FIDELIS
INSURANCE GROUP

2023

Financial Condition Report

FIDELIS INSURANCE HOLDINGS LIMITED

CONTENTS

EXECUTIVE SUMMARY

The Financial Condition Report ("FCR") covers the Business and Performance, System of Governance, Risk Profile, Valuation for Solvency Purposes, and Capital Management of the Fidelis Insurance Group and its subsidiaries, as well as Fidelis Insurance Bermuda Limited ("FIBL") and its subsidiaries, on a separate basis where appropriate. The report details the Group's risk profile and its solvency and capital needs and examines how the governance framework and risk management processes support it in identifying, monitoring, and assessing these needs. Fidelis Insurance Holdings Limited ("Fidelis", "FIHL", or "the Company") and its subsidiaries are collectively referred to as the "Group" within this FCR.

FIBL owns 100% of a UK holding company, Fidelis European Holdings Limited, ("FEHL"), which in turn owns 100% of an Irish insurance company, Fidelis Insurance Ireland DAC ("FIID"). These three entities are referred to as the "FIBL Group" within this FCR and all numbers quoted for the FIBL Group are on a consolidated basis.

A copy of this report is available on the Company's website: https://investors.fidelisinsurance.com/financials/Other-Financial-Results/default.aspx

The administrative body that has ultimate responsibility for all these matters is the FIHL Board of Directors, with the assistance of various governance and control functions which are in place to monitor and manage the business.

Throughout this document we have used acronyms and defined these in the glossary, please refer to page 50.

BUSINESS AND PERFORMANCE

FIHL is a holding company which was incorporated under the laws of Bermuda on 22 August 2014. The Group provides Specialty and Bespoke insurance and Reinsurance, pursuant to our strategic partnership with The Fidelis Partnership (as defined below). Fidelis' principal operating subsidiaries are:

- FIBL, is a Class 4 Bermuda domiciled company which writes most of the Group's Reinsurance business, as well as writing Specialty and Bespoke lines. FIBL is regulated by the Bermuda Monetary Authority. FIBL acts as the designated insurer of the Group.
- Fidelis Underwriting Limited ("FUL"), is a U.K. domiciled company which principally writes Specialty and Bespoke insurance, as well as Reinsurance. FUL is regulated by the Prudential Regulation Authority.
- FIID, is a Republic of Ireland domiciled company that writes Specialty and Bespoke insurance and reinsurance within the European Economic Area. FIID is regulated by the Central Bank of Ireland. FIID is owned by a UK holding company that is 100% owned by FIBL.
- FIHL (UK) Services Limited ("FSL"), is a U.K service company that also has a branch in the Republic of Ireland.

RISK PROFILE

The Group is exposed to risks from several sources. These include non-life underwriting risk, market risk, credit risk, liquidity risk, operational risk, strategic risk, group risk and emerging risk. The primary risk to the the Group is underwriting risk. There were no material changes to the Group's key risk areas in 2023. Each of these risk areas is described in more detail in section C.

The Group undertakes various stress and scenario testing on a quarterly basis to confirm the adequacy of the capital and liquidity in respect of both the regulatory requirements and the maintenance of the Group's credit rating. The tests are designed to simulate extreme but possible scenarios affecting investments, underwriting and operations either individually or in combination.

Based on the latest results of these tests, management of the Group believes that it has sufficient capital and liquidity to comply with the contractual obligations of the organisation and regulatory requirements upon experiencing such scenarios.

A. BUSINESS AND PERFORMANCE

A1. BUSINESS

FIHL is a Bermuda exempted company, incorporated under the Bermuda Companies Act 1981 on 22 August 2014. The following table sets forth information regarding beneficial ownership of our common shares, where known, to be more than 5% of common shares as at 31 December 2023:

Names of Beneficial Owners, 5.0% Shareholders	Number	%
Crestview Funds	17,014,423	14.5 %
CVC Falcon Holdings Limited	18,506,328	15.7 %
Pine Brook Feal Intermediate L.P.	8,454,329	7.2 %
Platinum Ivy B 2018 RSC Limited	13,869,151	11.8 %
SPFM Holdings, LLC	8,445,456	7.2 %
Shelf Holdco II Limited ("TFP HoldCo")	11,609,282	9.9 %

Name of Insurer: Fidelis Insurance Holdings Limited (Group)
Fidelis Insurance Bermuda Limited (Designated Insurer)

Supervisors:

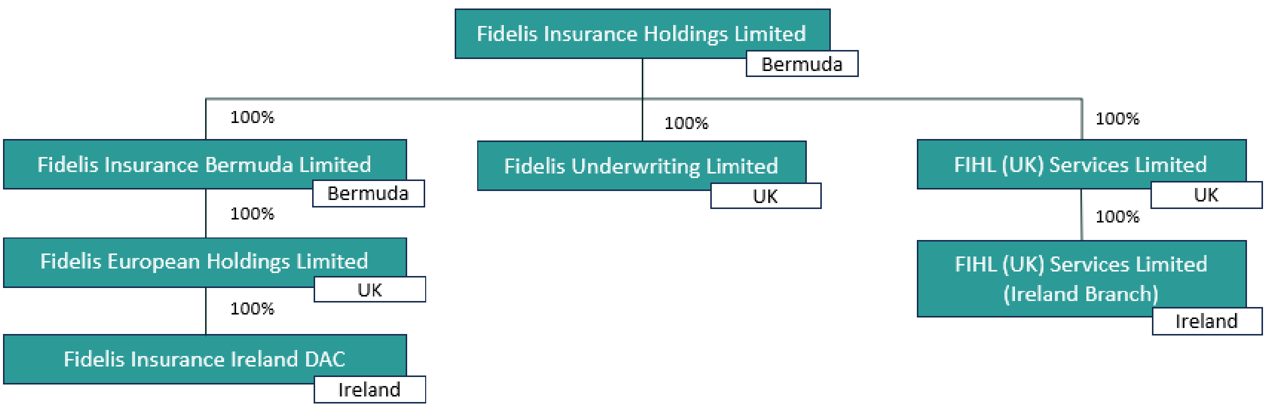
Group Supervisor
Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton
Bermuda

Insurance Supervisor
Bermuda Monetary Authority
BMA House
43 Victoria Street, Hamilton
Bermuda

Approved Auditor:
KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton, HM 08, Bermuda

A1.1 Group structure

The following diagram provides details of the Group structure as at 31 December 2023:



A2. PERFORMANCE

A2.1 Insurance business written by the business segment and by geographical region

Our business comprises three segments: Specialty, Bespoke, and Reinsurance. This three-segment strategy allows us to manage volatility through our balanced and diversified portfolio and to deliver attractive risk-adjusted returns by managing through (re)insurance cycles and deploying capital to the most favorable market conditions. We focus on areas where deep expertise is required to deliver these returns through (re)insurance cycles.

- The Specialty segment comprises a portfolio of tailored risks across specialty business lines including Aviation and Aerospace, Energy, Marine, Property and Property Direct & Facultative ("D&F"). 'Hard' market conditions following years of compound rate increases across multiple business lines within the Specialty segment have provided opportunities for targeted growth, and the ability to leverage leadership and scale. This, combined with long established relationships has enabled FIHL to build across specialty classes. Given the current market environment we have increasingly used our Specialty segment to deploy capital targeted to natural catastrophe exposure through our Property D&F line of business rather than through our Reinsurance segment. This allows a more selective approach to managing aggregate exposure.
- We believe our Bespoke segment is one of the key differentiators of our business. This business focuses primarily on highly tailored, innovative and specialized products, where the buying motivation is often driven by regulatory capital relief, capital efficiency or transaction facilitation versus more traditional drivers of insurance needs. The portfolio includes policies covering Credit & Political Risk and Other Bespoke risk transfer opportunities, including political violence and terrorism, limited cyber reinsurance, tax liabilities, title, transactional liabilities and other bespoke solutions to fit our clients' needs.
- Our Reinsurance segment consists of an actively managed, property catastrophe reinsurance book. We have repositioned the portfolio in line with our proprietary view of risk, with the aim of managing exposure and volatility. We deploy capacity opportunistically on core clients at targeted attachment points and focus on specific peril coverage and geographies.

A2.1.1 Group insurance business written by segment (US GAAP)

The following table summarizes gross premiums written by line of business within each underwriting segment:

$ millions	2023	2022
Specialty		
Aviation & Aerospace	371.8	297.3
Energy	172.1	119.5
Marine	673.8	542.2
Property	79.8	21.6
Property D&F	908.3	611.5
Specialty Other	35.5	24.1
Total Specialty	**2,241.3**	**1,616.2**
Bespoke		
Credit & Political Risk	516.4	330.9
Bespoke Other	204.0	464.8
Total Bespoke	**720.4**	**795.7**
Reinsurance		
Property Reinsurance	595.5	557.0
Retrocession	18.5	32.4
Whole Account	3.3	16.8
Total Reinsurance	**617.3**	**606.2**
Total	**3,579.0**	**3,018.1**

The following table presents gross premiums written by the geographical location of the Group's subsidiaries:

$ millions	2023	2022
United Kingdom	1,977.0	1,755.7
Bermuda	1,047.5	707.6
Republic of Ireland	554.5	554.8
Total	**3,579.0**	**3,018.1**

The information presented above is after allocation of consolidation adjustments. Amounts relating to intergroup reinsurance are not included in the above table.

A2.1.2 FIBL Group (including intra-group reinsurance) gross insurance business written by segment (US GAAP)

The following table summarizes gross premiums written by line of business within each underwriting segment:

$ millions	2023	2022
Specialty		
Aviation & Aerospace	218.2	194.5
Energy	102.2	52.3
Marine	354.5	324.8
Property	49.8	22.9
Property D&F	434.4	303.2
Specialty Other	11.3	16.1
Total Specialty	**1,170.4**	**913.8**
Bespoke		
Credit & Political Risk	370.0	195.4
Bespoke Other	63.1	252.9
Total Bespoke	**433.1**	**448.3**
Reinsurance		
Property Reinsurance	585.1	459.2
Retrocession	18.6	32.5
Whole Account	3.3	16.9
Total Reinsurance	**607.0**	**508.6**
Total	**2,210.5**	**1,870.7**

$ millions	2023	2022
Bermuda	1,656.0	1,315.9
Republic of Ireland	554.5	554.8
Total	**2,210.5**	**1,870.7**

A2.2 Performance of investments & material income & expenses for the reporting period

A2.2.1 Performance of investments for the reporting period (US GAAP)

The Group's primary investment objective is to optimise investment return while supporting the underwriting activities of the Group through capital preservation. Within the investment portfolio the Group looks to optimise investment return while remaining in compliance with approved risk appetites and applicable investment constraints. The Group focuses on investing in high quality, short-duration and liquid fixed income assets with a high level of diversification across asset types, sectors and issuers but may seek to enhance total investment return with a small allocation to 'other investments'. The Group, through its appointed external investment managers, seeks to outperform selected benchmarks over a full investment cycle.

The duration target of the Group's core fixed income portfolio, which is designated as backing the Group's liabilities, is set to approximately match the duration of those liabilities. The Group's core fixed income portfolios are managed against a customised blended fixed income benchmark which is aligned with the Board's strategic asset allocation. The benchmark has a target weighted average duration equal to the liability duration and the core fixed income portfolio aims to remain within a tolerance band around the benchmark duration.

A2.2.1 Performance of investments for the reporting period (US GAAP) (continued)

For the year ended 31 December 2023, the core fixed income portfolio outperformed the blended benchmark. During the year, yields moved higher which was a positive for investment return as the Group was able to reinvest cash and maturities into fixed income securities offering higher interest rates. The average book yield of the portfolio improved significantly as a result. Having started the year in a short-duration position, the Group rebalanced the portfolio to be back in-line with the duration target by the end of 2023.

Within the core fixed income portfolio, the Group has a moderate allocation to securitised instruments (asset-backed securities, agency mortgage-backed securities, commercial mortgage-backed securities, and collateralised loan obligations) to aid in diversification and enhance yield. Investment limits have been placed on these assets through the investment guidelines set out in the investment management agreements. The Group performs a regular review of the securities held and runs compliance checks to ensure guidelines are followed.

The return on investments for the Group for the year ended 31 December 2023 was as follows:

$ millions

Investment Strategy	**Fair Value**	**Gain/Loss**	**Return**
Cash[1]	991.1	31.2	2.6%
Fixed income	3,293.9	87.5	3.1%
Other investments	47.6	5.8	7.0%
Total	**4,332.6**	**124.5**	**3.1%**
Unrealized gains on AFS instruments, net of tax		72.7	2.0%
Total investment return		**197.2**	**5.1%**

The return on investments for FIBL Group the year ended 31 December 2023 was as follows:

$ millions

Investment Strategy	**Fair Value**	**Gain/Loss**	**Return**
Cash[1]	586.7	16.8	2.3%
Fixed income	2,519.4	70.2	3.4%
Other investments	47.6	5.8	7.0%
Total	**3,153.7**	**92.8**	**3.2%**
Unrealized gains on AFS instruments, net of tax		56.7	2.0%
Total investment return		**149.5**	**5.4%**

A2.2.1 Performance of investments for the reporting period (US GAAP) (continued)

The return on investments for the Group for the year ended 31 December 2022 was as follows:

$ millions

Investment Strategy	Fair Value	Gain/Loss	Return
Cash[1]	1,394.0	4.1	0.4%
Core fixed income	2,307.9	12.9	0.5%
Other investments	117.1	(12.2)	(6.6%)
Total	**3,819.0**	**4.8**	**0.1%**
Unrealized losses on AFS instruments, net of tax		(88.4)	(2.7%)
Total investment return		**(83.6)**	**(2.5%)**

The return on investments for FIBL Group the year ended 31 December 2022 was as follows:

$ millions

Investment Strategy	Fair Value	Gain/Loss	Return
Cash[1]	857.6	2.1	0.4%
Core fixed income	1,621.4	11.4	0.7%
Other investments	117.1	(12.2)	(6.6%)
Total	**2,596.1**	**1.3**	**0.1%**
Unrealised losses on AFS instruments, net of tax		(66.2)	(2.6%)
Total investment return		**(64.9)**	**(2.6%)**

[1] Cash balance net of accrued interest, pending trades and forward foreign exchange contracts

A2.2.2 Material income & expenses for the reporting period (US GAAP)

The following table represents material expenses for the Group:

$ millions	2023	2022
Losses and loss adjustment expenses	698.8	830.2
Policy acquisition expenses	723.8	384.4
General, administrative and other expenses	126.4	214.7

The following table represents material expenses for FIBL Group:

$ millions	2023	2022
Losses and loss adjustment expenses	452.7	654.2
Policy acquisition expenses	536.4	343.2
General, administrative and other expenses	54.9	71.0

A3. ANY OTHER INFORMATION

FIDELIS INSURANCE RESTRUCTURING

On 3 January 2023, a number of separation and reorganization transactions occurred to create two distinct holding companies and businesses: FIHL and Shelf Holdco II Limited, which is the parent company of an external managing general underwriting platform known as "The Fidelis Partnership" (the "Separation Transactions"). As part of the Separation Transactions, the Fidelis Insurance Group and The Fidelis Partnership entered into a number of agreements governing the outsourced relationship from the Fidelis Insurance Group to The Fidelis Partnership, including the "Framework Agreement", a series of "Delegated Underwriting Authority Agreements" and the "Inter-Group Services Agreement". These agreements govern the ongoing relationship between the two groups of companies, including delegating underwriting authority to the operating subsidiaries of The Fidelis Partnership to source and bind contracts for each of the subsidiaries of FIHL.

The impact of the reorganisation has been considered as part of the Company's going concern analysis and it has been determined that the Company remains a going concern under the re-organised structure. The net gain on the distribution of The Fidelis Partnership amounted to $1,639.1 million.

