DELIVERING RESULTS IN A CHANGING WORLD

Conduit Holdings Limited | Annual Report and Accounts 2023

CONDUIT RE IS A PURE-PLAY BERMUDA-BASED REINSURANCE BUSINESS WITH GLOBAL REACH

We have proven experience across our business to make dynamic decisions throughout the market cycle.

We have a disciplined and collaborative culture, underwriting in a single location on a legacy-free balance sheet.

We use differentiated technology to provide insight and bespoke solutions to support our clients.

Social responsibility and inclusiveness are at the core of how we operate.

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HOW WE CREATE VALUE

Our key business objectives

- Building a sustainable business for the long-term benefit of our stakeholders
- Deliver profitability and a mid-teens return on equity across the cycle

Our investment proposition

Targeted underwriting

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

Operational excellence

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

Strong balance sheet

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

Bermuda-based reinsurer

BMA supervised – Class 4 Licensed

Members of staff

59

AM Best financial strength rating

A-

(Excellent)

Final dividend for 2023

$0.18

per Common Share ($0.36 full year)

2023 Gross premiums written[1]

$931.4m

(2022: $622.5m)[2]

By class:
- Property 50.3%
- Casualty 29.7%
- Specialty 20.0%

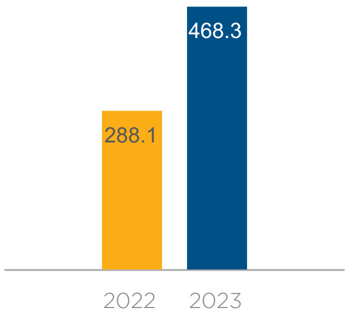
Underwriting

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

Property
Proportional and non-proportional

Catastrophe and non-catastrophe property business lines

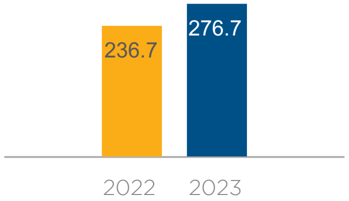
Gross premiums written ($m)[1]



Casualty
Proportional and non-proportional

Directors and officers liability, financial institutions liability, general liability, medical malpractice, professional liability and transactional liability

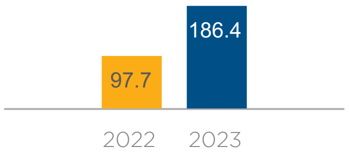
Gross premiums written ($m)[1]



Specialty
Proportional and non-proportional

Aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and whole account

Gross premiums written ($m)[1]



1. Gross premiums written now exclude reinstatement premiums to ensure consistency with the IFRS 17 view of revenue
2. Where appropriate throughout this report, comparatives for 2022 have been re-stated on an IFRS 17 basis

A MODEL WHICH HELPS US GROW

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

Inception to 31 December 2023 estimated ultimate premiums written

$2.1bn

OUR VISION

Our vision is to maintain Conduit Re as a leading reinsurance business with a global reach, delivering sustainable long-term returns through the market cycle.

WHAT WE DO

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

Property | Casualty | Speciality

OUR KEY RESOURCES

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

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

Capital
We are a well capitalised business to help support our growth strategy.

WE ARE...

- A pure-play reinsurer in a single location in Bermuda.
- A business with no conflicts of interest with our cedants.
- Client, geography and product neutral.

We enable fast, flexible and informed decision-making.

WE USE...

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

We create a diverse, inclusive and fun working environment.

WE EMBRACE...

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

We deliver long-term sustainable benefits for our stakeholders.

UNDERPINNED BY OUR CULTURE

Transparent | Collaborative | Responsible | Enabled | Forward-thinking

OUR STRATEGY IS ROBUST IN CHANGEABLE MARKET CONDITIONS

The ability to act decisively and make informed decisions while remaining disciplined in deploying our capital into the marketplace is fundamental to our strategy.

01. Heightened loss activity and global socio-economic pressures

The industry has experienced several significant events and challenges in a relatively short time span, such as the COVID pandemic, the rapid rise and ongoing impact of inflation on prior year reserves and on claims costs, a run of above average losses from natural catastrophes, and the ongoing conflicts in Ukraine and the Middle East.

Strategy alignment
We are well positioned in this new environment, as we can explore solutions in ever-changing market conditions, unhindered by legacy systems and issues.

02. Climate change

Climate change is increasingly impacting the market. The frequency and severity of natural peril losses are on the rise. The increasing use of 'named peril' coverage should enable a more realistic assessment of natural peril risk. In 2023, across the board, we saw a move towards greater transparency and clearer definitions in the reinsurance treaty market.

Strategy alignment
Greater clarity around natural peril risk pricing and definitions helps us identify the relative value in the reinsurance product chain and technically underwrite a balanced and diversified portfolio: our core underwriting philosophy.

03. Inflation

Inflation and rapidly increasing interest rates, following a prolonged low interest rate period, has caused significant volatility in the investment markets and increased liquidity and credit risks. Resulting mark-to-market movements have been a notable feature in the (re)insurance industry, and wider financial markets, in recent years.

Strategy alignment
Our strategy is to assume risk in our underwriting and to seek to protect our asset base to maximise solvency capital and, consequently, we will continue to invest conservatively, maintaining a lower-risk profile with high average credit ratings and relatively low duration.

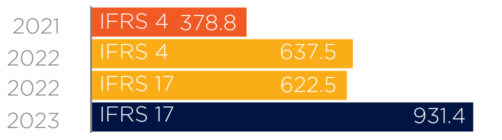
04. Supply versus demand imbalance

A fundamental shift in the pricing and underwriting of risk is generating a supply versus demand imbalance, particularly in the shorter-tail risks, driving the market to embrace both a significant increase in premium rates and, crucially, an improvement in the terms and conditions being offered.

Strategy alignment
As a pure-play reinsurer who is client, geography and product-neutral, with no conflicts of interest with our cedants, we are perfectly positioned to address this imbalance to generate long-term sustainable benefits for our stakeholders, thanks to the strength of our diversified portfolio.

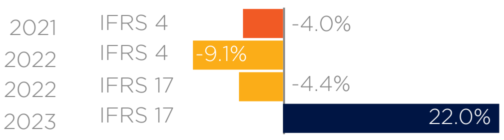
OUR KEY PERFORMANCE INDICATORS

Gross premiums written[1] ($m)



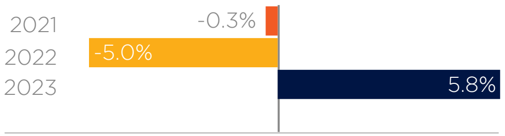
In its third year of underwriting, Conduit has continued its growth across all segments, benefiting from new business, high retention and underlying growth of renewal business, coupled with improving rates. Client count and submission flow have increased as we expand our footprint.

RoE



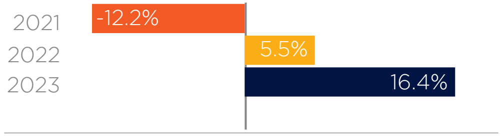
Conduit reached a level of scale and maturity in its third year of underwriting, and with a higher yielding investment portfolio, it was better able to withstand above average industry loss levels and ongoing volatility in the investment markets and generate a very healthy RoE.

Total net investment return



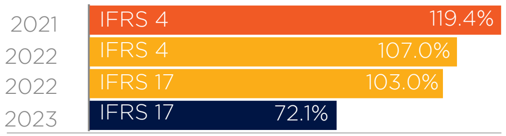
After the significant increases in US interest rates in 2022 – which drove the negative performance for that year – Conduit now has a generally higher yielding investment portfolio to drive positive performance. The Company also benefited from the rate rally in the fourth quarter of 2023.

Total shareholder return



Despite general malaise in the UK stock market, Conduit was able to generate a positive TSR given its strong results and supported by its interim and final dividends. As a comparison, over the same period the FTSE100 and FTSE250 delivered +3.8% and +4.4% respectively.

Combined ratio



The combined ratio reflects the Company completing its third year of underwriting and therefore relative maturity in earnings, strong underwriting performance due to superior risk selection, greater ability to cover operating expenses and the benefit of discounting from the introduction of IFRS 17.

Net tangible asset value per share (NTAVS) ($m)

The increase in NTAVS was due to strong comprehensive income generated for the year, less dividends paid by the Company during the year.

1. On transition to IFRS 17 the definitions of some additional performance measures have been updated as presented on page 154. Comparatives for 2022 have been re-stated on an IFRS 17 basis. Prior to IFRS 17 implementation the numbers were presented on an IFRS 4 basis.

DELIVERING MILESTONE RESULTS

"Our efficient underwriting platform and strong balance sheet put us in a wonderful position to continue our planned growth in exceptional market conditions."

Neil Eckert
Executive Chairman

Performance

I am particularly pleased to present Conduit's 2023 results as they denote a significant milestone in the development of the business. Conduit was only formed three years ago, yet, with comprehensive income of $190.8 million, 2023 is when we truly started to reap the benefits of the strategic decisions and the hard work done by Trevor and the rest of the Conduit team during those first three years. As earnings start to mature, we still have a very strong pipeline of unearned premium, and we have shown strong growth in gross premiums written while enjoying exceptional market pricing. We pride ourselves on being a pure-play, single location reinsurer that has built a platform for organic growth and has the capital base to support its business on an ongoing basis.

We are maintaining our dividend at $0.18 per share making it $0.36 per share for the full year (approximately 28 pence).

Market

Market conditions remain exceptionally strong. In some primary markets there are still acute shortages of capacity. For example, several of the large, regulated insurance providers are pulling back in some geographies and types of risks. This is often referred to as a structural shift in the way that insurance business is conducted especially in the US. The market is also grappling with the difficult issue of the 'Protection Gap', which is the difference between the insured versus economic loss on major catastrophic events. The market perception is that less than half of the economic value of major losses are insured. This gap will only worsen as the major insurance providers try to protect themselves through increased deductibles and new exclusions, which is serving to drive more business into the non-admitted market.

People

Over the course of 2023 we added talent and diversity across all areas of Conduit's business, increasing leadership, expertise and depth.

At Board level, we welcomed Rebecca Shelley as a Non-Executive Director. Rebecca brings a wealth of public company experience. Along with extensive knowledge of financial services, she has a strong background in investor and public relations and in sustainability. She is the senior independent director of one other UK public company.

Brian Williamson will step down from the Senior Independent Director role in February 2024, and will be replaced by Rebecca Shelley. He will however continue to serve on the Board as a Non-Executive Director and Chair of the Remuneration Committee until CHL's AGM on 15 May 2024, when he will step down from the Board having served a three-year term.

Brian joined the Board at Conduit's formation in 2020 and I am deeply grateful to him for his wise counsel as Senior Independent Director and for his contribution to Conduit's establishment.

Dr. Richard Sandor stepped down from the Board in November 2023. Richard joined the Board of CHL at the time of the Company's IPO in December 2020, shortly after Conduit's formation and I would also like to thank him for his contribution during our formative first three years.

Four out of nine Board members and over half of our staff are female; only one way in which we evidence our diversity. We also maintain an open and collaborative culture, led by a demonstrably accessible executive team. With only 59 staff we can maintain a flat structure that makes decision taking and execution simpler than in large multinational organisations.

Our corporate values and work ethic, in my opinion, make Conduit a great place to be. The hard work that has been required to get the business to where it is today cannot be underestimated and, while there has been a huge amount of work in underwriting, the work then must flow right through the organisation ably supported by operations, finance, modelling, actuarial, risk, HR and legal and compliance. Simply put, the team have delivered on all fronts.

We aspire to the values expected by our investors, especially as they relate to ESG. But it is not about words, and one of the outstanding achievements for the year has been our charitable activity exclusively in Bermuda, which we highlight in the ESG section of this Annual Report. My thanks go to the ESG Committee and the Board for their oversight and for ensuring that these values are deeply embedded across all areas of our business.

Conclusion

These results are a significant step forward for Conduit and our top-line growth is well ahead of original projections at the time of the IPO.

It only remains for me to thank Trevor, the entire Conduit team, our brokers, customers and shareholders. Conduit is now established as a business that is well placed to generate strong investor returns and we are excited about our prospects.

Neil Eckert
Executive Chairman
27 February 2024

"Over the year we saw the benefits of the long-term strategic calls we have made which were designed to deliver a robust and scalable platform."

Trevor Carvey
CEO

Introduction

In last year's report, I said that the industry developments we had seen since 2020 presented a 2023 landscape that was well beyond the original expectations we had when Conduit was formed. I also said that our team, pulling together from one location, was ideally positioned to respond to the favourable market conditions, and so it has proved. We were quietly confident that we were experiencing a broad reinsurance market correction in our favour, and what we witnessed in 2023 was a fundamental shift in risk versus return metrics, which presented opportunities for us to accelerate our growth plans.

A significant aspect of our strategy is proactive cycle management which we believe will drive superior returns over time. Over the last three years the industry has experienced a number of major events and challenges, such as the COVID pandemic, the rapid rise and ongoing impact of inflation, a run of above average losses from natural catastrophes and then the ongoing conflicts in Ukraine and the Middle East. Not exactly an unprecedented series of consecutive events, but nonetheless a considerable change in the landscape for insurers and reinsurers alike to contend with.

In our view, being able to adapt readily to such a changing landscape is what a successful reinsurance business should do, and I am proud that the Company was swiftly able to align our risk appetite through this period to protect and improve our position. This was achieved through a series of both pre-emptive actions, and, at other times, defensive actions, in a relatively short space of time. As we moved through 2023, we took comfort also from the underlying performance and underwriting contribution from the 2021 and 2022 underwriting years. 2023 was indeed a good year at Conduit and the continued optimisation of the portfolio, along with the strength of our diversified platform, was very evident as we produced a very profitable result.

2023 performance

In 2023, our gross premiums written grew by 49.6% to $931.4 million and on an estimated ultimate premiums written basis by 49.9% to $966.6 million. Our overall result was comprehensive income of $190.8 million or $1.19 per share. We achieved a combined ratio of 72.1% and reinsurance service result of $183.6 million. This was an excellent performance by the team in only our third year of underwriting, particularly in another year of above average industry losses, where natural peril losses were estimated to be more than $100 billion. This marks the sixth year since 2017 where this annual threshold has been exceeded.

Our performance in 2023 stems from our commitment to being wholly focused on smart, disciplined underwriting and is evidence that we are delivering a growing business respected for its risk selection, partnerships and underwriting integrity.

The growth in premiums in 2023 was spread right across our three divisions of property, casualty and specialty and was broadly in line with our previously communicated commitment earlier in the year to skew our resources and capacity towards growing more in the property and specialty sectors where higher returns are more readily present. Our casualty division also had a solid year by building on the renewals and core contract base we have had in place since 2021 and we saw opportunities to continue to grow and build that book with our existing clients plus some new opportunities.

We were able to capitalise on favourable conditions in the ILS space and successfully sponsored the Stabilitas Re catastrophe bond structure. The resulting attractively priced three-year collateralised reinsurance cover complements Conduit Re's existing outwards reinsurance protection.

We ended 2023 by delivering an RoE of 22.0% for the year, compared with (4.4)% in 2022. The Company's net tangible asset value per share increased from $5.41 to $6.25 in 2023.

Investments

Beyond underwriting, in contrast to 2022, our 2023 results were favourably impacted by the performance of our investment portfolio, with an investment return of 5.8% mostly driven by a higher yielding portfolio as we took advantage of some of the higher rates available on reinvestment. The 2022 results were affected by the impact of the increased interest rates on our invested assets, with an investment return of (5.0)% mostly driven by a mark-to-market effect over the 12 months of $(67.8) million. By comparison, the mark-to-market effect over the 12 months of 2023 was $30.6 million. Our invested assets at the end of 2023 were $1.2 billion versus $1.0 billion at the end of 2022. In 2023, within our normal portfolio monitoring and duration positioning activities, we accumulated cash and reinvested when opportunities presented themselves, and we avoided realising losses unnecessarily.

We have always said that our strategy is to assume risk in our underwriting and to seek to protect our asset base to maximise our solvency capital. Consequently, we will continue to deploy our investments conservatively, maintaining a lower-risk profile with high average credit ratings (AA at the end of both 2023 and 2022) and duration (2.4 years at the end of 2023 and 2.2 years at the end of 2022) positioned within a reasonable range of our liabilities.

Reinsurance market conditions

In 2023, while the industry remained largely unscathed from a large US land-falling hurricane, it was the secondary perils events that dominated the year's catastrophe loss reporting. In the US, the severe convective storm total losses passed the $50 billion insured level, significantly above historical levels. Not only have these events apparently become more frequent, but they are also becoming more severe, with higher exposure values and inflation all contributing to the losses. The latest commentary from cedants and the broader industry press suggests that the primary insurers have felt, and are continuing to feel, squeezed by events probably more than the reinsurers. With attachment points on catastrophe excess of loss programmes moving higher through the year, coupled with changes to terms and conditions and generally more limited reinsurance capacity, primary insurance writers are absorbing more of the losses this time around.

When I am asked to summarise our perspective on the general market fundamentals in 2023, I turn back to the comments we made in our quarterly updates on the way in which we view the relative attractiveness of the different business classes. When prioritising the opportunity value, we used the phraseology of property being the most attractive, then specialty followed by casualty. Although somewhat simplistic, this is a good way to think about how the market overall has presented itself to Conduit in 2023, and indeed we think will probably continue to do so for some time to come.

In the alternative asset space, macro influences drove some major shifts in allocations with investors rebalancing after falls in the valuation of bond and equity portfolios. One consequence, relevant to the property catastrophe market, was inflows to catastrophe bond funds, where price increases were evident following Hurricane Ian, which made land-fall in September 2022, with some subsequent catastrophe bond price softening evolving though the second quarter of 2023.

Our approach has been, and continues to be, to back those insurers with track records of sensible risk selection and exposure management, and we firmly continue to hold the view that the margins available, especially in the specialty non-catastrophe area, remain attractive to a diversified strategy portfolio. Similar to the approach we have taken on our property business, we seek to not over-extend the portfolio to a specialty risk loss event. Therefore, our growth in the specialty lines has been measured and we have maintained consistency in the overall portfolio balance through 2023.

We see continuing access to and growth of this accretive/non-catastrophe specialty book as important to our success over time.

Turning to casualty, economic and social inflation have been been doing their job, reminding the industry of the need to price adequately and reserve for ongoing inflationary loss trends. This feature significantly underpinned the casualty market's discipline through 2023. Still dealing with inadequate reserving for 2019 and prior years, the casualty market saw well-funded litigation and significant settlements in 2023, all of which is pointing to another rebound in pricing and potentially a return to casualty rate increases in 2024.

Capital management

In 2023 we continued to deploy our capital to support growth. Our portfolio mix is less capital intensive than we initially planned for, supporting accelerated growth. Absent unexpected events we expect Conduit Re to reach its normal operating target BSCR solvency ratio range of 200% to 300% within a three to five year planning horizon.

Further growth is supported within that target range. Any retained earnings, after dividends, would serve to add further support, with sufficient buffers maintained to withstand modelled catastrophe losses or mark-to-market investment volatility. As at 31 December 2023 Conduit Re's estimated BSCR coverage ratio is 381% compared with 404% at the end of 2022. Total capital and tangible capital available to Conduit was $0.99 billion at 31 December 2023 versus $0.87 billion at the end of 2022.

ESG

Conduit Re remains committed to being a responsible business and we engage proactively with key stakeholders to understand what is important to them from an ESG perspective. As well as consulting with our investors, consulting with our employees and with local community organisations forms part of our engagement process. Our 2022 ESG materiality assessment and details of our engagement activities were set out in our first standalone ESG report published on our website in 2023. Details of our 2023 ESG engagement process is included in this Annual Report and Accounts and in the standalone 2023 ESG report which is available on our website. Our reporting on ESG seeks to be transparent in setting out our considered approach as to what we do and why we do it.

Being responsible and engaged with our people and our wider community is important as we seek to attract and retain the very best talent and to be an employer of choice. Beyond Conduit's support of social and environmental causes through our Foundation, I was proud and delighted of the support our team gave Stuart Quinlan, my deputy CEO and our Chief Operations Officer, as he delivered on his ambition to bring a Gala of Giving to Bermuda. Under his leadership, and supported by Conduit and many other Bermuda businesses, a very successful charitable event was organised, raising much needed additional funds for many of the Bermuda charities that our own Foundation has also supported.

People & operations

I admire the strides we have made across the operational and people aspects of our business in 2023 and there are many successes that contribute in that regard, for example: the successful implementation of additional systems; the building of new models for pricing or capital management; and supporting new cedants or growing an existing business relationship.

Our finance team successfully implemented the accounting changes arising from IFRS 17 and, to a lesser extent, IFRS 9. While the implementation of these new standards has impacted the look of our financial statements and disclosures, it did not, and will not, impact Conduit's underwriting strategy or underlying economics.

One key foundation of these successes has been our drive to ensure that we employ and embed within our respective teams individuals with integrity and who bring high-quality technical knowledge. In 2023 we welcomed Peter Kiernan to head our property team, Mario Binetti to head our casualty team and Paige Gell as Assistant General Counsel to name a few, and there were a number of promotions, such as Alex Bateman to Chief Accounting Officer. We continued to add further talent to increase the resources and expertise across all functional areas of our business. At the end of 2023 we had 59 employees, up from 54 at the end of 2022.

Additionally, our commitment to diversity and inclusion aligns with our core values and is reflected in our Diversity and Inclusion Policy. Diversity and inclusion are not limited to any one of our practices and policies singularly but are reflected in all that we do within our business. We strive to create an environment which embraces differences and fosters collaboration and inclusion, where everyone's voice is heard. We encourage our people to be inquisitive in the execution of their roles and always seek to improve and challenge the status quo. We believe this will support us to achieve our vision to create value for our cedants, colleagues, business partners and shareholders. The results of our annual employee engagement survey in 2023 were positive, and I am pleased with the quality of feedback from our employees. We continue to listen to feedback from our staff and take action where needed on policies, technology, training or staffing to ensure we continue to create and maintain a great business.

Outlook

Our ability to react quickly, to offer proactive, disciplined solutions and to adapt to the rapidly changing environment is how we engage in the reinsurance marketplace. It is also key to us actively managing our exposure footprint and in that regard we are seeing greater transparency in the sharing of data from insurer to reinsurer as we move forward. Systems are now able to 'talk' more readily to each other and this improved data exchange certainly gives us encouragement as we move forward enabling clearer longer-term research and analysis around the risk transfer transaction.

On the topic of new capital, we see elements re-entering at the more remote, pure catastrophe-modelled end of the property reinsurance chain and while we do not play as heavily in this space, it will likely dampen high-end catastrophe rate increases slightly. Despite this, the current broader property landscape remains a very good place to be operating in as a reinsurer in our view.

Geopolitical factors always need to be considered when underwriting and a prudent approach is to remain watchful of current conflict events and also remain alert to other potential conflicts across the globe. We in turn track such events and it informs our decisions on deploying capacity in certain regions as we move forward.

In August 2023, the Bermuda Government announced a consultation on the implementation of a corporate income tax in Bermuda, aligned with the OECD's global minimum tax initiative model rules. This initiative has moved on rapidly and enabling legislation was passed in December 2023. The new tax is scheduled to apply to qualifying entities from 1 January 2025. Given Conduit's limited international presence, we have initially concluded that Conduit will likely be exempt from any associated taxation for at least five years after it would otherwise apply.

To our employees, I wish to thank you for delivering on our goals and for your drive to always seek to improve on what we do and how we deliver products to our customers. We have an efficient structure operating decisively from our Bermuda location with a very motivated and highly-engaged workforce.

To our clients and brokers with whom we engage daily, thank you for your support and the team look forward to developing these relationships further for our mutual benefit as we head in to 2024.

Finally to our shareholders, we thank you for the continued investment and support as we build the business and for providing your valuable feedback along the way. The business is in a great shape as we enter 2024 and I have every confidence that we are in a strong position to deliver the value expected of us by our stakeholders.

Trevor Carvey
CEO
27 February 2024

"The team continues to apply themselves to researching, identifying and responding to opportunities across each of our divisions and the base knowledge of their underlying insurance risk was key to this at every stage of the process."

Greg Roberts
CUO

Underwriting approach

We adhere to the principle that reinsurance underwriting at Conduit was founded on, which is a solid technical understanding of the underlying insurance risk.

Throughout 2023 we continuously improved both our use of technology and its interconnectivity across underwriting, pricing and exposure management.

This relationship with data is achievable due to the cedant partnerships we have formed. In fact, it is a major requirement for us to engage in any business proposal. The sharing of the most granular of insurance exposure information is paramount to understanding with confidence the risks which we are reinsuring.

As an example of our digital data collection, we hold information on over six billion individually identified property locations. This volume of data continues to grow over time. It enables us to allocate and refine the deployment of our capital and make the best underwriting decisions to deliver on our strategy.

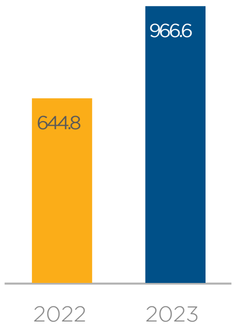
Broker engagement and distribution

In 2023, we continued expanding on our broker and client relationships. As a result, the overall business volumes and policy count increased across all three of our divisions of property, casualty and specialty. The ability to access both renewal and new business from a wide range of sources, regions and classes, all from our one location in Bermuda, has been key to the delivery of our results.

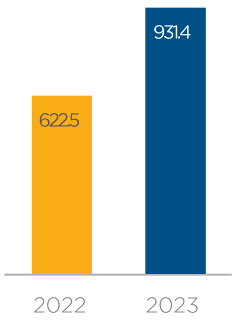
Underwriting performance

Our estimated ultimate premiums written in 2023 were $966.6 million compared with $644.8 million in 2022 – an increase of 49.9% over the same period. Gross premiums written for the year ended 31 December 2023 were $931.4 million (31 December 2022: $622.5 million).

Estimated ultimate premiums written ($m)



Gross premiums written ($m)



Throughout 2023 we saw a healthy reinsurance marketplace, with rate adequacy remaining generally strong across all three divisions. We observed positive risk-adjusted rate change in property and specialty. Casualty risk-adjusted rate change moved from flat to marginally negative towards the end of the year.

The market has remained generally favourable for us to grow into and our strategy of technical ground up underwriting has served us well in understanding where the better margins lie in the value chain.

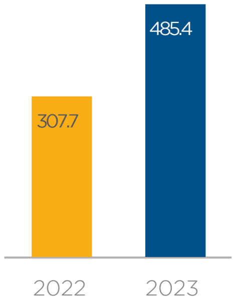
Turning to the broader accumulation management around the business, we continued to purchase outwards reinsurance protection on our portfolio. We grew our panel of reinsurers and increased the limits purchased in line with the growth of the overall portfolio and in line with our plan.

During the year there were a number of industry loss events including a series of severe convective storm losses in the US, floods in New Zealand, the Turkey earthquake and the Maui wildfire losses. None of these events either individually or in the aggregate had a material impact on our business and fell within our broad pricing parameter assumptions. The portfolio was in a strong position to handle these claims through the year.

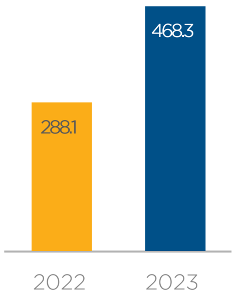
Property

In property, estimated ultimate premiums written in 2023 were $485.4 million compared with $307.7 million in 2022, representing an increase of 57.8% over 2022. Our risk-adjusted rate change in 2023 in our property division, net of claims inflation, was 30% (2022: 7%). Gross premiums written for the year ended 31 December 2023 were $468.3 million (31 December 2022: $288.1 million).

Estimated ultimate premiums written ($m)



Gross premiums written ($m)



Property estimated ultimate premium split (2023)
(All property)

(All property)

We saw greater opportunities in proportional reinsurance in the US non-admitted (or 'excess & surplus') area of the market, where the rate adequacy was again very strong in 2023. We were able to build on our renewing 2022 book of non-admitted business, which had itself been the beneficiary of rate rises and improvements in policy terms and conditions.

Early in the year, market pressures led to reinsurance treaties within the same programmes being offered for placement with different terms and conditions. As the year progressed, a more orderly approach to acceptable concurrent exclusionary language was applied for all parties.

At the same time, we continued to underwrite other property classes in the US, such as admitted lines and pure catastrophe excess of loss, where our focus was on underwriting business with regionally restricted exposures ahead of the more broad nationwide or multi-country exposed programmes.

This approach results in a portfolio balance with more manageable peak zone accumulations.

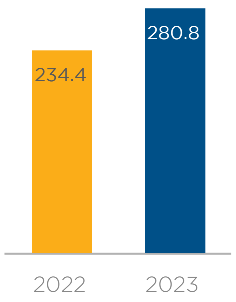
Away from the US, we have deliberately been underweight in our allocation of capacity to Europe since we began underwriting in 2021. However, a number of loss events in Europe, such as storms in Belgium and France, storms and flooding in Italy and the UK, and the earthquake in Turkey all served to stabilise the market making it more attractive to us.

On the excess of loss side, increases in property values continue to drive demand for increased catastrophe limits and, with continued growth in population and urban expansion, it required us as a reinsurer to adapt on a continuing basis our modelling systems to account for the changing trends and shifts in the exposure base. Our cloud-based exposure management software is integral to this endeavour and we believe is a key differentiator of Conduit Re's management of property accumulations across the globe.

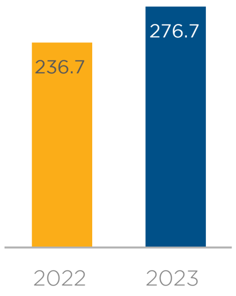
Casualty

In casualty, estimated ultimate premiums written in 2023 were $280.8 million compared with $234.4 million in 2022, representing an increase of 19.8% over 2022. Our risk-adjusted rate change in 2023 in our casualty division, net of claims inflation, was 0% (2022: 1%). Gross premiums written for the year ended 31 December 2023 were $276.7 million (31 December 2022: $236.7 million).

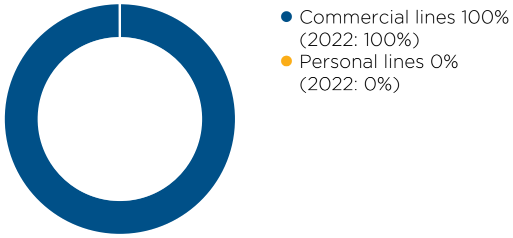
Estimated ultimate premiums written ($m)



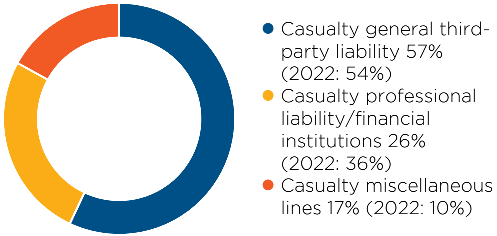
Gross premiums written ($m)



Casualty estimated ultimate premium split (2023)
(All casualty)



(All casualty)



The casualty market in 2023 was driven by the continuing effects of the increased economic and social inflationary pressures that emerged in 2022, exacerbated for those insurers with historical portfolios. There were a number of companies that announced significant increases in reserving as they continued to grapple with prior year reserving deterioration, particularly for 2019 and earlier. Consequently, underlying casualty pricing has remained relatively strong overall, although we did see a drop off in underlying risk-adjusted rate in the second half of 2023.

Casualty sub-classes, such as public directors & officers insurance and some professional lines, are examples of where rates have weakened.

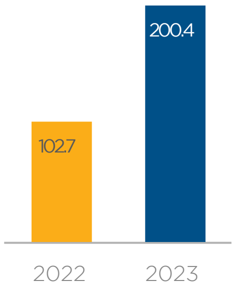
In casualty we see many submissions through the year and continue to have a relatively low ratio of policies bound versus total submissions received, continuing our highly selective approach to supporting the best-in-class cedants. With this approach, we have established a strong group of core casualty cedants that we support and we work closely with to understand how they are responding to the challenges of both increased inflation and litigation. We track closely how they are adapting their risk selection, line size management, limit deployment and pricing approach to mitigate these impacts.

We were pleased to welcome Mario Binetti to our team as Head of Casualty, responsible for both our US and international casualty business.

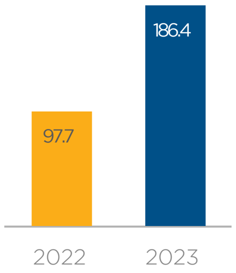
Specialty

In Specialty, estimated ultimate premiums written in 2023 were $200.4 million compared with $102.7 million in 2022, representing an increase of 95.1% over 2022. Our risk-adjusted rate change in 2023 in our specialty division, net of claims inflation, was 9% (2022: 2%). Gross premiums written for the year ended 31 December 2023 were $186.4 million (31 December 2022: $97.7 million).

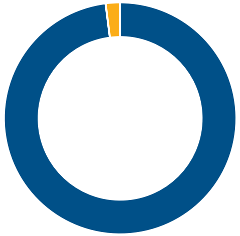
Estimated ultimate premiums written ($m)



Gross premiums written ($m)



Specialty estimated ultimate premium split (2023)
(All specialty)



(All specialty)

The political violence and terror sub-classes remain challenging and we continued to be careful on how we deployed capacity into those spaces through 2023. Globally there were a number of political and socio-economic circumstances and as such the political violence space remained one we watched with a cautious interest.

We secured an increase in cedants in the marine and energy sub-classes, although we saw a range of pricing levels. Marine hull and marine liability remained subdued from a rating perspective and so we allocated less capacity into those lines.

Renewable energy is a growing class generally as investment in the renewable energy industry increases globally. We deployed capacity into the sub-class where the exposure met our risk appetite and margin expectations.

In the aviation classes we had limited involvement, although we did see some positive market movements in rate and a tightening in terms and conditions. The aviation war contracts have shown material rate uplift since Russia's invasion of Ukraine, However, our view was that the base dollar premiums paid for aviation war coverage, while increasing substantially through 2023, were not significant enough for us to allocate our capacity in any meaningful way.

Looking ahead

As we look forward to 2024, we remain resolute in our underwriting discipline and active cycle management. In 2023 we have shown that discipline in the evolving profile of our portfolio. This is against a complex set of drivers across supply and demand, and a backdrop of elevated inflation. The data we collect supports our analysis whilst our working style and internal metrics allow us to respond efficiently to dynamic conditions, supported by our valued partners from the broking community.

Our successes in 2023, evidenced by the programmes we have greater participation in, the new business we are on and the further strengthening of our team, all support our continuing and unrelenting focus on making data-driven decisions. This positions us well to write our target business which is designed to deliver strong profitability over time. I look forward to 2024.

Greg Roberts
CUO
27 February 2024

"Our third year of underwriting saw us accelerate against our original 2020 IPO plan."

Elaine Whelan
CFO

Our third year of underwriting saw us accelerate against our original 2020 IPO plan. With estimated ultimate premiums written for 2023 of $966.6 million, bringing us to $2,063.5 million from inception, we are now $208.5 million ahead of that original plan. While market conditions have been more favourable than we had anticipated, our third year is when we expected to reach a level of scale and maturity in our earnings and that has very much proved to be the case.

Our earnings base now has much more ability to absorb losses and cover our expenses. 2023 has been described in the industry press as (yet) another above-average industry loss year. However, 2023 was a year of accumulation of smaller loss events, which made it distinct from the last few years. There was a lack of any individually significant loss events and an increase in impact from secondary peril events, such as tornadoes in the US. While Conduit as a writer of quota share agreements has picked up some losses from those events, we did not have any losses that were material to Conduit either individually or in the aggregate and we are protected from more significant losses by the inclusion of event caps and limitations in our terms. Our loss ratio for 2023, on an undiscounted basis, was 68.0% and our combined ratio, also on an undiscounted basis, was 81.9%. Our pure underwriting profit was $183.6 million. That compares to the prior year undiscounted loss and combined ratios of 94.7% and 109.3% respectively, which reflected the stage of development of Conduit plus the impact of Hurricane Ian and the conflict in Ukraine. Hurricane Ian was the second-largest industry catastrophe loss event ever. It is worth noting that Conduit's undiscounted net losses, after reinsurance and reinstatement premiums, for these two events of $40.9 million and $24.6 million respectively, as at 31 December 2022 remained broadly stable.

While 2022 saw unrealised losses on our fixed maturity investment portfolio due to the rising interest rate environment, in 2023 we saw the benefits of a higher-yielding investment portfolio and a strong rate rally in the fourth quarter of the year. Our net investment return was 5.8% versus negative 5.0% in 2022. Although there has been some minor re-balancing of our portfolio, we have largely allowed securities to mature and so some of the unrealised loss generated in 2022 has unwound over the course of the year. We have maintained a short-duration, highly liquid, high-quality portfolio with no risk assets, such as equities, high-yield or alternative investments. While our primary investment aim is capital preservation and liquidity to support our underwriting activities, we are well placed to take advantage of the higher interest rates currently available.

While we have continued to investigate funds or other investments that meet our risk appetite and which also generate a positive impact from an ESG perspective, we have not yet found opportunities that have the right fit. We have, however, appointed one additional investment manager with additional ESG criteria in their mandate.

IFRS 17 implementation finally happened in 2023. Conduit is a straightforward business, without any legacy, so implementation of IFRS 17 for us was not overly complex relative to others. Other than presentational differences, the biggest impact to Conduit was from discounting reinsurance liabilities. That discounting also brought greater matching with the asset side of the business although, while we have not fully deployed our capital and our asset duration is shorter than our liability duration in the current environment, a degree of mismatch remains. We noted in our 2023 interim results that the opening equity impact of IFRS 17 implementation was $7.0 million. Discounting amounted to $22.0 million in 2023, versus $42.7 million in 2022, made up of $54.8 million on incurred losses and loss related amounts offset in part by $(6.8) million of re-measurement to current rates plus the unwind of prior discount of $(26.0) million. For 2022 the amounts were $21.9 million, $26.9 million and $(6.1) million respectively.

Lastly, as we continue to grow our book with balance in mind, we have more than enough capital to execute our plans. We continue to see an excellent market ahead of us and we are exceptionally well placed to build on our existing relationships plus market-driven new business opportunities.

