

COMPANY NO. 03655017

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

# **RiverStone Corporate Capital Limited**

## **2021 Annual Report**

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Annual Report**  
**For the year ended 31<sup>st</sup> December 2021**

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**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Directors and Administration**  
**For the year ended 31<sup>st</sup> December 2021**

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**Directors**

N. C. Bentley (resigned 23<sup>rd</sup> August 2021)  
A. R. Creed  
L. R. Tanzer

**Company Secretaries**

F. Henry

**Registered Office**

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

**Independent Auditors**

Deloitte LLP  
Hill House  
2 Little New Street  
London  
EC4A 3TR

**Website**

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

# **RiverStone Corporate Capital Limited (Company No. 03655017)**

## **Strategic Report**

### **For the year ended 31<sup>st</sup> December 2021**

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

#### **Ownership**

On 23<sup>rd</sup> 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").

RiverStone Corporate Capital and its immediate parent company RiverStone Holdings Limited ("RiverStone Holdings") were wholly owned subsidiaries of RBL.

#### **Principal Activity**

The principal activity of RiverStone Corporate Capital is that of providing capital support to certain run-off years of account in syndicates at Lloyd's.

RiverStone Corporate Capital is the sole corporate member for Syndicate 3500.

Syndicate 3500 was originally formed in 2003 to accept the reinsurance to close of the 2000 and prior years of account of Syndicate 271 and the 2001 and prior years of account of Syndicate 506, respectively.

Effective 1<sup>st</sup> January 2020, Syndicate 3500 accepted the reinsurance to close of the 2017 and prior underwriting years of account liabilities of another Lloyd's syndicate, Syndicate 2015. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £180.3 million and £116.7 million, respectively. Also, effective 1<sup>st</sup> January 2020, Syndicate 3500 entered into an adverse development cover with an affiliate to provide downside protection over these liabilities.

Effective 1<sup>st</sup> January 2021, Syndicate 3500 entered into the following transactions:

- the reinsurance to close of the 2018 and prior underwriting years of account liabilities of Syndicate 780. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £132.1 million and £84.6 million, respectively;
- the reinsurance to close of the 2018 and prior underwriting years of account liabilities of Syndicate 1897. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £58.1 million and £54.1 million, respectively;
- the loss portfolio transfer reinsurance of the 2019 underwriting year of account liabilities of Syndicate 1897. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £13 million and £12.8 million respectively;
- the reinsurance to close of the 2017 and prior underwriting years of account liabilities of Syndicate 1200 and the reinsurance to close of the 2018 and prior underwriting years of Syndicate 4000. These transactions result in the transfer to Syndicate 3500 of gross and net technical provisions of £818.5 million and £632.8 million, respectively.

# **RiverStone Corporate Capital Limited (Company No. 03655017)**

## **Strategic Report**

### **For the year ended 31<sup>st</sup> December 2021**

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During 2021, Syndicate 3500 entered into the following transactions:

- the loss portfolio transfer reinsurance of the liabilities for another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £143.2 million;
- the loss portfolio transfer reinsurance of the liabilities for another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £254.9 million;
- the loss portfolio transfer reinsurance of the liabilities for two Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £394.7 million;
- the loss portfolio transfer reinsurance of the liabilities for Syndicate 2468. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £14.5 million;

#### **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 \$0.1 million (2020: loss of \$3.1 million).

The balance on the technical account for general business for the year was a profit of \$10.2 million (2020: profit of \$4.8 million). This comprises net earned premiums of \$2,147.6 million, allocated investment return of \$4.2 million, partially offset by net incurred claims of \$2,119.1 million and net operating expenses of \$22.5 million.

The total comprehensive expense for the year of \$1.7 million (2020: income of \$30,000) comprises the gain on the technical account for general business, net investment gains of \$5.6 million (2020: losses of \$2.7 million), other income and expenditure losses of \$13.8 million (2020: \$4.1 million), foreign exchange losses of \$2.9 million (2020: gains of \$1.3 million), taxation credit of \$0.8 million (2019: charge of \$2.4 million) and currency translation losses of \$1.6 million (2020: gains of \$3.2 million).

Total shareholder's funds increased to \$250.6 million at 31<sup>st</sup> December 2021 (2020: \$33.0 million) due to an increase in issued shares including 86.9 million £1 ordinary shares and 100 million \$1 ordinary shares.

Total outstanding claims, gross of reinsurance, were \$2,615.3 million as at 31<sup>st</sup> December 2021 (2020: \$770.4 million). Total cash, deposits and investments were \$1,956.9 million at 31<sup>st</sup> December 2021 (2020: \$467.2 million). During the year Riverstone Corporate Capital entered into an additional new loan with Advent Capital No 3 Limited totalling \$30 million.

##### ***Key Performance Measurements***

RiverStone Corporate Capital has made continued progress throughout 2021 in relation to key elements of its strategy, through the continued proactive management of its existing liabilities and through the acquisition of further run-off portfolios.

The Board monitors the progress of Syndicate 3500's existing run-off portfolios by reference to the reduction in gross loss reserves and reduction in reinsurance recoverables, in a timely and economic manner. Excluding the portfolios acquired during 2021 which are described above, gross loss reserves decreased by 23% and third party reinsurance recoverables (excluding group reinsurance protection) decreased by 22%. The movements are in line with Board's expectations and the performance is considered to be satisfactory.

# **RiverStone Corporate Capital Limited (Company No. 03655017)**

## **Strategic Report**

### **For the year ended 31<sup>st</sup> December 2021**

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#### ***Strategy and Future Developments***

RiverStone Corporate Capital's strategy for Syndicate 3500 is to continue to actively pursue run-off acquisition opportunities for Syndicate 3500 through reinsurance to close or retroactive reinsurance transactions, along with the efficient and economic management of all existing liabilities.

On 1<sup>st</sup> January 2022 Syndicate 3500 has completed the reinsurance to close, or split reinsurance to close of the 2019 and prior underwriting years of account liabilities of three separate third party Lloyd's syndicates. These transactions result in the transfer to Syndicate 3500 of net technical provisions of \$270.9 million, \$223.5 million and \$266.8 million, respectively.

On 1<sup>st</sup> January 2022 Syndicate 3500 also accepted the reinsurance to close of the 2019 year of accounts for Syndicate 1897 and Syndicate 2468. These transactions result in the transfer to Syndicate 3500 of net technical provisions of \$nil and \$306 million respectively.

On 1<sup>st</sup> February 2022 RiverStone Corporate Capital issued 55 million \$1 ordinary shares.

#### **Principal Risks and Uncertainties**

The key risks to which RiverStone Corporate Capital is exposed relate to its participation in Syndicate 3500. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies related to Syndicate 3500 are subject to approval by the board of directors of Syndicate 3500's managing agent, RiverStone Managing Agency, and ongoing review by management and executive committees. Compliance with regulatory, legal and ethical standards is a high priority for RiverStone Corporate Capital. The compliance, legal and finance departments of RiverStone Management Limited, to whom RiverStone Managing Agency outsources its day to day activities, 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 Syndicate 3500 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 Syndicate 3500 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). Syndicate 3500's assets and liabilities are also exposed to market risk, including the impact of changes to interest rates, equity price fluctuations and adverse changes in exchange rates.

