically been exchanged for Common Shares of CHL before that date will on the effective date of any takeover of CHL or sale or liquidation of CML be exchanged (delivering the remainder of the 7.5% of Growth for each of the USD MIP Shares and the GBP MIP Shares).

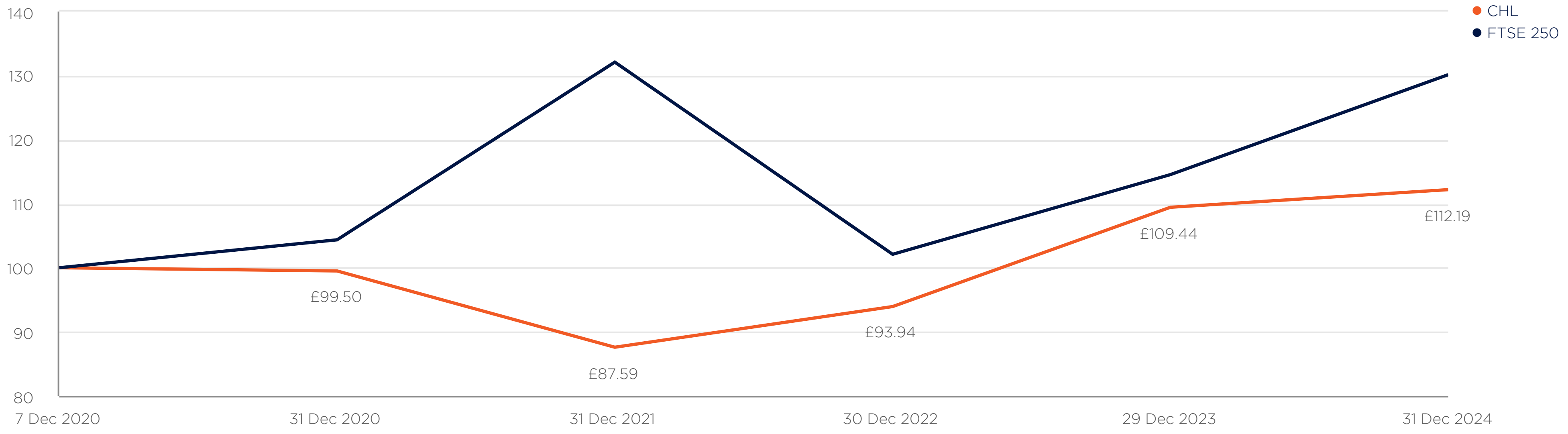
If on the seventh anniversary of Admission, the performance condition is not satisfied, all MIP Shares to be exchanged for Common Shares of CHL on that date will be redeemed for 1 pence (sterling) in aggregate. Similarly, on a takeover of CHL or sale or liquidation of CML, if the performance condition is not satisfied, all of the MIP Shares will be redeemed for 1 pence (sterling) in aggregate. MIP Shares are subject to customary leaver provisions and malus/clawback principles.

The performance condition for the MIP is the compound annual growth rate achieved by CHL's shareholders on the date of the relevant exchange of MIP Shares for Common Shares of CHL must be equal to or greater than 10% per annum. The performance condition is measured by reference to (1) any growth in CHL's market capitalisation, (2) any dividends paid to common shareholders and (3) any other returns of value to common shareholders. The performance condition is calculated on the initial capital raised at Admission then (and from the date of any future equity investment in Conduit on that equity) to the date of the relevant exchange. It also takes into account the timing of any prior returns to holders of Common Shares. The performance condition will be calculated separately in US dollars for the USD MIP Shares and pounds sterling for the GBP MIP Shares.

## Performance graph and table

This graph below shows the value of £100 invested in CHL compared with the value of FTSE 250 (excluding Investment Trusts) since Admission.

**CHL relative to FTSE 250 (7 December 2020 – 31 December 2024)**



## CEO single figure of remuneration

The table below shows the pay information of the CEO (in $000).

| | **2024** | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| CEO total remuneration | $3,020 | $3,847 | $1,699 | $2,649 | $606 |
| Actual bonus as a % of maximum | 55.3 | 100 | 19 | 59 | n/a |
| Actual share award vesting as % of the maximum | n/a | n/a | n/a | n/a | n/a |

## Relative importance of the spend on pay

The table below shows Conduit's expenditure on employee pay compared with distributions to shareholders for the period under review.

| | **2024 $m** | 2023 $m | 2022 $m | Percentage change % |
|---|---|---|---|---|
| Distributions to shareholders | 59.5 | 59.3 | 59.3 | 0.3 % |
| Total employee pay | 41.7 | 31.8 | 22.3 | 31.1 % |

## CEO pay ratio

The majority of Conduit's employees are based in Bermuda, with fewer than 250 employees globally. As a result, there is no legal requirement to publish a CEO pay ratio.

However, Conduit voluntarily reports the CEO pay ratio in line with its commitment to high standards of corporate governance. The CEO pay ratios have been calculated using Conduit's total employee base as at 31 December in each respective year.

| | Calculation method | **2024** | 2023 | 2022 |
|---|---|---|---|---|
| 25th percentile Total Pay Ratio | A | **15:1** | 24:1 | 14:1 |
| Median Total Pay Ratio | A | **10:1** | 15:1 | 9:1 |
| 75th percentile Total Pay Ratio | A | **6:1** | 9:1 | 4:1 |

The table above sets out the single figure of remuneration for the CEO as compared with the single figure of remuneration of employees at the 25th percentile, median and 75th percentile.

Conduit uses methodology A and defines the population as all Conduit employees employed at the close of the financial year, excluding contractors, to calculate the total annual remuneration. Total annual remuneration is defined and calculated on the same basis used for the Executive Directors in the single figure of remuneration. This methodology was selected as it is considered the most accurate calculation method for the ratio calculations.

| | **25th percentile pay ratio** | | **Median pay ratio** | | **75th percentile pay ratio** | |
|---|---|---|---|---|---|---|
| | **Total remuneration ($)** | **Base salary ($)** | **Total remuneration ($)** | **Base salary ($)** | **Total remuneration ($)** | **Base salary ($)** |
| 2024 | 197,985 | 156,818 | 302,770 | 222,789 | 498,036 | 275,000 |
| | 15:1 | 6:1 | 10:1 | 4:1 | 6:1 | 3:1 |

## Percentage change in remuneration[1]

Given that Conduit was incorporated on 7 December 2020 and was therefore listed for less than a month in 2020 following Admission, a year-on-year comparison in remuneration for 2020 versus 2021 is of limited use. As previously noted, market-loss events and mark-to-market unrealised losses on investments had a negative impact on remuneration in 2022 as disclosed in the single figure of remuneration (in ,000) disclosure in the 2022 Annual Report and Accounts. The year-on-year percentage changes in remuneration for the Executive Directors and fees for Non-Executive Directors is disclosed below. The percentage change in remuneration for employees of Conduit represent all the total employee compensation costs, inclusive of equity-based compensation charges, for the respective years as disclosed in note 7 of the financial statements on page 142.

| Percentage change in remuneration table | 2024 | | | 2023 | | | 2022 | | | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | **Salary / fees** | **Benefits[1]** | **Bonus** | **Salary / fees** | **Benefits[1]** | **Bonus** | **Salary / fees** | **Benefits[1]** | **Bonus** | |
| Neil Eckert[2] | **5.0** | **150.3** | **-38.1** | 3.0 | 259.1 | 415.0 | 3.0 | -5.2 | -66.6 | n/a |
| Trevor Carvey | **5.0** | **31.4** | **-42.0** | 3.0 | 20.4 | 449.3 | 3.0 | 1.4 | -67.9 | n/a |
| Elaine Whelan[3] | **5.0** | **36.9** | **-32.1** | 3.0 | 16.7 | 370.9 | 8.9 | 12.4 | -63.0 | n/a |
| **Non-Executive Directors** | | | | | | | | | | |
| Sir Brian Williamson[4] | **-65.6** | **n/a** | **n/a** | 0 | n/a | n/a | 0 | n/a | n/a | n/a |
| Malcolm Furbert | **4.8** | **n/a** | **n/a** | 0 | n/a | n/a | 0 | n/a | n/a | n/a |
| Elizabeth Murphy | **4.4** | **n/a** | **n/a** | 0 | n/a | n/a | 0 | n/a | n/a | n/a |
| Ken Randall | **4.0** | **n/a** | **n/a** | 0 | n/a | n/a | 0 | n/a | n/a | n/a |
| Michelle Seymour Smith[5] | **4.8** | **n/a** | **n/a** | 1.7 | n/a | n/a | 312.5 | n/a | n/a | n/a |
| Rebecca Shelley[6] | **182.9** | **n/a** | **n/a** | 46.1 | n/a | n/a | n/a | n/a | n/a | n/a |
| Stephen Redmond[7] | **72.6** | **n/a** | **n/a** | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Employees of the parent company | **n/a** | **n/a** | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Employees of the Group | **14.4** | **69.9** | 4.6 | 14.2 | 26.5 | 252.1 | 52.0 | 55.4 | -59.3 | n/a |

1. Benefits includes equity compensation disclosed in 'Other' on page 76 in the Executive Directors' 'Single figure of remuneration' table. In 2023 and 2024, there were equity awards under the DSBP which accrued dividend equivalents. Upon vesting these dividend equivalents were calculated and are represented within the reported benefits.
2. From 1 January to 30 September 2023, Neil Eckert was employed via service agreements split between CHL and CRSL, to delineate his duties. All salary and benefits payable through CRSL as a result of this arrangement were converted from US dollars into pounds sterling for each monthly payroll. These conversions are reflected in the 2024 year-on-year percentage change for Neil. From 1 October 2024, Neil's service agreement was wholly with CHL as CRSL was closed.
3. Elaine Whelan was appointed on 14 January 2021, and her pay and benefits for 2021 were pro-rated. This accounts for the above noted 8.9% base salary change from 2022 against the pro-rated 2021 year.
4. Sir Brian Williamson retired from the Board with effect from 15 May 2024; his 2024 and related fees percentage change represent his time as a Director.
5. Michelle Seymour Smith was appointed to the Board on 15 September 2021. Her fees for 2021 were pro-rated for her time as a Director and the year-on-year percentage change for 2022 reflects a full year against the pro-rated prior year.
6. Rebecca Shelley was appointed to the Board on 24 July 2023. Her fees for 2023 represent her time as a Director. Rebecca Shelley was appointed SID from February 2024 and Chair of the Remuneration Committee from May 2024, and her reflect these additional appointments in 2024.
7. Stephen Redmond was appointed to the Board on 14 May 2024. His fees for 2024 represent his time as a Director.

### External advisers

In 2022, the Committee appointed specialist remuneration advisers Alvarez & Marsa Tax LLP ("A&M"), a firm with no other connection to Conduit or individual directors. A&M is a member of the Remuneration Consultants' Group and is a signatory to its Code of Conduct, requiring the advice provided to be objective and impartial. Based on the above, the Committee is comfortable that the advice provided was independent. During 2024, $87,531 was paid to A&M (2023: $56,637), on a time and materials basis.

### Statement of shareholder voting

The 2023 Annual Report on Remuneration and the current Remuneration Policy were submitted to a vote of shareholders at Conduit's 2024 AGM held on 15 May 2024. Disclosure of the voting results at the AGM is presented below.

| | Vote to approve 2023 Annual Report on Remuneration (at the 2024 AGM) | | Vote to approve Remuneration Policy (at the 2024 AGM) | |
|---|---|---|---|---|
| | Total number of votes | % of votes cast | Total number of votes | % of votes cast |
| For | 125,716,041 | 98.72 | 96,719,933 | 81.77 |
| Against | 1,629,581 | 1.28 | 21,559,064 | 18.23 |
| **Total** | **127,345,622** | **100.0** | **118,278,997** | **100.0** |
| Abstentions | – | | 9,066,625 | |

## Implementation of Remuneration Policy for 2025

We disclose here the remuneration approach we have implemented for Executive Director and senior management remuneration in 2025. Given Conduit's location in Bermuda, the primary talent markets where employees are sourced is in Bermuda, Europe and the U.S. This means that there may be times where these markets will dictate the remuneration and benefit provisions to ensure Conduit remains an employer of choice to the candidates being sought.

### Salary increases across Conduit

A standard salary increase of 5.0% was applied to Executive Directors when setting the 2025 salaries. Across the wider workforce for Conduit, base salary increases for staff eligible for a 1 January 2025 review were 5.0%. When including adjustments for promotions or market alignment, for the eligible workforce population excluding Executive Directors, the average increase salary increase was 5.8%.

All salary increases are with effect from 1 January 2025 and for Executive Directors are as follows:

| Executive Director | **2025 salary** | 2024 salary |
|---|---|---|
| Neil Eckert | **$619,910** | $590,391 |
| Trevor Carvey | **$935,714** | $891,156 |
| Elaine Whelan | **$684,241** | $651,658 |

### Impact of inflationary environment on employees

Management has again reviewed the impact of inflation on Conduit's staff's cost of living. A decision has been made to discontinue the Cost of Living Allowance (COLA) as a separate allowance for staff. Instead, the rate of COLA allowance paid to the majority of staff in the past two years has now been consolidated into base salaries. For those employees whose COLA was not consolidated into base salary, management has determined that the base salary increase excluding COLA consolidation was sufficient to ensuring that affected staff members were not adversely impacted. When accounting for the impact of this change, the average base pay increase for the workforce, excluding Executive Directors, was 10.6%.

### Housing allowances

Housing allowances (which apply to the Bermuda-based Executive Directors only) remain unchanged from the prior year for the CEO and is proposed to increase as follows for the CFO:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| Executive Director | **Monthly housing allowance** | **Annual housing allowance** | Monthly housing allowance | Annual housing allowance |
| Trevor Carvey | **$17,500** | **$210,000** | $17,500 | $210,000 |
| Elaine Whelan | **$15,000** | **$180,000** | $10,000 | $120,000 |

### Bonus target and maximum parameters

Current bonus target and maximum opportunities for the Executive Directors also remain unchanged from the prior year. They are as follows:

| | **2025** | | 2024 | |
|---|---|---|---|---|
| Executive Director | **Bonus target** | **Maximum bonus** | Bonus target | Maximum bonus |
| Neil Eckert | **150%** | **300%** | 150% | 300% |
| Trevor Carvey | **150%** | **300%** | 150% | 300% |
| Elaine Whelan | **150%** | **300%** | 150% | 300% |

For the 2025 bonus scheme for Executive Directors, 75% will be subject to financial performance based on RoE and 25% will be subject to personal performance towards delivery of key strategic objectives. The target RoE generated by the annual business plan process is considered when setting the appropriate targets for calculating the financial element of target bonuses, with actual bonus payments calculated subject to a range of RoE levels. A minimum RoE financial performance hurdle applies before any bonus is payable. The Remuneration Committee believes that these targets are suitably challenging for Conduit's operations. Details of the targets will be disclosed retrospectively in next year's Annual Report on Remuneration. Up to half of any bonus award will be deferred into Common Shares. Consistent with best practice, malus and clawback provisions will apply.

## Other benefits

Other market-typical benefits for Executive Directors working in Bermuda have been provided, including normal health and welfare benefits, housing allowances and travel allowances, and Conduit's payment of the employee's obligations for Bermuda payroll taxes and social insurance.

## Pension

The Executive Directors' pension provision for 2025 continues to be aligned with that of the broader of the workforce at 10% of pensionable earnings. Executive Directors may elect to take cash in lieu of pension, subject to compliance with applicable law.

## Long-term incentives

Executive Directors participate in the MIP, which was put in place pre-IPO.

2025 awards under the LTIP will be made to the CFO in line with the approved Remuneration Policy; the Executive Chairman has waived his right to participate in the LTIP and the CEO has elected not to participate in the 2025 awards.

The two financial performance conditions relevant to the long-term incentive awards are noted on page 83.

### Committee discretion with regards to LTIP vesting

If any year within the award-vesting assessment produces a return that the Committee believes is significantly worse than competitors and reflects poor management decisions, the Committee will use its discretion to determine the extent to which any relevant element of the LTIP award shall vest fully (or to any lesser extent) based on the performance over the full three-year period.

## Non-Executive Director Fees

An independent review of Non-Executive Director fees was undertaken during 2024 by Conduit's independent remuneration consultants – A&M. The report recommended an increase in Conduit's Non-Executive Director base fee to $85,000 per annum from May 2024, while it was recommended that all other Non-Executive Director fees remain unchanged.

The Non-Executive Directors' basic fee will remain at $85,000 per annum for 2025. Additional annual fees are payable to Non-Executive Directors in respect of membership of Board Committees of $15,000 per committee and $25,000 for appointment as Chair of a committee (and $15,000 for appointment as SID) will also remain the same. The Non-Executive Directors do not participate in incentive schemes. A fee of $25,000 per annum is also payable in respect of Non-Executive Director appointment to the CRL board.

The Directors of CHL present their report for the year ended 31 December 2024. This report includes the additional information required to be disclosed under the Disclosure and Transparency Rules (DTR) of the UK Financial Conduct Authority. Certain information included in the Strategic Report, the Corporate Governance Report, the Audit Committee Report, the Nomination Committee Report and the Directors' Remuneration Report are incorporated by reference into the Directors' Report in addition to the following topics.

## Overview

Conduit Holdings Limited (CHL) was incorporated in Bermuda on 6 October 2020 under registration number 55936 and has three subsidiaries incorporated in Bermuda: Conduit MIP Limited (CML), an incentive-related entity (registration number 56057), Conduit Reinsurance Limited (CRL), the main operating company of Conduit (registration number 55937), and Conduit Services Limited (CSL), a services company (registration number 56189).

Conduit Reinsurance Services Limited (CRSL), a services company registered in England (registration number 12947450) and wholly owned by CHL, ceased operation on 30 September 2024 and was dissolved by way of a members voluntary striking-off procedure which was completed on 14 January 2025.

All of CHL's Common Shares are admitted to the EST category of the Official List of the UK Financial Conduct Authority and admitted to trading on the LSE's main market for listed securities.

## Principal activity

Conduit's principal activity, conducted through its main operating subsidiary CRL, is to provide reinsurance products and services to its clients worldwide.

## Principal risks and financial internal controls and risk management

Conduit's principal risks and a description of the risk management framework and governance are set out in the Enterprise Risk Management Report on pages 24 to 28; information regarding financial internal controls and risk management is set out in note 3 of the consolidated financial statements.

## Board of Directors

The Directors of the Company who served during the financial year and through to the date of this report are listed on page 50.

Biographies are set out on pages 41 to 44.

## Dividends

On 30 July 2024, the Board declared an interim dividend of $0.18 (approximately £0.14 pence) per Common Share resulting in an aggregate payment of $29.7 million to shareholders.

On 18 February 2025, Conduit's Board of Directors declared a final dividend for 2024 of $0.18 (approximately £0.14) per Common Share, which will result in an aggregate payment of $29.7 million to shareholders.

## Insurance and indemnification

Conduit purchases insurance to cover the Directors and officers against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings.

The bye-laws of the Company also provide that the Company shall, to the extent permitted by law, indemnify the Directors in respect of their acts and omissions and that the Company shall advance funds to Directors for their defence costs. The indemnity provisions set out in the bye-laws were in force during the financial year. Insurance and indemnity arrangements will not provide cover where the Director has acted fraudulently or dishonestly.

## Recent developments

Recent developments are discussed on page 162.

## Stakeholder engagement

A review of the Company's engagement with stakeholders is set out in the Section 172 Statement on page 36.

## Diversity and inclusion

A discussion of Diversity and Inclusion is set out in the Nomination Committee Report on page 54 to 55.

## Compliance with the Code

A review of the Company's compliance with The UK Code is set out on pages 48 to 52.

## ESG

The ESG summary on pages 30 to 35 provides an overview of Conduit's approach to ESG, including charity and climate.

## Carbon emissions

Details of Conduit's carbon emissions for 2024 can be found in the ESG summary on page 35 of this report.

## Political donations

No political donations were made by Conduit in the year ended 31 December 2024, nor in 2023.

## Share capital

Details of the structure of the Company's share capital and changes in the share capital during the year are disclosed in note 17 to the consolidated financial statements. The Common Shares are the only class of shares of Conduit presently in issue carrying voting rights. There are no nil or partly paid shares in issue. All Common Shares rank pari passu in all respects, there being no conversion or exchange rights attaching thereto and all Common Shares have equal rights to participate in capital, dividend and profit distributions by Conduit. The Common Shares are freely transferable and there are no restrictions on transfer, except as set out in the bye-laws or as may from time to time be imposed by law and regulations.

## Bye-law amendments

A copy of the Company's bye-laws is available for inspection on Conduit's website and at Conduit's registered office. Changes to Conduit's bye-laws are governed by Bye-law 84, the text of which is repeated here in full:

> "84.1 Subject to Bye-law 84.2, no bye-law shall be rescinded, altered or amended and no new bye-law shall be made until the same has been approved by a resolution of the Board and by a resolution of the Members.
>
> 84.2 Bye-laws 43, 44, 45, 47, 84 and 86 shall not be rescinded, altered or amended and no new bye-law shall be made which would have the effect of rescinding, altering or amending the provisions of such bye-laws, until the same has been approved by a resolution of the Board including the affirmative vote of not less than 66% of the Directors then in office and by a resolution of the members including the affirmative vote of not less than 66% of the votes attaching to all shares in issue."

## Shareholder Authority to Purchase Own Shares

At the 2024 AGM, the shareholders approved and authorised the Directors to make one or more market purchases of the issued Common Shares of the Company up to an aggregate nominal value of US$165,239.99 (such amount being approximately 10 per cent of the Company's issued share capital as at 11 April 2024, at a price of not less than the nominal value of the Common Shares (exclusive of expenses payable by the Company). The authority runs from 15 May 2024 to the conclusion of the 2025 AGM or at 6:00 p.m. Bermuda Time on 31 August 2025, whichever is sooner.

## Purchase of shares by the Employee Benefit Trust

CHL established an EBT during the second quarter of 2022 with the sole purpose of managing the equity incentives granted to executives and employees of Conduit (other than the MIP).

Further details of the EBT are set out in note 21 to the consolidated financial statements on page 161.

In 2024 the EBT continued to make on-market purchases of the Company's Common Shares. The Common Shares held in the Conduit EBT are intended to be used for the benefit of employees under Conduit's variable incentive schemes.

Further details of the shares held by, and the purchases made by, the Conduit EBT are set out in note 21 to the consolidated financial statements on page 161.

