

COMPANY NO. 07394470

REGISTERED OFFICE: Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom, BN1 6AU

RiverStone Corporate Capital 3 Limited

2021 Annual Report

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Annual Report
For the year ended 31st December 2021

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RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Directors and Administration
For the year ended 31st December 2021

Directors

A. R. Creed
L. R. Tanzer

Company Secretary

F. Henry

Registered Office

Park Gate
161-163 Preston Road
Brighton
East Sussex
United Kingdom
BN1 6AU

Independent Auditors

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Website

<https://www.rsml.co.uk>

RiverStone Corporate Capital 3 Limited (Company No. 07394470)

Strategic Report

For the year ended 31st December 2021

The Directors have pleasure in presenting the Strategic Report of RiverStone Corporate Capital 3 Limited ("RiverStone Corporate Capital 3" or "the Company") for the year ended 31st December 2021.

Ownership

On 23rd August 2021 CVC Capital Partners ("CVC") completed the acquisition of RiverStone Europe from Fairfax Financial Holdings Limited ("Fairfax") and the Ontario Municipal Employees Retirement Scheme ("OMERS"). The RiverStone Europe Group will now operate under the name RiverStone International. Pursuant to this transaction, Gatland Bidco Limited ("BidCo"), a wholly-owned subsidiary of Gatland Holdings Jersey Limited ("Gatland"), completed the acquisition of all the outstanding shares of Riverstone Barbados Limited ("RBL"). The Company is indirectly wholly owned by Gatland.

On 11th September 2020, 100% of RiverStone Corporate Capital 3's share capital was purchased by RiverStone Holdings Limited ("RiverStone Holdings"), a company registered in England and Wales.

Change of Name

On 16th September 2020, the name of the Company was changed from Skuld I Limited to RiverStone Corporate Capital 3 Limited.

Principal Activity

The principal activity of RiverStone Corporate Capital 3 is that of providing capital support to certain years of account in syndicates at Lloyd's, principally Syndicate 1897 which wrote predominantly UK marine and energy insurance. Following a strategic review by its previous parent company, RiverStone Corporate Capital 3 ceased actively underwriting at Lloyd's on 1st July 2019. Under the ownership of RiverStone Holdings, RiverStone Corporate Capital 3 will manage the run-off of the remaining active participations following which the Company is expected to become dormant. RiverStone Managing Agency delegates most of its day-to-day management functions under an outsource agreement with RiverStone Management Limited ("RiverStone Management"), a fellow subsidiary of RiverStone Holdings Limited ("RiverStone Holdings"). Provision of services under this agreement is monitored by regular reporting to the board of directors of RiverStone Managing Agency.

The participation by year of account for those underwriting years that were open during the year to 31 December 2021 are shown below:

Member	2019
RiverStone Corporate Capital 3 Limited	85% Syndicate 1897

On 19th August 2020, prior to the sale of RiverStone Corporate Capital 3 to RiverStone Holdings, the Company issued 41,706,545 £1 ordinary shares to its former parent company, Skuld Investment Limited, in exchange for cash. This cash was subsequently used to settle outstanding loan balances with Skuld Investment Limited of £41,512,024.

On 11th September 2020, immediately following the acquisition of the Company by RiverStone Holdings, RiverStone Corporate Capital 3 issued 1,822,980 £1 ordinary shares to RiverStone Holdings, in exchange for cash. This was immediately used to settle a remaining balance due to Skuld Investment Limited of £1,822,980.

On 11th September 2020, immediately following the acquisition of the Company by RiverStone Holdings, RiverStone Corporate Capital 3 also issued 250,000 £1 ordinary shares to RiverStone Holdings, in exchange for cash.

RiverStone Corporate Capital 3 Limited (Company No. 07394470)

Strategic Report

For the year ended 31st December 2021

On 17th November 2020, RiverStone Corporate Capital Limited 3 completed the commutation of reinsurance agreements previously entered into with RiverStone Reinsurance Bermuda Limited (formerly Skuld Re Bermuda). The commutation became effective on 1st October 2020.

During 2020, Syndicate 1897 was managed by Asta Managing Agency Limited (“Asta Managing Agency”).

Effective 1st January 2021:

- the Managing Agency contract for Syndicate 1897 was novated to RiverStone Managing Agency Limited (“RiverStone Managing Agency”);
- the 2018 year of account of Syndicate 1897 was reinsured-to-close into Syndicate 3500’s 2019 year of account;
- the 2019 year of account of Syndicate 1897 was subject to a 100% loss portfolio transfer reinsurance into Syndicate 3500.

The 2019 year of account of Syndicate 1897 was closed into Syndicate 3500 in the normal course of closure as of 1st January 2022.

Business Review

Results and Performance

The results for the year set out in the profit and loss account show a loss for the financial year of £696,000 (2020: loss of £2.2 million).

The balance on the technical account for general business for the year was a loss of £643,000 (2020: loss of £540,000). This comprises net earned premiums of £(12.4) million, allocated investment return of £3,000, net favourable incurred claims of £11.9 million, and net operating expenses of £175,000.

The total comprehensive loss for the financial year of £882,000 (2020: loss of £2.3 million) comprises the loss on the technical account for general business of £643,000 (2020: loss of £540,000), other charges of £53,000 (2020: loss of £1.7 million), less currency translation losses of £186,000 (2020: loss of £72,000).

Total shareholders’ funds decreased to £4.4 million at 31st December 2021 (2020: £5.3 million) due to the total comprehensive loss for the financial year.

Performance Measurements and Key Performance Indicators

The key performance indicator for the company is deemed to be total shareholders’ funds, which decreased to £4.4 million at 31st December 2021 (2020: £5.3 million) due to the total comprehensive loss for the financial year.

Strategy and Future Developments

RiverStone Corporate Capital 3’s strategy for its remaining active Lloyd’s participations, being the 2019 year of account of Syndicate 1897 only, is to reinsure-to-close this year into RiverStone Holding’s main Lloyd’s run-off syndicate, Syndicate 3500. This was completed on 1st January 2022.

Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the Board and ongoing review by the Board, executive committees, risk management and internal audit. Compliance with regulatory, legal and ethical

RiverStone Corporate Capital 3 Limited (Company No. 07394470)

Strategic Report

For the year ended 31st December 2021

standards is a high priority for RiverStone Corporate Capital 3. The compliance, legal and finance departments of RiverStone Management take on an important oversight role in this regard. The Board is responsible for ensuring that a proper internal control framework exists to manage financial risks and that controls operate effectively; it is assisted in discharging these responsibilities by the RiverStone Holdings UK Risk Committee.

