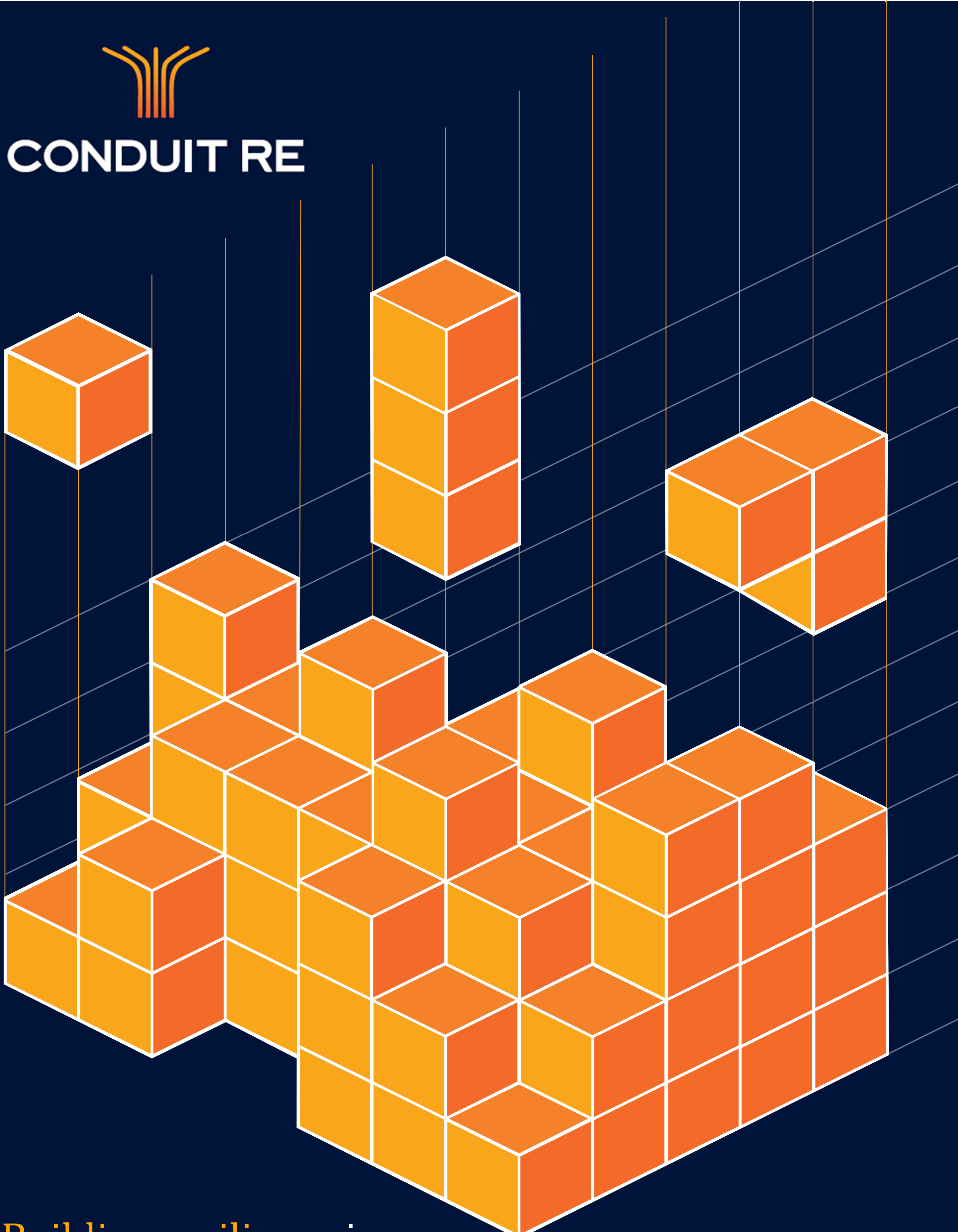

Building resilience in a changing world

Conduit Holdings Limited Interim Report 2022

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About Us

Conduit Re is a pure play global reinsurance business.

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

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

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

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

Financial performance

Trevor Carvey, Group Chief Executive Officer, commented:

"We are seeing strong demand for our offering and we continue to take a highly selective approach to our underwriting in a market which is exhibiting increasingly strong fundamentals. The business is normalising, our combined ratio will be trending towards our target of mid-80s steady state and the business is in an excellent position to continue to capitalise on our chosen markets."

Underwriting - Strategically Well Balanced Portfolio

- Approximately 70% of the portfolio is non cat business – a key benefit of Conduit's focused and highly diversified approach
- Conduit's robust risk selection and structuring process means it has experienced relatively low levels of catastrophe losses in H1 despite higher than average levels of insured catastrophe losses in the market
- Weighting towards quota share business allows Conduit to participate in the significant price rises and improved terms and conditions experienced in the primary markets at this point in the cycle, whilst reducing volatility.

Financials - Headlines

- Estimated ultimate premiums written increased by 49% on H1 2021 to $496.7 million
- H1 comprehensive loss of $61.4 million after the impact of:
  - $24.6 million estimated loss in relation to Ukraine (net of reinsurance and reinstatement premiums) including an estimate of the impact of potential aviation claims
  - Net unrealised loss on investments of $54.3 million reflecting the mark to market adjustment driven by expectations of rising interest rates
  - Potential to unwind over time: portfolio c. 92% fixed maturity with an average duration of 2.4 years and average credit quality of AA
  - Opportunity for enhanced investment income going forward in a higher interest rate environment
- Interim dividend of $0.18 (approximately 15 pence) per common share declared

Momentum - Very Well Positioned for Growth

- Strong, legacy free, unencumbered balance sheet with limited exposure to issues such as claims inflation on reserves
- Market conditions remain strong with continuing rate increases and improvements in terms and conditions; 2022 year-to-date indicative renewal rate increase of 4% net of inflation
- Reinsurance market is significantly capacity constrained which is driving strong demand for Conduit's unencumbered capacity and strong balance sheet
- The business is still in a significant growth phase. As premiums continue to earn through to the income statement the impact of premiums ceded to reinsurers and other operating expenses will form a smaller component of the combined ratio
- 51 employees, one operating location benefiting from an open culture and a modern and efficient infrastructure
- Engaged with all major reinsurance broking houses, using management's long-term relationships to access high quality business

Neil Eckert, Executive Chairman today added:

"We have built a quality underwriting operation which is perfectly positioned at a time where there is a shortage of reinsurance capacity in the market – Conduit's business model was constructed for precisely these circumstances. The continued hardening of the market provides Conduit with a substantial opportunity for profitable growth to build out the business."

Trevor Carvey, Group Chief Executive Officer, added:

"Conduit has quickly built a reputation for underwriting discipline and focus, as well as great service. We have now passed $1 billion of ultimate premiums written since IPO and it is great to see the validation of our underwriting and approach."

Financial highlights

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year on year change %
Estimated ultimate premiums written	496.7	333.1	49.1%
Gross premiums written	359.0	210.3	70.7%
Net premiums written	313.4	188.5	66.3%
Net premiums earned	210.0	47.7	340.3%
Underwriting profit	6.2	0.5	1,140.0%
Comprehensive loss	(61.4)	(12.4)	(395.2%)

Financial ratios

	Six months ended 30 June 2022 %	Six months ended 30 June 2021 %	Year on year change %
Return on equity	(6.3)	(1.2)	(5.1%)
Net loss ratio	67.8	70.0	(2.2%)
Net acquisition expense ratio	29.3	28.9	0.4%
Other operating expense ratio	8.0	28.3	(20.3%)
Combined ratio	105.1	127.2	(22.1%)
Total investment return	(4.7)	0.1	(4.8%)

Business Review

During the first half of 2022, Conduit Re continued to show growth across all segments thanks to improving rates and, primarily, to new business. Client count and submission numbers have increased in line with the Group's growth strategy. Rate change continues to be positive, outpacing inflation.

Underwriting activities

Our estimated ultimate premiums written for the six months ended 30 June 2022 and 30 June 2021 were as follows:

Segment	2022 $m	% of total	2021 $m	% of total	Year on year change %
Property	230.5	46.4%	157.0	47.1%	46.8%
Casualty	171.0	34.4%	115.2	34.6%	48.4%
Specialty	95.2	19.2%	60.9	18.3%	56.3%
Total	496.7	100.0%	333.1	100.0%	49.1%

Our gross premiums written for the six months ended 30 June 2022 and 30 June 2021 were as follows:

Segment	2022 $m	% of total	2021 $m	% of total	Year on year change %
Property	188.3	52.4%	129.5	61.6%	45.4%
Casualty	111.6	31.1%	44.1	21.0%	153.1%
Specialty	59.1	16.5%	36.7	17.4%	61.0%
Total	359.0	100.0%	210.3	100.0%	70.7%

The split of our estimated ultimate premiums written between quota share and excess of loss for the six months ended 30 June 2022 and 30 June 2021 were as follows:

Type of business	2022 $m	% of total	2021 $m	% of total	Year on year change %
Quota share	354.8	71.4%	235.8	70.8%	50.5%
Excess of loss	82.3	16.6%	38.9	11.7%	111.6%
Quota share of excess of loss	59.6	12.0%	58.4	17.5%	2.1%
Total	496.7	100.0%	333.1	100.0%	49.1%

The split of our gross premiums written between quota share and excess of loss for the six months ended 30 June 2022 and 30 June 2021 were as follows:

Type of business	2022 $m	% of total	2021 $m	% of total	Year on year change %
Quota share	232.9	64.9%	130.7	62.1%	78.2%
Excess of loss	82.3	22.9%	38.8	18.5%	112.1%
Quota share of excess of loss	43.8	12.2%	40.8	19.4%	7.4%
Total	359.0	100.0%	210.3	100.0%	70.7%

Both pricing and terms and conditions continue to improve in many of the markets we are targeting, particularly at the primary level, hence our focus has remained towards ground-up quota share business.

