

Resilient strategy
Reducing volatility
Reinforcing returns

Conduit Reinsurance Limited

Financial Condition Report 2025

Foreword

Conduit Reinsurance Limited is a Bermuda-based reinsurance company licensed by the Bermuda Monetary Authority and is subject to the requirements of The Insurance Act 1978 and associated rules and regulations including the Insurance (Public Disclosure) Rules 2015. As such, Conduit Reinsurance Limited is required to publish annually a Financial Condition Report (“FCR”) in accordance with applicable guidelines.

The FCR contains qualitative and quantitative information of the business and performance, governance structure, risk profile, solvency valuation, and capital management. The FCR is not subject to audit requirements. The audited financial statements for Conduit Reinsurance Limited are published in accordance with the Insurance (Public Disclosure) Rules 2015 on the Bermuda Monetary Authority’s website at <https://www.bma.bm/public-filings/full-filings-class-4>.

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A. Business and Performance



A.1 Business

Name of insurer

Conduit Reinsurance Limited (the “Company” or “CRL”) is a reinsurance company trading under the Conduit Re brand. It was incorporated in Bermuda on 6 October 2020 and was registered as a Class 4 insurer by the Bermuda Monetary Authority (“BMA”, the “Authority”), with registration number 55937, effective 19 November 2020.

CRL’s registered office is Clarendon House, 2 Church Street, Hamilton HM11 and its physical office is Ideation House, 94 Pitts Bay Road, Pembroke HM08.

Name and contact details of the insurance supervisor and group supervisor

Bermuda Monetary Authority, BMA House, 43 Victoria Street, Hamilton HM12.

CRL is not subject to group supervision.

Name and contact details of the approved auditor

KPMG Audit Limited, Crown House, 4 Par-la-Ville Road, Hamilton HM08.

Ownership details

CRL’s ultimate parent is Conduit Holdings Limited (“CHL”) which is publicly traded company whose shares are listed on the London Stock Exchange (“LSE”), trading under the ticker LSE:CRL. CRL’s immediate parent is Conduit MIP Limited (“CML”), an intermediate holding company.

As at 31 December 2025, CHL was aware of the following interests of 5% or more of voting rights in its ordinary shares.

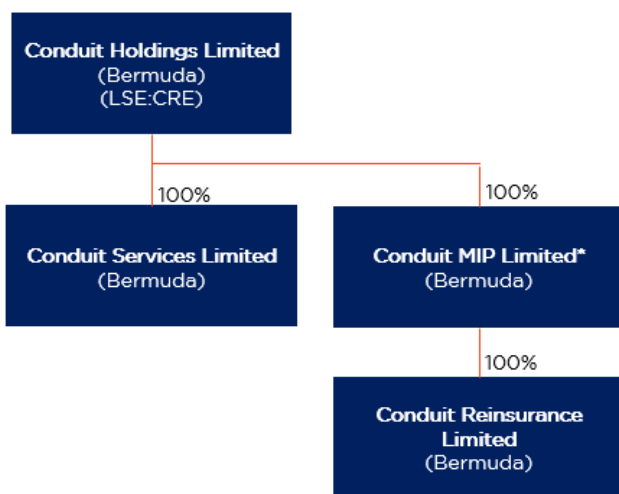
Shareholder	Proportion
FIL Limited	13.01%
Asúa Inversions, S.L.	10.04%
Lancaster Investment Management LLP	5.39%
Perpetual Limited	5.22%
Zedra Trust Company (Guernsey) Limited ¹	5.00%

¹ 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.

Group structure

The group structure comprising CHL and direct and indirect subsidiaries (the “Group”), is summarised in the chart below, including country of incorporation.

Conduit Reinsurance Services Limited, a services company registered in England (registration 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.



*Conduit Holdings Limited ownership indicates voting shares only.

A.2 Performance

Insurance business written during the reporting period

CRL is a Bermuda-based multi-line reinsurer with global reach and writes business under three principal divisions: property, casualty and specialty. Details of each operating segment and reinsurance revenue by geographic region and operating segment, as reported in CRL's audited financial statements are as follows:

Year ended 31 December 2025	Property \$m	Casualty \$m	Specialty \$m	Total \$m	Total %
United States	268.4	131.3	13.7	413.4	46.1
Worldwide	140.0	74.4	110.0	324.4	36.2
Europe	49.5	49.4	20.8	119.7	13.3
Other	36.6	1.5	1.5	39.6	4.4
Reinsurance revenue	494.5	256.6	146.0	897.1	100.0

Year ended 31 December 2024 ¹	Property \$m	Casualty \$m	Specialty \$m	Total \$m	Total %
United States	239.1	111.3	10.9	361.3	44.4
Worldwide	157.0	63.9	100.5	321.4	39.5
Europe	34.8	39.4	22.9	97.1	11.9
Other	30.2	2.8	0.9	33.9	4.2
Reinsurance revenue	461.1	217.4	135.2	813.7	100.0

1. Certain reinsurance contracts previously reported within the Specialty segment are now reported within the Property and Casualty segments to better align with Conduit's internal view of these contracts. Comparative periods have been re-presented in order to be consistent with the current period presentation.

Performance of investments and material income and expense items

Net investment income, excluding realised and unrealised gains and losses was \$80.7 million for the year ended 31 December 2025 (31 December 2024: \$65.0 million). Total investment return, including net investment income, net realised gains and losses, and net change in unrealised gains and losses, was a gain of \$119.5 million (31 December 2024: gain of \$66.1 million).

Year ended 31 December 2025	Net investment income \$m	Net realised gains / (losses) \$m	Net unrealised gains / (losses) \$m	Total investment return \$m
Fixed maturity securities	71.5	(0.4)	39.2	110.3
Cash and cash equivalents	9.2	-	-	9.2
Total	80.7	(0.4)	39.2	119.5

Year ended 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

Included in net investment income is \$2.0 million of investment management and custody fees for the year ended 31 December 2025 (31 December 2024: \$1.6 million). Net foreign exchange gains (losses) on cash and cash equivalents and fixed maturity securities for the year ended 31 December 2025 was \$9.5 million (31 December 2024: \$(4.5) million). Foreign exchange impacts are not included in the investment returns in the table above.

CRL's material expenses are driven by reinsurance losses and loss related amounts, reinsurance operating expenses and other expenses and operating expenses.

	2025 \$m	2024 \$m
Reinsurance losses and loss related amounts, discounted	623.2	530.9
Reinsurance operating expenses	65.2	60.5
Other expenses and operating expenses	19.4	23.1
Total	707.8	614.5

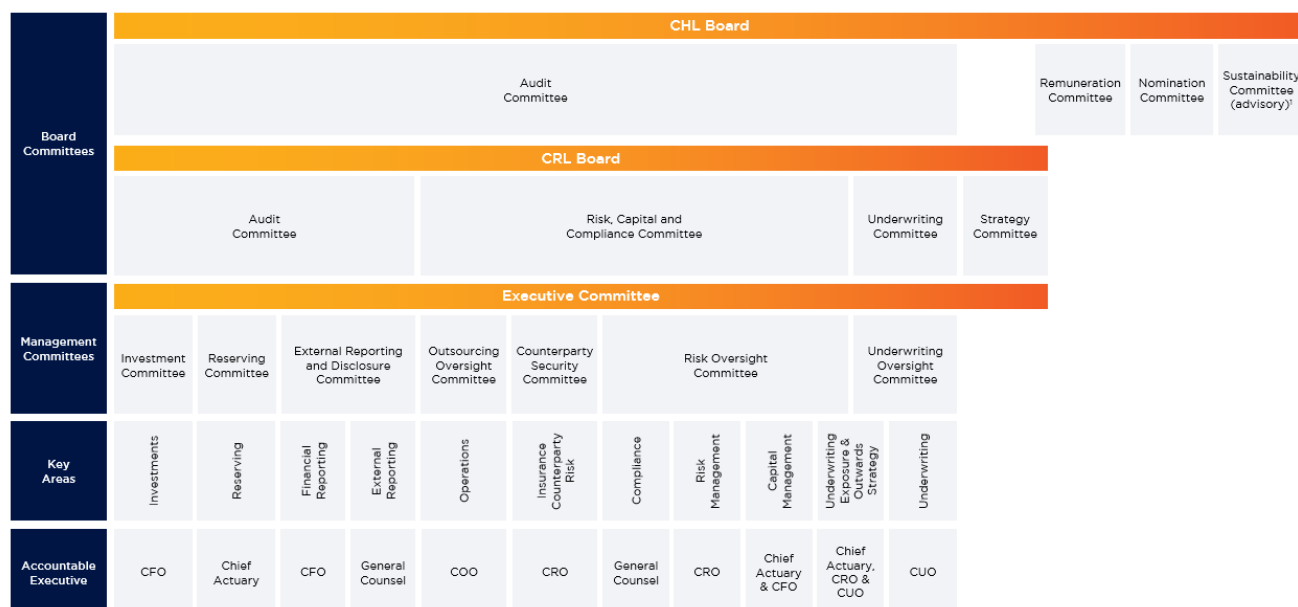
The 'other expenses' include related party transactions, which are detailed in Section B.

