RiverStone International

RiverStone International Holdings Limited

Consolidated
2022 Annual Report

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This section presents the financial position and performance in accordance with generally accepted accounting practice for the Group. It also contains the Auditor's Report.

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Directors' Report

The Directors' have pleasure in presenting the Directors Report of the RiverStone International Holdings Limited group ('the Group' or 'RiverStone International') for the year ended 31st December 2022. Reference to 'the Company' means RiverStone International Holdings Limited as an individual entity.

Key Financial Performance Indicators

New Business

$2.3bn
In gross claims acquired in 2022 (2021: $2.3bn)[4]

7
Transactions completed in 2022 (2021: 6)

37
Deals closed since 2010

$14.1bn
In gross liabilities acquired since 2010

Financial Position

$5.6bn
Cash and Investments (2021: $4.7bn)

$4.9bn
Gross Insurance Liabilities (2021: $4.2bn) – growth of 17%

$1.1bn
In Shareholders' Equity (2021: $1.1bn)

$1.2bn
In Adjusted Tangible Book Value (2021: $1.0bn)[1]

Financial Performance

$166.5m
In underwriting profits (2021: $92.6m)[2]

$146.9m
Adjusted profit before tax (2021: $64.3m)[3]

14.7%
Return on Opening Adjusted Tangible Book Value

$4.6bn
In cumulative claims paid since 2010

Following the acquisition of RiverStone Barbados Limited by Gatland Bidco Limited on 23rd August 2021 the comparative information only includes insurance related activity from this date and is not therefore a like for like comparison to the 2022 reported results. Prior to this acquisition RiverStone Barbados Limited's subsidiaries primary operations related to the run off of insurance assets and liabilities. Cumulative amounts from 2010 represent the point at which RiverStone International subsidiaries became active acquirers of third- party legacy business.

1. Adjusted tangible book value defined as Shareholders' Equity less total goodwill less cumulative unrealised mark-to-market losses on debt securities and other fixed interest securities ($129.2 million) fixed income bonds(market value less historical cost as set out in note 17a).
2. Underwriting profits defined as the balance on the technical account for general business less net operating expenses.
3. Adjusted profit before tax defined as (loss) before tax less unrealised gains and losses on investments.
4. Gross claims acquired by RiverStone International subsidiaries.

Our Global Operations

In-house underwriting, claims and M&A capabilities delivered by more than 297 employees based across the UK, Bermuda, Malta, Barbados and Jersey.

Our Story

RiverStone International is a leading global non life run-off insurance business specialist with more than 20 years of experience helping insurers release capital, streamline their operations and reduce volatility from legacy property and casualty books.

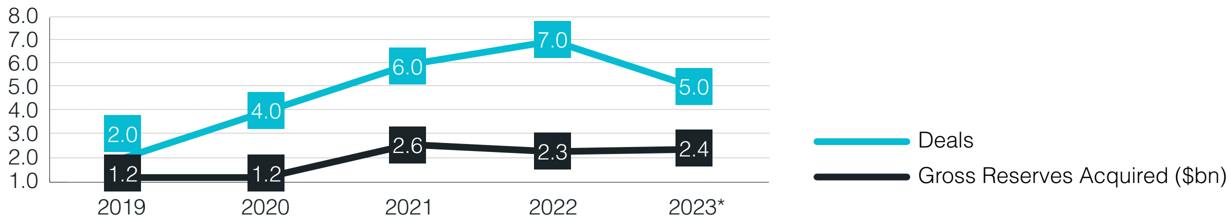
RiverStone was founded in 1999 within the publicly listed Canadian insurer Fairfax Financial Holdings Limited ('Fairfax'). In August 2021 the European business of RiverStone – what is now RiverStone International – was purchased from Fairfax by CVC's long-term Strategic Opportunities fund. CVC are a private equity investment fund with a reputation for acquiring businesses with a leading position in their chosen markets.

CVC's vision has been to support management to grow and develop the business and significant strides have been made in delivering the core elements of this strategy during 2022:

	Independent & Focussed Strategy	New Deals & Consistent Underwriting	Access to Capital for Growth
Original Vision	• Establish an independent strategy focussed on non life run off with clear goals and targets. • Dedicated focus from a single majority shareholder.	• Support acceleration of growth and new deals whilst continuing to deliver consistent underwriting profits.	• Provide access to capital (both equity and debt) to support growth. • Optimise capital structure through access to debt markets, leveraging CVC's experience and longstanding relationship with lenders.
Progress	• New Group Board with Preben Prebensen as Chair and experienced Independent Non-Executive Directors. • Hired new Group General Counsel, Group Head of M&A and Group Chief People Officer. • Produced Company's first budget and 5-year business plan.	• 2022: $2.3bn • 2x increase in new business levels between 2019 and 2023. • Q2'22 was first ever quarter with >$100 million. reserve releases.	• Raised inaugural $400 million Tier 2 Subordinated Notes and $150 million Revolving Credit Facility. • Increased Lloyd's Letters of Credit from $12 million in 2019 to $410 million at the end of 2022 with improved covenants. • Closed $305 million multi-year Funds at Lloyd's excess of loss reinsurance in February 2023, supported by financing provided by JP Morgan. • $100 million of additional tier one equity provided by shareholders in February 2023 to support further growth.

	International Expansion	Standalone Investments Strategy	Optimised Operating Model
Original Vision	• Global expansion into new geographies including North America and Continental Europe. • Establish a new platform in Bermuda in line with global peers.	• Establish a standalone and lower risk investment strategy. • Investment strategy tailored to non life run off insurance, based on a traditional fixed income strategy.	• Optimise operating efficiency and automation. • Increase focus on ESG and sustainability initiatives.
Progress	• Bermuda: secured Class 3B license, hired local team and written first deal. • Europe: acquired a licensed Maltese insurer and building out local platform.	• Hired new Chief Investment Officer and new investment team. • Onboarded JPMorgan as initial asset manager. • Defined new Strategic Asset Allocation tailored to non-life run-off.	• Target Operating Model assessment identified $9m of efficiency opportunities. • Achieved Silver EcoVadis sustainability rating. • Launched cyber resilience project.

RiverStone International's core success is built on a track record of exceptional new business performance, which is conveyed by the number of deals closed and the gross reserves acquired over recent years:



*as at the date of this report.

What we do

RiverStone International is experienced in handling all major non-life insurance and reinsurance lines of business and loss types. Our approach generates trust and long-term mutual commitment and a significant part of our portfolio is repeat business. Our track record, experience and reputation mean we can transact run off deals with speed, confidentiality, and certainty. RiverStone International has in-house underwriting, claims and merger and acquisition capabilities delivered by more than 297 employees based in London, Brighton, Ipswich, Darlington, Jersey, Bermuda and Malta.

The Group's key operating subsidiaries, which together provide access to our key markets and ensure we are able to support clients on an international scale, are:

- **UK Company Platform:** RiverStone Insurance (UK) Limited – a licensed UK insurance and reinsurance entity regulated by the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA'), and authorised to carry out all major classes of non-life business.
- **Lloyd's Platform:** RiverStone Managing Agency Limited – a Lloyd's of London Managing Agency, regulated by the PRA, FCA and Lloyd's of London, and the managing agent for Syndicate 3500, the Group's Lloyd's of London legacy specialist syndicate.
- **Bermuda Platform:** RiverStone International Bermuda Limited – a Class 3B Bermudian reinsurer, established in 2022 and regulated by the Bermuda Monetary Authority ('BMA').
- **European Platform:** RiverStone Insurance (Malta) SE – a licensed Maltese insurance entity, regulated by the Maltese Financial Services Authority ('MFSA') and authorised to carry out all major classes of non-life business.

The Group also operates the following key entities:

- TIG Insurance (Barbados) Limited – an internal reinsurance carrier, authorised by the Financial Services Commissions ('FSC').
- RiverStone Management Limited – a UK based services company, regulated by the FCA, providing operational and administrative support to certain key companies within the Group.

Top 2 player globally with leading market positions in the UK company and Lloyd's markets

Established track record, closing 37 deals since 2010 across a range of values (~$12m up to ~$1.9bn reserves) and with a high degree of structural complexity

Trusted reputation as a reliable and responsible counterparty with sellers – with a focus on continuing to manage claims to a high standard for policyholders

Good longstanding relationships with regulators to support approval on deals

Experienced, knowledgeable and specialist in-house claims and underwriting teams supporting diligence, pricing, reserving and claims management

Large and diversified portfolio and sector-leading technology platform generating capital and scale efficiencies

How can we help – Benefits for insurers to exit legacy business

Release capital to support core businesses, in particular during a hardening rate environment and COVID volatility

Reduce volatility from legacy portfolios, which often have long tails

Reduce management and operational distraction from non-core businesses

Simplify strategy and optimise return on equity from redeployment of capital into more accretive core opportunities

Optimise cost base and operations, including by transferring employees and systems to the run-off provider along with reserves

Manage regulatory change, including Solvency II, IFRS 17, Lloyd's Performance Reviews

Due Diligence and transaction documents can be completed in **4-6 weeks**, with risk transfer shortly thereafter.

Insurer run-off opportunities

Key lines of business	• Asbestos, Pollution & Health Hazard • Aviation • Director's & Officers' • Employers Liability & Public Liability • Financial Lines • General Liability	• Marine • Medical Malpractice • Personal & Commercial Auto • Professional Indemnity • Property • Workers' Compensation
Transaction Structure	• Broad range including: reinsurance (both proportional and non-proportional), portfolio transfers, full legal entity acquisitions and bespoke transactions • Flexibility to take on employees and systems – since 2005 RiverStone has successfully completed >50 system migrations onto its sector-leading in-house technology platform.	

To meet the increasing demands of ongoing growth, 2022 was an opportune time to assess and enhance our operating model to ensure it can efficiently and effectively execute our strategy in a sustainable way. Our commitment is to provide the best level of service for our customers and business partners and to continue to strive to remain the great place to work that is fundamental to everything we do. Our enhanced ways of working will improve how we visualise performance, manage demand and capacity, problem solve, develop our people, ensure consistency in process execution and monitor performance.

Future Strategy and Development

Our focus on continued value creation over a long-term time horizon is predicated on our key attributes. Our ability to achieve growth is anchored in a deep and ever progressive knowledge of our markets and our dedicated drive towards delivering best-in-class customer solutions. Key focus areas for RiverStone International over the near and medium term time horizon include:

- Capitalise on market leading position to originate and win new deals
- Scale Bermuda and European platforms
- Fully deploy the investment assets into our new strategy
- Manage a dynamic interest rate and spread environment
- Closely monitor the impact of inflation on reserves
- Deliver Target Operating Model and ESG initiatives
- Continue to build access to new forms of strategic capital and reinsurance to support larger deals
- Deliver the business plan

Officers' Statements

Statement from the Chairman

"My optimism for this first-class business continues as we build on already strong foundations; foundations of expertise, of track record, of relationships, and of culture."

Preben Prebensen
Chairman

Reflecting on my first full year as chairman of RiverStone International, my optimism for this first-class business continues as we build on already strong foundations; foundations of expertise, of track record, of relationships, and of culture. We're adding to that expertise with new colleagues and new platforms in Bermuda and Europe, and we are backed by committed and strategic owners in CVC. I look forward to helping us continue to grow our strategic position as well as the quality and value of our business.

I am extremely proud of the entire team here at RiverStone International and would like to extend my sincere thanks to everyone for their hard work and dedication. Their efforts are supported by the strength of experience of our Group Board who bring a significant depth of expertise across insurance, reinsurance, legacy run-off and financial markets to our operations. The Board have been further bolstered during 2022 with the addition of Cecilia Reyes, who I am delighted to welcome as the Chair of the Group Investment Committee.

As ever our people are our principal asset, and that has been very clearly reflected in an excellent year.

Officers' Statements

Statement from the CEO

"I am very pleased that we have continued to build momentum during 2022 and that we have commenced 2023 in such a strong position. Our reputation for service excellence and delivering on our promises puts us in a strong position to win new business opportunities."

Luke Tanzer
Group CEO

I am delighted to report that RiverStone International delivered on its growth and international expansion strategy during 2022, achieving all the new business acquisition goals and targets which we had set for the year. Following on from the success of 2021 we again acquired over $2 billion in total net reserves across our operating entities during 2022. We continued to build on our success within our key Lloyd's market, acquiring a corporate member and completing three reinsurance-to-close ('RITC') and two loss portfolio transfer ('LPT') reinsurance transactions. In addition, we acquired RiverStone Insurance (Malta) SE in June, to use as a platform for future EEA transactions and we concluded 2022 by completing our first Bermudian reinsurance transaction.