Pricing

The Group's overall indicative renewal price changes for 2022, net of inflation, were estimated to be:

Period / Segment	Property	Casualty	Specialty
Year to date	+7.8%	+1.4%	+2.4%

Ceded reinsurance premiums written

Ceded reinsurance premiums for the six months ended 30 June 2022 were $45.6 million compared to $21.8 million for the six months ended 30 June 2021. The increase in cost relative to the prior period reflects the growth in our inwards portfolio plus additional limits purchased.

Losses

Conduit has had minimal exposure to the natural catastrophe activity of the first quarter, or the large loss activity of the second quarter.

The most significant event of the year so far remains the Ukraine conflict. Conduit continues to have potential exposure to the crisis across its property and specialty books via war on land, marine war and aviation. There is significant uncertainty in estimating losses emanating from the Ukraine conflict, not least as it is an ongoing event. However, Conduit's previous guidance regarding loss expectations is unchanged. The estimated ultimate net impact, after reinsurance and reinstatement premiums, is $24.6 million, including for aviation-related claims. We have not received any loss notifications to date so our loss estimate continues to be derived from a combination of market data and ground-up assumptions, modelled loss projections and information from cedants. We will continue to keep these estimates under review while we await more detailed information and reporting from our cedants.

Our net loss ratio for the six months ended 30 June 2022 was 67.8% compared with 70.0% for the same period in 2021. Our ultimate loss estimates, net of reinsurance and reinstatement premiums, for the previously reported 2021 loss events remained relatively stable.

Investments

In line with our stated strategy, we continue to maintain our conservative approach to managing our invested assets with a strong emphasis on preserving capital and liquidity. Our strategy remains maintaining a short duration, highly creditworthy portfolio, with due consideration of the duration of our liabilities.

The Group recorded a loss of 4.7% on the investment portfolio for the six months ended 30 June 2022 (30 June 2021 – 0.1% gain) due primarily to rising treasury yields.

Net investment income, excluding realised and unrealised losses, was $6.4 million for the six months ended 30 June 2022 (30 June 2021 - $1.3 million). Total investment return, including net investment income, net realised gains and losses, and net change in unrealised gains and losses, was a loss of $50.0 million (30 June 2021 - $0.8 million gain).

The percentage split of the managed portfolio is as follows:

	30 June 2022	30 June 2021	31 December 2021
Fixed maturity securities	91.7%	88.8%	95.3%
Cash and cash equivalents	8.3%	11.2%	4.7%

Key investment portfolio statistics for our fixed maturities and managed cash were:

	30 June 2022	30 June 2021	31 December 2021
Duration	2.4 years	2.4 years	2.4 years
Credit quality	AA	AA	AA-
Book yield	1.4%	0.8%	0.9%
Market yield	3.5%	0.8%	1.2%

ESG considerations are incorporated into our individual portfolio investment guidelines. We are in favour of ESG investments generally.

Other operating expenses and equity-based incentives

Other operating expenses were $16.7 million for the six months ended 30 June 2022 (30 June 2021 - $13.5 million), while our equity-based incentives expense was $0.7 million (30 June 2021 - $0.2 million).

Other operating expenses contributed 8.0% to the Group's combined ratio, lower than the same period of 2021 which contributed 28.3%. The prior year ratio was a reflection of our start up nature with earnings yet to mature but employment costs and technology platform development costs incurred upfront.

Capital and dividends

Total capital and tangible capital available to the Group was $0.89 billion at 30 June 2022 (30 June 2021 - $1.04 billion; 31 December 2021 - $0.98 billion).

Tangible net assets per share at 30 June 2022 were $5.39 (30 June 2021 - $6.29; 31 December 2021 - $5.93).

In December 2021, the Group commenced on-market purchases of CHL's shares under a share purchase programme announced on 29 December 2021, where shares may be repurchased pursuant to authority obtained at CHL's most recent annual general meeting. Shares repurchased to 30 June 2022 amounted to $3.2 million and will be held in treasury to meet future obligations under CHL's variable incentive schemes.

On 26 July 2022 the Group's Board of Directors declared an interim dividend of $0.18 (approximately 15 pence) per common share, resulting in an aggregate payment of $29.6 million. The dividend will be paid in pounds sterling on 9 September 2022 to shareholders of record on 19 August 2022 (the "Record Date") using the pound sterling / US dollar spot exchange rate at 12 noon BST on the Record Date.

Condensed interim consolidated statement of comprehensive loss

	Notes	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Twelve months ended 31 Dec 2021 $m
Gross premiums written	4	359.0	210.3	378.8
Ceded reinsurance premiums	4	(45.6)	(21.8)	(32.6)
Net premiums written		313.4	188.5	346.2
Change in unearned premiums	4	(125.6)	(153.2)	(152.8)
Change in unearned premiums on premiums ceded	4	22.2	12.4	0.8
Net premiums earned		210.0	47.7	194.2
Net investment income	5	6.4	1.3	5.5
Net realised losses on investments	5	(2.1)	(0.4)	(1.0)
Net unrealised losses on investments	5, 6	(54.3)	(0.1)	(7.6)
Net foreign exchange gains (losses)		0.2	-	(0.5)
Total net revenue		160.2	48.5	190.6
Insurance losses and loss adjustment expenses	4, 7	157.9	33.4	191.0
Insurance losses and loss adjustment expenses recoverable	4, 7	(15.6)	-	(48.9)
Net insurance losses		142.3	33.4	142.1
Insurance acquisition expenses	4	61.5	13.8	59.1
Equity-based incentives		0.7	0.2	0.3
Other operating expenses	4	16.7	13.5	30.6
Total expenses		221.2	60.9	232.1
Results of operating activities		(61.0)	(12.4)	(41.5)
Financing costs		(0.4)	-	(0.5)
Total comprehensive loss for the period		(61.4)	(12.4)	(42.0)
Loss per share				
Basic and diluted	9	$(0.37)	$ (0.08)	$ (0.25)

Condensed interim consolidated balance sheet

	Notes	As at 30 June 2022 $m	As at 30 June 2021 $m	As at 31 Dec 2021 $m
Assets				
Cash and cash equivalents		92.0	130.9	67.5
Accrued interest receivable		4.0	3.2	3.7
Investments	6	952.7	939.9	1,008.4
Inwards premiums receivable		288.7	143.6	155.0
Reinsurance assets				
– Unearned premiums on premiums ceded		23.0	12.4	0.8
– Reinsurance recoverable	7	64.5	-	48.9
– Other reinsurance receivables		0.3	-	0.3
Other assets		2.6	5.4	1.6
Right-of-use assets		2.4	-	2.9
Deferred acquisition expenses		73.1	40.2	44.6
Intangible assets		1.2	0.5	1.1
Total assets		1,504.5	1,276.1	1,334.8
Liabilities				
Reinsurance contracts				
– Losses and loss adjustment expenses	7	290.1	33.4	171.6
– Unearned premiums		278.4	153.2	152.8
– Other reinsurance payables		5.0	-	-
Amounts payable to reinsurers		34.4	15.6	7.3
Other payables		6.2	33.3	19.0
Lease liabilities		2.6	-	2.9
Total liabilities		616.7	235.5	353.6
Shareholders' equity				
Share capital		1.7	1.7	1.7
Own shares		(3.2)	-	(0.2)
Other reserves	8	1,056.7	1,055.9	1,056.0
Dividends		(29.7)	-	(29.7)
Retained loss		(137.7)	(17.0)	(46.6)
Total shareholders' equity		887.8	1,040.6	981.2
Total liabilities and shareholders' equity		1,504.5	1,276.1	1,334.8

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on 26 July 2022 and signed on its behalf by:

Trevor Carvey
Chief Executive Officer

Elaine Whelan
Chief Financial Officer

Condensed interim consolidated statement of changes in shareholders' equity

	Share capital $m	Own shares $m	Other reserves $m	Retained loss $m	Total shareholders' equity $m
Balance as at 31 December 2020	1.7	-	1,055.7	(4.6)	1,052.8
Total comprehensive loss for the period	-	-	-	(12.4)	(12.4)
Equity-based incentives	-	-	0.2	-	0.2
Balance as at 30 June 2021	1.7	-	1,055.9	(17.0)	1,040.6
Total comprehensive loss for the period	-	-	-	(29.6)	(29.6)
Purchase of own shares	-	(0.2)	-	-	(0.2)
Dividends on common shares	-	-	-	(29.7)	(29.7)
Equity-based incentives	-	-	0.1	-	0.1
Balance as at 31 December 2021	1.7	(0.2)	1,056.0	(76.3)	981.2
Total comprehensive loss for the period	-	-	-	(61.4)	(61.4)
Purchase of own shares	-	(3.0)	-	-	(3.0)
Dividends on common shares	-	-	-	(29.7)	(29.7)
Equity-based incentives	-	-	0.7	-	0.7
Balance as at 30 June 2022	1.7	(3.2)	1,056.7	(167.4)	887.8

Condensed interim statement of consolidated cash flows

	Notes	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Twelve months ended 31 Dec 2021 $m
Cash flows from (used in) operating activities				
Comprehensive loss		(61.4)	(12.4)	(42.0)
Depreciation		0.7	-	0.1
Interest expense on lease liabilities		0.1	-	0.1
Net investment income	5	(7.0)	(1.3)	(6.2)
Net realised losses on investments	5	2.1	0.4	1.0
Net unrealised losses on investments	5	54.3	0.1	7.6
Net foreign exchange (gains) losses		(0.2)	(0.2)	0.3
Equity-based incentives		0.7	0.2	0.3
Change in operational assets and liabilities				
– Reinsurance assets and liabilities		77.0	6.1	82.0
– Other assets and liabilities		(5.5)	0.1	5.5
Net cash flows from (used in) operating activities		60.8	(7.0)	48.7
Cash flows used in investing activities				
Purchase of investments		(155.6)	(1,008.4)	(1,570.4)
Proceeds on sale and maturity of investments		143.5	90.5	558.9
Interest received		9.5	2.0	7.5
Purchase of intangible assets		(0.1)	(0.3)	(0.9)
Purchase of property, plant and equipment		-	-	(0.5)
Net cash flows used in investing activities		(2.7)	(916.2)	(1,005.4)
Cash flows used in financing activities				
Lease liabilities paid		(0.3)	-	(0.1)
Dividends paid		(29.7)	-	(29.7)
Purchase of own shares		(3.0)	-	(0.2)
Net cash flows used in financing activities		(33.0)	-	(30.0)
Net increase (decrease) in cash and cash equivalents		25.1	(923.2)	(986.7)
Cash and cash equivalents at the beginning of the year		67.5	1,054.0	1,054.0
Effect of exchange rate fluctuations on cash and cash equivalents		(0.6)	0.1	0.2
Cash and cash equivalents at the end of the period		92.0	130.9	67.5

Notes to the condensed interim consolidated financial statements

1. General information

Conduit Holdings Limited was incorporated under the laws of Bermuda on 6 October 2020 and, on 7 December 2020, all of its common shares of par value US$0.01 per share were admitted to the standard listing segment of the Official List of the UK Financial Conduct Authority and admitted to trading on the LSE's main market for listed securities. CHL's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 include the Company's subsidiaries (together referred to as the "Group"). The principal activity of the Group is to provide reinsurance products and services to its clients worldwide.

2. Summary of significant accounting policies

The basis of preparation, use of judgements and estimates, consolidation principles and significant accounting policies adopted in the preparation of these unaudited condensed interim consolidated financial statements are those that the Group expects to apply for the year ended 31 December 2022 and are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021. Excluding percentages, share and per share data or where otherwise stated, all amounts in tables and narrative disclosures are in millions of US dollars.

Basis of preparation

The Group's unaudited condensed interim consolidated financial statements are prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards (IFRS), and in accordance with IAS 34 Interim Financial Reporting, as issued by the IASB, and the Disclosure Rules Sourcebook and Transparency Rules issued by the Financial Conduct Authority. These should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies applied, the significant judgements made, and the key sources of estimation uncertainty in the unaudited condensed interim consolidated financial statements are the same as those applied in the Group's 2021 year end consolidated financial statements.

These condensed interim consolidated financial statements are unaudited but have been reviewed by the auditor, KPMG Audit Limited. They should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021. In preparing these unaudited condensed interim consolidated financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in preparing the Group's Interim Report 2022, accounting policies, and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Going concern

The unaudited condensed interim consolidated financial statements of the Group have been prepared on a going concern basis. In assessing the Group's going concern position as at 30 June 2022, the directors have considered a number of factors, including the current statement of financial position, the Group's strategic and financial plan, taking account of possible changes in trading performance, stress testing and scenario analysis, and the COVID-19 pandemic. As a result of the assessment, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore believe that the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Future accounting changes

Of the upcoming accounting standard changes, we anticipate that IFRS 17 and IFRS 9 will have the most material impact on the financial statements' presentation and disclosures. A brief overview of each of these standards is provided below:

IFRS 17, Insurance Contracts, issued in May 2017, specifies the financial reporting for insurance contracts. The new standard is effective for accounting periods beginning on or after 1 January 2023 and will significantly change the accounting for insurance contracts. The standard includes a number of significant changes regarding the measurement and disclosure of insurance contracts, both in terms of liability measurement and profit recognition.

The Group continues to assess the impact that IFRS 17 will have on its results of operations and disclosure requirements, and will monitor market practices while developing the Group's accounting policies under IFRS 17. From our ongoing assessments we do not expect a material impact on overall profitability however, due to the effects of discounting and the deferral of acquisition related operating expenses, the timing of recognition of profitability could be impacted.

The Group has performed initial eligibility testing and expects that it will be eligible to apply the simplified model, the premium allocation approach ("PAA"), to its portfolios and groups of contracts. Under the PAA, revenue is recognised over the coverage period based on the passage of time unless the underlying incidence of risk differs significantly. The PAA approach does not require the calculation of the present value of future cashflows and a separate risk adjustment until a claim is incurred. As a result, the liability for incurred claims will be recognised on a present value basis with a risk adjustment for non-financial risk. The Group expects to apply the bottom-up approach to determining discount rates.

Acquisition costs will include an allocation of direct and indirect operating expenses that are attributable to building a portfolio of insurance contracts. Acquisition costs are deferred and amortised over the coverage period, where the coverage period of the group of reinsurance contracts is greater than 12 months.

Any expected losses arising from onerous contracts, and associated recoveries, will be recognised in the income statement when the Group determines that losses are expected based on the facts and circumstances arising at the reporting date.

Presentation and disclosure will change significantly. The balance sheet will continue to contain related assets and liabilities for reinsurance business, albeit in a different, more condensed form. The most significant change will be in the presentation of the income statement where premiums and claims related line items will be replaced by insurance revenue and insurance service expenses. Certain commissions on reinsurance contracts issued which were previously presented as acquisition costs will now be presented in revenue as a reduction to premiums under IFRS 17. Commissions and reinstatement premiums on reinsurance contracts that are dependent on claims will be treated as claims cash flows and presented as part of insurance service expenses.

All insurance contract assets and liabilities will be monetary items with any revaluation adjustments being recognised in the income statement.

IFRS 9, Financial Instruments: Classification and Measurement, is effective for annual periods beginning on or after 1 January 2018. The amendments to IFRS 4, Insurance Contracts, issued in 2016, provide a temporary exemption from applying IFRS 9. The Group qualifies for, and has elected to apply, the temporary exemption available to companies whose predominant activity is to issue insurance contracts. The activities of the Group are predominantly connected with insurance. The carrying value of the Group's liabilities connected with insurance activities comprised over 90% of the total liabilities. The Group therefore satisfies the criteria set out in IFRS 4 for the temporary exemption from IFRS 9. The exemption lasts until the implementation date of IFRS 17 and addresses the accounting consequences of applying IFRS 9 to insurers prior to the adoption of IFRS 17. IFRS 9 introduces new classification and measurement requirements for financial instruments. The Group currently anticipates that all investments held by the Group will be classified as at FVTPL, because they are managed on a fair value basis. As a result, the adoption of IFRS 9 is not expected to result in any changes to the measurement of the Group's investments, which will continue to be at FVTPL. The Group is assessing the impact that IFRS 9 will have on its results of operations and disclosure requirements. From our ongoing assessments we do not expect a material impact on profitability or presentation and disclosure.

Use of judgements and estimates

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

The most significant estimates made by management are in relation to losses and loss adjustment expenses, both gross and net of ceded reinsurance, as discussed in note 7.

Less significant estimates are made in determining the estimated fair value of certain financial instruments, as discussed in note 6.

In addition, some management judgement is exercised in determining the ultimate premiums expected from which to establish the recognition of gross premiums written.

Seasonality of operations

The Group underwrites worldwide, short-tail and long-tail reinsurance contracts that transfer insurance risk, including risks exposed to both natural and man-made catastrophes and risk and liability losses. The Group has exposure to large losses arising from non-seasonal natural catastrophes, such as earthquakes, and also from risk losses throughout the year and from fire, explosion, war, terrorism, political risk and other non-seasonal losses. On certain classes of business, the Group's most significant exposures to catastrophe losses are greater during the second half of the fiscal year. There is therefore potential for significantly greater volatility in earnings during that period. This is broadly in line with the most active period of the North American windstorm season which is typically June to November. The Group is also exposed to the Japanese and European windstorm seasons which are typically June to November and November to March, respectively.