B. Governance and Structure



B.1 Board and executive

CRL has established and maintained a sound corporate governance framework that includes principles on corporate discipline, accountability, responsibility, compliance and oversight.



As of 31 December 2025, the Board was comprised of four independent non-executive directors and three executive directors. The Board has established four sub-committees as shown in the diagram above.

Each committee has a written terms of reference which identifies the scope, authority and responsibilities of the committee. The Audit, Risk, Capital & Compliance and Underwriting committees held quarterly meetings throughout 2025. The Strategy Committee met in May 2025.

The Board has also established the Executive Committee comprised of the chief and senior executives. CRL operates a strict, ‘three lines of defence’ model with all second-line functions (risk, compliance and some elements of the actuarial function) reporting to the Risk, Capital and Compliance Committee; and the third line (internal audit, external audit, and the independent loss reserve specialist) reporting to the Audit Committee. Independent assurance over the effectiveness of the risk management framework and internal controls is provided exclusively by the third line functions.

The Board delegates authority to its sub-committees, the Chief Executive and to the Executive Committee. Certain matters are reserved for the board, including the approval of risk appetite statements.

The Executive Committee delegates certain specialist, decision making, tasks, oversight and review to committees comprising members of executive management and other senior staff. These are the Reserving Committee, Counterparty Security Committee, Investment Committee, External Reporting and Disclosure Committee, Underwriting Oversight Committee, Risk Oversight Committee, and the Outsourcing Oversight Committee.

Name	Role	Board	Strategy Committee	Underwriting Committee	Risk, Capital & Compliance Committee	Audit Committee
Ken Randall	INED	Chair	Member	Chair	Attends	Member
Elizabeth Murphy	INED	Member	Member		Attends	Chair
Malcolm Furbert	INED	Member	Member		Chair	Attends
Michelle Seymour Smith	INED	Member	Member		Member	Member
Neil Eckert	CEO	Attends	Attends	Attends	Attends	Attends
Stuart Quinlan	Deputy CEO/COO	Member	Member	Member		
Elaine Whelan	CFO	Member	Member	Attends	Member	Attends
Greg Lunn	General Counsel	Member	Member		Reports	Attends
William Randolph	CRO	Attends	Attends	Attends	Reports	Attends
Andrew Couper	Chief Actuary	Attends	Attends	Attends	Reports	Attends
Stephen Postlewhite ²	CUO	Attends	Attends	Reports		
<i>Ernst & Young (EY)</i>	Internal Audit					Reports
<i>Klynveld Peat Marwick Goerdeler (KPMG)</i>	External Audit					Reports
<i>Matthew Ball (WTW)</i>	LRS					Reports

The governance arrangements and committee memberships set out above reflect the position as at 31 December 2025. Any changes to Board or executive composition occurring after the reporting date are disclosed separately where relevant in this report.

Trevor Carvey, Chief Executive Officer and Executive Director of CRL and CHL retired effective 11 April 2025, with Neil Eckert having been appointed as CEO on an interim basis. Effective 14 May 2025, Neil Eckert was appointed as CEO on a permanent basis.

The table shows the position as at 31 December 2025 (with the exception that Stephen Postlewhite joined in January 2026). Each of the independent non-executive directors also serve on the Board of CHL, as do Elaine Whelan and Neil Eckert.

² Appointed in January 2026

B.2 Remuneration

The Group's remuneration policy is set by the remuneration committee of CHL and is applied to all group entities. The remuneration committee comprises four independent directors of CHL, two of whom are also independent directors of CRL.

The policy is designed to ensure that remuneration is aligned to and supportive of the Company's strategy, including the avoidance of pressures for short-term risk taking. Employee remuneration consists of salary, benefits and annual bonus scheme. The annual bonus scheme is based on a mix of individual and Group performance.

The CHL remuneration committee determines the actual bonus awards for the CHL CEO and CFO, who serve in the same roles for CRL, and review and approve the bonus awards for senior executives of CRL.

Bonuses are subject to a maximum percentage of base salary and deferral of a portion into CHL shares. Malus and claw back provisions also apply to bonus awards.

Executive management, and certain other members of staff, participate in a share-based management incentive programme which has the potential to be realised over a four-to-seven-year time horizon which ends in December 2027, subject to malus and claw back provisions.

During 2023 Conduit established a Long-Term Incentive Plan ("LTIP"). These nil cost awards granted to certain staff vest over a three-year period from the date of grant and do not have associated performance criteria attached to the awards, except for awards to the CFO and Deputy CEO which are subject to performance conditions. As at 31 December 2025, the CEO did not have any awards under the LTIP. Awards under the LTIP are also subject to malus and claw back provisions.

Non-executive directors of CRL currently receive a flat fee for their service. They may receive an additional fee for specific board responsibilities, including chairmanship or membership of board committees. Additional fees may be paid to non-executive directors on a per diem or project basis to reflect increased time commitment in certain limited circumstances.

B.3 Pensions

Most employees, including executive management, are provided with a non-contributory pension of 10% of their pensionable earnings, which may be taken as cash in lieu of pension subject to compliance with applicable laws.

Non-executive directors are not eligible for any company pension scheme. No employee early retirement schemes are in place.

B.4 Material transactions with related parties

During the year ended 31 December 2025 the Company returned capital to its ultimate parent to provide funding for CHL's interim and final dividend payments, and ongoing expenses incurred during the ordinary course of business. For the year ended 31 December 2025 this funding was provided from retained earnings in the form of dividends declared to parent.

The Company receives management and support services from CSL under established inter-company agreements. Operating costs and any substance-based tax credits incurred by CSL are recharged or credited to the Company on normal commercial terms. CSL provides personnel and broad operational support, including finance, administration, risk, compliance, IT, procurement, facilities, legal, company secretarial and HR services. Fees and any adjustments are agreed between the parties in line with the service agreements.

Stabilitas Re Limited, a special purpose vehicle (Stabilitas Re), was launched in June 2023. CRL 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. CRL has no ownership interest in, nor any control, over Stabilitas Re and therefore does not consolidate that entity.

Other than in direct connection with employment or director responsibilities, no payments have been made directly or indirectly to directors, officers or employees that are material either to the company or the individual. This applies to CHL and all its subsidiaries including CRL.

Employees and directors are encouraged to invest in CHL via public markets, subject to normal public trading safeguards and disclosure requirements. For many staff, a component of annual bonus is also awarded in shares of CHL. These awards are subject to a vesting deferral period.

Other than CHL and its directors, officers and subsidiaries, CRL has not transacted with shareholder controllers other than non-material transactions in the normal course of business on an arms-length basis.

B.5 Fitness and propriety

Description of fit and proper process in assessing board and senior executives

The Company sought board members and senior executives based on the requisite skills and experience for their roles.

Background checks have been completed for all board members, senior executives and outsourced providers conducting independent assurance roles.

The fitness and propriety of individuals is an ongoing requirement. The Company conducts periodic assessments to confirm that individuals continue to meet the necessary standards and requires them to disclose promptly any change in circumstances that may affect their fitness and propriety and, accordingly, their ability to perform their role.

The fitness and propriety of directors and senior executives is monitored on an ongoing basis. Any matters that may affect an individual's fitness and propriety are required to be escalated promptly to the Board and, where applicable, notified to the Bermuda Monetary Authority in accordance with regulatory requirements. Formal reassessments are performed following material role changes, appointments or other relevant events, and the Board maintains oversight of the effectiveness of the fitness and propriety framework.

Description of the professional qualifications, skills and expertise of the board and senior executives

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 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 and Leamington Insurance Advisors Ltd (Bermuda), W.T. Butler & Co Ltd.

CRL Board Committee memberships:

Board (Chair), Underwriting Committee (Chair), Audit Committee and Strategy 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 reinsurance 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 several committees.

External directorships:

n/a

CRL Board Committee memberships:

Audit Committee (Chair) and Strategy 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:

Arden Reinsurance Company Ltd.