## Directors' interests

Directors' beneficial interests in the Company's Common Shares as of 31 December 2024, including interests notified to the Company in respect of Directors' closely associated persons within the meaning of the Market Abuse Regulation (MAR) were as follows:

| Directors | **Common Shares held as of 31 December 2024** | Common Shares held as of 31 December 2023 |
|---|---|---|
| Neil Eckert, Executive Chairman | 744,676[1] | 707,387[2] |
| Trevor Carvey, CEO | 605,557[3] | 442,709 |
| Elaine Whelan, CFO | 323,185 | 233,266 |
| Rebecca Shelley, Senior Independent Director | 4,088 | 4,088 |
| Malcolm Furbert, Independent Non-Executive Director | 8,000 | 8,000 |
| Elizabeth Murphy, Independent Non-Executive Director | 15,000 | 15,000 |
| Ken Randall, Independent Non-Executive Director | 55,000 | 55,000 |
| Stephen Redmond, Independent Non-Executive Director | 25,000 | – |
| Michelle Seymour Smith, Independent Non-Executive Director | 20,000 | 20,000 |

1. Includes 49,336 shares owned by Neil Eckert's spouse, Nicola Eckert.
2. Includes 43,104 shares owned by Neil Eckert's spouse, Nicola Eckert.
3. Includes 4,022 shares owned by Trevor Carvey's spouse, Catherine Carvey

Shareholding guidelines require Executive Directors to build and maintain a shareholding in Company of 300% of salary while in post. Where not met, any portion of future bonuses that are paid in shares and other share awards or purchases will accumulate until this requirement is met. Further details are set out in the Remuneration Report on pages 64 to 65. As at 31 December 2024. Neil Eckert, Trevor Carvey and Elaine Whelan met the shareholding requirement set for executive directors.

## Major shareholdings

As at 26 February 2025 the Company had been notified (via forms TR-1: Standard form for notification of major holdings in accordance with DTR 5.3.1R(1)) of the following interests of 5% or more in the voting rights in its Common Shares.

| Shareholder | Number of shares February 2025 (m) | % of shares notified per Form TR1[1] |
|---|---|---|
| FIL Limited | 16,559,646 | 10.02 |
| Aviva Plc and affiliates | 16,446,637 | 9.95 |
| Artemis Investment Management LLP | 10,151,493 | 6.14 |
| Janus Henderson Group Plc | 8,804,511 | 5.33 |
| Zedra Trust Company (Guernsey) Limited[2] | 8,262,000 | 5.00 |

1. Percentage as at date of notification.
2. Zedra Trust Company (Guernsey) Limited is the independent trustee of CHL's EBT (the 'Trustee'). Unless specifically directed by CHL, the EBT Trustee shall abstain from exercising its voting rights over the Common Shares held by the EBT at any general meeting of CHL. If CHL directs that the EBT Trustee may vote, CHL cannot direct the manner in which the EBT Trustee exercises its votes.

## Going concern and viability statement

A review of the financial performance of Conduit is set out on pages 19 to 22. The financial position of Conduit, including its cash flows and its borrowing facilities, are included in the financial statements starting on page 100. Conduit is well capitalised and has a well-balanced book of business.

The Board will consider Conduit's strategic plan for the business annually on a rolling basis using a three- to five-year time horizon. This period aligns to Conduit's liabilities and business model, allowing Conduit to adapt capital and solvency quickly in response to market cycles, events and opportunities.

The Board conducted its annual review of strategy in 2024 and updated Conduit's planning over a three- to five-year time horizon, taking into account perspectives on the external business environment and the principal risks and material uncertainties affecting Conduit and examining how Conduit's capital and operational capacity can best be aligned to support Conduit's objectives over the planning horizon. Further information on Conduit's principal risks can be found on pages 27 to 28. The risk disclosures section of the consolidated financial statements on pages 120 to 138 sets out the principal risks to which Conduit is exposed, including reinsurance risk, market risk, liquidity risk, credit risk, operational risk and strategic risk, together with Conduit's policies for monitoring, managing and mitigating its exposures to these risks. As part of the consideration of the appropriateness of adopting the going concern basis, Conduit uses stress and scenario analysis, and testing, to assess the robustness of Conduit's solvency and liquidity positions. To make the assessment, Conduit analysed and tested a number of scenarios individually and in combination, including applying reverse stress tests. The Board considers an aggregated occurrence of all these scenarios to be remote and that under the assessed scenarios Conduit remained adequately capitalised.

The Audit Committee also considered a formal going concern analysis from management at its November 2024 meeting (for further details, see page 61 in the Audit Committee Report).

After reviewing Conduit's strategy, budgets and medium-term plans, and subject to the principal risks faced by the business, the Board has a reasonable expectation that Conduit has adequate resources to continue in operational existence through the period to 31 December 2025. For this reason, the Board continues to adopt the going concern basis in preparing the accounts.

## Disclosure of information to the auditors

Each of the persons who is a Director at the date of approval of this Annual Report and Accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Auditors

KPMG Audit Limited has expressed its willingness to remain in office and the Audit Committee has recommended its reappointment to the Board.

A resolution to reappoint the auditors and to authorise the Directors to determine their remuneration will be proposed at the Company's AGM.

## Powers of Directors

The powers given to the Directors are contained in the Company’s bye-laws and are subject to relevant legislation and, in certain circumstances (including in relation to the issuing and buying back by Conduit of its shares), approval by shareholders in a general meeting.

At the AGM in 2024, the Directors were granted authorities to allot and issue shares and to make market purchases of shares and intend to seek renewal of these authorities in 2025.

## Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Company's bye-laws and the Bermuda Companies Act 1981 and related legislation. In accordance with The UK Code, all Directors will stand for annual re-election.

## Annual General Meeting

The 2025 AGM will be held at 10:00 a.m. Bermuda Time on Wednesday, 14 May 2025 at Conduit’s headquarters at Ideation House, 94 Pitts Bay Road, Pembroke, Bermuda. The Notice of the AGM will be sent to shareholders in a separate circular. The deadline for submission of proxies will be 20 hours before the meeting.

Approved by the Board of Directors and signed on behalf of the Board

**Greg Lunn**
Company Secretary
26 February 2025

The Board is responsible for preparing the Annual Report and Conduit's consolidated financial statements in accordance with applicable law and regulations. Our responsibilities include ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Company and that the financial statements present a fair view for each financial period.

Legislation in Bermuda governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

We confirm that we consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's and Conduit's position, performance, business model and strategy.

Further, we confirm that to the best of our knowledge:

- the consolidated annual financial statements are prepared on a going concern basis in accordance with IFRS as issued by the IASB. Conduit's management determine appropriate measurement bases, to provide the most useful information to users of the consolidated financial statements, providing a true and fair view of the assets, liabilities, financial position and profit or loss of Conduit; and
- the Strategic Report on pages 2 to 38 which serves as the management report, includes a fair review of the development and performance of the business and position and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The audited consolidated financial statements were approved for issue on 26 February 2025 and the Directors responsible for authorising the responsibility statement on behalf of the Board are:

**Trevor Carvey**
Executive Director
and CEO
26 February 2025

**Elaine Whelan**
Executive Director
and CFO
26 February 2025

# Financial Statements

**In this section:**



## Risk disclosure

Find out more about the nature and extent of our principle risks on page 120.

## KPIs

For more explanation and calculation methodology on our additional performance measures go to page 163.

# Independent Auditor's report

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## Independent Auditor's report

To the Shareholders and Board of Directors of Conduit Holdings Limited

## Report on the audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Conduit Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's report
continued

**Valuation of components of the liability for incurred claims ('LIC')**
(2024: Reinsurance contract liabilities include a liability for incurred claims of $978.0 million, $936.8 million net of ceded asset for incurred claims.
2023: Liability for incurred claims of $592.2 million, $549.6 million net of ceded asset for incurred claims)

Refer to the Audit committee report on pages 57 – 62 and the following in the notes to the consolidated financial statements: note 2 'Material accounting policies', note 3 'Risk disclosures' and note 14 'Reinsurance contracts'.

# Independent Auditor's report
continued

| The risk | Our response |
|---|---|
| A significant estimate made by management is the estimation of the LIC. The LIC is derived from the estimated fulfilment cash flows relating to outstanding claims and claim expenses already incurred but not yet paid and incurred but not reported losses (IBNR). In addition, an explicit risk adjustment for non financial risk is applied. Estimates of future cash flows for incurred claims are discounted on initial recognition and then re-measured to current rates as at the reporting date.<br><br>**Subjective valuation**<br>The valuation of the LIC is a complex process which incorporates a significant amount of judgement with high estimation uncertainty in setting assumptions such as initial expected loss and loss adjustment expense ratios (loss ratios), claim development patterns, estimates for large loss events and catastrophe (CAT) events and a risk adjustment.<br><br>Amounts recoverable from reinsurers are estimated using the same methodology and judgements as for the underlying liabilities.<br><br>Cash flows for IBNR reserves are estimated initially using expected loss ratios which are selected based on information derived by the Group's underwriters and actuaries during the initial pricing of the business. The estimates used may be revised as additional experience or other data becomes available. As actual loss information is reported, and the Group develops its own loss experience, management will use various actuarial methods as well as a combination of management's judgement and experience, historical reinsurance industry loss experience and estimates of pricing adequacy trends to estimate cash flows for IBNR.<br><br>As such, we determined that the LIC has a higher degree of estimation uncertainty specifically around the estimation of IBNR. | **Our procedures included:**<br>Control design and implementation:<br>• We evaluated the design and implementation of the Group's key controls regarding review and approval of the LIC. We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.<br><br>Assessing valuer's credentials:<br>• We evaluated the competence, capabilities and objectivity of the Group's internal and independent experts;<br>• We (together with our own valuation specialists) performed enquiries of these experts to understand their processes and models.<br><br>Assessment of assumptions and methodology:<br>• We used our own valuation specialists in assessing and challenging the reasonableness of the methods and assumptions utilised by the Group's experts (on a gross and net of ceded reinsurance basis) – including the assessment of selected loss ratios, claim development patterns, reserves held for specific large loss and catastrophe (CAT) events and the risk adjustment applied.<br><br>Assessing observable inputs:<br>• On a sample basis, we agreed the underlying data utilised in the actuarial analyses to accounting records.<br>• We agreed a sample of cedant CAT loss estimates to supporting documentation as these formed the basis of reserving for certain CAT events.<br><br>Assessing transparency:<br>• We evaluated the adequacy of the Group's disclosures on the LIC in accordance with the requirements of relevant accounting standards. |

# Independent Auditor's report
continued

In our previous audit report, we identified a key audit matter related to the estimation uncertainty of proportional business insurance revenue. We continue to perform procedures on this estimate. However, based on our risk assessment, we have not assessed this as one of the most significant risks of material misstatement in our current year audit and, therefore, this is not separately identified in our report this year.

## Other information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Except as described in the Report on Other Legal and Regulatory Requirements section of our report, our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### Directors' remuneration report

The Group voluntarily prepares an annual report on remuneration in accordance with the provisions of the United Kingdom (UK) Companies Act 2006. The Directors have engaged us to audit the part of the annual report on remuneration specified by the UK Companies Act 2006 to be audited as if the Company were a UK registered company.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006, as if those requirements applied to the Company.

### Corporate governance statement

We have been engaged to review the part of the corporate governance statement on pages 48 to 52 relating to the Group's compliance with the provisions of the UK Corporate Governance Code that would be specified by the Listing Rules of the UK's Financial Conduct Authority for our review if the Group had an Equity Shares (Commercial Companies) (ESCC) category listing on the London Stock Exchange. We have nothing to report in this respect.

In addition, the Directors have engaged us to review their statements on going concern and the longer-term viability on page 97 as if the Company was a UK registered company with an ESCC listing on the London Stock Exchange. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements.

Based on the knowledge we acquired during our audit of the consolidated financial statements, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the longer-term viability statement on page 97 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;

# Independent Auditor's report
continued

- the directors' explanation in the longer-term viability statement page 97 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
- the related going concern statement made in conformity with the Listing Rules set out on page 97.

**The purpose of our audit work and to whom we owe our responsibilities**
This report is made solely to the Company's shareholders and Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders and Board of Directors those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders and Board of Directors, as a body, for our audit work, for this report, or for the opinion we have formed.

The Engagement Partner on the audit resulting in this independent auditor's report is James Berry.

**Chartered Professional Accountants**
Hamilton, Bermuda
26 February 2025

# Consolidated statement of comprehensive income

## For the year ended 31 December 2024

| | Notes | **2024 $m** | 2023 $m |
|---|---|---|---|
| Reinsurance revenue | 4, 14 | 813.7 | 633.0 |
| Reinsurance service expenses | 4, 14 | (591.4) | (377.0) |
| Ceded reinsurance expenses | 4, 14, 21 | (93.7) | (76.7) |
| Ceded reinsurance recoveries | 4, 14 | 3.0 | 4.3 |
| **Reinsurance service result** | 4, 14 | **131.6** | **183.6** |
| Net investment income | 5 | 65.0 | 41.3 |
| Net realised gains (losses) on investments | 5 | 0.1 | (1.3) |
| Net unrealised gains (losses) on investments | 5, 12 | 1.0 | 30.6 |
| **Net investment result** | 5 | **66.1** | **70.6** |
| Net reinsurance finance income (expense) | 4, 6, 14 | (30.8) | (32.8) |
| Net foreign exchange gains (losses) | | (2.2) | 1.4 |
| **Net reinsurance and financial result** | | **164.7** | **222.8** |
| Equity-based incentive expense | 7, 18 | (7.1) | (2.5) |
| Other operating expenses | 4, 7, 8, 15, 21 | (30.8) | (28.3) |
| **Results of operating activities** | | **126.8** | **192.0** |
| Financing costs | 9, 16 | (1.2) | (1.2) |
| **Total comprehensive income for the year** | | **125.6** | **190.8** |
| **Earnings per share** | | | |
| Basic | 20 | $0.80 | $1.19 |
| Diluted | 20 | $0.79 | $1.19 |

# Consolidated balance sheet
As at 31 December 2024

| | Notes | **2024 $m** | 2023 $m |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 11, 16 | 313.2 | 199.8 |
| Accrued interest receivable | | 12.4 | 8.5 |
| Investments | 12, 13, 16 | 1,526.3 | 1,238.4 |
| Ceded reinsurance contract assets | 14 | 48.9 | 42.7 |
| Other assets | 21 | 4.0 | 4.7 |
| Right-of-use lease assets | 15 | 1.4 | 2.1 |
| **Total assets** | | **1,906.2** | **1,496.2** |
| **Liabilities** | | | |
| Reinsurance contract liabilities | 14 | 834.5 | 494.5 |
| Other payables | | 18.9 | 12.0 |
| Lease liabilities | 15 | 1.6 | 2.3 |
| **Total liabilities** | | **855.0** | **508.8** |

| | Notes | **2024 $m** | 2023 $m |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | 17 | 1.7 | 1.7 |
| Own shares | 17 | (40.6) | (32.9) |
| Other reserves | 18 | 1,065.0 | 1,059.6 |
| Retained earnings (loss) | | 25.1 | (41.0) |
| **Total shareholders' equity** | | **1,051.2** | **987.4** |
| **Total liabilities and shareholders' equity** | | **1,906.2** | **1,496.2** |

The consolidated financial statements were approved by the Board of Directors on 26 February 2025 and signed on its behalf by:

**Trevor Carvey**
CEO

**Elaine Whelan**
CFO

# Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2024

| | Notes | Share capital $m | Own shares $m | Other reserves $m | Retained earnings (loss) $m | Total shareholders' equity $m |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2023** | | **1.7** | **(20.1)** | **1,058.1** | **(172.5)** | **867.2** |
| Total comprehensive income for the year | | – | – | – | 190.8 | 190.8 |
| Distributions by EBT | 17, 18, 21 | – | 0.9 | (1.0) | – | (0.1) |
| Purchase of own shares | 17, 21 | – | (13.7) | – | – | (13.7) |
| Dividends on common shares | 17 | – | – | – | (59.3) | (59.3) |
| Equity-based incentive expense | 7, 18 | – | – | 2.5 | – | 2.5 |
| **Balance as at 31 December 2023** | 17, 18 | **1.7** | **(32.9)** | **1,059.6** | **(41.0)** | **987.4** |
| Total comprehensive income for the year | | – | – | – | 125.6 | 125.6 |
| Distributions by EBT | 17, 18, 21 | – | 1.7 | (1.7) | – | – |
| Purchase of own shares | 17, 21 | – | (9.4) | – | – | (9.4) |
| Dividends on common shares | 17 | – | – | – | (59.5) | (59.5) |
| Equity-based incentive expense | 7, 18 | – | – | 7.1 | – | 7.1 |
| **Balance as at 31 December 2024** | 17, 18 | **1.7** | **(40.6)** | **1,065.0** | **25.1** | **1,051.2** |

# Statement of consolidated cash flows
For the year ended 31 December 2024

| | Notes | 2024 $m | 2023 $m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Comprehensive income | | 125.6 | 190.8 |
| Depreciation | 15 | 1.1 | 0.7 |
| Write-off of intangible asset | | – | 1.4 |
| Interest expense on lease liabilities | 9, 15 | 0.1 | 0.1 |
| Net investment income | 5 | (65.3) | (42.4) |
| Net realised (gains) losses on investments | 5 | (0.1) | 1.3 |
| Net unrealised (gains) losses on investments | 5, 12 | (1.0) | (30.6) |
| Net unrealised foreign exchange (gains) losses | | 1.5 | (1.2) |
| Equity-based incentive expense | 7, 18 | 7.1 | 2.5 |
| Change in operational assets and liabilities | | | |
| – Reinsurance assets and liabilities | | 337.1 | 184.0 |
| – Other assets and liabilities | | 1.2 | 2.8 |
| **Net cash flows from operating activities** | | **407.3** | **309.4** |
| **Cash flows used in investing activities** | | | |
| Purchase of investments | | (736.3) | (541.5) |
| Proceeds on sale and maturity of investments | | 462.2 | 356.5 |
| Interest received | | 55.1 | 37.0 |
| Purchase of property, plant and equipment | | (0.7) | (0.7) |
| **Net cash flows used in investing activities** | | **(219.7)** | **(148.7)** |

| | Notes | 2024 $m | 2023 $m |
|---|---|---|---|
| **Cash flows used in financing activities** | | | |
| Lease liabilities paid | 15 | (0.8) | (0.7) |
| Dividends paid | 17 | (59.5) | (59.3) |
| Purchase of own shares | 17 | (9.4) | (13.7) |
| Distributions by EBT | 17 | – | (0.1) |
| **Net cash flows used in financing activities** | | **(69.7)** | **(73.8)** |
| **Net increase in cash and cash equivalents** | | **117.9** | **86.9** |
| Cash and cash equivalents at the beginning of the year | 11 | 199.8 | 112.9 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (4.5) | – |
| **Cash and cash equivalents at end of year** | 11 | **313.2** | **199.8** |

# Notes to the consolidated financial statements
For the year ended 31 December 2024

## 1. General information
CHL was incorporated under the laws of Bermuda on 6 October 2020 and, on 7 December 2020, all of its common shares of par value $0.01 per share were admitted to the standard listing segment of the Official List of the UK Financial Conduct Authority and admitted to trading on the LSE's main market for listed securities. CHL's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. CHL's consolidated financial statements as at, and for the year ended 31 December 2024 include the Company's subsidiaries. The principal activity of Conduit is to provide reinsurance products and services to its clients worldwide.

A full listing of Conduit's related parties can be found in note 21.

## 2. Summary of material accounting policies
The basis of preparation, use of judgements and estimates, consolidation principles and material accounting policies adopted in the preparation of these consolidated financial statements are set out below. Excluding percentages, share and per share data or where otherwise stated, all amounts in tables and narrative disclosures are in millions of US dollars.

### Basis of preparation
These consolidated financial statements are prepared on a going concern basis in accordance with IFRS as issued by the IASB, and the DTR issued by the Financial Conduct Authority, and are prepared on a historical cost basis, except for items measured at fair value as disclosed in the relevant accounting policies. In accordance with the requirements of IAS 1, the financial statements' assets and liabilities have been presented in order of liquidity, which provides information that is more reliable and relevant for a financial institution.

In the course of preparing these consolidated financial statements, no judgements have been made in the process of applying Conduit's accounting policies, other than those involving estimations as noted in the 'Use of judgements and estimates' section, that have had a significant effect on amounts recognised in these consolidated financial statements.

### Going concern
The consolidated financial statements of Conduit have been prepared on a going concern basis. In assessing Conduit's going concern position as at 31 December 2024, the Board have considered a number of factors, including the current balance sheet position and Conduit's strategic and financial plan, taking account of possible changes in trading performance and funding retention, stress testing and scenario analysis. Conduit's capital ratios and its capital resources are comfortably in excess of regulatory solvency requirements, and internal stress testing indicates Conduit can withstand severe economic and competitive stresses.

As a result of the assessment, the Board has a reasonable expectation that Conduit has adequate resources to continue in operational existence for the foreseeable future and therefore believe that Conduit is well placed to manage its business risks successfully. Accordingly, Conduit continues to adopt the going concern basis in preparing the consolidated financial statements.

### Changes in accounting policies and new standards
There were no new standards that became effective in the year ended 31 December 2024 that have had a material impact on Conduit.

### Future accounting changes
No standards or interpretations have been issued that are expected to have a material effect on Conduit's financial position, presentation or disclosure. IFRS 18, Presentation and Disclosure in Financial Statements, will replace IAS 1, Presentation of Financial Statements, and applies to reporting periods beginning on or after 1 January 2027. IFRS 18 will require entities to classify all income and expenses on the consolidated statement of comprehensive income into operating, investing and financing activities, disclose in a single note management-defined performance measures, and provide enhanced guidance on how to group information in the financial statements. Conduit is in the process of assessing the impact that the new standard will have on its presentation and disclosure requirements, but does not currently expect any material changes.

### Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires Conduit to make judgements and estimates that affect the reported and disclosed amounts at the balance sheet date, revenues and expenses during the reporting period and the associated financial statement disclosures. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their prediction of future events. Actual results may differ significantly from the estimates made.

The most significant estimates made by management are in relation to the liability for incurred claims and associated ceded reinsurance recoveries, as discussed in note 3 and note 14.

Less significant estimates are made in determining the estimated fair value of certain financial instruments, as discussed in note 3 and note 12.

In addition, some management judgement is exercised in determining the total premium cash flows expected to be received from reinsurance contracts that are used to determine the amount of reinsurance revenue recognised in the period.

While not significant, estimates are also used in the estimated fair value of the MIP as discussed in note 7.

### Consolidation principles

These consolidated financial statements comprise the financial statements of CHL and its subsidiaries as at and for the year ended 31 December 2024. Subsidiaries are those entities that are controlled by Conduit and are fully consolidated from the date on which Conduit obtains control and continue to be consolidated until the date when such control ceases. Control is achieved when Conduit is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Intragroup balances and transactions are eliminated in preparing the consolidated financial statements. Subsidiaries' accounting policies are consistent with Conduit's accounting policies.