Elaine Whelan
CFO
27 February 2024

Premiums

Estimated ultimate premiums written

For the year ended 31 December:

Segment	2023 $m	2022 $m (re-stated)	Change $m	Change %
Property	485.4	307.7	177.7	57.8%
Casualty	280.8	234.4	46.4	19.8%
Specialty	200.4	102.7	97.7	95.1%
Total	**966.6**	**644.8**	**321.8**	**49.9%**

Gross premiums written

For the year ended 31 December:

Segment	2023 $m	2022 $m (re-stated)	Change $m	Change %
Property	468.3	288.1	180.2	62.5%
Casualty	276.7	236.7	40.0	16.9%
Specialty	186.4	97.7	88.7	90.8%
Total	**931.4**	**622.5**	**308.9**	**49.6%**

Pricing

Pricing levels and terms and conditions continued to improve in 2023 and we were presented with an increasing number of opportunities to deploy our capital into the areas and products that we target. The non-catastrophe elements of both Property and Specialty in particular provided opportunities for selective growth.

Conduit Re's overall risk-adjusted rate change for the year end 31 December 2023, net of claims inflation, was 16%, and by segment was:

Property	Casualty	Specialty
30%	0%	9%

Net reinsurance revenue

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

Year ended 31 December 2022	Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance revenue	192.8	136.7	62.9	392.4
Ceded reinsurance expenses	(40.5)	(1.2)	(6.9)	(48.6)
Net reinsurance revenue	**152.3**	**135.5**	**56.0**	**343.8**

Reinsurance revenue for the year ended 31 December 2023 was $633.0 million compared with $392.4 million for 2022. The increase in reinsurance revenue relative to the prior year is due to continued growth in the business plus the earn-out of premiums from prior underwriting years.

Ceded reinsurance expenses for the year ended 31 December 2023 were $76.7 million compared to $48.6 million for 2022. The increase in cost relative to the prior year reflects additional limits purchased due to the growth of the inwards portfolio exposures plus price increases on renewals. During the second quarter of 2023, Conduit Re sponsored the first issuance of a $100 million catastrophe bond by Stabilitas Re Limited, which was placed successfully with strong investor demand. The resulting three-year collateralised reinsurance cover complements Conduit Re's traditional retrocession programme.

Net reinsurance service expenses

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

Year ended 31 December 2022	Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance losses and loss related amounts	(142.9)	(116.1)	(73.5)	(332.5)
Reinsurance operating expenses	(16.7)	(8.5)	(4.4)	(29.6)
Ceded reinsurance recoveries	21.4	0.2	7.1	28.7
Net reinsurance service expenses	**(138.2)**	**(124.4)**	**(70.8)**	**(333.4)**

Net reinsurance losses and loss-related amounts

In an active natural catastrophe year for the industry, no major event loss, individually or in aggregate, had an outsized or material impact on Conduit Re during the 2023 year.

Our discounted net loss ratio for the year ended 31 December 2023 was 58.2% compared with 88.4% for the 2022 year, while our undiscounted net loss ratio was 68.0% and 94.7% respectively.

The loss ratio for the prior year was impacted by our estimated ultimate net impact, on an undiscounted basis, from Hurricane Ian of $40.9 million and the Ukraine conflict of $24.6 million.

Our undiscounted ultimate loss estimates, net of ceded reinsurance and reinstatement premiums, for previously reported loss events remain stable. Our loss and reserve estimates have been derived from a combination of reports and statements from brokers and cedants, modelled loss projections, pricing loss ratio expectations and reporting patterns, all supplemented with market data and assumptions. We will continue to review these estimates as more information becomes available.

Reinsurance operating expenses and other operating expenses

Year ended 31 December	**2023 $m**	2022 $m	Change $m	Change %
Reinsurance operating expenses	49.0	29.6	19.4	65.5%
Other operating expenses	28.3	20.7	7.6	36.7%
Total expenses	**77.3**	**50.3**	**27.0**	**53.7%**

Year ended 31 December	**2023 %**	2022 %	Change (pps)
Reinsurance operating expense ratio	8.8	8.6	0.2
Other operating expense ratio	5.1	6.0	(0.9)
Total reinsurance and other operating expense ratio	**13.9**	**14.6**	**(0.7)**

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

Total reinsurance and other operating expenses were $77.3 million for the year ended 31 December 2023 compared with $50.3 million for the prior year. The increase is due to the continued growth of the business and increased headcount.

The marginal increase in the reinsurance operating expense ratio was due to a larger proportion of Conduit's operating expenses being deemed attributable to reinsurance operating expenses as the business matures. The decrease in the other operating expense ratio was due to the additional costs attributable to reinsurance operating expenses increasing, while the majority of the decrease was due to the growth in net reinsurance revenue outpacing the increase in other operating expenses.

Net reinsurance finance income (expense)

Year ended 31 December	**2023 $m**	2022 $m	Change $m
Net interest accretion	(26.0)	(6.1)	(19.9)
Net change in discount rates	(6.8)	26.9	(33.7)
Net reinsurance finance income (expense)	**(32.8)**	**20.8**	**(53.6)**

The net reinsurance finance expense was $32.8 million for the year ended 31 December 2023 compared with income of $20.8 million for the prior year. The unwind of discount made up most of the expense in 2023, although there was some expense related to the reduction in discount rates in the latter part of 2023 as we re-measured at those lower rates. The opposite was true for the income in the prior year as discount rates increased significantly and we re-measured at the higher rates, but there was little discount to unwind.

Investments

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

Our strategy remains maintaining a short duration, highly creditworthy portfolio, with due consideration of the duration of our liabilities. Our portfolio mix shows our conservative philosophy (more information on the portfolio mix is set out in the charts on page 21 and in the risk disclosures on page 110). Our asset allocation is dictated by our approved investment guidelines. There are currently no risk assets held in the portfolio. Risk assets will generally only be considered to diversify and protect the portfolio, and where the risk return profiles are appropriate.

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

Conduit's cash inflows are primarily derived from receipts for fulfilling coverage of reinsurance contracts, ceded reinsurance recovered from reinsurers and net investment income, plus the sale and redemption of investments. Cash outflows are primarily the settlement of losses and loss related amounts, payments for ceded reinsurance contracts held, payment of other operating expenses, the purchase of investments and the distribution of dividends or other forms of capital returns. Excess funds are invested in the investment portfolio.

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

Investment performance

The investment return for the year ended 31 December 2023 was 5.8% driven by investment income given a generally higher yielding portfolio, and also a significant reduction in treasury yields and narrowing of credit spreads during the fourth quarter. For 2022 the portfolio returned (5.0)% mostly due to unrealised losses resulting from the significant increase in treasury yields.

Net investment income, excluding realised and unrealised losses, was $41.3 million for 2023, compared with $17.8 million for 2022. Total investment return, including net investment income, net realised gains and losses, and net change in unrealised gains and losses, was a gain of $70.6 million for 2023 compared with a loss of $52.8 million in 2022.

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

	2023	2022
Fixed maturity securities	87.7%	91.3%
Cash and cash equivalents	12.3%	8.7%
Total	**100.0%**	**100.0%**

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

	2023	2022
Duration	2.4 years	2.2 years
Credit quality	AA	AA
Book yield	3.7%	2.4%
Market yield	5.1%	5.2%

Cash and investments credit ratings for managed portfolio 2023

Cash and investments credit ratings for managed portfolio 2022

ESG considerations are incorporated into our individual portfolio investment guidelines. We believe that, all other things being equal, it is less risky to own securities with strong ESG ratings. More information about the ESG approach to our investments is contained in the CFO's report on page 17 and in the ESG summary on page 29.

Capital and dividends

Conduit remains well capitalised to achieve its objectives with a legacy-free balance sheet. Total capital and tangible capital available to Conduit was $0.99 billion at 31 December 2023 (31 December 2022: $0.87 billion). Further information on capital management is set out in the risk disclosures on page 127 and in the financing arrangements on page 146.

Tangible net assets per share as at 31 December 2023 were $6.25 (31 December 2022: $5.41).

Conduit continued on-market purchases of its shares under a share purchase programme where shares may be repurchased pursuant to authority obtained at Conduit's most recent Annual General Meeting. Shares purchased by Conduit's EBT during 2023 amounted to $13.7 million (2022: $19.9 million) and will be held in trust to meet future obligations under Conduit's variable incentive schemes.

Further details of the share repurchase scheme are set out in the Directors' report on page 87 and in note 17 to the consolidated financial statements on page 147.

On 20 February 2024 Conduit's Board of Directors declared a final dividend of $0.18 (approximately 14 pence) per Common Share, resulting in an aggregate payment of $29.7 million. The dividend will be paid in pounds sterling on 24 April 2024 to shareholders of record on 22 March 2024 (the Record Date) using the pound sterling/US dollar spot exchange rate at 12 noon BST on the Record Date.

Conduit previously declared and paid an interim dividend during 2023 of $0.18 (approximately 14 pence) per Common Share. Consequently, the full 2023 dividend is $0.36 (approximately 28 pence) per Common Share in line with our stated dividend policy. Conduit's dividend policy and information on the final dividend declared in respect of 2023 can be found on page 45.

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

A measured and intentional approach to talent acquisition

As we have noted previously, a team is only as strong as its component parts and, in that respect, we have been deliberate, measured and focused when targeting talent to join the business.

We have sought to focus on talent with a broad range of knowledge and experience underpinned by technical skills and capabilities to deliver on our aspiration to be data and solution driven in all we do within the business.

Building a business that is scaleable and has the right blend of talent and experience is a key focus as we grow the business. Closing out our third underwriting year, the team has strengthened from 54 to 59 employees.

Our deliberate approach to sourcing talented individuals who add to the diversity of thought and knowledge within the team continues to strengthen our whole business, building our depth and operational resilience.

Our recruitment and selection strategy mirrors our measured and technical approach to assessing risk. Diversity of thought is actively encouraged throughout the interview and selection process; each candidate meets with at least four staff from the business before any hiring decision is made.

This approach has and will serve us well as we continue to grow our business.

"By design, we have focused on building a diversified team focusing on experience and technical skills to support the business through the cycle."

Stuart Quinlan
COO and Deputy CEO

"Our deliberate and proactive management of risk and exposure positions us to exceed our prior growth expectations."

Andrew Smith
CRO

Prudent risk management in a world of elevated risk

Long-standing emerging risk themes have remained largely consistent, but the imminence and expected magnitude make matters more immediate. The World's progress on limiting climate change lags the Paris Agreement; the risks and opportunities of artificial intelligence are better understood; while geopolitical risks are perhaps the highest in a generation.

Against that backdrop, the importance of the protection and risk-sharing our industry provides has never been greater. As a treaty reinsurer, Conduit Re is one step removed from some of the insurance product innovation we see. Where we innovate and differentiate ourselves is on the management of our underwriting portfolio and exposure aggregations.

Aggregations very much in proportion

While exposure and aggregation management is relevant to all our business lines, the one that supports comparative analysis versus peers is in relation to natural catastrophe exposures. In this regard, we have outperformed the plan set out at the time of the IPO in that we have written more business but with a lower level of modelled risk.

As we look ahead to 2024, based on our approach of setting tolerances (in this instance how much modelled catastrophe exposure management can write without needing to revert to the Board) as a percentage of tangible capital, our tolerances increase to $251 million gross ($95 million net) on a 1 in 100 basis and $391 million gross ($133 million net) on a 1 in 250 basis. I note that this is calibrated to a 1 July 2024 viewpoint, for a first occurrence, and may change.

However, our business plan anticipates writing less exposure than this, with the mean plan anticipating net exposure on a 1 in 100 and 1 in 250 basis of $83.1 million and $93.3 million respectively. In comparison to the 2023 plan this represents an increase of $18.1 million on the 1 in 100 and a decrease of $5.4 million on a 1 in 250 basis. These measures are also slightly lower than the revised 2023 targets communicated to the financial markets in July during the 2023 interim results presentation and represent 8.4% and 9.4% of opening tangible capital at the 1 in 100 and 1 in 250 return periods respectively.

Overall, our portfolio management techniques are intended to manage volatility, while our outwards reinsurance purchases are intended to reduce the risk of balance sheet shocks. Our decreased exposure at the more remote return periods reflects the benefit of the catastrophe bond which we sponsored during 2023 and provides committed capacity for a three-year period. This supplements our traditional reinsurance protections, which address natural perils, casualty clash and specialty accumulations. Outwards counterparties remain high quality and are individually approved by our Counterparty Security Committee.

Capital

While modelled catastrophe exposure is a factor in our capital requirements[1], it has a relatively low impact in comparison to premium risk and reserve risk. Our estimated BSCR coverage ratio at 31 December 2023 is 381%, down from 404% at 31 December 2022 as we continue to deploy our capital. The decrease is mainly driven by increased premium and reserve risk which are offset in part by retained earnings.

Capital requirements are a complex topic with many variables and alternate views. The current business plan anticipates that retained earnings will start to outpace increasing capital requirements within a three-to-five-year planning horizon, settling to a BSCR coverage ratio of between 200% and 300%, which is our target operating range.

At this level, our available capital would exceed required BSCR capital by more than twice our modelled target 1 in 250 net PML across the planning horizon. Our BSCR coverage ratio would, as intended, position us very much in the pack in comparison to other Class 4 Bermuda (re)insurers. It is important to note that the BSCR coverage ratio is one of many views of capital adequacy, with other

1. All references to capital requirements, both regulatory and rating agency, refer to CRL only as CHL is a pure holding company.

regulatory ratios, rating agency models and our developing internal capital model also being relevant.

Risk profile

Despite the wider turmoil in the World, our analysis of our own material risks generally shows improvement as reflected in the table on the next page, which articulates our appetite and our current view on the associated risks.

As ever, underwriting risk remains the risk that we seek and is our primary risk. Our toolset in this regard remains strong, with our freedom from legacy constraints and Conduit Re's relative organisational simplicity being our key differentiators.

Operationally, we are stronger. Staffing increased from 54 to 59 during 2023, and we see this in a further reduction in the number of risk events (of which none had a significant impact) featured in my quarterly reports to the Board. We have also taken the opportunity to upgrade our underwriting policy administration system, which has gone smoothly as did our IFRS 17 implementation, the other major project of the year.

Our investment risk philosophy remains unchanged and delivers lower volatility than we see reported by some peers.

Regulatory, rating agency and tax considerations, while generally a topic of interest for our industry have a largely muted potential impact on Conduit.

Risk governance

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

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

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

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

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

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

Outputs from other second line of defence functions (Compliance and Actuarial) and from the third line (Internal Audit, External Audit and the Independent Loss Reserve Specialist) are fed back into the overall risk assessment. Regular meetings between the second-line functions and Internal Audit commenced during 2022. Outputs from all such functions may be used, where appropriate, to support independent validation, alongside the risk function's own reports and those of other independent third parties.

Looking ahead, I am anticipating an increased overlap between my role as CRO and that of Chief Sustainability Officer as we work to expand our consideration of climate risk to also focus on nature and biodiversity explicitly, and as regulatory expectations in relation to disclosures on these specific aspects of risk increase.

Conclusion

Overall, I remain confident that the management of risk is progressing in line with the initial vision set out with first-line ownership of risks: a small, focused risk team working closely with actuarial, modelling and data resources.

Our risk culture remains strong and based on open dialogue and transparency and aligned to our corporate values. The benefits of a single underwriting location should not be underestimated and supports us bringing together groups to brainstorm on diverse topics and ensuring that risk management is very much part of everyday thinking.

Andrew Smith
CRO
27 February 2024

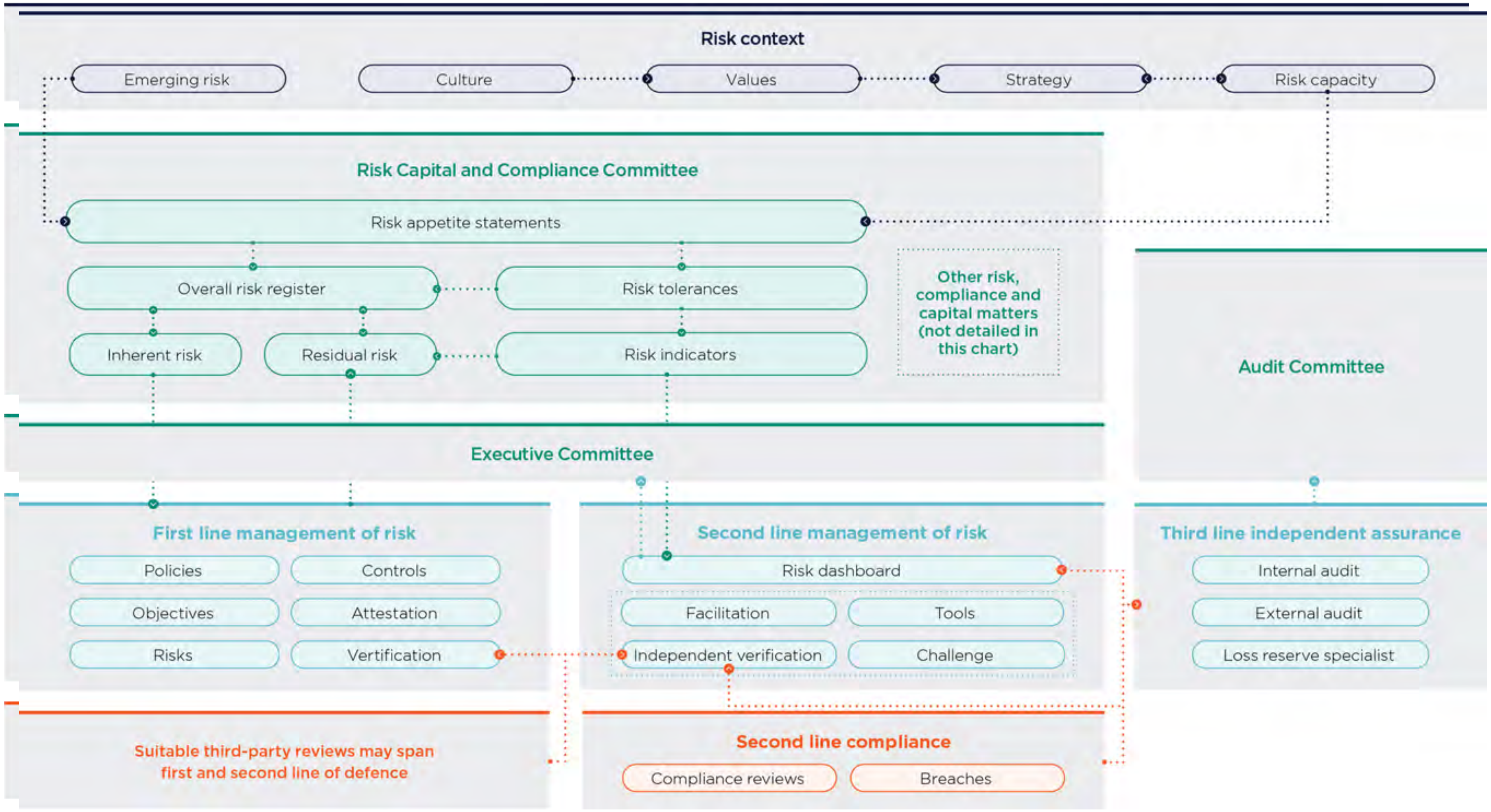
Increasing Decreasing No change

Risk category	Relative appetite/preference		Commentary
Overall – capital adequacy	Low 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.	No change	AM Best affirmed our A– financial strength rating and we continue to have substantial capital to deploy. In addition to regulatory and rating agency perspectives, we have now built an internal capital model. While it continues to undergo validation activities it has already been used to provide an additional perspective.
Underwriting – premium	High This is the risk we seek in order to generate return. The risk is managed by seeking a target portfolio based on our view of rate adequacy and target diversification, supported by event and/or aggregate retrocessional protections.	No change	After consecutive market-loss heavy years, we are expecting favourable underwriting conditions to prevail into 2024. This, together with an expanded underwriting team and increased familiarity with cedants, reduces the execution risk.
Underwriting – exposure and aggregations	Medium We underwrite catastrophe-exposed reinsurance through our property and specialty classes, and business exposed to other aggregations, notably across casualty lines. We seek to understand and manage our exposures generally to a lower level than our Bermuda peer group.	Increasing	As our portfolio has grown in scale, we have benefited from greater diversification and lower than initially anticipated exposure to natural perils per dollar of total premium. More broadly, increased scale includes an element of assuming greater accumulations and a period of continued macroeconomic uncertainty increases certain risks and potential for aggregation.
Underwriting – reserve	Medium We underwrite a mix of classes including those where reserves take time to develop. We seek to minimise reserve risk through rigorous data analytics using market data, and benefit from an external loss reserve specialist review.	No change	Portfolio growth reduces reserve risk, while continued uncertain macroeconomic factors offset this.
Investment – market and liquidity	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.	Decreasing	Our limited risk portfolio continues to remain highly liquid while current investment yields provide lower downside asset risk.

Increasing Decreasing No change

Risk category	Relative appetite/preference	Trend	Commentary
Credit	Low We use reinsurance to provide protection and therefore select reinsurers who provide limited credit risk.	No change	All retrocessionaires continue to be high quality and approved by the Counterparty Security Committee. Our collateralised reinsurers continue to be required to provide high-quality collateral, held in trust.
Operational and systems	Low 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.	Decreasing	We have expanded our team, reducing key person dependencies, and continue to invest in our processes and technology.
Strategic	Low We seek to manage risk by keeping a clear and focused strategy as a single balance sheet reinsurer based in one location.	Decreasing	We have executed on strategy to date and favourable market conditions further reduce strategic risk.
Reputational	Low A focus on maintaining and enhancing brand and franchise value with support from the ESG Committee, established by the Holding Company Board.	No change	Public coverage is favourable to date and the quality and maturity of our external disclosures continue to improve. Conversely, as recognition of Conduit increases, this provides greater visibility.
Legal, regulatory and litigation	Very low We seek to minimise our legal, litigation and regulatory risk by investing in our systems and people. We have no appetite for censure by regulators and tax authorities.	Increasing	While legal, regulatory and litigation risks are generally low, we include tax risk in this grouping and, the rate of change on the global tax agenda presents increased uncertainty and risk - albeit recognising that Conduit underwrites on a single balance sheet from a single location.

Overall enterprise risk management framework and risk governance



2023 was the inaugural year for the Conduit Foundation ABIC education award

In partnership with the Association of Bermuda International Companies (ABIC), the Conduit Foundation selected the first-ever recipient of its education award. The award provides three years of university funding for a student embarking on their higher education journey. In 2023 the Conduit Foundation was pleased to announce Daniel MacPhee as the recipient of the award. Daniel is a Bermudian student who began his actuarial studies at university in Canada in September 2023. As part of the award, Conduit has also assigned its Chief Actuary, Andrew Couper, to be a mentor to Daniel to help guide him through his studies and provide advice on attaining his future career goals. In selecting its award recipient, the Conduit Foundation sought a candidate who not only met the Foundation's educational criteria but who was also engaged with the local community and understood the importance of ESG.

In addition to offering the Conduit Foundation education award, Conduit also employs multiple interns each summer. Conduit's internship programme is distinguished by the breadth of exposure and flexibility offered to the interns. All interns are taken on with the aim of ensuring that they each get experience of truly substantial work, with flexibility in terms of the departments, assignment length and timing of their time at Conduit. All of this means that the interns have an increased opportunity to gain real insight into the different strands of work done at Conduit and how those strands are woven together.

"Conduit places great importance on engaging with the local community. Supporting education and exposing Bermuda's young adults to the opportunities in our industry is vital to the long-term sustainability of our business and our Islands."

Heather Mello
Head of Human Resources

"Beyond establishing a successful reinsurance company, Trevor and the team have also established a strong reputation for community engagement."

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

In just three years the Company has achieved a great deal, and it has been a privilege to watch the Company's ESG strategy come to life. Beyond establishing a successful reinsurance company, Trevor and the team have also established a strong reputation for community engagement, as was heard during the ESG materiality assessment interviews.

The foundational work I commented on last year has provided the platform from which the achievements of Conduit's employees multiplied inside and out of the office as the Company strove to support its community, both financially and from direct, proactive engagement.

Conduit's commitment to the industry's role on environmental topics continued, with ongoing engagement as a founder member of the Insurance Task Force of the Sustainable Market's Initiative, sponsorship of a successful Bermuda Climate Summit and continued improvements in the Company's ClimateWise reporting score.

Good governance remains a focus and I was delighted that Rebecca Shelley joined the ESG Committee following her Board appointment as an independent director, further advancing gender balance.

Some of the outstanding achievements were in the social sphere and in community engagement. In 2023, all staff were awarded a volunteering allowance for the first time and the Company took on a permanent volunteering position with Meals on Wheels: each week two members of staff deliver hot food to those less mobile. Staff have also taken on the role of mentors with Big Brothers and Big Sisters of Bermuda, to provide quality mentoring relationships to young people in need, helping them to reach their full potential.

The talent and passions of Conduit's staff extend beyond reinsurance, and Conduit was pleased to support two staff members as they represented Bermuda in international sports competitions. It is evident that staff engagement is a key part of Conduit's ESG strategy.

Another passion and ambition that Conduit was able to support was the idea to organise a Gala of Giving. The leadership shown by Stuart Quinlan, Deputy CEO of Conduit in this endeavour was admirable, as was the goodwill shown by many peer companies who supported the event alongside Conduit Re to generate proceeds of over $340,000 for local charities. This is over and above donations made by the Conduit Foundation during 2023.

Looking to the next generation of Bermuda's leaders, Conduit sponsored its first scholarship, a three-year award to a Bermudian university student. Conduit also welcomed a record number of paid interns to its office to help develop their skills and experience through the summer.

I congratulate the entire Conduit team on all their achievements during 2023 and look forward to seeing further accomplishments in the year ahead.

Lord Soames
ESG Committee Chair
21 February 2024

Our approach to ESG

Conduit Re seeks to be a responsible company. Our approach to ESG is focused on maximising the positive impact we can have, while minimising the negative impact. We do this recognising that we are a relatively small, treaty-focused reinsurer; hence, steps removed from the underlying business.

Last year we released our inaugural standalone 2022 ESG Report which set out our ESG strategy; it included what we seek to achieve, how and why. Details on our ambitions and commitments, our impact, and updates on our key ESG metrics can be found in our standalone 2023 ESG Report, which is available on our website.

In this Annual Report, we draw attention to specific matters of note and signpost our reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD).

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

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

2023 highlights

Our key ESG achievements for 2023 include:
— the rollout of interest-free green loans to employees, to support the purchase of electric vehicles or solar panels;
— launching several employee engagement initiatives, including a Plastic Free July competition and organising a litter pick-up;
— providing staff with Company-organised volunteering opportunities and one day's volunteering allowance a year;
— expanding our ESG materiality assessment conducted by H/Advisors to include representation from our local and business sector community; and
— progressing our ESG reporting by engaging KPMG to provide limited assurance over certain greenhouse gas emissions we disclose.

Carbon emissions

In this Annual Report and Accounts we include disclosures associated with the carbon emissions we are responsible for.

Consistent with our approach in 2022 we seek to be, and are, carbon neutral in relation to our Scope 1 and Scope 2 emissions, and in relation to business travel, hotel nights and staff commuting. In 2023, KPMG, our external auditors, provided limited assurance over certain greenhouse gas emissions we disclose.

We achieve neutrality in relation to these emissions by a mix of restraining our own emissions and through the use of carefully selected offsets.

We are also capturing data on the emissions avoided because of our green-loans policy. Our initial ambition is that the avoided emissions through 2024 will be greater than the increase in our Scope 2 emissions expected from increased office space necessitated by our increasing headcount. Our longer-term ambition is that solar and electric vehicle initiatives provide emissions avoidance greater than our Scope 2 emissions.

We also report, but do not offset, our share of our suppliers' emissions.

TCFD reporting

We use the ClimateWise framework to support our TCFD reporting and publish a standalone ClimateWise report, also available on our website. ClimateWise also score the quality of reporting against their framework and we have seen year-on-year improvement in our score since we first produced a report for year-end 2020 and subsequently published our reports for the 2021 and 2022 year-end.

Recognising developments in ESG reporting, ClimateWise is undertaking a major review of their framework to address requirements including direct consideration of nature and biodiversity. We are using the current framework to report on year-end 2023 and expect to transition to the new framework for year-end 2024.

A summary of our TCFD reporting follows on the next page.

Below is a summary of our TCFD disclosures, which are intended to provide context alongside a reference to where each topic is explored in more depth. ClimateWise provides an industry-specific framework for TCFD reporting and is most meaningfully read as a standalone document, so has not been reproduced in full in the Annual Report and Accounts. Our ESG Report is a free-form disclosure in which we add additional context and commentary, notably in relation to our ESG metrics and the relevance of climate to each member of executive management. Both documents can be found on our website. Our 2023 ESG and ClimateWise reports are available to download on our website.

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Governance Disclose the organisation's governance around climate-related risks and opportunities.	A Describe the Board's oversight of climate-related risks and opportunities.	**See section 1.1 of our ClimateWise Report.** The Board has held strategy sessions that have considered climate-related risks and opportunities and have established parameters within which management can operate. It receives regular reports and is also supported by the ESG Committee.
	B Describe management's role in assessing and managing climate-related risks and opportunities.	**See section 1.2 of our ClimateWise Report and the governance section of our ESG Report.** Climate-related risk is integrated into various management policies. Each Executive Committee member has specific climate responsibilities as set out in our ESG Report which is available on our website.

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	A Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	**See sections 2.1 and 2.2 of our ClimateWise Report.** Climate-related risks and opportunities exist across our underwriting, investments and operations.
	B Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	**See section 2 of our ClimateWise Report.** Climate-related risks and opportunities exist across our underwriting, investments and operations that are relevant for our business, strategy and financial planning.
	C Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**See section 2.3 of our ClimateWise Report and the environment section of our ESG Report.** Strategic discussion on climate scenarios are described in our standalone reports. Our current processes do not yet fully comply with the guidance for insurance companies and asset owners, given scale and availability of information relating to a 2°C or lower scenario.

TCFD pillars	TCFD recommended disclosures	Disclosure status and reference to where disclosures have been made
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	A Describe the organisation's processes for identifying and assessing climate-related risks.	**See section 3.1 of our ClimateWise Report.** Our processes are integrated with our wider risk management framework described in the enterprise risk management report, as well as in in our Financial Condition Report which is available on our website.
	B Describe the organisation's processes for managing climate-related risks.	**See section 3.1 of our ClimateWise Report.** Our processes are integrated with our wider risk management framework described in the enterprise risk management report, as well as in our Financial Condition Report which is available on our website.
	C Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	**See section 3.1 of our ClimateWise Report.** Our processes are ntegrated with our wider risk management framework described in the enterprise risk management report, as well as in our Financial Condition Report which is available on our website.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	**See the environment section of our ESG Report.** Our metrics relate primarily to carbon neutrality and to our business partners' commitments to climate matters.
	B Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	**Disclosed in this section of the Annual Report and Accounts.** Further detail can also be found in our ESG Report which is available on our website.
	C Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**See the environment section of our ESG Report.** Our metrics relate primarily to carbon neutrality and to our business partners' commitments to climate matters.

Carbon emissions

We have included in the table below our Scope 1 to 3 emissions for 2023 and 2022. As we are a new company, we look to grow as sustainably as possible, with a focus on the average emissions per employee. For details on our methodology, to see our five-year emissions plan and details on our carbon offsets, please refer to section 4 of our ClimateWise Report which is available on our website.

			2023		2022	
Emission type	**Activity**	**Basis of measurement**	**Quantity**	**tCO_2e**	**Quantity**	**tCO_2e**
Scope 1						
Direct	None		-	-△	-	-
Scope 2						
Indirect energy	Electricity[1]	kWh	175,186.9		179,785.5	
	– location based			129.2△		132.6
	– market based			122.9△		126.0
Scope 3						
Indirect other	Business travel[2]	Kilometres	1,951,215.0	227.5△	1,545,335.0	188.4
	Hotels[3]	Nights	329.0	27.9△	256.0	16.8
	Staff commuting[4]	Kilometres	187,749.9	17.7△	163,866.7	17.8
Total gross emissions from our operations						
Gross emissions (location based)				402.3△		355.6
Gross emissions (market based)				396.0△		348.9
Carbon offset applied				(396.0)		(348.9)
Net carbon impact from operations				-		-
Gross emissions per average employee						
Average number of employees			57.6		47.0	
Location based				7.0△		7.5
Market based				6.9△		7.4
Gross emissions including our share of suppliers' emissions						
Total gross emissions as per above market-based approach				396.0△		348.9
Share of suppliers' emissions				1,042.6		746.8
Grand total				1,438.6		1,095.8

1. The 2022 electricity consumption has been restated to correct a prior period error. Previously reported consumption was 95,712 KWh with the associated tCO2e being 69.3 and 66.7 on a location and market basis respectively.
2. Business travel for 2023 includes flights and long distance travel by train. Business travel for 2022 includes flights only.
3. In 2023 we updated our hotel methodology to use emission factors based on location and class from the Cornell Hotel Sustainability Benchmarking Index 2023. Cornell's prior Index did not include data on locations our staff travelled to. Our estimated emissions from hotel stays in 2022 were calculated using Carbon Management for Tour Operators report. The result of applying our 2022 emission factors to hotel stays in 2023 would be $16tCO_2e$.
4. The commuting emission factor sources used in 2023 are consistent with those used in 2022: The UK Government's Greenhouse Gas Conversion Factors for Company Reporting and The UK Office for Rail and Road. The emission factors have reduced from 2022 to 2023.

△ KPMG performed limited assurance procedures over these greenhouse gas disclosures. Their report is included in our 2023 ESG Report, available on our website.

Conduit helping employees choose solar power and electric cars

10%

of staff had a green loan approved in 2023

Conduit seeks to be carbon neutral in its operations by limiting emissions and the use of carefully selected offsets, while also providing education and awareness for staff around the choices they make. These two initiatives came together with an employee suggestion that the Company support the adoption of solar power and electric cars by providing interest-free green loans.

Introduced during 2023, the scheme has seen a good level of interest, with more than 10% of staff having a loan approved already. Too often, the cost of transition and available infrastructure gets in the way of real progress towards reducing carbon emissions.

By introducing the scheme, Conduit has lowered those barriers for our employees, while supporting the reduction of heavy oil use and vehicle emissions.

While environmental considerations are an important driver, reducing the cost of living is another important consideration with the return on such investments in Bermuda being greater than elsewhere. The hope is that more employees take advantage of the opportunity in the future.

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

The Board confirms that during the year ended 31 December 2023 they have discharged their duties to act in a way that they believe promotes the long-term success of the Company for the benefit of its members as a whole, while having regard to the matters set out in Section 172 of the UK Companies Act 2006. Further information on how these duties have been discharged is provided in this statement.

Section 172 requires a director to have regard, among other practical matters, to the:
— likely consequences of any decision in the long-term;
— interests of the company's employees;
— need to foster the company's business relationships with suppliers, customers and others;
— impact of the company's operations on the community and environment;
— desirability of the company maintaining a reputation for high standards of business conduct; and
— need to act fairly between members of the company.

Stakeholder engagement

In 2023, Conduit continued to focus on key stakeholder engagement, to understand their perspectives and the potential long-term consequences of decisions and matters of strategic importance to Conduit.

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

In 2023 a more in-depth materiality assessment was undertaken to include a wider group of stakeholders to better understand what is/was important to them and what they believe has the greatest impact on the Company.

Our materiality assessment was conducted independently by the H/Advisors Sustain team, who are ESG and sustainability strategy development and communications specialists.

We selected representatives from our investor community, local organisations in Bermuda, Board members, Executives, and staff, to be interviewed by H/Advisors. Together, they assessed our most material topics under the banners of Environment, Social and Governance, guided by the GRI framework and ISSB. The outputs of the materiality assessment will be used to inform our strategy in 2024 and onwards and reviewed on a regular basis.

Materiality matrix

Brokers and clients

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

Shareholders

— In 2023, representatives of Conduit held approximately 200 meetings one-on-one with investors and via group calls. The Executive Chairman, the CEO, the CFO and Conduit's Head of Investor Relations regularly met with shareholders throughout the year, both quarterly to review trading results and on an ad-hoc basis to discuss various matters. Shareholders were consulted regarding a proposed change to the Directors' Remuneration Policy. Feedback from these meetings was presented to the Board on a regular basis and informed Board debate and decision-making on strategy and business planning. Some of our larger shareholders were also consulted as part of the materiality assessment carried out as part of our ESG reporting.

— Our Directors and management recognise the benefits that come from dialogue with shareholders and we have embraced an active engagement strategy to discuss with our shareholders the issues that are important to them, hear their expectations of us and share our views.

— The Board strives to be proactive, transparent and interactive with shareholders, who are always welcome to ask questions. For further information, and contact details, visit the Investor Relations and Regulatory News Service section on the Conduit Re website (conduitreinsurance.com).

Employees

— Malcolm Furbert continued as the Company's Non-Executive Director responsible for engagement with Conduit's workforce.

— Malcolm met with our COO and our Head of Human Resources regularly to discuss employee engagement at Conduit. The Board received reports of Malcolm's and HR's activities, ensuring workforce views were obtained and considered in Board and management decision-making. Mr. Furbert met with employees of Conduit at various levels of the organisation, excluding executives. It was recognised that Conduit's growth and related increase in employee numbers would bring new challenges in ensuring that the culture and successes to date were not lost as growth continues.

— During 2023, the Head of Human Resources conducted a detailed review of Conduit's HR policies and procedures to ensure that they remain robust, current and competitive within the market.

— Having a supportive and inclusive culture is important to us and we regularly track how employees feel about working at Conduit. In 2023, we conducted our second annual employee engagement survey. The results were shared with Malcolm, who provided his own observations on employee engagement to the Board.

— The Board was kept apprised of Conduit's recruitment activities throughout 2023. Headcount grew from 54 to 59 as at 31 December 2023.

— In 2023 all staff participated in compliance training which covered key compliance topics including sanctions, information security and cyber risk, anti-money laundering, anti-terrorist financing, anti-bribery and corruption, conflicts of interest, and compliance with tax and regulatory operating guidelines. Training was also provided which covered Conduit's code of conduct and whistleblowing procedures.

Government and regulators

— The Board recognises the need to monitor changes in law and regulation, and to work closely and openly with all relevant regulatory and supervisory bodies. Conduit's main operating subsidiary, CRL, is licensed and supervised by the BMA. Representatives of management met with the BMA every quarter through the year. The Board received regular reports covering governmental, legal, regulatory and supervisory matters and was kept apprised of communications with and from relevant bodies, in particular the quarterly meetings with the BMA, and this information was factored into strategy and business planning.

— In 2023, we obtained and expanded our reciprocal jurisdiction reinsurer (RJR) status in various states within the US which reduces the need for CRL to post collateral to support cedants in those states.

— In 2023, the Bermuda Government announced the introduction in Bermuda of a corporate income tax (CIT). Legislation implementing the Bermuda CIT regime, which will largely follow the OECD's global minimum tax framework, was enacted in December 2023. The Board was kept apprised of developments and their potential impact on Conduit.