CRL Board Committee memberships:

Risk, Capital and Compliance Committee (Chair) and Strategy Committee

Michelle Seymour Smith

Independent Non-Executive Director

Appointed to the Board: 15 September 2021

Skills and experience:

Michelle Seymour Smith has over 30 years of experience in the insurance and reinsurance industry, with expertise in financial leadership, operational transformation and strategic growth.

Michelle began her career with Arthur Andersen in 1995. She held in the finance operations of Zurich Global Energy and XL Capital Ltd. 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 Bermuda-based insurance, reinsurance and mortgage divisions and their international subsidiary reinsurance subsidiary 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, and Prismic Life Holding LP.

CRL Board Committee memberships:

Audit Committee Risk, Capital and Compliance Committee and Strategy Committee

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 insurance and reinsurance 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., and Lomond Property Holdings Limited.

Stuart Quinlan

Executive Director, Deputy Chief Executive Officer and Chief Operations Officer
Appointed to the Board: 18 November 2020

Skills and experience:

Stuart started his 30-year career underwriting casualty lines, specialising in financial lines with Royal & Sun Alliance. He held subsequent executive roles with Novae, Zurich and Barbican before joining Hamilton in London to start a new Lloyd's business in 2015. Stuart has particular expertise in delivering effective IT strategies, recruitment and retention of top talent and monitoring and controlling a developing business. He has experience dealing with regulators, rating agencies and investment stakeholders.

In addition to supporting the CEO more broadly, Stuart is responsible for overseeing Conduit's operations, IT, claims and human resources. Stuart serves on the Board of Conduit Reinsurance Limited and is a member of the Executive Committee.

Greg Lunn

Executive Director, General Counsel and Company Secretary
Appointed to the Board: 18 November 2020

Skills and experience:

As General Counsel and Company Secretary, Greg Lunn leads Conduit's legal and compliance functions and provides governance and regulatory oversight to the Board and Executive Committee. With more than 25 years of senior in house experience in the global insurance industry, he brings deep knowledge of corporate regulatory and transactional matters.

Greg previously served as Group General Counsel for Lancashire Holdings Limited. Prior to this role, he spent nearly 10 years with the ACE Group (now Chubb) in a variety of senior legal and compliance roles across Europe and the UK.

At Conduit, Greg is responsible for maintaining the Group's governance framework, supporting regulatory compliance and ensuring clear and effective legal and corporate oversight. He also serves on the board of CRL and is a member of the Executive Committee.

Executive Officers

In addition to the three executive directors:

Neil Eckert

Executive Director and Chief Executive Officer

Appointed to the Board: 7 October 2020

Skills and experience:

Neil Eckert is Chief Executive Officer and Executive Director of CHL.

Neil Eckert is an entrepreneur with more than four decades of (re)insurance 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.

Stephen Postlewhite

Chief Underwriting Officer

Appointed: January 2026

Stephen has nearly 30 years of experience in the (re)insurance industry, having held senior roles across underwriting, risk management and actuarial disciplines. Stephen joined Conduit from McGill and Partners, where he served as Partner and Head of Capital Solutions. Prior to that, he was Managing Director and Global Chief Underwriting Officer at QBE Re. He also spent over 15 years at Aspen, where he held progressively senior positions, including Chief Executive Officer and Group Chief Actuary. Stephen has extensive experience throughout his career in applying data-driven insights to enhance risk selection, capital allocation and exposure management.

Stephen leads Conduit's underwriting strategy and oversees portfolio performance across our Property, Casualty, and Specialty segments. He is also responsible for managing Conduit Re's outwards reinsurance strategy.

William Randolph

Chief Risk Officer

Skills and experience:

William is a qualified actuary and Fellow of the Casualty Actuarial Society. He holds an Executive MBA from the Kellogg School of Management. William brings a wealth of expertise and knowledge to the role, with 20 years of industry experience primarily in the Bermuda and London Markets.

Prior to joining Conduit Re, William held positions of Chief Risk Officer at Relm Insurance and Validus Reinsurance, respectively. Prior to this, he held senior actuarial positions with other leading reinsurance companies.

William is responsible for overseeing Conduit Re's enterprise risk management function and is a member of the Executive Committee.

Andrew Couper

Chief Actuary

Skills and experience:

Andrew is Chief Actuary and is based in Bermuda.

A qualified actuary and a Fellow of the UK's Institute and Faculty of Actuaries, Andrew has had a highly successful professional career in the insurance industry spanning over 30 years both in the London Market and Bermuda.

Prior to joining Conduit, Andrew was the Head of Pricing for QBE's European operations with prior actuarial and risk management roles for Aspen Insurance both in London and Bermuda, including time as Chief Risk Officer and later Group Chief Actuary.

Andrew is responsible for the actuarial function including pricing, reserving, capital modelling and exposure management. Andrew is a member of the Executive Committee.

B.6 Risk Management and Solvency Self-Assessment

Description of the management process to identify, measure, manage and report risk

The CRL Board has ultimate responsibility for ensuring that Conduit maintains a robust framework of internal control and risk management. To assist the Board in discharging its obligations, the Audit Committee is tasked with the oversight of Conduit's internal control framework with a focus on its adequacy and effectiveness. The Committee, in conjunction with the Risk, Capital and Compliance Committee of CRL, also ensures that a comprehensive risk management framework is in place and that the governance structure provides an appropriate level of independence for the risk management function.

The risk management framework has been designed to strictly follow a three lines of defence model and ensure that good risk practices are the responsibility of all employees, with the risk function providing facilitation, tools, challenge and independent oversight and challenge. The risk function is also responsible for risk reporting to the Risk, Capital and Compliance Committee and the Executive Committee, and for the facilitation of risk activities at committee level.

The risk framework addresses the identification, assessment and management of risk within the context of defined risk appetite and tolerance statements. The process involves the use of risk registers to identify inherent risk and residual risk after the application of controls. The primary responsibility for the management of individual risks is the responsibility of all employees, 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.

Description of how the risk management and solvency self-assessment systems are implemented and integrated into the insurer's operations; including strategic planning and organisational and decision-making process

In line with regulatory requirements, the CRL Board requires that the solvency self-assessment is part of the risk management framework processes, with the quarterly risk appetite dashboard and the Commercial Insurer's Solvency Self-Assessment ("CISSA") reporting being triggers for management actions in response to changes in the risk profile.

Overall responsibility for the CISSA process, output and policy lies with the CRL Board. This policy is reviewed annually by the risk function and any changes approved by the CRL Board.

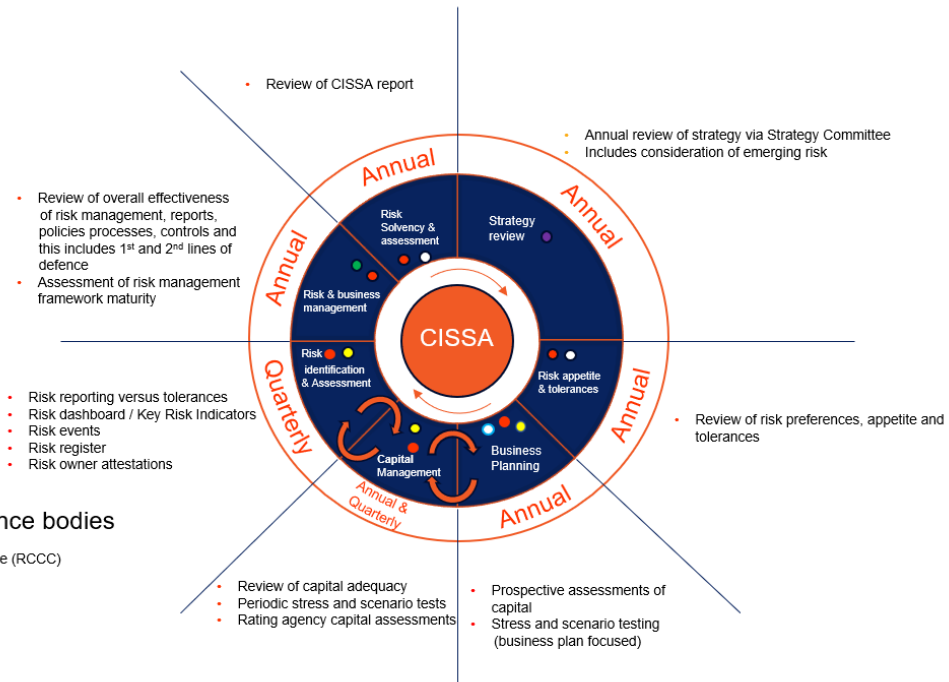
The CISSA process operates on a structured annual cycle, with planned activities conducted throughout the year, supplemented by more frequent reviews if triggered by specific events or changes in circumstances. Critical components of the CISSA process include:

- Strategy review
- Risk appetite and tolerance refresh
- Business planning
- Capital management
- Risk identification and assessment
- Evaluation of risk and business management
- Risk and solvency assessment report

Description of the relationship between the solvency self-assessment, solvency needs, and capital and risk management systems

The diagram below sets out the solvency self-assessment process. The relevant parts of the CISSA process are run quarterly or initiated earlier in the event of a material change occurring.