We are an established market leader with an ever-increasing reputation for completing large and complex transactions with speed, confidentiality, and certainty. Our success is attributable to the experience we have gained over our 20 years plus history allied with the large and diversified portfolio we have acquired and the sector-leading technology platform we have developed over that time. These factors enable us to generate significant scale efficiencies, which are not available to most of our competitors. We continue to deliver well managed and high-quality business transitions and migrations whilst focusing on maintaining our operational excellence. Our open, honest, and collaborative approach builds lasting relationships with our clients as evidenced by the repeat business opportunities presented to us during the year.

The live market experienced a hardening of premium rates during 2022, providing companies with an additional incentive to release capital through legacy transaction solutions in order to redeploy it more efficiently against increased underwriting premium. This, allied with the continuing review by Lloyd's of underperforming lines of business, resulted in a buoyant legacy market throughout 2022 which has continued into the new year. 2023 has started very well with five transactions totalling over $2 billion of net reserves having been completed already including one of the largest in Lloyd's history.

There are several factors that we are watching closely which could all have an impact on new business volume and values over the next year, including claims inflation, cost of reinsurance, climate change and increased investment returns. However, we remain confident that the market will continue to actively seek legacy solutions to optimise capital and management efficiencies and that our new overseas offices will provide platforms to access new business on a more global basis, thereby smoothing out the impact of potential local business cycles. We believe that the retrospective and efficiency seeking nature of our business dampens the impact of economic recession and although the hardening rate environment during 2022 has been beneficial, our industry is well positioned to provide solutions on either side of the pricing cycle.

In addition to achieving our growth strategy we continued to focus on our liability and asset management goals designed to deliver on our strategy to grow our tangible net book value commensurate to the return expectations of our shareholders. We successfully met our net underwriting target through the proactive management of reserves, provisions, technical balances, and reinsurance asset, whilst keeping in line with our expense budget. Unfortunately, and in keeping with the rest of the market, our investment returns were negatively impacted by interest rates rises during 2022, which resulted in significant unrealised mark to market accounting losses. Although our income statement was impacted by these losses, we fared considerably better than most of the market given the relatively short duration of our fixed income investments. Our unrealised loss was more than offset by the capital benefits gained through the greater discounting of our liabilities. We expect most of the unrealised losses to unwind over the next few years and to mitigate the impact of potential rate decreases we have implemented a duration-matching strategy to lock in the capital benefit we received. We are very well positioned to take advantage of the higher and more stable interest rate environment and I am confident that we will achieve our investment targets for 2023.

A key part of our growth strategy has been the recruitment of senior managers and the development of a group executive committee. Building on the recruitment of Neil Taylor as our group chief investment officer at the end of 2021, during 2022 we recruited David Rocke as our group head of M&A and Mike Cain as our group general counsel, and early in 2023 we will welcome on board Megan Kimbell as our group chief people officer. In addition to the recruitment of group executives we have also strengthened our Bermudian and European bases through the recruitment and retention of locally based management. We believe we are well positioned to accept new business into these platforms and to build on the solid base provided by the initial transactions completed in 2022.

We continuously review our resource requirements throughout the organisation focusing on demand and capacity as well as succession and development. During 2022 our headcount increased by 45 from 252 to 297 including five new joiners in Bermuda and Malta, with most of the increase occurring in our claims and reinsurance operations teams. The operational impact of new business is reviewed during due diligence and again during the transition period to ensure that we assess future workloads and prepare accordingly. In addition to increasing headcount, we are also working closely with a consultant on improving our operating models and have introduced enhancements to our processes and ways of working during 2022. This initiative started within our claims department with further work planned throughout 2023 in reinsurance and then other departments across the company. During 2022 we undertook our biennial Great Place to Work employee survey, which gained us a Great Place to Work certificate and an award as one of the UK’s Best Workplaces for Wellbeing.

I am very pleased that we have continued to build momentum during 2022 and that we have commenced 2023 in such a strong position. Our reputation for service excellence and delivering on our promises puts us in a strong position to win new business opportunities and with our strong operational base built up over many years we are very well equipped to continue to be a market leader in the provision of legacy insurance solutions.

Officers' Statements

Statement from the CFO

"Profitability derived from our core acquisition and liability management strategy exceeded our plan and represents one of RiverStone International's most successful underwriting years."

Andrew Creed
Group CFO

Against a challenging economic backdrop and extensive market volatility, I am delighted to present a set of financial statements that demonstrate strong core profitability and an efficient and resilient balance sheet. Our adjusted profit before tax of $146.9 million provides a return on opening adjusted tangible book value of 14.7% and is reflective of a phenomenal effort from all our associates for which I am extremely grateful.

We fully expect our attractive financial model to continue to deliver stable, consistent and strong return on equity performance. This value creation is underpinned by our long track record of acquiring new business, embedded underwriting profitability and investment income in our existing portfolios and a scalable cost base that supports efficient international expansion.

During 2022, we continued to focus resolutely on the management of our capital base and continued to work closely with our shareholders and other third-party capital providers to ensure we maintain a robust and flexible balance sheet and funding structure, enabling us to react efficiently and expediently to the timing of our deal flow.

Broadening our global operating platforms has necessitated a widening of the capital products we seek to use, and we have diligently expanded the solutions with which we operate. A strategic focus on enhancing our capital base enables us to support our business and our clients with an optimised cost of capital providing effective legacy solutions that target the delivery of outsized performance for all parties.

In terms of new business, gross premiums written of $1.7 billion reflect RiverStone International's continued success in diligently acquiring portfolios of legacy reserves. Company acquisitions made during 2022 are accounted for as business combinations as presented in the notes to these financial statements.

Underwriting profits of $166.5 million, comprised of the balance on the technical account for general business of $115.4 million less net operating expenses, is testament to the profitability derived from our core acquisition and liability management strategy exceeding our plan and representing one of RiverStone International's most successful underwriting years.

Net operating expenses are closely monitored by the group against a core budget and 2022 outturn was aligned to this plan. We expect net operating expenses to grow in 2023 as we diligently manage the growth of our nascent international operations and aim to strengthen the ability of the group to transact dynamically across our various platforms.

A 2022 result of a $0.7 million loss before tax reflects a result materially impacted by unrealised mark-to-market losses, predominantly on our fixed income investment portfolio, of $202.7 million, as a consequence of rising interest rates across all large western economies as central banks aggressively hiked base rates to temper inflation. At the beginning of 2022, we tactically opted to continue to hold our financial investments at a duration shorter than the duration of our insurance liabilities, given headwinds indicating the potential for ongoing and recently unprecedented yield increases. This approach limited our overall investment return to negative 2.67% which compared highly favourably against a risk-free benchmark return of negative 8.10%. This short duration positioning also generated notable solvency capital benefits throughout 2022, which supported our overall financial resilience.

During the fourth quarter of 2022, as interest rates demonstrated signs of increased stability, we successfully narrowed the mismatch between the duration of our assets and our liabilities. This allowed us to lock in material solvency capital benefits made during 2022 and to secure favourable future book yields during 2023 and beyond. Our overall liquidity position remains strong, buffered by our $150 million revolving credit facility raise in July 2022. As a result we fully expect to hold our existing fixed income bond portfolio to maturity, with previous incurred unrealised mark-to-market losses accreting value back to the profit and loss account during this time.

Financial investments of $4.0 billion were $1.0 billion higher than 2021 year-end, an increase of 33% which primarily reflected premium income received during 2022, less net claims paid and net operating expenses. Our investment portfolio targets a strategic asset allocation that is designed to provide long-term stable income with the portfolio materially focussed on investment grade corporate bond securities. We make moderate deployments to well selected alternative assets that we fully expect to deliver accretive income returns over the medium and long-term time horizons.

Gross technical provisions have increased by 17% from $4.2 billion to $4.9 billion, reflecting our continued success in acquiring legacy portfolios from our insurance and reinsurance partners in pursuit of our strategy. We carefully manage the growth of our balance sheet as part of our overall strategy with the board spending considerable time focused on the capital and operational resilience of the business. Purposefully redeploying our efforts and resources as our acquired portfolios run-off is a core component of the way we operate the business.

The group is regulated by the Prudential Regulation Authority and is subject to the requirements of Solvency II. The group calculates a group solvency capital requirement using a prescribed approach (the standard formula) and has complied with the Solvency II Capital Requirements set out in the relevant PRA rules throughout the year.

The unaudited group solvency coverage of 174.6% is well in excess of the board’s minimum target level and supports the balance sheet growth achieved during the financial year. The group holds subordinated tier 2 debt of $400 million, of which $45 million is currently unutilised and which we consider available to support further acquisition opportunities as they arise.

Officers' Statements

Statement from the M&A Director

"We have added new talent to the M&A team, increasing our capacity to review and transact. This allowed us to review the largest volume of opportunities in recent years and to close seven transactions bringing gross reserves of more than US$2 billion into the business."

David Rocke
Group Head of Mergers & Acquisitions

2022 was our first full year of CVC ownership, leading to a deliberate focus on deploying capital and growing the business through acquisition. The support (both financial and advisory) shown by our shareholders has been a key factor in our success this year.

During the year we acquired our European platform and formed and staffed our new Bermuda carrier, in line with our strategic objective to have three 'pillars' to our offering – UK, Bermuda / US and Europe. Additionally, we have added new talent to the M&A team, increasing our capacity to review and transact. This allowed us to review the largest volume of opportunities in recent years and to close seven transactions bringing gross reserves of more than US$2 billion into the business. Our ability to integrate these acquisitions into our business continues to be a selling point to our counterparties.

Five of the 2022 acquisitions were purely at Lloyd's, continuing our dominance in the that legacy market and one was the purchase of our European platform. We closed out the year by completing a hybrid Lloyd's / Bermuda arrangement, marking the successful execution of our first Bermuda transaction, a significant milestone in our Bermuda and North American growth strategy. Our counterparties during 2022, include Axis Capital, the Argo Group, Sompo International, MS Amlin and Liberty Mutual, continuing our excellent track record of working with blue-chip insurance entities.

Additionally, five Lloyd's transactions which were primarily negotiated in 2022 closed in February 2023.

The non-life legacy M&A sector remains buoyant, with a wide range of deal sizes and types coming to market. We are being shown potential deals for all of our platforms in Lloyd's, UK, Europe and Bermuda, demonstrating our new global reach, and we anticipate furthering our international ambitions in 2023. Our pipeline remains strong and we are very confident of meeting our 2023 acquisition targets.

Business Review

Results and Performance

On 16th December 2022 Gatland Holdings Jersey Limited changed its name to RiverStone International Holdings Limited. RiverStone International Holdings Limited is registered in Jersey and is the ultimate holding company for the group. The main activity of RiverStone International Holdings Limited is that of a holding company for subsidiary undertakings (together 'the Group', 'RiverStone International') primarily engaged in the run-off of insurance and reinsurance business and the performance of related services.

Following the acquisition of RiverStone Barbados Limited by Gatland Bidco Limited on 23rd August 2021 the comparative information only includes insurance related activity from this date and is not therefore a like for like comparison to the 2022 reported results.

On a fully unadjusted basis, the total comprehensive loss for the period set out in the Statement of comprehensive income show a loss for the financial period of $5.5 million (2021: $8.0 million). Adjusted profit before tax, being the loss before tax of $0.7 million less unrealised gains and losses on investments, amounted to $146.5 million.

Total underwriting profits of $166.5 million, comprise the balance on the technical account for general business for the period of a profit of $115.4 million (2021: $57.3 million), less net operating expenses of $51.1 million (2021: $35.3 million).

The loss before tax amounts to $0.7 million (2021: $22.2 million) and comprises net investment losses of $56.3 million (2021: $22.0 million), foreign exchange losses of $5.0 million (2021: $28.1 million), finance costs of $49.5 million (2021: $28.9 million), the gain on the technical account for general business and other charges of $115.4 million (2021: $57.3 million).

Total shareholders' funds were $1,051.8 million (2021: $1,057.2 million). The movement in total shareholders' funds comprises new issued share capital of $0.2 million (2021: $1,064.6 million), profit for the financial period of $1.0 million (2021: loss of $8.4 million) and cumulative translation adjustment losses of $6.5 million (2021: gain of $0.4 million).