Rating agencies

— CRL having and maintaining an AM Best Financial Strength Rating of A– (Excellent), and a Long-Term Issuer Credit Rating of "a-" (Excellent) is critical to Conduit's success. Maintaining this rating is factored into Board decisions with respect to capital adequacy and risk management.

— Management regularly kept AM Best apprised of developments within CRL and fed back to the Board the results of meetings and interactions with AM Best.

— In December 2023, AM Best reaffirmed CRL's AM Best Financial Strength Rating of A– (Excellent) and Long-Term Issuer Credit Rating of "a-" (Excellent).

Our community and the environment

- As set out in the ESG summary on pages 29 to 34, environmental matters and the community are a key focus for Conduit.
- Board decision-making is influenced by a recognition that some economic activity has negative outcomes. As detailed in the ESG summary, we factor applicable criteria into our decisions. Resulting examples include Conduit's commitment to achieving and maintaining net-zero-carbon emissions and to giving back to the community via initiatives such as the Conduit Foundation, whose mission includes supporting organisations and outreach projects focused on the environment, diversity and inclusion initiatives, education and Bermuda's vulnerable populations.

Principal decisions

The principal decision made by the Board in 2023 was to affirm the current strategy, covering a three-to-five-year horizon. The Board determined that this approach continues to refine and build on the original strategy as set out in the IPO prospectus.

The Board participated in a two-day strategy session before making its decision to continue with the current strategy. Our strategic aim is to deliver sustainable long-term returns through the market cycle, based on the foundations built over the last three years. This aim would be reconsidered in the face of significant or unexpected losses or changes in the market or Conduit's operating environment.

In 2023, the Board, having taken advice from Conduit's independent remuneration advisers, decided to pursue an amendment of the Directors' Remuneration Policy previously approved by the shareholders at the 2022 Annual General Meeting. The details of the revised Remuneration Policy, which is intended to apply for the years 2024 through 2026, are set out on pages 62 to 67. As noted above, shareholders were consulted about the proposed change, which will be put to a shareholders' vote at the 2024 Annual General Meeting.

Trevor Carvey
CEO
27 February 2024

Elaine Whelan
CFO
27 February 2024

CORPORATE GOVERNANCE

Our 2023 Governance Report sets out the composition of our Board and explains how our Board governance framework operates, alongside the key areas of focus of Conduit's Board and Board Committees in 2023.

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

Our Board Governance report summarises our compliance with the requirements of the UK Corporate Governance Code 2018 (The UK Code).

Board of Directors page 40

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

"The Board has put in place an effective governance framework to facilitate its oversight role, and to ensure that it retains decision-making power over material matters to support Conduit's strategic aim, which is to deliver sustainable long-term returns through the market cycle..."

Neil Eckert
Executive Chairman

Board meeting attendance

97%

2022: 96%

Board independence

67%

2022: 67%

Introduction to Corporate Governance

Neil Eckert, Executive Chairman

Read more: page 45

Nomination Committee Report

Ken Randall, Committee Chair

Read more: page 52

Audit Committee Report

Elizabeth Murphy, Committee Chair

Read more: page 54

Directors' Remuneration Report

Sir Brian Williamson, Committee Chair

Read more: page 59

Neil Eckert

Executive Chairman

Appointed to the Board: 7 October 2020

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

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

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

External directorships:
Incubex Ltd, Ebix Inc., Boutique Modern Limited, Chalvington Management Limited, NCX Family Office, Chalvington Batteries Limited, Bellaroma Investments Limited, Bishopsgate Solar 1 Limited, Seago Yachting Limited, Ripe Village Stores, Ripe Foods Limited, Natural Capital Exchange Limited, Wingrove House Limited, Whetstone Properties Limited, Titan (South West) Limited, Cricket Management Limited.

CHL Board Committee memberships:
n/a

Trevor Carvey

Executive Director and Chief Executive Officer

Appointed to the Board: 18 November 2020

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

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

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

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

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

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

CHL Board Committee memberships:
n/a

Elaine Whelan

Executive Director and Chief Financial Officer

Appointed to the Board: 14 January 2021

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

Elaine is an accomplished and experienced public company CFO who has worked in the (re)insurance industry for over 25 years. She is a member of the Institute of Chartered Accountants of Scotland, a member of the Chartered Professional Accountants of Bermuda and a member of the Institute of Directors.

After qualifying as a chartered accountant, Elaine joined Coopers & Lybrand in Bermuda in 1997. From 2001 to 2006, she held a number of positions at Zurich Insurance Company, Bermuda Branch, ultimately as chief accounting officer. In 2006, she joined the Lancashire Group as financial controller.

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

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

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

CHL Board Committee memberships:
n/a

Sir Brian Williamson CBE

Senior Independent Director

Appointed to the Board: 18 November 2020

Skills and experience:
Sir Brian Williamson has held a number of chairmanships and directorships in banking, exchanges, funds, investment trusts and private equity. Sir Brian was chairman and chief executive of Gerrard Group PLC, a member of the Court of the Bank of Ireland, a director of HSBC Holdings PLC, where he was also chairman of the nomination committee, and a director of the NYSE Euronext and chairman of the remuneration committee.

Sir Brian was one of the four founders of the London International Futures Exchange and twice chairman. In the US, Sir Brian has been a board member of both Nasdaq (additionally serving as chairman of its international advisory board) and the New York Stock Exchange. In the UK, he was a director of The Climate Exchange PLC.

Sir Brian is currently a director of Incubex, which is in partnership with the European Energy Exchange, part of the Deutsche Borse Group and Nodal Exchange in the US.

Sir Brian has served on regulatory bodies in both the US and the UK, the National Association of Securities Dealers and The Financial Services Authority.

External directorships:
Edenberg Trust Corporation Limited, R.J. Fleming & Co Limited, vice chairman of Bergos Fleming Zurich, Director Politeia, and Incubex Inc.

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

Malcolm Furbert

Independent Non-Executive Director

Appointed to the Board: 18 November 2020

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

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

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

External directorships:
Somers Corporate Services Limited.

CHL Board Committee memberships:
Remuneration Committee and Nomination Committee.

Elizabeth Murphy

Independent Non-Executive Director

Appointed to the Board: 18 November 2020

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

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

External directorships:
Bernina Re Holding Ltd., Bernina Re Ltd.

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

Ken Randall

Independent Non-Executive Director

Appointed to the Board: 18 November 2020

Skills and experience:
Ken Randall is a certified accountant and has worked in the insurance industry for more than 46 years. During the 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 the UK's largest third-party provider of insurance services with 1,300 employees and a turnover of over £80 million per annum. Eastgate was sold to Capita PLC in November 2000.

Following the sale of Eastgate, Ken and Alan refocused Randall & Quilter onto 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 in recent years has also developed a fast-growing programme management business in Europe and the US. Ken retired from Randall & Quilter in 2021.

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

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

Michelle Seymour Smith

Independent Non-Executive Director

Appointed to the Board: 15 September 2021

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

Michelle began her career with Arthur Andersen in 1995. She went on to hold positions at Zurich Insurance 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 insurance, reinsurance and mortgage divisions and their international subsidiary reinsurance division. She served as the chief transformation officer of Arch Capital Group Ltd until 2019, leading a global programme to grow business and improve operational efficiency. Michelle has been named as one of 100 Influential Women in Insurance and Reinsurance by Intelligent Insurer. She is a member of the Chartered Professional Accountants of Bermuda and the Institute of Directors.

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

CHL Board Committee memberships:
Audit Committee and Nomination Committee.

Rebecca Shelley

Independent Non-Executive Director

Appointed to the Board: 25 July 2023

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

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

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

Greg Lunn

General Counsel and Company Secretary

Appointed: 3 November 2020

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

Greg has held various industry roles in Bermuda and London over the past 25 years, initially with the ACE Group and later with Lancashire Holdings Limited, where he was group general counsel and company secretary. At Lancashire, in addition to his legal and corporate governance work, he also had responsibility for the internal audit function.

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

"The Board has put in place an effective and efficient governance framework to facilitate its oversight role, and to ensure that it retains decision-making power over material matters to support Conduit's strategic aims."

Neil Eckert
Executive Chairman

Introduction

The Board has put in place an effective and efficient governance framework to facilitate its oversight role, and to ensure that it retains decision-making power over material matters to support Conduit's strategic aim, which is to deliver sustainable long-term returns through the market cycle. We measure corporate governance compliance against the requirements of The UK Code. We also monitor our compliance with applicable governance requirements under Bermuda law and regulations and, to ensure it retains decision-making power over material matters at an appropriate level, a schedule of matters reserved for Board decision is maintained and reviewed by the Board on a regular basis.

In 2023, in addition to face-to-face quarterly Board and committee meetings, information and education sessions on important topics were held, for example on the implementation and implications of IFRS 17. Feedback from the externally facilitated 2023 Board performance evaluation is that, while there are opportunities to bring about improvements in Board functioning, overall the atmosphere in the boardroom allows for open contribution, constructive debate, candid discussion and critical thinking, supported by good-quality written presentations.

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

- inflation outlook;
- investments;
- the brokers' view of the market;
- a review of the experience of other Bermuda market start-ups at the three-year point;
- maximising value;
- capital requirements and cycle management;
- investor perspectives and premium listing implications; and
- emerging risks.

Conduit's current strategy, which was originally promulgated in the IPO in December 2020 and has been updated annually thereafter in light of actual market conditions and updated forecasting, covering a three-to-five-year horizon, was affirmed in 2023 by the Board.

Dividend policy and dividend payments

The Company may pay dividends at such times and in such amounts as the Board determines appropriate and subject to the Board being satisfied that to do so will not prejudice CRL's ability to maintain at least an AM Best A– (Excellent) Financial Strength Rating and subject to applicable law and regulations.[1]

The Company expects to generate significant returns over time for its shareholders and to provide an ongoing and progressive dividend, recognising that some earnings fluctuations are to be expected. [1]The Company is targeting a dividend of $0.36 which is approximately 5% to 6% of equity capital raised at the IPO, allocated between an interim and final distribution. On 20 February 2024, Conduit's Board of Directors declared a final dividend for 2023 of $0.18 (approximately £0.14) per common share, which will result in an aggregate payment of $29.7 million. This final dividend followed an interim dividend of $0.18 (approximately £0.14) per common share declared on 25 July 2023.

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

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

All dividends and returns of capital will be subject to the future financial performance of Conduit, including results of operations and cash flows, Conduit's financial position and capital requirements, rating agency considerations, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends and

1. CHL relies on income from CRL, Conduit's main operating subsidiary, to fund dividend payments

any other factors the Board deems relevant in its discretion, which will be taken into account at the time.

Share purchases by Conduit's EBT

During 2023, Conduit's EBT continued with on-market purchases of the Company's shares. Shares purchased are held in the EBT to meet future obligations under CHL's variable incentive schemes. Unless specifically directed by CHL, the Conduit EBT Trustee shall abstain from exercising its voting rights over the Shares held by the Conduit EBT at any general meeting of CHL. If CHL directs that the Conduit EBT Trustee may vote, CHL cannot direct the manner in which the Conduit EBT Trustee exercises its votes.

Further details of the share purchases are set out in the Directors' report on page 86 and in note 17 to the consolidated financial statements on page 147.

Opportunities and risks

Conduit was launched in the favourable market conditions of late 2020, with the vision to establish Conduit Re as a leading reinsurance underwriting business over the next five years. Industry developments since 2020 have presented a 2023 landscape that was well beyond the original expectations when Conduit was formed and our simple structure, with a legacy-free balance sheet and one team working together from one location, has put Conduit in a strong position to respond to the favourable market conditions.

The broad reinsurance market correction in our favour, and what we witnessed in 2023 was a fundamental shift in risk versus return metrics, presented opportunities for us to accelerate our growth plans.

However, there are a number of uncertainties underpinning the improvements in market conditions including, but not limited to:
— the future impact of climate change;
— heightened geopolitical uncertainties; and
— economic and social inflation.

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

We also need to be mindful that, although we go to great efforts to manage the volatility in our underlying exposures, we are in the business of protecting our clients against uncertainty and, consequently, our underwriting results are always subject to the vagaries of major loss events, both natural and man-made.

A set of risk factors is set out in section 3 of the notes to the consolidated financial statements on page 110.

Stakeholder engagement

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

Malcolm Furbert, charged with employee engagement, continued his role with diligence and enthusiasm by meeting regularly with Heather Mello, our Head of Human Resources, and with Stuart Quinlan, Deputy CEO and COO. Malcolm also met one-on-one with a number of staff members representing various departments and levels of seniority.

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

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

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

Purpose, values, strategy and culture

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

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

In-camera sessions

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

Induction

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

Rebecca Shelley, the most recent Board appointee, was taken through a comprehensive induction process as part of her appointment to the Board in 2023.

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

The year ahead

In 2024 our governance will be focused on:

- Continuing to support the execution of the strategy.
- Completing the establishment of a long-term succession plan for executive management and their direct reports.
- Continuing execution of the Board's succession plan by the recruitment of an additional independent Non-Executive Director.
- Enhancements to Board reports, management of meetings and director education.
- Align or implement processes and controls in response to the revisions to The UK Code.

Neil Eckert
Executive Chairman
27 February 2024

Corporate governance and compliance with the UK Corporate Governance Code

The UK Code

As a Bermuda company with a standard listing on the LSE, the Company is not required to comply, or otherwise explain non-compliance, with the requirements of The UK Code published by the FRC in July 2018. However, the Company has chosen to comply (or explain non-compliance) with The UK Code, because the Board is committed to the highest standards of corporate governance.

Compliance statement

The Board considers that for the financial year ended 31 December 2023, the Company has complied with the provisions of The UK Code, save that:

- The Company did not comply with Provision 10 of The UK Code as Neil Eckert is Executive Chairman and was not independent at appointment as he was a founder of the Company. However, 75% of the Board (excluding the Chair) are Non-Executive Directors whom the Board considers to be independent, and the roles of Chair and CEO are not exercised by the same individual. Further, the Board believes that effective business leadership is provided by Neil Eckert as Executive Chairman and Trevor Carvey as CEO, while at the same time appropriate checks and balances and scrutiny will be maintained through the balance of the Board as a whole, the strong and relevant experience of the independent Non-Executive Directors and the clear separation of duties between the Senior Independent Director, the Executive Chairman and the CEO, as set out on the Company's website.
- In one respect, the Company does not comply with Provision 37 of The UK Code which provides that remuneration schemes and policies should enable the use of discretion to override formulaic outcomes. At the time of the Company's establishment, it was determined that an absolute calibration to the Management Incentive Plan (MIP) programme with no discretionary assessment was appropriate in the circumstances. The MIP was put in place prior to the IPO, with no further MIP awards to be made under the Remuneration Policy approved by the shareholders in May 2022. Malus and clawback provisions apply to the MIP programme with further details set out in more detail on page 60.

Governance framework

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

The Audit Committee oversees the effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems in relation to the Company's financial reporting processes, further details of which are set out on pages 54 to 58.

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

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

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

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

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

The Board

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

Biographical information for each of the current Directors of the Company, including each Director's experience, qualifications, attributes and skills is on pages 40 to 44.

Succession planning was discussed at both Nomination Committee and Board level in 2023 and will continue to be a key topic for 2024. More information is contained in the Nomination Committee report on page 52.

Non-Executive Director independence

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

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

The Company has three Executive Directors (including the Executive Chairman) and six Independent Non-Executive Directors.

As part of the Board's normal rotation and succession plan execution, Dr. Richard Sandor stood down from the Board on 7 November 2023 at the end of his initial three-year appointment term. For the purposes of this report he was also determined to be an Independent Non-Executive Director within the meaning of The UK Code during the tenure of his appointment.

Board meetings and attendance

The Board schedules meetings quarterly and receives additional updates as required on topics of importance arising in the months where no formal meetings are scheduled. Additional meetings have been and will be arranged as necessary, including in relation to the business of the committees. All Directors receive an agenda and meeting packs in advance of the meetings.

As part of the Company's risk management framework, Conduit follows regulatory and tax operating advice and guidelines, common for groups established in Bermuda, that require the situs of the Company's Board and Committee meetings and decision-making to be Bermuda.

The number of Board and committee meetings attended by each Director for the purposes of Provision 14 of The UK Code in the year ended 31 December 2023, relative to the number of meetings held during their time in office, was as follows:

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

1. Rebecca Shelley was appointed on 25 July 2023 to serve on the Board, and she was also appointed to serve as a member of the Nomination Committee and a member of the Remuneration Committee

Board responsibilities

The Board is responsible for leading and controlling the Company, and has overall authority for the management and conduct of its business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company. To ensure transparency and accountability of the business to the Independent Non-Executive Directors, the CHL Board was invited to attend (and did attend) CRL Board-level and Underwriting Committee meetings, and are provided with all minutes and records of such subsidiary Board and committee meetings. The Board has established procedures for Directors to take independent professional advice at the expense of the Company in the furtherance of their duties. Each Director also has access to the General Counsel and Company Secretary to ensure that good governance and compliance is implemented throughout Conduit. The division of responsibilities between the Executive Chairman, CEO and Senior Independent Director is summarised below and is available in full on the Company's website.

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

Board activities

In addition to monitoring closely Conduit's core underwriting business, Board activities in 2023 were focused on overseeing the transition from the start-up phase (which necessarily concentrated on establishing the initial business and processes, hiring staff and building technology) to process improvement, refinement of technology, business growth and enhancing the application of ESG matters. The Board received regular written and oral reports from executive management on progress in each of these areas. The Board also participated in a session straddling two days to review strategy considering the wider market and risk environment. It was determined that there would be no changes to the strategy, the objective of which is to promote the long-term success of the Company. Board meetings were held in Bermuda to approve all key actions, documentation and agreements.

Workforce engagement mechanism

Malcolm Furbert acts as the Company's Non-Executive Director responsible for workforce engagement. See details on page 37 of the Section 172 statement.

Board effectiveness

Since its inception in 2020, Conduit has been committed to ensuring that the Board is performing effectively. In 2021 and 2022, annual board performance reviews were internally facilitated. In 2023, Conduit's third year, Conduit's first externally facilitated board evaluation was conducted by Board Analytics, a division of Intersect International. Board Analytics was selected after a tendering process involving a number of service providers and has no previous business relationship with Conduit or any of the Directors, nor do they provide services of any other type to Conduit. The process to select an external independent reviewer was led by the Company Secretary and approved by the Board. The Company Secretary acted as the internal contact for Marylee O'Neill of Board Analytics to ensure that she had all necessary access and support in order to carry out a full and comprehensive review. Additionally, all Independent Directors were available to Ms. O'Neill throughout the process. The evaluation consisted of: (i) an online survey completed anonymously by each Director and selected members of management (ii) individual interviews with each Director, the Company Secretary and selected members of management (iii) attendance at Board and Committee meetings as an observer, and (iv) a review of the Board and committee agendas and meeting materials.

Board Analytics focused on all aspects of the Board's effectiveness, as well as on the effectiveness of each individual Director.
The Board was provided with a fulsome review document which set out key findings and recommendations. The evaluation confirmed that, while the Board is working effectively across all areas, including board leadership, people and composition, process and structure, board work, and board culture, there are several opportunities and areas for action.
As part of its commitment to excellence, the Board continually seeks to improve its effectiveness and strive for constant improvement and, based on the recommendations in the report, will focus on the following in 2024:

— Completing the establishment of a long-term succession plan for executive management and their direct reports.
— Continuing execution of the Board's succession plan by the recruitment of an additional Independent Non-Executive Director, the search for whom is under way.
— Enhancements to Board reports, management of meetings and director education.

Further information on these initiatives can be found throughout this report.

"2023 was a year of transition for the Board as we moved on from the establishment phase into refreshing the Board to meet identified needs and to reflect the specialisms of the business."

Ken Randall, Chair
Nomination Committee

Introduction

I am pleased to present my report on the activities of the Nomination Committee (the Committee) for the year ended 31 December 2023,

In 2023 the Nomination Committee's focus was on Independent Non-Executive Director succession planning, bearing in mind the somewhat unique situation where almost all of Conduit's Non-Executive Directors had served Conduit from the same appointment date in 2020. An independent specialist search agency, Heidrick & Struggles, with no other connection to Conduit, was appointed to identify and assess Independent Non-Executive Director candidates, and in July we welcomed Rebecca Shelley to the Board. Richard Sandor left the Board in November and I thank him warmly for his contribution to Conduit's establishment and transition from a start-up to a business that has generated $2.1 billion of ultimate premiums written in its first three years in operation.

Execution of the Board succession plan continues. Utilising the services of Heidrick & Struggles, we have carried on the search for additional Non-Executive Director candidates to refresh the Board and to meet the identified needs and specialisms of the business, to enable an orderly, staggered succession.

Nomination Committee membership

In 2023, the Committee members were Ken Randall (Chair), Sir Brian Williamson, Malcolm Furbert, Elizabeth Murphy, Dr. Richard Sandor and Michelle Seymour Smith, and Rebecca Shelley joined the Committee in July 2023.

Dr. Richard Sandor left the Committee when he stepped down from the Board on 7 November 2023.

Independence and experience

All Committee members are Independent Non-Executive Directors, each with many years of relevant experience serving as directors and/or working in the reinsurance industry. Detailed biographies are available on pages 40 to 44.

As Chair, I am responsible for an annual review of the Committee membership, and I am satisfied that the current members are each independent and capable of carrying out the Committee roles and responsibilities.

Role and responsibilities

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

— Director induction, training and development.
— Identifying and nominating candidates to fill Board vacancies.

Details on how we performed these key responsibilities in 2023 are set out in the remainder of this report.

2023 meetings

The Nomination Committee is required to meet at least twice annually, or more frequently if required, to discharge its duties. In 2023, there were four Committee meetings. In addition to the members, other individuals such as the Executive Chairman and the Head of HR attended all or part of the meetings.

Name	Appointed	Maximum possible meetings	Meetings attended
Ken Randall	18 November 2020	4	4
Elizabeth Murphy	18 November 2020	4	4
Sir Brian Williamson	18 November 2020	4	4
Malcolm Furbert	18 November 2020	4	4
Richard Sandor	30 November 2020	4	3
Michelle Seymour Smith	22 February 2022	4	4
Rebecca Shelley[1]	25 July 2023	2	2

1. Rebecca Shelley was appointed to the Nomination Committee on 25 July 2023 and was only eligible to attend two of the four meetings held in 2023.

Performance evaluation

The Committee reviewed the results of the Board performance evaluation for the period ending 31 December 2023 as described on page 51.

Recognising that the agreed Board succession plan was being executed, the 2023 evaluation raised no concerns regarding the Board's composition or diversity, or how effectively members worked together to achieve objectives.

The evaluation did identify individual areas for improvement as set out on page 51 but, overall, no concerns were identified in respect of Non-Executive Director independence or external time commitments.

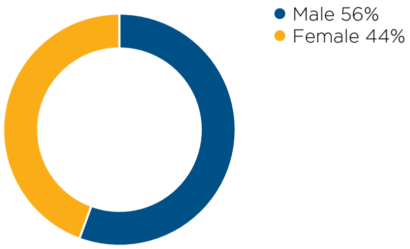
Board and Committee composition and succession planning

As noted in my introductory remarks, implementation of the Board succession plan was a priority in 2023.

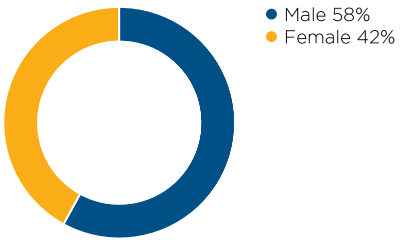
In addition, work has commenced on a succession plan for other key leadership positions within Conduit.

In the meantime, Conduit maintains a robust emergency succession plan for the Board and senior management. The plan was reviewed by the Committee in 2023.

Board gender split



Executive Committee direct reports gender split



Director induction and training

The Committee ensured that an appropriate and comprehensive plan is in place for inducting new Directors and Conduit's leadership team. Induction is tailored to the needs of each individual but includes meetings with the executive leadership team, department heads and advisors, technical briefings and office visits. Rebecca Shelley participated in the induction programme as part of the process for her appointment to the Board.

The strategy and planning sessions held over two days in May 2023 also contained a training aspect for Directors. Diverse topics were presented and discussed, including a comprehensive review of the reinsurance market covering reinsurer results, capital, financial strength ratings, valuations and the market outlook, the impact of inflation, a review of investment markets and strategy, a review of cycle management lessons learned from prior Bermuda reinsurance businesses, and stock market perspectives from the Company's financial advisors.

The Board also attended specific training sessions in 2023 on the implementation of IFRS 17.

Diversity and inclusion

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

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

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

As at 31 December 2023 44% of the Board was female.

Priorities for 2024

In 2024 the Committee will continue to focus on implementation of Board succession and on completing the establishment of a long-term succession plan for executive management and their direct reports, all with a view to satisfying Conduit's medium- to longer-term succession needs at Board and senior management levels.

Ken Randall, Chair
Nomination Committee
27 February 2024

"One of the Committee's most significant activities in 2023, was overseeing the implementation of reporting in accordance with IFRS 17."

Elizabeth Murphy, Chair
Audit Committee

Introduction

As Chair of the Audit Committee, I am pleased to present my report on the activities of the Audit Committee (the Committee) for the financial year ended 31 December 2023, detailing the Committee's activities during the year, how it has discharged its responsibilities and the key topics it has considered.

One of the main areas of focus, and one of the Committee's most significant activities in 2023, was overseeing the implementation of reporting in accordance with IFRS 17 and, to a lesser degree, IFRS 9. During the year, the Committee oversaw preparations for the implementation of IFRS 17 and was therefore well placed to monitor the impact of the new standard and to ensure that this was clearly communicated to stakeholders. In this regard, the UK Financial Reporting Council (FRC) carried out a limited scope review[1] of Conduit's IFRS 17 disclosures in its half year report to 30 June 2023. There were no questions or queries raised with Conduit as a result of the FRC's review, although they may raise queries with Conduit in the future. The Committee also continued to monitor the integrity of external financial reporting, systems, processes and the control environment.

With Conduit having applied TCFD within the 2022 year-end reporting, the Committee, along with the ESG Committee, received updates on developments in TNFD and the release of IFRS S1 and IFRS S2 by the ISSB, applicable to periods beginning on or after 1 January 2024. Associated disclosures remain an area of focus for the Committee.

Audit Committee membership

The Audit Committee membership is comprised of Independent Non-Executive Directors. For the full year 2023, the members were Elizabeth Murphy, Ken Randall and Michelle Seymour Smith.

The Audit Committee membership is the same for CRL, which strengthens governance and oversight of Conduit's main operating subsidiary.

2023 meetings

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

There were no points of concern arising out of the Board's performance evaluation regarding the Audit Committee's performance during 2023.

Name	Appointed	Maximum possible meetings	Meetings attended
Elizabeth Murphy	18 November 2020	4	4
Ken Randall	18 November 2020	4	4
Michelle Seymour Smith	15 September 2021	4	4

1. The FRC's review is based solely on the Company's report and accounts and does not benefit from detailed knowledge of Conduit's business or an understanding of the underlying transactions entered into. It is, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. Their review provides no assurance that the Annual Report and Accounts are correct in all material respects. The FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements. Their review is written on the basis that the FRC (which includes its officers, employees, and agents) accepts no liability for reliance on it by the Company or any third party, including but not limited to investors and shareholders.

Independence and experience

All Audit Committee members are Independent Non-Executive Directors with recent and relevant financial experience and competence in accounting and/or audit, and all have competence relevant to the reinsurance sector in which Conduit operates. Detailed information on the Audit Committee members' experience and qualifications is set out in the Directors' biographies on pages 40 to 44.

Role and responsibilities

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

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

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

Assessing the integrity of financial reporting

The Audit Committee reviewed the Company's quarterly trading updates, interim unaudited condensed consolidated financial statements and the annual audited consolidated financial statements for the purposes of recommending their approval by the Board. Particular attention was paid to the implementation of IFRS 17 and, to a lesser degree, IFRS 9 and the related disclosures. The Committee also reviewed and considered a paper from management detailing areas of significant judgement and estimation in the preparation of the consolidated financial statements.

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

The Committee also received regular updates on the status of the IFRS 17 implementation project, the impact of the transition to IFRS 17 on historical reported financial information and industry developments in relation to IFRS 17. Members of the Audit Committee also attended a number of training sessions delivered by management. These sessions covered the key technical requirements and accounting policy decisions and principles plus changes to the presentation and disclosure of the financial statements.

The Audit Committee received reports from the external auditors on the consolidated financial statements, including an interim review report and a year-end audit results report. The external auditors performed procedures on Conduit's implementation of IFRS 17, including a review of the policy decisions, judgements and estimates made by management and financial reporting disclosures. These reports were discussed with the external auditors at the Audit Committee meetings, both with management present and with the Audit Committee in private session. No significant issues were identified.

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

- Accounting treatment and policies in respect of business and investment activities. Particular attention was paid to the accounting policies adopted on the implementation of IFRS 17 (see pages 102 to 110).
- Loss reserving developments and the reserving process, including changes as a result of IFRS 17 (see page 138).
- The implementation and/or development of financial reporting systems including changes as a result of IFRS 17.
- Recruitment and development within the finance team.
- Accounting and financial reporting developments other than IFRS 17.
- Finance reports from CRL including with respect to BMA filings (via the overlap with the CRL Audit Committee).
- Significant judgements and estimates and going concern assessments.
- Management's assessment of fraud risk.

Keeping under review internal controls and risk management systems

The Board has ultimate responsibility for ensuring the maintenance by Conduit of a robust framework of internal control and risk management systems. Monitoring and review of these systems has been delegated to the Audit Committee. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

During 2023, the Audit Committee received quarterly reports from Conduit's CRO covering:

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

The Committee reviewed management's assessment of the effectiveness of the risk management and control environment and continued to review and approve applicable policies and arrangements.

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

The Committee received reports and updates from Internal Audit on aspects of internal control as determined in the Internal Audit Plan.

Further detail of the emerging and principal risks affecting Conduit, including those matters that have informed the Board's assessment of Conduit's ability to continue as a going concern, as well as the risk mitigation procedures in place to identify and manage them, can be found in the risk disclosures on page 110 of the Annual Report and Accounts.

Reviewing compliance and fraud procedures and controls

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

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

The Committee continued to review and discuss proposed amendments to The UK Code. Management will continue to monitor developing control reporting requirements and ensure adequate plans are in place to implement changes as required.

The Audit Committee receives reports on the number of whistleblowing cases reported to Conduit's whistleblowing service. The Audit Committee reviewed and approved updates to Conduit's whistleblowing policy and procedure in 2023 and as Audit Committee Chair, I received training from Conduit's third-party whistleblowing service provider on how whistleblowing reports raised to them will be handled.

The Audit Committee also receives an annual fraud risk assessment from the CRO that includes details of management's assessment of fraud risks and the most material associated controls.

Climate and ESG reporting

As part of the Audit Committee's obligations pursuant to TCFD, in 2023, as part of year-end 2022 reporting, Conduit published its first standalone ESG Report and its ClimateWise reports for 2021 and 2022 on Conduit's website. The Committee also discussed and agreed that KPMG be commissioned to provide limited assurance over the carbon-emission calculations for 2023.

Monitoring and reviewing the effectiveness of the internal audit function

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

During the year, the Committee considered and approved the Internal Audit Charter and monitored its execution. The internal audit plan was based on an updated risk assessment. Internal Audit provided quarterly written and oral reports to the Audit Committee. The findings of each internal audit are reported at the Committee's quarterly meetings. The Committee reviews actions recommended to management for the improvement of internal controls and the status of implementation of the actions.

The Committee also met privately with the internal auditors.

The Audit Committee also evaluated the independence of the internal auditors, and no concerns were identified. The effectiveness of the internal audit function is kept under review annually and will also be formally reviewed in 2024.

Overseeing the relationship with the external auditor

KPMG Audit Limited (KPMG) was originally appointed as the Company's external auditor in December 2020. At the Company's 2023 AGM, KPMG was reappointed as external auditors of the Company until the conclusion of the 2024 AGM. The lead external audit partner is James Berry who was appointed at the same time as KPMG was appointed as the Company's first auditor in December 2020. In 2023 the Audit Committee assessed the fee arrangements with KPMG which are discussed in Note 8 of the financial statements.

The Audit Committee met with KPMG regularly during 2023 (both in private session and with management present) and reviewed and approved the external audit work plan for the year ending 31 December 2023. The Audit Committee receives reports from KPMG, which include the progress of the audit, key matters identified and the views of KPMG on the significant judgements and estimates outlined below. KPMG also reports on matters such as their observations on the Company's financial control environment, developments in the audit profession, key upcoming accounting and regulatory changes and certain other mandatory communications.

The Audit Committee continues to monitor developments, recommendations and legislative proposals related to the quality and effectiveness of the external audit and it will formally review the effectiveness of the external audit function in 2024.

Auditor independence and objectivity

The Audit Committee assesses the external auditor's independence annually and has assessed that they are independent. To assist in maintaining the external auditor's independence and objectivity, Conduit has adopted a formal policy governing the engagement of the external auditor to provide non-audit services, taking into account the relevant ethical guidance on the matter. The policy describes the circumstances in which the auditor may be engaged to undertake non-audit work for Conduit. The Audit Committee oversees compliance with the policy and will consider and approve requests to use the auditor for non-audit work when they arise, if appropriate. Except for procedures conducted by KPMG with respect to the Company's unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023, and an engagement to undertake a carbon emissions disclosure review of the 2023 year end reporting. The Non-Audit Services Policy is available on the Company's website. Implementation of the policy is reviewed annually by the Audit Committee.

Auditor reappointment

The Company is required to appoint auditors at every general meeting of the Company at which financial statements are presented to shareholders. KPMG, acting as external auditor to the Company in the Company's third year, has advised of its willingness to stand for reappointment in 2024.

The Audit Committee and the Board consider KPMG to have extensive experience auditing publicly traded reinsurance businesses. The Committee has concluded that KPMG's appointment as auditors for the forthcoming year continues to be in the best interests of the Company and its shareholders. The resolution to reappoint KPMG will propose that KPMG holds office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company, at a level of remuneration to be determined by the Board.

Significant areas of judgement and estimation

Annually, management provides the Audit Committee with an analysis of significant areas of judgement and estimation in the preparation of the consolidated financial statements plus an analysis of the appropriateness of preparing the statements on a going concern basis. As discussed in our accounting policies on page 102, the most significant estimates made by management are in relation to the undiscounted valuation of the liability for incurred claims and associated ceded reinsurance recoveries. Less significant estimates are made in determining the estimated fair value of certain financial instruments and the estimated premium cash flows used to determine reinsurance revenue recognised.

Valuation of liability for incurred claims and associated ceded reinsurance recoveries

The valuation of the liability for incurred claims, including IBNR, involves a significant amount of judgement. As stated in our accounting policies, it is a complex process and it is reasonably possible that uncertainties in the reserving process and delays in cedants reporting losses to Conduit, together with the potential for unforeseen adverse developments, could lead to a material change in the estimated liability for incurred claims and associated ceded reinsurance recoveries. Judgement is exercised in estimating the future cash flows in relation to ultimate claims settlement and selecting the methodology to calculate a point estimate for the ultimate loss. The risk adjustment is estimated using a margin-based approach, calibrated to a targeted confidence interval range.

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

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

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

The Committee focused in particular on:
— the implications of the adoption of IFRS 17;
— the reserving for natural-catastrophe and large-loss events;
— the use of selected attritional reserving ratios, given the lack of historical data for Conduit;
— the difference in management's estimates versus the independent loss reserve specialist, noting that the differences are within a reasonable range;
— the process for estimating cash flow patterns and establishing the risk adjustment;
— the process for determination of the confidence interval;

— the assessment and quantification of the impact of inflation on the liability for incurred claims; and
— the adequacy of disclosure on the uncertainties of the loss reserve estimates.

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

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

Fair value of certain financial instruments

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

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

Expected premium cash flows used to determine reinsurance revenue recognised

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

Going concern assessment and longer-term viability statements

The Audit Committee reviewed and advised the Board on Conduit's going concern and longer-term viability statements included in the Annual Report and Accounts and the assessment reports prepared by management in support of such statements. As part of this review, the Audit Committee assessed the methods, assumptions, judgements, business planning and stress testing underpinning the going concern assessment. The Audit Committee was satisfied with the level of analysis presented during the year, the related approach taken and statements made in Conduit's key external reporting. More information on the going concern and viability statements can be found on page 102.

Annual Report and Accounts

The Audit Committee reviewed and approved Conduit's audited results and drafts of the Annual Report and Accounts together with the external auditor's report. The Audit Committee advised the Board that, in its view, the 2023 Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Conduit's position and performance, business model and strategy.

Priorities for 2024

— Continued monitoring of the control environment and financial reporting processes, including further embedding of IFRS 17 into business as usual.
— Continue to monitor and implement developments in climate and ESG reporting.
— To monitor the implementation of risk management and internal control framework changes to corporate governance requirements of 2024 UK Corporate Governance Code.
— To review the effectiveness of the external auditors.
— To review the effectiveness of the internal auditors.

Elizabeth Murphy, Chair
Audit Committee
27 February 2024

REMUNERATION AT A GLANCE

The Conduit Remuneration Policy is designed to drive a culture of high performance and create sustainable long-term value for shareholders.

A summary of the 2023 remuneration outcomes for Executive Directors is provided opposite.

Our performance[1]

Gross premiums written	RoE	Net tangible asset value per share
$931.4m	22.0%	$6.25
2022: $622.5m	2022: (4.4)%	2022: $5.41

Total net investment return	Combined ratio	Total shareholder return
5.8%	72.1%	16.4%
2022: (5.0)%	2022: 103.0%	2022: 5.5%

1. 2022 numbers have been restated where necessary.

Key components

Salary + Benefits + Pension contribution + Annual bonus = Total remuneration

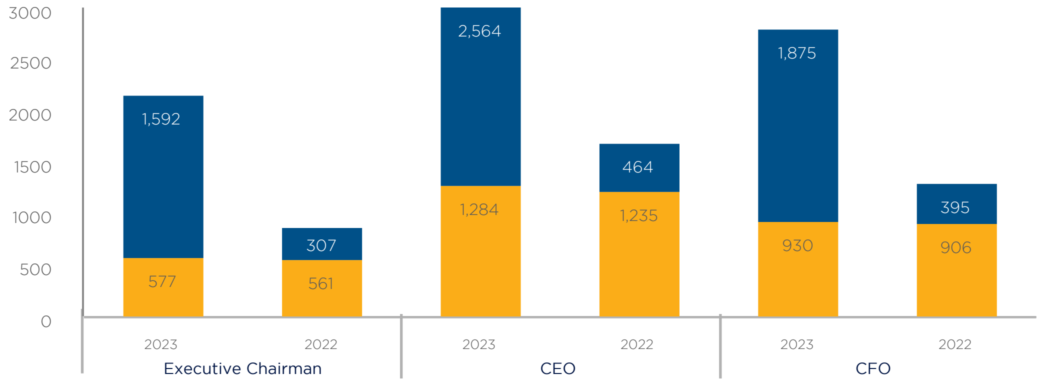
Fixed pay: Salary, Benefits, Pension contribution

Performance-related pay: Annual bonus

Outcome

Remuneration ($m)

The charts below set out the financial outcomes of the remuneration package of the Executive Directors for 2023 against the 2022 reported outcomes.



