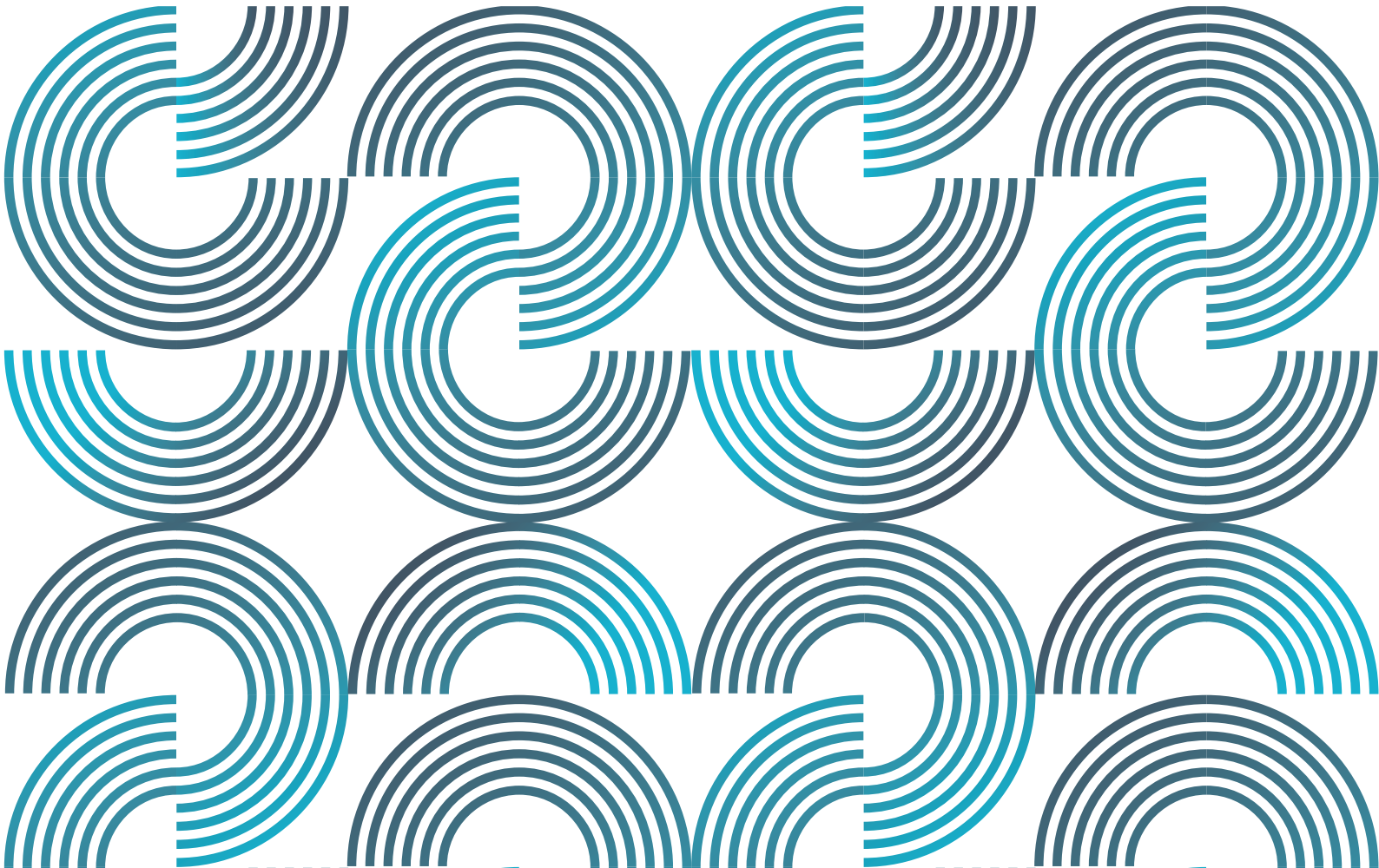




**RiverStone**  
International

# RiverStone International Holdings Limited

Consolidated 2023 Annual Report



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# Strategic Report

The Directors' have pleasure in presenting the Strategic Report of the RiverStone International Holdings Limited group ('the Group' or 'RiverStone International') for the year ended 31<sup>st</sup> December 2023. Reference to 'the Company' means RiverStone International Holdings Limited as an individual entity.

## Key Financial Performance Indicators

### New Business

**\$2.2bn**

In net claims acquired in 2023 (2022: \$2.3 billion)

**7**

Transactions completed in 2023 (2022: 7)

### Financial Position

**\$1.4bn**

In Adjusted Tangible Book Value (2022: \$1.2 billion)<sup>1</sup>  
– **growth of 16.7%**  
(tangible book value \$1.4 billion)

**\$5.9bn**

In Financial Investments and Cash (2022: \$5.6 billion)

**\$5.8bn**

Gross Insurance Liabilities (2022: \$4.9 billion)  
– **growth of 17%**.

**4.4%**

Underwriting return on reserves (2022: 4.4%)<sup>5</sup>

### Financial Performance

**\$189m**

In underwriting profits (2022: \$167 million)<sup>2</sup>  
– **growth of 12.6%**

**\$211m**

In investment income (2022: \$72 million)  
– **yield of 4.7%**<sup>3</sup>

**\$230m**

Adjusted profit before tax (2022: \$147 million)<sup>4</sup> (Profit before tax \$340 million)

**16.0%**

Return on Opening Adjusted Tangible Book Value (2022: 14.7%)<sup>6</sup>

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 (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. Yield is calculated as investment income divided by the average of opening and closing financial investments.
4. Adjusted profit before tax defined as profit/(loss) before tax less unrealised gains and losses on investments.
5. Underwriting return on reserves is calculated as underwriting profits as a percentage of the average of opening and closing net insurance liabilities (note 5a(v)).
6. Adjusted profit before tax divided by adjusted tangible book value as at 1 January.



## Our Global Operations

The Group operates an international business model with offices in multiple jurisdictions as shown on the map below.



\* Acquisition subject to regulatory approval


## 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 II fund.

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 2023 to support the strong deal pipeline an additional \$100 million of tier 1 capital was injected into the Group by CVC and their co-investors.



**38**  
Deals closed since 2010



**\$6.1bn**  
In cumulative gross claims paid since 2010

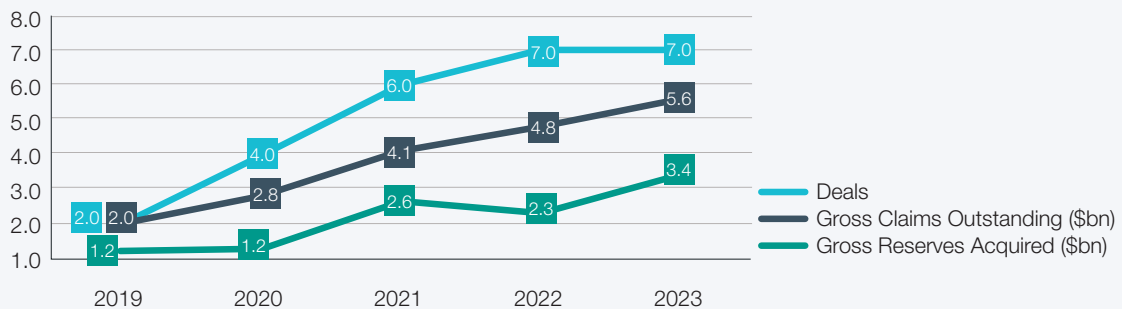


**\$14.5bn**  
In gross liabilities acquired since 2010



**\$1.4bn**  
In Shareholders' Equity (2022: \$1.1 billion)

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, which has been >\$2 billion for the last three years in a row:



Cumulative amounts from 2010 represent the point at which RiverStone International subsidiaries became active acquirers of third-party legacy business.

## 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 345 employees based in London, Brighton, Ipswich, Darlington, 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:

RiverStone International Group	
<p><b>UK Company Platform</b></p> <p>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.</p>	<p><b>Lloyd's Platform</b></p> <p>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. Syndicate 3500 is the largest legacy specialist syndicate in the Lloyd's market and, at the beginning of 2023, was the largest Syndicate by gross insurance liabilities at Lloyd's of London.</p>
<p><b>European Platform</b></p> <p>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. On 2<sup>nd</sup> February 2024 the Group completed the acquisition of a licensed Irish insurance entity now named RiverStone International Ireland DAC, regulated by the Central Bank of Ireland.</p>	<p><b>Bermuda Platform</b></p> <p>RiverStone International Bermuda Limited – a Class 3B Bermudian reinsurer, established in 2022 and regulated by the Bermuda Monetary Authority ('BMA').</p>
<p><b>United States Platform</b></p> <p>Agreed to acquire, subject to regulatory approval, a standalone US platform to access North America (largest run-off market with \$460 billion of reserves), which includes licences in all US States and Canada.</p>	<p><b>The Group also operates the following key entities:</b></p> <ul style="list-style-type: none"> <li>• <b>TIG Insurance (Barbados) Limited</b> – an internal reinsurance carrier, authorised by the Financial Services Commissions ('FSC').</li> <li>• <b>RiverStone Management Limited</b> – a UK based services company, regulated by the FCA, providing operational and administrative support to certain key companies within the Group.</li> </ul>

## Recent Transactions

RiverStone International is a trusted counterparty with sellers and regulators, recent counterparties include:

- ArgoGlobal Holdings (Malta) Ltd (Company Acquisition)
- Canopus Group (Loss Portfolio Transfer "LPT")
- Sompo International Holdings Ltd (Company Acquisition)
- Brit Ltd Syndicate 2987 (LPT)
- Hamilton Insurance Group Ltd Syndicate 2014 & 4000 (Reinsurance to Close "RITC")
- MS Amlin Underwriting Limited Syndicate 2001 (LPT & RITC)
- Catalina Insurance Ireland (Company Acquisition)
- AXIS Capital Holdings Ltd (LPT)

## Our Values

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

The evolution of our business, and the talented people that drive it, are responsible for fostering a diverse culture where everyone is fulfilled, valued and included.

We champion and will always strive for responsible and sustainable outcomes for our people, clients, communities and the environment. 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** and 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 in an **inclusive** way.

## Our Mission



**To provide economic and legal finality solutions to insurers and reinsurers whilst protecting reputations through timely claims payments, operational excellence, and sound financial management.**

## What Sets Us Apart

### #1 in Lloyd's and #2 Globally

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

### Established track record

Closing 38 deals since 2010 across a range of values (~\$12 million up to ~\$1.9 billion insurance reserves) and with a high degree of structural complexity.

### Reliable to work with

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

### Established reputation with regulators

Good longstanding relationships with regulators to support approval on deals.

### Experienced team at all levels

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

### Technology and migration support

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 times of 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 change, including regulatory, accounting, system and performance impacts.