Board and executive management involvement in the CISSA process



Currently, the amount of capital required to cover our material risks is assessed through regulatory capital requirements, rating agency models, internally developed stress tests and underwriting realistic disaster scenarios.

Description of the solvency self-assessment approval process including the level of oversight and independent verification by the board and senior executive

The diagram above shows the involvement of various board and senior executives in the solvency self-assessment process and associated approvals.

Validation and independent assurance activities are segregated from risk ownership and oversight responsibilities and are not performed by first or second line functions.

B.7 Internal Controls

Internal controls are an essential part of all business processes and a key method of mitigating the risks that are inherent in them.

The Board has the ultimate responsibility for ensuring that CRL maintains a robust framework of internal control and risk management. The Board is responsible for monitoring the establishment and maintenance of the system of controls used to assess and manage exposure to all areas of risk. The objectives of these controls are

to ensure that CRL's risk strategy is maintained, and risk remains within the appetites and tolerances approved by the Board.

CRL's Internal Control Framework sets out the principles and structure for maintaining effective internal controls across the organisation. It safeguards the integrity of financial reporting, enhances operational efficiency by embedding risk awareness into daily activities and supports regulatory compliance, in line with the Bermuda Insurance Code of Conduct and The UK Corporate Governance Code. The framework incorporates clear control objectives, testing responsibilities and escalation procedures to ensure risks are appropriately mitigated. The framework 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.

The Company operates under a three lines of defence model, in which first line functions are responsible for day-to-day risk identification, measurement, mitigation, and reporting. Second line risk, compliance, and elements of the actuarial functions provide oversight, challenge, and coordination, while third line assurance is delivered through Internal Audit and additional independent specialists.

During 2025, the Audit Committee received quarterly reports from Conduit's CRO covering:

- Conduit's risk profile, capital position and capital adequacy.
- Underwriting exposure accumulation measured using PML.
- Compliance with risk appetite and tolerance metrics.
- Any risk events and associated remediation plans.
- Updates on the control environment, including any control failures, control attestations and remediation progress for any deficiencies.

The Committee reviewed management's assessment of the effectiveness of risk management and the control environment for 2025, together with reports and findings from Internal Audit and other independent assurance providers, and noted that several recommendations identified for improvement in the prior year were implemented. While additional enhancements will be delivered during 2026, the Committee observed that work is progressing.

Compliance function

The compliance function is led by the General Counsel. The compliance function is responsible for providing second line oversight and monitoring of compliance with legal and regulatory requirements and material internal policies and procedures. The compliance function reports directly to the Risk, Capital and Compliance Committee of the Board and has been structured to maintain a strict second line of defence position.

Internal audit

The internal audit function has been outsourced to a 'Big 4' accounting firm. The appointment followed a competitive tender process and regular reviews of effectiveness are performed.

The Audit Committee approves the internal audit charter and the risk-based internal audit plan at least annually. Internal Audit prepares the plan following its own risk assessment and discusses it with the Committee before approval. Internal audit provides quarterly written and oral reports, and its findings are presented at each quarterly meeting of the Committee. The Committee reviews management's responses, monitors the implementation of recommended enhancements to internal controls, and approves any required amendments to the audit plan during the year.

Actuarial function

The actuarial function is led by the Chief Actuary. First-line actuarial activities include actuarial pricing support (including catastrophe modelling), capital modelling and reserving. The function reports directly to the Risk, Capital and Compliance Committee.

Independent review and challenge of reserving outcomes is provided through the appointment of an external loss reserve specialist (Matthew Ball of Willis Towers Watson) reporting directly to the Audit Committee.

B.8 Outsourcing

Executive management has oversight over all material outsourced relationships. The definition of material outsourced relationships has been defined based on financial metrics and/or regulatory prescribed roles. Executive management have approved an Outsourcing policy to support the oversight and activities of all outsourced arrangements. The policy sets out the approach adopted by CRL to the identification, assessment, mitigation and monitoring of the operational risks associated with its outsourcing arrangements. The policy scope applies to the outsourcing activities of the Conduit Group. Executive management have discussed and agreed the principles applicable to outsourced service agreements. As at 31 December 2025, the following service providers were deemed to be material outsourced relationships:

- Outsourced providers of regulatory significant roles – loss reserve specialist and internal audit provider
- Investment managers, custodians and accountants
- Software as a services (SaaS) relationships for core processing systems

All outsourced activities, except for some SaaS relationships and investment accountants, are such that the providers could, if necessary, be replaced relatively easily albeit subject to careful transition planning to mitigate risks associated with disruption, concentration or provider failure.

Conduit Services Limited (“CSL”), a Bermuda company, employs the Group’s Bermuda-based staff and consumes a range of services from third parties, including many of those mentioned as outsourcing above.

C. Risk Profile



CRL 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 CRL is reinsurance risk.

The Board is responsible for determining the nature and extent of the principal risks CRL 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 with the day-to-day oversight of the risks that CRL 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 CRL. 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, regulatory, and our internal capital model requirements.

Day-to-day management of risk is the responsibility of all employees, 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 frameworks 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 alignment of the business, four Independent Non-Executive Directors from the CRL Board also serve on the CHL Board. Furthermore, the CHL 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

CRL 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. Our approach to managing climate-related risks is documented in Conduit's Risk Management Policy.

C.1 Reinsurance risk

CRL 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, CRL 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 over-riding business goals that management and the CRL 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;
- CRL'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 at least weekly (and more frequently during key renewal periods), 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 CRL's capital base.

Catastrophe management

Certain classes of CRL's business provide coverage for natural catastrophes and are subject to seasonal variation and the impacts of climate change. CRL has exposure to large catastrophe losses globally, in particular in North America, Europe and Japan and these are most likely to be driven by windstorm events. The level of windstorm activity, and any landfall thereof, during the North Atlantic, European and Asia Pacific wind seasons may materially impact loss experience. The North Atlantic and Asia Pacific wind seasons are typically June to November and the European wind season November to March. CRL has exposure to other natural catastrophes that can occur throughout the year, such as earthquakes, tsunamis, droughts, floods, hail, tornadoes, and wildfires. In addition, CRL 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.

Exposure management is an evolving discipline. Industry understanding of natural catastrophe events continues to develop, informed by advances in science, improved hazard data, enhanced modelling methodologies and emerging insights from actual loss events. CRL reviews and refines its approaches to exposure monitoring, model utilisation and risk aggregation as exposures and loss models are updated to ensure they remain appropriate and proportionate to the risk profile of the portfolio. This includes assessing changes in vendor models, cedant data quality, evolving peril definitions and observed trends in climate and loss behaviour.

During 2025, CRL refined its approach to natural catastrophe monitoring, redefining its peril region zones. Comparative figures for the prior period have been re-presented to ensure consistency with the current presentation. For US windstorm, this includes incorporating all North Atlantic Windstorm exposure into one zone which takes into account windstorms impacting more than one zone and/or that make multiple landfalls.

CRL has defined its appetite and tolerance levels to manage underwriting exposure accumulation across its portfolio, based on the output from models that estimate the expected frequency and severity of potential loss events. The tolerances are designed to monitor net exposure across different peril and region combinations.

The table below shows CRL's estimated net exposures to certain peak zone perils as a percentage of tangible capital. These net positions are modelled stochastically and net of outwards reinsurance on a first occurrence basis at the 100-year and 250-year return periods.

The modelled estimated net PML as at 31 December 2024 reflects reduced attachment points to aggregate reinsurance protections following the occurrence of catastrophe events during the year. This has a notable impact on the North American Windstorm net exposures. The 31 December 2025 exposures do not benefit from similar reductions in the attachment points of aggregate reinsurance protections, given the benign wind loss experience during the year. While modelling is an important tool for assessing exposure and aggregating risks, its reliability varies by peril and region. Models rely on assumptions, judgements and input data provided by cedants, which can vary in precision and accuracy. As such actual exposures are likely to vary from those modelled. There could also be unmodelled losses to consider in addition to the modelled figures presented below. The models also include loss scenarios at higher return periods which could result in losses to capital greater than the modelled expectations shown.