INITIAL PUBLIC OFFERING ("IPO")

On July 3, 2023, FIHL completed an IPO of an aggregate of 15,000,000 common shares, including 7,142,857 common shares sold by FIHL and 7,857,143 common shares sold by certain selling shareholders, at an offering price of $14.00 per common share. The net proceeds of the offering to FIHL were $89.4 million, after deducting underwriting discounts, commissions, and other offering expenses paid by the Group. FIHL's common shares are now listed on the New York Stock Exchange under the symbol "FIHL".

B. SYSTEM OF GOVERNANCE

The Group's governance structure is established to:

- Ensure the enterprise risk management is maintained at high standards;
- Ensure the business is operating in an efficient and effective manner; and
- Align control procedures for units within the organisation based on the risks they carry.

There have been no material changes to the system of governance over the reporting period.

B1. BOARD AND SENIOR EXECUTIVES

Fidelis operates a governance framework whereby the Group sets the ultimate Group strategy, with subsidiaries ultimately responsible for setting their own strategies within the confines of the Group Strategy set by the Group Board of Directors.

The Group Board is responsible for oversight of the Group's activities, with an emphasis on:

- How the senior executives within the Group implement Group strategy and operational objectives, while ensuring compliance with the Group Board approved risk appetites and tolerances; and
- Ensuring the Group operates in a sound and prudent manner.

As at 31 December 2023, the Group Board comprised eleven directors. Their roles and responsibilities are outlined in the Group's Bye-Laws and terms of reference of the board and committees, and comply with the regulatory requirements of Bermuda.

The FIBL Board consists of six directors. Their roles and responsibilities are outlined in FIBL's bye-laws and terms of reference of the board and committees, and comply with the regulatory requirements of Bermuda.

The following are the directors and senior executives of the Group:

Directors

Name	Position
Helena Morrissey	Chair and Non-Executive Director
Daniel Burrows	Group Chief Executive Officer and Executive Director
Allan Decleir	Group Chief Financial Officer and Executive Director
Matthew Adams	Non-Executive Director
Daniel Brand	Non-Executive Director
Charles Collis	Non-Executive Director
Christine Dandridge	Non-Executive Director
Cathy Iberg	Non-Executive Director
Daniel Kilpatrick	Non-Executive Director
Dana LaForge	Non-Executive Director
Hinal Patel	Non-Executive Director

Senior executives

Name	Position
Warrick Beaver	Group Chief People Officer
Denise Brown-Branch	Group Chief Operating Officer
Ian Houston	Group Chief Underwriting Officer
Michael Pearson	Group Chief Risk Officer
Jonathan Strickle	Group Chief Actuarial Officer
Janice Weidenborner	Group Chief Legal Officer

B1.1 Structure of the Board, role, responsibilities and segregation of responsibilities

The table below gives an overview of the Group's governance and summarises the role of Group management committees as at 31 December 2023:

Entity	Board/ Committee	INEDS	Exec	Role	Links into Boards
FIHL	Board	9	2	Considering, deciding on and oversight of Group strategy, business plans, Group risk, solvency and capital management framework, risk appetites, operational objectives and other matters affecting the Group, including matters referred for approval by FIHL committees and/or Group management committees.	First point of approval for Group matters before matters are cascaded to subsidiary Boards for consideration, challenge and approval. Refers matters relevant to FIBL's role as Designated Insurer to the FIBL Board.
	Audit Committee	4	-	To advise and assist the FIHL and subsidiary Boards in relation to the management of financial reporting and the internal financial control framework of FIHL and the Fidelis Group and oversight of the Internal Audit function and external auditors.	Committee Chair provides report into FIHL Board and Group General Counsel provides referral/update on any matters of relevance to the subsidiary Boards.
	Compensation Committee	6	-	To advise the FIHL Board regarding remuneration of certain members of senior management and to consider and advise the FIHL Board as to the Group Compensation Framework.	Committee Chair provides report into FIHL Board and Group General Counsel provides referral/update on any matters of relevance to the subsidiary Boards.
	Investment Committee	6	2	To advise the FIHL Board on Investment Strategy and monitor investment performance.	Committee Chair provides report into FIHL Board and Group Chief Investment Officer or other designee provides referral/update on any matters of relevance to the subsidiary Boards.
	Nominations Committee	7	-	To advise the FIHL Board regarding nomination of Board candidates and succession planning for Directors and Senior Management.	Committee Chair provides report into FIHL Board and Group General Counsel provides referral/update on any matters of relevance to the subsidiary Boards.
	Risk Committee	4	2	To advise the FIHL Board in respect of risk and capital management and oversight of risk management and tolerances.	Committee Chair provides report into FIHL Board and Group CRO provides referral/update on any matters of relevance to the subsidiary Boards.

Entity	Board/ Committee	INEDS	Exec	Role	Links into Boards
FIBL	Board	3 (Inc. Chair)	3	Considering and deciding on FIBL Strategy, business plans, operations, risk framework and tolerances and matters affecting FIBL, including matters referred for approval by FIHL Committees or Group Management Committees. Monitoring Group governance structures to ensure they enable FIBL to perform its role as Designated Insurer effectively.	Considers, challenges and is the sole point of FIBL approval. Must approve all matters of relevance to FIBL's role as Designated Insurer. Matters referred by the FIHL Board may be approved, approved with subjectivities, amended or rejected by the FIBL Board or referred to the FIHL Board.
FUL	Board	2 (Inc. Chair)	3	Considering and deciding on FUL's Strategy and matters affecting FUL, including matters referred for approval by FIHL Committees, FUL Committees or Group Management Committees.	Considers, challenges and is the sole point of FUL approval. Matters cascaded from the FIHL Board may be approved, approved with subjectivities, amended or rejected by the FUL Board or referred to the FIHL Board.
	Audit Committee	2 (Inc. Chair)	-	Independent review and challenge of financial and regulatory reporting and the internal control environment, oversight of the Internal Audit function and external auditors.	The Committee Chair reports into FUL Board on the outcome of the audit committee. The Group General Counsel ensures any matters referred to the FIHL Board are also reported to the FUL Board
	Risk & Capital Committee	2 (Inc. Chair)	2	To advise the FUL Board in respect of risk and capital management and oversight of risk management and tolerances.	The Committee Chair report into FUL Board. The Group CRO ensures any matters referred by the FIHL Board are also reported to the FUL Board.
FIID	Board	4	2	Considering and deciding on FIID's Strategy and matters affecting FIID, including matters referred for approval by FIHL Committees, FIID Committees or Group Management Committees.	Considers, challenges and is the sole point of FIID approval. Matters cascaded from the FIHL Board may be approved, approved with subjectivities, amended or rejected by the FIID Board or referred to the FIHL Board.
	Audit Committee	3	-	Independent review and challenge of financial and regulatory reporting and the internal control environment, oversight of the Internal Audit function and external auditors.	The Committee Chair reports into FIID Board on the outcome of the audit committee. The European General Counsel ensures any matters referred by the FIHL Board are so referred.
	Risk & Capital Committee	4	2	To advise the FIID Board in respect of risk and capital management and oversight of risk management and tolerances.	The Committee Chair reports into FIID Board. The Group Director of Underwriting ensures any matters referred by the FIHL Board are also referred to the FIID Board.
FSL	Board	-	2	Considering and deciding on FSL Strategy and matters affecting FSL.	Considers, challenges and is the sole point of FSL approval. Matters cascaded from the FIHL Board may be approved, approved with subjectivities, amended or rejected by the FSL Board or referred to the FIHL Board.

B1.2 Remuneration policy

The Compensation Framework is recommended for approval by the Group Compensation Committee to the FIHL Board. After approval by the FIHL Board the relevant details are reported to the subsidiary boards including, the FIBL Board. The FIBL Board does not deem it necessary to establish a separate FIBL Compensation committee and believes it appropriate that such matters, on the basis of the proportionate size and risk profile of the Company, be addressed by the Group Board.

The Group's compensation philosophy for our senior managers and employees is that total compensation should have the potential to deliver above-market levels of reward for outstanding individual and financial performance, while aligning the interests of our senior managers and employees with those of our shareholders. The Group seeks to maintain base salary and fixed pay for senior managers and employees in line with the market median of our major competitors to fairly and competitively compensate employees for their positions and the scope of their responsibilities. The Group also offers variable compensation in the form of cash bonuses and, where eligible, a long-term incentive plan under which equity awards ("LTIP Awards") are issued.

INEDs receive compensation by way of a quarterly director's fee, in addition to reimbursements for all reasonable and properly documented expenses, including travel and other related expenses incurred by the non-executive directors while attending Board meetings. All FIHL non-executive directors other than the non-executive directors appointed by shareholders who enjoy director appointment rights (including the Founders) are entitled to receive equity-based compensation pursuant to our 2023 Share Incentive Plan in addition to cash compensation.

B1.2.1 Information on individual and collective performance criteria on which variable components of remuneration is based

Base Salary

The Group seeks to maintain base salary and fixed pay for our senior managers in line with the market median of our major competitors to fairly and competitively compensate executives for their positions and the scope of their responsibilities.

Annual Cash Bonus

The purpose of our annual cash bonus program is to reward senior managers for achievement against key financial and non-financial operational goals that will help drive long-term business strategy and are predicates of shareholder value. The Compensation Committee approves the annual bonus payments for the Chief Executive Officer and based upon input from the Chief Executive Officer, for each of the eligible senior managers.

Bonuses are generally based on a formulaic calculation, though are entirely discretionary, so that senior managers can be confident that an even-handed approach has been taken and can readily understand the effect of financial and personal performance on their bonuses. Two core elements are assessed by the Compensation Committee when determining the bonuses: (i) Fidelis' financial performance ("Financial Performance") and (ii) the senior manager' strategic and personal performance ("Personal Performance"). The weighting of each element is based on pre-determined percentage allocations.

For purposes of the annual cash bonus pool calculation, Financial Performance is based on achievement by Fidelis of the business plan then in force. If the Financial Performance is below the minimum payout level, then payment of an annual cash bonus to any senior manager will be discretionary. Personal Performance is based upon individual achievement of clearly articulated objectives created and agreed to at the beginning of the year. The annual cash bonus is designed to operate in such a way that the Personal Performance element of the bonus will be funded if the predetermined threshold performance target is met for the Financial Performance element of the annual cash bonus. In order to determine the Personal Performance element of the bonus, the Chief Executive Officer is responsible for agreeing to key goals for each of the eligible senior managers, including himself, which goals include specific objectives relating to each senior manager's division in respect of the business plan then in force. An overall Personal Performance rating is determined based on achievement of these key objectives and based on the relevant senior manager's demonstrated commitment to the Group's culture, and their effectiveness as a manager and leader.

The annual cash bonus targets are proposed by the Chief Executive Officer and approved by the Compensation Committee towards the beginning of each year when the information necessary to compute the bonuses has been obtained. Once approved, the bonuses are paid within the first quarter of each year following the relevant fiscal year in which they were earned.

B1.2.1 Information on individual and collective performance criteria on which variable components of remuneration is based (continued)

Share Incentive Plan

In 2023, the Group adopted the 2023 Share Incentive Plan (the "2023 Plan") in connection with the Separation Transactions. Each employee, officer, non-executive director or other individual service provider of the Group is eligible to participate in the 2023 Plan. The purpose of the 2023 Plan is to create a strong and long-term alignment between the Group's employees and its shareholders. The Group Compensation Committee administers the 2023 Plan under delegation from the FIHL Board. The size and form of the LTIP Awards granted under the 2023 Plan is determined by the Group Compensation Committee based upon a participant's prior year performance, role and level of seniority within the Group. The LTIP Awards may be delivered in the form of restricted share units, restricted common shares, share options, share appreciation rights and other awards which may be denominated in common shares or cash. The LTIP Awards relate to FIHL's common shares and generally vest over a three-year period, subject to continued service and the achievement of performance goals.

During the year ended December 31, 2023, our senior managers were granted (i) restricted share units that vest three years from the effective date of the Separation Transactions, subject to continued service through each such vesting date, and (ii) performance share units that are expected to vest based on Fidelis' average Financial Performance over three years and will have the potential to vest up to a maximum above the target for exceptional performance.

For more information on the Group's compensation framework, please refer to FIHL's Annual Report in respect of the year ended December 31, 2023, filed on Form 20-F with the SEC on March 15, 2024 (the "2023 Annual Report"), available electronically at www.sec.gov.

B1.2.2 Supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

The Group offers eligible staff the choice of making contributions into our relevant retirement plans, subject to applicable pension rules. To the extent permitted by the applicable rules in the relevant jurisdiction in which the Group has participating employees, eligible participants receive a Company pension contribution of either 10% or 12% of annual base salary (subject to the salary threshold of the employee) by the relevant operating subsidiary of the Group, subject to the limitations of the laws of the relevant jurisdiction.

B1.2.3 Material transactions with the shareholder, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

Fidelis Insurance Restructuring and IPO

On 3 January 2023, a number of separation and reorganization transactions occurred and on 3 July 2023, FIHL completed an IPO, further details on both of these transactions can be found in section A3.

Share Repurchase

On 21 December 2023, the FIHL Board approved the adoption of a common share repurchase program of up to $50.0 million of Fidelis' common shares. From 1 January 2024 to 17 May 2024, FIHL repurchased 1,384,570 common shares for $23.9 million.

Dividend Policy

On 29 February 2024, FIHL announced (i) the adoption of a dividend program under which FIHL intends to pay a quarterly cash dividend.

The declaration of any dividends on common shares will be determined at the sole discretion of the Board and FIHL's ability to pay dividends may be constrained by the Group's structure, limitations on the payment of dividends which Bermuda law and regulations impose on the Group and the terms of our indebtedness.

Other shareholder transactions

During the year, the Group paid quarterly preference dividends for a total of $5.3 million (2022: $5.3 million) to holders of the Group's preference shares.

As a Bermuda holding company, FIHL relies on dividends and other distributions from its operating subsidiaries to provide cash flow to meet ongoing cash requirements, including principal and interest payments on our debt and other expenses, and dividends to the holders of our common shares and preference securities, if any.

The payment of dividends by our subsidiaries is, under certain circumstances, limited by the applicable laws and regulations in the various jurisdictions in which our subsidiaries operate. In addition, insurance laws require our

B1.2.1 Information on individual and collective performance criteria on which variable components of remuneration is based (continued)

Other shareholder transactions (continued)

insurance subsidiaries to maintain certain measures of solvency and liquidity. We believe that each of our insurance subsidiaries and branches exceeded the minimum solvency, capital and surplus requirements in their applicable jurisdictions at 31 December 2023.