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. Syndicate 3500, 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. Syndicate 3500 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 Board of directors of RiverStone Corporate Capital consider, in good faith, that they have had appropriate regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172.

# **RiverStone Corporate Capital Limited (Company No. 03655017)**

## **Strategic Report**

### **For the year ended 31<sup>st</sup> December 2021**

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#### ***Consequences of any Decision in the Long Term***

The Board is focussed on ensuring that sufficient capital is available to support Syndicate 3500, 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 group's outsourced services provider, 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. Other activity in 2021 included the completion of the Great Place to Work Survey, an opportunity for employees to provide anonymous feedback on their views of the organisation, as well as regular training for our employees.

#### ***Business Relationships***

The Board recognises that relationships with our stakeholders are key to the delivery of our strategy. During 2021, all members of the Board have had the opportunity to meet with representatives of Lloyd's, which continues to refresh and facilitate an understanding of their needs and expectations.

#### ***Community and Environment***

The Board engages via RiverStone Managing Agency actively with RiverStone Management, the Group services provider, 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 the establishment of a diversity and inclusion forum. 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  
29<sup>th</sup> June 2022

# **RiverStone Corporate Capital Limited (Company No. 03655017)**

## **Directors' Report**

### **For the year ended 31<sup>st</sup> December 2021**

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The Directors have pleasure in presenting their report and the audited financial statements for RiverStone Corporate Capital (Company No. 03655017) for the year ended 31<sup>st</sup> December 2021.

#### **Directors**

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

N. C. Bentley (resigned 23<sup>rd</sup> August 2021)  
A. R. Creed  
L. R. Tanzer

RiverStone Corporate Capital 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 are discussed in the Strategic Report.

#### **Dividends**

RiverStone Corporate Capital did not pay out any interim dividends during the year (2020: \$72.4 million). The Directors do not recommend the payment of a final dividend (2020: nil).

#### **Independent Auditors**

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

#### **Financial Instruments**

As described in Note 5 to the financial statements, RiverStone Corporate Capital is exposed to financial risk through the financial assets and liabilities held by the Syndicate 3500 as well as the assets and liabilities held in Funds at Lloyd's, 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 and Syndicate 3500 manage this risk within their overall risk management framework.

#### **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:



**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Directors' Report**  
**For the year ended 31<sup>st</sup> December 2021**

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- 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  
29<sup>th</sup> June 2022

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Independent Auditors' Report to the Members of RiverStone Corporate Capital Limited**  
**For the year ended 31<sup>st</sup> December 2021**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Riverstone Corporate Capital 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 profit 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 comprehensive income;
- the balance sheet;
- the statement of changes in equity; and,
- the related notes 1 to 26.

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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**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.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Independent Auditors' Report to the Members of RiverStone Corporate Capital Limited**  
**For the year ended 31<sup>st</sup> December 2021**

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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 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](http://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, the Financial Conduct Authority ("FCA") Handbook and the Prudential Regulatory Authority ("PRA") Rulebook and the Lloyd's byelaws; 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 and actuarial specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Independent Auditors' Report to the Members of RiverStone Corporate Capital Limited**  
**For the year ended 31<sup>st</sup> December 2021**

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As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. There is also a risk of overriding controls by making late adjustments to the technical provisions. In response to these risks we involved our actuarial specialists to develop independent estimates of the technical provisions and we tested the late journal entries to technical provisions.

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, 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 or 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

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Independent Auditors' Report to the Members of RiverStone Corporate Capital Limited**  
**For the year ended 31<sup>st</sup> December 2021**

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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  
29<sup>th</sup> June 2022

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Profit and Loss Account**  
**For the year ended 31<sup>st</sup> December 2021**

	Note	2021 \$'000	2020* \$'000
<b>Technical Account – General Business</b>			
Gross premiums written	6	2,309,082	151,707
Outward reinsurance premiums		(23,176)	(4,387)
<b>Net premiums written</b>		<b>2,285,906</b>	<b>147,321</b>
<b>Change in provision for unearned premium</b>			
Gross amount		(148,404)	(19,334)
Reinsurers' share		(7,545)	(7,069)
<b>Change in net provision for unearned premium</b>		<b>(155,949)</b>	<b>(26,403)</b>
<b>Other income</b>		<b>17,685</b>	<b>-</b>
<b>Earned premiums net of reinsurance</b>		<b>2,147,642</b>	<b>120,918</b>
Gross claims paid	8	(523,168)	(220,552)
Reinsurers' share	8	154,776	103,434
<b>Net paid claims</b>		<b>(368,392)</b>	<b>(117,118)</b>
Change in the gross provision for claims		(1,876,571)	40,374
Reinsurers' share		125,874	(42,175)
<b>Change in the net provision for claims</b>		<b>(1,750,697)</b>	<b>(1,802)</b>
<b>Claims incurred, net of reinsurance</b>		<b>(2,119,089)</b>	<b>(118,920)</b>
Allocated investment return transferred from the non-technical account		4,199	3,626
Net operating expenses	6, 9	(22,575)	(835)
<b>Total technical charges, net of reinsurance</b>		<b>(2,137,465)</b>	<b>(116,130)</b>
<b>Balance on the technical account for general business</b>		<b>10,177</b>	<b>4,788</b>
<b>Non-Technical Account</b>			
Investment income	10	11,830	5,424
Unrealised gains on investments		34,278	2,673
Unrealised (losses) on investments		(6,919)	(597)
Realised gains (losses) on investments		2,911	(5,305)
Other income and expenditure	11	(13,776)	(4,113)
Investment expenses and charges	12	(1,786)	(1,324)
Allocated investment return transferred to the general business technical account		(4,199)	(3,626)
(Losses) gains on derivative contracts		(30,493)	-
Foreign exchange (losses) gains	13	(2,862)	1,341
<b>(Loss) before tax</b>		<b>(839)</b>	<b>(739)</b>
Tax	14	773	(2,385)
<b>(Loss) for the financial year</b>		<b>\$ (66)</b>	<b>\$ (3,124)</b>

\*Restated, see note 3(f) for further details

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Statement of Comprehensive Income**  
**For the year ended 31<sup>st</sup> December 2021**

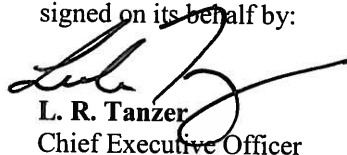
	Note	2021 \$'000	2020* \$'000
(Loss) for the financial year		(66)	(3,124)
Foreign exchange (losses) gains		<u>(1,596)</u>	<u>3,154</u>
<b>Total comprehensive (expense) income for the year</b>		<b>\$ <u>(1,662)</u></b>	<b>\$ <u>30</u></b>
*Restated, see note 3(f) for further details			