3. Risk disclosures

The Group is exposed to risks from several sources as outlined in detail on pages 92 to 107 in the Group's Annual Report and Accounts for the year ended 31 December 2021. These have not changed since the last reporting date. The primary risk categories are:

- reinsurance risk
- market risk
- liquidity risk
- credit risk
- operational risk
- strategic risk.

These remain the most relevant risks and uncertainties for the Group.

Global tax reform

The Group continues to monitor and assess the implications arising from the Organisation for Economic Co-operation and Development's inclusive framework agreement that aims to implement a global minimum tax rate of 15%, along with the potential impacts of other global tax reforms that are relevant to the Group's business operations.

4. Segmental reporting

Management and the Board review the Group's business and evaluates its performance primarily by three segments: Property, Casualty and Specialty. These are considered to be the Group's reportable segments for the purposes of segmental reporting. Further classes of business are underwritten within each reportable segment as outlined on pages 95 to 97 in the Group's Annual Report and Accounts.

Reportable segments	Operations and classes of business
Property	US and international property risk on an excess of loss and proportional contract basis.
Casualty	US and international casualty risk principally including directors and officers, financial institutions, general, medical malpractice, professional and transactional.
Specialty	Diverse portfolio of business, principally including aviation, energy, marine, political violence and terrorism and whole account.

Reportable segment performance is measured by the net underwriting profit or loss and the combined ratio. The chief operating decision maker does not manage the Group's assets by reportable segment, and, accordingly, investment income and other non-underwriting related items are not allocated to each reportable segment.

All amounts reported are transactions with external parties and associates. There are no significant inter-segmental transactions.

For the six months ended 30 June 2022	Property $m	Casualty $m	Specialty $m	Total $m
Gross premiums written by geographic region				
US	110.0	91.0	4.8	205.8
Worldwide	58.8	6.7	48.1	113.6
Europe	7.4	13.3	5.4	26.1
Other	12.1	0.6	0.8	13.5
Total	**188.3**	**111.6**	**59.1**	**359.0**
Ceded reinsurance premiums	(36.7)	-	(8.9)	(45.6)
Net premiums written	**151.6**	**111.6**	**50.2**	**313.4**
Change in unearned premiums	(75.6)	(31.1)	(18.9)	(125.6)
Change in unearned premiums on premiums ceded	19.4	(0.5)	3.3	22.2
Net premiums earned	**95.4**	**80.0**	**34.6**	**210.0**
Net losses and loss adjustment expenses	(42.8)	(53.5)	(46.0)	(142.3)
Net acquisition expenses	(26.9)	(26.3)	(8.3)	(61.5)
Net underwriting profit (loss)	**25.7**	**0.2**	**(19.7)**	**6.2**
Other operating expenses				(16.7)
Net unallocated investments / expenses				(50.9)
Total comprehensive income (loss)				**(61.4)**
Net loss ratio	44.9%	66.9%	132.9%	67.8%
Net acquisition expense ratio	28.2%	32.9%	24.0%	29.3%
Other operating expense ratio				8.0%
Combined ratio	**73.1%**	**99.8%**	**156.9%**	**105.1%**

For the six months ended 30 June 2021	Property $m	Casualty $m	Specialty $m	Total $m
Gross premiums written by geographic region				
US	80.3	39.5	2.9	122.7
Worldwide	42.2	4.3	33.6	80.1
Europe	3.1	0.1	-	3.2
Other	3.9	0.2	0.2	4.3
Total	**129.5**	**44.1**	**36.7**	**210.3**
Ceded reinsurance premiums	(18.3)	-	(3.5)	(21.8)
Net premiums written	**111.2**	**44.1**	**33.2**	**188.5**
Change in unearned premiums	(96.1)	(32.9)	(24.2)	(153.2)
Change in unearned premiums on premiums ceded	10.7	-	1.7	12.4
Net premiums earned	**25.8**	**11.2**	**10.7**	**47.7**
Net losses and loss adjustment expenses	(17.0)	(7.1)	(9.3)	(33.4)
Net acquisition expenses	(8.0)	(3.5)	(2.3)	(13.8)
Net underwriting profit (loss)	**0.8**	**0.6**	**(0.9)**	**0.5**
Other operating expenses				(13.5)
Net unallocated investments / expenses				0.6
Total comprehensive income (loss)				**(12.4)**
Net loss ratio	65.9%	63.4%	86.9%	70.0%
Net acquisition expense ratio	31.0%	31.3%	21.5%	28.9%
Other operating expense ratio				28.3%
Combined ratio	**96.9%**	**94.7%**	**108.4%**	**127.2%**

For the year ended 31 December 2021	Property $m	Casualty $m	Specialty $m	Total $m
Gross premiums written by geographic region				
US	105.4	118.7	3.9	228.0
Worldwide	62.3	7.1	62.3	131.7
Europe	6.0	2.8	–	8.8
Other	9.7	0.4	0.2	10.3
Total	**183.4**	**129.0**	**66.4**	**378.8**
Ceded reinsurance premiums	(26.4)	(1.2)	(5.0)	(32.6)
Net premiums written	**157.0**	**127.8**	**61.4**	**346.2**
Change in unearned premiums	(60.0)	(67.9)	(24.9)	(152.8)
Change in unearned premiums on premiums ceded	–	0.8	–	0.8
Net premiums earned	**97.0**	**60.7**	**36.5**	**194.2**
Net losses and loss adjustment expenses	(70.9)	(41.1)	(30.1)	(142.1)
Net acquisition expenses	(30.5)	(19.7)	(8.9)	(59.1)
Net underwriting profit (loss)	**(4.4)**	**(0.1)**	**(2.5)**	**(7.0)**
Other operating expenses				(30.6)
Net unallocated investments / expenses				(4.4)
Total comprehensive income (loss)				**(42.0)**
Net loss ratio	73.1%	67.7%	82.5%	73.2%
Net acquisition expense ratio	31.4%	32.5%	24.4%	30.4%
Other operating expense ratio				15.8%
Combined ratio	**104.5%**	**100.2%**	**106.9%**	**119.4%**

5. Investment return

For the six months ended 30 June 2022	Net investment income $m	Net realised losses $m	Net unrealised losses $m	Total investment return $m
Fixed maturity securities	6.3	(2.1)	(54.3)	(50.1)
Cash and cash equivalents	0.1	-	-	0.1
Total	**6.4**	**(2.1)**	**(54.3)**	**(50.0)**

For the six months ended 30 June 2021	Net investment income $m	Net realised losses $m	Net unrealised losses $m	Total investment return $m
Fixed maturity securities	1.0	(0.4)	(0.1)	0.5
Cash and cash equivalents	0.3	-	-	0.3
Total	**1.3**	**(0.4)**	**(0.1)**	**0.8**

For the year ended 31 December 2021	Net investment income $m	Net realised losses $m	Net unrealised losses $m	Total investment return $m
Fixed maturity securities	5.3	(1.0)	(7.6)	(3.3)
Cash and cash equivalents	0.2	-	-	0.2
Total	**5.5**	**(1.0)**	**(7.6)**	**(3.1)**

Included in net investment income is $0.6 million of investment management and custody fees for the six months ended 30 June 2022 (30 June 2021 – $0.1 million; 31 December 2021 - $0.7 million).

6. Investments

As at 30 June 2022	Cost or amortised cost $m	Unrealised gains $m	Unrealised losses $m	Estimated fair value $m
Fixed maturity securities, at FVTPL				
Short-term investments	6.0	-	-	6.0
US treasuries	185.5	-	(8.7)	176.8
US agency debt	2.0	-	(0.2)	1.8
US municipals	12.4	-	(0.8)	11.6
Non-US government and agencies	2.2	-	(0.1)	2.1
Asset-backed	170.4	-	(6.7)	163.7
US government agency mortgage-backed	105.7	0.1	(11.5)	94.3
Non-agency mortgage-backed	16.3	-	(1.4)	14.9
Agency commercial mortgage-backed	3.8	-	(0.4)	3.4
Non-agency commercial mortgage-backed	60.1	-	(5.4)	54.7
Corporate	450.2	-	(26.8)	423.4
Total	**1,014.6**	**0.1**	**(62.0)**	**952.7**

As at 30 June 2021	Cost or amortised cost $m	Unrealised gains $m	Unrealised losses $m	Estimated fair value $m
Fixed maturity securities, at FVTPL				
Short-term investments	25.4	-	-	25.4
US treasuries	208.6	0.1	(0.3)	208.4
US municipals	11.1	-	-	11.1
Non-US government and agencies	2.2	-	-	2.2
Asset-backed	137.7	-	(0.3)	137.4
US government agency mortgage-backed	70.4	0.3	(0.1)	70.6
Non-agency mortgage-backed	14.1	-	-	14.1
Agency commercial mortgage-backed	1.3	-	-	1.3
Non-agency commercial mortgage-backed	47.7	0.2	-	47.9
Corporate	421.5	0.7	(0.7)	421.5
Total	**940.0**	**1.3**	**(1.4)**	**939.9**

As at 31 December 2021	Cost or amortised cost $m	Unrealised gains $m	Unrealised losses $m	Estimated fair value $m
Fixed maturity securities, at FVTPL				
Short-term investments	8.9	-	-	8.9
US treasuries	172.9	-	(1.1)	171.8
US agency debt	2.0	-	-	2.0
US municipals	13.4	-	(0.2)	13.2
Non-US government and agencies	2.2	-	-	2.2
Asset-backed	170.3	0.1	(0.7)	169.7
US government agency mortgage-backed	95.5	-	(0.9)	94.6
Non-agency mortgage-backed	19.4	-	(0.2)	19.2
Agency commercial mortgage-backed	3.2	-	-	3.2
Non-agency commercial mortgage-backed	59.0	-	(0.6)	58.4
Corporate	469.2	0.2	(4.2)	465.2
Total	**1,016.0**	**0.3**	**(7.9)**	**1,008.4**

As at 30 June 2022 other assets and other payables included nil and $2.0 million for investments sold and purchased, respectively (30 June 2021 - $0.4 million and $26.3 million, respectively; 31 December 2021 - nil and $10.6 million, respectively).