The risks that RiverStone Corporate Capital 3 is exposed to and their impact on economic capital have been assessed. This process is risk based and uses Solvency II based principles to manage capital requirements and to ensure that there is sufficient financial strength and capital adequacy to support the obligations to policyholders, regulators and other stakeholders.

The principal risks faced by RiverStone Corporate Capital 3 arise from fluctuations in the severity of claims compared with expectations, late reporting of claims, inadequate reserving and inadequate reinsurance protection (including the credit worthiness of major reinsurers). Whilst Syndicate 1897 has a whole account reinsurance into Syndicate 3500, gross balances remain exposed to these risks.

Much like 2020, 2021 has been dominated by the impact on society of the novel coronavirus, COVID-19. This disease has forced numerous economies to impose significant restrictions on free movement, with the UK requiring large numbers of workers to remain at home at various points throughout the year. RiverStone Corporate Capital 3, RiverStone Managing Agency and RiverStone Management have continued to perform business as usual activities efficiently and effectively despite these restrictions and will continue to remain fully operational while these conditions remain in force. RiverStone Corporate Capital 3 does not have material insurance exposure to COVID-19 related claims and its 2021 financial results have not been meaningfully impacted by this pandemic, this is consistent with the 2020 financial results.

Section 172(1) of the Companies Act 2006

The current Board of directors of RiverStone Corporate Capital 3 (“the Board”) consider, in good faith, that during their period of appointment they have had appropriate regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172.

Consequences of any Decision in the Long Term

During this final run-off period, the Board is focussed on ensuring that sufficient capital is available to support Syndicate 1897, the management of which is performed by RiverStone Managing Agency.

Employees

The Board acknowledges people are essential to the delivery of our strategy. While the Company has no immediate employees, the Board ensures that the interests of the employees of RiverStone Management, the outsource services provider to Riverstone Managing Agency, are appropriately considered when taking decisions. The Board is aware through its engagement with RiverStone Management, that there exists a well-established structure through which RiverStone Management supports engagement regularly with its employees. During 2021, a year heavily influenced by the impact of the COVID-19 pandemic, this engagement has included quarterly staff presentations and frequent direct email communication and updates as well as a heavy focus on training and development matters. Other activity in 2021 included a continuing increased focus on employee wellbeing, from regular promotion of support options such as counselling sessions, EAP offerings, virtual G.P. availability & health assessments. Numerous virtual sports and social events were also arranged to continue the collaborative social element they have fostered in their workplaces. Riverstone Management initiated an open forum steering group in 2019, to consider and make recommendations on matters pertaining to diversity and inclusion at Riverstone International. The Executive Management have since adopted an inclusion and diversity charter, sponsored a company-wide, inclusion and diversity survey and are in the process of responding to identified recommendations.

Business relationship Including Regulators

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Strategic Report
For the year ended 31st December 2021

The Board recognises that a high standard of business conduct is essential for the delivery of our strategy and aspires to transparent communication with the company's regulators, primarily the Prudential Regulation Authority and Lloyd's. During 2021, the Board have continued to have the opportunity to meet with our regulators, which continues to refresh and facilitate an understanding of their needs and expectations. Regulatory compliance is managed by a dedicated and experienced compliance team which reports to the board on a regular basis. The board also reviews and signs off on compliance with the Lloyd's Minimum Standards. The Board regularly engages with the CEO of Riverstone Management, to ensure that the supplier relationship is fostered.

Community and Environment

The Board engages actively with RiverStone Management, the outsource services provider to Riverstone Managing Agency, to encourage, support and foster a positive relationship with the community and the environment. In the current year, through this engagement, the Board has supported charitable giving, infrastructure improvements to leased offices to support a reduction in our carbon footprint and an open forum steering group in 2019, to consider and make recommendations on matters pertaining to diversity and inclusion at Riverstone International. The Board note that while it has no employees that it supports RiverStone Management's policy of matching employee charitable donations and of allowing time to be available to support others in our communities.

Business Conduct

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of our strategy and aspires to complete honesty and transparency in all activity.

Shareholder Engagement

The Board is committed to an open engagement with our shareholders and has had the opportunity to regularly meet with the directors of the immediate holding company throughout the year.

By Order of the Board



Park Gate
161-163 Preston Road
Brighton, East Sussex
United Kingdom BN1 6AU

F Henry
Company Secretary
23rd September 2022

RiverStone Corporate Capital 3 Limited (Company No. 07394470)

Directors' Report

For the year ended 31st December 2021

The Directors have pleasure in presenting their report and the audited financial statements for RiverStone Corporate Capital 3 (Company No. 07394470) for the year ended 31st December 2021.

Directors

Directors holding office from the period from 1st January 2021 to the date of this report were:

A. R. Creed
L. R. Tanzer

RiverStone Corporate Capital 3 has provided an indemnity for its directors which is a qualifying third party indemnity provision for the purposes of Section 234 of the Companies Act 2006. This indemnity was in force during the financial year and also at the date of this report.

Future Developments

Likely future developments in the business of RiverStone Corporate Capital 3 are discussed in the Strategic Report.

Dividends

RiverStone Corporate Capital 3 paid no interim dividends during the year (2020: nil). The Directors do not recommend the payment of a final dividend (2020: nil).

Financial Instruments

As described in Note 5 to the financial statements, RiverStone Corporate Capital 3 is exposed to financial risk through the financial assets and liabilities held by the Syndicate 1897, including its reinsurance assets and policyholder liabilities. In particular, a key financial risk is that the proceeds from financial and reinsurance assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity risk and currency risk), credit risk and liquidity risk.

RiverStone Corporate Capital 3 and Syndicate 1897 manage this risk within their overall risk management framework.

Independent Auditors

During 2021, in accordance with Section 485 of the Companies Act 2006, Deloitte LLP ("Deloitte") were appointed, and have expressed their willingness to continue, as the company's registered auditor.