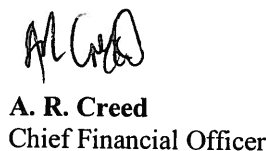
**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Balance Sheet**  
**As at 31<sup>st</sup> December 2021**

	Note	2021 \$'000	2020* \$'000
<b>Assets</b>			
<b>Investments</b>			
Other financial investments	15	1,468,489	326,972
<b>Reinsurers' share of technical provisions</b>			
Claims outstanding	8	557,736	434,524
Provision for unexpired risk provision		-	3,609
Provision for unearned premium		13,177	6,658
		<b>570,913</b>	<b>444,791</b>
<b>Debtors</b>			
Debtors arising out of direct insurance operations	16	84,918	8,382
Debtors arising out of reinsurance operations	17	644,301	42,311
Other debtors	18	1,776	1,089
		<b>730,995</b>	<b>51,782</b>
<b>Other assets</b>			
Cash at bank and in hand		355,266	89,092
Overseas deposits		133,189	51,088
		<b>488,455</b>	<b>140,180</b>
<b>Prepayments and accrued income</b>			
Accrued interest		5,868	972
Deferred acquisition costs		10,134	4,314
		<b>16,002</b>	<b>5,286</b>
<b>Total assets</b>		<b>\$ 3,274,854</b>	<b>\$ 969,011</b>
<b>Capital, Reserves and Liabilities</b>			
Called up share capital	19	240,249	20,983
Profit and loss account		10,373	12,035
<b>Total shareholders' funds</b>		<b>250,622</b>	<b>33,018</b>
<b>Technical provisions</b>			
Claims outstanding	8	2,615,345	770,428
Provision for unexpired risk		-	3,609
Provision for unearned premiums		164,748	21,000
		<b>2,780,093</b>	<b>795,037</b>
<b>Provisions for other risks</b>			
Deferred taxation	23	4,896	6,105
<b>Creditors: Amounts falling due within one year</b>			
Creditors arising out of direct insurance operations	20	354	55
Creditors arising out of reinsurance operations	21	106,781	100,659
Other creditors including tax and social security	22	132,108	33,860
		<b>239,243</b>	<b>134,574</b>
<b>Accruals and Deferred Income</b>		<b>-</b>	<b>277</b>
<b>Total capital, reserves and liabilities</b>		<b>\$ 3,274,854</b>	<b>\$ 969,011</b>

\*Restated, see note 3(f) for further details

The financial statements on pages 15 to 42 were approved by the Board of Directors on 29<sup>th</sup> June 2022 and were signed on its behalf by:

  
**L. R. Tanzer**  
 Chief Executive Officer

  
**A. R. Creed**  
 Chief Financial Officer



**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Statement of Changes in Equity**  
**For the year ended 31<sup>st</sup> December 2021**

	<b>Called up Share Capital \$'000</b>	<b>Profit and Loss Account \$'000</b>	<b>Total Shareholders' Funds \$'000</b>
<b>Balance at 1<sup>st</sup> January 2021</b>	<b>20,983</b>	<b>12,035</b>	<b>33,018</b>
Loss for the financial year	-	(66)	(66)
Other comprehensive income for the year	-	(1,596)	(1,596)
Reduction in Share Capital	-	-	-
Dividends	-	-	-
New share capital issued	<u>219,266</u>	<u>-</u>	<u>219,266</u>
<b>Total comprehensive expense for the year</b>	<u>-</u>	<u>(1,662)</u>	<u>(1,662)</u>
<b>Balance at 31<sup>st</sup> December 2021</b>	<b>\$ 240,249</b>	<b>\$ 10,373</b>	<b>\$ 250,622</b>
 <b>Balance at 1<sup>st</sup> January 2020*</b>	 <b>90,547</b>	 <b>14,889</b>	 <b>105,436</b>
Loss for the financial year*	-	(3,124)	(3,124)
Other comprehensive income for the year*	2,884	270	3,154
Reduction in Share Capital*	(72,448)	72,448	-
Dividends*	-	(72,448)	(72,448)
New share capital issued*	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive expense for the year*</b>	<u>2,884</u>	<u>(2,853)</u>	<u>30</u>
<b>Balance at 31<sup>st</sup> December 2020*</b>	<b>\$ 20,983</b>	<b>\$ 12,035</b>	<b>\$ 33,018</b>

\*Restated, see note 3(f) for further details

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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**1. General Information**

RiverStone Corporate Capital Limited (“RiverStone Corporate Capital” or “the Company”) is the sole corporate member for Syndicate 3500. As described further in Note 7, Syndicate 3500 was established in 2003 and since that time has accepted a number of reinsurance to close and other transfers of run-off liabilities. Syndicate 3500 is managed by RiverStone Managing Agency Limited (“the Managing Agent”).

RiverStone Corporate Capital 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 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.

These financial statements are prepared on a going concern basis under the historical cost convention.

**(b) Going Concern**

Having addressed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these 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’s shareholders.

RiverStone Corporate Capital has taken advantage of the following exemptions:

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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- 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 includes RiverStone Corporate Capital'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 related parties within the same group as provided by FRS 102, Section 33.1A.

**(d) Basis of Accounting**

The technical result has been determined by recognising RiverStone Corporate Capital's proportion of all the transactions undertaken by the Lloyd's syndicates in which it participates. For each syndicate, RiverStone Corporate Capital's proportion of underwriting transactions, investment return and operating expenses has been reflected within RiverStone Corporate Capital'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's participation as a percentage of the syndicates' total capacity.

**(e) Insurance Contracts**

- i) Premiums written comprise the reinsurance to close premium and the loss portfolio transfer reinsurance premiums on contracts inception during the financial year. The reinsurance to close premium is grossed up for any reinsurer's share of unearned premium and deferred acquisition costs acquired under any reinsurance to close transaction.
- ii) 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 3500 not yet notified.
- iii) 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.
- iv) Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date. The unearned premium reserve is translated to Sterling at closing rates of exchange.
- v) Acquisition costs, which represent commission and other related expenses, are allocated over the period in which the related premiums are earned.
- vi) Unexpired risks represents the amount set aside in respect of risks to be borne by the company after the end of the financial year, to provide for all claims and expenses in connection with insurance contracts in force in excess of the related unearned premiums and any premiums receivable on those contracts.
- vii) External reinsurance to close premiums received and paid are reflected as a component of gross premiums written or outwards reinsurance premium as appropriate.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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- viii) Gross claims incurred comprise claims and related expenses paid in the year and changes in provisions for outstanding claims notified by the syndicates, together with provisions for claims incurred but not reported and any other adjustments to claims from previous years.

Losses and related reinsurance recoveries are estimated by RiverStone Corporate Capital by reference to the ultimate result based upon the latest information available from the syndicates at the time of completing the financial statements. Provisions are estimated on a syndicate-by-syndicate basis. Provision is made at year-end for the estimated cost of claims and related reinsurance recoveries incurred but not settled at the balance sheet date, including the cost of claims and related reinsurance recoveries incurred but not yet reported to RiverStone Corporate Capital. RiverStone Corporate Capital takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions and the related reinsurance recoveries, it is likely that the final outcome will prove to be different to the original liability established.