During 2022, through its subsidiaries, the Group undertook the following transaction activity:

Platform	Transaction Type	Gross Reserves Acquired	Net Reserves Acquired
Lloyd's	2 x RITC, 1 x Split RITC	$927.1 million	$721.9 million
Lloyd's	2 x LPT	$366.1 million	$366.1 million
Lloyd's	1 x Company Purchase	$561.1 million	$301.8 million
Bermuda	1 x LPT	$397.6 million	$397.6 million
Europe	1 x Company Purchase	$139.7 million	$10.8 million

Environmental, Social, and Governance ('ESG')

ESG Strategy

The Board understands it has a responsibility to manage material environment and social issues in its investments and business operations. Significant progress was made in 2022 to develop an ESG strategy and framework and identify the ESG topics material to our business. Material topics identified include Sustainable Investing and Climate-related Litigation which will be key areas of focus as we continue to develop and embed our ESG strategy and framework. For the second year in a row, RiverStone International earned a Silver sustainability rating from EcoVadis, placing in the top 25% of participating companies for sustainability efforts around environment, labour and human rights, ethics and sustainable procurement.

Environmental matters continued to be a focus with projects implemented to support the reduction of electricity and gas consumption, move to carbon-neutral energy suppliers, and reduce the waste caused by documents printed but not collected.

RiverStone Management also maintained its carbon neutral status by offsetting carbon emissions in support of a water filtration and improved cookstoves project in Guatemala.

In line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard which applies to the UK Operations of the Group for the first time in 2022, RiverStone Management continues to be engaged in a process aimed at reducing our energy and greenhouse gas emissions. RiverStone Management monitor Scope 1, 2 and 3 UK emissions, which are generated from our UK offices, and transportation.

RiverStone Management has a longstanding commitment to tackling climate change. Our calculated carbon footprint from the UK operations in the current financial year January 2022 – December 2022 is 259.3 tCO_2e, whilst energy consumption was 895,953.99 kWh (895.95 MWh).

2022 Emissions	Tonnes CO_2 equivalent (tCO_2e)
Scope 1 (natural gas and transport) emissions	53.19
Scope 2 (electricity) emissions	33.04
Scope 3 (electricity T&D, water, flights, and transport) emissions	173.08
Total	**259.3**
Carbon intensity ratio per FTE	0.943

In addition to the above measures, which are required by the Streamlined Energy & Carbon Reporting ('SECR'), we have calculated that our staff working from home add a further 71.3 tCO_2e which gives an overall total of 330 tCO_2e. Consistent with previous years we will look to offset this amount in full.

ESG Principles

The Group follows the following ESG Principles that are taken into account in the course of day to day activities and in monitoring and reporting on ESG:

- Addressing material environmental and social topics across our business. A recognition of climate change as a significant issue for society and the economy.
- Being a 'good corporate citizen', community engagement, and supporting community geared social initiatives.

The Group complies, with legislation in the local areas in which we operate, including legislation regarding health and safety, labour, human rights and environmental management.

We strive to be unassuming, straightforward, honest, transparent and easy to engage

The evolution of our business, and the amazing people that drive it are both a collective and individual responsibility, fostered by an entrepreneurial environment where everyone is fulfilled and valued.

For sellers, brokers and the other stakeholders, we strive to be unassuming, straightforward, honest, transparent and easy to engage. We have always championed and will always strive for responsible outcomes. We will never compromise the honesty, security and integrity that are essential to all of our outcomes.

Our values define who we are:

We are **results oriented** – Not political.

We are **team players** – No egos.

We are **loyal** to each other and to our stakeholders.

We are **entrepreneurial** and encourage calculated risk taking.

We are **hard-working** but not at the expense of our families.

We believe in having **fun** – At work.

Our People

During 2022 the Group continued its growth in the UK and expanded its geographical reach internationally by opening offices in Bermuda and Malta. As at 31st December 2022 the Group had expanded to 297 employees compared with 252 at 31st December 2021. Throughout this growth phase we have remained successful through the great effort demonstrated by our employees and in return a significant emphasis is placed on their welfare. Wellbeing initiatives are key, many and varied and have been designed to ensure that employees value how their physical, emotional, and financial wellbeing is a top priority. The Group also provides various approaches to supporting work-life balance by enabling the pursuit of personal development, continuing education, professional accreditation, volunteering, wellness education and fitness. We constantly strive to create an inclusive environment where all employees can flourish and are recognised and rewarded for their individual contribution and for great teamwork. We are proud and delighted to have once again been successful in achieving the Best Workplaces award and also once again receiving the 'Great Place to Work Excellence in Wellbeing' award.

Our values are the foundation for our organisational culture and shape the environment we work in and the decisions we make. Leading our culture is at the heart of our senior leadership team's accountabilities, establishing a fair and inclusive landscape throughout the entire business. We engage, involve, and empower employees and promote a high degree of accountability, and encourage and inspire strong, fair, and consistent leaders who influence our industry. A leadership structure and succession pipeline has been developed that embraces gender balance and diversity, for now and for the future.

Charitable Giving and Volunteering

RiverStone International supports charitable giving in a manner that instils pride in what we do within our communities, this includes:

- Running a triple matching scheme whereby employee donations to UK registered charities are triple matched up to a per person donation limit of £1,000 per annum. Donations tripled matched can be made through many avenues such as one-offs and direct debits or through the give as you earn ('GAYE') scheme that we support.
- Supporting a number of annual national charity initiatives / events, including Comic / Sports Relief, MacMillan Coffee Morning, Jeans for Genes, Children In Need, British Legion Poppy Appeal, and Christmas Jumper Day.
- Supporting employees undertaking charity events like walks, marathons, skydives, etc. by promoting these via an all-employee communication.
- Donating to local schools as nominated by employees.
- Through our main Annual Corporate Charity Donation, which goes to charities nominated by our employees, thereby supporting causes which are close not only to our office locations but also their hearts.

The chosen charities for the 2022 Corporate Donations were:

- Together 21, The Big C, The Ipswich Winter Night Shelter, Glass Door, Robes, The Whitechapel Mission, Richard House Children's Hospice, Evelina Children's Hospital, Brighton Food Bank, Fareshare Brighton and Rockinghorse.
- RiverStone International's total 2022 charity donations, taking account of all of the above plus other initiatives, were $0.4 million (2021: $0.4 million).
- As well as our monetary donations, RiverStone encourages employees to donate their personal time to charitable work and to this purpose offers two paid volunteering days per year to charities of each individual's choice.
- The Group also offer extra volunteering opportunities for our employees to give their time and expertise to assist two charities who help young people overcome their socioeconomic barriers to entering the working world.

Corporate Governance

Corporate Governance

The Group is committed to high standards of corporate governance, and sound and prudent management.

Directors and Administration

Board of Directors

The Board currently has nine Directors and the full board meets on at least a quarterly basis.

Independence of Directors

The Board currently has four independent non-executive Directors.

Chair

The Chair is responsible for leadership of the Board ensuring its effectiveness on all aspects of its role and setting its agenda. The Chair is responsible for setting the agenda for Board deliberations, with the help of the executive Directors and the Company Secretary, to be primarily focused on strategy, performance, value creation and accountability, and ensure that issues relevant to these areas are reserved for Board decision. The Chair, in conjunction with the Company Secretary, ensures that the Board members receive accurate and timely information.

Group Chief Executive Officer

The Group Chief Executive Officer is responsible for implementing and executing the strategy of the Group and for generally running the Group's business.

The Group Board

The Group Board comprises four independent non-executive directors, two executive directors and three nominated non-executive directors. The chair of the Group Board is an independent non-executive director.

The Board is responsible for developing an appropriate strategy for the Group as well as monitoring and assessing overall performance of the group against agreed goals.

Committees of the Board

The Board has delegated specific responsibilities to Board committees, notably the Group Audit Committee, Group Investment Committee, Group Nominations & Remuneration Committee, and Group Risk & Underwriting Committee, directors as at the balance sheet date were as follows:

- L.R. Tanzer
- A.R. Creed
- P. Prebensen
- K. M. Salame
- T. H. Gallico
- N. A. Packer
- C. Miranthis
- C. Reyes
- N. C. Bentley

Company Secretary

The company secretary is TMF Group Secretaries (Jersey) Limited

RiverStone International Governance Structure

RiverStone International Board

Roles and Responsibilities

- Setting the Group's strategy;
- Monitoring and assessing the performance of its subsidiaries against long-term goals;
- Performing as an oversight role including establishing effective assurance and receiving reports on the adequacy and effectiveness of controls and governance processes;
- Providing challenge to directors of its subsidiary boards and Group management as necessary;
- Fostering open communication between the various boards within the Group, internal audit, external auditors and actuaries.

Group Audit Committee

Third line of Defence

- Monitoring the integrity of financial statements.
- Keeping under review the adequacy and effectiveness of each subsidiary's internal financial controls.
- Considering and making recommendations to the Board, in relation to the appointment and removal of the external auditor.
- Reviewing the annual audit plans.
- Monitoring the effectiveness of each subsidiary's Internal Audit function.

Group Investment Committee

First line of Defence

- Oversee the implementation of Group Investment Policy and Strategy.
- Reviewing the investment strategy for the Group's investment portfolios.
- Ensure investment management activities across the Group are operated in accordance with the Solvency II Prudent Person Principle.
- Monitor worldwide investment trends and market activity.
- Review major investment proposals.
- Review the operational framework of the investment portfolios of the Group.
- Review investment controls, including the supervision of the external fund investment managers, counterparty exposure, liquidity position, concentration risk and security of investment counterparties and / or products.
- Review changes made to the investment guidelines by local Boards and ensure they are consistent with the Group investment strategy and Risk appetite.

Group Remuneration & Nominations Committee

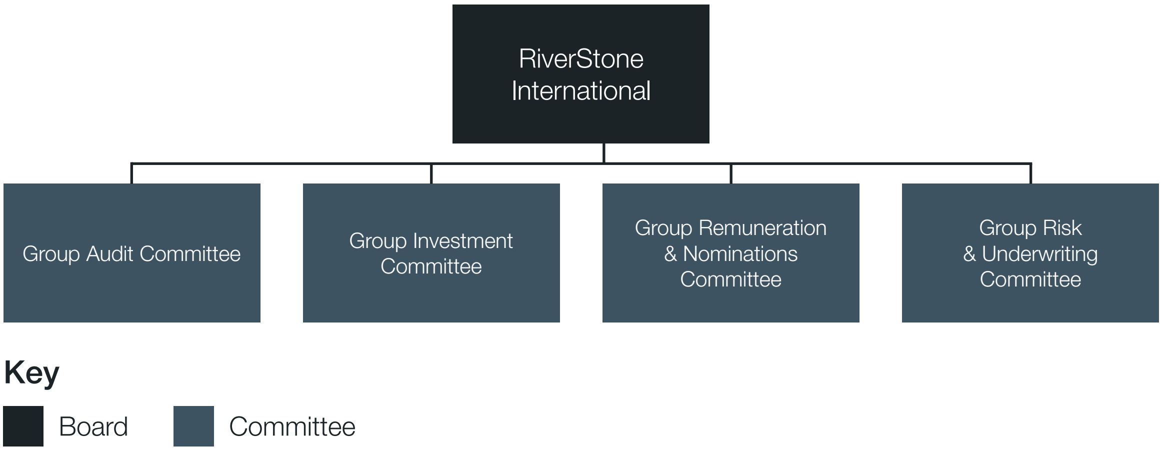
Second line of Defence

- Maintaining oversight of the Group's remuneration policy and practices.
- Reviewing the procedures for setting remuneration and performance review.
- Reviewing the remuneration of all executive directors and senior management within the Group.
- Ensuring that the variable remuneration component of various individuals running the Group's subsidiaries contains a substantial portion of deferred component which reflects the nature of each subsidiary's business.
- Ensuring that the variable part of remuneration of staff engaged in the Risk, Compliance and Internal Audit functions is independent from the performance of operational units.
- Review proposed appointments to local Boards and Committees.
- Ensure recruitment processes assess candidates on merit and against objective criteria.
- Keep under review the structure, size and composition of the Group and subsidiary Boards and the senior management team.

Group Risk & Underwriting Committee

Second line of Defence

- Monitoring the effectiveness of the Group risk framework.
- Satisfying itself that an appropriate risk culture is embedded within the Group.
- Monitoring and overseeing each Group subsidiary's risk profile.
- Reviewing and making recommendations to the Board of risk appetites and tolerances.
- Ensuring management have identified and considered all key risks for the Group.
- Making recommendations to the Boards in relation to current and future strategic risks.
- Reviewing the effectiveness of the Group Risk Management Function.
- Keeping under review the appropriateness of the Group ORSA.
- Review and monitor acquisition activity against Board approved acquisition strategy.
- Review and monitor performance of previous acquisition activities.
- Review and monitor the due diligence process and pricing of acquisition opportunities.