### Foreign currency

The functional currency, which is the currency of the primary economic environment in which Conduit operates, is US dollars. Items included in the financial statements of each entity are measured using the functional currency. These consolidated financial statements are presented in US dollars.

Foreign currency transactions are recorded in the functional currency for each entity using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued at period end exchange rates. The resulting foreign exchange differences on revaluation are recorded in the consolidated statement of comprehensive income within net foreign exchange gains (losses). Non-monetary assets and liabilities denominated in a foreign currency are carried at historic rates. Non-monetary assets and liabilities carried at estimated fair value and denominated in a foreign currency are translated at the exchange rate at the date the fair value was determined.

### Reinsurance contracts

IFRS 17 sets out the classification, measurement and presentation and disclosure requirements for reinsurance contracts. It requires reinsurance contracts to be measured using current estimates and assumptions that reflect the timing of cash flows and recognition of profits as insurance services are delivered. The standard provides two main measurement models which are the General Measurement Model (GMM) and the Premium Allocation Approach (PAA).

The PAA simplifies the measurement of reinsurance contracts for remaining coverage, or pre-claims, in comparison to the GMM. The GMM is used for the measurement of the liability for incurred claims.

### PAA eligibility

Under IFRS 17, Conduit's reinsurance contracts issued and ceded reinsurance contracts held are all eligible to be measured by applying the PAA, due to meeting the following criteria:

- Loss-occurring reinsurance contracts with coverage period of one year or less are automatically eligible; and
- Modelling of risk-attaching contracts or contracts with a coverage period greater than one year produces a measurement for the group of reinsurance contracts that does not differ materially from that which would be produced applying the GMM.

### Classification

Contracts that transfer significant reinsurance risk at the inception of the contract are accounted for as reinsurance contracts. Contracts purchased and held by Conduit under which it transfers significant reinsurance risk to a counterparty are accounted for as ceded reinsurance contracts. Contracts that do not transfer significant reinsurance risk are accounted for as investment contracts. Reinsurance risk is transferred when a reinsurer agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder.

Conduit's accounting policies apply to both reinsurance contracts issued and ceded reinsurance contracts held unless explicitly referenced as applying to contracts issued or ceded only. Conduit writes both excess of loss and proportional (also known as quota share or pro-rata) reinsurance contracts. The type of contract impacts the recognition of reinsurance revenue. Contract types are discussed on page 115.

### Separating components from reinsurance contracts

IFRS 17 distinguishes three components that, if embedded in a reinsurance contract, should be bifurcated, and accounted for separately. These are:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct non-insurance services.

IFRS 17 then applies to all remaining components of the contract. Conduit does not have any contracts containing non-insurance components that require separation. Where contracts contain multiple reinsurance components that meet the requirements for separation, these are separated and accounted for as standalone contracts.

Some reinsurance contracts issued contain profit-sharing arrangements, such as profit commissions and no claims bonuses. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive either in the form of profit commission, or as reimbursement for claims, or another contractual payment, irrespective of the insured event happening. These are typically considered non-distinct investment components. Non-distinct investment components are not separated from the reinsurance contract as they are closely interrelated to the measurement of the reinsurance contract. However, the impact of the non-distinct investment components are excluded from the consolidated statement of comprehensive income by adjusting reinsurance revenue and reinsurance service expenses by the minimum amount due. There is no impact to the reinsurance service result as there is an equal reduction to both revenue and expenses.

### Level of aggregation

Conduit manages reinsurance contracts issued by class of business within an operating segment. Classes of business are aggregated into portfolios of contracts that are subject to similar risks. Contracts within each portfolio are grouped into groups of contracts that are issued within a calendar year, the annual cohort, and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of subsequently becoming onerous; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which reinsurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

### Onerous contracts

Under the PAA, it is assumed there are no contracts in the portfolio that are onerous at initial recognition, unless there are facts and circumstances that may indicate otherwise. Management primarily considers the following to determine whether there are facts and circumstances that mean a group of contracts are onerous:

- Pricing information;
- Results of similar contracts it has recognised; and
- External factors, such as a change in market experience or regulations.

# Notes to the consolidated financial statements
continued

If a group of contracts becomes onerous, Conduit increases the carrying amount of the liability for remaining coverage to the amount of the fulfilment cash flows with the amount of such an increase recognised immediately in reinsurance service expenses. Subsequently, Conduit amortises the amount of the loss component by decreasing reinsurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then Conduit remeasures the loss component by reassessing the fulfilment cash flows as required until the loss component is reduced to zero.

Where a loss component is expected to be partially or fully recovered by ceded reinsurance contracts, the amount of recovery is recognised in ceded reinsurance recoveries.

### Recognition

Conduit recognises groups of reinsurance contracts it issues from the earliest of:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from the cedant is due or when the first payment is received if there is no due date; or
- For a group of onerous contracts, the date when facts and circumstances indicate that the group is onerous.

For ceded reinsurance contracts Conduit recognises the group of contracts:

- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of the underlying covered reinsurance contracts issued; or
- For non-proportionate coverage, the beginning of the coverage period of the group of contracts, unless an onerous group of underlying reinsurance contracts have been recognised and the ceded reinsurance contract has been signed before that date.

### Modification and derecognition

Conduit derecognises reinsurance contracts when:

- The rights and obligations relating to the contract are extinguished (meaning discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, Conduit derecognises the initial contract and recognises the modified contract as a new contract. When a modification is not treated as a derecognition, Conduit recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

### Contract boundaries

The measurement of a group of reinsurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group. Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which Conduit can compel the cedant to pay the premiums, or in which Conduit has a substantive obligation to provide the cedant with services. A substantive obligation to provide services ends when Conduit has the practical ability to reassess the risks of the cedant and, as a result, can set a price of level of benefits that fully reflects those risks. Where Conduit issues multi-year contracts and does not have the ability to re-price on each policy anniversary the contract is considered one contract and therefore future cash flows from each of the annual periods are considered on initial recognition.

For ceded reinsurance contracts the cash flows are within the boundary of the contract if Conduit has a substantive right to receive services or if Conduit is compelled to pay premiums to the reinsurer. The substantive right to receive services from the reinsurer ends when:

- The reinsurer has the practical ability to reassess the risks transferred to it and can set a price of level of benefits that fully reflects those risks; or
- The reinsurer has a substantive right to terminate the coverage.

# Notes to the consolidated financial statements
continued

Conduit assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effects of changes in circumstances on Conduit's substantive rights and obligations. The assessment of the contract boundary, which defines the future cash flows that are included in the measurement of the contract, requires judgement and consideration of Conduit's substantive rights and obligations. Conduit issues risk-attaching reinsurance contracts which provide reinsurance coverage to underlying contracts issued within the terms of the contract. While the contracts can have an annual term the contract boundary is assessed with consideration of the coverage period of the underlying contracts. Contracts that cover claims from underlying contracts within the contract period, loss-occurring contracts, are typically annual term. Where contracts contain multi-year terms, Conduit exercises judgement on whether provisions within the contract allow cancellation or re-pricing at each anniversary of the contract.

### Measurement – Liability for remaining coverage

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition, if any, minus any reinsurance acquisition expense cash flows allocated to the group of contracts and any amounts arising from the derecognition of the prepaid reinsurance acquisition expense cash flows asset. Conduit has chosen not to expense reinsurance acquisition expense cash flows on contracts with coverage of one year or less when they are incurred in order to apply a consistent treatment of reinsurance acquisition expense cash flows for all contracts, regardless of the length of coverage.

Subsequently, at the end of each reporting period, the liability for remaining coverage is:

- Increased by any premiums received in the period;
- Decreased for reinsurance acquisition expense cash flows paid in the period;
- Decreased for the amounts of expected premium cash flows recognised as reinsurance revenue for the services provided in the period;
- Increased for the amortisation of reinsurance acquisition expense cash flows in the period recognised as reinsurance service expenses; and
- Decreased for any non-distinct investment component paid or transferred to the liability for incurred claims.

Conduit has elected not to adjust the liability for remaining coverage for the time value of money as its reinsurance contracts do not contain a significant financing component.

Conduit measures the reinsurance asset for remaining coverage for its ceded reinsurance contracts that it holds on the same basis as reinsurance contracts issued, adapted to reflect the features that differ between contracts issued versus contracts held.

Reinsurance revenue recognised in the period is based on the total premium cash flows expected to be received over the lifetime of the contract, net of any deductions that are paid to the cedant. The amount of total expected revenue from a contract recognised in the period is dependent on the type of reinsurance contract, as discussed below.

#### Excess of loss contracts

For the majority of excess of loss contracts, expected premium cash flows are assessed based on the minimum and deposit or flat premium, as defined in the contract. Subsequent adjustments to the minimum and deposit premium are assessed in the period in which they are determined. For excess of loss contracts where no deposit is specified in the contract, premium cash flows are assessed based on estimates of premiums provided by the ceding company. Subsequent adjustments, based on reports of actual premium by ceding companies, or revisions in estimates, are assessed in the period in which they are determined. For multi-year policies that are payable in annual instalments, where the reinsured has the sole ability to cancel, the total expected premium cash flows for all annual periods are assessed at the inception of the contract. Where unilateral cancellation by the reinsurer exists at each anniversary of the contract the annual periods are assessed as separate contracts.

Reinsurance revenue for excess of loss contracts is generally recognised evenly over the term of the underlying risk period of the reinsurance contract, except where the period of risk differs significantly from the contract period. In these circumstances, reinsurance revenue is recognised over the period of risk in proportion to the amount of reinsurance protection provided. Where contract terms require the reinstatement of coverage after a ceding company's loss, as the reinstatement is contingent on the loss, the estimated mandatory reinstatement premiums are recorded within reinsurance service expenses.

# Notes to the consolidated financial statements
continued

### Proportional contracts
Premium cash flows for proportional contracts are assessed based on estimates of ultimate premiums provided by the ceding company, supplemented by management's estimates of premiums based on its experience with the ceding company, familiarity with each market, the timing of the reported information and its understanding of the characteristics of each class of business. Initial estimates of premium cash flows are assessed in the period in which the contract incepts, or the period in which the contract is bound, if later. Contracts written on a 'risks-attaching' basis cover claims which attach to the underlying reinsurance policy written during the term of the respective policy. Reinsurance revenue on such policies generally extend beyond the original term of the contract. Subsequent adjustments, based on reports of actual premium by the ceding company, or revisions in estimates, are assessed in the period in which they are determined.

### Reinsurance acquisition expense cash flows
Reinsurance acquisition expense cash flows represent the cash flows that arise from the cost of selling and underwriting a group of reinsurance contracts and include:

- Contract specific costs, such as brokerage;
- Operating expenses that are incurred in relation to the fulfilment of reinsurance contracts; and
- An allocation of fixed and variable overheads.

Reinsurance acquisition expenses are deferred over the period in which the related premiums are earned to the extent they are recoverable out of expected future revenue margins and recognised within reinsurance service expenses.

Commissions that are paid to cedants, such as ceding commissions, are not treated as reinsurance acquisition expense cash flows as they do not relate to a service. Such commissions are treated as a reduction in the expected premium recognised as reinsurance revenue.

### Ceded reinsurance expenses
Ceded reinsurance is purchased in the normal course of business to increase capital capacity or to limit the impact of individual risk losses and loss events impacting multiple cedants, such as natural-catastrophes, or both. Conduit may purchase ceded reinsurance on both an excess of loss and a proportional basis, and may supplement this with the use of ceded reinsurance cover linked to the issuance of catastrophe bonds or other capital market products. Ceded reinsurance premiums are recognised as ceded reinsurance expenses in the same manner as reinsurance contracts issued, depending on the terms of the contract. Ceding commissions received are deducted from the premium paid that is recognised in ceded reinsurance expenses. Other expenses incurred in the placing of ceded reinsurance contracts that are in relation to a service by a third party, such as brokerage, are recognised in ceded reinsurance expenses.

### Measurement – Liability for incurred claims
The liability for incurred claims represents the estimated ultimate cost of settling all reinsurance claims arising from events that have occurred up to the end of the reporting period, including the operating costs that are expected to be incurred in the course of settling such claims, reinstatement premiums on specific loss events, profit commissions and similar expenses that are contingent on claims plus a provision for IBNR. The liability for incurred claims is derived from the estimated fulfilment cash flows relating to expected claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available, without undue cost or effort, about the amount, timing and uncertainty of those future cash flows. They also include an explicit adjustment for non-financial risk, the risk adjustment. Estimates of future cash flows for incurred claims are discounted on initial recognition and then re-measured to current rates as at the reporting date.

Cash flows for outstanding losses are estimated initially on the basis of reported losses received from cedants. Cash flows for ACRs are determined where management's expectation of the ultimate cost of the reported loss is greater than that reported. Estimated cash flows for IBNR may also consist of a provision for additional development in excess of losses reported by cedants, as well as a provision for losses which have occurred but have not yet been reported by cedants.

Cash flows for IBNR are estimated initially using expected loss and loss adjustment expense ratios which are selected based on information derived by underwriters and actuaries during the initial pricing of the business. These estimates are reviewed regularly and, as experience develops and new information is received, the cash flows are adjusted as necessary. As actual loss information is reported, and Conduit develops its own loss experience, management will use various actuarial methods as well as a combination of management's judgement and experience, historical reinsurance industry loss experience and estimates of pricing adequacy trends to estimate cash flows for IBNR.

The estimation of the liability for incurred claims is a complex process which incorporates a significant amount of judgement. It is reasonably possible that uncertainties in the reserving process, delays in cedants reporting losses to Conduit, together with the potential for unforeseen adverse developments, could lead to a material change in the liability for incurred claims.

Any amounts recoverable from reinsurers are estimated using the same methodology as for the underlying losses except for the requirement under IFRS 17 to assess the ceded reinsurance recovery cash flows for the effect of any risk of non-performance, including expected credit losses. Management monitors the creditworthiness of its reinsurers on an ongoing basis and assesses any reinsurance assets for the risk of non-performance, with a provision for non-performance risk being recognised as an expense in the period in which it is determined.

### Presentation of reinsurance contracts

#### Reinsurance assets and liabilities

The asset or liability for a portfolio of reinsurance contracts is the net position of both the liability for remaining coverage and the liability for incurred claims. Whether a portfolio is in a liability or asset position is typically impacted by the timing of cash flows received versus cash flows paid. Conduit presents separately in the consolidated balance sheet portfolios of reinsurance contracts issued and held that are in an asset position and those that are in a liability position.

All reinsurance contract assets and liabilities are deemed monetary assets and liabilities and are revalued at period end exchange rates.

#### Reinsurance revenue

Reinsurance revenue in the consolidated statement of comprehensive income is the amount of expected premium cash flows, net of any deductions paid to the cedant and excluding any non-distinct investment component. Conduit allocates the expected premium receipts to each period of coverage on the basis of passage of time or the expected risk pattern if it differs significantly from the passage of time.

#### Reinsurance service expenses

Reinsurance service expenses in the consolidated statement of comprehensive income includes changes in the liability for incurred claims that do not arise from the application of discount rates, being recognition and amortisation of any loss components, amortisation of reinsurance acquisition expense cash flows and other attributable operating expenses.

#### Ceded reinsurance income and expenses

Conduit has elected to present the income and expenses from ceded reinsurance contracts separately in the consolidated statement of comprehensive income. Ceded reinsurance expenses represent the total expected ceded premiums and other amounts, that are not contingent on recoveries, payable to Conduit's reinsurers. Conduit recognises ceded reinsurance expenses based on the passage of time over the coverage period of a group of contracts or expected risk pattern. Income from ceded reinsurance contracts includes expected recoveries on incurred claims, changes in expected recoveries related to past service, the provision for the effects of changes in risk of reinsurer non-performance plus other amounts that are contingent on recoveries, such as ceded profit commissions payable to the reinsured.

#### Net reinsurance finance income (expense)

Reinsurance finance income (expense) includes the changes in the carrying amounts of reinsurance and ceded reinsurance assets and liabilities arising from the unwind of discount recognised in prior periods and the effects of remeasuring to current discount rates plus other financial assumptions. Conduit has elected to disaggregate the changes in the risk adjustment for the time value of money and present in net reinsurance finance income (expense).

Conduit has chosen not to disaggregate finance income (expense) between other comprehensive income (OCI) and comprehensive income.

## Financial instruments

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, money market funds, and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

# Notes to the consolidated financial statements
continued

### Investments

Conduit's fixed maturity securities portfolio meets the requirements for mandatory classification as FVTPL and is carried at estimated fair value in the consolidated balance sheet. The classification of financial assets is determined at the time of initial purchase. A financial asset is classified at FVTPL if it is held within a business model that is managed and evaluated on a fair value basis or if acquired principally for the purpose of selling in the short term, or if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking. Presentation of these securities in the FVTPL category is consistent with how management monitors and evaluates the performance of these securities on a fair value basis.

Regular way purchases and sales of investments are recognised at estimated fair value on the trade date, and are subsequently carried at estimated fair value. Balances pending settlement are reflected in the consolidated balance sheet in other assets or other payables. The estimated fair value of Conduit's fixed maturity securities portfolio is determined based on bid prices from recognised exchanges, broker-dealers, recognised indices or pricing vendors. Changes in estimated fair value of investments classified as FVTPL are recognised in the consolidated statement of comprehensive income within net unrealised gains (losses) on investments.

Investments are derecognised when Conduit has transferred substantially all the risks and rewards of ownership. On derecognition of an investment held at FVTPL, previously recorded unrealised gains and losses are recycled from net unrealised gains (losses) on investments to net realised gains (losses) on investments.

Interest income, amortisation and accretion of premiums and discounts on fixed maturity securities are calculated using the effective interest rate method and recognised in net investment income. The carrying value of accrued interest income approximates estimated fair value due to its short-term nature and high liquidity.

### Leases

Conduit recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to be incurred at the expiration of the lease agreement.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses. Straight-line depreciation is calculated from the commencement date of the lease to the earlier of either the end date of the lease term or the useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments at the lease commencement date. Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Conduit's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease liability is subsequently measured by increasing the lease carrying amount to reflect the interest due on the lease liability using the effective interest rate method and reducing the carrying amount to reflect the lease payments made. Conduit re-measures the lease liability and the related right-of-use asset whenever there is a change in future lease payments arising from a change in index or rate, if Conduit changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Right-of-use assets and lease liabilities are presented as separate financial statement line items in the consolidated balance sheet.

## Employee benefits

### Equity-based incentives

Conduit currently operates a MIP under which shares are subscribed for or nil cost options are granted. The fair value of the instruments granted is estimated on the date of grant. The estimated fair value is recognised as an expense pro-rata over the vesting period of the instrument, adjusted for the impact of any non-market vesting conditions. No adjustment to vesting assumptions is made in respect of market vesting conditions.

Conduit also operates DSBP and LTIP awards. Under the DSBP, a percentage of each employee's bonus is automatically deferred into shares as nil cost options. These nil cost awards vest annually in separate equal tranches over a three-year period from the date of grant and do not have associated performance criteria attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

The LTIP awards are awarded with or without performance criteria attached to the awards. These nil cost awards granted to staff vest over a three-year period from the date of grant. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise. Refer to note 7 for details of performance criteria attached to certain LTIP awards.

At each balance sheet date, Conduit revises its estimate of the number of instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, as equity-based incentive expense in the consolidated statement of comprehensive income, and a corresponding adjustment is made to other reserves in shareholders' equity over the remaining vesting period. On exercise, the differences between the expense charged to the consolidated statement of comprehensive income and the actual cost to Conduit, if any, is transferred to other reserves in shareholders' equity.

### Pensions

Conduit's pension plans are based on defined contributions or equivalent cash in lieu, subject to applicable law and local market standards. On payment of contributions to the plans or cash in lieu there is no further obligation to Conduit. Contributions or payments of cash in lieu are recognised as employee benefits within other expenses in the consolidated statement of comprehensive income in the period when the services are rendered.

## Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the year-end reporting date and any adjustments to tax payable in respect of prior periods.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised in the consolidated balance sheet to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## Own shares

Own shares include shares repurchased under share repurchase authorisations and held in treasury, plus shares purchased and held in trust, for the purposes of employee equity-based incentive schemes. Own shares are deducted from shareholders' equity. No gain or loss is recognised on the purchase, sale, cancellation or issue of own shares and any consideration paid or received is recognised directly in equity.

## Share capital and issuance costs

Shares are classified as shareholders' equity if there is no obligation to transfer cash or other financial assets. Transaction costs that are attributable to the issuance of new shares are treated as a deduction from equity.

## 3. Risk disclosures

### Introduction

Conduit is exposed to risks from several sources, classified into six primary risk categories. The primary risk categories are: (a) reinsurance risk; (b) market risk; (c) liquidity risk; (d) credit risk; (e) operational risk; and (f) strategic risk. These are discussed in detail on the following pages. The primary risk to Conduit is reinsurance risk.

The Board is responsible for determining the nature and extent of the principal risks Conduit is willing to take in achieving its strategic objectives and should maintain sound risk management and internal control systems. To this end, the Board has established various committees to support the execution of its responsibilities and has reviewed the committee structures at CRL. The Board, and committees thereof, define the risk preferences and appetites within which management is authorised to operate.

The risk function is responsible for supporting the Board, and the CRL Board, with the day-to-day oversight of the risks that Conduit seeks or is exposed to in pursuit of its strategic objectives, and the satisfaction of certain regulatory risk management expectations relevant to CRL. The framework under which risks are managed contemplates risk appetite and tolerance constraints. Risk appetite is prescribed by the Board and is reviewed at least annually, with consideration of the financial and operational capacity of Conduit. The use of financial capacity in this context relates to calculated or modelled capital requirements, based on residual unmitigated risk exposures. Current capital requirements are determined by reference to rating agency and regulatory capital requirements.

Day-to-day management of risk is the responsibility of management, operating within the defined appetite and tolerances. The risk framework prescribes a standardised approach to the management of risk, oversight and challenge by the risk function and independent assurance provided by the internal audit function. The risk framework also addresses the reporting of risks, emerging risks, risk events and compliance with risk appetite and tolerance statements to executive management and the Board, and relevant board committees, of CHL and CRL. To ensure transparency and accountability of the business for all independent Non-Executive Directors, four Independent Non-Executive Directors from the Board have been appointed to the Board of CRL. Furthermore, the Board is invited to attend operating entity board level meetings and see all minutes and records of such operating entity board and committee meetings.