Introduction

I present the Directors' remuneration report for 2023 which consists of three sections:

1. This introduction, which explains our approach to remuneration and summarises the key decisions made by the Committee during the year (pages 60 to 61).
2. Future Directors' Remuneration Policy – this sets out the proposed Remuneration Policy, which will be put to a binding shareholder vote at the 2024 AGM (pages 62 to 71).
3. Annual Report on Remuneration – this sets out in detail how we've applied the Remuneration Policy in 2023; the remuneration received by Directors for the year; and how we will apply the new revised Policy in 2024. This report, along with this Chair statement, will be put to an advisory shareholder vote at the 2024 AGM (pages 72 to 84).

Performance for the year under review

2023 was a good year for Conduit. The overall result was comprehensive income of $190.8 million or $1.19 per share. RoE for the year was 22.0%.

Annual bonuses for 2023 were based 75% on financial (RoE) targets and 25% on the personal and strategic objectives of each Executive Director.

As set out on pages 73 to 76, the Committee set the threshold, target and stretch levels of RoE required to be achieved for the financial part of the 2023 annual bonus.

It is the opinion of the Remuneration Committee and the Board that the Company's management has done an outstanding job to build a successful business in line with the IPO prospectus. Management has recruited an excellent team, now at 59 employees, writing a strong book of diversified, quality business utilising a technologically modern operating platform.

Remuneration for 2023 reflects these achievements. The RoE achieved for 2023 has resulted in maximum pay-out of the financial element of the annual bonus. The Committee determined that the personal element pay-out for the Executive Directors was appropriate and in line with the performance achieved by each Director. Details of the bonuses can be found on pages 73 to 76.

The Remuneration Policy requires up to half of any bonus to be deferred into shares, with malus and clawback provisions in place.

The Executive Directors participate in the Management Incentive Plan (the "MIP"), which was agreed and put into place ahead of the IPO. Details of the MIP were disclosed in the IPO prospectus and the subsequent 2020 Annual Report and Accounts (and are summarised in the Annual Report on Remuneration section which follows below). There were no additional long-term incentive awards made to the Executive Directors during the year.

During 2023, the first tranche of bonus deferral awards vested for Executive Directors and staff. Additional tranches of the bonus deferral awards made to Executive Directors and staff from their 2021 and 2022 annual bonus awards will vest in March 2024. Details of the Executive Directors deferred share bonus awards can be found on page 78.

Remuneration Policy review

As a non-UK incorporated company, Conduit is not required to comply with the requirements of the relevant provisions of the UK Companies Act. However, as part of Conduit's commitment to high standards of corporate governance, the Committee agreed in 2020 that the Remuneration Policy would in due course be put to a binding shareholder vote.

As explained in my statement to shareholders in our 2020 Annual Report & Accounts, there was substantial engagement with prospective investors and eventual shareholders of the Company in the run-up to the IPO in late 2020 which included discussions of remuneration, including the MIP arrangements. The initial Remuneration Policy and the proposed remuneration of Directors were fully disclosed in our IPO Prospectus and the Board decided that it would not serve a useful purpose to put the initial Remuneration Policy to a binding vote of shareholders at the AGM in May 2021. Instead, the Company would continue to develop its Remuneration Policy, with a full disclosure in the 2021 Annual Report and Accounts and a shareholder vote at the 2022 AGM.

Thus, while the current Remuneration Policy was formally approved at the 2022 AGM (having received 97.6% votes in favour) it has effectively been in place for three years. The Committee believes that, although the Policy that was adopted then has served the Company and its shareholders well, it is relatively unusual in that there is no provision within it to make any form of LTIP awards to Executive Directors.

In the 2022 report the Company stated that it had commenced a review of long-term incentive plan (LTIP) structures. A new LTIP was approved by the Committee and implemented during 2023 although, in line with the current shareholder-approved Remuneration Policy, Executive Directors are not eligible for awards under this LTIP.

During the third year of business, the Committee felt that the Remuneration Policy needed review and amendment to ensure continued market peer alignment, specifically to permit Executive Directors eligibility for LTIP awards. A summary of the key features of the LTIP was discussed with a number of shareholders during a consultation process which took place in early 2024. Following this consultation, the Committee believes that it is in the Company's interest to come back to shareholders at the 2024 AGM (rather than waiting as we could until the 2025 AGM) to seek shareholder approval to amend the Remuneration Policy to permit the making of LTIP awards to Executive Directors and to strengthen retention in the business in the event that the Company needs to recruit or appoint new Executive Directors in the future. and will also be included in the Notice of AGM. If approved, the 2024 Remuneration Policy will be in place for the three-year period from 2024 to 2026 inclusive.

The revised Remuneration Policy is designed to meet market best practice and the provisions of The UK Code.

If the revised Remuneration Policy and LTIP are approved at the 2024 AGM, the Committee intends to incentivise Elaine Whelan, CFO, with an LTIP award of 250% of salary. Elaine was not part of the initial founder allocation in 2020 in contrast to Neil Eckert, Executive Chairman, and Trevor Carvey, CEO, who received significant allocations at that time in the MIP founder pool. Elaine did receive a relatively modest allocation under the MIP, as shown in prior disclosures. Neither Neil nor Trevor will participate in the LTIP awards in 2024, however the proposed amendment to the Policy allows all Executive Directors to be eligible to participate in future LTIP awards should the Committee determine that it is appropriate to do so.

2024 Remuneration for Executive Directors

The remuneration report on the following pages contains detailed disclosures on the 2023 remuneration outcomes for the Directors as well as disclosure of details of the implementation of the proposed Remuneration Policy for the Executive Directors during 2024.

Remuneration Committee membership

I was appointed as Chairman of the Remuneration Committee at the time of the IPO in 2020. The other members of the Remuneration Committee are Ken Randall, Malcolm Furbert and Rebecca Shelley, who are Independent Non-Executive Directors. Richard Sandor retired as a Non-Executive Director in November 2023. Rebecca Shelley was appointed to the Board, and the Remuneration Committee, in July 2023.

2023 meetings

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

Role and responsibilities

The responsibilities of the Remuneration Committee include the following:

— Reviewing the appropriateness and relevance of the Remuneration Policy.
— Determining the policy for Directors' remuneration and setting remuneration for the Executive Chair of the Board, Executive Directors and senior management including the Company Secretary (the Executive Group).
— Reviewing the continuing appropriateness of workforce remuneration and related policies.
— Determining all elements of the remuneration of the Executive Group.

The Remuneration Committee's terms of reference, which also set out the Committee's reporting obligations and authority to carry out its responsibilities, are available on the Company's website.

There were no points of concern arising out of the Board's performance review regarding the Remuneration Committee's performance during 2023.

Key activities in the year

— Established a revised Remuneration Policy for Executive Directors, for which approval by the Company's shareholders will be sought at the May 2024 AGM.
— Approved an LTIP for Conduit employees, and initial Awards under the Plan to senior executives below the Board.
— Reviewed the remuneration for Executive Directors in line with the current approved Policy.
— Reviewed the business plan and appropriate RoE targets.
— Reviewed total compensation for the Executive Group.
— Reviewed overall bonus and reward arrangements for staff.

Conclusion

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

Having served a three year term, I shall not be standing for re-election at the May 2024 AGM. The Board will appoint a new Chair of the Remuneration Committee to replace me at that time.

Sir Brian Williamson, Chair
Remuneration Committee
27 February 2024

Name	Appointed	Maximum possible meetings	Meetings attended
Sir Brian Williamson, Chair	17 November 2020	4	4
Malcolm Furbert	17 November 2020	4	4
Ken Randall	17 November 2020	4	4
Richard Sandor	24 November 2020	4	3
Rebecca Shelley	24 July 2023	2	2

This section sets out the Directors' Remuneration Policy (the "Remuneration Policy"), which we will seek approval for at the 2024 AGM and which will come into effect on the date following approval.

As a non-UK incorporated company, Conduit does not need to comply with the requirements of the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008; however, it has chosen to do so voluntarily. The Remuneration Policy has been developed considering market best practice and The UK Code, noting that as a standard listed company it complies with The UK Code on a voluntary basis, reflecting the Board's commitment to high standards of corporate governance.

The main change to the previous Remuneration Policy is to allow Executive Directors to participate in the LTIP for which shareholder approval is also being sought at the 2024 AGM.

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

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

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

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

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

Executive Director Remuneration Policy table

Base salary

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

Benefits (including pension benefits)

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

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

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

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

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

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

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

Non-Executive Director remuneration

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

Performance targets

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

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

Malus and clawback

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

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

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

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

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

Committee discretions

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

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

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

If an event occurs that results in the annual bonus plan or long-term incentive plan performance conditions and/or the targets being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions. In addition, the Committee may exercise its discretion to make other non-material decisions affecting the Executive Directors' awards in order to facilitate the plans.

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

Legacy arrangements

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

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

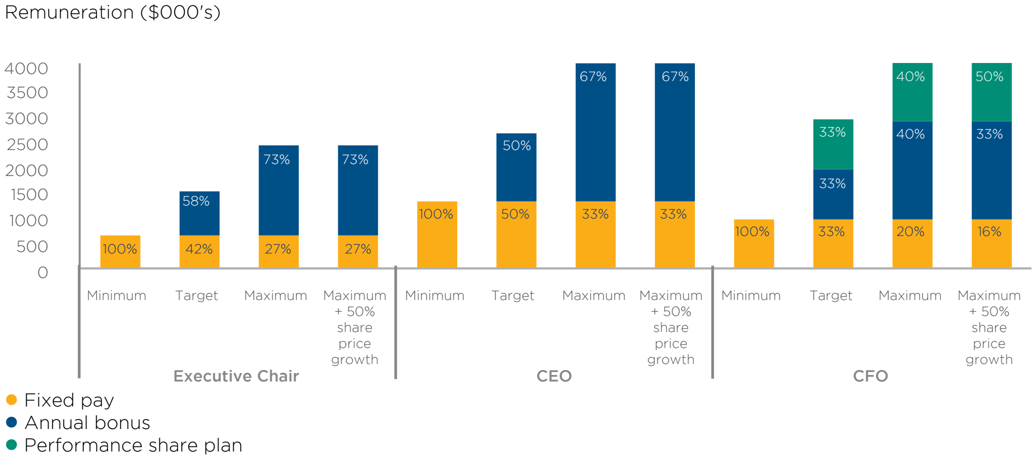
This may also include commitments to future Executive Directors where the terms were agreed prior to (and not in contemplation of) promotion to Executive Director, which includes satisfying awards of variable remuneration based on the terms agreed at the time the award was granted.

Service agreements – Executive Directors

The Company's policy is for Executive Directors to have service agreements which may be terminated by the Company for breach by the Executive or with no more than six months' notice from the Company to the Executive Director and six months' notice from the Executive Director to the Company.

Illustration of the Remuneration Policy

The chart below sets out the potential values of the remuneration package of the Executive Directors in line with the Remuneration Policy for 2024 under various performance scenarios.



Notes

- Minimum: Fixed pay (salary, benefits and pension).
- Target: Fixed pay and annual bonus at 50% of the maximum opportunity and LTIP at 50% of maximum.
- Maximum: Fixed pay and maximum achievable annual bonus and LTIP.
- Maximum with 50% share price growth: Fixed pay and maximum achievable annual bonus and LTIP at 1.5x maximum.
- Salary represents annual for 2024.
- Benefits have been included based on the actual 2023 value of benefits (including housing allowances).
- Pension represents the value of the annual pension of 10% of salary contributed by the Company.
- LTIP represents intended award for CFO in 2024. No LTIP is included for the Executive Chair or CEO as they will not receive an award in 2024.

On 18 November 2020, Neil Eckert and Trevor Carvey each entered into service agreements with CHL, which have since been transitioned to agreements with CSL. Neil Eckert has also entered into service agreement with CRSL in respect of those aspects of his duties that are performed in the UK. On 13 January 2021, Elaine Whelan entered into a service agreement and was appointed as an Executive Director and the CFO.

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

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

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

In the event of termination for cause (e.g. gross misconduct) neither notice nor payment in lieu of notice will be given and the Executive Director will cease to perform their services immediately. In addition, and consistent with market practice, the Company may pay a contribution towards the Executive Director's legal fees for entering into a statutory agreement, may pay a contribution towards fees for outplacement services as part of a negotiated settlement, or may make a payment to settle claims the Executive Director may have. There is no provision for additional compensation on termination following a change of control. Payment may also be made in respect of accrued benefits, including holiday not taken.

In the event of a change of control or similar event, awards may vest early subject to performance and, normally, any bonus entitlement would be subject to prorating on a time apportioned basis.

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

Service agreements – Non-Executive Directors

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

Any term renewal is subject to Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period.

Recruitment of Directors – approach to remuneration

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

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

Benefits will be offered in line with the policy table. For both external and internal appointments, the Committee may consider it appropriate to pay reasonable relocation or incidental expenses, including payment of reasonable legal expenses. This will ordinarily be for a reasonable but fixed period of time and will be disclosed on appointment. Pension will normally be in line with the wider workforce.

Annual bonus will be in line with the policy table and will be prorated in the year of joining to reflect the period of service. In setting the annual bonus, the Committee may set different performance metrics (to those of other Executive Directors) in the first year of appointment.

Participation in the LTIP would be in accordance with the information set out in the policy table.

Awards may be made on or shortly after an appointment, subject to prohibited periods. Different performance conditions may be set as appropriate.

For external appointments, the Committee recognises that it may need to provide compensation for forfeited awards from the individual's previous employer. To the extent possible, the design of any buyout will be made on a broadly like-for-like basis and shall be no more generous than the terms of the incentives they are replacing, taking into account the performance conditions attached to the vesting of the forfeited incentives, the timing of vesting and the likelihood of vesting.

Director	Date of Appointment	Expiry of first three-year term[1]
Elizabeth Murphy	18 November 2020	18 November 2023
Ken Randall	18 November 2020	18 November 2023
Malcolm Furbert	18 November 2020	18 November 2023
Sir Brian Williamson	18 November 2020	18 November 2023
Richard Sandor	26 November 2020	26 November 2023[2]
Michelle Seymour Smith	15 September 2021	15 September 2024
Rebecca Shelley	24 July 2023	24 July 2026

1. Succession planning for Board positions is discussed on page 48.
2. Richard Sandor left the Board on 8 November 2023.

The Committee may also use the flexibility provided (being best practice rather than a requirement) under the Listing Rules to make awards as provided for under Rule 9.4.2 (2) without prior shareholder approval.

For an internal appointment, any variable pay element or benefit awarded in respect of their prior role may be allowed to continue on its original terms.

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

Executive Directors' external appointments

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

How shareholders' views are taken into account

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

In January 2024, the Chair of the Committee wrote to various shareholders, and met with any who requested a call or meeting, in a consultation exercise regarding a change to the Remuneration Policy for which shareholder approval is being sought at the 2024 AGM. Feedback from the consultation process, along with advice and guidance from the Committee's advisor were considered in drafting the Remuneration Policy as stated on pages 62 to 71.

Broader employee context – consideration of employment conditions elsewhere in Conduit

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

The Remuneration Policy for Executive Directors is weighted more towards variable pay than for other employees, with a greater part of their pay therefore at risk to them and conditional on the successful delivery of Conduit's business strategy. The operation of the bonus scheme for the Executive Directors is consistent with Conduit's other senior employees. Bonus pools are determined based on financial performance against a target which is reviewed annually. Bonuses for more junior employees are calculated using a more formulaic approach. The operation of the LTIP for any Executive Director that participates (for 2024 limited to the CFO) is consistent with Conduit's other senior employees except that awards to Executive Directors must be subject to performance conditions.

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

2023 Remuneration Report

This section summarises the Directors' remuneration for the year ended 31 December 2023 and how the Remuneration Policy will be implemented for the year ahead. This report on remuneration together with the Chairman's Statement, as detailed on pages 60 to 61, will be put to an advisory vote at the 2024 AGM.

The following sections in respect of Directors' remuneration have been audited by KPMG Audit Limited:
- Single figure of remuneration.
- Non-Executive Director fees.
- 2024 annual bonus payments in respect of 2023 performance.
- Deferred bonus awards.
- Directors' shareholdings and share interests.

Executive Directors' single figure of remuneration

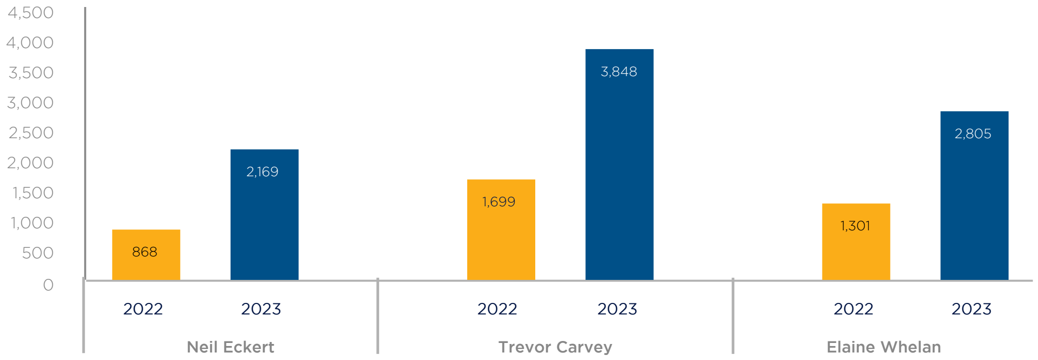
The table below sets out the total remuneration (in $000) for Executive Directors for the year ended 31 December 2023.

Executive Director	Year	Salary	Benefits[1]	Pension or payment in lieu[2]	Annual bonus[3]	LTIP[4]	Other[5]	Total fixed remuneration	Total variable remuneration	Total remuneration
Neil Eckert	**2023**	**562**	**1**	**14**	**1,581**	**-**	**11**	**577**	**1,592**	**2,169**
	2022	546	1	14	307	-	-	561	307	868
Trevor Carvey	**2023**	**849**	**350**	**85**	**2,546**	**-**	**18**	**1,284**	**2,564**	**3,848**
	2022	824	329	82	464	-	-	1,235	464	1,699
Elaine Whelan	**2023**	**621**	**247**	**62**	**1,862**	**-**	**13**	**930**	**1,875**	**2,805**
	2022	603	243	60	395	-	-	906	395	1,301

Notes to single figure table
1. Benefits for Bermuda-based Executive Directors are comprised of the employee obligations which are paid by the Company with respect to: Bermuda payroll taxes, Bermuda social insurance, medical, dental and vision coverage, life insurance, housing and other allowances paid or to be paid by Conduit in line with standard market practice. Benefits for Neil Eckert, who is UK-based, are a reflection of the annual well-being/gym allowance paid; there are no additional benefits under his terms and conditions.
2. The Executive Directors' pension provision is aligned to that of the rest of the workforce at 10% of pensionable earnings. Executive Directors may elect to take cash in lieu of pension, subject to compliance with applicable law. Neil Eckert is on a split employment contract to delineate his duties, therefore, pension benefit for Neil is a reflection of his UK contractual benefit requirement; there are no Bermuda-based benefits for which he is eligible under his terms of employment.
3. Executive Director bonus awards are stated as the full value of the bonus award; up to 50% of bonuses awarded are payable as a deferred share award of an equivalent value.
4. There were no LTIP awards to vest in 2022 or 2023 for Executive Directors. Additionally, no awards vested under the MIP during the year.
5. Dividend equivalents on the deferred bonus awards which vested during the year are included here at the value at the date of vesting (using a share price of £3.6360 and an FX rate of 1.222861).

The following chart summarises the above disclosed remuneration of each Executive Director for 2022 and 2023:

Executive Director remuneration ($000s)



Annual bonus

In line with the Remuneration Policy, annual bonus awards for the Executive Directors were based on the financial performance of Conduit and the personal contributions of each Executive Director, with the financial component making up 75% of the overall opportunity and 25% based on personal contribution and/or meeting strategic objectives. The financial measure for 2023 was RoE. The following table shows the targets and the resulting level of payout for each Executive Director.

Financial Performance (75%)

	Threshold	Target	Maximum	Actual[1]	Financial element pay-out
RoE	9.0%	12.0%	17.0%	22.0%	200%

1. While financial targets for the year ended 31 December 2023 were set with reference to the 2023 business plan prepared under the prior accounting standard, IFRS 4, the RoE as assessed and presented under IFRS 17 is not materially different. The outcome for the financial element would be the same under either an IFRS 4 or IFRS 17 basis.

Executive Directors’ performance objectives (25%)

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

	Detailed objectives	Assessment
Neil Eckert — Effective leadership and management of the Board of Directors. — Development of the investor relations and general business strategy. — Advocate for Conduit’s ESG strategy.	Effectively perform the duties of the Chairman’s role, primarily achieved through overseeing the business and investor relations strategy as well as managing the Board of Directors. Perform a leading role in promoting ESG principles across the business. Support the CEO to ensure the efficient operation of Conduit.	Neil’s primary focus in an executive capacity is oversight and direct engagement in Conduit’s investor relations strategy and relationships, holding meetings with current and potential investors, and with analysts. Neil also continues to contribute effectively regarding our approach to ESG, representing Conduit in various public spheres. More broadly, Neil provides advice and guidance to Trevor and to the Board, particularly navigating topics such as corporate strategy and Board succession planning.
Trevor Carvey — Effective leadership and management of the senior executive team and group. — Development of the general business strategy. — Incorporate ESG principles into the business.	Effectively perform the duties of the CEO role: managing the business in line with the strategy and business plan, participation in relevant Committee meetings including leading the executive team, making recommendations to improve business operations, and actively participate in the development and execution of the investor relations strategy. Lead the executive team, ensuring they are all contributing to business strategy growth and development, including fostering strong relationships with our investors. Perform a leading role in promoting ESG principles across the business.	Trevor's leadership of the business and executive team in his role as CEO has ensured that the business has achieved significant results in the third year of business for Conduit. Trevor has continued to focus time managing key investor and stakeholder relationship engagement while also giving oversight and direction to the business to ensure delivery of a quality book of business. As this year's results show, Trevor has led Conduit through another successful growth year, in line with Conduit's risk management protocols. This has ensured that Conduit is well positioned for the current market cycle and business opportunities.

	Detailed objectives	Assessment
Elaine Whelan — Effective leadership and management of the finance and investments and treasury functions for Conduit. — Contribution to the general finance and investment strategies. — Incorporation of ESG principles into the investment portfolio.	Effectively perform the duties of the CFO role: managing production of financial reports which are required as a public company, participation in relevant Committee meetings including making recommendations to improve capital efficiency and risk-adjusted returns, and actively participating in the development and execution of the investor relations strategy. Demonstrate leadership and management of the finance team. Manage Conduit's investment portfolio while working in conjunction with the Investment Committee and CEO. Perform a leading role in promoting ESG principles within the investment portfolio. Manage our rating agency relationships, update the CEO on matters which will get rating agency attention and recommend action/communication. Contribute, as a member of the executive team, to the efficient operation of Conduit.	In the third year of Conduit's operation, Elaine sponsored and led the project to implement IFRS 17 and, to a lesser degree, IFRS 9. Initial finance systems were designed with IFRS 17 in mind, so an efficient solution was able to be produced in a very short timeframe and with significant data transparency. All financial reporting deadlines were met and within budget, and Elaine fostered strong engagement both internally and externally with relevant stakeholders. Elaine continued to oversee the Company's investment portfolio, making recommendations for new products, managers and ESG goals. Elaine's forward-planning skills have ensured that there is appropriate resource allocation to ensure that financial reporting and systems projects are delivered. Elaine is a strong contributor to management discussions and general direction of the broader business and interacts well while delivering her viewpoint to colleagues and team members. Elaine has an efficient manner with which she conducts herself within the business, and on investor calls. Elaine continues to ensure that all finance systems continue to be robust and integrated with the business to support the business strategy and to ensure timely and accurate financial reporting.

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

	Financial element pay-out (% of weighted element)	Personal element pay-out (% of weighted element)	Actual bonus pay-out (% of maximum)
Neil Eckert	200	150	94
Trevor Carvey	200	200	100
Elaine Whelan	200	200	100

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

	Actual bonus pay-out (% of maximum)	Maximum opportunity (% of salary)	Actual bonus pay-out (% of salary)	Outcome ($'000)	Cash bonus paid, $'000 (50%)	Bonus deferred into shares, $'000 (50%)
Neil Eckert	94	300	281	1,580	790	790
Trevor Carvey	100	300	300	2,546	1,273	1,273
Elaine Whelan	100	300	300	1,862	931	931

Long-term incentive plan

As previously disclosed, the Executive Directors participate in the MIP scheme, which was in place prior to the IPO and was detailed in the IPO prospectus and subsequent Annual Report and Accounts. The MIP was Conduit's only share based incentive plan; however a new LTIP is being proposed for Executive Director participation in the revised Policy being put to a shareholder vote at the 2024 AGM. Details of the MIP can be found on pages 80 to 81 while the proposed LTIP details can be found in the Policy on pages 62 to 71 and in the Notice of AGM.

No awards under the MIP were eligible for vesting in the year under review.

Payments for loss of office

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

Payments to past Directors

No payments were made to former Directors during the year.

Non-Executive Directors

The Non-Executive Director fees have been determined in accordance with the Remuneration Policy set out on page 67.

The Non-Executive Directors' basic fee is $75,000 per annum, with additional annual fees payable in respect of membership of Board Committees of $15,000 per committee and $25,000 for appointment as Chair of a committee (and $15,000 for appointment as Senior Independent Director). The Non-Executive Directors do not participate in incentive schemes. A fee of $25,000 per annum is also payable in respect of Non-Executive Director appointment to the CRL board.

For the year ended 31 December 2023 under the terms of their appointments the Non-Executive Directors of CHL were paid the following fees:

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

Non-Executive Director	2023	2022
Sir Brian Williamson	130	130
Malcolm Furbert	130	130
Elizabeth Murphy	140	140
Ken Randall	155	155
Dr. Richard Sandor[1]	89	105
Michelle Seymour Smith	130	128
Rebecca Shelley[2]	46	—
Total	**820**	**788**

1. For 2023, fees include pro-rated fees which reflects his stepping down from the Board and Board Committees with effect from 7 November 2023.
2. Rebecca Shelley was appointed to the Board on 24 July 2023. Fees for 2023 have been pro-rated from the date of appointment.

The aggregate remuneration paid for the year ended 31 December 2023 by way of fee for all the Non-Executive Directors was $820,493 made up of $720,493 in respect of CHL and $100,000 in respect of CRL.

Directors' shareholdings

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

Details of awards under the DSBP

Up to 50% of an Executive Director's annual bonus is deferred into shares under the DSBP. Details of the awards for Executive Directors under the DSBP are below, including awards made during the year.

	Grant date	Awards held at 1 Jan 2023	Awards granted during the year	Awards vested during the year[2]	Awards held at 31 Dec 2023
Neil Eckert	25-Mar-22[1]	95,726	-	31,905	63,821
	24-Mar-23	-	26,333	-	26,333
		95,726	**26,333**	**31,905**	**90,154**
Trevor Carvey	25-Mar-22[1]	150,253	-	50,079	100,174
	24-Mar-23	-	39,747	-	39,747
		150,253	**39,747**	**50,079**	**139,921**
Elaine Whelan	25-Mar-22[1]	111,371	-	37,119	74,252
	24-Mar-23	-	33,905	-	33,905
		111,371	**33,905**	**37,119**	**108,157**

1. The vesting dates for the DSBP awards are subject to the company being out of a closed period and are as follows:
   2022 award (for 2021 performance bonus) – vests 33.33% per year over a three-year period, being 25 March 2023, 25 March 2024 and 25 March 2025.
   2023 award (for 2022 performance bonus) – vests 33.33% per year over a three-year period, being 24 March 2024, 24 March 2025 and 24 March 2026.
2. Vested awards are included in the Executive Directors' shareholdings disclosed on the following page.

Shareholding

Director	Beneficially owned as at 1 Jan 2023	**Beneficially owned as at 31 Dec 2023**	Share awards held – deferred bonus (unvested[1])	Guideline % of base salary	Guideline met[2]
Neil Eckert[3]	669,657	**707,387**	90,154	300%	Yes
Trevor Carvey	295,630	**442,709**	139,921	300%	Yes
Elaine Whelan	153,053	**233,266**	108,157	300%	No[4]

1. Share awards under the DSBP are calculated as up to 50% of the annual bonus award, with the number of shares calculated using the average of the share price at the close of the market over the five days prior to the day that the award is granted. See page 78 for details.
2. As at 31 December 2023, Neil Eckert and Trevor Carvey met the shareholding requirement set for Executive Directors.
3. Neil Eckert's beneficially owned shares includes 43,104 shares owned by his spouse, Nicola Eckert.
4. Elaine Whelan has seven years from appointment to build her shareholdings in order to meet the requirement. Once the unvested deferred share bonus awards disclosed in the table vest, Elaine Whelan will meet the required guideline.

Non-Executive Director[1]	Beneficially owned as at 1 Jan 2023	**Beneficially owned as at 31 Dec 2023**
Sir Brian Williamson	20,000	**30,000**
Malcolm Furbert	8,000	**8,000**
Elizabeth Murphy	15,000	**15,000**
Ken Randall	55,000	**55,000**
Dr Richard Sandor[2]	15,000	**15,000**
Michelle Seymour Smith	20,000	**20,000**
Rebecca Shelley[3]	-	**4,088**

1. Non-Executive Directors do not receive an annual bonus and therefore do not participate in the DSBP.
2. Richard Sandor retired from the Board with effect from 7 November 2023; any shares purchased by him after this date are not reflected above.
3. Rebecca Shelley was appointed to the Board 24 July 2023.

A share incentive plan, the MIP, was put in place prior to Admission for Neil Eckert and Trevor Carvey (the founders of Conduit) and other senior managers who are expected to make key contributions to the success of Conduit from Admission. Upon appointment, Elaine Whelan was issued with MIP share options.

The table below sets out the respective MIP Share allocations for each of the Executive Directors at 31 December 2023:

Name	USD MIP Shares	GBP MIP Shares	Percentage of MIP
Neil Eckert	45,000	45,000	45.0%
Trevor Carvey	30,000	30,000	30.0%
Elaine Whelan[1]	5,000	5,000	5.0%
Total	**80,000**	**80,000**	**80.0%**

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

Success in the MIP will be measured by share price performance and investor returns, and the MIP arrangements reflect these key metrics. The MIP was facilitated by the subscription for shares in CML (a direct subsidiary of CHL, which is an intermediate holding company of CRL). Under the MIP, Executive Directors and other senior managers invited to participate subscribed for shares or were issued nil-cost options in CML (MIP Shares). Half of the MIP Shares are denominated in sterling (GBP MIP Shares) and half in US dollars (USD MIP Shares).

Subject to vesting in the hands of the relevant holder of MIP Shares, if the performance condition is satisfied at the time, the MIP Shares will be automatically exchanged for common shares of CHL for an aggregate value equivalent to up to 15% of the excess of the Market Value of CHL over and above the Invested Equity (the "Growth") (7.5% of the Growth based on calculations in sterling for the GBP MIP Shares and 7.5% of the Growth based on calculations in US dollars for the USD MIP Shares).

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

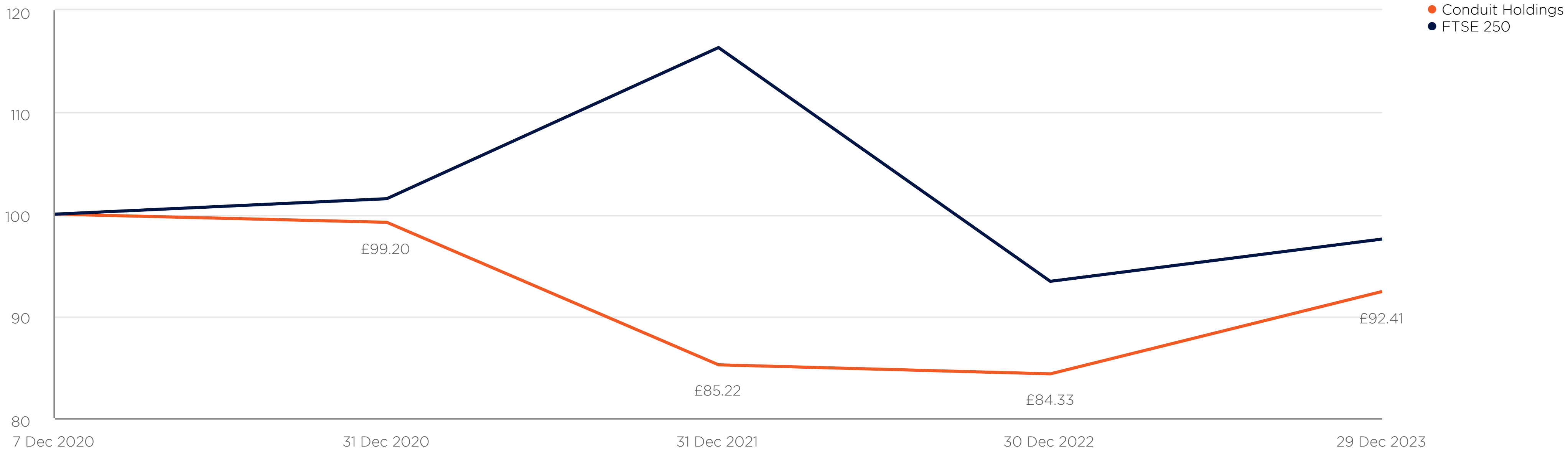
If on the seventh anniversary of Admission, the performance condition is not satisfied, all MIP Shares to be exchanged for commons shares of CHL on that date will be redeemed for 1 pence (sterling) in aggregate. Similarly, on a takeover of CHL or sale or liquidation of CML, if the performance condition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

The performance condition for the MIP is the compound annual growth rate achieved by CHL's shareholders on the date of the relevant exchange of MIP Shares for common shares of CHL is equal to or greater than 10% per annum. The performance condition is measured by reference to (1) any growth in CHL's market capitalisation, (2) any dividends paid to common shareholders and (3) any other returns of value to common shareholders. The performance condition is calculated from admission of its common shares to trading on the London Stock Exchange on 7 December 2020 on the initial capital raised then (and from the date of any future equity investment in the Company on that equity) to the date of the relevant exchange. It also takes into account the timing of any prior returns to common shareholders. The performance condition will be calculated separately in US dollars for the USD MIP Shares and sterling for the GBP MIP Shares.

Performance graph and table

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

CHL relative to FTSE 250 (7 December 2020 – 31 December 2023)



CEO single figure of remuneration

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

	2023	2022	2021	2020
CEO total remuneration	$3,848	$1,699	$2,649	$606
Actual bonus as a % of maximum	100	19	59	n/a
Actual share award vesting as % of the maximum	n/a	n/a	n/a	n/a

Percentage change in remuneration

Given Conduit was only incorporated on 7 December 2020 and was listed for less than a month in 2020 following the IPO, a year-on-year comparison in remuneration for 2020 versus 2021 is of limited use. Market-loss events and mark-to-market unrealised losses on investments had a negative impact on CEO remuneration in 2022 as disclosed in the CEO single figure of remuneration (in ,000) disclosure above and the year-on-year percentage changes disclosed below.

	2023	2022	2021	2020
Executive Chair total remuneration	$2,169	$868	$1,465	$401
Executive Chair year-on-year remuneration change (%)	150	-41	n/a	n/a
CEO total remuneration	$3,848	$1,699	$2,649	$606
CEO year-on-year remuneration change (%)	126	-36	n/a	n/a
CFO total remuneration[1]	$2,805	$1,301	$1,893	n/a
CFO year-on-year remuneration change (%)	116	-31	N/A	n/a

1. The CFO was appointed 14 January 2021, her predecessor's 2020 pay and pro-rated 2021 pay are not included in the above disclosure.

Relative importance of the spend on pay

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

	2023 $m	2022 $m	Percentage change %
Distributions to shareholders	**59.3**	59.3	— %
Total employee pay	**31.8**	22.3	43.0 %

CEO pay ratio

The majority of our employees are based in Bermuda, with fewer than 250 employees globally. As a result, we are not required to publish a CEO pay ratio.

However, the decision was made that we should report the CEO pay ratio in line with the Company's commitment to high standards of corporate governance. The 2022 and 2023 CEO pay ratios have been calculated using our total employee base (both Bermuda and UK employees) as at 31 December in each respective year.

	Calculation method	**2023**	2022
25th percentile Total Pay Ratio	A	**27:1**	14:1
Median Total Pay Ratio	A	**17:1**	9:1
75th percentile Total Pay Ratio	A	**10:1**	4:1

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

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

External advisors

In 2022, the Committee appointed specialist remuneration advisors at Alvarez & Marsal Tax LLP (A&M), a firm with no other connection to the Company or individual Directors. A&M is a member of the Remuneration Consultants' Group and is a signatory to its Code of Conduct, requiring the advice provided to be objective and impartial. Based on the above, the Committee is comfortable that the advice provided was independent. During 2023, $56,637 was paid to A&M (2022: $65,411), on a time and materials basis.

Statement of shareholder voting

At the 2022 shareholder AGM, the first Remuneration Policy and Directors' remuneration report was submitted to shareholders. Disclosure of the voting results at the AGM is presented below.

	Vote to approve 2022 Annual report on remuneration (at the 2023 AGM)		Vote to approve Remuneration Policy (at the 2022 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	144,204,130	98.99	131,008,002	97.60
Against	1,468,364	1.01	3,222,914	2.40
Total	**145,672,494**	**100.0**	**134,230,916**	**100.0**
Abstentions	-		-	

Remuneration for 2024

We disclose here the remuneration approach we have implemented for Executive Director and senior management remuneration in 2024.

Impact of inflationary environment on employees

In 2022, management modelled various scenarios on how the impact of inflation on our employees could be minimised. Management approved a fixed-term cost-of-living allowance (COLA) for our staff, excluding Executive Directors, which ran from March 2023 through to the end of February 2024.