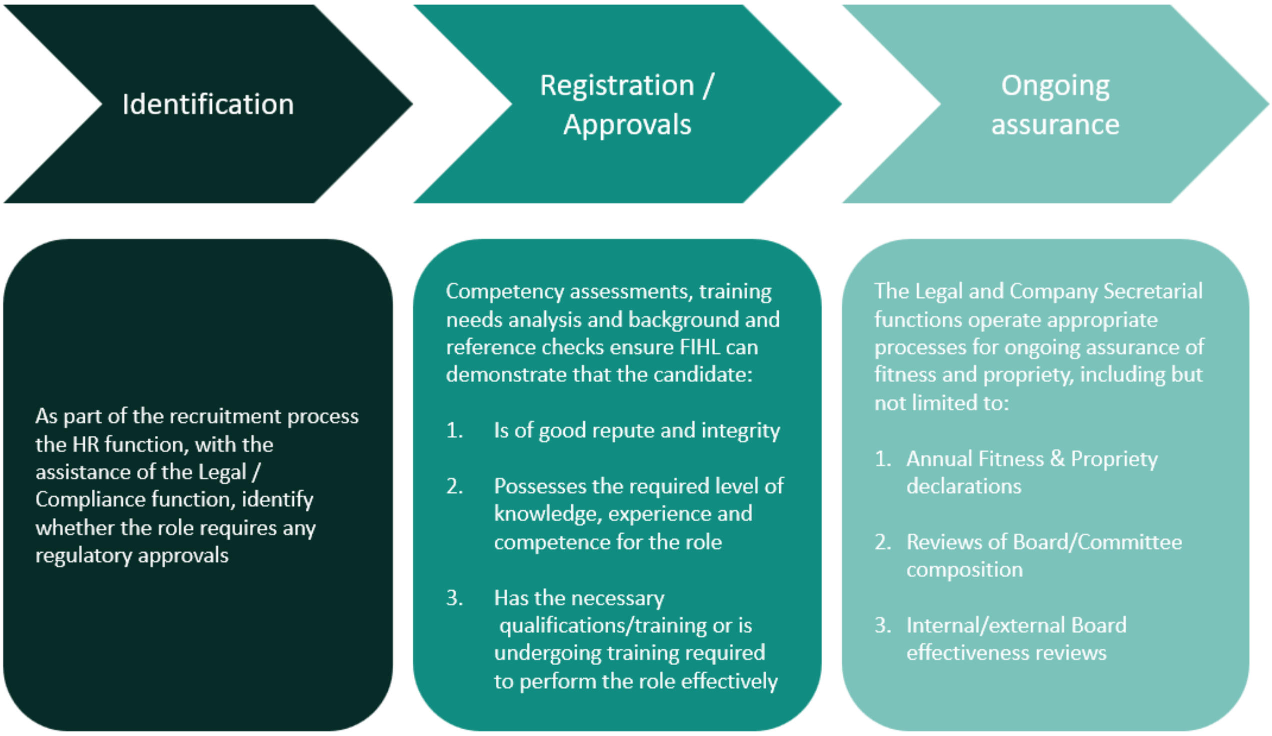
During the year ended 31 December 2023, FIHL received dividends from subsidiaries of $110.0 million (2022: $220.9 million).

During the year ended 31 December 2023, FIBL Group received capital contributions from FIHL of $25.0 million (2022: Nil).

B2. FIT AND PROPER REQUIREMENTS

B2.1 Fit and proper process in assessing the board and senior executives

Fidelis operates a Group policy on director qualification and a Group Regulated Personnel Procedure which governs the recruitment, appointment, approvals, induction, training and ongoing assessment of the Fitness and Propriety of those who effectively run the entities within the Group.



B2.2 Board and senior executive's professional qualifications, skills and expertise

Below are details of the FIHL and FIBL Board members and senior executive's qualifications, skills and expertise:

FIHL: Executive directors

Daniel Burrows: Group Chief Executive Officer and FIBL Chief Underwriting Officer

Mr. Burrows has been a director of FIHL since April 2022 and has held the position of Group Chief Executive Officer of FIHL since January 3, 2023. He is also Chief Underwriting Officer of FIBL and an executive director of FIBL. Mr. Burrows joined Fidelis in 2015. Prior to joining Fidelis, Mr. Burrows was co-CEO of Aon Benfield's Global Re Specialty (GRS) division from 2013 to 2015. Specializing in non-marine retrocession and the aviation, marine and energy sectors, among others, Mr. Burrows supported Aon Benfield's business hubs across North America, Europe, the Middle East, Africa and Asia Pacific. Prior to this, he was Deputy CEO of the GRS division from 2008 until 2013. Mr. Burrows began his career as a non-marine property broker at Greig Fester in the 1980s, later joining the retrocession team and then leading that team following a merger with Benfield in 1997.

Allan Decleir: Group Chief Financial Officer and FIBL Chief Executive Officer

Mr. Decleir has held the position of Group Chief Financial Officer of FIHL since January 3, 2023. Mr. Decleir is also Chief Executive Officer of FIBL and an executive director of FIBL. Prior to assuming these executive positions, Mr. Decleir was a consultant to FIBL from June 1, 2022. He has over 27 years of experience in the (re)insurance industry. From June 2015 to December 2022, Mr. Decleir was an independent consultant for ThreeSeas Consulting Ltd, providing management consulting services in the Bermuda (re)insurance market. Mr. Decleir was also a Listings Manager at the Canadian Securities Exchange from February 2019 until March 2022. Prior to this, he was Executive Vice President & Chief Financial Officer of Platinum Underwriters Holdings, Ltd. (“Platinum”) from June 2010 until March 2015, overseeing SEC, financial and regulatory reporting. He first joined Platinum’s Class 4 reinsurance subsidiary, Platinum Underwriters Bermuda, Ltd. (“Platinum Bermuda”), in 2003, and, from 2005 until his promotion to Platinum’s Group CFO, served as Senior Vice President and Chief Financial Officer. Prior to joining Platinum Bermuda, Mr. Decleir was the Chief Financial Officer of Stockton Reinsurance Limited from June 1996 to May 2003. He began his career at Ernst & Young in 1988, taking on various positions in Canada and Bermuda. Mr. Decleir was granted a National Association of Corporate Directors governance fellowship in 2017 and achieved the “Directorship Certified” designation in 2022, and earned the Associate in Reinsurance designation from the Insurance Institute of America in 2000. Mr. Decleir holds a Bachelor of Business Administration from Wilfrid Laurier University and is a Chartered Professional Accountant (Chartered Accountant).

FIHL Board: Non-executive directors

Matthew Adams

Mr. Adams has held the position of non-executive director of FIHL since October 25, 2023. Mr. Adams built a long-standing practice with PricewaterhouseCoopers ("PwC"), largely concentrated in the insurance industry. He served as a lead account partner for PwC, auditing and advising many of PwC’s largest and most complex global insurance clients. From 2015-2021, he led PwC’s U.S. Insurance Practice and was a member of PwC’s global insurance practice leadership team. Mr. Adams retired from PwC in June 2023, following a 38-year career with the firm. Mr. Adams’ leadership of PwC’s U.S. Insurance Practice has exposed him to many diverse aspects of the insurance sector, and he has significant experience managing the strategic, operational, profitability and human capital challenges of leading a large, quickly growing business. Mr. Adams has participated in numerous audit and other board committee meetings during his career, providing broad perspectives on board governance priorities. Mr. Adams earned a B.S. in Economics and an M.B.A. from the Wharton School of the University of Pennsylvania, and is a certified public accountant in New York. Mr. Adams will serve on the Board’s Audit Committee.

Daniel Brand

Mr. Brand is the CVC non-executive director nominee of FIHL and has held this position since July 26, 2021. Mr. Brand joined CVC in 2009 and is a partner leading CVC’s U.S. private equity activities in financial services and co-leading CVC’s U.S. private equity activities in business services. Mr. Brand also represents CVC on the boards of directors of CFGI, Medrisk, Republic, Teneo and Worldwide Express. Prior to joining CVC, Mr. Brand worked at DLJ Merchant Banking Partners and Credit Suisse in the investment banking division covering financial institutions. Mr. Brand holds a B.A. in Economics with a Certificate in Finance from Princeton University, and an M.B.A. from Harvard Business School.

Charles Collis

Mr. Collis has held the position of non-executive director of FIHL since May 15, 2023. Mr. Collis is a director of Conyers Dill & Pearman (“Conyers”). Mr. Collis works in the corporate department of the Bermuda office of Conyers and headed up the Bermuda Insurance Practice for more than fifteen years. Mr. Collis joined Conyers in 1990 and became a partner in 1998. Mr. Collis specializes in insurance and reinsurance, advising on corporate and regulatory matters. Mr. Collis holds a Bachelor of Laws from University College London and a Bachelor of Arts from the University of Toronto.

Christine Dandridge

Ms. Dandridge has held the position of non-executive director of FIHL since October 25, 2023. Ms. Dandridge is a veteran of the specialty insurance market, with experience spanning more than four decades. Ms. Dandridge began her career in 1978 as a broker at Stewart Wrightson, before joining the underwriting team at Posgate and Denby Syndicate in 1980 and becoming one of the first female underwriters at Lloyd’s. Ms. Dandridge was one of the founding members of Atrium Underwriting. She served as active underwriter of Syndicate 609 from 1997 to 2007, was part of numerous Lloyd’s market committees and was a member of the Council of Lloyd’s from 2004 to 2007. Since then, she has held several non-executive directorships and currently acts as non-executive director on the boards of Equitas Limited, Hive Underwriting Limited, Managing Agency Partners Limited and Track My Risks Ltd. She graduated from University College, London with a BSc (Hon) in Anthropology and is an associate of the Chartered Insurance Institute. Ms. Dandridge will serve on the Board’s Risk Committee.

Cathy Iberg

Ms. Iberg has held the position of non-executive director of FIHL since November 2, 2016. Ms. Iberg is Vice President of Investments at the St David's Foundation, a charitable foundation dedicated to providing and supporting nonprofit health-related programs in the US, including the largest scholarship program in Texas for aspiring health professionals, and the largest mobile dental program in the country. Ms. Iberg joined the St David's Foundation in December 2015. Prior to her role at the Foundation, Ms. Iberg was UTIMCO's (University of Texas Investment Management Company) President and Deputy CIO and retired in August 2014. At UTIMCO she was responsible for investment oversight of $30 billion in investment assets in addition to the management of public equity, fixed income and hedge fund investments. Her employment with the organization dates back to April of 1991 when she joined the U.T. System Office of Asset Management, the predecessor to UTIMCO. Previous to joining U.T. System, Ms. Iberg practiced in the area of public accounting for 15 years. She has a B.Sc. degree in accounting from the Southern Illinois University and was a Certified Public Accountant.

Daniel Kilpatrick

Mr. Kilpatrick is the Crestview director nominee and has held this position since November 15, 2022. Mr. Kilpatrick joined Crestview in August 2009 and is a partner and member of the Crestview Investment Committee. He is also the head of the financial services strategy. Mr. Kilpatrick also is on the boards of directors of AutoLenders, Congruex, DARAG Group, Modern Wealth Management, WildOpenWest, LLC and Venerable Holdings. He was previously on the boards of Accuride Corporation, Camping World Holdings, ICM Partners, Industrial Media, NYDJ Apparel, Protect My Car and Symbion. Prior to joining Crestview, Mr. Kilpatrick worked at the Yale Investments Office. Mr. Kilpatrick received an M.B.A. from Stanford Graduate School of Business and a B.A. from Yale University.

Dana LaForge

Mr. LaForge is the Pine Brook director nominee and has held this position since March 19, 2021. Mr. LaForge joined Pine Brook in June 2020 and is a partner on the financial services investment team and a member of Pine Brook's Investment Committee. Mr. LaForge also represents Pine Brook on the boards of directors of Amedeo Capital Limited, Belmont Green Limited, Syndicate Holding Corp., and Clear Blue Financial Holdings. He also serves as a director of a venture philanthropy fund, the Myeloma Investment Fund. Prior to joining Pine Brook, he was the founder and managing director of Colonnade Financial Group from 2002-2020, a spin-out from Deutsche Bank created to manage a private equity portfolio. Prior to Colonnade, from 1985-2002 Mr. LaForge served in numerous senior executive roles at Deutsche Bank and its predecessor companies, Bankers Trust and BT Alex. Brown, also serving as the head of the North American financial institutions group in investment banking. Mr. LaForge holds a Bachelor of Science in Commerce and Accounting from Washington & Lee University and a Master of Business Administration from Harvard Business School.

Baroness Helena Morrissey DBE

Baroness Morrissey has held the position of chair of the Board since January 3, 2023. She has over three decades of experience in the financial services sector and has served in several leadership roles throughout her career. In addition to acting as chair of the Board of Fidelis, Baroness Morrissey currently holds the position of director on the boards of a number of other organisations. Since February 2023, Baroness Morrissey has acted as chair of the Board of Altum Group. She also serves as an advisory board member of All Perspectives Ltd, Edelman Communications, Anthemis and UK Fintech Growth Fund and is chair of the Nominations and Governance Committee of McKinsey Investment Office. Prior to her current positions, Baroness Morrissey was lead non-executive director at the Foreign & Commonwealth Office between July 2020 and September 2020, transferring to lead non-executive director of the Foreign, Commonwealth & Development Office until June 2022. Between January 2020 and May 2021, Baroness Morrissey was a non-executive director of St James' Place. Prior to this, she was head of personal investing at Legal & General Investment Management between May 2017 and December 2019. From 2001 to 2016, she was CEO of Newton Investment Management. Baroness Morrissey began her career as a global bond analyst at Schroders in the 1980s, later becoming a global bond fund manager. Baroness Morrissey holds a Master of Arts in Philosophy from Cambridge University. Other prior experience includes: chair of the Investment Association from July 2013 to May 2017; founder of the 30% Club campaign; non-executive director of Green Park Limited from August 2020 to March 2023; and non-executive director of the board of AJ Bell plc from July 2021 to April 2023, acting as chair of the board from January 2022 to April 2023. Baroness Morrissey is chair of the Diversity Project, a trustee of the Lady Garden Foundation and a fellow and Chair of the Endowment Committee of Eton College. Baroness Morrissey has served as a director of Helena Morrissey Ltd since February 2017.

Hinal Patel

Mr. Patel is the TFP HoldCo director nominee. Mr. Patel acted as Group Chief Actuary of Fidelis from September 2015 to July 2017 and as Group Chief Financial Officer of Fidelis from July 2017 until January 3, 2023, following which Mr. Patel left Fidelis to become the Chief Financial Officer of the MGU HoldCo. Mr. Patel has held the position of non-executive director of FIHL since January 3, 2023. During his time as Group Chief Financial Officer of Fidelis, Mr. Patel was responsible for the finance, investment, actuarial and corporate finance functions. Prior to joining Fidelis, Mr. Patel spent 12 years at Catlin, where he served in a variety of positions, including Bermuda Chief Actuary overseeing actuarial, catastrophe modelling and capital functions for the Bermuda entity. Prior to joining Catlin, Mr. Patel worked at a number of actuarial consultancies and has over 20 years of experience. Mr. Patel graduated from the London School of Economics and is also Fellow of the Institute of Actuaries.

Senior Executives

Warwick Beaver: Chief People Officer

Mr. Beaver became Chief People Officer of Fidelis in March 2023. Prior to that, Mr. Beaver worked as Head of HR at Fidelis, which he joined in August 2022 and, following the completion of the Separation Transactions, The Fidelis Partnership. From March 2019 until July 2022, Mr. Beaver was an independent consultant for Stonehouse HCC Ltd, providing management consulting services to private equity-backed specialty (re)insurance brokers. Prior to that, Mr. Beaver worked for Thomson Reuters Corporation from November 2010 to December 2018, where he held a number of global Head of HR positions, as well as Managing Director of the Global Financial Crime and Reputational Risk Proposition and Modern-Day Slavery Initiative from November 2014. Mr. Beaver began his career in 1995, taking on various HR leadership positions in South Africa, the United States and the United Kingdom. Mr. Beaver graduated with a Bachelor of Arts (Psychology) from University of the Witwatersrand in 1994 and in 2001 became a Chartered Member of the Institute of Personnel and Development.

Denise Brown-Branch: Chief Operating Officer

Ms. Brown-Branch has held the position of Chief Operating Officer of Fidelis since July 2021. Ms. Brown-Branch is also CEO of FUL and an executive director of FUL. Before becoming Group Chief Operating Officer, Ms. Brown-Branch served in the roles of Strategic Program Manager (as an independent contractor from July 2015 to September 2020) and Director of Operations (from September 2020 to June 2021) within the Group. Ms. Brown-Branch has over 25 years of experience in strategic program delivery and business change management. Prior to joining Fidelis, Ms. Brown-Branch was a consultant at Bluefin Solutions from August 2011 to July 2015 where she managed a program of work for Catlin Insurance. Ms. Brown-Branch began her career in the consumer goods industry, where she focused on marketing, IT and global service delivery. Ms. Brown-Branch holds an MBA from Northeastern University and Bachelor of Science degrees in Accounting and Information Systems from Virginia Commonwealth University. She is also certified as a project management professional by the Project Management Institute.