### Climate change

Conduit is exposed to risks associated with climate change but also potential opportunities arising from that risk. Risks from climate change can include physical risk and transition risk. Physical risks are those relating to the physical impacts of climate change, which can be from increased frequency and/or severity of climate-related events, or structural, due to longer-term shifts in climate patterns. Transition risks are those relating to the transition to a lower carbon economy and include risks such as policy and legal risk, technology risk, market risk and reputational risk. The potential financial impact from these risks is mitigated by Conduit's strategic and risk management policies.

### Geopolitical and macroeconomic factors

During 2024, an unusually high proportion of the world selected new governments and policy decisions and their implications will play out through 2025. 2024 also saw increased levels of political unrest globally. The combination of these factors presents ongoing risk into 2025, together with uncertainties as to economic policies and the associated impact on global trade, interest rates and inflation.

In Bermuda, we have seen the progressing of legislation to implement the Bermuda Corporate Income Tax ('CIT') from 2025 onwards. Conduit does not expect to meet the criteria that would make it subject to the tax. If Conduit 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. As CHL, CSL, CML and CRL do not meet the qualifying criteria under Bermuda CIT, they continue to benefit from an existing undertaking from the Bermuda government which exempts them from all Bermuda local income, withholding and capital gains taxes until 31 March 2035.

# Notes to the consolidated financial statements
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**a. Reinsurance risk**

Conduit underwrites both short-tail and long-tail reinsurance contracts on a worldwide basis. These reinsurance contracts transfer insurance risk, including risks exposed to both natural and man-made catastrophes, and risk and liability losses. The risk in connection with underwriting reinsurance contracts is, in the event of a covered loss, whether the premiums will be sufficient to meet the associated loss payments and expenses. The underwriters evaluate and estimate the level of premiums sufficient to cover expected losses, expenses and profitability through a combination of sophisticated risk modelling tools, past experience and knowledge of loss events, current industry trends and broader economic indicators. In order to ensure appropriate reinsurance risk selection and limits on the concentration and diversification of the aggregate portfolio, Conduit has established risk management and internal control systems to evaluate and assess the expected losses of each individual contract, class of business, geographic region and the aggregate portfolio.

These controls, include, but are not limited to:

- A five-year strategic plan is produced that defines the overriding business goals that management and the Board aim to achieve;
- A detailed business plan is produced annually and considers current market conditions and the risk-adjusted profitability of the underwriting portfolio;
- Conduit's internal capital requirements consider the probability and magnitude of reinsurance losses varying adversely from the expected losses considered during the underwriting and subsequent reserving processes;
- Forecasts are produced periodically to assess the progress toward the business plan and the strategic plan;
- Each underwriter has a clearly defined limit of underwriting authority;
- Each contract underwritten is subject to a pre-bind peer review;
- An underwriting roundtable meeting, typically held daily, where deal flow, pricing and opportunities are discussed;
- Pricing models are used in all areas of the underwriting process and are stored centrally in our pricing platform;
- Risk appetite and tolerance statements have been established and the CRO reports quarterly on adherence;
- A number of modelling tools are used to model catastrophes and calculate the associated expected losses; and
- Outwards reinsurance is purchased to mitigate both frequency and severity of losses, and to protect Conduit's capital base.

# Notes to the consolidated financial statements
continued

## Catastrophe management

Certain of Conduit's classes of business provide coverage for natural catastrophes and are subject to seasonal variation and the impacts of climate change. Conduit's business has exposure to large catastrophe losses in North America, Europe and Japan as a result of windstorms. The level of windstorm activity, and landfall thereof, during the North American, European and Japanese wind seasons may materially impact loss experience. The North American and Japanese wind seasons are typically June to November and the European wind season November to March. Conduit has exposure to other natural catastrophes that can occur throughout the year, such as earthquakes, tsunamis, droughts, floods, hail, tornadoes, and wildfires. In addition, Conduit is exposed to risk losses throughout the year from perils such as fire, explosion, war, terrorism, political risk, cyber and other events, including loss arising from legal liabilities rather than physical damage.

Conduit has defined its appetite and tolerances for risk accumulations and uses models to determine the expected frequency and severity of aggregating exposures. Conduit's most significant modelled exposure to any single peril and region combination at the commonly reported 100-year and 250-year return periods were to Florida windstorm as at 31 December 2023 and California earthquake as at 31 December 2024. The table below shows the estimated net exposures to these peak zone perils on a first occurrence basis. Net positions are calculated by applying relevant reinstatement premiums and outwards reinsurance to the respective modelled gross exposures.

| | | **2024** | | 2023 | |
|---|---|---|---|---|---|
| As at 31 December | | **Net $m** | **% of tangible capital** | Net $m | % of tangible capital |
| **Return Period** | **Peril** | | | | |
| 100-year | Florida windstorm | **43.1** | **4.1%** | 92.7 | **9.4%** |
| 250-year | Florida windstorm | **69.8** | **6.6%** | 90.0 | **9.1%** |
| 100-year | California earthquake | **75.0** | **7.1%** | 72.0 | **7.3%** |
| 250-year | California earthquake | **82.4** | **7.8%** | 72.7 | **7.4%** |

The table shows modelled estimated net exposure as at 31 December 2024 which reflects reduced attachment points to aggregate reinsurance protections resulting from events during the year. This has a notable impact on net Florida windstorm exposure. The 31 December 2023 exposures did not benefit from reductions in the attachment points of aggregate reinsurance protections. Any reduction in estimated loss for events that happened in 2024 will increase modelled loss shown above.

While modelling is an important tool in assessing exposure and aggregations, the reliability of modelling varies by peril and region. Modelling is also dependent on various judgemental assumptions and input data provided by cedants, which can vary in precision and accuracy. As such actual exposures are likely to vary from those shown. There could also be an unmodelled loss which exceeds these figures. The models also contain loss scenarios at higher return periods which could cause a larger loss to capital than the modelled expectation shown above.

# Notes to the consolidated financial statements
continued

## Operating segments
The underwriting business is comprised of three principal divisions: Property, Casualty and Specialty. These divisions are also considered to be Conduit's operating segments. Details of each operating segment and reinsurance revenue by geographic region and operating segment are as follows:

| | 2024 | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year ended 31 December | **Property $m** | **Casualty $m** | **Specialty $m** | **Total $m** | **Total %** | Property $m | Casualty $m | Specialty $m | Total $m | Total % |
| US | 229.2 | 101.8 | 30.3 | 361.3 | 44.4 | 198.0 | 118.3 | 20.6 | 336.9 | 53.2 |
| Worldwide | 143.6 | 57.8 | 120.0 | 321.4 | 39.5 | 101.2 | 23.4 | 74.7 | 199.3 | 31.5 |
| Europe | 34.8 | 39.4 | 22.9 | 97.1 | 11.9 | 21.7 | 28.2 | 19.7 | 69.6 | 11.0 |
| Other | 30.2 | 2.8 | 0.9 | 33.9 | 4.2 | 24.3 | 1.9 | 1.0 | 27.2 | 4.3 |
| **Reinsurance revenue** | **437.8** | **201.8** | **174.1** | **813.7** | **100.0** | **345.2** | **171.8** | **116.0** | **633.0** | **100.0** |

## Property reinsurance
Conduit is exposed to large natural-catastrophe losses, such as windstorm and earthquake losses, primarily from assuming risks associated with property treaties. Exposure to natural-catastrophe events is controlled and measured by managing to predefined limits within stochastic modelling and deterministic accumulations across classes per geographic zone and peril. The accuracy of these analyses is limited by the quality of data and the effectiveness of the modelling. It is possible that a catastrophic event significantly exceeds the expected modelled event loss.

Natural-catastrophe risk is written across both the US and internationally on an excess of loss and capped quota share basis. Reinsurance structures are offered typically in respect of peril, geography and probability of activation or exhaustion.

Property per risk treaties are offered with the strategy to minimise natural-catastrophe exposure, focusing on fire risk. This is considered by both natural-catastrophe specific metrics, treaty conditions and excess of loss structure.

Ceded reinsurance may be purchased to mitigate exposures to large natural-catastrophe losses. Ceded reinsurance is typically purchased on an ultimate net loss excess of loss basis, however industry loss warranties, catastrophe bonds issuances, or proportional treaty arrangements may also be utilised.

## Casualty reinsurance
Conduit underwrites a balanced portfolio of casualty classes of business, comprised of both excess of loss and proportional contracts, on a worldwide basis.

Casualty claims tend to take longer to be reported and ultimately settled than physical damage risks. Conduit typically maintains a liability for incurred claims for casualty classes of business over a longer period of time than for the property and specialty classes of business where the costs of claims are generally known and settled within a shorter time frame.

Conduit will purchase ceded reinsurance to protect against any ‘clash’ between losses arising in its casualty portfolio.

# Notes to the consolidated financial statements
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The sub-classes of casualty business include directors and officers liability, financial institutions liability, general liability for multiple sub-classes and, on an excess and umbrella basis, medical malpractice, professional liability and transactional liability. Conduit has limited appetite for, and generally avoids, workers compensation, standalone auto and cyber treaties.

### Directors and officers liability
Directors and officers liability policies offer protection for company managers and directors and officers against claims that may arise in the normal course of operations. Coverage includes legal expenses and liability to shareholders, bondholders, creditors or others owing to actions or omissions by a director or officer of a private or public corporation, or not-for-profit organisation.

### Financial institutions liability
Financial institutions coverage may cover risks such as computer and commercial crime, professional indemnity and civil liability.

### General liability
General liability commonly provides cover for losses arising from the legal liability of an original insured and statutory liability in the case of employers' liability which result in bodily injury or disease to third parties or physical damage to third-party property. Conduit offers a wide range of general liability reinsurance products including contractors general liability, excess general liability, umbrella, energy and environmental.

### Medical malpractice
Medical malpractice reinsurance generally covers professional liability and errors and omissions specifically in the healthcare industry, protecting physicians and other healthcare professionals against claims of negligent acts or injury of patients under their care. Medical malpractice reinsurance does not cover intentional or criminal acts.

### Professional liability
Professional liability generally provides coverage for third-party losses resulting from legal liability or civil liability or negligence, errors or omissions or wrongful acts arising from the provision of, or failure to provide, professional services by an original insured. Sub-classes of this business would include lawyers, accountants, architects and engineers, errors and omissions, plus miscellaneous professional liability.

### Transactional liability
Transactional liability reinsurance is used by parties to various business transactions, such as mergers, acquisitions and divestitures, to transfer certain transaction-related risks to the reinsurance market. There can be a broad range of risks covered, including warranty, litigation, pension and tax uncertainties and employment matters.

## Specialty reinsurance
Conduit's specialty classes of business are written on both an excess of loss and proportional basis and can provide reinsurance coverage against physical damage (short-tail) or against legal liability (long-tail) losses. Although specialty classes of business are exposed to natural-catastrophe risk, it is generally to a lesser extent than property classes of business. They are more likely to be affected by specific large loss events such as accidents, collisions, fires and similar man-made catastrophe events. Specialty classes of business are highly diverse in nature and require specific market expertise and experience. The specialty classes of business include, but are not limited to, aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and are offered on both a specific and a whole account basis.

Conduit purchases ceded reinsurance protection to reduce exposure to both large risk losses and an accumulation of smaller claims arising from any one event. Ceded reinsurance is typically purchased on an excess of loss basis, but, from time to time, proportional arrangements may be entered into.

### Aviation
The aviation class of business provides cover to the insurers of airlines, aircraft, airports, aircraft manufacturers and aviation related products, and includes cover for the aircraft themselves as well as losses arising from passenger and third-party liability claims against airlines and/or operators and/or manufacturers.

# Notes to the consolidated financial statements
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### Energy
The energy class of business provides reinsurance cover for a global spread of accounts that includes risks such as downstream energy, midstream energy, upstream energy, energy liability, construction and natural perils related coverages such as Gulf of Mexico wind and hurricane programmes. Policies typically cover legal liability of an insured and property for physical damage (including natural catastrophe), machinery breakdown perils and consequential business interruption exposure. Loss limits are set at a level commensurate with the modelled estimated maximum loss scenario.

### Engineering and construction
The class covers a wide range of products falling under related property and business income protection on a worldwide basis. These products include, but are not limited to, contractors' all risks, erection all risks, plant and equipment, machinery breakdown and loss of profits. Projects range from small bespoke to large civil engineering constructions. The main hazards are fire and explosion, theft, collapse and natural perils such as earthquake, windstorm and flood.

### Environmental
Environmental products generally provide cover relating to the environmental and energy casualty classes with regard to pollution. The related sectors typically include energy, construction, and industrial which includes both commercial and residential risks.

### Marine
Marine cargo is an international account and covers the reinsurance of commodities or goods in transit. Typically, transit cover is provided on an all-risks basis for marine perils for the full value of the goods concerned. Static cover is also provided for losses to cargo, from both elemental and non-elemental causes. In addition, the cargo account can include for example, fine art, vault risks, artwork on exhibition and marine war and terrorism business relating to cargo in the ordinary course of transit.

Marine liability commonly provides cover for legal liability for losses arising from the operation of marine and offshore related assets including but not limited to the reinsurance of the International Group of Protection and Indemnity Clubs, the operation and management of ships and vessels, cargo, and marine builders' risks covering the building of ocean-going vessels and offshore assets.

The marine hull class generally consists of worldwide coverage spanning physical damage, hull and machinery breakdown, loss of hire and mortgagees' interests for a range of maritime vessels from cargo and passenger ships to private pleasure craft. Products typically cover both risk and catastrophe exposures.

### Renewables
The class covers a wide range of tailored solutions globally. The class includes offshore and onshore wind power, ground and rooftop solar power plus bioenergy fuels and associated operations. The risks exposed are quite unique, from difficult construction operations to installing complex equipment that is routinely exposed to natural hazards. Policies typically include cover for physical damage, legal liability, machinery breakdown and business interruption for both construction and operational phases.

### Political violence and terrorism
Political violence and terrorism coverage is provided for US and worldwide property risks, but typically excluding nuclear, chemical, biological and cyber coverage in most territories.

### Whole account
Coverage is generally provided on a worldwide basis and covers a broad spectrum of the cedants risks under a single policy. The classes of business covered under a whole account reinsurance policy can include property, specialty and casualty classes of business including commercial and personal automobile, general liability, workers compensation, employers liability, excess casualty and umbrella, as well as selected professional liability coverage.

## Ceded reinsurance
Ceded reinsurance is purchased in the normal course of business to increase capital capacity, limit the impact of individual risk losses and loss events impacting multiple cedants (such as natural catastrophes, notably earthquakes and named storms), or both. Ceded reinsurance may also be purchased from time to time to optimise the risk-adjusted return of Conduit's aggregate underwriting portfolio. Conduit may purchase ceded reinsurance on both an excess of loss and proportional basis, and may also use reinsurance linked to catastrophe bonds or other capital market products. The mix of ceded reinsurance coverage is dependent on specific loss mitigation requirements, market conditions and available capacity. In certain market conditions, Conduit may deem it more economic to hold capital

than purchase ceded reinsurance. Ceded reinsurance does not relieve Conduit of its obligations to policyholders. Conduit is exposed to reinsurance risk where ceded reinsurance contracts put in place to reduce gross reinsurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the limits purchased. Failure of a ceded reinsurer to pay a valid claim is considered a credit risk which is detailed in the credit risk section below. Ceded reinsurance coverage is not intended to be available to meet all potential loss circumstances. Conduit will retain certain losses, as the cover purchased is unlikely to transfer the totality of Conduit's exposure. Any loss amount which exceeds the ceded reinsurance coverage purchased would be retained by Conduit. Some ceded reinsurance policies have limited reinstatements, therefore the number of claims which may be recovered on second, and subsequent loss circumstances is limited.

Under Conduit's ceded reinsurance security policy, ceded reinsurers are assessed and approved based on their financial strength ratings, among other factors. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process. The management Counterparty Security Committee examines and approves all Conduit's ceded reinsurers to ensure that they possess suitable security.

### Fulfilment cash flows

Fulfilment cash flows consist of:

- The estimates of future cash flows required in the ultimate settlement of claims;
- An adjustment for the time value of money; and
- A risk adjustment for non-financial risk

### Estimates of future cash flows

A significant and critical judgement and estimate made by management is the estimation of future cash flows in relation to ultimate claims settlements. Management estimates, in an unbiased way, future cash flows to cover its estimated liability for both reported and unreported claims on events that have occurred up to the latest valuation date, incorporating all reasonable and supportable information that is available without undue cost or effort. Management uses methodologies that calculate a point estimate for the ultimate losses, representing management's best estimate of ultimate future cash flows. Conduit estimates the future cash flows by taking outstanding losses, adding an estimate for IBNR and, if deemed necessary, ACRs which represent Conduit's estimate for losses related to specific contracts that management believes may not be adequately estimated by the cedant as at that date.

Liabilities for incurred claims are not permitted until the occurrence of an event which may give rise to a claim. As a result, only provisions applicable to losses that have occurred up to the reporting date are established, with no allowance for the provision of a contingency liability to account for expected future losses or for the emergence of new types of latent claims. Claims arising from future events can be expected to require the establishment of substantial liabilities from time to time. The estimated timing of the future cash flows is determined by applying cash flow payment assumptions to the best estimate of ultimate future cash flows.

The reserving process is dependent on management's judgement and is subject to meaningful uncertainty due to both qualitative and quantitative factors, including, but not limited to: the nature of the business written, whether it is short-tail or long-tail, whether it is excess of loss or proportional, the magnitude and timing of loss events, the geographic areas impacted by loss events, time lags in the reporting process from the original claimant, limited claims data, policy coverage interpretations, case law, regulatory directives, demand surge and inflation, potential uncertainties related to reinsurance and ceding company reserving practices, and other factors inherent in the estimation process for the net ultimate liability for incurred claims.

The judgements and estimates used in establishing future cash flow calculations may be revised as additional experience or other data becomes available. Future cash flows are also reviewed as new or improved methodologies are developed and as laws or regulations change. Furthermore, as a business operating within a broker market, management must rely on loss information reported to brokers by other insurers and their loss adjusters, who must estimate their own losses at the policy level, often based on incomplete and changing information. The information management receives varies by cedant and may include paid losses, estimated case reserves and an estimated provision for IBNR reserves. Additionally, reserving practices and the quality of data reporting may vary among ceding companies, which adds further uncertainty to management's estimates of the ultimate losses.

Conduit's internal actuaries review the assumptions and methodologies on a quarterly basis and develop an actuarial best estimate of Conduit's future cash flows using the processes outlined above. The management Reserving Committee reviews the estimate for the liability for incurred claims on a quarterly basis. The reserves are subject to a semi-annual independent review by Conduit's external actuaries. The results of the internal and independent reserve reviews are presented to the Audit Committee.

### Risk adjustment

The risk adjustment for non-financial risk is the compensation that Conduit requires for bearing the uncertainty about the amount and timing of the cash flows arising from reinsurance contracts. Conduit determines the risk adjustment at the entity level and allocates to the groups of reinsurance contracts.

Conduit has estimated the risk adjustment using a margin-based approach. The margins are calibrated to a targeted confidence interval range using the BMA BSCR risk framework. Conduit expects that the risk adjustment recognised within the fulfilment cash flow will fall within the range of the $75^{th}$ and the $85^{th}$ percentile, gross and net of ceded reinsurance. Conduit estimates that the risk adjustment net of ceded reinsurance corresponds to the 81st percentile as at 31 December 2024 (31 December 2023: 82nd percentile).

### Short-tail versus long-tail

Claims relating to short-tail risks are generally reported more promptly than those relating to long-tail risks. The timeliness of reporting can be affected by such factors as the nature of the event causing the loss, the location of the loss and whether the losses are from policies in force with primary insurers or reinsurers.

### Excess of loss versus proportional

For excess of loss contracts, management is aided by the fact that each policy has a defined limit of liability arising from one event. Once that limit has been reached, there is no further exposure to additional losses from that policy for the same event. For proportional business, an initial estimated loss and loss expense ratio is generally used. This is based upon information provided by the ceding company and/or their broker and management's historical experience of that treaty, if any, and the estimate is adjusted as actual experience becomes known.

## b. Market risk

Conduit is at risk of loss due to movements in market factors. The main market risks Conduit was exposed to include:

- Reinsurance risk;
- Investment risk; and
- Currency risk.

### Reinsurance risk

Conduit is exposed to reinsurance market risk from several sources, including the following:

- The advent or continuation of a soft market, which may result in a stabilisation or decline in premium rates and/or terms and conditions for certain classes, or across all classes;
- The actions and reactions of key competitors, which may directly result in volatility in premium volumes and rates, fee levels and other input costs;
- Market events, including unusual inflation in rates, may result in a limit in the availability of cover, causing political intervention or national remedies;
- Failure to maintain broker and cedant relationships, leading to a limited or substandard choice of risks inconsistent with Conduit's risk appetite;
- Changes in laws and regulation, including capital, governance or licensing requirements; and
- Changes in the geopolitical environment.

The most important method to mitigate reinsurance market risk is to maintain strict underwriting standards. Conduit manages reinsurance market risk in numerous ways, including the following:

- Reviewing and amending underwriting plans and outlook as necessary;
- Reducing exposure to, or withdrawing from, market sectors where conditions have reached unattractive levels;
- Purchasing appropriate, cost-effective reinsurance cover to mitigate exposures;
- Closely monitoring changes in rates, terms and conditions and inflation;
- Ensuring through rigorous underwriting criteria that surplus capital does not drive short-term risk appetite;
- Holding an underwriting roundtable meeting, typically daily, where deal flow, pricing and opportunities are discussed;

# Notes to the consolidated financial statements
continued

- Holding quarterly management Underwriting Oversight Committee meetings that consider matters that include underwriting performance for CRL;
- Holding an annual strategy review meeting;
- Holding a quarterly Underwriting Committee board meeting that considers matters including underwriting performance for CRL;
- Holding a quarterly Risk, Capital and Compliance Committee meeting to review relevant risk and capital considerations for CRL; and
- Holding regular meetings with regulators and rating agencies.

### Reinsurance finance risk

Estimates of future cash flows for incurred claims are discounted on initial recognition and then re-measured to current rates as at each reporting date. Reinsurance liabilities and ceded assets for incurred claims are therefore sensitive to the level of market interest rates. Interest rate risk on reinsurance contracts is the risk that the value of the future cash flows will fluctuate due to changes in market interest rates. Movements in interest rates may lead to an adverse impact on the value of Conduit's reinsurance contract assets and liabilities.

Conduit manages this risk by monitoring the duration of reinsurance contract cash flows and adopting policies regarding asset and liability matching to reduce the volatility arising from interest rate movements on assets and liabilities in the consolidated statement of comprehensive income.