The Group determines the estimated fair value of each individual security utilising the highest-level inputs available. Prices for the Group's investment portfolio are provided via a third-party investment accounting firm whose pricing processes and the controls thereon are subject to an annual audit on both the operation and the effectiveness of those controls. Various recognised reputable pricing sources are used including pricing vendors. The pricing sources use bid prices where available, otherwise indicative prices are quoted based on observable market trade data. The prices provided are compared to the investment managers' pricing.

The Group has not made any adjustments to any pricing provided by independent pricing services or its third-party investment managers for the six months ended 30 June 2022, 30 June 2021, and the year ended 31 December 2021.

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

LEVEL (I) - Level (I) investments are securities with quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

LEVEL (II) - Level (II) investments are securities with quoted prices in active markets for similar assets or liabilities or securities valued using other valuation techniques for which all significant inputs are based on observable market data. Instruments included in Level (II) are valued via independent external sources using directly observable inputs to models or other valuation methods. The valuation methods used are typically industry accepted standards and include broker-dealer quotes and pricing models including present values and future cash flows with inputs such as yield curves, credit spreads, interest rates, prepayment speeds and default rates.

LEVEL (III) - Level (III) investments are securities for which valuation techniques are not based on observable market data and require significant management judgement.

The Group determines whether transfers have occurred between levels of the fair value hierarchy by re-assessing the categorisation at the end of each reporting period. Transfers from Level (I) to (II) securities amounted to $70.5 million and transfers from Level (II) to (I) securities amounted to $104.4 million during the six months ended 30 June 2022 using end of period estimated fair value. The Group funded its investment portfolio using cash and cash equivalents on hand during 2021. As a result, there were no transfers between Level (I) and (II) during the six months ended 30 June 2021 or the year ended 31 December 2021.

The fair value hierarchy of the Group's investment portfolio is as follows:

As at 30 June 2022	Level I $m	Level II $m	Total $m
Fixed maturity securities, at FVTPL			
Short-term investments	6.0	-	6.0
US treasuries	176.8	-	176.8
US agency debt	-	1.8	1.8
US municipals	-	11.6	11.6
Non-US government and agencies	-	2.1	2.1
Asset-backed	-	163.7	163.7
US government agency mortgage-backed	-	94.3	94.3
Non-agency mortgage-backed	-	14.9	14.9
Agency commercial mortgage-backed	-	3.4	3.4
Non-agency commercial mortgage-backed	-	54.7	54.7
Corporate	144.4	279.0	423.4
Total	**327.2**	**625.5**	**952.7**

As at 30 June 2021	Level I $m	Level II $m	Total $m
Fixed maturity securities, at FVTPL			
Short-term investments	18.6	6.8	25.4
US treasuries	208.4	-	208.4
US municipals	-	11.1	11.1
Non-US government and agencies	-	2.2	2.2
Asset-backed	-	137.4	137.4
US government agency mortgage-backed	-	70.6	70.6
Non-agency mortgage-backed	-	14.1	14.1
Agency commercial mortgage-backed	-	1.3	1.3
Non-agency commercial mortgage-backed	-	47.9	47.9
Corporate	-	421.5	421.5
Total	**227.0**	**712.9**	**939.9**

As at 31 December 2021	Level I $m	Level II $m	Total $m
Fixed maturity securities, at FVTPL			
Short-term investments	3.1	5.8	8.9
US treasuries	171.8	-	171.8
US agency debt	-	2.0	2.0
US municipals	-	13.2	13.2
Non-US government and agencies	-	2.2	2.2
Asset-backed	-	169.7	169.7
US government agency mortgage-backed	-	94.6	94.6
Non-agency mortgage-backed	-	19.2	19.2
Agency commercial mortgage-backed	-	3.2	3.2
Non-agency commercial mortgage-backed	-	58.4	58.4
Corporate	117.1	348.1	465.2
Total	**292.0**	**716.4**	**1,008.4**

7. Losses and loss adjustment expenses

	Gross losses and loss adjustment expenses $m	Reinsurance recoveries $m	Net losses and loss adjustment expenses $m
As at 31 December 2020	**-**	**-**	**-**
Incurred losses:			
Current year	33.4	-	33.4
Exchange adjustments	-	-	-
Incurred losses and loss adjustment expenses	**33.4**	**-**	**33.4**
Paid losses:			
Current year	-	-	-
Paid losses and loss adjustment expenses	**-**	**-**	**-**
As at 30 June 2021	**33.4**	**-**	**33.4**
Incurred losses:			
Current year	157.6	(48.9)	108.7
Exchange adjustments	(0.3)	-	(0.3)
Incurred losses and loss adjustment expenses	**157.3**	**(48.9)**	**108.4**
Paid losses:			
Current year	19.1	-	19.1
Paid losses and loss adjustment expenses	**19.1**	**-**	**19.1**
As at 31 December 2021	**171.6**	**(48.9)**	**122.7**
Incurred losses:			
Prior year	1.3	(3.5)	(2.2)
Current year	156.6	(12.1)	144.5
Exchange adjustments	(1.8)	-	(1.8)
Incurred losses and loss adjustment expenses	**156.1**	**(15.6)**	**140.5**
Paid losses:			
Prior year	31.3	-	31.3
Current year	6.3	-	6.3
Paid losses and loss adjustment expenses	**37.6**	**-**	**37.6**
As at 30 June 2022	**290.1**	**(64.5)**	**225.6**

The split of gross losses and loss adjustment expenses between reported outstanding losses and IBNR is:

	30 June 2022		30 June 2021		31 December 2021	
	$m	%	$m	%	$m	%
Outstanding losses	55.5	19.1	-	-	26.0	15.2
Losses incurred but not reported	234.6	80.9	33.4	100.0	145.6	84.8
Total	290.1	**100.0**	**33.4**	**100.0**	**171.6**	**100.0**

The Group did not book any additional case reserves for the six months ended 30 June 2022, 30 June 2021 or for the year ended 31 December 2021.

The most significant event of the year so far remains the Ukraine conflict. Conduit continues to have potential exposure to the crisis across its property and specialty books via war on land, marine war and aviation.

There is significant uncertainty in estimating losses emanating from the conflict, not least as it is an ongoing event. However, Conduit's previous guidance regarding loss expectations is unchanged. The estimated ultimate net impact, after reinsurance and reinstatement premiums, is $24.6 million, including for aviation-related claims. We have not received any loss notifications to date so our loss estimate continues to be derived from a combination of market data and ground-up assumptions, modelled loss projections and information from cedants. We will continue to keep these estimates under review while we await more detailed information and reporting from our cedants.

The estimation of the ultimate loss and loss adjustment expense liability is a complex process which incorporates a significant amount of judgement. It is reasonably possible that uncertainties inherent in the reserving process, delays in insureds or ceding companies reporting losses to the Group, together with the potential for unforeseen adverse developments, could lead to a material change in estimated losses and loss adjustment expenses. Further information on the calculation of loss reserves and associated risks are provided in the risk disclosures section of the 2021 Annual Report and Accounts.

8. Share capital and other reserves

At the AGM of CHL held on 11 May 2022 a resolution was approved by the Shareholders to reduce CHL's share premium to nil with the corresponding amount of $1,055.0 million being credited to CHL's contributed surplus account.

The Memorandum of Reduction of Share Premium was delivered to the Registrar of Companies during the second quarter of 2022. This resolution has no impact on the other reserve balance.

9. Loss per share

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	$m	$m	$m
Loss for the period	**(61.4)**	**(12.4)**	**(42.0)**
	number	number	number
Basic weighted average number of shares	**164,920,213**	**165,239,997**	**165,239,907**
Diluted weighted average of equity-based incentives	**58,450**	**-**	**-**
	per share $	per share $	per share $
Basic and diluted loss per share	**(0.37)**	**(0.08)**	**(0.25)**

Equity-based incentive awards are only treated as dilutive when their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations. Incremental shares from ordinary restricted share options where relevant performance criteria have not been met are not included in the calculation of dilutive shares.