Risk Management

Risk management is integral in ensuring RiverStone International achieves its strategy. The Risk Management Framework (the 'Framework') is underpinned by looking at risk versus reward in the context of a prudent overall approach to business matters and policyholder protection. Risk appetite is a key element of the Framework with the focus being to identify and manage / mitigate risks that might negatively impact the business strategy.

The process to apply the Risk Management strategy includes:

- Risk policies detailing the approach to manage and oversee each main area of risk;
- Clear governance structure with documented responsibilities for the Boards, the Group Risk and Underwriting Committee, the Risk Function, the Executive Committee ('ExCo'), and employees;
- Embedded risk culture with all employees made aware of how the Framework operates in the business, including the management of risks to the business;
- Structured reporting of risk information to the ExCo and the Group Risk and Underwriting Committee, with matters escalated to the Board as required.

Principal Risks and Uncertainties

The principal risks faced by the Group 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). The Group'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.

Key areas of uncertainty which arose during the period relate to the macroeconomic environment including inflation.

The macroeconomic climate during the period has been volatile. This has been driven by a number of factors, including, but not limited to: the conflict in Ukraine, which has resulted in surges in oil and gas prices and increases in food prices; the aftermath of the COVID-19 pandemic, which has impacted supply chains; and political decisions such as the UK Government's Mini Budget on 23rd September 2022.

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. In adopting the going concern basis, the Directors have reviewed the Group's current and forecast budget and solvency positions for the next 12 months and beyond. The Group's Solvency II available own funds capital as at the end of the period is $1.2 billion (unaudited), a surplus of $531.6 million (unaudited) over a solvency capital requirement of $712.5 million (unaudited) and a solvency coverage of 174.6% (unaudited).

Independent Auditor

Deloitte LLP ('Deloitte') were appointed in 2021 as the Company's registered auditor and have indicated their willingness to continue in office.

Approved by Order of the Board

L Tanzer
Group Chief Executive Officer

Level 1
IFC1
Esplanade
St Helier
Jersey
JE2 3BX

Independent Auditor's Report to the Members of RiverStone International Holdings Limited

Report on the audit of the consolidated financial statements

1 Opinion

In our opinion the financial statements of RiverStone International Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- Give a true and fair view of the state of the group's affairs for the year ended 31st December 2022 and of the group's 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 properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- The consolidated profit and loss account;
- The consolidated statement of comprehensive income;
- The consolidated balance sheet;
- The consolidated statements of changes in equity;
- The consolidated cash flow statement; and
- The related notes 1 to 33.

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).

2 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 group 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 confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group.

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

3 Summary of Our Audit Approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of Claims outstanding – Incurred But Not Reported UK mesothelioma claims (RiverStone Insurance (UK) Limited); and, • Valuation of Claims outstanding – Incurred But Not Reported (Lloyd's syndicate 3500). These key audit matters are consistent with the prior year.
Materiality	The materiality that we used for the group financial statements was $100 million which was determined on the basis of 1.4% of total assets.
Scoping	The scope of our audit included two components subject to full scope audits and a further three components subject to the audit of specified account balances. These entities represent 95% of total assets and 98% of claims outstanding. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

4 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.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Performing an assessment of the group's financial position and liquidity forecasting; and
- Assessing the current and projected levels of the group's regulatory capital coverage; and
- Assessing the appropriateness of the going concern disclosures in the financial statements.

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 group'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.

5 Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of Claims Outstanding – Incurred But Not Reported UK Mesothelioma Claims (RiverStone Insurance (UK) Limited)

Key audit matter description	The valuation of technical provisions is inherently a judgemental area due to the high degree of estimation involved, particularly on long tail or volatile business classes where claim development periods are longer and more unpredictable. Due to the level of uncertainty, the incurred but not reported ('IBNR') element of claims outstanding is identified as a key audit matter. We have focused on the assumptions and methodology used by the company to value the mesothelioma IBNR provisions for UK-based claimants. Specifically, the potential future claims curve and the inflation rate are assumptions which are subject to estimation uncertainty. Notes 4 and 5 (a) to the financial statements provides disclosure on this area as a source of estimation uncertainty and judgement.
How the scope of our audit responded to the key audit matter	We gained a detailed understanding of the end-to-end reserving process and obtained an understanding of the relevant controls over the data, methodology and assumptions, models and outputs used in reserving. We involved our actuarial specialists to assist in performing the following procedures: • Assessed the appropriateness of the methodology used by management; • Assessed the reasonableness of key assumptions to derive a mesothelioma claims curve against justification of variance to previous periods and baseline asbestos, pollution and health hazard ('APH') market models; • Challenged the claims inflation assumptions through comparison to previous periods, baseline APH market models and external benchmarks; • Performed an analysis on actual versus estimated experience; • Challenged management on their consideration of emerging market factors, through comparison to market practice; and, • Assessed the disclosures in Notes 4 and 5 (a) of the financial statements describing the valuation uncertainty of the reserves.
Key observations	We concluded that the methodology and assumptions used by the company to value IBNR and the related disclosures are appropriate.

5.2 Valuation of Claims Outstanding – Incurred But Not Reported (Lloyd's syndicates 3500)

Key audit matter description	The valuation of technical provisions of the group's companies participating in Lloyd's syndicates is inherently a judgemental area due to the high degree of estimation involved. We have identified the key audit matter with a number of specific classes of business which include Casualty Treaty, Professional Indemnity, Professional Liability, Marine Treaty, Political Risk and Mergers and Acquisitions. Due to the level of uncertainty, the incurred but not reported ('IBNR') element claims outstanding is identified as a key audit matter. Notes 4 and 5 (a) to the financial statements provides disclosure to this area as a source of estimation uncertainty and judgement.
How the scope of our audit responded to the key audit matter	We gained an understanding of the end-to-end reserving process and obtained an understanding of the relevant controls over the data, methodology and assumptions and models used in reserving. We involved our actuarial specialists to assist in performing the following procedures: • Assess the appropriateness of the methodology and assumptions used by the group against industry practice, including any changes made during the year; • Projected an independent, indicative reserve, for the Large and Attritional components of these classes of business for comparison against management's recorded reserve. We also tested the accuracy and completeness the claims data used in reserving process. We assessed the disclosures in Notes 4 and 5 (a) of the financial statements describing the valuation uncertainty of the reserves.
Key observations	We concluded that the methodology and assumptions used by the group to value IBNR in the Lloyd's business are appropriate, and the related disclosures are in accordance with the relevant accounting standards.

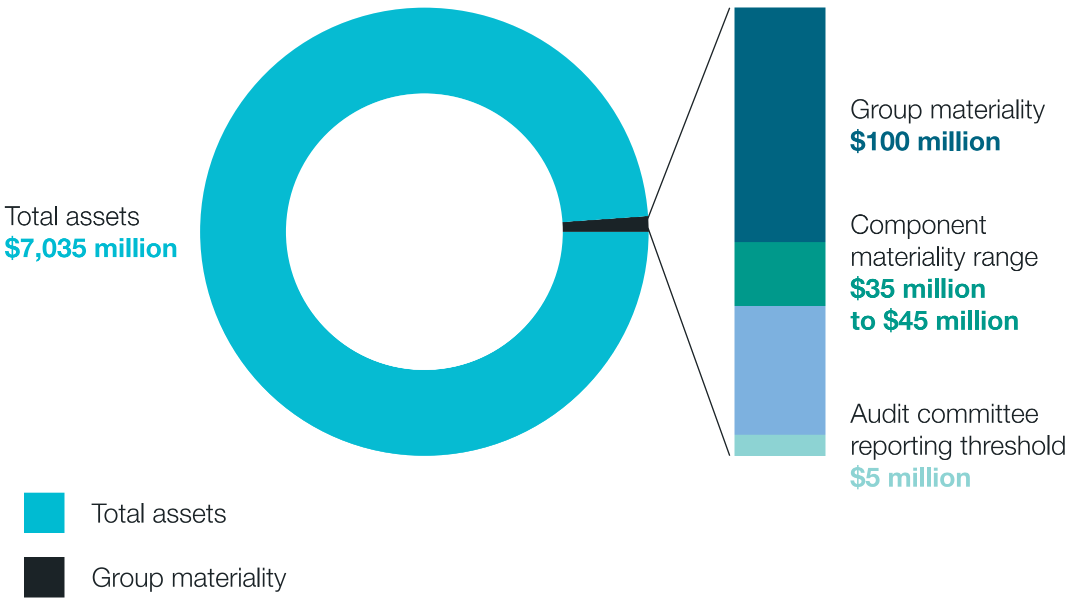
6 Our Application of Materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	$100 million (2021: $60.8 million)
Basis for determining materiality	1.4% of Total Assets (2021: 1% of Total Assets)
Rationale for the benchmark applied	The principal activity of the company is the management of existing liabilities for its run-off portfolios, as well as acquisition of further run-off portfolios (which come with additional assets). Total assets are therefore a key metric showing the ability of the company to meet its liabilities.



6.2 Performance Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the following factors:

- The consistency of the company's control environment and management team;
- The results from our planning procedures including our preliminary analytical reviews, which did not identify any unexpected trends; and
- The likelihood of uncorrected misstatements from prior periods recurring in the current period.

6.3 Error Reporting Threshold

We have agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $5 million, (2021: $3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

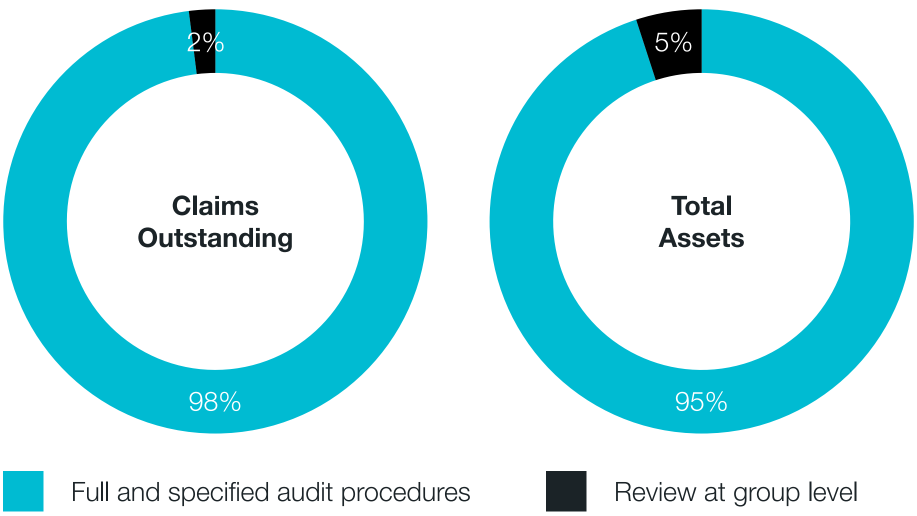
7 An Overview of the Scope of Our Audit

7.1 Identification and Scoping of Components

The group has one primary run-off insurance subsidiary, RiverStone Insurance (UK) Limited ('RIUK'), and a group internal reinsurance company TIG Insurance (Barbados) Limited ('TIG'). While the claims outstanding balances of TIG are eliminated on consolidation, the assets of the subsidiary are material to the group. The group also participates in syndicates 3500, 2468 and 5151 ('the syndicates') of the Lloyd's of London insurance market through several wholly owned corporate members.

We identified the syndicate 3500 and RIUK as in scope for full scope audit procedures. We have performed an audit of specified account balances for three other components which were RiverStone International Bermuda Limited, Syndicate 5151 and TIG Insurance (Barbados) Limited. The components subject to full scope or audit of specified account balances covered 95% of total assets and 98% of claims outstanding of the group. For all other components of the group we have performed analytical review procedures at the group level. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

The range of component materiality metrics used was $35 million to $40 million.



7.2 Our Consideration of the Control Environment

We tested business controls around claims, cash, reinsurance, actuarial reserving, investments and the financial close reporting cycles. We also tested relevant general IT controls. We were able to adopt a control reliance approach for the company's insurance policy administration system and the repository where the reserve balances are stored. We have however been unable to place reliance on the general IT controls of the general ledger system. Mitigations for these general IT controls deficiencies could not be established due to system limitations.

7.3 Our Consideration of Climate-Related Risks

In planning our audit, we considered the impact of climate change on the group's operations and impact on its financial statements. The group sets out its assessment of the potential impact on page 22 of the directors' report. We also read the climate related disclosures on page 22 in the director's report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8 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 we do not express any form of assurance conclusion thereon.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the 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.

9 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 group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group to cease operations, or have no realistic alternative but to do so.