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Directors' Report
For the year ended 31st December 2021

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



Park Gate
161-163 Preston Road
Brighton, East Sussex
United Kingdom BN1 6AU

F Henry
Company Secretary
23rd September 2022

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Independent Auditors' Report to the Members of
RiverStone Corporate Capital 3 Limited
For the year ended 31st December 2021

Independent auditor's report to the members of RiverStone Corporate Capital 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RiverStone Corporate Capital 3 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statement prepared other than on a going concern basis

We draw attention to note 3(b) in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Independent Auditors' Report to the Members of
RiverStone Corporate Capital 3 Limited
For the year ended 31st December 2021

financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and,
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls,

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Independent Auditors' Report to the Members of
RiverStone Corporate Capital 3 Limited
For the year ended 31st December 2021

we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Ely FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 September 2022

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Profit and Loss Account
For the year ended 31st December 2021

	Note	2021 £'000	2020 £'000
Earned premiums, net of reinsurance			
Gross premiums written	6	220	2,682
Outward reinsurance premiums		<u>(13,062)</u>	<u>(410)</u>
Net premium written		(12,842)	2,272
Change in provision for unearned premiums			
Gross amount	8	461	8,808
Reinsurers' share	8	<u>-</u>	<u>(1,290)</u>
Change in the net provision for unearned premiums		461	7,518
Earned premiums, net of reinsurance		(12,381)	9,790
Allocated investment return transferred from the non-technical account	10	3	232
Claims incurred, net of reinsurance			
Claims paid		(2,555)	(29,623)
Reinsurers' share		<u>3,957</u>	<u>11,039</u>
Net claims paid		1,402	(18,584)
Change in the provision for claims			
Gross amount	8	1,994	20,899
Reinsurers' share	8	<u>8,514</u>	<u>(7,587)</u>
Change in the net provision for claims		10,508	13,312
Claims incurred, net of reinsurance		11,910	(5,272)
Net operating expenses	6,9	<u>(175)</u>	<u>(5,290)</u>
Balance on the technical account for general business		(643)	(540)

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Profit and Loss Account
For the year ended 31st December 2021

Investment income	10	3	232
Allocated investment return transferred to general business technical account	10	(3)	(232)
Other expenses	11	<u>(53)</u>	<u>(1,670)</u>
Loss before taxation		(696)	(2,210)
Taxation	12	<u>-</u>	<u>-</u>
Loss for the financial year after tax		£ <u>(696)</u>	£ <u>(2,210)</u>

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Statement of Other Comprehensive Income
For the year ended 31st December 2021

	Note	2021 £'000	2020 £'000
Loss for the financial year after tax		(696)	(2,210)
Currency translation differences		<u>(186)</u>	<u>(72)</u>
Total comprehensive income for the year		<u>(882)</u>	<u>(2,282)</u>


RiverStone Corporate Capital Limited 3 (Company No. 07394470)
Balance Sheet
As at 31st December 2021

	Note	2021 £'000	2020 £'000
Assets			
Investments			
Other financial investments	13	99	20,388
Deposits with ceding undertakings		70	-
Reinsurers' share of technical provisions			
Provision for unearned premium	8	-	-
Claims outstanding	8	8,440	5,527
		<u>8,440</u>	<u>5,527</u>
Debtors			
Due within one year			
Debtors arising out of direct insurance operations		1,516	568
Debtors arising out of reinsurance operations		5	11,037
Other debtors		378	36
	15	<u>1,899</u>	<u>11,641</u>
Due after one year			
Debtors arising out of direct insurance operations		-	21
Debtors arising out of reinsurance operations		-	44
Other debtors		-	18,751
	15	<u>-</u>	<u>18,816</u>
Other assets			
Cash at bank and in hand	14	19,230	3,803
Overseas deposits		153	2,300
Prepayments and accrued income			
Deferred acquisitions costs	8	-	125
Accrued interest and rent		2	30
		<u>2</u>	<u>30</u>
Total assets		£ 29,893	£ 62,630


RiverStone Corporate Capital Limited 3 (Company No. 07394470)**Balance Sheet****As at 31st December 2021**

	Note	2021 £'000	2020 £'000
Capital, Reserves and Liabilities			
Capital and reserves			
Called up share capital	16	43,780	43,780
Profit and loss account		<u>(39,342)</u>	<u>(38,460)</u>
Total shareholders' funds		4,438	5,320
Technical provisions			
Provision for unearned premiums	8	-	466
Claims outstanding	8	<u>8,440</u>	<u>50,630</u>
		8,440	51,096
Deposits received from reinsurers		10,090	-
Creditors: Amounts falling due within one year			
Creditors arising out of direct insurance operations		1,022	251
Creditors arising out of reinsurance operations		534	313
Amounts due to group companies		-	568
Other creditors		<u>5,341</u>	<u>2,872</u>
	17	6,897	4,004
Creditors: Amounts falling due after one year			
Creditors arising out of direct insurance operations		-	491
Creditors arising out of reinsurance operations		<u>-</u>	<u>197</u>
	17	-	688
Accruals and deferred income		<u>28</u>	<u>1,522</u>
Total equity and liabilities		£ 29,893	£ 62,630

The financial statements on pages 13 to 39 were approved by the Board of Directors on 23rd September 2022 and were signed on its behalf by:



L. R. Tanzek
Chief Executive Officer



A. R. Creed
Chief Financial Officer

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Statement of Changes in Equity
For the year ended 31st December 2021

	Called up Share Capital £'000	Profit and Loss Account £'000	Total Shareholders' Funds £'000
Balance at 1st January 2021	43,780	(38,460)	5,320
Loss for the financial year	-	(696)	(696)
Other comprehensive income for the year	-	(186)	(186)
Total comprehensive expense for the year	-	(882)	(882)
New share capital issued	-	-	-
Balance at 31st December 2021	£ 43,780	£ (39,342)	£ 4,438
Balance at 1st January 2020	-	(36,178)	(36,178)
Loss for the financial year	-	(2,210)	(2,210)
Other comprehensive expense for the year	-	(72)	(72)
Total comprehensive expense for the year	-	(2,282)	(2,282)
New share capital issued	43,780	-	43,780
Balance at 31st December 2020	£ 43,780	£ (38,460)	£ 5,320

RiverStone Corporate Capital 3 Limited (Company No. 07394470)
Notes to the Financial Statements
For the year ended 31st December 2021

1. General Information

RiverStone Corporate Capital Limited 3 (“RiverStone Corporate Capital 3” or “the Company”) participates 85% on syndicate 1897 for the 2019 underwriting year. The Syndicate wrote predominately marine and energy insurance primarily in the United Kingdom. The Syndicate ceased underwriting on the 1st July 2019 and entered into voluntary run off.