Ian Houston: Group Chief Underwriting Officer

Mr. Houston joined Fidelis as Group Chief Underwriting Officer on January 16, 2023. Mr. Houston has over two decades of experience in the insurance industry. Prior to joining FIHL, from January 2018 until January 2023, Mr. Houston was general manager of Partner Re Europe. From August 2010 until April 2016, he was Deputy Head of Specialty Lines and Chief Underwriting Officer at PartnerRe. In this role, he was responsible for the strategy, risk appetite framework, portfolio shaping, and transaction referrals for the specialty lines portfolio. Mr. Houston began his career at various insurance carriers in the late 1980s in London. He is an associate of Chartered Insurance Institute and has attended various training courses such as the ZFS EXED Training course at IBM in Lausanne and Converium's Executive Management course in Vitznau and Washington D.C. and Henley Business School. Mr. Houston holds a BA.Hons degree in Business Studies from South Bank University.

Michael Pearson: Chief Risk Officer

Mr. Pearson became Group Chief Risk Officer of Fidelis on January 3, 2023. Prior to this, Mr. Pearson was a consultant to FUL from May 2022, a senior independent non-executive director of FUL from October 2015 to December 2020 and chairman of the FUL board from January 2021 until January 2023. He has over 35 years of experience in the insurance industry and was the Chief Risk Officer at Lancashire from March 2010 until February 2013. Mr. Pearson has held roles as Head of Internal Audit in both the Lloyd’s and company markets and Chief Risk Officer roles in the U.K. and Bermuda. He is a chartered accountant and a fellow of the Chartered Insurance Institute.

Jonathan Strickle: Group Chief Actuarial Officer

Mr. Strickle has held the position of Group Chief Actuarial Officer of Fidelis since January 3, 2023, prior to which he was Group Actuary of Fidelis from October 2021. Mr. Strickle also held the roles of U.K. Chief Actuary and Group Head of Reserving over the course of his career at Fidelis, which he joined in March 2020. He joined Fidelis after having spent three years as Head of Reserving for China Re's Lloyd's syndicate, from January 2017. Between September 2009 and January 2017, Mr. Strickle worked as a consultant at EY on a number of actuarial projects. Mr. Strickle is a Fellow of the Institute and Faculty of Actuaries, and holds both a Bachelor's and a Master's degree from the University of Warwick.

Janice Weidenborner: Group Legal Officer

Ms. Weidenborner joined Fidelis as Group Chief Legal Officer on January 23, 2023. Previously, Ms. Weidenborner was Chief Operating Officer and General Counsel at Weston Insurance Management LLC from December 2021 to December 2022. Ms. Weidenborner was Executive Vice President, Group General Counsel and Secretary at Third Point Reinsurance Ltd. between January 2016 and March 2021, adding the role of Head of Human Resources in 2019. Ms. Weidenborner continued on as Executive Vice President overseeing Human Resources at SiriusPoint from March 2021 to July 2021 during a planned integration period following its merger with Third Point Re. From January 2013 to December 2015, Ms. Weidenborner served as General Counsel of Ariel Reinsurance Ltd. Prior to Ariel Re, Ms. Weidenborner served in a number of senior legal roles at the ACE Group of Companies (now Chubb), including Senior Vice President and General Counsel, ACE Financial Solutions International Ltd., Senior Vice President and Associate General Counsel, ACE Bermuda Insurance Ltd and ACE Tempest Re, and Associate General Counsel, ACE USA. Ms. Weidenborner has a Bachelor of Science from Embry-Riddle Aeronautical University, a Master of Business Administration in Finance from Fordham University and a Juris Doctor from Rutgers University School of Law**.**

FIBL Board: Executive directors

Daniel Burrows: Group Chief Executive Officer and FIBL Chief Underwriting Officer Executive Chairman

Please refer to biography included above

Allen Decleir: Group Chief Financial Officer and FIBL Chief Executive Officer

Please refer to biography included above

Bennet Gibson: FIBL Chief Financial Officer and Deputy Chief Executive Officer

Bennet is a Qualified Chartered Accountant with 14 years' experience in the reinsurance industry. Bennet joined Fidelis in 2019 as Financial Controller of Reporting and Accounting. Before joining Fidelis Bennet spent 7 years at Tokio Millennium Re Ltd where he acted as the Financial Controller of the Bermuda branch. Prior to that Bennet spent 5 years with KPMG.

FIBL Board: Non-executive directors

Nigel Clark: Non-Executive Director

With over 40 years of experience in the Property & Casualty Treaty reinsurance business, Nigel worked in the London reinsurance market for the first 12 years before moving to Bermuda in 1989 where he continued until taking voluntary retirement at the end of 2018.

For the first 15 years of his career, Nigel was involved in the underwriting side of the business both in London and in Bermuda. During this time Nigel developed experience in a broad range of classes of business, predominantly in the Non-Marine area, writing a profitable book of business in both property & casualty related classes. Clients ranged across all aspects of the industry, from direct insurers to retrocessional buyers. Nigel had responsibility for both the inwards business as well as the ceded reinsurance buying strategy and execution, including traditional, parametric and other non-traditional products.

Transferring to the reinsurance broking side of the business in 1993, Nigel has had senior roles with four different broking companies, including the establishment of two brand new offices in Bermuda for London based broking companies. Nigel's experience has included the development and handling of both property & casualty placements for a myriad of (re)insurance clients, largely emanating from London, USA & Bermuda, but also at various times from Europe and Australia. Clients have ranged from large global multi-line entities to small industry specific mutual or captive companies to ILS funds.

David Ezekiel: Non-Executive Director

David has been a Member of the Institute of Chartered Accountants in England and Wales since 1971 and has been a Fellow since 1978. David was educated at Sherwood College, Nainital, India and undertook his articles of clerkship in London. David has an MBA in Business Administration majoring in Investment Analysis from City University, London. Before establishing International Advisory Services Ltd. ('IAS') in April 1981 (acquired by Marsh McLennan in 2009), David was a Partner of one of the leading accounting practices in Bermuda: Moore, Stephens & Butterfield. While at Moore, Stephens & Butterfield he was responsible, along with one other partner, for the firm's rapidly expanding insurance auditing department and was responsible for much of the staff training in this area. In September of 2009 IAS was acquired by Marsh and Mr. Ezekiel assumed the position of Chairman & Managing Director of the combined entity, Marsh IAS. David was instrumental in the formation of ABIC (Association of Bermuda International Companies) and served as Chairman of ABIC for 13 years, during which he played a key role in the development of the International Business sector in Bermuda.

In 2005 David was named as 'Insurance Person of the Year' by the Bermuda Insurance Institute (BII) and 5 years later was presented with the BII's 'Lifetime Achievement Award'.

Daniel Soares: Non-Executive Director and Chair

Daniel is a Certified Management Accountant with over 25 years of experience in the insurance and reinsurance industry in operations and management roles and three years of experience in Non-Executive Director roles. Dan spent 9 years with Lancashire Insurance Group in roles including Group COO, CEO of Lancashire Insurance Company Ltd and Chair of Lancashire Insurance Company Ltd. Dan's prior experience also includes 3 years with Montpelier Re, 3 years with Novus Management Ltd, 1 year with Expertise Consultancy and 1 year as CFO of Axiom Services Ltd. Dan's insurance career began as an Account Executive at Mutual Risk Management where he served a portfolio of rent-a-captive clients for 9 years. Dan has a BSc from the University of New Haven, Connecticut.

B3. RISK MANAGEMENT AND SOLVENCY SELF-ASSESSMENT

B3.1 Risk management process & procedures to identify, measure, manage and report on risk exposures

The Group operates the Group Risk, Capital and Solvency Management Framework (referred to as "the framework" throughout section B.

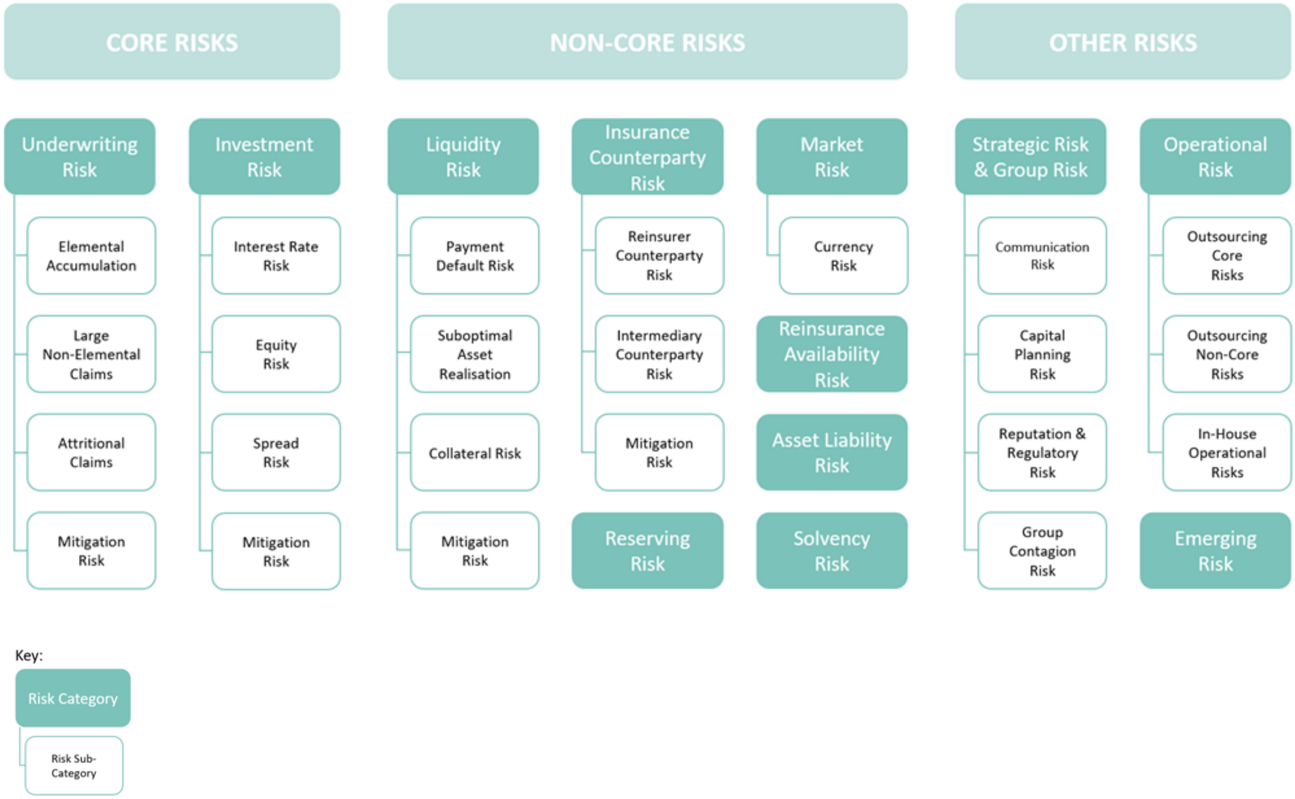
The Group's approved risk management framework is designed to identify, measure, manage and report on the exposures that the Group and FIBL Group face.

- **Identification** – the risks that could materially impact the Group and FIBL Group in achieving their strategic objectives are identified through the quarterly risk review process with each of the risk owners and the emerging risk process and through review of risk levels versus risk tolerances and preferences.
- **Measurement** – these risks are quantified and ranked in the Group's operational risk register in terms of their probability and impact on the Group and FIBL Group if the risk were to materialise. With respect to the aggregation of the underwriting exposures, these are monitored on at least a quarterly basis to ensure that they remain within the FIHL and FIBL Boards' approved risk appetite levels.
- **Management** - where a risk exposure has exceeded the FIHL or FIBL Board's risk appetite or the risk levels are more generally considered to be higher than desirable, management identifies suitable actions to either transfer, avoid or mitigate the risk level.
- **Reporting** – a summary of all key material risk exposures is reported to the FIHL and FIBL Boards on a quarterly basis. Where there has been an exceedance in the respective Boards' risk appetite, the report details management's plans to transfer or mitigate the risk.

The framework is founded upon a clear understanding and articulation of the risk universe to which the Group and FIBL Group are, or could be, exposed. This universe encompasses those intrinsic risks that are fundamental to the Group's and FIBL Group's business (such as underwriting and market risk), operational risks (that may crystallise either independently of, or be correlated with intrinsic risk) and those more subjective yet nevertheless important sources of risk such as strategic and emerging risk.

B3.1 Risk management process & procedures to identify, measure, manage and report on risk exposures (continued)

The universe spans the following overall risk categories and subcategories:



The classification of subcategories of risk is reflected throughout the framework. These subcategories of risk are:

- “core” risks, which encompasses those intrinsic risks that are fundamental to our business and that are actively pursued to optimise the Group's risk adjusted return;
- “non-core” risks which are intrinsic risks that are a necessary consequence of the business but have little or no potential to generate a reward; and
- “other” risks that arise from the failure of people, processes or systems upon which we rely (that may crystallise either independently of, or be correlated with intrinsic risk) and those more subjective yet nevertheless important sources of risk such as strategic and emerging risks.

For each category of risk, the FIHL and FIBL Boards have established risk appetite comprising qualitative statements supported by specific tolerances (expressed in quantitative terms where appropriate) against which risk exposures are monitored and managed. This appetite is adjusted over the business cycle in response to market conditions and the strategic and tactical drivers over the horizon of the business plans.

Monitoring and reporting of the risk, capital and solvency position is performed on both an actual and, where meaningful, prospective basis with a frequency that is proportionate to the materiality and volatility of risk presented by each category of risk defined in the universe, and reported quarterly as part of the CRO report.

The Group and FIBL Group embedded the principles of effective risk management in its core business processes - the forward-looking assessment of risk, capital and solvency adequacy being integrated into the strategic decision making and continuous monitoring processes.

The significant quantifiable risks that the Group faces in the current business plan are set out below:

B3.1 Risk management process & procedures to identify, measure, manage and report on risk exposures (continued)

Risk Category	Risk Description
Non-life underwriting risk	This risk arises from three sources – adverse claims development (reserve risk), underwriting (premium risk) and catastrophe exposures (catastrophe risk).
Market risk	The risk that the value of the Group's or FIBL Group's assets fall or that there are adverse currency movements.
Credit risk	The risk of default of one of the Group's or FIBL Group's reinsurers or a premium receivables counterparty.
Operational risk	The risk of losses resulting from inadequate or failed people, processes, systems or from external events

Each of these risks has been captured in the overall solvency needs of the Group and FIBL Group through the calculation of the BSCR, the setting and monitoring of risk appetite tolerances for each of the risks, and consideration of how the risk exposures are likely to change over the planning period in both normal and stressed environments.

There are no identified quantifiable material risks faced by the Group or FIBL Group that are not currently considered to be included in the BSCR.

B3.2 Implementation of risk management and solvency self-assessment systems and integration into strategic planning, organizational and decision making process

The FIHL Board retains sole authority for setting the risk and capital appetite and tolerances within the context of the overall Group and taking into account any recommendations from the relevant FIBL, FIID and FUL Board committees and management.

The FIBL Board retains sole authority for setting the risk and capital appetite for FIBL within the context of the overall Group and taking into account any recommendations from FIHL Board committees and management.

The FIHL and FIBL Boards receive comprehensive risk and capital reporting on at least a quarterly basis and at such other times as required due to an actual or projected change in the Company's risk, capital or solvency profile. The Risk Committee, a committee of the FIHL Board, supports the FIHL Board in ensuring the continued effectiveness and appropriateness of the framework – reviewing, challenging and making recommendations upon its outputs.

The FIHL Risk Committee and the FIHL and FIBL Boards are supported by management's RRC in the day-to-day maintenance of the framework and its underlying components. A summary of the RRC work in the period and any issues and recommendations for the respective FIHL and FIBL Boards' attention are reported within the CRO report to the FIHL Risk Committee and FIBL Board. The Board and committees are supported by the risk management and solvency self-assessment core processes, actuarial, compliance, legal and audit functions.