Management have once again reviewed the current inflationary exposures for our staff and have approved for the COLA to be extended for a further 12-month period commencing from March 2024.

The 2023-24 COLA, was structured to ensure that those with the greatest need (i.e. those at the lower end of the salary scale) received the greatest assistance. Management have approved the 2024-25 COLA to be the same value to all staff as they received under the 2023-24 COLA.

Any new staff who have joined during 2023, and therefore did not receive the 2023-24 COLA have had their 2024-25 COLA calculated under the same parameters as were set for the 2023-24 COLA.

While the COLA is not intended to be permanent, it will be subject to review in 12 months' time, ahead of the determined end-date, to evaluate if the circumstances within the market have changed, resulting in an extension or termination of the COLA, or its replacement by another mechanism.

Salary increases across Conduit

A standard salary increase of 5.0% was applied to Executive Directors when setting the 2024 salaries. Across the wider workforce for Conduit, the average increase is 6.3%, including adjustments for promotions or market alignment. Additionally, the wider workforce are eligible to participate in the cost-of-living allowance which is noted in more detail above, and Executive Directors are not eligible for this additional allowance. When accounting for annual salary and the cost-of-living allowance, the average increase in fixed pay across the wider workforce is 13.1%.

All salary increases are with effect from 1 January 2024 and for Executive Directors are as follows:

Executive Director	**2024 salary**	2023 salary
Neil Eckert	**$590,391**	$562,277
Trevor Carvey	**$891,156**	$848,720
Elaine Whelan	**$651,658**	$620,627

Housing allowances

Housing allowances for the Bermuda-based Executive Directors remain unchanged from the prior year and are as follows:

	2024		2023	
Executive Director	**Monthly housing allowance**	**Annual housing allowance**	Monthly housing allowance	Annual housing allowance
Trevor Carvey	**$17,500**	**$210,000**	$17,500	$210,000
Elaine Whelan	**$10,000**	**$120,000**	$10,000	$120,000

Bonus target and maximum parameters

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

	2024		2023	
Executive Director	**Bonus target**	**Maximum bonus**	Bonus target	Maximum bonus
Neil Eckert	**150%**	**300%**	150%	300%
Trevor Carvey	**150%**	**300%**	150%	300%
Elaine Whelan	**150%**	**300%**	150%	300%

For the 2024 bonus scheme for Executive Directors, 75% will relate to financial performance based on RoE and 25% will relate to personal performance aligned to key strategic objectives. The target RoE generated by the annual business plan process is considered when setting the appropriate targets for calculating the financial element of target bonuses, with actual bonus payments calculated subject to a range of RoE levels. A minimum RoE financial performance hurdle applies before any bonus is payable. The Remuneration Committee believes that these targets are suitably challenging for Conduit's operations. Details of the targets will be disclosed retrospectively in next year's report.

Up to half of any bonus award will be deferred into shares. Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Remuneration Committee.

Other benefits

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

Pension

The Executive Directors' pension provision for 2024 continues to be aligned with that of the rest of the workforce at 10% of pensionable earnings. Executive Directors may elect to take cash in lieu of pension, subject to compliance with applicable law.

Long-term incentives

Executive Directors participate in the MIP, which was put in place pre-IPO, with no new long-term incentive awards granted in 2023 in line with the approved Remuneration Policy. As noted in the Chairman's opening statement in pages 60 to 61, the Committee determined that the Policy needed review and amendment to ensure continued market peer alignment for Executive Director packages. In light of this, a shareholder consultation and feedback exercise was conducted, with particular focus on the proposed revised Remuneration Policy, which is presented in this report in pages 62 to 71.

The 2024 Remuneration Policy will be put to a binding shareholder vote at the May 2024 AGM and is expected to be in place for the three-year period from 2024 to 2026 inclusive.

Assuming the revised Remuneration Policy and LTIP are approved at the 2024 AGM, the Committee intends to make an award to Elaine Whelan at 250% of salary. Neil Eckert and Trevor Carvey will not participate the LTIP in 2024. The Committee will review the position again in 2025.

The Committee have determined that currently the most appropriate structure for the LTIP for Executive Directors will be to have two financial performance conditions:

Growth in Net Asset Value (NAV) per share – 75% weighting

Growth in NAV per share as the primary performance metric will ensure a strong link is created for ensuring long-term growth and value creation for shareholders is the main vesting determinant of awards. Year-end shareholders' equity includes the comprehensive income (loss) for the financial year adjusted for dividends declared. Intangible assets are excluded from shareholders' equity to calculate the net tangible asset value per share.

The annual growth in NAV per share target range for awards is:
— threshold 5%; and
— maximum 13%.

Meeting the threshold target will result in 25% vesting of the relevant annual tranche (75%) of the award. If the threshold target is not met, the relevant annual tranche of the award will not vest. Performance between threshold and maximum will be determined on a straight-line basis.

This performance condition will be measured on an annual basis, with the award effectively split into three with each year's results being assessed against the target. In each year, performance will be measured against the target range to determine the level of vesting in respect of one-third of the total award. Vesting will only occur after completion of the full three-year performance period, and continued employment of the Executive Director at the time of vesting.

Absolute Total Shareholder Return (TSR) – 25% weighting

Using absolute TSR enables Conduit to provide an objective reward for delivering value to shareholders. Total shareholder return is calculated as the percentage change in Common Share price over a period, after adjustment for Common Share dividends.

The TSR target range for awards is:
— threshold 5%; and
— maximum 13%.

Absolute TSR will be measured over the full three-year period of the award, rather than each individual year within the period. Meeting the threshold target will result in 25% vesting of the relevant element (25%) of the award. If the threshold target is not met, the relevant element (25%) of the award will not vest. Performance between threshold and maximum is determined on a straight-line basis.

Committee discretion with regards to LTIP vesting

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

Non-Executive Director Fees

Non-Executive Director fees were set at the time of the IPO and have not subsequently been amended. A review of Non-Executive Director fees will be undertaken during 2024.

The Directors of Conduit Holdings Limited present their report for the year ended 31 December 2023. This report includes the additional information required to be disclosed under the Disclosure and Transparency Rules of the Financial Conduct Authority. Certain information included in the Strategic Report, the Corporate Governance Report, the Audit Committee report, the Nomination Committee report and the Directors' remuneration report are incorporated by reference into the Directors' report in addition to the following topics.

Overview

Conduit Holdings Limited was incorporated in Bermuda on 6 October 2020 under registration number 55936 and has three subsidiaries incorporated in Bermuda: Conduit MIP Limited, an incentive-related entity (registration number 56057), Conduit Reinsurance Limited, the main operating company of Conduit (registration number 55937), and Conduit Services Limited, a services company (registration number 56189). Conduit Reinsurance Services Limited is a wholly owned services company registered in England (registration number 12947450).

On 7 December 2020, all of CHL's common shares were admitted to the standard listing segment of the Official List of the UK Financial Conduit Authority and admitted to trading on the LSE's main market for listed securities.

Principal activity

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

Principal risks and financial internal controls and risk management

Conduit's principal risks and a description of the risk management framework and governance are set out in the Enterprise Risk Management Report on pages 23 to 27; information regarding financial internal controls and risk management is set out on page 55.

Board of Directors

The Directors of the Company who served during the financial year and through to the date of this report are listed on page 48.

Biographies are set out on pages 40 to 44.

Dividends

On 25 July 2023, the Board declared an interim dividend of $0.18 (approximately £0.14 pence) per Common Share declared resulting in an aggregate payment of $29.7 million.

On 20 February 2024, Conduit's Board of Directors declared a final dividend for 2023 of $0.18 (approximately £0.14) per Common Share, which will result in an aggregate payment of $29.7 million.

Insurance and indemnification

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

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

Recent developments

Recent developments are discussed on page 153.

Stakeholder engagement

A review of the Company's engagement with stakeholders is set out in the Section 172 statement on pages 36 and 38.

Diversity and inclusion

A discussion of Diversity and Inclusion is set out in the Nomination Committee report on page 53.

Compliance with the Code

A review of the Company's compliance with the Code is set out on pages 48 to 51.

ESG

The ESG summary on pages 29 to 34 provides an overview of the Company's approach to ESG, including charity and climate.

Carbon emissions
Details of Conduit's carbon emissions for 2023 can be found in the ESG summary on page 34 of this report.

Political donations
No political donations were made by Conduit in the year ended 31 December 2023, nor in 2022.

Share capital
Details of the structure of the Company's share capital and changes in the share capital during the year are disclosed in note 17 to the consolidated financial statements. The Common Shares of $0.01 par value each is the only class of shares of the Company presently in issue carrying voting rights. There are no nil or partly paid shares in issue. All Common Shares rank pari passu in all respects, there being no conversion or exchange rights attaching thereto and all Common Shares have equal rights to participate in capital, dividend and profit distributions by the Company. The Common Shares are freely transferable and there are no restrictions on transfer, except as set out in the bye-laws or as may from time to time be imposed by law and regulations.

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

"84.1 Subject to Bye-law 84.2, no bye-law shall be rescinded, altered or amended and no new bye-law shall be made until the same has been approved by a resolution of the Board and by a resolution of the Members.

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

Purchase of shares by the Employee Benefit Trust
CHL established an Employee Benefit Trust ("EBT") during the second quarter of 2022 with the sole purpose of managing the equity incentives granted to executives and employees of Conduit.

Further details of the EBT are set out in note 21 to the consolidated financial statements on page 150.

In 2023. the EBT continued to make on-market purchases of CHL's shares. The Shares held in the Conduit EBT are intended to be used for the benefit of employees under CHL's variable incentive schemes.

Further details of the shares held by, and the purchases made by, the Conduit EBT are set out in note 21 to the consolidated financial statements on page 150.

Directors' interests
Directors' beneficial interests in the Company's Common Shares as of 31 December 2023, including interests notified to the Company in respect of Directors' closely associated persons within the meaning of the Market Abuse Regulation (MAR) were as follows:

Directors	Common Shares held as of 31 December 2023	Common Shares held as of 31 December 2022
Neil Eckert, Executive Chairman	707,387[1]	669,657[2]
Trevor Carvey, Chief Executive Officer	442,709	295,630
Elaine Whelan, Chief Financial Officer	233,266	153,053
Sir Brian Williamson, Senior Independent Non-Executive Director	30,000	20,000
Malcolm Furbert, Independent Non-Executive Director	8,000	8,000
Elizabeth Murphy, Independent Non-Executive Director	15,000	15,000
Ken Randall, Independent Non-Executive Director	55,000	55,000
Michelle Seymour Smith, Independent Non-Executive Director	20,000	20,000
Rebecca Shelley, Independent Non-Executive Director	4,088	-

1. Includes 43,104 shares owned by his spouse, Nicola Eckert.
2. Includes 35,873 shares owned by his spouse, Nicola Eckert.

Shareholding guidelines require Executive Directors to build and maintain a shareholding in the Company of 300% of salary while in post. Where not met at admission, any portion of future bonuses that are paid in shares and other share awards or purchases will accumulate until this requirement is met. Further details are set out in the remuneration report on pages 78 to 80. As at 31 December 2023, As at 31 December 2023, Neil Eckert and Trevor Carvey met the shareholding requirement set for executive directors. Elaine Whelan continues to build out her share ownership and has almost four years remaining to achieve compliance under the policy.

Major shareholdings

As at 23 February 2024 Conduit Holdings Limited has been notified (via forms TR-1: Standard form for notification of major holdings in accordance with DTR 5.3.1R(1)) of the following interests of 5% or more in the voting rights in its common shares.

Shareholder	Number of shares February 2024 (m)	% of shares notified per Form TR1
FIL Limited	16,433,270	9.99
Aviva PLC and affiliates	16,446,637	9.95
Janus Henderson Group Plc	8,345,539	5.05

1. Percentage as at date of notification

Going concern and viability statement

A review of the financial performance of Conduit is set out on pages 18 to 21. The financial position of Conduit, including its cash flows and its borrowing facilities, are included in the financial statements starting on page 91. Conduit is well capitalised and has a well-balanced book of business.

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

This is consistent with the outlook period set out in Conduit's IPO prospectus.

Building on the strategy and plan presented in the IPO prospectus, the Board conducted its annual review of strategy in 2023 and updated Conduit's planning over a three-to-five-year time horizon, taking into account perspectives on the external business environment and the principal risks and material uncertainties affecting Conduit and examining how Conduit's capital and operational capacity can best be aligned to support Conduit's objectives over the next three years. Further information on Conduit's principal risks can be found on pages 25 to 26. The risk disclosures section of the consolidated financial statements on pages 110 to 128 sets out the principal risks to which Conduit is exposed, including reinsurance risk, market risk, liquidity risk, credit risk, operational risk and strategic risk, together with Conduit's policies for monitoring, managing and mitigating its exposures to these risks. As part of the consideration of the appropriateness of adopting the going concern basis, Conduit uses stress and scenario analysis, and testing, to assess the robustness of Conduit's solvency and liquidity positions. To make the assessment, Conduit analysed and tested a number of scenarios individually and in combination, including applying reverse stress tests. The Board considers an aggregated occurrence of all these scenarios to be remote and that under the assessed scenarios Conduit remained adequately capitalised.

The Audit Committee also considered a formal going concern analysis from management at its November 2023 meetings (for further details, see page 58 in the Audit Committee report).

After reviewing Conduit's strategy, budgets and medium-term plans, and subject to the principal risks faced by the business, the Board has a reasonable expectation that Conduit has adequate resources to continue in operational existence through the period to 31 December 2024. For this reason, the Board continues to adopt the going concern basis in preparing the accounts.

Disclosure of information to the auditors

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

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

Auditors

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

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

Powers of Directors

The powers given to the Directors are contained in the Company's bye-laws and are subject to relevant legislation and, in certain circumstances (including in relation to the issuing and buying back by the Company of its shares), approval by shareholders in a general meeting. At the AGM in 2023, the Directors were granted authorities to allot and issue shares and to make market purchases of shares and intend to seek renewal of these authorities in 2024.

Appointment and replacement of Directors

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

Annual General Meeting

The 2024 AGM will be held at 10:00 a.m. Atlantic time on 15 May 2024 at the Company's headquarters at Ideation House, 94 Pitts Bay Road, Pembroke, Bermuda. The Notice of the AGM will be sent to shareholders in a separate circular. The deadline for submission of proxies will be 20 hours before the meeting.

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

Greg Lunn
Company Secretary
27 February 2024

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

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

Directors' confirmations

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

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

— the consolidated annual financial statements are prepared on a going concern basis in accordance with IFRS as issued by the IASB. Conduit's management determine appropriate measurement bases, to provide the most useful information to users of the consolidated financial statements, providing a true and fair view of the assets, liabilities, financial position and profit or loss of Conduit; and

— the Strategic Report on pages 5 to 38 which serves as the management report, includes a fair review of the development and performance of the business and position and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The audited consolidated financial statements were approved for issue on 27 February 2024 and the Directors responsible for authorising the responsibility statement on behalf of the Board are:

Trevor Carvey
Executive Director
and CEO
27 February 2024

Elaine Whelan
Executive Director
and CFO
27 February 2024

FINANCIAL STATEMENTS

For the year ended 31 December 2023

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Independent Auditor's report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
Conduit Holdings Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Conduit Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent Auditor's report
continued

The risk	Our response
Valuation of liability for incurred claims ('LIC') (2023: Reinsurance contract liabilities include a liability for incurred claims of $592.2 million, $549.6 million net of ceded asset for incurred claims. 2022: Liability for incurred claims of $391.1 million, $332.6 million net of ceded asset for incurred claims) Refer to the Audit committee report on pages 54 – 58 and the following in the notes to the consolidated financial statements: note 2 'Material accounting policies', note 3 'Risk disclosures' and note 14 'Reinsurance contracts'.	

Independent Auditor's report
continued

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

Independent Auditor's report
continued

The risk	Our response
Accuracy of proportional business reinsurance revenue (Included within reinsurance revenue for the year ended 31 December 2023 of: $633.0 million 2022: $392.4 million). Refer to the Audit committee report on pages 54 – 58 and the following in the notes to the consolidated financial statements: note 2 'Material accounting policies'.	
Proportional business constitutes a significant portion of business written during the year; pricing for which is based on estimates of total premium cash flows provided by ceding companies supplemented by management estimates. **Subjective estimation** Management exercises judgement in determining the estimated total premium cash flows expected to be received from reinsurance contracts that are used to determine the amount of reinsurance revenue recognised in the period. These judgements are based on experience with ceding companies, familiarity with each market, timing of the reported information and its understanding of the characteristics of each class of business. As such, we determined that the accuracy of inward reinsurance revenue estimates on proportional business has a higher degree of estimation uncertainty.	**Our procedures included:** Control design and implementation: — We evaluated the design and implementation of the Group's key controls regarding review of the reinsurance revenue estimates recorded. We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Assessing assumptions and methodology: — We challenged assumptions applied by the Group including judgements applied to total premium cash flows by management's underwriters. — We evaluated the reasonableness of these total premium cash flows by comparing the actual reported reinsurance revenue with the initial estimated reinsurance revenue for prior years. — For a sample of policies, we agreed the total premium cashflows to third party supporting documentation. Assessing transparency: — We evaluated the adequacy of the Group's disclosures on reinsurance revenue estimates in accordance with the requirements of relevant accounting standards.

Independent Auditor's report
continued

Other information
Management is responsible for the other information. The other information comprises the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Except as described in the Report on Other Legal and Regulatory Requirements section of our report, our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's report
continued

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

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

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

Report on other legal and regulatory requirements

Directors' remuneration report

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

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

Corporate governance statement

We have been engaged to review the part of the corporate governance statement on pages 48 to 51 relating to the Group's compliance with the provisions of the UK Corporate Governance Code that would be specified by the Listing Rules of the UK's Financial Conduct Authority for our review if the Group had a premium listing on the London Stock Exchange. We have nothing to report in this respect.

In addition, the Directors have engaged us to review their statements on going concern and the longer-term viability on page 88 as if the Company was a United Kingdom registered company with a premium listing on the London Stock Exchange. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements.

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

— the directors' confirmation within the longer-term viability statement on page 88 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
— the directors' explanation in the longer-term viability statement page 88 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
— the related going concern statement made in conformity with the Listing Rules set out on page 88.

The purpose of our audit work and to whom we owe our responsibilities

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

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

Chartered Professional Accountants
Hamilton, Bermuda
27 February 2024

Consolidated statement of comprehensive income (loss)
For the year ended 31 December 2023

	Notes	**2023 $m**	2022 $m (re-stated)
Reinsurance revenue	4, 14	633.0	392.4
Reinsurance service expenses	4, 14	(377.0)	(362.1)
Ceded reinsurance expenses	4, 14	(76.7)	(48.6)
Ceded reinsurance recoveries	4, 14	4.3	28.7
Reinsurance service result	4, 14	**183.6**	**10.4**
Net investment income	5	41.3	17.8
Net realised losses on investments	5	(1.3)	(2.8)
Net unrealised gains (losses) on investments	5, 12	30.6	(67.8)
Net investment result	5	**70.6**	**(52.8)**
Net reinsurance finance (expense) income	4, 6, 14	(32.8)	20.8
Net foreign exchange gains		1.4	1.3
Net reinsurance and financial result		**222.8**	**(20.3)**
Equity-based incentive expense	7, 18	(2.5)	(2.1)
Other operating expenses	4, 7, 8, 15, 21	(28.3)	(20.7)
Results of operating activities		**192.0**	**(43.1)**
Financing costs	9, 16	(1.2)	(0.8)
Total comprehensive income (loss) for the year		**190.8**	**(43.9)**
Earnings (loss) per share			
Basic	20	$1.19	$(0.27)
Diluted	20	$1.19	$(0.27)

Consolidated balance sheet
As at 31 December 2023

	Notes	**2023 $m**	2022 $m (re-stated)	1 January 2022 $m (re-stated)
Assets				
Cash and cash equivalents	11, 16	199.8	112.9	67.5
Accrued interest receivable		8.5	5.5	3.7
Investments	12, 13, 16	1,238.4	1,021.7	1,008.4
Ceded reinsurance contract assets	14	42.7	67.3	41.0
Other assets		4.7	3.6	1.6
Right-of-use lease assets	15	2.1	2.2	2.9
Intangible assets		-	1.4	1.1
Total assets		**1,496.2**	**1,214.6**	**1,126.2**
Liabilities				
Reinsurance contract liabilities	14	494.5	336.3	116.1
Other payables		12.0	8.7	19.0
Lease liabilities	15	2.3	2.4	2.9
Total liabilities		**508.8**	**347.4**	**138.0**

	Notes	**2023 $m**	2022 $m (re-stated)	1 January 2022 $m (re-stated)
Shareholders' equity				
Share capital	17	1.7	1.7	1.7
Own shares	17	(32.9)	(20.1)	(0.2)
Other reserves	18	1,059.6	1,058.1	1,056.0
Retained loss		(41.0)	(172.5)	(69.3)
Total shareholders' equity		**987.4**	**867.2**	**988.2**
Total liabilities and shareholders' equity		**1,496.2**	**1,214.6**	**1,126.2**

The consolidated financial statements were approved by the Board of Directors on 27 February 2024 and signed on its behalf by:

Trevor Carvey
CEO

Elaine Whelan
CFO

Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2023

	Notes	Share capital $m	Own shares $m	Other reserves $m	Retained loss $m	Total shareholders' equity $m
Balance as at 31 December 2021, as previously reported	22	**1.7**	**(0.2)**	**1,056.0**	**(76.3)**	**981.2**
Impact of initial application of IFRS 17	22	-	-	-	7.0	7.0
Balance as at 1 January 2022, re-stated	22	**1.7**	**(0.2)**	**1,056.0**	**(69.3)**	**988.2**
Total comprehensive loss for the year, re-stated		-	-	-	(43.9)	(43.9)
Purchase of own shares	17	-	(19.9)	-	-	(19.9)
Dividends on common shares	17	-	-	-	(59.3)	(59.3)
Equity-based incentives	7, 18	-	-	2.1	-	2.1
Balance as at 31 December 2022, re-stated		**1.7**	**(20.1)**	**1,058.1**	**(172.5)**	**867.2**
Total comprehensive income for the year		-	-	-	190.8	190.8
Distributions by EBT	17, 18	-	0.9	(1.0)	-	(0.1)
Purchase of own shares	17	-	(13.7)	-	-	(13.7)
Dividends on common shares	17	-	-	-	(59.3)	(59.3)
Equity-based incentives	7, 18	-	-	2.5	-	2.5
Balance as at 31 December 2023		**1.7**	**(32.9)**	**1,059.6**	**(41.0)**	**987.4**

Statement of consolidated cash flows
For the year ended 31 December 2023

	Notes	2023 $m	2022 $m (re-stated)
Cash flows from operating activities			
Comprehensive income (loss)		190.8	(43.9)
Depreciation	15	0.7	0.9
Write-off of intangible asset		1.4	-
Interest expense on lease liabilities	9, 15	0.1	0.1
Net investment income	5	(42.4)	(18.7)
Net realised losses on investments	5	1.3	2.8
Net unrealised (gains) losses on investments	5, 12	(30.6)	67.8
Net unrealised foreign exchange gains		(1.2)	(1.0)
Equity-based incentive expense	7, 18	2.5	2.1
Change in operational assets and liabilities			
– Reinsurance assets and liabilities		184.0	195.1
– Other assets and liabilities		2.8	(2.0)
Net cash flows from operating activities		**309.4**	**203.2**
Cash flows used in investing activities			
Purchase of investments		(541.5)	(304.9)
Proceeds on sale and maturity of investments		356.5	206.2
Interest received		37.0	21.1
Purchase of property, plant and equipment		(0.7)	-
Purchase of intangible assets		-	(0.3)
Net cash flows used in investing activities		**(148.7)**	**(77.9)**

	Notes	2023 $m	2022 $m (re-stated)
Cash flows used in financing activities			
Lease liabilities paid	15	(0.7)	(0.6)
Dividends paid	17	(59.3)	(59.3)
Purchase of own shares	17	(13.7)	(19.9)
Distributions by EBT	17	(0.1)	-
Net cash flows used in financing activities		**(73.8)**	**(79.8)**
Net increase in cash and cash equivalents		**86.9**	**45.5**
Cash and cash equivalents at the beginning of the year	11	112.9	67.5
Effect of exchange rate fluctuations on cash and cash equivalents		-	(0.1)
Cash and cash equivalents at end of year	11	**199.8**	**112.9**

Notes to the consolidated financial statements
For the year ended 31 December 2023

1. General information
CHL was incorporated under the laws of Bermuda on 6 October 2020 and, on 7 December 2020, all of its common shares of par value $0.01 per share were admitted to the standard listing segment of the Official List of the UK Financial Conduct Authority and admitted to trading on the LSE's main market for listed securities. CHL's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. CHL's consolidated financial statements as at, and for the year ended 31 December 2023 include the Company's subsidiaries. The principal activity of Conduit is to provide reinsurance products and services to its clients worldwide.

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

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

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

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

Going concern
The consolidated financial statements of Conduit have been prepared on a going concern basis. In assessing Conduit's going concern position as at 31 December 2023, the Board have considered a number of factors, including the current balance sheet position and Conduit's strategic and financial plan, taking account of possible changes in trading performance and funding retention, stress testing and scenario analysis. Conduit's capital ratios and its capital resources are comfortably in excess of regulatory solvency requirements, and internal stress testing indicates Conduit can withstand severe economic and competitive stresses.

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

Changes in accounting policies and new standards
As previously disclosed, Conduit has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. There are no other new or amended IFRS reporting standards, that have a material effect, that have become effective during the year. IFRS 17 has had a significant impact on accounting for reinsurance contracts. As a result, Conduit has restated certain comparative amounts and presented an additional consolidated balance sheet as at 1 January 2022. Conduit's updated accounting policies for reinsurance contracts and financial instruments are set out below. Disclosures relating to the transition to IFRS 17 and IFRS 9 have been set out in note 22.

Future accounting changes
Of the upcoming accounting standard changes, we do not anticipate that any will have a material impact on the financial statements' results, or presentation and disclosures.

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

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

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

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

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

Consolidation principles
These consolidated financial statements comprise the financial statements of CHL and its subsidiaries as at and for the year ended 31 December 2023. Subsidiaries are those entities that are controlled by Conduit and are fully consolidated from the date on which Conduit obtains control and continue to be consolidated until the date when such control ceases. Control is achieved when Conduit is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

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

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

Reinsurance contracts
Prior to IFRS 17 coming into effect, IFRS was silent in respect of certain aspects relating to the measurement of reinsurance contracts. In such instances, the IFRS framework allows reference to another comprehensive body of accounting principles. Conduit's management therefore determined appropriate measurement bases, to provide the most useful information to users of the financial statements, using their judgement and considering US GAAP.

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

The PAA simplifies the measurement of reinsurance contracts for remaining coverage, or pre-claims, in comparison to the GMM. The PAA is similar to Conduit's previous accounting policies under IFRS 4 for calculating revenue, however there are some key presentation changes with respect to certain commissions. The GMM is used for the measurement of the liability for incurred claims.

PAA eligibility
Under IFRS 17, Conduit's reinsurance contracts issued and ceded reinsurance contracts held are all eligible to be measured by applying the PAA, due to meeting the following criteria:
- Loss-occurring reinsurance contracts with coverage period of one year or less are automatically eligible; and
- Modelling of risk-attaching contracts or contracts with a coverage period greater than one year produces a measurement for the group of reinsurance contracts that does not differ materially from that which would be produced applying the GMM.

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

Conduit's accounting policies apply to both reinsurance contracts issued and ceded reinsurance contracts held unless explicitly referenced as applying to contracts issued or ceded only. Conduit writes both excess of loss and proportional (also known as quota share or pro-rata) reinsurance contracts. The type of contract impacts the recognition of reinsurance revenue. Contract types are discussed on page 106.

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

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct non-insurance services.

IFRS 17 then applies to all remaining components of the contract. Conduit does not have any contracts containing non-insurance components that require separation. Where contracts contain multiple reinsurance components that meet the requirements for separation, these are separated and accounted for as standalone contracts.

Some reinsurance contracts issued contain profit sharing arrangements, such as profit commissions and no claims bonuses. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive either in the form of profit commission, or as reimbursement for claims, or another contractual payment, irrespective of the insured event happening. These are typically considered non-distinct investment components. Non-distinct investment components are not separated from the reinsurance contract as they are closely interrelated to the measurement of the reinsurance contract. However, the impact of the non-distinct investment components are excluded from the consolidated statement of comprehensive income (loss) by adjusting reinsurance revenue and reinsurance service expenses by the minimum amount due. There is no impact to the reinsurance service result as there is an equal reduction to both revenue and expenses.

Level of aggregation
Conduit manages reinsurance contracts issued by class of business within an operating segment. Classes of business are aggregated into portfolios of contracts that are subject to similar risks. Contracts within each portfolio are grouped into groups of contracts that are issued within a calendar year, the annual cohort, and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of subsequently becoming onerous; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which reinsurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Onerous contracts
Under the PAA, it is assumed there are no contracts in the portfolio that are onerous at initial recognition, unless there are facts and circumstances that may indicate otherwise. Management primarily considers the following to determine whether there are facts and circumstances that mean a group of contracts are onerous:

- Pricing information;
- Results of similar contracts it has recognised; and
- External factors, such as a change in market experience or regulations.

If a group of contracts becomes onerous, Conduit increases the carrying amount of the liability for remaining coverage to the amount of the fulfilment cash flows with the amount of such an increase recognised immediately in reinsurance service expenses. Subsequently, Conduit amortises the amount of the loss component by decreasing reinsurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then Conduit remeasures the loss component by reassessing the fulfilment cash flows as required until the loss component is reduced to zero.

Where a loss component is expected to be partially or fully recovered by ceded reinsurance contracts, the amount of recovery is recognised in ceded reinsurance recoveries.

Notes to the consolidated financial statements
continued

Recognition
Conduit recognises groups of reinsurance contracts it issues from the earliest of:
- The beginning of the coverage period of the group of contracts;
- The date when the first payment from the cedant is due or when the first payment is received if there is no due date; or
- For a group of onerous contracts, the date when facts and circumstances indicate that the group is onerous.

For ceded reinsurance contracts Conduit recognises the group of contracts:
- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of the underlying covered reinsurance contracts issued; or
- For non-proportionate coverage, the beginning of the coverage period of the group of contracts, unless an onerous group of underlying reinsurance contracts have been recognised and the ceded reinsurance contract has been signed before that date.

Modification and derecognition
Conduit derecognises reinsurance contracts when:
- The rights and obligations relating to the contract are extinguished (meaning discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, Conduit derecognises the initial contract and recognises the modified contract as a new contract. When a modification is not treated as a derecognition, Conduit recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Contract boundaries
The measurement of a group of reinsurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group. Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations that exist during the reporting period in which Conduit can compel the cedant to pay the premiums, or in which Conduit has a substantive obligation to provide the cedant with services. A substantive obligation to provide services ends when Conduit has the practical ability to reassess the risks of the cedant and, as a result, can set a price of level of benefits that fully reflects those risks. Where Conduit issues multi-year contracts and does not have the ability to re-price on each policy anniversary the contract is considered one contract and therefore future cash flows from each of the annual periods are considered on initial recognition.

For ceded reinsurance contracts the cash flows are within the boundary of the contract if Conduit has a substantive right to receive services or if Conduit is compelled to pay premiums to the reinsurer. The substantive right to receive services from the reinsurer ends when:
- The reinsurer has the practical ability to reassess the risks transferred to it and can set a price of level of benefits that fully reflects those risks; or
- The reinsurer has a substantive right to terminate the coverage.

Conduit assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effects of changes in circumstances on Conduit's substantive rights and obligations. The assessment of the contract boundary, which defines the future cash flows that are included in the measurement of the contract, requires judgement and consideration of Conduit's substantive rights and obligations. Conduit issues risk-attaching reinsurance contracts which provide reinsurance coverage to underlying contracts issued within the terms of the contract. While the contracts can have an annual term the contract boundary is assessed with consideration of the coverage period of the underlying contracts. Contracts that cover claims from underlying contracts within the contract period, loss-occurring contracts, are typically annual term. Where contracts contain multi-year terms, Conduit exercises judgement on whether provisions within the contract allow cancellation or re-pricing at each anniversary of the contract.

Measurement – Liability for remaining coverage
On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition, if any, minus any reinsurance acquisition expense cash flows allocated to the group of contracts and any amounts arising from the derecognition of the prepaid reinsurance acquisition expense cash flows asset. Conduit has chosen not to expense reinsurance acquisition expense cash flows on contracts with coverage of one year or less when they are incurred in order to apply a consistent treatment of reinsurance acquisition expense cash flows for all contracts, regardless of the length of coverage.

Notes to the consolidated financial statements
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Subsequently, at the end of each reporting period, the liability for remaining coverage is:
- Increased by any premiums received in the period;
- Decreased for reinsurance acquisition expense cash flows paid in the period;
- Decreased for the amounts of expected premium cash flows recognised as reinsurance revenue for the services provided in the period;
- Increased for the amortisation of reinsurance acquisition expense cash flows in the period recognised as reinsurance service expenses; and
- Decreased for any non-distinct investment component paid or transferred to the liability for incurred claims.

Conduit has elected not to adjust the liability for remaining coverage for the time value of money as its reinsurance contracts do not contain a significant financing component.

Conduit measures the reinsurance asset for remaining coverage for its ceded reinsurance contracts that it holds on the same basis as reinsurance contracts issued, adapted to reflect the features that differ between contracts issued versus contracts held.

Reinsurance revenue recognised in the period is based on the total premium cash flows expected to be received over the lifetime of the contract, net of any deductions that are paid to the cedant. The amount of total expected revenue from a contract recognised in the period is dependent on the type of reinsurance contract, as discussed below.

Excess of loss contracts
For the majority of excess of loss contracts, expected premium cash flows are assessed based on the minimum and deposit or flat premium, as defined in the contract. Subsequent adjustments to the minimum and deposit premium are assessed in the period in which they are determined. For excess of loss contracts where no deposit is specified in the contract, premium cash flows are assessed based on estimates of premiums provided by the ceding company. Subsequent adjustments, based on reports of actual premium by ceding companies, or revisions in estimates, are assessed in the period in which they are determined. For multi-year policies that are payable in annual instalments, where the reinsured has the sole ability to cancel, the total expected premium cash flows for all annual periods are assessed at the inception of the contract. Where unilateral cancellation by the reinsurer exists at each anniversary of the contract the annual periods are assessed as separate contracts.

Reinsurance revenue for excess of loss contracts is generally recognised evenly over the term of the underlying risk period of the reinsurance contract, except where the period of risk differs significantly from the contract period. In these circumstances, reinsurance revenue is recognised over the period of risk in proportion to the amount of reinsurance protection provided. Where contract terms require the reinstatement of coverage after a ceding company's loss, as the reinstatement is contingent on the loss, the estimated mandatory reinstatement premiums are recorded within reinsurance service expenses.

Proportional contracts
Premium cash flows for proportional contracts are assessed based on estimates of ultimate premiums provided by the ceding company, supplemented by management's estimates of premiums based on its experience with the ceding company, familiarity with each market, the timing of the reported information and its understanding of the characteristics of each class of business. Initial estimates of premium cash flows are assessed in the period in which the contract incepts, or the period in which the contract is bound, if later. Contracts written on a 'risks-attaching' basis cover claims which attach to the underlying reinsurance policy written during the term of the respective policy. Reinsurance revenue on such policies generally extend beyond the original term of the contract. Subsequent adjustments, based on reports of actual premium by the ceding company, or revisions in estimates, are assessed in the period in which they are determined.

Reinsurance acquisition expense cash flows
Reinsurance acquisition expense cash flows represent the cash flows that arise from the cost of selling and underwriting a group of reinsurance contracts and include:
- Contract specific costs, such as brokerage;
- Operating expenses that are incurred in relation to the fulfilment of reinsurance contracts; and
- An allocation of fixed and variable overheads.

Reinsurance acquisition expenses are deferred over the period in which the related premiums are earned to the extent they are recoverable out of expected future revenue margins and recognised within reinsurance service expenses.

Commissions that are paid to cedants, such as ceding commissions, are not treated as reinsurance acquisition expense cash flows as they do not relate to a service. Such commissions are treated as a reduction in the expected premium recognised as reinsurance revenue.

Notes to the consolidated financial statements
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Ceded reinsurance expenses
Ceded reinsurance is purchased in the normal course of business to increase capital capacity or to limit the impact of individual risk losses and loss events impacting multiple cedants, such as natural-catastrophes, or both. Conduit may purchase ceded reinsurance on both an excess of loss and a proportional basis, and may supplement this with the use of ceded reinsurance cover linked to the issuance of catastrophe bonds or other capital market products. Ceded reinsurance premiums are recognised as ceded reinsurance expenses in the same manner as reinsurance contracts issued, depending on the terms of the contract. Ceding commissions received are deducted from the premium paid that is recognised in ceded reinsurance expenses. Other expenses incurred in the placing of ceded reinsurance contracts that are in relation to a service by a third party, such as brokerage, are recognised in ceded reinsurance expenses.

Measurement – Liability for incurred claims
The liability for incurred claims represents the estimated ultimate cost of settling all reinsurance claims arising from events that have occurred up to the end of the reporting period, including the operating costs that are expected to be incurred in the course of settling such claims, reinstatement premiums on specific loss events, profit commissions and similar expenses that are contingent on claims plus a provision for IBNR. The liability for incurred claims is derived from the estimated fulfilment cash flows relating to expected claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available, without undue cost or effort, about the amount, timing and uncertainty of those future cash flows. They also include an explicit adjustment for non-financial risk, the risk adjustment. Estimates of future cash flows for incurred claims are discounted on initial recognition and then re-measured to current rates as at the reporting date.

Cash flows for outstanding losses are estimated initially on the basis of reported losses received from cedants. Cash flows for ACRs are determined where management's expectation of the ultimate cost of the reported loss is greater than that reported. Estimated cash flows for IBNR may also consist of a provision for additional development in excess of losses reported by cedants, as well as a provision for losses which have occurred but have not yet been reported by cedants.

Cash flows for IBNR are estimated initially using expected loss and loss adjustment expense ratios which are selected based on information derived by underwriters and actuaries during the initial pricing of the business. These estimates are reviewed regularly and, as experience develops and new information is received, the cash flows are adjusted as necessary. As actual loss information is reported, and Conduit develops its own loss experience, management will use various actuarial methods as well as a combination of management's judgement and experience, historical reinsurance industry loss experience and estimates of pricing adequacy trends to estimate cash flows for IBNR.