In view of the several but not joint liability of underwriting members at Lloyd’s for the transactions of syndicates in which they participate, the Company’s attributable share of the transactions, assets and liabilities of the syndicates the Company participates on have been included in these financial statements. RiverStone Corporate Capital 3 is a private company limited by shares and is incorporated in England. The address of its registered office is Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom BN1 6AU.

2. Statement of Compliance

The financial statements of RiverStone Corporate Capital 3 have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS102”), Financial Reporting Standard 103, “Insurance Contracts” (FRS103) and the Companies Act 2006. The financial statements have been prepared in compliance with the provisions of the Large and Medium-sized Companies and Groups (Accounting and Reports) Regulations relating to insurance groups and Technical Release 1/99 (Accounting for Lloyd’s Corporate Capital Vehicles).

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The preparation of financial statements in conformity with FRS102 and FRS103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed further below.

(b) Going Concern

These financial statements have been prepared on the basis that The Company ceased to write new business on the 1 July 2019. Its final year of account is 2019 which has a 100% whole account reinsurance into Syndicate 3500. The 2019 and prior underwriting years have reinsured into Syndicate 3500 as of 1st January 2022. Therefore, these accounts have been prepared on a basis other than going concern.

The assets and liabilities at the balance sheet date have been recognised under the historical cost convention except for certain financial assets which are measured at fair value, using the annual basis of accounting in accordance with Regulation 5 the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts Regulations 2008), and in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, “The Financial Reporting Standard Applicable in the UK and republic of Ireland” (“FRS 102”) and Financial Reporting Standard 103, “Insurance contracts” (“FRS 103”).

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There are no other assets or liabilities recognisable as a consequence of not preparing these financial statements on a going concern basis. Therefore, no adjustments are necessary to the amounts at which the net assets are included in these financial statements. FRS 102 and 103 have been consistently applied to all years presented. There have been no material changes in accounting policies compared to the 2020 financial statements.

(c) Exemptions for Qualifying Entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to the use of exemptions by RiverStone Corporate Capital 3's shareholders.

RiverStone Corporate Capital 3 has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements of Gatland Holdings Jersey Limited ("Gatland") includes RiverStone Corporate Capital 3's cash flows.
- ii) from disclosing key management personnel compensation, as required by FRS102 paragraph 33.7.
- iii) from the requirement to disclose transactions with wholly owned related parties within the same group as provided by FRS 102, Section 33.1A. This exemption is available for RiverStone Corporate Capital 3 as consolidated financial statements are publicly available for Gatland.

(d) Basis of Accounting

The technical result has been determined by recognising RiverStone Corporate Capital 3's proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates. For each syndicate, RiverStone Corporate Capital 3's proportion of underwriting transactions, investment return and operating expenses has been reflected within RiverStone Corporate Capital 3's profit and loss account and balance sheet, using an annual basis of accounting.

The proportion referred to above is calculated by reference to RiverStone Corporate Capital 3's participation as a percentage of the syndicates' total capacity by year of account.

(e) Insurance Contracts

i) Premiums Written

Premiums written also relate to adjustments made in the year to estimates of premiums written in prior years. Premiums are shown gross of commission payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, including amounts due to Syndicate 1897 not yet notified.

Premiums are accreted to the income statement on a pro-rata basis over the term of the related policy, except for those contracts where the period of risk differs significantly from the contract period. In these cases, premiums are recognised over the period of risk in proportion to the amount of insurance protection provided.

Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date.

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Acquisition costs, which represent commission and other related expenses, are allocated over the period in which the related premiums are earned.

ii) **Claims Incurred and Reinsurers' Share**

Claims incurred comprise claims and related claims handling expenses paid in the year and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, reductions are made for salvage and other recoveries.

Provisions for outstanding claims and related reinsurance recoveries are established based on estimates of the ultimate net cost of settlement along with actuarial and statistical projections. Claims provisions are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, levels of unpaid claims, judicial decisions and economic conditions.

Provisions for unexpired risks are established based on estimates of the cost of all claims and expenses in connection with insurance contracts in force after the end of the financial year where these costs are estimated to be in excess of the related unearned premiums and any premiums receivable on those contracts.

Whilst the board of directors of Riverstone Managing Agency Limited believes that the provisions for outstanding claims and related reinsurance recoveries including bad debt provisions are fairly stated, these estimates inevitably contain inherent uncertainties because significant periods of time may elapse between the occurrence of an incurred loss, the reporting of that loss to Syndicate 1897, Syndicate 1897's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business previously underwritten and assumed by Syndicate 1897. The estimates made are based upon current facts available to Syndicate 1897 and the prevailing legal environment and are subjected to continual review, with any resulting adjustments reported in current earnings. Anticipated reinsurance recoveries are disclosed separately as assets on the balance sheet.

(d) Operating Expenses

All costs relating to the administration and handling of claims are shown as part of gross claims paid. All other administrative costs of RiverStone Corporate Capital 3, including acquisition costs and any members' expenses, are shown as net operating expenses.

(e) Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses accrue to members according to their membership of a year of account. Normally profits and losses are settled between Syndicate 1897 and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. Syndicate 1897 may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

(f) Translation of Foreign Currencies

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The financial statements are presented in Pounds Sterling and, unless otherwise stated, are rounded to thousands. Items included in RiverStone Corporate Capital 3's financial statements are measured using the currency of the primary economic environment in which it operates. RiverStone Corporate Capital 3's functional currency is US Dollars.

Foreign currency transactions are translated into the functional currency using the average rate of exchange during the year. At each year end foreign currency monetary items are translated using the year end rate of exchange. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account for the year and all exchange differences arising from the translation from functional currency to presentation currency are recognised through the Statement of Comprehensive Income.

(g) Tax

Tax expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Tax Rate Changes

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

iii) Deferred Tax

Deferred tax assets and liabilities are established for differences between amounts reported in the financial statements and amounts reported in RiverStone Corporate Capital 3's annual corporation tax returns, including revaluation gains and losses on investments. Deferred taxes are calculated at the rates at which it is expected that the tax liability or benefit will arise using tax rates and laws that have been enacted or substantively enacted by the year end. Deferred tax assets are recognised to the extent that they are regarded as more likely than not recoverable. Movements on deferred tax assets and liabilities are recognised in the profit and loss account, except to the extent that they arise in relation to movements in the Statement of Comprehensive Income.