<b>Fast due diligence process</b>	Due Diligence and transaction documents can be completed in <b>4-6 weeks</b> , with risk transfer shortly thereafter.	
<b>Experience and capabilities across a variety of lines</b>	<ul style="list-style-type: none"> <li>• Asbestos, Pollution &amp; Health Hazard.</li> <li>• Aviation.</li> <li>• Director's &amp; Officers'.</li> <li>• Employers Liability &amp; Public Liability.</li> <li>• Financial Lines.</li> <li>• General Liability.</li> </ul>	<ul style="list-style-type: none"> <li>• Marine.</li> <li>• Medical Malpractice.</li> <li>• Personal &amp; Commercial Auto.</li> <li>• Professional Indemnity.</li> <li>• Property.</li> <li>• Workers' Compensation.</li> </ul>
<b>Flexible transaction structuring</b>	<ul style="list-style-type: none"> <li>• Broad range including: reinsurance (both proportional and non-proportional), portfolio transfers, full legal entity acquisitions and bespoke transactions.</li> <li>• Flexibility to take on employees and systems – since 2005 RiverStone International has successfully completed &gt;90 system migrations onto its sector-leading in-house technology platform.</li> </ul>	



## RiverStone International Value Drivers

Income Streams

### Liability Management

**\$189 million**

Underwriting profits

- Reserve Releases.
- Deal premium.
- Profit in unearned premium delivered by close oversight of unexpired risk run-off.
- Deep market and broad class of business expertise permit quick assimilation of acquired portfolios into our core liability management processes generating strategic synergies and ensuring a high class service for all stakeholders.
- Best estimate case reserving philosophy applied to every claim.



**4.4%** (2022: 4.4%)

Underwriting return on reserves

- Liability management focussed operating model, delivers information early enabling faster settlements and effective cost control.
- Dedicated delegated business management team, drives strong performance of third parties through close collaboration and oversight.
- Focussed credit control, reinsurance and underwriting teams maintain strong relationships with brokers, coverholders, insureds and cedants enhancing the financial security of RiverStone International and confirming the accurate valuation of reinsurance asset due.

### Asset Management

**\$211 million**

Investment income

- Optimal strategic asset allocation with a core portfolio of fixed income securities combined with diligently selected alternative assets to drive outperformance over the long-term.
- Deploy investment assets as opportunities arise.
- Current investment yield of 4.7%.



### Adjusted profit before Tax

**\$230 million**

Return on Opening Adjusted Tangible Book Value 16%



### Financing Costs

**\$73 million**

Finance costs

- Long term debt of \$487.4 million, supporting long-term capital demands of the group at favourable yields, and boosting overall return on equity.
- Funds at Lloyd's letter of credit facility optimises capital stack supporting Syndicate 3500.
- Undrawn \$250 million revolving credit facility available to provide short-term solvency and liquidity to operating subsidiaries, ensuring transactional demands can be supported throughout the cycle.



### Expense Costs

**\$83 million**

Operating expenses

- Operating expense to net technical provisions ratio of 1.8%, reflects carefully controlled and deliberately focused approach to cost management.

Cost Centres

Non-GAAP measures as defined on page 4







# 2023 Achievements

2023 is the most successful underwriting year in RiverStone International's history

## Market Dynamics

### A Large and Growing Market

- Continued growth in the global non-life run-off market with \$960 billion of reserves, +11% YoY, and strong levels of market activity.

### #1 in Lloyd's and #2 Globally

- RiverStone has a market leading position (now #2 globally and #1 in Lloyd's), which is supporting the company's continued new deal flow and returns underwritten ahead of plan.

## New Business and International Expansion

### New Deals and Underwriting

- Underwritten significant new business volumes of \$2.2 billion in 2023, and >\$2 billion for the last 3 years.

### United States and EU Expansion

- Signed 2 additional transactions due to close in H1 2024 that will add platforms in the US and Europe.

### Capital Injection

- Our third party funding structures were supported by incremental shareholders and co-investors capital of \$100 million.

## Initiatives

### Standalone Investment Strategy

- Developed in-house investment management capabilities as an independent platform, with new strategic asset allocation established and delivering an optimised investment yield.

### Access to Capital for Growth

- Sourced attractive capital solutions in the debt and reinsurance markets, including member level reinsurance and, an increased revolving credit facility, in order to maximise RiverStone's capacity for new deals.

### Optimise Operating Model

- Reviewed processes and cost base for efficiency and automation potential. Supporting implementation whilst ensuring best-in-class customer service and resilience.





# 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.

Establishment and Integration of the United States and European platforms.

Continue to fully deploy and optimise the investment strategy.

Manage a dynamic interest rate and environment, protecting capital and maximising investment return.

Continue to build access to new forms of strategic capital and reinsurance to support larger deals.

Deliver the business plan and sustainability strategy.



# Chair's Report



## Preben Prebensen

### Chairman

In 2023 we acquired over \$2 billion of net reserves and we reported our best underwriting year in our history with underwriting profits of \$188.8 million.

We also reported investment income of over \$211.1 million, a remarkable outcome and testament to the focus spent on building out our investment function over the last two years.

This combination of underwriting and investment performance produced a 56% increase in adjusted profit before tax to \$230.6 million and a return on opening adjusted tangible book value of 16.0%.

We have also made important strategic strides in 2023. We confirmed our position as the leading legacy acquirer in the Lloyds market and have also completed several Bermudian reinsurance transactions with continued focus on building out our local presence to support our international growth strategy.

In addition, we have announced acquisitions in the United States and in Ireland which will provide us with key platforms for future growth, allowing us to provide legacy solutions across multiple territories.

As the Group continues to grow and develop, we will also grow and develop our management team. Luke Tanzer, our Group CEO will be increasingly focussed on our international operations and expansion and to enable that we have asked Andrew Creed our Group CFO to take on the UK CEO role. They are supported by Group and UK Executive teams and 345 colleagues, who all maintain our reputation for excellence and our very strong culture.

On behalf of the Group Board, I would like to thank them all for their great work in 2023.





This has been an outstanding year for RiverStone International, both in operating performance and in the strategic development of the Group.

**Preben Prebensen**  
Chairman



# CEO's Report



## Luke Tanzer Group CEO

I am delighted to report that 2023 was another excellent and transformative year for RiverStone International. We delivered record operating profit whilst continuing to deliver on our growth and international expansion strategy.

During 2023 we successfully acquired over \$2 billion in net reserves for the third successive year, commencing the year with five reinsurance-to-close ("RITC") transactions at Lloyd's. These transactions, which included the RITC of the 2018 and prior years of the MS Amlin Syndicate, one of the largest RITC's ever undertaken in the Lloyd's market, cemented our position as the number one provider of legacy solutions in the Lloyd's market.

Completing these UK transactions in the first quarter allowed us to focus our attention on international acquisition opportunities to continue to drive our global strategy. In the second half of the year we closed our second Bermudian reinsurance transaction and signed agreements to acquire two companies domiciled in Ireland and the United States, both of which will close in the early part of 2024. We are excited by the potential for these new platforms to generate growth in key territories replicating the success we have achieved over many years from our existing platforms.

### **#1 in Lloyd's and #2 Globally**

Our fantastic financial performance and significant year-on-year growth has confirmed our position as a market leader with a track record of completing large and complex transactions with speed, confidentiality, and certainty.

Our ability to deliver fully on our promises was clearly evidenced by the smooth transition and integration of the large Lloyd's portfolios into our operations whilst maintaining the high standards of operational performance which we pride ourselves on. We were able to successfully overcome the challenges posed by simultaneously integrating four new Lloyd's portfolios into our operations, maintaining our "Good" rating within the Lloyd's Oversight Framework. Whilst our success has been built on the market knowledge and experience, accumulated over our 25-year history, we continually strive for operational improvement and process and system development.

Our operational excellence and solid technology platform have supported our growth and enabled us to generate significant scale efficiencies giving us a recognised competitive advantage. Our open, honest, and collaborative approach builds lasting relationships with our clients and leads to repeat business as evidenced by the fact that the RITC with MS Amlin was the fourth transaction undertaken with the Syndicate over the past five years.

### **Pipeline and International Expansion**

The pipeline of potential acquisitions remains strong with the continuing hard underwriting market providing companies with a good incentive to maximise capital efficiency through the disposal of prior year reserves and/or the exiting underperforming lines of business. We have enjoyed a very busy start to 2024 with due diligence underway on several potential opportunities across all territories and with work being undertaken to gain the regulatory approvals required to close our two overseas company purchases. Our Irish acquisition was approved in the last week of January with completion in the first week of February and our United States company was approved in Q1 2024 with completion expected to follow shortly thereafter.

These acquisitions are strategically important as they will provide platforms to access new business on a geographically diversified platforms, reducing the reliance on any given market and the impacts of local business cycles. Given their importance as bases for future acquisitions we have retained the senior management and a strong team in Ireland, and we plan to do the same in the United States meaning that both entities will to a large extent be operationally autonomous upon transaction closure. The Irish acquisition increases our presence in the EEA, whilst the entity we are acquiring in the United States is licenced in all States, and this combined with their operational substance means that we will be able to act quickly to acquire and integrate new business onto these platforms.

### **Liability and Asset Management Excellence**

In addition to achieving our growth and international expansion strategies, 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 exceeded our net underwriting target generating income of nearly \$215 million through the proactive management of reserves, provisions, technical balances, and reinsurance asset.

Despite pressures from interest rate rises we succeeded in keeping on budget for our expense and finance costs. Our commitment to building a strong investment team over the course of the past two years literally paid dividends, when we produced the best investment returns in our history, generating investment income of over \$211.1 million and unrealised gains of nearly \$109.6 million. Through the efforts of the investment team in ensuring duration and currency matching and deployment of the strategic asset allocation we are better positioned than ever to cope with investment fluctuations and to take advantage of good opportunities.



Our fantastic financial performance and significant year-on-year growth has confirmed our position as a market leader with a track record of completing large and complex transactions with speed, confidentiality, and certainty.

**Luke Tanzer**  
Group CEO







## CEO's Report (continued)

### Efficient Capital Management and Effective Growth

The opportunistic nature of acquiring new business makes it very difficult to forecast with certainty the exact timing and amount of capital required to execute our business plans. We are therefore very focussed on efficient capital management and in finding new, diversified, and flexible capital sources to support our growth strategy. At the beginning of 2023 we put in place an innovative Corporate Member reinsurance cover to help enable us to underwrite the new RITC transactions. Additionally, our shareholders and their co-investors injected \$100 million of new equity further demonstrating the strength of their commitment and confidence in our strong acquisition pipeline and growth targets. During the remainder of 2023 we have worked hard on increasing our credit facilities to ensure that the liquidity to fund future acquisition capital requirements can be obtained promptly.

A key part of our growth strategy has been the recruitment of senior management and the development of the group executive committee. During 2023 we continued to build out our group structure focussing on delivering the most effective and efficient level of oversight and support for the local operations. Our international growth success has precipitated the need to clearly separate our group and UK activities and focus. During 2023 we have established the office of the group CEO and appointed a Chief of Staff to coordinate group wide activity, reporting and meeting cadence. From 1<sup>st</sup> January I have stepped down as CEO of the two UK insurance entities with Andrew Creed now fulfilling these roles. This move will enable me to focus on the development of our international operations working with the local CEO's and the Group Executive Committee to replicate our successful operating model across all our entities.

### People Matters and ESG

We continuously review our resource requirements throughout the organisation focussing on demand and capacity as well as succession and development. During 2023 our group headcount increased by 48 from 297 to 345 with most of the increase occurring in our claims, reinsurance, and investment teams. Our numbers will continue to grow during 2024 as we welcome on board the Irish and US entities. The operational impact of new business is reviewed during acquisition due diligence and again during the transition period to ensure that we assess future workloads and prepare accordingly. From an operational efficiency standpoint we continued to enhance our processes and extended the implementation of our ways of working, which are operational principles that drive an overall continuous improvement model enhancing our performance against key outputs, to additional areas of the business. During 2023, we continued to embed the ways of working within our claims department while focusing on implementing them within the reinsurance team and our integration process. We continue to make significant progress in the development of our ESG strategy, which in 2023 focused on identifying key performance indicators across our ESG topics with monitoring expected in 2024 which will help to define and evolve our strategy moving forward. We are certified as a Great Place to Work and in addition to the award we gained in 2022 as one of the UK's Best Workplaces for Wellbeing, we were very pleased to have been recognised during 2023 as a Great Place to Work for Women.