The estimation of the liability for incurred claims is a complex process which incorporates a significant amount of judgement. It is reasonably possible that uncertainties in the reserving process, delays in cedants reporting losses to Conduit, together with the potential for unforeseen adverse developments, could lead to a material change in the liability for incurred claims.

Any amounts recoverable from reinsurers are estimated using the same methodology as for the underlying losses except for the requirement under IFRS 17 to assess the ceded reinsurance recovery cash flows for the effect of any risk of non-performance, including expected credit losses. Management monitors the creditworthiness of its reinsurers on an ongoing basis and assesses any reinsurance assets for the risk of non-performance, with a provision for non-performance risk being recognised as an expense in the period in which it is determined.

Presentation of reinsurance contracts
Reinsurance assets and liabilities
The asset or liability for a portfolio of reinsurance contracts is the net position of both the liability for remaining coverage and the liability for incurred claims. Whether a portfolio is in a liability or asset position is typically impacted by the timing of cash flows received versus cash flows paid. Conduit presents separately in the consolidated balance sheet portfolios of reinsurance contracts issued and held that are in an asset position and those that are in a liability position.

All reinsurance contract assets and liabilities are deemed monetary assets and liabilities and are revalued at period end exchange rates.

Reinsurance revenue
Reinsurance revenue in the consolidated statement of comprehensive income (loss) is the amount of expected premium cash flows, net of any deductions paid to the cedant and excluding any non-distinct investment component. Conduit allocates the expected premium receipts to each period of coverage on the basis of passage of time or the expected risk pattern if it differs significantly from the passage of time.

Notes to the consolidated financial statements
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Reinsurance service expenses
Reinsurance service expenses in the consolidated statement of comprehensive income (loss) includes changes in the liability for incurred claims that do not arise from the application of discount rates, being recognition and amortisation of any loss components, amortisation of reinsurance acquisition expense cash flows and other attributable operating expenses.

Ceded reinsurance income and expenses
Conduit has elected to present the income and expenses from ceded reinsurance contracts separately in the consolidated statement of comprehensive income (loss). Ceded reinsurance expenses represent the total expected ceded premiums and other amounts, that are not contingent on recoveries, payable to the reinsurer. Conduit recognises ceded reinsurance expenses based on the passage of time over the coverage period of a group of contracts or expected risk pattern. Income from ceded reinsurance contracts includes expected recoveries on incurred claims, changes in expected recoveries related to past service, the provision for the effects of changes in risk of reinsurer non-performance plus other amounts that are contingent on recoveries, such as ceded profit commissions payable to the reinsured.

Net reinsurance finance income (expense)
Reinsurance finance income (expense) includes the changes in the carrying amounts of reinsurance and ceded reinsurance assets and liabilities arising from the unwind of discount recognised in prior periods and the effects of remeasuring to current discount rates plus other financial assumptions. Conduit has elected to disaggregate the changes in the risk adjustment for the time value of money and present in net reinsurance finance income (expense).

Conduit has chosen not to disaggregate finance income (expense) between other comprehensive income (OCI) and comprehensive income.

Financial instruments
Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held on call with banks, money market funds, and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. Carrying amounts approximate fair value due to the short-term nature and high liquidity of the instruments.

Investments
Conduit's fixed maturity securities portfolio meets the requirements for mandatory classification as FVTPL and is carried at estimated fair value in the consolidated balance sheet. The classification of financial assets is determined at the time of initial purchase. A financial asset is classified at FVTPL if it is held within a business model that is managed and evaluated on a fair value basis or if acquired principally for the purpose of selling in the short term, or if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking. Presentation of these securities in the FVTPL category is consistent with how management monitors and evaluates the performance of these securities on a fair value basis.

Regular way purchases and sales of investments are recognised at estimated fair value on the trade date, and are subsequently carried at estimated fair value. Balances pending settlement are reflected in the consolidated balance sheet in other assets or other payables. The estimated fair value of Conduit's fixed maturity securities portfolio is determined based on bid prices from recognised exchanges, broker-dealers, recognised indices or pricing vendors. Changes in estimated fair value of investments classified as FVTPL are recognised in the consolidated statement of comprehensive income (loss) within net unrealised gains (losses) on investments.

Investments are derecognised when Conduit has transferred substantially all the risks and rewards of ownership. On derecognition of an investment held at FVTPL, previously recorded unrealised gains and losses are recycled from net unrealised gains (losses) on investments to net realised gains (losses) on investments.

Interest income, amortisation and accretion of premiums and discounts on fixed maturity securities are calculated using the effective interest rate method and recognised in net investment income. The carrying value of accrued interest income approximates estimated fair value due to its short-term nature and high liquidity.

Leases
Conduit recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to be incurred at the expiration of the lease agreement.

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Right-of-use assets are subsequently measured at cost less accumulated depreciation and any impairment losses. Straight-line depreciation is calculated from the commencement date of the lease to the earlier of either the end date of the lease term or the useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments at the lease commencement date. Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Conduit's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease liability is subsequently measured by increasing the lease carrying amount to reflect the interest due on the lease liability using the effective interest rate method and reducing the carrying amount to reflect the lease payments made. Conduit re-measures the lease liability and the related right-of-use asset whenever there is a change in future lease payments arising from a change in index or rate, if Conduit changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Right-of-use assets and lease liabilities are presented as separate financial statement line items in the consolidated balance sheet.

Employee benefits

Equity-based incentives

Conduit currently operates a MIP under which shares are subscribed for or nil cost options are granted. The fair value of the instruments granted is estimated on the date of grant. The estimated fair value is recognised as an expense pro-rata over the vesting period of the instrument, adjusted for the impact of any non-market vesting conditions. No adjustment to vesting assumptions is made in respect of market vesting conditions.

Conduit also previously established a DSBP. A percentage of each employee's bonus is automatically deferred into shares as nil cost options. These nil cost awards vest annually in separate equal tranches over a three-year period from the date of grant and do not have associated performance criteria attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

During 2023 Conduit established an LTIP. These nil cost awards granted to staff vest over a three-year period from the date of grant and do not have associated performance criteria attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

At each balance sheet date, Conduit revises its estimate of the number of instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, as equity-based incentive expense in the consolidated statement of comprehensive income (loss), and a corresponding adjustment is made to other reserves in shareholders' equity over the remaining vesting period.

On exercise, the differences between the expense charged to the consolidated statement of comprehensive income (loss) and the actual cost to Conduit, if any, is transferred to other reserves in shareholders' equity.

Pensions

Conduit's pension plans are based on defined contributions or equivalent cash in lieu, subject to applicable law and local market standards. On payment of contributions to the plans or cash in lieu there is no further obligation to Conduit. Contributions or payments of cash in lieu are recognised as employee benefits in the consolidated statement of comprehensive income (loss) in the period when the services are rendered.

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Tax
Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the year-end reporting date and any adjustments to tax payable in respect of prior periods.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised in the consolidated balance sheet to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Own shares
Own shares include shares repurchased under share repurchase authorisations and held in treasury, plus shares purchased and held in trust, for the purposes of employee equity-based incentive schemes. Own shares are deducted from shareholders' equity. No gain or loss is recognised on the purchase, sale, cancellation or issue of own shares and any consideration paid or received is recognised directly in equity.

Share capital and issuance costs
Shares are classified as shareholders' equity if there is no obligation to transfer cash or other financial assets. Transaction costs that are attributable to the issuance of new shares are treated as a deduction from equity.

3. Risk disclosures
Introduction
Conduit is exposed to risks from several sources, classified into six primary risk categories. The primary risk categories are: (a) reinsurance risk; (b) market risk; (c) liquidity risk; (d) credit risk; (e) operational risk; and (f) strategic risk. These are discussed in detail on the following pages. The primary risk to Conduit is reinsurance risk.

The Board is responsible for determining the nature and extent of the principal risks Conduit is willing to take in achieving its strategic objectives and should maintain sound risk management and internal control systems. To this end, the Board has established various committees to support the execution of its responsibilities and has reviewed the committee structures at CRL. The Board, and committees thereof, define the risk preferences and appetites within which management is authorised to operate.

The risk function is responsible for supporting the Board, and the CRL Board, with the day-to-day oversight of the risks that Conduit seeks or is exposed to in pursuit of its strategic objectives, and the satisfaction of certain regulatory risk management expectations relevant to CRL. The framework under which risks are managed contemplates risk appetite and tolerance constraints. Risk appetite is prescribed by the Board and is reviewed at least annually, with consideration of the financial and operational capacity of Conduit. The use of financial capacity in this context relates to calculated or modelled capital requirements, based on residual unmitigated risk exposures. Current capital requirements are determined by reference to rating agency and regulatory capital requirements.

Day-to-day management of risk is the responsibility of management, operating within the defined appetite and tolerances. The risk framework prescribes a standardised approach to the management of risk, oversight and challenge by the risk function and independent assurance provided by the internal audit function. The risk framework also addresses the reporting of risks, emerging risks, risk events and compliance with risk appetite and tolerance statements to executive management and the Board, and relevant board committees, of CHL and CRL. To ensure transparency and accountability of the business for all independent Non-Executive Directors, four Independent Non-Executive Directors from the Board have been appointed to the Board of CRL. Furthermore, the Board is invited to attend operating entity board level meetings and see all minutes and records of such operating entity board and committee meetings.

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continued

Climate change
Conduit is exposed to risks associated with climate change but also potential opportunities arising from that risk. Risks from climate change can include physical risk and transition risk. Physical risks are those relating to the physical impacts of climate change, which can be from increased frequency and/or severity of climate-related events, or structural, due to longer-term shifts in climate patterns. Transition risks are those relating to the transition to a lower carbon economy and include risks such as policy and legal risk, technology risk, market risk and reputational risk. The potential financial impact from these risks is mitigated by Conduit's strategic and risk management policies.

Global tax reform
Conduit continues to monitor developments in local and international taxation. On 27 December 2023 the Bermuda government enacted legislation, the Bermuda Corporate Income Tax Act of 2023 (Bermuda CIT), into law. CHL, CSL, CML and CRL are currently not in scope for this new legislation. While certain implications of the new Bermuda CIT remain uncertain, Conduit's current assessment is that it does not meet the criteria to pay any taxes under the Bermuda CIT. If Conduit were to meet the Bermuda CIT criteria in the future, it is likely that an exemption will be available for the first five years in which the tax would otherwise apply.

The international tax agenda continues to provide uncertainty to companies. Conduit has a limited international footprint and underwrites from a single balance sheet and a single jurisdiction, which limits complexity. As CHL, CSL, CML and CRL do not meet the qualifying criteria under Bermuda CIT, they continue to benefit from an existing undertaking from the Bermuda government which exempts them from all Bermuda local income, withholding and capital gains taxes until 31 March 2035.

a. Reinsurance risk
Conduit underwrites both short-tail and long-tail reinsurance contracts on a worldwide basis. These reinsurance contracts transfer insurance risk, including risks exposed to both natural and man-made catastrophes, and risk and liability losses. The risk in connection with underwriting reinsurance contracts is, in the event of a covered loss, whether the premiums will be sufficient to meet the associated loss payments and expenses. The underwriters evaluate and estimate the level of premiums sufficient to cover expected losses, expenses and profitability through a combination of sophisticated risk modelling tools, past experience and knowledge of loss events, current industry trends and broader economic indicators. In order to ensure appropriate reinsurance risk selection and limits on the concentration and diversification of the aggregate portfolio, Conduit has established risk management and internal control systems to evaluate and assess the expected losses of each individual contract, class of business, geographic region and the aggregate portfolio.

These controls, include, but are not limited to:

— A five-year strategic plan is produced that defines the over-riding business goals that management and the Board aim to achieve;
— A detailed business plan is produced annually and considers current market conditions and the risk-adjusted profitability of the underwriting portfolio;
— Conduit's internal capital requirements consider the probability and magnitude of reinsurance losses varying adversely from the expected losses considered during the underwriting and subsequent reserving processes;
— Forecasts are produced periodically to assess the progress toward the business plan and the strategic plan;
— Each underwriter has a clearly defined limit of underwriting authority;
— Each contract underwritten is subject to a pre-bind peer review;
— An underwriting roundtable meeting, typically held daily, where deal flow, pricing and opportunities are discussed;
— Pricing models are used in all areas of the underwriting process and are stored centrally in our pricing platform;
— Risk appetite and tolerance statements have been established and the CRO reports quarterly on adherence;
— A number of modelling tools are used to model catastrophes and calculate the associated expected losses; and
— Outwards reinsurance is purchased to mitigate both frequency and severity of losses, and to protect Conduit's capital base.

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Catastrophe management

Certain of Conduit's classes of business provide coverage for natural-catastrophes (e.g., earthquakes, floods, hurricanes and wildfires) and are subject to seasonal variation and the impacts of climate change. Conduit's business has exposure to large catastrophe losses in North America, Europe and Japan as a result of windstorms. The level of windstorm activity, and landfall thereof, during the North American, European and Japanese wind seasons may materially impact loss experience. The North American and Japanese wind seasons are typically June to November and the European wind season November to March. Conduit also has exposure to other natural-catastrophes, such as earthquakes, tsunamis, droughts, floods, hail and tornadoes, which can occur throughout the year. In addition, Conduit is exposed to risk losses throughout the year from perils such as fire, explosion, war, terrorism, political risk and other events, including loss arising from legal liabilities rather than physical damage.

Conduit has defined its appetite and tolerances for risk accumulations and uses models to determine the expected frequency and severity of aggregating exposures. As with all such models, there is a risk that modelled expectations may not reflect actual outcomes and the scope of the models are such that not all exposures are captured.

Conduit has set tolerances around various scenarios. Of these, at the commonly reported 100-year and 250-year return periods, Conduit's most significant exposures to any single peril and region combination are to Florida windstorm and California earthquake. The table below shows the estimated net exposures to these peak zone perils on a first occurrence basis. Net positions are calculated by applying relevant reinstatement premiums and outwards reinsurance to the respective modelled gross exposures.

		2023		2022	
As at 31 December		**Net $m**	**% of tangible capital**	Net $m	% of tangible capital
Return Period	**Peril**				
100-year	Florida windstorm	**92.7**	**9.4%**	18.5	**2.1%**
250-year	Florida windstorm	**90.0**	**9.1%**	61.1	**7.1%**
100-year	California earthquake	**72.0**	**7.3%**	20.8	**2.4%**
250-year	California earthquake	**72.7**	**7.4%**	74.8	**8.6%**

The table shows modelled estimated exposure at a point in time. At the 100-year return period the primary driver for the year-on-year increase is that in 2023 there were no individual loss events that were significant enough to Conduit to reduce the magnitude of loss event needed to trigger aggregate outward reinsurance recoveries. The 2022 comparative, by contrast, reflected that events, including Hurricane Ian, had moved Conduit closer to recoveries from aggregate protections. The increases also reflect growing risk appetite as Conduit Re scales.

The modelled estimated exposure for Florida windstorm on a net 250-year basis is lower than a 100 year basis due to the characteristics of the Stabilitas Re catastrophe bond. Refer to note 21 for additional details.

There can be no guarantee that the modelled assumptions and techniques deployed in calculating these figures are accurate. There could also be an unmodelled loss which exceeds these figures. The models also contain loss scenarios which could cause a larger loss to capital than the modelled expectation from the above return periods.

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Operating segments
The underwriting business is comprised of three principal divisions: Property, Casualty and Specialty. These divisions are also considered to be Conduit's operating segments. Details of each operating segment and reinsurance revenue by geographic region and operating segment are as follows:

	2023					2022				
Year ended 31 December	**Property $m**	**Casualty $m**	**Specialty $m**	**Total $m**	**Total %**	Property $m	Casualty $m	Specialty $m	Total $m	Total %
US	198.0	118.3	20.6	336.9	53.2	109.8	104.0	3.9	217.7	55.5
Worldwide	101.2	23.4	74.7	199.3	31.5	56.5	14.9	51.4	122.8	31.3
Europe	21.7	28.2	19.7	69.6	11.0	15.7	16.2	7.0	38.9	9.9
Other	24.3	1.9	1.0	27.2	4.3	10.8	1.6	0.6	13.0	3.3
Reinsurance revenue	**345.2**	**171.8**	**116.0**	**633.0**	**100.0**	**192.8**	**136.7**	**62.9**	**392.4**	**100.0**

Property reinsurance
Conduit is exposed to large natural-catastrophe losses, such as windstorm and earthquake losses, primarily from assuming risks associated with property treaties. Exposure to natural-catastrophe events is controlled and measured by managing to predefined limits within stochastic modelling and deterministic accumulations across classes per geographic zone and peril. The accuracy of these analyses is limited by the quality of data and the effectiveness of the modelling. It is possible that a catastrophic event significantly exceeds the expected modelled event loss.

Natural-catastrophe risk is written across both the US and internationally on an excess of loss and capped quota share basis. Reinsurance structures are offered typically in respect of peril, geography and probability of activation or exhaustion.

Property per risk treaties are offered with the strategy to minimise natural-catastrophe exposure, focusing on fire risk. This is considered by both natural-catastrophe specific metrics, treaty conditions and excess of loss structure.

Ceded reinsurance may be purchased to mitigate exposures to large natural-catastrophe losses. Ceded reinsurance is typically purchased on an ultimate net loss excess of loss basis, however industry loss warranties, catastrophe bonds issuances, or proportional treaty arrangements may also be utilised.

Casualty reinsurance
Conduit underwrites a balanced portfolio of casualty classes of business, comprised of both excess of loss and proportional contracts, on a worldwide basis.

Casualty claims tend to take longer to be reported and ultimately settled than physical damage risks. Conduit typically maintains a liability for incurred claims for casualty classes of business over a longer period of time than for the property and specialty classes of business where the costs of claims are generally known and settled within a shorter time frame.

Conduit will purchase ceded reinsurance to protect against any 'clash' between losses arising in its casualty portfolio.

The sub-classes of casualty business include directors and officers liability, financial institutions liability, general liability for multiple sub-classes and, on an excess and umbrella basis, medical

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malpractice, professional liability and transactional liability. Conduit has limited appetite for, and generally avoids, workers compensation, standalone auto and cyber treaties.

Directors and officers liability
Directors and officers liability policies offer protection for company managers and directors and officers against claims that may arise in the normal course of operations. Coverage includes legal expenses and liability to shareholders, bondholders, creditors or others owing to actions or omissions by a director or officer of a private or public corporation, or not-for-profit organisation.

Financial institutions liability
Financial institutions coverage may cover risks such as computer and commercial crime, professional indemnity and civil liability.

General liability
General liability commonly provides cover for losses arising from the legal liability of an original insured and statutory liability in the case of employers' liability which result in bodily injury or disease to third parties or physical damage to third-party property. Conduit offers a wide range of general liability reinsurance products including contractors general liability, excess general liability, umbrella, energy and environmental.

Medical malpractice
Medical malpractice reinsurance generally covers professional liability and errors and omissions specifically in the healthcare industry, protecting physicians and other healthcare professionals against claims of negligent acts or injury of patients under their care. Medical malpractice reinsurance does not cover intentional or criminal acts.

Professional liability
Professional liability generally provides coverage for third-party losses resulting from legal liability or civil liability or negligence, errors or omissions or wrongful acts arising from the provision of, or failure to provide, professional services by an original insured. Sub-classes of this business would include lawyers, accountants, architects and engineers, errors and omissions, plus miscellaneous professional liability.

Transactional liability
Transactional liability reinsurance is used by parties to various business transactions, such as mergers, acquisitions and divestitures, to transfer certain transaction-related risks to the reinsurance market. There can be a broad range of risks covered, including warranty, litigation, pension and tax uncertainties and employment matters.

Specialty reinsurance
Conduit's specialty classes of business are written on both an excess of loss and proportional basis and can provide reinsurance coverage against physical damage (short-tail) or against legal liability (long-tail) losses. Although specialty classes of business are exposed to natural-catastrophe risk, it is generally to a lesser extent than property classes of business. They are more likely to be affected by specific large loss events such as accidents, collisions, fires and similar man-made catastrophe events. Specialty classes of business are highly diverse in nature and require specific market expertise and experience. The specialty classes of business include, but are not limited to, aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and are offered on both a specific and a whole account basis.

Conduit purchases ceded reinsurance protection to reduce exposure to both large risk losses and an accumulation of smaller claims arising from any one event. Ceded reinsurance is typically purchased on an excess of loss basis, but, from time to time, proportional arrangements may be entered into.

Aviation
The aviation class of business provides cover to the insurers of airlines, aircraft, airports, aircraft manufacturers and aviation related products, and includes cover for the aircraft themselves as well as losses arising from passenger and third-party liability claims against airlines and/or operators and/or manufacturers.

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Energy
The energy class of business provides reinsurance cover for a global spread of accounts that includes risks such as downstream energy, midstream energy, upstream energy, energy liability, construction and natural perils related coverages such as Gulf of Mexico wind and hurricane programmes. Policies typically cover legal liability of an insured and property for physical damage (including natural-catastrophe), machinery breakdown perils and consequential business interruption exposure. Loss limits are set at a level commensurate with the modelled estimated maximum loss scenario.

Engineering and construction
The class covers a wide range of products falling under related property and business income protection on a worldwide basis. These products include, but are not limited to, contractors' all risks, erection all risks, plant and equipment, machinery breakdown and loss of profits. Projects range from small bespoke to large civil engineering constructions. The main hazards are fire and explosion, theft, collapse and natural perils such as earthquake, windstorm and flood.

Environmental
Environmental products generally provide cover relating to the environmental and energy casualty classes with regard to pollution. The related sectors typically include energy, construction, and industrial which includes both commercial and residential risks.

Marine
Marine cargo is an international account and covers the reinsurance of commodities or goods in transit. Typically, transit cover is provided on an all-risks basis for marine perils for the full value of the goods concerned. Static cover is also provided for losses to cargo, from both elemental and non-elemental causes. In addition, the cargo account can include for example, fine art, vault risks, artwork on exhibition and marine war and terrorism business relating to cargo in the ordinary course of transit.

Marine liability commonly provides cover for legal liability for losses arising from the operation of marine and offshore related assets including but not limited to the reinsurance of the International Group of Protection and Indemnity Clubs, the operation and management of ships and vessels, cargo, and marine builders' risks covering the building of ocean-going vessels and offshore assets.

The marine hull class generally consists of worldwide coverage spanning physical damage, hull and machinery breakdown, loss of hire and mortgagees' interests for a range of maritime vessels from cargo and passenger ships to private pleasure craft. Products typically cover both risk and catastrophe exposures.

Renewables
The class covers a wide range of tailored solutions globally. The class includes offshore and onshore wind power, ground and rooftop solar power plus bioenergy fuels and associated operations. The risks exposed are quite unique, from difficult construction operations to installing complex equipment that is routinely exposed to natural hazards. Policies typically include cover for physical damage, legal liability, machinery breakdown and business interruption for both construction and operational phases.

Political violence and terrorism
Political violence and terrorism coverage is provided for US and worldwide property risks, but typically excluding nuclear, chemical, biological and cyber coverage in most territories.

Whole account
Coverage is generally provided on a worldwide basis and covers a broad spectrum of the cedants risks under a single policy. The classes of business covered under a whole account reinsurance policy can include property, specialty and casualty classes of business including commercial and personal automobile, general liability, workers' compensation, employers' liability, excess casualty and umbrella, as well as selected professional liability coverage.

Ceded reinsurance
Ceded reinsurance is purchased in the normal course of business to increase capital capacity, limit the impact of individual risk losses and loss events impacting multiple cedants (such as natural-catastrophes), or both. Ceded reinsurance may also be purchased from time to time to optimise the risk-adjusted return of Conduit's aggregate underwriting portfolio. Conduit may purchase ceded reinsurance on both an excess of loss and proportional basis, and may also use reinsurance linked to catastrophe bonds or other capital market products. The mix of ceded reinsurance coverage is dependent on specific loss mitigation requirements, market conditions and available capacity. In certain market conditions, Conduit may deem it more economic to hold capital than purchase ceded reinsurance. Ceded reinsurance does not relieve Conduit of its obligations to policyholders. Conduit is exposed to reinsurance risk where ceded reinsurance

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contracts put in place to reduce gross reinsurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the limits purchased. Failure of a ceded reinsurer to pay a valid claim is considered a credit risk which is detailed in the credit risk section below. Ceded reinsurance coverage is not intended to be available to meet all potential loss circumstances. Conduit will retain certain losses, as the cover purchased is unlikely to transfer the totality of Conduit's exposure. Any loss amount which exceeds the ceded reinsurance coverage purchased would be retained by Conduit. Some ceded reinsurance policies have limited reinstatements, therefore the number of claims which may be recovered on second, and subsequent loss circumstances is limited.

Under Conduit's ceded reinsurance security policy, ceded reinsurers are assessed and approved based on their financial strength ratings, among other factors. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process. The management Counterparty Security Committee examines and approves all Conduit's ceded reinsurers to ensure that they possess suitable security.

Fulfilment cash flows

Fulfilment cash flows consist of:

— The estimates of future cash flows required in the ultimate settlement of claims;
— An adjustment for the time value of money; and
— A risk adjustment for non-financial risk

Estimates of future cash flows

A significant and critical judgement and estimate made by management is the estimation of future cash flows in relation to ultimate claims settlements. Management estimates, in an unbiased way, future cash flows to cover its estimated liability for both reported and unreported claims on events that have occurred up to the latest valuation date, incorporating all reasonable and supportable information that is available without undue cost or effort. Management uses methodologies that calculate a point estimate for the ultimate losses, representing management's best estimate of ultimate future cash flows. Conduit estimates the future cash flows by taking outstanding losses, adding an estimate for IBNR and, if deemed necessary, ACRs which represent Conduit's estimate for losses related to specific contracts that management believes may not be adequately estimated by the cedant as at that date.

Liabilities for incurred claims are not permitted until the occurrence of an event which may give rise to a claim. As a result, only provisions applicable to losses that have occurred up to the reporting date are established, with no allowance for the provision of a contingency liability to account for expected future losses or for the emergence of new types of latent claims. Claims arising from future events can be expected to require the establishment of substantial liabilities from time to time. The estimated timing of the future cash flows is determined by applying cash flow payment assumptions to the best estimate of ultimate future cash flows.

The reserving process is dependent on management's judgement and is subject to meaningful uncertainty due to both qualitative and quantitative factors, including, but not limited to: the nature of the business written, whether it is short-tail or long-tail, whether it is excess of loss or proportional, the magnitude and timing of loss events, the geographic areas impacted by loss events, time lags in the reporting process from the original claimant, limited claims data, policy coverage interpretations, case law, regulatory directives, demand surge and inflation, potential uncertainties related to reinsurance and ceding company reserving practices, and other factors inherent in the estimation process for the net ultimate liability for incurred claims.

The judgements and estimates used in establishing future cash flow calculations may be revised as additional experience or other data becomes available. Future cash flows are also reviewed as new or improved methodologies are developed and as laws or regulations change. Furthermore, as a business operating within a broker market, management must rely on loss information reported to brokers by other insurers and their loss adjusters, who must estimate their own losses at the policy level, often based on incomplete and changing information. The information management receives varies by cedant and may include paid losses, estimated case reserves and an estimated provision for IBNR reserves. Additionally, reserving practices and the quality of data reporting may vary among ceding companies, which adds further uncertainty to management's estimates of the ultimate losses.

Conduit's internal actuaries review the assumptions and methodologies on a quarterly basis and develop an actuarial best estimate of Conduit's future cash flows using the processes outlined above. The management Reserving Committee reviews the estimate for the liability for incurred claims on a quarterly basis. The reserves are subject to a semi-annual independent review by Conduit's external actuaries. The results of the internal and independent reserve reviews are presented to the Audit Committee.

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Risk adjustment
The risk adjustment for non-financial risk is the compensation that Conduit requires for bearing the uncertainty about the amount and timing of the cash flows arising from reinsurance contracts. Conduit determines the risk adjustment at the entity level and allocates to the groups of reinsurance contracts.

Conduit has estimated the risk adjustment using a margin-based approach. The margins are calibrated to a targeted confidence interval range using the BMA BSCR risk framework. Conduit expects that the risk adjustment recognised within the fulfilment cash flow will fall within the range of the 75th and the 85th percentile, gross and net of ceded reinsurance. Conduit estimates that the risk adjustment net of ceded reinsurance corresponds to the 82nd percentile as at 31 December 2023 and to the 81st percentile as at 31 December 2022.

Short-tail versus long-tail
Claims relating to short-tail risks are generally reported more promptly than those relating to long-tail risks. The timeliness of reporting can be affected by such factors as the nature of the event causing the loss, the location of the loss and whether the losses are from policies in force with primary insurers or reinsurers.

Excess of loss versus proportional
For excess of loss contracts, management is aided by the fact that each policy has a defined limit of liability arising from one event. Once that limit has been reached, there is no further exposure to additional losses from that policy for the same event. For proportional business, an initial estimated loss and loss expense ratio is generally used. This is based upon information provided by the ceding company and/or their broker and management's historical experience of that treaty, if any, and the estimate is adjusted as actual experience becomes known.

b. Market risk
Conduit is at risk of loss due to movements in market factors. The main market risks Conduit was exposed to include:
- Reinsurance risk;
- Investment risk; and
- Currency risk.

Reinsurance risk
Conduit is exposed to reinsurance market risk from several sources, including the following:
- The advent or continuation of a soft market, which may result in a stabilisation or decline in premium rates and/or terms and conditions for certain classes, or across all classes;
- The actions and reactions of key competitors, which may directly result in volatility in premium volumes and rates, fee levels and other input costs;
- Market events, including unusual inflation in rates, may result in a limit in the availability of cover, causing political intervention or national remedies;
- Failure to maintain broker and cedant relationships, leading to a limited or substandard choice of risks inconsistent with Conduit's risk appetite;
- Changes in laws and regulation, including capital, governance or licensing requirements: and
- Changes in the geopolitical environment.

The most important method to mitigate reinsurance market risk is to maintain strict underwriting standards. Conduit manages reinsurance market risk in numerous ways, including the following:
- Reviews and amends underwriting plans and outlook as necessary;
- Reduces exposure to, or withdraws from, market sectors where conditions have reached unattractive levels;
- Purchases appropriate, cost-effective reinsurance cover to mitigate exposures:
- Closely monitors changes in rates, terms and conditions and inflation;
- Ensures through rigorous underwriting criteria that surplus capital does not drive short-term risk appetite;
- An underwriting roundtable meeting, typically held daily, where deal flow, pricing and opportunities are discussed;
- Holds quarterly management Underwriting Oversight Committee meetings that consider matters that include underwriting performance for CRL;
- Holds an annual strategy review meeting;
- Holds a quarterly Underwriting Committee board meeting that considers matters including underwriting performance for CRL;
- Holds a quarterly Risk, Capital and Compliance Committee meeting to review relevant risk and capital considerations for CRL; and
- Holds regular meetings with regulators and rating agencies.

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Reinsurance finance risk

Estimates of future cash flows for incurred claims are discounted on initial recognition and then re-measured to current rates as at each reporting date. Reinsurance liabilities and ceded assets for incurred claims are therefore sensitive to the level of market interest rates. Interest rate risk on reinsurance contracts is the risk that the value of the future cash flows will fluctuate due to changes in market interest rates. Movements in interest rates may lead to an adverse impact on the value of Conduit's reinsurance contract assets and liabilities. Conduit manages this risk by monitoring the duration of reinsurance contract cash flows and adopting policies regarding asset and liability matching to reduce the volatility arising from interest rate movements on assets and liabilities in the consolidated statement of comprehensive income (loss).

The total reinsurance contract assets and liabilities exposed to interest rate risk are detailed below:

As at 31 December	Note	**2023** $m	2022 $m
Ceded asset for incurred claims	14	42.6	58.5
Liability for incurred claims	14	(592.2)	(391.1)
Total		**(549.6)**	**(332.6)**

Discount rates

All future cash flows are discounted using yield curves that are adjusted to reflect the characteristics of the cash flows and the liquidity of the reinsurance contracts. Conduit determines its discount rates using a bottom-up method of using a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields published by EIOPA for the relevant, material currencies. The illiquidity premium is estimated by reference to observable market corporate bond yields.

The annual spot rates, including illiquidity premium, used for the re-measurement of the net liability for incurred claims as at the balance sheet date are shown below for all portfolios:

	2023				2022			
As at 31 December	**1 year**	**3 years**	**5 years**	**10 years**	1 year	3 years	5 years	10 years
USD	5.26%	4.22%	4.00%	3.95%	5.57%	4.76%	4.45%	4.25%
EUR	3.86%	2.94%	2.82%	2.89%	3.68%	3.70%	3.63%	3.59%
GBP	5.24%	4.17%	3.86%	3.78%	4.96%	4.83%	4.56%	4.21%

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The sensitivity of Conduit's net reinsurance liability for incurred claims to interest rate movements is detailed below, assuming linear movements in interest rates:

	2023		2022	
As at 31 December	**$m**	**%**	$m	%
Immediate shift in yield (basis points)				
100	17.4	3.2	10.7	3.2
75	13.1	2.4	8.1	2.4
50	8.7	1.6	5.4	1.6
25	4.4	0.8	2.7	0.8
0	-	-	-	-
-25	(4.4)	(0.8)	(2.7)	(0.8)
-50	(8.8)	(1.6)	(5.5)	(1.7)
-75	(13.3)	(2.4)	(8.2)	(2.5)
-100	(17.8)	(3.2)	(11.0)	(3.3)

Investment risk

Movements in investments resulting from changes in interest and inflation rates, credit spreads, and currency exchange rates, among other factors, may lead to an adverse impact on the value of Conduit’s investment portfolio. Conduit seeks to invest in issuers with stronger ESG practices on balance, as it believes that this will also help reduce risk in the portfolio.

The Investment Committee of the CRL Board is responsible for all investment-related decisions and investment guidelines. The investment guidelines set the parameters within which Conduit’s external managers must operate. Important parameters of these guidelines include permissible asset classes, duration ranges, credit quality, permitted currency, maturity, industry sectors, geographical, sovereign and issuer exposures. Guideline compliance is monitored on a monthly basis. The portfolio of fixed maturity securities is currently managed by four external managers. Their performance is monitored on an ongoing basis. Conduit projects the level of funds required to meet near-term obligations and cash flow needs following extreme events in order to ensure adequate liquidity is maintained. Conduit also prioritises liquid asset classes with higher credit quality and shorter duration so that Conduit can meet reinsurance and other near-term obligations. Conduit has split the portfolio into a short-tail mandate, to better match the property and specialty classes of business, and a long-tail mandate, to better match the casualty classes of business and some aspects of the specialty classes of business. The short-tail mandate will be slightly shorter duration than the long-tail mandate.

Conduit reviews the composition, duration and asset allocation of its investment portfolio on a regular basis to respond to changes in interest rates and other market conditions. If certain asset classes are anticipated to produce a higher return within management’s risk tolerance, an adjustment in asset allocation may be made. Conversely, if the risk profile is expected to move outside of tolerance levels, adjustments may be made to reduce the risks in the portfolio.

Conduit models various periods of significant stress in order to better understand the investment portfolio’s risks and exposures. The scenarios represent what could, and most likely will, occur – albeit not in the exact form of the scenarios, which are based on historic periods of volatility. Conduit also monitors the portfolio impact of more severe scenarios consisting of extreme shocks.

Conduit focuses on the most significant risks in its investment portfolio which are interest rate risk, credit risk and liquidity risk, and has built stress testing and risk analytics around these risks to ensure they are within tolerances and preferences.

Strategic asset allocation reviews will be undertaken periodically to assess Conduit’s overall investment strategy and to consider alternative asset allocations to achieve the best risk-adjusted return within Conduit's risk appetite. Any resulting recommendations would be approved by the appropriate management committee(s) and reported to the Board. The Investment Committee meets quarterly to ensure that the strategic and tactical investment actions were consistent with investment risk preferences, appetite, risk and return objectives and tolerances. The investment risk tolerances have been incorporated into the risk framework.

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

As at 31 December 2023	**Estimated fair value short-tail $m**	**Estimated fair value long-tail $m**	**Estimated fair value total $m**
Short-term investments	42.0	4.7	46.7
US treasuries	230.0	113.9	343.9
US agency debt	2.0	1.8	3.8
US municipals	11.8	7.3	19.1
Non-US government and agency	2.0	-	2.0
Asset-backed	125.4	48.9	174.3
US government agency mortgage-backed	62.3	59.8	122.1
Non-agency mortgage-backed	11.7	6.6	18.3
Agency commercial mortgage-backed	7.8	-	7.8
Non-agency commercial mortgage-backed	25.6	31.2	56.8
Corporate	286.1	157.5	443.6
Total	**806.7**	**431.7**	**1,238.4**

As at 31 December 2022	Estimated fair value short-tail $m	Estimated fair value long-tail $m	Estimated fair value total $m
Short-term investments	33.2	4.7	37.9
US treasuries	103.6	106.6	210.2
US agency debt	-	1.8	1.8
US municipals	10.0	5.2	15.2
Non-US government and agency	2.0	-	2.0
Asset-backed	102.6	61.2	163.8
US government agency mortgage-backed	52.7	47.9	100.6
Non-agency mortgage-backed	9.8	3.0	12.8
Agency commercial mortgage-backed	3.2	-	3.2
Non-agency commercial mortgage-backed	21.9	30.8	52.7
Corporate	263.6	157.9	421.5
Total	**602.6**	**419.1**	**1,021.7**

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

As at 31 December 2023	Financials $m	Other industries $m	Non-US government and agency $m	Total $m
US	179.0	178.5	-	357.5
UK	22.9	1.6	-	24.5
Canada	16.1	0.9	-	17.0
Other countries	42.9	1.7	2.0	46.6
Total	**260.9**	**182.7**	**2.0**	**445.6**

As at 31 December 2022	Financials $m	Other industries $m	Non-US government and agency $m	Total $m
US	140.6	187.7	-	328.3
UK	21.7	5.5	-	27.2
Canada	23.2	0.5	-	23.7
Other countries	35.4	6.9	2.0	44.3
Total	**220.9**	**200.6**	**2.0**	**423.5**

The sector allocation of corporate bonds is as follows:

	2023		2022	
As at 31 December	**$m**	**%**	$m	%
Financials	260.9	58.8	220.9	52.4
Industrials	161.4	36.4	180.3	42.8
Utilities	21.3	4.8	20.3	4.8
Total	**443.6**	**100.0**	**421.5**	**100.0**

Notes to the consolidated financial statements
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Conduit's investment portfolio is comprised of fixed maturity securities and cash and cash equivalents. Fair values can be impacted by movements in interest rates, credit ratings, exchange rates, the current economic environment and outlook. The estimated fair value of the portfolio of fixed maturity securities is generally inversely correlated to movements in market interest rates. If market interest rates fall, the estimated fair value of Conduit's portfolio of fixed maturity securities would tend to rise and vice versa. The sensitivity of the price of fixed maturity securities to movements in interest rates is indicated by their duration. The greater a security's duration, the greater its price volatility to movements in interest rates. The sensitivity of Conduit's portfolio of fixed maturity securities to interest rate movements is detailed below, assuming linear movements in interest rates.