(h) Investment Return

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Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current year.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the technical account of the investment return on investments supporting the insurance technical provisions and related shareholder's funds.

(i) Other Financial Investments

RiverStone Corporate Capital 3 has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of the financial statements.

RiverStone Corporate Capital 3 classifies all of its investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

A financial asset is classified as fair value through profit and loss at inception if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management to minimise any measurement or recognition inconsistency with the associated liabilities. All derivatives are classified as at fair value through profit and loss.

Financial assets designated as at fair value through profit and loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to RiverStone Corporate Capital 3's key management personnel. RiverStone Corporate Capital 3's investment strategy is to invest in listed and unlisted equity securities and fixed interest rate debt securities and derivatives designated upon initial recognition at fair value through profit and loss.

The fair values of listed investments are based on current bid prices on the balance sheet date. Unlisted investments for which a market exists are also stated at the current bid price on the balance sheet date or the last trading day before that date.

RiverStone Corporate Capital 3 discloses its investments in accordance with a fair value hierarchy with the following levels:

- i) Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
- iii) Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

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(j) Related Party Transactions

RiverStone Corporate Capital 3 discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

4. Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

RiverStone Corporate Capital 3 makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimation of the ultimate liability arising from claims made under insurance contracts is RiverStone Corporate Capital 3's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that RiverStone Corporate Capital 3 will ultimately pay for such claims. Some of these claims are not expected to be settled for several years and there is uncertainty as to the amounts at which they will be settled. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and case law.

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the year in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. No other material critical judgements have been identified.

5. Management of Insurance and Financial Risk

Financial Risk Management Objectives

RiverStone Corporate Capital 3 is exposed to insurance risk through the insurance contracts that it has written and to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

RiverStone Corporate Capital 3 has established an overall risk management policy which focuses on the main risks to which it is exposed, paying particular attention to key risks which impact on the overall operation of the business. A risk register is maintained which is updated at least quarterly. All risks on the register are reviewed with key management personnel and the Board reviews the key risks on a quarterly basis.

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(a) Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty over the amount of the resulting ultimate claim. By the very nature of an insurance contract, this risk is unpredictable at the outset.

The principal risk that RiverStone Corporate Capital 3 faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. The actual number and amount of claims and benefits arising from insurance contracts will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be materially affected by a change in any subset of the portfolio. RiverStone Corporate Capital 3 has a diversified portfolio of insurance risks.

RiverStone Corporate Capital 3 mitigates insurance risk through the use of reinsurance, both in the form of third party reinsurance associated with the business originally written and reinsurance with affiliated reinsurers.

i) Process for Assessment of Technical Provisions

RiverStone Corporate Capital 3 adopts a consistent process to the calculation of an appropriate provision for the exposures arising from the business it has written. A full reserving analysis is conducted at least annually and the technical provisions recorded on the balance sheet are in line with the Board's view of the best estimate value of the underlying liabilities.

The technical provisions recorded at the reporting date comprise the estimated ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. This is estimated based on known facts at the balance sheet date. The provision is revised as part of a regular ongoing process as claims experience develops, certain claims are settled and further claims are reported.

RiverStone Corporate Capital 3 uses assumptions based on a mixture of internal and market data to measure its claims liabilities. This information is used to project the ultimate number and value of claims, by major class of business, using recognised statistical estimation techniques.

Assumptions are reviewed and tested regularly in the light of actual claims development and general market movements and trends.

ii) Sources of Uncertainty in the Estimation of Future Claim Payments

The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in Note 5.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. RiverStone Corporate Capital 3 takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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The liability for insurance contracts comprises a provision for claims incurred but not yet reported and a provision for reported claims not yet paid. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimates of claims that have already been notified, for which there is more information available.

iii) **Key Assumptions and Sensitivities**

The assumptions that have the greatest impact on gross and net technical provisions are those that affect the expected level of claims in the marine hull class. The largest sensitivities on these classes are in respect of uncertainties around future numbers and amounts of claims. The reserves for these classes will be paid out over several years.

RiverStone Corporate Capital 3 is judged not to have material insurance exposure to COVID-19 related claims and has experienced limited claims notifications in this regard during 2020 and 2021. The 31st December 2021 technical provisions make allowance for potential claims arising in relation to this pandemic based on the detailed knowledge of business written and the expert judgements of actuarial and claims subject matter experts. While the final outcome of any potential claims is subject to uncertainty and is unlikely to be known for some time, the current provisions are deemed sufficient.

iv) **Claims Development Tables**

The tables below show RiverStone Corporate Capital 3's cumulative incurred claims development, including both claims notified and IBNR for each underwriting year, together with the cumulative payments to date on a gross and net of reinsurance basis at the balance sheet date.

RiverStone Corporate Capital 3 has elected to translate estimated claims and claims payments at a consistent rate of exchange as determined by the balance sheet date.

Underwriting year	2019
	£'000
Estimate of cumulative gross claims incurred:	
At end of underwriting year	15,018
One years later	19,722
Two years later	19,935
Three years later	-
Four years later	-
Five years later	-
Six years later	-
Seven years later	-
Eight years later	-
Nine years later	-
Less cumulative gross paid	(11,495)
Total gross outstanding claims all years	8,440

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Underwriting year	2019 £'000
Estimate of cumulative net claims incurred:	
At end of underwriting year	14,742
One years later	19,551
Two years later	-
Three years later	-
Four years later	-
Five years later	-
Six years later	-
Seven years later	-
Eight years later	-
Nine years later	-
Less cumulative gross paid	-
Total net outstanding claims all years	-

The uncertainty associated with the ultimate claims experience of an underwriting year is greatest when the underwriting year is at an early stage of development and the margin for future experience potentially being more adverse than assumed is at its highest.

v) Insurance Risk Concentrations

The concentration of insurance risk before and after reinsurance is split for the 1897 liabilities 58% in Marine and 42% in Casualty liability.

(b) Market Risk

i) Interest Rate Risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. RiverStone Corporate Capital 3 works closely with its investment manager to review the duration of the investment portfolio in relation to the estimated mean duration of the liabilities.

Given the short-term nature of the cash and investments of RiverStone Corporate Capital 3, it is not exposed to significant interest rate risk since maturing short term investments are repriced at market interest rates on an ongoing basis.