The total reinsurance contract assets and liabilities exposed to interest rate risk are detailed below:

| | | **2024** | 2023 |
|---|---|---|---|
| As at 31 December | Note | **$m** | $m |
| Ceded asset for incurred claims | 14 | 41.2 | 42.6 |
| Liability for incurred claims | 14 | (978.0) | (592.2) |
| **Total** | | **(936.8)** | **(549.6)** |

### Discount rates

All future cash flows are discounted using yield curves that are adjusted to reflect the characteristics of the cash flows and the liquidity of the reinsurance contracts. Conduit determines its discount rates using a bottom-up method of using a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields published by EIOPA for the relevant, material currencies. The illiquidity premium is estimated by reference to observable market corporate bond yields.

The annual spot rates, including illiquidity premium, used for the re-measurement of the net liability for incurred claims as at the balance sheet date are shown below for all portfolios:

| | **2024** | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| As at 31 December | **1 year** | **3 years** | **5 years** | **10 years** | 1 year | 3 years | 5 years | 10 years |
| USD | 4.68% | 4.56% | 4.52% | 4.57% | 5.26% | 4.22% | 4.00% | 3.95% |
| EUR | 2.74% | 2.59% | 2.64% | 2.77% | 3.86% | 2.94% | 2.82% | 2.89% |
| GBP | 4.96% | 4.65% | 4.54% | 4.57% | 5.24% | 4.17% | 3.86% | 3.78% |

# Notes to the consolidated financial statements
continued

The sensitivity of Conduit's net reinsurance liability for incurred claims to interest rate movements is detailed below, assuming linear movements in interest rates:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| As at 31 December | **$m** | **%** | $m | % |
| **Immediate shift in yield (basis points)** | | | | |
| 100 | 25.1 | 2.7 | 17.4 | 3.2 |
| 75 | 18.9 | 2.0 | 13.1 | 2.4 |
| 50 | 12.7 | 1.4 | 8.7 | 1.6 |
| 25 | 6.4 | 0.7 | 4.4 | 0.8 |
| 0 | – | – | – | – |
| -25 | (6.4) | (0.7) | (4.4) | (0.8) |
| -50 | (12.9) | (1.4) | (8.8) | (1.6) |
| -75 | (19.5) | (2.1) | (13.3) | (2.4) |
| -100 | (26.1) | (2.8) | (17.8) | (3.2) |

## Investment risk

Movements in investments resulting from changes in interest and inflation rates, credit spreads, and currency exchange rates, among other factors, may lead to an adverse impact on the value of Conduit's investment portfolio.

The Investment Committee of the CRL Board is responsible for all investment-related decisions and investment guidelines. The investment guidelines set the parameters within which Conduit's external managers must operate. Important parameters of these guidelines include permissible asset classes, duration ranges, credit quality, permitted currency, maturity, industry sectors, geographical, sovereign and issuer exposures. Guideline compliance is monitored on a monthly basis. The portfolio of fixed maturity securities is currently managed by four external managers. Their performance is monitored on an ongoing basis. Conduit projects the level of funds required to meet near-term obligations and cash flow needs following extreme events in order to ensure adequate liquidity is maintained. Conduit also prioritises liquid asset classes with higher credit quality and shorter duration so that Conduit can meet reinsurance and other near-term obligations. Conduit has split the portfolio into a short-tail mandate, to better match the property and specialty classes of business, and a long-tail mandate, to better match the casualty classes of business and some aspects of the specialty classes of business. The short-tail mandate will be slightly shorter duration than the long-tail mandate.

Conduit reviews the composition, duration and asset allocation of its investment portfolio on a regular basis to respond to changes in interest rates and other market conditions. If certain asset classes are anticipated to produce a higher return within management's risk tolerance, an adjustment in asset allocation may be made. Conversely, if the risk profile is expected to move outside of tolerance levels, adjustments may be made to reduce the risks in the portfolio.

Conduit models various periods of significant stress in order to better understand the investment portfolio's risks and exposures. The scenarios represent what could, and most likely will, occur – albeit not in the exact form of the scenarios, which are based on historic periods of volatility. Conduit also monitors the portfolio impact of more severe scenarios consisting of extreme shocks.

Conduit focuses on the most significant risks in its investment portfolio which are interest rate risk, credit risk and liquidity risk, and has built stress testing and risk analytics around these risks to ensure they are within tolerances and preferences. Conduit seeks to invest in issuers with stronger ESG practices on balance, as it believes that this will also help reduce risk in the portfolio.

Strategic asset allocation reviews will be undertaken periodically to assess Conduit's overall investment strategy and to consider alternative asset allocations to achieve the best risk-adjusted return within Conduit's risk appetite. Any resulting recommendations would be approved by the appropriate management committee(s) and reported to the Board. The Investment Committee meets quarterly to ensure that the strategic and tactical investment actions were consistent with investment risk preferences, appetite, risk and return objectives and tolerances. The investment risk tolerances have been incorporated into the risk framework.

# Notes to the consolidated financial statements
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The investment mix by mandate and sector of Conduit's portfolio of fixed maturity securities is as follows:

| **As at 31 December 2024** | **Estimated fair value short-tail $m** | **Estimated fair value long-tail $m** | **Estimated fair value total $m** |
|---|---|---|---|
| Short-term investments | 29.4 | 6.0 | 35.4 |
| US treasuries | 297.6 | 176.5 | 474.1 |
| US agency debt | 1.9 | 2.5 | 4.4 |
| US municipals | 14.2 | 6.5 | 20.7 |
| Non-US government and agency | – | – | – |
| Asset-backed | 171.6 | 39.4 | 211.0 |
| US government agency mortgage-backed | 63.5 | 83.8 | 147.3 |
| Non-agency mortgage-backed | 22.0 | 8.6 | 30.6 |
| Agency commercial mortgage-backed | 7.0 | – | 7.0 |
| Non-agency commercial mortgage-backed | 30.6 | 36.1 | 66.7 |
| Corporate | 311.5 | 217.6 | 529.1 |
| **Total** | **949.3** | **577.0** | **1,526.3** |

| As at 31 December 2023 | Estimated fair value short-tail $m | Estimated fair value long-tail $m | Estimated fair value total $m |
|---|---|---|---|
| Short-term investments | 42.0 | 4.7 | 46.7 |
| US treasuries | 230.0 | 113.9 | 343.9 |
| US agency debt | 2.0 | 1.8 | 3.8 |
| US municipals | 11.8 | 7.3 | 19.1 |
| Non-US government and agency | 2.0 | – | 2.0 |
| Asset-backed | 125.4 | 48.9 | 174.3 |
| US government agency mortgage-backed | 62.3 | 59.8 | 122.1 |
| Non-agency mortgage-backed | 11.7 | 6.6 | 18.3 |
| Agency commercial mortgage-backed | 7.8 | – | 7.8 |
| Non-agency commercial mortgage-backed | 25.6 | 31.2 | 56.8 |
| Corporate | 286.1 | 157.5 | 443.6 |
| **Total** | **806.7** | **431.7** | **1,238.4** |

# Notes to the consolidated financial statements
continued

Corporate and non-US government and agency bonds by country are as follows:

| **As at 31 December 2024** | **Financials $m** | **Other industries $m** | **Non-US government and agency $m** | **Total $m** |
|---|---|---|---|---|
| US | 210.9 | 205.8 | – | 416.7 |
| UK | 27.5 | 5.2 | – | 32.7 |
| Canada | 30.7 | 1.0 | – | 31.7 |
| Other countries | 41.6 | 6.4 | – | 48.0 |
| **Total** | **310.7** | **218.4** | **–** | **529.1** |

| As at 31 December 2023 | Financials $m | Other industries $m | Non-US government and agency $m | Total $m |
|---|---|---|---|---|
| US | 179.0 | 178.5 | – | 357.5 |
| UK | 22.9 | 1.6 | – | 24.5 |
| Canada | 16.1 | 0.9 | – | 17.0 |
| Other countries | 42.9 | 1.7 | 2.0 | 46.6 |
| **Total** | **260.9** | **182.7** | **2.0** | **445.6** |

The sector allocation of corporate bonds is as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| As at 31 December | **$m** | **%** | $m | % |
| Financials | 310.7 | 58.7 | 260.9 | 58.8 |
| Industrials | 193.5 | 36.6 | 161.4 | 36.4 |
| Utilities | 24.9 | 4.7 | 21.3 | 4.8 |
| **Total** | **529.1** | **100.0** | **443.6** | **100.0** |

# Notes to the consolidated financial statements
continued

Conduit's investment portfolio is comprised of fixed maturity securities and cash and cash equivalents. Fair values can be impacted by movements in interest rates, credit ratings, exchange rates, the current economic environment and outlook. The estimated fair value of the portfolio of fixed maturity securities is generally inversely correlated to movements in market interest rates. If market interest rates fall, the estimated fair value of Conduit's portfolio of fixed maturity securities would tend to rise and vice versa. The sensitivity of the price of fixed maturity securities to movements in interest rates is indicated by their duration. The greater a security's duration, the greater its price volatility to movements in interest rates. The sensitivity of Conduit's portfolio of fixed maturity securities to interest rate movements is detailed below, assuming linear movements in interest rates.

| | **2024** | | 2023 | |
|---|---|---|---|---|
| As at 31 December | **$m** | **%** | $m | % |
| **Immediate shift in yield (basis points)** | | | | |
| 100 | **(41.0)** | **(2.7)** | (32.1) | (2.6) |
| 75 | **(30.8)** | **(2.0)** | (24.1) | (1.9) |
| 50 | **(20.5)** | **(1.3)** | (16.0) | (1.3) |
| 25 | **(10.3)** | **(0.7)** | (8.0) | (0.6) |
| 0 | **-** | **-** | – | – |
| -25 | **11.6** | **0.8** | 9.1 | 0.7 |
| -50 | **23.1** | **1.5** | 18.3 | 1.5 |
| -75 | **34.7** | **2.3** | 27.4 | 2.2 |
| -100 | **46.3** | **3.0** | 36.5 | 2.9 |

Conduit mitigates interest rate risk on the investment portfolio by establishing and monitoring duration ranges in its investment guidelines. The duration of the portfolio is matched to the modelled expected duration of the reinsurance reserves, within a permitted range. The permitted duration range for the portfolio is between 1.5 and 5 years. The overall duration for the fixed maturity securities, managed cash and cash equivalents is 2.5 years as at 31 December 2024 (as at 31 December 2023: 2.4 years).

In addition to duration management, Conduit monitors VaR to measure potential losses in the estimated fair values of its cash and invested assets and to understand and monitor risk. The VaR calculation is performed using variance/covariance risk modelling. Securities are valued individually using standard market pricing models. These security valuations serve as the input to many risk analytics. The principal VaR measure that is produced is an annual VaR at the 99$^{th}$ percentile confidence level. Under normal conditions, the portfolio is not expected to lose more than the VaR metric listed below, 99% of the time over a one-year time horizon. The appropriateness of this measure is considered by the Investment Committee periodically.

Conduit's annual VaR calculation is as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| As at 31 December | **$m** | **% of shareholders' equity** | $m | % of shareholders' equity |
| 99$^{th}$ percentile confidence level | **102.2** | **9.7%** | 91.9 | 9.3% |

# Notes to the consolidated financial statements
continued

## Currency risk

Conduit is susceptible to fluctuations in rates of foreign exchange, principally between the US dollar and pound sterling and the US dollar and the euro. Even though risks are assumed on a worldwide basis, they are predominantly denominated in US dollars. Conduit is exposed to currency risk to the extent its assets are denominated in different currencies to its liabilities. Conduit is also exposed to translation risk on non-monetary assets and liabilities. Foreign currency gains and losses are recorded in the period they occur in the consolidated statement of comprehensive income.

Conduit hedges monetary non-US dollar liabilities primarily with non-US dollar assets but may also use derivatives, such as currency forwards, to mitigate foreign currency exposures. The main foreign currency exposure relates to its reinsurance and ceded reinsurance assets and liabilities, cash holdings and dividend payable, if applicable.

With the adoption of IFRS 17 all reinsurance and ceded reinsurance assets and liabilities are monetary items and are revalued at period end exchange rates.

The following table summarises the carrying value of all monetary and non-monetary assets and liabilities categorised by Conduit's main currencies.

| **As at 31 December 2024** | **USD $m** | **GBP $m** | **EUR $m** | **Other $m** | **Total $m** |
|---|---|---|---|---|---|
| Total assets | 1,801.5 | 27.4 | 40.1 | 37.2 | 1,906.2 |
| Total liabilities | (758.4) | (24.2) | (39.4) | (33.0) | (855.0) |
| **Net assets (liabilities)** | **1,043.1** | **3.2** | **0.7** | **4.2** | **1,051.2** |

| As at 31 December 2023 | USD $m | GBP $m | EUR $m | Other $m | Total $m |
|---|---|---|---|---|---|
| Total assets | 1,427.9 | 26.3 | 16.5 | 25.5 | 1,496.2 |
| Total liabilities | (438.7) | (20.4) | (29.3) | (20.4) | (508.8) |
| **Net assets (liabilities)** | **989.2** | **5.9** | **(12.8)** | **5.1** | **987.4** |

The impact on profit from a proportional foreign exchange movement of 10.0% against the US dollar at year end spot rates would be an increase or decrease of $1.3 million (31 December 2023: increase or decrease of $0.4 million).

# Notes to the consolidated financial statements
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### c. Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring unreasonable costs. Conduit's main exposure to liquidity risk is with respect to its reinsurance and investment activities. Conduit is exposed if proceeds from the sale of financial assets are not sufficient to fund obligations arising from reinsurance contacts and/or other liabilities. Conduit can be exposed to fund daily calls on its available investment assets, principally to settle reinsurance claims and/or to fund trust accounts following a large catastrophe loss, or other collateral requirements.

Liquidity risk exposures related to reinsurance activities are as follows:

- Large catastrophic events, or multiple medium-sized events in quick succession, requiring the payment of high-value claims within a short time frame or to fund trust accounts established to collateralise claims payment liabilities;
- Failure of cedants to meet their contractual obligations with respect to the timely payment of premiums; and
- Failure of Conduit's ceded reinsurers to meet their contractual obligations to pay claims within a timely manner.

Liquidity risk exposures related to investment activities are as follows:

- Adverse market movements and/or a duration mismatch to obligations, resulting in investments needing to be disposed of at a significant realised loss; and
- An inability to liquidate investments due to market conditions.

Conduit's investment strategy is to hold high quality, liquid securities sufficient to meet reinsurance liabilities and other near-term liquidity requirements. Portfolios are specifically designed to ensure funds are readily available in an extreme event.

The maturity dates of Conduit's portfolio of fixed maturity securities are as follows:

| **As at 31 December 2024** | **Short-tail $m** | **Long-tail $m** | **Total $m** |
|---|---|---|---|
| **Fixed maturity securities at FVTPL** | | | |
| Less than one year | 134.7 | 11.4 | 146.1 |
| Between one and two years | 169.2 | 64.7 | 233.9 |
| Between two and three years | 120.3 | 46.9 | 167.2 |
| Between three and four years | 61.1 | 95.5 | 156.6 |
| Between four and five years | 68.2 | 50.1 | 118.3 |
| Over five years | 101.1 | 140.5 | 241.6 |
| Asset-backed and mortgage-backed | 294.7 | 167.9 | 462.6 |
| **Total** | **949.3** | **577.0** | **1,526.3** |

| As at 31 December 2023 | Short-tail $m | Long-tail $m | Total $m |
|---|---|---|---|
| **Fixed maturity securities at FVTPL** | | | |
| Less than one year | 174.6 | 29.9 | 204.5 |
| Between one and two years | 135.3 | 13.1 | 148.4 |
| Between two and three years | 122.3 | 47.7 | 170.0 |
| Between three and four years | 29.3 | 21.5 | 50.8 |
| Between four and five years | 41.1 | 79.8 | 120.9 |
| Over five years | 71.3 | 93.2 | 164.5 |
| Asset-backed and mortgage-backed | 232.8 | 146.5 | 379.3 |
| **Total** | **806.7** | **431.7** | **1,238.4** |

# Notes to the consolidated financial statements
continued

The estimated maturity profile of the reinsurance liability for incurred claims and financial liabilities of Conduit is as follows:

| | Years until liability becomes due – discounted | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | | | | | | 2023 | | | | | |
| As at 31 December | **Carrying value $m** | **Less than one $m** | **One to three $m** | **Three to five $m** | **Over five $m** | **Total $m** | Carrying value $m | Less than one $m | One to three $m | Three to five $m | Over five $m | Total $m |
| Reinsurance liability for incurred claims | 978.0 | 280.4 | 403.9 | 175.8 | 117.9 | 978.0 | 592.2 | 158.0 | 231.4 | 117.3 | 85.5 | 592.2 |
| Other reinsurance payables | 6.3 | 6.3 | – | – | – | 6.3 | 12.0 | 12.0 | – | – | – | 12.0 |
| Other payables | 18.9 | 18.9 | – | – | – | 18.9 | 12.0 | 12.0 | – | – | – | 12.0 |
| Lease liabilities | 1.6 | 0.8 | 0.8 | – | – | 1.6 | 2.3 | 0.7 | 1.6 | – | – | 2.3 |
| **Total** | **1,004.8** | **306.4** | **404.7** | **175.8** | **117.9** | **1,004.8** | **618.5** | **182.7** | **233.0** | **117.3** | **85.5** | **618.5** |

Actual maturities of the above may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties. The estimation of the ultimate liability for incurred claims is complex and incorporates a significant amount of judgement. The timing of payments is also uncertain and cannot be predicted as simply as for other financial liabilities. Actuarial and statistical techniques, past experience and management's judgement have been used to determine a likely settlement pattern.

As at 31 December 2024, cash and cash equivalents were $313.2 million (31 December 2023: $199.8 million). Conduit manages its liquidity risks via its investment strategy to hold high quality, liquid securities, sufficient to meet its reinsurance liabilities and other near-term liquidity requirements. In addition, Conduit has established asset allocation and maturity parameters within the investment guidelines such that the majority of the investments are in high quality assets which could be converted into cash promptly and at minimal expense. Conduit monitors market changes and outlook and reallocates assets as it deems necessary.

As at 31 December 2024, Conduit considers it has more than adequate liquidity to pay its obligations as they fall due even if difficult investment market conditions were to prevail for a period of time.

# Notes to the consolidated financial statements
continued

## d. Credit risk

Credit risk is the risk that a counterparty may fail to pay, or repay, a debt or obligation. Conduit is exposed to credit risk on its fixed maturity investment portfolio, its expected premium cash flows due from cedants and on ceded reinsurance recoverables.

Credit risk on Conduit's portfolio of fixed maturity securities is mitigated through the investment policy to invest in instruments of high credit quality issuers and to limit the amounts of credit exposure with respect to particular ratings categories and any one issuer. Securities rated below an S&P or equivalent rating of BBB+ may comprise no more than 10.0% of the portfolio. Conduit also limits exposure to individual issuers, with declining limits for less highly rated issuers. Conduit therefore does not expect any significant credit concentration risk on its investment portfolio, except for fixed maturity securities issued by the US government and its agencies.

Conduit is potentially exposed to counterparty credit risk in relation to the total expected premium cash flows due from reinsurance brokers and cedants and on ceded reinsurance recoverables due from Conduit's reinsurers. Credit risk on total expected premium cash flows due from cedants is managed by conducting business with reputable broking organisations, with whom Conduit has established relationships, and by rigorous cash collection procedures. Conduit also has a broker approval process in place. Credit risk from ceded reinsurance recoverables is primarily managed by the review and approval of reinsurer security, with ongoing monitoring in place.

Ceded reinsurance recoverables are recorded within ceded reinsurance contract assets as the ceded asset for incurred claims which is shown in note 14.

The table opposite presents an analysis of Conduit's major exposures to counterparty credit risk, based on their rating. Expected premium cash flows are not rated, however there is limited default risk associated with these amounts.

| **As at 31 December 2024** | **Cash and cash equivalents and fixed maturity securities $m** | **Ceded asset for incurred claims $m** |
|---|---|---|
| AAA | 566.4 | – |
| AA+, AA, AA- | 742.2 | – |
| A+, A, A- | 441.5 | 24.6 |
| BBB+, BBB, BBB- | 89.4 | – |
| Other | – | 16.6 |
| **Total** | **1,839.5** | **41.2** |

| As at 31 December 2023 | Cash and cash equivalents and fixed maturity securities $m | Ceded asset for incurred claims $m |
|---|---|---|
| AAA | 434.2 | – |
| AA+, AA, AA- | 562.0 | – |
| A+, A, A- | 332.6 | 23.1 |
| BBB+, BBB, BBB- | 109.4 | – |
| Other | – | 19.5 |
| **Total** | **1,438.2** | **42.6** |

The ceded reinsurance assets classified as other are fully collateralised.

As at 31 December 2024 the average credit quality of Conduit's cash and cash equivalents and portfolio of fixed maturity securities was AA (31 December 2023: AA).

# Notes to the consolidated financial statements
continued

Total expected premium cash flows represents the premium, net of deductions, expected to be received for past and future reinsurance coverage. The following table shows total expected premium cash flows that are not yet due and those that are past due but not impaired, which represents the exposure to credit risk on reinsurance contracts issued at the balance sheet date.

| As at 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| Not yet due | 440.1 | 318.2 |
| Less than 90 days past due | 21.4 | 42.7 |
| Over 90 days past due | 4.8 | 7.0 |
| **Total** | **466.3** | **367.9** |

For the years ended 31 December 2024 and 2023 no provisions have been made for impaired or irrecoverable balances and no amount was charged to the consolidated statement of comprehensive income in respect of bad debts.

## e. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel, systems or external events. During the reporting period, various operational risks were identified, and steps were taken to manage or mitigate those risks.

The risk framework addresses the identification, assessment and management of operational risks. This process involves the use of risk registers to identify inherent risk and residual risk after the application of controls. The management of individual risks is the responsibility of management, with independent challenge and oversight provided by the risk function. The results of compliance reviews and independent internal audits provide an additional level of review and verification. The Audit Committee has selected a reputable provider to serve as outsourced internal auditors.

## f. Strategic risk

Conduit has identified several strategic risks, including:

- The risks that either the poor execution of the business plan or an inappropriate business plan in itself results in a strategy that fails to reflect adequately the trading environment, resulting in an inability to optimise performance, including reputational risk;
- The risks of the failure to maintain adequate capital, accessing capital at an inflated cost or the inability to access capital and unanticipated changes in vendor, regulatory and/or rating agency models that could result in an increase in capital requirements or a change in the type of capital required; and
- The risks of succession planning, staff retention and key personnel risks.

### Business plan risk

Conduit's business plan forms the basis of operations and provides strategic direction to management. Actual versus planned results are monitored regularly.