	2023		2022	
As at 31 December	**$m**	**%**	$m	%
Immediate shift in yield (basis points)				
100	**(32.1)**	**(2.6)**	(23.0)	(2.2)
75	**(24.1)**	**(1.9)**	(17.2)	(1.7)
50	**(16.0)**	**(1.3)**	(11.5)	(1.1)
25	**(8.0)**	**(0.6)**	(5.7)	(0.6)
0	**-**	**-**	-	-
-25	**9.1**	**0.7**	6.6	0.6
-50	**18.3**	**1.5**	13.2	1.3
-75	**27.4**	**2.2**	19.7	1.9
-100	**36.5**	**2.9**	26.3	2.6

Conduit mitigates interest rate risk on the investment portfolio by establishing and monitoring duration ranges in its investment guidelines. The duration of the portfolio is matched to the modelled expected duration of the reinsurance reserves, within a permitted range. The permitted duration range for the portfolio is between 1.5 and 5 years. The overall duration for the fixed maturity securities, managed cash and cash equivalents is 2.4 years as at 31 December 2023 (as at 31 December 2022: 2.2 years).

In addition to duration management, Conduit monitors VaR to measure potential losses in the estimated fair values of its cash and invested assets and to understand and monitor risk. The VaR calculation is performed using variance/covariance risk modelling. Securities are valued individually using standard market pricing models. These security valuations serve as the input to many risk analytics. The principal VaR measure that is produced is an annual VaR at the 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.

Conduit's annual VaR calculation is as follows:

	2023		2022	
As at 31 December	**$m**	**% of shareholders' equity**	$m	% of shareholders' equity
99th percentile confidence level	**91.9**	**9.3 %**	62.0	7.1 %

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Currency risk

Conduit is susceptible to fluctuations in rates of foreign exchange, principally between the US dollar and pound sterling and the US dollar and the euro. Even though risks are assumed on a worldwide basis, they are predominantly denominated in US dollars. Conduit is exposed to currency risk to the extent its assets are denominated in different currencies to its liabilities. Conduit is also exposed to translation risk on non-monetary assets and liabilities. Foreign currency gains and losses are recorded in the period they occur in the consolidated statement of comprehensive income (loss).

Conduit hedges monetary non-US dollar liabilities primarily with non-US dollar assets but may also use derivatives, such as currency forwards, to mitigate foreign currency exposures. The main foreign currency exposure relates to its reinsurance and ceded reinsurance assets and liabilities, cash holdings and dividend payable, if applicable.

With the adoption of IFRS 17 all reinsurance and ceded reinsurance assets and liabilities are monetary items and are revalued at period end exchange rates.

The following table summarises the carrying value of all monetary and non-monetary assets and liabilities categorised by Conduit's main currencies. Prior periods have been restated for the adoption of IFRS 17:

As at 31 December 2023	**USD $m**	**GBP $m**	**EUR $m**	**Other $m**	**Total $m**
Total assets	1,427.9	26.3	16.5	25.5	1,496.2
Total liabilities	(438.7)	(20.4)	(29.3)	(20.4)	(508.8)
Net assets (liabilities)	**989.2**	**5.9**	**(12.8)**	**5.1**	**987.4**

As at 31 December 2022 (re-stated)	USD $m	GBP $m	EUR $m	Other $m	Total $m
Total assets	1,192.9	10.5	4.2	7.0	1,214.6
Total liabilities	(303.3)	(8.9)	(22.4)	(12.8)	(347.4)
Net assets (liabilities)	**889.6**	**1.6**	**(18.2)**	**(5.8)**	**867.2**

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 $0.4 million (31 December 2022: decrease or increase $1.3 million).

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c. Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they are due without incurring unreasonable costs. Conduit's main exposure to liquidity risk is with respect to its reinsurance and investment activities. Conduit is exposed if proceeds from the sale of financial assets are not sufficient to fund obligations arising from reinsurance contacts and/or other liabilities. Conduit can be exposed to fund daily calls on its available investment assets, principally to settle reinsurance claims and/or to fund trust accounts following a large catastrophe loss, or other collateral requirements.

Liquidity risk exposures related to reinsurance activities are as follows:
— Large catastrophic events, or multiple medium-sized events in quick succession, requiring the payment of high value claims within a short time frame or to fund trust accounts established to collateralise claims payment liabilities;
— Failure of cedants to meet their contractual obligations with respect to the timely payment of premiums; and
— Failure of Conduit’s ceded reinsurers to meet their contractual obligations to pay claims within a timely manner.

Liquidity risk exposures related to investment activities are as follows:
— Adverse market movements and/or a duration mismatch to obligations, resulting in investments needing to be disposed of at a significant realised loss; and
— An inability to liquidate investments due to market conditions.

Conduit's investment strategy is to hold high quality, liquid securities sufficient to meet reinsurance liabilities and other near-term liquidity requirements. Portfolios are specifically designed to ensure funds are readily available in an extreme event.

The maturity dates of Conduit's portfolio of fixed maturity securities are as follows:

As at 31 December 2023	**Short-tail $m**	**Long-tail $m**	**Total $m**
Fixed maturity securities at FVTPL			
Less than one year	174.6	29.9	204.5
Between one and two years	135.3	13.1	148.4
Between two and three years	122.3	47.7	170.0
Between three and four years	29.3	21.5	50.8
Between four and five years	41.1	79.8	120.9
Over five years	71.3	93.2	164.5
Asset-backed and mortgage-backed	232.8	146.5	379.3
Total	**806.7**	**431.7**	**1,238.4**

As at 31 December 2022	Short-tail $m	Long-tail $m	Total $m
Fixed maturity securities at FVTPL			
Less than one year	167.9	46.0	213.9
Between one and two years	149.5	37.0	186.5
Between two and three years	54.2	12.5	66.7
Between three and four years	15.8	48.8	64.6
Between four and five years	4.9	21.0	25.9
Over five years	20.1	110.9	131.0
Asset-backed and mortgage-backed	190.2	142.9	333.1
Total	**602.6**	**419.1**	**1,021.7**

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

	Years until liability becomes due – discounted											
	2023						2022					
As at 31 December	**Carrying value $m**	**Less than one $m**	**One to three $m**	**Three to five $m**	**Over five $m**	**Total $m**	Carrying value $m	Less than one $m	One to three $m	Three to five $m	Over five $m	Total $m
Reinsurance liability for incurred claims	592.2	158.0	231.4	117.3	85.5	592.2	391.1	109.9	160.0	66.1	55.1	391.1
Other reinsurance payables	12.0	12.0	-	-	-	12.0	16.2	16.2	-	-	-	16.2
Other payables	12.0	12.0	-	-	-	12.0	8.7	8.7	-	-	-	8.7
Lease liabilities	2.3	0.7	1.6	-	-	2.3	2.4	0.6	1.2	0.6	-	2.4
Total	**618.5**	**182.7**	**233.0**	**117.3**	**85.5**	**618.5**	**418.4**	**135.4**	**161.2**	**66.7**	**55.1**	**418.4**

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 2023, cash and cash equivalents were $199.8 million (31 December 2022: $112.9 million). Conduit manages its liquidity risks via its investment strategy to hold high quality, liquid securities, sufficient to meet its reinsurance liabilities and other near-term liquidity requirements. In addition, Conduit has established asset allocation and maturity parameters within the investment guidelines such that the majority of the investments are in high quality assets which could be converted into cash promptly and at minimal expense. Conduit monitors market changes and outlook and reallocates assets as it deems necessary.

As at 31 December 2023, Conduit considers it has more than adequate liquidity to pay its obligations as they fall due even if difficult investment market conditions were to prevail for a period of time.

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d. Credit risk

Credit risk is the risk that a counterparty may fail to pay, or repay, a debt or obligation. Conduit is exposed to credit risk on its fixed maturity investment portfolio, its expected premium cash flows due from cedants and on ceded reinsurance recoverables.

Credit risk on Conduit's portfolio of fixed maturity securities is mitigated through the investment policy to invest in instruments of high credit quality issuers and to limit the amounts of credit exposure with respect to particular ratings categories and any one issuer. Securities rated below an S&P or equivalent rating of BBB+ may comprise no more than 10.0% of the portfolio. Conduit also limits exposure to individual issuers, with declining limits for less highly rated issuers. Conduit therefore does not expect any significant credit concentration risk on its investment portfolio, except for fixed maturity securities issued by the US government and its agencies.

Conduit is potentially exposed to counterparty credit risk in relation to the total expected premium cash flows due from reinsurance brokers and cedants and on ceded reinsurance recoverables due from Conduit's reinsurers. Credit risk on total expected premium cash flows due from cedants is managed by conducting business with reputable broking organisations, with whom Conduit has established relationships, and by rigorous cash collection procedures. Conduit also has a broker approval process in place. Credit risk from ceded reinsurance recoverables is primarily managed by the review and approval of reinsurer security, with ongoing monitoring in place.

Ceded reinsurance recoverables are recorded within ceded reinsurance contract assets as the ceded asset for incurred claims which is shown in note 14.

The table opposite presents an analysis of Conduit's major exposures to counterparty credit risk, based on their rating. Expected premium cash flows are not rated, however there is limited default risk associated with these amounts.

As at 31 December 2023	**Cash and cash equivalents and fixed maturity securities $m**	**Ceded asset for incurred claims $m**
AAA	434.2	-
AA+, AA, AA-	562.0	-
A+, A, A-	332.6	23.1
BBB+, BBB, BBB-	109.4	-
Other	-	19.5
Total	**1,438.2**	**42.6**

As at 31 December 2022	Cash and cash equivalents and fixed maturity securities $m	Ceded asset for incurred claims
AAA	651.4	-
AA+, AA, AA-	74.5	-
A+, A, A-	279.7	31.0
BBB+, BBB, BBB-	129.0	-
Other	-	27.5
Total	**1,134.6**	**58.5**

The ceded reinsurance assets classified as other are fully collateralised.

As at 31 December 2023 the average credit quality of Conduit's cash and cash equivalents and portfolio of fixed maturity securities was AA (31 December 2022: AA).

Notes to the consolidated financial statements
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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	2023 $m	2022 $m (re-stated)
Not yet due	318.2	215.0
Less than 90 days past due	42.7	29.8
Over 90 days past due	7.0	3.4
Total	**367.9**	**248.2**

For the years ended 31 December 2023 and 2022 no provisions have been made for impaired or irrecoverable balances and no amount was charged to the consolidated statement of comprehensive income (loss) in respect of bad debts.

e. Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, personnel, systems or external events. During the reporting period, various operational risks were identified, and steps were taken to manage or mitigate these risks.

The risk framework addresses the identification, assessment and management of operational risks. This process involves the use of risk registers to identify inherent risk and residual risk after the application of controls. The management of individual risks is the responsibility of management, with independent challenge and oversight provided by the risk function. The results of compliance reviews and independent internal audits provide an additional level of review and verification. The Audit Committee has selected a reputable provider to serve as outsourced internal auditors.

f. Strategic risk
Conduit has identified several strategic risks, including:
— The risks that either the poor execution of the business plan or an inappropriate business plan in itself results in a strategy that fails to reflect adequately the trading environment, resulting in an inability to optimise performance, including reputational risk;
— The risks of the failure to maintain adequate capital, accessing capital at an inflated cost or the inability to access capital and unanticipated changes in vendor, regulatory and/or rating agency models that could result in an increase in capital requirements or a change in the type of capital required; and
— The risks of succession planning, staff retention and key personnel risks.

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

Capital management risk
The total tangible capital is as follows:

As at 31 December	2023 $m	2022 $m (re-stated)
Shareholders' equity	987.4	867.2
Intangible assets	-	1.4
Total tangible capital	**987.4**	**865.8**

Risks associated with the effectiveness of Conduit's capital management are mitigated as follows:
— Regular monitoring of current and prospective regulatory and rating agency capital requirements;
— Oversight of capital requirements by the Board;
— Ability to purchase sufficient, cost-effective reinsurance;
— Maintaining contact with vendors, regulators and rating agencies in order to stay abreast of upcoming developments; and
— Participation in industry groups such as the Association of Bermuda Insurers and Reinsurers, Reinsurance Association of America and the International Underwriting Association.

Notes to the consolidated financial statements
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Conduit reviews the level and composition of capital on an ongoing basis with a view of:
— Maintaining sufficient capital for underwriting opportunities and to meet obligations to policyholders;
— Maximising the risk-adjusted return to shareholders within the context of the defined risk appetite;
— Maintaining an adequate financial strength rating; and
— Meeting all relevant capital requirements.

Capital is increased or returned as appropriate. The retention of earnings generated leads to an increase in capital. Capital raising can include debt or equity and returns of capital may be made through dividends, share repurchases, a redemption of debt or any combination thereof. Other capital management tools and products available to Conduit may also be utilised. All capital actions require approval by the Board.

The primary source of capital used by Conduit is equity shareholders' funds. As a holding company, CHL relies on dividends from its operating entity to provide the cash flow required for dividends to shareholders. The ability of the operating entity to pay dividends and make capital distributions is subject to the legal and regulatory restrictions of the jurisdiction in which it operates.

CRL is regulated as a Class 4 (re)insurer by the BMA and is required to hold sufficient capital in that under applicable regulations. 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.

Notes to the consolidated financial statements
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4. Segmental reporting

Management and the Board review Conduit's business and evaluates its performance primarily by three segments: Property, Casualty and Specialty. These are considered to be the reportable segments for the purposes of segmental reporting. Further classes of business are underwritten within each reportable segment. The nature of these individual classes is discussed further in the Risk disclosures section in note 3.

Reportable segments	Operations and classes of business
Property	US and international property catastrophe and non-catastrophe risks on an excess of loss and proportional contract basis.
Casualty	US and international casualty risks principally including directors and officers liability, financial institutions liability, general liability, medical malpractice, professional liability and transactional liability.
Specialty	Diverse portfolio of business, including aviation, energy, engineering and construction, environmental, marine, renewables, political violence and terrorism and whole account.

Reportable segment performance is measured by the reinsurance service and finance result and the combined ratio. The chief operating decision maker does not manage Conduit's assets by reportable segment, and, accordingly, investment income and other non-underwriting related items are not allocated to each reportable segment. Refer to the risk disclosures for more information. All amounts reported are transactions with external parties and associates.

There are no significant inter-segmental transactions.

Year ended 31 December 2023	**Property $m**	**Casualty $m**	**Specialty $m**	**Total $m**
Reinsurance revenue by geographic region				
US	198.0	118.3	20.6	336.9
Worldwide	101.2	23.4	74.7	199.3
Europe	21.7	28.2	19.7	69.6
Other	24.3	1.9	1.0	27.2
Reinsurance revenue	**345.2**	**171.8**	**116.0**	**633.0**

Year ended 31 December 2022	Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance revenue by geographic region				
US	109.8	104.0	3.9	217.7
Worldwide	56.5	14.9	51.4	122.8
Europe	15.7	16.2	7.0	38.9
Other	10.8	1.6	0.6	13.0
Reinsurance revenue	**192.8**	**136.7**	**62.9**	**392.4**

Included within the worldwide geographic region, are premiums written with external parties in Bermuda for $4.0 million (31 December 2022: $0.6 million).

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Year ended 31 December	**2023** Property $m	Casualty $m	Specialty $m	Total $m	2022 Property $m	Casualty $m	Specialty $m	Total $m
Reinsurance revenue	345.2	171.8	116.0	633.0	192.8	136.7	62.9	392.4
Ceded reinsurance expenses	(66.9)	(1.3)	(8.5)	(76.7)	(40.5)	(1.2)	(6.9)	(48.6)
Net reinsurance revenue	**278.3**	**170.5**	**107.5**	**556.3**	**152.3**	**135.5**	**56.0**	**343.8**
Reinsurance losses and loss related amounts, discounted	(136.5)	(120.7)	(70.8)	(328.0)	(142.9)	(116.1)	(73.5)	(332.5)
Reinsurance operating expenses	(30.4)	(11.9)	(6.7)	(49.0)	(16.7)	(8.5)	(4.4)	(29.6)
Reinsurance service expenses	**(166.9)**	**(132.6)**	**(77.5)**	**(377.0)**	**(159.6)**	**(124.6)**	**(77.9)**	**(362.1)**
Ceded reinsurance recoveries	4.6	0.2	(0.5)	4.3	21.4	0.2	7.1	28.7
Reinsurance service result	**116.0**	**38.1**	**29.5**	**183.6**	**14.1**	**11.1**	**(14.8)**	**10.4**
Net reinsurance finance expense	(9.5)	(15.0)	(8.3)	(32.8)	2.5	13.8	4.5	20.8
Reinsurance service and finance result	**106.5**	**23.1**	**21.2**	**150.8**	**16.6**	**24.9**	**(10.3)**	**31.2**
Other operating expenses				(28.3)				(20.7)
Net unallocated revenue (expenses)				68.3				(54.4)
Total comprehensive income				**190.8**				**(43.9)**
Net loss ratio (discounted)	47.4%	70.7%	66.3%	**58.2%**	79.8%	85.5%	118.6%	**88.4%**
Reinsurance operating expense ratio	10.9%	7.0%	6.2%	**8.8%**	11.0%	6.3%	7.9%	**8.6%**
Other operating expense ratio				**5.1%**				**6.0%**
Combined ratio (discounted)	58.3%	77.7%	72.5%	**72.1%**	90.8%	91.8%	126.5%	**103.0%**
Net loss ratio (undiscounted)	51.5%	89.4%	77.1%	**68.0%**	83.0%	93.8%	128.8%	**94.7%**
Combined ratio (undiscounted)	62.4%	96.4%	83.3%	**81.9%**	94.0%	100.1%	136.7%	**109.3%**

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5. Investment return

As at 31 December 2023	Net investment income $m	Net realised gains (losses) $m	Net unrealised gains (losses) $m	Total investment return $m
Fixed maturity securities	35.7	(1.3)	30.6	65.0
Cash and cash equivalents	5.6	-	-	5.6
Total	**41.3**	**(1.3)**	**30.6**	**70.6**

As at 31 December 2022	Net investment income $m	Net realised gains (losses) $m	Net unrealised gains (losses) $m	Total investment return $m
Fixed maturity securities	16.5	(2.8)	(67.8)	(54.1)
Cash and cash equivalents	1.3	-	-	1.3
Total	**17.8**	**(2.8)**	**(67.8)**	**(52.8)**

Included in net investment income is $1.3 million of investment management and custody fees for the year ended 31 December 2023 (31 December 2022: $1.1 million). Net foreign exchange gains (losses) on cash and cash equivalents and fixed maturity securities for the year ended 31 December 2023 was nil (31 December 2022: $0.1 million loss). Foreign exchange impacts are not included in the investment returns in the table above.

6. Reinsurance finance return

Year ended 31 December	2023 $m	2022 $m
Interest accretion from reinsurance contracts	(28.9)	(7.3)
Interest accretion from ceded reinsurance contracts held	2.9	1.2
Net interest accretion	**(26.0)**	**(6.1)**
Change in discount rates from reinsurance contracts	(7.2)	29.3
Change in discount rates from ceded reinsurance contracts held	0.4	(2.4)
Net change in discount rates	**(6.8)**	**26.9**
Net reinsurance finance income (expense)	**(32.8)**	**20.8**

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7. Employee benefits and other incentives

Aggregate remuneration and other incentives of Conduit's employees is as follows:

Year ended 31 December	2023 $m	2022 $m
Wages and salaries	13.0	11.4
Pension benefit	1.3	1.1
Bonus and other benefits	15.0	7.7
Total cash compensation	**29.3**	**20.2**
Equity-based incentives	2.5	2.1
Total employee benefits and other incentives	**31.8**	**22.3**

Equity-based incentives – MIP

Prior to the IPO, a MIP was created. The purpose of the MIP was to provide an incentive scheme for the founders and initial employees for their services in establishing the foundations of Conduit. The incentive is based around shares in CML, which will be automatically exchanged for ordinary shares of CHL for an aggregate value equivalent to up to 15% of the excess of the market value of CHL over and above the Invested Equity, subject to the satisfaction of the vesting conditions. All outstanding and future grants have an exercise period of four to seven years from the grant date. The fair value is estimated using a stochastic Monte Carlo model.

CML issued 100,000 A1 shares and 100,000 A2 shares during the period ended 31 December 2020 at a subscription price of £1.72 and $2.26, respectively. Refer to note 17 for additional details.

The following table lists the assumptions used in the stochastic model for the MIP awards:

Assumptions	
Dividend yield	**0%**
Expected volatility[1]	**range from 17.2% – 19.0%**
Risk-free interest rate[2]	**range from 0.3% – 0.6%**
Expected life of instruments	**range from 4 to 7 years**

1. The expected volatility was calculated based on a comparator group of companies.
2. The risk-free interest rate is based on the yield of a US government bond on the date of grant.

The shares were granted prior to the IPO and therefore discounts for business viability and lack of marketability were also applied. There are significant risks associated with an IPO and the instruments are also illiquid until the tranche vesting dates. Management therefore selected their best estimates at the time for these discounts. These assumptions were highly judgemental and input from advisers was sought. Management also considered alternative assumptions and concluded there was not a material impact on the estimated valuation selected. The calculation of the equity-based incentive expense assumes no forfeitures due to employee turnover, with subsequent adjustments to reflect actual experience. The assumptions and estimated valuation selected resulted in 20% being expensed upfront for certain employees as this portion was not tied to service conditions and was fully expensed in the period ended 31 December 2020.

Conditions of the MIP include:

— The incentives are to be equity-settled and have therefore been accounted for in accordance with IFRS 2;
— The value of the services received in exchange for the share-based incentives is measured by reference to the estimated fair value of the incentives at their grant date, with the estimated fair value recognised in the consolidated statement of comprehensive income (loss), together with a corresponding increase in other reserves within shareholders' equity, on a straight-line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest;

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— Vesting conditions, other than market conditions linked to the share price of CHL, are not taken into account when estimating the fair value; and
— At the end of each reporting period Conduit revises its estimates of the number of shares that are expected to vest due to non-market conditions and recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income (loss), with a corresponding adjustment to shareholders' equity.

Equity-based incentives – DSBP
A percentage of each employee's bonus is automatically deferred into shares as nil cost options. The nil cost options vest annually in separate equal tranches over a three year period from the date of grant and do not have associated performance criteria attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

DSBP	Number of awards
Outstanding as at 31 December 2021	-
Granted	764,575
Exercised	-
Forfeited	(11,559)
Outstanding as at 31 December 2022	**753,016**
Granted	315,875
Exercised	(250,963)
Forfeited	(35,236)
Outstanding as at 31 December 2023	**782,692**

Equity-based incentives – LTIP
The LTIP is a retention scheme with awards granted to staff members as nil cost options. The nil cost options vest over a three year period from the date of grant and do not have associated performance criteria attached to the awards. These awards accrue dividend equivalents for all dividends declared where the record date falls between the grant date and date of exercise, and are paid at the time of exercise.

LTIP	Number of awards
Outstanding as at 31 December 2022	-
Granted	365,984
Exercised	-
Forfeited	-
Outstanding as at 31 December 2023	**365,984**

8. Other operating expenses

Year ended 31 December	2023 $m	2022 $m
Other operating expenses include:		
Audit fees	1.3	0.9
Other auditor services	0.1	0.1
Total	**1.4**	**1.0**

During the year ended 31 December 2023, KPMG Audit Limited provided non-audit services in relation to Conduit's 2023 interim review and carbon emission disclosures. Fees for non-audit services in the year ended 31 December 2023 totalled $0.1 million (31 December 2022: $0.1 million).

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9. Financing costs

Year ended 31 December	2023 $m	2022 $m
LOC and trust fees	1.1	0.7
Interest expense on lease liabilities	0.1	0.1
Total	**1.2**	**0.8**

Refer to note 16 for details of Conduit's financing arrangements.

10. Tax

Bermuda

CHL, CSL, CML and CRL have received an undertaking from the Bermuda government which exempts them from all Bermuda local income, withholding and capital gains taxes until 31 March 2035. On 27 December 2023 the Bermuda government enacted legislation, the Bermuda Corporate Income Tax Act of 2023, into law which may supersede such exemptions. CHL, CSL, CML and CRL are currently not in scope for this new legislation and as such, the exemptions provided by the Bermuda government undertaking still apply.

United Kingdom

CRSL is subject to normal UK corporation tax on all of its taxable profits. For the years ended 31 December 2023 and 2022 an immaterial tax profit arose and Conduit has therefore not recognised a deferred tax asset.

11. Cash and cash equivalents

As at 31 December	2023 $m	2022 $m
Cash at bank and in hand	39.4	21.5
Cash equivalents	160.4	91.4
Total	**199.8**	**112.9**

Cash equivalents include money market funds and other short-term highly liquid investments with three months or less remaining until maturity at the time of purchase. The carrying amount of these assets approximates their fair value. Refer to note 16 for cash and cash equivalents provided as collateral under Conduit's financing arrangements.

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12. Investments

As at 31 December 2023	Cost or amortised cost $m	Unrealised gains $m	Unrealised losses $m	Estimated fair value $m
Fixed maturity securities, at FVTPL				
Short-term investments	46.7	-	-	46.7
US treasuries	351.0	2.1	(9.2)	343.9
US agency debt	4.0	-	(0.2)	3.8
US municipals	19.5	0.3	(0.7)	19.1
Non-US government and agency	2.0	-	-	2.0
Asset-backed	177.3	0.3	(3.3)	174.3
US government agency mortgage-backed	135.9	0.7	(14.5)	122.1
Non-agency mortgage-backed	20.0	0.1	(1.8)	18.3
Agency commercial mortgage-backed	8.1	0.1	(0.4)	7.8
Non-agency commercial mortgage-backed	62.7	0.2	(6.1)	56.8
Corporate	456.0	2.5	(14.9)	443.6
Total	**1,283.2**	**6.3**	**(51.1)**	**1,238.4**

As at 31 December 2022	Cost or amortised cost $m	Unrealised gains $m	Unrealised losses $m	Estimated fair value $m
Fixed maturity securities, at FVTPL				
Short-term investments	37.9	-	-	37.9
US treasuries	221.6	0.2	(11.6)	210.2
US agency debt	2.0	-	(0.2)	1.8
US municipals	16.4	-	(1.2)	15.2
Non-US government and agency	2.1	-	(0.1)	2.0
Asset-backed	171.6	-	(7.8)	163.8
US government agency mortgage-backed	116.3	0.1	(15.8)	100.6
Non-agency mortgage-backed	15.1	-	(2.3)	12.8
Agency commercial mortgage-backed	3.7	-	(0.5)	3.2
Non-agency commercial mortgage-backed	59.7	-	(7.0)	52.7
Corporate	450.7	0.1	(29.3)	421.5
Total	**1,097.1**	**0.4**	**(75.8)**	**1,021.7**

As at 31 December 2023 other assets and other payables included $0.1 million and nil for investments sold and purchased, respectively (31 December 2022: $1.2 million and $1.2 million, respectively).

Conduit determines the estimated fair value of each individual security utilising the highest-level inputs available. Prices for the investment portfolio are provided via a third-party investment accounting firm whose pricing processes and the controls thereon are subject to an annual audit on both the operation and the effectiveness of those controls. Various recognised reputable

Notes to the consolidated financial statements
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pricing sources are used including pricing vendors. The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market trade data. The prices provided are compared to the investment managers' pricing.

Conduit has not made any adjustments to any pricing provided by independent pricing services or its third-party investment managers for the years ended 31 December 2023 and 2022. The fair value of securities in the investment portfolio is estimated using the following techniques:

LEVEL (I) – Level (I) investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

LEVEL (II) – Level (II) investments are securities with quoted prices in active markets for similar assets or liabilities or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level (II) are valued via independent external sources using directly observable inputs to models or other valuation methods. The valuation methods used are typically industry accepted standards and include broker-dealer quotes and pricing models including present values and future cash flows with inputs such as yield curves, credit spreads, interest rates, prepayment speeds and default rates.

LEVEL (III) – Level (III) investments are securities for which valuation techniques are not based on observable market data and require significant management judgement.

Conduit determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period. Transfers from Level (I) to (II) securities amounted to $9.4 million and transfers from Level (II) to (I) securities amounted to $63.4 million during the year ended 31 December 2023 using end of current period positions and estimated fair values. Transfers from Level (I) to (II) securities amounted to $76.2 million and transfers from Level (II) to (I) securities amounted to $37.8 million during the year ended 31 December 2022 using end of current period positions and estimated fair values. There were no investments included in Level (III) for either year end.

The fair value hierarchy of Conduit's investment portfolio is as follows:

As at 31 December 2023	Level I $m	Level II $m	Total $m
Fixed maturity securities, at FVTPL			
Short-term investments	46.1	0.6	46.7
US treasuries	343.9	-	343.9
US agency debt	-	3.8	3.8
US municipals	-	19.1	19.1
Non-US government and agency	-	2.0	2.0
Asset-backed	-	174.3	174.3
US government agency mortgage-backed	-	122.1	122.1
Non-agency mortgage-backed	-	18.3	18.3
Agency commercial mortgage-backed	-	7.8	7.8
Non-agency commercial mortgage-backed	-	56.8	56.8
Corporate	93.6	350.0	443.6
Total	**483.6**	**754.8**	**1,238.4**

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As at 31 December 2022	Level I $m	Level II $m	Total $m
Fixed maturity securities, at FVTPL			
Short-term investments	37.9	-	37.9
US treasuries	210.2	-	210.2
US agency debt	-	1.8	1.8
US municipals	-	15.2	15.2
Non-US government and agency	-	2.0	2.0
Asset-backed	-	163.8	163.8
US government agency mortgage-backed	-	100.6	100.6
Non-agency mortgage-backed	-	12.8	12.8
Agency commercial mortgage-backed	-	3.2	3.2
Non-agency commercial mortgage-backed	-	52.7	52.7
Corporate	51.3	370.2	421.5
Total	**299.4**	**722.3**	**1,021.7**

Refer to note 16 for investments provided as collateral under Conduit's financing arrangements.

13. Interests in structured entities

Unconsolidated structured entities in which Conduit has an interest

As part of Conduit's investment activities, it invests in unconsolidated structured entities. Conduit does not sponsor any of the unconsolidated structured entities. The business relations of Conduit with the structured entities set out below do not give rise to consolidation because the criteria for control pursuant to IFRS 10, as contained in our consolidation principles, are not met.

A summary of interests in unconsolidated structured entities is as follows:

As at 31 December	**2023 $m**	2022 $m
Fixed maturity securities, at FVTPL		
Asset-backed	174.3	163.8
US government agency mortgage-backed	122.1	100.6
Non-agency mortgage-backed	18.3	12.8
Agency commercial mortgage-backed	7.8	3.2
Non-agency commercial mortgage-backed	56.8	52.7
Total	**379.3**	**333.1**

The fixed maturity structured entities are used to meet specific investment needs of borrowers and investors which cannot be met from standardised financial instruments available in the capital markets, providing liquidity and diversification. While individual securities may differ in structure, the principles of the instruments are similar and it is appropriate to aggregate the investments into the categories detailed above.

The risk that Conduit faces in respect of the investments in structured entities is similar to the risk it faces in respect of other financial investments held on the consolidated balance sheet. Fair value is determined by market supply and demand, which is driven by investor evaluation of the credit risk of the structure and changes in the term structure of interest rates which can change the expectation of cash flows associated with the instrument and, therefore, its value in the market.

The maximum exposure to loss in respect of these structured entities would be the carrying value of the instruments that Conduit holds. Generally, default rates would have to increase substantially before Conduit would suffer a loss. This assessment is made prior to investing and regularly through the holding period for the security.

Refer to note 16 for investments provided as collateral under Conduit's financing arrangements.

Notes to the consolidated financial statements
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14. Reinsurance contracts

The breakdown of portfolios of reinsurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position and by type of reinsurance asset or liability, is set out below.

As at	31 December 2023 $m	31 December 2022 $m (re-stated)	1 January 2022 $m (re-stated)
Reinsurance contract liabilities	**(494.5)**	**(336.3)**	**(116.1)**
Liability for remaining coverage	109.7	71.0	49.1
Liability for incurred claims	(592.2)	(391.1)	(162.8)
Other reinsurance receivables (payables)	(12.0)	(16.2)	(2.4)
Reinsurance net asset (liability)	**(494.5)**	**(336.3)**	**(116.1)**
Ceded reinsurance contract assets	**42.7**	**67.3**	**41.0**
Ceded asset (liability) for remaining coverage	(1.2)	(3.7)	(2.5)
Ceded asset for incurred claims	42.6	58.5	43.5
Ceded other receivables (payables)	1.3	12.5	-
Ceded reinsurance net asset (liability)	**42.7**	**67.3**	**41.0**

The reconciliation from the opening to the closing balances of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts issued and ceded reinsurance contracts held is shown below. The reconciliation shows the movement in the liability by the reinsurance service result, total comprehensive income (loss) and cash flows separately for reinsurance contracts issued and ceded reinsurance contracts held.

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Year ended 31 December ($m)	2023 Remaining coverage: Excluding loss component	2023 Incurred claims: Present value of future cash flows	2023 Incurred claims: Risk adjustment	2023 Total	2022 Remaining coverage: Excluding loss component	2022 Incurred claims: Present value of future cash flows	2022 Incurred claims: Risk adjustment	2022 Total
Opening reinsurance asset (liability)	**71.0**	**(365.8)**	**(25.3)**	**(320.1)**	**49.1**	**(154.4)**	**(8.4)**	**(113.7)**
Reinsurance revenue	633.0	-	-	633.0	392.4	-	-	392.4
Reinsurance service expenses								
Incurred claims and other expenses	-	(311.9)	(27.1)	(339.0)	-	(324.4)	(21.0)	(345.4)
Amortisation of reinsurance acquisition expense cash flows	(37.6)	-	-	(37.6)	(22.9)	-	-	(22.9)
Changes to liabilities for incurred claims for past service	-	(5.9)	5.5	(0.4)	-	4.2	2.0	6.2
Reinsurance service expenses	(37.6)	(317.8)	(21.6)	(377.0)	(22.9)	(320.2)	(19.0)	(362.1)
Reinsurance service result	**595.4**	**(317.8)**	**(21.6)**	**256.0**	**369.5**	**(320.2)**	**(19.0)**	**30.3**
Reinsurance finance income (expense)	-	(33.2)	(2.9)	(36.1)	-	19.9	2.1	22.0
Effect of exchange rates	0.1	(1.3)	(0.1)	(1.3)	0.3	1.0	-	1.3
Total changes in comprehensive income (loss)	**595.5**	**(352.3)**	**(24.6)**	**218.6**	**369.8**	**(299.3)**	**(16.9)**	**53.6**
Investment components	20.1	(20.1)	-	-	13.7	(13.7)	-	-
Cash flows								
Premiums received	(595.5)	-	-	(595.5)	(376.5)	-	-	(376.5)
Claims and other attributable expenses paid	-	195.9	-	195.9	-	101.6	-	101.6
Reinsurance acquisition expense cash flows	18.6	-	-	18.6	14.9	-	-	14.9
Total cash flows	**(576.9)**	**195.9**	**-**	**(381.0)**	**(361.6)**	**101.6**	**-**	**(260.0)**
Closing reinsurance asset (liability)	**109.7**	**(542.3)**	**(49.9)**	**(482.5)**	**71.0**	**(365.8)**	**(25.3)**	**(320.1)**

Notes to the consolidated financial statements
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Year ended 31 December ($m)	2023 Remaining coverage: Excluding loss component recovery	2023 Incurred claims: Present value of future cash flows	2023 Incurred claims: Risk adjustment	2023 Total	2022 Remaining coverage: Excluding loss component recovery	2022 Incurred claims: Present value of future cash flows	2022 Incurred claims: Risk adjustment	2022 Total
Opening ceded reinsurance asset (liability)	**(3.7)**	**58.5**	**-**	**54.8**	**(2.5)**	**43.5**	**-**	**41.0**
Ceded reinsurance expenses	(76.7)	-	-	(76.7)	(48.6)	-	-	(48.6)
Ceded reinsurance recoveries								
Amounts recoverable on incurred claims	-	-	-	-	-	28.0	-	28.0
Changes to amounts recoverable for incurred claims	-	4.3	-	4.3	-	0.7	-	0.7
Ceded reinsurance recoveries	-	4.3	-	4.3	-	28.7	-	28.7
Reinsurance service result	**(76.7)**	**4.3**	**-**	**(72.4)**	**(48.6)**	**28.7**	**-**	**(19.9)**
Ceded reinsurance finance income (expense)	-	3.3	-	3.3	-	(1.2)	-	(1.2)
Effect of exchange rates	-	-	-	-	-	-	-	-
Total changes in comprehensive income (loss)	**(76.7)**	**7.6**	**-**	**(69.1)**	**(48.6)**	**27.5**	**-**	**(21.1)**
Investment components	-	-	-	-	-	-	-	-
Cash flows								
Premiums paid	79.2	-	-	79.2	47.4	-	-	47.4
Recoveries received	-	(23.5)	-	(23.5)	-	(12.5)	-	(12.5)
Total cash flows	**79.2**	**(23.5)**	**-**	**55.7**	47.4	(12.5)	-	34.9
Closing ceded reinsurance asset (liability)	**(1.2)**	**42.6**	**-**	**41.4**	**(3.7)**	**58.5**	**-**	**54.8**

Notes to the consolidated financial statements
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	2023				2022			
	Remaining coverage	Incurred claims			Remaining coverage	Incurred claims		
Year ended 31 December ($m)	Excluding loss component	Present value of future cash flows	Risk adjustment	Total	Excluding loss component	Present value of future cash flows	Risk adjustment	Total
Opening net reinsurance asset (liability)	**67.3**	**(307.3)**	**(25.3)**	**(265.3)**	**46.6**	**(110.9)**	**(8.4)**	**(72.7)**
Net reinsurance revenue	556.3	-	-	556.3	343.8	-	-	343.8
Net reinsurance service expenses				-				-
Net incurred claims and other expenses	-	(311.9)	(27.1)	(339.0)	-	(296.4)	(21.0)	(317.4)
Amortisation of reinsurance acquisition expense cash flows	(37.6)	-	-	(37.6)	(22.9)	-	-	(22.9)
Changes to net liabilities for incurred claims for past service	-	(1.6)	5.5	3.9	-	4.9	2.0	6.9
Net reinsurance service expenses	(37.6)	(313.5)	(21.6)	(372.7)	(22.9)	(291.5)	(19.0)	(333.4)
Reinsurance service result	**518.7**	**(313.5)**	**(21.6)**	**183.6**	**320.9**	**(291.5)**	**(19.0)**	**10.4**
Net reinsurance finance income (expense)	-	(29.9)	(2.9)	(32.8)	-	18.7	2.1	20.8
Effect of exchange rates	0.1	(1.3)	(0.1)	(1.3)	0.3	1.0	-	1.3
Total changes in comprehensive income (loss)	**518.8**	**(344.7)**	**(24.6)**	**149.5**	**321.2**	**(271.8)**	**(16.9)**	**32.5**
Investment components	20.1	(20.1)	-	-	13.7	(13.7)	-	-
Cash flows								
Net premiums received	(516.3)	-	-	(516.3)	(329.1)	-	-	(329.1)
Net claims and other attributable expenses paid	-	172.4	-	172.4	-	89.1	-	89.1
Reinsurance acquisition expense cash flows	18.6	-	-	18.6	14.9	-	-	14.9
Total cash flows	**(497.7)**	**172.4**	**-**	**(325.3)**	**(314.2)**	**89.1**	**-**	**(225.1)**
Closing net reinsurance asset (liability)	**108.5**	**(499.7)**	**(49.9)**	**(441.1)**	**67.3**	**(307.3)**	**(25.3)**	**(265.3)**

Notes to the consolidated financial statements
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Conduit did not book any additional case reserves for the years ended 31 December 2023 and 2022. The net liability for incurred claims as at 31 December 2023 had an estimated duration of 3.1 years (31 December 2022: 3.1 years).