**(f) Translation of Foreign Currencies**

The financial statements are presented in US Dollars and, unless otherwise stated, are rounded to thousands. Items included in RiverStone Corporate Capital's financial statements are measured using the currency of the primary economic environment in which it operates. RiverStone Corporate Capital'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. All exchange differences arising from the translation from functional currency to presentation currency are recognised through the Statement of Comprehensive Income as a separate component of equity.

With effect from 1<sup>st</sup> January 2021 the functional currency of RiverStone Corporate Capital changed from Sterling to US Dollars due to a gradual change in the dominant currency throughout the period.

In addition, from 1<sup>st</sup> January 2021 presentational currency changed from Pound Sterling to US Dollars, given that a significant majority of earnings are denominated in US Dollars. The Directors believe that the change in presentation currency will give stakeholders a clearer understanding of the Syndicate's financial performance and financial position over time.

Following this the prior year figures have been translated into US Dollars using the following procedures:

- Assets and liabilities are translated into US Dollars at the closing rates of exchange. At 31<sup>st</sup> December 2020 the closing rate was Pound Sterling/US Dollars 1.37.
- trading results are translated into US Dollars at the average rates of exchange. At 31<sup>st</sup> December 2020 the average rate was Pound Sterling/US Dollars 1.28.
- differences resulting from the retranslation of the opening net assets and the results for the period have been presented in the other comprehensive income under currency translation adjustments.

**(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.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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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) **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'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**

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 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 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.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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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's key management personnel. RiverStone Corporate Capital'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.

Net gains or losses arising from changes in the fair value of financial assets at fair value through profit and loss are presented in the Profit and Loss Account within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the year in which they arise.

RiverStone Corporate Capital 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.

*Available for Sale Financial Assets*

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Purchases and sales of investments are recognised on the trade date i.e. the date on which Riverstone Corporate Capital commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and RiverStone Corporate Capital has also transferred substantially all risks and rewards of ownership.

Changes in the fair value of financial assets classified as available for sale are recognised in equity. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Profit and Loss Account within net realised gains on investments.

**(j) Related Party Transactions**

RiverStone Corporate Capital 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.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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**(k) Affiliate loans**

Loans to affiliate companies are initially and subsequently recognised at cost. All loans can be demanded for repayment within 12 months. Interest earned is recognised through other income in the profit and loss account.

**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 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'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 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.

**5. Management of Insurance and Financial Risk**

**Financial Risk Management Objectives**

RiverStone Corporate Capital 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 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 of directors of the Managing Agent reviews the key risks on a quarterly basis.

**(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.

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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The principal risk that RiverStone Corporate Capital 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 has a diversified portfolio of insurance risks, all of which relate to business originally written previously, and which are mature in nature. RiverStone Corporate Capital 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 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 view of the board of directors of the Managing Agent 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 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 4.

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 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.

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 liability and professional indemnity classes. The largest



**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

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.

Syndicate 3500 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 31<sup>st</sup> 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 following table presents the comparison of actual claims incurred to previous estimates for the last 10 years.

**Claims Outstanding (Gross)**

Underwriting Year	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2021 \$'000	Total \$'000
<b>Estimate of cumulative gross claims</b>									
At the end of the first year	506,448	575,824	538,886	550,687	704,185	843,957	529,996	1,078,053	5,328,036
- One year later	953,756	1,181,521	1,147,459	1,316,927	1,686,322	1,471,540	762,365		8,519,889
- Two years later	972,627	1,195,706	1,295,111	1,449,816	1,883,646	1,648,352	767,445		9,212,703
- Three years later	955,152	1,163,788	1,322,445	1,450,804	1,948,407	1,653,011	833,123		9,326,729
- Four years later	960,150	1,151,253	1,363,242	1,485,642	2,011,577	1,759,449			8,731,313
- Five years later	973,246	1,127,001	1,362,851	1,493,048	2,048,622				7,004,768
- Six years later	963,649	1,124,106	1,403,816	1,448,892					4,940,463
- Seven years later	963,285	1,109,927	1,366,683						3,439,896
- Eight years later	959,698	1,094,861							2,054,559
- Nine years later	955,978								955,978
Current estimate of cumulative claims	955,978	1,094,861	1,366,683	1,448,892	2,048,622	1,759,449	833,123	1,078,053	10,585,662
Cumulative payments to date	878,691	994,091	1,212,121	1,235,676	1,649,367	1,446,319	663,285	29,781	8,109,331
<b>Liability recognised in the balance sheet</b>	77,288	100,770	154,563	213,216	399,255	313,130	169,838	1,048,272	2,476,331
Reserve in respect of prior years									139,014
<b>Total reserve included in the balance sheet</b>									<b>2,615,345</b>

**Claims Outstanding (Net)**

Underwriting Year	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2021 \$'000	Total \$'000
<b>Estimate of cumulative gross claims</b>									
At the end of the first year	405,911	456,873	455,786	473,916	583,182	516,183	315,287	1,078,053	4,285,192
- One year later	725,962	909,043	964,987	1,079,042	1,338,945	979,217	489,289		6,486,485
- Two years later	786,466	937,279	1,049,398	1,177,749	1,472,056	1,087,516	497,022		7,007,487
- Three years later	910,004	903,036	1,061,813	1,177,723	1,494,647	1,104,945	585,449		7,237,617
- Four years later	732,462	896,417	1,058,716	1,196,551	1,528,611	1,241,007			6,653,764
- Five years later	754,311	864,264	1,066,296	1,222,106	1,611,073				5,518,051
- Six years later	740,572	858,003	1,103,693	1,194,556					3,896,824
- Seven years later	735,794	870,112	1,107,122						2,713,027
- Eight years later	738,680	881,373							1,620,053
- Nine years later	735,476								735,476
Current estimate of cumulative claims	735,476	881,373	1,107,122	1,194,556	1,611,073	1,241,007	585,449	1,078,053	8,434,108
Cumulative payments to date	693,188	825,550	1,008,845	1,058,448	1,363,839	1,007,988	479,337	29,781	6,466,977
<b>Liability recognised in the balance sheet</b>	42,287	55,823	98,277	136,108	247,234	233,018	106,112	1,048,272	1,967,132
Reserve in respect of prior years									90,477
<b>Total reserve included in the balance sheet</b>									<b>2,057,609</b>

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
**Notes to the Financial Statements**  
**For the year ended 31<sup>st</sup> December 2021**

v) Insurance Risk Concentrations

The concentration of insurance risk before and after reinsurance by the most material classes of business is summarised below, with reference to the carrying amount of outstanding claims (gross and net of reinsurance) arising from insurance contracts:

	2021		2020*	
	Gross \$'000	Net \$'000	Gross \$'000	Net \$'000
Annuities	122,494	-	-	-
Casualty reinsurance	185,209	160,370	35,134	19,550
Credit and suretyship	93,802	78,158	12,425	5,923
Fire and other damage to property	305,972	230,623	76,348	20,947
General liability	1,131,657	953,204	416,109	197,370
Health insurance	34,172	26,745	1,237	802
Income protection	58,895	55,296	8,832	7,042
Legal Expenses	480	492	-	-
Marine, aviation and transport	299,589	239,056	99,445	33,359
Medical expenses	152	164	243	228
Motor vehicle liability	163,625	175,191	1,998	388
Other motor	35,493	23,758	13,952	1,534
Property reinsurance	73,419	34,999	29,760	10,765
Worker's compensation	70,403	46,612	65,636	31,077
Claims expense reserve	39,189	32,941	12,918	6,919
<b>Total technical provisions</b>	<b>\$ 2,615,345</b>	<b>\$ 2,057,609</b>	<b>\$ 774,037</b>	<b>\$ 335,904</b>

\*Restated, see note 3(f) for further details

**(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 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, it is not exposed to significant interest rate risk since maturing short term investments are repriced at market interest rates on an ongoing basis.

The impact of a 100 basis point increase in interest rates on the value of RiverStone Corporate Capital's investments held at 31<sup>st</sup> December 2021 is an approximate \$20.2 loss (2020: loss of \$900,000) to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate \$21.0 gain (2020: gain of \$900,000) to the profit and loss account, prior to cessions to RiverStone Insurance (UK).

ii) Equity Price Risk

RiverStone Corporate Capital is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposures to individual companies and to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency.

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Investments held comprise unlisted and listed investments. Listed investments are those that are traded on recognised stock exchanges, primarily in Europe, North America and Asia.

RiverStone Corporate Capital has a defined investment policy which sets limits on its exposure to equities, both in aggregate terms and by counterparty. This policy of diversification is used to manage RiverStone Corporate Capital price risk arising from its investments in equity securities.

Listed equity securities held at 31<sup>st</sup> December 2021 represent 100% of total equity investments. If equity market indices had increased/decreased by 5%, with all other variables held constant, and all RiverStone Corporate Capital's equity investments moved according to the historical correlation with the index there would be a gain/loss of \$nil as all equity investments are protected by fair value swaps.

iii) **Currency Risk**

RiverStone Corporate Capital manages its foreign exchange risk against its functional currency, which is the US Dollar. RiverStone Corporate Capital has a proportion of its assets and liabilities denominated in currencies other than the US Dollar, the most significant being the Pound Sterling and Euro. RiverStone Corporate Capital seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency, and by the utilisation of forward currency contracts.

At 31<sup>st</sup> December 2021, if the Pound Sterling had weakened by 10% more in 2021 against the US Dollar with all other variables held constant, profit for the year would have been \$1.1 million higher (2020: \$3.6 million higher), mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets, and US Dollar denominated liabilities.

At 31<sup>st</sup> December 2021, if the Euro had weakened by 10% more in 2021 against the US Dollar with all other variables held constant, profit for the year would have been \$3.6 million lower (2020: \$177,000 higher), mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets, and US Dollar denominated liabilities.

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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 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.

As RiverStone Corporate Capital is in runoff, its exposures to other reinsurers and insurance intermediaries are determined by contracts previously written. RiverStone Corporate Capital 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'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 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 maintains strict control limits on the maximum notional amount of derivative positions.

The assets bearing credit risk are summarized below, together with an analysis by credit rating (AM Best or equivalent):

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Derivative Financial Investments	10,868	744
Debt securities	899,260	316,043
Deposits with credit institutions	439,154	1,094
Assets arising from reinsurance contracts held	1,202,037	495,486
Cash at bank and in hand	355,266	89,092
Overseas deposits	133,189	51,088
<b>Total assets bearing credit risk</b>	<b>\$ 3,039,774</b>	<b>\$ 953,547</b>
*Restated, see note 3(f) for further details		
	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
A++	311,349	97,728
A+	363,307	97,594
A, A-	1,543,873	376,818
B++ and below or not rated (including affiliated assets)	607,997	381,406
<b>Total assets bearing credit risk</b>	<b>\$ 3,039,774</b>	<b>\$ 953,547</b>

\*Restated, see note 3(f) for further details

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Assets arising from reinsurance and insurance contracts held are further analysed as follows:

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Performing	1,184,562	487,339
Past due	18,207	8,830
Impaired	-	-
Provision for irrecoverable amounts	(732)	(683)
	<b>\$ 1,202,037</b>	<b>\$ 495,486</b>

\*Restated, see note 3(f) for further details

**(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 of directors of the Managing Agent 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'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.

	<b>No Contractual Maturity Date \$'000</b>	<b>&lt; 6 months or on demand \$'000</b>	<b>Between 6 months and 1 year \$'000</b>	<b>Between 1 year and 2 years \$'000</b>	<b>Between 2 years and 5 years \$'000</b>	<b>&gt; 5 Years \$'000</b>	<b>Carrying Value \$'000</b>
<b>At 31<sup>st</sup> December 2021</b>							
Creditors	-	175,389	14,726	17,581	18,927	12,620	239,243
Claims outstanding	-	341,381	341,380	966,005	503,015	463,564	2,615,345
<b>Financial liabilities and outstanding claims</b>	<b>\$ -</b>	<b>\$ 516,770</b>	<b>\$ 356,106</b>	<b>\$ 983,586</b>	<b>\$ 521,942</b>	<b>\$ 476,184</b>	<b>\$ 2,854,588</b>
<b>At 31<sup>st</sup> December 2020</b>							
Creditors*	-	123,724	2,141	4,266	1,784	2,659	134,574
Claims outstanding*	-	130,500	126,892	252,844	105,737	158,064	774,037
<b>Financial liabilities and outstanding claims*</b>	<b>\$ -</b>	<b>\$ 254,224</b>	<b>\$ 129,033</b>	<b>\$ 257,110</b>	<b>\$ 107,521</b>	<b>\$ 160,723</b>	<b>\$ 908,611</b>

\*Restated, see note 3(f) for further details

**(e) Capital Management**

RiverStone Corporate Capital maintains an efficient capital structure comprising only its equity shareholders' funds, consistent with its risk profile and the regulatory and market requirements of its business. RiverStone Corporate Capital's objectives in managing its capital are:

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

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RiverStone Corporate Capital considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance and securitisation, as appropriate, when assessing its deployment and usage of capital. RiverStone Corporate Capital manages as capital all items that are eligible to be treated as capital for regulatory purposes. RiverStone Corporate Capital is regulated by the Prudential Regulation Authority, the Financial Conduct Authority and 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 manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. RiverStone Corporate Capital manages its own regulatory capital by reference to both minimum capital requirements and also self-assessed risk-based capital based on EU Directive. RiverStone Corporate Capital has complied with all of its capital requirements throughout the year.