B3.3 Relationship between solvency self assessment, solvency needs and capital and risk management systems

The risk, capital and solvency management framework is delivered through a series of business processes operated with a frequency designed to provide ongoing management of the Group and FIBL Group's changing risk profile, capital and solvency position on both a current and projected basis that is proportionate, whilst addressing stated regulatory reporting requirements. The core elements of the process include:

Strategic Planning

The annual strategic planning process provides projections based on a range of potential economic and market scenarios.

The review evaluates the Company's strategic risk and return objectives and projected performance.

The strategy is reviewed annually by the FIHL and FIBL Boards.

Business Planning

The business planning process incorporates a forward-looking projection of the risk, capital and solvency profile of the Group and its associated strategies.

B3.3 Relationship between solvency self assessment, solvency needs and capital and risk management systems (continued)

Business Planning (continued)

It includes the assessment of a range of potential business scenarios supported by the use of stress testing, to test forecast capital adequacy, volatility and viability and inform capital and liquidity management strategies and associated contingency plans.

The proposed plan is subject to FIHL and FIBL Board challenge and approval and formalises the risk / return objectives, risk and capital appetite, underwriting, and investment and capital management plans for the coming year against which performance is assessed.

The process involves extensive input from risk management, the actuarial function, the Head of Capital, and the RRC, with a key output being the CRO's review of the business plan covering a series of summary assertions relating to risk, capital and solvency matters noting any exceptions or recommending changes to the risk, capital and solvency appetite.

The plan is reviewed and approved by the FIHL and FIBL Boards in the fourth quarter and updated in the first quarter of the following year with the benefit of the year-end and key January renewals and outwards reinsurance placement and forms the core of the annual solvency assessment process.

Quarterly risk, capital and solvency review

The Group CRO provides the Group Risk Committee and the FIBL Board with a full review of the risk, capital and solvency profile at least quarterly and at any other time as required in the interim in response to a material actual or proposed change in the risk, capital and solvency profile of either the Group or FIBL Group.

The review provides an analysis of the risk, liquidity, capital and solvency profile of the Group and/or FIBL against their respective Board approved risk appetites as well as considering a forward-looking view of the risks that it faces. There is also qualitative analysis of the operational and emerging risk environments. It therefore addresses the core elements of the GSSA and CISSA on a quarterly basis.

B3.4 Solvency assessment and approval process

The solvency assessment process is how the FIHL and FIBL Boards can monitor the risks to the Group and FIBL businesses and assess the impact of those risks on the capital adequacy of each of those businesses. The FIHL and FIBL Boards use the solvency assessment process to inform their future business decisions and to ensure that any risk remaining after controls have been applied is within the parameters of the Group's and FIBL's risk appetites.

The Group and FIBL Group have both maintained and developed their solvency assessment processes on an ongoing basis throughout 2023. In so far as is practical, this has been undertaken by embedding relevant solvency assessment processes into the quarterly reporting. This information includes monitoring the level of risk faced against the FIHL and FIBL Boards' approved risk appetite, strategic developments and their potential impact on the required level of capital. This forms a key part of the solvency assessment and the quarterly reporting to the FIHL and FIBL Boards.

The quantity and type of capital required in aggregate to cover the risks faced by both the Group and FIBL is currently calculated quarterly on the basis of each of the FIHL and FIBL Boards' desire to maintain economic capital headroom over the regulatory capital as well as the AM Best and S&P rating agency capital requirements.

For each of the Group and FIBL, the actual and projected coverage over both the BSCR and Economic Capital Requirement are reported in the quarterly CRO risk, capital and solvency review to the FIHL and FIBL Boards respectively which also provides them with confirmation of the Group's and FIBL's headroom over that level required to maintain its AM Best and S&P ratings following a significant loss event.

Further to this, following the completion of the annual solvency assessments for Group and FIBL, the results are documented and reported to the FIHL and FIBL Boards for review and approval.

B4. INTERNAL CONTROL SYSTEM

B4.1 Description of internal control system

The FIHL Board has ultimate responsibility for ensuring the Group's internal control system is prudent, appropriate and orderly.

Significant internal policies are approved at Group level by the FIHL Board, with subsequent approval by the subsidiary boards who may either approve the policy, approve subject to amendments, or decline to approve the policy, with a resulting referral back to the FIHL Board for reconsideration. Group level policies provide a statement of intent, with internal procedures intended to embed and achieve the policy being driven, owned and approved by senior management.

All internal controls are recorded in either the control documents or policies and procedures as appropriate, with controls being mapped to the risks in the Risk and Controls Register.

Internal controls have been adopted in such a way as to ensure that they are aligned with each other and to the business strategy and are subject to a risk-based periodic review cycle. All key internal controls are recorded in the risks and controls register so as to be capable of second line monitoring and third line audits.

The Audit Committee advises and assists the FIHL and subsidiary Boards in relation to the management of the internal financial control framework and financial reporting of FIHL and the Fidelis Group, as well as providing oversight of the Internal Audit function and external auditors.

B4.2 Execution of the compliance function

The Group compliance function is led by the Group Head of Compliance who reports into the Group Chief Legal Officer. The Group Head of Compliance is responsible for the Group and FIBL Group's Compliance oversight and is the Money Laundering Reporting Officer.

A summary of the compliance framework is below:

Compliance Strategy

- Group compliance policy sets the cultural tone of Fidelis' approach to regulatory compliance
- Compliance operating model defines the purpose of the compliance function
- Three lines of defence map shows the split of responsibilities for second line matters between control functions
- Compliance universe from which annual monitoring plan is derived

Compliance Plans

- Compliance risk assesment
- Annual Group compliance plan
- Annual compliance monitoring plan
- Annual compliance training plan

Internal Controls

- Group compliance officer is the risk owner for key regulatory risks within the operational register
- Group compliance policies and procedures
- Radar process for tracking future regulatory developments

Monitoring

- Monitoring compliance in accordance with the annual monitoring plan
- Mixture of recurring and annual monitoring activities including file reviews, MI/report reviews, staff meetings/interviews, governance reviews, non-voting attendance at committee meetings, etc.

Reporting

- Quarterly reporting to the Boards
- Monthly monitoring of events triggering notification to regulators
- Periodic meetings with regulators

The compliance function seeks to be a trusted advisor to the business, driving and supporting innovation whilst partnering with the business and regulators to ensure regulatory obligations are met. The compliance function seeks to ensure that the Group and FIBL Group's culture and behaviours put clients' interests at the heart of its business activities and that the Group acts with integrity in the market.

B5. INTERNAL AUDIT FUNCTION

B5.1 Implementation of the internal audit function

The internal audit department is resourced both internally by the Group HIA and a number of internal audit staff across the three offices, and through a panel of co-source service providers. The Group HIA has drafted and the FIHL Audit Committee and FIBL Board have approved:

- An audit charter;
- An audit universe;
- A budget for co-source resource; and
- An annual audit plan.

On a Group basis the Group HIA reports to the FIHL Audit Committee and for FIBL, the Group HIA reports to the FIBL Board only.

The Group HIA drafted and maintains the audit universe which is presented to the FIHL Audit Committee and FIBL Board annually as part of the audit plan approval process. The audit plan is risk-based and constructed using several inputs including the risk and controls register, discussion with management, discussion with the external auditor, KPMG, and input from the co-source providers. The overriding factor in deciding what is on the audit plan is the Group HIA's experience and opinion to ensure the audit plan is independent of management and management's view of risk. The audit plan is reviewed regularly, with any changes deemed necessary by the Group HIA approved by the FIHL Audit Committee and FIBL Board. The Group HIA, using in-house or co-source resource, as agreed by the FIHL Audit Committee and FIBL Board, will then execute the audit plan.

The internal audit department aims to comply with industry best practice wherever possible. This includes the principles set out by the Chartered IIA.

There is a quarterly report issued to the FIHL Audit Committee and FIBL Board reporting on the activities of Internal Audit over the prior quarter, specifically:

- Progress of completion of the audit plan;
- Summary of audit work completed in the quarter including reports issued;
- Progress with the clearance of agreed actions;
- Overdue agreed actions;
- Proposed changes to the plan if necessary;
- Resourcing and budget usage for co-source; and
- Any other matters.

The Group HIA, in conjunction with the business plan to be approved by the Board each year, presents an annual audit plan, typically in the fourth quarter, for approval by the FIHL Audit Committee and FIBL Board.

B5.2 Independence and objectivity of internal audit

The following key procedures are in place to ensure that internal audit is independent and objective:

- Primary reporting line – The Group HIA has a direct reporting line to the Chair of the Group Audit Committee;
- Secondary reporting line – The Group HIA's secondary reporting line on a day-to-day basis is to the Group CFO;
- Group HIA compensation – All compensation arrangements for the Group HIA are subject to Group Compensation Committee review and approval, removing any management influence over the Group HIA compensation;
- HIA appraisal – this will be performed in the first instance by the Group CFO and is then reviewed and approved by the Chair of the Group Audit Committee;
- FIHL Audit Committee and FIBL Board private sessions – The Group HIA has a private session pre-Board meeting with the FIHL Audit Committee Chair and the FIBL Board Chair to discuss in detail the audit report included. This ensures that the Group HIA can relay any serious concerns without management present. As per the FIHL Audit Committee agenda there is a standing agenda item for the Group HIA to have a closed session with the Committee members.
- Agreement of audit reports – the Group HIA is responsible for agreeing and issuing all internal audit reports and being satisfied that any raised actions have been appropriately addressed and closed; and
- Internal audit policy – the approved policy provides for the audit team to have unfettered access to all staff, records and information of the Group as they see fit while conducting audits.

B6. ACTUARIAL FUNCTION

The actuarial function, led by the Group Chief Actuarial Officer, consists of a number of qualified actuaries and analysts. The function is also supported by an external consultancy, Dynamo Analytics Ltd, who provide actuarial support.

Key responsibilities include the valuation of the TPs and EBS, opining on the underwriting policy and reinsurance arrangements, as well as validating the stochastic capital model. The main underwriting is currently carried out by The Fidelis Partnership which has its own actuarial pricing and exposure management functions. These functions are set out in the Service Management & Oversight Framework. The Group Chief Actuarial Officer has complete oversight over the monitoring of key actuarial related SLAs and KPIs.

In addition, the actuarial function contributes towards assessing capital requirements through reserve and premium allocation to geographic zones as part of the capital setting and supporting risk management with respect to risk modelling and stress/scenario/reverse-stress testing.

It is the responsibility of the actuarial function to report on each of the above areas, and in addition to this, make recommendations to remediate any deficiencies identified.

The Group Chief Actuarial Officer is responsible for ensuring that there is sufficient independence in the activities undertaken by the actuarial function. Independence is supported by the following factors:

- All actuaries within the function are members of actuarial associations and subject to both professional and technical requirements;
- An external reserve review is carried out at year end providing the FIHL and FIBL Boards with an alternative view;
- Key tasks of the function are subject to governance through the Group Audit Committee and/or FIHL and FIBL Boards. These committees include non-executive directors ensuring adequate challenge;
- All tasks of the function are subject to internal audit on a regular basis which aids identification and escalation of deficiencies; and
- The Group Chief Actuarial Officer has been notified to the BMA in accordance with BMA requirements.

B7. OUTSOURCING

The Group outsourcing policy applies to any form of agreement between the Group or any of its subsidiaries and an external third party, where the latter performs an insurance or reinsurance activity or undertakes a key function on behalf of the Group which the Group would otherwise perform itself. An outsourced service is regarded as critical or important if a defect or failure in its performance would have a material, negative impact on:

- The quality and continuity of providing core services to the policyholders;
- The Group’s continuing compliance with the conditions and obligations of its authorisation;
- The Group’s ability to comply with other regulatory obligations.

The outsourcing controls require appropriate consideration of the operational, regulatory and other risks associated with the activities to be outsourced, both prior to signing the agreement and in monitoring after the agreement is signed.

Where there is critical or important outsourcing arrangement, the outsourcing controls require the following levels of additional scrutiny:

Prior to executing the arrangement

- Enhanced due diligence
- Minimum contractual requirements
- Board approval of the outsourcing arrangement
- Parent Board approval if the outsourcing arrangement is critical for the Group as a whole
- Notification to relevant regulators

After executing the agreement

- Frequent monitoring by the function owner of the outsourcing relationship
- Quarterly Board reporting by the compliance function
- More stringent renewal requirements

The Group currently outsources the following critical functions listed below, noting the jurisdiction of the service providers:

Function	Location of outsourced service provider	Rationale for outsourcing	Function responsible for oversight
Underwriting, underwriting administration and claims handling	United Kingdom	Under a 10 year rolling Framework Agreement, The Fidelis Partnership manages origination, underwriting, underwriting administration and claims handling under delegated authority agreements with the Group. Other services provided by The Fidelis Partnership to the Group include sourcing and administering the outwards reinsurance program, and support with business planning, insurance contract accounting and information technology.	Multiple functions
Investment custodian / administrator and investment accounting services	United States of America	Administration of, and accounting for a portfolio of fixed-income securities is a technical job that requires significant investment in people and technology. At current size of assets, it would be not economical to do this in-house. Outsourcing enables the Group to have its portfolio independently priced and appropriately reported.	Finance
TPs and other Actuarial Support	United Kingdom	The Group would not currently be able to economically perform the level of actuarial and technical work required for calculating, evaluating and monitoring TPs.	Actuarial

B7.1 Material intra-group outsourcing

The Group centralises various functions to Group entities for efficiency and economies of scale and the activities provided are covered under a master intragroup services agreement.

B8. OTHER INFORMATION

The assurance functions undertake monitoring activity to assess performance of our systems and controls. This includes consideration of compliance with system of governance requirements. Appropriate action is taken to deal with any findings, changes or updates required.

C. RISK PROFILE

C1. MATERIAL RISKS THE INSURER IS EXPOSED TO DURING THE REPORTING PERIOD

The material risks (when considered in terms of potential for diminution in capital) that the Group is exposed to are those core "intrinsic" underwriting and investment risks that are taken in order to generate a risk adjusted return.

C1.1 Overview of assessment of non-life underwriting risk

Underwriting risk arises from the Group's general insurance business and refers to the risk of loss, or of adverse change in the value of insurance liabilities due to inadequate pricing and claims volatility from prospective earned exposure (premium risk), and reserving assumptions quantifying the loss reserves for historical earned exposure (reserve risk). Examples of such risks include unexpected losses arising from fluctuations in the timing, frequency and severity of claims compared to expectations and inadequate reinsurance protection.

The Group's underwriting and reinsurance strategies are set within the context of the overall Group strategy, approved by the FIHL and FIBL Boards and communicated clearly throughout the business through policy statements and guidelines. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Risk mitigation techniques for non-life underwriting risk

Premium risk

Building on the foundation of strict underwriting governance and individual underwriter authorities, the Group oversees The Fidelis Partnership's robust system of peer review which operates to a high level of sophistication, depth and scope of application.

All new risks and renewals are required to be presented to the daily UMCC (or "the call(s)"), which is hosted by The Fidelis Partnership, normally prior to terms being offered and in the event of a material change in terms, exposure or pricing from that agreed previously. The call is designed to ensure the cooperative and collegiate management of insurance risk, ensure that individual underwriters draw upon the expertise of their peers, and avoid silos of underwriting. Where delegated authorities, binders or lineslips are accepted, the master contract will be reviewed at the UMCC as well as by the Operational Review Group although declarations or risks attaching to such covers may not be.

In addition to The Fidelis Partnership underwriters, the calls are frequently attended by representatives from actuarial, exposure modelling, capital modelling, risk, claims, finance, legal and compliance functions, as well as representatives from the Group to provide appropriate expertise and challenge. Regular attendance of The Fidelis Partnership CRO provides an additional layer of defence and supports them in keeping abreast of actual, projected and potential emerging risk issues in real time.

The FIHL and FIBL Board-approved risk appetites detail the maximum concentrations that the respective Boards are prepared to accept in relation to premium risk in respect of the aggregate impact of PML and RDS events across different perils/zones. These concentrations are monitored on at least a quarterly basis. Any exceedance of the risk tolerance is reported to the Group Risk Committee and FIBL Board in the quarterly CRO report.