10 Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

11 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.

11.1 Identifying and Assessing Potential Risks Related to Irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the group’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;
- Results of our enquiries of management, internal audit, and the audit committee about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the group’s documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT, and actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of claims outstanding – incurred but not reported UK mesothelioma claims (RiverStone Insurance (UK) Limited) and valuation of claims outstanding – incurred but not reported (Lloyd’s syndicates). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Jersey) Law 1991, UK Companies Act, tax legislation, the Financial Conduct Authority ('FCA') and the Prudential Regulatory Authority ('PRA') regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's regulatory solvency requirements following the Solvency II 2009 Directive.

11.2 Audit Response to Risks Identified

As a result of performing the above, we identified valuation of claims outstanding – incurred but not reported UK mesothelioma claims (RiverStone Insurance (UK) Limited) and valuation of claims outstanding – incurred but not reported (Lloyd's syndicates) as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee and in house legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, PRA and the FCA; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other Legal and Regulatory Requirements

12 Matters on which we are Required to Report by Exception

12.1 Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Proper accounting records have not been kept or proper returns 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.

We have nothing to report in respect of these matters.

13 Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Adam Ely
43031151EADC413...

Adam Ely, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31st March 2023

Consolidated Profit and Loss Account

	Note	2022 $'000	2021* $'000
Technical Account – General Business			
Gross premiums written	7	1,735,026	1,350,301
Outward reinsurance premiums		(7,784)	(2,244)
Net premiums written		**1,727,242**	**1,348,057**
Change in provision for unearned premiums			
Gross amount		28,224	(51,808)
Reinsurers' share		(2,220)	(9,399)
Change in net provision for unearned premiums		**26,004**	**(61,207)**
Written and earned premiums net of reinsurance		**1,753,246**	**1,286,850**
Gross claims paid		(1,275,081)	(250,121)
Reinsurers' share		322,031	60,425
Net claims paid		**(953,050)**	**(189,696)**
Change in the gross provision for claims		(629,803)	(947,469)
Reinsurers' Share		(3,832)	(57,029)
Change in the net provision for claims		**(633,635)**	**(1,004,498)**
Claims Incurred, net of reinsurance		**(1,586,685)**	**(1,194,194)**
Net operating expenses	8	(51,133)	(35,338)
Total technical charges, net of reinsurance		**(1,637,818)**	**(1,229,532)**
Balance on the technical account for general business		115,428	57,318

*Following the acquisition of RiverStone Barbados Limited by Gatland Bidco Limited on 23rd August 2021 the comparative information only includes insurance related activity from this date and is not therefore a like for like comparison to the 2022 reported results.

Consolidated Profit and Loss Account

	Note	2022 $'000	2021 $'000
Non-Technical Account – General Business			
Investment income	10	71,830	9,558
Realised gains on investments		58,446	3,920
Realised (losses) on investments		(35,402)	(8,122)
Unrealised gains on investments		55,093	58,489
Unrealised (losses) on investments		(202,709)	(144,993)
Finance costs	11	(49,532)	(28,889)
Other charges	12	(5,245)	(554)
Foreign exchange (loss)		(5,049)	(28,050)
Investment expenses and charges	13	(3,376)	(922)
Gains on derivative contracts		192,960	124,226
Losses on derivative contracts		(193,158)	(64,172)
Loss before Tax		**(714)**	**(22,192)**
Tax	14	1,671	13,782
Profit / (loss) for the financial period		**957**	**(8,410)**

The results above are all derived from continuing operations.

Consolidated Statement of Comprehensive Income

	Note	2022 $'000	2021 $'000
Profit (Loss) for the financial year		957	(8,410)
Foreign currency translation adjustment		(6,463)	429
Total comprehensive (loss) for the period		**(5,506)**	**(7,981)**

Consolidated Balance Sheet

	Note	2022 $'000	2021 $'000
Intangible Assets			
Goodwill	15	57,887	61,088
Negative goodwill	15	(16,067)	-
Total goodwill		**41,819**	**61,088**
Fixed Assets			
Tangible assets	16	**334**	**897**
Investments			
Financial investments	17	4,007,222	2,978,108
Deposits with ceding undertakings	17	570,399	418,721
		4,577,621	**3,396,829**
Reinsurers' share of technical provisions			
Claims outstanding		789,845	473,775
Provision for unearned premium		22,784	14,084
		812,629	**487,859**
Debtors			
Debtors arising out of direct insurance operations	19	151,261	106,141
Debtors arising out of reinsurance operations	20	272,079	749,006
Other debtors	21	105,805	22,865
		529,145	**878,012**
Other assets			
Cash at bank and in hand		1,041,628	1,281,548
Deferred taxation	27	2,965	6,734
		1,044,593	**1,288,282**
Prepayments and accrued income			
Accrued interest and rent		23,998	9,298
Prepayments		4,482	3,423
		28,480	**12,721**
Total assets		**7,034,656**	**6,125,688**

Consolidated Balance Sheet

	Note	2022 $'000	2021 $'000
Capital and reserves			
Share Capital	22	1,064,827	1,064,633
Share Premium		24	9
Profit and loss account		(12,779)	(7,564)
Own shares reserve		(182)	108
Total shareholders' funds		**1,051,881**	**1,057,186**
Technical provisions			
Claims outstanding	5	4,771,609	4,061,997
Provision for unearned premium		117,912	152,856
		4,889,521	**4,214,853**
Provision for other risks			
Deferred taxation	26	**-**	**5,273**
Creditors: Amounts falling due within one year			
Creditors arising out of direct, insurance operations	23	42,000	20,498
Creditors arising out of reinsurance operations	24	133,007	92,163
Derivative financial instruments	17	110,662	147,509
Short term debt	5	70,000	-
Other creditors including tax and social security	25	199,437	58,064
		555,106	**318,234**
Creditors: Amounts falling due after one year			
Creditors arising out of direct insurance operations	23	9,688	5,061
Creditors arising out of reinsurance operations	24	30,679	20,395
Other creditors including taxation and social security	25	4,442	18,861
		44,809	**44,317**
Long term debt	5	**493,339**	**485,825**
Total capital, reserves and liabilities		**7,034,656**	**6,125,688**

The financial statements on pages 37 to 77 were approved by the Board of Directors on 21st March 2023 and were signed on its behalf by:

DocuSigned by:
Luke Tanzer
D3CEB10BDA324B9...
L. R. Tanzer
Group Chief Executive Officer

DocuSigned by:
0C4F4E0EB379469...
A. R. Creed
Group Chief Financial Officer

Consolidated Statement of Changes in Equity

Called up Share Capital	**Class A $'000**	**Class B $'000**	**Class C $'000**	**Share Premium $'000**	**Profit and Loss Account $'000**	**Own Shares Reserve $'000**	**Total Share Holders' Funds $'000**
Balance at 1st January 2022	857,000	200,000	7,633	9	(7,564)	108	1,057,186
Issue of share capital	-	-	185	15	-	-	200
Profit for the financial period	-	-	-	-	907	50	957
Other comprehensive loss for the period	-	-	-	-	(6,123)	(340)	(6,463)
Balance at 31st December 2022	**857,000**	**200,000**	**7,818**	**24**	**(12,779)**	**(182)**	**1,051,881**

Called up Share Capital	**Class A $'000**	**Class B *Restated $'000**	**Class C *Restated $'000**	**Share Premium $'000**	**Profit and Loss Account $'000**	**Own Shares Reserve $'000**	**Total Share Holders' Funds $'000**
Balance at 10th December 2020	-	-	-	-	-	-	-
Issue of share capital	857,000	200,000	7,633	9	-	-	1,064,642
Capital contribution	-	-	-	-	-	525	525
Profit for the financial period	-	-	-	-	(7,970)	(440)	(8,410)
Other comprehensive expense for the period	-	-	-	-	406	23	429
Balance at 31st December 2021	**857,000**	**200,000**	**7,633**	**9**	**(7,564)**	**108**	**1,057,186**

*Class B shares have been restated and reduced by $525,000 to correct for a prior period error.
*Class C shares of $9,000 have been reallocated to share premium.

Consolidated Statement of Cashflow

	Note	2022 $'000	2021 $'000
Reconciliation of (loss) / profit for the period to net cash inflow from operating activities			
(Loss) for the financial period		(5,504)	(7,981)
Increase in gross technical provisions		674,668	754,680
(Increase) / Decrease in reinsurers' share of gross technical provisions		(324,771)	335,208
Decrease / (Increase) in debtors		351,642	(840,216)
Increase in creditors		104,318	28,950
FX relating to investing activities		(101,101)	(15,643)
Investment return		(56,315)	(1,839)
		642,937	**284,445**
Net cash inflow from operating activities			
Purchase of equity and debt instruments		(2,015,711)	(2,046,886)
Sale of equity and debt instruments		998,963	1,568,193
Acquisition of subsidiary (net of cash acquired)		112,483	3,220
Interest income received		40,275	9,292
Interest paid		(47,195)	(4,200)
Dividend income received		6,230	3,023
Other		4,430	(707)
Net cash (outflow) from investing activities		**(900,525)**	**(468,065)**
New Share Capital Issued		200	1,065,168
Short term loan		70,000	-
Debt issued		-	817,500
Debt repaid		-	(417,500)
Net cash (outflow) / inflow from financing activities		**70,200**	**1,465,168**
Net (decrease) / Increase in cash and cash equivalent		**(187,388)**	**1,281,548**
Cash and cash equivalents at beginning of period		**1,281,548**	**-**
Foreign Exchange on cash and cash equivalents		(52,532)	-
Cash and cash equivalents at end of period		**1,041,628**	**1,281,548**

Notes to the Financial Statements

1 General Information

RiverStone International Holdings Limited ('the Company') is a holding company of subsidiary undertakings (together 'the Group' or 'RiverStone International') primarily engaged in the runoff of insurance and reinsurance business and the performance of related services.

The Company is a private company limited by shares and is incorporated in Jersey. The address of its registered office is Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX. The principal activities of the Company and its subsidiaries and the nature of the Group's operations are set out in the directors' report.

2 Statement of Compliance

The financial statements of RiverStone International and the Group 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' issued in January 2022 ('FRS102'), Financial Reporting Standard 103, 'Insurance Contracts' ('FRS103') and the Companies (Jersey) Law 1991.

3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of Preparation

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

(b) Going Concern

Having addressed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. In adopting the going concern basis, the Directors have reviewed the Group's current and forecast budget and solvency positions for the next 12 months and beyond. The Group's Solvency II available own funds capital as at the end of the year is $1.2 billion (unaudited), a surplus of 174.6% (unaudited) over the solvency capital requirement.

(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 International's shareholders. RiverStone International has not taken advantage of any exemptions.

(d) Basis of Consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to year ended 31st December 2022.

Following the acquisition of RiverStone Barbados Limited by Gatland Bidco Limited on 23rd August 2021 the comparative information only includes insurance related activity from this date and is not therefore a like for like comparison to the 2022 reported results.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings acquired during the period are included up to, or from, the date of change of control or change of significant influence respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Own shares reserve relates to the capital reserve attributable to the Group's Employee Benefit Trust.

(e) Insurance Contracts

i. Premiums Written

Premiums written relate to business incepted during the period, together with any difference between recorded premiums for prior years and those previously accrued and include estimates of premiums due but not yet receivable or notified to the Group less an allowance for cancellations. Premiums written are shown gross of commission payable to intermediaries and exclude related taxes.

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.

Legal portfolio transfers and Reinsurance to Close ('RITC') contracts are considered to be Portfolio premiums. These are payable by one insurer (the transferor) to another (the transferee) in compensation for the transferee assuming responsibility for claims arising on a portfolio of in-force business. Payments are included as written premiums in the transferee's financial statements (with any unearned amount being deferred as unearned premium). Where portfolio claims are payable by one insurer (the transferor) to another (the transferee) in compensation for the transferee assuming responsibility for unpaid claims incurred, payments are credited to claims payable in the financial statements of the transferee.

Loss Portfolio Transfers by way of reinsurance are considered to be a single outwards reinsurance contract.

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 US Dollar at closing rates of exchange.

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

ii. Claims Incurred and Reinsurers' Share

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

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

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

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

iii. Debtors and Creditors Arising Out of Direct and Reinsurance Operations

Debtors and creditors arising out of direct and reinsurance operations are initially recognised at transaction price or issued amount and are subsequently carried at the recoverable amount. The carrying value is reviewed for impairment at least annually based on historical performance, the terms and conditions of the relevant policies and whenever interpretation of events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the statement of profit and loss. Debtors arising out of direct insurance and reinsurance operations are stated net of specific provisions against doubtful debts.