10. Related party disclosures

CHL finalised the establishment of an Employee Benefit Trust ("EBT") during the second quarter of 2022. The EBT was established with the sole purpose of managing the equity incentives granted to executives and employees of the Group.

There have been no material transactions with the EBT to date, but the EBT is expected to be funded during the third quarter of 2022 with the funding required to purchase adequate CHL shares to cover the first tranche of equity incentives vesting during the first quarter of 2023.

11. Subsequent events

Dividends

On 26 July 2022, the Group's Board of Directors declared an interim dividend for 2022 of $0.18 (approximately £0.15) per common share, which will result in an aggregate payment of $29.6 million. The dividend will be paid in pounds sterling on 9 September 2022 to shareholders of record on 19 August 2022 (the "Record Date") using the pound sterling / US dollar spot exchange rate at 12 noon on the Record Date.

Responsibility statement of the directors in respect of the interim report

The Directors confirm that to the best of our knowledge:

- the unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and where IFRS is silent, as it is in respect of certain aspects relating to the measurement of insurance products, US GAAP has been considered; and
- the interim management report provides a true and fair review of the information required by the following sections of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority:
  - DTR Section 4.2.7R – ((1) an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and (2) a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - DTR Section 4.2.8R – (1a) related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and (1b) any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The unaudited condensed interim financial statements were approved for issue on 26 July 2022 and the Directors responsible for authorising the responsibility statement on behalf of the Board are:

Trevor Carvey
Director and Chief Executive Officer

Elaine Whelan
Director and Chief Financial Officer

Independent Review Report to Conduit Holdings Limited ("Company")

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Conclusion

We have been engaged by the Company to review the condensed set of interim consolidated financial statements in the Interim Report for the six months ended 30 June 2022 which comprises the condensed interim consolidated statement of comprehensive loss, the condensed interim consolidated balance sheet, the condensed interim consolidated statement of changes in shareholders' equity, the condensed interim statement of consolidated cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of interim consolidated financial statements in the Interim Report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim consolidated financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FCA.

As disclosed in Note 2 of the condensed set of interim consolidated financial statements, the annual consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed set of interim consolidated financial statements included in the Interim Report in accordance with IAS 34.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of interim consolidated financial statements in the Interim Report based on our review.

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

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

KPMG Audit Limited
Chartered Professional Accountants
Hamilton, Bermuda
26 July 2022

Additional performance measures ("APMs")

The Group presents certain APMs to evaluate, monitor and manage the business and to aid readers' understanding of the Group financial statements and methodologies used. These are common measures used across the (re) insurance industry and allow the reader of the Group's financial reports to compare those with other companies in the (re)insurance industry. The APMs should be viewed as complementary to, rather than a substitute for, the figures prepared in accordance with IFRS. The Group's Audit Committee has evaluated the use of these APMs and reviewed their overall presentation to ensure that they were not given undue prominence. This information has not been audited.

Management believes the APMs included in the condensed interim consolidated financial statements are important for understanding the Group's overall results of operations and may be helpful to investors and other interested parties who may benefit from having a consistent basis for comparison with other companies within the (re)insurance industry. However, these measures may not be comparable to similarly labelled measures used by companies inside or outside the (re)insurance industry. In addition, the information contained herein should not be viewed as superior to, or a substitute for, the measures determined in accordance with the accounting principles used by the Group for its condensed interim consolidated financial statements or in accordance with IAS 34.

Below are explanations, and associated calculations, of the APMs presented by the Group:

APM	Explanation	Calculation
Net loss ratio	Ratio of net losses and loss adjustment expenses expressed as a percentage of net premiums earned in a period.	Net losses and loss adjustment expenses/Net premiums earned
Net acquisition expense ratio	Ratio of net acquisition expenses charged by insurance brokers and other insurance intermediaries to the Group expressed as a percentage of net premiums earned in a period.	Net acquisition expenses/Net premiums earned
Other operating expense ratio	Ratio of other operating expenses expressed as a percentage of net premiums earned in a period.	Other operating expenses/Net premiums earned
Combined ratio (KPI)	The sum of the net loss ratio, net acquisition expense ratio and other operating expense ratio. A combined ratio below 100% generally indicates profitable underwriting, whereas a combined ratio over 100% generally indicates unprofitable underwriting, each prior to the consideration of total net investment return.	Net loss ratio + Net acquisition expense ratio + Other operating expense ratio
Accident year loss ratio	Ratio of the net accident year ultimate liability revalued at the current balance sheet date expressed as a percentage of net premiums earned in a period.	Underwriting year net losses and loss adjustment expenses/Net premiums earned
Underwriting year loss ratio	Ratio of net losses and loss adjustment expenses of an underwriting year (or calendar year) expressed as a percentage of net premiums earned in a period.	Underwriting year net losses and loss adjustment expenses / Net premiums earned
Underwriting profit (loss)	Profit or loss directly related to the underwriting activities of the Group.	Net premiums earned – net losses and loss adjustment expenses – net acquisition costs
Total net investment return (KPI)	The Group's principal investment objective is to preserve capital and	Net investment income + Net unrealised gains (losses) on

	provide adequate liquidity to support the payment of losses and other liabilities. In light of this, the Group looks to generate an appropriate total net investment return. The Group bases its total net investment return on the sum of non-operating cash and cash equivalents and fixed maturity securities. Total net investment return is calculated daily and expressed as a percentage.	investments + Net realised gains (losses) on investments/Non-operating cash and cash equivalents + Fixed maturity securities, at beginning of period
Return on equity (KPI)	ROE enables the Group to compare itself against other peer companies in the immediate industry. It is also a key measure internally and is integral in the performance-related pay determinations. ROE is calculated as the profit for the period divided by the opening total shareholders' equity.	Profit (loss) after tax for the period/Total shareholders' equity, at beginning of period
Total shareholder return (KPI)	TSR allows the Group to compare itself against other public peer companies. TSR is calculated as the percentage change in common share price over a period, after adjustment for common share dividends	Closing common share price - Opening common share price + Common share dividends during the period/Opening common share price
Dividend yield	Calculated by dividing the annual dividends per common share by the common share price on the last day of the given year and expressed as a percentage.	Annual dividends per common share/ Closing common share price

Glossary

The following definitions apply throughout the condensed interim consolidated financial statements unless the context otherwise requires. All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

100 year return period A 1% probability of a catastrophe loss event of a certain size (or greater) occurring in any given year.

250 year return period A 0.4% probability of a catastrophe loss event of a certain size (or greater) occurring in any given year.

ABIR The Association of Bermuda Insurers and Reinsurers represents the public policy interests of Bermuda's international insurers and reinsurers that protect consumers around the world.

Additional case reserves (ACRs) ACRs represent the Group's estimate for losses related to specific contracts which the Group believes may not be adequately estimated by the client as of a reporting date, or adequately covered in the application of IBNR.

Admission The admission of all of CHL's common shares (1) to the standard listing segment of the Official List of the UK Financial Conduct Authority, and (2) to trading on the London Stock Exchange's main market for listed securities which occurred on 7 December 2020.

Aggregate excess of loss (XoL) reinsurance A form of excess of loss reinsurance in which the excess and the limit of liability are expressed as annual aggregate amounts.

AGM Annual General Meeting.

A.M. Best A.M. Best is a full-service credit rating organisation dedicated to serving the financial services industries, focusing on the insurance sector.

A.M. Best rating A forward-looking, independent, and objective opinion issued by A.M. Best regarding an insurer's, issuer's, or financial obligation's relative creditworthiness.

Best Capital Adequacy Rating Depicts the quantitative relationship between a rating unit's balance sheet strength and key financial risks that could impact such strength.

BMA Bermuda Monetary Authority.

Board of Directors; Board Unless otherwise stated refers to the CHL Board of Directors.

Book value per share Calculated by dividing the value of the total shareholders' equity by the sum of all common voting shares outstanding.

Broker An intermediary who negotiates contracts of insurance or reinsurance, receiving a commission for placement and other services rendered, between (1) a policyholder and a primary insurer, on behalf of the policyholder, (2) a primary insurer and a reinsurer, on behalf of the primary insurer, or (3) a reinsurer and a retrocessionaire, on behalf of the reinsurer.

Brokerage The commission that is payable to a broker for placing an insurance or reinsurance contract with an insurer or a reinsurer.

BSCR Bermuda Solvency Capital Requirement.

BI Business interruption: insurance coverage that replaces income lost in the event that business is halted due to direct physical loss or damage.

California earthquake A Californian earthquake catastrophe event.

Capacity The percentage of surplus that an insurer or reinsurer is willing or able to place at risk or the dollar amount of exposure it is willing to assume. Capacity may apply to a single risk, a programme, a line of business or an entire book of insurance or reinsurance business. Capacity may be constrained by legal restrictions, corporate restrictions, or indirect financial restrictions such as capital adequacy requirements.

Carrier An insurer or reinsurer.