### Capital management risk

Total tangible capital is as follows:

| As at 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| Shareholders' equity | **1,051.2** | **987.4** |

Risks associated with the effectiveness of Conduit's capital management are mitigated as follows:

- Regular monitoring of current and prospective regulatory and rating agency capital requirements;
- Oversight of capital requirements by the Board;
- Ability to purchase sufficient, cost-effective reinsurance;
- Maintaining contact with vendors, regulators and rating agencies in order to stay abreast of upcoming developments; and
- Participation in industry groups such as the Association of Bermuda Insurers and Reinsurers, Reinsurance Association of America and the International Underwriting Association.

# Notes to the consolidated financial statements
continued

Conduit reviews the level and composition of capital on an ongoing basis with a view of:
- Maintaining sufficient capital for underwriting opportunities and to meet obligations to policyholders;
- Maximising the risk-adjusted return to shareholders within the context of the defined risk appetite;
- Maintaining an adequate financial strength rating; and
- Meeting all relevant capital requirements.

Capital is increased or returned as appropriate. The retention of earnings generated leads to an increase in capital. Capital raising can include debt or equity and returns of capital may be made through dividends, share repurchases, a redemption of debt or any combination thereof. Other capital management tools and products available to Conduit may also be utilised. All capital actions require approval by the Board.

The primary source of capital used by Conduit is equity shareholders' funds. As a holding company, CHL relies on dividends from its operating entity to provide the cash flow required for dividends to shareholders. The ability of the operating entity to pay dividends and make capital distributions is subject to the legal and regulatory restrictions of the jurisdiction in which it operates.

CRL is regulated as a Class 4 (re)insurer by the BMA and is required to hold sufficient capital under applicable regulations. The BMA's regulatory framework has been assessed as equivalent to the EU's Solvency II regime. CRL had sufficient capital at all times throughout the year to meet the BMA's requirements, inclusive of the BSCR standard formula and minimum margin of solvency.

### Retention risk

Risks associated with succession planning, staff retention and key person risks are mitigated through a combination of resource planning processes and controls, including:
- The identification of key personnel with appropriate succession plans at CHL;
- The identification of key team profit generators at CRL and function heads with targeted retention packages;
- Documented recruitment procedures, position descriptions and employment contracts;
- Resource monitoring and the provision of appropriate compensation, including equity-based incentives which vests over a defined time horizon, subject to achieving certain performance criteria; and
- Training schemes.

# Notes to the consolidated financial statements
continued

## 4. Segmental reporting

Management and the Board review Conduit's business and evaluates its performance primarily by three segments: Property, Casualty and Specialty. These are considered to be the reportable segments for the purposes of segmental reporting. Further classes of business are underwritten within each reportable segment. The nature of these individual classes is discussed further in the Risk disclosures section in note 3.

| Reportable segments | Operations and classes of business |
|---|---|
| **Property** | US and international property catastrophe and non-catastrophe risks on an excess of loss and proportional contract basis. |
| **Casualty** | US and international casualty risks principally including directors and officers liability, financial institutions liability, general liability, medical malpractice, professional liability and transactional liability. |
| **Specialty** | Diverse portfolio of business, including aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and whole account. |

Reportable segment performance is measured by the reinsurance service and finance result and the combined ratio. The chief operating decision maker does not manage Conduit's assets by reportable segment, and, accordingly, investment income and other non-underwriting related items are not allocated to each reportable segment. Refer to the risk disclosures for more information. All amounts reported are transactions with external parties and associates.

There are no significant inter-segmental transactions.

| **Year ended 31 December 2024** | **Property $m** | **Casualty $m** | **Specialty $m** | **Total $m** |
|---|---|---|---|---|
| Reinsurance revenue by geographic region | | | | |
| US | 229.2 | 101.8 | 30.3 | 361.3 |
| Worldwide | 143.6 | 57.8 | 120.0 | 321.4 |
| Europe | 34.8 | 39.4 | 22.9 | 97.1 |
| Other | 30.2 | 2.8 | 0.9 | 33.9 |
| **Reinsurance revenue** | **437.8** | **201.8** | **174.1** | **813.7** |

| Year ended 31 December 2023 | Property $m | Casualty $m | Specialty $m | Total $m |
|---|---|---|---|---|
| Reinsurance revenue by geographic region | | | | |
| US | 198.0 | 118.3 | 20.6 | 336.9 |
| Worldwide | 101.2 | 23.4 | 74.7 | 199.3 |
| Europe | 21.7 | 28.2 | 19.7 | 69.6 |
| Other | 24.3 | 1.9 | 1.0 | 27.2 |
| **Reinsurance revenue** | **345.2** | **171.8** | **116.0** | **633.0** |

Included within the worldwide geographic region, are premiums written with external parties in Bermuda for $0.7 million (31 December 2023: $4.0 million).

# Notes to the consolidated financial statements
continued

| Year ended 31 December | 2024 Property $m | 2024 Casualty $m | 2024 Specialty $m | 2024 Total $m | 2023 Property $m | 2023 Casualty $m | 2023 Specialty $m | 2023 Total $m |
|---|---|---|---|---|---|---|---|---|
| Reinsurance revenue | 437.8 | 201.8 | 174.1 | 813.7 | 345.2 | 171.8 | 116.0 | 633.0 |
| Ceded reinsurance expenses | (81.7) | (1.4) | (10.6) | (93.7) | (66.9) | (1.3) | (8.5) | (76.7) |
| **Net reinsurance revenue** | **356.1** | **200.4** | **163.5** | **720.0** | **278.3** | **170.5** | **107.5** | **556.3** |
| Reinsurance losses and loss related amounts, discounted | (256.3) | (146.2) | (128.4) | (530.9) | (136.5) | (120.7) | (70.8) | (328.0) |
| Reinsurance operating expenses | (38.1) | (13.1) | (9.3) | (60.5) | (30.4) | (11.9) | (6.7) | (49.0) |
| **Reinsurance service expenses** | **(294.4)** | **(159.3)** | **(137.7)** | **(591.4)** | **(166.9)** | **(132.6)** | **(77.5)** | **(377.0)** |
| Ceded reinsurance recoveries | (0.4) | — | 3.4 | 3.0 | 4.6 | 0.2 | (0.5) | 4.3 |
| **Reinsurance service result** | **61.3** | **41.1** | **29.2** | **131.6** | **116.0** | **38.1** | **29.5** | **183.6** |
| Net reinsurance finance income (expense) | (11.9) | (9.8) | (9.1) | (30.8) | (9.5) | (15.0) | (8.3) | (32.8) |
| **Reinsurance service and finance result** | **49.4** | **31.3** | **20.1** | **100.8** | **106.5** | **23.1** | **21.2** | **150.8** |
| Other operating expenses | | | | (30.8) | | | | (28.3) |
| Net unallocated revenue (expenses) | | | | 55.6 | | | | 68.3 |
| **Total comprehensive income** | | | | **125.6** | | | | **190.8** |
| Net loss ratio (discounted) | 72.1% | 73.0% | 76.5% | **73.3%** | 47.4% | 70.7% | 66.3% | **58.2%** |
| Reinsurance operating expense ratio | 10.7% | 6.5% | 5.7% | **8.4%** | 10.9% | 7.0% | 6.2% | **8.8%** |
| Other operating expense ratio | | | | **4.3%** | | | | **5.1%** |
| **Combined ratio (discounted)** | 82.8% | 79.5% | 82.2% | **86.0%** | 58.3% | 77.7% | 72.5% | **72.1%** |
| Net loss ratio (undiscounted) | 79.2% | 90.6% | 88.3% | **84.4%** | 51.5% | 89.4% | 77.1% | **68.0%** |
| **Combined ratio (undiscounted)** | 89.9% | 97.1% | 94.0% | **97.1%** | 62.4% | 96.4% | 83.3% | **81.9%** |

# Notes to the consolidated financial statements
continued

## 5. Investment return

| **As at 31 December 2024** | **Net investment income $m** | **Net realised gains (losses) $m** | **Net unrealised gains (losses) $m** | **Total investment return $m** |
|---|---|---|---|---|
| Fixed maturity securities | 54.4 | 0.1 | 1.0 | 55.5 |
| Cash and cash equivalents | 10.6 | – | – | 10.6 |
| **Total** | **65.0** | **0.1** | **1.0** | **66.1** |

| As at 31 December 2023 | Net investment income $m | Net realised gains (losses) $m | Net unrealised gains (losses) $m | Total investment return $m |
|---|---|---|---|---|
| Fixed maturity securities | 35.7 | (1.3) | 30.6 | 65.0 |
| Cash and cash equivalents | 5.6 | – | – | 5.6 |
| **Total** | **41.3** | **(1.3)** | **30.6** | **70.6** |

Included in net investment income is $1.6 million of investment management and custody fees for the year ended 31 December 2024 (31 December 2023: $1.3 million). Net foreign exchange gains (losses) on cash and cash equivalents and fixed maturity securities for the year ended 31 December 2024 was $(4.5) million (31 December 2023: nil). Foreign exchange impacts are not included in the investment returns in the table above.

## 6. Reinsurance finance return

| Year ended 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| Interest accretion from reinsurance contracts | (39.6) | (28.9) |
| Interest accretion from ceded reinsurance contracts held | 2.0 | 2.9 |
| **Net interest accretion** | **(37.6)** | **(26.0)** |
| Change in discount rates from reinsurance contracts | 6.9 | (7.2) |
| Change in discount rates from ceded reinsurance contracts held | (0.1) | 0.4 |
| **Net change in discount rates** | **6.8** | **(6.8)** |
| **Net reinsurance finance income (expense)** | **(30.8)** | **(32.8)** |

# Notes to the consolidated financial statements
continued

## 7. Employee benefits and other incentives
Aggregate remuneration and other incentives of Conduit's employees is as follows:

| Year ended 31 December | 2024 $m | 2023 $m |
|---|---|---|
| Wages and salaries | 14.9 | 13.0 |
| Pension benefit | 1.6 | 1.3 |
| Bonus and other benefits | 18.1 | 15.0 |
| **Total cash compensation** | **34.6** | **29.3** |
| | | |
| Equity-based incentive expense | 7.1 | 2.5 |
| **Total employee benefits and other incentives** | **41.7** | **31.8** |

### Equity-based incentive schemes
#### MIP
Prior to the IPO, a MIP was created. The purpose of the MIP was to provide an incentive scheme for the founders and initial employees for their services in establishing the foundations of Conduit. The incentive is based around shares in CML, which will be automatically exchanged for ordinary shares of CHL for an aggregate value equivalent to up to 15% of the excess of the market value of CHL over and above the Invested Equity, subject to the satisfaction of the vesting conditions. All outstanding and future grants have an exercise period of four to seven years from the grant date. The fair value is estimated using a stochastic Monte Carlo model.

CML issued 100,000 A1 shares and 100,000 A2 shares during the period ended 31 December 2020 at a subscription price of £1.72 and $2.26, respectively. Refer to note 17 for additional details.

The following table lists the assumptions used in the stochastic model for the MIP awards:

| Assumptions | |
|---|---|
| Dividend yield | **0%** |
| Expected volatility[1] | **range from 17.2% – 19.0%** |
| Risk-free interest rate[2] | **range from 0.3% – 0.6%** |
| Expected life of instruments | **range from 4 to 7 years** |

1. The expected volatility was calculated based on a comparator group of companies.
2. The risk-free interest rate is based on the yield of a US government bond on the date of grant.

The shares were granted prior to the IPO and therefore discounts for business viability and lack of marketability were also applied. There are significant risks associated with an IPO and the instruments are also illiquid until the tranche vesting dates. Management therefore selected their best estimates at the time for these discounts. These assumptions were highly judgemental and input from advisers was sought. Management also considered alternative assumptions and concluded there was not a material impact on the estimated valuation selected. The calculation of the equity-based incentive expense assumes no forfeitures due to employee turnover, with subsequent adjustments to reflect actual experience. The assumptions and estimated valuation selected resulted in 20% being expensed upfront for certain employees as this portion was not tied to service conditions and was fully expensed in the period ended 31 December 2020.

Conditions of the MIP include:
- The incentives are to be equity settled and have therefore been accounted for in accordance with IFRS 2;
- The value of the services received in exchange for the share-based incentives is measured by reference to the estimated fair value of the incentives at their grant date, with the estimated fair value recognised in the consolidated statement of comprehensive income, together with a corresponding increase in other reserves within shareholders' equity, on a straight-line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest;

# Notes to the consolidated financial statements
continued

- Vesting conditions, other than market conditions linked to the share price of CHL, are not taken into account when estimating the fair value; and
- At the end of each reporting period Conduit revises its estimates of the number of shares that are expected to vest due to non-market conditions and recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to shareholders' equity.

### DSBP

A percentage of each employee's bonus is automatically deferred into shares as nil cost options. The nil cost options vest annually in separate equal tranches over a three year period from the date of grant and do not have associated performance criteria attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

| DSBP | Number of awards |
|---|---|
| **Outstanding as at 31 December 2022** | **753,016** |
| Granted | 315,875 |
| Exercised | (250,963) |
| Forfeited | (35,236) |
| **Outstanding as at 31 December 2023** | **782,692** |
| Granted | 1,102,968 |
| Exercised | (339,282) |
| Forfeited | (24,363) |
| **Outstanding as at 31 December 2024** | **1,522,015** |

### LTIP – time vesting criteria

The LTIP is a retention scheme with awards granted to staff members as nil cost options. The nil cost options vest over a three year period from the date of grant and the time vesting criteria are the only stipulations attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

| LTIP | Number of awards |
|---|---|
| **Outstanding as at 31 December 2022** | **–** |
| Granted | 365,984 |
| Exercised | – |
| Forfeited | – |
| **Outstanding as at 31 December 2023** | **365,984** |
| Granted | 658,446 |
| Exercised | – |
| Forfeited | (41,733) |
| **Outstanding as at 31 December 2024** | **982,697** |

### LTIP – performance criteria

The LTIP awards with performance criteria vest three years from the date of grant and are dependent on certain performance criteria being met. A maximum of 75% of the awards will vest if the change in NTAVS is in excess of a required threshold, while the remaining 25% is subject to the TSR return over the vesting period being in excess of a required threshold. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

# Notes to the consolidated financial statements
continued

| LTIP | Number of awards |
|---|---|
| **Outstanding as at 31 December 2023** | **–** |
| Granted | 417,780 |
| Exercised | – |
| Forfeited | – |
| **Outstanding as at 31 December 2024** | **417,780** |

## 8. Other operating expenses

| As at 31 December | 2024 $m | 2023 $m |
|---|---|---|
| Other operating expenses include: | | |
| Audit fees | 1.1 | 1.3 |
| Other auditor services | 0.1 | 0.1 |
| **Total** | **1.2** | **1.4** |

During the year ended 31 December 2024, KPMG Audit Limited provided non-audit services in relation to Conduit's 2024 interim review and carbon emission disclosures. Fees for non-audit services in the year ended 31 December 2024 totalled $0.1 million (31 December 2023: $0.1 million).

## 9. Financing costs

| As at 31 December | 2024 $m | 2023 $m |
|---|---|---|
| LOC and trust fees | 1.1 | 1.1 |
| Interest expense on lease liabilities | 0.1 | 0.1 |
| **Total** | **1.2** | **1.2** |

Refer to note 16 for details of Conduit's financing arrangements.

## 10. Tax

### Bermuda

CHL, CSL, CML and CRL have received an undertaking from the Bermuda government which exempts them from all Bermuda local income, withholding and capital gains taxes until 31 March 2035. On 27 December 2023 the Bermuda government enacted legislation, the Bermuda CIT Act of 2023, into law. CHL, CSL, CML and CRL are currently not in scope for this new legislation and as such, the exemptions provided by the Bermuda government undertaking still apply.

## 11. Cash and cash equivalents

| As at 31 December | 2024 $m | 2023 $m |
|---|---|---|
| Cash at bank and in hand | 25.4 | 39.4 |
| Cash equivalents | 287.8 | 160.4 |
| **Total** | **313.2** | **199.8** |

Cash equivalents include money market funds and other short-term highly liquid investments with three months or less remaining until maturity at the time of purchase. The carrying amount of these assets approximates their fair value. Refer to note 16 for cash and cash equivalents provided as collateral under Conduit's financing arrangements.

# Notes to the consolidated financial statements
continued

## 12. Investments

| As at 31 December 2024 | Cost or amortised cost $m | Unrealised gains $m | Unrealised losses $m | Estimated fair value $m |
|---|---|---|---|---|
| **Fixed maturity securities, at FVTPL** | | | | |
| Short-term investments | 35.4 | – | – | 35.4 |
| US treasuries | 485.0 | 0.6 | (11.5) | 474.1 |
| US agency debt | 4.5 | – | (0.1) | 4.4 |
| US municipals | 20.9 | 0.2 | (0.4) | 20.7 |
| Non-US government and agency | – | – | – | – |
| Asset-backed | 211.7 | 0.5 | (1.2) | 211.0 |
| US government agency mortgage-backed | 164.8 | 0.2 | (17.7) | 147.3 |
| Non-agency mortgage-backed | 31.7 | 0.2 | (1.3) | 30.6 |
| Agency commercial mortgage-backed | 7.4 | – | (0.4) | 7.0 |
| Non-agency commercial mortgage-backed | 70.6 | 0.1 | (4.0) | 66.7 |
| Corporate | 538.1 | 2.2 | (11.2) | 529.1 |
| **Total** | **1,570.1** | **4.0** | **(47.8)** | **1,526.3** |

| As at 31 December 2023 | Cost or amortised cost $m | Unrealised gains $m | Unrealised losses $m | Estimated fair value $m |
|---|---|---|---|---|
| **Fixed maturity securities, at FVTPL** | | | | |
| Short-term investments | 46.7 | – | – | 46.7 |
| US treasuries | 351.0 | 2.1 | (9.2) | 343.9 |
| US agency debt | 4.0 | – | (0.2) | 3.8 |
| US municipals | 19.5 | 0.3 | (0.7) | 19.1 |
| Non-US government and agency | 2.0 | – | – | 2.0 |
| Asset-backed | 177.3 | 0.3 | (3.3) | 174.3 |
| US government agency mortgage-backed | 135.9 | 0.7 | (14.5) | 122.1 |
| Non-agency mortgage-backed | 20.0 | 0.1 | (1.8) | 18.3 |
| Agency commercial mortgage-backed | 8.1 | 0.1 | (0.4) | 7.8 |
| Non-agency commercial mortgage-backed | 62.7 | 0.2 | (6.1) | 56.8 |
| Corporate | 456.0 | 2.5 | (14.9) | 443.6 |
| **Total** | **1,283.2** | **6.3** | **(51.1)** | **1,238.4** |

As at 31 December 2024 other assets and other payables included nil and $6.4 million for investments sold and purchased, respectively (31 December 2023: $0.1 million and nil, respectively).

# Notes to the consolidated financial statements
continued

Conduit determines the estimated fair value of each individual security utilising the highest-level inputs available. Prices for the investment portfolio are provided via a third-party investment accounting firm whose pricing processes and the controls thereon are subject to an annual audit on both the operation and the effectiveness of those controls. Various recognised reputable pricing sources are used including pricing vendors. The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market trade data. The prices provided are compared to the investment managers' pricing.

Conduit has not made any adjustments to any pricing provided by independent pricing services or its third-party investment managers for the years ended 31 December 2024 and 2023. The fair value of securities in the investment portfolio is estimated using the following techniques:

LEVEL (I) – Level (I) investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

LEVEL (II) – Level (II) investments are securities with quoted prices in active markets for similar assets or liabilities or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level (II) are valued via independent external sources using directly observable inputs to models or other valuation methods. The valuation methods used are typically industry accepted standards and include broker-dealer quotes and pricing models including present values and future cash flows with inputs such as yield curves, credit spreads, interest rates, prepayment speeds and default rates.

LEVEL (III) – Level (III) investments are securities for which valuation techniques are not based on observable market data and require significant management judgement.

Conduit determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period. Transfers from Level (I) to (II) securities amounted to $19.1 million and transfers from Level (II) to (I) securities amounted to $54.7 million during the year ended 31 December 2024 using end of current period positions and estimated fair values. Transfers from Level (I) to (II) securities amounted to $9.4 million and transfers from Level (II) to (I) securities amounted to $63.4 million during the year ended 31 December 2023 using end of current period positions and estimated fair values. There were no investments included in Level (III) for either year end.

The fair value hierarchy of Conduit's investment portfolio is as follows:

| As at 31 December 2024 | Level I $m | Level II $m | Total $m |
|---|---|---|---|
| **Fixed maturity securities, at FVTPL** | | | |
| Short-term investments | 30.9 | 4.5 | 35.4 |
| US treasuries | 474.1 | – | 474.1 |
| US agency debt | 1.9 | 2.5 | 4.4 |
| US municipals | 0.5 | 20.2 | 20.7 |
| Non-US government and agency | – | – | – |
| Asset-backed | – | 211.0 | 211.0 |
| US government agency mortgage-backed | – | 147.3 | 147.3 |
| Non-agency mortgage-backed | – | 30.6 | 30.6 |
| Agency commercial mortgage-backed | – | 7.0 | 7.0 |
| Non-agency commercial mortgage-backed | – | 66.7 | 66.7 |
| Corporate | 130.7 | 398.4 | 529.1 |
| **Total** | **638.1** | **888.2** | **1,526.3** |

# Notes to the consolidated financial statements
continued

| As at 31 December 2023 | Level I $m | Level II $m | Total $m |
|---|---|---|---|
| **Fixed maturity securities, at FVTPL** | | | |
| Short-term investments | 46.1 | 0.6 | 46.7 |
| US treasuries | 343.9 | – | 343.9 |
| US agency debt | – | 3.8 | 3.8 |
| US municipals | – | 19.1 | 19.1 |
| Non-US government and agency | – | 2.0 | 2.0 |
| Asset-backed | – | 174.3 | 174.3 |
| US government agency mortgage-backed | – | 122.1 | 122.1 |
| Non-agency mortgage-backed | – | 18.3 | 18.3 |
| Agency commercial mortgage-backed | – | 7.8 | 7.8 |
| Non-agency commercial mortgage-backed | – | 56.8 | 56.8 |
| Corporate | 93.6 | 350.0 | 443.6 |
| **Total** | **483.6** | **754.8** | **1,238.4** |

Refer to note 16 for investments provided as collateral under Conduit's financing arrangements.

## 13. Interests in structured entities

### Unconsolidated structured entities in which Conduit has an interest

As part of Conduit's investment activities, it invests in unconsolidated structured entities. Conduit does not sponsor any of the unconsolidated structured entities. The business relations of Conduit with the structured entities set out below do not give rise to consolidation because the criteria for control pursuant to IFRS 10, as contained in our consolidation principles, are not met.