The liability established by Conduit is viewed as adequate, however a 20% increase in estimated undiscounted losses would have a $133.9 million adverse impact on comprehensive income (loss) (31 December 2022: $91.9 million).

Despite an active period for natural catastrophe losses for the industry, there were no major event losses individually or in aggregate which had a material impact on Conduit during 2023.

During 2022 the most significant loss events impacting Conduit were the Ukraine war and Hurricane Ian. The estimated undiscounted ultimate net impact, after ceded reinsurance and reinstatement premiums, is $24.6 million and $39.7 million respectively. Our undiscounted ultimate loss estimates, net of ceded reinsurance and reinstatement premiums, for previously reported loss events remain stable. During the year ended 31 December 2023 the changes in the discounted net liability for incurred claims for prior accident years was a reduction of $3.9 million (31 December 2022: $6.9 million).

Claims development table

The following tables show the estimates of cumulative undiscounted incurred claims, including the risk adjustment, for each successive accident year at each reporting date, together with the cumulative payments to date:

Gross undiscounted claims, including risk adjustment	**$m**	**$m**	**$m**	**$m**
Accident year	**2021**	**2022**	**2023**	**Total**
At end of accident year	190.7	391.2	401.3	
One year later	184.7	387.2		
Two years later	187.5			
Current estimate of undiscounted incurred claims	**187.5**	**387.2**	**401.3**	**976.0**
Cumulative payments to date	(112.8)	(135.7)	(58.0)	(306.5)
Current estimate of undiscounted liability for incurred claims	**74.7**	**251.5**	**343.3**	**669.5**
Effect of discounting				(74.3)
Current estimate of discounted liability for incurred claims				**595.2**

Notes to the consolidated financial statements
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Ceded undiscounted recoveries, including risk adjustment	$m	$m	$m	$m
Accident year	**2021**	**2022**	**2023**	**Total**
At end of accident year	(48.9)	(39.0)	-	
One year later	(50.1)	(36.9)		
Two years later	(57.3)			
Current estimate of ceded undiscounted incurred recoveries	**(57.3)**	**(36.9)**	**-**	**(94.2)**
Cumulative recoveries received to date	38.0	-	-	38.0
Current estimate of ceded undiscounted asset for incurred claims	**(19.3)**	**(36.9)**	**-**	**(56.2)**
Effect of discounting				4.7
Current estimate of ceded asset for incurred claims				**(51.5)**

Net undiscounted claims, including risk adjustment	$m	$m	$m	$m
Accident year	**2021**	**2022**	**2023**	**Total**
At end of accident year	141.8	352.2	401.3	
One year later	134.6	350.3		
Two years later	130.2			
Current estimate of net undiscounted incurred claims	**130.2**	**350.3**	**401.3**	**881.8**
Cumulative payments to date	(74.8)	(135.7)	(58.0)	(268.5)
Current estimate of net undiscounted liability for incurred claims	**55.4**	**214.6**	**343.3**	**613.3**
Effect of discounting				(69.6)
Current estimate of net liability for incurred claims				**543.7**

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A reconciliation of the net liability for incurred claims per the claims development tables to the carrying amounts included in the balance sheet has been provided below. Loss related amounts represent amounts due that are contingent on claims, such as reinstatement premiums and profit commissions.

Reconciliation to carrying amounts:

	2023			2022		
As at 31 December	**Gross $m**	**Ceded $m**	**Net $m**	Gross $m	Ceded $m	Net $m
Undiscounted liability for incurred claims per claims development tables	669.5	(56.2)	613.3	459.3	(76.6)	382.7
Discount	(74.3)	4.7	(69.6)	(54.9)	7.4	(47.5)
Liability for incurred claims per claims development tables	595.2	(51.5)	543.7	404.4	(69.2)	335.2
Other loss related amounts	(3.0)	8.9	5.9	(13.3)	10.7	(2.6)
Liability (asset) for incurred claims	**592.2**	**(42.6)**	**549.6**	**391.1**	**(58.5)**	**332.6**

The estimation of the ultimate fulfilment cash flows for claims is a complex process which incorporates a significant amount of judgement. It is reasonably possible that uncertainties inherent in the reserving process, delays in insureds or ceding companies reporting losses to Conduit, together with the potential for unforeseen adverse developments, could lead to a material change in estimated liability for incurred claims. Further information on the calculation of the liability for incurred claims and associated risks are provided in the risk disclosures in note 3.

Notes to the consolidated financial statements
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15. Right-of-use lease assets

Right-of-use lease assets primarily relate to leased properties for Conduit's offices in Bermuda and office equipment.

Right-of-use assets	$m
Balance and net book value as at 31 December 2021	2.9
Depreciation	(0.7)
Balance and net book value as at 31 December 2022	**2.2**
Additions	0.5
Depreciation	(0.6)
Balance and net book value as at 31 December 2023	**2.1**

Lease liabilities

As at 31 December	2023 $m	2022 $m
Less than one year	0.8	0.6
Between one and five years	1.6	2.0
Total undiscounted lease liabilities	**2.4**	**2.6**

The discounted lease liability as at 31 December 2023 was $2.3 million (31 December 2022: $2.4 million). Conduit does not face significant liquidity risk with respect to its lease liabilities.

Amounts recognised in the consolidated financial statements

Year ended 31 December	2023 $m	2022 $m
Consolidated statement of comprehensive income (loss)		
Interest expense on lease liabilities	0.1	0.1
Depreciation of right-of-use assets	0.6	0.7
Total	**0.7**	**0.8**

Consolidated statement of cash flows		
Lease payments	0.7	0.6

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16. Financing arrangements

Letters of credit and trust accounts

CRL is a non-admitted reinsurer in the US and Canada although during the year received reciprocal jurisdiction reinsurer status in certain states of the US (RJR). Subject to certain exceptions, RJR status reduces the need for CRL to post collateral to support cedants in states where CRL has RJR status. However, terms and conditions of certain reinsurance contracts with US and Canadian cedants require CRL to provide collateral for outstanding insurance contract liabilities, including the liability for remaining coverage and liability for incurred claims. The collateral can be provided by LOCs or by assets in trust accounts. Refer to note 9 for details of interest expense associated with these LOCs included in financing costs. Additional information about Conduit's exposure to interest rate and liquidity risk is included in the risk disclosures section in note 3.

Standby letter of credit facility

During July 2021, CRL, as the borrower, entered into a $125.0 million standby letter of credit facility led by Lloyds Bank Corporate Markets PLC. CHL will guarantee the obligations of CRL with respect to the standby letter of credit facility. Terms of the standby letter of credit facility contain standard qualitative representations and require certain standard financial covenants be adhered to, including: a maximum consolidated debt to capital ratio of CHL of 35.0%; a minimum consolidated tangible net worth of CHL; and a minimum A.M. Best rating of B++ for CRL. CRL increased the aggregate amount of the commitment under the facility up to $150.0 million during 2022, with an additional $25.0 million increase concluded during 2023 increasing the facility to $175.0 million. As at 31 December 2023, $125.3 million (31 December 2022: $92.0 million) was outstanding under the standby letter of credit facility and is secured by cash and cash equivalents and investments of $153.2 million (31 December 2022: $110.7 million).

Uncommitted letter of credit facility

During September 2021, CRL entered into a $75.0 million uncommitted letter of credit facility with Citibank Europe PLC which was increased to $125.0 million during 2023. Terms of the uncommitted letter of credit facility include standard qualitative representations. As at 31 December 2023, $72.9 million (31 December 2022: $37.0 million) was outstanding under the uncommitted letter of credit facility and is secured by cash and cash equivalents and investments of $89.1 million (31 December 2022: $49.7 million).

Trust accounts

Several trust account arrangements have been established in favour of policyholders and ceding companies to provide collateral or comply with the security requirements of certain contracts. As at 31 December 2023, $170.8 million (31 December 2022: $127.4 million) of cash and cash equivalents and investments were restricted in favour of third parties.

Additional letter of credit and trust funding requirements

For the year ended 31 December 2023, $18.2 million (31 December 2022: $87.8 million) of collateral requests and collateral amendments in respect of that financial year were received subsequent to the year end date. These collateral requests will be completed in the normal course of business and will be funded during the subsequent year using cash and cash equivalents and/or investments.

Notes to the consolidated financial statements
continued

17. Share capital

Authorised share capital	Number	$m
Authorised common shares of $0.01 each	10,000,000,000	100.0
Authorised A1 shares of £0.01 each	100,000	-
Authorised A2 shares of $0.01 each	100,000	-
As at 31 December 2023 and 2022	**10,000,200,000**	**100.0**

Allotted, called-up and fully paid	Common shares number	A1 shares number	A2 shares number	Total number	Total $m
Issued	165,239,997	100,000	100,000	165,439,997	1.7
As at 31 December 2023 and 2022	**165,239,997**	**100,000**	**100,000**	**165,439,997**	**1.7**

The number of common shares in issue less own shares held as at 31 December 2023 was 158,056,137 (31 December 2022: 160,141,174).

CHL holds 18,000 A1 and A2 shares at 31 December 2023 and 2022. The A1 and A2 shares issued by CML have no voting rights attached. Subject to vesting conditions, discussed in note 7, the A1 and A2 shares will be automatically exchanged for ordinary shares of CHL.

Notes to the consolidated financial statements
continued

Own shares

Own shares	Number held in treasury	$m	Number held in trust	$m	Total number of own shares	Total $m
As at 31 December 2021	**(32,823)**	**(0.2)**	**-**	**-**	**(32,823)**	**(0.2)**
Repurchased	(725,000)	(3.4)	-	-	(725,000)	(3.4)
Purchased by EBT	-	-	(4,341,000)	(16.5)	(4,341,000)	(16.5)
As at 31 December 2022	**(757,823)**	**(3.6)**	**(4,341,000)**	**(16.5)**	**(5,098,823)**	**(20.1)**
Purchased by EBT	-	-	(2,336,000)	(13.7)	(2,336,000)	(13.7)
Transferred to EBT	757,823	3.6	(757,823)	(3.6)	-	-
Distributed by EBT	-	-	250,963	0.9	250,963	0.9
As at 31 December 2023	**-**	**-**	**(7,183,860)**	**(32.9)**	**(7,183,860)**	**(32.9)**

Shares repurchased by CHL and the EBT will be held as own shares to meet future obligations under CHL's variable incentive schemes. See note 21 for information on shares held by the EBT.

Dividends

	Record date	Payment date	Per share $	$m
Final 2021	25 March 2022	22 April 2022	0.18	29.7
Interim 2022	19 August 2022	9 September 2022	0.18	29.6
Final 2022	24 March 2023	21 April 2023	0.18	29.6
Interim 2023	18 August 2023	8 September 2023	0.18	29.7

See note 23 for information with respect to dividends declared subsequent to 31 December 2023.

Notes to the consolidated financial statements
continued

18. Other reserves
Other reserves consist of the following:

	Other reserves $m	Share premium $m	Total other reserves $m
As at 31 December 2021	**0.6**	**1,055.4**	**1,056.0**
Equity-based incentive expense	2.1	-	2.1
Transfer from share premium to contributed surplus	1,055.4	(1,055.4)	-
As at 31 December 2022	**1,058.1**	**-**	**1,058.1**
Equity-based incentive expense	2.5	-	2.5
Distributions by EBT	(1.0)	-	(1.0)
As at 31 December 2023	**1,059.6**	**-**	**1,059.6**

Other reserves include Conduit's equity-based incentive expense.

Share premium includes any premiums received on issue of share capital. The transaction costs that were attributable to the issuance of new shares incurred in forming Conduit were treated as a deduction from share premium. The share premium was transferred to contributed surplus during May 2022 after approval by Conduit's shareholders at the AGM.

19. Contingencies and commitments
Legal proceedings and regulations
Conduit operates in the reinsurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to estimate or determine the final results of all pending or threatened legal proceedings, management does not believe that any such proceedings (including litigation) will have a material effect on its results and financial position.

20. Earnings (loss) per share
The following reflects the earnings (loss) and share data used in the basic and diluted loss per share computations:

Year ended 31 December	**2023 $m**	2022 $m
Total comprehensive income (loss)	190.8	(43.9)
	Number	**Number**
Basic weighted average number of shares	160,103,836	163,441,264
Dilutive effect of equity-based incentives	461,091	167,093
Diluted weighted average number of shares	**160,564,927**	**163,608,357**
Earnings (loss) per share	**Per share $**	**Per share $**
Basic	1.19	(0.27)
Diluted	1.19	(0.27)

Equity-based incentive awards are only treated as dilutive when their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations. Incremental shares from ordinary restricted share options where relevant performance criteria have not been met are not included in the calculation of dilutive shares.

Notes to the consolidated financial statements
continued

21. Related party disclosures

These consolidated financial statements include CHL and the entities listed below:

Subsidiary undertakings	Domicile	Principal Business
CHL	Bermuda	Holding company, Ultimate parent
CRL	Bermuda	General insurance business
CRSL	England and Wales	Support services
CML[1]	Bermuda	Support services
CSL	Bermuda	Support services
EBT	Jersey	Employee benefit trust

1. CML is part-owned by members of management. Management's share ownership in CML exists solely for the purposes of the Group's management share incentive scheme for attracting and retaining talent. Management's shares in CML have no voting power or control in respect of CHL's ownership of CRL via CML's ownership of CRL.

Unless otherwise stated, Conduit owns 100% of the share capital and voting rights in the subsidiaries listed.

Employee benefit trust

The EBT was established with the sole purpose of administering Conduit's equity-based incentive schemes. The trustee operates the trust for the benefit of Conduit's employees, all in accordance with an established trust deed. While Conduit does not have legal ownership of the EBT, the trust is consolidated in Conduit's accounts due to the ability that Conduit has to influence the actions of the trust.

Funding for the trust is provided by CHL through a non-interest bearing loan facility. The facility may only be used by the trustee for the purpose of achieving the objectives of the EBT. During the year ended 31 December 2023, advances of $13.7 million (31 December 2022: $16.5 million) were made to the trust.

CHL common shares purchased by the EBT will be held for the benefit of employees under CHL's variable incentive schemes. During the year ended 31 December 2023 the trust purchased common shares of 2,336,000 (31 December 2022: 4,341,000).

On 18 May 2023, CHL completed the transfer of 757,823 common shares held in treasury with a value of $3.6 million to the EBT.

During the year ended 31 December 2023 the EBT distributed 250,963 shares with a value of $0.9 million to employees. There were no distributions for the year ended 31 December 2022.

Stabilitas Re

Stabilitas Re Limited a special purpose vehicle (Stabilitas Re), was launched in June 2023. Conduit sponsored the launch of a catastrophe bond issued by Stabilitas Re and CRL entered into a collateralised reinsurance agreement with Stabilitas Re as part of the transaction. The catastrophe bond was issued to third-party investors by Stabilitas Re. Conduit has no ownership interest in nor any control over Stabilitas Re and therefore does not consolidate that entity.

Key management compensation

Remuneration for key management of Conduit's Executive Group, and Non-Executive Directors, was as follows:

Year ended 31 December	**2023 $m**	2022 $m
Cash compensation	9.1	4.7
Equity-based incentive expense	1.8	1.4
Directors fees and expenses	0.8	0.8
Total	**11.7**	**6.9**

Note: An additional member of the executive group was included in key management compensation for the current year. Prior year comparatives have not been re-stated as they were not deemed to be key management for that year.

Loans to employees, including key management, to assist with environmental and other projects, have been made by CSL. These loans are short term and interest free. Any financial benefit to the employee is generally not material.

Non-Executive Directors do not receive any benefits in addition to their agreed fees and expenses and do not participate in any of Conduit's incentive, performance or pension plans.

Notes to the consolidated financial statements
continued

IncubEx, Inc.
Effective 9 April 2021, CHL executed a stock purchase agreement with IncubEx, a product and business development firm with a focus on designing and developing new financial products in global environmental, reinsurance and related commodity markets. CHL purchased 624 shares of IncubEx's Series A-3 preferred stock, with a par value of $0.0001 per share, for an aggregate purchase price of $50,000, or $80.08 per share.

The current Executive Chairman of CHL is also a founder and current Chairman of IncubEx. The terms and conditions of the stock purchase agreement are equivalent to those that would prevail in an arm's length transaction. The investment in IncubEx is included in other assets in the consolidated balance sheet and is recorded at cost, which approximates fair value.

22. Transition to IFRS 17 and IFRS 9

IFRS 17, Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. In addition to the updated accounting policies and disclosure in notes 2, 3, 4, 6 and 14, some of the key differences between IFRS 17 and the accounting policies previously adopted by Conduit under IFRS 4 are outlined below.

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of Conduit's reinsurance contracts issued or ceded reinsurance contracts held. Under IFRS 17, Conduit's reinsurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA.

The measurement principles of the PAA are similar to accounting policies previously applied under IFRS 4 but are different in the following key areas:

Under IFRS 4 gross premiums written were recognised at the top of the consolidated statement of comprehensive income (loss) with an adjustment for the change in the unearned premium liability. IFRS 17 defines reinsurance revenue as the expected premium cash flows net of any deductions that are paid to the cedant, excluding any investment components.

If contracts are assessed as being onerous, a loss component is recognised. Previously these may have formed an unexpired risk reserve provision determined through the liability adequacy test.

Previously, only contract specific acquisition cash flows were deferred and amortised. Under IFRS 17, the recognition of reinsurance acquisition expense cash flows includes an allocation of acquisition-related operating expenses incurred in the period.

Conduit recognises its reinsurance acquisition expense cash flows as part of the liability or asset for remaining coverage and amortises over the coverage period in line with the service provided.

Measurement of the liability for incurred claims (previously losses and loss adjustment expenses) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. Previously, under IFRS 4, losses and loss adjustment expenses were undiscounted without an explicit adjustment for non-financial risk.

IFRS 17 identifies cash flows that are contingent on claims as being presented within the reinsurance service expenses, such as reinstatement premiums and profit commissions. Previously under IFRS 4 these were recorded in gross premiums written and net acquisition expenses, respectively. Similar presentation impacts are noted on ceded reinsurance contracts, with cash flows that are contingent on recoveries, such as reinstatement premiums paid and profit commissions received, presented within ceded reinsurance recoveries.

Changes to presentation and disclosure

Under IFRS 4 separate assets and liabilities were recognised for premium receivables, deferred acquisition costs, unearned premiums, and loss and loss adjustment reserves. These assets and liabilities were shown aggregated for all reinsurance contracts, separately for ceded. IFRS 17 groups the reinsurance assets and liabilities by portfolio, as defined by Conduit's level of aggregation accounting policy in note 2, separately for reinsurance contracts issued and ceded reinsurance contracts held and presents a net asset or liability for the portfolio as a whole. This means that different portfolios could be in an asset or liability position depending on the timing of cash flows.

The consolidated statement of comprehensive income (loss) has changed significantly in its presentation. Previously Conduit reported items such as gross premiums written, net premiums earned and loss and loss adjustment expenses. Under IFRS 17, the standard defines and requires separate presentation of reinsurance revenue and reinsurance service expenses. Conduit has chosen to present income and expenses from ceded reinsurance contracts as separate line items.

Notes to the consolidated financial statements
continued

The standard requires separate presentation of reinsurance finance income or expense which represents the unwind of discounting and changes in reinsurance liabilities due to updating to current discount rates.

Transition to IFRS 17

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach. Under the full retrospective approach, as at 1 January 2022 Conduit:

- Identified, recognised and measured each group of reinsurance contracts as if IFRS 17 had always applied;
- Derecognised any existing balances that would not exist had IFRS 17 always applied. These include deferred acquisition expenses, reinsurance receivables and payables, net loss and loss adjustment expense reserves and unearned premium reserves. Under IFRS 17 they are included in the measurement of reinsurance contract assets or liabilities; and
- Recognised any resulting net difference in equity.

The increase to shareholders' equity from the application of IFRS 17 is predominantly driven by the discounting of net loss reserves which were previously undiscounted, the deferral of certain acquisition-related operating expenses and the revaluation of reinsurance balances that are now considered monetary items under IFRS 17. The impacts of discounting and the deferral of acquisition-related operating expenses are timing differences as both will be unwound over the settlement of claims liabilities and insurance contract coverage periods respectively. The effects of adopting IFRS 17 on the consolidated financial statements as at 1 January 2022 are shown below. Similar impacts were noted on the consolidated financial statements as at 31 December 2022.

As at	31 December 2021 (as reported) $m	1 January 2022 (re-stated) $m	Impact of adopting IFRS 17
Assets			
Cash and cash equivalents	67.5	67.5	-
Accrued interest receivable	3.7	3.7	-
Investments	1,008.4	1,008.4	-
Inwards premiums receivable	155.0	-	(155.0)
Ceded reinsurance contract assets	50.0	41.0	(9.0)
Other assets	1.6	1.6	-
Right-of-use lease assets	2.9	2.9	-
Deferred acquisition expenses	44.6	-	(44.6)
Intangible assets	1.1	1.1	-
Total assets	**1,334.8**	**1,126.2**	**(208.6)**
Liabilities			
Reinsurance contract liabilities	324.4	116.1	(208.3)
Amounts payable to reinsurers	7.3	-	(7.3)
Other payables	19.0	19.0	-
Lease liabilities	2.9	2.9	-
Total liabilities	**353.6**	**138.0**	**(215.6)**

Notes to the consolidated financial statements
continued

As at	31 December 2021 (as reported) $m	1 January 2022 (re-stated) $m	Impact of adopting IFRS 17
Shareholders' equity			
Share capital	1.7	1.7	-
Own shares	(0.2)	(0.2)	-
Other reserves	1,056.0	1,056.0	-
Retained loss	(76.3)	(69.3)	7.0
Total shareholders' equity	**981.2**	**988.2**	**7.0**
Total liabilities and shareholders' equity	**1,334.8**	**1,126.2**	**(208.6)**

IFRS 9, Financial Instruments

IFRS 9 replaced IAS 39, Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, Conduit elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of Conduit's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

— Financial assets at fair value through profit or loss, including debt instruments, equity instruments and derivatives;
— Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
— Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition and
— Debt instruments at amortised cost.

Conduit's classification of its financial assets is explained in the accounting policies beginning on page 102 in note 2. Conduit's financial investment portfolio of fixed maturity securities meets the requirements for mandatory FVTPL which is consistent with the measurement of Conduit's previous accounting policies under IAS 39.

The classification and measurement of financial liabilities under IFRS 9 remains the same as IAS 39, except where a financial liability is designated as FVTPL.

Changes to presentation and disclosure

To reflect the differences between IAS 39 and IFRS 9, IFRS 7 Financial Instruments: Disclosures was also amended. There was no impact to Conduit from these amendments with the implementation of IFRS 9.

Transition to IFRS 9

As Conduit's accounting policies under IFRS 9 are consistent with those applied under IAS 39, there is no financial impact on transition. There is therefore no restatement of comparatives nor any impact from adoption on shareholders' equity.

23. Subsequent events

Dividends

On 20 February 2024, Conduit's Board of Directors declared a final dividend for 2023 of $0.18 (approximately £0.14) per common share, which will result in an aggregate payment of $29.7 million. The dividend will be paid in pounds sterling on 24 April 2024 to shareholders of record on 22 March 2024 (the Record Date) using the pound sterling / US dollar spot exchange rate at 12 noon on the Record Date.

Additional performance measures (the “APMs”)

Conduit presents certain APMs to evaluate, monitor and manage the business and to aid readers’ understanding of Conduit's financial statements and methodologies used. These are common measures used across the (re)insurance industry and allow the reader of Conduit's financial reports to compare those with other companies in the (re)insurance industry. The APMs should be viewed as complementary to, rather than a substitute for, the figures prepared in accordance with IFRS. Conduit’s Audit Committee has evaluated the use of these APMs and reviewed their overall presentation to ensure that they were not given undue prominence. This information has not been audited.

Management believes the APMs included in the consolidated financial statements are important for understanding Conduit’s overall results of operations and may be helpful to investors and other interested parties who may benefit from having a consistent basis for comparison with other companies within the (re)insurance industry. However, these measures may not be comparable to similarly labelled measures used by companies inside or outside the (re)insurance industry. In addition, the information contained herein should not be viewed as superior to, or a substitute for, the measures determined in accordance with the accounting principles used by Conduit for its audited consolidated financial statements or in accordance with IFRS.

Below are explanations, and associated calculations, of the APMs presented by Conduit:

APM	Explanation	Calculation
Gross premiums written (KPI)	For the majority of excess of loss contracts, premiums written are recorded based on the minimum and deposit or flat premium, as defined in the contract. Premiums written for proportional contracts on a risks attaching basis are written over the term of the contract in line with the underlying exposures. Subsequent adjustments, based on reports of actual premium by the ceding company, or revisions in estimates, are recorded in the period in which they are determined. Reinstatement premiums are excluded.	Amounts payable by the cedant before any deductions, which may include taxes, brokerage and commission.
Net loss ratio (discounted and undiscounted)	Ratio of net losses and loss related amounts expressed as a percentage of net reinsurance revenue in a period. This can be calculated using discounted or undiscounted net losses and loss related amounts.	Net losses and loss related amounts / Net reinsurance revenue Undiscounted net losses and loss related amounts / Net reinsurance revenue (note 4)
Reinsurance operating expense ratio	Ratio of reinsurance operating expenses, which includes acquisition expenses charged by insurance brokers and other insurance intermediaries to Conduit, and operating expenses paid that are attributable to the fulfilment of reinsurance contracts, expressed as a percentage of net reinsurance revenue in a period.	Reinsurance operating expenses / Net reinsurance revenue (note 4)

Additional performance measures (the “APMs”) continued

APM	Explanation	Calculation
Other operating expense ratio	Ratio of other operating expenses expressed as a percentage of net reinsurance revenue in a period.	Other operating expenses / Net reinsurance revenue (note 4)
Combined ratio (KPI)	The sum of the net loss ratio, reinsurance operating expense ratio and other operating expense ratio. Other operating expenses are not allocated to the segment combined ratio.	Net loss ratio + Net reinsurance operating expense ratio + Other operating expense ratio (note 4)
Combined ratio (undiscounted)	The sum of the net loss ratio (undiscounted), reinsurance operating expense ratio and other operating expense ratio. Other operating expenses are not allocated to the segment combined ratio.	Net loss ratio (undiscounted) + Net reinsurance operating expense ratio + Other operating expense ratio (note 4)
Accident year loss ratio	Ratio of the net losses and loss related amounts of an accident year (or calendar year) revalued at the current balance sheet date expressed as a percentage of net reinsurance revenue in a period.	Accident year net losses and loss related amounts / Net reinsurance revenue
Total net investment return (KPI)	Conduit's principal investment objective is to preserve capital and provide adequate liquidity to support the payment of losses and other liabilities. In light of this, Conduit looks to generate an appropriate total net investment return. Conduit bases its total net investment return on the sum of non-operating cash and cash equivalents and fixed maturity securities. Total net investment return is calculated daily and expressed as a percentage.	Net investment income + Net unrealised gains (losses) on investments + Net realised gains (losses) on investments / Non-operating cash and cash equivalents + Fixed maturity securities, at beginning of period
Return on equity (KPI)	RoE enables Conduit to compare itself against other peer companies in the immediate industry. It is also a key measure internally and is integral in the performance-related pay determinations. RoE is calculated as the profit for the period divided by the opening total shareholders' equity.	Profit (loss) after tax for the period / Total shareholders' equity, at beginning of period

Additional performance measures (the "APMs") continued

APM	Explanation	Calculation
Total shareholder return (KPI)	Total shareholder return allows Conduit to compare itself against other public peer companies. Total shareholder return is calculated as the percentage change in Common Share price over a period, after adjustment for Common Share dividends.	Closing Common Share price, at end of period - Opening Common Share price, at beginning of period + Common Share dividends during the period / Opening Common Share price, at beginning of period
Dividend yield	Calculated by dividing the annual dividends per Common Share by the Common Share price on the last day of the given year and expressed as a percentage.	Annual dividends per Common Share / Closing Common Share price
Net tangible assets per share (KPI)	This provides a measure of book value per share for all shares in issue less own shares held in treasury or the EBT trust.	Total shareholders' equity less intangible assets, at the end of the period / Total common shares in issue less own shares held The GBP equivalent of NTAVS is calculated using the end of period exchange rate between USD and GBP.

Glossary

The following definitions apply throughout the Annual Report and Accounts unless the context otherwise requires. All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

ABIR The Association of Bermuda Insurers and Reinsurers (ABIR) represents the public policy interests of its members.

Additional case reserves (ACRs) ACRs represent Conduit's estimate for losses related to specific contracts which Conduit believes may not be adequately reported, or adequately covered in the application of IBNR.

Admission The admission of all of CHL's Common Shares (1) to the standard listing segment of the Official List of the UK Financial Conduct Authority, and (2) to trading on the London Stock Exchange's main market for listed securities which occurred on 7 December 2020.

Aggregate excess of loss (XOL) reinsurance A form of excess of loss reinsurance in which the excess and the limit of liability are expressed as annual aggregate amounts.

AGM Annual General Meeting of the CHL shareholders.

AM Best a global credit agency, news publisher and data analytics provider, focusing on the insurance sector.

AM Best rating (i) in respect of financial strength: A M Best's independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations, and (ii) in respect of long term issuer credit: A M Best's independent opinion of an entity's ability to meet its ongoing financial obligations.

BMA Bermuda Monetary Authority.

Board of Directors or **Board** unless otherwise stated refers to the CHL Board of Directors.

Book value per share Calculated by dividing the value of the total shareholders' equity by the sum of all common voting shares outstanding.

Broker An intermediary who negotiates contacts of insurance or reinsurance, receiving a commission for placement and other services rendered.

Brokerage The commission that is payable to a Broker for placing an insurance or reinsurance contract with an insurer or a reinsurer.

BSCR Bermuda Solvency Capital Requirement.

BI Business Interruption Insurance coverage that replaces income lost in the event that business is halted due to direct physical loss or damage.

Cedant A ceding insurer or a reinsurer that writes and issues a policy to an (re)insured and contractually transfers (cedes) a portion of the risk to a reinsurer or retrocessionaire.

CEO Chief Executive Officer

CFO Chief Financial Officer

CHL Conduit Holdings Limited.

Claim A request by an insured or reinsured for indemnification by an insurance or reinsurance company for loss incurred from an insured peril or event.

CML Conduit MIP Limited.

Combined ratio The sum of the net loss ratio, reinsurance operating expense ratio and other operating expense ratio.

Common shares common shares of CHL of $0.01 par value per share.

Company Conduit Holdings Limited.

Coverholder A coverholder is a company or partnership authorised by a managing agent to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate managed by it in accordance with the terms of a binding authority.

Conduit The brand for Conduit Holdings Limited and all associated group companies.

Conduit Re The brand for all Conduit's reinsurance business.

CRL Conduit Reinsurance Limited.

CRO Chief Risk Officer.

CRSL Conduit Reinsurance Services Limited (previously named Conduit Marketing Limited).

CSL Conduit Services Limited.

CUO Chief Underwriting Officer.

Diluted earnings (loss) per share Calculated by dividing comprehensive income (loss) for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares, plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive equity-based compensation awards.

Dividend yield Calculated by dividing the annual dividends per Common Share by the Common Share price on the last day of the given year and expressed as a percentage.

DSBP The deferred share bonus plan is an equity-based incentive plan where a certain percentage of employee bonuses is deferred into nil-cost options.

DTR The Disclosure Rules and Transparency Rules sourcebook as issued by the Financial Conduct Authority.

Earnings (loss) per share (EPS) Calculated by dividing comprehensive income (loss) for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares.

EBT The Conduit Group EBT is a trust established for the sole purpose of administering Conduit's equity-based incentive schemes.

ECR Enhanced capital requirement. Under the BSCR Model, the reinsurer's minimum required statutory capital and surplus is referred to as the enhanced capital requirement (ECR). The ECR is the greater of the calculated BSCR and the minimum solvency margin (MSM).

Estimated ultimate premiums written Premium reported by ceding companies, excluding reinstatement premiums, supplemented by management's judgement on the estimate provided.

Excess of loss (XOL, XL) or non-proportional Reinsurance that indemnifies against all or a specified portion of loss and loss expenses in excess of a specified monetary amount or other threshold, known as the cedant's retention or reinsurers attachment point, generally subject to a negotiated reinsurance contract limit.

Executive Group is comprised of the Executive Chairman, CEO ,CFO, CRO, CUO, Chief Operating Officer, General Counsel and Chief Actuary

FVTPL Fair value through profit or loss.

Gross premiums written (GPW) Amounts payable by the cedant before any deductions, which may include taxes, brokerage and commission.

IAS International Accounting Standard(s) are created by the IASB for the preparation and presentation of financial statements.

IASB International Accounting Standards Board.

IFRS International Financial Reporting Standard(s).

Incurred But Not Reported (IBNR) Reserve for anticipated or likely losses that may result from insured events which have taken place, but which have not yet been reported and/or possible adverse development of previously reported losses.

IPO Initial public offering.

Invested equity Means the aggregate of initial equity invested in CHL on Admission and equity invested pursuant to any future equity raises by the Company, with the US dollar value of Invested Equity for the USD MIP Shares being calculated at the spot rate at the time the relevant proceeds of the equity raise were received by the Company.

ISSB IFRS International Sustainability Standards Board

Liability for incurred claims (LIC) Liabilities established by reinsurers to reflect the estimated cost of claims payments and the related expenses that the reinsurer will ultimately be required to pay in respect of reinsurance contracts it has written. The LIC includes the risk adjustment and contractual payments made that are contingent on loss events, such as profit commissions and reinstatement premiums. The LIC is discounted.

Liability for remaining coverage (LRC) The liability for remaining coverage represents the balance of premium received, net of acquisition expenses, less the premium income and acquisition expenses amortised in the period.

LOC Letter of credit.

Losses occurring business Business where the wording stipulates that claims against liability policies can be notified to the Company at any time following the issue of the policy.

Loss reserve development The difference between the amount of the liability for incurred claims initially estimated by an insurer or reinsurer and the amount re-estimated in an evaluation at a later date.

LSE London Stock Exchange.

LTIP The long term incentive plan is an equity-based award plan granted to employees as nil-cost options.

Market value Refers to (1) the market capitalisation of CHL calculated by reference to the six-month average closing share price prior to the date of the relevant exchange of MIP Shares for common shares of CHL (adjusted to take into account any capital events or distributions during that period); or, (2) in the case of a takeover of CHL, the value of the consideration for the takeover, or (3) in the case of a sale of CHL, the net sale consideration, or (4) in the case of the liquidation of CHL, the amount available for distribution in the liquidation, in each case taking into account any prior dividends, returns of capital or other distributions. The market value for the USD MIP Shares will be calculated in US dollars based on the prevailing spot rate on the date of the relevant share price and in the case of a takeover of CHL, or sale or liquidation of CML, the latest reasonably practicable spot rate prior to the date of the exchange of MIP Shares for common shares of CHL as determined by the Remuneration Committee of CHL.

Net loss ratio Ratio of net losses and loss related amounts expressed as a percentage of net reinsurance revenue in a period.

Non-admitted business Business written by a reinsurer not licensed by a particular state or jurisdiction, but nevertheless able to sell and service reinsurance policies to cedants located within that state or jurisdiction.

OECD Organisation for Economic Co-operation and Development.

Other operating expense ratio Ratio of other operating expenses expressed as a percentage of net reinsurance revenue in a period.

Overriding commission (OVR) A commission that is paid by a reinsurer over and above the cedant's original acquisition costs.

Quota share reinsurance A form of proportional reinsurance in which the reinsurer assumes an agreed percentage of each insurance contract being reinsured.

Retention The amount of the loss which is retained by the cedant prior to the attachment of a reinsurance programme.

Return on Equity (RoE) RoE is calculated as the profit for the period divided by the opening total shareholders' equity.

Risk-adjusted rate change Reflects management's assessment of net rate changes of our renewal business net of the impact of claims inflation, exposure changes, and changes in any other terms and conditions.

Senior Executive(s) refers to the Executive Chairman, CEO and CFO and Chief Operating Officer.

State(s) refers to one or or more of the fifty states making up the United States of America.

TCFD The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the G20 established Financial Stability Board in December 2015 to improve the quality, quantity and consistency of climate-related disclosures. To achieve this, it developed a reporting framework which consists of a number of recommendations structured into four pillars: governance, strategy, risk, and metrics and targets.
The UK Code The UK Corporate Governance Code, monitored by the UK Financial Reporting Council.

Total shareholder return (TSR) TSR is calculated as the percentage change in common share price over a period, after adjustment for common share dividends.

Treaty reinsurance A form of reinsurance in which the ceding company makes an agreement to cede certain business and the reinsurer, in turn, agrees to accept all business qualifying under the agreement, known as the “treaty”.

Ultimate loss ratio The ratio of ultimate losses and loss related amounts to total reinsurance revenue received for all policies written in a given period.

US refers to the United States of America

VaR Value at Risk.

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