With effect from 1st January 2019, RiverStone Corporate Capital entered into a Funds at Lloyd's inter-availability agreement with Advent Capital No. 3 Limited ("Advent Capital No. 3") allowing surplus capital held at Advent Capital No. 3 to be deployed to support ongoing run-off acquisition activity in Syndicate 3500. RiverStone Corporate Capital pays Advent Capital No. 3 a fee for use of its capital and has indemnified Advent Capital No. 3 from any loss arising from the use of its excess capital.

**6. Segmental Analysis**

	<b>Gross premiums written 2021 \$'000</b>	<b>Gross premiums earned 2021 \$'000</b>	<b>Gross claims incurred 2021 \$'000</b>	<b>Gross operating expenses 2021 \$'000</b>	<b>Re- insurance balance 2021 \$'000</b>
<b>Direct Insurance</b>					
Accident and health	26,767	26,767	(32,481)	(283)	2,662
Motor	1,145	1,145	(1,269)	(311)	444
Marine, aviation and transport	88,766	87,736	(104,289)	(685)	26,498
Credit and surety	29,962	29,054	(17,745)	(138)	4,740
Fire and other damage to property	48,864	48,404	(87,804)	(634)	36,251
Third party liability	502,812	474,468	(593,785)	(3,476)	96,753
	698,316	667,574	(837,373)	(5,527)	167,348
Reinsurance acceptances	1,610,766	1,493,104	(1,562,366)	(6,426)	86,892
<b>Total</b>	<b>\$ 2,309,082</b>	<b>\$ 2,160,678</b>	<b>\$ (2,399,739)</b>	<b>\$ (11,953)</b>	<b>\$ 257,240</b>

	<b>Gross premiums written 2020* \$'000</b>	<b>Gross premiums earned 2020* \$'000</b>	<b>Gross claims incurred 2020* \$'000</b>	<b>Gross operating expenses 2020* \$'000</b>	<b>Re- insurance balance 2020* \$'000</b>
<b>Direct Insurance</b>					
Accident and health	4,955	4,987	(5,409)	(530)	(2,690)
Motor	-	-	10,313	-	(9,589)
Marine, aviation and transport	9,960	9,987	(20,040)	(2,888)	(1,520)
Credit and surety	32,037	14,520	(6,747)	3,208	3,089
Fire and other damage to property	11,118	10,032	(50,139)	(4,171)	33,429
Third party liability	73,505	72,453	(89,068)	(14,759)	36,778
	131,575	111,979	(161,090)	(19,140)	59,497
Reinsurance acceptances	20,132	20,394	(19,089)	(1,939)	10,715
<b>Total</b>	<b>\$ 151,707</b>	<b>\$ 132,373</b>	<b>\$ (180,179)</b>	<b>\$ (21,079)</b>	<b>\$ 70,213</b>

\*Restated, see note 3(f) for further details

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All premiums written were in respect of insurance contracts concluded in the UK.

**7. Syndicates**

**Syndicate 3500**

RiverStone Corporate Capital is the sole corporate member for Syndicate 3500.

Syndicate 3500 was originally formed in 2003 to accept the reinsurance to close of the 2000 and prior years of account of Syndicate 271 and the 2001 and prior years of account of Syndicate 506, respectively.

Effective 1<sup>st</sup> January 2020, Syndicate 3500 accepted the reinsurance to close of the 2017 and prior underwriting years of account liabilities of another Lloyd's syndicate 2015. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$236.4 million and \$153.0 million, respectively. Also, effective 1<sup>st</sup> January 2020, Syndicate 3500 entered into an adverse development cover with an affiliate to provide downside protection over these liabilities.

Effective 1<sup>st</sup> January 2021, Syndicate 3500 entered into the following transactions:

- the reinsurance to close of the 2018 and prior underwriting years of account liabilities of Syndicate 780. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$178.9 million and \$114.5 million, respectively;
- the reinsurance to close of the 2018 and prior underwriting years of account liabilities of Syndicate 1897. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$78.6 million and \$73.2 million, respectively;
- the loss portfolio transfer reinsurance of the 2019 underwriting year of account liabilities of Syndicate 1897. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$17.6 million and \$17.3 million respectively;
- the reinsurance to close of the 2017 and prior underwriting years of account liabilities of syndicate 1200 and the reinsurance to close of the 2018 and prior underwriting years of syndicate 4000. These transactions result in the transfer to Syndicate 3500 of gross and net technical provisions of \$1.1 billion and \$857 million, respectively.

During 2021, Syndicate 3500 entered into the following transactions:

- the loss portfolio transfer reinsurance of the liabilities for another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$193.9 million;
- the loss portfolio transfer reinsurance of the liabilities for another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$345.2 million;
- the loss portfolio transfer reinsurance of the liabilities for two Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$534.6 million;
- the loss portfolio transfer reinsurance of the liabilities for Syndicate 2468. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of \$19.6 million;

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**8. Technical Provisions – Claims Outstanding**

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

	<b>2021</b>			<b>2020*</b>		
	<b>Gross</b>	<b>Reinsurers'</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurers'</b>	<b>Net</b>
	<b>\$'000</b>	<b>Share</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Share</b>	<b>\$'000</b>
		<b>\$'000</b>			<b>\$'000</b>	
Claims outstanding at 1 <sup>st</sup> January	774,037	438,133	335,904	802,354	501,240	301,114
Reinsurance of new liabilities	2,425,117	300,794	2,124,323	213,743	73,597	140,146
New ceded reinsurance entered into	-	12,055	(12,055)	-	2,324	(2,324)
Change in estimates of technical provision provisions, including foreign exchange	(60,641)	(38,470)	(22,171)	(7,146)	(28,858)	21,712
Paid claims	(523,168)	(154,776)	(368,392)	(234,914)	(110,170)	(124,744)
Claims outstanding at 31 <sup>st</sup> December	<b>\$2,615,345</b>	<b>\$ 557,736</b>	<b>\$ 2,057,609</b>	<b>\$ 774,037</b>	<b>\$ 438,133</b>	<b>\$ 335,904</b>

\*Restated, see note 3(f) for further details

Included within reinsurers' share of technical provisions – claims outstanding are amounts recoverable from affiliated companies of \$242,091,142 (2020: \$264,526,762)

	<b>2021</b>			<b>2020*</b>		
	<b>Gross</b>	<b>Reinsurers'</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurers'</b>	<b>Net</b>
	<b>\$'000</b>	<b>Share</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Share</b>	<b>\$'000</b>
		<b>\$'000</b>			<b>\$'000</b>	
Unearned Premium at 1 <sup>st</sup> January	21,000	6,658	14,342	-	-	-
Reinsurance of new liabilities	149,975	8,395	141,580	35,986	14,112	21,874
New ceded reinsurance entered into	-	-	-	-	3,827	(3,827)
Earned Premiums	(5,890)	(1,776)	(4,114)	(20,593)	(11,357)	(9,236)
Foreign Exchange	(337)	(100)	(237)	5,607	76	5,531
Unearned Premium at 31 <sup>st</sup> December	<b>\$ 164,748</b>	<b>\$ 13,177</b>	<b>\$ 151,571</b>	<b>\$ 21,000</b>	<b>\$ 6,658</b>	<b>\$ 14,342</b>

\*Restated, see note 3(f) for further details

The initial recognition of reinsurer's share of unearned premium associated with the reinsurance of new liabilities is recognised in the profit and loss account as a gross up to gross premiums written.