	2021 (Loss)/Profit £'000	2020 (Loss)/Profit £'000
Interest Rate Risk		
Impact of 50 basis point increase on result	-	(66)
Impact of 50 basis point decrease on result	-	49
Impact of 50 basis point increase on net assets	-	(66)
Impact of 50 basis point decrease on net assets	-	49

The method used for deriving sensitivity information and significant variables did not change from the previous period.

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ii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

RiverStone Corporate Capital 3's functional currency is USD and its exposure to foreign exchange risk arises primarily with respect to transactions in EUR, GBP and CAD. RiverStone Corporate Capital 3 seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

The table below summarises the exposure of the financial assets and liabilities to foreign currency exchange risk at the reporting date, as follows:

	GBP	USD	EUR	CAD	Total
2021					
Total Assets	2,197	26,548	3,975	512	29,891
Total Liabilities	(4,183)	(17,191)	(6,085)	(1,335)	(25,453)
Net Assets	(1,986)	9,357	(2,110)	(823)	4,438
2020					
Total Assets	23,872	34,116	4,136	506	62,630
Total Liabilities	(6,159)	(43,189)	(6,833)	(1,129)	(57,310)
Net Assets	17,713	(9,073)	(2,697)	(623)	5,320

RiverStone Corporate Capital 3 matches its currency position so it holds net assets across a number of currencies. RiverStone Corporate Capital 3 takes into consideration the underlying currency of RiverStone Corporate Capital 3's required capital and invests its assets proportionately across these currencies so as to protect the solvency of RiverStone Corporate Capital 3, against variation in foreign exchange rates. As a result, RiverStone Corporate Capital 3 holds a significant proportion of its assets in foreign currency adjustments.

Sensitivity to changes in foreign exchange rates

The table below gives an indication of the impact on profit of a percentage change in the relative strength of Sterling against the value of the US dollar, Canadian dollar and Euro simultaneously. The analysis is based on the information as at 31st December 2021.

	Impact on profit and member's balance	
	2021	2020
	(Loss)/Profit	(Loss)/Profit
	£'000	£'000
Sterling weakens		
10% against other currencies	(584)	(1,654)
20% against other currencies	(1,071)	(3,308)
Sterling strengthens		
10% against other currencies	584	1,654
20% against other currencies	1,071	3,308

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(c) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where RiverStone Corporate Capital 3 is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance intermediaries;
- amounts due from corporate bond issuers;
- counterparty risk with respect to derivative transactions; and
- cash at bank and in hand.

The syndicates in which RiverStone Corporate Capital 3 participates are in runoff, as such its exposures to other reinsurers and insurance intermediaries are determined by contracts previously written and any group reinsurance contracts subsequently entered into. RiverStone Corporate Capital 3 manages the levels of credit risk from reinsurers and insurance intermediaries by quarterly review of receivable balances by counterparty. Management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. It is RiverStone Corporate Capital 3's policy to provide for reinsurer bad debts in situations where it does not expect to collect the full amount outstanding due to the financial position of the reinsurer or due to disputes over coverage. In certain circumstances, collateral is held in the form of either deposits or letters of credit from reinsurers.

RiverStone Corporate Capital 3 reduces its exposure to credit risk in relation to investments by entering into transactions with counterparties that are reputable and by settling trades through recognised exchanges. RiverStone Corporate Capital 3 maintains strict control limits on the maximum notional amount of derivative positions.

The tables below show the maximum exposure to credit risk (including an analysis of financial assets exposed to credit risk) for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through collateral agreements and the use of credit derivatives.

	Neither past due or impaired £'000	Past Due £'000	Impaired £'000	Total £'000
2021				
Shares and other variable yield securities	99	-	-	99
Debt Securities and other fixed income securities	-	-	-	-
Overseas Deposits	153	-	-	153
Deposits with ceding undertakings	70	-	-	70
Reinsurers share of claims outstanding	8,440	-	-	8,440
Debtors arising out of direct insurance operations	1,516	-	-	1,516
Debtors arising out of reinsurance insurance operations	5	-	-	5
Other assets	380	-	-	380
Cash at bank and in hand	19,230	-	-	19,230
Total	29,893	-	-	29,893

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	Neither past due or impaired £'000	Past Due £'000	Impaired £'000	Total £'000
2020				
Shares and other variable yield securities	11,387	-	-	11,387
Debt Securities and other fixed income securities	9,001	-	-	9,001
Overseas Deposits	2,300	-	-	2,300
Reinsurers share of claims outstanding	5,527	-	-	5,527
Debtors arising out of direct insurance operations	584	5	-	589
Debtors arising out of reinsurance insurance operations	11,081	-	-	11,081
Other assets	18,942	-	-	18,942
Cash at bank and in hand	3,803	-	-	3,803
Total	62,625	5	-	62,630

The table below provides information regarding the credit risk exposure of the Syndicate at 31st December 2021 by classifying assets according to independent credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade and have not been rated.

	AAA £'000	AA £'000	A £'000	BBB £'000	BBB or less £'000	Not Rated £'000	Total £'000
2021							
Shares and other variable yield securities	-	-	99	-	-	-	99
Debt Securities and other fixed income securities	-	-	-	-	-	-	-
Overseas Deposits	15	2	7	3	17	109	153
Reinsurers share of claims outstanding	-	-	8,440	-	-	-	8,440
Debtors arising out of reinsurance insurance operations	-	-	-	-	-	5	5
Deposits with ceding undertakings	-	-	70	-	-	-	70
Cash and cash equivalents	-	-	19,230	-	-	-	19,230
Total	15	2	27,845	3	17	109	27,997

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	AAA £'000	AA £'000	A £'000	BBB £'000	BBB or less £'000	Not Rated £'000	Total £'000
2020							
Shares and other variable yield securities	-	-	11,387	-	-	-	11,387
Debt Securities and other fixed income securities	3,150	2,525	3,118	208	-	-	9,001
Overseas Deposits	847	161	135	119	352	686	2,300
Reinsurers share of claims outstanding	-	1,649	3,469	-	27	382	5,527
Debtors arising out of reinsurance insurance operations	-	39	490	-	28	10,524	11,081
Cash and cash equivalents	-	-	3,803	-	-	-	3,803
Total	3,997	4,374	22,402	327	407	11,592	43,099

(d) Liquidity Risk

The primary liquidity risk is the obligation to pay claims to policy holders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using a combination of operational cash flow forecasting and actuarial techniques. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of RiverStone Corporate Capital 3's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented in their expected cash flows.