(f) Translation of Foreign Currencies

The financial statements are presented in US Dollars ('USD') and, unless otherwise stated, are rounded to thousands. Items included in RiverStone International's financial statements are measured using the currency of the primary economic environment in which it operates. RiverStone International's functional currency is USD.

Foreign currency transactions are translated into the functional currency using the average rate of exchange during the period. At each period end foreign currency monetary items are translated using the period end rate of exchange. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account for the period.

The results and financial position of the non-USD functional currency subsidiaries are translated into the presentational currency as follows:

a. Assets and liabilities are translated at the closing rate at the balance sheet date;

b. Income and expenses are translated at the average rate of exchange of ownership during the period; and

c. All resulting exchange differences are recognised in other comprehensive income.

(g) Tax

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

i. Current Tax

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where RiverStone International subsidiaries operate and generate taxable income.

ii. Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where RiverStone International's subsidiaries operate and generate taxable income and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. 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) Other Financial Investments

RiverStone International has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS102 in respect of the financial statements.

The Group classifies its investments as Fair Value through profit and loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

i. Financial Assets at Fair Value through Profit and Loss

A financial asset is classified into this category 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.

ii. 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 the Group's key management personnel.

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 period in which they arise.

The Group discloses its investments in accordance with a fair value hierarchy with the following levels:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- 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;
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

(i) Derivative Financial Instruments

Derivative financial instruments comprise foreign currency forward contracts, equity warrants and fair value swaps. Derivatives are initially and subsequently measured at their fair value with movements in the fair value being immediately recognised in the profit and loss account. Fair values are obtained from quoted market prices, discounted cash flow models, risk models and option pricing models as appropriate.

(j) Investment Return

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

Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last 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 period.

(k) Related Party Transactions

RiverStone International 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.

(l) Business Combinations and Goodwill

Third party business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding ten years. The useful economic life of ten years has been applied to all goodwill held at the balance sheet date. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Where the cost of the business combination exceeds the fair value of RiverStone International's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. RiverStone International, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and release this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

(m) Tangible Assets and Depreciation

Tangible assets are valued at cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its intended use, dismantling and restoration costs. Assets are depreciated on a straight-line basis from the time when they are available for use over the estimated useful lives as follows:

i. Fixtures and fittings (primarily computer equipment) – 20% to 33% per annum

ii. Motor vehicles – 25% per annum

iii. Leasehold improvements – amortised over lease period

(n) Leased Assets

The Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

i. Finance Leases

Assets under finance leases are capitalised in the balance sheet and amortised over their estimated useful life. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals consist only of a capital element and are applied to reduce the outstanding obligations.

ii. Operating Leases

Costs in respect of operating leases are charged to profit and loss as incurred over the lease term.

(o) Employee Benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Short-term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined Contribution Pension Scheme

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

iii. Annual Bonus Plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

(p) Impairment of Non-Financial Assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(q) Borrowings

Long term debt is initially recognised at fair value, net of transaction costs incurred. Subsequently, long term debt is stated at amortised cost using the effective interest rate method. Any difference between the amortised cost and the redemption value is recognised in the income statement over the period of the debt.

Bank loans are considered short term debt and are recognised at fair value.

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 International makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

(a) The Ultimate Liability Arising from Claims Made Under Insurance Contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is RiverStone International's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group 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. The Board remain cognisant of the potential impacts of inflation and have undertaken work to quantify and mitigate its impact on these financial statements. The Board continue to focus on ensuring that our underwriting and pricing adequately addresses inflationary trends and continues to review the key drivers of claim settlement costs and frequency. Reserves continue to be set incorporating the Board's current view of social and economic inflation. 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. Please refer to note 5a for further detail.

(b) UK and US Disease Related and US Environmental Pollution Claims

The Group establishes case reserves for reported disease related and environmental pollution claims and future legal and associated expenses for such reported claims. It also establishes reserves for unreported claims and legal and associated expenses for such unreported claims. The Group regularly reviews the adequacy of its loss reserves for disease related and environmental pollution claims and claim expenses. These exposures do not lend themselves to traditional methods of loss reserve estimation. Reserving for disease related and environmental pollution claims is subject to significant uncertainties that are not generally present for other types of claims. These claims differ from almost all others in that it is often not clear that an insurable loss has occurred, which policy years apply, and which insurers may be liable.

In respect of US claims, these uncertainties prevent identification of applicable policies and policy limits until after a claim is reported to the Group and substantial time is spent (over many years in some cases) resolving contract issues and determining facts necessary to evaluate the claim. While the nature and extent of insurance and reinsurance coverage for these types of claims has widened in recent years, there has been no final judgement which would apply to all cases which would result in the wholesale transfer of these types of claims from insureds to insurers and reinsurers. In other cases, there are US claims similar to UK claims, which differ from others in that it is often not clear that an insurable loss has occurred, which policy years apply, and which insurers may be liable.

The Group expects disease related and environmental pollution claims to continue to be reported for the foreseeable future. The claims to be paid and timing of any such payments depend on the resolution of uncertainties associated with them and could extend over many years.

For these reasons, the Group estimates that the possible ultimate liabilities for these exposures could be substantially different from the amounts currently provided in the financial statements. Nevertheless, RiverStone International believes that the reserves carried for these exposures are adequate based on known facts and current interpretation of applicable laws. Please refer to note 5a for further detail.

No other material critical judgements have been identified.

5 Management of Insurance and Financial Risk

Financial Risk Management Objectives

The Group is exposed to insurance risk through the insurance contracts that it has written, or which have been legally transferred to it, 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.

(a) Insurance Risk

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

The principal risk that the Group 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 materially be affected by a change in any subset of the portfolio. The Group has a diversified portfolio of insurance risks, all of which relate to business originally written previously, and which are mature in nature.

The Group mitigates insurance risk through the use of reinsurance in the form of third party reinsurance associated with the business originally written.

i. Process for Assessment of Technical Provisions

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

The technical provisions recorded at the reporting date comprise the estimated ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The provision is based on known facts at the balance sheet date. The provision is reviewed as part of a regular ongoing reserving process as the loss experience develops, certain claims are settled and further claims are reported. The cash flow, paid claims, outstanding claims, claims counts and incurred movement are compared with the actuaries' expected development of the account by class and year and where statistically significant, large loss or loss type. Where necessary, revisions are made to the ultimate expected loss on a best estimate basis.

The Group uses assumptions based on a mixture of claims information, internal historical data and market data to measure its claims liabilities. This information is used to project the ultimate expected 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 Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the future looking nature of outstanding claims and latency involved with certain classes of claims, for example asbestos exposures, it is likely that the final outcome, on a claim by claim basis, will prove to be different from the original assessed reserve for any given claim, although in aggregate, for known claims, the expected outcome is intended to be close to a breakeven, on a best estimate basis, with neither surplus or loss being generated over time. This is an aspect of executive and actuarial review which is closely monitored. In respect of latent claims (those that have yet to be notified) care is taken to assess historical notification patterns and the propensity of the underlying classes to produce losses (for example some policy classes are on the claims made basis and no new notifications are able to be made post expiry). The estimation of future losses will be cross referred to industry benchmarks and adjusted for actual experience over time.

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 technical provisions are those that affect the expected future claims amounts and claims numbers (IBNR). The most material IBNR liabilities and uncertainties for the Group relate to both its portfolio of UK disease claims, particularly arising from mesothelioma and other asbestos-related disease exposures, and Liability and Professional Indemnity classes.

UK disease claims are very long-tailed in nature with over 30 years of uncertain future cashflows expected and the largest sensitivities on the Liability and Professional indemnity classes are in respect of uncertainties around future numbers and amounts of claims for which the reserves for these classes will be paid out over several years.

The underlying sensitivity of the IBNR in respect of UK disease claims is driven by the uncertainty in the average cost per claim assumption and the future number of claims. A key assumption for the future average cost per claim is the estimate of future claims inflation which is inherently uncertain.

iv. Claims Development Tables

The following tables present the comparison of actual claims incurred to previous estimates. The tables do not include provisions for unexpired risk:

	Portfolios Acquired by Group During 2021 Gross $'000	Portfolios Acquired by Group During 2022 Gross $'000	Total Gross $'000
Gross Claims at			
Acquisition	4,182,293	2,284,467	6,466,760
First period movement	(17,552)	(8,193)	(25,745)
Second year movement	(144,204)	-	(144,204)
Cumulative paid claims	(1,164,743)	(360,459)	(1,525,202)
	2,855,794	**1,915,815**	**4,771,609**

	Portfolios Acquired by Group During 2021 Net $'000	Portfolios Acquired by Group During 2022 Net $'000	Total Net $'000
Net Claims at			
Acquisition	3,583,932	1,699,056	5,282,988
First period movement	(7,335)	(13,993)	(21,328)
Second year movement	(137,150)	-	(137,150)
Cumulative paid claims	(894,438)	(248,308)	(1,142,746)
	2,545,008	**1,436,756**	**3,981,764**

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 and provisions for unexpired risk (gross and net of reinsurance) arising from insurance contracts:

	2022		2021	
	Gross $'000	Net $'000	Gross $'000	Net $'000
General Liability	2,671,799	2,282,803	1,278,395	1,087,435
Health reinsurance	48,169	45,198	30,605	29,803
Credit and suretyship	64,303	26,918	77,663	40,560
Marine, aviation and transport	159,502	98,839	144,244	120,641
Fire and other damage to property	216,064	122,417	197,926	121,015
Motor vehicle liability	234,508	205,722	214,979	197,402
Non-life annuities arising from reinsurance	136,421	136,421	167,898	167,898
Worker's compensation reinsurance	154,591	112,029	81,570	79,191
Credit and suretyship reinsurance	44,085	44,930	68,107	68,102
Fire and other damage to property reinsurance	240,613	198,931	263,039	211,426
Casualty reinsurance	319,926	302,083	1,140,155	1,110,972
Marine, aviation and transport reinsurance	213,037	175,534	177,921	174,473
Other	191,336	152,684	144,200	104,010
Claims expense reserve	77,255	77,255	75,295	75,295
	4,771,609	**3,981,764**	**4,061,997**	**3,588,223**

(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. The Group works closely with its subsidiary investment managers to review the duration of the investment portfolio in relation to the estimated mean duration of the liabilities.

The impact of a 100 basis point increase in interest rates on the value of the Group investments held at 31st December 2022 is an approximate $73.9 million loss to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate $79.7 million gain to the profit and loss account.

The Group is also exposed to interest rate risk within the Group's financial liabilities. This exposure lies predominately within the Group's Long Term Debt.

ii. Equity Price Risk

The Group 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.

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.

The Group's subsidiaries have 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 the Group's price risk arising from its investments in equity securities.

Listed equity securities held at 31st December 2022 represent 93.9% of total equity investments. If equity market indices had increased / decreased by 5%, with all other variables held constant, and all the Group's equity investments moved according to the historical correlation with the index, the profit for the period would increase / decrease by $nil as all equity investments are protected by fair value swaps.

iii. Currency Risk

The Group's subsidiaries manage their foreign exchange risk against their functional currency. The Group has a proportion of its assets and liabilities denominated in currencies other than the subsidiary functional currencies, the most significant being the Euro and Pound Sterling. The Group 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 31st December 2022, if the Euro had weakened by 10% more than the actual 2022 movement against the US Dollar with all other variables held constant, loss for the period would have been $62,000 more, mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets and US Dollar denominated liabilities, after forward currency contracts are taken into account.

At 31st December 2022, if the Pound Sterling had weakened by 10% more than the actual 2022 movement against the US Dollar with all other variables held constant, loss for the period would have been $4.4 million less, mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets and US Dollar denominated liabilities, after forward currency contracts are taken into account.

(c) Credit Risk

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 and provisions for unexpired risk (gross and net of reinsurance) arising from insurance contracts:

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

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from corporate bond issuers;
- Counterparty risk with respect to derivative transactions; and
- Cash at bank and in hand.

As the Group is an acquirer of run-off insurance liabilities its exposures to reinsurers and insurance intermediaries are typically determined by contracts previously written. The Group 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 the Group'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 order to mitigate credit risk exposure. This collateral is in the form of security accounts, deposits and letters of credit from reinsurers.

The Group reduces its exposure to credit risk in relation to investments by entering into transactions with counterparties that are reputable and by settling trades through recognized exchanges. The amount subject to credit risk at any one time is limited to the current fair value of derivative financial assets.