I am delighted with our record performance in 2023 and that we have commenced 2024 in such a strong position to deliver on our international expansion strategy. I have every confidence that our reputation for service excellence and delivering on our promises will continue to win us many more new business opportunities in territories both old and new. With our strong liability management built up over many years now being demonstratively augmented by the implementation of excellent investment strategy, we are very well positioned to continue to deliver very strong financial performance consistently into the future.





I am delighted with our record performance in 2023 and that we have commenced 2024 in such a strong position to deliver on our international expansion strategy.

**Luke Tanzer**  
Group CEO



# CFO's Report



## Andrew Creed Group CFO

It is my pleasure to present a set of financial results that continue to build on our desire to deliver strong core profitability and showcase the attractiveness of our strategic business model.

2023 was marked by the worst banking crisis since 2008, the curtailment of the fastest central bank rate rises since the 1980s and continued inflationary pressures, and our strong and responsive balance sheet has continued to stand up to these tests.

### **Strong Core Profitability and Efficient Capital**

Our adjusted profit before tax of \$230.6 million (FY22: \$146.9 million, unadjusted profit before tax of \$340.1 million) provides a return on opening adjusted tangible book value of 16.0% (FY22: 14.7%, unadjusted tangible book value of 16.0%) and reflects a 56% increase compared to prior year performance.

This value creation is underpinned by our long track record of acquiring new business, extracting embedded underwriting profitability and controlling and building a flexible cost base, but also the evolution of our investment function and the contribution of investment income to our revenue base. Having both sides of our balance sheet perform in harmony, conveys our appetite to be both best in class liability managers and asset managers and I am extremely pleased to see us delivering against this target in 2023.

As we have continued to grow, we have diligently and selectively expanded our capital options, focussing on strategic solutions that are efficient and flexible. We partnered with JP Morgan during the year to strike an innovative \$305 million multi-year collateralised reinsurance which boosts our ability to write large legacy deals. The support and commitment of the world's largest investment bank is testament to our market leading presence.

We also broadened our relationship with our existing key banking partners, expanding our Lloyd's letter of credit facility to in excess of £400 million as well as implementing an ancillary own fund letter of credit facility in Bermuda to support the growth of our class 3B reinsurer, a key platform for us. To provide short-term liquidity and capital support, we also successfully upsized our revolving credit facility to \$250 million, which was fully undrawn at the end of 2023. Our third party funding structures were supported by incremental shareholders and co-investors capital of \$100 million, and I am grateful to all of our equity, debt and reinsurance capital providers who continue to support our business. With their support, we continue to engage in legacy solutions that aim to deliver outsized performance for all stakeholders.

2024 will bring a continued focus on building sustainable capital management strategies that support our expansion plans as we seek to replicate our UK successes on the international stage and I look forward to working with our partners to seek global solutions to support our strategy. We also remain alive to pending global tax changes, instigated by the OECD's Global Minimum Tax Framework, and strive to design our business to operate in a tax transparent and tax efficient manner.

### **Successful Underwriting and Growth**

In terms of new business, gross premiums written of \$2.6 billion (FY22: \$1.7 billion) reflect RiverStone International's continued success in diligently acquiring portfolios of legacy reserves in our core UK market. In 2024, we focus on maintaining our strong UK operational core while seeking to build platforms in Europe and the US which will provide diversity to our underwriting base.

Underwriting profits of \$188.8 million (FY22: \$166.5 million), comprised of the balance on the technical account for general business of \$106.2 million (FY22: \$115.4 million) less net operating expenses. 2023 is the most successful underwriting year in RiverStone International's history and reflects our desire to deliver sustainable and repeatable income from our core strategy of delivering an economically viable run-off.

As a growing and expanding international business we continue to monitor net operating expenses closely against a core budget and I am pleased to report that 2023 outturn was aligned to this plan, despite inflationary pressures. Net operating expenses will rise in 2024 as our global operations continue to evolve and new offices join the group, and we will persist with our efforts to diligently manage our cost base, seeking synergies where available.

### **Buoyant Investment Performance**

Total 2023 profit before tax of \$340.1 million (FY22: loss of \$0.7 million) is also supported by excellent investment income returns, and in contrast to 2022, falls in yields which have allowed prior year unrealised mark-to-market losses to partially unwind and accrete value to the profit and loss account in the current calendar year. Investment income of \$211.1 million (FY22: \$71.8 million), reflects an increase of 194% year-on-year, which materially exceeds the growth in our financial investment asset base. This growth is primarily a consequence of our ability to deploy new premium into prevailing higher yields but also our tactical decision to hold our financial investments at a shorter duration than our insurance liabilities during much of 2022 before buying longer dated fixed income securities at higher book yields. In 2023, relative to a basket of risk-free government securities matched to our insurance liabilities, we outperformed by 174bps.

Financial investments of \$4.9 billion were \$0.9 billion higher than 2022 year-end, an increase of 23% which primarily reflected premium income received during 2023, less net claims paid and net operating expenses. Our investment portfolio continues to target a strategic asset allocation which will provide long-term stable income and which ensures our balance sheet remains resilient to external macroeconomic stresses. The portfolio is now well matched in duration to our insurance liabilities and limited impacts to our solvency surplus levels in the fourth quarter of 2023 as rates rallied are evidence of the benefits of this approach.

## CFO's Report (continued)

### Effective Liability Management

Gross technical provisions have increased by 17% from \$4.9 billion to \$5.7 billion during 2023. Our recent track record for acquiring legacy portfolios in the Lloyd's of London market has underpinned this growth, a period during which our Syndicate 3500 rose to be the largest in the market. We paid \$1.8 billion of gross claims during 2023, reflecting the speed with which our acquired liabilities can run-off but also our commitment to paying valid claims in a timely and orderly fashion and to fulfilling our policyholder obligations.

### 208.4% Solvency Coverage

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 208.4% is in excess of the board's minimum target level and supports the balance sheet growth achieved during the financial year. Excess solvency capital, combined with our partially unutilised \$400 million subordinated Tier 2 debt facility, demonstrate our capacity to transact further in 2024 where presented opportunities meet our return and risk appetite expectations.







Having both sides of our balance sheet perform in harmony, conveys our appetite to be both best in class liability managers and asset managers and I am extremely pleased to see us delivering against this target in 2023.

**Andrew Creed**  
Group CFO





# M&A Director's Report



## David Roche

### Group Head of Mergers & Acquisitions

We have once again welcomed new talent to the M&A team, increasing our capacity to review and transact. We have entered into contract to buy a United States company, subject to regulatory approval, and shortly after our 2023 year-end have successfully acquired an Irish company, increasing our geographic scope. With both purchases closed, we will have transformed the business from a UK and Lloyd's focused specialist into a truly international one.

2023 built on our very successful 2022; we closed on six Lloyd's transactions and one in Bermuda with net reserves acquired of \$2.2 billion. With further transactions signed in the latter parts of 2023 but not closed by year end we are pleased with another exceptional year of development for the business.

In September 2023, we signed a contract to buy a widely licenced US carrier from its industrial parent company. It has \$600 million of reserves and a full complement of very skilled staff and systems, providing a launching point for our US acquisition

strategy. Also in September, we agreed to acquire Catalina Ireland DAC from the Catalina group, another legacy acquirer. The business has €270m of reserves written principally in Ireland and Germany and will enhance our ability to build partnerships with the wider European market. We spent the fourth quarter of 2023 preparing the required regulatory filings that will allow us to close these transactions and commencing the integration of these companies into the RiverStone International family.

The non-life legacy M&A sector remains buoyant, with a wide range of deal sizes and structures coming to market. We are being shown potential deals for all our platforms in Lloyd's, UK, Europe and Bermuda and the addition of our new global entities broadens the market pool in which we can offer our solutions and expertise. A diversified international operating platform, supports our desire to both run a diversified balance sheet and to have access to a greater volume of new opportunities from multiple sources that we expect to support our continued growth targets. We will be increasing our general market efforts in all of jurisdictions to build our pipeline and we are confident of meeting our 2024 acquisition targets.



2023 built on our very successful 2022, and we closed on six Lloyd's transactions and one in Bermuda with net reserves acquired of \$2.2 billion.

**David Rocke**

Group Head of Mergers & Acquisitions



# Directors' Report

## Business Review

### Results and Performance

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.

On 2<sup>nd</sup> March 2023 \$99.4 million of capital was injected into RiverStone International Holdings Limited via an issuance of class A shares. Further capital injections were made via issuance of C shares of \$0.7 million on 20<sup>th</sup> January 2023, \$0.6 million on 2<sup>nd</sup> March 2024 and \$0.1 million on 26<sup>th</sup> May 2023.

On a fully unadjusted basis, the total comprehensive profit for the period set out in the statement of comprehensive income show a profit for the financial period is \$256.2 million (2022: \$5.5 million loss). Adjusted profit before tax, being the profit before tax of \$340.1 million (2022: \$0.7 million) less unrealised gains and losses on investments, amounted to \$230.5 million (2022: \$146.5 million).

Total underwriting profits of \$188.8 million (2022: \$166.5 million), comprise the balance on the technical account for general business for the period of a profit of \$106.2 million (2022: \$115.4 million profit), less net operating expenses of \$82.6 million (2022: \$51.1 million).

Profit before tax amounts to \$340.1 million (2022: \$0.7 million) and comprises net investment gains of \$319.3 million (2022: \$56.3 million loss), foreign exchange loss of \$7.6 million (2022: \$5 million loss), finance costs of \$72.7 million (2022: \$49.5 million), the gain on the technical account for general business and other charges of \$106.2 million (2022: \$115.4 million).

Total shareholders' funds were \$1,408.9 million (2022: \$1,051.8 million). The movement in total shareholders' funds comprises new issued share capital of \$100.8 million (2022: \$0.18 million), profit for the financial period of \$255.6 million (2022: profit of \$1.0 million) and cumulative translation adjustment gains of \$0.6 million (2022: loss of \$6.1 million).

During 2023, through its subsidiaries, the Group undertook the following transaction activity:

Platform	Transaction type	Gross reserves acquired	Net reserves acquired
Lloyd's	4 x RITC, 1 x Split RITC	\$2,462.7 million	\$1,821.8 million
Lloyd's	1 x LPT	\$184.2 million	\$184.2 million
Bermuda	1 x LPT	\$135.1 million	\$135.1 million



## Our People

At RiverStone International we are committed to fostering a culture where everyone is fulfilled, valued and included.



### Engaging Our People

In our 2023 Employee Engagement Survey, 79% of associates said that they would recommend RiverStone International as a great place to work. Amid our growth both in the UK and internationally, our employee engagement levels continue to remain strong. Associate feedback has also resulted in RiverStone International being recognised as a Great Place to Work in the UK's Best Workplaces of 2023. We have also been recognised as a UK's Best Workplace™ for Wellbeing and as a UK's Best Workplace™ for Women.

People are RiverStone International's greatest asset. Our aim is to attract and keep the best people – those with ideas, ambition, talent, and the ability and desire to do something rewarding and meaningful in collaboration with others.

Our workforce at the end of 2023 consisted of 345 people and 6.5 years is our average length of service. 90% of our employees are fulltime and 10% are part-time. In 2023, our overall turnover rate was 12.8% which is below market averages and reflects the buoyancy of the labour market.