As at 31 December		2025		2024	
Return period	Peril	Net \$m	% of tangible capital	Net \$m	% of tangible capital
100-year	North Atlantic Windstorm	282.6	25.2%	174.7	16.6%
	US and Canada Earthquake	116.5	10.4%	80.7	7.7%
	European Windstorm	61.8	5.5%	49.4	4.7%
	Asia Pacific Windstorm	37.3	3.3%	45.8	4.4%
	Asia Pacific Earthquake	45.6	4.1%	50.9	4.8%
250-year	North Atlantic Windstorm	352.4	31.4%	246.2	23.5%
	US and Canada Earthquake	214.7	19.2%	125.8	12.0%
	European Windstorm	76.6	6.8%	52.0	5.0%
	Asia Pacific Windstorm	39.8	3.6%	55.7	5.3%
	Asia Pacific Earthquake	59.6	5.3%	58.4	5.6%

Property reinsurance

CRL 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 is 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, or proportional treaty arrangements may also be utilised.

Casualty reinsurance

CRL 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. CRL 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.

CRL purchases ceded reinsurance to protect against any clash between losses arising in its casualty portfolio.

The sub-classes of casualty business include directors and officer's liability, financial institutions liability, general liability for multiple sub-classes and, on an excess and umbrella basis, medical malpractice, professional liability and transactional liability. CRL 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. CRL 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

CRL'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 are offered on both a specific and a whole account basis.

CRL 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.

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 traditional 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 CRL's aggregate underwriting portfolio. CRL may purchase ceded reinsurance on both an excess of loss and proportional basis and may also use 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, CRL may deem it more economic to hold capital than purchase ceded reinsurance. Ceded reinsurance does not relieve CRL of its obligations to policyholders. CRL 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. CRL will retain certain losses, as the cover purchased is unlikely to transfer the totality of CRL's exposure. Any loss amount which exceeds the ceded reinsurance coverage purchased would be retained by CRL. 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 CRL'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 CRL's ceded reinsurers to ensure that they possess suitable security.

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.

C.2 Market risk

CRL is at risk of loss due to movements in market factors. The main market risks CRL was exposed to include:

- Reinsurance risk;
- Investment risk; and
- Currency risk.

Reinsurance risk

CRL 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 CRL'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. CRL 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 held at least weekly (and more frequently during key renewal periods) where deal flow, pricing and opportunities are discussed;
- Holding management Risk Oversight Committee ("ROC") meetings that consider matters that include the risk management framework, capital management, underwriting exposure accumulation, and outwards reinsurance strategy;
- Holding an annual strategy review meeting;
- Holding a quarterly Underwriting Committee board meeting that considers matters including underwriting performance;
- Holding a quarterly Risk, Capital and Compliance Committee meeting to review relevant risk and capital considerations; 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 CRL's reinsurance contract assets and liabilities. CRL 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 statement of comprehensive income.

As at 31 December	2025	2024
	\$m	\$m
Ceded asset for incurred claims	50.1	41.2
Liability for incurred claims	(1,366.2)	(978.0)
Total	(1,316.1)	(936.8)

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. CRL 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 on an IFRS basis are shown below for all portfolios:

All portfolios	2025				2024			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
USD	3.93%	3.84%	3.97%	4.34%	4.68%	4.56%	4.52%	4.57%
EUR	2.58%	2.78%	2.98%	3.36%	2.74%	2.59%	2.64%	2.77%
GBP	4.04%	4.03%	4.17%	4.55%	4.96%	4.65%	4.54%	4.57%

The spot rates applied for discounting future cash flows on an EBS basis are shown below:

All portfolios	2025				2024			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
USD	4.04%	4.26%	4.44%	4.71%	4.60%	4.81%	5.07%	5.22%
EUR	2.08%	2.35%	2.63%	3.21%	2.14%	2.06%	2.17%	2.42%
GBP	3.85%	4.04%	4.37%	5.03%	5.26%	5.15%	5.19%	5.35%

The sensitivity of CRL’s net reinsurance liability for incurred claims to interest rate movements is detailed below, assuming linear movements in interest rates.

As at 31 December	2025		2024	
	\$m	%	\$m	%
Immediate shift in yield (basis points)				
100	33.6	2.6	25.1	2.7
75	25.3	1.9	18.9	2.0
50	17.0	1.3	12.7	1.4
25	8.5	0.6	6.4	0.7
0	-	-	-	-
-25	(8.6)	(0.7)	(6.4)	(0.7)
-50	(17.3)	(1.3)	(12.9)	(1.4)
-75	(26.0)	(2.0)	(19.5)	(2.1)
-100	(34.8)	(2.6)	(26.1)	(2.8)

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 CRL’s investment portfolio.

The management Investment Committee of CRL is responsible for all investment-related decisions and investment guidelines. The investment guidelines set the parameters within which CRL’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. CRL 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. CRL also prioritises liquid asset classes with higher credit quality and shorter duration so that CRL can meet reinsurance and other near-term obligations. CRL 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.

CRL 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.

CRL 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. CRL also monitors the portfolio impact of more severe scenarios consisting of extreme shocks.

CRL 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. CRL seeks to invest in issuers with more sustainable business 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 CRL's overall investment strategy and to consider alternative asset allocations to achieve the best risk-adjusted return within CRL'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.

The investment mix by mandate and sector of CRL's portfolio of fixed maturity securities is as follows:

As at 31 December 2025	Estimated fair value short-tail \$m	Estimated fair value long-tail \$m	Estimated fair value total \$m
Short-term investments	14.1	0.3	14.4
US treasuries	294.5	253.5	548.0
US agency debt	2.0	2.6	4.6
US municipals	11.3	7.9	19.2
Non-US government and agency	-	3.4	3.4
Asset-backed	205.4	32.3	237.7
US government agency mortgage-backed	121.4	132.0	253.4
Non-agency mortgage-backed	38.2	24.6	62.8
Agency commercial mortgage-backed	5.6	-	5.6
Non-agency commercial mortgage-backed	46.2	54.3	100.5
Corporate	354.7	303.1	657.8
Total	1,093.4	814.0	1,907.4

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

Corporate and non-US government and agency bonds by country are as follows:

As at 31 December 2025	Financials \$m	Other industries \$m	Non-US government and agency \$m	Total \$m
US	241.7	300.9	-	542.6
Canada	36.9	2.9	2.9	42.7
UK	25.1	4.5	-	29.6
Other countries	33.1	12.7	0.5	46.3
Total	336.8	321.0	3.4	661.2

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
Canada	30.7	1.0	-	31.7
UK	27.5	5.2	-	32.7
Other countries	41.6	6.4	-	48.0
Total	310.7	218.4	-	529.1

The sector allocation of corporate bonds is as follows:

As at 31 December	2025		2024	
	\$m	%	\$m	%
Financials	336.8	51.2	310.7	58.7
Industrials	284.0	43.2	193.5	36.6
Utilities	37.0	5.6	24.9	4.7
Total	657.8	100.0	529.1	100.0

CRL'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 CRL'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 CRL's portfolio of fixed maturity securities to interest rate movements is detailed in the following table, assuming linear movements in interest rates.

As at 31 December	2025		2024	
	\$m	%	\$m	%
Immediate shift in yield (basis points)				
100	(58.9)	(3.1)	(41.0)	(2.7)
75	(43.9)	(2.3)	(30.8)	(2.0)
50	(29.0)	(1.5)	(20.5)	(1.3)
25	(14.4)	(0.8)	(10.3)	(0.7)
0	-	-	-	-
-25	14.2	0.7	11.6	0.8
-50	28.2	1.5	23.1	1.5
-75	42.0	2.2	34.7	2.3
-100	55.6	2.9	46.3	3.0

CRL 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 2.8 years as at 31 December 2025 (as at 31 December 2024: 2.5 years).

In addition to duration management, CRL 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 99th 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.

CRL's annual VaR calculation is as follows:

As at 31 December	2025		2024	
	\$m	% of shareholders' equity	\$m	% of shareholders' equity
99th percentile confidence level	97.0	8.7%	102.2	9.7%

Currency risk

CRL is susceptible to fluctuations in rates of foreign exchange, principally between the US dollar and pounds sterling and the US dollar and the euro. Even though risks are assumed on a worldwide basis, they are predominantly denominated in US dollars. CRL is exposed to currency risk to the extent its assets are denominated in different currencies to its liabilities. CRL 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 statement of comprehensive income.

CRL 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 to parent, if applicable.

The following table summarises the carrying value of all monetary and non-monetary assets and liabilities categorised by CRL's main currencies.