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

	2022 $'000	2021 $'000
Derivative financial instruments	76,294	104,231
Debt securities	3,197,430	1,584,162
Assets arising from reinsurance contracts held	1,182,203	1,393,168
Future premium receivable	59,156	9,252
Cash at bank and in hand	1,041,628	1,281,548
Lloyd's central fund loans	8,148	2,101
Lloyd's Overseas Deposits	220,579	155,150
Loan receivable	-	133,900
Total assets bearing credit risk	**5,785,438**	**4,663,517**

	2022 $'000	2021 $'000
AAA	853,452	285,117
AA, AA+. AA-	1,399,840	658,218
A, A+, A-	2,278,889	2,455,080
B++ and below or not rated	1,253,257	1,265,102
Total assets bearing credit risk	**5,785,438**	**4,663,517**

Included in 'B++ and below or not rated' assets are $860 million (2021: $868 million) of assets rated BBB or above.

Assets arising from reinsurance contracts held, including premium receivable are further analysed as follows:

	2022 $'000	2021 $'000
Performing	1,164,339	1,379,459
Past due	83,049	23,693
Impaired	2,725	2,590
Provision for irrecoverable amounts	(8,754)	(3,322)
Total	**1,241,359**	**1,402,420**

(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 cashflow forecasting and actuarial techniques. Limits are set 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 the Group'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.

31st December 2022	No Contractual Maturity Date $'000	<6 month or on demand $'000	Between 6 months and 1 year $'000	Between 1 year and 2 years $'000	Between 2 year and 5 years $'000	> 5 years $'000	Carrying value $'000
Derivative Financial Instruments	-	-	110,662	-	-	-	110,662
Creditors	-	282,555	19,342	13,628	25,247	14,033	354,805
Short and Long Term Debt	-	70,000	-	-	45,466	447,873	563,339
Claims Outstanding	-	552,034	552,032	852,809	1,388,926	1,425,808	4,771,609
Financial liabilities and outstanding claims	**-**	**904,589**	**682,036**	**866,437**	**1,459,639**	**1,887,714**	**5,800,415**

At 31st December 2021	No Contractual Maturity Date $'000	<6 month or on demand $'000	Between 6 months and 1 year $'000	Between 1 year and 2 years $'000	Between 2 year and 5 years $'000	> 5 years $'000	Carrying value $'000
Derivative Financial Instruments	-	6,012	141,497	-	-	-	147,509
Creditors	-	81,690	88,990	14,508	18,481	11,373	215,042
Short and Long Term Debt	-	-	-	-	45,129	440,696	485,825
Claims Outstanding	-	445,767	460,831	1,197,529	801,309	1,156,561	4,061,997
Financial liabilities and outstanding claims	**-**	**533,469**	**691,318**	**1,212,037**	**864,919**	**1,608,630**	**4,910,373**

(e) Capital Management

RiverStone International maintains an efficient capital structure comprising its equity shareholders' funds and certain borrowings consistent with its risk profile and the regulatory and market requirements of its business. The Group's objectives in managing its capital are:

- To satisfy the requirements of its policyholders, regulators and other stakeholders;
- 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;
- To allocate capital efficiently to support growth.

The Group considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance and debt, as appropriate, when assessing its deployment and usage of capital. The Group manages as capital all items that are eligible to be treated as capital for regulatory purposes. UK insurance entities within the Group are regulated by the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA'), Malta insurance entities are regulated by the Malta Financial Services Authority ('MFSA'), Bermuda insurance entities are regulated by the Bermudian Monetary Authority ('BMA') and Barbadian insurance entities are regulated by the Financial Services Commission ('FSC'). All are subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. The Group manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. RiverStone International manages its own regulatory capital by reference to capital requirements determined under UK Solvency II Directive. RiverStone International has complied with all of its capital requirements throughout the period.

(f) Long Term Debt

	Issue date	Due date	Callable by the Company after	2022 $'000
Outstanding debt				
US$34 million Interest rate 3 months LIBOR + 3.90%	03/06/2005	03/06/2035	03/06/2010	33,223
€12 million Interest rate 3 months EURIBOR + 3.85%	03/06/2005	03/06/2035	03/06/2010	12,507
US$26 million Interest rate 3 months LIBOR + 4.50%	16/01/2006	15/01/2026	16/01/2011	25,707
US$20 million Interest rate 3 months LIBOR + 3.85%	15/12/2006	15/12/2026	15/12/2011	19,759
US$400 million Interest rate SOFR + 6.00%	13/12/2021	13/12/2031	13/12/2026	402,143
Total debt at amortised cost				**493,339**
Weighted average interest rate				**5.64%**

US debt with Interest rate of '3 months Libor' is due to expire in June 2023. The Group is currently reviewing options for replacement.

(g) Short Term Debt

The Group has a multicurrency revolving credit facility ('RCF') of $150 million with a tenor of 5 years. On 16th December 2022 $70 million of this facility was drawn at an interest rate of SOFR +3% to support certain acquisition activity. This was drawn repaid in full on 17th January 2023.

6 Reconciliation of Technical Provisions

A reconciliation of the changes to the Group's gross, ceded and net loss reserves from 1st January 2022 to 31st December 2022:

	2022		
	Gross $'000	Ceded $'000	Net $'000
Amounts at 1st January 2022	4,061,997	(473,775)	3,588,222
Liabilities acquired in normal course of business	2,293,675	(553,684)	1,739,991
Amounts paid during the year	(1,275,081)	322,031	(953,050)
Change in estimates	(69,926)	(22,830)	(92,756)
Foreign exchange	(239,056)	(61,587)	(300,643)
Amounts at 31st December 2022	**4,771,609**	**(789,845)**	**3,981,764**

7 Analysis of Gross Business

	Gross premiums written 2022 $'000	Gross premiums earned 2022 $'000	Gross claims incurred 2022 $'000	Gross operating expenses 2022 $'000	Reinsurance balance 2022 $'000
Direct Insurance					
Accident and health	58,061	59,975	(106,485)	(1,739)	52,803
Motor	109,127	114,425	(127,433)	(3,318)	39,478
Marine, aviation and transport	146,668	147,979	(170,573)	(4,291)	28,280
Credit and surety	41,839	36,511	(9,307)	(1,059)	38,207
Fire and other damage to property	303,016	308,645	(300,458)	(8,950)	20,404
Third party liability	564,395	581,115	(712,664)	(16,853)	127,536
Miscellaneous	3	(4)	2,348	-	(2,091)
Sub total	**1,223,109**	**1,248,646**	**(1,424,572)**	**(36,210)**	**304,617**
Reinsurance acceptances	511,917	514,604	(480,312)	(14,923)	3,578
Total	**1,735,026**	**1,763,250**	**(1,904,884)**	**(51,133)**	**308,195**

	Gross premiums written 2021 $'000	Gross premiums earned 2021 $'000	Gross claims incurred 2021 $'000	Gross operating expenses 2021 $'000	Reinsurance balance 2021 $'000
Direct Insurance					
Accident and health	25	702	279	(116)	(50)
Motor	1	30	10	(120)	3
Marine, aviation and transport	81	2,385	924	(1,009)	(1,232)
Credit and surety	28	773	160	(53)	(132)
Fire and other damage to property	42	1,506	500	(2,760)	(43)
Third party liability	463	12,645	5,110	(6,043)	(2,695)
Miscellaneous	(3)	(76)	(12)	(144)	(78)
Sub total	**637**	**17,965**	**6,971**	**(10,245)**	**(4,227)**
Reinsurance acceptances	1,349,664	1,280,530	(1,234,741)	(13,782)	(4,019)
Total	**1,350,301**	**1,298,495**	**(1,227,770)**	**(24,027)**	**(8,246)**

8 Net Operating Expenses

	2022 $'000	2021 $'000
Transaction costs	-	13,819
Administrative expenses	51,133	21,519
	51,133	**35,338**

Included in the administrative expenses are consolidated details of staff costs for the period shown below:

	2022 $'000	2021 $'000
Wages and salaries	34,866	8,204
Social security costs	4,996	1,501
Other pension costs	2,841	740
	42,703	**10,445**

The average monthly number of employees of the Group, by main activity, during the period was made up as follows:

	2022 No.	2021 No.
Office and management	36	28
Claims	125	102
Operations	26	29
Services	64	49
Financial and actuarial	34	32
	285	**240**

During the period $0.6 million (2021: $0.5 million) was paid to key management personnel.

9 Auditors' Remuneration

	2022 $'000	2021 $'000
Audit of these financial statements	55	37
Audit of subsidiaries financial statements	1,508	1,571
Total	**1,563**	**1,608**
Total Non-audit related other assurance services	**881**	**612**

10 Investment Return

	2022 $'000	2021 $'000
Investment income		
Income from financial assets at fair value through profit and loss – designated upon initial recognition	47,969	5,767
Deposit interest	9,197	(111)
Income from treasury bills	4,768	879
Income from loan notes	9,896	3,023
Total	**71,830**	**9,558**

11 Finance Costs

	2022 $'000	2021 $'000
Debt Interest	32,192	8,337
Debt Issuance Fees	6,621	17,551
Letter of Credit Facility Commissions	10,719	3,001
	49,532	**28,889**

12 Other Charges

	2022 $'000	2021 $'000
Amortisation of goodwill	5,245	554

13 Investment Expenses and Charges

	2022 $'000	2021 $'000
Investment Expenses	3,376	922

Investment expense relate to fees paid in respect of managing the investment portfolio.

14 Tax on (Loss) / Profit

(a) Current Tax

	2022 $'000	2021 $'000
Foreign Tax – current tax on income for the period	764	7,653

Deferred Tax

Origination and reversal of timing differences	907	6,129

Total tax credit	**1,671**	**13,782**

(b) Factors Affecting the Tax Charge for the Year

The Standard rate of corporation tax in the Jersey of 0% (2021: 0%). The differences are explained below:

	2022 $'000	2021 $'000
(Loss) before tax	**(714)**	**(22,192)**
(Loss) / Profit before tax multiplied by the corporate tax in Jersey 0%	-	-
Loss taxed at different rate in foreign jurisdiction	(1,313)	(3,089)
Current tax credit arising from use of unutilised losses	2,077	10,742
Deferred tax origination and reversal of timing differences	907	6,129
Total tax credit for the year	**1,671**	**13,782**

15 Goodwill

	Goodwill $'000
Cost	
At 1st January 2022	61,088
On acquisition	(19,447)
Additions	5,423
Disposals	-
At 31st December 2022	**47,064**

	Goodwill $'000
Accumulated Amortisation	
At 1st January 2022	-
Charge for year	(5,245)
At 31st December 2022	**(5,245)**
Net book amount	
At 31st December 2022	**41,819**

16 Tangible Assets

	Fixtures and Fittings $'000	Leasehold Improvements $'000	Total $'000
Cost			
At 1st January 2022	1,743	820	2,563
Additions	-	-	-
Disposals	-	-	-
At 31st December 2022	**1,743**	**820**	**2,563**
Accumulated Depreciation			
At 1st January 2022	(1,368)	(298)	(1,667)
Charge for year	(297)	(266)	(563)
At 31st December 2022	**(1,665)**	**(564)**	**(2,229)**
Net book amount			
At 31st December 2021	**375**	**522**	**897**
At 31st December 2022	**78**	**256**	**334**

17 Other Financial Investments

(a) Other Financial Investments by Category

	Market Value 2022 $'000	Market Value 2021 $'000	Historic Cost 2022 $'000	Historic Cost 2021 $'000
Financial Assets – At fair value through profit and loss				
Shares and other variable-yield securities and units in unit trusts – Designated at fair value through profit and loss on initial recognition	504,771	998,564	464,889	777,532
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	3,197,430	1,584,162	3,326,661	1,789,459
Lloyds Overseas Deposits	220,579	155,150	220,579	155,150
Loan notes	8,148	136,001	8,148	136,001
Derivative financial instruments – At fair value through profit and loss, held for trading	76,294	104,231	-	-
	4,007,222	**2,978,108**	**4,020,277**	**2,858,142**
Deposits with ceding undertakings				
Funds withheld	**570,399**	**418,721**		
Financial Liabilities				
Fair Value Swaps	106,010	141,497	-	-
Derivative financial instruments – At fair value through profit and loss, held for trading	4,652	6,012	-	-
	110,662	**147,509**	**-**	**-**

(b) Disclosures of Fair Values in Accordance with the Fair Value Hierarchy

	Level 1 2022 $'000	Level 2 2022 $'000	Level 3 2022 $'000	Total 2022 $'000
At fair value through profit and loss				
Debt securities and other fixed-income securities designated at fair value through profit or loss upon initial recognition	3,085,903	59,676	51,852	3,197,431
Shares and other variable-yield securities and units in unit trusts – Designated at fair value through profit and loss on initial recognition	416,239	17,497	71,034	504,770
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	76,294	76,294
Lloyds Overseas Deposits	25,761	194,818		220,579
Loan notes	-	-	8,148	8,148
Total	**3,527,903**	**271,991**	**207,328**	**4,007,222**

	Level 1 2021 $'000	Level 2 2021 $'000	Level 3 2021 $'000	Total 2021 $'000
At fair value through profit and loss				
Debt securities and other fixed-income securities designated at fair value through profit or loss upon initial recognition	522,202	996,379	65,581	1,584,162
Shares and other variable-yield securities and units in unit trusts – Designated at fair value through profit and loss on initial recognition	646,520	284,830	65,113	996,463
Derivative financial instruments at fair value through profit or loss, held for trading	-	1,950	102,281	104,231
Lloyds Overseas Deposits	18,120	137,030		155,150
Loan notes	-	136,001	2,101	138,102
Total	**1,186,842**	**1,556,190**	**235,076**	**2,978,108**

The Group discloses its investments in accordance with a fair value hierarchy with the following levels:

- Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;
- 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;
- Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

(c) 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.