### Diversity, Equity and Inclusion

Building a positive workplace, one that is diverse and inclusive, is important because it means we can all be our best. It allows everyone to use their knowledge and skills to contribute to the success of the business while achieving their full career potential without unnecessary barriers. In the 2023 Employee Engagement Survey, 87% of associates responded that they 'can be themselves' at work.

Riverstone International's aim is for Diversity, Equity and Inclusion to be woven into everything we do, supported by leaders owning and driving this agenda. Inclusion across all communities is important and the Group is particularly focused on gender, ethnicity and social mobility.

#### In 2023 the Group

- Launched a new Family Leave policy in the UK, increasing the period of paid leave offered for new parents;
- Supported associates through the Lloyd's Market Association (LMA) Women's Leadership development programme;
- Worked with The Brokerage social mobility charity to support interns and hire new associates; and
- Worked with our Diversity, Equity and Inclusion network to increase the role they play and to promote them to new joiners.



## Health and Wellbeing

Our people and their wellbeing are core to our success. 83% of our employees report in our Employee Engagement Survey that RiverStone International actively promotes mental and physical health, and we were delighted to be recognised as one of the UK's Best Workplaces™ for Wellbeing in 2023.

Riverstone International offers excellent health and wellbeing benefits and in 2023 has implemented new initiatives, including:

- Launched a Mental Health First Aider (MHFA) network to complement the range of wellbeing benefits we already have in place.
- Run webinars to raise awareness and support key social topics such as mental health and black history month.
- Hosted information sessions regarding financial wellbeing and pensions.
- Implemented the Cycle to Work scheme (UK).



## Developing Our People

Developing our people and promoting from within where possible remains a key priority for RiverStone International.

In 2023, we continued to expand our learning and development offerings for all associates, and we supported over 7,000 hours of training. As our organisation grew, 30% of our hires in 2023 were internal moves or promotions and 53% were female.

## Our People at a Glance

# 345

Employees worldwide  
(up from 287 in 2022).

# 30%

Hires were internal moves.

# 81%

Engagement Score.

# 7,719

Training Hours completed across  
RiverStone International.

## Recognition

by Great Place to Work as one of:

- UK's Best Workplaces of 2023.
- UK's Best Workplace™ for Wellbeing and as a UK's Best Workplace™ for Women.

# 33%

Women in leadership roles  
(as per Lloyd's definition) across the  
organisation – up from 20% in 2022.







# Sustainability at RiverStone International

## RiverStone International has a responsibility to drive sustainable transformation for employees, communities, investors and the planet.

We are making progress to embed sustainability across all our business activities. Building on our materiality assessment from 2022, which identified 14 Environmental, Social and Governance (“ESG”) topics material to our business, we have set our ESG strategy and agreed a set of KPIs to measure success, demonstrate value and drive decision making to improve performance across our material topics.

The Group is committed to begin addressing and reporting on the topics, both where the business is impacted by external factors and also where Riverstone International can have a direct impact through its operations and indirectly through the supply chain. The Group recognises that it is at the start of its journey, and expects to learn and evolve through careful measurement and monitoring of the key metrics material to the business.

## Climate risk in the Legacy Market

As an acquirer of legacy insurance business from other insurance carriers, the Group does not write new insurance risks and there is a reliance upon the original underwriter to have set an appropriate risk appetite when accepting the initial risk.

For each acquisition a detailed due diligence process is undertaken including a risk assessment on climate change risk to understand any potential climate change exposures within the portfolio. At the acquisition stage this risk is mitigated through pricing, reserving and re-insurance. If the acquisition is successful, the portfolio would then be subject to ongoing monitoring of climate change exposures as part of our existing risk management processes.

## Our Environmental, Social and Governance Taxonomy



### Environment

- Climate-related litigation.
- Risk exposure to physical climate change.
- Carbon footprint.
- Energy, waste and water management.
- Outsourcing and third-party arrangements.



### Social

- Diversity equity and inclusion.
- Wage gap.
- Employee health, safety and wellbeing.
- Talent attraction.
- Career management and retention.
- Community investment.



### Governance

- Cyber security and data protection.
- Corporate governance.
- Ethics and anti-corruption.
- Tax transparency.
- Responsible investment.

## Alignment to Global Frameworks

Riverstone International recognises that aligning to global frameworks to support its ESG agenda will create more positive outcomes as attention is focused on the areas that can have the most impact.

This collective impact working with government, civil society and business is more powerful than individual action. Although we recognise the importance of all 17 UN sustainable development goals, we are committed to action against 3 goals.



Our ESG strategy is clearly focussed on the progression of the goals below.



### Good Health and Well-being

- Employee wellbeing benefits including a monthly allowance, the Head Space App and Employees Assistance Programmes.
- Inclusive work environment.
- Optional private medical insurance with family coverage.
- Community fundraising supporting charities selected by employees.
- Excellent career pathway and training opportunities.
- Hybrid and flexible working to encourage a healthy work life balance.
- Trained mental health first aiders to promote an open dialogue on both physical and mental health.



### Climate Action

- Measure monitor and reduce our carbon emissions annually including scope 1, 2 and 3, working towards alignment to the net zero agenda using the Science Based Targets Initiative approach.
- Offsetting our carbon emissions with verified carbon credits annually.
- Understand the impact of our investments and look to reduce the level of carbon intensity across all our portfolios.
- Employee engagement activities including a Veganuary campaign and litter picks as part of Plastic Free July.
- Understand sustainability in our supply chain and support our third-party providers to meet our vendor code of conduct.



### Gender Equality

- Launched a new Family Leave policy in the UK, increasing the period of paid leave offered for new parents;
- Supported associates through the Lloyd's Market Association (LMA) Women's Leadership development programme.

## ESG governance

Our Board has the ultimate responsibility for overseeing the ESG strategy and monitors the ESG topics deemed most significant to the business against performance metrics. The Board ensures adequate reporting from the Executive Committee to appropriately and effectively monitor the implementation of the ESG Framework.

Our executive committee monitors the implementation of the Group ESG Framework as well as monitoring high ESG topics against performance metrics.

Our ESG Steering Group defines and drives the implementation of the ESG framework and has full oversight of the ESG reporting as well as monitoring the topics which are considered as moderate to the business.

The group complies with regulation in the local areas in which we operate including legislation regarding health and safety, labour, human rights and environmental management. Our strategy is forward looking and we are already starting to report against frameworks voluntarily to prefer our business for the future challenges related to climate-change.

## Employee Voice

We don't underestimate the task at hand to embed sustainable practice throughout the organisation, and we realise our biggest chance of success is to engage our people at all levels in the business and work collaboratively together to achieve our goals. We do this through our ESG Steering Group and our employee networks. We have three networks which champion the needs for diversity, equity and inclusion, mental health and wellbeing, and the environment. These groups each align to one of our three supported sustainable development goals.

Employee Resource Groups provide an opportunity for the employee voice to be amplified and heard at the most senior level in the organisation.

Importantly, they also offer a platform for individuals from all backgrounds to come together and discuss issues that are important to them or affect them and the communities in which they live. Our curious approach to learning and growing together to improve our workplace, our local communities and the environment around us offer an inclusive culture where every individual is able to thrive.



## Charitable Giving and Volunteering

We empower our people to improve lives in their local communities through our volunteering programme and charitable giving triple match programme. Each employee is encouraged to use up to 2 volunteer days per year to make a positive contribution to local charities, communities and the environment.

RiverStone International supports charitable giving in a manner that instills 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 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.

**Supporting a number of annual national charity initiatives/events**, including Comic/Sports Relief, MacMillan Coffee Morning, Breast Cancer Now, Jeans for Genes, Children In Need, British Legion Poppy Appeal, and Christmas Jumper Day.

**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 2023 Corporate Donations were:

Downs View Life Skills College – for Young People with Learning Difficulties, RISE – Domestic Abuse Sanctuary & Support, Sussex Homeless Support, Family Help – Domestic Abuse Support, St Theresa's Hospice, Families In Need – Food Bank, Inspire Suffolk – Young Persons Support, London Air Ambulance, Rhythms Of Life – Feeding the Homeless, Whitechapel Mission – Homeless Support and Sea Cadets Hornchurch and Upminster.

RiverStone International's total 2023 charity donations, taking account of all of the above plus other initiatives, were \$0.4 million (2022: \$0.4 million).

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.

# 149

Volunteer hours.

# \$0.4m

Company donations including triple matching.

# \$35,464

Employee donations.



## Our Environmental Impact

The Group continues to monitor and report scope 1, 2 and partial scope 3 emissions which are generated from our UK offices, and transportation in line with requirements for SECR and ESOS.

Riverstone International have reported all of emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Reporting of calculated emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard and emission factors are taken from the UK Government's GHG Conversion Factors for Company Reporting 2023.

The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

We have used the market-based method, for calculating Scope 2 electricity emissions reducing our reported emissions based on the fuel mix of the supply contracts we purchase.

Our calculated carbon footprint from the UK operations in the current financial year is 733.69 tCO<sub>2</sub>e (2022: 651.65 \* tCO<sub>2</sub>e), whilst energy consumption was 3,029.35 MWh (2022: 2841.27 \* MWh).

## Emissions

Tonnes CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	2023	2022
Scope 1 (natural gas and transport) emissions	398.32	434.98*
Scope 2 (electricity) emissions	36.60	42.50*
Scope 3 (electricity T&D, water, flights, and transport) emissions	298.78	174.13*
<b>Total</b>	<b>733.69</b>	<b>651.65*</b>
Carbon intensity ratio per FTE	2.258	2.370*

\* 2022 emissions have been restated to correct an error in the prior year.

In addition to the above measures, which are required by the Streamlined Energy & Carbon Reporting ("SECR"), we have calculated the impact of staff working from home which adds a further 71.4 tCO<sub>2</sub>e (2022: 71.3 tCO<sub>2</sub>e) and gives an overall total of 805.09 tCO<sub>2</sub>e (2022: 722.95 tCO<sub>2</sub>e). Due to the infancy of home working emissions calculations, we do not include them in our table above, however consistent with previous years the Group will look to offset the reported emissions in full.

Although our emissions have risen slightly from 2022, this is primarily due to increased headcount. Our carbon intensity ratio per FTE has reduced slightly and our priority continues to be to reduce emissions where possible.

Because we operate within leased buildings we have limited control over any emissions and energy savings actions we can take in our offices.

Despite this, Riverstone International is still committed to reducing the impact of our operations and of further energy, water savings and improved waste management where possible.

As such, we continue to engage with our landlords to encourage the increased uptake of renewable energy, and implementation.

The Group is always looking for new ways to reduce our impact and have implemented the following initiatives in 2023:

- Bike to work scheme.
- Plastic Free July litter picking across our offices.
- Reduced printers in our offices.
- Recycling food waste.
- Reduced plastics from employee lunches, sourcing local and sustainable products for employee treats.



## The Group offset calculated emissions

As well as taking actions to reduce footprint, our reported emissions have been offset through social impact projects that support our 3 Sustainable Development Goals, Good Health and Wellbeing, Gender Equality and Climate Action. These projects reduce emissions while improving the health and livelihoods of those most affected by and least responsible for climate change. By supporting high-quality solar energy systems in rural India and improving the way households around the world cook and access clean drinking water, we can cut emissions and avoid a major cause of deforestation which is the unsustainable demand for wood fuel for cooking and boiling unsafe drinking water.

### Orb rooftop solar, India



### Improved efficiency cookstove projects



## Responsible Investments

As asset owners we recognise we have a role to play to understand and report on ESG metrics in our investments. We have integrated ESG considerations into our investment framework to reflect our commitment to sustainable and responsible business practices.