Elemental (e.g. wind, earthquake) and non-elemental (e.g. terror, aviation, marine, economic risk and financial risk) exposures are monitored on a range of metrics set out in the Board approved risk appetite, based upon data from The Fidelis Partnership's underwriting system combined with the use of external and proprietary modelling techniques.

For elemental exposures, modelling leverages the use of external stochastic catastrophe modelling tools operated by The Fidelis Partnership's dedicated in-house modelling team. The results of the modelling are reviewed by the RRC and reported to senior management and FIHL and FIBL Boards at least quarterly providing modelled OEP and AEP curves estimating the PML both gross and net of reinsurance for each significant peril / geographical zone at a range of return periods.

For non-elemental exposures, where stochastic modelling capabilities are not available, the process considers a range of RRC-approved deterministic RDS, designed to represent hypothetical extreme but nonetheless credible potential loss scenarios. These are supplemented by internally modelled loss distributions projecting potential losses at a range of return periods similar to the approach applied to elemental exposures.

Product design and pricing aims to minimise adverse selection of risks and use appropriate rating factors to differentiate between levels of risk.

C1.1 Overview of assessment of non-life underwriting risk (continued)

Premium risk (continued)

A key aspect of the Group's strategy for risk mitigation centres on the use of outwards reinsurance for the inwards portfolio. Outwards reinsurance allows the Group and FIBL Group to more effectively manage capital, to reduce and spread the risk of loss on insurance and reinsurance business and to limit the Group's exposure to multiple claims arising from a single occurrence.

There are four elements of the Group's core reinsurance programme – quota share, occurrence excess of loss, catastrophe bonds and ILW. The Group also purchases further proportional and non-proportional treaty placements as deemed necessary by the relevant entity CUO on behalf of the relevant Board. A key reinsurance treaty for FUL and separately for FIID are intra-group quota share reinsurance treaties that both cede business to FIBL.

The Group plans to continue to use outwards reinsurance as one of its main risk mitigation techniques over the business planning time horizon.

Reserving risk

As the majority of the Group's and FIBL Group's portfolio is expected to benefit from a short period of discovery of loss, the reserves will relate to claims notified against which they hold individually evaluated case reserves and IBNR reserves. These reserves are expected to be less variable from a risk perspective than peers with longer tail business.

The Group and FIBL Group aim to set reserves at a level that limits the potential impact of reserve deterioration on overall return on equity whilst avoiding the taxation, reputational and regulatory risks that could result from systematic or excessive over-reserving.

The Group's and FIBL Group's stated risk tolerance level is that it has no appetite for setting case reserves below the levels advised by internal or external claims adjusters and counsel, nor does it have appetite to set IBNR reserves below the mean best estimate determined in consultation between our internal and external actuaries.

In addition to the quarterly review cycle operated by the Fidelis actuarial function, the level of reserves across all classes are subject to a full external actuarial review annually.

C1.2 Overview of assessment of market risk

The Group and FIBL Group seek to optimise investment return whilst focusing on ensuring they maintain sufficient capital to meet solvency requirements and maintain sufficient liquid funds to meet liabilities when they fall due. Exposure to market risk is therefore limited to the extent that investment strategies are balanced by these primary objectives.

Market risk is divided into three subcategories: investment risk, currency risk, and asset and liability matching risk.

Investment Risk

The key drivers of investment risk are a function of the type of strategies in which the Group chooses to implement which can be grouped broadly into the following:

Fixed income

The primary drivers of risk in the fixed income portfolio are shifts in the yield curve (interest rate risk) and the credit quality of the investment (spread risk).

The investment portfolio performance and risk are managed at an aggregate portfolio level. The investment strategy and investment types have been chosen specifically to construct an investment portfolio that ensures the credit quality, duration, and value at risk remain within the risk tolerances set out in the risk appetite. The investment portfolio's key metrics are included in the quarterly CIO Report to the FIHL Investment Committee and the quarterly CRO Report FIBL Boards.

Other Investments

These include an opportunistic fixed income UCITS fund, equity linked structured notes and a small legacy investment in a credit opportunities hedge fund.

Risk drivers for the opportunistic fixed income UCITS fund include interest rate risk, spread risk, default risk (of lower quality bonds) and currency risk (changes in exchange rates impacting debt securities denominated in currencies other than USD).

C1.2 Overview of assessment of market risk

Other Investments (continued)

Risk drivers for the equity indexed-linked structured note include geopolitical tension, a decline in the macroeconomic environment, uncontrolled inflation, higher interest rates (impact on the present value of future cash flows), central bank policy (monetary tightening), and recessionary pressures.

Risk drivers for the credit opportunities hedge fund include the uncertainties surrounding the crystallization of the events including mergers, restructurings, takeovers, exchange offers, spin-offs, financial reorganizations and other special situations and, as with all strategies, may be exacerbated through concentrations of exposure.

Risk mitigation techniques used for investment risk

The Group's investment guidelines and risk, capital and solvency appetite formalise the Group and FIBL Group's appetite for investment risk at the portfolio level.

Extensive consideration of the Group's investment strategy is undertaken prior to finalising these investment guidelines. This considers many aspects of the investment decision including the potential for adverse aggregations and correlations with other elements of the investment portfolio and the underwriting portfolio.

A strategic asset allocation exercise is undertaken regularly in conjunction with the investment managers which takes into account the Group and FIBL Group's risk tolerance levels and investment objectives. The Investment Committee is responsible for all strategic investment decisions. The Investment Committee has delegated certain strategic investment decisions to management providing the investment has approval of the Group CEO, Group CFO, Group CRO, Group CIO, Group CUO and the Group Chief Actuary, and the Group remains in compliance with its overall investment risk appetite. Investment decisions are made in line with the respective company's investment guidelines and the prudent person principle.

The aggregate risk level is managed through the adherence to the Investment Policy and the investment guidelines in place with the external investment managers. The investment portfolio is monitored and reviewed on an ongoing basis to ensure adherence to these guidelines. In addition, there are limits on the amount of credit exposure to any one issuer, except for US government securities.

The investment portfolio is also monitored on a quarterly basis to ensure that the following risk metrics remain within the Board's stated risk appetite:

- The average portfolio duration;
- The average credit rating;
- The minimum credit quality at the time of purchase; and
- Value-at-Risk

The Group monitors interest rate risk on a quarterly basis by calculating the duration of the core fixed income investment portfolio. Duration is an indicator of the sensitivity of the assets to changes in current interest rates.

The high credit quality nature of the core fixed income portfolio provides a level of mitigation against spread risk.

Currency risk

Currency risk exposures arise due to assets and liabilities being held in differing currencies. Whilst the Group accepts a degree of currency risk as a natural consequence of operating across multiple currencies, it has no desire for speculative exposure as a means to value creation.

Risk mitigation techniques used for currency risk

The Group's risk appetite limits monetary net asset liability mismatches to $5.0m equivalent per currency, hedges must be in place within 20 days of each month-end. Foreign exchange hedges may be aggregated and placed at the Group level recognising that placing hedges at the individual operating entity may be disproportionate and could potentially trigger inefficient risk management action.

Recognising that the variability in individual currencies is something over which the Group has no control, it therefore seeks to limit its actual exposure to currency risk through asset liability matching including, and where appropriate, currency hedging strategies that are undertaken at the Group level taking into account FIBL Group's own exposures.

The Group's and FIBL Group's actual net currency matching exposure is reported in the quarterly CRO report to the FIHL Board and the FIBL Board.

C1.2 Overview of assessment of market risk (continued)

Asset and liability risk

Asset and liability risk is defined as the risk that the Group either does not have available sufficient financial resources to enable it to meet its medium to long term financial obligations due to, for example, a currency or duration mismatch in its assets and liabilities.

These risks arise from open market positions in interest rate and currency products, both of which are exposed to general and specific market movements.

Risk mitigation techniques used for asset and liability risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. It manages these positions within a risk management framework that incorporates a Board-approved risk appetite limit that defines the maximum currency and duration mismatches that are allowed, as well as the investment portfolio being developed to ensure that investment proceeds and returns and available cash are in excess of obligations under insurance contracts.

C1.3 Overview of assessment of credit risk

Credit risk exposures relate to the potential failure of a third-party to meet their financial obligations to the Group and FIBL Group. Key areas where the Group and FIBL Group are exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders; and
- Amounts due from insurance intermediaries.

Reinsurance is used to manage and mitigate underwriting risk; however, this does not discharge the primary insurer’s liability.

If a reinsurer fails to pay a claim, the primary insurer remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of its reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. In certain circumstances, deposits from reinsurers are also held as collateral.

Risk mitigation techniques used for credit risk

Reinsurer counterparty risk

The risk management approach is designed to limit potential counterparty default to a level consistent with the Group’s risk appetite through a combination of:

- Appropriate counterparty selection;
- Appropriate levels of diversification in the portfolio;
- Appropriate mitigation in respect of external counterparties with a lower security rating through the use of collateralisation and/or downgrade clauses as appropriate; and
- Monitoring changes in security and taking appropriate remedial action as required.

The Counterparty Security Committee meets at least half yearly, and ad hoc as new partners are proposed. The RRC monitors the Group’s aggregations which are reported to the FIHL and FIBL Boards on a quarterly basis in the CRO Report.

The FIHL and FIBL Board approved risk appetites’ detail the maximum concentrations that the respective Boards are prepared to accept in relation to credit risk in respect of the exposure to a counterparty based on their current credit rating and/or their historic performance.

C1.3 Overview of assessment of credit risk (continued)

Intermediary counterparty risk
Whilst in theory the Group has significant exposure to counterparty risk in respect of its dealings with insurance intermediaries, in practice these are limited through the use, for the most part, of non-risk transfer terms of business through The Fidelis Partnership.

As such, the Group and FIBL Group are prepared to tolerate significant outstanding broker balances reflecting the concentration of business in the markets in which it operates subject to regular monitoring and the reporting of material exposures to management and the FIHL and FIBL Boards. Credit control policies and procedures are in place to ensure all money owed to the Group and FIBL Group are collected and to ensure that material cash received is allocated appropriately.

Exposures to individual policyholders, groups of policyholders and intermediaries are also monitored on an ongoing basis through the company's credit control processes.

C1.4 Overview of assessment of liquidity risk

Liquidity risk relates to the risk of the Group being unable to meet its liabilities as they fall due, caused by a lack of available cash. FIHL has unconditionally guaranteed all of FUL's and FIID's financial obligations.

The Group's exposure to liquidity risk is regularly monitored through its liquidity risk appetite which is dominated by its strategic imperative to maintain a highly liquid investment portfolio in order to enable dynamic portfolio risk/return optimisation.

Risk mitigation techniques used for liquidity risk
Subject to maintaining sufficient liquidity in aggregate across entities, the Group has the ability to perform intragroup transactions in the event of temporary liquidity shortfalls at individual entity level. This obviates incurring costs that might result from raising entity-specific liquidity through external means. As such management do not believe it necessary to cascade formal risk tolerances and associated risk reporting requirements to entity level and instead report the overall Group position to all Boards.

The target minimum level of Group liquidity, as defined by the Group Board risk appetite, is designed to ensure that the Group can satisfy policyholder liabilities in a stressed environment requiring sufficient cash liquidity at 5 days, 30 days and 180 working days to cover a variety of pre-defined gross man-made and natural catastrophe loss events. The Group's investment guidelines and risk, capital and solvency appetite formalise the Group and FIBL Group's appetite for liquidity at the portfolio level. This level of required liquidity across the overall portfolio is one of the drivers for the construction and maintenance of the investment portfolio. This results in liquidity levels being maintained significantly in excess of that which would otherwise be required to support projected outflows related to insurance obligations even in stressed scenarios.

C1.5 Overview of assessment of operational risk

Operational risk relates to the risk of losses arising from adverse external events, or from inadequate or failed processes, people or systems. The Group and FIBL Group set high standards for its operations and maintains a simple operating structure designed to limit operational risk and ensure effective identification and appropriate action in the event of risks crystallising.

Operational risk is considered from a range of internal and external sources according to whether it has the potential to exacerbate the intrinsic losses that may be suffered and / or crystallise in a specific financial loss or other adverse impact.

Sources of risk are considered under the following broad categories:

- Failure of a core business process, people or system to contain intrinsic risk within the FIHL and FIBL Boards' approved appetite e.g. failure to underwrite within underwriting authority / maximum lines;
- Failure of a process, people or system and / or external events leading to a specific financial loss or impact over and above that resulting from intrinsic risk exposures e.g. a failure to comply with anti-money laundering policy resulting in fine or sanction or processing backlogs; and
- Failure of process, people or systems leading to loss of opportunity (i.e. not necessarily a capital impact but one that adversely impacts potential risk adjusted returns) e.g. failure to effectively maintain broker relationships leading to a loss of income.

C1.5 Overview of assessment of operational risk (continued)

Risk mitigation techniques used for operational risk

The Group maintains an operational risk and controls register encompassing all material operational risks and the controls designed to prevent, mitigate or detect them.

On a quarterly basis, the Group CRO and/or a member of the risk management function meets with individual risk owners to discuss and document any changes to risks, controls or processes. The meeting includes an open discussion encompassing changes to business and processes, new or developing emerging risks and any other topics raised by the risk owners.

On at least an annual basis, and at such points in the development of the Group where material changes are made to the operating structure, relevant risk owners are required to reassess and reaffirm the full scope of risks, controls and related assessments for which they are responsible including services provided to the Group by the Fidelis Partnership.

The resulting assessment is recorded and subject to review, challenge and approval by the risk management function.

A disaster recovery plan and a business continuity plan are both in place to mitigate the impact to the Company of a failure in the Group's IT systems or a loss of access to its premises.

In respect of key person risk, the Group has succession plans in place that are reviewed and updated on at least an annual basis to mitigate the impact of the departure of key individuals from the organisation.

An assessment of key risks and any material changes in the period is captured through the quarterly risk review process and reported by the Group CRO to the RRC. The internal audit function provide independent feedback following each audit which is considered as part of the quarterly risk review process.

In the event of a material operational risk crystallising, a risk learning exercise will be undertaken to understand the root causes and identify mitigating factors or steps to reduce the probability and / or impact of a recurrence where appropriate. The conclusions from this exercise and the results of the follow up action will be reported to senior management and agreed with the relevant risk / control owner(s) and summarised in CRO reporting to the RCC and the Board(s).

C1.6 Overview of other material risks

Risks relating to the strategic relationship with The Fidelis Partnership

The Group relies on The Fidelis Partnership for services critical to its underwriting and other operations. The termination of the relationship or the failure by The Fidelis Partnership to perform these services may cause material disruption in our business or materially adversely affect our financial results.

If the relationship with The Fidelis Partnership is terminated or The Fidelis Partnership fails to perform any of the services outsourced to it, the Group may be required to hire staff to provide such services itself or retain a third party to provide such services, and no assurances can be made that the Group would be able to do so in a timely, efficient, or cost-effective manner. Additionally, the Group's success depends to a significant extent on key personnel employed by The Fidelis Partnership to implement its business strategy. There can be no assurance, however, that such key personnel will remain employed by The Fidelis Partnership. Additionally, The Fidelis Partnership's loss of the services of key personnel could significantly and negatively affect its ability to execute the agreed annual plan, which could, in turn, have a material adverse effect on the Group's business.

Risk mitigation techniques used for The Fidelis Partnership

The Group has entered into a number of agreements governing the outsourced relationship with The Fidelis Partnership, including the Framework Agreement, a series of Delegated Underwriting Authority Agreements, and the Inter-Group Services Agreement.

The Framework Agreement has a rolling initial term of 10 years, with years one to three rolling automatically (each year resetting for a new 10-year period).