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**9. Net Operating Expenses**

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Administration Expenses	22,611	16,783
Gross profit commission payable	1,059	(10,286)
Deferred Acquisition Costs	6,216	4,462
Less: recovered under reinsurance protection agreements	<u>(7,311)</u>	<u>(10,123)</u>
	<b>\$ 22,575</b>	<b>\$ 836</b>

\*Restated, see note 3(f) for further details

RiverStone Corporate Capital has no employees.

No emoluments were paid by RiverStone Corporate Capital 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 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 audit fee in respect of RiverStone Corporate Capital has been borne by an associated company, RiverStone Management Limited. The amounts incurred in respect of audit services in relation to RiverStone Corporate Capital are as follows:

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit of these financial statements	260	229
Audit related assurance services	134	52
Non-audit related actuarial and valuation services	<u>461</u>	<u>108</u>
	<b>\$ 855</b>	<b>\$ 389</b>

\*Restated, see note 3(f) for further details

**10. Investment Income**

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Income from financial assets at fair value through profit and loss	<b>\$ 11,830</b>	<b>\$ 5,424</b>

\*Restated, see note 3(f) for further details

**11. Other Income and Expenditure**

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees payable to group companies	(8,550)	-
Interest payable to affiliates	<u>(5,226)</u>	<u>(4,113)</u>
	<b>\$ (13,776)</b>	<b>\$ (4,113)</b>

\*Restated, see note 3(f) for further details

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**12. Investment Expenses and Charges**

	2021 \$'000	2020* \$'000
Investment management expenses	\$ 1,786	\$ 1,324

\*Restated, see note 3(f) for further details

**13. (Loss) Profit for the financial year**

	2021 \$'000	2020* \$'000
The result for the year is stated after (charging) crediting:		
Foreign exchange (loss) gain	\$ (2,862)	\$ 1,341

\*Restated, see note 3(f) for further details

**14. Tax on (Loss)/Profit**

	2021 \$'000	2020* \$'000
<b>(a) Current tax</b>		
UK corporation tax at 19% (2020: 19%) based on the (Loss) profit for the year	436	504
<b>Total current tax charge</b>	<u>436</u>	<u>504</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(1,209)</u>	<u>1,881</u>
<b>Total tax (credit) charge</b>	<u>\$ (773)</u>	<u>\$ 2,385</u>

\*Restated, see note 3(f) for further details

**RiverStone Corporate Capital Limited (Company No. 03655017)**  
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**(b) Factors affecting the tax charge for the year**

The corporation tax assessed for the year differs to the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 \$'000	2020* \$'000
<b>(Loss) before tax</b>	\$ <u>(839)</u>	\$ <u>(739)</u>
(Loss) before tax multiplied by the UK corporation tax rate of 19% (2020: 19%)	(160)	(140)
Results not yet taxed	1,093	2,426
Disallowed expenses	(230)	98
Withholding tax	436	-
Prior Year Adjustment	106	-
2018 YOA losses taxed in 2021	(2,018)	-
<b>Total tax (credit) charge for the year</b>	\$ <u>(773)</u>	\$ <u>2,384</u>

\*Restated, see note 3(f) for further details

**15. Other Financial Investments**

**(a) Other Financial Investments by Category**

	Market Value 2021 \$'000	Market Value 2020* \$'000	Historic Cost 2021 \$'000	Historic Cost 2020* \$'000
<b>Financial Assets – at fair value through profit and loss</b>				
Shares and other variable-yield securities and units in unit trusts - designated at fair value through profit and loss on initial recognition	119,207	9,092	83,499	7,853
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	899,260	316,043	897,202	323,402
Derivative financial instruments at fair value through profit and loss, held for trading	10,868	744	-	-
Deposits with credit institutions	439,154	1,093	439,154	1,094
	\$ <u>1,468,489</u>	\$ <u>326,972</u>	\$ <u>1,419,855</u>	\$ <u>243,133</u>
<b>Financial Liabilities</b>				
Derivative financial instruments – at fair value through profit and loss, held for trading	\$ <u>36,725</u>	\$ <u>1,089</u>	\$ -	\$ -

\*Restated, see note 3(f) for further details

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**(b) Listed Investments**

Included in carrying values of financial assets above are amounts in respect of listed investments as follows:

	2021 \$'000	2020* \$'000
<b>At fair value through profit and loss</b>		
Shares and other variable yield securities and units in unit trusts	119,207	9,092
Debt securities and other fixed interest securities	807,298	85,588
<b>Total listed investments</b>	<b>\$ 926,505</b>	<b>\$ 94,680</b>

\*Restated, see note 3(f) for further details

**Derivative Financial Instruments at Fair Value through Profit and Loss**

	Market Value 2021 \$'000	Market Value 2020* \$'000
<b>Derivative financial instruments assets</b>		
Foreign currency forward contracts	987	744
Fair value swaps	9,882	-
	<b>\$ 10,868</b>	<b>\$ 744</b>

**Derivative financial instruments liabilities**

Foreign currency forward contracts	2,457	1,094
Fair value swaps	34,268	-
	<b>\$ 36,725</b>	<b>\$ 1,094</b>

\*Restated, see note 3(f) for further details

The functional currency of Syndicate 3500 and Riverstone Corporate Capital is US Dollars and consequently it is exposed to foreign exchange movements in currencies other than US Dollars. Syndicate 3500 has foreign currency forward contracts in place to provide protection against the impact of potential adverse fluctuations in exchange rates on Syndicate 3500's net asset positions.

The foreign currency forward contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD: GBP.

	Market Value		Contract/Notional Amount	
	2021 \$'000	2020* \$'000	2021 \$'000	2020 \$'000
Foreign currency forward contracts	\$ (1,471)	\$ (346)	\$ 308,760,802	\$ 122,746

\*Restated, see note 3(f) for further details

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**Disclosures of Fair Values in Accordance with the Fair Value Hierarchy**

	<b>Level 1 2021 \$'000</b>	<b>Level 2 2021 \$'000</b>	<b>Level 3 2021 \$'000</b>	<b>Total 2021 \$'000</b>
Shares and other variable yield securities and units in unit trusts	119,207	-	-	119,207
Debt securities and other fixed interest securities	83,182	816,078	-	899,260
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	10,868	10,868
Deposits with credit institutions	439,154	-	-	439,154
	<b>\$ 641,543</b>	<b>\$ 816,078</b>	<b>\$ 10,868</b>	<b>\$ 1,468,489</b>
	<b>Level 1 2020* \$'000</b>	<b>Level 2 2020* \$'000</b>	<b>Level 3 2020* \$'000</b>	<b>Total 2020* \$'000</b>
Shares and other variable yield securities and units in unit trusts	9,092	-	-	9,092
Debt securities and other fixed interest securities	208,732	107,312	-	316,043
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	744	744
Deposits with credit institutions	1,094	-	-	1,094
	<b>\$ 218,918</b>	<b>\$ 107,312</b>	<b>\$ 744</b>	<b>\$ 326,973</b>

\*Restated, see note 3(f) for further details

Level 3 investments valuations are based on third party broker quotes.