As at 31 December 2025	USD \$m	GBP \$m	EUR \$m	Other \$m	Total \$m
Total assets	2,170.6	44.5	72.5	46.0	2,333.6
Total liabilities	(1,053.8)	(34.2)	(80.8)	(43.7)	(1,212.5)
Net assets (liabilities)	1,116.8	10.3	(8.3)	2.3	1,121.1

As at 31 December 2024	USD \$m	GBP \$m	EUR \$m	Other \$m	Total \$m
Total assets	1,796.1	27.0	40.1	37.2	1,900.4
Total liabilities	(759.2)	(19.2)	(39.4)	(33.0)	(850.8)
Net assets (liabilities)	1,036.9	7.8	0.7	4.2	1,049.6

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 \$0.8 million (31 December 2024: increase or decrease \$1.7million).

C.3 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring unreasonable costs. CRL’s main exposure to liquidity risk is with respect to its reinsurance and investment activities. CRL is exposed if proceeds from the sale of financial assets are not sufficient to fund obligations arising from reinsurance contacts and/or other liabilities. CRL 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 CRL’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.

CRL’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 CRL’s portfolio of fixed maturity securities are as follows:

As at 31 December 2025	Short-tail \$m	Long-tail \$m	Total \$m
Fixed maturity securities at FVTPL			
Less than one year	145.3	56.9	202.2
Between one and two years	144.9	52.7	197.6
Between two and three years	167.3	94.4	261.7
Between three and four years	59.1	63.6	122.7
Between four and five years	78.0	62.9	140.9
Over five years	82.0	240.3	322.3
Asset-backed and mortgage-backed	416.8	243.2	660.0
Total	1,093.4	814.0	1,907.4

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

The estimated maturity profile of the reinsurance liability for incurred claims and financial liabilities of CRL is as follows:

As at 31 December 2025	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	1,366.2	440.1	543.5	227.7	154.9	1,366.2
Other reinsurance payables	11.4	11.4	-	-	-	11.4
Other payables	2.0	2.0	-	-	-	2.0
Total	1,379.6	453.5	543.5	227.7	154.9	1,379.6

As at 31 December 2024	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
Other reinsurance payables	6.3	6.3	-	-	-	6.3
Other payables	16.3	16.3	-	-	-	16.3
Total	1,000.6	303.0	403.9	175.8	117.9	1,000.6

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 2025, cash and cash equivalents were \$338.6 million (31 December 2024: \$312.4 million). CRL 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, CRL 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. CRL monitors market changes and outlook and reallocates assets as it deems necessary.

As at 31 December 2025, CRL 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.

C.4 Credit risk

Credit risk is the risk that a counterparty may fail to pay, or repay, a debt or obligation. CRL 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 CRL'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 15.0% of the portfolio. CRL also limits exposure to individual issuers, with declining limits for less highly rated issuers. CRL 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.

CRL 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 CRL's reinsurers. Credit risk on total expected premium cash flows due from cedants is managed by conducting business with reputable broking organisations, with whom CRL has established relationships, and by rigorous cash collection procedures. CRL 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.

The table below presents an analysis of CRL'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 2025	Cash and cash equivalents and fixed maturity securities \$m	Ceded asset for incurred claims \$m
AAA	656.8	-
AA+, AA, AA-	934.4	-
A+, A, A-	525.8	35.8
BBB+, BBB, BBB-	124.9	-
Other	4.1	14.3
Total	2,246.0	50.1

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-	440.7	24.6
BBB+, BBB, BBB-	89.4	-
Other	-	16.6
Total	1,838.7	41.2

The ceded reinsurance contract assets classified as other are fully collateralised.

As at 31 December 2025 the average credit quality of CRL's cash and cash equivalents and portfolio of fixed maturity securities was AA (31 December 2024: AA).

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	2025 \$m	2024 \$m
Not yet due	462.0	440.1
Less than 90 days past due	17.3	21.4
Over 90 days past due	8.1	4.8
Total	487.4	466.3

For the year ended 31 December 2025 and 2024 no provisions have been made for impaired or irrecoverable balances and no amount was charged to the statement of comprehensive income in respect of bad debts.

C.5 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 these risks.

The risk framework addresses the identification, assessment and mitigation 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 all employees. The risk function provides independent challenge and oversight to ensure risks are effectively managed. This includes facilitating a quarterly risk and control affirmation process and performing control testing, with the outcomes informing the overall assessment of the control environment. 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.

C.6 Strategic risk

CRL 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.
- The risks of succession planning, staff retention and key personnel risks.

Business plan risk

CRL's business plan forms the basis of operations and provides strategic direction to management. Actual versus planned results are monitored regularly.

Capital management risk

The total tangible capital is as follows:

As at 31 December	2025 \$m	2024 \$m
Shareholder's equity	1,121.1	1,049.6

Risks associated with the effectiveness of CRL'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.
- Participation in industry groups such as the Association of Bermuda Insurers and Reinsurers, Reinsurance Association of America and the International Underwriting Association.

CRL 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 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 contributions, and returns of capital may be made through a return of capital, dividends, redemption of debt or any combination thereof. Other capital management tools and products available to CRL may also be utilised. All capital actions require approval by the Board.

The primary source of capital used by CRL is equity shareholder's funds provided by its parent. The ability of CRL 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 man 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.

C.7 Summary level risk register

A review of the summary level risk register which sets out our general exposure to risks and our approach to managing them was carried out by the Board at the fourth quarter 2025 meetings in February 2026. By formally reviewing it, the boards are demonstrating their awareness of the risks of our business, consistent with corporate governance expectations. A summary is provided below inclusive of the Company's view of the trending change in profile since the 2024 report.

Risk and relative appetite/preference	Mitigating actions	Board level monitoring	Commentary	Trend
Overall – capital adequacy				
<p>The risk that capital resources are insufficient to meet regulatory requirements, rating agency expectations or absorb stress events</p> <p>Low</p> <p>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 BMA.</p>	<ul style="list-style-type: none"> Quarterly capital level monitoring across internal, regulatory and rating agency requirements. Capital planning and stress testing. Ongoing engagement with rating agencies. Early warning triggers and documented capital management action plan. Approved capital policy. 	<ul style="list-style-type: none"> Quarterly capital and solvency reporting against tolerances. Review of stress and scenario testing results. Approval of capital policy and dividend policy. Approval of all capital actions. Review of underwriting exposure and aggregation reports. Annual review of rating agency feedback and outlook. Annual CISSA reporting. 	<p>We maintain strong capital buffers above regulatory and rating agency requirements, supporting our strategic objectives and underwriting growth. Our solvency position remains within our target range, providing resilience against market volatility and inflationary pressures. AM Best affirmed our A-rating with a stable outlook, reflecting a period of leadership transition and the need for continued focus on governance and capital management to maintain rating strength and strategic flexibility.</p>	↔
Underwriting – premium				
<p>The risk that pricing fails to accurately reflect underlying exposures, resulting in misestimation of claims frequency or severity or premiums insufficient to cover potential losses</p> <p>High</p> <p>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.</p>	<ul style="list-style-type: none"> Defined risk appetite and tolerances, including PML. Underwriting guidelines and authority limits. Actuarial and underwriting peer reviews. Use of retrocession to manage volatility and exposure. Underwriting Oversight Committee review and monitoring of underwriting performance. 	<ul style="list-style-type: none"> Regular underwriting and portfolio performance reports to the Board. Review of underwriting exposure and aggregation reports. Review and approval of risk appetite and underwriting limits. 	<p>We continue to pursue a diversified portfolio supported by retrocessional protections and disciplined underwriting. Overall, we continued to grow top-line in 2025 in our target classes. Competitive pressure and early signs of rate softening in certain property and specialty classes are emerging, which could temper growth opportunities.</p>	↗