(d) Collateralised Investments

The Group has pledged and encumbered financial assets amounting to $2,568.4 million in respect of various collateral and trust fund arrangements. These arrangements include outstanding letters of credit and guarantees issued in favour of certain cedants and other creditors, trust fund deposits held to cover US and CAD Dollar liabilities at Lloyd's of London and Lloyd's of London capital requirements. The terms and conditions of these arrangements are market standard.

(e) Held for Sale Investments

Included within other financial investments are $506.3 million of investments that as at 31st December 2022 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 Group 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.

18 Pension Costs

Defined Contribution Schemes

All Group staff are eligible to join a pension scheme. Contributions under such schemes are a percentage of salary. This percentage varies according to the age of the member of staff concerned.

The costs incurred by the Group under the scheme during the year were $580,181. Outstanding company contributions payable at 31st December 2022 were $271,053. These contributions have since been paid.

19 Debtors Arising Out of Direct Insurance Operations

	2022 $'000	2021 $'000
Amounts owed by intermediaries	**151,261**	**106,141**

20 Debtors Arising Out of Reinsurance Operations

	2022 $'000	2021 $'000
Amounts owed by reinsurers and intermediaries	**272,079**	**749,006**

21 Other Debtors

	2022 $'000	2021 $'000
VAT / IPT / Corporation Tax recoverable	15,475	14,682
Receivable for Securities Sold	54,867	-
Sundry Debtors	35,463	8,183
	105,805	**22,865**

22 Called up Share Capital

	2022 $	2021 *Restated $
Allotted		
857,000,000 Ordinary Shares Class A of $1	857,000,000	857,000,000
200,000,000 Ordinary Shares Class B of $1*	200,000,000	200,000,000
7,818,388 Ordinary Shares Class C of $1*	7,818,388	7,633,500
	1,064,818,388	**1,064,633,500**

Total allotted and fully paid		
857,000,000 Ordinary Shares Class A of $1	857,000,000	857,000,000
200,000,000 Ordinary Shares Class B of $1*	200,000,000	200,000,000
7,818,388 Ordinary Shares Class C of $1*	7,818,388	7,633,500
	1,064,842,500	**1,064,642,500**

*Class B shares have been restated and reduced by 525,000 to correct for a prior period error

23 Creditors Arising Out of Direct Insurance Operations

	2022 $'000	2021 $'000
Amounts falling due within one year		
Amounts owed to intermediaries	**42,000**	**20,498**

Amounts falling due after one year		
Amounts owed to intermediaries	**9,688**	**5,061**

24 Creditors Arising Out of Reinsurance Operations

	2022 $'000	2021 $'000
Amounts falling due within one year		
Balances owed to cedants and intermediaries	**133,007**	**92,163**

Amounts falling due after one year		
Balances owed to cedants and intermediaries	**30,679**	**20,395**

25 Other Creditors Including Tax and Social Security

	2022 $'000	2021 $'000
Amounts falling due within one year		
Payable for securities purchased	11,060	36,888
Tax payable	3,703	564
Restructuring provision	-	9,669
Accruals	24,326	-
Sundry creditors	18,131	10,943
Deferred consideration payable on acquisition (note 29)	142,217	-
	199,437	**58,064**

Amounts falling due within one year		
Sundry creditors – Rent free provision	**4,442**	**18,861**

26 Deferred Taxation

	2022 $'000	2021 $'000
Liability at 1st January 2022	5,273	4,668
Recognition of future timing differences	(5,273)	605
Liability at 31st December 2022	**-**	**5,273**

27 Deferred Taxation

	2022 $'000	2021 $'000
Liability at 1st January 2022	6,734	-
At acquisition	2,411	-
Recognition of future timing differences	(6,180)	6.734
Liability at 31st December 2022	**2,965**	**6,734**

28 Other Financial Commitments

At 31st December 2022, the Group was committed to making the following minimum payments under non-cancellable operating leases for each of the following periods:

	2022 $'000	2021 $'000
Within one year	2,791	5,387
Between one and five years	11,188	18,864
Over five years	21,083	23,763
	35,062	**48,014**

29 Business Combinations

On 22nd June 2022 RiverStone Holdings Limited ('RHL'), a wholly-owned subsidiary of RiverStone International, completed the acquisition of all the outstanding shares of ArgoGlobal Holdings Malta Limited ('AGH'), subsequently renamed RiverStone Holdings (Malta) Limited, including its wholly owned subsidiary ArgoGlobal SE ('AGSE'), subsequently renamed RiverStone Insurance (Malta) Limited, for cash consideration of €4.9 million. On a UK GAAP basis, AGH had a net asset value of €20.6 million on acquisition.

On 19th December 2022, RiverStone Holdings Limited ('RHL'), completed the acquisition of all the outstanding shares of Endurance at Lloyd's Limited ('EAL'), Subsequently renamed RiverStone At Lloyd's Limited, and Endurance Corporate Capital Limited ('ECCL'), subsequently renamed RiverStone Corporate Capital 5 Limited, together the combined transaction is represented in the tables below as 'Endurance'.

On a UK GAAP basis, EAL was valued at $2.7 million and ECCL was valued at $154.5 million. Total purchase price payable by RHL was $2.3 million for EAL, all of which was paid as cash at completion. Total purchase price payable by RHL was £11.1 million and $158.8 million for ECCL, of which was £11.1 million and $16.6 million was paid in cash at completion and $142.2 million was deferred and recognised as deferred consideration payable. The payment of the deferred consideration is considered to be probable, and the deferred amount can be measured reliably, it was subsequently paid in full in February 2023.

A business combination is defined as the bringing together of separate entities or businesses into one reporting entity. [FRS 102 para 19.3]. RIHL has acquired control of AGH, by virtue of its majority holding of RHL.

The fair value of net assets exceeded the purchase consideration at the date of acquisition for both AGH and Endurance. Negative goodwill of $17.0 million and $2.4 million has been recognised for AGH and Endurance acquisitions respectively.

The following table summarises the consideration paid by the Group, the fair value of the assets acquired, fair value liabilities assumed, and total consideration at the acquisition date:

	Endurance $m	AGH $m	Book Value of Net Assets on Acquisition $m	Endurance $m	AGH $m	Fair Value Adjustments $m	Endurance $m	AGH $m	Adjusted Net Assets $m
Assets									
Other financial investments	290.4		**290.4**			**-**	290.4	-	**290.4**
RI share of technical provisions – Claims Outstanding	246.2	122.5	**368.7**	(29.9)	(29.3)	**(59.2)**	216.3	93.2	**309.5**
RI share of technical provisions – Unearned Premium	13.1	6.4	**19.5**	(4.9)	(1.5)	**(6.4)**	8.2	4.9	**13.1**
Debtors including deferred tax	92.6	12.0	**104.6**	(6.6)	0.2	**(6.4)**	86.0	12.2	**98.2**
Cash at Bank and in Hand	127.1	22.8	**149.9**	-	-	**-**	127.1	22.8	**149.9**
Prepayments and Accrued income including Deferred acquisition costs	13.6	2.2	**15.8**	(7.5)	(2.2)	**(9.7)**	6.1	0.0	**6.1**
Liabilities									
Technical Provisions – Claims Outstanding	(533.4)	(132.6)	**(666.0)**	54.3	31.7	**86.0**	(479.1)	(100.9)	**580.0**
Technical Provisions – Unearned Premiums	(27.7)	(7.1)	**(34.8)**	10.0	1.7	**11.7**	(17.7)	(5.4)	**23.1**
Creditors	(64.6)	(4.5)	**(69.1)**	4.2	-	**4.2**	(60.4)	(4.5)	**64.9**
Net Assets (Liabilities)	**157.2**	**21.6**	**178.8**	**19.7**	**0.6**	**20.3**	**176.9**	**22.2**	**199.1**
Total Consideration							174.5	5.1	**179.6**
Goodwill arising on acquisition							**(2.4)**	**(17.1)**	**(19.5)**

The adjustments arising on acquisitions of 'Endurance' and AGH were in respect of the following:

- A fair value adjustment in respect of outstanding claims represents a reassessment of the level of outstanding claims at the date of acquisition;
- A fair value adjustment in respect of unearned premiums and deferred acquisition costs which represents a reassessment of the level of these provisions at the date of acquisition;
- A fair value adjustment to eliminate pre-existing fair value adjustments;
- An adjustment reflecting the impact on deferred tax as a result of the above adjustments.

30 Litigation and Contingent Liabilities

The Group is regularly involved, directly or indirectly, in litigation in the ordinary course of conducting its business including certain cases relating to asbestos and environmental pollution claims, as more fully described in Note 4. In the judgment of the Directors, none of these cases, individually or collectively, are likely to result in judgments for amounts which, net of loss and loss adjustment expense reserves previously established and reinsurance recoverables which the Group believes are probable of realisation, would have a material effect on the financial position of the Group.

31 Investments in Group Undertakings

RiverStone International directly owns all of the ordinary issued share capital of the following companies (none of which are listed). Under FRS 102, the carrying value of the investments in subsidiary undertakings on the balance sheet of RiverStone International is based on a cost less impairment accounting policy.

Name of Undertaking	Country	Registered address
Gatland Holdco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
Gatland Topco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
Gatland Midco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
Gatland Bidco Limited	Jersey	Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX
TIG Insurance (Barbados) Limited	Barbados	Pine Commercial Centre, #12 Pine Commercial, The Pine, St Michael, Barbados, BB11103
RiverStone International Limited	Bermuda	Clarence House, 2 Church Street, Hamilton HM 11, Bermuda
RiverStone International (Bermuda) Limited	Bermuda	Clarence House, 2 Church Street, Hamilton HM 11, Bermuda
Advent Capital (Holdings) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Capital (No.2) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Advent Capital (No.3) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Holdings Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU

Name of Undertaking	Country	Registered address
RiverStone Managing Agency Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Insurance (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Management Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 2 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 3 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 4 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 5 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
GAI Holding Bermuda Limited	Bermuda	22 Victoria Street Hamilton, Bermuda
GAI Indemnity Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Holdings (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Lavenham Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Management Services Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Service Company (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Sampford Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Gemini Holdco Limited	Ireland	Pavilion House, 31 Fitzwilliam Square, Dublin 2
RiverStone Holdings (Malta) Limited	Malta	Aragon House Business Centre, Level 2, Dragonara Road, St Julian's, STJ3140
RiverStone Insurance (Malta) SE	Malta	Aragon House Business Centre, Level 2, Dragonara Road, St Julian's, STJ3140
RiverStone at Lloyd's Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU

32 Related Party Transactions and Immediate and Ultimate Parent Company

RiverStone International is the smallest and largest group of undertakings to consolidate these financial statements. The majority of the shares in RiverStone International are held by investment funds or vehicles managed by the controlling party CVC Capital Partners Strategic Opportunities II Limited. RiverStone International is the ultimate holding company of the Group and is registered in Jersey.

33 Subsequent Events

Effective 1st January 2023, Syndicate 3500 entered into five external reinsurance to close transactions and one split reinsurance to close transaction resulting in the transfer to Syndicate 3500 of gross and net technical provisions of $2,199 million and $1,598 million respectively, and one loss portfolio transfer reinsurance for gross and net technical provisions of $184 million.

On 3rd March $100 million of capital was injected into RiverStone International Holdings Limited via a issuance of class A shares.

RiverStone
International

RiverStone International

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