A summary of interests in unconsolidated structured entities is as follows:

| As at 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| **Fixed maturity securities, at FVTPL** | | |
| Asset-backed | 211.0 | 174.3 |
| US government agency mortgage-backed | 147.3 | 122.1 |
| Non-agency mortgage-backed | 30.6 | 18.3 |
| Agency commercial mortgage-backed | 7.0 | 7.8 |
| Non-agency commercial mortgage-backed | 66.7 | 56.8 |
| **Total** | **462.6** | **379.3** |

The fixed maturity structured entities are used to meet specific investment needs of borrowers and investors which cannot be met from standardised financial instruments available in the capital markets, providing liquidity and diversification. While individual securities may differ in structure, the principles of the instruments are similar and it is appropriate to aggregate the investments into the categories detailed above.

The risk that Conduit faces in respect of the investments in structured entities is similar to the risk it faces in respect of other financial investments held on the consolidated balance sheet. Fair value is determined by market supply and demand, which is driven by investor evaluation of the credit risk of the structure and changes in the term structure of interest rates which can change the expectation of cash flows associated with the instrument and, therefore, its value in the market.

The maximum exposure to loss in respect of these structured entities would be the carrying value of the instruments that Conduit holds. Generally, default rates would have to increase substantially before Conduit would suffer a loss. This assessment is made prior to investing and regularly through the holding period for the security. Refer to note 16 for investments provided as collateral under Conduit's financing arrangements.

# Notes to the consolidated financial statements
continued

## 14. Reinsurance contracts

The breakdown of portfolios of reinsurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position and by type of reinsurance asset or liability, is set out below.

| As at 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| **Reinsurance contract liabilities** | **(834.5)** | **(494.5)** |
| Liability for remaining coverage | 149.8 | 109.7 |
| Liability for incurred claims | (978.0) | (592.2) |
| Other reinsurance receivables (payables) | (6.3) | (12.0) |
| **Reinsurance net asset (liability)** | **(834.5)** | **(494.5)** |
| **Ceded reinsurance contract assets** | **48.9** | **42.7** |
| Ceded asset (liability) for remaining coverage | 1.4 | (1.2) |
| Ceded asset for incurred claims | 41.2 | 42.6 |
| Ceded other receivables (payables) | 6.3 | 1.3 |
| **Ceded reinsurance net asset (liability)** | **48.9** | **42.7** |

The reconciliation from the opening to the closing balances of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts issued and ceded reinsurance contracts held is shown below. The reconciliation shows the movement in the liability by the reinsurance service result, total comprehensive income (loss) and cash flows separately for reinsurance contracts issued and ceded reinsurance contracts held.

# Notes to the consolidated financial statements
continued

| | **2024** | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Remaining coverage** | **Incurred claims** | | | Remaining coverage | Incurred claims | | |
| **Year ended 31 December ($m)** | **Excluding loss component** | **Present value of future cash flows** | **Risk adjustment** | **Total** | Excluding loss component | Present value of future cash flows | Risk adjustment | Total |
| **Opening reinsurance asset (liability)** | **109.7** | **(542.3)** | **(49.9)** | **(482.5)** | **71.0** | **(365.8)** | **(25.3)** | **(320.1)** |
| Reinsurance revenue | 813.7 | – | – | 813.7 | 633.0 | – | – | 633.0 |
| Reinsurance service expenses | | | | | | | | |
| Incurred claims and other expenses | – | (514.8) | (35.3) | (550.1) | – | (311.9) | (27.1) | (339.0) |
| Amortisation of reinsurance acquisition expense cash flows | (46.0) | – | – | (46.0) | (37.6) | – | – | (37.6) |
| Changes to liabilities for incurred claims for past service | – | (3.7) | 8.4 | 4.7 | – | (5.9) | 5.5 | (0.4) |
| Reinsurance service expenses | (46.0) | (518.5) | (26.9) | (591.4) | (37.6) | (317.8) | (21.6) | (377.0) |
| **Reinsurance service result** | **767.7** | **(518.5)** | **(26.9)** | **222.3** | **595.4** | **(317.8)** | **(21.6)** | **256.0** |
| Reinsurance finance income (expense) | – | (30.3) | (2.4) | (32.7) | – | (33.2) | (2.9) | (36.1) |
| Effect of exchange rates | 1.3 | 2.5 | 0.3 | 4.1 | 0.1 | (1.3) | (0.1) | (1.3) |
| **Total changes in comprehensive income (loss)** | **769.0** | **(546.3)** | **(29.0)** | **193.7** | **595.5** | **(352.3)** | **(24.6)** | **218.6** |
| Investment components | 27.4 | (27.4) | – | – | 20.1 | (20.1) | – | – |
| **Cash flows** | | | | | | | | |
| Premiums received | (781.4) | – | – | (781.4) | (595.5) | – | – | (595.5) |
| Claims and other attributable expenses paid | – | 216.9 | – | 216.9 | – | 195.9 | – | 195.9 |
| Reinsurance acquisition expense cash flows | 25.1 | – | – | 25.1 | 18.6 | – | – | 18.6 |
| **Total cash flows** | **(756.3)** | **216.9** | **–** | **(539.4)** | **(576.9)** | **195.9** | **–** | **(381.0)** |
| **Closing reinsurance asset (liability)** | **149.8** | **(899.1)** | **(78.9)** | **(828.2)** | **109.7** | **(542.3)** | **(49.9)** | **(482.5)** |

# Notes to the consolidated financial statements
continued

| Year ended 31 December ($m) | 2024 Remaining coverage: Excluding loss component recovery | 2024 Incurred claims: Present value of future cash flows | 2024 Incurred claims: Risk adjustment | 2024 Total | 2023 Remaining coverage: Excluding loss component recovery | 2023 Incurred claims: Present value of future cash flows | 2023 Incurred claims: Risk adjustment | 2023 Total |
|---|---|---|---|---|---|---|---|---|
| **Opening ceded reinsurance asset (liability)** | **(1.2)** | **42.6** | **-** | **41.4** | **(3.7)** | **58.5** | **-** | **54.8** |
| Ceded reinsurance expenses | (93.7) | – | – | (93.7) | (76.7) | – | – | (76.7) |
| Ceded reinsurance recoveries | | | | | | | | |
| Amounts recoverable on incurred claims | – | 3.4 | – | 3.4 | – | – | – | – |
| Changes to amounts recoverable for incurred claims | – | (0.4) | – | (0.4) | – | 4.3 | – | 4.3 |
| Ceded reinsurance recoveries | – | 3.0 | – | 3.0 | – | 4.3 | – | 4.3 |
| **Reinsurance service result** | **(93.7)** | **3.0** | **-** | **(90.7)** | **(76.7)** | **4.3** | **-** | **(72.4)** |
| Ceded reinsurance finance income (expense) | – | 1.9 | – | 1.9 | – | 3.3 | – | 3.3 |
| Effect of exchange rates | – | – | – | – | – | – | – | – |
| **Total changes in comprehensive income (loss)** | **(93.7)** | **4.9** | **-** | **(88.8)** | **(76.7)** | **7.6** | **-** | **(69.1)** |
| Investment components | – | – | – | – | – | – | – | – |
| **Cash flows** | | | | | | | | |
| Premiums paid | 96.3 | – | – | 96.3 | 79.2 | – | – | 79.2 |
| Recoveries received | – | (6.3) | – | (6.3) | – | (23.5) | – | (23.5) |
| **Total cash flows** | **96.3** | **(6.3)** | **-** | **90.0** | 79.2 | (23.5) | – | 55.7 |
| **Closing ceded reinsurance asset (liability)** | **1.4** | **41.2** | **-** | **42.6** | **(1.2)** | **42.6** | **-** | **41.4** |

# Notes to the consolidated financial statements
continued

| Year ended 31 December ($m) | **2024** | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Remaining coverage** | **Incurred claims** | | | Remaining coverage | Incurred claims | | |
| | **Excluding loss component** | **Present value of future cash flows** | **Risk adjustment** | **Total** | Excluding loss component | Present value of future cash flows | Risk adjustment | Total |
| **Opening net reinsurance asset (liability)** | **108.5** | **(499.7)** | **(49.9)** | **(441.1)** | **67.3** | **(307.3)** | **(25.3)** | **(265.3)** |
| Net reinsurance revenue | 720.0 | – | – | 720.0 | 556.3 | – | – | 556.3 |
| Net reinsurance service expenses | | | | | | | | |
| Net incurred claims and other expenses | – | (511.4) | (35.3) | (546.7) | – | (311.9) | (27.1) | (339.0) |
| Amortisation of reinsurance acquisition expense cash flows | (46.0) | – | – | (46.0) | (37.6) | – | – | (37.6) |
| Changes to net liabilities for incurred claims for past service | – | (4.1) | 8.4 | 4.3 | – | (1.6) | 5.5 | 3.9 |
| Net reinsurance service expenses | (46.0) | (515.5) | (26.9) | (588.4) | (37.6) | (313.5) | (21.6) | (372.7) |
| **Reinsurance service result** | **674.0** | **(515.5)** | **(26.9)** | **131.6** | **518.7** | **(313.5)** | **(21.6)** | **183.6** |
| Net reinsurance finance income (expense) | – | (28.4) | (2.4) | (30.8) | – | (29.9) | (2.9) | (32.8) |
| Effect of exchange rates | 1.3 | 2.5 | 0.3 | 4.1 | 0.1 | (1.3) | (0.1) | (1.3) |
| **Total changes in comprehensive income (loss)** | **675.3** | **(541.4)** | **(29.0)** | **104.9** | **518.8** | **(344.7)** | **(24.6)** | **149.5** |
| Investment components | 27.4 | (27.4) | – | – | 20.1 | (20.1) | – | – |
| **Cash flows** | | | | | | | | |
| Net premiums received | (685.1) | – | – | (685.1) | (516.3) | – | – | (516.3) |
| Net claims and other attributable expenses paid | – | 210.6 | – | 210.6 | – | 172.4 | – | 172.4 |
| Reinsurance acquisition expense cash flows | 25.1 | – | – | 25.1 | 18.6 | – | – | 18.6 |
| **Total cash flows** | **(660.0)** | **210.6** | **–** | **(449.4)** | **(497.7)** | **172.4** | **–** | **(325.3)** |
| **Closing net reinsurance asset (liability)** | **151.2** | **(857.9)** | **(78.9)** | **(785.6)** | **108.5** | **(499.7)** | **(49.9)** | **(441.1)** |

# Notes to the consolidated financial statements
continued

The estimation of the liability for incurred claims is a complex process which incorporates a significant amount of judgement. It is reasonably possible that uncertainties in the reserving process, delays in cedants reporting losses to Conduit, together with the potential for unforeseen adverse developments, could lead to a material change in the liability for incurred claims. The liability established by Conduit is viewed as adequate, however a 20% increase in estimated undiscounted losses would have a $222.7 million adverse impact on comprehensive income (31 December 2023: $133.9 million).

Conduit did not book any additional case reserves for the years ended 31 December 2024 and 2023. The net liability for incurred claims as at 31 December 2024 had an estimated duration of 2.8 years (31 December 2023: 3.1 years).

During 2024 Conduit was impacted by significant losses in relation to Hurricanes Helene and Milton, recording an undiscounted net loss, after reinsurance and reinstatement premiums, of $68.0 million. While there were numerous other catastrophe and risk loss events that impacted Conduit in 2024, none of those were material individually to Conduit.

2023 by comparison, despite being an active period for natural catastrophe losses for the industry, did not have any major event losses individually or in aggregate which had a material impact on Conduit in relation to these events. Undiscounted ultimate loss estimates, net of ceded reinsurance and reinstatement premiums, for previously reported loss events remain stable.

The inherent uncertainty in estimating the net liability for incurred claims gives rise to favourable or adverse development. During the year ended 31 December 2024 the changes in the discounted net liability for incurred claims for prior accident years was a reduction of $4.3 million (31 December 2023: $3.9 million). Despite some adverse development on the 2022 accident year, overall favourable development was due to IBNR releases due to a lack of reported claims.

### Prior accident year claims development

| Year ended 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| 2021 accident year | 0.7 | 1.3 |
| 2022 accident year | (7.3) | 2.6 |
| 2023 accident year | 10.9 | |
| **Total claims development – favourable (unfavourable)** | **4.3** | **3.9** |

# Notes to the consolidated financial statements
continued

## Claims development table

The following tables show the estimates of cumulative undiscounted incurred claims, including the risk adjustment, for each successive accident year at each reporting date, together with the cumulative payments to date:

| **Gross undiscounted claims, including risk adjustment** | **$m** | **$m** | **$m** | **$m** | **$m** |
|---|---|---|---|---|---|
| **Accident year** | **2021** | **2022** | **2023** | **2024** | **Total** |
| At end of accident year | 190.7 | 391.2 | 401.3 | 660.1 | |
| One year later | 184.7 | 387.2 | 389.7 | | |
| Two years later | 187.5 | 394.9 | | | |
| Three years later | 187.3 | | | | |
| **Current estimate of undiscounted incurred claims** | **187.3** | **394.9** | **389.7** | **660.1** | **1,632.0** |
| Cumulative payments to date | (134.3) | (208.9) | (130.0) | (45.2) | (518.4) |
| **Current estimate of undiscounted liability for incurred claims** | **53.0** | **186.0** | **259.7** | **614.9** | **1,113.6** |
| Effect of discounting | | | | | (123.4) |
| **Current estimate of discounted liability for incurred claims** | | | | | **990.2** |

# Notes to the consolidated financial statements
continued

| Ceded undiscounted recoveries, including risk adjustment | $m | $m | $m | $m | $m |
|---|---|---|---|---|---|
| **Accident year** | **2021** | **2022** | **2023** | **2024** | **Total** |
| At end of accident year | (48.9) | (39.0) | – | (7.0) | |
| One year later | (50.1) | (36.9) | – | | |
| Two years later | (57.3) | (36.9) | | | |
| Three years later | (57.8) | | | | |
| **Current estimate of ceded undiscounted incurred recoveries** | **(57.8)** | **(36.9)** | **-** | **(7.0)** | **(101.7)** |
| Cumulative recoveries received to date | 43.9 | 1.3 | – | – | 45.2 |
| **Current estimate of ceded undiscounted asset for incurred claims** | **(13.9)** | **(35.6)** | **-** | **(7.0)** | **(56.5)** |
| Effect of discounting | | | | | 5.1 |
| **Current estimate of ceded asset for incurred claims** | | | | | **(51.4)** |

| Net undiscounted claims, including risk adjustment | $m | $m | $m | $m | $m |
|---|---|---|---|---|---|
| **Accident year** | **2021** | **2022** | **2023** | **2024** | **Total** |
| At end of accident year | 141.8 | 352.2 | 401.3 | 653.1 | |
| One year later | 134.6 | 350.3 | 389.7 | | |
| Two years later | 130.2 | 358.0 | | | |
| Three years later | 129.5 | | | | |
| **Current estimate of net undiscounted incurred claims** | **129.5** | **358.0** | **389.7** | **653.1** | **1,530.3** |
| Cumulative payments to date | (90.4) | (207.6) | (130.0) | (45.2) | (473.2) |
| **Current estimate of net undiscounted liability for incurred claims** | **39.1** | **150.4** | **259.7** | **607.9** | **1,057.1** |
| Effect of discounting | | | | | (118.3) |
| **Current estimate of net liability for incurred claims** | | | | | **938.8** |

# Notes to the consolidated financial statements
continued

A reconciliation of the net liability for incurred claims per the claims development tables to the carrying amounts included in the balance sheet has been provided below. Loss related amounts represent amounts due that are contingent on claims, such as reinstatement premiums and profit commissions.

Reconciliation to carrying amounts:

| | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| **As at 31 December** | **Gross $m** | **Ceded $m** | **Net $m** | Gross $m | Ceded $m | Net $m |
| Undiscounted liability for incurred claims per claims development tables | 1,113.6 | (56.5) | 1,057.1 | 669.5 | (56.2) | 613.3 |
| Discount | (123.4) | 5.1 | (118.3) | (74.3) | 4.7 | (69.6) |
| Liability for incurred claims per claims development tables | 990.2 | (51.4) | 938.8 | 595.2 | (51.5) | 543.7 |
| Other loss related amounts | (12.2) | 10.2 | (2.0) | (3.0) | 8.9 | 5.9 |
| **Liability (asset) for incurred claims** | **978.0** | **(41.2)** | **936.8** | **592.2** | **(42.6)** | **549.6** |

# Notes to the consolidated financial statements
continued

## 15. Right-of-use lease assets

Right-of-use lease assets primarily relate to leased properties for Conduit's offices in Bermuda and office equipment.

| **Right-of-use assets** | **$m** |
|---|---|
| **Balance and net book value as at 31 December 2022** | 2.2 |
| Additions | 0.5 |
| Depreciation | (0.6) |
| **Balance and net book value as at 31 December 2023** | **2.1** |
| Additions | – |
| Depreciation | (0.7) |
| **Balance and net book value as at 31 December 2024** | **1.4** |

**Lease liabilities**

| As at 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| Less than one year | 0.8 | 0.8 |
| Between one and five years | 0.8 | 1.6 |
| **Total undiscounted lease liabilities** | **1.6** | **2.4** |

The discounted lease liability as at 31 December 2024 was $1.6 million (31 December 2023: $2.3 million). Conduit does not face significant liquidity risk with respect to its lease liabilities.

### Amounts recognised in the consolidated financial statements

| Year ended 31 December | **2024 $m** | 2023 $m |
|---|---|---|
| Consolidated statement of comprehensive income | | |
| Interest expense on lease liabilities | 0.1 | 0.1 |
| Depreciation of right-of-use assets | 0.7 | 0.6 |
| **Total** | **0.8** | **0.7** |
| | | |
| Consolidated statement of cash flows | | |
| Lease payments | 0.8 | 0.7 |

# Notes to the consolidated financial statements
continued

## 16. Financing arrangements

### Letters of credit and trust accounts

CRL is a non-admitted reinsurer in the US and Canada but does have approved reciprocal jurisdiction reinsurer ('RJR') status in certain states of the US which is renewed annually. Subject to certain exceptions, RJR status reduces the need for CRL to post collateral to support cedants in states where CRL has RJR status. However, terms and conditions of certain reinsurance contracts with US and Canadian cedants require CRL to provide collateral for outstanding insurance contract liabilities, including the liability for remaining coverage and liability for incurred claims. The collateral can be provided by LOCs or by assets in trust accounts. Refer to note 9 for details of interest expense associated with these LOCs included in financing costs. Additional information about Conduit's exposure to interest rate and liquidity risk is included in the risk disclosures section in note 3.

### Standby letter of credit facility

During July 2021, CRL, as the borrower, entered into a $125.0 million standby letter of credit facility led by Lloyds Bank Corporate Markets plc. CHL will guarantee the obligations of CRL with respect to the standby LOC facility. Terms of the standby LOC facility contain standard qualitative representations and require certain standard financial covenants be adhered to, including: a maximum consolidated debt-to-capital ratio of CHL of 35.0%; a minimum consolidated tangible net worth of CHL; and a minimum A.M. Best rating of B++ for CRL. CRL increased the aggregate amount of the commitment under the facility up to $175.0 million by the end of 2023, reducing it to $150.0 million during 2024. As at 31 December 2024, $121.2 million (31 December 2023: $125.3 million) was outstanding under the standby LOC facility and is secured by cash and cash equivalents and investments of $141.4 million (31 December 2023: $153.2 million).

### Uncommitted letter of credit facility

During September 2021, CRL entered into a $75.0 million uncommitted LOC facility with Citibank Europe PLC which was increased to $125.0 million during 2023. The facility remains at $125.0 million as at 31 December 2024. Terms of the uncommitted LOC facility include standard qualitative representations. As at 31 December 2024, $99.0 million (31 December 2023: $72.9 million) was outstanding under the uncommitted LOC facility and is secured by cash and cash equivalents and investments of $106.8 million (31 December 2023: $89.1 million).

### Trust accounts

Several trust account arrangements have been established in favour of policyholders and ceding companies to provide collateral or comply with the security requirements of certain contracts. As at 31 December 2024, $239.1 million (31 December 2023: $170.8 million) of cash and cash equivalents and investments were restricted in favour of third parties.

### Additional letter of credit and trust funding requirements

For the year ended 31 December 2024 collateral requests and amendments received subsequent to the year end date, but in relation to that financial year, were a net reduction of $17.8 million. For the year ended 31 December 2023 there was a net increase of $18.2 million. These collateral requests will be processed in the normal course of business. Any funding requirements will be satisfied using cash and cash equivalents and/or investments with any reductions being released from restricted funds.

# Notes to the consolidated financial statements
continued

## 17. Share capital

| Authorised share capital | Number | $m |
|---|---|---|
| Authorised common shares of $0.01 each | 10,000,000,000 | 100.0 |
| Authorised A1 shares of £0.01 each | 100,000 | – |
| Authorised A2 shares of $0.01 each | 100,000 | – |
| **As at 31 December 2024 and 2023** | **10,000,200,000** | **100.0** |

| Allotted, called-up and fully paid | Common shares number | A1 shares number | A2 shares number | Total number | Total $m |
|---|---|---|---|---|---|
| Issued | 165,239,997 | 100,000 | 100,000 | 165,439,997 | 1.7 |
| **As at 31 December 2024 and 2023** | **165,239,997** | **100,000** | **100,000** | **165,439,997** | **1.7** |

The number of common shares in issue less own shares held as at 31 December 2024 was 156,977,997 (31 December 2023: 158,056,137).

CHL holds 18,000 A1 and A2 shares at 31 December 2024 and 2023. The A1 and A2 shares issued by CML have no voting rights attached. Subject to vesting conditions, discussed in note 7, the A1 and A2 shares will be automatically exchanged for ordinary shares of CHL.

# Notes to the consolidated financial statements
continued

## Own shares

| Own shares | Number held in treasury | $m | Number held in trust | $m | Total number of own shares | Total $m |
|---|---|---|---|---|---|---|
| **As at 31 December 2022** | **(757,823)** | **(3.6)** | **(4,341,000)** | **(16.5)** | **(5,098,823)** | **(20.1)** |
| Purchased by EBT | – | – | (2,336,000) | (13.7) | (2,336,000) | (13.7) |
| Transferred to EBT | 757,823 | 3.6 | (757,823) | (3.6) | – | – |
| Distributed by EBT | – | – | 250,963 | 0.9 | 250,963 | 0.9 |
| **As at 31 December 2023** | **–** | **–** | **(7,183,860)** | **(32.9)** | **(7,183,860)** | **(32.9)** |
| Purchased by EBT | – | – | (1,417,422) | (9.4) | (1,417,422) | (9.4) |
| Distributed by EBT | – | – | 339,282 | 1.7 | 339,282 | 1.7 |
| **As at 31 December 2024** | **–** | **–** | **(8,262,000)** | **(40.6)** | **(8,262,000)** | **(40.6)** |

Shares repurchased by CHL and the EBT will be held as own shares to meet future obligations under CHL's variable incentive schemes. See note 21 for information on shares held by the EBT.