Risk and relative appetite/preference	Mitigating actions	Board level monitoring	Commentary	Trend
Underwriting - exposure and aggregations				
<p>The risk of excessive accumulation of catastrophe or liability exposures beyond defined appetite, leading to outsized losses</p> <p>Medium</p> <p>We underwrite catastrophe exposed reinsurance through our property and specialty classes, and business exposed to other aggregations, notably across casualty lines.</p>	<ul style="list-style-type: none"> • Defined exposure limits and ongoing monitoring. • Use of retrocession to manage volatility and exposure. • Post event reviews and resulting actions as necessary. • Risk Oversight Committee review and monitoring. 	<ul style="list-style-type: none"> • Review of underwriting exposure and aggregation reports. • Approval of exposure limits and retrocession strategy as part of business plan approval. • Review of scenario analysis and stress testing outcomes. 	<p>PML in 2025 increased from a combination of portfolio growth and outwards reinsurance structure changes. Looking ahead to 2026, despite planned modest growth in the portfolio we expect a reduction in overall net exposure and aggregations through enhanced alignment of the inwards portfolio and outwards protections having applied lessons learned from the California wildfire losses in 2025, lowering volatility across return periods.</p>	↔
Underwriting - reserve				
<p>The risk that reserves prove insufficient to meet ultimate claims obligations due to adverse development or inflationary trends</p> <p>Medium</p> <p>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 both our own and third-party market data, and benefit from external independent loss reserve specialist review.</p>	<ul style="list-style-type: none"> • Monitoring of reserve movements and trends. • Quarterly management level reserving committee providing review and challenge. • Independent actuarial review twice yearly. • Reserving policy. • Major loss response policy. 	<ul style="list-style-type: none"> • Quarterly reserving reports to the Board and Audit Committee. • Review of independent actuarial results. • Approval of reserving policy. • Review of major loss event reporting. 	<p>Our Casualty portfolio continues to mature, bringing additional earned premium and associated reserves. Inflationary and social inflation trends continue to create uncertainty, but selective underwriting, enhanced actuarial reviews and portfolio analysis continue to mitigate this risk. Importantly, our reserves remain comfortably within the range confirmed by an independent actuarial review, reinforcing confidence in adequacy and balance sheet strength.</p>	↗

Risk and relative appetite/preference	Mitigating actions	Board level monitoring	Commentary	Trend
Investment – market and liquidity				
<p>The risk that market volatility erodes asset values or liquidity shortfalls prevent timely settlement of claims</p> <p>Low 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.</p>	<ul style="list-style-type: none"> Quarterly management level investment committee. Investment policy including defined limits and authorities for external investment managers. Defined investment risk preferences, appetite and risk and return objectives and tolerances. Regular stress and scenario testing around investment portfolio. Periodic strategic asset allocation reviews. 	<ul style="list-style-type: none"> Investment performance and liquidity reports. Review of market and liquidity scenarios and stress tests. Approval of investment policy and limits. Review of stress and scenario testing around investment portfolio. Periodic strategic asset allocation reviews. 	<p>Despite persistent market volatility and interest rate uncertainty, our positioning remains aligned with appetite and supports strategic flexibility. Our portfolio continues to deliver stable returns with minimal downside risk.</p>	↔
Credit				
<p>The risk that retrocessionaires, brokers or other counterparties default or fail to honour obligations</p> <p>Low We use reinsurance to provide protection and select reinsurers which provide limited credit risk.</p>	<ul style="list-style-type: none"> Approved reinsurer list with criteria on acceptable credit rating. Counterparty monitoring and limits setting. Expansion of approved reinsurer list to reduce concentration. Risk Oversight Committee review and monitoring. 	<ul style="list-style-type: none"> Counterparty exposure and credit quality reporting. 	<p>We select highly rated and collateralised counterparties to minimise credit risk and maintain strong retrocession security. Economic uncertainty and reinsurer consolidation are monitored, but counterparty quality remains strong and credit risk is steady relative to appetite.</p>	↔
Operational and systems				
<p>The risk of loss arising from inadequate or failed internal processes, procedures, people, systems or external events disrupting business operations</p> <p>Low 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.</p>	<ul style="list-style-type: none"> Control testing and quarterly control affirmation process. Cyber management programme and cyber incident response plan. Disaster recovery and business continuity plans. Regulatory and compliance adherence. Recruitment and selection policy. 	<ul style="list-style-type: none"> Operational risk and incident reporting. Review and approval of succession plans. Annual review of cyber code of conduct compliance. Annual CISSA reporting. 	<p>Leadership transitions during 2025 introduced additional execution risk to some operational processes. While these changes were managed effectively, they emphasised the importance of robust systems and clear delegation to maintain continuity. Our technology ecosystems have remained stable throughout the year, and several system upgrades continue to improve operational efficiency. Continuous assessment of our control environment has identified improvement areas which are being implemented.</p>	↔

Risk and relative appetite/preference	Mitigating actions	Board level monitoring	Commentary	Trend
Strategic				
<p>The risk of failing to execute the business plan or adapt to market changes, impacting long-term objectives</p> <p>Low</p> <p>We seek to manage risk by keeping a clear and focused strategy as a single balance sheet reinsurer.</p>	<ul style="list-style-type: none"> Strategic planning and annual business plan review. Regular town halls with employees. Succession planning. Identification of emerging risks, new threats and opportunities. 	<ul style="list-style-type: none"> Annual strategy session with the Board. Review and approval of business plan and ongoing reporting against plan. Monitoring of risk appetite alignment. Regular monitoring of emerging risks. 	<p>Our single balance sheet strategy remains intact, providing clarity and focus as we navigate evolving market conditions. The planned shift in our underwriting portfolio to achieve a more balanced mix of proportional and excess of loss business, combined with a softening market are key considerations in our evaluation of execution risk into 2026. This shift enhances diversification, stabilises earnings and positions us to to capitalise on changing market opportunities through proactive engagement.</p>	↗
Reputational				
<p>The risk of adverse stakeholder perception, negative media coverage or sustainability misalignment erodes confidence and brand integrity</p> <p>Low</p> <p>A focus on maintaining and enhancing brand and franchise value with support from the Sustainability Committee, established by the CHL Board.</p>	<ul style="list-style-type: none"> Proactive stakeholder engagement. Transparent communication procedures. Disclosure Committee. 	<ul style="list-style-type: none"> Stakeholder feedback and sustainability reports to the Board. Review of communications strategy and reputational risk indicators. Oversight by the Sustainability Committee and Board. 	<p>In 2025, reputational risk increased, influenced by greater media attention and management changes. These factors, together with underwriting portfolio refinement, led to increased interest from stakeholders. To address this, we placed emphasis on transparent communication regarding leadership transitions and maintained proactive engagement with external stakeholders. Oversight of reputational and regulatory risk is exercised at Board and committee level, with regular updates provided on stakeholder engagement, communications strategy and significant external developments. Management actions and mitigation plans are subject to review and challenge by the Board to ensure risks remain within appetite.</p>	↗

Risk and relative appetite/preference	Mitigating actions	Board level monitoring	Commentary	Trend
Legal, regulatory and litigation				
<p>The risk of non-compliance with laws or regulations, or exposure to litigation resulting in financial or reputational harm</p> <p>Very low</p> <p>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.</p>	<ul style="list-style-type: none"> • Compliance plan and independent assurance. • Proactive regulatory engagement. • Ongoing legal and compliance training for all employees. • Incident reporting and remediation tracking. 	<ul style="list-style-type: none"> • Compliance and regulatory reports to the Board and Audit Committee. • Review of legal developments and regulatory changes. • Oversight of assurance activities and remediation progress. 	<p>The regulatory environment in Bermuda has remained steady in 2025. However, political developments in the US and other key markets continue to increase the level of uncertainty around trade and fiscal policy. While the external environment presents uncertainty, we maintain a strong compliance culture, reinforced by independent assurance and proactive regulatory engagement to ensure full adherence to applicable requirements. Oversight of reputational and regulatory risk is exercised at Board and committee level, with regular updates provided on stakeholder engagement, communications strategy and significant external developments. Management actions and mitigation plans are subject to review and challenge by the Board to ensure risks remain within appetite.</p>	↔

C.8 Investment in accordance with the prudent person principle

The BMA's Insurance Code of Conduct requires companies to invest assets in accordance with the 'prudent person principle' (PPP). The broad requirements relevant to the Company include:

- Invest only in instruments that a reasonable individual focused on capital preservation and return would hold.
- Assume only investment risks that can be properly identified, measured, monitored, managed, controlled, and reported.
- Board, senior management, and control functions hold explicit accountability for PPP implementation.
- Maintain robust oversight of investment strategy and outsourced investment-management arrangements.
- Ensure effective asset-liability matching strategy.
- Apply enhanced governance and due diligence for non-public, illiquid, or hard-to-value assets, reflecting their risk and complexity.
- Use derivatives only for risk-mitigation or portfolio-efficiency purposes, not for speculation, and ensure strong oversight, controls, and monitoring of derivative positions.

CRL's investment strategy intends to focus on liquidity and to adopt a relatively conservative approach to investments with a focus on investment grade corporate and sovereign bonds, Securities rated below an S&P or equivalent rating of BBB may comprise no more than 15.0% of the portfolio. Conduit also limits exposure to individual issuers, with declining limits for less highly rated issuers. The Company's investment portfolio is intended to provide liquidity and stability to the balance sheet to support the core underwriting business. The investment portfolio is not expected to be a key driver of returns to the business. CRL seeks to match the duration of its asset portfolio with the duration of its claims payouts within a range to maximise investment returns within this framework.