We have a rigorous asset manager selection process and have established clear guidelines for our managers to measure the impact of our portfolios and incorporate our ESG criteria into our investment selection. In addition, all managers are signatories to the UN Principles for Responsible Investment to ensure our approach is consistent with a globally recognised framework. Separately, we intend to also sign up to these principles in 2024.

We have a Group Investment Committee with oversight of our policy who support and enable our sustainable investment approach. Overall responsibility for our investment decision making sits with the Board.

The key pillars of our responsible investment approach are (1) the integration of environmental, social and governance (ESG) factors that drive the long term value of the assets it invests in, alongside the integration of traditional fundamental financial factors; (2) investing in assets with explicit intention to generate positive impact that is measurable combined with financial returns commensurate with the risks; and (3) advocacy and exercising influence within the company and outside to make responsible investment mainstream and be seen as the only way to manage assets.



Although we do not have a formal exclusions policy, there are certain industry sectors that we deem to be undesirable and are excluded from the portfolio:

<hr style="border: 1px solid #00A6C9;"/> <p>Companies deriving</p> <p><b>&gt;30%</b></p> <p>Of revenue from Thermal Coal Extraction.</p>	<hr style="border: 1px solid #00A6C9;"/> <p>Companies deriving</p> <p><b>&gt;30%</b></p> <p>Of electricity generated from Thermal Coal.</p>
<hr style="border: 1px solid #00A6C9;"/> <p>Companies deriving</p> <p><b>&gt;30%</b></p> <p>Of revenue from Oil Sands.</p>	<hr style="border: 1px solid #00A6C9;"/> <p>Companies deriving</p> <p><b>&gt;30%</b></p> <p>Of revenue from Arctic Oil &amp; Gas.</p>
<hr style="border: 1px solid black;"/> <p>Companies manufacturing and distributing electricity generation from Thermal Coal.</p>	

As part of our ambition to set Science Based Targets, we are starting to collect data required from asset managers to capture financed emissions footprint. As a first step we are measuring the carbon intensity of our investment portfolio by employing the Weighted Average Carbon Intensity (WACI) method, a recommended Task Force on Climate-related Financial Disclosures (“TCFD”) methodology, which measures the average weighted carbon intensity, expressed in tons CO<sub>2</sub>e per \$m in revenue, considering Scope 1 and Scope 2 emission data. We aim to establish the baseline WACI as the average quarterly WACI over 2024.

**Future Alignment to the Taskforce for Climate-related Financial Disclosures**

RiverStone International recognises the importance of integrating climate considerations into its financial reporting framework and will look to proportionally align it’s next annual report against the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2024.



# 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 ten 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 four 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 of the Board as at the balance sheet date were as follows:

- L.R. Tanzer
- A.R. Creed
- P. Prebensen
- K. M. Salame (resigned 31<sup>st</sup> December 2023)
- T. H. Gallico
- N. A. Packer
- C. Miranthis
- C. Reyes
- N. C. Bentley
- C. J. Hansen (appointed 23<sup>rd</sup> March 2023)
- M. H. Iacoponi (appointed 31<sup>st</sup> December 2023)
- W. Martin (delegate: appointed 8<sup>th</sup> June 2023, resigned 9<sup>th</sup> June 2023)

## Company Secretary

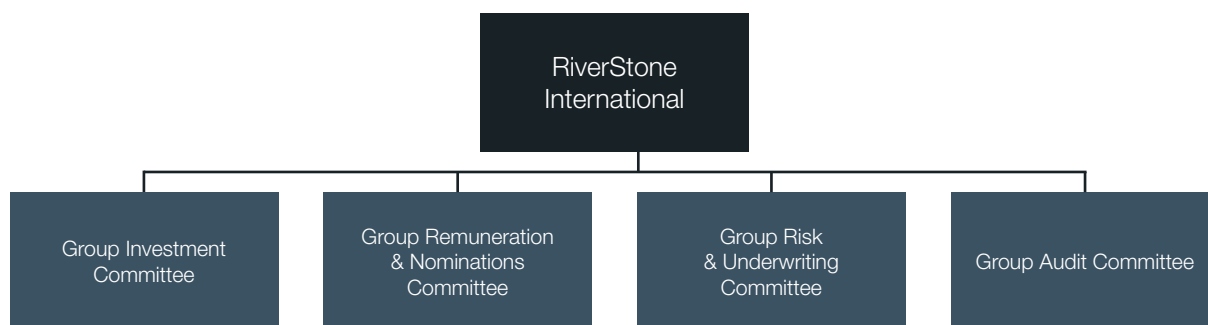
The company secretary is TMF Group Secretaries (Jersey) Limited.

## RiverStone International Governance Structure

RiverStone International Board	
Roles and Responsibilities	
<ul style="list-style-type: none"> <li>• Setting the Group's strategy;</li> <li>• Monitoring and assessing the performance of its subsidiaries against long-term goals;</li> <li>• Performing as an oversight role including establishing effective assurance and receiving reports on the adequacy and effectiveness of controls and governance processes;</li> <li>• Providing challenge to directors of its subsidiary boards and Group management as necessary;</li> <li>• Fostering open communication between the various boards within the Group, internal audit, external auditors and actuaries.</li> </ul>	







### Key

■ Board    ■ Committee

## 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 and interest rate movements.

## 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 \$1.7 billion (2022: \$1.2 billion) (unaudited), a surplus own funds of \$876.6 million (2022: \$531.6 million) (unaudited) over a solvency capital requirement of \$808.6 million (2022: \$712.5 million) (unaudited) and a solvency coverage of 208.4% (2022: 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

Level 1  
IFC1  
Esplanade  
St Helier  
Jersey  
JE2 3BX

**L Tanzer**  
Group Chief Executive Officer





# 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 'group'):

- Give a true and fair view of the state of the group's affairs for the year ended 31<sup>st</sup> December 2023 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

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>Valuation of Claims outstanding – Incurred But Not Reported UK mesothelioma claims (RiverStone Insurance (UK) Limited); and,</li> <li>Valuation of Claims outstanding – Incurred But Not Reported (Lloyd’s syndicate 3500).</li> </ul>
<b>Materiality</b>	The materiality that we used for the group financial statements was \$123 million (PY: \$100 million) which was determined on the basis of 1.5% of total assets.
<b>Scoping</b>	<p>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 96% of total assets and 98% of claims outstanding.</p> <p>Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.</p>
<b>Significant changes in our approach</b>	There have been no significant changes in our approach in the current year.

### 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.

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)

<p><b>Key audit matter description</b></p>	<p>The valuation of technical provisions is inherently a judgemental area and is classified as an area of significant risk 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.</p> <p>Due to the level of uncertainty and materiality, the incurred but not reported (“IBNR”) element claims outstanding is identified as a key audit risk.</p> <p>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.</p> <p>Note 5.1 to the financial statements provides disclosure on this area as a source of estimation uncertainty.</p>
<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p>We have 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:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the methodology used by management.</li> <li>• 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;</li> <li>• Challenged the claims inflation assumptions through comparison to previous periods, baseline APH market models and external benchmarks;</li> <li>• Performed an analysis on actual versus estimated experience;</li> <li>• Challenged management on their consideration of emerging market factors, through comparison to market practice; and,</li> <li>• Assessed management’s disclosures in Note 5 of the financial statements describing the valuation uncertainty of the reserves.</li> </ul>
<p><b>Key observations</b></p>	<p>We have concluded that the methodology and assumptions used by the company to value IBNR are reasonable. We have considered the adequacy of the disclosure in Note 5 which explains the group’s exposure to UK disease claims, particularly arising from mesothelioma and the significant uncertainties that arise from these claims.</p>

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

<b>Key audit matter description</b>	<p>The valuation of technical provisions of the group’s participation in Lloyd’s syndicate 3500 is inherently a judgemental area and is classified as an area of significant risk due to the high degree of estimation involved.</p> <p>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 and materiality, the incurred but not reported (“IBNR”) element claims outstanding is identified as a key audit risk.</p> <p>Note 5.1 to the financial statements provides disclosure to this area as a source of estimation uncertainty and judgement.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We have 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.</p> <p>We involved our actuarial specialists to assist in performing the following procedures:</p> <ul style="list-style-type: none"> <li>• Assess the appropriateness of the methodology and assumptions used by the group against industry practice, including any changes made during the year;</li> <li>• Produced an indicative reserve projection for the Large and Attritional components of these classes of business for comparison against management’s recorded reserve.</li> </ul> <p>We also performed additional attribute testing on the claims data used in the reserving process, testing the accuracy and completeness of the data.</p> <p>We assessed management’s disclosures in Note 5 of the financial statements describing the valuation uncertainty of the reserves.</p>
<b>Key observations</b>	<p>We have concluded that the methodology and assumptions used by the group to value IBNR in the Lloyd’s business are reasonable, and the related disclosures are in accordance with the relevant accounting standards.</p>

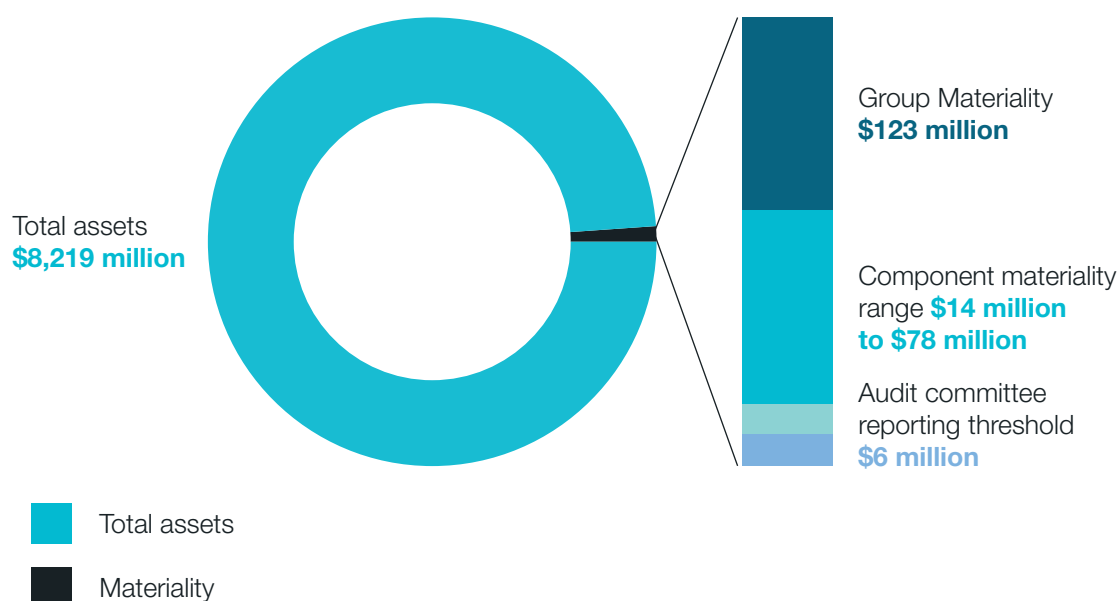
## 6 Our Application of Materiality

### 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:

<b>Materiality</b>	\$123 million (PY: \$100 million)
<b>Basis for determining materiality</b>	1.5% (PY: 1.5%) of Total Assets
<b>Rationale for the benchmark applied</b>	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 2023 audit. In determining performance materiality, we considered the following factors:

- The consistency of the group’s control environment and management team;
- and, the results from our planning procedures including our preliminary analytical reviews.