**(d) Level 3 Pricing**

Level 3 contains investments where fair values are measured using valuation techniques for which significant inputs are not based on market observable data. Valuation techniques 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.

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**(c) Reconciliation of Movements in Level 3 Financial Investments Measured at Fair Value**

	At Fair Value Through Profit and Loss			Total 2021 \$'000
	Debt Securities 2021 \$'000	Equity Shares 2021 \$'000	Derivatives 2021 \$'000	
At 1 <sup>st</sup> January	-	-	737	737
Total losses recognised in the profit and loss account	-	-	10,131	10,131
Sales	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,868</b>	<b>\$ 10,868</b>

Total gains of \$10.1 million (2020: losses \$3.2 million) comprise unrealised gains of \$10.1 million on Level 3 financial investments held during the year, all of which are presented in the net investment return in the profit and loss account.

**(f) Collateralised Cash and Investments**

RiverStone Corporate Capital maintains a letter of credit facility, Lloyd's trust funds and overseas deposits in respect of its contractual obligations under which RiverStone Corporate Capital is obliged to collateralise its insurance liabilities. The total amount of collateral provided at 31<sup>st</sup> December 2021 was \$596.3 million (2020: \$135.1 million).

**(g) Held for sale investments**

Included within other financial investments are \$107.3 million of investments that as at 31 December 2021 have a contractually binding agreement for sale within the next 12 months. The assets held for sale relate to certain equities and debt investments under which the Company has entered into fair value swaps, these swaps include a condition of sale of the underlying asset within 12 months from the balance sheet date.

**16. Debtors Arising Out of Direct Insurance Operations**

	2021 \$'000	2020* \$'000
Amounts owed from intermediaries	\$ 84,918	\$ 8,382

\*Restated, see note 3(f) for further details

**17. Debtors Arising Out of Reinsurance Operations**

	2021 \$'000	2020* \$'000
Amounts owed from intermediaries	88,153	37,911
Premium due from cedants	546,816	-
Premiums receivable	9,252	4,400
	<b>\$ 644,301</b>	<b>\$ 42,311</b>

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**18. Other Debtors**

	2021 \$'000	2020* \$'000
Insurance premium taxes	1,776	886
Amounts owed from group undertakings	-	203
	<u>\$ 1,776</u>	<u>\$ 1,089</u>

\*Restated, see note 3(f) for further details

**19. Called up Share Capital**

	2021	2020*
<u>Allotted and fully paid</u>		
102,244,091 (2020: 15,350,002) Ordinary Shares of £1 each	£ 102,244,091	£ 15,350,002
100,000,000 (2020: nil) Ordinary Shares of \$1 each	\$ 100,000,000	\$ -

\*Restated, see note 3(f) for further details

In all respects Ordinary US Dollar Shares rank pari passu with the Ordinary Pound Sterling Shares.

Allotted, issued and called up share capital presented in US dollars as adopted in the Financial Statements:

	2021 \$'000	2020* \$'000
102,244,091 (2020: 15,350,002) Ordinary Shares of £1 each	140,249	20,983
100,000,000 (2020: nil) Ordinary Shares of \$1 each	<u>100,000</u>	<u>-</u>
	<u>\$ 240,249</u>	<u>\$ 20,983</u>

\*Restated, see note 3(f) for further details

During 2021, RiverStone Corporate Capital increased its share capital through the issuance of ordinary shares in three separate transactions totalling £82.6 million, £4.2 million and \$100 million respectively (2020: \$72 million reduction).

On 1<sup>st</sup> February 2022 RiverStone Corporate Capital issued 55 million \$1 ordinary shares.

**20. Creditors Arising Out of Direct Insurance Operations**

	2021 \$'000	2020* \$'000
Amounts owed to intermediaries	\$ 354	\$ 55

\*Restated, see note 3(f) for further details



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**21. Creditors Arising Out of Reinsurance Operations**

	<b>2022</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts owed to group undertakings	36,158	61,189
Amounts owed to intermediaries	<u>70,623</u>	<u>39,470</u>
	<b>\$ 106,781</b>	<b>\$ 100,659</b>

\*Restated, see note 3(f) for further details

**22. Other Creditors Including Tax and Social Security**

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts owed to group undertakings	66,459	32,547
Payable for securities sold	27,465	-
Other creditors	1,459	213
Derivative liabilities	36,725	1,089
Tax	<u>-</u>	<u>11</u>
	<b>\$ 132,108</b>	<b>\$ 33,860</b>

\*Restated, see note 3(f) for further details

**23. Deferred Tax**

	<b>2021</b>	<b>2020*</b>
	<b>\$'000</b>	<b>\$'000</b>
Liability at 1 <sup>st</sup> January 2021	6,105	4,102
Recognition of future timing differences	(1,209)	1,880
Foreign exchange	<u>18</u>	<u>123</u>
<b>Liability at 31<sup>st</sup> December 2021</b>	<b>\$ 4,896</b>	<b>\$ 6,105</b>

\*Restated, see note 3(f) for further details

Deferred tax is provided on the annually accounted technical result of the 2019 and 2021 years of account which remains undistributed at 31st December 2021. An asset is only recognised where forecasts show that the taxable loss will be utilised in the foreseeable future.

**24. Pledged and Restricted Assets**

Funds at Lloyd's to support Syndicate 3500 are provided by RiverStone Corporate Capital, Advent Capital No. 3 and RiverStone Insurance (UK), and by way of a letter of credit issued by 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 for Lloyd's solvency purposes.

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**25. Related Party Transactions and Immediate and Ultimate Parent Company**

RiverStone Corporate Capital 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.

**26. Subsequent Events**

On 1<sup>st</sup> January 2022 Syndicate 3500 has completed the reinsurance to close, or split reinsurance to close of the 2019 and prior underwriting years of account liabilities of three separate third party Lloyd’s syndicates. These transactions result in the transfer to Syndicate 3500 of net technical provisions of \$270.9 million, \$223.5 million and \$266.8 million, respectively.

On 1st January 2022 Syndicate 3500 also accepted the reinsurance to close of the 2019 year of accounts for Syndicate 1897 and Syndicate 2468, both also managed by RiverStone Managing Agency. These transactions result in the transfer to Syndicate 3500 of net technical provisions of \$nil and \$306 million, respectively.

On the 1<sup>st</sup> February 2022, RiverStone Corporate Capital issued 55,000,000 \$1 ordinary shares.