	No stated maturity £'000	0-1 Year £'000	1-3 Years £'000	3-5 Years £'000	More than 5 years £'000	Total £'000
2021						
Creditors	-	6,897	-	-	-	6,897
Deposits received from reinsurers	-	10,090	-	-	-	10,090
Claims outstanding	-	8,440	-	-	-	8,440
Total	-	25,427	-	-	-	25,427
2020						
Creditors	-	3,757	634	213	88	4,692
Deposits received from reinsurers	-	-	-	-	-	-
Claims outstanding	-	19,084	14,908	6,696	9,942	50,630
Total	-	22,841	15,542	6,909	10,030	55,322

All creditors at 31 December 2021 are due within one year due to the RITC with Syndicate 3500.

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(e) Capital Management

Riverstone Corporate Capital 3 maintains an efficient capital structure comprising its equity shareholders' funds, letters of credit and capital pledged by other group companies wholly owned by Riverstone Holdings to support the Funds at Lloyd's requirements, this is consistent with its risk profile and the regulatory and market requirements of its business. Riverstone Corporate Capital 3 objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its policyholders and regulators
- to retain financial flexibility by maintaining adequate liquidity

Riverstone Corporate Capital 3 is regulated by Lloyd's and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. RiverStone Corporate Capital 3 manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. RiverStone Corporate Capital 3 complied with all of its capital requirements throughout the year.

The minimum capital required to support Riverstone Corporate Capital 3 is required to be provided by the corporate member, either by assets held in trust by Lloyd's specifically for that member ("Funds at Lloyd's"), held within, and managed within, a syndicate (Funds in Syndicate) or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of Riverstone Corporate Capital 3, as represented in the member balances reported on the Balance Sheet, represent resources available to meet member and Lloyd's capital requirements

6. Segmental Analysis

	Gross written premium £000	Gross premiums earned £000	Gross claims incurred £000	Net operating expenses £000	Reinsurance balance £000	Total £000
2021						
Direct insurance						
Marine aviation and transport	179	576	(240)	(450)	(603)	(717)
Fire and other damage to property	8	1	(213)	(98)	154	(156)
Third party liability	-	-	-	-	-	-
	187	577	(453)	(548)	(449)	(873)
Reinsurance acceptances	33	104	(108)	(244)	(142)	(390)
Total	220	681	(561)	(792)	(591)	(1,263)
2020						
Direct insurance						
Marine aviation and transport	2,463	11,127	(7,266)	(5,079)	(2,666)	(3,884)
Fire and other damage to property	(338)	(91)	(234)	(202)	132	(395)
Third party liability	557	454	(1,224)	(9)	4,286	3,507
	2,682	11,490	(8,724)	(5,290)	1,752	(772)
Reinsurance acceptances	-	-	-	-	-	-
Total	2,682	11,490	(8,724)	(5,290)	1,752	(772)

All premiums were concluded in the UK.

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The reinsurance balance is the aggregate total of all those items included in the technical account which relate to reinsurance outwards transactions.

Gross operating expenses are the same as net operating expenses shown in the income statement, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses for 2021.

7. Syndicates

RiverStone Corporate Capital 3 acts as the corporate name participating in Lloyd's Syndicate 1897. RiverStone Corporate Capital 3 provides 85% of the capital for the Syndicate 1897 in 2019. Syndicate 1897 went into voluntary run off on 1st July 2019.

8. Technical Provisions

The change in the provisions for claims outstanding during the year was as follows:

	2021			2020		
	Gross Provisions £000	Reinsurance Assets £000	Net £000	Gross Provisions £000	Reinsurance Assets £000	Net £000
Claims outstanding						
Balance as at 1 January	62,133	(5,364)	56,769	82,080	(17,030)	65,050
Change in claims outstanding	(1,994)	(8,514)	(10,508)	(20,899)	7,587	(13,312)
FX and other incl. RITC to S3500	(51,699)	5,438	(46,261)	(10,551)	3,916	(6,635)
Balance as at 31 December	8,440	(8,440)	-	50,630	(5,527)	45,103
Claims notified	5,188	(5,991)	-	32,331	(2,783)	29,548
Claims incurred but not reported	3,252	(2,449)	-	18,299	(2,744)	15,555
Balance as at 31 December	8,440	(8,440)	-	50,630	(5,527)	45,103
Unearned Premiums						
Balance as at 1 January	466	-	466	9,188	(55)	9,133
Change in unearned premiums	(461)	-	(461)	(8,808)	1,290	(7,518)
Effect of movements in exchange rates	(5)	-	(5)	86	(1,235)	(1,149)
Balance as at 31 December	-	-	-	466	-	466
Deferred Acquisition Costs						
Balance as at 1 January	125	-	-	2,365	-	2,365
Change in deferred acquisition costs	(124)	-	-	(1,911)	-	(1,910)
Effect of movements in exchange rates	(1)	-	-	(329)	-	(330)
Balance as at 31 December	-	-	-	125	-	125

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9. Net Operating Expenses

	2021 £'000	2020 £'000
Acquisition costs	-	548
Movement in deferred acquisition costs	124	1,911
Administration expenses	262	2,831
Transfer to Syndicate 3500 under LPT	(211)	-
	<u>£ 175</u>	<u>£ 5,290</u>

RiverStone Corporate Capital 3 has no employees.

No emoluments were paid by RiverStone Corporate Capital 3 to any Directors or other key management personnel during the year (2020: nil). The emoluments of the Directors and other key management personnel are paid by an associated company, RiverStone Management Limited. The services of the Directors and other key management personnel to RiverStone Corporate Capital 3 are incidental and their emoluments are deemed to be wholly attributable to their services to other group companies. Accordingly, no disclosure of emoluments has been made in these financial statements.