## Dividends

| | Record date | Payment date | Per share $ | $m |
|---|---|---|---|---|
| Final 2022 | 24 March 2023 | 21 April 2023 | 0.18 | 29.6 |
| Interim 2023 | 18 August 2023 | 8 September 2023 | 0.18 | 29.7 |
| Final 2023 | 22 March 2024 | 24 April 2024 | 0.18 | 29.8 |
| Interim 2024 | 16 August 2024 | 5 September 2024 | 0.18 | 29.7 |

See note 22 for information with respect to dividends declared subsequent to 31 December 2024.

# Notes to the consolidated financial statements
continued

## 18. Other reserves
Other reserves consist of the following:

| | Other reserves $m |
|---|---|
| **As at 31 December 2022** | **1,058.1** |
| Equity-based incentive expense | 2.5 |
| Distributions by EBT | (1.0) |
| **As at 31 December 2023** | **1,059.6** |
| Equity-based incentive expense | 7.1 |
| Distributions by EBT | (1.7) |
| **As at 31 December 2024** | **1,065.0** |

Other reserves include Conduit's equity-based incentive expense.

## 19. Contingencies and commitments
### Legal proceedings and regulations
Conduit operates in the reinsurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to estimate or determine the final results of all pending or threatened legal proceedings, management does not believe that any such proceedings (including litigation) will have a material effect on its results and financial position.

## 20. Earnings per share
The following reflects the earnings and share data used in the basic and diluted earnings per share computations:

| As at 31 December | 2024 $m | 2023 $m |
|---|---|---|
| Total comprehensive income | **125.6** | **190.8** |

| | Number | Number |
|---|---|---|
| Basic weighted average number of shares | 157,226,209 | 160,103,836 |
| Dilutive effect of equity-based incentives | 918,066 | 461,091 |
| **Diluted weighted average number of shares** | **158,144,275** | **160,564,927** |

| Earnings per share | Per share $ | Per share $ |
|---|---|---|
| Basic | 0.80 | 1.19 |
| Diluted | 0.79 | 1.19 |

Equity-based incentive awards are only treated as dilutive when their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations. Incremental shares from ordinary restricted share options where relevant performance criteria have not been met are not included in the calculation of dilutive shares.

# Notes to the consolidated financial statements
continued

## 21. Related party disclosures
These consolidated financial statements include CHL and the entities listed below:

| Subsidiary undertakings | Domicile | Principal Business |
|---|---|---|
| CHL | Bermuda | Holding company, Ultimate parent |
| CRL | Bermuda | General insurance business |
| CRSL[1] | England and Wales | Support services |
| CML[2] | Bermuda | Support services |
| CSL | Bermuda | Support services |
| EBT | Jersey | Employee benefit trust |

1. CRSL dissolved effective 14 January 2025
2. CML is part-owned by members of management. Management's share ownership in CML exists solely for the purposes of the Group's MIP scheme for attracting and retaining talent. Management's shares in CML have no voting power or control in respect of CHL's ownership of CRL via CML's ownership of CRL.

Unless otherwise stated, Conduit owns 100% of the share capital and voting rights in the subsidiaries listed.

### Conduit Reinsurance Services Limited (CRSL)
CRSL was established at the inception of Conduit with the expectation that certain support services would be provided to group companies. These support services have not been required and the voluntary liquidation of CRSL commenced during 2024. The process was completed on 14 January 2025.

### Employee benefit trust
The EBT was established with the sole purpose of administering Conduit's equity-based incentive schemes. The trustee operates the trust for the benefit of Conduit's employees, all in accordance with an established trust deed. While Conduit does not have legal ownership of the EBT, the trust is consolidated in Conduit's accounts due to the ability that Conduit has to influence the actions of the trust.

Funding for the trust is provided by CHL through a non-interest bearing loan facility. The facility may only be used by the trustee for the purpose of achieving the objectives of the EBT. During the year ended 31 December 2024, advances of $9.4 million (31 December 2023: $13.7 million) were made to the trust.

CHL common shares purchased by the EBT will be held for the benefit of employees under CHL's variable incentive schemes. During the year ended 31 December 2024 the trust purchased common shares of 1,417,422 (31 December 2023: 2,336,000).

On 18 May 2023, CHL completed the transfer of 757,823 common shares held in treasury with a value of $3.6 million to the EBT.

During the year ended 31 December 2024 the EBT distributed 339,282 shares with a value of $1.7 million to employees. For the year ended 31 December 2023 the EBT distributed 250,963 shares at a value of $0.9 million.

### Stabilitas Re
Stabilitas Re Limited a special purpose vehicle (Stabilitas Re), was launched in June 2023. Conduit sponsored the launch of a catastrophe bond issued by Stabilitas Re and CRL entered into a collateralised reinsurance agreement with Stabilitas Re as part of the transaction. The catastrophe bond was issued to third-party investors by Stabilitas Re. Conduit has no ownership interest in, nor any control, over Stabilitas Re and therefore does not consolidate that entity.

# Notes to the consolidated financial statements
continued

### Key management compensation
Remuneration for key management of Conduit's Executive Group, and Non-Executive Directors, was as follows:

| Year ended 31 December | 2024 $m | 2023 $m |
|---|---|---|
| Cash compensation | 7.9 | 9.1 |
| Equity-based incentive expense | 4.7 | 1.8 |
| Directors' fees and expenses | 0.8 | 0.8 |
| **Total** | **13.4** | **11.7** |

Loans to employees, including key management, to assist with environmental and other projects, have been made by CSL. These loans are short term and interest free. Any financial benefit to the employee is generally not material.

Non-Executive Directors do not receive any benefits in addition to their agreed fees and expenses and do not participate in any of Conduit's incentive, performance or pension plans.

### IncubEx, Inc.
Effective 9 April 2021, CHL executed a stock purchase agreement with IncubEx, a product and business development firm with a focus on designing and developing new financial products in global environmental, reinsurance and related commodity markets. CHL purchased 624 shares of IncubEx's Series A-3 preferred stock, with a par value of $0.0001 per share, for an aggregate purchase price of $50,000, or $80.08 per share.

The current Executive Chairman of CHL is also a founder and current chairman of IncubEx. The terms and conditions of the stock purchase agreement are equivalent to those that would prevail in an arm's length transaction. The investment in IncubEx is included in other assets in the consolidated balance sheet and is recorded at cost, which approximates fair value.

## 22. Subsequent events
### Dividends
On 18 February 2025, Conduit's Board of Directors declared a final dividend for 2024 of $0.18 (approximately £0.14) per common share, which will result in an aggregate payment of $29.7 million. The dividend will be paid in pounds sterling on 17 April 2025 to shareholders of record on 21 March 2025 (the Record Date) using the pound sterling/US dollar spot exchange rate at 12 noon BST on the Record Date.

### California Wildfires
The January 2025 California wildfires have caused widespread damage across the Los Angeles area. While there is still considerable uncertainty due to the complicated nature of the losses and recency of the event, our preliminary undiscounted ultimate loss estimate across all divisions is between $100 million and $140 million, net of reinsurance recoveries and reinstatement premiums.

Our current preliminary estimate is based on an analysis of in-force contracts with exposure within the Los Angeles area, evaluating all the initial information we have received from brokers, cedants and other industry sources, along with a review of the latest modelled losses for our portfolio at various return periods. As additional information emerges our ultimate loss may vary from this preliminary estimate. The financial impact on Conduit of this event will be reflected in the interim results for the six months ended 30 June 2025.

# Additional performance measures (the 'APMs')

Conduit presents certain APMs to evaluate, monitor and manage the business and to aid readers' understanding of Conduit's financial statements and methodologies used. These are common measures used across the (re)insurance industry and allow the reader of Conduit's financial reports to compare those with other companies in the (re)insurance industry. The APMs should be viewed as complementary to, rather than a substitute for, the figures prepared in accordance with IFRS. Conduit's Audit Committee has evaluated the use of these APMs and reviewed their overall presentation to ensure that they were not given undue prominence. This information has not been audited.

Management believes the APMs included in the consolidated financial statements are important for understanding Conduit's overall results of operations and may be helpful to investors and other interested parties who may benefit from having a consistent basis for comparison with other companies within the (re)insurance industry. However, these measures may not be comparable to similarly labelled measures used by companies inside or outside the (re)insurance industry. In addition, the information contained herein should not be viewed as superior to, or a substitute for, the measures determined in accordance with the accounting principles used by Conduit for its audited consolidated financial statements or in accordance with IFRS.

Below are explanations, and associated calculations, of the APMs presented by Conduit:

| APM | Explanation | Calculation |
|---|---|---|
| Gross premiums written (KPI) | For the majority of excess of loss contracts, premiums written are recorded based on the minimum and deposit or flat premium, as defined in the contract. Premiums written for proportional contracts on a risks attaching basis are written over the term of the contract in line with the underlying exposures. Subsequent adjustments, based on reports of actual premium by the ceding company, or revisions in estimates, are recorded in the period in which they are determined. Reinstatement premiums are excluded. | Amounts payable by the cedant before any deductions, which may include taxes, brokerage and commission. Reinstatement premiums are excluded. |
| Net loss ratio (discounted and undiscounted) | Ratio of net losses and loss related amounts expressed as a percentage of net reinsurance revenue in a period. This can be calculated using discounted or undiscounted net losses and loss related amounts. | Net losses and loss related amounts / Net reinsurance revenue<br><br>Undiscounted net losses and loss related amounts / Net reinsurance revenue (note 4) |
| Reinsurance operating expense ratio | Ratio of reinsurance operating expenses, which includes acquisition expenses charged by insurance brokers and other insurance intermediaries to Conduit, and operating expenses paid that are attributable to the fulfilment of reinsurance contracts, expressed as a percentage of net reinsurance revenue in a period. | Reinsurance operating expenses / Net reinsurance revenue (note 4) |

# Additional performance measures (the "APMs") continued

| APM | Explanation | Calculation |
|---|---|---|
| Other operating expense ratio | Ratio of other operating expenses expressed as a percentage of net reinsurance revenue in a period. | Other operating expenses / Net reinsurance revenue (note 4) |
| Combined ratio (discounted) (KPI) | The sum of the net loss ratio, reinsurance operating expense ratio and other operating expense ratio. Other operating expenses are not allocated to the segment combined ratio. | Net loss ratio + Net reinsurance operating expense ratio + Other operating expense ratio (note 4) |
| Combined ratio (undiscounted) | The sum of the net loss ratio (undiscounted), reinsurance operating expense ratio and other operating expense ratio. Other operating expenses are not allocated to the segment combined ratio. | Net loss ratio (undiscounted) + Net reinsurance operating expense ratio + Other operating expense ratio (note 4) |
| Accident year loss ratio | Ratio of the net losses and loss related amounts of an accident year (or calendar year) revalued at the current balance sheet date expressed as a percentage of net reinsurance revenue in a period. | Accident year net losses and loss related amounts / Net reinsurance revenue |
| Total net investment return (KPI) | Conduit's principal investment objective is to preserve capital and provide adequate liquidity to support the payment of losses and other liabilities. In light of this, Conduit looks to generate an appropriate total net investment return. Conduit bases its total net investment return on the sum of non-operating cash and cash equivalents and fixed maturity securities. Total net investment return is calculated daily and expressed as a percentage. | Net investment income + Net unrealised gains (losses) on investments + Net realised gains (losses) on investments / Non-operating cash and cash equivalents + Fixed maturity securities, at beginning of period |
| Return on equity (KPI) | RoE enables Conduit to compare itself against other peer companies in the immediate industry. It is also a key measure internally and is integral in the performance-related pay determinations. RoE is calculated as the profit for the period divided by the opening total shareholders' equity. | Profit (loss) after tax for the period / Total shareholders' equity, at beginning of period |

# Additional performance measures (the "APMs") continued

| APM | Explanation | Calculation |
|---|---|---|
| Total shareholder return (KPI) | Total shareholder return allows Conduit to compare itself against other public peer companies. Total shareholder return is calculated as the percentage change in Common Share price over a period, after adjustment for Common Share dividends. | Closing Common Share price, at end of period – Opening Common Share price, at beginning of period + Common Share dividends during the period / Opening Common Share price, at beginning of period |
| Dividend yield | Calculated by dividing the annual dividends per Common Share by the Common Share price on the last day of the given year and expressed as a percentage. | Annual dividends per Common Share / Closing Common Share price |
| Net tangible assets per share (KPI) | This provides a measure of book value per share for all shares in issue less own shares held in treasury or the EBT trust. | Total shareholders' equity less intangible assets, at the end of the period / Total common shares in issue less own shares held<br><br>The GBP equivalent of NTAVS is calculated using the end of period exchange rate between USD and GBP. |

# Glossary

The following definitions apply throughout the Annual Report and Accounts unless the context otherwise requires. All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

**ABIR** The Association of Bermuda Insurers and Reinsurers (ABIR) represents the public policy interests of its members.

**Additional case reserves (ACRs)** ACRs represent Conduit's estimate for losses related to specific contracts which Conduit believes may not be adequately reported, or adequately covered in the application of IBNR.

**Admission** The admission of all of CHL's Common Shares (1) to the standard listing segment of the Official List of the UK Financial Conduct Authority, and (2) to trading on the London Stock Exchange's main market for listed securities which occurred on 7 December 2020.

**Aggregate excess of loss (XOL) reinsurance** A form of excess of loss reinsurance in which the excess and the limit of liability are expressed as annual aggregate amounts.

**AGM** Annual General Meeting of the CHL shareholders.

**AM Best** a global credit agency, news publisher and data analytics provider, focusing on the insurance sector.

**AM Best rating** (i) in respect of financial strength: AM Best's independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations, and (ii) in respect of long-term issuer credit: AM Best's independent opinion of an entity's ability to meet its ongoing financial obligations.

**BMA** Bermuda Monetary Authority.

**Board of Directors** or **Board** unless otherwise stated refers to the CHL Board of Directors.

**Book value per share** Calculated by dividing the value of the total shareholders' equity by the sum of all Common voting shares outstanding.

**Broker** An intermediary who negotiates contacts of insurance or reinsurance, receiving a commission for placement and other services rendered.

**Brokerage** The commission that is payable to a broker for placing an insurance or reinsurance contract with an insurer or a reinsurer.

**BSCR** Bermuda Solvency Capital Requirement.

**BI** Business Interruption Insurance coverage that replaces income lost in the event that business is halted due to direct physical loss or damage.

**Cedant** A ceding insurer or a reinsurer that writes and issues a policy to an (re)insured and contractually transfers (cedes) a portion of the risk to a reinsurer or retrocessionaire.

**CEO** Chief Executive Officer.

**CFO** Chief Financial Officer.

**CHL** Conduit Holdings Limited.

**Claim** A request by an insured or reinsured for indemnification by an insurance or reinsurance company for loss incurred from an insured peril or event.

**CML** Conduit MIP Limited.

**Combined ratio** The sum of the net loss ratio, reinsurance operating expense ratio and other operating expense ratio.

**Common Shares** Common Shares of CHL of $0.01 par value per share.

# **Glossary** continued

**Company** Conduit Holdings Limited (CHL).

**Coverholder** A coverholder is a company or partnership authorised by a managing agent to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate managed by it in accordance with the terms of a binding authority.

**Conduit** The brand for Conduit Holdings Limited and all associated group companies.

**Conduit Re** The brand for all Conduit's reinsurance business.

**CRL** Conduit Reinsurance Limited.

**CRO** Chief Risk Officer.

**CRSL** Conduit Reinsurance Services Limited (previously named Conduit Marketing Limited).

**CSL** Conduit Services Limited.

**CUO** Chief Underwriting Officer.

**Diluted earnings (loss) per share** Calculated by dividing comprehensive income (loss) for the year attributable to shareholders by the weighted average number of Common Shares outstanding during the year, excluding treasury shares, plus the weighted average number of Common Shares that would be issued on the conversion of all potentially dilutive equity-based compensation awards.

**Dividend yield** Calculated by dividing the annual dividends per Common Share by the Common Share price on the last day of the given year and expressed as a percentage.

**DSBP** The deferred share bonus plan is an equity-based incentive plan where a certain percentage of employee bonuses is deferred into nil-cost Common Shares.

**DTR** The Disclosure Rules and Transparency Rules sourcebook as issued by the Financial Conduct Authority.

**Earnings (loss) per share (EPS)** Calculated by dividing comprehensive income (loss) for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares.

**EBT** The Conduit Group Employee Benefit Trust is a trust established for the sole purpose of administering Conduit's equity-based incentive schemes.

**ECR** Enhanced capital requirement. Under the BSCR Model, the reinsurer's minimum required statutory capital and surplus is referred to as the enhanced capital requirement (ECR). The ECR is the greater of the calculated BSCR and the minimum solvency margin (MSM).

**Estimated ultimate premiums written** Premium reported by ceding companies, excluding reinstatement premiums, supplemented by management's judgement on the estimate provided.

**Excess of loss (XOL, XL) or non-proportional** Reinsurance that indemnifies against all or a specified portion of loss and loss expenses in excess of a specified monetary amount or other threshold, known as the cedant's retention or reinsurers attachment point, generally subject to a negotiated reinsurance contract limit.

**Executive Group** is comprised of the Executive Chairman, CEO ,CFO, CRO, CUO, Chief Operating Officer, General Counsel and Chief Actuary.

**FVTPL** Fair value through profit or loss.

**Gross premiums written (GPW)** Amounts payable by the cedant before any deductions, which may include taxes, brokerage and commission.

**IAS** International Accounting Standard(s) are created by the IASB for the preparation and presentation of financial statements.

# **Glossary** continued

**IASB** International Accounting Standards Board.

**IFRS** International Financial Reporting Standard(s).

**Incurred But Not Reported (IBNR)** Reserve for anticipated or likely losses that may result from insured events which have taken place, but which have not yet been reported and/or possible adverse development of previously reported losses.

**IPO** Initial public offering.

**Invested equity** Means the aggregate of initial equity invested in CHL on Admission and equity invested pursuant to any future equity raises by the Company, with the US dollar value of invested equity for the USD MIP Shares being calculated at the spot rate at the time the relevant proceeds of the equity raise were received by the Company.

**ISSB** IFRS International Sustainability Standards Board.

**Liability for incurred claims (LIC**) Liabilities established by reinsurers to reflect the estimated cost of claims payments and the related expenses that the reinsurer will ultimately be required to pay in respect of reinsurance contracts it has written. The LIC includes the risk adjustment and contractual payments made that are contingent on loss events, such as profit commissions and reinstatement premiums. The LIC is discounted.

**Liability for remaining coverage (LRC)** The liability for remaining coverage represents the balance of premium received, net of acquisition expenses, less the premium income and acquisition expenses amortised in the period.

**LOC** Letter of credit.

**Losses occurring business** Business where the wording stipulates that claims against liability policies can be notified to the Company at any time following the issue of the policy.

**Loss reserve development** The difference between the amount of the liability for incurred claims initially estimated by an insurer or reinsurer and the amount re-estimated in an evaluation at a later date.

**LSE** London Stock Exchange.

**LTIP** The long-term incentive plan is an equity-based award plan granted to employees as nil-cost conditional award over Common Shares in CHL.

**Market value** Refers to (1) the market capitalisation of CHL calculated by reference to the six-month average closing share price prior to the date of the relevant exchange of MIP Shares for Common Shares of CHL (adjusted to take into account any capital events or distributions during that period); or, (2) in the case of a takeover of CHL, the value of the consideration for the takeover, or (3) in the case of a sale of CHL, the net sale consideration, or (4) in the case of the liquidation of CHL, the amount available for distribution in the liquidation, in each case taking into account any prior dividends, returns of capital or other distributions. The market value for the USD MIP Shares will be calculated in US dollars based on the prevailing spot rate on the date of the relevant share price and in the case of a takeover of CHL, or sale or liquidation of CML, the latest reasonably practicable spot rate prior to the date of the exchange of MIP Shares for Common Shares of CHL as determined by the Remuneration Committee of CHL.

**Net loss ratio** Ratio of net losses and loss related amounts expressed as a percentage of net reinsurance revenue in a period.

**Non-admitted business** Business written by a reinsurer not licensed by a particular state or jurisdiction, but nevertheless able to sell and service reinsurance policies to cedants located within that state or jurisdiction.

**OECD** Organisation for Economic Co-operation and Development.

**Other operating expense ratio** Ratio of other operating expenses expressed as a percentage of net reinsurance revenue in a period.

# **Glossary** continued

**Overriding commission (OVR)** A commission that is paid by a reinsurer over and above the cedant's original acquisition costs.

**Quota share reinsurance** A form of proportional reinsurance in which the reinsurer assumes an agreed percentage of each insurance contract being reinsured.

**Retention** The amount of the loss which is retained by the cedant prior to the attachment of a reinsurance programme.

**Return on Equity (RoE)** RoE is calculated as the profit for the period divided by the opening total shareholders' equity.

**Risk-adjusted rate change** Reflects management's assessment of net rate changes of our renewal business net of the impact of claims inflation, exposure changes, and changes in any other terms and conditions.

**Senior executive(s)** refers to the Executive Chairman, CEO and CFO and Chief Operating Officer.

**State(s)** refers to one or or more of the fifty states making up the United States of America.

**TCFD** The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the G20-established Financial Stability Board in December 2015 to improve the quality, quantity and consistency of climate-related disclosures. To achieve this, it developed a reporting framework which consists of a number of recommendations structured into four pillars: governance, strategy, risk, and metrics and targets.

**The UK Code** The UK Corporate Governance Code, monitored by the UK Financial Reporting Council.

**Total shareholder return (TSR)** TSR is calculated as the percentage change in Common Share price over a period, after adjustment for Common Share dividends.

**Treaty reinsurance** A form of reinsurance in which the ceding company makes an agreement to cede certain business and the reinsurer, in turn, agrees to accept all business qualifying under the agreement, known as the 'treaty'.

**Ultimate loss ratio** The ratio of ultimate losses and loss-related amounts to total reinsurance revenue received for all policies written in a given period.

**UK Listing Rules (UKLR)** are a set of regulations applicable to any company listed on a United Kingdom stock exchange, subject to the oversight of the UK Financial Conduct Authority.

**US** refers to the United States of America.

**VaR** Value at Risk.

# Advisers and Contact Information

## Conduit Holdings Limited
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