In accordance with the terms of the Framework Agreement, the Group and The Fidelis Partnership will agree the following documents on an annual basis: (i) an annual plan, agreed at group level, which will set out the limits of The Fidelis Partnership's delegated authority for the respective underwriting year, including the agreed underwriting parameters and risk tolerances in respect of its three-segment underwriting strategy on a gross and net basis for each annual period; and (ii) a group-level underwriting strategy, which will establish how the Group and The Fidelis Partnership will coordinate the manner in which insurance and reinsurance risks are underwritten pursuant to the Delegated Underwriting Authority Agreements in each annual period.

C1.6 Overview of other material risks (continued)

Risk mitigation techniques used for The Fidelis Partnership (continued)

The Fidelis Partnership is subject to various service standards in relation to the services it provides to the Group under the Framework Agreement and the Inter-Group Services Agreement. In addition to general requirements to carry out its obligations in accordance with good industry practice and all reasonable care and skill, the Framework Agreement and the Inter-Group Services Agreement each contain a number of prescribed service-level agreements ("SLAs") and key performance indicators ("KPIs"), that apply to a range of services. If The Fidelis Partnership fails to remedy breaches of the SLAs or KPIs within a reasonable period agreed with the Group, there are financial penalties which can be levied upon The Fidelis Partnership.

Under the terms of the relevant agreements, The Fidelis Partnership provides detailed reporting to the Group on a regular basis. Such reports include, among other things, (i) accounting information (i.e., premiums written and earned, fees and loss reserves); (ii) underwriting information (including all insurance business underwritten under the Delegated Underwriting Authority Agreements); and (iii) claims handling information.

Emerging risks

Emerging risks are defined as risks that are either previously unknown, or which were to some extent known but the dynamics around the probability or impact of the risk have changed, and that have the potential to develop in such a way as to impact the balance sheet.

The Group identifies and monitors new and developing emerging risks through a range of channels including but not limited to:

- Regular communication with underwriters in respect of areas of risk material to their portfolios including monitoring RDS and PMLs
- Liaison with asset managers and advisors in respect of emerging macroeconomic, geopolitical and societal risks;
- The Group CRO's and other members of the risk management function's reviews with risk owners conducted via the quarterly risk review process;
- The Group CRO's attendance at underwriting, finance, reserving and operational oversight committees; and
- The Group CRO's and other members of the risk management function's review of relevant external inputs, publications and periodic surveys.

Risk mitigation techniques used for emerging risks

An emerging risk register is maintained by the risk management function and emerging or crystallising risks are reported to the RCC and the FIHL and FIBL Boards in aggregate through the regular CRO reporting process.

In the event of a new or developing emerging risk representing a material risk, the CRO will escalate as appropriate in order that appropriate mitigation can be implemented.

Reinsurance availability risk

Reinsurance availability risk refers to the inability of the ceding company or the primary insurer to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons such as unfavourable market conditions.

This risk does not include reinsurer default risk which is covered under C1.3.

Risk mitigation techniques used for reinsurance availability risk

All reinsurance purchases must be authorised appropriately to ensure alignment to strategy and risk appetite and in accordance with operating guidelines.

The majority of the Group's elemental reinsurance programs renew on January 1st, however exposures are not all written at January 1st, which can result in basis risk which is monitored continually throughout the year. The Group and FIBL Group also benefits from the catastrophe bonds purchased on a multi-year coverage basis and also enters into facultative reinsurance arrangements to manage their exposures in Bespoke and Specialty lines.

C1.6 Overview of other material risks (continued)

Group and strategic risk

Group and strategic risk is defined as the risk of impact on shareholder value, earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Within this definition the Group has identified four key sub-categories of risk:

- **Communication risk:** The risk that the Group fails to define, maintain or adequately communicate its strategy to key external stakeholders and, as a result, cannot take advantage of strategic opportunities;
- **Capital planning risk:** The risk that the Group has insufficient capital at the right time to take advantage of strategic opportunities;
- **Reputational and regulatory risk:** The risk that adverse events or circumstances negatively affect the reputation of the Group with its rating agencies, regulators, policyholders, intermediaries, existing or prospective investors; and
- **Group contagion risk:** The risk that adverse events or circumstances affecting one or more business units or entities damage the solvency, liquidity, results or reputation of other entities or the overall Group.

Risk mitigation techniques used for Group and strategic risk

Group risk is assessed, managed, monitored and reported as part of the Group's risk management processes. The Group seeks to manage strategic risks to the business by ensuring that the business strategies and resources are compatible with the strategic goals and the economic situation of the markets in which it operates.

C2. INVESTMENT OF ASSETS IN ACCORDANCE WITH THE PRUDENT PERSON PRINCIPLES OF THE CODE OF CONDUCT

The Group is required to invest the assets in line with the "prudent person" principle. The prudent person principle defines that, "an individual entrusted with the management of the client's funds may only invest in the instruments that any reasonable individual with objectives of capital preservation and return on investment would own and that the insurer in determining the appropriate investment strategy and policy, may only assume investment risks that it can properly identify, measure, respond to, monitor, control and report while taking into consideration its capital requirements and adequacy, short-term and long-term liquidity requirements, and policy holder obligations. Further, the insurer must ensure the investment decisions have been executed in the best interest of its policy holders". The Group fulfils its obligations by only investing in assets that have been approved by the Investment Committee through the Investment Managers that have also been approved by the Investment Committee and Board following the completion of a due diligence exercise. These assets are highly diversified across asset types, sectors, geographies and issuers, and in aggregate, considered to be consistent with the Group's investment objectives and risk appetite constraints. The investment portfolio is monitored on a regular basis to ensure that it remains within the FIHL and FIBL Boards' stated risk appetite, as well as maintaining an appropriate level of quality and liquidity whilst avoiding excessive concentrations.

The Group's investment activities are subordinated to the Group's ability to meet its liquidity requirements, notably with respect to underwriting activities, in normal circumstances as well as in periods of acute stress. The Group approaches asset-liability management conservatively, through liquidity budgeting where a 5-day, 30-day and 180-day period is considered the most relevant length of time when considering potential liquidity needs.

C3. RISK CONCENTRATION

The material risk concentrations that the Group and FIBL Group are exposed to relate to underwriting risk, market risk and credit risk.

Underwriting risk

The material underwriting related concentration risks that the Group and FIBL Group are exposed to are in respect of an aggregation of losses from an elemental catastrophe event; a single insured man-made event; or multiple related insured man-made events.

The risk is mitigated through underwriting a diverse portfolio of business in terms of the classes of business, geographic location and industry. The purchase of outwards quota share and excess of loss reinsurance is used to further mitigate concentration risk. The underwriting exposures are monitored on a monthly basis to check that they remain within the respective Board's risk appetite based on the PML at defined return periods or the impact of pre-defined RDS in addition to monitoring PMLs by lines of business and exposure areas across the entire curve and also on a worldwide all natural perils AEP basis.

C3. RISK CONCENTRATION (continued)

Market risk

In respect of market risk, the material concentration risk that the Group and FIBL Group are exposed to relates to the counterparties of its investment portfolio. This exposure is monitored on a quarterly basis and reported to the Group and FIBL Boards. There are investment guidelines in place that limit the maximum percentage of the portfolio that can be invested in an asset class or individual issuer and mandates the minimum levels of credit quality required.

Credit risk

Through the purchase of outwards reinsurance, the Group and FIBL Group have counterparty exposures. These are mitigated through the Group and FIBL Board-approved risk appetite statements, which specify the maximum exposures to any unrelated single counterparty, or group of counterparties having a common ultimate parent entity (per the AM Best definition) and specifies these limits according to their AM Best rating or track record of operation in respect of collateralised counterparties. The reinsurance counterparty exposure to the Group and FIBL Group are monitored on a quarterly basis.

C4. STRESS TESTING AND SENSITIVITY ANALYSIS TO ASSESS MATERIAL RISKS

The Group undertakes various stress and scenario testing on a regular basis to confirm the adequacy of the capital and liquidity in respect of both the regulatory requirements and the maintenance of the Group's financial strength and credit ratings.

These tests consider the impact of various plausible but extreme underwriting shocks to the Group and the liquidity position of the Group following such events and are used to inform the amount of capital buffer maintained.

The underwriting shocks consider the impacts of elemental catastrophe risk (e.g. wind, earthquake) and non-elemental (e.g. terror, aviation, economic risk) loss events.

The liquidity test considers if sufficient cash liquidity can be obtained within 5, 30 and 180 business days to be sufficient to cover defined gross PML/RDS losses plus a proportion of gross loss reserves payable driven by reserving payment pattern assumptions.

Based on the latest results of these tests, management of the Group believes that it has sufficient capital and liquidity to comply with the contractual obligations of the organisation and regulatory requirements upon experiencing losses within its risk exposures.

C5. ANY OTHER INFORMATION

C5.1 Climate Change

Climate change represents one of the dominant concerns of the non-life insurance industry. Fidelis has identified climate-related risks and opportunities over the short, medium, and long term. The impact of both physical and transition risks are considered in the Company's strategy and financial performance.

The impacts of physical risk are already evident and quantifiable. By the very nature of its business activity, the Company is exposed to climate risks. Although its underwriting, which is delegated to The Fidelis Partnership, is generally focused on low-frequency, high-severity losses worldwide, the frequency and unpredictability of such losses has significantly increased in this decade due to, among other things, changing climate conditions. This has led the Company to reshape its portfolio, thereby reducing the volatility traditionally associated with the property reinsurance class.

The Fidelis Partnership continues to develop a detailed view of climate risk informed by thorough analysis and discussions with meteorological experts, which have concluded that the effects of climate on perils such as convective storm, flood and wildfire are not currently represented adequately in vendor models. The Company has superimposed its own expectations of frequency and severity on these models, to form a base for exposure and aggregation tracking. The analysis shapes the 'Fidelis View of Risk,' which is fully implemented throughout the underwriting and pricing decisions processes.

Continual understanding of and adaptation to physical climate risk is at the heart of our risk management as well as our underwriting, both in terms of defining risk appetite and pricing. The Group continues to utilise risk transfer wherever available, including accessing the growing catastrophe bond market. Catastrophe bonds provide the Company with flexible, long term capital protection allowing it to offer climate risk solutions to its clients while protecting its shareholders from the potential greater levels of loss or downside of major events. In terms of opportunities, the escalating impacts of climate risk imply there is likely to be a growing demand for (re)insurance solutions in order to support both climate risk mitigation and adaptation. The Group expects that there will be an increase in the amount of protection needed, as well as a need for new and innovative products.

C5.1 Climate Change (continued)

The Group continues to outsource the management of its investments to third-party asset managers. The Company considers ESG factors such as climate in its investment process, in the selection of third-party investment managers and in setting the investment guidelines the investment managers adhere to. The Company incorporates both negative ESG related screens and a positive allocation to GSS bonds within the core fixed income guidelines. Throughout 2023, the CIO was responsible for overseeing this and ensuring compliance with the defined investment guidelines. The CIO and the wider investment team met regularly with the third-party managers to discuss the portfolio's ESG positioning, ESG outlook, ESG ratings and any specific holdings requiring an ESG view within the portfolio.

The impact of climate change was considered within business continuity planning across all of Fidelis Insurance Group's locations. In particular, situations which could result from changes in climate were translated into scenarios which were in turn addressed by the planning process. Fidelis reviews these impacts on an annual basis to ensure that the right contingency plans are in place should climate-related scenarios materialise.

Short-term: In 2023, the Company supported its delegated underwriter, The Fidelis Partnership, in maintaining its existing risk management and underwriting processes which integrated a view of physical climate risk into daily underwriting.

Medium-term: The Fidelis Partnership set a first decarbonisation target in July 2023, covering a period until 2030. Over this timeframe, The Fidelis Partnership noted that it would need to refine its data collection and methodology for assessing client transition plans, as well as its engagement strategy with relevant insureds.

Long-term: In 2023 The Fidelis Partnership reaffirmed its prior year commitment to net zero underwriting. In the long term, this will lead to shifts in strategy e.g. the types of clients supported, the mix of lines of business and the specific products in the portfolio.

C5.2 Conflict in Ukraine

Similar to the rest of the insurance and reinsurance industry, we are from time to time subject to litigation and arbitration in the ordinary course of business. We may also be subject to other potential litigation, disputes and regulatory or governmental inquiry from time to time in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings, the directors do not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

Following Russia's invasion of Ukraine on 24 February 2022, government sanctions were introduced prohibiting various commercial and finance activities in Russia, including leasing of aircraft in the aviation industry to any person in Russia, or for use in Russia. Aircraft lessors issued notices to airlines and lessees in Russia purporting to terminate the leasing of aircraft (and other parts such as spare engines) and requiring that the airlines return the assets. Many of the relevant aviation authorities where the aircraft are registered have also since suspended the certificates of airworthiness of such aircraft. Some aircraft are yet to be returned and aircraft lessors filed various insurance claims under their insurance policies for loss of the unreturned aircraft. The insurers have denied the claims and the lessors have instituted proceedings in the U.K., the U.S. and Ireland against upwards of 60 (re)insurers, including certain Fidelis Insurance Group entities. Provision has been made in the Company's reserves for losses and loss adjustment expenses for potential exposures relating to the Ukraine Conflict, a considerable majority of which are reserves reflecting our estimate for potential loss claims relating to leased aircraft within Russia, including the related litigation proceedings.

This is an unprecedented event, which, as of the date of this report, is anticipated to continue for a protracted period of time and presents unique circumstances and coverage issues in respect of both the gross loss and consequent extent of the reinsurance recoveries, which will continue to be unresolved until the multiple courts rule on the merits of the lawsuits. The situation is continuously evolving, including with respect to explorative discussions ongoing between Western leasing firms and Russian airline operators for the sale of some of the unreturned aircraft to the Russian operators. Such discussions, if successful, may lead to a reduction in any potential exposures under the relevant insurance policies

While it is not feasible to predict or determine the ultimate outcome of the above referenced proceedings, the directors of the Company do not believe that the outcome of these proceedings will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

D. VALUATION FOR SOLVENCY PURPOSES

D1. VALUATION BASES, ASSUMPTIONS AND METHODS TO DERIVE THE VALUE OF EACH ASSET CLASS

The Group has used the economic basis for valuation principles as per the Bermuda Solvency Capital Requirement.

The underlying premise of the economic basis is that both assets and liabilities are valued using market or fair values. All numbers in this section are sourced from the economic balance sheet. The fair value principles used for the assets are as follows:

D1.1 Investments

Group

As at 31 December 2023, the Group had $3,293.9 million (2022: $2,308.0 million) of investments in fixed income and short-term investments, and $47.6 million (2022: $117.1 million) of other investments, which are all held at fair value, as well as accrued interest of $27.2 million (2022: $10.9 million).

FIBL Group

As at 31 December 2023, FIBL Group had $2,519.4 million (2022: $1,621.4 million) of investments in fixed income and short-term investments and $47.6 million (2022: $117.1 million) of other investments which are all held at fair value, as well as accrued interest of $20.3 million (2022: $7.3 million).

The fair value of the Group's investment portfolio is estimated using the following techniques:

Core Fixed Income Portfolio

The Group's fixed income portfolio is managed by external investment managers with oversight from the Group's Chief Investment Officer, the Group's Chief Financial Officer, and the FIHL Board of Directors. Fair values for all securities in the fixed income portfolio are independently provided by the investment administrator, investment custodians, and investment managers, each of which utilise internationally recognised independent pricing services.

Short-term investments

The Group's short-term investments consist of commercial paper and bonds with maturities of less than one year at the time of purchase. The significant inputs used to determine the fair value of these securities include the spread above the risk-free yield curve, reported trades and broker-dealer quotes.

Other quoted investments

The Group's other investments consist of investments in; an opportunistic fixed income UCITS fund, a legacy holding in a credit hedge fund which is in the process of liquidating its underlying holdings and in 2022, equity linked structured notes. Other investments are measured at fair value using the fund's quoted NAV or quoted prices in active markets.

The valuation techniques and key inputs depend on the type of derivative and the nature of the underlying instrument.