## 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 \$6 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.

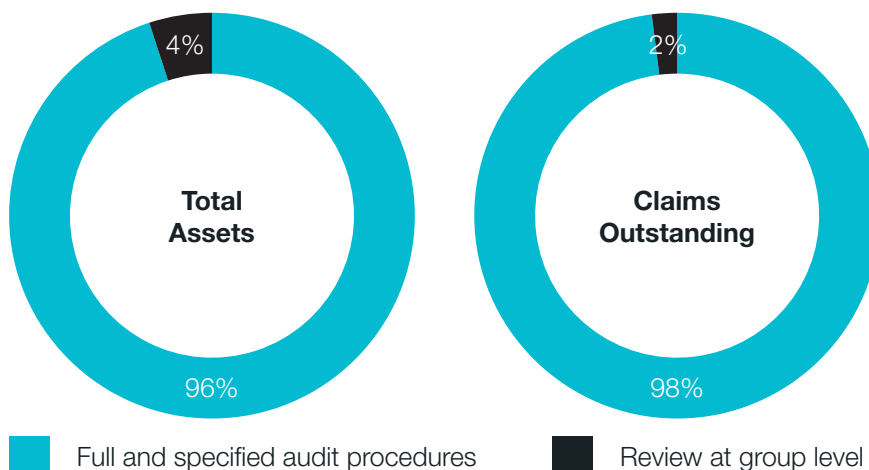
# 7 An Overview of the Scope of Our Audit

## 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 syndicate 3500 (“the syndicate”) of the Lloyd’s of London insurance market through a wholly owned corporate member.

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 Holdings Limited, RiverStone International Bermuda Limited and TIG Insurance (Barbados) Limited . We determined the scope for the components based on the coverage of key metrics which are 96% of total assets and 98% of claims outstanding. For all other components of the group we have performed analytical review procedures. 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 \$14m to \$78m.



## 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](http://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 syndicate). 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 were Companies (Jersey) Law 1991, UK Companies Act, tax legislation, the Financial Conduct Authority ("FCA") Handbook and the Prudential Regulatory Authority ("PRA") Rulebook.

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 subsidiary'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 syndicate) 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 group 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.

**Adam Ely, FCA** (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
28<sup>th</sup> March 2024

## Consolidated Profit and Loss Account

	Note	2023 \$'000	2022 \$'000
<b>Technical account – General business</b>			
Gross premiums written	7	2,571,625	1,735,026
Outward reinsurance premiums		(75,603)	(7,784)
<b>Net premiums written</b>		<b>2,496,022</b>	<b>1,727,242</b>
<b>Change in provision for unearned premiums</b>			
Gross amount		31,454	28,224
Reinsurers' share		37,679	(2,220)
<b>Change in net provision for unearned premiums</b>		<b>69,133</b>	<b>26,004</b>
<b>Written and earned premiums net of reinsurance</b>		<b>2,565,155</b>	<b>1,753,246</b>
<b>Other technical (expense)/income</b>		<b>(170)</b>	<b>4,052</b>
Gross claims paid		(1,855,780)	(1,275,081)
Reinsurers' share		488,718	322,031
<b>Net claims paid</b>		<b>(1,367,062)</b>	<b>(953,050)</b>
Change in the gross provision for claims		(1,611,574)	(629,803)
Reinsurers' share		602,465	(7,884)
<b>Change in the net provision for claims</b>		<b>(1,009,109)</b>	<b>(637,687)</b>
<b>Claims Incurred, net of reinsurance</b>		<b>(2,376,171)</b>	<b>(1,590,737)</b>
<b>Net operating expenses</b>	8	<b>(82,635)</b>	<b>(51,133)</b>
<b>Total technical charges, net of reinsurance</b>		<b>(2,458,976)</b>	<b>(1,637,818)</b>
<b>Balance on the technical account for general business</b>		<b>106,179</b>	<b>115,428</b>



## Consolidated Profit and Loss Account

	Note	2023 \$'000	2022 \$'000
<b>Non-technical account – General business</b>			
Investment income	10	211,105	71,830
Realised (losses)/gains on investments		(9,920)	23,044
Unrealised gains/(losses) on investments		109,580	(147,616)
Finance costs	11	(72,726)	(49,532)
Other charges	12	(1,357)	(5,245)
Foreign exchange gain/(loss)		(7,595)	(5,049)
Investment expenses and charges	13	(3,678)	(3,376)
Gains/(losses) on derivative contracts		8,556	(198)
<b>Profit/(loss) before tax</b>		<b>340,144</b>	<b>(714)</b>
<b>Tax</b>	<b>14</b>	<b>(84,517)</b>	<b>1,671</b>
<b>Profit for the financial period</b>		<b>255,627</b>	<b>957</b>

The results above are all derived from continuing operations.

## Consolidated Statement of Comprehensive Income

	2023 \$'000	2022 \$'000
Profit for the financial year	255,627	957
Foreign currency translation adjustment	558	(6,463)
<b>Total comprehensive profit for the period</b>	<b>256,185</b>	<b>(5,506)</b>

## Consolidated Balance Sheet

	Note	2023 \$'000	2022 \$'000
<b>Intangible assets</b>			
Goodwill	15	51,740	57,887
Negative goodwill	15	(11,647)	(16,068)
<b>Total goodwill</b>		<b>40,093</b>	<b>41,819</b>
<b>Fixed assets</b>			
Tangible assets	16	<b>144</b>	<b>334</b>
<b>Investments</b>			
Financial investments	17	4,958,416	4,007,222
Deposits with ceding undertakings	17	458,973	570,399
		<b>5,417,389</b>	<b>4,577,621</b>
<b>Reinsurers' share of technical provisions</b>			
Claims outstanding		1,099,670	789,845
Provision for unearned premium		51,878	22,784
		<b>1,151,548</b>	<b>812,629</b>
<b>Debtors</b>			
Debtors arising out of direct insurance operations	19	320,424	151,261
Debtors arising out of reinsurance operations	20	375,626	272,079
Other debtors	21	63,964	105,805
		<b>760,014</b>	<b>529,145</b>
<b>Other assets</b>			
Cash at bank and in hand		799,391	1,041,628
Deferred taxation	27	1,000	2,965
		<b>800,391</b>	<b>1,044,593</b>
<b>Prepayments and accrued income</b>			
Accrued interest and rent		43,472	23,998
Prepayments		5,964	4,482
		<b>49,436</b>	<b>28,480</b>
<b>Total assets</b>		<b>8,219,015</b>	<b>7,034,656</b>

## Consolidated Balance Sheet

	Note	2023 \$'000	2022 \$'000
<b>Capital and reserves</b>			
Share capital	22	1,147,321	1,064,827
Share premium		18,358	24
Profit and loss account		231,083	(12,779)
Own shares reserve		12,140	(182)
<b>Total shareholders' funds</b>		<b>1,408,902</b>	<b>1,051,881</b>
<b>Technical provisions</b>			
Unexpired risk reserve	6	18,944	-
Claims outstanding	5, 6	5,624,256	4,771,609
Provision for unearned premium		66,279	117,912
		<b>5,709,479</b>	<b>4,889,521</b>
<b>Provision for other risks</b>			
Deferred taxation	26	<b>84,424</b>	-
<b>Creditors: Amounts falling due within one year</b>			
Creditors arising out of direct, insurance operations	23	35,454	42,000
Creditors arising out of reinsurance operations	24	110,817	133,007
Derivative financial instruments	17	5,411	110,662
Short term debt	5	-	70,000
Other creditors including tax and social security	25	92,547	199,437
		<b>244,229</b>	<b>555,106</b>
<b>Creditors: Amounts falling due after one year</b>			
Creditors arising out of direct insurance operations	23	68,337	9,688
Creditors arising out of reinsurance operations	24	213,605	30,679
Other creditors including taxation and social security	25	2,685	4,442
		<b>284,627</b>	<b>44,809</b>
Long term debt	5	<b>487,354</b>	<b>493,339</b>
<b>Total capital, reserves and liabilities</b>		<b>8,219,015</b>	<b>7,034,656</b>

The financial statements on pages 53 to 92 were approved by the Board of Directors on 26<sup>th</sup> March 2024 and were signed on its behalf on 28<sup>th</sup> March 2024 by:

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

**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
<b>Balance at 1<sup>st</sup> January 2023</b>	857,000	200,000	7,818	24	(12,779)	(182)	1,051,881
Issue of share capital	81,295	-	1,208	18,334	-	-	100,837
Profit for the financial period	-	-	-	-	243,331	12,296	255,627
Other comprehensive loss for the period	-	-	-	-	531	27	558
<b>Balance at 31<sup>st</sup> December 2023</b>	<b>938,295</b>	<b>200,000</b>	<b>9,026</b>	<b>18,358</b>	<b>231,083</b>	<b>12,140</b>	<b>1,408,902</b>

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
<b>Balance at 1<sup>st</sup> January 2022</b>	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 expense for the period	-	-	-	-	(6,123)	(340)	(6,463)
<b>Balance at 31<sup>st</sup> December 2022</b>	<b>857,000</b>	<b>200,000</b>	<b>7,818</b>	<b>24</b>	<b>(12,779)</b>	<b>(182)</b>	<b>1,051,881</b>

## Consolidated Statement of Cashflow

	2023 \$'000	2022 \$'000
<b>Reconciliation of profit/(loss) for the period to net cash inflow from operating activities</b>		
Profit/(Loss) for the financial period	256,185	(5,504)
Increase in gross technical provisions	819,958	674,668
(Increase) in reinsurers' share of gross technical provisions	(338,919)	(324,771)
(Increase)/Decrease in debtors	(785,723)	351,642
Increase in creditors	232,344	104,318
FX relating to investing activities	75,628	(101,101)
Investment return	315,644	(56,315)
RITC investment and overseas deposit transfer	(868,926)	(266,599)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(293,809)</b>	<b>376,338</b>
Purchase of equity and debt investments	(4,675,832)	(1,749,112)
Sale of equity and debt investments	4,803,276	998,963
Acquisition of subsidiary (net of cash acquired)	(142,217)	112,483
Interest income received	108,637	40,275
Interest paid	(82,747)	(47,195)
Dividend income received	2,143	6,230
Other	-	4,430
<b>Net cash inflow/(outflow) from investing activities</b>	<b>13,260</b>	<b>(633,926)</b>
Proceeds on issue of shares	100,837	200
Short term loan	-	70,000
Repayment of borrowings/loan	(75,985)	-
<b>Net cash inflow from financing activities</b>	<b>24,852</b>	<b>70,200</b>
<b>Net (decrease)/Increase in cash and cash equivalent</b>	<b>(255,697)</b>	<b>(187,388)</b>
Cash and cash equivalents at beginning of period	1,041,628	1,281,548
Foreign Exchange on cash and cash equivalents	13,460	(52,532)
<b>Cash and cash equivalents at end of period</b>	<b>799,391</b>	<b>1,041,628</b>

# 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 run-off 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 \$1.7 billion (2022: \$1.2 billion) (unaudited), a surplus of 208.4% (2022: 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 31<sup>st</sup> December 2023.

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 UK adopted IAS 39 and the disclosure and presentation requirements of FRS102 in respect of the financial statements.