Casualty or liability insurance The type of insurance that is primarily concerned with losses caused by injuries to persons and legal liability imposed upon the insured for such injury or for damage to property of others. This includes, but is not limited to, workers' compensation, automobile liability, and general liability.

Casualty – GTPL General Third Party Liability.

Casualty – PL/FI Professional Liability / Financial Institutions.

Casualty – Misc lines Miscellaneous Professional Liability includes professional services that don't fall into the other professional insurance classifications. It provides liability and defence costs for claims that allege errors or omissions, negligence, misstatements or misleading statements in performing, or failing to perform, professional services for others for a fee.

Cedant or customer or client A ceding insurer or a reinsurer. A ceding insurer is an insurer that writes and issues an original, primary policy to an insured and contractually transfers (cedes) a portion of the risk to a reinsurer. A ceding reinsurer is a reinsurer that transfers(cedes) a portion of the underlying reinsurance to a retrocessionnaire.

CD Communicable disease insurance.

Cede When a party reinsures its liability to another party, it “cedes” business to the reinsurer and is referred to as the “customer,” “ceding party” or “cedant.”

CEO Chief Executive Officer.

CFO Chief Financial Officer

CHL Conduit Holdings Limited.

Claim A request by an insured or reinsured for indemnification by an insurance or reinsurance company for loss incurred from an insured peril or event.

CML Conduit MIP Limited.

Combined ratio The ratio, in percent, of the sum of net insurance losses, net acquisition expenses and other operating expenses to net premiums earned

Company Conduit Holdings Limited.

Consortium underwriting Underwriting on the part of a group of either companies or insurers, where risks, premiums and costs are split proportionately between the participants. If a consortium member fails, losses do not fall back on the other capital providers.

Coverholder A coverholder is a company or partnership authorised by a managing agent to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate managed by it in accordance with the terms of a binding authority.

Conduit The brand for Conduit Holdings Limited and all associated group companies.

Conduit Re The brand for all the group’s reinsurance business.

CRL Conduit Reinsurance Limited.

CRSL Conduit Reinsurance Services Limited (previously named Conduit Marketing Limited).

CSL Conduit Services Limited.

CRO Chief Risk Officer.

CUO Chief Underwriting Officer.

Cyber Cyber insurance (or cyber risk or cyber liability insurance) is a form of cover designed to protect businesses from digital threats, such as data breaches or malicious cyber hacks.

Deductible or excess or retention The amount of the loss which is retained net by the insured (i.e., prior to the inception of a reinsurance programme). Also known as an “excess” or “retention”. The amount that is deducted from some or all claims arising under an insurance or reinsurance contract. The practical effect is the same as an excess: the insured or reassured must bear a proportion of the relevant loss. If that loss is less than the amount of deductible/excess then the insured or reassured must bear all of the loss (unless there is other insurance in place to cover the deductible). An increase in deductible should result in a reduction in premium.

Deferred acquisition costs Costs incurred for the acquisition or the renewal of insurance policies (e.g., brokerage and premium taxes) which are deferred and amortised over the term of the insurance contracts to which they relate.

Diluted earnings (loss) per share Calculated by dividing comprehensive profit (loss) for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares, plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive equity-based compensation awards.

Directors’ & Officers’ (D&O) A specialised form of professional liability coverage for legal expenses and liability to shareholders, bondholders, creditors or others owing to actions or omissions by a director or officer of a corporation or non-profit organisation.

Dividend yield Calculated by dividing the annual dividends per share by the share price on the last day of the given year.

Earnings (loss) per share (EPS) Calculated by dividing comprehensive profit (loss) for the year attributable to shareholders by the weighted average number of common shares outstanding during the year, excluding treasury shares.

EBT Employee benefit trust

ECR Enhanced capital requirement. Under the BSCR Model, the reinsurer’s minimum required statutory capital and surplus is referred to as the enhanced capital requirement ("ECR"). The ECR is the greater of the calculated BSCR and the minimum solvency margin ("MSM").

ERM Enterprise risk management is the process of assessing the risk of an organisation's activities in order to minimise the effects of those risks.

Errors and Omissions (E&O) A form of professional indemnity insurance. Errors and omissions insurance protects business professionals whose clients could claim damages as a result of the business professional's faulty performance.

European Economic Area or EEA The member states of the European Union plus Norway, Iceland and Liechtenstein.

EU The European Union.

Excess of loss (XOL, XL) or non-proportional Reinsurance cover provided to an insured in excess of a specified deductible level. This business is usually written on a layer-by-layer basis. Reinsurance that indemnifies the reinsured against all or a specified portion of losses on an underlying insurance policy in excess of a specified currency value or percentage loss ratio amount.

Exclusion A provision in a policy that excludes the insurer's liability in certain circumstances or for specified types of loss. A term in an insurance or reinsurance contract that excludes the insurer or reinsurer from liability for specified types of loss. An exclusion may apply throughout a policy, or it may be limited to specific sections of it. In certain circumstances an exclusion may be limited or removed altogether following the payment of an additional premium.

Facultative A reinsurance risk that is placed by means of a separately negotiated contract as opposed to one that is ceded under a reinsurance treaty. In pro rata reinsurance, the reinsurance of part or all of the insurance provided by a single policy, with separate negotiation for each policy cession of insurance – for sharing liability, premium and loss. In excess of loss reinsurance, the reinsurance of each policy, with separate negotiation for each – for indemnity of loss in excess of the reinsured's loss retention. The word "facultative" connotes that both the primary insurer and the reinsurer usually have the faculty or option of accepting or rejecting the individual submission (as distinguished from the obligation to cede and accept, to which the parties agree in most treaty reinsurance).

FIOC The management Finance Investment and Oversight Committee.

Financial strength rating The opinion of rating agencies regarding the financial ability of an insurance or reinsurance company to meet its financial obligations under its policies.

Florida windstorm A Florida hurricane catastrophe event.

FVTPL Fair value through profit or loss.

GPW or gross premiums written Amounts payable by the insured, excluding any taxes or duties levied on the premium, including any brokerage and commission deducted by intermediaries.

GTPL – General Third Party Liability.

Gross claims Claims under contracts of insurance underwritten by a carrier plus internal and external claims settlement expenses less salvage or other recoveries, but before the deduction of reinsurance recoveries.

Hard market A period of rising premiums and decreased capacity.

IFRS International Financial Reporting Standard(s).

ILS Insurance Linked Securities Investment assets linked to insurance-related, non financial risks.

Incurred losses Claims under contracts of insurance underwritten a carrier plus internal and external claims settlement expenses less salvage or other recoveries, but before the deduction of reinsurance recoveries.

Incurred but not reported (IBNR) Anticipated or likely losses that may result from insured events which have taken place, but for which no losses have yet been reported. IBNR also includes a reserve for possible adverse development of previously reported losses.

International Accounting Standard(s) (IAS) Standards created by the IASB for the preparation and presentation of financial statements.

International Accounting Standards Board (IASB) An international panel of accounting experts responsible for developing IAS and IFRS.

Incurred loss ratio Paid claims and known outstanding claims as a percentage of the premiums underwritten by the company. These can be on a gross or net basis, i.e., before or after reinsurance recoveries and costs.

IPO Initial public offering.

IRR Internal rate of return.

Invested equity Means the aggregate of initial equity invested in CHL on Admission and equity invested pursuant to any future equity raises by the Company, with the US dollar value of Invested Equity for the USD MIP Shares being calculated at the spot rate at the time the relevant proceeds of the equity raise were received by the Company.

LOC Letter of credit

Long-tail business A type of liability that carries a long settlement period. Long-tail liabilities are likely to result in high incurred but not reported (IBNR) claims, because it may take a long period of time for the claims to be settled.

Losses Demand by an insured for indemnity under an insurance

Loss adjustment expenses The expenses of settling claims, including legal and other fees and the portion of general expenses allocated to claim settlement costs. Also known as claim adjustment expenses.

Losses occurring business Business where the wording stipulates that claims against liability policies can be notified to the company at any time following the issue of the policy.

Loss reserve development The difference between the amount of reserves for losses and loss adjustment expenses initially estimated by an insurer or reinsurer and the amount re-estimated in an evaluation at a later date.

LSE London Stock Exchange.

Margin (reinsurance) As a pricing factor (along with expenses and losses), the profit the reinsurer expects to earn.

Market value Refers to (1) the market capitalisation of CHL calculated by reference to the six month average closing share price prior to the date of the relevant exchange of MIP Shares for common shares of CHL (adjusted to take into account any capital events or distributions during that period); or, (2) in the case of a takeover of CHL, the value of the consideration for the takeover, or (3) in the case of a sale of CHL, the net sale consideration, or (4) in the case of the liquidation of CHL, the amount available for distribution in the liquidation, in each case taking into account any prior dividends, returns of capital or other distributions. The Market Value for the USD MIP Shares will be calculated in US dollars based on the prevailing spot rate on the date of the relevant share price and in the case of a takeover of CHL, or sale or liquidation of CML the latest reasonably practicable spot rate prior to the date of the exchange of MIP Shares for common shares of CHL as determined by the Remuneration Committee of CHL.