CRL invests in assets and instruments that can be properly identified, measured, monitored, managed, controlled and reported on. CRL's investment guidelines set the parameters within which CRL's external managers must operate and guideline compliance is monitored on a monthly basis. Important parameters of these guidelines include permissible asset classes, duration ranges, credit quality, permitted currency, maturity, industry sectors, geographical, sovereign and issuer exposures CRL's external managers provide the Company with a quarterly report confirming compliance with the investment guidelines along with stress testing results.

CRL does not have any investments in:

- Equities (including preferred equities);
- Derivatives;
- Hedge Funds, private equity, or other alternative investments.

The CRL Board maintains adequate oversight over investment strategy and related activities in accordance with the Insurance Code of Conduct.

The Company conducted a review of the PPP consultation paper issued by the BMA and found no issues with compliance with the PPP requirements.

C.9 Stress and scenario testing on capital

Stress and scenario testing is a key part of the overall risk framework and helps to provide a better understanding of the risks the Company is exposed to in both normal and stressed circumstances. CRL conducts sensitivity, stress and scenario testing on both a scheduled and ad-hoc basis as part of several of the underlying components in the risk and CISSA framework.

The results of the 2025 stress tests highlighted that the capital resources in place exceed the immediate capital requirements, including under realistic stressed scenarios. Although some management action may be needed to keep buffer levels above our defined tolerances.

Possible actions could include:

- Assessing and potentially increasing outwards protection after a significant event,
- Re-evaluating catastrophe exposure in future plan years based on available capital,
- Raising capital to maintain planned deployment levels given that the market would be expected to harden significantly following events of a large magnitude.

D. Solvency Valuation



D.1 Valuing assets

CRL has used the valuation principles outlined by the Bermuda Monetary Authority's "Guidance Note for Statutory Reporting Regime" for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair-value basis (which is the values that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date).

Reclassification adjustments

Total expected premium cashflows that are not yet due are included in the cash flows used to calculate technical provisions and those which are due but not yet received are included in the Economic Balance Sheet ("EBS").

Valuation of intangible assets, deferred reinsurance acquisition expense cashflows and prepaid expenses

Intangible assets, deferred reinsurance acquisition expense cashflows and prepaid expenses are valued at nil for EBS valuation purposes.

D.2 Valuing liabilities

Reinsurance and ceded reinsurance balances payable

Reinsurance and ceded reinsurance balances payable that are not yet due are included in the cash flows used to calculate technical provisions and those which are due but not yet paid are included in the EBS.

Other liabilities and payables

Other liabilities and payables are valued for EBS purposes on the same basis as for IFRS accounting purposes since the carrying value approximates economic value due to their short-term nature.

Technical provisions

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure with an appropriate liquidity adjustment. In addition, there is a risk margin to reflect the uncertainty inherent in the underlying cash flows, which is calculated using the cost of capital approach and a risk-free discount term structure. The discount rate term structures are prescribed by the BMA for each reporting period. The results are mapped to the BMA defined Classes of Business.

The best estimate for the loss and loss expense provision is calculated by using net liability for incurred claims (on a IFRS 17 basis) as a starting point and then performing a series of adjustments, including:

- Removal of IFRS discounting
- Removal of IFRS ceded reinsurers non-performance risk
- Removal of uplift factors/margins of uncertainty;
- Incorporation of events not in data ("ENID");
- Allowance for reinsurance counterparty default;
- Allowance for future expenses; and
- Discounting of cash flows.

The best estimate for the premium provision is calculated by using the future expected reinsurance revenue on contracts in force at the balance sheet date and then carrying out the following adjustments:

- Application of best estimate loss ratios to the reinsurance revenue;
- Amendments for ENID, reinsurance counterparty default;
- Allowance for future expenses;
- Allowance for bound but not incepted (“BBNI”) policies; and
- Projecting and discounting of cash flows.

As at 31 December 2025, the total net technical provisions amount to \$1,003.8 million (31 December 2024: \$689.7 million) comprising the following (on an EBS basis):

As at 31 December	2025 \$m	2024¹ \$m
Net premium provisions	(290.2)	(250.9)
Net loss and loss expense provisions	1,204.5	887.6
Risk margin	89.6	52.9
Total net technical provisions	1,003.8	689.7

¹ Following refinement of certain technical provision methodologies, comparative technical provisions are presented on a revised basis. Total net technical provisions as reported in the 2024 FCR were \$737.5 million. The prior year Financial Condition Report has not been restated; however, revised figures are shown for comparative purposes in the current report to improve consistency and comparability.

E. Capital Management



The primary capital management objectives of CRL are to maintain a strong capital base to support the development of its business and to meet regulatory and applicable rating agency capital requirements at all times. CRL strives to be an efficient and prudent user of capital, maintaining capital to support an A- rating 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 BMA.

E.1 Eligible Capital

The capital base comprises common shares plus contributed surplus. The total eligible capital as at 31 December 2025 was \$1,298.0 million (2024: \$1,174.7 million). The \$177.2 million difference between shareholder equity in the financial statements and regulatory eligible capital relates to different approaches to recognising and discounting future reinsurance assets and liabilities on an IFRS 17 basis compared to an Economic Balance Sheet (“EBS”) basis.

CRL’s eligible capital was categorised as follows:

31 December 2025	Eligible Capital \$m	Applied to Minimum Margin of Solvency \$m	Applied to Enhanced Capital Requirement \$m
Tier 1	1,279.3	1,279.3	1,279.3
Tier 2	18.7	18.7	18.7
Tier 3	-	-	-
Total	1,298.0	1,298.0	1,298.0

31 December 2024 ¹	Eligible Capital \$m	Applied to Minimum Margin of Solvency \$m	Applied to Enhanced Capital Requirement \$m
Tier 1	1,139.6	1,139.6	1,139.6
Tier 2	35.1	35.1	35.1
Tier 3	-	-	-
Total	1,174.7	1,174.7	1,174.7

¹ Following refinement of certain technical provision methodologies, comparative eligible capital figures are presented on a revised basis. Total eligible capital as reported in the 2024 FCR was \$1,103.1 million. The prior year Financial Condition Report has not been restated; however, revised figures are shown for comparative purposes in the current report to improve consistency and comparability.

E.2 Regulatory Capital Requirements

There was no non-compliance with regulatory capital requirements during the year.

The Enhanced Capital Requirement (“ECR”) is based on the greater of the minimum margin of solvency (“MSM”) and the BSCR.

As at 31 December 2025 and 31 December 2024 respectively, the regulatory capital requirements for CRL were assessed as follows:

As at 31 December	2025 \$m	2024¹ \$m
Bermuda Solvency Capital Requirement	518.9	433.1
Minimum Margin of Solvency	572.9	552.8
Enhanced Capital Requirement	572.9	552.8
Eligible Capital	1,298.0	1,174.7
BSCR Coverage Ratio	250%	271%
ECR Coverage Ratio	227%	212%

¹ Following refinement of certain technical provision methodologies, comparative solvency ratios are presented on a revised basis. The coverage ratios as reported in the 2024 FCR were 255% (BSCR) and 200% (ECR). The prior year Financial Condition Report has not been restated; however, revised figures are shown for comparative purposes in the current report to improve consistency and comparability.

E.3 Approved Internal Capital Model used to derive the ECR

The Company has not sought approval to use an internal capital model to determine its regulatory capital requirements.

F. Subsequent Events



Dividend

On 17 February 2026, the CHL Board of Directors declared a final dividend for 2025 to be paid during the second quarter of 2026. As CHL does not generate its own cash flows and relies on dividends/distributions from its subsidiaries to meet its ongoing cash flow needs, the CRL Board of Directors approved a dividend to CHL in the amount of \$50.0 million during February 2026.

In approving the dividend to Conduit Holdings Limited, the Board considered the Company's capital position on a forward-looking basis, including compliance with regulatory capital requirements, internal capital targets and rating agency expectations, together with the results of stress and scenario testing. Following the payment of the dividend, the Company continued to meet the Enhanced Capital Requirement, the Minimum Margin of Solvency and all other applicable regulatory capital requirements, with capital remaining in excess of management's internal risk appetite and tolerance levels.

G. FCR Declaration



Confirmation

This Financial Condition Report was reviewed and approved by the Board of Directors prior to publication.

To the best of our knowledge and belief, this Financial Condition Report fairly represents the financial condition of the Company in all material aspects during the reporting period.

Signed and dated:

William Randolph
Chief Risk Officer
28 April 2026

Neil Eckert
Chief Executive Officer
28 April 2026



CONDUIT RE

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