The Group classifies its investments into the following categories: financial assets at fair value through profit and loss and available for sale financial assets. 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. 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**

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 advice, 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 continue to focus on ensuring that our underwriting and pricing adequately addresses inflationary trends. Reserves continue to be set incorporating the Board's current view. The potential impact of excess inflation – both macro-economic and social – is explicitly assessed in syndicate reserves and a variety of potential outcomes are reviewed. The diversity of the syndicate reserves in terms of territory and lines of business, combined with the relative maturity of the portfolio, are important considerations when forming this view. Adjustments to the amounts of provision are reflected in the financial statements for the year in which the adjustments are made. 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.

Other than the above key sources of estimation uncertainty, no 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.

	Portfolios acquired by the Group during 2021 Gross \$'000	Portfolios acquired by the Group during 2022 Gross \$'000	Portfolios acquired by the Group during 2023 Gross \$'000	Total Gross \$'000
<b>Gross claims at</b>				
Acquisition	4,182,293	2,284,467	2,370,270	8,837,030
First period movement	(17,552)	(8,193)	(103,885)	(129,630)
Second period movement	(144,204)	(14,963)	-	(159,167)
Third period movement	(18,689)	-	-	(18,689)
Cumulative paid claims	(1,392,875)	(990,941)	(502,527)	(2,886,343)
	<b>2,608,973</b>	<b>1,270,370</b>	<b>1,763,857</b>	<b>5,643,200</b>

	Portfolios acquired by the Group during 2021 Net \$'000	Portfolios acquired by the Group during 2022 Net \$'000	Portfolios acquired by the Group during 2023 Net \$'000	Total Net \$'000
<b>Net claims at</b>				
Acquisition	3,583,932	1,699,056	1,839,272	7,122,260
First period movement	(7,335)	(13,993)	(40,593)	(61,921)
Second period movement	(137,150)	(60,150)	-	(197,300)
Third period movement	(17,964)	-	-	(17,964)
Cumulative paid claims	(1,230,495)	(666,286)	(404,764)	(2,301,545)
	<b>2,190,988</b>	<b>958,627</b>	<b>1,393,915</b>	<b>4,543,530</b>

## 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:

	2023		2022	
	Gross \$'000	Net \$'000	Gross \$'000	Net \$'000
General liability	3,187,927	2,641,300	2,671,799	2,282,803
– <i>Non-US casualty</i>	1,874,394	1,591,024	1,564,347	1,368,520
– <i>US casualty</i>	945,596	846,073	797,241	736,520
– <i>UK Asbestos and pollution</i>	367,937	204,204	310,211	177,762
Casualty reinsurance	375,161	331,576	319,926	302,083
Fire and other damage to property reinsurance	288,444	192,225	240,614	198,931
Other	266,511	247,369	191,336	152,684
Marine, aviation and transport	257,959	122,370	159,502	98,839
Marine, aviation and transport reinsurance	231,923	231,923	213,037	175,534
Worker's compensation reinsurance	212,537	150,232	154,591	112,029
Motor vehicle liability	211,885	217,688	234,508	205,722
Fire and other damage to property	205,759	51,558	216,064	122,417
Non-life annuities arising from reinsurance	149,394	149,394	136,421	136,421
Claims expense reserve	96,565	96,565	77,255	77,255
Credit and suretyship	95,582	49,682	64,303	26,918
Health reinsurance	40,161	38,256	48,169	45,198
Credit and suretyship reinsurance	23,392	23,392	44,085	44,930
	<b>5,643,200</b>	<b>4,543,530</b>	<b>4,771,609</b>	<b>3,981,764</b>

## (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 31<sup>st</sup> December 2023 is an approximate \$113.9 million loss to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate \$124.6 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 investments.

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.

The group held no listed equity securities at 31<sup>st</sup> December 2023

## 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 31<sup>st</sup> December 2023, if the Euro had weakened by 10% more than the actual 2023 movement against the US Dollar with all other variables held constant, loss for the period would have been \$4.6 million more, mainly as a result of net foreign exchange gains on the translation of Euro denominated financial assets and Euro denominated liabilities, after forward currency contracts are taken into account.

At 31<sup>st</sup> December 2023, if the Pound Sterling had weakened by 10% more than the actual 2023 movement against the US Dollar with all other variables held constant, loss for the period would have been \$13.6 million more, mainly as a result of net foreign exchange gains on the translation of Pound Sterling denominated financial assets and Pound Sterling denominated liabilities, after forward currency contracts are taken into account.



**(c) Credit Risk**

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):

	2023 \$'000	2022 \$'000
Derivative financial instruments	5,042	76,294
Debt securities	4,524,378	3,197,430
Assets arising from reinsurance contracts held	1,208,076	1,182,203
Future premium receivable	95,191	59,156
Cash at bank and in hand	799,391	1,041,628
Lloyd's central fund loans	27,765	8,148
Lloyd's overseas deposits	315,430	220,579
Deposits with ceding undertakings	458,973	570,399
<b>Total assets bearing credit risk</b>	<b>7,434,246</b>	<b>6,355,837</b>

	2023 \$'000	2022 \$'000
AAA	830,675	853,452
AA, AA+, AA-	1,827,964	1,399,840
A, A+, A-	3,555,254	2,849,288
B++ and below	1,086,133	1,192,520
Not rated	134,220	60,737
<b>Total assets bearing credit risk</b>	<b>7,434,246</b>	<b>6,355,837</b>

Included in 'B++ and below or not rated' assets are \$817 million (2022: \$860 million) of assets rated BBB or above.

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

	2023 \$'000	2022 \$'000
Performing	1,703,187	1,164,339
Past due	203,517	83,049
Impaired	1,915	2,725
Provision for irrecoverable amounts	(28,581)	(8,754)
<b>Total</b>	<b>1,880,038</b>	<b>1,241,359</b>

#### (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.

<b>31<sup>st</sup> December 2023</b>	<b>No contractual maturity date \$'000</b>	<b>&lt;6 month or on demand \$'000</b>	<b>Between 6 months and 1 year \$'000</b>	<b>Between 1 year and 2 years \$'000</b>	<b>Between 2 year and 5 years \$'000</b>	<b>&gt; 5 years \$'000</b>	<b>Carrying value \$'000</b>
Derivative financial instruments	-	-	5,411	-	-	-	5,411
Creditors	-	120,110	60,090	87,846	147,826	107,573	523,445
Short and long term debt	-	-	-	-	45,605	441,749	487,354
Claims outstanding	-	678,266	672,462	995,684	1,713,840	1,582,948	5,643,200
<b>Financial liabilities and outstanding claims</b>	<b>-</b>	<b>798,376</b>	<b>737,962</b>	<b>1,083,531</b>	<b>1,907,270</b>	<b>2,132,270</b>	<b>6,659,410</b>

<b>At 31<sup>st</sup> December 2022</b>	<b>No contractual maturity date \$'000</b>	<b>&lt;6 month or on demand \$'000</b>	<b>Between 6 months and 1 year \$'000</b>	<b>Between 1 year and 2 years \$'000</b>	<b>Between 2 year and 5 years \$'000</b>	<b>&gt; 5 years \$'000</b>	<b>Carrying value \$'000</b>
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
<b>Financial liabilities and outstanding claims</b>	<b>-</b>	<b>904,589</b>	<b>682,036</b>	<b>866,437</b>	<b>1,459,639</b>	<b>1,887,714</b>	<b>5,800,415</b>

### (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	2023 \$'000
<b>Outstanding debt</b>				
US\$27.259 million Interest rate 3 months SOFR +	03/06/2005 4.16%	03/06/2035	03/06/2010	26,515
€12 million Interest rate 3 months EURIBOR +	03/06/2005 3.85%	03/06/2035	03/06/2010	12,960
US\$26 million Interest rate 3 months LIBOR +	16/01/2006 4.50%	15/01/2026	16/01/2011	25,793
US\$20 million Interest rate 3 months LIBOR +	15/12/2006 3.85%	15/12/2026	15/12/2011	19,812
US\$400 million Interest rate SOFR +	13/12/2021 6.00%	13/12/2031	13/12/2026	402,274
<b>Total debt at amortised cost</b>				<b>487,354</b>
<b>Weighted average interest rate</b>				<b>5.68%</b>

US debt with Interest rate of '3 months Libor' is now effectively fixed at 5.54% which was the last 3 months LIBOR rate published on 30<sup>th</sup> June 2023 in accordance with the terms of the debt.

## (g) Short Term Debt

The Group has a multi-currency revolving credit facility ('RCF') of \$250 million with a tenor of 5 years. The facility was undrawn as at 31<sup>st</sup> December 2023.



## 6 Reconciliation of Technical Provisions

A reconciliation of the changes to the Group's gross, ceded and net loss reserves from 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023:

	2023		
	Gross \$'000	Ceded \$'000	Net \$'000
Amounts at 1 <sup>st</sup> January 2023	4,771,609	(789,845)	3,981,764
Liabilities acquired in normal course of business	2,546,904	(640,505)	1,906,399
Amounts paid during the year	(1,855,780)	488,718	(1,367,062)
Change in estimates	(142,289)	6,588	(135,702)
Foreign exchange	322,756	(164,627)	158,130
<b>Amounts at 31<sup>st</sup> December 2023</b>	<b>5,643,200</b>	<b>(1,099,670)</b>	<b>4,543,530</b>

The above includes an unexpired risk reserve of \$18.9 million as shown on the face of the balance sheet, and excludes the provision for unearned premium.

## 7 Analysis of Gross Business

	Gross premiums written 2023 \$'000	Gross premiums earned 2023 \$'000	Gross claims incurred 2023 \$'000	Gross operating expenses 2023 \$'000	Reinsurance balance 2023 \$'000
<b>Direct insurance</b>					
Accident and health	122,162	122,154	(161,363)	(2,558)	42,091
Motor	16,401	24,559	(9,510)	(598)	434
Marine, aviation and transport	189,202	189,390	(192,619)	(3,875)	8,896
Credit and surety	24,923	24,162	(112,811)	(497)	104,616
Fire and other damage to property	225,927	234,841	(323,556)	(4,892)	113,477
Third party liability	971,748	983,860	(1,236,069)	(28,952)	235,312
Miscellaneous	-	5,804	(4,709)	(4,505)	(537)
<b>Sub total</b>	<b>1,550,363</b>	<b>1,584,770</b>	<b>(2,040,637)</b>	<b>(45,877)</b>	<b>504,289</b>
Reinsurance acceptances	1,021,262	1,018,309	(1,426,887)	(36,758)	548,971
<b>Total</b>	<b>2,571,625</b>	<b>2,603,079</b>	<b>(3,467,524)</b>	<b>(82,635)</b>	<b>1,053,260</b>

	Gross premiums written 2022 \$'000	Gross premiums earned 2022 \$'000	Gross claims incurred 2022 \$'000	Gross operating expenses 2022 \$'000	Reinsurance balance 2022 \$'000
<b>Direct insurance</b>					
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)
<b>Sub total</b>	<b>1,223,109</b>	<b>1,248,646</b>	<b>(1,424,572)</b>	<b>(36,210)</b>	<b>304,617</b>
Reinsurance acceptances	511,917	514,604	(480,312)	(14,923)	3,578
<b>Total</b>	<b>1,735,026</b>	<b>1,763,250</b>	<b>(1,904,884)</b>	<b>(51,133)</b>	<b>308,195</b>

## 8 Net Operating Expenses

	2023 \$'000	2022 \$'000
<b>Administrative expenses</b>	<b>82,635</b>	<b>51,133</b>

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

	2023 \$'000	2022 \$'000
Wages and salaries	41,232	34,866
Social security costs	5,937	4,996
Other pension costs	3,951	2,841
	<b>51,120</b>	<b>42,703</b>

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

	2023 No.	2022 No.
Office and management	45	36
Claims	151	125
Operations	43	26
Services	67	64
Financial and actuarial	43	34
	<b>349</b>	<b>285</b>

During the period \$0.8 million (2022: \$0.6 million) was paid to key management personnel.