The amounts incurred in respect of audit services in relation to RiverStone Corporate Capital 3 are as follows:

	2021 £'000	2020 £'000
Audit	8	15
Audit related assurance services	-	-
	<u>£ 8</u>	<u>£ 15</u>

10. Investment Income

	2021 £'000	2020 £'000
Interest from financial assets at fair value through profit and loss	<u>£ 3</u>	<u>£ 232</u>

11. Other Income and (Expenditure)

	2021 £'000	2020 £'000
Foreign exchange	564	(1,138)
Interest payable on third party FAL capital	(463)	(337)
Letter of Credit commission fees	(154)	(195)
	<u>£ (53)</u>	<u>£ (1,670)</u>

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12. Tax on Loss

a) Analysis of (charge)/credit in period

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on losses of the period	-	-
Total tax credit on ordinary activities	£ -	£ -

b) Factors affecting the total tax (charge)/credit

The tax assessed on the profit on ordinary activities is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021	2020
	£'000	£'000
Loss on ordinary activities before tax	(696)	(2,210)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(132)	(420)
Effects of:		
Movement in unrecognised deferred tax on underwriting results	113	512
Movement in unrecognised deferred tax on tax losses	19	519
Change in deferred tax rate	-	(611)
Group relief surrendered for nil payment	-	-
Total tax (charge)/credit for the period	£ -	£ -

c) Factors that may affect future tax charges

The Company has an unrecognised deferred tax asset of £6,357,307 (2020: £6,224,999) in respect of crystallised tax losses and net underwriting losses on the 2019 year of account which have not yet been brought into tax.

Within this amount are gross tax losses of £14,094,729. The Company's profits are taxable in the UK under the standard rate of corporation tax of 19.00% (2020: 19.00%).

The Company is expected to continue to attract the standard rate of UK corporation tax.

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13. Financial Investments

	Market Value 2021 £'000	2020 £'000	Cost 2021 £'000	2020 £'000
Short-term deposits with financial institutions	-	-	-	-
Shares and other variable yield securities designated at fair value through profit or loss	99	11,387	99	11,387
Debt securities and other fixed income securities	-	9,001	-	8,955
Total	£ 99	£ 20,388	£ 99	£ 20,342

Amounts included within Shares and other variable securities include CIS/Unit Trusts where funds are invested in a single entity which invests in investments.

These have the attributes of a cash instrument with the carrying value and purchase price being the same. There was no material change in fair value for financial instruments held at fair value (other than derivatives) attributable to own credit risk in the current or comparative period.

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31 December 2021				
Shares and variable yield securities and units in unit trusts	-	-	99	99
Debt securities and other fixed income securities	-	-	-	-
Total	£ -	£ -	£ 99	£ 99

31 December 2020

Shares and variable yield securities and units in unit trusts	8,364	2,925	98	11,387
Debt securities and other fixed income securities	420	8,581	-	9,001
Total	£ 8,784	£ 11,506	£ 98	£ 20,388

Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. 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 Syndicate, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Syndicate's own models whereby the significant inputs into the assumptions are market observable.

Level 3 valuation techniques are used by RiverStone Corporate Capital 3's investment manager's independent pricing service providers and third party broker-dealers and include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants. RiverStone Corporate Capital 3's investment manager assesses the reasonableness of pricing received from these third party sources by comparing the fair values received to recent transaction prices for similar assets, where available, to industry accepted discounted cash flow models (that incorporate estimates of the amount and timing of future cash flows and market observable inputs such as credit spreads and discount rates) and to option pricing models (that incorporate market observable inputs including the quoted price, volatility and dividend yield of the underlying security and the risk free rate).

14. Cash and Cash Equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	£ 19,230	£ 4,303

15. Debtors

	2021 £'000	2020 £'000
Amounts arising out of direct insurance operations	1,516	568
Amounts arising out of reinsurance operations	5	11,037
Other debtors	378	36
Total	£ 1,899	£ 11,641
Debtors due after one year		
Amounts arising out of direct insurance operations	-	21
Amounts arising out of reinsurance operations	-	44
Other debtors	-	18,751
Total	£ -	£ 18,816

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16. Called up Share Capital

	2021 £'000	2020 £'000
<u>Allotted and fully paid</u>		
43,779,625 Ordinary Shares of £1 each	£ 43,780	£ 43,780

On 11th September 2020, prior to the sale of RiverStone Corporate Capital 3 to RiverStone Holdings, the Company issued 41,706,545 £1 ordinary shares to its former parent company, Skuld Investment Limited, in exchange for cash. This cash was subsequently used to settle outstanding loan balances with Skuld Investment Limited of £41,512,024.

On 16th September 2020, immediately following the acquisition of the Company by RiverStone Holdings, RiverStone Corporate Capital 3 issued 1,822,980 £1 ordinary shares to RiverStone Holdings, in exchange for cash. This was immediately used to settle a remaining balance due to Skuld Investment Limited of £1,822,980.

On 30th September 2020, immediately following the acquisition of the Company by RiverStone Holdings, RiverStone Corporate Capital 3 issued 250,000 £1 ordinary shares to RiverStone Holdings, in exchange for cash.

17. Creditors

	2021 £'000	2020 £'000
Amounts arising out of direct insurance operations	1,022	251
Amounts arising out of reinsurance operations	534	313
Amounts due to Group companies	-	568
Other creditors	5,341	2,872
Total	£ 6,897	£ 4,004
Creditors due after one year		
Due to intermediaries		
Amounts arising out of direct insurance operations	-	491
Amounts arising out of reinsurance operations	-	197
Total	£ -	£ 688

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18. Pledged and Restricted Assets

Funds at Lloyd's to support Syndicate 1897 are provided by RiverStone Corporate Capital 3, RiverStone Insurance (UK), and by way of a letter of credit from a syndicate of banks led by The Bank of Nova Scotia (London Branch). These funds may only be released with the permission of Lloyd's when they exceed the capital required to be maintained by RiverStone Corporate Capital 3 for Lloyd's solvency purposes.

19. Post balance sheet events

The only open year of account of Syndicate 1897, 2019, was closed into Syndicate 3500 as of 1st January 2022.

On 27th January 2022 the company cancelled 43,679,625 'A' ordinary shares of £1 each.

20. Related Party Transactions and Immediate and Ultimate Parent Company

RiverStone Corporate Capital 3 is a wholly owned subsidiary of RiverStone Holdings Limited ("RiverStone Holdings") which is registered in England and Wales. The ultimate holding company is Gatland Holdings Jersey Limited ("Gatland") which is registered in Jersey. The majority of the shares in Gatland are held by CVC Capital Partners Strategic Opportunities II LP. Exemption has been taken under FRS102 section 33.1A to not disclose group related balances.