D1.2 Cash and cash equivalents

As at 31 December 2023, the Group held $964.1 million (2022: $1,407.9 million) as cash and cash equivalents.

As at 31 December 2023, FIBL Group held $567.8 million (2022: $847.7 million) as cash and cash equivalents.

Monies denominated in foreign currency are translated into USD at the period end rate for reporting purposes. Cash and cash equivalents are valued at fair value.

D1.3 Insurance and intermediaries' receivables

Insurance and intermediaries' receivables represent premiums owed from policyholders. As at 31 December 2023, the Group held $151.2 million (2022: $113.7 million) of outstanding premiums. Insurance and intermediaries' receivables are held at amortised cost less any impairment losses which approximates to fair value.

As at 31 December 2023, FIBL Group held $38.7 million (2022: $11.7 million) of outstanding premiums. The non-overdue receivables balance is included in the calculation for the TPs.

D1.4 Reinsurance recoverables on paid claims

As at 31 December 2023, reinsurance recoverables on paid claims were $182.7 million for the Group (2022: $159.4 million).

As at 31 December 2023, FIBL Group held $90.9 million (2022: $94.8 million) reinsurance recoverable on paid claims.

For Bermuda solvency purposes, reinsurance recoverable on unpaid claims are determined as part of the calculation for TPs (see D2).

D1.5 Funds held by ceding reinsurers

The value of funds held by non-affiliated reinsurers as at 31 December 2023 for the Group was $13.9 million (2022: $0.4 million).

At 31 December 2023, FIBL Group had $13.4 million (2022: $0.3 million) of funds held by non-affiliated reinsurers.

D1.6 Deferred tax asset / liability

Deferred tax is measured using rates enacted or substantively enacted at the balance sheet date that are expected to apply to the reversal of a timing difference. As at 31 December 2023, the Group had a deferred tax asset balance of $43.3 million (2022: $49.0 million), and FIBL Group had a balance of $0.7 million (2022: nil).

D1.7 Other assets

As at 31 December 2023, the Group's other assets were $15.2 million (2022: $36.6 million). Other assets are valued at amortised cost less any impairment which approximates to fair value.

As at 31 December 2023, FIBL Group held $42.9 million (2022: $45.3 million) of other assets.

D2. VALUATION BASES, ASSUMPTIONS AND METHODS TO DERIVE THE VALUE OF TECHNICAL PROVISIONS

At 31 December 2023, the total TPs in the economic balance sheet amounted to $1,583.3 million (2022: $1,449.7 million) for the Group and $1,348.8 million (2022: $1,172.2 million) for FIBL Group comprising the following:

Group

$ millions	**2023**	**2022**
Best Estimate Loss and Loss Expense Provision	1,290.1	1,054.0
Best Estimate Premium Provision	216.7	322.4
Risk Margin	76.5	73.3

FIBL Group

$ millions	**2023**	**2022**
Best Estimate Loss and Loss Expense Provision	959.6	876.2
Best Estimate Premium Provision	314.0	229.4
Risk Margin	75.2	66.7

D2.1 Technical provisions methodology

The TPs make allowance for "all possible future outcomes" and are based on best estimate cash flows, adjusted to reflect the time value of money using the risk-free discount rate term structures prescribed by the BMA for each reporting period. The TPs only cover legally obliged business as at the valuation date. Cash flow projections are performed on a gross and ceded basis and together produce the Best Estimate TP on a net basis.

The TPs include an additional risk margin to be added to the Best Estimate TP. The risk margin is calculated using the BMA prescribed approach, as the discounted cost of capital of running off all risks that form part of the best estimate, at a rate of 6% per annum.

D2.2 Technical provisions assumptions

The key assumptions underlying the best estimate TPs calculation are:

Expected claims	Expected claims on earned business are taken directly from the US GAAP reserves, while unearned claims are determined using IELRs based on industry data and expert judgement.
Future Premiums	The TPs make allowance for future premiums cashflows receivable, with an allowance for lapse, and net of acquisition expenses. The lapse assumptions are parameterised annually based on data and expert judgement.
ENIDs	The TPs must make allowance for "all possible future outcomes" so an allowance is made for unknown events not considered to be included in the IELRs.
Reinstatement premiums	Prudently we allow for no inwards reinstatement premiums (e.g. positive cashflows). Additional ceded premiums (negative cashflows) following events that trigger recoveries on our reinsurance cover were considered, and no allowance was made based upon expert judgement and business knowledge.
Expenses	The TPs make allowance for the expenses incurred in servicing the legal obligations of contracts and these include acquisition costs, reinsurance costs, ULAE, administrative and investment expenses. We apply appropriate rates of inflation to future expense cashflows.
Profit Commission	An allowance is made for profit commissions payable to binding authorities as well as profit commissions receivable from reinsurance contracts held. Outgoing profit commissions are aggregated with profit commission income to produce net profit commissions.
Bad Debts	The technical provisions make an allowance for bad debts on amounts recoverable from reinsurers based on the rating of the reinsurer.
Interest rates	The future cash flows are discounted using the risk-free term structures by currency prescribed by the Bermuda Monetary Authority for each reporting period.

D2.3 Level of uncertainty associated with the value of technical provisions

There is inherent uncertainty within the cash flows that relate to insurance contracts, which could arise due to volatility within the claims reserve, losses occurring within the unearned exposure, policy cancellations and other areas. Actual experience is expected to deviate from expectations. The Group's estimates are subject to additional uncertainty due to the high exposure to potential large losses (due to the nature of the business written and the number of multi-year deals with large volumes of premium yet to be received).

As part of the technical provision process, a suite of sensitivity tests are run for FUL and FIID to better understand the materiality of key assumptions and how sensitive the overall best estimate technical provision is to changes in the underlying assumptions. FIBL Group is reviewed as appropriate by an independent advisor.

D3. VALUATION BASES, ASSUMPTIONS AND METHODS TO DERIVE THE VALUE OF OTHER LIABILITIES

D3.1 Other liabilities

As at 31 December 2023, the Group had other liabilities of $142.4 million (2022: $112.9 million) on the economic balance sheet. Other liabilities are measured at fair value.

As at 31 December 2023, FIBL Group had other liabilities of $78.3 million (2022: $69.8 million).

D4. ANY OTHER INFORMATION

No additional material information to report.

E. CAPITAL MANAGEMENT

E1. ELIGIBLE CAPITAL

E1.1 Capital management policy and process for capital needs, how capital is managed and material changes during the reporting period

The Group Risk, Capital & Solvency Management approach reflects the short tail nature of its liabilities and the agility hard coded in the core Fidelis business model allowing management to adapt the Group and FIBL Group's capital and solvency quickly in response to market cycles, events and opportunities. Both the Group and FIBL Group project the capital necessary to maintain solvency at a level sufficient to achieve the planned growth whilst meeting both the credit rating agency and regulatory capital requirements. This projection is to a greater degree of precision over a one-year horizon and to a more general degree over the longer-term horizon which is believed to be a proportionate approach.

While the capital and risk management strategy has remained substantially the same over the prior year for either Group or FIBL Group, we do now, due to the separation transaction, place additional emphasis on managing outsourcing and counterparty risk.

E1.2 Eligible capital categorised by tiers in accordance with the eligible capital rules

At the end of the reporting period, the eligible capital was categorised as follows:

Group

$ millions	**2023**	**2022**
Tier 1	2,506.8	2,134.4
Tier 2	181.6	181.5
Tier 3	325.0	324.4
Total	**3,013.4**	**2,640.3**

On 5 May 2020, the Group's Senior Notes were approved as Tier 3 ancillary capital by the BMA, and on 5 October 2020 the BMA approved the Group's Subordinated Notes as Tier 2 ancillary capital. Excluding preference shares, which are eligible Tier 2 capital, the Group's Senior Notes and Subordinated Notes, the Group's remaining capital is Tier 1, the highest quality capital, consisting of capital stock, contributed surplus, and statutory surplus.

FIBL Group

$ millions	**2023**	**2022**
Tier 1	1,914.4	1,503.4
Tier 2	—	—
Tier 3	—	—
Total	**1,914.4**	**1,503.4**

All of the capital is classified as being Tier 1, the highest quality capital, consisting of capital stock and contributed surplus.

E1.3 Eligible capital categorised by tiers in accordance to the eligible capital rules used to meet ECR and MSM requirements of the insurance act

At the end of the reporting period, the eligible capital for the MSM and ECR was categorised as follows:

Group

2023

$ millions	Eligible Capital Available to Support MSM	Eligible Capital Available to Support ECR
Tier 1	2,506.8	2,506.8
Tier 2	181.6	181.6
Tier 3	—	325.0
Total	**2,688.4**	**3,013.4**

2022

$ millions	Eligible Capital Available to Support MSM	Eligible Capital Available to Support ECR
Tier 1	2,134.4	2,134.4
Tier 2	181.5	181.5
Tier 3	—	324.4
Total	**2,315.9**	**2,640.3**

FIBL Group

2023

$ millions	Eligible Capital Available to Support MSM	Eligible Capital Available to Support ECR
Tier 1	1,914.4	1,914.4
Tier 2	—	—
Tier 3	—	—
Total	**1,914.4**	**1,914.4**

2022

$ millions	Eligible Capital Available to Support MSM	Eligible Capital Available to Support ECR
Tier 1	1,503.4	1,503.4
Tier 2	—	—
Tier 3	—	—
Total	**1,503.4**	**1,503.4**

E1.4 Confirmation of eligible capital that is subject to transitional arrangements

The Group has no eligible capital that is subject to transitional arrangements.

E1.5 Identification of any factors affecting encumbrances on the availability and transferability of capital to meet the ECR

The Group and FIBL Group have entered into contracts with cedants that require the Group and FIBL Group to fully collateralise estimates of their obligations calculated by the cedant. Assets are held in trust accounts for the benefit of the cedant or letters of credit are issued. These assets are released to the Group and FIBL Group upon the payment or extinction of the obligations. Interest income arising from these assets accrues to the Group and FIBL Group.

Fungibility and transferability of Group and FIBL Group capital is also impacted by the individual solvency requirements of the three insurance subsidiaries of the Group and by FIID's solvency capital requirements for the FIBL Group.

E1.6 Identification of ancillary capital instruments approved by the authority

On 5 May 2020, the Group's Senior Notes were approved as Tier 3 ancillary capital by the BMA, and on 5 October 2020 the BMA approved the Group's Subordinated Notes as Tier 2 ancillary capital.

E1.7 Identification of differences in shareholder's equity as stated in the financial statements versus the available capital and surplus

Significant differences between GAAP shareholder equity and available statutory capital and surplus include the classification of preference shares and the ancillary capital noted in E1.6, as equity, the impact of employing economic based technical provision valuation techniques, the reduction in available statutory capital for prepaid and fixed assets and deferred tax asset created specifically for the implementation of the Bermuda corporate income tax, within available statutory capital and surplus. In addition, for FIBL Group, the portion of encumbered assets held in relation to another group company's product that does not directly relate to FIBL's business, is recognised as a liability on FIBL Group's balance sheet.

E2. REGULATORY CAPITAL REQUIREMENTS

E2.1 ECR and MSM requirements at the end of the reporting period

At the end of the reporting period, the Group and FIBL Group's regulatory capital requirements were assessed as follows:

Group

$ millions	**2023**	**2022**
Minimum Margin of Solvency	881.6	781.4
Group BSCR	875.5	816.6
Enhanced Capital Requirement	881.6	816.6

FIBL Group

$ millions	**2023**	**2022**
Minimum Margin of Solvency	734.8	622.2
Full BSCR	597.5	572.3
Enhanced Capital Requirement	734.8	622.2

E2.2 Identification of any non-compliance with the MSM and the ECR

The Group and FIBL Group were compliant with the MSM and ECR requirement at the end of the reporting period.

E2.3 A description of the amount and circumstances surrounding the non-compliance, the remedial measures and their effectiveness

Not applicable.

E2.4 Where the non-compliance is not resolved, a description of the amount of the non-compliance

Not applicable.

E3. APPROVED INTERNAL CAPITAL MODEL

E3.1 Description of the purpose and scope of the business and risk areas where the internal model is used
Not applicable. The Group has not applied to have an internal capital model approved to determine regulatory capital requirements.

E3.2 Where a partial internal model is used, description of the integration with the BSCR model
Not applicable.

E3.3 Description of methods used in the internal model to calculate the ECR
Not applicable.

E3.4 Description of aggregation methodologies and diversification effects
Not applicable.

E3.5 Description of the main differences in the methods and assumptions used for the risk areas in the internal model versus the BSCR model
Not applicable.

E3.6 Description of the nature & suitability of the data used in the internal model
Not applicable.

E3.7 Any other material information
Not applicable.

F. SUBSEQUENT EVENTS

Subsequent events following the year end 31 December 2023 have been evaluated up to and including 31 May 2024, the date of issuance of the Group Financial Condition Report.

G. GLOSSARY

ABIC – Association of Bermuda International Companies

AFS – Available-For-Sale

BCAR – Best's Capital Adequacy Ratio

BE – Best Estimate

BMA - Bermuda Monetary Authority

BSCR – Bermuda Solvency Capital Requirement

CBI – Central Bank of Ireland

CEO – Chief Executive Officer

CFO – Chief Financial Officer

CISSA – Commercial Insurer's Solvency Self-Assessment

CIO – Chief Investment Officer

CTO – Chief Technology Officer

CRO – Chief Risk Officer

CUO – Chief Underwriting Officer

EBS – Economic Balance Sheet

ECR – Enhanced Capital Requirement

EEA – European Economic Area

ENID - Events not in Data

ERM – Enterprise Risk Management

FCA – Financial Conduct Authority

FCR – Financial Condition Report

FIBL – Fidelis Insurance Bermuda Limited

FEHL – Fidelis European Holdings Limited

FIHL – Fidelis Insurance Holdings Limited

FIID – Fidelis Insurance Ireland DAC

FSL – FIHL (UK) Services Limited

FUL – Fidelis Underwriting Limited

GAAP – Generally Accepted Accounting Principles

GSAM – Goldman Sachs Asset Management

GSS – Green, Social and Sustainable

GSSA – Group Solvency Self-Assessment

HIA – Head of Internal Audit

IBNR – Incurred but not Reported

IELR – Initial Expected Loss Ratio

IGR – Intra-Group Reinsurance

IIA – Institute of Internal Auditors

ILW – Industry Loss Warranty

INED – Independent non-executive Director

KPI - Key Performance Indicator

LOC – Letter of Credit

MGA – Managing General Agents

MSM – Minimum Margin of Solvency

NAV – Net Asset Value

Net acquisition cost ratio – The ratio of net acquisition expenses to net premiums earned

Net loss ratio – The ratio of net losses to net premiums earned

OEP – Occurrence Exceedance Probability

PML – Probable Maximum Loss

PRA – Prudential Regulatory Authority

RCC – Risk and Capital Committee

RDS – Realistic Disaster Scenario

Risk and Controls Register – Encompasses all material operational risks and the controls designed to prevent, mitigate or detect risks to the business achieving its strategic objectives

ROE – Return on Equity

RRC – Risk and Return Committee, a management committee

RSU – Restricted Share Unit

SLA – Service Level Agreement

TBA – To Be Announced (investment market)

TPs – Technical Provisions

ULAE – Unallocated Loss Adjustment Expenses

UMCC – Underwriting and Marketing Conference Calls

UPR – Unearned Premium Reserve

USA – United States of America

US GAAP – United States General Accepted Accounting Principles

FIDELIS INSURANCE HOLDINGS LIMITED & FIDELIS INSURANCE BERMUDA LIMITED

Financial Condition Report Declaration

For the year 1 January 2023 to 31 December 2023

We declare to the best of our knowledge and belief, the information in this Financial Conditional Report fairly represents the financial condition of the company in all respects:

Signed: ....

Name: Daniel Burrows

Position: Group Chief Executive Officer

Signed: Mike Pearson ....

Name: Michael Pearson

Position: Group Chief Risk Officer