## 9 Auditor's Remuneration

	2023 \$'000	2022 \$'000
Audit of these financial statements	78	55
Audit of subsidiaries' financial statements	1,952	1,508
<b>Total</b>	<b>2,030</b>	<b>1,563</b>
<b>Non-audit related other assurance services</b>	<b>679</b>	<b>881</b>

## 10 Investment Return

	2023 \$'000	2022 \$'000
<b>Investment income</b>		
Income from financial assets at fair value through profit and loss – designated upon initial recognition	155,269	47,969
Deposit interest	32,615	9,197
Income from treasury bills	23,221	4,768
Income from loan notes	-	9,896
<b>Total</b>	<b>211,105</b>	<b>71,830</b>

## 11 Finance Costs

	2023 \$'000	2022 \$'000
Debt interest	44,603	32,192
Debt issuance fees	11,901	6,621
Letter of Credit Facility Commissions	16,222	10,719
	<b>72,726</b>	<b>49,532</b>

## 12 Other Charges

	2023 \$'000	2022 \$'000
<b>Amortisation of goodwill</b>	<b>1,357</b>	<b>5,245</b>

## 13 Investment Expenses and Charges

	2023 \$'000	2022 \$'000
<b>Investment expenses</b>	<b>3,678</b>	<b>3,376</b>

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



## 14 Tax on Profit/(Loss)

### (a) Current Tax

	2023 \$'000	2022 \$'000
Foreign tax – current tax on income for the period	(3,150)	764

### Deferred Tax

Origination and reversal of timing differences	(81,367)	907
<b>Total tax (charge)/credit</b>	<b>(84,517)</b>	<b>1,671</b>

### (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:

	2023 \$'000	2022 \$'000
<b>Profit/(loss) before tax</b>	<b>340,144</b>	<b>(714)</b>
Profit/(loss) before tax multiplied by the corporate tax in Jersey 0%	-	-
Profit/(loss) taxed at different rate in foreign jurisdictions	(11,184)	(1,313)
Current tax credit arising from use of unutilised losses	6,236	2,077
Deferred tax origination and reversal of timing differences	(78,921)	907
Prior year adjustment	(1,043)	-
Expenses disallowed	(207)	-
Withholding tax	602	-
<b>Total tax (charge)/credit for the year</b>	<b>(84,517)</b>	<b>1,671</b>

The Organisation for Economic Co-operation and Development (OECD) Global Anti-Base Erosion Model Rules (GLoBE Rules or Pillar Two model rules) apply to multinational enterprises (MNEs) with revenue in excess of EUR 750 million per their consolidated financial statements. The impact of these rules on Riverstone International for the current and 2024 financial years are not considered to be material.

## 15 Goodwill

	Goodwill \$'000
<b>Cost</b>	
At 1 <sup>st</sup> January 2023	47,064
Foreign exchange differences	(369)
<b>At 31<sup>st</sup> December 2023</b>	<b>46,695</b>
<b>Accumulated amortisation</b>	
At 1 <sup>st</sup> January 2023	(5,245)
Charge for year	(1,357)
<b>At 31<sup>st</sup> December 2023</b>	<b>(6,602)</b>
<b>Net book amount</b>	
<b>At 31<sup>st</sup> December 2023</b>	<b>40,093</b>

## 16 Tangible Assets

	Fixtures and fittings \$'000	Leasehold improvements \$'000	Total \$'000
<b>Cost</b>			
At 1 <sup>st</sup> January 2023	1,743	820	2,563
Additions	-	-	-
Disposals	-	(42)	(42)
Foreign exchange differences	38	17	55
<b>At 31<sup>st</sup> December 2023</b>	<b>1,781</b>	<b>795</b>	<b>2,576</b>
<b>Accumulated depreciation</b>			
At 1 <sup>st</sup> January 2023	(1,665)	(564)	(2,229)
Charge for year	(44)	(159)	(203)
<b>At 31<sup>st</sup> December 2023</b>	<b>(1,709)</b>	<b>(723)</b>	<b>(2,432)</b>
<b>Net book amount</b>			
At 31 <sup>st</sup> December 2022	78	256	334
<b>At 31<sup>st</sup> December 2023</b>	<b>72</b>	<b>72</b>	<b>144</b>

## 17 Other Financial Investments

### (a) Other Financial Investments by Category

	Market value 2023 \$'000	Market value 2022 \$'000	Historic cost 2023 \$'000	Historic cost 2022 \$'000
<b>Financial assets – At fair value through profit and loss</b>				
Shares and other variable-yield securities and units in unit trusts – Designated at fair value through profit and loss on initial recognition	85,800	504,771	78,511	464,889
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	4,524,379	3,197,430	4,567,515	3,326,661
Lloyd's overseas deposits	315,430	220,579	315,430	220,579
Loan notes	27,765	8,148	27,765	8,148
Derivative financial instruments – at fair value through profit and loss, held for trading	5,042	76,294	-	-
	<b>4,958,416</b>	<b>4,007,222</b>	<b>4,989,221</b>	<b>4,020,277</b>
<b>Deposits with ceding undertakings</b>				
Funds withheld	<b>458,973</b>	<b>570,399</b>	-	-
<b>Financial liabilities</b>				
Fair value swaps	-	106,010	-	-
Derivative financial instruments – At fair value through profit and loss, held for trading	5,411	4,652	-	-
	<b>5,411</b>	<b>110,662</b>	<b>-</b>	<b>-</b>

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

	Level 1 2023 \$'000	Level 2 2023 \$'000	Level 3 2023 \$'000	Total 2023 \$'000
<b>At fair value through profit and loss</b>				
Debt securities and other fixed-income securities designated at fair value through profit or loss upon initial recognition	4,524,379	-	-	4,524,379
Shares and other variable-yield securities and units in unit trusts – Designated at fair value through profit and loss on initial recognition	-	29,948	55,852	85,800
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	5,042	5,042
Lloyd's overseas deposits	46,647	268,783	-	315,430
Loan notes	-	-	27,765	27,765
<b>Total</b>	<b>4,571,026</b>	<b>298,731</b>	<b>88,659</b>	<b>4,958,416</b>

	Level 1 2022 \$'000	Level 2 2022 \$'000	Level 3 2022 \$'000	Total 2022 \$'000
<b>At fair value through profit and loss</b>				
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
Lloyd's overseas deposits	25,761	194,818	-	220,579
Loan notes	-	-	8,148	8,148
<b>Total</b>	<b>3,527,903</b>	<b>271,991</b>	<b>207,328</b>	<b>4,007,222</b>



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 \$3,456.0 million (2022: \$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 Nil (2022: \$506.3 million) of investments that as at 31<sup>st</sup> December 2023 have a contractually binding agreement for sale within the next 12 months. The assets held for sale in the prior year relate to certain equities and debt investments under which the Group had entered into fair value swaps, these swaps included 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 \$4.0 million (2022: \$2.8 million).

## 19 Debtors Arising Out of Direct Insurance Operations

	2023 \$'000	2022 \$'000
Amounts owed by intermediaries	<b>320,424</b>	<b>151,261</b>

## 20 Debtors Arising Out of Reinsurance Operations

	2023 \$'000	2022 \$'000
Amounts owed by reinsurers and intermediaries	<b>375,626</b>	<b>272,079</b>

## 21 Other Debtors

	2023 \$'000	2022 \$'000
VAT/IPT/Corporation Tax recoverable	5,121	15,475
Receivable for securities sold	30,875	54,867
Sundry debtors	27,968	35,463
	<b>63,964</b>	<b>105,805</b>

## 22 Called up Share Capital

	2023 \$	2022 \$
<b>Allotted</b>		
938,294,787 ordinary shares class A of \$1	938,294,787	857,000,000
200,000,000 ordinary shares class B of \$1	200,000,000	200,000,000
9,025,521 ordinary shares class C of \$1	9,025,521	7,818,388
	<b>1,147,320,308</b>	<b>1,064,818,388</b>
<b>Total allotted and fully paid</b>		
938,294,787 ordinary shares class A of \$1	938,294,787	857,000,000
200,000,000 ordinary shares class B of \$1	200,000,000	200,000,000
9,025,521 ordinary shares class C of \$1	9,025,521	7,818,388
	<b>1,147,320,308</b>	<b>1,064,818,388</b>

## 23 Creditors Arising Out of Direct Insurance Operations

	2023 \$'000	2022 \$'000
<b>Amounts falling due within one year</b>		
Amounts owed to intermediaries	35,454	42,000
<b>Amounts falling due after one year</b>		
Amounts owed to intermediaries	68,337	9,688

## 24 Creditors Arising Out of Reinsurance Operations

	2023 \$'000	2022 \$'000
<b>Amounts falling due within one year</b>		
Balances owed to cedants and intermediaries	110,817	133,007
<b>Amounts falling due after one year</b>		
Balances owed to cedants and intermediaries	213,605	30,679

## 25 Other Creditors Including Tax and Social Security

	2023 \$'000	2022 \$'000
<b>Amounts falling due within one year</b>		
Payable for securities purchased	37,093	11,060
Tax payable	1,305	3,703
Accruals	27,813	24,326
Sundry creditors	26,336	18,131
Deferred consideration payable on acquisition (note 29)	-	142,217
	<b>92,547</b>	<b>199,437</b>
<b>Amounts falling due after one year</b>		
Sundry creditors – Rent free provision	2,685	4,442

## 26 Deferred Taxation Liability

	2023 \$'000	2022 \$'000
Liability at 1 <sup>st</sup> January	-	5,273
Recognition of future timing differences	84,424	(5,273)
<b>Liability at 31<sup>st</sup> December</b>	<b>84,424</b>	<b>-</b>

## 27 Deferred Taxation Asset

	2023 \$'000	2022 \$'000
Asset at 1 <sup>st</sup> January	2,965	6,734
At acquisition	-	2,411
Recognition of future timing differences	(1,965)	(6,180)
<b>Asset at 31<sup>st</sup> December</b>	<b>1,000</b>	<b>2,965</b>

## 28 Other Financial Commitments

At 31<sup>st</sup> December, the Group was committed to making the following minimum payments under on-cancellable operating leases for each of the following periods:

	2023 \$'000	2022 \$'000
Within one year	2,399	2,791
Between one and five years	9,541	11,188
Over five years	13,959	21,083
	<b>25,899</b>	<b>35,062</b>



## 29 Business Combinations

There were no business combinations in the current year.

In the prior year on 22<sup>nd</sup> 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 19<sup>th</sup> 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.

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 £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 was considered to be probable, and the deferred amount could be measured reliably. The deferred consideration was paid in full in February 2023.

## 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

The subsidiary undertakings listed below have been consolidated into these accounts and are controlled by RiverStone International.

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
RiverStone International Holdings Inc.	Delaware	Corporation Trust Centre, 12099 Orange Street, Wilmington, New Castle, DE 19801
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

Name of Undertaking	Country	Registered address
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 5 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
GAI Holding Bermuda Limited	Bermuda	GAI Bermuda Holdings Limited, 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

On 2<sup>nd</sup> February 2024 the Group completed the acquisition of Catalina Insurance Ireland DAC and subsequently renamed it RiverStone International Ireland DAC. Negative goodwill of \$16.6 million at the date of acquisition will be recorded in the balance sheet as a result of the transaction.











**RiverStone**  
International

**RiverStone International**

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