MSM Minimum solvency margin. The minimum excess unimpaired surplus as a percent of outstanding loss reserve as set by regulators.

MIP Management incentive plan.

Net acquisition expense ratio Ratio, in percent, of net acquisition expenses charged by insurance brokers and other insurance intermediaries to the Group to net premiums earned.

Net loss ratio Ratio, in percent, of net losses and loss adjustment expenses to net premiums earned.

Net premiums earned Net premiums earned is equal to net premium written less the change in unearned premiums and change in unearned premiums on premiums ceded.

Net premiums written Net premiums written is equal to gross premiums written less ceded reinsurance premiums written.

Nat Cat Natural catastrophe.

OEP Occurrence exceedance probability is the probability that the largest loss in a year exceeds a certain amount (of loss).

Other operating expense ratio Ratio, in percent, of other operating expenses to net premiums earned.

Overriding commission A commission that is paid by a reinsurer to the reassured to cover the latter's overheads in administering the reinsurance.

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

PL/FI Professional Liability / Financial Institutions.

Premium earned The proportion of premium written that relates to a used period of cover.

Prior years or back years Earlier years of underwriting prior to the current year.

Probable maximum loss (PML) The anticipated modelled maximum loss that could result from a single given event, as opposed to MFL (Maximum Foreseeable Loss), which would be a similar valuation, but on a worst case basis.

Profit commission A commission that is payable according to a pre-determined formula as an incentive and reward for profitable underwriting.

Programme business A package of small to medium property and liability business favoured by some non-marine underwriters.

Property reinsurance Reinsurance exposures that are exposed to losses from damage or theft to buildings and their contents – money and securities, records, inventory, furniture, machinery, supplies and even intangible assets such as trademarks.

Pro-rata reinsurance or proportional reinsurance All forms of reinsurance in which the reinsurer shares a proportional part of the original premiums and losses of the reinsured. Frequently referred to as quota share reinsurance.

Quota share reinsurance A form of proportional reinsurance in which the reinsurer assumes an agreed percentage of each underlying insurance contract being reinsured.

Reserves; claim reserves; loss reserves; loss adjustment expense reserves Liabilities established by insurers and reinsurers to reflect the estimated cost of claims payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance contracts it has written. Reserves are established for claims, losses and for loss adjustment expenses, and consist of reserves established with respect to individual reported claims and incurred, but not reported losses.

Retrocession; retrocessional coverage A transaction in which a reinsurer transfers risks it has reinsured to another reinsurer, commonly referred to as the retrocessionaire. Retrocessional reinsurance does not legally discharge the ceding reinsurer from its liability with respect to its obligations to the reinsured.

ROE Return on equity. Profit for the period divided by the adjusted opening total equity.

RPI Renewal price index.

Risk transfer The transfer of all or a part of a risk to another party.

Risk adjusted return A concept that refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.

Short-tail business This is business which normally settles during the three-year term of a Lloyd's year of account. Motor, property, aviation hull and short-term life are all examples of short-tail business.

Rate on line The ratio of premium paid to total limit in a reinsurance contract.

Soft market A period of increased competition, depressed premiums and excess capacity, which is followed by a hard market – a period of rising premiums and decreased capacity.

Specialty This is a generic term used by companies to indicate classes of business that fall outside the norm of property and casualty. However, it is open to interpretation with different companies using the term to describe different classes of business. For some it relates to marine, energy and aviation business whereas some describe casualty as speciality business.

Surplus The amount by which an insurer's assets exceed its liabilities. It is the equivalent of "owners' equity" in standard accounting terms. The ratio of an insurer's premiums written to its surplus is one of the key measures of its solvency.

The UK Code The UK Corporate Governance Code, monitored by the UK Financial Reporting Council.

Total shareholder return The percentage of the increase/(decrease) in share price over a period, stated in percentages, after adjustment for dividends.

Treaty reinsurance This is usually reinsurance business, which is written on a proportional or quota share basis. A form of reinsurance in which the ceding company makes an agreement to cede certain classes of business to a reinsurer. The reinsurer, in turn, agrees to accept all business qualifying under the agreement, known as the "treaty." Under a reinsurance treaty, the ceding company is assured that all of its risks falling within the terms of the treaty will be reinsured in accordance with treaty terms.

UK United Kingdom of Great Britain and Northern Ireland.

Ultimate premiums written Estimated premium reported by ceding companies, supplemented by management's judgement on the estimate provided.

Ultimate loss ratio The ratio of ultimate total paid claims to total premiums received for all policies written in a given period.

Unearned premium The portion of premium income that is attributable to periods after the balance sheet date that is deferred and amortised to future accounting periods.

Underwriting cycle Market-wide fluctuations in the prevailing level of insurance and reinsurance premiums.

UNL Ultimate net loss.

US, USA United States of America.

US GAAP Accounting principles generally accepted in the United States.

VaR Value at Risk.

Vesting The MIP Shares will vest on: (1) a takeover of CHL; or (2) a sale or liquidation of CML; or (3) the relevant vesting period has elapsed for that Tranche of the MIP Shares.

W&I Warranty and Indemnity insurance: coverage usually for losses arising from a breach of a warranty and claims under a tax indemnity (and, in certain cases, other equivalent provisions) in connection with a corporate merger or acquisition transaction

Disclaimer regarding forward-looking statements

This interim report may include certain statements and indicative projections that are, or may be deemed to be, "forward-looking statements". These forward-looking statements are not based on current or historical facts and are forward looking in nature and may be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "estimates", "may", "will", "aims", "could" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, investment returns, gains and losses; and (ii) business and management strategies and the expansion and growth of the Group's operations. Forward looking statements may and often do differ materially from actual results.

Any forward-looking statements reflect the Group's current view with respect to future events and are subject to known and unknown risks relating to future events and other risks, uncertainties, and assumptions and other factors relating to the Group's business, results of operations, financial position, liquidity, prospects, growth and strategies. These factors include but are not limited to: the Group being recently established with a limited history of operations; the Group's ability to continue to build and sustain a business of writing reinsurance and implement its strategy; the Group's ability to assess accurately the risks of the potential underwriting losses; CRL being able to maintain its financial strength rating from A.M. Best; the number and type of reinsurance contracts that the Group writes or may write; competition from existing reinsurance carriers, as well as alternative capital providers, insurance linked funds and collateralised special purpose insurers; increased competition on the basis of pricing, capacity, coverage terms or other factors; the Group's ability to integrate its businesses and new joiners to the Group; the successful retention and motivation of the Group's key management; the potential loss of key personnel; the effectiveness of the Group's loss limitation methods; the reliability of, and changes in assumptions to, catastrophe, accumulation and estimated loss models; potential uncertainties relating to reinsurance recoveries, reinstatement premiums and other factors inherent in loss estimations; the global changing climate conditions which may lead to the possibility of greater frequency or severity of claims and loss activity than the Group's underwriting, reserving or investment practices have anticipated; possible low frequency of large events or unusual loss frequency; the actual development of losses and expenses impacting estimates for claims which may arise, including for the conflict in Ukraine, Hurricane Ida, and the European storms and floods in 2021; cyclical downturns of the reinsurance industry; exposure to unanticipated or novel coverage disputes; the impact that the Group's future operating results, capital position and rating agency and other considerations may have on the execution of capital management initiatives, financing or dividends; the impact of swings in market interest rates, currency exchange rates and securities prices on the Group's investments or liquidity; changes by central banks regarding the level of interest rates and the timing and extent of any such changes; the impact of inflation or deflation in relevant economies in which the Group operates; the increased regulatory burden facing the Group and the potential for development of an unfavourable regulatory environment; changes in governmental regulations or tax laws in jurisdictions where the Group conducts business; the focus and scrutiny on ESG-related matters regarding the (re)insurance industry from key stakeholders of the Group, and any adverse asset, credit, financing or debt capital market conditions generally, which may affect the ability of the Group to manage its liquidity.

Forward looking statements speak only as of the date they are made. No representation or warranty is made that any forward-looking statement will come to pass. These forward-looking statements speak only as at the date of this announcement. The Group expressly disclaims any obligation or undertaking (save as required to comply with any legal or regulatory obligations including the rules of the London Stock Exchange) to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based. All subsequent written and oral forward-looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this announcement. Prospective investors should specifically consider the factors identified in this announcement which could cause actual results to differ before making an investment decision.

The Group's renewal year on year pricing change measure is an internal methodology that management intends to use to track trends in premium rates of a portfolio of reinsurance contracts. The change measure reflects management's assessment of relative changes in price, terms, conditions and limits. The calculation involves a degree of judgement in relation to comparability of contracts and the assessment noted above, particularly in the Group's initial years of underwriting. To enhance the methodology, management may revise the methodology and assumptions underlying the change measure, so the trends in premium rates reflected in the change measure may not be comparable over time. Consideration is only given to renewals of a comparable nature so it does not reflect every contract in the portfolio of the

Group's contracts. The future profitability of the portfolio of contracts within the change measure is dependent upon many factors besides the trends in premium rates.

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